



Bank of Santa Clarita's Reports Second Quarter Results

SANTA CLARITA, CALIFORNIA – July 15, 2020. Bank of Santa Clarita (OTC: BSCA) today reported financial results for the second quarter and six-months ended June 30, 2020.

Net income for the three months ended June 30, 2020 was \$805,000 compared with \$888,000 for the same quarter in 2019. Net income for the first half of 2020 was \$1,490,000 compared with \$1,646,000 for the six months ended June 30, 2019.

Frank Di Tomaso, Chairman and Chief Executive Officer commented: "Despite the compression on margins experienced by most banks caused by historically low interest rates, the Bank continues to perform well and has maintained a relatively consistent net interest margin. As of June 30, 2020, the Bank has funded \$50.7 million in Payroll Protection Plan ("PPP") loans in support of our community. While it is not yet fully clear how this pandemic will impact our customers and the economy in general, 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. I am proud of our associates and confident in our ability to succeed despite these challenges."

Income Statement

For the three months ended June 30, 2020, total interest and dividend income was \$2.8 million compared with \$3.1 million in the second quarter of 2019. Interest and dividend income for the first half of 2020 was \$5.6 million compared with \$6.1 million reported for the first half of 2019.

Interest expense for the 2020 second quarter decreased to \$0.5 million from \$0.8 million in the second quarter of 2019. Interest expense for the first half of 2020 decreased to \$1.1 million from \$1.5 million reported for the corresponding period last year.

Net interest income for the 2020 second quarter improved to \$2.4 million from \$2.3 million for the second quarter of 2019. Net interest income for the first half of 2020 was \$4.6 million compared with \$4.7 million for the six months ended June 30, 2019.

Net interest margin was 3.18% for the 2020 second quarter, versus 3.36% in the 2019 second quarter. Net interest margin was 3.05% for the first half of 2020, compared with 3.33% for the same period in 2019.

The Bank did not record a provision for loan losses in the second quarter of 2020 and recorded a negative provision of \$80,000 in the same quarter last year. For the 6 months ended June 30, 2020, the Bank recorded a \$120,000 provision compared with \$30,000 for the first half of 2019.

Non-interest income was \$138,000 for the 2020 second quarter compared with \$227,000 for the same quarter in 2019. In the first half of 2020, non-interest income was \$326,000, compared with \$393,000 for the six months ended June 30, 2019.

Non-interest expense for the second quarter 2020 was \$1,361,000, compared with \$1,375,000 for the same period last year. Non-interest expense for the first half of 2020 was \$2,669,000, compared with \$2,690,000 for the first half of 2019.

The Bank's efficiency ratio continues to be among the best in the industry. For the six months ended June 30, 2020, the Bank's efficiency ratio was 54.6% compared with 53.9% for the same period last year.

Balance Sheet

At June 30, 2020, net loans increased to \$282.3 million from \$232.9 million at December 31, 2019. The Bank's deposits rose to \$276.3 million at the end of the 2020 second quarter from \$232.1 million at December 31, 2019. Non-interest-bearing deposits increased to 38.8% of total deposits at June 30, 2020, versus 36.5% of total deposits at December 31, 2019. Total assets increased to \$375.5 million at the close of the 2020 second quarter from \$304.4 million at December 31, 2019.

At June 30, 2019, The Bank remained "well-capitalized" under all regulatory categories, with a total risk-based capital ratio of 16.49%, a tier 1 risk-based capital ratio of 15.50%, a common equity tier 1 capital ratio of 15.50%, and a tier 1 leverage ratio of 11.20%. 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.

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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 June 30		Six Months Ended June 30	
	2020	2019	2020	2019
Interest Income				
Loans	\$ 2,753	\$ 2,759	\$ 5,375	\$ 5,429
Interest Bearing Deposits at Other Financial Institutions	65	257	221	512
Investment Securities	28	84	28	179
Federal Funds Sold	-	1	-	1
Total Interest Income	2,846	3,101	5,624	6,121
Interest Expense				
Demand	11	20	27	48
Money Market and Savings	66	98	204	200
Time Deposits	227	345	469	607
Borrowings	191	307	365	599
Total Interest Expense	495	770	1,065	1,454
Net Interest Income	2,351	2,331	4,559	4,667
Provision for Loan Losses	-	(80)	120	30
Net Interest Income after Provision for Loan Losses	2,351	2,411	4,439	4,637
Noninterest Income	138	227	326	393
Noninterest Expense	1,361	1,375	2,669	2,690
Net Earnings Before Income Taxes	1,128	1,263	2,096	2,340
Income Tax Expense	323	375	606	694
Net Earnings	\$ 805	\$ 888	\$ 1,490	\$ 1,646

BANK OF SANTA CLARITA

Balance Sheets (Unaudited)

(in thousands)

	<u>June 30, 2020</u>	<u>Dec. 31, 2019</u>
Assets		
Cash and Due From Banks	\$ 5,169	\$ 4,903
Interest Bearing Deposits at Other Financial Institutions	56,227	33,659
Federal Funds Sold	-	109
Investment Securities	8,649	8,985
Loans, Net	282,298	232,935
Other Assets	23,202	23,792
Total Assets	\$ 375,545	\$ 304,383
Liabilities and Stockholders' Equity		
Deposits		
Interest-Bearing		
Money Market, Savings and Demand	\$ 87,035	\$ 83,563
Time	82,062	63,875
Total Interest-Bearing	169,097	147,438
Noninterest-Bearing	107,252	84,639
Total Deposits	276,349	232,077
Borrowings	59,000	34,000
Other Liabilities	1,201	1,391
Total Liabilities	336,550	267,468
Stockholders' Equity	38,995	36,915
Total Liabilities & Stockholders' Equity	\$ 375,545	\$ 304,383