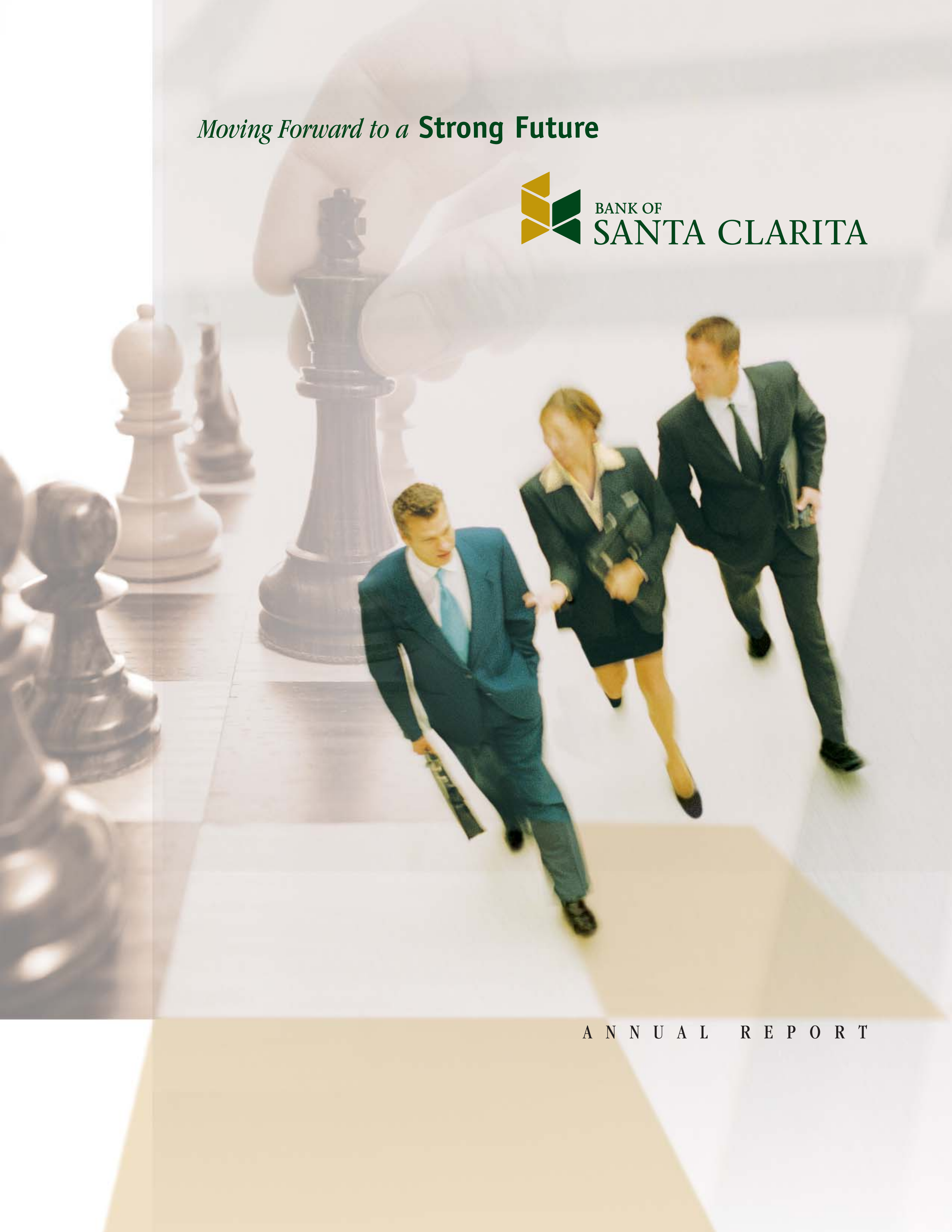
Moving Forward to a **Strong Future**

BANK OF
SANTA CLARITA



ANNUAL REPORT

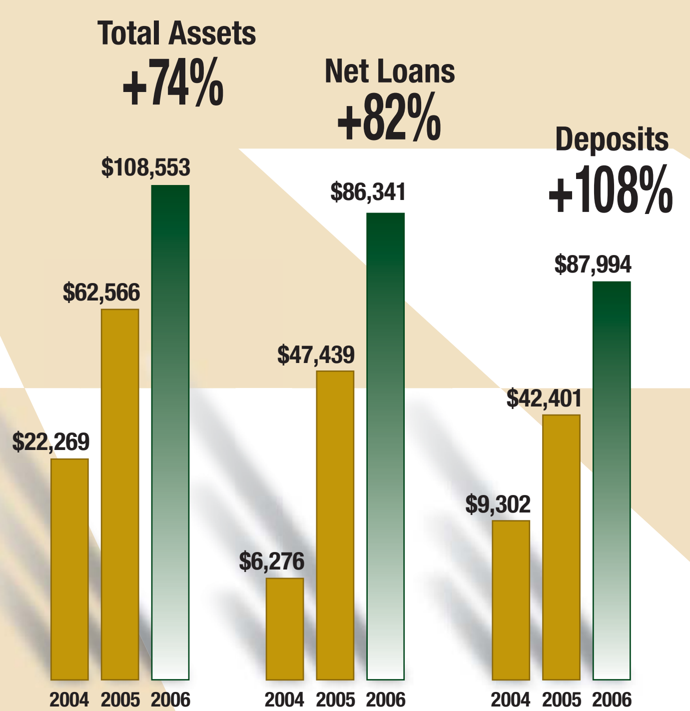
Company Profile

Bank of Santa Clarita (OTCBB:BSCA) is a premier, independent full service bank headquartered in the Santa Clarita Valley with a second office in Canyon Country, California. The Bank, locally owned and managed, was founded in October 2004 and is a business and consumer oriented financial institution that serves small to mid-sized businesses, professionals, entrepreneurs, and high net worth individuals.

The Bank offers a comprehensive selection of business and consumer banking products and services, including loans (SBA, equipment, working capital lines of credit, construction, commercial real estate), foreign trade and foreign exchange services, electronic cash management services, and online banking, as well as a wide variety of personal banking services and financial tools.

Call Bank of Santa Clarita or visit our website at www.bankofsantaclarita.com to learn more about our full range of banking services.

"Our vision is to nurture and develop the Bank for the long term—for the benefit of our clients, employees, and shareholders."



Note: 2004 figures reflect partial year results.

Significant Gains in 2006

BANK OF SANTA CLARITA

Message to Shareholders

Dear Shareholders, Customers and Friends,

For Bank of Santa Clarita, 2006 was a year in which we worked diligently to develop a solid foundation to support our growth as we move forward. Our two-year performance exceeded our expectations and we are excited and optimistic about the Bank's future.

