



FIVE STAR BANCORP


2023 Environmental, Social & Governance Report

fivestarkbank.com | NASDAQ: FSBC



Five Star Bancorp is committed to Environmental, Social & Governance objectives that empower and inspire our shareholders, employees, clients, and community partners.





“ **Five Star Bank** has been instrumental in helping City of Refuge grow over the past five years. They have been a great partner and have assisted us with the loans needed to purchase a 9-bedroom home to use for emergency housing and services for mothers and children escaping challenging life experiences. We are grateful for their partnership as we grow into the future and continue to serve our city and region by returning dignity, restoring lives and rebuilding community, one life at a time.

RACHELLE & LOREN DITMORE
Founders, City of Refuge Sacramento





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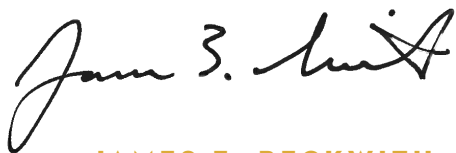
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Letter from our CEO

Five Star Bancorp's speed to serve and certainty of execution have earned the trust of our employees, clients, and community partners. We continue to gain further trust as thought leaders focused on Environmental, Social & Governance (ESG) initiatives.

The Company has taken a proactive approach to ESG and believes our ability to manage these initiatives demonstrates strength in leadership and governance essential to sustainable growth. We are executing ESG strategies we believe will drive positive change while focusing on the impact of our business on the communities we serve.

We remain committed to the economic development and sustainability of our region. In this report, we outline our engagement and the purpose-driven banking that defines the ESG trajectory of our organization.



JAMES E. BECKWITH
President & Chief Executive Officer





Environmental, Social & Governance Objectives

The Company strives to drive positive change while honoring the dynamic regulatory environment surrounding ESG reporting. We remain steadfast in this commitment and are pleased to share highlights in our 2023 ESG report.

Environmental

*Environmentally Sustainable Solutions
& Environmental Contributions*





Five Star Bank has been a great partner in supporting our efforts to cultivate beautiful green spaces and continue our legacy as the City of Trees. Together, we are rooting for Sacramento.

JESSICA SANDERS

*Executive Director,
Sacramento Tree Foundation*



The Company's Environmental Impact

Finding ways to conserve resources and make a positive environmental impact is a continuous effort, and in 2023, the Company made progress toward sustainability practices. Activities such as shredding unused paper, utilizing recycle bins, expanding our digital capabilities, and using energy efficient lighting have contributed to minimizing the Company's carbon footprint.

Key Performance Indicators: Environmental Contributions

Paper Waste Reduction Program

- Across 10 office locations, the Company saved approximately **537 trees**

Digital impact

- Clients utilizing Remote Deposit Capture are up **14%** year-over-year
- Clients utilizing Mobile Capture are up **25%** year-over-year
- **85%** of clients are online banking users

Energy Efficient Buildings

- In 2023, **3 out of 8** office locations occupied are Sacramento Area Sustainable Business offices

Social

Supporting Clients Who Serve Others





We were looking for a personal relationship with our bank. We are incredibly grateful for the family-like approach at **Five Star Bank**. When we have a question or a problem, we can pick up the phone and talk to someone who has answers rather than a relay system. We believe in knowing the names of our guests and building a relationship, so we are grateful to have a similar relationship with our bank!

ANGELA HASSELL

*Executive Director,
Sacramento Loaves & Fishes*



Building an Inclusive and Belonging Culture

To support our efforts to create a culture of inclusion and belonging, we launched training and feedback opportunities for our employees. We conducted an anonymous Employee Engagement Survey to receive employee feedback which set actionable items for Company leadership. Quarterly, Company leadership meets with employees to discuss their feedback, key wins, opportunities and successes experienced over the previous quarter. The Human Resources team also engages in one-on-one meetings with every employee to discuss career aspirations, growth, and training pathways.

Equity of Opportunity

Mirroring the communities we serve is a point of pride for us. At every level of the company, from our board of directors to our front line teams, we aim to bring a diverse collective of perspectives to achieve success. We create opportunities for the advancement of our employees through on-the-job and off-site training. Training offers perspective on emotional intelligence, employee engagement, hiring, and leading a team. Some of this training has resulted in significant promotions. In 2023, the Company promoted 53 employees, 37 of whom were women and 28 of whom were from diverse races and ethnic backgrounds.

