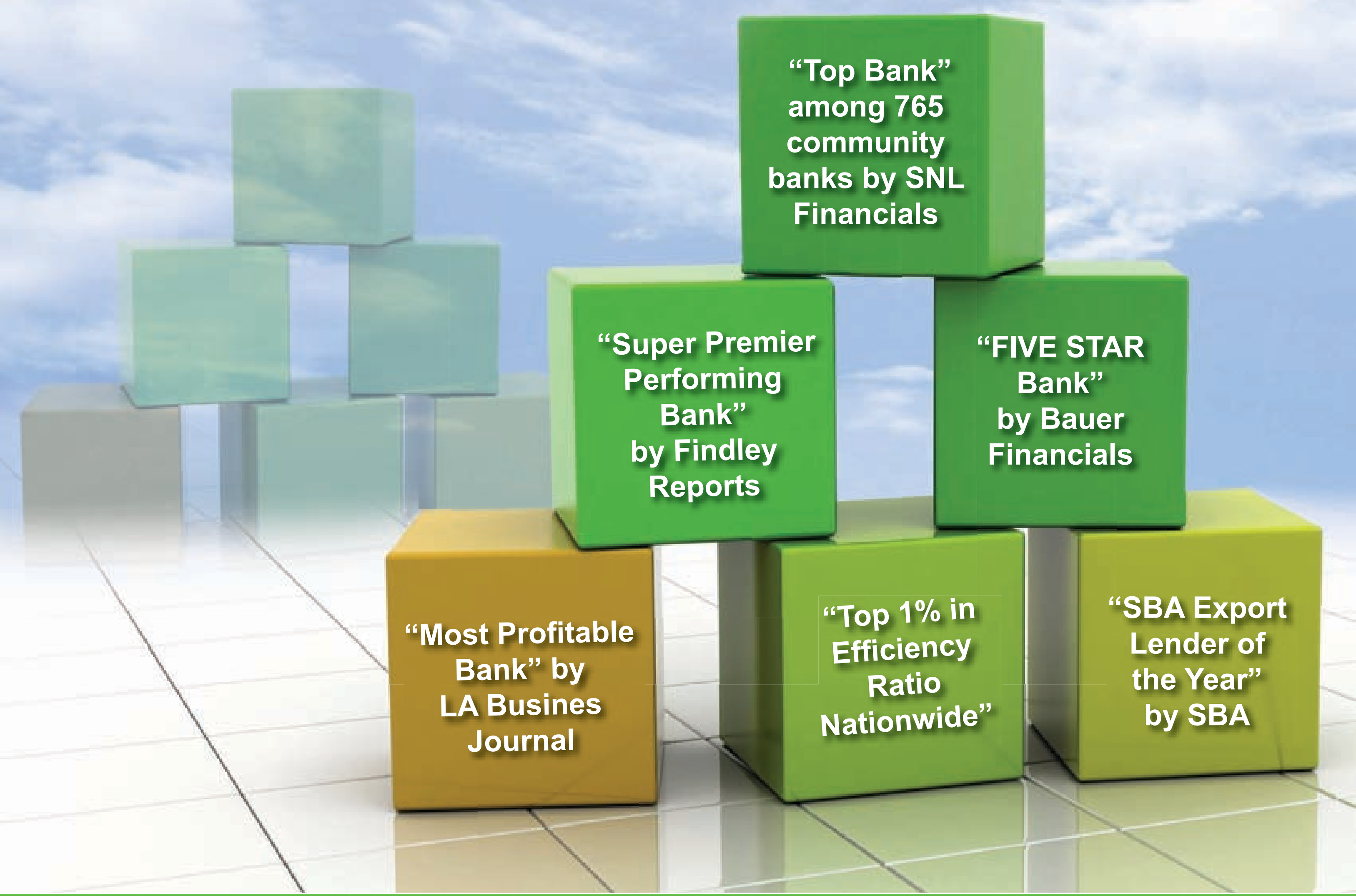
First General Bank
大通銀行

Your Path to Success 攜手大通 邁向成功

2013 Annual Report



U.S. Small Business Administration Awards First General Bank as "Export Lender of the Year" for 2013

First General Bank was awarded as Export Lender of the Year 2013 at the SBA's Los Angeles District Office on 1/28/2014. The award was to recognize the bank's strong support to the small businesses by actively participating in the SBA-guaranteed Export Finance Programs, including Export Working Capital Program, Export Express Program, and International Trade Loans. These programs provide up to $5,000,000 credit facilities to exporters to grow sales, create jobs, and better compete in the international marketplace. The award was evaluated and granted based on total number of loans approved for these export-finance programs in 2013.

First General Bank ranked No. 12 among the most active SBA 7(a) lenders in the Los Angeles District Office for FYE 2013

First General Bank ranked No. 12 among more than 100 SBA 7(a) lenders in the Los Angeles District Office (LADO) in 2013. Consisting of Los Angeles, Santa Barbara and Ventura Counties, the LADO is the largest among total of more than 65 district offices in the nation by number of SBA loans and volumes. The majority of the top 10 lenders are either public traded financial institutions or banks with asset size much bigger than the bank.

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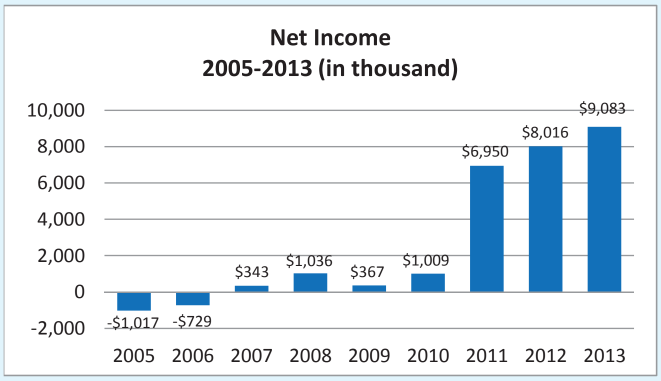
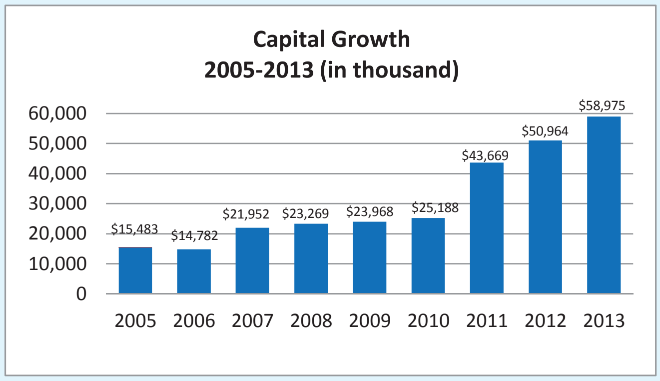
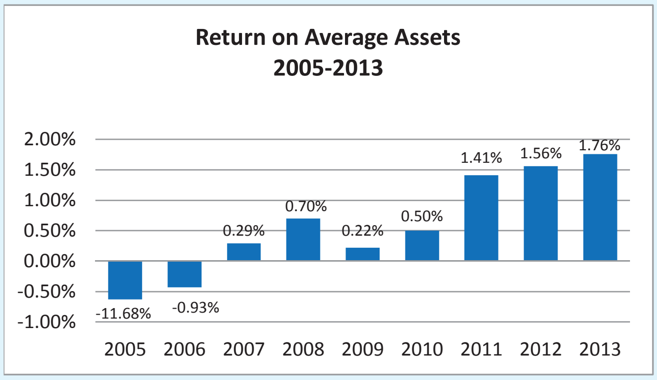
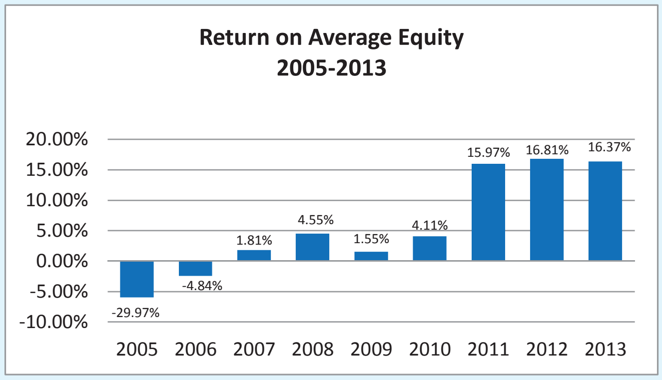
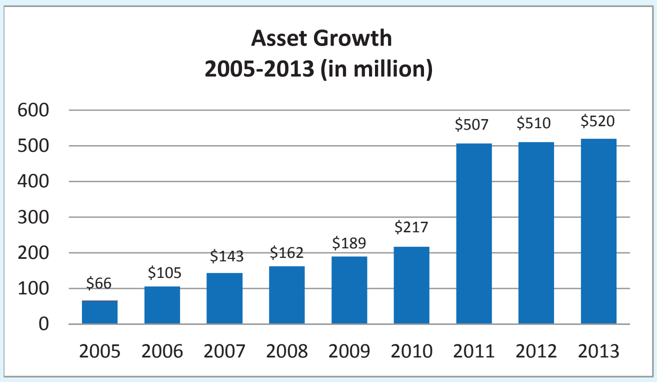
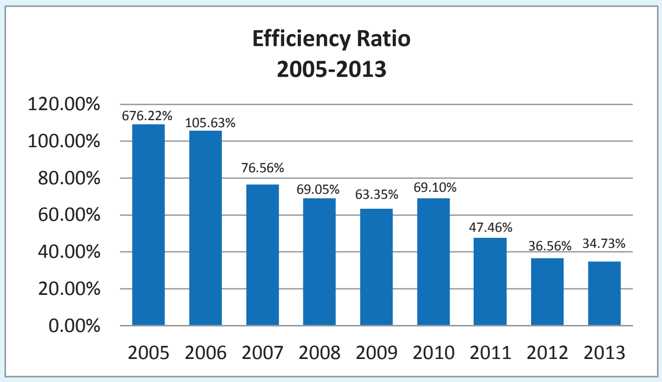


