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PACIFIC WEST BANK

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Financial Statements

Years Ended
December 31, 2019
and 2018

delap

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Independent Auditors' Report

To the Board of Directors and Stockholders of
Pacific West Bank

We have audited the accompanying balance sheets of Pacific West Bank as of December 31, 2019 and 2018, and the related statements of comprehensive loss, stockholders' equity, and cash flows for the years then ended, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 auditors consider 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 Pacific West Bank as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Delap LLP

March 2, 2020

Pacific West Bank

Balance Sheets

December 31, 2019 and 2018

	2019	2018
Assets		
Cash and due from banks	$ 22,097,670	$ 35,170,301
Interest-bearing time deposits with banks	8,738,587	2,734,000
Available-for-sale debt securities, at fair value	10,433,996	-
Federal Home Loan Bank (FHLB) stock	110,900	81,400
Loans - net	76,782,373	50,570,211
Deferred tax assets - net	1,528,810	1,241,372
Premises and equipment - net	2,569,631	2,297,769
Operating lease right-of-use asset	2,577,535	-
Finance lease right-of-use asset	93,009	-
Accrued interest receivable and other assets	455,552	285,422
Total Assets	$ 125,388,063	$ 92,380,475
Liabilities and Stockholders' Equity		
Liabilities		
Deposits		
Noninterest-bearing demand	$ 27,224,335	$ 19,188,624
Interest-bearing demand	37,720,365	15,098,796
Savings	4,771,890	4,377,492
Time	18,799,435	18,489,849
Total deposits	88,516,025	57,154,761
Operating lease liability	2,562,051	-
Finance lease liability	93,609	-
Accrued interest payable and other liabilities	186,743	462,614
Total liabilities	91,358,428	57,617,375
Stockholders' equity		
Preferred stock - 10,000,000 shares authorized as of December 31, 2019 and 2018; none issued or outstanding	-	-
Common stock, no-par value - 10,000,000 shares authorized as of December 31, 2019 and 2018; 2,652,856 and 2,648,855 shares issued and outstanding as of December 31, 2019 and 2018, respectively	40,894,460	40,773,368
Accumulated deficit	(6,920,204)	(6,010,268)
Accumulated other comprehensive income	55,379	-
Total stockholders' equity	34,029,635	34,763,100
Total Liabilities and Stockholders' Equity	$ 125,388,063	$ 92,380,475

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

Pacific West Bank

Statements of Comprehensive Loss

Years Ended December 31, 2019 and 2018

	2019	2018
Interest income		
Interest and fees on loans	$ 3,458,772	$ 2,866,231
Income from available-for-sale debt securities	111,065	-
Interest-bearing deposits	688,813	211,016
Total interest income	4,258,650	3,077,247
Interest expense		
Interest on interest-bearing deposits	529,128	335,799
Interest on borrowings	1,400	2,958
Total interest expense	530,528	338,757
Net interest income	3,728,122	2,738,490
Provision for loan losses	250,000	-
Net Interest Income After Provision for Loan Losses	3,478,122	2,738,490
Noninterest income		
Service charges and fees	107,272	127,267
Noninterest expense		
Salaries and employee benefits	3,340,854	2,321,258
Occupancy	512,742	370,233
Data processing	275,774	242,909
Professional fees	212,386	155,217
Advertising	131,218	43,488
Communications and supplies	91,267	46,146
Travel	42,743	4,105
Insurance	29,376	18,654
Licenses, fees, and permits	19,814	15,982
Other	145,447	82,925
Total noninterest expense	4,801,621	3,300,917
Loss Before Income Taxes	(1,216,227)	(435,160)
Provision (benefit) for income taxes	(306,291)	565,834
Net Loss	$ (909,936)	$ (1,000,994)
Other comprehensive income - unrealized gain on available-for-sale debt securities (net of tax of $19,670 and $0 in 2019 and 2018, respectively)	55,379	-
Total Comprehensive Loss	$ (854,557)	$ (1,000,994)
Basic net loss per common share	$ (0.34)	$ (1.30)
Diluted net loss per common share	$ (0.34)	$ (1.28)

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

Pacific West Bank

Statements of Stockholders' Equity

Years Ended December 31, 2019 and 2018

	Common Stock		Accumulated	Accumulated Other Comprehensive	Total Stockholders'
	Shares	Amount	Deficit	Income	Equity
Balances - December 31, 2017	706,467	$ 14,094,505	$ (5,009,274)	$ -	$ 9,085,231
Issuance of common stock - net	1,942,388	26,652,659	-	-	26,652,659
Stock-based compensation	-	26,204	-	-	26,204
Net loss	-	-	(1,000,994)	-	(1,000,994)
Balances - December 31, 2018	2,648,855	40,773,368	(6,010,268)	-	34,763,100
Stock-based compensation - net	4,001	121,092	-	-	121,092
Net loss	-	-	(909,936)	-	(909,936)
Other comprehensive income - net	-	-	-	55,379	55,379
Balances - December 31, 2019	2,652,856	$ 40,894,460	$ (6,920,204)	$ 55,379	$ 34,029,635

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

Pacific West Bank

Statements of Cash Flows

Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows From Operating Activities		
Net loss	$ (909,936)	$ (1,000,994)
Adjustments to reconcile net loss to net cash provided (used) by operating activities		
Provision for loan losses	250,000	-
Change in deferred loan fees	41,563	230
Depreciation and amortization	174,858	95,977
Stock-based compensation	121,092	26,204
Deferred income taxes	(307,108)	562,295
Changes in certain operating assets and liabilities		
Right-of-use assets and lease liabilities	(15,484)	-
Accrued interest receivable and other assets	(170,130)	(1,940)
Accrued interest payable and other liabilities	(275,871)	329,628
Net cash provided (used) by operating activities	(1,091,016)	11,400
Cash Flows From Investing Activities		
Net increase in interest-bearing time deposits with banks	(6,005,200)	-
Purchases of available-for-sale debt securities	(11,465,925)	-
Principal repayment of available-for-sale debt securities	1,060,215	-
Sale (purchase) of FHLB stock	(29,500)	37,700
Net increase in loans	(26,503,725)	(548,302)
Purchases of premises and equipment	(389,010)	(43,224)
Net cash used by investing activities	(43,333,145)	(553,826)
Cash Flows From Financing Activities		
Net increase (decrease) in deposits	31,361,264	(458,183)
Payments on finance lease liability	(9,734)	-
Payments on FHLB borrowings	-	(1,000,000)
Proceeds from issuance of common stock - net	-	26,652,659
Net cash provided by financing activities	31,351,530	25,194,476
Net Increase (Decrease) in Cash and Due From Banks	(13,072,631)	24,652,050
Cash and due from banks - beginning of year	35,170,301	10,518,251
Cash and Due From Banks - End of Year	$ 22,097,670	$ 35,170,301
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for		
Interest	$ 515,085	$ 335,598
Income taxes	$ 1,012	$ 2,039
Non-cash Investing and Financing Activities		
Other comprehensive income - net	$ 55,379	$ -
Right-of-use lease assets obtained in exchange for lease liabilities	$ 2,702,635	$ -

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

1. Description of Business and Summary of Significant Accounting Policies

Description of business

During 2004, Pacific West Bank (the Bank) commenced operations as a state-chartered institution to provide banking services in the state of Oregon. The Bank is a full-service business and private bank, providing highly personalized depository and loan services to small and medium-sized businesses and individuals. The Bank has locations in West Linn, Lake Oswego, and Portland, Oregon. The Bank is subject to the regulations of certain federal and state agencies and is subject to periodic examinations by those regulatory authorities.

Basis of accounting and use of estimates

The Bank prepares its financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) and prevailing practices within the banking industry. The Bank utilizes the accrual method of accounting which recognizes income when earned and gains, expenses, and losses when incurred. The preparation of financial statements in conformity with GAAP requires management of the Bank (Management) to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of income, expenses, gains, and losses during the reporting periods. Actual results could differ from those estimates. The most significant estimates made by Management relate to the determination of the allowance for loan losses and the valuation of deferred tax assets.

Reclassifications

Certain reclassifications have been made to prior year balances to conform to the current year presentation.

Subsequent events

Management has evaluated, for potential recognition or disclosure in the financial statements, subsequent events that have occurred through March 2, 2020, which is the date that the financial statements were available to be issued.

Cash and due from banks

For purposes of reporting cash flows, cash and due from banks includes cash on hand and amounts due from banks (including cash items in process of collection). The Bank maintains balances in correspondent bank accounts, which at times may exceed federally insured limits. Management believes that its risk of loss associated with such balances is minimal due to the financial strength of the correspondent banks. The Bank has not experienced any losses in such accounts.

