



FOR IMMEDIATE RELEASE

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GOLDEN STATE BANCORP ANNOUNCES FOURTH QUARTER AND FULL YEAR 2019 FINANCIAL RESULTS

Glendale, CA, February 6, 2020 - Golden State Bancorp (OTCBB: GSBX), the holding company of Golden State Bank, today announced financial results for the fourth quarter and full year of 2019.

Full Year Highlights:

- Net income of \$1.4 million for 2019; net income included a pre-tax write down for legacy OREOs of \$963 thousand (please see attached non-GAAP adjusted net income calculations)
- Total assets increased by \$42.5 million, or 13.8%, from \$307.9 million at December 31, 2018 to \$350.4 million
- Loans, net of deferred fees increased \$38.7 million, or 18.0%, from \$215.2 million at December 31, 2018 to \$253.9 million
- Deposits increased by \$44.1 million, or 17.5%, from \$251.6 million at December 31, 2018 to \$295.8 million.

Robert Setrakian, Chairman of the Board and Chief Executive Officer of Golden State Bancorp stated “ We are pleased to report a decent and continued trend of both loan and deposit growth, together with solid asset quality. After 4 years of significant growth while implementing our turnaround, we have decided that it would be prudent to now focus our attention on revamping our foundation, especially in administrative areas such as operations, compliance, BSA/AML and IT infrastructure, to set us up for the next stage of growth. Thus, 2020 will be a transition year from that perspective although we still expect solid performance and profitability”.

Tom Byington, President and Chief Executive Officer of Golden State Bank stated “As I have said previously, this has been as challenging an interest rate environment for small banks as I have seen. Despite the fact that we continue to see strong deposit and loan pipelines and opportunities, I believe it is best to be cautious this late in the economic recovery and to focus on solidifying our infrastructure. Our Bank is and will continue to be well-capitalized”.

As was previously reported, Mr. Byington announced his upcoming retirement last November and the search for a new President and CEO at the Bank is ongoing.

About Golden State Bancorp and Golden State Bank

Golden State Bancorp is the holding company of Golden State Bank. Golden State Bank is a full service bank, serving the business, commercial and professional markets. The Bank is committed to meeting the financial needs of its business clients with loans for working capital, equipment, owner-occupied and investment commercial real estate, and a full array of cash management services and deposit products for businesses and their owners. Golden State Bank meets its client’s needs through its head office and branch in Glendale and regional office and branch in Upland. For more information, please visit www.goldenstatebank.com and www.goldenstatebancorp.com.

Forward Looking Statements

Certain statements in this press release that are not historical facts are “forward-looking statements”. Such statements are not guarantees of future performance and are subject to risks and uncertainties that could cause the Bank’s actual results and financial position to differ materially from those included within the forward-looking statements. Specific factors include, but are not limited to, loan production, balance sheet management, expanded net interest margin, the ability to control costs and expenses, interest rate changes and financial policies of the United States government, and general economic conditions. The Bank disclaims any obligation to update any such factors or to publicly announce the results of any revisions to any forward-looking statements contained in this release to reflect future events or developments. Forward-looking statements involve risks and uncertainties, including those relating to the illiquidity of the Bank’s stock. Actual results may differ materially from projected results, and reported results should not be considered as an indication of future performance. More information about the Bank is available via the Federal Deposit Insurance Corporation’s website: www.fdic.gov.

GOLDEN STATE BANCORP
Condensed Consolidated Statement of Financial Condition
(Unaudited)

