



## PRESS RELEASE

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*For Immediate Release*

### **Bank of Santa Clarita Announces Growth in Loans, Deposits and Record Quarterly Earnings**

SANTA CLARITA, CALIFORNIA – July 21, 2016. Bank of Santa Clarita (BSCA) today announced continuing significant growth in loans for the second quarter of 2016, as total loans grew to \$209.5 million, a growth of 14% in the first half of 2016; moreover, the Bank noted that from June 30, 2015 to June 30, 2016, its loan portfolio had increased from \$173.0 million, a growth rate of 21% from the year-earlier total.

The Bank also reported second quarter net earnings of \$388,000, an increase of 61% over first quarter 2016 net earnings, and an increase of 25% over the \$311,000 earned in the second quarter of 2015. First half 2016 net earnings were \$629,000, a 4% decline from the \$658,000 reported for the first half of 2015, which decline is largely attributable to the increased provision for loan losses, which provision is directly related to the Bank's growth in loans noted above (and is not the result of either loan charge-offs recorded or any deterioration of credit quality in the portfolio), and the accounting rules that require that an allowance for losses be provided for the loan portfolio, including any growth in that portfolio; moreover, net interest income (before the loan loss provision) in the first half of 2016 increased by \$314,000, or more than 8%, as compared to the year-earlier period. For the tenth consecutive quarter the Bank had no net charge-offs. Finally, as may be inferred from the foregoing, the Bank continues to experience excellent credit quality in its loan portfolio, as the Bank had no nonaccrual loans at June 30, 2016.

"Our strong performance in the first half of 2016 is a continuation of our trending asset growth," said Frank Di Tomaso, Chairman and Chief Executive Officer of the Bank. "While growth remains our primary strategic objective, we also remain keenly focused on the bottom line by continuously exploring opportunities for cost savings and efficiencies that can improve profitability without adversely impacting our growth initiatives, and, in fact, net earnings for the second quarter of 2016 were the largest total of quarterly earnings in the Bank's history" added Mr. Di Tomaso. "At June 30, 2016, year-over-year deposit growth was \$29 million, or 16%, and loan growth was \$36 million, or 21%. Finally, asset quality remained strong during the quarter as the Bank continued to maintain a disciplined risk management strategy."

At June 30, 2016, shareholders' equity totaled \$26.5 million and the Bank's total capital ratio was 12.40%, exceeding the "well-capitalized" level of 10% which is prescribed in the 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.

Founded in October 2004, Bank of Santa Clarita is the only full service commercial bank headquartered in the Santa Clarita Valley and is focused on the needs of the community and its businesses. We promote face-to-face interaction with our clients, which in turn leads to deeper relationships overall. 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 credit requirements, from commercial lines of credit to SBA loans to commercial real estate and other commercial loans, 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.

We are proud of the fact that Bank of Santa Clarita has served the Santa Clarita Valley's residents, including individuals, small businesses and non-profit organizations, for more than eleven years, and we cherish the relationships we've made with many of our neighbors, and invite any of those in the community who do not yet know us well to visit us, and together we can continue to build an even more vibrant community.

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#### **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.

# BANK OF SANTA CLARITA

## BALANCE SHEETS

*Unaudited*

|   | June 30,<br>2016      | December 31,<br>2015 | June 30,<br>2015  |
|---|-----------------------|----------------------|-------------------|
|   | <i>(In thousands)</i> |                      |                   |
| <b>ASSETS</b>   |                       |                      |                   |
| Cash and Due From Banks                                   | \$ 11,121             | \$ 5,336             | \$ 7,148          |
| Interest Bearing Deposits at Other Financial Institutions | 48,140                | 40,258               | 40,166            |
| Federal Funds Sold  | 3,000                 | 3,000                | 3,000             |
| Investment Securities                                     | 23,292                | 25,118               | 27,559            |
| Loans, Net  | 209,527               | 183,221              | 173,023           |
| Other Assets  | 20,727                | 20,853               | 19,390            |
| <b>Total Assets</b>                                       | <b>\$ 315,807</b>     | <b>\$ 277,786</b>    | <b>\$ 270,286</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>               |                       |                      |                   |
| Deposits  |                       |                      |                   |
| Interest-Bearing  |                       |                      |                   |
| Money Market, Savings and Demand                          | \$ 88,308             | \$ 90,329            | \$ 72,695         |
| Time  | 46,099                | 43,496               | 48,080            |
| Total Interest-Bearing                                    | 134,407               | 133,825              | 120,775           |
| Noninterest-Bearing                                       | 78,238                | 87,028               | 62,813            |
| Total   | 212,645               | 220,853              | 183,588           |
| Borrowings  | 75,500                | 30,000               | 60,000            |
| Other Liabilities   | 1,160                 | 1,447                | 1,897             |
| Total Liabilities   | 289,305               | 252,300              | 245,485           |
| Stockholders' Equity                                      | 26,502                | 25,486               | 24,801            |
| <b>Total Liabilities &amp; Stockholders' Equity</b>       | <b>\$ 315,807</b>     | <b>\$ 277,786</b>    | <b>\$ 270,286</b> |

## STATEMENTS OF EARNINGS

*Unaudited*

|  | For the Three Months Ended June 30, |               | For the Six Months Ended June 30, |               |
|--|-------------------------------------|---------------|-----------------------------------|---------------|
|  | 2016                                | 2015          | 2016                              | 2015          |
|  | <i>(In thousands)</i>               |               |                                   |               |
| <b>Interest Income</b>   |                                     |               |                                   |               |
| Loans  | \$ 2,276                            | \$ 1,944      | \$ 4,320                          | \$ 3,985      |
| Interest Bearing Deposits at Other Financial Institutions      | 110                                 | 48            | 202                               | 93            |
| Investment Securities  | 124                                 | 100           | 239                               | 219           |
| Federal Funds Sold   | 4                                   | 2             | 7                                 | 4             |
| <b>Total Interest Income</b>                                   | <b>2,514</b>                        | <b>2,094</b>  | <b>4,768</b>                      | <b>4,301</b>  |
| <b>Interest Expense</b>  |                                     |               |                                   |               |
| Interest Bearing Demand Deposits                               | 11                                  | 10            | 23                                | 19            |
| Money Market and Savings Deposits                              | 101                                 | 71            | 198                               | 144           |
| Time Deposits  | 186                                 | 166           | 332                               | 336           |
| Borrowings   | 152                                 | 72            | 274                               | 175           |
| <b>Total Interest Expense</b>                                  | <b>450</b>                          | <b>319</b>    | <b>827</b>                        | <b>674</b>    |
| <b>Net Interest Income</b>                                     | <b>2,064</b>                        | <b>1,775</b>  | <b>3,941</b>                      | <b>3,627</b>  |
| Provision for Loan Losses                                      | 135                                 | 48            | 305                               | 80            |
| <b>Net Interest Income after<br/>Provision for Loan Losses</b> | <b>1,929</b>                        | <b>1,727</b>  | <b>3,636</b>                      | <b>3,547</b>  |
| Noninterest Income   | 200                                 | 338           | 356                               | 517           |
| Noninterest Expense  | 1,471                               | 1,544         | 2,948                             | 2,982         |
| <b>Net Earnings Before Income Taxes</b>                        | <b>658</b>                          | <b>521</b>    | <b>1,044</b>                      | <b>1,082</b>  |
| Income Tax Expense   | 270                                 | 210           | 415                               | 424           |
| <b>Net Earnings</b>  | <b>\$ 388</b>                       | <b>\$ 311</b> | <b>\$ 629</b>                     | <b>\$ 658</b> |