Interest-bearing time deposits with banks

Interest-bearing time deposits with banks, with original maturities exceeding three months, are carried at cost, which approximates fair value. The majority of interest-bearing time deposits with banks as of December 31, 2019 and 2018 have original maturities of one to ten years, and the Bank expects to hold such deposits until maturity.

Investments in debt securities

Investments in debt securities that management has the positive intent and ability to hold to maturity are classified as held-to-maturity and are reported at cost, adjusted for amortization of premiums and accretion of discounts.

Investments in debt securities that are purchased and held principally for the purpose of selling them in the near term are classified as trading and are reported at fair value, with unrealized gains and losses included in noninterest income.

Investments in debt securities that are not classified as either held-to-maturity or trading are classified as available-for-sale and are reported at fair value, with unrealized gains and losses, net of the related deferred income tax effect, excluded from earnings and reported as other comprehensive income or loss. All of the Bank's investments in debt securities are classified as available-for-sale.

Management determines the appropriate classification of debt securities at the time of purchase. Gains and losses on sales of investment securities are recognized on the trade date and determined using the specific identification method. Premiums and discounts are recognized in interest income using the interest method over the period to maturity. See Note 15 for a description of the Bank's methodologies for determining the fair value of investments in debt securities.

In estimating other-than-temporary impairment ("OTTI") losses, Management considers, among other things, (1) the length of time and the extent to which the fair value has been less than amortized cost, (2) the financial condition and near term prospects of the issuer, (3) the impact of changes in market interest rates, and (4) the intent and ability of the Bank to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery of fair value. For individual debt securities which the Bank does not intend to sell, and for which it is not more likely than not that the Bank will be required to sell the security before recovery of its amortized cost basis, the OTTI losses would be evaluated and (1) the portion related to credit losses would be included in earnings as realized losses, and (2) the portion related to market or other factors would be recognized in other comprehensive income or loss. Credit loss is recorded if the present value of expected cash flows is less than the amortized cost. For individual debt securities which the Bank intends to sell or for which it more likely than not will not recover all of its amortized cost, the OTTI is recognized in earnings equal to the entire difference between the security's cost basis and its fair value at the balance sheet date.

For individual debt securities for which credit loss has been recognized in earnings, interest accruals and amortization of premiums and accretion of discounts are suspended when the credit loss is recognized. Interest received after accruals have been suspended is recognized on a cash basis.

During the year ended December 31, 2019, the Bank did not recognize any OTTI on its investments in debt securities.

Federal Home Loan Bank stock

As a member of the Federal Home Loan Bank (FHLB) system, the Bank is required to maintain a minimum investment in FHLB stock based on specific percentages of its outstanding mortgages, total assets, or FHLB advances. As of December 31, 2019 and 2018, the Bank met its minimum investment by maintaining its minimum investment in the stock of the FHLB of Des Moines.

The Bank’s investment in FHLB stock (which has limited marketability) is carried at cost, which approximates fair value. The Bank evaluates its FHLB stock for impairment as needed. The Bank's determination of whether this investment is impaired is based on its assessment of the ultimate recoverability of cost rather than by recognizing temporary declines in value. The determination of whether a decline affects the ultimate recoverability of cost is influenced by criteria such as (1) the significance of any decline in net assets of the FHLB as compared with the capital stock amount and the length of time any decline has persisted, (2) commitments by the FHLB to make payments required by law or regulation and the level of such payments in relation to the operating performance of the FHLB, (3) the impact of legislative and regulatory changes on institutions and, accordingly, the customer base of the FHLB, and (4) the liquidity position of the FHLB. Based on its evaluation, the Bank determined that there was no impairment of its FHLB stock as of December 31, 2019 and 2018.

Loans

Loans are stated at the amount of unpaid principal, reduced by the allowance for loan losses and deferred loan fees.

Interest income on all loans is accrued as earned on the interest method based on daily balances of the principal amount outstanding. The accrual of interest on loans is discontinued when, in Management's opinion, the borrower may be unable to make payments as they become due. When the accrual of interest is discontinued, all unpaid accrued interest is reversed. Interest income on loans that have not been fully charged-off is subsequently recognized only to the extent that cash payments are received in excess of outstanding principal until, in Management's judgment, the borrower has the ability to make contractual interest and principal payments, in which case the loan is returned to accrual status. In accordance with regulatory guidance, cash payments received by the Bank on any loans that were fully charged-off in previous years are credited to the allowance for loan losses to the extent of any previous charge-offs, and any additional cash payments received on such loans are recorded in noninterest income.

The Bank charges fees for originating loans. These fees, net of certain loan origination costs, are deferred and amortized to interest income over the term of the related loan. If the loan is repaid prior to maturity, the remaining unamortized net deferred loan origination fee is recognized in interest income at the time of repayment.

Allowance for loan losses

The allowance for loan losses represents Management's recognition of the assumed risks of extending credit. The allowance is established to absorb known and inherent losses in the loan portfolio as of the balance sheet date. The allowance requires complex subjective judgments as a result of the need to make estimates about matters that are uncertain. The allowance is maintained at a level currently considered adequate to provide for potential loan losses based on Management's assessment of the various factors affecting the portfolio.

The allowance is based on estimates, and ultimate losses may vary from the current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the periods in which they become known. Therefore, the Bank cannot provide assurance that, in any particular period, the Bank will not have significant losses in relation to the amount reserved. The allowance is increased by provisions charged to income (or reduced by credits to income) and reduced by loans charged off, net of recoveries. Loan losses are charged against the allowance when Management believes the uncollectibility of a loan is confirmed.

The allowance is based on ongoing, quarterly assessments of the probable and estimable losses inherent in the loan portfolio. The allowance is allocated to certain loan categories based on the relative risk characteristics, asset classifications, and actual loss experience of the loan portfolio. While Management has allocated the allowance to various loan classes, the allowance is general in nature and is available for the loan portfolio in its entirety.

The Bank's methodology for assessing the appropriate level of the allowance for loan losses consists of applying loss factors to pools of outstanding loan balances segregated by differing loan categories, establishing specific allowances for impaired loans, and establishing an unallocated portion of the allowance. The pooled component covers non-impaired loans and has been developed utilizing historical loss experience and peer group data if adequate historical loss information was not available, adjusted for qualitative factors. The historical loss experience is calculated by portfolio segment and is generally based on the Bank's (or the Bank's peer group's) actual loss history experienced over the most recent three years. Qualitative factors are based on Management’s continuing evaluation of various factors underlying the quality of the loan portfolio, including lending policies and procedures, economic conditions, changes in the size and composition of the loan portfolio, experience of lending management, volume of troubled loans, quality of the Bank’s loan review system, changes in collateral values, concentration of credit risk, and other external factors including regulatory requirements.

The Bank considers loans to be impaired when Management believes that it is probable that all amounts due will not be collected according to the contractual terms. GAAP requires that impaired loans be valued using the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the estimated fair value of the loan's underlying collateral, less estimated selling costs.

The Bank primarily measures impairment on impaired loans (typically real estate loans) based on the estimated fair value of the underlying collateral, less estimated selling costs. Accordingly, changes in such estimated collateral values or future cash flows could result in actual losses which differ from those estimated at the date of the balance sheet. The valuation of real estate collateral is subjective in nature and may be adjusted in future periods because of changes in economic conditions. Management considers third-party appraisals, as well as independent fair market value assessments from realtors or others involved in selling real estate, in estimating the fair value of real property collateralizing loans. In addition, as certain of these third-party appraisals and independent fair market value assessments are only updated periodically, changes in the values of specific properties may have occurred subsequent to the most recent appraisals. In certain other cases, impairment may be measured based on the present value of expected future cash flows discounted at the loan's effective interest rate. Adjustments due to any changes in estimated collateral values or future cash flows are generally recorded at the time such information is received. Amounts deemed impaired are either specifically allocated for in the allowance for loan losses or recorded as a partial charge-off of the loan balance.

The unallocated portion of the allowance for loan losses is based upon Management's evaluation of various qualitative and environmental factors that are not directly measured in the determination of the pooled and specific allowances. Such factors include uncertainties in economic conditions; changes in the Bank's loan review system, policies, procedures, and personnel; uncertainties in identifying triggering events that directly correlate to subsequent loss rates; risk factors that have not yet manifested themselves in loss allocation factors; changes in the size and composition of the loan portfolio; variations in the level and trend of problem loans; results of third-party reviews; and historical loss experience data that may not precisely correspond to the current portfolio. The unallocated allowance may also be affected by review by the bank regulatory authorities who may require increases or decreases to the unallocated allowance based on their evaluation of the information available to them at the time of their examinations. Accordingly, the unallocated allowance helps to minimize the risk related to the margin of imprecision inherent in the estimation of pooled and specific allowances. Due to the subjectivity involved in the determination of the unallocated portion of the allowance for loan losses, the relationship of the unallocated component to the total allowance for loan losses may fluctuate from period to period.

