

Bank of Southern California  
("BCAL")

Quarterly Results and Trends  
September 30, 2018

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## Bank of Southern California

### Balance Sheets

(Unaudited)

	<u>Sept 30, 2018</u>	<u>Jun 30, 2018</u>	<u>Mar 31, 2018</u>	<u>Dec 31, 2017</u>	<u>Sept 30, 2017</u>
<b>ASSETS</b>					
Cash and due from banks	\$11,175,290	\$8,166,217	\$6,401,331	\$7,377,883	\$10,726,029
Federal funds sold & FRB EBA	50,210,000	58,290,000	66,795,000	32,500,000	28,885,000
Total cash and cash equivalents	61,385,290	66,456,217	73,196,331	39,877,883	39,611,029
Investment securities (AFS)	24,955,578	19,762,318	20,902,521	21,494,286	22,668,176
FRB, FHLB and other equity stock	5,594,600	4,269,650	3,265,600	3,259,300	3,259,300
<i>Construction &amp; land development</i>	<i>41,019,000</i>	<i>35,890,038</i>	<i>35,060,422</i>	<i>34,055,177</i>	<i>26,103,115</i>
<i>Other real estate</i>	<i>469,021,936</i>	<i>305,435,861</i>	<i>304,911,622</i>	<i>296,749,488</i>	<i>297,943,832</i>
<i>Commercial &amp; industrial</i>	<i>93,807,670</i>	<i>69,973,464</i>	<i>68,889,403</i>	<i>66,311,838</i>	<i>61,361,423</i>
<i>Other consumer</i>	<i>2,904,328</i>	<i>3,626,064</i>	<i>334,937</i>	<i>2,285,391</i>	<i>2,381,240</i>
Total loans	606,752,934	414,925,427	409,196,384	399,401,894	387,789,610
Allowance for loan losses	(3,922,148)	(3,443,426)	(3,384,759)	(3,076,021)	(3,285,605)
Total loans and leases, net	602,830,786	411,482,001	405,811,625	396,325,873	384,504,005
Premises and equipment, net	4,733,725	4,443,937	4,475,205	4,556,141	4,191,481
Other real estate owned	0	0	0	0	0
Goodwill and core deposit intangible	19,139,049	1,364,633	1,381,817	1,399,001	1,416,185
BOLI	9,301,016	9,244,138	9,187,261	9,130,769	9,071,771
Accrued interest and other assets	6,983,014	4,414,333	3,897,449	3,468,620	3,254,420
Total Assets	\$734,923,058	\$521,437,227	\$522,117,809	\$479,511,873	\$467,976,367
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
<b>Deposits:</b>					
Noninterest-bearing demand	\$181,318,962	\$136,893,569	\$135,953,718	\$123,075,336	\$133,224,030
Interest bearing checking	54,865,817	45,992,536	50,627,302	50,818,615	50,766,245
Money market and savings	214,370,426	138,506,124	148,153,859	148,458,217	152,505,995
Time deposits	182,247,740	120,653,656	109,564,696	85,132,903	81,023,080
Total deposits	632,802,945	442,045,885	444,299,575	407,485,071	417,519,350
Other borrowings	0	0	0	20,000,000	0
Accrued interest and other liabilities	3,255,293	2,384,942	2,802,640	2,329,063	1,838,235
Total liabilities	636,058,238	444,430,827	447,102,215	429,814,134	419,357,585
<b>Shareholders' Equity:</b>					
Preferred stock	0	0	0	0	0
Common stock and APIC	91,067,295	69,949,693	69,284,838	44,770,004	44,693,293
Retained earnings	8,193,866	7,318,878	6,012,728	4,940,425	3,806,028
Accum. other comprehensive income	(396,341)	(262,171)	(281,972)	(12,690)	119,461
Total shareholders' equity	98,864,820	77,006,400	75,015,594	49,697,739	48,618,782
Total Liabilities and Shareholders' Equity	\$734,923,058	\$521,437,227	\$522,117,809	\$479,511,873	\$467,976,367

## Bank of Southern California

### Balance Sheets

(Unaudited)