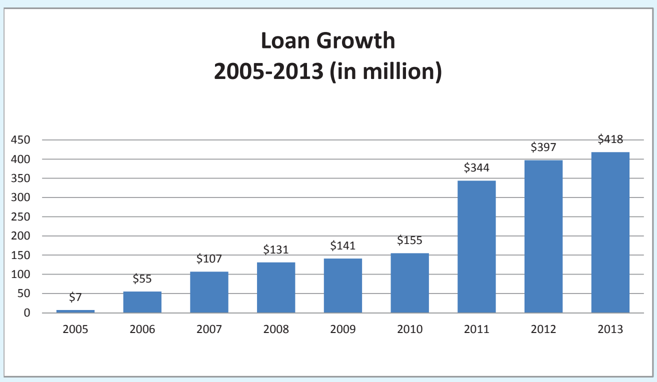


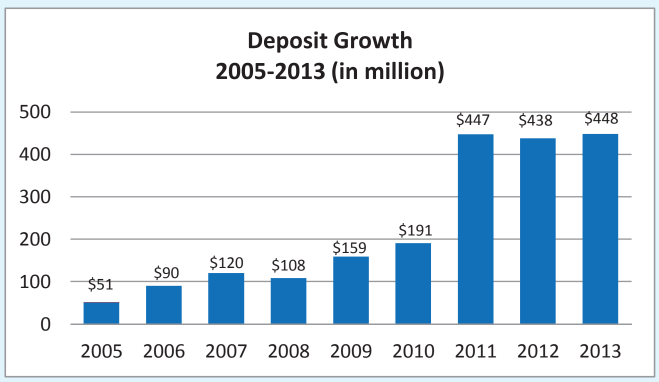












*** Note that the scale for the graphs (ROAA, ROAE & Efficiency Ratio) for year 2005 is not proportional.**

Letter to Shareholders

2013 was a year of continued success for the Bank. While the recovering economy provided an overall favorable business environment, competition and the impact of regulatory reform on the banking industry had also intensified. However, our strategic focus on the market we know and serve best, a highly efficient operations, the strong leadership of Board of Directors and the dedication of our employees continued to work well together, leading to a successful 2013.

Earnings & Efficiency

For 2013, our After-Tax Net Income reached another year of record high at $9.08 million (or $2.72 earnings per share), a 13.31% increase over the $8.02 million earned in 2012.

The increase in Net Income was mainly attributable to our ability to lower cost of funds, increase fee income in such areas as international trade service and SBA loan sales, as well as improve and maintain the quality of our loan portfolio and highly efficient operations.

Our Efficiency Ratio was 34.73%, among the lowest in the nation. An Efficiency Ratio, defined at its simplest, is the cost required to generate each dollar of earnings. The average efficiency ratio for most banks in our size group exceed 60% (i.e., for most banks, it costs more than 60 cents for each dollar earned).

Growth & Capital

Just as with our earnings, we have once again achieved record levels of Total Assets, Net Loans and Leases. Total Assets were $519.55 million. Total Net Loans and Leases were $417.95 million. For 2013, the Bank booked a record high $200 million in new loans, a 20% growth in new loans booked, as compared to 2012. The increase in new loan booked more than offset the increase in loan payoffs resulted from increased competition, resulting in a net increase of more than $21 million, or 5.3%, in Total Gross Loans, as compared to 2012.

Total Deposits increased by approximately 2.24% to $447.80 million, as compared to 2012. While Total Deposits grew moderately, it is noteworthy that the Bank's demand deposits increased by more than $7.5 million, or 15.20%, as compared to 2012. The increase in demand deposits not only lowered the Bank's cost of funds, but also signified the expansion of stable and core relationships.

Our Total Risk-Based Capital was 15.73%. The Bank is "well-capitalized', by all three of the regulatory measurements and definitions.

Shareholder Value & Return on Investment

As of December 31, 2013, the Bank's Shareholders' Equity was $58.97 million, a 15.72% increase from 2012's $50.96 million. Tangible Book value per share was record high at $17.47. Return on Equity (ROE) was 16.37%. We are pleased to report that for three consecutive years, your Bank produced an ROE of 16% or more each year, while the average ROE for all banks of our size in the U.S. was approximately 7.59% in 2013, which was a better year for the banking industry.

Additionally, following a 25% increase in 2012, our Board of Directors declared a cash dividend of $0.35 per common share to stockholders of record at the close of business on December 18, 2013, a 40% increase as compared to 2012.

Community Commitment

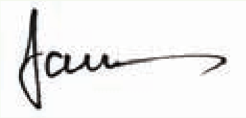
First General Bank is committed in community development. Over the years, the Bank has participated in, and provided financial and technical support to numerous community development and community service organizations, and other philanthropic and educational activities. We provided financing and technical support to promote small businesses. In fact, the Bank was awarded, the "2013 SBA Export Lender of the Year, Los Angeles District" for its excellent performance in facilitating international trade financing for small businesses.

Looking Ahead

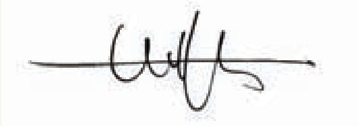
The Bank is positioned to capture business opportunities brought about by the continuing economic growth and the influx of immigrants to southern California - We have built the financial foundation, the infrastructure, a supportive customer and shareholder base, and a dedicated team of management and staff.

2013 was a successful year. We are grateful to our customers for their business and trust, to our employees for their hard work, to our shareholders for their support, and our Board of Directors for their leadership and guidance.

With your support, we look forward to another year of prosperity in 2014.



Jackson Yang
Chairman of the Board



Cliff J. Hsu
President & CEO

致股東函

親愛的股東,

2013對大通銀行而言，又是一個成功的一年。隨著經濟的逐漸復甦，以及整體商業環境改善的同時，銀行業之間的高度競爭及法規變革的影響也隨之加劇。然而由於董事會的卓越領導，在高效率的營運管理，優質的客服及員工的努力不懈之下，銀行持續創造了豐收的2013年。

高獲利與營運效率

2013年稅後淨利創新高達九百零捌萬美元（或每股獲利$2.72美元），和2012年的捌百零貳萬元相比，增幅為13.31%。這些淨利的成長，主要歸功於資金成本的降低，貸款的增長，中小企業放款業務及進出口業務的成長，及有效的營運管理。銀行的營運效益比為 34.73%，居全國最低之一。所謂的效益比，簡單的定義為，每賺一美元所需付出的成本。業界平均效益比多高於60%（即「一般銀行」每賺一美元的成本高於60美分）。

高資本與成長

如同銀行的高獲利，大通銀行的總資產和貸款總額再創新高。總資產約為五億二千萬元，總貸款額為四億一千八百萬元。銀行在2013年的新放款業務有近二億的增長，為歷年來最高，而在抵銷流失或償還的貸款後，還有5.3%的淨成長。存款總額四億四千八百萬，也有近2.24%的增加。值得一提的是，在存款增長中，活期存款戶的成長有15.20%，這不僅降低銀行的資金成本 ，同時也意味著銀行與存款客戶關係的穩定拓展。銀行風險資本率為15.73%。為法定的「優質資本額之銀行」。

高股東投資回報

截至2013年12月31日止，股東權益為五仟九百萬美元，和2012年五千一百萬美元相比，增幅為15.72%。股票賬面價值也創新高，為每股17.47元。在此也榮幸地向各位報告，您所投資的大通銀行，連續過去三年來， 每年的資本報酬率都有或高於16%，遠遠高於2013年全美同規模銀行的7.59%。除此之外，董事會更於2013年12月通過發配每股0.35元股息。較之2012年股息增幅達40%。

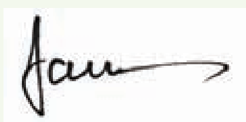
高社區回饋

大通銀行一直以來，積極的參與有助於社區發展的各項活動並贊助多項社區慈善，教育及文化等等相關的活動。同時持續推展中小企業放款業務，更榮獲全美2013年大洛杉磯區「最佳中小企業出口貸款銀行」之殊榮。

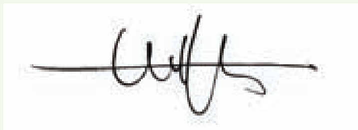
展望

隨著經濟持續的成長與大量的移民落腳南加州，銀行也跟著調整步伐，本著既有的良好基礎，穩建經營的團隊，及優質且高效率的服務，持續不斷地拓展業務來創造股東的最大利益並促進社區經濟的繁榮與進步。

在您的支持下，我們會再創造一個豐碩的2014年！



董事長
楊信



總裁/執行長
徐仁貴

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Shareholders of
First General Bank

We have audited the accompanying financial statements of First General Bank, which are comprised of the statements of financial condition as of December 31, 2013 and 2012, and the related statements of income, comprehensive income, changes in shareholders' 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.