ASSETS	December 31, 2019	December 31, 2018
Cash & due from banks	\$ 3,585,233	\$ 4,692,746
Interest-earning deposit in FRB/FFS	83,020,133	76,546,585
Total Loans, net of deferred fees	253,925,334	215,247,987
Allowance for loan losses	(3,377,813)	(2,862,518)
NET LOANS	250,547,521	212,385,469
Federal Home Loan Bank stock, at cost	951,700	943,600
Premises and equipment	1,243,376	1,101,931
Other real estate owned	4,497,357	5,460,267
Deferred tax asset	4,857,878	5,446,367
Other assets	1,652,875	1,321,932
TOTAL ASSETS	\$ 350,356,073	\$ 307,898,897
LIABILITIES AND SHAREHOLDERS' EQUITY		
Noninterest bearing deposits	\$ 46,183,428	\$ 48,734,272
Interest bearing deposits	249,570,473	202,895,103
TOTAL DEPOSITS	295,753,901	251,629,375
FHLB borrowings	16,500,000	20,000,000
Other borrowings	5,000,000	5,000,000
Other liabilities	1,720,234	1,329,997
TOTAL LIABILITIES	318,974,135	277,959,372
TOTAL SHAREHOLDERS' EQUITY	31,381,938	29,939,525
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 350,356,073	\$ 307,898,897

Selected Financial and Ratios

Asset Quality Ratios		
Nonperforming loans to total loans, net of deferred fees	0.23%	0.16%
Allowance for loan losses to total loans, net of deferred fees	1.33%	1.33%
Capital Ratios (1)		
Tier 1 leverage ratio	9.32%	10.70%
Common equity tier 1 capital ratio	11.04%	12.54%
Tier 1 risk based capital ratio	11.04%	12.54%
Total risk based capital ratio	12.29%	13.79%
Common shares outstanding	1,836,538	1,833,539 (2)
Book value per share	\$17.09	\$16.33
Fully diluted book value per share (3)	\$16.08	\$15.43

(1) All ratios calculated are at the "Bank" level, except per share information, which is at the "Bancorp" level.

(2) The equivalent common shares were calculated at 3.6922 conversion ratio on the Series A Preferred Stock that was set on February 28, 2018.

(3) Fully diluted book value per share is calculated based on book equity plus proceeds from the exercise of all stock options, divided by the total number of common shares that would be outstanding if all stock options were exercised.

GOLDEN STATE BANCORP
Condensed Consolidated Statement of Income
(Unaudited)

	Three Months Ended		Year Ended December 31,	
	December 31, 2019	December 31, 2018	2019	2018
Interest income	\$ 4,959,696	\$ 4,004,167	\$ 18,405,607	\$ 14,107,129
Interest expense	1,550,938	1,046,192	5,871,569	3,272,730
Net interest income	3,408,758	2,957,975	12,534,038	10,834,399
Provision for loan losses	-	206,950	453,500	770,550
Net interest income after provision for loan losses	3,408,758	2,751,025	12,080,538	10,063,849
Non-interest income	68,406	184,859	335,335	483,623
Non-interest expense	3,728,156	2,076,889	10,409,426	7,081,051
Income before taxes (loss)	(250,992)	858,995	2,006,447	3,466,421
Income tax (benefit)	(79,145)	(5,418,826)	603,803	(5,375,064)
NET INCOME	\$ (171,847)	\$ 6,277,821	\$ 1,402,644	\$ 8,841,485

Non-GAAP Adjusted Net Income

These non-GAAP adjustments are used by management in its analysis of the Company's performance. The following table provides reconciliation of the non-GAAP adjusted net income to net income defined by GAAP.

	Year Ended December 31,	
	2019	2018
<u>Adjusted Net Income Reconciliation</u>		
Net interest income after provision for loan losses	\$ 12,080,538	\$ 10,063,849
Non-interest income	335,335	483,623
Non-interest expense	10,409,426	7,081,051
less: provision for OREO write-downs	(962,910)	-
Adjusted noninterest expense	9,446,516	7,081,051
Adjusted income before taxes	2,969,357	3,466,421
Income tax (benefit)	603,803	(5,375,064)
Add: income tax on provision for OREO write-downs	284,636	-
Add: reversal of valuation allowance for deferred tax assets	-	5,446,367
Add: income tax as if provided	-	956,491
Adjusted income tax	888,439	1,027,794
Adjusted net income	\$ 2,080,918	\$ 2,438,627