



Bank of Santa Clarita Reports Third Quarter Results

SANTA CLARITA, CALIFORNIA – October 20, 2020. Bank of Santa Clarita (OTC: BSCA) today reported financial results for the third quarter and six-months ended September 30, 2020.

Net income for the three months ended September 30, 2020 was \$863,000 compared with \$913,000 for the same quarter in 2019. Net income for the first three quarters of 2020 was \$2,354,000 compared with \$2,559,000 for the nine months ended September 30, 2019.

Frank Di Tomaso, Chairman and Chief Executive Officer commented: “While the low interest rate environment continues to put pressure on banks and their margins, Bank of Santa Clarita has reacted timely and decisively and has been successful in reducing interest cost to offset the reduction in interest income. The Bank continues to support and serve our community as evidenced by the strong demand for lending products and Bank services. We have begun working with our clients on the forgiveness of Payroll Protection Plan (“PPP”) loans pending approval by the Small Business Administration (SBA). Bank of Santa Clarita continues to maintain strong capital levels, excess liquidity, and excellent credit quality which will allow us to continue to support the communities we serve and navigate through this pandemic.”

Income Statement

For the three months ended September 30, 2020, total interest and dividend income was \$2.8 million compared with \$3.0 million in the third quarter of 2019. Interest and dividend income for the first three quarters of 2020 was \$8.5 million compared with \$9.1 million reported for the first three quarters of 2019.

Interest expense for the 2020 third quarter decreased to \$0.4 million from \$0.7 million in the third quarter of 2019. Interest expense for the first three quarters of 2020 decreased to \$1.5 million from \$2.2 million reported for the corresponding period last year.

Net interest income for the 2020 third quarter improved to \$2.4 million from \$2.3 million for the third quarter of 2019. Net interest income for the first three quarters of 2020 was \$7.0 million on par with the \$7.0 million for the nine months ended September 30, 2019.

Net interest margin was 2.75% for the 2020 third quarter, versus 3.32% in the 2019 third quarter. Net interest margin was 2.94% for the first three quarters of 2020, compared with 3.33% for the same period in 2019.

The Bank did not record a provision for loan losses in the third quarter of 2020 and recorded a negative provision of \$125,000 in the same quarter last year. For the nine months ended September 30, 2020, the Bank recorded a \$120,000 provision compared with negative \$95,000 for the first nine months of 2019.

Non-interest income was \$160,000 for the 2020 third quarter compared with \$175,000 for the same quarter in 2019. In the first three quarters of 2020, non-interest income was \$486,000, compared with \$568,000 for the nine months ended September 30, 2019.

Non-interest expense for the third quarter 2020 was \$1,333,000, compared with \$1,399,000 for the same period last year. Non-interest expense for the first three quarters of 2020 was \$4,002,000, compared with \$4,089,000 for the first three quarters of 2019.

The Bank's efficiency ratio continues to be among the best in the industry. For the nine months ended September 30, 2020, the Bank's efficiency ratio was 53.9%.

Balance Sheet

At September 30, 2020, net loans increased to \$284.4 million from \$232.9 million at December 31, 2019. The Bank's deposits rose to \$293.6 million at the end of the 2020 third quarter from \$232.1 million at December 31, 2019. Non-interest-bearing deposits increased to 39.9% of total deposits at September 30, 2020, versus 36.5% of total deposits at December 31, 2019. Total assets increased to \$392.0 million at the close of the 2020 third quarter from \$304.4 million at December 31, 2019.

At September 30, 2020, The Bank remained "well-capitalized" under all regulatory categories, with a total risk-based capital ratio of 16.95%, a tier 1 risk-based capital ratio of 15.94%, a common equity tier 1 capital ratio of 15.94%, and a tier 1 leverage ratio of 10.64%. The minimum ratios for capital adequacy for a well-capitalized bank are 10.00%, 8.00%, 6.50% and 5.00%, respectively.

Bank of Santa Clarita, founded in 2004, is the only full-service commercial bank headquartered in the Santa Clarita Valley, and is focused on meeting the banking needs of the community and its businesses and non-profits. We are proud of the fact that Bank of Santa Clarita has served the Santa Clarita Valley's residents, including individuals, small businesses and non-profit organizations, for 15 years, and we truly appreciate the relationships we've made with many of our neighbors, and invite any of those in the community who do not yet know us well to visit us, and together we can continue to build an even more vibrant and healthy community. The Bank provides experienced decision-making and the personalized service that growing businesses and other organizations need on a daily basis. Bank clients have direct access to executive management and experienced professional staff members to address their credit requirements, from commercial lines of credit to SBA loans to commercial real estate and other commercial loans, and also technology-based banking services that include online bill-paying, remote capture depositing, check imaging and initiating online wire transfers, among other cash management facilities.

Contact:	Philippe Masbanji	Bank of Santa Clarita
	Executive Vice President	Corporate Headquarters
	Chief Financial Officer	23780 Magic Mountain Parkway
	(661) 362-6000	Santa Clarita, California 91355
	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.

BANK OF SANTA CLARITA

Statements of Income (Unaudited)

(in thousands)

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2020	2019	2020	2019
Interest Income				
Loans	\$ 2,713	\$ 2,750	\$ 8,088	\$ 8,179
Interest Bearing Deposits at Other Financial Institutions	93	268	314	779
Investment Securities	24	11	52	189
Federal Funds Sold	-	-	-	2
Total Interest Income	2,830	3,029	8,454	9,149
Interest Expense				
Demand	11	14	38	62
Money Market and Savings	74	110	279	310
Time Deposits	172	390	640	998
Borrowings	181	185	546	783
Total Interest Expense	438	699	1,503	2,153
Net Interest Income	2,392	2,330	6,951	6,996
Provision for Loan Losses	-	(125)	120	(95)
Net Interest Income after Provision for Loan Losses	2,392	2,455	6,831	7,091
Noninterest Income	160	175	486	568
Noninterest Expense	1,333	1,399	4,002	4,089
Net Earnings Before Income Taxes	1,219	1,231	3,315	3,570
Income Tax Expense	356	318	961	1,011
Net Earnings	\$ 863	\$ 913	\$ 2,354	\$ 2,559

BANK OF SANTA CLARITA

Balance Sheets (Unaudited)

(in thousands)

	<u>Sept. 30, 2020</u>	<u>Dec. 31, 2019</u>
Assets		
Cash and Due From Banks	\$ 17,271	\$ 4,903
Interest Bearing Deposits at Other Financial Institutions	56,740	33,659
Federal Funds Sold	-	109
Investment Securities	10,512	8,985
Loans, Net	284,399	232,935
Other Assets	23,054	23,792
Total Assets	\$ 391,976	\$ 304,383
 Liabilities and Stockholders' Equity		
Deposits		
Interest-Bearing		
Money Market, Savings and Demand	\$ 97,899	\$ 83,563
Time	78,583	63,875
Total Interest-Bearing	176,482	147,438
Noninterest-Bearing	117,077	84,639
Total Deposits	293,559	232,077
Borrowings	57,000	34,000
Other Liabilities	1,538	1,391
Total Liabilities	352,097	267,468
Stockholders' Equity	39,879	36,915
Total Liabilities & Stockholders' Equity	\$ 391,976	\$ 304,383