

Bank of Southern California, N.A. Announces Third Quarter 2019 Results

SAN DIEGO, Calif., Oct. 25, 2019 (SEND2PRESS NEWSWIRE) – Bank of Southern California, N.A. (OTC Pink: BCAL) today reported results for the third quarter ended September 30, 2019. Total assets grew to \$839 million at September 30, 2019, a 14% increase compared to the third quarter of 2018. Quarterly net income increased to \$1.72 million in Q3 2019 from \$1.57 million in Q2 2019; Q3 2018 was \$875 thousand, but included \$936 thousand in expenses, net of tax, related to the acquisition of Americas United Bank, which closed July 31, 2018. Total loans ended Q3 2019 at \$685 million and total deposits were \$693 million.

Third Quarter 2019 Highlights

- Loan highlights include growth of \$10 million in commercial (C&I) loans in Q3 and an additional \$9 million growth in undisbursed commitments on C&I loans.
- Focus on core deposit origination has resulted in growth in noninterest-bearing demand deposits (DDA) of \$15 million during Q3 and \$35 million year-to-date.



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Nathan Rogge, President and CEO of Bank of Southern California said, "Our solid earnings performance for the third quarter included strong commercial loan growth, an increase in noninterest-bearing DDA, and a decrease in time deposits, all driven by our commitment to building long-lasting relationships with our clients. We remain focused on delivering upon this strategy and driving growth for long-term value."

"The Bank continues to demonstrate its commitment to the Southern California business community and has achieved momentum in the newly expanded markets of Los Angeles and Orange. We look forward to achieving additional growth opportunities as we further our investment in Orange County and expand East into the Inland Empire through our proposed merger with CalWest Bank, previously announced on October 21, 2019," concluded Rogge.

Bank of Southern California's continued focus on relationship banking has been impactful, leading to an increase in organic noninterest-bearing demand deposit growth of \$15.1 million during the quarter, and a \$35.4 million increase since December 2018. John Farkash, Chairman of the Board said, "Results for the third quarter were strong and the Bank remains focused on driving long-term growth and delivering greater value to our shareholders."

Additional Financial Highlights

- Total loans increased \$61 million during the quarter to \$685 million at quarter end. Loan payoffs totaled \$9.3 million in the quarter, down from the \$62 million pace set in the first six months of the year. In addition to the growth in C&I loans, loan growth during Q3 was centered in commercial real estate loans.
- The Bank has been focused on improving its deposit portfolio mix toward more core deposits. This is not only reflected in the growth in noninterest-bearing demand (DDA), but also in the growth of money market deposits, which increased \$23 million in Q3. The Bank will continue to reposition and improve the deposit portfolio with the longer-term goal of managing a strong net interest margin.
- Noninterest expenses in Q3 2019 include \$192 thousand related to the proposed merger with CalWest Bank and in Q2 2018 included \$1.2 million related to the merger with Americas United Bank.
- Nonperforming assets continue to be very low and were 0.27% of total assets at September 30, 2019, compared to 0.60% at December 31, 2018. The allowance for loan losses (ALLL) was 0.75% of total loans at September 30, 2019, up from 0.69% at December 31, 2018. When including \$2.0 million in loan fair value credit marks (LFVCM), the ALLL and LFVCM represent 1.05% of total loans versus 1.10% at December 31, 2018.

[Quarterly Financial Highlights Table Follows]

More details about our quarterly results are available on our website and through the following link to our most recent quarterly results and trends: <https://www.banksocal.com/about-us/financials>.

About Bank of Southern California

A growing community bank, established in 2001, Bank of Southern California, N.A., with headquarters in San Diego, CA, is locally owned and managed, and offers a range of financial products to individuals, professionals and small-to-medium sized businesses. The Bank's solution-driven, relationship-based approach to banking provides accessibility to decision makers and enhances value through strong partnerships with its clients. The Bank currently operates eleven branches in San Diego County, Los Angeles County, Orange County, and the Coachella Valley in Riverside County, as well as a production office in West Los Angeles. For more information, please visit <https://www.banksocal.com/> or call (858) 847-4780.

Forward-Looking Statements

This news release may contain comments or information that constitute forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) and Bank of Southern California intends for such forward-looking statements to be covered by the safe harbor provisions of that Act.

Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include the words "believe," "expect," "anticipate," "intend," "plan," "estimate," or words of similar meaning, or future or conditional verbs such as "will," "would," "should," "could," or "may."

Forward-looking statements are not guarantees of future performance, nor should they be relied upon as representing management's views as of any subsequent date. Future events are difficult to predict. Forward-looking statements involve significant risks and uncertainties and actual results may differ materially from those presented, either expressed or implied, in this news release. Factors that might cause such differences include, but are not limited to: the ability of the Bank to successfully execute its business plan; changes in interest rates and interest rate relationships; changes in demand for products and services; the degree of competition by traditional and non-traditional competitors; changes in banking legislation or regulation; changes in tax laws; changes in prices, levies and assessments; the impact of technological advances; the outcomes of contingencies; trends in customer behavior as well as their ability to repay loans; and changes in the national and local economy.

