Bank of Southern California Announces First Quarter 2019 Results and Reports Growth Amidst Expansion

First Quarter 2019 Financial Highlights

- Total Assets end at $769 million vs. $768 million at December 31, 2018 and $522 million at March 31, 2018, an increase of 47% over the prior year
- Quarterly Net Income of $1.85 million compares to $2.00 million in Q4 2018 and is up 72% compared to $1.07 million in Q1 2018
- Comparisons are affected by the acquisition of Americas United Bank ("AUB") on July 31, 2018

San Diego, May 7, 2019 – Bank of Southern California, N.A. (OTC Pink: BCAL) today reported results for the first quarter ended March 31, 2019. Total assets grew to $769 million for the first quarter of 2019, a 47% increase compared to the first quarter of 2018. Quarterly net income increased 72% to $1.85 million compared to $1.07 million in Q1 of 2018. Total loans ended the quarter at $629 million and total deposits were $636 million.

Nathan Rogge, President and CEO of Bank of Southern California said, "Our first quarter results highlight operating improvements in several key financial areas while we also successfully integrated people, processes, and culture as a result of our recent expansion in the Greater Los Angeles and Orange County regions. As we move forward through 2019, we will remain focused on driving profitable growth as we continue to optimize how we deliver banking services to our customers with an emphasis on speed to market."

"To further support the Bank's growth goals, we have completed an internal restructuring leading to the promotions of Tony DiVita to Chief Operating Officer and Gaylin Anderson to Chief Banking Officer. Additionally, we hired two seasoned Group Managing Directors to lead our growing Business Banking and Branch Banking business units. We are optimistic about the opportunities that are ahead of us as we continue to build Bank of Southern California as a leading community business bank in Southern California," added Rogge.

John Farkash, Chairman of the Board said, "We are pleased with the Bank's year over year results which are attributed to the growth and the efficiencies realized from the acquisition as well as our continued solid organic growth. Overall, we remain confident that our strategic priorities will deliver greater value to our shareholders as we progress through the year and beyond."

Additional Financial Highlights

- Total Deposits – the Bank has been focused on repositioning its deposit portfolio mix to more lower cost non-time deposits while allowing higher rate time deposits to runoff as they mature. While total deposits increased approximately $8 million since December 31, 2018, non-time deposits grew by $25 million as time deposits decreased by $17 million, including $11 million of CDARs time deposits. The Bank expects to continue to reposition its deposit portfolio focused on organic non-time deposit growth. This will have a temporary effect on asset growth, but a longer-term positive impact on net interest margin.
- Total Loans declined $6 million during the quarter to $628 million at quarter end. While new loan production slowed modestly during the quarter, total loans paid off were over $30 million during Q1 2019, primarily from longer term real estate loans, as competition increased with refi-rates moving lower during the quarter.
- Net interest income for Q1 2019 decreased $333 thousand, or 4.1%, to $7.7 million, from $8.0 million in the prior quarter, despite a 2.0% increase in average earning assets. The accretion of fair value discount on the loan portfolio, which added 16 basis points to net interest margin in Q1 2019, declined $118 thousand compared to the prior quarter. Net interest margin declined to 4.41% in Q1 2019 from 4.59% in Q4 of 2018, partially due to cost of deposits, which increased from 0.84% in Q4 2018 to 0.96% in Q1 2019.
- Nonperforming assets were 0.43% of total assets at March 31, 2019, compared to 0.60% in the prior quarter. The allowance for loan losses (ALLL) was 0.74% of total loans at March 31, 2019, up from 0.69% in the prior quarter. When including $2.5 million in loan fair value credit marks (LFVCM), the ALLL and LFVCM represent 1.14% of total loans, up from 1.10% at December 31, 2018.
- The Bank continues to be "well-capitalized", reporting total risk-based capital of 14.6% as of March 31, 2019.