	Sept 30, 2018	Sept 30, 2017	Sept 30, 2016	Sept 30, 2015
<b>ASSETS</b>				
Cash and due from banks	\$11,175,290	\$10,726,029	\$13,218,672	\$10,621,760
Federal funds sold & FRB EBA	50,210,000	28,885,000	50,665,000	34,885,000
Total cash and cash equivalents	61,385,290	39,611,029	63,883,672	45,506,760
Investment securities (AFS)	24,955,578	22,668,176	4,801,024	7,202,749
FRB, FHLB and other equity stock	5,594,600	3,259,300	2,831,000	2,472,650
<i>Construction &amp; land development</i>	41,019,000	26,103,115	12,731,204	11,560,418
<i>Other real estate</i>	469,021,936	297,943,832	262,230,407	219,860,428
<i>Commercial &amp; industrial</i>	93,807,670	61,361,423	54,994,719	41,770,991
<i>Other consumer</i>	2,904,328	2,381,240	1,652,681	2,230,835
Total loans	606,752,934	387,789,610	331,609,011	275,422,672
Allowance for loan losses	(3,922,148)	(3,285,605)	(2,777,878)	(2,513,840)
Total loans and leases, net	602,830,786	384,504,005	328,831,133	272,908,832
Premises and equipment, net	4,733,725	4,191,481	4,433,210	4,279,570
Other real estate owned	0	0	254,338	286,792
Goodwill and core deposit intangible	19,139,049	1,416,185	1,921,963	1,674,038
BOLI	9,301,016	9,071,771	8,828,780	4,648,847
Accrued interest and other assets	6,983,014	3,254,420	2,680,432	3,798,994
Total Assets	\$734,923,058	\$467,976,367	\$418,465,552	\$342,779,232
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
<b>Deposits:</b>				
Noninterest-bearing demand	\$181,318,962	\$133,224,030	\$141,362,760	\$104,691,308
Interest bearing checking	54,865,817	50,766,245	44,181,948	50,528,793
Money market and savings	214,370,426	152,505,995	123,431,975	106,486,858
Time deposits	182,247,740	81,023,080	71,262,073	43,354,045
Total deposits	632,802,945	417,519,350	380,238,756	305,061,004
Other borrowings	0	0	0	0
Accrued interest and other liabilities	3,255,293	1,838,235	1,145,301	976,557
Total liabilities	636,058,238	419,357,585	381,384,057	306,037,561
<b>Shareholders' Equity:</b>				
Preferred stock	0	0	0	3,050,000
Common stock and APIC	91,067,295	44,693,293	37,020,681	36,470,047
Retained earnings	8,193,866	3,806,028	73,258	(2,776,640)
Accum. other comprehensive income	(396,341)	119,461	(12,444)	(1,736)
Total shareholders' equity	98,864,820	48,618,782	37,081,495	36,741,671
Total Liabilities and Shareholders' Equity	\$734,923,058	\$467,976,367	\$418,465,552	\$342,779,232

**Bank of Southern California**  
**Income Statement - Quarterly**  
**(Unaudited)**

	<u>Sept 30, 2018</u>	<u>Jun 30, 2018</u>	<u>Mar 31, 2018</u>	<u>Dec 31, 2017</u>	<u>Sept 30, 2017</u>
<b>INTEREST INCOME</b>					
Loans, including fees	\$7,214,458	\$5,474,056	\$5,108,673	\$4,920,473	\$4,886,370
Investment securities	231,650	225,407	201,382	197,449	200,235
Federal funds sold and other	316,811	278,488	116,620	91,634	128,651
Total interest income	<u>7,762,919</u>	<u>5,977,951</u>	<u>5,426,675</u>	<u>5,209,556</u>	<u>5,215,256</u>
<b>INTEREST EXPENSE</b>					
Deposits	1,026,598	696,196	555,867	495,757	412,859
Other borrowings	0	0	19,693	2,318	0
Total interest expense	<u>1,026,598</u>	<u>696,196</u>	<u>575,560</u>	<u>498,075</u>	<u>412,859</u>
Net interest income	6,736,321	5,281,755	4,851,115	4,711,481	4,802,397
Provision for loan losses	450,000	400,000	300,000	0	0
Net interest income after provision	<u>6,286,321</u>	<u>4,881,755</u>	<u>4,551,115</u>	<u>4,711,481</u>	<u>4,802,397</u>
<b>NON INTEREST INCOME</b>					
Service charges, fees and other income	385,336	317,371	302,285	298,460	281,219
BOLI income	56,878	56,877	56,493	58,998	60,116
Gains on loan sales	61,014	227,633	739,637	451,788	38,386
OREO, investment, other gains (losses)	73,381	250	0	(9,819)	0
Total non interest income	<u>576,609</u>	<u>602,131</u>	<u>1,098,415</u>	<u>799,427</u>	<u>379,721</u>
<b>NON INTEREST EXPENSE</b>					
Salaries and benefits	2,453,324	2,186,824	2,325,825	2,009,376	1,763,060
Occupancy and equipment	672,806	462,826	461,631	456,664	407,536
Strategic and other non-recurring expense	1,232,151	91,053	323,720	0	365,443
Other expense	1,228,661	911,033	942,051	778,471	853,036
Total non interest expense	<u>5,586,942</u>	<u>3,651,736</u>	<u>4,053,227</u>	<u>3,244,511</u>	<u>3,389,075</u>
Income before income tax expense	1,275,988	1,832,150	1,596,303	2,266,397	1,793,043
Income tax expense	401,000	526,000	524,000	1,132,000	705,000
Net Income	<u><u>\$874,988</u></u>	<u><u>\$1,306,150</u></u>	<u><u>\$1,072,303</u></u>	<u><u>\$1,134,397</u></u>	<u><u>\$1,088,043</u></u>
<b>Basic earnings per share</b>					
Average shares outstanding	7,689,827	6,991,327	5,281,297	5,221,606	5,219,095
Operating profit (before non-recurring items) <sup>1</sup>	\$2,823,744	\$2,095,320	\$1,480,386	\$1,824,428	\$2,120,100