In 2006, we achieved double-digit and triple-digit growth, respectively, in loans and deposits. Net loans grew 82.0%, from $47,439,095 in 2005, to $86,341,490 at year-end 2006. We also enjoyed a robust 107.5% growth in deposits, from $42,401,217 in 2005, to $87,993,691 at year-end 2006. Total assets were $108,553,208 in 2006, an increase of 73.5% from $62,566,754 in 2005.

James D. Hicken
President and Chief Executive Officer

Although we show a net loss, which is common for de novo banks, it was greatly impacted by three factors: provision for loan losses of $491,500, which correlates to the Bank's strong loan growth; our first year of recording a stock option expense of $216,600; and the substantial investment made in people and infrastructure by adding to our staff, which now numbers 30 as compared to 19 at year-end 2005. As a result of our strong revenue growth, our net loss of $592,145 is a significant improvement from the previous year.

In 2006, we took advantage of strategic opportunities to expand our marketplace by executing two new leases for branch offices in Canyon Country. The Valley Center Drive Office, located on Soledad Canyon, opened in February 2007. The Golden Valley Office, to be located in a new 620,000 square foot shopping center in Canyon Country, is scheduled to open during the second quarter of 2008. The new branch offices will allow us to further deepen and develop our client relationships. Just like a community is based on relationships, we're developing ties that not only strengthen our link to our clients but also to the community at large.

Our focus will remain on building shareholder value and enhancing the overall financial performance of the Bank while at the same time continuing to build the foundation and infrastructure to support our dramatic growth and expansion.

All of us at Bank of Santa Clarita feel privileged to be part of a vibrant community that has significant growth opportunities in the coming years. As the only locally owned and operated Bank in the Santa Clarita Valley, we can help to create new opportunities and play an important role in assisting others within our community to achieve their vision and goals.

We are grateful to all of our stakeholders—shareholders, directors, officers, employees, and clients—for the ongoing support and dedication that makes our success possible. We are confident that our long-term strategic objectives and unwavering commitment to customer service will position us for continued growth and prosperity.

[insert James D. Hicken signature]

James D. Hicken
President and Chief Executive Officer

> “Do not go where the path my lead. Go instead where there is *no* path and leave a trail.”
>
> *Ralph Waldo Emerson*

Moving Forward: Making Smart Moves

When we opened the doors to Bank of Santa Clarita in the fall of 2004, we believed that a combination of a vibrant, growing market and bankers with a strong local knowledge would be key to the success of the bank. We are the only locally owned and managed bank to have its headquarters in the Santa Clarita Valley, which ranks as one of the top five business-friendly communities in Los Angeles County according to the Los Angeles County Economic Development Corp. The opportunities provided by a healthy business climate and growing community has validated our decision to build a bank strongly rooted in the Santa Clarita Valley. We consider that decision a smart move.

On the move . . . with a strategy for smart growth.

We have positioned Bank of Santa Clarita for long-term growth by effectively aligning our strategies with the strengths of our marketplace. We believe in smart growth. That means we’re more interested in substance than appearance. Instead of making moves that give the appearance of growth—and reflect growth that can’t be sustained—we took the sure route of justifying our moves by building capacity, assembling a talented staff, and building a strong revenue foundation to support our growth. Our strategy includes employing sound business practices and maintaining high asset quality. The result of our efforts is reflected in our impressive status among our peer group of banks. Our growth in two years has put us in the top of our class in Total Assets compared to national commercial banks that were established at the same time as Bank of Santa Clarita.

On the move . . . with continuing opportunity.

With a current population of about 175,000, the City of Santa Clarita has experienced a population growth rate of 10.8% between 2000 and 2006, making it the 5th fastest growing city in Los Angeles County, according to the California Department of Finance.

The Santa Clarita Valley has many favorable demographics including robust population and household growth, well above average household incomes, and strong potential for commercial growth. Contributing to the growth prospects is significant potential for economic opportunity when Santa Clarita’s new enterprise zoning goes into effect in spring 2007.

Frank D. Di Tomaso, Jr., *Vice Chairman*
Kimberly A. Altobello, *Senior Vice President, Chief Administrative Officer*
James D. Hicken, *President, Chief Executive Officer*

> “To give real service you must add something which cannot be bought or measured with money, and that is sincerity and integrity.”
>
> *Douglas Adams*

Moving Forward: Setting the Bar High . . .

. . . in client service. We welcome the expectations of clients because we’re geared to meeting those expectations with a high level of service. We know we’re successful when we hear positive comments about our service and our people, and that happens frequently. Our clients can expect direct contact and access to bankers who have an intimate knowledge of the community. Along with offering the resources and state-of-the-art technology of larger banks, we go a step further by providing responsive, flexible and local decision-making.

. . . in community service. To support our community, we believe in being active and on the move. Not only do we live and work in the Santa Clarita Valley, but we enjoy participating in our community. We’ve become a familiar sight in local nonprofit activities and events, volunteering with our time, talents, and financial contributions. In 2004, our Bank was welcomed into the Santa Clarita Valley. We hope to repay that support many times over with our active community involvement through the years to come.

. . . in integrity. Every day we work hard to uphold our reputation for integrity, a reputation that has contributed significantly to our success. We know that people want to do business in an environment that values honesty and integrity. We treat our clients with courtesy and respect. In turn, they trust us to provide honest and reliable services as well as a safe and secure banking environment. We call it core integrity, a belief in being accountable so that our stakeholders can always depend on high standards of ethical behavior and professional conduct at Bank of Santa Clarita.

Our ongoing vision is to be a responsible corporate citizen as well as an invaluable member of our community—contributing to a flourishing business climate through our banking expertise and helping to make the Santa Clarita area a great place to live and work through our local community involvement. As in any relationship, it requires a commitment. We’re making a long-term commitment to the community that will benefit all of our valued stakeholders: our clients, employees, directors, and shareholders.