Auditor's 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 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 First General Bank as of December 31, 2013 and 2012, 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.

Vavrinek, Trine, Day + Co., LLP

Laguna Hills, California
March 14, 2014

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FIRST GENERAL BANK

STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2013 AND 2012

ASSETS

	2013	2012
Cash and Due from Banks	$ 11,386,883	$ 20,871,042
Federal Funds Sold	72,000,000	70,000,000
TOTAL CASH AND CASH EQUIVALENTS	83,386,883	90,871,042
Interest-Bearing Deposits in Other Banks	995,000	2,490,000
Securities Available for Sale	1,041,659	3,722,884
Securities Held to Maturity (Fair Value of $2,298,211)	2,420,976	-
Loans:		
Real Estate	362,802,328	357,836,532
Commercial	63,158,810	46,892,825
TOTAL LOANS	425,961,138	404,729,357
Net Deferred Loan Costs	508,581	410,730
Unaccreted Discount on Acquired Loans	(3,366,390)	(4,180,818)
Allowance for Loan Losses	(5,143,735)	(4,244,689)
NET LOANS	417,959,594	396,714,580
Premises and Equipment	464,040	2,206,966
Other Real Estate Owned ("OREO")	-	1,829,454
Federal Home Loan Bank Stock, at cost	2,275,900	2,025,200
Deferred Income Taxes	6,341,805	6,935,073
Core Deposit Intangible	164,900	202,300
Goodwill	248,671	248,671
Accrued Interest and Other Assets	4,258,811	2,909,427
TOTAL ASSETS	$ 519,558,239	$ 510,155,597

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

FIRST GENERAL BANK

STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2013 AND 2012

LIABILITIES AND SHAREHOLDERS' EQUITY

	2013	2012
Deposits:		
Noninterest-Bearing Demand	$ 57,023,041	$ 49,499,584
Savings, NOW and Money Market Accounts	156,368,746	156,802,934
Time Deposits Under $100,000	76,783,955	70,758,902
Time Deposits $100,000 and Over	157,625,791	160,926,553
TOTAL DEPOSITS	447,801,533	437,987,973
Other Borrowings	8,057,377	18,361,110
Accrued Interest and Other Liabilities	4,724,442	2,842,823
TOTAL LIABILITIES	460,583,352	459,191,906
Commitments and Contingencies - Notes D and K	-	-
Shareholders' Equity:		
Preferred Stock - 10,000,000 Shares Authorized, No Par Value; No Shares Issued and Outstanding	-	-
Common Stock - 10,000,000 Shares Authorized, No Par Value; and 3,339,871 Shares Issued and Outstanding	35,068,583	35,068,583
Additional Paid-in-Capital	1,482,309	1,386,953
Retained Earnings	22,386,264	14,471,785
Accumulated Other Comprehensive Income - Unrealized Gain on Available-for-Sale Securities, Net of Taxes of $30,870 at 2013 and $29,757 at 2012	37,731	36,370
TOTAL SHAREHOLDERS' EQUITY	58,974,887	50,963,691
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$519,558,239	$510,155,597

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

FIRST GENERAL BANK

STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
INTEREST INCOME		
Interest and Fees on Loans	$ 25,088,969	$ 25,441,682
Interest on Investment Securities	112,564	142,114
Interest on Federal Funds Sold and Other	559,793	501,233
TOTAL INTEREST INCOME	25,761,326	26,085,029
INTEREST EXPENSE		
Interest on Savings, NOW and Money Market Accounts	664,602	960,571
Interest on Time Deposits	2,123,246	2,815,703
Interest on Other Borrowings	60,179	91,007
TOTAL INTEREST EXPENSE	2,848,027	3,867,281
NET INTEREST INCOME	22,913,299	22,217,748
Provision for Loan Losses	900,000	1,300,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	22,013,299	20,917,748
NONINTEREST INCOME		
Service Charges, Fees and Other	1,164,629	752,541
Loss on Sale of Available-for-Sale Securities	(6,272)	-
Gain on Sale of Loans	790,736	457,544
Net Gain on Sale of Other Real Estate	31,557	204,885
	1,980,650	1,414,970
NONINTEREST EXPENSE		
Salaries and Employee Benefits	4,583,939	4,609,376
Occupancy and Equipment Expenses	1,030,427	996,586
Other Expenses	3,028,610	3,035,376
	8,642,976	8,641,338
INCOME BEFORE INCOME TAXES	15,350,973	13,691,380
Income Tax Expense	6,267,539	5,674,902
NET INCOME	$ 9,083,434	$ 8,016,478

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

FIRST GENERAL BANK

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
Net Income	$9,083,434	$8,016,478
OTHER COMPREHENSIVE INCOME:		
Unrealized Gains and Losses on Securities Available for Sale:		
Changes in Unrealized Gains (Losses)	(3,798)	20,783
Reclassification of (Gains) Losses Recognized in Net Income	6,272	-
	2,474	20,783
Related Income Tax Effect:		
Changes in Unrealized Gains and Losses	1,458	(352)
Reclassifications Recognized in Net Income	(2,571)	-
	(1,113)	(352)
TOTAL OTHER COMPREHENSIVE INCOME	1,361	20,431
TOTAL COMPREHENSIVE INCOME	$9,084,795	$8,036,909

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

FIRST GENERAL BANK

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Common Stock		Additional		Accumulated	
	Number of Shares	Amount	Paid-in Capital	Retained Earnings	Other Comprehensive Income	Total
Balance at January 1, 2012	3,339,871	$ 35,068,583	$ 1,294,393	$ 7,290,274	$ 15,939	$ 43,669,189
Net Income				8,016,478		8,016,478
Stock-Based Compensation			92,560			92,560
Dividends				(834,967)		(834,967)
Other Comprehensive Income, Net of Taxes					20,431	20,431
Balance at December 31, 2012	3,339,871	35,068,583	1,386,953	14,471,785	36,370	50,963,691
Net Income				9,083,434		9,083,434
Stock-Based Compensation			95,356			95,356
Dividends				(1,168,955)		(1,168,955)
Other Comprehensive Income, Net of Taxes					1,361	1,361
Balance at December 31, 2013	3,339,871	$ 35,068,583	$ 1,482,309	$ 22,386,264	$ 37,731	$ 58,974,887

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


BAUERFINANCIAL Inc., Coral Gables, Florida
is pleased to award its five-star "SUPERIOR" rating to
First General Bank
Rowland Heights, California
Five-stars is our highest rating and indicates that
this institution is one of the safest in the United States.
Awarded October 2008
Paul A. Bauer, Founder


BAUERFINANCIAL Inc., Coral Gables, Florida
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First General Bank
Rowland Heights, California
Five-stars is our highest rating and indicates that
this institution is one of the strongest in the United States.
Awarded December 2009
Paul A. Bauer, Founder

