



## PRESS RELEASE

**Contact:** James D. Hicken  
President & Chief Executive Officer  
(661) 362-6001

*For Immediate Release*

### **Bank of Santa Clarita Reports Record Pre-Tax Earnings for the Third Quarter of 2011**

SANTA CLARITA, CALIFORNIA – November 3, 2011. Bank of Santa Clarita (OTC BB: BSCA.OB) today announced record pre-tax earnings and continuing strong loan growth for the third quarter of 2011.

Bank of Santa Clarita, the only commercial bank headquartered in the Santa Clarita Valley, reported net earnings for the third quarter of 2011 totaling \$184,000 as compared to \$194,000 for the third quarter of 2010. The Bank also reported a 91% growth in pre-tax earnings, which totaled \$307,000 and \$161,000 for the third quarters of 2011 and 2010, respectively. Net earnings for the Bank totaled \$158,000 and \$465,000 for the nine months ended September 30, 2011 and 2010, respectively, while pre-tax earnings totaled \$232,000 and \$306,000 for those respective periods. As announced in the second quarter of 2011, the Bank initiated certain facilities-related transactions which are designed to provide for efficient and productive facilities supporting the Bank's operations and likely growth in those operations for the foreseeable future. The facilities plan transactions included the early termination of the lease on our former headquarters facility, which necessitated the accrual of \$250,000 for early termination costs during the second quarter of 2011. Had the Bank not elected to terminate this building lease, we would have reported pre-tax earnings of \$482,000 and \$306,000 for the nine months ended September 30, 2011 and 2010, respectively. The significant factors which generated our reported operating results are described below.

Net Interest Income: The Bank reported \$4.92 million of net interest income for the nine months ended September 30, 2011, as compared to the \$4.49 million reported for the first nine months of 2010. This growth was the result of an increase in the net margin from 3.40% in 2010 to 3.47% in 2011, which improvement was largely driven by a significant reduction in the cost of deposits, as described below.

The Bank has experienced growth in deposits over the preceding twelve months as deposits totaled \$149.7 million at September 30, 2011, reflecting an increase of \$12.7 million or 9% during that time. This deposit growth included \$16.9 million of non-interest bearing demand deposits, representing a growth rate for such deposits of 67%. During that period the average year-to-date cost of total deposits declined from 1.51% at September 30, 2010 to 1.10% at September 30, 2011.

The Bank has also experienced significant growth in its loan portfolio, as net loan balances totaled \$140.5 million at September 30, 2011, as compared to \$128.3 million and \$123.6 million as of December 31, 2010 and September 30, 2010, respectively, reflecting growth of \$12.2 million or 9% for the first three quarters of 2011, and \$16.8 million or 14% as compared to the year-earlier date.

Noninterest Expense: The Bank experienced an increase in total noninterest expenses from the first nine months of 2010 (\$4.66 million) to the same period of 2011 (\$5.09 million) amounting to \$436,000. This increase resulted from several factors, the most significant of which was the \$250,000 related to the cost of terminating a facilities lease as described above.

Income Tax Expense (Benefit): The Bank reported \$74,000 of income tax expense during the nine months ended September 30, 2011, as compared to a \$159,000 income tax benefit reported for the same period of 2010. The tax benefit in 2010 primarily resulted from the Bank's recognition in 2010 (and in 2008 and 2009) of all of the income tax benefits relating to pre-tax losses reported in the initial four years of the Bank's operations (2004 – 2007), for which no income tax benefits had then been recorded. Such income tax benefits reported amounted to \$270,000 during the first nine months of 2010 and \$0 in 2011, as the entire amount of the initial years' income tax benefits was recorded during 2008 – 2010.

"We are very pleased with our operating results, as the Bank reported a record level of pre-tax earnings, and solid growth in loans and core deposits, an improvement in our net interest margin, and continuing excellent asset quality, with no charge-offs yet in 2011 and nonaccrual loans totaling only \$18,000 at September 30, 2011. Moreover, considering the second quarter charge we took resulting from our decision to exercise our option to terminate early a lease on one of our facilities, the Bank's core profitability has improved. Our facilities-related decisions will have the effects of providing both substantial cost savings over the next three years and also the physical space needed to accommodate our growth for the future" said James D. Hicken, President and Chief Executive Officer. Mr. Hicken added "We feel the Bank continues to be well positioned for the current environment, and remains focused on our traditional core values which have guided us well through these challenging times." "In such a challenging environment, the Bank continues to invest in its infrastructure to support our clients and the community which we serve. Additionally, our staff are doing an excellent job providing our customers with a high level of service, winning new business, and focusing on efficiency and earnings" added Frank D. Di Tomaso, Executive Chairman.

At September 30, 2011, shareholders' equity totaled \$20.7 million and the Bank's total risk-based regulatory capital ratio was 14.30%, exceeding the "well-capitalized" level of 10% which is prescribed in applicable capital regulations. The Bank also continues to maintain substantial liquidity positions, retaining significant balances of liquidity on its balance sheet as well as readily available collateralized borrowings and other potential sources of liquidity.

Bank of Santa Clarita, founded in 2004, is the only independent, full service commercial bank headquartered in the Santa Clarita Valley and generally serves the needs of retail consumers, small to mid-sized businesses, professionals, entrepreneurs, and high-net worth individuals. The Bank provides local, experienced decision-making and the personalized service that growing businesses need on a daily basis. Bank clients have direct access to executive management and professional staff members to address their SBA and other credit requirements, and also technology-based services that include online bill-paying, remote

capture depositing, check imaging and initiating online wire transfers, among other cash management facilities, which services enable its clients to effectively and efficiently manage their cash and credit needs.

Bank of Santa Clarita, Corporate Headquarters  
23780 Magic Mountain Parkway  
Santa Clarita, California 91355  
(661) 362-6004  
[www.bankofsantaclarita.com](http://www.bankofsantaclarita.com)

#### **FORWARD LOOKING STATEMENTS**

Certain matters discussed in this release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to the Bank's current expectations regarding deposit and loan growth, operating results and the strength of the local economy. These forward-looking statements are subject to certain risks and uncertainties that could cause the actual results, performance or achievements to differ materially from those expressed, suggested or implied by the forward-looking statements. These risks and uncertainties include, but are not limited to: the impact of changes in interest rates, a decline in economic conditions and increased competition among financial service providers as these factors may impact the Bank's operating results, its ability to attract deposit and loan customers, the quality of the Bank's earning assets and government regulation. The Bank does not undertake, and specifically disclaims, any obligation to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of such statements.