Independent Auditors' Report

vtd

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants & Consultants

VALUE THE DIFFERENCE

Board of Directors
Bank of Santa Clarita:

We have audited the accompanying balance sheet of Bank of Santa Clarita as of December 31, 2006, and the related statement of operations, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Bank as of December 31, 2005 were audited by other auditors, whose report dated January 13, 2006, expressed an unqualified opinion.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2006 financial statements referred to above present fairly, in all material respects, the financial position of Bank of Santa Clarita as of December 31, 2006, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements effective January 1, 2006 the Bank changed its method of accounting for share-based payments.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
March 14, 2007

25231 Paseo De Alicia, Suite 100 Laguna Hills, CA 92653 Tel: 949.768.0833 Fax: 949.768.8408 www.vtdcpa.com

FRESNO • LAGUNA HILLS • PALO ALTO • PLEASANTON • RANCHO CUCAMONGA

Balance Sheets December 31, 2006 and 2005

	2006	2005
ASSETS		
Cash and due from banks	**$ 2,474,152**	$ 1,917,870
Federal funds sold	**12,325,000**	10,770,000
TOTAL CASH AND CASH EQUIVALENTS	**14,799,152**	12,687,870
Investment securities held to maturity	**4,996,415**	990,025
Loans, net	**86,341,490**	47,439,095
Premises and equipment, net	**1,116,489**	849,517
Accrued interest receivable	**683,999**	264,517
Other assets	**615,663**	335,730
TOTAL ASSETS	**$108,553,208**	$62,566,754
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Non-interest bearing demand	**$ 20,821,947**	$17,462,610
Money market and savings	**15,301,345**	7,030,617
Interest bearing demand	**7,311,239**	3,338,875
Time deposits of $100,000 or greater	**14,591,174**	6,388,315
Other time deposits	**29,967,986**	8,180,800
TOTAL DEPOSITS	**87,993,691**	42,401,217
Other borrowed funds	**1,046,215**	516,363
Capital lease obligations	**53,881**	65,145
Accrued interest payable	**223,121**	26,453
Other liabilities	**495,039**	579,954
TOTAL LIABILITIES	**89,811,947**	43,589,132
Commitment and contingencies (Note 9, 11 and 12)		
Stockholders' equity		
Common stock - no par value, 12,500,000 shares authorized; 2,201,540 and 2,184,144 shares issued at December 31, 2006 and 2005, respectively	**21,553,312**	21,414,144
Additional paid in capital	**216,616**	0
Accumulated deficit	**(3,028,667)**	(2,436,522)
TOTAL STOCKHOLDERS' EQUITY	**18,741,261**	18,977,622
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$108,553,208**	$62,566,754

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

Statements of Operation   DECEMBER 31, 2006 AND 2005

	2006	2005
Interest income		
Interest and fees on loans	$ 4,701,082	$ 1,606,823
Interest on investment securities	204,655	23,967
Interest on Federal funds sold	682,904	395,408
TOTAL INTEREST INCOME	5,588,641	2,026,198
Interest expense on deposits		
Money market and savings	209,904	46,081
Interest bearing demand	122,835	13,517
Time deposits of $100,000 or greater	551,393	125,662
Time deposits less than $100,000	1,114,546	102,487
TOTAL INTEREST EXPENSE ON DEPOSITS	1,998,678	287,747
Interest expense on borrowings	25,594	12,827
TOTAL INTEREST EXPENSE	2,024,272	300,574
NET INTEREST INCOME	3,564,369	1,725,624
Provision for loan losses	491,500	521,500
Net interest income after provision for loan losses	3,072,869	1,204,124
Other income		
Service charges on deposit accounts	135,298	47,964
Customer fees and miscellaneous income	12,400	4,630
TOTAL OTHER INCOME	147,698	52,594
Operating expenses		
Salaries and employee benefits	2,233,117	1,571,879
Occupancy and equipment	628,206	491,704
Marketing and business development	195,679	170,050
Data processing	286,237	170,240
Professional and legal	332,766	118,611
Insurance and regulatory assessments	69,683	38,317
Office supplies and communications	121,244	113,640
Provision for unfunded commitments	(129,400)	149,500
Other operating expenses	74,380	71,977
TOTAL OPERATING EXPENSES	3,811,912	2,895,918
Loss before income taxes	(591,345)	(1,639,200)
Provision for income taxes	800	800
NET LOSS	$ (592,145)	$(1,640,000)
Basic loss per share	$ (0.27)	$ (0.89)
Diluted loss per share	$ (0.27)	$ (0.89)

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

Statements of Changes in Stockholders' Equity

YEAR ENDED DECEMBER 31, 2006 AND 2005

	Number of Shares Outstanding	Common Stock	Additional Paid in Capital	Accumulated Deficit	Total
Balance, December 31, 2004	1,375,000	$13,679,894	$ 0	$ (796,522)	$12,883,372
Five for four stock split	343,704	0	0	0	0
Proceeds from issuance of common stock, net of capital raising costs of $65,730	452,940	7,634,250	0	0	7,634,250
Stock options exercised	12,500	100,000	0	0	100,000
Net loss		0	0	(1,640,000)	(1,640,000)
Balance, December 31, 2005	2,184,144	21,414,144	0	(2,436,522)	18,977,622
Stock options exercised	17,396	139,168	0	0	139,168
Share-based compensation		0	216,616	0	216,616
Net loss		0	0	(592,145)	(592,145)
Balance, December 31, 2006	2,201,540	$21,553,312	$216,616	$(3,028,667)	$18,741,261

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

Statements of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	**$ (592,145)**	$ (1,640,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for loan losses	**491,500**	521,500
Depreciation and amortization of premises and equipment	**199,223**	146,119
Amortization of investment securities, net	**(13,068)**	(9,135)
Amortization of deferred loan fees and costs	**26,355**	12,118
Share-based compensation	**216,616**	0
Net change in:		
Accrued interest receivable	**(419,482)**	(252,913)
Other assets	**(279,933)**	18,298
Accrued interest payable	**196,668**	24,575
Other liabilities	**(84,915)**	304,926
NET CASH USED IN OPERATING ACTIVITIES	**(259,181)**	(874,512)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	**(4,993,322)**	(980,890)
Maturity of investment securities	**1,000,000**	0
Loan originations and principal collections, net	**(39,420,250)**	(41,696,634)
Purchase of premises and equipment	**(466,195)**	(102,839)
NET CASH USED IN INVESTING ACTIVITIES	**(43,879,767)**	(42,780,363)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	**$45,592,474**	$33,098,505
Net increase in other borrowed funds	**529,852**	516,363
Payments on capital lease obligation	**(11,264)**	(11,750)
Proceeds from issuance of common stock	**0**	7,634,250
Proceeds from exercise of stock options	**139,168**	100,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	**46,250,230**	41,337,368
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**2,111,282**	(2,317,507)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**12,687,870**	15,005,377
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**$14,799,152**	$12,687,870
SUPPLEMENTARY INFORMATION		
Interest paid	**$ 1,827,604**	$ 275,999
Income taxes paid	**$ 800**	$ 800
NON-CASH INVESTING ACTIVITIES		
Leasehold improvements paid by landlord	**$ 0**	$ 193,500
Equipment acquired under capital lease	**$ 0**	$ 76,895

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

Notes to Financial Statements December 31, 2006 and 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

On March 11, 2004, a joint application to organize Bank of Santa Clarita (the "Bank") and obtain deposit insurance was filed with the California Department of Financial Institutions ("DFI") and the Federal Deposit Insurance Corporation ("FDIC"). Approval was received from the DFI on April 28, 2004, and the FDIC on May 11, 2004.