FIRST GENERAL BANK

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

	2013	2012
OPERATING ACTIVITIES		
Net Income	$ 9,083,434	$ 8,016,478
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation, Amortization and Accretion, Net	(889,618)	(2,153,665)
Provision for Loan Losses	900,000	1,300,000
Stock-Based Compensation	95,356	92,560
Loss on Sale of Available-for-Sale securities	6,272	-
Gain on Sale of Loans	(790,736)	(457,544)
Net Gain on Sale of OREO	(31,557)	(204,885)
OREO Valuation Write-Down	-	81,384
Other-Than-Temporary Impairment Loss	-	27,665
Deferred Income Tax Expense	592,155	1,261,031
Other Items	312,698	225,933
NET CASH PROVIDED BY OPERATING ACTIVITIES	9,278,004	8,188,957
INVESTING ACTIVITIES		
Net Change in Interest-Bearing Deposits in Other Banks	1,495,000	2,631,360
Purchase of Available-for-Sale Securities	-	(1,034,938)
Purchase of Held-to-Maturity Securities	(2,643,211)	-
Maturity of Available-for-Sale Securities	2,718,236	3,743,131
Proceeds from Sale of Available-for-Sale Securities	145,678	-
Net Change in Federal Home Loan Bank Stock	(350,700)	258,100
Net Increase in Loans	(31,026,788)	(57,948,356)
Proceeds from Loan Sales	10,368,544	6,715,142
Proceeds from OREO Sales	1,861,011	1,971,981
Purchases of Premises and Equipment	(259,774)	(69,110)
Proceeds from Sale of Bank Premises	1,793,759	-
NET CASH USED BY INVESTING ACTIVITIES	(15,898,245)	(43,732,690)
FINANCING ACTIVITIES		
Net Increase in Demand Deposits and Savings Accounts	7,089,269	39,126,121
Net Change in Time Deposits	2,881,781	(47,735,400)
Dividends Paid	(834,968)	(667,974)
Change in Other Borrowings	(10,000,000)	5,000,000
NET CASH USED BY FINANCING ACTIVITIES	(863,918)	(4,277,253)
DECREASE IN CASH AND CASH EQUIVALENTS	(7,484,159)	(39,820,986)
Cash and Cash Equivalents at Beginning of Period	90,871,042	130,692,028
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 83,386,883	$ 90,871,042
Supplemental Disclosures of Cash Flow Information:		
Interest Paid	$ 2,844,981	$ 3,930,414
Taxes Paid	5,705,000	4,899,575
Loans Provided for Sales of Other Real Estate Owned	-	633,600

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and FDIC Part 350.4 Statement

The Bank has been incorporated in the State of California and organized as a single operating segment that operates four full-service branches in Rowland Heights, Arcadia, San Gabriel, and Irvine, California. The Bank's primary source of revenue is providing loans to customers, who are predominately small and middle-market businesses and individuals. These financial statements have not been reviewed, or confirmed for accuracy or relevance, by the Federal Deposit Insurance Corporation ("FDIC").

Subsequent Events

The Bank has evaluated subsequent events for recognition and disclosure through March 14, 2014, 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 term Federal funds sold with original maturities of less than 90 days.

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 was in compliance with all reserve requirements as of December 31, 2013.

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

Interest-Bearing Deposits in Other Banks

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

Investment Securities

Bonds, notes, and debentures for which the Bank has the positive intent and ability to hold to maturity are reported at cost, adjusted for premiums and discounts that are recognized in interest income using the interest method over the period to maturity.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investment Securities - Continued

Investments not classified as trading securities nor as held-to-maturity securities are classified as available-for-sale securities and recorded at fair value. Unrealized gains or losses on available-for-sale securities are excluded from net income and reported as a separate component of other comprehensive income included in shareholders' equity. Premiums or discounts on held-to-maturity and available-for-sale securities are amortized or accreted into income using the interest method. Realized gains or losses on sales of held-to-maturity or available-for-sale securities are recorded using the specific identification method.

Management evaluates securities for other-than-temporary impairment ("OTTI") on at least a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation. For securities in an unrealized loss position, management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as impairment through earnings. For debt securities that do not meet the aforementioned criteria, the amount of impairment is split into two components as follows; 1) OTTI related to credit loss, which must be recognized in the income statement and; 2) OTTI related to other factors, which is recognized in other comprehensive income. The credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis. For equity securities, the entire amount of impairment is recognized through earnings.

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. Premiums and discounts on loans purchased are grouped by type and certain common risk characteristics and amortized or accreted as an adjustment of yield over the weighted-average remaining contractual lives of each group of loans, adjusted for prepayments when applicable, using methodologies which approximate the interest method.

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 collectibility. 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 segment.

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

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

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

General reserves cover non-impaired loans and are based on a combination of peer and 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 and commercial loans. Relevant risk characteristics for these portfolio segments generally include debt service coverage, loan-to-value ratios, and financial performance.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Certain Acquired Loans

As part of business acquisitions, the Bank acquires certain loans that have shown evidence of credit deterioration since origination. These acquired loans are recorded at the allocated fair value, such that there is no carryover of the seller's allowance for loan losses. Such acquired loans are accounted for individually. The Bank estimates the amount and timing of expected cash flows for each purchased loan, and the expected cash flows in excess of the allocated fair value is recorded as interest income over the remaining life of the loan (accretable yield). The excess of the loan's contractual principal and interest over expected cash flows is not recorded (non-accretable difference). Over the life of the loan, expected cash flows continue to be estimated. If the present value of expected cash flows is less than the carrying amount, a loss is recorded through the allowance for loan losses. If the present value of expected cash flows is greater than the carrying amount, it is recognized as part of future interest income.

Other Real Estate Owned

Real estate acquired by foreclosure or deed in lieu of foreclosure is recorded at fair value at the date of foreclosure, establishing a new cost basis by a charge to the allowance for loan losses, if necessary. Other real estate owned is carried at the lower of the Bank's carrying value of the property or its fair value, less estimated carrying costs and costs of disposition. Fair value is based on current appraisals less estimated selling costs. Any subsequent write-downs are charged against operating expenses and recognized as a valuation allowance. Operating expenses of such properties, net of related income, and gains and losses on their disposition are included in other operating expenses.

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 ten years for furniture, equipment, and computer equipment. Leasehold improvements are amortized using the straight-line method over the estimated useful lives of the improvements 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.

Goodwill and Other Intangible Assets

Goodwill is generally determined as the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquiree, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but tested for impairment at least annually. The Bank has selected December 31 as the date to perform the annual impairment test. Intangible assets with definite useful lives are amortized over their estimated useful lives to their estimated residual values. Goodwill is the only intangible asset with an indefinite life on the balance sheet.

Other intangible assets consist of core deposit intangible assets arising from whole bank acquisitions. They are initially measured at fair value and then are amortized on an accelerated method over their estimated useful lives, which range from 7 to 10 years.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Federal Home Loan Bank ("FHLB") Stock

The Bank is a member of the 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. The Bank's investment in FHLB stock was $2,275,900 and $1,925,200 at December 31, 2013 and 2012, respectively.

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 carryforwards depends on having sufficient taxable income of an appropriate character within the carryforward 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 taxing authorities. Interest and penalties related to uncertain tax positions are recorded as part of income tax expense.

Advertising Costs

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

Comprehensive Income

The change in unrealized gains and losses on available-for-sale securities is the only component of accumulated other comprehensive income for the Bank. The amount reclassified out of other accumulated comprehensive income relating to realized gains (losses) on securities available for sale was $(6,272) and $0 for 2013 and 2012, with the related tax expense (benefit) of $(2,571) and $0, respectively.

Financial Instruments

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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. See Note L for additional information on the Bank's stock option plan.

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

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

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Loan Sales and Servicing of Financial Assets

The Bank originates SBA loans that may be sold in the secondary market. Servicing rights are recognized separately when they are acquired through sale of loans. Servicing rights are initially recorded at fair value with the income statement effect recorded in gain on sale of loans. Fair value is based on a valuation model that calculates the present value of estimated future cash flows from the servicing assets. The valuation model uses assumptions that market participants would use in estimating cash flows from servicing assets, such as the cost to service, discount rates and prepayment speeds. The Bank compares the valuation model inputs and results to published industry data in order to validate the model results and assumptions. Servicing assets are subsequently measured using the amortization method which requires servicing rights to be amortized into noninterest income in proportion to, and over the period of, the estimated future net servicing income of the underlying loans.

Servicing assets are evaluated for impairment based upon the fair value of the rights as compared to the carrying amount. Impairment is determined by stratifying rights into groupings based on predominant risk characteristics, such as interest rate, loan type and investor type. For purposes of measuring impairment, the Bank has identified each servicing asset with the underlying loan being services. A valuation allowance is recorded where the fair value is below the carrying amount of the asset. If the Bank later determines that all or a portion of the impairment no longer exists for a particular grouping, a reduction of the allowance may be recorded as an increase in income. The fair values of servicing rights are subject to significant fluctuations as a result of changes in estimated and actual prepayments speeds and changes in the discount rates.

Servicing fee income which is reported on the income statement as service charges, fees and other is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal and recorded as income when earned. The amortization of servicing rights and changes in the valuation allowance are netted against loan servicing income.

Reclassifications

Certain reclassifications have been made in the 2012 financial statements to conform to the presentation used in 2013. These reclassifications had no impact of the Bank's previously reported financial statements.

Adoption of New Accounting Standards

In February 2013, the Financial Accounting Standards Board issued Accounting Standards Update 2013-02, ***Comprehensive Income*** ("Topic 220") - ***Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*** ("ASU 2013-02"). This ASU requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under Generally Accepted Accounting Principles ("GAAP") to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under GAAP that provide additional detail about those amounts. ASU 2013-02 is effective prospectively for annual and interim periods beginning after December 15, 2012 for public entities and annual periods beginning after December 15, 2013 for nonpublic entities. The adoption of this ASU did not have a material impact on the Bank's financial position, results of operations, or cash flows.