The ultimate recovery of all loans is susceptible to future market factors beyond the Bank's control. These factors may result in losses or recoveries differing significantly from those provided in the accompanying financial statements.

Troubled debt restructurings

A loan is classified as a troubled debt restructuring (TDR) when a borrower is experiencing financial difficulties and the Bank grants a concession to the borrower in the restructuring that the Bank would not otherwise consider. These concessions may include – but are not limited to – certain interest rate reductions, principal or accrued interest forgiveness, deferral of interest payments, certain extensions of maturity dates, and other actions intended to minimize potential losses to the Bank. TDR loans are considered to be impaired and are individually evaluated for impairment.

Allowance for unfunded loan commitments

The Bank maintains a separate allowance for estimated losses related to unfunded loan commitments. Management estimates the amount of probable losses related to unfunded loan commitments by applying the estimated loss factors used in the allowance for loan loss methodology to the expected amount of commitments that will actually require funding. The allowance for unfunded loan commitments totaled $15,000 and $10,000 as of December 31, 2019 and 2018, respectively. In accordance with industry practice and regulatory guidance, the allowance for estimated losses related to unfunded loan commitments is included in accrued interest payable and other liabilities in the accompanying balance sheets. Increases (decreases) in the allowance for unfunded loan commitments are recorded in other noninterest expense in the accompanying statements of comprehensive loss.

Premises and equipment

Premises and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over the shorter of the estimated useful lives of the assets or terms of the leases for leasehold improvements. Depreciation and amortization are included in occupancy expense in the accompanying statements of comprehensive loss. The costs of maintenance and repairs are charged to expense as they are incurred, while major expenditures for renewals and betterments are capitalized. When property or equipment is sold or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the respective accounts, and the resulting gains or losses are included in operations.

As part of an ongoing review of the valuation of premises and equipment, Management assesses the carrying value of such assets if facts and circumstances suggest that they may be impaired. If this review indicates that premises and equipment will not be fully recoverable, as determined by a comparison of the carrying value of the assets to estimated future cash flows (undiscounted and without interest charges) expected to be generated by the assets, the carrying value of the Bank's premises and equipment would be reduced to its estimated fair value.

Preferred stock

The Bank's preferred stock is issuable with voting rights, par value, dividend requirements, and other features as determined by the Bank's Board of Directors (the Board). As of December 31, 2019 and 2018, there were no shares of preferred stock issued or outstanding.

Advertising

Advertising costs are generally charged to expense during the year in which they are incurred.

Income taxes

The provision (benefit) for income taxes is based on income and expenses as reported for financial statement purposes using the "asset and liability method" for accounting for deferred taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are reflected at currently enacted income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision (benefit) for income taxes. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

Income tax positions that meet the "more-likely-than-not" recognition threshold are measured at the largest amount of income tax benefit that is more than 50 percent likely to be realized upon settlement with the applicable taxing authority. The portion of the benefits associated with income tax positions taken that exceeds the amount measured as described above would be reflected as a liability for unrecognized income tax benefits in the accompanying balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with unrecognized income tax benefits would be classified as additional income taxes in the accompanying statements of comprehensive loss. There were no unrecognized income tax benefits, nor any interest and penalties associated with unrecognized income tax benefits, accrued or expensed as of and for the years ended December 31, 2019 and 2018.

The Bank files income tax returns in the United States (U.S.) federal and Oregon jurisdictions.

Stock-based compensation

The Bank recognizes as compensation expense all stock-based awards made to employees and Board members. The compensation cost is measured based on the grant-date fair value of the related stock-based awards and is recognized over the service period of stock-based awards, which is generally the same as the vesting period. The fair value of stock options is determined using the Black-Scholes valuation model, which estimates the fair value of each award on the date of grant based on a variety of assumptions including expected stock price volatility, expected terms of the options, risk-free interest rate, and dividend rates, if applicable.

The Bank's stock-based compensation plan is described more fully in Note 13.

New authoritative accounting guidance

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, which created FASB Accounting Standards Codification (ASC) Topic 842 (ASC 842) and is intended to increase transparency and comparability among organizations by requiring the recognition of lease assets and lease liabilities on the balance sheet and disclosure of key information about leasing arrangements. The principal change required by ASC 842 relates to lessee accounting, and is that for operating leases, a lessee is required to (1) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in the statement of financial position, (2) recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term generally on a straight-line basis, and (3) classify all cash payments within operating activities in the statement of cash flows. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. ASC 842 also changes disclosure requirements related to leasing activities and requires certain qualitative disclosures along with specific quantitative disclosures. ASC 842 also provides an optional transition method for adoption, under which an entity initially applies ASC 842 at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. Consequently, an entity's reporting for the comparative periods presented in the financial statements in which it adopts ASC 842 will continue to be in accordance with previous GAAP. The Bank adopted the provisions of ASC 842 effective January 1, 2019 utilizing the optional transition method and will not restate comparative periods. The Bank also elected the package of practical expedients permitted under ASC 842's transition guidance, which allows the Bank to carryforward its historical lease classifications and its assessment as to whether a contract is or contains a lease. The Bank also elected to not recognize lease assets and lease liabilities for leases with an initial term of 12 months or less. See Note 5 for additional discussion.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*, as amended by ASU 2018-19, ASU 2019-04, ASU 2019-05, and ASU 2019-11. ASU 2016-13 replaces the existing incurred losses methodology with a current expected losses methodology with respect to most financial assets measured at amortized cost and certain other instruments, including trade and other receivables, loans, held-to-maturity investment securities and off-balance sheet commitments. In addition, ASU 2016-13 requires credit losses relating to available-for-sale debt securities to be recorded through an allowance for credit losses rather than as a reduction of the carrying amount. ASU 2016-13 also changes the accounting for purchased credit-impaired debt securities and loans. ASU 2016-13 retains many of the current disclosure requirements in GAAP and expands certain disclosure requirements. ASU 2016-13 is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Upon adoption, the Bank expects a change in the processes and procedures to calculate the allowance for loan losses, including changes in the assumptions and estimates to consider expected credit losses over the life of the loan versus the current accounting practice that utilizes the incurred loss model. In addition, the current policy for other-than-temporary impairment on investment securities available for sale will be replaced with an allowance approach. The Bank is reviewing the requirements of ASU 2016-13 and has begun developing and implementing processes and procedures to ensure it is fully compliant with the amendments at the adoption date. At this time, the Bank anticipates the allowance for loan losses will increase as a result of the implementation of ASU 2016-13; however, until its evaluation is complete, the magnitude of the increase will be unknown.

In March 2017, the FASB issued ASU 2017-08, *Receivables - Nonrefundable Fees and Other Costs: Premium Amortization on Purchased Callable Debt Securities*. ASU 2017-08 shortens the amortization period for certain callable debt securities held at a premium to the earliest call date. The Bank adopted the provisions of ASU 2017-08 effective January 1, 2019, and it did not have a material impact on the Bank's financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement: Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. ASU 2018-13 modifies the disclosure requirements for fair value measurements. The following disclosure requirements were removed from ASC Topic 820, *Fair Value Measurement*: (1) the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy; (2) the policy for timing of transfers between levels; and (3) the valuation process for Level 3 fair value measurements. ASU 2018-13 clarifies that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date. In addition, ASU 2018-13 adds the following disclosure requirements for Level 3 measurements: (1) changes in unrealized gains and losses for the period included in other comprehensive income for the recurring Level 3 fair value measurements held at the end of the reporting period, and (2) the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for any removed or modified disclosures. The adoption of ASU 2018-13 is not expected to have a material impact on the Bank's future financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software, Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. ASU 2018-15 aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The costs are capitalized or expensed depending on the nature of the costs and the project stage during which they are incurred, consistent with the accounting for internal-use software costs. The amendments in ASU 2018-15 are intended to result in consistent capitalization of implementation costs of a hosting arrangement that is a service contract and implementation costs incurred to develop or obtain internal use software (and hosting arrangements that include an internal-use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by the amendments in ASU 2018-15. ASU 2018-15 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The adoption of ASU 2018-15 is not expected to have a material impact on the Bank's future financial statements.

