

Bank of Southern California
("BCAL")

Quarterly Results and Trends
December 31, 2017

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Bank of Southern California

Balance Sheets

(Unaudited)

	<u>Dec 31, 2017</u>	<u>Sept 30, 2017</u>	<u>Jun 30, 2017</u>	<u>Mar 31, 2017</u>	<u>Dec 31, 2016</u>
ASSETS					
Cash and due from banks	\$7,377,883	\$10,726,029	\$11,266,030	\$9,461,824	\$6,199,920
Federal funds sold & FRB EBA	32,500,000	28,885,000	28,160,000	32,505,000	62,370,000
Total cash and cash equivalents	39,877,883	39,611,029	39,426,030	41,966,824	68,569,920
Investment securities available for sale	21,494,286	22,668,176	23,068,279	21,274,247	4,543,977
FRB, FHLB and other equity stock, at cost	3,259,300	3,259,300	3,232,400	3,049,800	2,850,550
<i>Construction & land development</i>	34,055,177	26,103,115	15,645,527	12,184,443	15,182,243
<i>Other real estate</i>	296,749,488	297,943,832	280,433,032	272,979,990	261,884,038
<i>Commercial & industrial</i>	66,311,838	61,361,423	53,784,827	60,796,217	53,298,113
<i>Other consumer</i>	2,285,391	2,381,240	4,051,701	3,387,287	2,745,483
Total loans	399,401,894	387,789,610	353,915,087	349,347,937	333,109,877
Allowance for loan losses	(3,076,021)	(3,285,605)	(3,179,387)	(3,143,303)	(2,920,030)
Total loans and leases, net	396,325,873	384,504,005	350,735,700	346,204,634	330,189,847
Premises and equipment, net	4,556,141	4,191,481	4,114,086	4,181,872	4,226,616
Other real estate owned	0	0	0	145,800	235,000
Goodwill and other intangible assets	1,399,001	1,416,185	1,433,368	1,450,552	1,882,878
BOLI	9,130,769	9,071,771	9,011,655	8,950,977	8,890,867
Accrued interest and other assets	3,468,620	3,254,420	3,066,145	3,108,846	2,691,819
Total Assets	\$479,511,873	\$467,976,367	\$434,087,663	\$430,333,552	\$424,081,474
LIABILITIES AND STOCKHOLDERS' EQUITY					
Deposits:					
Noninterest-bearing demand	\$123,075,336	\$133,224,030	\$134,062,661	\$141,779,419	\$138,082,035
Interest bearing checking	50,818,615	50,766,245	53,055,918	43,920,264	44,407,279
Money market and savings	148,458,217	152,505,995	139,339,412	136,836,485	129,679,024
Time deposits	85,132,903	81,023,080	58,770,918	60,454,593	65,361,014
Total deposits	407,485,071	417,519,350	385,228,909	382,990,761	377,529,352
Other borrowings	20,000,000	0	0	0	0
Accrued interest and other liabilities	2,329,063	1,838,235	1,378,692	1,975,789	1,931,069
Total liabilities	429,814,134	419,357,585	386,607,601	384,966,550	379,460,421
Shareholders' Equity:					
Preferred stock	0	0	0	0	0
Common stock and additional paid-in capital	44,770,004	44,693,293	44,558,985	43,725,864	43,662,105
Retained earnings	4,940,425	3,806,028	2,717,985	1,685,755	975,733
Accumulated other comprehensive income	(12,690)	119,461	203,092	(44,617)	(16,785)
Total shareholders' equity	49,697,739	48,618,782	47,480,062	45,367,002	44,621,053
Total Liabilities and Shareholders' Equity	\$479,511,873	\$467,976,367	\$434,087,663	\$430,333,552	\$424,081,474

Bank of Southern California

Balance Sheets

(Unaudited)