FIRST GENERAL BANK

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE B - INVESTMENT SECURITIES

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

December 31, 2013 Available-for-Sale:	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mortgage-Backed Securities:				
Agency	$ 885,472	$ 59,045	$ -	$ 944,517
Collateralized Mortgage Obligations:				
Agency	87,586	9,556	-	97,142
	$ 973,058	$ 68,601	$ -	$ 1,041,659
December 31, 2013 Held-to-Maturity:				
Mortgage-Backed Securities:				
Agency	$ 2,420,976	$ -	$ (122,765)	$ 2,298,211
December 31, 2012 Available-for-Sale:				
Mortgage-Backed Securities:				
Agency	$ 1,280,541	$ 90,014	$ -	$ 1,370,555
Collateralized Mortgage Obligations:				
Agency	126,110	18,523	-	144,633
Non-Agency	221,179	-	(36,393)	184,786
Corporate Debt Securities	2,028,927	2,450	(8,467)	2,022,910
	$ 3,656,757	$ 110,987	$ (44,860)	$ 3,722,884


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NOTE B - INVESTMENT SECURITIES - Continued

The scheduled maturities of the Bank's investment securities at December 31, 2013, are shown below. Mortgage-backed securities are classified in accordance with their estimated lives. Expected maturities will differ from contractual maturities because borrowers may have the right to prepay obligations.

	Available-for-Sale		Held-To-Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due After Ten Years	$ 973,058	$ 1,041,659	$ 2,420,976	$ 2,298,211

Investment securities with the carrying amount of approximately $1,042,000 as of December 31, 2013 were pledged to secure the borrowing arrangement with Federal Reserve Bank described in Note G.

As of December 31, unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, are summarized as follows:

	Less than Twelve Months		Over Twelve Months		Total	
December 31, 2013:	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
Mortgage-Backed Securities:						
Agency	$ (122,765)	$ 2,298,211	$ -	$ -	$ (122,765)	$ 2,298,211
December 31, 2012:						
Collateralized Mortgage Obligations:						
Non-Agency	$ -	$ -	$ (36,393)	$ 184,786	$ (36,393)	$ 184,786
Corporate Debt Securities	(8,467)	1,014,917	-	-	(8,467)	1,014,917
	$ (8,467)	$ 1,014,917	$ (36,393)	$ 184,786	$ (44,860)	$ 1,199,703

The unrealized loss on the Bank's investment securities was caused by interest rate changes. Because the decline in market value is attributable to changes in interest rates and not credit quality and because the Bank does not intend to sell the securities and it is more likely than not that the Bank will be required to sell the securities before recovery of their amortized bases, which may be at maturity, the Bank does not consider the securities to be to other-than-temporarily impaired at December 31, 2013.

NOTE B - INVESTMENT SECURITIES - Continued

As of December 31, 2012, the unrealized loss on the Bank's investment in one private labeled (non-agency) collateralized mortgage obligation was primarily due to extraordinarily high investor yield requirements resulting from an extremely illiquid market, significant uncertainty about the future condition of the mortgage market and the economy, and continued deterioration in the credit performance of loan collateral underlying this security.

This security was rated AAA at purchase and was downgraded to BBB during 2009 and further downgraded to CC during 2011. No further downgrades occurred in 2012. The Bank utilized a third party expert to assist in the valuation of this security and also in the determination of whether OTTI exists as of December 31, 2012. The third party expert estimated the fair value and the OTTI associated with this security by projecting cash flows using certain assumptions regarding prepayment speed, default rates, and loss severity percentage upon default.

Based on this third party analysis and review, the Bank recorded an OTTI charge of $27,665 against earnings in 2012. This security was sold during 2013 for which the Bank received proceeds in the amount of $145,678 and recognized a realized loss of $6,272.

NOTE C - LOANS

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

	2013	2012
Beginning Balance	$ 4,244,689	$ 3,192,689
Additions to the Allowance Charged to Expense	900,000	1,300,000
Recoveries on Loans Charged Off	37,000	10,000
	5,181,689	4,502,689
Less Loans Charged Off	(37,954)	(258,000)
Ending Balance	$ 5,143,735	$ 4,244,689

NOTE C - LOANS - Continued

The following table presents the activity in the allowance for loan losses for the year 2013 and the recorded investment in loans and impairment method as of December 31, 2013 by portfolio segment:

December 31, 2013	Real Estate	Commercial	Total
Allowance for Loan Losses:			
Beginning of Year	$ 3,489,349	$ 755,340	$ 4,244,689
Provisions	11,241	888,759	900,000
Recoveries	37,000	-	37,000
Charge-offs	(37,954)	-	(37,954)
End of Year	$ 3,499,636	$ 1,644,099	$ 5,143,735
Reserves:			
Specific	$ 7,549	$ -	$ 7,549
General	3,492,087	1,644,099	5,136,186
Loans Acquired with Deteriorated Credit Quality	-	-	-
	$ 3,499,636	$ 1,644,099	$ 5,143,735
Loans Evaluated for Impairment:			
Individually	$ 8,280,417	$ 216,334	$ 8,496,751
Collectively	349,669,727	63,109,317	412,779,044
Loans Acquired with Deteriorated Credit Quality	1,827,534	-	1,827,534
	$359,777,678	$ 63,325,651	$423,103,329

NOTE C - LOANS - Continued

The following table presents the activity in the allowance for loan losses for the year 2012 and the recorded investment in loans and impairment method as of December 31, 2012 by portfolio segment:

December 31, 2012	Real Estate	Commercial	Total
Allowance for Loan Losses:			
Beginning of Year	$ 2,730,785	$ 461,904	$ 3,192,689
Provisions	1,006,564	293,436	1,300,000
Recoveries	10,000	-	10,000
Charge-offs	(258,000)	-	(258,000)
End of Year	$ 3,489,349	$ 755,340	$ 4,244,689
Reserves:			
Specific	$ 136,051	$ -	$ 136,051
General	3,353,298	755,340	4,108,638
Loans Acquired with Deteriorated Credit Quality	-	-	-
	$ 3,489,349	$ 755,340	$ 4,244,689
Loans Evaluated for Impairment:			
Individually	$ 5,943,035	$ -	$ 5,943,035
Collectively	346,104,854	46,888,319	392,993,173
Loans Acquired with Deteriorated Credit Quality	2,023,061	-	2,023,061
	$354,070,950	$ 46,888,319	$400,959,269

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

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

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

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

NOTE C - LOANS - Continued

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 was as follows as of December 31, 2013 and 2012:

December 31, 2013	Pass	Special Mention	Substandard	Impaired	Total
Real Estate:					
Construction and Land Development	$ 24,181,551	$ -	$ 76,256	$ 126,850	$ 24,384,657
Residential Real Estate	110,178,685	-	-	2,309,503	112,488,188
Multi-Family	29,314,237	-	1,450,458	-	30,764,695
Commercial - Owner Occupied	39,206,391	4,970,234	3,151,186	1,776,291	49,104,102
Commercial - Other	123,916,404	10,696,260	4,355,599	4,067,773	143,036,036
Commercial	63,109,317	-	-	216,334	63,325,651
	$ 389,906,585	$ 15,666,494	$ 9,033,499	$ 8,496,751	$ 423,103,329

December 31, 2012	Pass	Special Mention	Substandard	Impaired	Total
Real Estate:					
Construction and Land Development	$ 5,283,944	$ 2,969,061	$ 118,175	$ 951,446	$ 9,322,626
Residential Real Estate	74,127,542	-	-	1,664,409	75,791,951
Multi-Family	37,548,255	-	2,792,709	170,848	40,511,812
Commercial - Owner Occupied	46,416,999	1,004,911	3,607,008	1,703,671	52,732,589
Commercial - Other	168,932,589	579,468	4,747,254	1,452,661	175,711,972
Commercial	46,762,661	-	125,658	-	46,888,319
	$ 379,071,990	$ 4,553,440	$ 11,390,804	$ 5,943,035	$ 400,959,269

NOTE C - LOANS - Continued

Past due and nonaccrual loans presented by loan class were as follows as of December 31, 2013 and 2012:

	30-89 Days Past Due	Over 90 Days Past Due	
December 31, 2013	Accruing		Nonaccrual
Real Estate:			
Construction and Land Development	$ -	$ -	$ 203,000
Residential Real Estate	-	-	2,310,000
Multi-Family	657,000	-	266,000
Commercial - Owner Occupied	866,000	-	3,369,000
Commercial - Other	12,490,000	-	3,960,000
Commercial	689,000	-	216,000
	$ 14,702,000	$ -	$ 10,324,000
December 31, 2012			
Real Estate:			
Construction and Land Development	$ -	$ -	$ 1,070,000
Residential Real Estate	-	-	1,664,000
Multi-Family	-	-	441,000
Commercial - Owner Occupied	350,000	-	3,125,000
Commercial - Other	6,061,000	526,000	1,666,000
Commercial	350,000	-	-
	$ 6,761,000	$ 526,000	$ 7,966,000