2. Investment Securities

Available-for-sale debt securities as of December 31, 2019 consisted of the following:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses Less than 12 Months	Gross Unrealized Losses More than 12 Months	Estimated Fair Value
Mortgage-backed securities	$ 10,358,947	$ 87,342	$ (12,293)	$ -	$ 10,433,996

As of December 31, 2019, the Bank held 6 investment securities, of which 1 was in unrealized loss position. Management has evaluated the security and has determined that the decline in value is temporary and is related to changes in market interest rates since purchase. The decline in value is not related to any company or industry-specific events. With respect to unrealized losses on the above investment security as of December 31, 2019, management does not have the intent to sell the investment security and believes that it is more likely than not that the Bank will not have to sell the security before a recovery of cost. Accordingly, no impairment adjustment for the investment security has been recorded as of December 31, 2019.

The amortized cost and estimated fair value of investment securities as of December 31, 2019, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities, because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Due in one year or less	$ -	$ -
Due after one year through five years	-	-
Due after five years through ten years	2,008,945	1,996,650
Thereafter	8,350,002	8,437,346
	$ 10,358,947	$ 10,433,996

As of December 31, 2019, no investment securities were pledged to secure deposits of public funds or for other purposes as required or permitted by law.

3. Loans

Loans by portfolio segment as of December 31, 2019 and 2018 consisted of the following:

	2019	2018
One to four family residential construction loans	$ 2,788,882	$ 5,322,924
Home equity lines of credit	2,422,412	2,934,801
One to four family residential, first lien position	13,322,258	9,233,614
One to four family residential, junior lien position	383,416	187,568
Multi-family	10,794,601	4,088,188
Owner occupied commercial real estate	11,457,190	6,383,635
Non-owner occupied commercial real estate	27,329,479	17,351,174
Commercial and industrial (excluding loans to finance commercial real estate activity)	9,015,675	4,593,879
Non-real estate-secured loans to finance commercial real estate activity	-	273,000
Consumer	179,663	860,492
All other loans	131,111	91,687
Total	77,824,687	51,320,962
Allowance for loan losses	(920,000)	(670,000)
Deferred loan fees	(122,314)	(80,751)
Loans - net	$ 76,782,373	$ 50,570,211

The Bank has lending policies, practices, and procedures in place that are designed to generate loan income within an acceptable level of risk. The Board reviews and approves the Bank's loan policies on an annual basis or when changes and/or additions are recommended to the Board by the Bank's loan administration department. A reporting and review process is provided by Management to the Board with frequent reports related to loan production, loan quality, concentrations of credit, loan delinquencies, and non-performing and potential problem loans. Diversification within the loan portfolio is a means of managing risk associated with fluctuations in economic conditions.

Loans are underwritten after evaluating and understanding the borrower's loan request. Underwriting standards are designed to promote relationship banking by understanding a borrower's entire banking needs. The Bank examines current and projected cash flows to determine the ability of the borrower to repay its obligation as agreed upon and, secondarily, evaluates the underlying collateral provided by the borrower. The Bank also at times requires guarantees from borrowers to help manage risk.

The Bank additionally obtains an independent third-party review of its loan portfolio on a regular basis for quality and accuracy in underwriting loans. Results of these reviews are presented to Management and the Board's loan committee. The loan review process complements and reinforces the risk identification and assessment decisions made by the Bank's lenders and credit personnel, as well as the Bank's policies and procedures.

The Bank believes that its loan classes are the same as its loan segments. The Bank's loan segments are characterized by different risk factors as described below:

- The one to four family residential construction loan segment and other construction, land development, and other land loan segment include loans for which the loan proceeds are controlled by the Bank and are used exclusively for the improvement of real estate on which the Bank holds a mortgage. One to four family residential construction loans are specifically collateralized by one to four family residences. These loans are considered to have higher risks than other real estate loans due to their ultimate repayment being sensitive to interest rate changes, government regulation of real property, general economic conditions, the availability of long-term financing, and the inherent difficulty in estimating both a property's value at the completion of the project and the estimated cost of the project. The Bank attempts to mitigate these risks by adhering to strict underwriting policies, disbursement procedures, and monitoring practices.

- Home equity lines of credit generally have a greater credit risk than other one to four family residential loans because they are secured by mortgages that are usually subordinated to the existing first mortgage on the property, which may or may not be held by the Bank. The Bank attempts to mitigate these risks by adhering to its underwriting policies in evaluating the collateral and the credit worthiness of the borrower.

- One to four family residential loans in the first lien position and junior lien position are collateralized by one to four family residences (e.g., owner occupied properties and non-owner occupied rental units) that may fluctuate in value due to economic or individual performance factors. The Bank's lending policies generally limit the term of one to four family residential loans to 15 years and the maximum loan-to-value ratio on one to four family residential loans to 80%, with appropriate credit enhancement in the form of either mortgage insurance or readily marketable additional collateral if this loan-to-value ratio is exceeded.

- Multi-family loans are secured by multi-family dwelling units (more than four units) and generally provide the Bank an opportunity to receive interest at rates higher than those generally available from one to four family residential lending. However, loans secured by multi-family properties typically are greater in amount and are more difficult to evaluate and monitor, and thus involve a greater degree of risk than one to four family residential mortgage loans. As payments on loans secured by multi-family properties are highly dependent on the successful operation and management of such properties, repayment of such loans may be influenced by adverse conditions in the real estate market or economy.

- Commercial real estate loans in the owner occupied and non-owner occupied segments are secured by such properties as office buildings, retail/wholesale facilities, and other commercial properties. These loans are viewed primarily as cash flow loans, and the repayment of these loans is largely dependent on the successful operation of the related property, particularly if the loan is non-owner occupied. Loan performance may be adversely affected by factors impacting the general economy and conditions specific to the real estate market, such as geographic location and/or property type. The Bank attempts to minimize these risks by generally limiting the maximum loan-to-value ratio to 80% for owner occupied properties and requiring a minimum debt service coverage ratio for non-owner occupied properties. The Bank also scrutinizes the financial condition of the borrower, the quality of the collateral, and the management of the property securing the loan.

- Commercial and industrial loans are generally secured by accounts receivable, inventory, equipment, or other property. Commercial and industrial loans are made based primarily on the historical and projected cash flow of the borrower and, secondarily, on the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not be as forecasted, and collateral securing such loans is often an insufficient source of repayment, because accounts receivable may be uncollectible and inventories and equipment may be obsolete or of limited use. Minimum standards and underwriting guidelines have been established for all commercial loan types.

- Loans to finance commercial real estate activity not secured by real estate relates to loans for acquiring, developing, and renovating commercial real estate, but these loans are not secured by real estate. They may be unsecured or may have other collateral. The Bank attempts to limit the risks relating to these loans by following strict underwriting guidelines to ensure that the borrowers are creditworthy.

- Consumer loans are loans to purchase various items such as automobiles, boats, and recreational vehicles. The terms and rates are established periodically by Management. Consumer loans tend to involve relatively small loan amounts that are spread across many individual borrowers, minimizing the risk of significant loss to the Bank.

The Bank's locations and the majority of its customers are located in the greater Portland, Oregon area, and a substantial portion of the Bank's loans are collateralized by real estate in this geographic area. Accordingly, the ultimate collectability of a substantial portion of the Bank's loan portfolio is susceptible to changes in the economic conditions in this market.

The Bank's operations, like those of other financial institutions operating in the Bank's market, are significantly influenced by various economic conditions including local economies, the strength of the real estate market, and the fiscal and regulatory policies of the federal and state government and the regulatory authorities that govern financial institutions. Any downturn in the real estate markets could materially and adversely affect the Bank's business, because a significant portion of the Bank's loans are secured by real estate. The Bank's ability to recover on defaulted loans by selling the real estate collateral would then be diminished and the Bank would be more likely to suffer losses on defaulted loans. Consequently, the Bank's results of operations and financial condition are dependent upon the general trends in the economy and, in particular, the residential and commercial real estate markets. If there is a decline in real estate values, the collateral for the Bank's loans would provide less security. Real estate values could be affected by, among other things, a worsening of economic conditions, an increase in foreclosures, a decline in home sale volumes, and an increase in interest rates. Furthermore, the Bank may experience an increase in the number of borrowers who become delinquent, file for protection under bankruptcy laws, or default on their loans or other obligations to the Bank given a sustained weakness or a weakening in business and economic conditions generally or specifically in the principal market in which the Bank does business. An increase in the number of delinquencies, bankruptcies, or defaults could result in a higher level of non-performing assets, net charge-offs, and provision for loan losses.

