



**Plaza Bank**

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## **Plaza Bank Announces Financial Results for the Quarter and Year Ended December 31, 2010**

IRVINE, CA--(Marketwire - April 4, 2011) - Plaza Bank (OTCBB: [PLZB](#)) (the "Bank") today reported net earnings for 2010 of \$3.9 million or \$0.28 per share on a cost and diluted basis, compared with a net loss of \$1.9 million or (\$0.23) per share on a cost and diluted basis for 2009. For the fourth quarter of 2010, the Bank reported net earnings of \$100,000 or less than one cent per share on a cost and diluted basis, compared with a net loss of \$589,000 or (\$0.05) per share on a cost and diluted basis for the fourth quarter of 2009.

"We are encouraged by the positive results on earnings that reflect the hard work of the entire Plaza team," states Plaza Bank President Gene Galloway. "We are well capitalized, showing profit and in a great position for additional growth after a relatively short period of time."

On June 2, 2010, the Federal Deposit Insurance Corporation (FDIC) terminated the Bank's Cease and Desist Order, which was put in place in April 2009. The termination of the Cease and Desist Order reflects the progress made by the Bank's management and board of directors to increase capital levels and improve liquidity and risk management. This regulatory recognition marked an important milestone in the Bank's recovery efforts.

On July 23, 2010, the Bank acquired certain assets and assumed certain liabilities of SouthwestUSA Bank (SWUSA) of Las Vegas, Nevada in a transaction facilitated by the FDIC. As part of the acquisition, the Bank entered into a loss-share agreement, under which the FDIC is responsible for 80% of the losses on the covered assets.

"Our management team has done an exceptional job of integrating and utilizing the synergies of the Nevada and California divisions during this acquisition period," states Tom Rogers, Chairman of the Plaza Bank Board of Directors.

Additionally, Plaza Bank continued to strengthen its capital position during 2010, receiving a capital injection of \$15 million during July 2010 from the Carpenter Community BancFund.

### **Assets and Liabilities**

At December 31, 2010, assets totaled \$314.2 million, up \$155.9 million or an increase of 98.5% over December 31, 2009. \$119.7 million, or 76.8% of the increase, is due to the SWUSA acquisition. During the fourth quarter of 2010, assets decreased \$45.8 million, primarily due to a decrease in cash and cash equivalents of \$57.5 million, partially offset by an increase in loans held for investment of \$10.1 million.

Net loans held for investment totaled \$226.9 million at December 31, 2010, an increase of \$112.6 million or 98.5% over December 31, 2009. During the fourth quarter of 2010, loans held for investment increased \$10.1 million or 4.7% and included loan originations of \$29.3 million. At December 31, 2010, the loan to deposit ratio was 96.5%, up from 82.8% at September 30, 2010, and 92.2% at December 31, 2009.

At December 31, 2010, our allowance for loan losses was \$1.7 million, an increase of \$323,000 and \$922,000 from September 30, 2010 and December 31, 2009, respectively. As of December 31, 2010, \$115.8 million, or 51.3%, of our loans held for investment have been marked to their fair market value and are not considered in the calculation of our allowance for loan losses. A credit discount, in the amount of \$24.8 million, has been established on the aforementioned \$115.8 million of loans. The credit discount performs similar to a loan loss allowance as when there is a loss (charge-off), the credit discount is reduced. For comparison purposes, the Bank's "normalized" allowance which includes the ALLL, the credit discount and the Bank's Cal Cap reserves of \$470,000 to our loans held for investment as of 12/31/2010 was 11.9%. Investment securities held for sale totaled \$17.6 million at December 31, 2010, up \$11.8 million or 202.6% compared to December 31, 2009. The Bank's investment portfolio consists of U.S. government-sponsored agencies' mortgage-backed securities and notes.

Deposits totaled \$240.4 million at December 31, 2010, an increase of \$116.5 million or 94.0% over December 31, 2009. During the fourth quarter of 2010, deposits decreased \$34.7 million, primarily due to a reduction in noninterest-bearing accounts of \$21.0 million and a reduction in retail certificates of deposit of \$14.3 million. At December 31, 2010, the Bank had \$53.5 million of wholesale deposits and \$780,000 of brokered deposits. The total cost of deposits at December 31, 2010 was 1.27%, down from 1.29% and 1.75% at September 30, 2010 and December 31, 2009, respectively.

