

Bank of Southern California
("BCAL")

Quarterly Results and Trends
September 30, 2017

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Bank of Southern California

Balance Sheets

(Unaudited)

	<u>Sept 30, 2017</u>	<u>Jun 30, 2017</u>	<u>Mar 31, 2017</u>	<u>Dec 31, 2016</u>	<u>Sept 30, 2016</u>
ASSETS					
Cash and due from banks	\$10,726,029	\$11,266,030	\$9,461,824	\$6,199,920	\$13,218,672
Federal funds sold & FRB EBA	28,885,000	28,160,000	32,505,000	62,370,000	50,665,000
Total cash and cash equivalents	39,611,029	39,426,030	41,966,824	68,569,920	63,883,672
Investment securities available for sale	22,668,176	23,068,279	21,274,247	4,543,977	4,801,024
FRB, FHLB and other equity stock, at cost	3,259,300	3,232,400	3,049,800	2,850,550	2,831,000
<i>Construction & land development</i>	26,103,115	15,645,527	12,184,443	15,182,243	12,731,204
<i>Other real estate</i>	297,943,832	280,433,032	272,979,990	261,884,038	262,230,407
<i>Commercial & industrial</i>	61,361,423	53,784,827	60,796,217	53,298,113	54,994,719
<i>Other consumer</i>	2,381,240	4,051,701	3,387,287	2,745,483	1,652,681
Total loans	387,789,610	353,915,087	349,347,937	333,109,877	331,609,011
Allowance for loan losses	(3,285,605)	(3,179,387)	(3,143,303)	(2,920,030)	(2,777,878)
Total loans and leases, net	384,504,005	350,735,700	346,204,634	330,189,847	328,831,133
Premises and equipment, net	4,191,481	4,114,086	4,181,872	4,226,616	4,433,210
Other real estate owned	0	0	145,800	235,000	254,338
Goodwill and other intangible assets	1,416,185	1,433,368	1,450,552	1,882,878	1,921,963
BOLI	9,071,771	9,011,655	8,950,977	8,890,867	8,828,780
Accrued interest and other assets	3,254,420	3,066,145	3,108,846	2,691,819	2,680,432
Total Assets	<u>\$467,976,367</u>	<u>\$434,087,663</u>	<u>\$430,333,552</u>	<u>\$424,081,474</u>	<u>\$418,465,552</u>
LIABILITIES AND STOCKHOLDERS' EQUITY					
Deposits:					
Noninterest-bearing demand	\$133,224,030	\$134,062,661	\$141,779,419	\$138,082,035	\$141,362,760
Interest bearing checking	50,766,245	53,055,918	43,920,264	44,407,279	44,181,948
Money market and savings	152,505,995	139,339,412	136,836,485	129,679,024	123,431,975
Time deposits	81,023,080	58,770,918	60,454,593	65,361,014	71,262,073
Total deposits	417,519,350	385,228,909	382,990,761	377,529,352	380,238,756
Other borrowings	0	0	0	0	0
Accrued interest and other liabilities	1,838,235	1,378,692	1,975,789	1,931,069	1,145,301
Total liabilities	419,357,585	386,607,601	384,966,550	379,460,421	381,384,057
Shareholders' Equity:					
Preferred stock	0	0	0	0	0
Common stock and additional paid-in capital	44,693,293	44,558,985	43,725,864	43,662,105	37,020,681
Retained earnings	3,806,028	2,717,985	1,685,755	975,733	73,258
Accumulated other comprehensive income	119,461	203,092	(44,617)	(16,785)	(12,444)
Total shareholders' equity	48,618,782	47,480,062	45,367,002	44,621,053	37,081,495
Total Liabilities and Shareholders' Equity	<u>\$467,976,367</u>	<u>\$434,087,663</u>	<u>\$430,333,552</u>	<u>\$424,081,474</u>	<u>\$418,465,552</u>

Bank of Southern California

Balance Sheets

(Unaudited)