The following tables set forth information for the years ended December 31, 2019 and 2018 regarding activity in the allowance for loan losses by portfolio segment:

2019	Beginning Allowance	Provision (Credit)	Charge-offs	Recoveries	Ending Allowance
One to four family residential construction loans	$ 53,230	$ (25,311)	$ -	$ -	$ 27,919
Home equity lines of credit	21,427	(5,127)	-	-	16,300
One to four family residential, first lien position	69,255	30,622	-	-	99,877
One to four family residential, junior lien position	1,410	1,466	-	-	2,876
Multi-family	40,880	67,050	-	-	107,930
Owner occupied commercial real estate	63,840	50,538	-	-	114,378
Non-owner occupied commercial real estate	173,510	99,645	-	-	273,155
Commercial and industrial (excluding loans to finance commercial real estate activity)	52,532	31,245	-	-	83,777
Non-real estate-secured loans to finance commercial real estate activity	2,730	(2,730)	-	-	-
Consumer	7,781	(6,341)	-	-	1,440
All other loans	1,041	155	-	-	1,196
Unallocated	182,364	8,788	-	-	191,152
Total	$ 670,000	$ 250,000	$ -	$ -	$ 920,000

2018	Beginning Allowance	Provision (Credit)	Charge-offs	Recoveries	Ending Allowance
One to four family residential construction loans	$ 61,000	$ (7,770)	$ -	$ -	$ 53,230
Other construction, land development, and other land loans	15,080	(15,080)	-	-	-
Home equity lines of credit	35,878	(14,451)	-	-	21,427
One to four family residential, first lien position	63,555	5,700	-	-	69,255
One to four family residential, junior lien position	1,440	(30)	-	-	1,410
Multi-family	57,590	(16,710)	-	-	40,880
Owner occupied commercial real estate	83,220	(19,380)	-	-	63,840
Non-owner occupied commercial real estate	108,020	65,490	-	-	173,510
Commercial and industrial (excluding loans to finance commercial real estate activity)	32,153	20,379	-	-	52,532
Non-real estate-secured loans to finance commercial real estate activity	2,730	-	-	-	2,730
Consumer	5,097	2,684	-	-	7,781
All other loans	837	204	-	-	1,041
Unallocated	203,400	(21,036)	-	-	182,364
Total	$ 670,000	$ -	$ -	$ -	$ 670,000

The following tables present information, by portfolio segment, on loans evaluated individually and collectively for impairment in the allowance for loan losses as of December 31, 2019 and 2018:

	Allowance for Loan Losses			Recorded Investment in Loans		
2019	**Individually Evaluated for Impairment**	**Collectively Evaluated for Impairment**	**Total**	**Individually Evaluated for Impairment**	**Collectively Evaluated for Impairment**	**Total**
One to four family residential construction loans	$ -	$ 27,919	$ 27,919	$ -	$ 2,788,882	$ 2,788,882
Home equity lines of credit	-	16,300	16,300	59,120	2,363,292	2,422,412
One to four family residential, first lien position	-	99,877	99,877	-	13,322,258	13,322,258
One to four family residential, junior lien position	-	2,876	2,876	-	383,416	383,416
Multi-family	-	107,930	107,930	-	10,794,601	10,794,601
Owner occupied commercial real estate	-	114,378	114,378	-	11,457,190	11,457,190
Non-owner occupied commercial real estate	-	273,155	273,155	-	27,329,479	27,329,479
Commercial and industrial (excluding loans to finance commercial real estate activity)	-	83,777	83,777	-	9,015,675	9,015,675
Consumer	-	1,440	1,440	-	179,663	179,663
All other loans	-	1,196	1,196	-	131,111	131,111
Unallocated	-	191,152	191,152	-	-	-
Total	$ -	$ 920,000	$ 920,000	$ 59,120	$ 77,765,567	$ 77,824,687

	Allowance for Loan Losses			Recorded Investment in Loans		
2018	**Individually Evaluated for Impairment**	**Collectively Evaluated for Impairment**	**Total**	**Individually Evaluated for Impairment**	**Collectively Evaluated for Impairment**	**Total**
One to four family residential construction loans	$ -	$ 53,230	$ 53,230	$ -	$ 5,322,924	$ 5,322,924
Home equity lines of credit	-	21,427	21,427	81,120	2,853,681	2,934,801
One to four family residential, first lien position	-	69,255	69,255	-	9,233,614	9,233,614
One to four family residential, junior lien position	-	1,410	1,410	-	187,568	187,568
Multi-family	-	40,880	40,880	-	4,088,188	4,088,188
Owner occupied commercial real estate	-	63,840	63,840	-	6,383,635	6,383,635
Non-owner occupied commercial real estate	-	173,510	173,510	-	17,351,174	17,351,174
Commercial and industrial (excluding loans to finance commercial real estate activity)	-	52,532	52,532	-	4,593,879	4,593,879
Non-real estate-secured loans to finance commercial real estate activity	-	2,730	2,730	-	273,000	273,000
Consumer	-	7,781	7,781	-	860,492	860,492
All other loans	-	1,041	1,041	-	91,687	91,687
Unallocated	-	182,364	182,364	-	-	-
Total	$ -	$ 670,000	$ 670,000	$ 81,120	$ 51,239,842	$ 51,320,962

The following tables present, by portfolio segment, the recorded investment in loans by aging category and in total as of December 31, 2019 and 2018:

2019	Days Past Due 30-59	Days Past Due 60-89	Days Past Due 90 or More	Non-accrual	Total Past Due and Non-accrual	Current	Total Loans
One to four family residential construction loans	$ -	$ -	$ -	$ -	$ -	$ 2,788,882	$ 2,788,882
Home equity lines of credit	-	-	-	59,120	59,120	2,363,292	2,422,412
One to four family residential, first lien position	-	-	-	-	-	13,322,258	13,322,258
One to four family residential, junior lien position	-	-	-	-	-	383,416	383,416
Multi-family	-	-	-	-	-	10,794,601	10,794,601
Owner occupied commercial real estate	-	-	-	-	-	11,457,190	11,457,190
Non-owner occupied commercial real estate	-	-	-	-	-	27,329,479	27,329,479
Commercial and industrial (excluding loans to finance commercial real estate activity)	-	-	-	-	-	9,015,675	9,015,675
Consumer	-	-	-	-	-	179,663	179,663
All other loans	-	-	-	-	-	131,111	131,111
Total	$ -	$ -	$ -	$ 59,120	$ 59,120	$ 77,765,567	$ 77,824,687

2018	Days Past Due 30-59	Days Past Due 60-89	Days Past Due 90 or More	Non-accrual	Total Past Due and Non-accrual	Current	Total Loans
One to four family residential construction loans	$ -	$ -	$ -	$ -	$ -	$ 5,322,924	$ 5,322,924
Home equity lines of credit	-	-	-	81,120	81,120	2,853,681	2,934,801
One to four family residential, first lien position	-	-	-	-	-	9,233,614	9,233,614
One to four family residential, junior lien position	-	-	-	-	-	187,568	187,568
Multi-family	-	-	-	-	-	4,088,188	4,088,188
Owner occupied commercial real estate	-	-	-	-	-	6,383,635	6,383,635
Non-owner occupied commercial real estate	-	-	-	-	-	17,351,174	17,351,174
Commercial and industrial (excluding loans to finance commercial real estate activity)	-	-	-	-	-	4,593,879	4,593,879
Non-real estate-secured loans to finance commercial real estate activity	-	-	-	-	-	273,000	273,000
Consumer	-	-	-	-	-	860,492	860,492
All other loans	-	-	-	-	-	91,687	91,687
Total	$ -	$ -	$ -	$ 81,120	$ 81,120	$ 51,239,842	$ 51,320,962

Credit quality indicators

The Bank categorizes all loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: quality of management, current financial information, historical payment experience, credit documentation, and geographic and industry risk, among other factors. Loan risk ratings are updated whenever information comes to Management's attention that indicates that a loan's risk has changed. In addition, Management reviews the risk ratings of all loans greater than $400,000 at least annually. The Bank uses the following definitions for risk ratings:

Special Mention – Loans classified as Special Mention have potential weaknesses that deserve Management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or in the Bank's credit position at some future date.

Substandard – Loans classified as Substandard are inadequately protected by the current sound worth and paying capacity of the borrower or of the collateral pledged, if any. These loans have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. Such loans are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

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

Loss – Loans classified as Loss are considered uncollectible and of such minimal value that continuance as an asset is not warranted. Loans are charged-off when Management determines that Loss ratings are appropriate.

Loans not meeting the criteria above are considered Pass rated loans.