At December 31, 2010, total borrowings amounted to \$27.0 million, an increase of \$18.0 million or 200.0% from December 31, 2009. The increase in other borrowings is primarily due to the Federal Home Loan Bank advances totaling \$16.5 million that were assumed by the Bank in the SWUSA transaction. Total borrowings at December 31, 2010 had a weighted average cost of 2.90%, down from 2.92% at December 31, 2009.

### **Nonperforming Assets**

At December 31, 2010, nonperforming assets totaled \$14.4 million or 4.46% of total assets, of which 80%, or \$11.6 million, are assets covered under the loss share agreement with the FDIC. The financial exposure to the Bank due to the FDIC loss share agreement at December 31, 2010 was \$3.3 million or 1.04% of total assets. At December 31, 2010, nonperforming assets consisted of nonaccrual loans totaling \$14.1 million and five OREO properties totaling \$353,000.

### **Net Interest Income**

Net interest income totaled \$8.4 million for 2010. Interest income and interest expense for the year totaled \$11.6 million and \$3.2 million, respectively. The Bank's net interest margin for the year was 3.01%.

### **Provision for Loan Losses**

The Bank recorded a provision for loan losses of \$922,000 during 2010.

### **Noninterest Income (Loss)**

For the year 2010, the Bank earned \$5.2 million in noninterest income. The earnings were predominantly from the gain on the SWUSA acquisition and from the sale of \$22.9 million of loans. The Bank earned \$3.1 million from the acquisition and \$1.5 million from the loan sales.

### **Noninterest Expense**

Noninterest expense totaled \$11.0 million for the year ended December 31, 2010. Noninterest expense is primarily comprised of compensation expense of \$7.2 million and occupancy expense of \$1.1 million. During

the year, the Bank added 24 employees for a total of 66 employees at the end of the year, 19 of whom were from the SWUSA acquisition.

### **Capital Ratios**

At December 31, 2010, the Bank exceeded all regulatory capital requirements for well capitalized banks with a tier 1 leverage capital ratio of 11.82%, tier 1 risked-based capital ratio of 19.09% and a total risk-based capital ratio of 19.95%. These capital ratios exceed the requirements for well capitalized banks established by the federal banking regulators of 5.00% for tier 1 leverage capital, 6.00% for tier 1 risked-based capital and 10.00% for total risk-based capital.

### **About Plaza Bank**

Plaza Bank is full service community bank serving the business and professional communities in Southern California and Las Vegas, Nevada. The Bank is committed to meeting the financial needs of small to middle market businesses and professional firms with loans for working capital, equipment and owner-occupied commercial real estate financing and a full array of cash management services. Our bankers are experienced, professional and knowledgeable. For more information, visit [www.plazabank.net](http://www.plazabank.net) or call President Gene Galloway at (949) 502-4300.

### **Forward-Looking Statements**

*Certain matters discussed in this press release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, and are subject to the safe harbors created by that Act. .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," "anticipate," "intend," "plan," "estimate," or words of similar meaning, or future or conditional verbs such as "will," "would," "should," "could," or "may." Forward-looking statements are based on currently available information, expectations, assumptions, projections, and management's judgment about the Bank, the banking industry and general economic conditions. These forward-looking statements are not guarantees of future performance, nor should they be relied upon as representing management's views as of any subsequent date. Future events are difficult to predict, and the expectations described above are necessarily subject to risk and uncertainty that may cause actual results to differ materially and adversely.*

*Forward-looking statements involve significant risks and uncertainties and actual results may differ materially from those presented, either expressed or implied, in this press release. Factors that might cause such differences include, but are not limited to: the Bank's ability to successfully execute its business plans and achieve its objectives; changes in general economic, real estate and financial market conditions, either nationally or locally in areas in which the Bank conducts its operations; changes in interest rates; new litigation or changes in existing litigation; future credit loss experience; increased competitive challenges and expanding product and pricing pressures among financial institutions; legislation or regulatory changes which adversely affect the Bank's operations or business; loss of key personnel; changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other regulatory agencies; and the ability to satisfy requirements related to the Sarbanes-Oxley Act and other regulation on internal control.*