



FOR IMMEDIATE RELEASE

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GOLDEN STATE BANCORP ANNOUNCES FOURTH QUARTER AND FULL YEAR 2023 FINANCIAL RESULTS

Glendale, CA, February 7, 2024 - Golden State Bancorp (OTCQX: GSBX) (“us,” “we,” “our,” or the “Company”), the holding company of Golden State Bank (the “Bank”), today announced financial results for the full year and fourth quarter of 2023.

Current Quarter Highlights:

- Total assets increased by \$80.7 million, or 12.4%, from \$648.8 million at December 31, 2022 to \$729.5 million
- Loans, net of deferred fees, increased by \$21.1 million, or 3.9%, from \$543.2 million at December 31, 2022 to \$564.3 million
- Credit quality remains strong
- Cash and cash equivalents increased by \$61.6 million, or 81.0%, from \$76.1 million at December 31, 2022 to \$137.8 million; also held \$15.8 million in short-term US Treasuries and \$4.5 million in FDIC-insured CD investments in other banks at year end
- Deposits increased by \$56.8 million, or 10.1%, from \$561.3 million at December 31, 2022 to \$618.1 million
- Net income of \$1.7 million and \$7.6 million for the three and twelve months, respectively, ended December 31, 2023
- Fully diluted book value per share of \$22.51

Mr. Robert H. Setrakian, Chairman of the Board and Chief Executive Officer of the Company stated, “Another good quarter and good year for Golden State Bank, especially in light of the tough and challenging environment. We enter 2024 with cautious optimism but remain conservative ahead of the quickly changing interest rate expectations and economic forecasts. The challenges that some banks in the markets that we serve are facing do present us with opportunities that we intend to take, and the year has started positively for us.”

"Our 2023 results underscore our resilience in asset quality and our steadfast commitment to sound banking practices," stated Mercedes N. Herrera, President, and Chief Executive Officer of the Bank. "It is also noteworthy to highlight our impressive year-over-year increase of 12.6% in fully diluted book value per share, a metric that we take great pride in. Together with other financial indicators, this growth empowers us to pursue organic expansion and capitalize on strategic opportunities that may arise."

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 meets 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 clients' needs through its head office and branch in Glendale and regional office and branch in Upland, California. 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 Company’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, expectations regarding growth, credit quality, the success and timing of the Company’s planned capital raise, the impact of the COVID-19 pandemic, 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 Company 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 Company’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)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
ASSETS		
Cash & due from banks	\$ 2,658,595	\$ 1,654,786
Interest-earning deposits	135,119,725	74,483,126
TOTAL CASH AND CASH EQUIVALENTS	137,778,320	76,137,912
Other Interest-earning deposits	4,500,000	-
Securities held-to-maturity, at cost	15,785,760	25,936,217
Total Loans, net of deferred fees	564,253,612	543,172,168
Allowance for loan losses	(7,691,455)	(7,493,299)
NET LOANS	556,562,157	535,678,869
Federal Home Loan Bank stock, at cost	3,063,100	2,060,200
Premises and equipment	1,623,599	796,762
Other real estate owned	-	1,056,182
Operating lease ROU assets, net	2,805,685	780,967
Deferred taxes, net	2,981,783	2,876,957
Other assets	4,444,509	3,522,680
TOTAL ASSETS	\$ 729,544,913	\$ 648,846,746
LIABILITIES		
Noninterest bearing deposits	\$ 106,531,562	\$ 176,258,208
Interest bearing deposits	511,560,086	385,007,294
TOTAL DEPOSITS	618,091,648	561,265,502
FHLB borrowings	25,000,000	12,500,000
Subordinated notes, net	14,799,837	14,731,210
Other borrowings	1,746,439	1,746,439
Operating lease liabilities	3,539,240	967,571
Other liabilities	3,688,114	3,124,988
TOTAL LIABILITIES	666,865,278	594,335,710
SHAREHOLDERS' EQUITY		
Common stock	45,628,315	45,405,087
Additional Paid in Capital	9,631,883	9,308,589
Retained Earnings	7,419,437	(202,640)
TOTAL SHAREHOLDERS' EQUITY	62,679,635	54,511,036
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 729,544,913	\$ 648,846,746

Selected Financial and Ratios

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Asset Quality		
Allowance for credit losses (ACL) ⁽¹⁾	\$ 8,537,815	\$ 7,872,299
ACL to total loans	1.51%	1.45%
Nonperforming loans to total loans, net of deferred fees	1.11%	0.45%
Capital Ratios ⁽²⁾		
Tier 1 leverage ratio	9.99%	9.86%
Common equity tier 1 capital ratio	12.85%	12.13%
Tier 1 risk based capital ratio	12.85%	12.13%
Total risk based capital ratio	14.10%	13.38%
Common shares outstanding	2,588,119	2,082,729
Book value per share ⁽³⁾	\$24.22	\$26.17
Fully diluted book value per share ⁽⁴⁾	\$22.51	\$19.99

(1) As of December 31, 2023, the allowance for credit losses totaled \$8.5 million and was comprised of an allowance for loan losses of \$7.7 million and a reserve for unfunded commitments of \$0.8 million. This compares to the allowance for credit losses of \$7.9 million comprised of an allowance for loan losses of \$7.5 million and a reserve for unfunded commitments of \$0.4 million at December 31, 2022.

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

(3) Basic book value per share is calculated as total shareholders' equity divided by the number of common shares outstanding as at the end of the period, giving no effect to dilutive shares. Book value per share of \$24.22 includes 492,086 shares nonvoting common shares issued in 2023Q3.

(4) Fully diluted book value per share is calculated based on fully diluted equity and the total number of common shares that would be outstanding if all in-the-money employee stock options, warrants and the conditional, restricted and non-assignable rights to purchase common stock are exercised by investors.

Shareholders' equity	\$ 62,679,635	\$ 54,511,036
Add: Proceeds from exercise of stock options	4,290,872	3,477,380
Add: Proceeds from exercise of warrants & rights-to-purchase	3,258,280	3,463,209
Adjusted Shareholders' equity	<u>\$ 70,228,787</u>	<u>\$ 61,451,624</u>
Common shares outstanding	2,588,119	2,082,729
Add: In-the-money employee stock options	355,995	311,370
Add: Warrants & rights-to-purchase	175,674	679,564
Fully diluted common shares outstanding	<u>3,119,788</u>	<u>3,073,663</u>
Book value per share	\$24.22	\$26.17
Fully diluted book value per share	\$22.51	\$19.99

GOLDEN STATE BANCORP Condensed Consolidated Statement of Income (Unaudited)
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	Three Months Ended		Twelve Months Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Interest income	\$ 12,006,044	\$ 9,124,798	\$ 43,497,840	\$ 30,691,990
Interest expense	5,475,492	2,167,696	16,698,318	5,742,971
Net interest income	6,530,552	6,957,102	26,799,523	24,949,019
Provision for credit losses	522,160	711,000	1,014,762	2,039,000
Net interest income after provision for credit losses	6,008,392	6,246,102	25,784,761	22,910,019
Noninterest income	96,089	70,724	217,634	262,671
Noninterest expense	3,606,610	3,229,451	15,205,861	12,298,076
Income before taxes	2,497,871	3,087,375	10,796,535	10,874,614
Income taxes	733,537	885,237	3,174,458	3,189,595
Net Income	\$ 1,764,334	\$ 2,202,138	\$ 7,622,077	\$ 7,685,019