	<u>Dec 31, 2017</u>	<u>Dec 31, 2016</u>	<u>Dec 31, 2015</u>	<u>Dec 31, 2014</u>
ASSETS				
Cash and due from banks	\$7,377,883	\$6,199,920	\$9,087,548	\$6,920,547
Federal funds sold & FRB EBA	32,500,000	62,370,000	26,765,000	56,101,715
Total cash and cash equivalents	39,877,883	68,569,920	35,852,548	63,022,262
Investment securities available for sale	21,494,286	4,543,977	6,752,317	7,688,568
FRB, FHLB and other equity stock, at cost	3,259,300	2,850,550	2,487,100	4,553,450
<i>Construction & land development</i>	34,055,177	15,182,243	12,357,147	10,155,159
<i>Other real estate</i>	296,749,488	261,884,038	226,063,711	178,255,469
<i>Commercial & industrial</i>	66,311,838	53,298,113	46,193,941	40,052,095
<i>Other consumer</i>	2,285,391	2,745,483	3,170,379	1,712,839
Total loans	399,401,894	333,109,877	287,785,178	230,175,562
Allowance for loan losses	(3,076,021)	(2,920,030)	(2,426,829)	(2,390,514)
Total loans and leases, net	396,325,873	330,189,847	285,358,349	227,785,048
Premises and equipment, net	4,556,141	4,226,616	4,250,645	4,304,755
Other real estate owned	0	235,000	98,239	0
Goodwill and other intangible assets	1,399,001	1,882,878	1,636,790	1,785,781
BOLI	9,130,769	8,890,867	4,680,510	4,233,485
Accrued interest and other assets	3,468,620	2,691,819	3,215,177	4,002,159
Total Assets	<u>\$479,511,873</u>	<u>\$424,081,474</u>	<u>\$344,331,675</u>	<u>\$317,375,508</u>
LIABILITIES AND STOCKHOLDERS' EQUITY				
Deposits:				
Noninterest-bearing demand	\$123,075,336	\$138,082,035	\$104,577,435	\$100,422,181
Interest bearing checking	50,818,615	44,407,279	42,836,835	43,397,010
Money market and savings	148,458,217	129,679,024	105,907,683	89,879,268
Time deposits	85,132,903	65,361,014	44,928,921	48,693,149
Total deposits	407,485,071	377,529,352	298,250,874	282,391,608
Other borrowings	20,000,000	0	7,500,000	0
Accrued interest and other liabilities	2,329,063	1,931,069	1,068,226	1,381,000
Total liabilities	429,814,134	379,460,421	306,819,100	283,772,608
Shareholders' Equity:				
Preferred stock	0	0	3,050,000	3,050,000
Common stock and additional paid-in capital	44,770,004	43,662,105	36,505,296	34,486,481
Retained earnings	4,940,425	975,733	(2,033,517)	(3,945,753)
Accumulated other comprehensive income	(12,690)	(16,785)	(9,204)	12,172
Total shareholders' equity	49,697,739	44,621,053	37,512,575	33,602,900
Total Liabilities and Shareholders' Equity	<u>\$479,511,873</u>	<u>\$424,081,474</u>	<u>\$344,331,675</u>	<u>\$317,375,508</u>

Bank of Southern California
Income Statement - Quarterly
(Unaudited)