NOTE C - LOANS - Continued

Information relating to individually impaired loans presented by class of loans was as follows as of December 31, 2013 and 2012:

	With no Allowance Recorded		With an Allowance Recorded		
December 31, 2013	Unpaid Principal Balance	Recorded Investment	Unpaid Principal Balance	Recorded Investment	Related Allowance
Real Estate:					
Construction and Land Development	$ 446,099	$ 126,850	$ -	$ -	$ -
Residential Real Estate	2,506,920	2,309,503	-	-	-
Multi-Family	-	-	-	-	-
Commercial - Owner Occupied	2,659,582	1,776,291	-	-	-
Commercial - Other	4,594,253	3,496,759	628,566	571,014	7,549
Commercial	240,175	216,334	-	-	-
	$ 10,447,029	$ 7,925,737	$ 628,566	$ 571,014	$ 7,549

December 31, 2012	Principal Balance	Recorded Investment	Principal Balance	Recorded Investment	Related Allowance
Real Estate:					
Construction and Land Development	$ 1,078,368	$ 457,602	$ 578,662	$ 493,844	$ 97,324
Residential Real Estate	1,793,183	1,664,409	-	-	-
Multi-Family	172,286	170,848	-	-	-
Commercial - Owner Occupied	2,358,252	1,703,671	-	-	-
Commercial - Other	559,451	513,776	1,748,731	938,885	38,727
Commercial	-	-	-	-	-
	$ 5,961,540	$ 4,510,306	$ 2,327,393	$ 1,432,729	$ 136,051

NOTE C - LOANS - Continued

Information relating to the average recorded investment and interest income recognized by class for individually impaired loans follows for the years 2013 and 2012:

	2013		2012	
	Average Recorded Investment	Interest Income	Average Recorded Investment	Interest Income
Real Estate:				
Construction and Land Development	$ 392,000	$ -	$ 369,000	$ -
Residential Real Estate	2,158,000	-	804,000	-
Multi-Family	-	-	110,000	-
Commercial - Owner Occupied	1,766,000	-	1,720,000	-
Commercial - Other	2,871,000	-	712,000	-
Commercial	178,000	-	-	-
	$7,365,000	$ -	$3,715,000	$ -

The Bank had twelve loans identified as troubled debt restructurings ("TDR's") at December 31, 2013 and 2012. TDR's and related specific reserves totaled approximately $4,211,000 and $8,000 and $4,014,000 and $39,000 at December 31, 2013 and 2012, respectively. The Bank has not committed to lend any additional amounts to customers with outstanding loans that are classified as TDR's as of December 31, 2013 and 2012.

During the years ended December 31, 2013 and 2012, loan modifications resulting in TDR status generally included one or a combination of the following: reduction in interest rates to remaining maturity; extensions of the maturity date at a stated rate of interest lower than the current market rate for new debt with similar risk for one year, principal payment deferments for one year, reduced principal payments for two years and a signed forbearance agreement with a payment plan. These loans had a carrying value at December 31, 2013 of $770,745.

NOTE C - LOANS - Continued

The following table presents loans by class modified as TDR's that occurred during the year ended December 31, 2013 and 2012:

December 31, 2013	Number of Loans	Pre-Modification Recorded Investment	Post-Modification Recorded Investment
Commercial Real Estate:			
Construction and Land Development	-	$ -	$ -
Multifamily	-	-	-
Other	2	770,745	770,745
Residential Real Estate	-	-	-
Commercial	-	-	-
	2	$ 770,745	$ 770,745

December 31, 2012	Number of Loans	Pre-Modification Recorded Investment	Post-Modification Recorded Investment
Commercial Real Estate:			
Construction and Land Development	2	$ 685,941	$ 685,941
Multifamily	-	-	-
Other	5	3,689,568	3,689,568
Residential Real Estate	1	229,485	229,485
Commercial	-	-	-
	8	$ 4,604,994	$ 4,604,994

The determination of the allowance for loan losses related to TDR's depends on the collectability of principal and interest, according to the repayment terms. The TDR's that occurred in 2013 did not materially change the estimated collectability and therefore did not materially change the related allowance for loan loss amounts.

There were no defaults on any TDR's in 2013 or 2012 where the modification had occurred in the twelve months prior to the date of default.


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and awards the classification of
SUPER PREMIER PERFORMANCE
for exceeding all of the performance criteria for
such classification during the year of 2011.
GARY STEVEN FINDLEY, EDITOR


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GARY STEVEN FINDLEY, EDITOR

NOTE C - LOANS - Continued

The Bank has purchased loans as part of its acquisitions of American Premier Bank and Golden Security Bank in 2011, for which there was, at acquisition, evidence of deterioration of credit quality since origination and it was probable, at acquisition, that all contractually required payments would not be collected.

The outstanding balance and carrying amount of purchased credit-impaired loans as of December 31 were as follows:

	2013	2012
Outstanding Balance	$ 2,369,088	$ 2,974,728
Carrying Amount	$ 1,827,534	$ 2,023,061

For these purchased credit-impaired loans, the Bank did not increase the allowance for loan losses after their acquisition as there were no significant reductions in cash flows expected at acquisition.

The change in accretable discount on purchased credit-impaired loans during the year was as follows:

	2013	2012
Balance at January 1	$ 12,193	$412,074
New Loans Purchased	-	-
Accretion of Income	(12,193)	(265,422)
Reversals (Sales and Foreclosures)	-	(32,402)
Restructuring as TDR	-	(102,057)
Balance at December 31	$ -	$ 12,193

NOTE D - PREMISES AND EQUIPMENT

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

	2013	2012
Land	$ -	$ 1,374,800
Premises	-	426,784
Leasehold Improvements	1,504,007	1,408,644
Furniture, Fixtures, and Equipment	409,596	939,772
Computer Equipment	212,804	177,207
	2,126,407	4,327,207
Less Accumulated Depreciation and Amortization	(1,662,367)	(2,120,241)
	$ 464,040	$ 2,206,966

NOTE D - PREMISES AND EQUIPMENT - Continued

The Bank has entered into operating leases for its branches and administrative offices, which expire at various dates through 2019. These leases include provision for periodic rent increases as well as payment by the lessee of certain operating expenses.

At December 31, 2013, the future lease rental payable under noncancellable operating lease commitments for the Bank's banking offices were as follows:

2014	$ 441,814
2015	389,706
2016	401,399
2017	380,999
2018	347,013
Thereafter	45,626
Total	$ 2,006,557

The minimum rental payments shown above are given for the existing lease obligations and are not a forecast of future rental expense. Total rental expense was $613,651 and $572,760 for the years ended December 31, 2013 and 2012, respectively.

On June 26, 2013, the Bank sold its Rosemead branch for net proceeds in the amount of $1,793,759. This resulted in a gain of $1,864.

NOTE E - CORE DEPOSIT INTANGIBLE

The gross carrying amount and accumulated amortization for the core deposit intangible was $294,000 and $129,100 as of December 31, 2013, resulting in a net carrying value of $164,900. Amortization expense was $37,400 and $45,550 for 2013 and 2012, respectively.

The estimated amortization expense for each of the next five years is as follows:

2014	$ 33,000
2015	29,000
2016	25,600
2017	22,600
2018	20,000
Thereafter	34,700
Total	$ 164,900

NOTE F - DEPOSITS

At December 31, 2013, the scheduled maturities of time deposits are as follows:

Due in One Year or Less	$ 162,154,798
Due in One to Three Years	64,074,877
Due in Over Three Years	8,180,071
	$ 234,409,746

NOTE G - BORROWING ARRANGEMENTS

The Bank may borrow up to $20 million overnight on an unsecured basis from its primary correspondent banks. In addition, the Bank may borrow up to approximately $82,922,000 from the Federal Home Loan Bank of San Francisco ("FHLB") collateralized by loans and investment securities with an aggregate carrying value of approximately $156,492,000 subject to fulfilling other conditions of the credit facility.