Operations during the organizational stage were funded by contributions from organizers. All contributions during the organizational stage were repaid with proceeds from the sale of the Bank's common stock.

Bank of Santa Clarita is a community oriented commercial bank that offers a variety of banking services to individuals, small to medium sized businesses and high net worth individuals in Santa Clarita and surrounding communities. Banking services include real estate, commercial and consumer loans, consumer and business checking accounts, savings accounts, certificates of deposit, merchant banking, trade finance, money transfers and other services. The Bank operates from its corporate headquarters and banking office in Santa Clarita, California.

Bank of Santa Clarita is a state chartered depository institution insured by the FDIC. As an insured depository institution, the Bank is subject to the regulations of certain federal and state agencies and undergoes periodic examination by those regulatory authorities.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the balance sheet, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses and the valuation of deferred taxes.

Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from correspondent banks and Federal funds sold on a daily basis.

All depository institutions are required by law to maintain reserves on transaction accounts and non-personal time deposits in the form of cash balances at the Federal Reserve Bank. Cash balances held at the Bank can offset these reserve requirements. The Bank complied with the reserve requirements as of December 31, 2006.

Investment Securities

Debt securities that management has the positive intent and ability to hold to maturity are classified as "held to maturity" and recorded at amortized cost. Securities not classified as held to maturity or trading, including equity securities with readily determinable fair values, are classified as "available for sale" and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income.

Purchase premiums and discounts are recognized in interest income using methods approximating the interest method over the terms of the securities. Declines in the fair value of held-to-maturity and available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers 1) the length of time and extent to which the fair value has been less than cost, 2) the financial

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

condition and near-term prospects of the issuer, and 3) the intend and ability of the Bank to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Loans

The Bank grants real estate, construction, commercial and consumer loans to borrowing customers. A substantial portion of the loan portfolio is represented by real estate loans in the Los Angeles metropolitan area. The ability of the Bank's borrowers to honor their contracts is dependent upon the real estate market and general economic conditions in the Bank's area.

Loans that management has the intent and ability to hold for the foreseeable future, until maturity or until paid off are generally reported at their outstanding unpaid principal balances. These loans, as reported, have been reduced by unadvanced loan funds, net deferred loan fees, and the allowance for loan losses.

Interest income is accrued daily as earned on all loans. Interest is not accrued on loans that are generally ninety days or more past due. These loans are normally placed on non-accrual status unless they are well secured by collateral and in the process of collection. Interest income previously accrued on such loans is reversed against current period interest income. Interest income on non-accrual loans is generally recognized only to the extent of interest payments received. Interest accruals are resumed on loans only when they are brought fully current with respect to interest and principal and when in the judgment of management, the loans are estimated to be fully collectible as to both principal and interest.

Loan origination fees and costs are deferred and amortized as an adjustment of the loan's yield over the life of the loan using the interest method for amortizing loans, which results in a constant rate of return, and the straight-line method for interest-only loans.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to expense. Loan losses are charged against the allowance when management believes the collectibility of the loan balance is unlikely. Subsequent loan loss recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on at least a quarterly basis by management. The allowance is based on management's periodic review of the collectibility of all loans in light of historical loan loss experiences, the nature and volume of the loan portfolio, adverse situations that may affect a borrower's ability to repay, the estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of specific, general and unallocated components. The specific component relates to loans that are classified as doubtful, substandard or special mention. For such loans that are also classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than that of the carrying value of that loan. The general component covers non-classified loans and is based on historical loss experience adjusted for qualitative factors. An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

A loan is considered impaired when, based on current information and events, it is probable that a creditor will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ***(continued)***

of delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when: 1) the assets have been isolated from the Bank, 2) 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 3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Bank Premises and Equipment

Bank premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives which range from three years to fifteen years. Leasehold improvements are amortized over the term of the lease or the service lives of the improvements, whichever is shorter. The straight-line method of depreciation is followed for financial reporting purposes, while both accelerated and straight-line methods are followed for income tax purposes.

Certain long-term lease transactions relating to the financing of equipment are accounted for as capital leases. Capital lease obligations reflect the present value of future rental payments, discounted at the interest rate implicit in the lease. A corresponding amount is capitalized and amortized over the assets' estimated economic lives on a straight-line basis. The amortization is included in depreciation expense.

Leasehold improvements include amounts paid by the landlord as a rent incentive. An offsetting deferred rental income is included in other liabilities. Both amounts are amortized over the life of the lease.

Earnings (Loss) Per Share

Basic earnings (loss) per share represents income available to common stock divided by the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share reflects additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed conversion. Potential common shares issued by the Bank relate to outstanding stock options, and are determined using the treasury stock method. The weighted average number of shares used to calculate basic and diluted loss per share was 2,197,973 for 2006 and 1,836,405 for 2005.

Off-Balance Sheet Financial Instruments

In the ordinary course of business, the Bank has entered into off-balance sheet financial instruments consisting of commitments to extend credit, commitments under credit card advancements, foreign trade instruments, and standby letters of credit. Such financial instruments are recorded in the financial statements when they become payable. The credit risk associated with these commitments is considered by management and is reserved for at a level deemed adequate to provide for known and inherent losses.

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The Bank had no comprehensive income or loss other than the net loss reported in the financial statements.

Income Taxes

Deferred income taxes are recognized for estimated future tax effects attributable to income tax carry forwards as well as temporary differences between income tax and financial reporting purposes. Valuation allowances are established when necessary to reduce the deferred tax asset to the amount expected to be realized. Deferred tax assets and liabilities are reflected at currently enacted income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted accordingly through the provision for income taxes.

Share-Based Compensation

The Bank has adopted SFAS No. 123(R) "Share-Based Payment". This statement generally requires entities to recognize 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.

Recently Issued Accounting Pronouncements

In May 2005, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 154, "Accounting Changes and Error Corrections" ("SFAS No. 154"). SFAS No. 154 provides guidance on the accounting for and reporting of accounting changes and error corrections. It establishes, unless impracticable, retrospective application as the required method for reporting a change in accounting principle in the absence of explicit transition requirements specific to the newly adopted accounting principle. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The adoption of SFAS No. 154, effective January 1, 2006, did not have a material impact on our financial condition or operating results.