[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 ten branches in San Diego County, Los Angeles County, and the Coachella Valley in Riverside County, as well as production offices in Orange County and 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)

($$ in thousands except per share data)		Quarterly					1st Qtr Prior Years	
		2019 1st Qtr	2018 4th Qtr	2018 3rd Qtr	2018 2nd Qtr	2018 1st Qtr	2017	2016
EARNINGS								
Net interest income	$	7,698	8,031	6,736	5,282	4,851	3,919	3,526
Provision for loan losses	$	300	450	450	400	300	169	138
NonInterest income	$	420	526	577	602	1,098	404	299
NonInterest expense	$	5,198	5,279	5,587	3,652	4,053	2,972	2,830
Income tax expense	$	771	823	401	526	524	472	353
Net income	$	1,849	2,005	875	1,306	1,072	710	504
Basic earnings per share	$	0.22	0.24	0.11	0.19	0.20	0.14	0.12
Average shares outstanding		8,409,272	8,402,251	7,689,827	6,991,327	5,281,297	5,140,497	4,307,538
Ending shares outstanding		8,410,522	8,408,022	8,398,092	6,998,750	6,953,720	5,140,497	4,307,538
PERFORMANCE RATIOS								
Return on average assets		0.99%	1.07%	0.52%	1.00%	0.90%	0.67%	0.59%
Return on average common equity		7.30%	7.91%	3.77%	6.85%	8.53%	6.37%	5.78%
Yield on loans		5.66%	5.63%	5.30%	5.38%	5.13%	4.89%	4.87%
Yield on earning assets		5.36%	5.40%	4.87%	4.78%	4.78%	4.27%	4.66%
Cost of deposits		0.96%	0.84%	0.72%	0.62%	0.53%	0.34%	0.28%
Net interest margin		4.41%	4.59%	4.23%	4.22%	4.27%	3.95%	4.40%
Efficiency ratio		64.03%	61.70%	76.40%	62.06%	68.13%	68.75%	73.99%
CAPITAL								
Tangible equity to tangible assets		11.29%	11.01%	11.14%	14.54%	14.14%	10.24%	9.90%
Book value (BV) per common share	$	12.30	12.06	11.77	11.00	10.79	8.83	8.13
Tangible BV per common share	$	10.07	9.81	9.49	10.81	10.59	8.54	7.69
ASSET QUALITY								
Net loan charge-offs (recoveries)	$	(7)	(0)	(29)	341	(9)	(54)	(0)
Allowance for loan losses (ALLL)	$	4,679	4,373	3,922	3,443	3,385	3,143	2,565
ALLL to total loans		0.74%	0.69%	0.65%	0.83%	0.83%	0.90%	0.82%
Loan fair value credit marks (LFVCM)	$	2,479	2,594	2,834	681	759	1,311	1,766
ALLL and LFVCM to total loans		1.14%	1.10%	1.11%	0.99%	1.01%	1.28%	1.38%
Nonperforming loans	$	3,298	4,574	3,733	2,747	1,272	2,040	2,054
Other real estate owned	$	0	0	0	0	0	146	98
Nonperforming assets to total assets		0.43%	0.60%	0.51%	0.53%	0.24%	0.51%	0.59%
END OF PERIOD BALANCES								
Total loans	$	628,538	634,651	606,753	414,925	409,196	349,348	313,971
Total assets	$	768,823	767,948	734,923	521,437	522,118	430,334	367,122
Deposits	$	635,676	627,816	632,803	442,046	444,300	382,991	312,321
Loans to deposits		98.88%	101.09%	95.88%	93.86%	92.10%	91.22%	100.53%
Shareholders' equity	$	103,481	101,360	98,865	77,006	75,016	45,367	38,050
Full-time equivalent employees		96	94	94	65	73	65	64
AVERAGE BALANCES (QTRLY) | | (YTD)								
Total loans	$	629,799	627,544	540,165	407,779	403,693	332,308	301,535
Earning assets	$	707,920	694,190	632,508	501,776	460,636	402,698	321,752
Total assets (net of AFS valuation)	$	755,842	741,463	670,942	525,934	484,628	426,831	343,841
Deposits	$	628,950	626,433	569,424	446,815	425,641	379,957	303,409
Shareholders' equity	$	102,707	100,500	92,091	76,440	50,983	45,175	37,992