The following tables present, by portfolio segment, the recorded investment in loans by risk rating as of December 31, 2019 and 2018, based on the most recent rating assigned by Management to each loan:

2019	**Pass**	**Special Mention**	**Sub-standard**	**Doubtful**	**Total**
One to four family residential construction loans	$ 2,788,882	$ -	$ -	$ -	$ 2,788,882
Home equity lines of credit	2,363,292	-	59,120	-	2,422,412
One to four family residential, first lien position	13,322,258	-	-	-	13,322,258
One to four family residential, junior lien position	183,416	200,000	-	-	383,416
Multi-family	10,794,601	-	-	-	10,794,601
Owner occupied commercial real estate	11,457,190	-	-	-	11,457,190
Non-owner occupied commercial real estate	26,827,961	501,518	-	-	27,329,479
Commercial and industrial (excluding loans to finance commercial real estate activity)	8,877,124	138,551	-	-	9,015,675
Consumer	179,663	-	-	-	179,663
All other loans	131,111	-	-	-	131,111
Total	$ 76,925,498	$ 840,069	$ 59,120	$ -	$77,824,687

2018	**Pass**	**Special Mention**	**Sub-standard**	**Doubtful**	**Total**
One to four family residential construction loans	$ 5,322,924	$ -	$ -	$ -	$ 5,322,924
Home equity lines of credit	2,853,681	-	81,120	-	2,934,801
One to four family residential, first lien position	9,233,614	-	-	-	9,233,614
One to four family residential, junior lien position	187,568	-	-	-	187,568
Multi-family	4,088,188	-	-	-	4,088,188
Owner occupied commercial real estate	6,383,635	-	-	-	6,383,635
Non-owner occupied commercial real estate	16,836,329	514,845	-	-	17,351,174
Commercial and industrial (excluding loans to finance commercial real estate activity)	4,593,879	-	-	-	4,593,879
Non-real estate-secured loans to finance commercial real estate activity	273,000	-	-	-	273,000
Consumer	860,492	-	-	-	860,492
All other loans	91,687	-	-	-	91,687
Total	$ 50,724,997	$ 514,845	$ 81,120	$ -	$51,320,962

The following tables summarize information related to impaired loans by portfolio segment as of and for the years ended December 31, 2019 and 2018:

	December 31, 2019			For the year ended December 31, 2019	
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded					
Home equity lines of credit	$ 59,120	$ 59,120	$ -	$ 70,000	$ -
Total	$ 59,120	$ 59,120	$ -	$ 70,000	$ -

	December 31, 2018			For the year ended December 31, 2018	
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded					
Home equity lines of credit	$ 81,120	$ 81,120	$ -	$ 96,134	$ 2,064
Total	$ 81,120	$ 81,120	$ -	$ 96,134	$ 2,064

During the years ended December 31, 2019 and 2018, the Bank did not record any new TDR loans. The Bank had no TDR loans which defaulted in 2019 that had been modified within the previous twelve months. The Bank had one TDR loan outstanding which defaulted in 2018 and was moved to nonaccrual status. This TDR loan subsequent to the default was modified and has been in compliance with the modified terms since the modification. As of December 31, 2019, there were no commitments to lend additional funds on TDR loans.

TDR loans are considered to be impaired and are individually evaluated for impairment in determining the allowance for loan losses. The following tables set forth the Bank's TDR loans as of December 31, 2019 and 2018 by interest accrual status:

2019	Accruing	Non-Accrual	Total
Home equity lines of credit	$ -	$ 59,120	$ 59,120
Total	$ -	$ 59,120	$ 59,120

2018	Accruing	Non-Accrual	Total
Home equity lines of credit	$ -	$ 81,120	$ 81,120
Total	$ -	$ 81,120	$ 81,120

4. Premises and Equipment

Premises and equipment as of December 31, 2019 and 2018 consisted of the following:

	2019	2018
Land	$ 400,000	$ 400,000
Building and improvements	2,484,284	2,484,284
Furniture, fixtures, and equipment	652,360	361,299
Computer software and hardware	342,786	287,940
Leasehold improvements	103,297	87,855
Work in progress	27,664	-
Total	4,010,391	3,621,378
Less accumulated depreciation and amortization	(1,440,760)	(1,323,609)
Premises and equipment - net	$ 2,569,631	$ 2,297,769

Depreciation and amortization expense related to premises and equipment was $117,148 and $95,977 for the years ended December 31, 2019 and 2018, respectively.

5. Right-of-Use Assets and Lease Liabilities

The Bank leases space on a month-to-month basis for banking operations under an operating lease with a company that is partially owned by certain Board members. Total rent expense for this related party lease was approximately $87,000 for each of the years ended December 31, 2019 and 2018. In November 2019, the Bank opened a loan servicing office in Portland, Oregon. Monthly rent payments on this operating lease range from $25,522 to $33,331 through April 2028. This lease agreement also includes variable payments based on a percentage of use, which are not determinable at the lease commencement and are not included in the measurement of the right-of-use asset and lease liability. At the end of the initial lease term, the Bank has an option to renew this lease for an additional 5 years. Lease extensions are not reasonably certain, and the Bank generally does not recognize payments occurring during option periods in the calculation of operating lease right-of-use assets and operating lease liabilities. In addition, in June 2019, the Bank entered into a finance lease for office equipment with monthly rent payments of $1,840 through June 2024. The Bank does not have any operating leases with an initial term of 12 months or less.

The table below presents certain information related to the Bank's right-of-use assets and lease liabilities for the year ended December 31, 2019:

		Classification in the Statement of Comprehensive Loss
Operating Lease		
Operating lease costs	$ 144,995	Occupancy
Variable lease costs	$ 33,685	Occupancy
Remaining lease term	8.33 years	
Discount rate	2.61%	
Finance Lease		
Amortization of right-of-use asset	$ 10,334	Occupancy
Interest on lease liability	$ 1,306	Interest on borrowings
Remaining lease term	4.50 years	
Discount rate	2.63%	

Operating cash flows paid for operating lease amounts included in the measurement of lease liabilities was $48,492 for the year ended December 31, 2019.

The following table reconciles the undiscounted cash flows for the years presented related to the Bank's lease liabilities as of December 31, 2019:

	Operating Lease	Finance Lease
2020	$ 307,795	$ 22,080
2021	317,029	22,080
2022	326,540	22,080
2023	336,336	22,080
2024	346,426	11,040
Thereafter	1,232,215	-
Total minimum lease payments	2,866,341	99,360
Less: amount of lease payment representing interest	(304,290)	(5,751)
Lease liabilities	$ 2,562,051	$ 93,609

6. Time Deposits

Time deposits that meet or exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit of $250,000 aggregated $5,082,052 and $6,477,767 as of December 31, 2019 and 2018, respectively.

As of December 31, 2019, the scheduled annual maturities of all time deposits were as follows:

2020	$ 14,843,262
2021	3,620,036
2022	190,996
2023	145,141
Total	$ 18,799,435

7. Other Borrowings

The Bank is a member of the FHLB. As a member, the Bank has a committed line of credit up to 45% and of the Bank's total assets for the years ended December 31, 2019 and 2018. The committed line of credit is subject to the Bank pledging sufficient collateral and maintaining the required investment in FHLB stock. As of December 31, 2019 and 2018, the Bank had no outstanding borrowings with the FHLB. All outstanding borrowings with the FHLB are collateralized by a blanket pledge agreement on the Bank's FHLB stock, any funds on deposit with the FHLB, and certain of the Bank's loans. The Bank had loans pledged for collateral of approximately $28,217,000 as of December 31, 2019. As of December 31, 2019, the Bank's maximum available borrowing capacity, given current collateral, borrowings, and the 45% of total assets limitation, was approximately $19,158,000.

As an additional source of liquidity, the Bank has a federal funds borrowing agreement with a correspondent bank aggregating $8,500,000 and $1,500,000 as of December 31, 2019 and 2018, respectively. The agreement was unsecured as of December 31, 2019 and 2018. There were no outstanding borrowings under this agreement as of December 31, 2019 or 2018. The Bank also has a letter of credit with a correspondent bank for $300,000 which expires April 1, 2020.

The Bank has a borrowing line available with the Federal Reserve Discount Window totaling approximately $6,181,000 as of December 31, 2019, which is secured by a portion of the Bank’s loan portfolio. The Bank had no outstanding borrowings on this line as of December 31, 2019.

8. Commitments and Contingencies

Off-balance sheet financial instruments

In the ordinary course of business, the Bank has financial instruments with off-balance sheet risk to extend credit to its customers. These financial instruments involve elements of credit and interest-rate risk in excess of amounts recognized in the accompanying balance sheets. As of December 31, 2019 and 2018, the Bank had no commitments to extend credit at below-market interest rates and held no derivative financial instruments.

The Bank's exposure to credit loss for commitments to extend credit is represented by the contractual amount of these instruments. The Bank uses the same credit policies in underwriting and offering commitments as it does for on-balance sheet financial instruments. As of December 31, 2019 and 2018, outstanding commitments to extend credit totaled approximately $19,807,000 and $11,247,000, respectively.