As of December 31, 2013, outstanding advances with the FHLB were as follows:

Maturity	Coupon Rate	Accruing Rate	Par Amount
February 3, 2014	3.11%	0.75%	7,000,000
September 15, 2014	4.81%	0.75%	1,000,000
			8,000,000
Unamortized Acquisition Premium			57,377
Carrying Value as of December 31, 2013			$ 8,057,377

NOTE H - INCOME TAXES

The asset and liability method is used in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

NOTE H - INCOME TAXES - Continued

Income tax expense consists of the following:

	2013	2012
Current Expense:		
Federal	$ 4,316,510	$ 3,431,691
State	1,358,874	982,180
Deferred Expense	592,155	1,261,031
Total Income Tax Expense	$ 6,267,539	$ 5,674,902

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

	2013		2012	
	Amount	Rate	Amount	Rate
Statutory Federal Tax	$ 5,219,000	34.0%	$ 4,655,000	34.0%
State Franchise Tax, Net of Federal Benefit	1,018,000	6.6%	908,000	6.6%
Other Items, Net	30,539	0.2%	111,902	0.8%
Actual Tax Expense	$ 6,267,539	40.8%	$ 5,674,902	41.4%

NOTE H - INCOME TAXES - Continued

The following is a summary of the components of the net deferred tax asset (liability) accounts recognized in the accompanying statements of financial condition at December 31:

	2013	2012
Deferred Tax Assets:		
Pre-Opening Expenses	$ 53,808	$ 75,327
Allowance for Loan Losses Due to Tax Limitations	2,116,873	1,746,876
Depreciation Differences	179,829	247,593
Other Real Estate Owned	-	498,799
Stock-Based Compensation	397,323	379,649
Net Operating Loss Carryover	1,948,409	2,221,057
Acquisition Accounting Adjustments	1,349,948	1,852,259
Other	1,348,756	888,571
	7,394,946	7,910,131
Deferred Tax Liabilities:		
Deferred Gain on Building	(222,290)	(245,223)
Deductible Prepaid Items	(106,790)	(48,026)
Available-For-Sale Securities	(30,870)	(29,757)
Capitalized Loan Costs	(386,417)	(328,488)
Other	(306,774)	(323,564)
	(1,053,141)	(975,058)
Net Deferred Tax Assets	$ 6,341,805	$ 6,935,073

The Bank is subject to Federal income tax and California franchise tax. Federal income tax returns for the years ended December 31, 2012, 2011 and 2010 are open to audit by the Federal authorities and California returns for the years ended December 31, 2012, 2011, 2010 and 2009 are open to audit by State authorities.

As of December 31, 2013, the Bank has Federal and State net operating loss carryforwards of approximately $4,867,000 and $4,104,000, respectively, which begin to expire in 2024 for Federal and 2014 for California Franchise Tax purposes. These net operating loss carryforwards were acquired as part of the acquisition of American Premier Bank and are subject to an annual limitation by Section 382 of the Internal Revenue Code. The amount of the annual limitation for Federal and California Franchise Tax purposes is $662,501. It is anticipated that these carryforwards, both Federal and State, will be utilized prior to their expiration.

NOTE I - OTHER EXPENSES

Other expenses as of December 31 are comprised of the following:

	2013	2012
Data Processing	$ 269,459	$ 248,016
Marketing and Business Promotion	108,716	160,609
Professional Fees	346,571	357,761
Office Expenses	269,111	247,116
Travel Expenses	3,515	4,073
Insurance	487,868	485,757
Director Fees and Expenses	918,943	853,917
OREO Expenses	79,884	250,922
Other Expenses	544,543	427,205
	$ 3,028,610	$ 3,035,376

NOTE J - RELATED PARTY TRANSACTIONS

Deposits from certain directors, officers and their related interests with which they are associated held by the Bank at December 31, 2013 and 2012 amounted to approximately $21,600,000 and $28,400,000, respectively.

NOTE K - 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 and standby letters of 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, 2013 and 2012, the Bank had the following outstanding financial commitments whose contractual amount represents credit risk:

	2013	2012
Commitments to Extend Credit	$ 83,872,000	$ 64,658,000
Letters of Credit	330,000	1,613,000
	$ 84,202,000	$ 66,271,000

NOTE K – COMMITMENTS - Continued

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 and standby letters of credit are secured by real estate.

NOTE L - STOCK OPTION PLAN

Under the terms of the Amended 2005 Stock Option 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 Plan provides for options to purchase up to a maximum of 1,001,954 shares of common stock at a price not less than 100% of the fair market value of the stock on the date of grant. Options may vest over a period of three to five years. Stock options expire no later than ten years from the date of the grant and generally vest over three years. The Bank recognized stock-based compensation cost of $95,356 and $92,560 in 2013 and 2012, respectively. The Bank also recognized income tax benefits related to stock-based compensation of approximately $18,000 and $16,000 in 2013 and 2012, respectively.

Fair value of each stock option granted was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2013	2012
Risk Free Interest Rate	1.90%	1.01%
Estimated Average Life	6 Years	6 Years
Expected Dividend Rates	1.73%	1.60%
Expected Stock Volatility	25.00%	25.00%
Weighted-Average Fair Value	$ 3.88	$ 3.11

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. The risk free rate of return reflects the grant date interest rate offered for zero coupon U.S. Treasury bonds over the expected term of the options.

NOTE L - STOCK OPTION PLAN - Continued

A summary of the status of the Bank's fixed stock option plan as of December 31, 2013 and changes during the year then ended is presented below:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term
Outstanding at Beginning of Year	647,900	$ 10.91	
Granted	65,000	$ 17.62	
Forfeited	(14,000)	$ 10.18	
Outstanding at End of Year	698,900	$ 11.55	5.1 years
Options Exercisable	591,567	$ 10.64	3.9 years

As of December 31, 2013, there was $382,991 of total unrecognized compensation cost related to the outstanding stock options that will be recognized over a weighted-average period of 1.8 years.

NOTE M - FAIR VALUE MEASUREMENTS

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

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

Collateral-Dependent Impaired Loans: The Bank does not record loans at fair value on a recurring basis. However, from time to time, fair value adjustments are recorded on these loans to reflect partial write-downs, through charge-offs or specific reserve allowances, that are based on fair value estimates of the underlying collateral. The fair value estimates for collateral-dependent impaired loans are generally based on recent real estate appraisals or broker opinions, obtained from independent third parties, which are frequently adjusted by management to reflect current conditions and estimated selling costs (Level 3).

Other Real Estate Owned: Nonrecurring adjustments to certain real estate properties classified as other real estate owned are measured at the lower of carrying amount or fair value, less costs to sell. In cases where the carrying amount exceeds the fair value, less costs to sell, an impairment loss is recognized. Fair values are generally based on third party appraisals of the property or good faith purchase offers, which are frequently adjusted by management to reflect current conditions and selling costs (Level 3).

NOTE M - FAIR VALUE MEASUREMENTS - Continued

Appraisals for collateral-dependent impaired loans and other real estate owned are performed by certified general appraisers whose qualifications and licenses have been reviewed and verified by the Bank. Once received, a member of the loan department reviews the assumptions and approaches utilized in the appraisal as well as the overall resulting fair value. The Bank also determines what additional adjustments, if any, should be made to the appraisal values to arrive at fair value. No significant adjustments to appraised values have been made as a result of this comparison process as of December 31, 2013.

The following table provides the hierarchy and fair value for each major category of assets and liabilities measured at fair value at December 31, 2013 and 2012:

	Fair Value Measurements			
December 31, 2013	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Securities Available for Sale	$ -	$ 1,041,659	$ -	$ 1,041,659
Assets measured at fair value on a non-recurring basis				
Real Estate Commercial - Other Collateral-Dependent Impaired Loans, Net of Specific Reserves Reserves of $7,549	$ -	$ -	$ 763,196	$ 763,196
December 31, 2012				
Assets measured at fair value on a recurring basis				
Securities Available for Sale	$ -	$ 3,722,884	$ -	$ 3,722,884
Assets measured at fair value on a non-recurring basis				
Construction and Land Development Collateral-Dependent Impaired Loans, Net of Specific Reserves Reserves of $0	$ -	$ -	$ 457,600	$ 457,600
Other Real Estate Owned, Net	$ -	$ -	$ 1,829,454	$ 1,829,454

Collateral-dependent impaired loans, which are measured for impairment using the fair value of the collateral, had a carrying value of $770,745 and $457,600 as of December 31, 2013 and 2012, respectively, with a specific reserve of $7,549 and $0 as of December 31, 2013 and 2012, respectively.

NOTE M - FAIR VALUE MEASUREMENTS – Continued

As of December 31, 2012, other real estate owned had a net carrying amount of $1,829,454 for which $81,384 was recorded as a valuation write-down during 2012.

Quantitative information about the Bank's nonrecurring Level 3 fair value measurements as of December 31, 2013 and 2012 is as follows:

December 31, 2013	Fair Value Amount	Valuation Technique	Unobservable Input	Range
Collateral-Dependent Impaired Loans	$ 763,196	Appraisals	Management Adjustments and Selling Costs	8-12%
December 31, 2012				
Collateral-Dependent Impaired Loans	$ 457,600	Appraisals	Management Adjustments and Selling Costs	9-20%
Other Real Estate Owned	$ 1,829,454	Purchase Offers	Management Adjustments and Selling Costs	8-17%

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.

NOTE N - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The following methods and assumptions were used to estimate the fair value of significant financial instruments:

Financial Assets
The carrying amounts of cash, short term investments, due from customers on acceptances and Bank acceptances outstanding are considered to approximate fair value. Short term investments include federal funds sold, securities purchased under agreements to resell, and interest-bearing deposits in other banks. The determination of the fair value of investment securities is discussed in Note M. The fair value of loans are estimated using a combination of techniques, including discounting estimated future cash flows and quoted market prices of similar instruments where available.