Cultural Banking

Effective banking depends on the trust of our clients. We believe trust between clients and bankers is best facilitated by embracing and understanding shared experiences as well as differences. By building a diverse workforce, we aim to create positive and impactful business relationships with all of the communities we serve. We believe a diverse workforce will ultimately benefit both the Company and those the Company serves.

Empowering Women Entrepreneurs & Leaders

We believe in the impact of connecting, supporting and celebrating women in business. In 2023, we hosted our signature “Women in Business” event highlighting the success of our clients and partners. The celebration connected women entrepreneurs and women leaders across the region, resulting in business collaborations and partnerships. Influencing our clients’ success while celebrating our brand loyalty translate to revenue. The Company’s support of women in business and in leadership also positively affected corporate culture by promoting authentic, meaningful, and mutually beneficial business relationships.



Five Star Bank has been an exemplary business partner. We are grateful for their support of women owned businesses and entrepreneurship. They support us so we can better support our NAWBO members.

LILIANA BERNAL

CEO & Founder, *Balanced Diversity*
President, NAWBO



Building Sustainable Communities: Community Services

Paratransit, Inc. (Sacramento)

We are proud to support organizations that make independent living accessible for individuals who need support. Our client, Paratransit, Inc., is an innovative leader in social service transportation. They provide their clients with mobility independence through programs and services and have been helping people get where they need to go for over 40 years.

The Alliance Defending the Cause of Kids & Families (Roseville)

Our client, The Alliance, is a network of agencies, non-profits, community members, businesses and churches working together to protect children and strengthen families. Their mission is to ensure all children grow-up in a safe, loving family and that local families have access to the resources and support needed to create an interconnected community. The populations they serve include current and former foster youth, resource and adoptive families, single parents, families in crisis, refugees resettling locally and any child experiencing trauma.

Building Sustainable Communities: Economic Development

National Association of Women Business Owners - Sacramento Valley (Sacramento)

We support small businesses to help them grow and thrive. Our client, National Association of Women Business Owners (NAWBO) Sacramento Valley, provides its members with a variety of educational, social, economic, and political programs that help women build successful ventures and make effective changes in business culture. They also provide members access to mentors, advisors, and advocates.

Superior California Economic Development (Redding)

Superior California Economic Development (SCED) leverages public and private funds to grow the economy and catalyze projects that respond to critical community needs. SCED supports small businesses through lending and works with local and regional organizations to increase the supply of fresh, healthy food and to explore aggregation and distribution networks for small farms. Our partnership with SCED provides an additional resource our clients can utilize to help their businesses grow and thrive.



With all the fluctuations in the market, a personal relationship with our banker is critical to our success. **Five Star Bank's** team knows us and shares our vision and mission. They partner with us to make sure our financial needs are met. Five Star is in our corner and ready to help us at all times.

EDDIE KAUFMAN

*Executive Director,
Mission Graduates*



Building Sustainable Communities:

Education & Workforce Development

Mission Graduates (San Francisco Bay Area)

Our client, Mission Graduates, is a non-profit organization in San Francisco dedicated to establishing a college education as an expectation and goal for every child, allowing them to find a fulfilling career. Each year, Mission Graduates reaches over 5,000 low-income children, youth, and families in San Francisco, emphasizing college as a means to achieve economic equity and strengthen the fabric of the community.

Business Honors Cohort, College of Business at Sacramento State University (Sacramento)

The Sacramento State University Business Honors Program immerses students in an exceptional learning experience through cohort groups and prepares them to become highly qualified managers through a cross-functional and integrated program. Through the program, we provide access and pathways to work experience programs, internships, mentors, leadership webinars, career guidance, and advice. We are proud to sponsor the Five Star Bank Business Honors Cohort.

Building Sustainable Communities:

Affordable Housing

Pacific Housing (Sacramento)

We work with customers who provide housing to families and seniors in need. Pacific Housing is a public benefit corporation dedicated to serving lower-income California families and seniors through affordable housing. Pacific Housing's ultimate goal is to create an affordable housing community that is well-designed and maintained, and provides its residents with opportunities for a healthy, empowering, and fun living experience.