	Sept 30, 2017	Sept 30, 2016	Sept 30, 2015	Sept 30, 2014
ASSETS				
Cash and due from banks	\$10,726,029	\$13,218,672	\$10,621,760	\$6,751,652
Federal funds sold & FRB EBA	28,885,000	50,665,000	34,885,000	25,225,000
Total cash and cash equivalents	39,611,029	63,883,672	45,506,760	31,976,652
Investment securities available for sale	22,668,176	4,801,024	7,202,749	1,896,765
FRB, FHLB and other equity stock, at cost	3,259,300	2,831,000	2,472,650	2,674,100
<i>Construction & land development</i>	26,103,115	12,731,204	11,560,418	7,848,058
<i>Other real estate</i>	297,943,832	262,230,407	219,860,428	139,719,984
<i>Commercial & industrial</i>	61,361,423	54,994,719	41,770,991	39,319,763
<i>Other consumer</i>	2,381,240	1,652,681	2,230,835	4,068,548
Total loans	387,789,610	331,609,011	275,422,672	190,956,353
Allowance for loan losses	(3,285,605)	(2,777,878)	(2,513,840)	(2,367,290)
Total loans and leases, net	384,504,005	328,831,133	272,908,832	188,589,063
Premises and equipment, net	4,191,481	4,433,210	4,279,570	2,544,077
Other real estate owned	0	254,338	286,792	0
Goodwill and other intangible assets	1,416,185	1,921,963	1,674,038	1,275,454
BOLI	9,071,771	8,828,780	4,648,847	4,204,964
Accrued interest and other assets	3,254,420	2,680,432	3,798,994	2,593,100
Total Assets	\$467,976,367	\$418,465,552	\$342,779,232	\$235,754,175
LIABILITIES AND STOCKHOLDERS' EQUITY				
Deposits:				
Noninterest-bearing demand	\$133,224,030	\$141,362,760	\$104,691,308	\$78,214,620
Interest bearing checking	50,766,245	44,181,948	50,528,793	24,603,380
Money market and savings	152,505,995	123,431,975	106,486,858	73,171,500
Time deposits	81,023,080	71,262,073	43,354,045	32,803,102
Total deposits	417,519,350	380,238,756	305,061,004	208,792,602
Other borrowings	0	0	0	0
Accrued interest and other liabilities	1,838,235	1,145,301	976,557	934,754
Total liabilities	419,357,585	381,384,057	306,037,561	209,727,356
Shareholders' Equity:				
Preferred stock	0	0	3,050,000	3,050,000
Common stock and additional paid-in capital	44,693,293	37,020,681	36,470,047	29,480,523
Retained earnings	3,806,028	73,258	(2,776,640)	(6,515,633)
Accumulated other comprehensive income	119,461	(12,444)	(1,736)	11,929
Total shareholders' equity	48,618,782	37,081,495	36,741,671	26,026,819
Total Liabilities and Shareholders' Equity	\$467,976,367	\$418,465,552	\$342,779,232	\$235,754,175

Bank of Southern California
Income Statement - Quarterly
(Unaudited)

