

## **CALWEST BANCORP ANNOUNCES FINANCIAL RESULTS AS OF JUNE 30, 2018**

Company Release – July 30, 2018

**YTD-2018 Net Income of \$933,000**  
**Year-over-Year Deposits Increased 2%**  
**Year-over-Year Loans increased 18%**

IRVINE, California – CalWest Bancorp (OTCBB: CALW), the holding company for CalWest Bank, (formerly known as South County Bank), today announced the consolidated financial results for the second quarter ended June 30, 2018.

Significant items for the period include:

- Net Income was \$499,000 for the quarter, a sequential 15% increase; YTD Net Income was \$933,000 a 37% year-over-year increase
- Net Interest Income was \$1.72 million for the quarter, a sequential 12% improvement; YTD Net Interest Income was \$3.26 million, a 26% year-over-year increase
- Total Deposits decreased \$9.3 million during the quarter, however YTD Deposits have increased \$7.3 million and year-over-year Deposits have increased \$3.1 million
  - 42% of Deposits are non-interest bearing
  - Cost-of Funds steady at 0.50%
- Total Loans increased \$5.0 million during the quarter and \$20.9 million year-over-year
  - Non-performing Assets fell to \$29,398 and all are paying-as-agreed
  - Allowance for Loan Losses to Gross Loans ratio at 1.86%

“Although loan growth picked up in May and June, loan pay-offs, predominantly of non-performing loans, resulted in a YTD increase of only 1.2%,” noted Glenn Gray, President and CEO of CalWest Bancorp and CalWest Bank. “With recent additions to our front-line staff, and fewer projected pay-offs, we expect net loan growth for the second half of the year to put us back on-track.”

“The composition of our Deposits has purposely been in transition. Year-over-year, “core” deposits have increased by \$15 million while institutional and brokered deposits have been reduced by \$12 million. This improved composition has allowed us to maintain our cost-of deposits at 0.50%. We anticipate the new staff we recently added, and the relocation of our Irvine Branch, will generate incremental core deposits.”

CalWest Bancorp is the parent company of CalWest Bank, a community bank recognized for its exemplary service to entrepreneurs and high net worth individuals located throughout Southern California. The Bank serves the business community through its four branches located in Rancho Santa Margarita, Irvine, Huntington Beach and Redlands.

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Source: CalWest Bancorp

*This release may contain certain forward-looking statements that are based on management's current expectations regarding economic, legislative, and regulatory issues that may impact Bancorp's earnings in future periods. Forward-*

*looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include the words "believe," "expect," "intend," "estimate" or words of similar meaning, or future or conditional verbs such as "will," "would," "should," "could" or "may." Factors that could cause future results to vary materially from current management expectations include, but are not limited to, general economic conditions, the economic uncertainty in the United States and abroad, changes in interest rates, deposit flows, real estate values, expected future cash flows on acquired loans, and competition; changes in accounting principles, policies or guidelines; changes in legislation or regulation; and other economic, competitive, governmental, regulatory and technological factors affecting Bancorp's operations, pricing, products and services. Bancorp undertakes no obligation to release publicly the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events.*

**STATEMENT OF CONDITION  
(UNAUDITED)**

ASSETS	End of Period		Annual Change %
	6/30/2018	6/30/2017	
Cash & Due from Banks	\$ 4,381,990	\$ 5,486,261	-20%
Federal Funds Sold and Interest Bearing Balances	15,497,312	22,204,000	-30%
<b>Total Cash and Cash Equivalent</b>	<b>19,879,302</b>	<b>27,690,261</b>	<b>-28%</b>
Investment Securities	15,302,647	23,163,631	-34%
Loans held for sale	-	1,280,763	-100%
Real Estate Loans	109,577,437	91,267,295	20%
Commercial and Industrial Loans	23,981,034	19,174,235	25%
Consumer Loans	1,111,830	3,375,611	-67%
Gross Loans	134,670,301	113,817,141	18%
Deferred Loan Fees and Discounts	138,713	121,106	15%
Loans Net of Def Fees and Discounts	134,809,014	113,938,247	18%
Allowance for Loan Losses	(2,507,644)	(2,617,193)	-4%
Net Loans	132,301,370	111,321,054	19%
Federal Reserve Bank, Federal Home Loan Bank, and Correspondent Bank Stocks - at cost	1,509,980	1,290,750	17%
Bank Premises and Equipment	308,240	143,049	115%
Bank Owned Life Insurance	6,216,446	6,061,657	3%
Other Assets	1,484,786	886,957	67%
<b>Total Assets</b>	<b>\$ 177,002,771</b>	<b>\$ 171,838,122</b>	<b>3%</b>