	<u>Dec 31, 2017</u>	<u>Sept 30, 2017</u>	<u>Jun 30, 2017</u>	<u>Mar 31, 2017</u>	<u>Dec 31, 2016</u>
INTEREST INCOME					
Loans, including fees	\$4,920,473	\$4,886,370	\$4,369,852	\$4,004,636	\$4,180,252
Investment securities	197,449	200,235	198,624	125,881	125,646
Federal funds sold and other	91,634	128,651	62,142	108,175	76,138
Total interest income	5,209,556	5,215,256	4,630,618	4,238,692	4,382,036
INTEREST EXPENSE					
Deposits	495,757	412,859	311,653	319,267	329,860
Other borrowings	2,318	0	0	0	0
Total interest expense	498,075	412,859	311,653	319,267	329,860
Net interest income	4,711,481	4,802,397	4,318,965	3,919,425	4,052,176
Provision for loan losses	0	0	102,000	169,000	138,000
Net interest income after provision	4,711,481	4,802,397	4,216,965	3,750,425	3,914,176
NON INTEREST INCOME					
Service charges, fees and other income	298,460	281,219	268,745	265,061	263,776
BOLI income	58,998	60,116	60,678	60,110	62,087
Brokered loan fees and gains on loan sales	451,788	38,386	294,557	80,647	57,365
Bargain purchase gain	0	0	0	0	0
OREO, investment, other gains (losses)	(9,819)	0	2,326	(1,874)	(4,835)
Total non interest income	799,427	379,721	626,306	403,944	378,393
NON INTEREST EXPENSE					
Salaries and benefits	2,009,376	1,763,060	1,859,429	1,850,459	1,685,687
Occupancy and equipment	456,664	407,536	400,574	385,311	395,597
Other expense	778,471	1,218,479	856,038	736,577	720,809
Total non interest expense	3,244,511	3,389,075	3,116,041	2,972,347	2,802,093
Income before income tax expense	2,266,397	1,793,043	1,727,230	1,182,022	1,490,476
Income tax expense	1,132,000	705,000	695,000	472,000	588,000
Net Income	\$1,134,397	\$1,088,043	\$1,032,230	\$710,022	\$902,476
Basic earnings per share					
Average shares outstanding	5,221,606	5,219,095	5,177,997	5,140,497	4,453,694
Op profit before nonrecurring gains (losses)	\$1,824,428	\$1,754,657	\$1,532,347	\$1,272,249	\$1,575,946

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

	<u>Dec 31, 2017</u>	<u>Dec 31, 2016</u>	<u>Dec 31, 2015</u>	<u>Dec 31, 2014</u>
INTEREST INCOME				
Loans, including fees	\$18,181,331	\$15,757,800	\$13,244,318	\$9,393,350
Investment securities	722,189	329,594	276,108	192,991
Federal funds sold and other	390,602	185,803	106,596	58,703
Total interest income	<u>19,294,122</u>	<u>16,273,197</u>	<u>13,627,022</u>	<u>9,645,044</u>
INTEREST EXPENSE				
Deposits	1,539,536	1,119,220	743,638	504,002
Other borrowings	2,318	8,148	55	1,895
Total interest expense	<u>1,541,854</u>	<u>1,127,368</u>	<u>743,693</u>	<u>505,897</u>
Net interest income	17,752,268	15,145,829	12,883,329	9,139,147
Provision for loan losses	271,000	530,000	0	(300,000)
Net interest income after provision for loan losses	<u>17,481,268</u>	<u>14,615,829</u>	<u>12,883,329</u>	<u>9,439,147</u>
NON INTEREST INCOME				
Service charges, fees and other income	1,113,485	935,557	940,113	624,755
BOLI income	239,902	210,357	122,025	106,580
Brokered loan fees and gains on loan sales	865,378	746,080	670,984	360,846
Bargain purchase gain	0	0	0	1,376,427
OREO, investment, other gains (losses)	(9,367)	45,087	(28,968)	99,673
Total non interest income	<u>2,209,398</u>	<u>1,937,081</u>	<u>1,704,154</u>	<u>2,568,281</u>
NON INTEREST EXPENSE				
Salaries and benefits	7,482,324	6,955,490	6,374,053	5,149,858
Occupancy and equipment	1,650,085	1,528,013	1,500,663	1,130,895
Other expense	3,589,565	2,999,156	3,488,531	2,796,609
Total non interest expense	<u>12,721,974</u>	<u>11,482,659</u>	<u>11,363,247</u>	<u>9,077,362</u>
Income before income tax expense	6,968,692	5,070,251	3,224,236	2,930,066
Income tax expense (benefit)	3,004,000	2,061,000	1,312,000	(1,147,000)
Net Income	<u><u>\$3,964,692</u></u>	<u><u>\$3,009,251</u></u>	<u><u>\$1,912,236</u></u>	<u><u>\$4,077,066</u></u>
Basic earnings per share	\$0.76	\$0.69	\$0.45	\$1.21
Average shares outstanding	5,189,799	4,346,702	4,269,585	3,359,255
Op profit before nonrecurring gains (losses)	\$6,383,681	\$4,809,084	\$2,582,220	\$793,120