	<u>Sept 30, 2017</u>	<u>Jun 30, 2017</u>	<u>Mar 31, 2017</u>	<u>Dec 31, 2016</u>	<u>Sept 30, 2016</u>
INTEREST INCOME					
Loans, including fees	\$4,886,370	\$4,369,852	\$4,004,636	\$4,180,252	\$3,858,153
Investment securities	200,235	198,624	125,881	125,646	69,392
Federal funds sold and other	128,651	62,142	108,175	76,138	70,375
Total interest income	<u>5,215,256</u>	<u>4,630,618</u>	<u>4,238,692</u>	<u>4,382,036</u>	<u>3,997,920</u>
INTEREST EXPENSE					
Deposits	412,859	311,653	319,267	329,860	318,074
Other borrowings	0	0	0	0	0
Total interest expense	<u>412,859</u>	<u>311,653</u>	<u>319,267</u>	<u>329,860</u>	<u>318,074</u>
Net interest income	4,802,397	4,318,965	3,919,425	4,052,176	3,679,846
Provision for loan losses	0	102,000	169,000	138,000	116,000
Net interest income after provision	<u>4,802,397</u>	<u>4,216,965</u>	<u>3,750,425</u>	<u>3,914,176</u>	<u>3,563,846</u>
NON INTEREST INCOME					
Service charges, fees and other income	281,219	268,745	265,061	263,776	232,833
BOLI income	60,116	60,678	60,110	62,087	62,325
Brokered loan fees and gains on loan sales	38,386	294,557	80,647	57,365	195,970
Bargain purchase gain	0	0	0	0	0
OREO, investment, other gains (losses)	0	2,326	(1,874)	(4,835)	(145)
Total non interest income	<u>379,721</u>	<u>626,306</u>	<u>403,944</u>	<u>378,393</u>	<u>490,983</u>
NON INTEREST EXPENSE					
Salaries and benefits	1,763,060	1,859,429	1,850,459	1,685,687	1,802,323
Occupancy and equipment	407,536	400,574	385,311	395,597	387,364
Other expense	1,218,479	856,038	736,577	720,809	773,956
Total non interest expense	<u>3,389,075</u>	<u>3,116,041</u>	<u>2,972,347</u>	<u>2,802,093</u>	<u>2,963,643</u>
Income before income tax expense	1,793,043	1,727,230	1,182,022	1,490,476	1,091,186
Income tax expense	705,000	695,000	472,000	588,000	449,000
Net Income	<u><u>\$1,088,043</u></u>	<u><u>\$1,032,230</u></u>	<u><u>\$710,022</u></u>	<u><u>\$902,476</u></u>	<u><u>\$642,186</u></u>
Basic earnings per share					
Average shares outstanding	\$0.21	\$0.20	\$0.14	\$0.20	\$0.15
Op profit before nonrecurring gains (losses)	5,219,095	5,177,997	5,140,497	4,453,694	4,314,538
	\$1,754,657	\$1,532,347	\$1,272,249	\$1,575,946	\$1,011,361

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

	<u>Sept 30, 2017</u>	<u>Sept 30, 2016</u>	<u>Sept 30, 2015</u>	<u>Sept 30, 2014</u>
INTEREST INCOME				
Loans, including fees	\$13,260,858	\$11,577,548	\$9,483,872	\$6,597,829
Investment securities	524,740	203,948	214,545	138,867
Federal funds sold and other	298,968	109,665	82,689	33,588
Total interest income	<u>14,084,566</u>	<u>11,891,161</u>	<u>9,781,106</u>	<u>6,770,284</u>
INTEREST EXPENSE				
Deposits	1,043,779	789,360	543,000	338,296
Other borrowings	0	8,148	0	824
Total interest expense	<u>1,043,779</u>	<u>797,508</u>	<u>543,000</u>	<u>339,120</u>
Net interest income	13,040,787	11,093,653	9,238,106	6,431,164
Provision for loan losses	271,000	392,000	0	(300,000)
Net interest income after provision for loan losses	<u>12,769,787</u>	<u>10,701,653</u>	<u>9,238,106</u>	<u>6,731,164</u>
NON INTEREST INCOME				
Service charges, fees and other income	815,025	671,781	712,350	424,351
BOLI income	180,904	148,270	90,362	78,059
Brokered loan fees and gains on loan sales	413,590	688,715	594,316	360,846
Bargain purchase gain	0	0	0	0
OREO, investment, other gains (losses)	452	49,922	(28,859)	118,545
Total non interest income	<u>1,409,971</u>	<u>1,558,688</u>	<u>1,368,169</u>	<u>981,801</u>
NON INTEREST EXPENSE				
Salaries and benefits	5,472,948	5,269,803	4,784,378	3,523,331
Occupancy and equipment	1,193,421	1,132,416	1,138,503	809,491
Other expense	2,811,094	2,278,347	2,702,281	1,872,956
Total non interest expense	<u>9,477,463</u>	<u>8,680,566</u>	<u>8,625,162</u>	<u>6,205,778</u>
Income before income tax expense	4,702,295	3,579,775	1,981,113	1,507,187
Income tax expense (benefit)	1,872,000	1,473,000	812,000	0
Net Income	<u><u>\$2,830,295</u></u>	<u><u>\$2,106,775</u></u>	<u><u>\$1,169,113</u></u>	<u><u>\$1,507,187</u></u>
Basic earnings per share	\$0.55	\$0.49	\$0.27	\$0.46
Average shares outstanding	5,179,196	4,311,038	4,257,608	3,268,393
Op profit before nonrecurring gains (losses)	\$4,559,253	\$3,233,138	\$1,415,656	\$727,796

