BANK OF
SANTA CLARITA

PRESS RELEASE

Contact: **James D. Hicken**
President & Chief Executive Officer
(661) 362-6001

For Immediate Release

Bank of Santa Clarita Reports Second Quarter 2011 Results and its Facilities Plan

SANTA CLARITA, CALIFORNIA – July 22, 2011. Bank of Santa Clarita (OTC BB: BSCA.OB) today announced the results for the second quarter of 2011, and also the restructuring of the components of its facilities plan.

Bank of Santa Clarita, the only commercial bank headquartered in the Santa Clarita Valley, reported a net loss for the second quarter of 2011 totaling $56,000 as compared to earnings of $111,000 for the second quarter of 2010. The year to date results reflected a net loss of $27,000 for 2011 as compared to net earnings of $271,000 for 2010. The Bank has also initiated certain facilities-related transactions which are designed to provide for efficient and productive facilities supporting the Bank's operations and expected growth for many years to come. The facilities plan transactions include the early termination of the lease on our former headquarters facility, which necessitated the accrual of early termination costs of $250,000 during the second quarter. Had the Bank not elected to terminate this building lease, we would have reported pre-tax earnings of $123,000 for the quarter and $174,000 year to date (compared to pre-tax earnings of $59,000 and $144,000 for the second quarter and first six months of 2010, respectively). The facilities plan and also other significant factors that generated our reported results are described below.

<u>Facilities Plan</u>: As we reviewed our current as well as future facilities requirements, it was clear that we would need to add additional space in the relatively near future. We determined that the most effective way to provide the space needed for the next several years would be to exercise the early lease termination rights on our former headquarters/administration facility lease, and also to acquire additional space for expected future Bank expansion. After a review of several alternatives, we determined to purchase land and develop an operations facility. In this regard, we have opened escrow on a parcel of land with the intention of developing our operations facility on it, which we expect to be ready for occupancy by early 2013.

Once the Bank's operations facility is occupied, the ongoing monthly depreciation of that building is expected to be significantly less than the monthly cost of the leased facility and, in addition, sufficient space will have been added to accommodate expected growth for foreseeable future.

<u>Net Interest Income</u>: The Bank reported $3.23 million of net interest income for the six months ended June 30, 2011, as compared to $2.98 million earned during the initial six months of 2010. This improvement was the result of an increase in the net margin from 3.43% in 2010 to 3.48% in 2011, which improvement was largely driven by a significant reduction in the cost of deposits, as described below.

The Bank has experienced growth in deposits over the past 12 months with deposits totaling $150 million at June 30, 2011, reflecting growth of $18 million or 14% during that time. This deposit growth included more than $19 million of non-interest bearing demand deposits, representing a growth rate for such deposits of nearly 80%. During that 12 month period, the average cost of total deposits declined from 1.52% at June 30, 2010 to 1.02% at June 30, 2011.

During the 12 months ended June 30, 2011, the Bank's net loans grew more than $13 million, a growth rate of 11%. In addition, the Bank's investments in securities, money-market deposit accounts and Federal Funds sold averaged more than $55 million during the first six months of 2011 with an effective yield of 2.15%, whereas in the year-earlier six-month period these assets averaged $49 million and had an effective yield of 2.23%.

Noninterest Expense: The Bank experienced an increase in noninterest expenses from the first six months of 2010 to the same period of 2011 amounting to $454,000. This increase largely resulted from several factors, the most significant of which were: (1) the $250,000 related to the cost of terminating a facilities lease, described above, and (2) salaries and benefits expenses increased $81,000. Other noninterest expenses increased $123,000 largely due to our increasing size.

Income Tax Expense: The Bank reported a $78,000 decrease in the income tax benefit reported in the six months of 2011 as compared to the same period of 2010 primarily resulting from the Bank's recognition in 2010 (and in 2008 and 2009) of all of the income tax benefits relating to pre-tax losses reported in the initial four years of the Bank's operations (2004 – 2007), for which no income tax benefits had then been recorded. Such benefits amounted to $190,000 during the first six months of 2010 (and $0 in 2011), as the entire amount of the initial years' tax benefits was recorded during 2008 – 2010).

"We are pleased with our operating results, considering the second quarter charge we took resulting from our decision to exercise our option to terminate early a lease on one of our facilities. Our facilities-related decisions will have the effects of substantial cost savings over the next three years and also providing space that will accommodate our growth for the future" said James D. Hicken, President and Chief Executive Officer. "The Bank demonstrated solid growth in assets and core deposits, an improvement in our net interest margin, and continuing excellent asset quality, with $0 charge-offs year-to-date 2011. Nonaccrual loans totaled $22,000 at June 30, 2011." Mr. Hicken stated, "We feel the Bank continues to be well positioned for the current environment, and continues to remain focused on our traditional core values which have guided us well through these challenging times." Frank D. Di Tomaso, the Bank's Chairman of the Board, added "It is always an honor to report to our shareholders the fact that our growth comes at a time when so many competing financial institutions have been forced to pull back. This growth is something we are very proud of, as it reflects an investment in our community."

At June 30, 2011, shareholders' equity totaled $20.5 million and the Bank's total risk-based regulatory capital ratio was 14.41%, exceeding the "well-capitalized" level of 10% which is prescribed in applicable capital regulations. The Bank also continues to maintain substantial liquidity positions, retaining significant balances of liquidity on its balance sheet as well as readily available collateralized borrowings and other potential sources of liquidity.

Bank of Santa Clarita, founded in 2004, is the only independent, full service commercial bank headquartered in the Santa Clarita Valley and generally serves the needs of retail consumers, small to mid-sized businesses, professionals, entrepreneurs, and high-net worth individuals. The Bank provides local, experienced decision-making and the personalized service that growing businesses need on a daily basis. Bank clients have direct access to executive management and professional staff members to address their SBA and other credit requirements, and also technology-based services that include online bill-paying, remote capture depositing, check imaging and initiating online wire transfers, among other cash management facilities, which services enable its clients to effectively and efficiently manage their cash and credit needs.

Bank of Santa Clarita, Corporate Headquarters
23780 Magic Mountain Parkway
Santa Clarita, California 91355
(661) 362-6004
www.bankofsantaclarita.com

FORWARD LOOKING STATEMENTS

Certain matters discussed in this release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to the Bank's current expectations regarding deposit and loan growth, operating results and the strength of the local economy. These forward-looking statements are subject to certain risks and uncertainties that could cause the actual results, performance or achievements to differ materially from those expressed, suggested or implied by the forward-looking statements. These risks and uncertainties include, but are not limited to: the impact of changes in interest rates, a decline in economic conditions and increased competition among financial service providers as these factors may impact the Bank's operating results, its ability to attract deposit and loan customers, the quality of the Bank's earning assets and government regulation. The Bank does not undertake, and specifically disclaims, any obligation to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of such statements.