Financial Liabilities
The carrying amounts of deposit liabilities payable on demand, and other borrowed funds are considered to approximate fair value. For fixed maturity deposits, fair value is estimated by discounting estimated future cash flows using currently offered rates for deposits of similar remaining maturities. The fair value of long term debt is based on rates currently available to the Bank for debt with similar terms and remaining maturities.

Off-Balance Sheet Financial Instruments
The fair value of commitments to extend credit and standby letters of credit is estimated using the fees currently charged to enter into similar agreements. The fair value of these financial instruments is not material.

The estimated fair value of significant financial instruments at December 31, 2013 and 2012 is summarized as follows (dollar amounts in thousands):

	2013		2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets:				
Cash and Due From Banks	$ 11,387	$ 11,387	$ 20,871	$ 20,871
Federal Funds Sold	72,000	72,000	70,000	70,000
Interest-Bearing Deposits in Other Banks	995	995	2,490	2,490
Investment Securities	3,463	3,340	3,723	3,723
Loans, net	417,960	429,280	396,715	410,452
Financial Liabilities:				
Deposits	$447,802	$448,801	$437,988	$438,471
Other Borrowings	8,057	8,059	18,361	18,513

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.

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 and Tier 1 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, 2013, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2013, the most recent notification from the FDIC categorized the Bank as well-capitalized under the regulatory framework for prompt corrective action (there are no conditions or events since that notification that management believes have changed the Bank's category). To be categorized as well-capitalized, the Bank must maintain minimum ratios as set forth in the table below. The following table also sets forth the Bank's actual capital amounts and ratios (dollar amounts in thousands):

			Amount of Capital Required			
	Actual		For Capital Adequacy Purposes		To Be Well-Capitalized Under Prompt Corrective Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2013:						
Total Capital (to Risk-Weighted Assets)	$63,404	15.7%	$32,249	8.0%	$40,311	10.0%
Tier 1 Capital (to Risk-Weighted Assets)	$58,362	14.5%	$16,125	4.0%	$24,187	6.0%
Tier 1 Capital (to Average Assets)	$58,362	11.2%	$20,937	4.0%	$26,172	5.0%
As of December 31, 2012:						
Total Capital (to Risk-Weighted Assets)	$54,684	13.8%	$31,795	8.0%	$39,744	10.0%
Tier 1 Capital (to Risk-Weighted Assets)	$50,409	12.7%	$15,898	4.0%	$23,847	6.0%
Tier 1 Capital (to Average Assets)	$50,409	9.9%	$20,295	4.0%	$25,369	5.0%

The California Financial Code 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. In addition, the Bank may not pay dividends that would result in its capital levels being reduced below the minimum requirements shown above.

Corporate Profile

First General Bank (FGB) is an independent and locally owned community bank. Most of its shareholders are established and well-respected members of the community with significant ties to the community. They have a first-hand understanding of the living and business environment and banking needs of the community, enabling the Bank to provide such tailor-made and value-added banking services to consumer and business customers as:

- Various types of depository accounts to meet different account needs, including interest-checking, free checking, business checking, savings, money market and time certificate of deposit accounts.
- Cash management and online services (online banking, ACH, bill pay, wire transfers, emote deposit capture, ATM/debit cards, etc.)
- SBA loans
- International Trade Financing and Services
- Commercial Loans
- Commercial Real Estate Loans
- Construction Loans
- Home Equity Line of Credit

Operating on the strategic advantage of knowing the community and of the commitment to superior customer service, FGB has earned the trust and support from its customers and recognition from industry groups as one of the leading banks in its class, in terms of safety and soundness, growth and profitability. Amid the depressed economy in the past several years, FGB not only continued to report record earnings, but also achieved one milestone after another in its relatively short history-

In 2011, First General Bank completed the mergers with/acquisition of American Premier Bank and Golden Security Bank. The mergers further strengthened the Bank's balance sheet, franchise value and competitive edge; increased earnings prospective, and prepared the Bank for the next level of growth.

FGB's achievements were also recognized publicly, with consistently high ratings from such leading industry rating agencies as SNL Financial, the Findley Reports and the ABA Banking Journal.

In March 2013, SNL Financial ranked FGB No. 1 Performer among 765 community banks with assets between $500 million and $5 billion in the entire U.S.

SNL Financial is the nation's leading provider for business intelligence services in banking, financial services, insurance, real estate, energy, and media and communications.

In January 2014, the U.S. Small Business Administration awarded FGB as the 2013 SBA Export Lender of the Year, Los Angeles District (which covers Los Angeles, Ventura and Santa Barbara Counties).

As of December 31, 2013, First General Bank's Total Assets were approximately $520 million, with four branch locations spanning the Greater San Gabriel Valley and Orange County.

Corporate Information

Board of Directiors

Jackson Yang
Chairman of the Board, First General Bank
Chairman, Seville Classics, Inc.

Cliff J. Hsu
President & Chief Executive Officer, First General Bank

Dr. Lawrence Cheng
Dentist/Owner, Vail Ranch Family Dentistry,
Smile Haven Dental

Dr. Joseph Chiang
Dentist, Children's Dental Care Center

Edward Hsieh
President, KFP Capital, LLC

Jeff Lee
CEO, Nevis Capital, LLC

Harry Leu
Principal, HB, LLC

Johnny Lin
President, Long Win Inc.

Kansei Sai
President, Yanlot Development Corporation

Hsinya Shen
Attorney

Karena Sujo
CEO, Safco Realty and Investment, Inc.

John Sun
President, Best Restaurant Supply

Chris Wen
President, Walton Realty Inc.

Executive Officers

Cliff J. Hsu
President & Chief Executive Officer
First General Bank

Jeanette Lin
Executive Vice President & Chief Credit Officer

Wilson Mach
Executive Vice President & Chief Operating Officer

Joe Teo
Executive Vice President & Chief Financial Officer

Bank Offices

Corporate Headquarter
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Tel: (626) 820-1099 • Fax: (626) 820-1399

International Banking
1744 S. Nogales Street, Rowland Heights, CA 91748
Tel: (626) 820-1234 • Fax: (626) 820-1258

SBA Lending
1744 S. Nogales Street, Rowland Heights, CA 91748
Tel: (626) 820-1234

Administration Office
1725 S. Nogales Street, #101, Rowland Heights, CA 91748
Tel: (626) 363-8878

Los Angeles County:

Rowland Heights Main Branch
1744 S. Nogales Street, Rowland Heights, CA 91748
Tel: (626) 820-1234 • Fax: (626) 820-1299

Arcadia Branch
1127 S. Baldwin Avenue, Arcadia, CA 91007
Tel: (626) 461-0288 • Fax: (949) 461-0299

San Gabriel Branch
801 E. Valley Boulevard, #103, San Gabriel, CA 91776
Tel: (626) 288-9288 • Fax: (626) 280-1300

Orange County:

Irvine Branch
5404-C Walnut Avenue, Irvine, CA 92604
Tel: (949) 769-8888 • Fax: (949) 769-8885

www.fgbusa.com

Notes

SNL Financial Announces Top 100 Best Performing Community Banks

California banks take top 3 slots among SNL's top-performing banks between $500M and $5B.

Charlottesville, VA (PRWEB) March20, 2013 (reprint with permission)

Announced today, SNL Financial released its annual ranking of 2012's top 100 best performing banks in two categories: community banks with assets between $500M and $5B and community banks with assets less than $500M. **Of the companies with assets between $500M and $5B, Rowland Heights, Calif.-based First General Bank took command of the No.1 spots. The company ranked sixth the previous year.**

SNL ranked the best-performing community banks using six core financial performance metrics that focus on profitability, asset quality and growth for the 12-month period ended Dec. 31, 2012. The metrics used were: return on average tangible assets before tax, net charge-offs as a percentage of average loans, adjusted Texas ratio, efficiency ratio, net interest margin and loan growth. SNL measured each company's standard deviation from the mean of each metric. The standard deviations, which are each equally weighted, were added together to calculate a performance score for each company.

SNL Financial is a leading provider of financial information on more than 6,500 public companies and 50,000 private companies in the business sectors critical to the global economy: Banking, Financial Services, Insurance, Real Estate, Energy, Metals & Mining, and Media & Communications. The SNL information service integrates breaking news, comprehensive data and expert analysis into an electronic database available online and updated around the clock. For more information, visit http://www.snl.com.

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First General Bank Took No. 1 Spot in SNL 100 Top Community Banks List

ROWLAND HEIGHTS, CALIFORNIA, March 20, 2013 – First General Bank, Rowland Heights, announced that it ranked No. 1 in SNL's 2012 community bank ranking of the nation's 765 banking companies with total assets between $500 million and $5 billion.

"This prestigious ranking once again confirms First General Bank's leadership in community banking," states President and CEO, Cliff Hsu, "We owe our success to the support of our customers and our community, the dedication of our team, and the staying focused on the direction charted by our Board of Directors."