Bank of Southern California
Quarterly Financial Highlights
(Unaudited)

(\$ in thousands except per share data)

	Quarterly					9 Months YTD	
	2017 3rd Qtr	2017 2nd Qtr	2017 1st Qtr	2016 4th Qtr	2016 3rd Qtr	2017	2016
EARNINGS							
Net interest income	\$ 4,802	4,319	3,919	4,052	3,680	13,041	11,094
Provision for loan losses	\$ 0	102	169	138	116	271	392
NonInterest income	\$ 380	626	404	378	491	1,410	1,559
NonInterest expense	\$ 3,389	3,116	2,972	2,802	2,964	9,477	8,681
Income tax expense (benefit)	\$ 705	695	472	588	449	1,872	1,473
Net income	\$ 1,088	1,032	710	902	642	2,830	2,107
Basic earnings per share	\$ 0.21	0.20	0.14	0.20	0.15	0.55	0.49
Average shares outstanding	5,219,095	5,177,997	5,140,497	4,453,694	4,314,538	5,179,196	4,311,038
Ending shares outstanding	5,221,197	5,215,497	5,140,497	5,140,497	4,314,538	5,221,197	4,314,538
PERFORMANCE RATIOS							
Return on average assets	0.96%	0.97%	0.67%	0.85%	0.63%	0.87%	0.75%
Retn on avg common (net of pfd divid)	8.93%	8.89%	6.37%	9.32%	6.90%	8.10%	7.82%
Yield on loans	5.39%	4.94%	4.89%	5.02%	4.89%	5.08%	4.96%
Yield on earning assets	4.85%	4.60%	4.27%	4.40%	4.19%	4.58%	4.54%
Cost of deposits	0.41%	0.33%	0.34%	0.34%	0.34%	0.36%	0.32%
Net interest margin	4.46%	4.29%	3.95%	4.07%	3.86%	4.24%	4.23%
Efficiency ratio	65.40%	63.01%	68.75%	63.24%	71.06%	65.58%	68.61%
CAPITAL							
Tangible equity to tangible assets	10.12%	10.64%	10.24%	10.12%	8.44%	10.12%	8.44%
Book value (BV) per common share	\$ 9.31	9.10	8.83	8.68	8.59	9.31	8.59
Tangible BV per common share	\$ 9.04	8.83	8.54	8.31	8.15	9.04	8.15
ASSET QUALITY							
Net loan charge-offs (recoveries)	\$ (106)	66	(54)	(4)	(2)	(95)	41
Allowance for loan losses	\$ 3,286	3,179	3,143	2,920	2,778	3,286	2,778
Allowance for losses to total loans	0.85%	0.90%	0.90%	0.88%	0.84%	0.85%	0.84%
Nonperforming loans	\$ 1,086	2,009	2,040	959	1,232	1,086	1,232
Other real estate owned	\$ 0	0	146	235	254	0	254
Nonperforming assets to total assets	0.23%	0.46%	0.51%	0.28%	0.36%	0.23%	0.36%
END OF PERIOD BALANCES							
Total loans	\$ 387,790	353,915	349,348	333,110	331,609	387,790	331,609
Total assets	\$ 467,976	434,088	430,334	424,081	418,466	467,976	418,466
Deposits	\$ 417,519	385,229	382,991	377,529	380,239	417,519	380,239
Loans to deposits	92.88%	91.87%	91.22%	88.23%	87.21%	92.88%	87.21%
Shareholders' equity	\$ 48,619	47,480	45,367	44,621	37,081	48,619	37,081
Full-time equivalent employees	63	61	65	66	64	63	64
AVERAGE BALANCES (QTRLY) (YTD)							
Total loans	\$ 359,961	354,697	332,308	330,090	313,178	349,090	310,937
Earning assets	\$ 426,992	404,017	402,698	394,907	378,263	411,325	349,086
Total assets (net of AFS valuation)	\$ 450,737	427,649	426,831	420,529	404,740	435,160	373,864
Deposits	\$ 401,147	379,580	379,957	380,783	366,342	386,972	332,472
Shareholders' equity	\$ 48,325	46,577	45,175	38,421	36,925	46,704	37,455