The standard clarifies that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, the standard establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data, for example, the reporting entity's own data. Under the standard, fair value measurements would be separately disclosed by level within the fair value hierarchy. We do not expect the adoption of SFAS No. 157 to have a material impact on our financial condition or operating results.

Change in Accounting Principle

The Bank adopted SFAS no. 123 (R) on January 1, 2006 using the "modified prospective method". Under this method compensation expense is recognized using the fair-value method for all new stock option awards as well as any existing awards that are modified, repurchased or cancelled after January 1, 2006 and prior periods are not restated. In addition, the unvested portion of previously awarded options outstanding as of January 1, 2006 will also be recognized as expense over the requisite service period based on the fair value of those options as previously calculated at the grant date under the pro-forma disclosures of SFAS No. 123. The fair value of each grant is estimated using the Black-Scholes option pricing model. During 2006 the Bank recognized pre-tax stock-based compensation expense of $216,616 as a result of adopting SFAS No. 123 (R).

Prior to adoption of SFAS No. 123 (R), the Bank accounted for stock-based awards using the intrinsic value method prescribed in Accounting Principles Board ("APB") Opinion no. 25, *"Accounting for Stock Issued to Employees,"* and related interpretations. Accordingly, compensation costs for stock options was measured as the excess, if any, of the quoted market price of the Bank's stock at the date of the grant over the amount an employee must pay to acquire the stock. All of the Bank's stock option grants included exercise prices equal to the Bank's current market price per share; accordingly, no compensation expense was reported using the intrinsic value method of APB Opinion No. 25.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Had compensation cost for the Bank's stock option plans been determined based on the fair value at the grant dates for awards under those plans consistent with the method of SFAS No. 123, the Bank's net income and income per share for 2005 would have changed to the pro forma amounts indicated below:

	2005
Net loss	
As reported	$(1,640,000)
Stock-Based Compensation using Intrinsic Value Method	–
Stock-Based Compensation that would have been reported using the Fair Value Method of SFAS 123	(521,560)
Pro forma	$(2,161,560)
Per share:	
Net income – basic	
As reported	$ (0.89)
Pro forma	$ (1.18)
Net income – diluted	
As reported	$ (0.89)
Pro forma	$ (1.18)

NOTE 2. SHARE-BASED COMPENSATION

Under the October 2004 Stock Option Plan, the Bank may grant options to its directors, officers and employees for up to 30% of the number of shares of common stock outstanding at the time of grant. Both incentive stock options and non-qualified stock options may be granted under the plan. At December 31, 2006, 324,128 options were outstanding and 297,469 options were available for granting. The exercise price of these options may not be less than the fair market value of the common stock on the date granted. Options expire in ten years after the date of grant and become fully vested after three years. Optionees may exercise 33 1/3% of options each year after one full year from the grant date. The Bank recognized share-based compensation costs of $216,616 in 2006. Basic and diluted earnings per share for the year ended December 31, 2006 after adopting SFAS 123(R) were $0.10 lower than if the Bank had continued to account for share-based compensation under APB 25.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The weighted average assumptions used to estimate the value of options granted in 2006 and 2005 are as follows:

	2006	2005
Dividend Yield	0.0%	0.0%
Expected Life	6 years	6 years
Expected volatility	21.00%	21.92%
Risk-free interest rate	4.81%	3.94%

Based on these assumptions, the weighted average fair value of options granted in 2006 and 2005 was estimated at $5.31 and $4.67 per option.

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 2. SHARE-BASED COMPENSATION *(continued)*

As a result of the adoption of SFAS No. 123R and based on the share-based compensation awards outstanding as of December 31, 2006, the Bank expects to recognize additional pre-tax compensation costs as follows:

2007	$99,367
2008	13,021
2009	3,526

The after-tax cost of these options cannot currently be predicted since the Bank's ability to record the related income tax benefits depends on the amount and timing of future taxable income.

Future expense recognized related to stock option awards may be impacted by new awards and/or modifications, repurchases and cancellations of existing awards after the adoption of this standard.

A summary of the activity in the Bank's stock option plan for periods ended December 31 are as follows:

	2006			2005		
	Shares	**Weighted Average Exercise Price**	**Aggregate Intrinsic Value**	Shares	Weighted Average Exercise Price	Aggregate Intrinic Value
Outstanding at beginning of period	**337,750**	**$ 8.11**		396,000	$ 8.00	
Granted	**12,000**	**16.11**		7,063	13.41	
Exercised	**(17,396)**	**8.00**		(12,500)	8.00	
Forfeited	**(8,226)**	**8.00**		(52,813)	8.00	
Outstanding at end of year	**324,128**	**$ 8.42**	**$2,377,239**	337,750	$ 8.11	$3,711,656
Options exercisable at year-end	**206,574**	**$ 8.06**	**$1,588,484**	119,500	$ 8.00	$1,326,350

The weighted average remaining contractual life of options outstanding at December 31, 2006 and 2005 is 7.9 years and 8.9 years, respectively. The weighted average remaining contractual life of options currently exercisable at December 31, 2006 and 2005 is 7.8 and 8.8, respectively.

The total intrinsic value of options exercised during the years ended December 31, 2006 and 2005 were $140,417 and $138,750, respectively. As of December 31, 2006, there was $115,914 of total unrecognized compensation cost related to the outstanding stock options that will be recognized over a weighted average period of 1.1 years.

NOTE 3. INVESTMENT SECURITIES

The amortized cost and fair value of investment securities held to maturity are as follows as of December 31, 2006:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. government securities	**$4,996,415**	**$1,015**	**$ –**	**$4,997,430**

The amortized cost and fair value of investment securities held to maturity are as follows as of December 31, 2005:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. government securities	$990,025	$ –	$1,635	$988,390

All U.S. government securities mature within two years. As of December 31, 2006 a security having a fair value of $999,380 was pledged to secure a repurchase agreement of $1,046,215. As of December 31, 2005 a security having a fair value of $593,034 was pledged to secure a repurchase agreement of $516,363.