St. Anton's Communities, LLC - Junction Crossing (Roseville)

The St. Anton Low Income Housing Tax Credit Program subsidizes the acquisition, construction, and rehabilitation of affordable rental housing for low to moderate income tenants. We committed to investing in a Low-Income Housing Tax Credit (LIHTC) project in the program, Junction Crossing, located in Roseville. Supporting this project helps bring to market 80 multi-family, transit-oriented, and affordable housing units in the Greater Sacramento region.

“**Five Star Bank** aligns with our values of caring and serving others. Their support of the Rancho Cordova Food Locker allows us to innovate at a fast pace which has propelled our ability to care for our neighbors who are facing food insecurity. As a growing non-profit, having the financial expertise of Five Star in our corner is paramount.

CARRIE JOHNSON

*Executive Director,
Rancho Cordova Food Locker*



KPIs: Community Reinvestment

Community Reinvestment

Community Development Loans:

\$19,345,000 or 0.58% of Average Assets within Sacramento, Chico, and Redding Assessment Areas for the following purposes:

- Affordable Housing
- Community Services
- Economic Development
- Revitalizing and Stabilizing Communities

Total Community Investments:

Approximately **\$26.8* million or 0.81%** of Average Assets

- **\$5.2 million*** - 2023 investments that support low-income housing projects, Small Business Investment Companies, and a Community Development Financial Institution;
- **\$415,000*** - 2023 direct donations that support community service organizations, education, and job training for low to moderate income youth, and small business technical assistance programs; and
- **\$21.2 million*** - The cumulative balance of all community development investments made in current and prior years with balances outstanding as of December 31, 2023

**Numbers are rounded.*



Sacramento Regional Conservation Corps would not be here without **Five Star Bank**. We are so grateful they have been long-term supporters and advocates for Corpsmembers and the work of the SRCC.

PAULA BIRDSONG

*Executive Director,
Sacramento Regional Conservation Corps*



Workforce Demographics & Impact

2023 Workforce Demographics

- **62.7%** of total workforce were women
- **43.8%** of total workforce were from diverse races and ethnic backgrounds

2023 Senior Vice Presidents & Above

- **37.5%** of the Executive team were women
- **25%** of the Executive team were from diverse races and ethnic backgrounds
- **47.1%** of Senior Vice Presidents and above were women
- **29.4%** of Senior Vice Presidents and above were from diverse races and ethnic backgrounds

Volunteer Impact

Five Star Bancorp is extensively engaged with a wide range of non-profits and economic development corporations through direct charitable giving and active board engagement. Our executive team and employees serve on numerous non-profit boards of directors, including 3Strands Global Foundation, the Sacramento Hispanic Chamber of Commerce, the Sacramento Black Chamber of Commerce, the Sacramento Asian Pacific Chamber of Commerce, Sacramento Regional Conservation Corps, Sacramento Food Bank & Family Services, Project R.I.D.E., the American River Parkway Foundation, and more.

- Employees contributed a total of **518** volunteer hours across **48** organizations performing **266** activities
- Averaged **2.9** volunteer hours per full time employee

Governance

Board Oversight / Demographics



Role of Board of Directors

The Company's directors, in their role of overseeing the sound management of the Company, are responsible for exercising their business judgement in what they believe to be in the best interests of the Company and the shareholders, taking into account the interests of the employees, the clients and the community at large, and in so doing manage risk and enhance the long-term value of the Company.

Ethics - Code of Conduct

The Board expects its directors, as well as officers and employees, to act ethically at all times and to acknowledge their adherence to the policies comprising the Company's Code of Conduct, as well as its Code of Conduct and Ethics and Conflict of Interest Policy for Directors (collectively, "Code of Ethics"). Directors are expected to be familiar with, and to follow, the Code of Ethics to the extent applicable to them. If an actual or potential conflict of interest arises that involves a director, that director shall promptly inform the Governance and Nominating Committee. The Governance and Nominating Committee shall recommend to the Board the appropriate action to be taken. If the Board determines that a significant conflict exists which cannot be resolved or addressed, the director should resign.