A commitment to extend credit is an agreement to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require the payment of fees. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank applies established credit-related standards and underwriting practices in evaluating the creditworthiness of such obligors. The amount of collateral obtained, if it is deemed necessary by the Bank upon the extension of credit, is based on Management's credit evaluation of the counterparty. Collateral held for commitments varies but may include accounts receivable, inventory, property and equipment, residential real estate, and income-producing commercial properties.

Litigation

In the ordinary course of business, the Bank becomes involved in various litigation proceedings arising from normal banking activities. In the opinion of Management, the ultimate disposition of these actions will not have a material adverse effect on the Bank's financial statements as of and for the year ended December 31, 2019.

9. Income Taxes

The provision (benefit) for income taxes for the years ended December 31, 2019 and 2018 was as follows:

	2019	2018
Current		
Federal	$ -	$ -
State	817	3,539
Total current	817	3,539
Deferred	(307,108)	562,295
Total provision (benefit) for income taxes	$ (306,291)	$ 565,834

The provision (benefit) for income taxes results in effective tax rates which are different than the federal income tax statutory rate. The nature of the differences in 2019 and 2018 were as follows:

	2019	2018
Expected federal income tax provision (benefit) at statutory rate	$ (255,408)	$ (91,384)
State income taxes, net of federal effect	(63,404)	(22,689)
Permanent differences	10,850	1,855
Write-off of net operating loss carryforwards (NOLs)	-	648,459
Other - net	1,671	29,593
Provision (benefit) for income taxes	$ (306,291)	$ 565,834

The components of the net deferred tax assets and liabilities as of December 31, 2019 and 2018 consisted of the following:

	2019	2018
Deferred tax assets		
Allowance for loan losses	$ 258,581	$ 188,490
Stock-based compensation	58,056	35,715
Net operating loss carryforwards (NOLs)	1,450,380	1,208,146
Total deferred tax assets	1,767,017	1,432,351
Deferred tax liabilities		
Deferred loan fee income	(41,127)	(38,386)
Accumulated depreciation and amortization	(110,551)	(121,225)
Prepaid expenses and other	(43,599)	(31,368)
Unrealized gain on investment securities	(19,670)	-
Other	(23,260)	-
Total deferred tax liabilities	(238,207)	(190,979)
Deferred tax assets - net	$ 1,528,810	$ 1,241,372

As of December 31, 2019, the Bank has federal and state NOLs available to reduce future federal and state taxable income. As of December 31, 2019, federal NOLs were approximately $5,742,000 and (if not utilized) expire between 2030 and 2038. Federal NOLs generated after the 2018 tax year do not expire. As of December 31, 2019, state NOLs were approximately $4,692,000 and (if not utilized) expire between 2025 and 2034. During the year ended December 31, 2018, due to the significant amount of common stock issued and in accordance with GAAP and Section 382 of the Internal Revenue Code, the Bank wrote off $648,459 of deferred tax assets related to its federal and state NOLs that were no longer eligible to be utilized.

The Bank has determined that it is not required to establish a valuation allowance for the net deferred tax assets as of December 31, 2019 and 2018, as Management believes it is more likely than not that the net deferred tax assets will be realized principally through future taxable income and available tax planning strategies to utilize the Company's deferred tax assets prior to expiration. Management will continue to evaluate its position that it is more likely than not that the net deferred tax assets will be realized and will record a valuation allowance, if needed, in the period in which they determine it is more likely than not that the net deferred tax assets will not be realized.

10. Basic and Diluted Net Loss Per Common Share

The Bank's basic net loss per common share is computed by dividing net loss by the weighted-average number of common shares outstanding during the period. The Bank's diluted net loss per common share is computed by dividing net loss by the weighted-average number of common shares outstanding plus dilutive common shares related to stock options and restricted stock awards. For the years ended December 31, 2019 and 2018, 3,113 and 11,746 dilutive common shares related to unvested restricted stock awards were included in the weighted-average number of common shares outstanding in the calculation for diluted net loss per common share, respectively. For the year ended December 31, 2019, average options to purchase 79,466 shares of common stock were outstanding but not included in the computation of diluted net loss per common share because their effect would have been anti-dilutive.

The numerators and denominators used in computing basic and diluted net loss per common share for the years ended December 31, 2019 and 2018 are as follows:

	Net Loss (Numerator)	Weighted-average Shares (Denominator)	Per-share Amount
2019			
Basic net loss per common share	$ (909,936)	2,650,408	$ (0.34)
Diluted net loss per common share	$ (909,936)	2,653,521	$ (0.34)
2018			
Basic net loss per common share	$ (1,000,994)	770,023	$ (1.30)
Diluted net loss per common share	$ (1,000,994)	781,769	$ (1.28)

11. Transactions with Related Parties

Certain directors, officers, and principal shareholders of the Bank (and the companies with which they are associated) are customers of, and have had banking transactions with, the Bank in the ordinary course of the Bank's business. In addition, the Bank expects to continue to have such banking transactions in the future. All loans, and commitments to loan, to such parties are generally made on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons. In the opinion of Management, these transactions do not involve more than the normal risk of collectability or present any other unfavorable features.

An analysis of activity with respect to such loans for the years ended December 31, 2019 and 2018 is as follows:

	2019	2018
Balances - beginning of year	$ 853,003	$ 1,126,719
Additions	-	405,185
Repayments	(320,554)	(678,901)
Retirement of director – no longer related party	(134,120)	-
Balances - end of year	$ 398,329	$ 853,003

12. Employee Benefit Plan

The Bank has a salary deferral and profit sharing plan (the Plan) under the provisions of Section 401(k) of the Internal Revenue Code whereby eligible employees may defer a portion of their gross wages. Employees eligible to participate in the Plan must have completed 90 days of service and be over 21 years of age. Employees may contribute up to the maximum permitted by the Internal Revenue Code. The Bank may make matching and/or discretionary contributions to the Plan as determined by the Board. Matching contributions vest immediately while discretionary contributions vest over a period of three years. For the years ended December 31, 2019 and 2018, the Bank made matching contributions of approximately $56,000 and $31,000, respectively, and elected to make no discretionary contributions.

13. Stock-Based Compensation Plans

In March 2017, the Bank adopted the 2017 Equity Compensation Plan (the 2017 Plan). In addition, in October 2018, the Bank adopted the 2018 Equity Compensation Plan (the 2018 Plan). The 2017 Plan and the 2018 Plan are collectively referred to as "the Plans". The Plans provide for the grant of stock options and restricted stock awards for up to an aggregate of 475,000 shares of the Bank's common stock to certain employees and directors. Under the Plans, the exercise price (for stock options) or the fair value (for restricted stock) of awards granted must be equal to at least the market price of the Bank’s common stock on the date of the grant. Stock options granted under the Plans have a maximum term of ten years. Vesting of stock options and restricted stock awards generally occurs over five years. As of December 31, 2019 and 2018, there were 454,500 and 370,034 shares of common stock available for future grant under the Plans, respectively.

The following table presents the activity related to stock options awarded under the Plans for the years ended December 31, 2019 and 2018:

	2019		2018	
	Options Outstanding	Weighted-Average Exercise Price	Options Outstanding	Weighted-Average Exercise Price
Balances - beginning of year	-	$ -	1,000	$ 105.00
Granted	79,466	14.00	-	-
Expired	-	-	(1,000)	105.00
Balances - end of year	79,466	14.00	-	-
Exercisable - end of year	-	-	-	-

The Bank uses the Black-Scholes option pricing model to estimate the fair value of stock options with the assumptions noted in the following table. The risk free interest rate is based on the rate of a U.S. Treasury security with a similar term as the expected life of the stock option at the particular grant date. The expected life is based on vesting terms and estimated exercise dates. Dividends during the expected life are assumed to be zero. To estimate the expected volatility, Management utilized information from a banking index to calculate actual volatility over a period similar to the expected life of the stock options.

There were 79,466 stock options granted during the year ended December 31, 2019 with an aggregate grant date fair value of $296,011. The weighted average assumptions used in the Black-Scholes model for stock options granted during the year ended December 31, 2019 were as follows:

Risk free interest rate	2.56%
Expected life (in years)	6.50
Expected dividend yield	0.00%
Expected volatility	19.36%
Grant date fair value per share	$ 3.73

As of December 31, 2019, there were 79,466 unvested options with an aggregate grant date fair value of $296,011, all of which the Bank assumes will vest. The unvested options had an aggregate intrinsic value of $23,840 as of December 31, 2019.