NOTE 4. LOANS AND ALLOWANCE FOR LOAN LOSSES

The composition of the Bank's loan portfolio at December 31, 2006 and 2005 are as follows:

	2006	2005
Real estate loans – secured property	**$38,081,191**	$22,397,179
Real estate loans – construction and land	**5,186,191**	5,269, 232
Commercial loans	**20,597,083**	12,878,493
Installment loans – indirect	**18,956,182**	6,855,530
Installment loans – other	**4,600,402**	681,354
	87,421,049	48,081,788
Allowance for loan losses	**(1,093,000)**	(601,500)
Deferred loan fees, net	**13,441**	(41,193)
Net loans	**$86,341,490**	$47,439,095

The changes in the allowance for loan losses are summarized as follows for periods ended December 31:

	2006	2005
Balance at beginning of period	**$ 601,500**	$ 80,000
Provision for loan losses	**491,500**	521,500
Amount charged off, net of recoveries	**–**	–
Balance at December 31,	**$1,093,000**	$601,500

As of December 31, 2006 and 2005, there were no loans past due over 90 days or on a non-accrual basis. There were no impaired loans as of December 31, 2006 and 2005.

Loans sold and serviced for others, which are not included in the accompanying balance sheets, had unpaid principal balances totaling $829,860 and $279,924 at December 31, 2006 and 2005, respectively.

The Bank grants consumer, commercial, real estate, and construction loans to customers throughout its primary market of the Santa Clarita and north Los Angeles County areas of California. Although the Bank has a diversified loan portfolio, a substantial part of its debtors' ability to honor their contracts is dependent upon the real estate market in Santa Clarita and north Los Angeles County. Management has considered this concentration in the determination of the allowance for loan losses.

NOTE 5. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Bank grants loans to certain officers, directors and companies with which they are associated. All such loans and commitments to lend were made under terms that are consistent with the Bank's normal lending policies.

The gross available balance and outstanding balance of such loans at December 31, 2006 and 2005 was as follows:

	2006	2005
Balance at beginning of period	**$2,620,546**	$ 95,000
New loans and advances	**2,258,340**	2,679,250
Principal payments	**1,675,865**	(153,704)
Balance at end of year	**$3,203,021**	$2,620,546
Gross available balance	**$ 0**	$ 100,000

As of December 31, 2006 and 2005 the Bank had $2,394,443 and $1,425,718 in deposits from related parties.

NOTE 6. PREMISES AND EQUIPMENT

Bank premises and equipment consisted of the following at December 31, 2006 and 2005:

	2006	2005
Equipment and furniture	**$1,039,647**	$ 659,252
Leasehold improvements	**359,551**	273,750
Equipment under capital lease	**76,895**	76,895
	1,476,093	1,009,897
Less accumulated depreciation and amortization	**(359,604)**	(160,380)
	$1,116,489	$ 849,517

Depreciation and amortization expense for the period ended December 31, 2006 and 2005 was $199,223 and $146,119. Depreciation expense in 2006 and 2005 includes $10,316 and $11,175, respectively, associated with equipment under a capital lease as described in Note 9.

NOTE 7. TIME DEPOSITS

As of December 31, 2006 and 2005 the schedule of maturities for time deposits was as follows:

	2006	2005
Due within one year	**$43,126,940**	$12,506,278
Due after one year to three years	**1,432,220**	2,062,837
	$44,559,160	$14,569,115

NOTE 8. OTHER BORROWED FUNDS

Other borrowed funds consists of a security sold under an agreement to repurchase which matures daily. The security sold under an agreement to repurchase is reflected at the amount of cash received in connection with the transaction. The repurchase obligation of $1,046,215 at December 31, 2006 is secured by a U.S. government security with a fair value of $999,380. The repurchase obligation of $516,363 at December 31, 2005 is secured by a U.S. government security with a fair value of $593,034.

NOTE 9. CAPITAL LEASE

The Bank acquired certain equipment under the provisions of a long-term capital lease. Future minimum lease payments under the capital lease are as follows for years ended December 31,

2007	$15,698
2008	15,698
2009	15,698
2010	15,697
Total minimum lease payments	62,791
Amount representing interest	8,910
Present value of future minimum capital lease payments	$53,881

NOTE 10. INCOME TAXES

The Bank had essentially no income tax expense or benefit for the periods ended December 31, 2006 and 2005, as net operating losses were incurred and deferred tax assets remain unrecorded, since their realization is dependent on future taxable income.

The components of the net deferred tax asset are as follows at December 31, 2006 and 2005:

	2006	2005
Deferred tax assets:		
Allowance for loan losses	**$ 412,228**	$ 271,728
Pre-opening expenses	**97,756**	132,272
Donations	**26,212**	14,701
Net operating loss carry forwards	**973,975**	738,050
	1,510,171	1,156,751
Valuation allowance	**(1,190,752)**	(995,661)
	319,419	161,090
Deferred tax liabilities:		
Accumulated depreciation	**(93,091)**	(95,334)
Loan origination costs	**(59,918)**	(32,650)
Cash basis of reporting for tax purposes	**(126,011)**	(23,799)
Deferred rent expense	**(40,399)**	(9,307)
	(319,419)	(161,090)
Net deferred tax asset	**$ –**	$ –

As of December 31, 2006, the Bank had net operating loss carry forwards of approximately $2,392,213 and $1,981,050 for federal and state tax purposes, respectively, which are available to offset future taxable income. The federal net operating loss carry forward expires after the year 2026. The state net operating loss carry forward expires after the year 2016.

NOTE 11. OFF-BALANCE SHEET ACTIVITIES

Credit-Related Financial Instruments

The Bank is a party to financial instruments with off-balance-sheet risk to meet the financing needs of its customers in the normal course of business. These financial instruments generally include commitments to grant loans, unadvanced lines of credit, standby letters of credit and commercial letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheets.

The Bank's exposure to potential credit loss is represented by the contractual amount of these commitments. The Bank uses the same credit policies in making commitments as it does for normal lending activities.

At December 31, 2006 and 2005 the following lending commitments were outstanding whose contract amounts represent potential credit risk:

	2006	2005
Unadvanced lines	**$7,431,859**	$11,792,370
Standby letters of credit	**2,991,823**	162,500

Commitments to grant loans are agreements to lend to customers as long as there is no default of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since some of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Bank upon extension of credit is based on management's credit analysis. Collateral held varies but may include cash on deposit, accounts receivable, inventory, equipment, income-producing commercial properties, residential properties, and properties under construction.

Unadvanced lines of credit are commitments for possible future extensions of credit to existing borrowers. These lines of credit are sometimes unsecured and may not necessarily be drawn upon to the total extent to which the Bank is committed.

Standby and commercial letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. All letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is generally less than that involved in extending loans to existing Bank borrowers.