<sup>1</sup> Op profit (before non-recurring items) = Pre-tax, pre-provision earnings, before non interest income gains (losses) and non-recurring expense.

**Bank of Southern California**  
**Reports of Income - Year-to-Date**  
**(Unaudited)**

	<u>Sept 30, 2018</u>	<u>Sept 30, 2017</u>	<u>Sept 30, 2016</u>	<u>Sept 30, 2015</u>
<b>INTEREST INCOME</b>				
Loans, including fees	\$17,797,187	\$13,260,858	\$11,577,548	\$9,483,872
Investment securities	658,439	524,740	203,948	214,545
Federal funds sold and other	711,919	298,968	109,665	82,689
Total interest income	<u>19,167,545</u>	<u>14,084,566</u>	<u>11,891,161</u>	<u>9,781,106</u>
<b>INTEREST EXPENSE</b>				
Deposits	2,278,661	1,043,779	789,360	543,000
Other borrowings	19,693	0	8,148	0
Total interest expense	<u>2,298,354</u>	<u>1,043,779</u>	<u>797,508</u>	<u>543,000</u>
Net interest income	16,869,191	13,040,787	11,093,653	9,238,106
Provision for loan losses	1,150,000	271,000	392,000	0
Net interest income after provision for loan losses	<u>15,719,191</u>	<u>12,769,787</u>	<u>10,701,653</u>	<u>9,238,106</u>
<b>NON INTEREST INCOME</b>				
Service charges, fees and other income	1,004,992	815,025	671,781	712,350
BOLI income	170,248	180,904	148,270	90,362
Gains on loan sales	1,028,284	413,590	688,715	594,316
OREO, investment, other gains (losses)	73,631	452	49,922	(28,859)
Total non interest income	<u>2,277,155</u>	<u>1,409,971</u>	<u>1,558,688</u>	<u>1,368,169</u>
<b>NON INTEREST EXPENSE</b>				
Salaries and benefits	6,965,973	5,472,948	5,269,803	4,784,378
Occupancy and equipment	1,597,263	1,193,421	1,132,416	1,138,503
Strategic and other non-recurring expense	1,646,924	365,443	98,451	232,818
Other expense	3,081,745	2,445,651	2,179,896	2,469,463
Total non interest expense	<u>13,291,905</u>	<u>9,477,463</u>	<u>8,680,566</u>	<u>8,625,162</u>
Income before income tax expense	4,704,441	4,702,295	3,579,775	1,981,113
Income tax expense	1,451,000	1,872,000	1,473,000	812,000
Net Income	<u><u>\$3,253,441</u></u>	<u><u>\$2,830,295</u></u>	<u><u>\$2,106,775</u></u>	<u><u>\$1,169,113</u></u>
Basic earnings per share	<b>\$0.49</b>	<b>\$0.55</b>	<b>\$0.49</b>	<b>\$0.27</b>
Average shares outstanding	<b>6,654,150</b>	<b>5,179,196</b>	<b>4,311,038</b>	<b>4,257,608</b>
Operating profit (before non-recurring items) <sup>1</sup>	\$6,399,450	\$4,924,696	\$3,331,589	\$1,648,474

<sup>1</sup> Op profit (before non-recurring items) = Pre-tax, pre-provision earnings, before non interest income gains (losses) and non-recurring expense.