Board Structure

The Board will have at all times an Audit Committee, Compensation Committee and a Governance and Nominating Committee. Members of these committees will be

independent directors of the Board and independent under any criteria also applicable to the relevant Board committee, in each case as established by the SEC, Nasdaq and any applicable laws and regulations. The Board may, from time to time, establish or maintain additional committees, as it deems necessary or appropriate.

Director Participation

Each Board member is free to suggest the inclusion of items on a meeting agenda and to present any Board meeting subjects not on the agenda for that meeting. Information and data important to the Board's understanding of the business to be conducted at a Board or Board committee meeting should generally be distributed to the directors before the meeting.

Director Independence

Independent directors play an important role in assuring investor confidence by overseeing and guarding against conflicts of interest. The Board shall be comprised of a majority of independent directors, as defined under the Nasdaq Stock Market Rules (the "Nasdaq Rules").

Access to and Communication with the Board of Directors

Shareholders and interested parties who wish to contact the Board of Directors or Chairperson of the Board should address correspondence to the Corporate Secretary, Five Star Bancorp, 3100 Zinfandel Drive, Suite 650, Rancho Cordova, CA 95670. The Corporate Secretary will review and forward

correspondence to the appropriate person or persons for response.

Each communication should specify the applicable addressee or addressees to be contacted as well as the general topic of the communication. Communications may be confidential or anonymous. Communications may also be referred to other departments within the Company. The Company generally shall not forward to the directors a communication that it determines to be primarily commercial in nature or related to an improper or irrelevant topic, or that requests general information about the Company.

Board Refreshment

The Governance and Nominating Committee is responsible for periodically reviewing with the Board the independence of each person proposed for election or appointment to the Board. Directors are requested to inform the Chairperson of the Board and the Chairperson of the Governance and Nominating Committee of any circumstance that might reasonably affect his or her independence under the standards described in these guidelines. The Board shall publicly disclose its independence determination for each director when the director is first elected to the Board and annually thereafter.

KPIs: Board Oversight & Demographics

Independence Oversight as set Forth by Nasdaq Listing Standards

Our board of directors has evaluated the independence of its members based upon the rules of Nasdaq and the SEC. Applying these standards, our board of directors has affirmatively determined that, except for two, each of our current and former directors who served during the fiscal year ended December 31, 2023, is an independent director, as defined under the applicable rules.

- **83%** Independence Oversight

Board of Directors Demographics

- **42%** were women or from diverse races and ethnic backgrounds
- **25%** were women
- **17%** were from diverse races and ethnic backgrounds



Five Star Bank's dedicated team understands our needs, provides tailored solutions and is always available to assist our organization. They are committed to the community, especially to non-profits. They understand our business model and work alongside our team to advance our mission and business needs. They are 100% in my corner whenever we need them.

STEPHANIE VIERSTRA

*Executive Director,
Seniors First*



Core Values

We foster a sense of urgency toward thoughtful action.

We hire, retain and develop client-centric talent.

We create a culture of belonging and engagement through a diverse and inclusive workforce.

We engage with our community for mutual success through representation, innovation, and investment.

We fulfill commitments as promised, on time and with the highest standards.

We serve clients and colleagues with professionalism and respect.

Locations

CHICO OFFICE

1370 E. Lassen Avenue, Suite 100
Chico, CA 95973
530.924.5121

DOWNTOWN SACRAMENTO OFFICE

555 Capitol Mall, Suite 985
Sacramento, CA 95814
916.306.1655

ELK GROVE OFFICE

9250 Laguna Springs Drive, Suite 102
Elk Grove, CA 95758
916.714.2444

NATOMAS OFFICE

2400 Del Paso Road, Suite 100
Sacramento, CA 95834
916.640.1500

RANCHO CORDOVA OFFICE

3100 Zinfandel Drive, Suite 100
Rancho Cordova, CA 95670
916.851.5440

REDDING OFFICE

358 Hartnell Avenue, Suite B
Redding, CA 96002
530.223.6652

ROSEVILLE OFFICE

2240 Douglas Boulevard, Suite 100
Roseville, CA 95661
916.626.5000

YUBA CITY OFFICE

855 Harter Parkway, Suite 350B
Yuba City, CA 95993
530.431.0950





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fivestarbancorp.com

***Five Star Bancorp** maintains a healthy, sustainable environment through the responsible use of renewable resources.*



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