FASB Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Guarantees of Indebtedness of Others,* requires a guarantor to recognize, at the inception of a guarantee, a liability equal to the fair value of the obligation undertaken in issuing the guarantee. Newly issued or modified guarantees that are not derivative contracts would be recorded on the Bank's balance sheet at their fair value at inception. The Bank considers standby letters of credit to be guarantees under FIN 45. At December 31, 2006 and 2005, the amount of the liability related to guarantees was insignificant.

NOTE 12. OTHER COMMITMENTS AND CONTINGENCIES

Operating Lease Commitments

The Bank leases its Main Office facilities under an operating lease through 2014, with an option to extend the lease term for two five-year periods. The lease also provides for predetermined rent increases during the term of the lease. The Bank leases its Corporate Headquarters under an operating lease through 2011, with an option to extend the lease term for two five-year periods. The Bank leases its Canyon Country Branch under an operating lease through 2012, commencing January 2007, with an option to extend the lease term for two five-year periods. At December 31, 2006, future minimum rental payments are as follows:

Years Ending December 31,

2007	$412,919
2008	425,720
2009	438,941
2010	452,571
2011	357,381
Thereafter	859,133
	$2,946,666

For December 31, 2006 and 2005 total rental expense was $340,340 and $258,995.

NOTE 13. CONCENTRATION OF RISK

The Bank grants commercial, real estate, construction and installment loans to businesses and individuals primarily in Santa Clarita and surrounding communities. Most loans are secured by business assets, commercial real estate, and/or residential real estate. At December 31, 2006 and 2005 loans secured by real estate represent 49% and 58%.

At December 31, 2006 and 2005 the Bank had $12,325,000 and $10,770,000 in Federal funds sold to commercial banks. It also had $2,282,395 and $1,782,561 on deposit with correspondent commercial banks for the same periods, of which $136,000 and $159,455 was FDIC insured.

NOTE 14. EMPLOYEE BENEFIT PLANS

The Bank has established a Section 401(k) Plan for the benefit of eligible employees, whereby each employee being at least 18 years of age may become a participant at specified intervals. Employees may contribute up to 50% of their annual compensation to the 401(k) Plan each year subject to certain limits based on federal tax laws. The Bank matches employee contributions to the plan up to 4% of eligible annual compensation. Matching contributions for 2006 totaled $60,065 and for 2005 they totaled $48,313.

The Bank has established an Employee Stock Ownership Plan, a defined contribution plan, effective January 1, 2006. All employees completing an eligibility computation period are eligible to participate in the Plan. Contributions shall be determined by the Bank's Board of Directors not to exceed the amounts allowable under law. Contributions may be paid in cash or shares of Bank Stock as determined by the Board of Directors. A cash contribution was made to the Plan in 2006 for $30,000.

NOTE 15. MINIMUM REGULATORY CAPITAL REQUIREMENTS

The Bank is subject to various regulatory capital requirements administered by the federal banking regulators. 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 requirements that involve quantitative measures of the Bank's assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The 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 capital ratios as set forth in the following table. Management believes that the Bank met all capital adequacy requirements to which it is subject as of December 31, 2006 and 2005.

As of December 31, 2006, the most recent notification from the FDIC categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum capital ratios as set forth in the following table and must not be operating under a Cease and Desist Order. There are no conditions or events since the notification that management believes have changed the Bank's category. The Bank's actual capital amounts and ratios as of December 31, 2006 and 2005 are also presented in the table (dollars in thousands).

	2006					
	Actual		**Minimum Capital Requirement**		**Minimum To Be Well Capitalized**	
	Amount	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Total capital to risk-weighted assets	**$19,854**	**21.14%**	**$7,512**	**8%**	**$9,390**	**10%**
Tier 1 capital to risk-weighted assets	**$18,741**	**19.96%**	**$3,756**	**4%**	**$5,634**	**6%**
Tier 1 capital to average assets	**$18,741**	**17.74%**	**$4,225**	**4%**	**$5,281**	**5%**

	2005					
	Actual		Minimum Capital Requirement		Minimum To Be Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital to risk-weighted assets	$19,666	35.8%	$4,398	8%	$5,498	10%
Tier 1 capital to risk-weighted assets	$18,978	34.5%	$2,199	4%	$3,299	6%
Tier 1 capital to average assets	$18,978	32.3%	$2,352	4%	$2,940	5%

NOTE 16. RESTRICTIONS ON DIVIDENDS

Federal and state banking regulations place certain restrictions on dividends paid to shareholders. The total amount of dividends that may be paid at any date is generally limited to the lesser of the Bank's retained earnings or net income for the last three years, subject to minimum capital requirements. As of December 31, 2006 and 2005, the Bank was restricted from paying dividends.

NOTE 17. STOCKHOLDERS' EQUITY

During 2005, the Bank affected a five-for-four stock split in which one additional share of the Bank's common stock was issued for every four shares of such common stock held of record at the close of business on March 31, 2005.

Additionally, during 2005 the Bank completed a secondary common stock offering and sold 452,940 shares for $17 per share. Certain capital raising costs of $65,730 were charged against common stock. Directors purchased 35,869 shares, or 7.9% of the total shares sold.

NOTE 18. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Bank's various financial instruments. In cases where quoted market prices are not available, fair value is based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Discount rates on loans can vary significantly depending on the risk profile of the loan and the borrower's deposit relationship with the Bank. Accordingly, the fair value estimates may not be realized in the immediate settlement of the instrument. SFAS 107 excludes certain financial instruments and all non-financial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Bank.

The following methods and assumptions were used by the Bank in estimating fair value disclosures for financial instruments:

Cash and Cash Equivalents – The carrying amounts reported in the balance sheet for cash and short-term instruments approximate their fair values.

Investment Securities – Fair values for investment securities are based on quoted market prices.

Loans – The fair value of performing loans is estimated by discounting future cash flows using current offering rates for loans with similar characteristics. The fair value of non-performing loans is estimated at the fair value of the related collateral or, when, in management's opinion, foreclosure upon the collateral is unlikely, by discounting future cash flows using rates that take into account management's estimate of excess credit risk.

Commitments to Extend Credit and Standby Letters of Credit – The Bank does not generally enter into long-term fixed rate commitments or letters of credit. These commitments are generally at prices that are at currently prevailing rates. These rates are generally variable and, therefore, there is no interest rate risk exposure. Accordingly, the fair market value of these instruments is equal to the carrying amount of their net deferred fees. The net deferred fees associated with these instruments are not material. The Bank has no unusual credit risk associated with these instruments.

Deposits – The fair value of deposits is determined as follows: (i) for saving accounts, money market accounts and other deposits with no defined maturity, fair value is the amount payable on demand; (ii) for variable-rate term deposits, fair value is considered to be the same as book value; and (iii) for fixed-rate term deposits, fair value is estimated by discounting future cash flows using current offering rates for deposits with similar characteristics.

