



## PRESS RELEASE

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**Chairman of the Board of Directors and**  
**Chief Executive Officer**  
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***For Immediate Release***

### **Bank of Santa Clarita Reports Record Earnings**

SANTA CLARITA, CALIFORNIA – January 18, 2018. Bank of Santa Clarita (BSCA) today announced that it reported record levels of earnings in 2017. Earnings for 2017 were \$1,835,000, a 34% improvement over 2016 earnings. During 2017's fourth quarter, the Bank reported net earnings of \$390,000, an increase of 42% over the Bank's net earnings during the fourth quarter of 2016.

In December 2017 the Tax Cuts and Jobs Act of 2017 (the "TCJA") was signed into Federal law, and one of the primary provisions of the TCJA was to significantly lower the maximum statutory Federal income tax rate for corporations, including the Bank. Under generally accepted accounting principles, the Bank was required to re-measure its net deferred tax assets and record the effect of that re-measurement, with the result of that adjustment being reflected in 2017, the year the TCJA was enacted. For the Bank, that one-time adjustment amounted to a \$201,000 addition to tax expense, which reduced the Bank's reported net earnings for 2017. Excluding this one-time TCJA adjustment, the Bank's 2017 earnings would have been \$2,036,000, which would represent an increase of 49% over 2016 earnings.

In reviewing 2017 operations, the Bank reported a year-over-year growth in net interest income of 6% and also a reduction in noninterest expenses of 10% (2016 operations included a one-time charge for the termination of a lease on a former branch site, and excluding that 2016 charge, the Bank's noninterest expenses declined 4%, year-over-year).

The Bank reported total net loans of \$221.6 million at December 31, 2017, an increase of 6% over the prior year-end. The Bank also continues to have excellent credit quality in its loan portfolio, as it had no nonaccrual loans at December 31, 2017.

"In the fourth quarter of 2017, the Bank took a tax-related charge, as did most other banks, as a result of the new tax law. In light of this charge, the Bank posted record earnings of \$1.8 million for the year ended December 31, 2017" noted Frank Di Tomaso, the Bank's Chief Executive Officer." He added "we believe that we continue to be a sound, conservatively-run financial institution, as evidenced by our improved profitability, excellent credit quality and well-capitalized position. We continue to be actively engaged in our community, providing loans and banking services to meet our neighbors' financial needs. We are also encouraged by the new tax law, which we believe will act as a stimulus for the economy, the Bank and its clients."

At December 31, 2017, shareholders' equity totaled \$29.2 million and the Bank's total capital ratio was 13.07%, significantly exceeding the "well capitalized" level 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 experienced 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, since 2004, 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 and healthy 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*

	<b>December 31,</b>	
	<b>2017</b>	<b>2016</b>
	<i>(In thousands)</i>	
<b>ASSETS</b>		
Cash and Due From Banks	\$ 6,595	\$ 6,068
Interest Bearing Deposits at Other Financial Institutions	41,200	33,813
Federal Funds Sold	1,000	3,000
Investment Securities	15,989	20,837
Loans, Net	221,612	209,346
Other Assets	21,820	20,527
<b>Total Assets</b>	<b>\$ 308,216</b>	<b>\$ 293,591</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits		
Interest-Bearing		
Money Market, Savings and Demand	\$ 92,156	\$ 97,337
Time	59,058	62,257
Total Interest-Bearing	151,214	159,594
Noninterest-Bearing	79,067	86,356
Total	230,281	245,950
Borrowings	46,000	19,000
Other Liabilities	2,778	1,544
Total Liabilities	279,059	266,494
Stockholders' Equity	29,157	27,097
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>\$ 308,216</b>	<b>\$ 293,591</b>

## STATEMENTS OF EARNINGS

*Unaudited*

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2017	2016	2017	2016
	<i>(In thousands except per share amounts)</i>			
<b>Interest Income</b>				
Loans	\$ 2,495	\$ 2,282	\$ 9,425	\$ 8,894
Interest Bearing Deposits at Other Financial Institutions	205	123	737	429
Investment Securities	83	76	324	403
Federal Funds Sold	3	4	24	15
<b>Total Interest Income</b>	<b>2,786</b>	<b>2,485</b>	<b>10,510</b>	<b>9,741</b>
<b>Interest Expense</b>				
Interest Bearing Demand Deposits	17	15	66	48
Money Market and Savings Deposits	126	102	482	399
Time Deposits	185	159	711	687
Borrowings	204	126	693	538
<b>Total Interest Expense</b>	<b>532</b>	<b>402</b>	<b>1,952</b>	<b>1,672</b>
<b>Net Interest Income</b>	<b>2,254</b>	<b>2,083</b>	<b>8,558</b>	<b>8,069</b>
Provision for Loan Losses	4	44	98	220
<b>Net Interest Income after Provision for Loan Losses</b>	<b>2,250</b>	<b>2,039</b>	<b>8,460</b>	<b>7,849</b>
Noninterest Income	180	254	756	805
Noninterest Expense	1,419	1,827	5,740	6,360
<b>Net Earnings Before Income Taxes</b>	<b>1,011</b>	<b>466</b>	<b>3,476</b>	<b>2,294</b>
Income Tax Expense	621	191	1,641	927
<b>Net Earnings</b>	<b>\$ 390</b>	<b>\$ 275</b>	<b>\$ 1,835</b>	<b>\$ 1,367</b>