LIABILITIES AND CAPITAL	End of Period		
	6/30/2018	6/30/2017	
Non-Interest Bearing Demand Deposits	\$ 66,357,981	\$ 62,706,085	6%
Int-Bearing Transaction Accounts	10,671,603	8,418,076	27%
Savings Deposits	26,127,845	25,096,205	4%
Money Market Deposits	39,110,199	31,138,053	26%
Certificate of Deposits	15,308,813	22,565,545	-32%
Wholesale Brokered Deposits	1,068	4,523,199	100%
<b>Total Deposits</b>	<b>157,577,509</b>	<b>154,447,163</b>	<b>2%</b>
Subordinated debentures	3,093,000	3,093,000	0%
<b>Total Deposits and Int-Bearing liabilities</b>	<b>160,670,509</b>	<b>157,540,163</b>	<b>2%</b>
Other Liabilities	520,943	345,612	51%
Total Capital	15,811,319	13,952,347	13%
<b>Total Liabilities and Capital</b>	<b>\$ 177,002,771</b>	<b>\$ 171,838,122</b>	<b>3%</b>

CREDIT QUALITY DATA (UNAUDITED)	End of Period	
	6/30/2018	6/30/2017
Non-Accruing Loans	\$ 29,398	\$ 146,436
Foreclosed Assets	\$ -	\$ -
<b>Total Nonperforming Assets</b>	<b>\$ 29,398</b>	<b>\$ 146,436</b>
Nonperforming Loans to Gross Loans	0.02%	0.13%
Nonperforming assets to Loans	0.02%	0.13%
Allowance for Loan Losses to Gross Loans	1.86%	2.30%

CAPITAL RATIOS (CALWEST BANK)	End of Period	
	6/30/2018	6/30/2017
Tier 1 Leverage Ratio	10.45%	10.05%
Tier 1 Risk Based Capital Ratio	12.95%	13.28%
Total Risk Based Capital Ratio	14.21%	14.54%

## CalWest Bancorp - Financial Results

### CONSOLIDATED INCOME STATEMENT (IN \$000, UNAUDITED)

	3-Month Period Ended			6-Month Period Ended		
	6/30/2018	6/30/2017	% Change	6/30/2018	6/30/2017	% Change
Interest Income	\$ 1,960	\$ 1,622	21%	\$ 3,727	\$ 3,025	23%
Interest Expense	236	219	8%	466	430	8%
Net Interest Income	1,724	1,403	23%	3,261	2,595	26%
Provisions for Loan & Lease Losses	(38)	(89)	-57%	(79)	(177)	-55%
Net Interest after Loan Loss Provisions	1,762	1,492	18%	3,340	2,772	20%
Service Charges	138	167	-17%	287	291	-1%
Bank-Owned Life Insurance Income	38	39	-3%	76	87	-13%
Gain (Loss) on Investments	-	-	0%	113	(79)	-243%
Other Non-Interest Income	31	33	-6%	48	62	-23%
Total Non-Interest Income	207	239	-13%	524	361	45%
Salaries & Benefits	961	750	28%	1,915	1,573	22%
Occupancy Expense	116	102	14%	217	201	8%
Other Non-Interest Expenses	378	368	3%	784	676	16%
Total Non-Interest Expense	1,455	1,220	19%	2,916	2,450	19%
Income Before Taxes	514	511	1%	948	683	39%
Provision for Income Taxes	15	2	0%	15	2	650%
<b>Net Income</b>	<b>\$ 499</b>	<b>\$ 509</b>	<b>-2%</b>	<b>\$ 933</b>	<b>\$ 681</b>	<b>37%</b>

### PER SHARE DATA (UNAUDITED)

	3-Month Period Ended			6-Month Period Ended		
	6/30/2018	6/30/2017	% Change	6/30/2018	6/30/2017	% Change
Basic Earnings per Share	\$ 0.01	\$ 0.01	2%	\$ 0.01	\$ 0.01	-37%
Diluted Earnings per Share	\$ 0.01	\$ 0.01	2%	\$ 0.01	\$ 0.01	-37%
Common Dividends	\$ -	\$ -	0%	\$ -	\$ -	0%
Weighted Average Shares Outstanding	74,036,505	74,036,505	0%	74,036,505	74,036,505	0%
Weighted Average Diluted Shares	74,036,505	74,036,505	0%	74,036,505	74,036,505	0%
Book Value per Basic Share (EOP)	\$ 0.21	\$ 0.19		\$ 0.21	\$ 0.19	
Common Shares Outstanding (EOP)	74,036,505	74,036,505	0%	74,036,505	74,036,505	0%

### KEY FINANCIAL RATIOS (UNAUDITED)

	3-Month Period Ended		6-Month Period Ended	
	6/30/2018	6/30/2017	6/30/2018	6/30/2017
Return on Average Equity (annualized)	12.72%	14.82%	13.86%	10.12%
Return on Average Assets (annualized)	1.12%	1.21%	1.13%	0.82%
Net Interest Margin (Tax-Equivalent)	3.87%	3.35%	3.94%	3.26%
Efficiency Ratio	75.35%	74.30%	77.04%	82.88%
Net Charge-offs to Gross Loans	-0.01%	-0.08%	-0.04%	-0.12%