Bank of Southern California undertakes no obligation to update or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

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Bank of Southern California

**Quarterly Financial Highlights
 (Unaudited)**

	Quarterly					9 Months YTD	
(\$\$ in thousands except per share data)	2019	2019	2019	2018	2018		
	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2019	2018
EARNINGS							
Net interest income	\$ 7,795	7,625	7,698	8,031	6,736	23,118	16,869
Provision for loan losses	\$ 300	200	300	450	450	800	1,150
NonInterest income	\$ 695	519	420	526	577	1,633	2,277
NonInterest expense	\$ 5,711	5,705	5,198	5,279	5,587	16,613	13,292
Income tax expense	\$ 763	667	771	823	401	2,201	1,451
Net income	\$ 1,716	1,572	1,849	2,005	875	5,137	3,253
Basic earnings per share	\$ 0.20	0.19	0.22	0.24	0.11	0.61	0.49
Average shares outstanding	8,410,522	8,410,522	8,409,272	8,402,251	7,689,827	8,410,105	6,654,150
Ending shares outstanding	8,410,522	8,410,522	8,410,522	8,408,022	8,398,092	8,410,522	8,398,092
PERFORMANCE RATIOS							
Return on average assets	0.87%	0.82%	0.99%	1.07%	0.52%	0.89%	0.77%
Return on average common equity	6.37%	6.02%	7.30%	7.91%	3.77%	6.56%	5.93%
Yield on loans	5.44%	5.59%	5.66%	5.63%	5.30%	5.56%	5.26%
Yield on earning assets	5.21%	5.24%	5.36%	5.40%	4.87%	5.27%	4.78%

Cost of deposits	0.99%	0.98%	0.96%	0.84%	0.72%	0.98%	0.63%
Net interest margin	4.24%	4.28%	4.41%	4.59%	4.23%	4.31%	4.21%
Efficiency ratio	67.26%	70.05%	64.03%	61.70%	76.40%	67.12%	69.42%
CAPITAL							
Tangible equity to tangible assets	10.83%	11.62%	11.29%	11.01%	11.14%	10.83%	11.14%
Book value (BV) per common share	\$ 12.77	12.56	12.30	12.06	11.77	12.77	11.77
Tangible BV per common share	\$ 10.56	10.34	10.07	9.81	9.49	10.56	9.49
ASSET QUALITY							
Net loan charge-offs (recoveries)	\$ 36	(9)	(7)	(0)	(29)	20	304
Allowance for loan losses (ALLL)	\$ 5,153	4,888	4,679	4,373	3,922	5,153	3,922
ALLL to total loans	0.75%	0.78%	0.74%	0.69%	0.65%	0.75%	0.65%
Loan fair value credit marks (LFVCM)	\$ 2,030	2,249	2,479	2,594	2,834	2,030	2,834
ALLL and LFVCM to total loans	1.05%	1.14%	1.14%	1.10%	1.11%	1.05%	1.11%
Nonperforming loans	\$ 2,225	2,033	3,298	4,574	3,733	2,225	3,733
Other real estate owned	\$ 0	0	0	0	0	0	0
Nonperforming assets to total assets	0.27%	0.27%	0.43%	0.60%	0.51%	0.27%	0.51%
END OF PERIOD BALANCES							
Total loans	\$ 684,717	623,424	628,538	634,651	606,753	684,717	606,753
Total assets	\$ 839,060	766,730	768,823	767,948	734,923	839,060	734,923
Deposits	\$ 692,899	632,246	635,676	627,816	632,803	692,899	632,803
Loans to deposits	98.82%	98.60%	98.88%	101.09%	95.88%	98.82%	95.88%
Shareholders' equity	\$ 107,400	105,619	103,481	101,360	98,865	107,400	98,865
Full-time equivalent employees	96	100	96	94	94	96	94
AVERAGE BALANCES (QTRLY) (YTD)							
Total loans	\$ 664,946	623,541	629,799	627,544	540,165	639,557	452,590
Earning assets	\$ 730,165	714,889	707,920	694,190	632,508	717,655	535,650
Total assets (net of AFS valuation)	\$ 783,043	766,960	755,842	741,463	670,942	768,715	565,060
Deposits	\$ 641,867	633,478	628,950	626,433	569,424	634,812	482,113
Shareholders' equity	\$ 106,853	104,745	102,707	100,500	92,091	104,783	73,322

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Tickers: OTC Pink:BCAL / OTC:BCAL / OTCMKTS:BCAL / OP: BCAL