Information regarding the range of exercise prices, number, weighted-average exercise price, and weighted-average remaining contractual life of stock options as of December 31, 2019 and 2018 is as follows:

	2019		2018	
	Options Outstanding	Exercisable Options	Options Outstanding	Exercisable Options
Range of exercise prices	$ 14.00	$ -	$ -	$ -
Shares subject to options	79,466	-	-	-
Weighted-average exercise price	$ 14.00	$ -	$ -	$ -
Remaining contractual life (years)	9	-	-	-

The aggregate intrinsic value of options outstanding as of December 31, 2019 was $23,840. As of December 31, 2019, the total unrecognized compensation expense related to stock option awards was $236,808, which is expected to be recognized over a weighted average period of 4 years.

The following table presents the activity related to restricted stock awarded under the Plans for the years ended December 31, 2019 and 2018:

	Number of Shares	Weighted-average Grant Date Fair Value
Unvested as of December 31, 2017	-	$ -
Granted	32,500	13.38
Forfeited	(12,000)	13.40
Unvested as of December 31, 2018	20,500	13.36
Granted	6,250	13.57
Vested	(4,850)	13.41
Forfeited	(1,250)	13.33
Unvested as of December 31, 2019	20,650	$ 13.82

As of December 31, 2019, the total unrecognized compensation expense related to restricted stock awards was $260,389, which is expected to be recognized over a weighted average period of approximately 4 years.

14. Revenue from Contracts with Customers

In accordance with ASC 606, revenues are recognized when goods or services are transferred to a customer in exchange for the consideration the Bank expects to be entitled to receive. The largest portion of the Bank's revenue is from interest income, which is excluded from the scope of ASC 606. All of the Bank's revenue from contracts with customers which is within the scope of ASC 606 is recognized in noninterest income.

If a contract is determined to be within the scope of ASC 606, the Bank recognizes revenue as it satisfies a performance obligation. Payments from customers are generally collected at the time services are rendered, monthly, or quarterly. For contracts with customers within the scope of ASC 606, revenue is either earned at a point in time or revenue is earned over time. Revenues recognized within the scope of ASC 606 include service charges and fees, which are fees earned on the Bank's deposit accounts for various products offered to or services performed for the Bank's customers. Fees include business account fees, non-sufficient fund fees, stop payment fees, wire services, safe deposit boxes, and others. These fees are recognized on a daily, monthly, or quarterly basis, depending on the type of service.

For the years ended December 31, 2019 and 2018, substantially all of the Bank's revenues within the scope of ASC 606 are for performance obligations satisfied at a specified date. As of December 31, 2019 and 2018, the Bank had no significant contract liabilities where the Bank had an obligation to transfer goods or services for which the Bank had already received consideration. In addition, the Bank had no material unsatisfied performance obligations as of this date.

15. Fair Value

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (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. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. GAAP also establishes a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Based on the underlying inputs, each fair value measurement in its entirety is reported in one of three levels. These levels are as follows:

Level 1: Fair value of the asset or liability is determined using unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2:	Fair value of the asset or liability is determined using inputs other than quoted prices that are observable for the applicable asset or liability, either directly or indirectly, such as quoted prices for similar (as opposed to identical) assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active; and
Level 3:	Fair value of the asset or liability is determined using unobservable inputs that are significant to the fair value measurement and reflect Management's own assumptions regarding the applicable asset or liability.

Certain assets and liabilities are measured at fair value on a recurring or non-recurring basis. Assets and liabilities measured at fair value on a recurring basis are initially measured at fair value and then re-measured at fair value at each financial statement reporting date. Assets and liabilities measured at fair value on a non-recurring basis result from write-downs due to impairment or lower-of-cost-or-market accounting on assets or liabilities not initially measured at fair value.

The Bank's assets measured at fair value on a recurring basis consist of available-for-sale debt securities (mortgage-backed securities). The fair values of the Bank's mortgage-backed securities are estimated by an independent pricing service and are based upon market prices of similar securities or other observable inputs (Level 2). As of December 31, 2019 and 2018, the Bank had no liabilities measured at fair value on a recurring basis.

The Bank's assets measured at fair value on a non-recurring basis generally consist of loans. Periodically, the Bank records non-recurring adjustments to the carrying value of certain impaired loans for partial charge-offs of the uncollectible portions of those loans based on fair value measurements. Non-recurring adjustments also include certain impairment amounts for collateral-dependent loans when establishing the allowance for loan losses. Such amounts are generally based on the fair value of the underlying collateral supporting the loan, and, as a result, the carrying value of the loan less the calculated valuation amount does not necessarily represent the fair value of the loan. Real estate collateral is typically valued using appraisals, independent fair market value assessments from realtors or other persons involved in selling real estate, or other indications of value based on recent comparable sales of similar properties or assumptions generally observable in the marketplace. As of December 31, 2019 and 2018, the Bank had no assets or liabilities measured at fair value on a non-recurring basis.

GAAP requires disclosure of estimated fair values for certain financial instruments. Such estimates are subjective in nature, and significant judgment is required regarding the risk characteristics of various financial instruments at a discrete point in time. Therefore, such estimates could vary significantly if assumptions regarding uncertain factors were to change. In addition, as the Bank normally intends to hold the majority of its financial instruments until maturity, it does not expect to realize many of the estimated amounts disclosed. The disclosures also do not include estimated fair value amounts for certain items which are not defined as financial instruments but which may have significant value. The Bank does not believe that it would be practicable to estimate a fair value for these types of items as of December 31, 2019 and 2018. Because GAAP excludes certain items from fair value disclosure requirements, any aggregation of the fair value amounts presented would not represent the underlying value of the Bank.

The estimated fair values of financial instruments were as follows as of December 31, 2019 and 2018:

	Recorded Amount	Estimated Fair Value	Level 1	Level 2	Level 3
2019					
Financial Assets					
Cash and due from banks	$ 22,097,670	$ 22,097,670	$ 22,097,670	$ -	$ -
Interest-bearing time deposits with banks	8,738,587	8,824,737	6,023,070	-	2,801,667
Available-for-sale debt securities	10,433,996	-	-	10,433,996	-
FHLB stock	110,900	110,900	110,900	-	-
Loans - net	76,782,373	75,687,421	-	-	75,687,421
Accrued interest receivable	284,000	284,000	284,000	-	-
Financial Liabilities					
Time deposits	18,799,435	18,881,645	-	-	18,881,645
Accrued interest payable	27,227	27,227	27,227	-	-
2018					
Financial Assets					
Cash and due from banks	$ 35,170,301	$ 35,170,301	$ 35,170,301	$ -	$ -
Interest-bearing time deposits with banks	2,734,000	2,617,899	-	-	2,617,899
FHLB stock	81,400	81,400	81,400	-	-
Loans - net	50,570,211	49,315,379	-	-	49,315,379
Accrued interest receivable	147,264	147,264	147,264	-	-
Financial Liabilities					
Time deposits	18,489,849	16,356,574	-	-	16,356,574
Accrued interest payable	11,784	11,784	11,784	-	-

The Bank did not have any transfers among Level 1, Level 2, or Level 3 during the years ended December 31, 2019 and 2018.

16. Regulatory Matters

The Bank is subject to various regulatory capital requirements administered by the federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory - and possibly additional discretionary - actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of 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.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the following tables) of tier 1 capital to average assets and common equity tier 1, tier 1, and total capital to risk-weighted assets (all as defined in the regulations). Management believes that, as of December 31, 2019 and 2018, the Bank met or exceeded all capital adequacy requirements to which it is subject.

To be categorized as "adequately capitalized" or "well-capitalized," the Bank must maintain minimum common equity tier 1, tier 1 leverage, tier 1 risk-based, and total risk-based capital ratios as set forth in the following tables. As of December 31, 2019, the most recent notification from the Bank's regulator 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 would change the Bank's regulatory capital categorization.

The Bank's actual and required capital amounts and ratios as of December 31, 2019 and 2018 are presented in the following table (dollars in thousands):

	Actual		Regulatory Minimum to be "Adequately Capitalized"		Regulatory Minimum to be "Well Capitalized" under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
2019						
Common equity tier 1 capital (to risk-weighted assets)	$ 32,445	27.85%	$ 4,108	4.50%	$ 5,934	6.50%
Tier 1 capital (to average assets)	32,445	35.54	4,661	4.00	5,826	5.00
Tier 1 capital (to risk-weighted assets)	32,445	35.54	5,477	6.00	7,303	8.00
Total capital (to risk-weighted assets)	33,380	36.57	7,303	8.00	9,129	10.00
2018						
Common equity tier 1 capital (to risk-weighted assets)	$ 33,522	64.27%	$ 2,347	4.50%	$ 3,390	6.50%
Tier 1 capital (to average assets)	33,522	49.80	2,692	4.00	3,366	5.00
Tier 1 capital (to risk-weighted assets)	33,522	64.27	3,130	6.00	4,173	8.00
Total capital (to risk-weighted assets)	34,174	65.52	4,173	8.00	5,216	10.00