Bank of Southern California
Quarterly Financial Highlights
(Unaudited)

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

	Quarterly					Annual	
	2017 4th Qtr	2017 3rd Qtr	2017 2nd Qtr	2017 1st Qtr	2016 4th Qtr	2017	2016
EARNINGS							
Net interest income	\$ 4,711	4,802	4,319	3,919	4,052	17,752	15,146
Provision for loan losses	\$ 0	0	102	169	138	271	530
NonInterest income	\$ 799	380	626	404	378	2,209	1,937
NonInterest expense	\$ 3,245	3,389	3,116	2,972	2,802	12,722	11,483
Income tax expense (benefit)	\$ 1,132	705	695	472	588	3,004	2,061
Net income	\$ 1,134	1,088	1,032	710	902	3,965	3,009
Basic earnings per share	\$ 0.22	0.21	0.20	0.14	0.20	0.76	0.69
Average shares outstanding	5,221,606	5,219,095	5,177,997	5,140,497	4,453,694	5,189,799	4,346,702
Ending shares outstanding	5,223,627	5,221,197	5,215,497	5,140,497	5,140,497	5,223,627	5,140,497
PERFORMANCE RATIOS							
Return on average assets	0.95%	0.96%	0.97%	0.67%	0.85%	0.89%	0.78%
Retn on avg common (net of pfd divd)	9.08%	9.10%	8.89%	6.37%	9.32%	8.36%	8.24%
Yield on loans	4.94%	5.39%	4.94%	4.89%	5.02%	5.04%	4.98%
Yield on earning assets	4.62%	4.85%	4.60%	4.27%	4.40%	4.59%	4.50%
Cost of deposits	0.47%	0.41%	0.33%	0.34%	0.34%	0.39%	0.32%
Net interest margin	4.17%	4.46%	4.29%	3.95%	4.07%	4.22%	4.20%
Efficiency ratio	58.87%	65.40%	63.01%	68.75%	63.24%	63.73%	67.22%
CAPITAL							
Tangible equity to tangible assets	10.10%	10.12%	10.64%	10.24%	10.12%	10.10%	10.12%
Book value (BV) per common share	\$ 9.51	9.31	9.10	8.83	8.68	9.51	8.68
Tangible BV per common share	\$ 9.25	9.04	8.83	8.54	8.31	9.25	8.31
ASSET QUALITY							
Net loan charge-offs (recoveries)	\$ 210	(106)	66	(54)	(4)	115	37
Allowance for loan losses	\$ 3,076	3,286	3,179	3,143	2,920	3,076	2,920
Allowance for losses to total loans	0.77%	0.85%	0.90%	0.90%	0.88%	0.77%	0.88%
Nonperforming loans	\$ 1,362	1,086	2,009	2,040	959	1,362	959
Other real estate owned	\$ 0	0	0	146	235	0	235
Nonperforming assets to total assets	0.28%	0.23%	0.46%	0.51%	0.28%	0.28%	0.28%
END OF PERIOD BALANCES							
Total loans	\$ 399,402	387,790	353,915	349,348	333,110	399,402	333,110
Total assets	\$ 479,512	467,976	434,088	430,334	424,081	479,512	424,081
Deposits	\$ 407,485	417,519	385,229	382,991	377,529	407,485	377,529
Loans to deposits	98.02%	92.88%	91.87%	91.22%	88.23%	98.02%	88.23%
Shareholders' equity	\$ 49,698	48,619	47,480	45,367	44,621	49,698	44,621
Full-time equivalent employees	76	63	61	65	66	76	66
AVERAGE BALANCES (QTRLY) (YTD)							
Total loans	\$ 394,864	359,961	354,697	332,308	330,090	360,628	315,751
Earning assets	\$ 447,834	426,992	404,017	402,698	394,907	420,548	360,604
Total assets (net of AFS valuation)	\$ 471,271	450,737	427,649	426,831	420,529	444,262	385,594
Deposits	\$ 419,101	401,147	379,580	379,957	380,783	395,071	344,616
Shareholders' equity	\$ 49,548	47,421	46,577	45,175	38,421	47,421	37,698