



PRESS RELEASE

Contact: Frank Di Tomaso
Chairman of the Board of Directors and
Chief Executive Officer
(661) 362-6000

For Immediate Release

Bank of Santa Clarita Announces Record Earnings

SANTA CLARITA, CALIFORNIA – February 11, 2015. Bank of Santa Clarita (OTC: BSCA) today announced its results of operations for 2014. Net earnings were at a record level for the Bank, totaling \$1.02 million, an increase of 2% over 2013 net earnings, while pre-tax earnings increased 5% over the 2013 results. The Bank noted that net interest income was also at a record level, as the Bank had \$7.42 million of net interest income, reflecting an increase of 6% over the amount reported for 2013.

The Bank reported that its loans totaled \$165.17 million at quarter-end, an increase of \$3.28 million or 2% from the prior year-end. In addition, the Bank continues to experience excellent credit quality in its loan portfolio, as nonaccrual loans totaled approximately \$1 thousand, or less than 0.01% of total loans at year-end.

“We are pleased to report another year of record earnings,” said Frank Di Tomaso, Chairman and Chief Executive Officer. “We increased our client relationships, decreased our nonperforming assets and grew our loans and deposits bases during the past year, which has positioned us well to meet our clients’ needs and continue to grow as economic trends improve. It was also a year of celebration, as the Bank began its 10th year of helping clients build wealth and achieve their goals in the Santa Clarita Valley.”

In reviewing 2014 earnings, the Bank reported that, following an analysis of the operations of its branch located in the Eastern Santa Clarita Valley which has been open for nearly six years, the Bank concluded that its contribution to Bank operations and earnings did not warrant continuing as a full-service branch, and thus discontinued most of the retail aspects of its operations and re-designated it a limited-services branch. This resulted in a pre-tax charge to earnings of approximately \$538 thousand, which generally reflects the expensing of a substantial portion of the Bank’s future obligation relating to the branch property, including the lease contract and related costs, tenant improvements, and other branch-related fixtures.

In addition to the expense item noted above, during the fourth quarter of 2014 the Bank determined that the modeled expectation for losses on its loans was such that, based on that quarterly detailed analysis, its reserve for losses on loans was greater than necessary, and thus reduced the allowance for loan losses by \$180 thousand for the year (from an effective rate of 1.28% to 1.15% of total loans). Also impacting the Bank’s net earnings during 2014 was a

change made by the State of California generally removing the Santa Clarita Valley's "Enterprise Zone" designations, which had been a benefit to the Bank in prior years, but which affected the amount of income taxes the Bank owes by eliminating both Enterprise Zone tax deductions and credits for State tax purposes, which had the effect of increasing the Bank's overall effective income tax rate from 37% to 39% of pre-tax earnings.

At December 31, 2014, shareholders' equity totaled \$24.02 million and the Bank's total risk-based regulatory capital ratio was 14.03%, exceeding the "well-capitalized" level of 10% which is prescribed in the 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.

Founded in October 2004, Bank of Santa Clarita is the only full service commercial bank headquartered in the Santa Clarita Valley and is focused on the needs of the community and its businesses. We promote face-to-face interaction with our clients, which in turn leads to deeper relationships overall. 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 credit requirements from commercial lines of credit to SBA loans to commercial real estate and other commercial loans, 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.

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 more than ten years, and we cherish 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 community.

Bank of Santa Clarita, Corporate Headquarters
23780 Magic Mountain Parkway
Santa Clarita, California 91355
(661) 362-6000
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

BALANCE SHEETS

Unaudited

	December 31,	
	2014	2013
	<i>(In thousands)</i>	
ASSETS		
Cash and Due From Banks	\$ 3,365	\$ 3,142
Interest Bearing Deposits at Other Financial Institutions	39,080	32,162
Federal Funds Sold	3,000	2,000
Investment Securities	29,415	34,580
Loans, Net	165,169	161,888
Other Assets	20,996	16,614
Total Assets	\$ 261,025	\$ 250,386
LIABILITIES AND STOCKHOLDERS' EQUITY		
Noninterest Bearing Demand Deposits	\$ 56,054	\$ 53,390
Interest Bearing Demand Deposits	9,153	12,409
Money Market and Savings Deposits	63,592	56,917
Time Deposits	51,086	58,457
Total Deposits	179,885	181,173
Borrowings	55,000	46,000
Other Liabilities	2,122	1,448
Total Liabilities	237,007	228,621
Stockholders' Equity	24,018	21,765
Total Liabilities & Stockholders' Equity	\$ 261,025	\$ 250,386

STATEMENTS OF EARNINGS

Unaudited

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2014	2013	2014	2013
	<i>(In thousands except per share amounts)</i>			
Interest Income				
Loans	\$ 2,015	\$ 1,909	\$ 8,145	\$ 7,592
Interest Bearing Deposits at Other Financial Institutions	43	36	159	114
Investment Securities	114	231	660	789
Federal Funds Sold	1	-	3	2
Total Interest Income	2,173	2,176	8,967	8,497
Interest Expense				
Interest Bearing Demand Deposits	8	8	35	31
Money Market and Savings Deposits	73	71	279	232
Time Deposits	176	214	754	852
Borrowings	119	75	482	372
Total Interest Expense	376	368	1,550	1,487
Net Interest Income	1,797	1,808	7,417	7,010
Provision for Loan Losses	(241)	189	(180)	184
Net Interest Income after Provision for Loan Losses	2,038	1,619	7,597	6,826
Noninterest Income	224	122	717	570
Noninterest Expense	2,059	1,499	6,633	5,802
Net Earnings Before Income Taxes	203	242	1,681	1,594
Income Tax Expense	78	91	659	590
Net Earnings	\$ 125	\$ 151	\$ 1,022	\$ 1,004
Basic Earnings Per Share	\$ 0.05	\$ 0.07	\$ 0.45	\$ 0.45
Diluted Earnings Per Share	\$ 0.05	\$ 0.07	\$ 0.45	\$ 0.45