**Bank of Southern California**  
**Quarterly Financial Highlights**  
(Unaudited)

(\$\$ in thousands except per share data)

	Quarterly					9 Months YTD	
	2018 3rd Qtr	2018 2nd Qtr	2018 1st Qtr	2017 4th Qtr	2017 3rd Qtr	2018	2017
<b>EARNINGS</b>							
Net interest income	\$ 6,736	5,282	4,851	4,711	4,802	16,869	13,041
Provision for loan losses	\$ 450	400	300	0	0	1,150	271
NonInterest income	\$ 577	602	1,098	799	380	2,277	1,410
NonInterest expense	\$ 5,587	3,652	4,053	3,245	3,389	13,292	9,477
Income tax expense	\$ 401	526	524	1,132	705	1,451	1,872
Net income	\$ 875	1,306	1,072	1,134	1,088	3,253	2,830
Basic earnings per share	\$ 0.11	0.19	0.20	0.22	0.21	0.49	0.55
Average shares outstanding	7,689,827	6,991,327	5,281,297	5,221,606	5,219,095	6,654,150	5,179,196
Ending shares outstanding	8,398,092	6,998,750	6,953,720	5,223,627	5,221,197	8,398,092	5,221,197
<b>PERFORMANCE RATIOS</b>							
Return on average assets	0.52%	1.00%	0.90%	0.95%	0.96%	0.77%	0.87%
Return on average common equity	3.77%	6.85%	8.53%	9.08%	8.93%	5.93%	8.10%
Yield on loans	5.30%	5.38%	5.13%	4.94%	5.39%	5.26%	5.08%
Yield on earning assets	4.87%	4.78%	4.78%	4.62%	4.85%	4.78%	4.58%
Cost of deposits	0.72%	0.62%	0.53%	0.47%	0.41%	0.63%	0.36%
Net interest margin	4.23%	4.22%	4.27%	4.17%	4.46%	4.21%	4.24%
Efficiency ratio	76.40%	62.06%	68.13%	58.87%	65.40%	69.42%	65.58%
<b>CAPITAL</b>							
Tangible equity to tangible assets	11.14%	14.54%	14.14%	10.10%	10.12%	11.14%	10.12%
Book value (BV) per common share	\$ 11.77	11.00	10.79	9.51	9.31	11.77	9.31
Tangible BV per common share	\$ 9.49	10.81	10.59	9.25	9.04	9.49	9.04
<b>ASSET QUALITY</b>							
Net loan charge-offs (recoveries)	\$ (29)	341	(9)	210	(106)	304	(95)
Allowance for loan losses (ALLL)	\$ 3,922	3,443	3,385	3,076	3,286	3,922	3,286
ALLL to total loans	0.65%	0.83%	0.83%	0.77%	0.85%	0.65%	0.85%
Loan fair value credit marks (LFVCM)	\$ 2,834	681	759	779	847	2,834	847
ALLL and LFVCM to total loans	1.11%	0.99%	1.01%	0.97%	1.07%	1.11%	1.07%
Nonperforming loans	\$ 3,733	2,747	1,272	1,362	1,086	3,733	1,086
Other real estate owned	\$ 0	0	0	0	0	0	0
Nonperforming assets to total assets	0.51%	0.53%	0.24%	0.28%	0.23%	0.51%	0.23%
<b>END OF PERIOD BALANCES</b>							
Total loans	\$ 606,753	414,925	409,196	399,402	387,790	606,753	387,790
Total assets	\$ 734,923	521,437	522,118	479,512	467,976	734,923	467,976
Deposits	\$ 632,803	442,046	444,300	407,485	417,519	632,803	417,519
Loans to deposits	95.88%	93.86%	92.10%	98.02%	92.88%	95.88%	92.88%
Shareholders' equity	\$ 98,865	77,006	75,016	49,698	48,619	98,865	48,619
Full-time equivalent employees	94	65	73	76	63	94	63
<b>AVERAGE BALANCES (QTRLY)     (YTD)</b>							
Total loans	\$ 540,165	407,779	403,693	394,864	359,961	452,590	349,090
Earning assets	\$ 632,508	501,776	460,636	447,834	426,992	535,650	411,325
Total assets (net of AFS valuation)	\$ 670,942	525,934	484,628	471,271	450,737	565,060	435,160
Deposits	\$ 569,424	446,815	425,641	419,101	401,147	482,113	386,972
Shareholders' equity	\$ 92,091	76,440	50,983	49,548	48,325	73,322	46,704