

Bank of Southern California Announces Third Quarter 2018 Financial Results

San Diego, November 13, 2018 – Bank of Southern California, N.A. (OTC Pink: BCAL) announced quarterly net income of \$874,988 for the third quarter of 2018, compared to \$1,088,043 for the third quarter of 2017. For the nine months ended September 30, 2018, net income was \$3,253,441, compared to \$2,830,295 for the nine months ended September 30, 2017. Results for the quarter and nine months ended September 30, 2018, include approximately \$1.2 million and \$1.6 million, respectively, in expenses related to the acquisition of Americas United Bank (OTC Pink: AUNB), which was completed on July 31, 2018.

Commenting on the recently completed acquisition of Americas United Bank, Nathan Rogge, President and CEO of Bank of Southern California said, “We are pleased to welcome Americas United Bank customers, employees, and shareholders to Bank of Southern California. We look forward to capitalizing on our newly expanded footprint and realizing greater efficiencies for the benefit of our shareholders, customers and the communities we serve.”

“In addition to leveraging Americas United Bank’s talented employees, we also hired several tenured and experienced commercial bankers to further expand on the small business opportunities in the market. We are well positioned to meet the needs of the Southern California business community and look forward to continued growth and success,” concluded Rogge.

Total assets at September 30, 2018, were \$735 million, up 57% from \$468 million at September 30, 2017. Total loans increased to \$607 million at September 30, 2018, compared to \$387 million at September 30, 2017, an increase of \$219 million, while total deposits were \$633 million at September 30, 2018, compared to \$418 million at September 30, 2017, an increase of \$215 million. The increase in total assets, loans and deposits is largely attributable to the acquisition of AUNB, which added approximately \$190 million in loans and \$203 million in deposits on July 31, 2018.

Other Financial Highlights

- Net interest income for the quarter ended September 30, 2018, increased 27.5% to \$6.7 million from \$5.3 million in the prior quarter, primarily from the 26% increase in average earning assets. Net interest margin of 4.23% includes 6 basis points of fair valuation accretion, which is similar to prior quarters. Net interest income will increase, along with average earning assets, in the fourth quarter as we realize a full period post-merger and the relative impact of fair value accretion is also expected to increase in the fourth quarter.

- Additional cost savings related to synergies from the acquisition of AUB, such as post-conversion data processing expenses, will continue to be realized in the fourth quarter.
- Nonperforming assets were 0.51% of total assets at September 30, 2018, compared to 0.53% in the prior quarter. The allowance for loan losses (ALLL) was 0.65% of total loans at September 30, 2018, compared to 0.83% in the prior quarter; however, when including over \$2.8 million in loan fair value credit marks (LFVCM), the ALLL and LFVCM represent 1.11% of total loans.
- The Bank continues to be “well-capitalized”. After raising \$26 million in capital earlier in 2018 and completing the merger July 31, 2018, the Bank reported total risk-based capital of 14.3% as of September 30, 2018, up from 13.5% at December 31, 2017.

[Quarterly Financial Highlights Table Follows]

For more details about our quarterly results, please visit the “About Us” / “Financials” page of our website and follow the link labeled:

[Quarterly Results and Trends](#)

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 and services to individuals, professionals, and small-to-mid 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, and the Coachella Valley in Riverside County, and a production office in Orange County. For more information, please visit 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	
	2018 3rd Qtr	2018 2nd Qtr	2018 1st Qtr	2017 4th Qtr	2017 3rd Qtr	2018	2017
(\$\$ in thousands except per share data)							
EARNINGS							
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
PERFORMANCE RATIOS							
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%
CAPITAL							
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
ASSET QUALITY							
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%
END OF PERIOD BALANCES							
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
AVERAGE BALANCES (QTRLY) (YTD)							
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