Other Borrowed Funds – The rate on other borrowed funds adjusts daily, thus book value approximates fair value.

Accrued Interest – The carrying amounts of accrued interest approximate fair value.

NOTE 18. FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

The estimated fair values and related carrying amounts of the Bank's financial instruments at December 31 are as follows:

	2006	
	Carrying Amount	**Fair Value**
Financial assets:		
Cash and cash equivalents	**$14,799,152**	**$14,799,152**
Investment securities held to maturity	**4,996,415**	**4,997,430**
Loans, net	**86,341,490**	**83,050,806**
Accrued interest receivable	**683,999**	**683,999**
Financial liabilities:		
Demand, money market and savings deposits	**43,434,531**	**43,434,531**
Time deposits	**44,559,160**	**44,603,218**
Other borrowed funds	**1,046,215**	**1,046,215**
Capital lease obligation	**53,881**	**53,881**
Accrued interest payable	**223,121**	**223,121**

	2005	
	Carrying Amount	Fair Value
Financial assets:		
Cash and cash equivalents	$12,687,870	$12,687,870
Investment securities held to maturity	990,025	988,390
Loans, net	47,439,095	46,591,095
Accrued interest receivable	264,517	264,517
Financial liabilities:		
Deposits	42,401,217	42,215,217
Other borrowed funds	516,363	516,363
Capital lease obligation	65,145	65,145
Accrued interest payable	26,453	26,453

BANK OF
SANTA CLARITA

BOARD OF DIRECTORS

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Kimberly A. Altobello, *Senior Vice President, Chief Administrative Officer*
James D. Hicken, *President, Chief Executive Officer*

Back row, left to right: **Frank D. Di Tomaso, Jr.,** *Vice Chairman*
Shawn C. Shambaugh, *Physician, Private Practice,*
Thomas J. Phillips, *Retired CPA and former Bank Vice Chairman*

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Margaret (Marlee) L. Lauffer, *SVP/Marketing and Communications – Newhall Land*
Carl J. Kanowsky, *Attorney-at-Law, Kanowsky & Associates*

Back row, left to right: **Bruce C. Jay,** *Commercial Real Estate and Former CEO/Bank of Stockdale*
David Finkelstein, *President & CFO, F&W Foodservices*
Steven S. Sansone, J.D., AIF, *Kravitz Davis Sansone, Financial Advisors*

DIRECTOR EMERITUS, Thomas J. Bulger, *Owner, Scicon Technologies Corp.*

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*Ira and Miriam Reisman
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Richard Sandnes
Anton Schutz
David G. Trudeau
Frank A. Visco
Richard L. Wasserman
Richard P. Wilson

**Deceased*

Sharon (Shari) K. Skinner
President & CEO, Ojai Community Bank

Corporate Officers and Employees

EXECUTIVE OFFICE

James D. Hicken
President
Chief Executive Officer

Frank D. Di Tomaso, Jr.
Vice Chairman

Kimberly A. Altobello
Senior Vice President
Chief Administrative Officer

Elizabeth Keesey
Administrative Assistant

ADMINISTRATIVE OFFICE

Finance

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Chief Financial Officer

Stephanie M. Stephens
First Vice President
Controller

Lupe M. Hernandez
Assistant Vice President
Financial Analyst

Compliance

Marie C. Kratochvil
First Vice President
Compliance Officer

Centralized Operations Department

Joni Nelson
First Vice President
Centralized Operations Manager

Carol Morrissey
First Vice President
Client Services Manager

Information Technology

Eric R. Jensen
First Vice President
Manager of Information Systems

LENDING DEPARTMENT

Gregory A. Weinberg
Senior Vice President
Chief Lending Officer

Commercial Loans

Ida Juliana
Vice President
Commercial Loan Officer

Consumer Loans

Barbara Andriuzzo
First Vice President
Consumer Loan Manager

Tammie McElfresh
Consumer Loan Assistant

Note Department

Mary Hernandez
First Vice President
Note Department Manager

Judy Murray
Assistant Vice President
Loan Documentation Officer

Teresita Nolasco
Loan Servicing Specialist

CORPORATE INFORMATION

Corporate Headquarters
27433 Tourney Road, Suite 150
Santa Clarita, CA 91355

Independent Accountants
Vavrinek, Trine, Day & Co., LLP
8270 Aspen Street
Rancho Cucamonga, CA 91730
(909) 466-4410

Legal Counsel
King, Holmes, Paterno & Berliner LLP
1900 Avenue of the Stars, 25th Floor
Los Angeles, CA 90067
(310) 282-8932

Transfer Agent/Registrar
U.S. Stock Transfer
1745 Gardena Avenue
P.O. Box 27032
Glendale, CA 91204-2991
(800) 835-8778

Investor Relations
Kimberly A. Altobello
Chief Administrative Officer
Corporate Secretary
27433 Tourney Road, Suite 150
Santa Clarita, CA 91355
(661) 362-6004

Stock Listing
Bank of Santa Clarita's common stock is traded OTC:BB under the trading symbol BSCA (CUSIP 06424k 10 0)

Internet
Visit www.bankofsantaclarita.com to learn more about our products and services.

Principal Market Makers

Hoefer & Arnett	(800) 345-5544
Stone & Youngberg LLC	(800) 288-2811
Wedbush Morgan Securities	(800) 357-3680

MAIN OFFICE

Elizabeth Hopp
Senior Vice President
Regional Manager

Janet Olmos
First Vice President
Client Services Manager

Edward Stoll
Financial Sales Officer

Rhonda L. Chang
Client Services Representative

Brenda Neilson
Client Services Representative

Marcella Veazie
Client Services Representative

VALLEY CENTER DRIVE OFFICE

Jeffrey L. Johnson
Senior Vice President
Director of Client Services

Julie Canning
First Vice President
Client Services Manager

Sheena D. Olson
Client Services Representative

Elizabeth A. Pattison
Client Services Representative

BANK OF SANTA CLARITA

Executive Offices
27433 Tourney Road, Suite 150
Santa Clarita, CA 91355
661.362.6004
FAX: 661.362.6024

Main Office
27441 Tourney Road, Suite 100
Santa Clarita, CA 91355
661.362.6000
FAX: 661.799.3722

Valley Center Drive Office
21021 Soledad Canyon Road, Suite 104
Canyon Country, California 91351
661.362.6070
FAX: 661.362.6078

www.bankofsantaclarita.com

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