



FOR IMMEDIATE RELEASE

**Contact: Mr. John Gutierrez
EVP & CFO
909.244.1418**

GOLDEN STATE BANCORP ANNOUNCES FOURTH QUARTER AND FULL YEAR 2018 RESULTS

Glendale, CA, February 20, 2019 - Golden State Bancorp (Ticker Symbol: GSBX), the holding company of Golden State Bank, today announced financial results for the quarter and year ended December 31, 2018, which was again marked by strong growth in assets, loans, deposits, and income. Highlights include:

- Net Earnings of \$6,276,250 for the three months and \$8,839,914 for the twelve months ended December 31, 2018, as compared to \$243,925 and \$1,830,447, respectively, for the same periods in 2017.
- Total Assets increased \$93.4 million, or 44%, from December 31, 2017 to \$307.9 million.
- Loans, net of deferred fees increased \$27.0 million, or 14%, to \$215.2 million.
- Deposits increased \$84.0 million, or 50%, to \$251.6 million.

Robert Setrakian, Chairman of the Board and Chief Executive Officer of Golden State Bancorp stated “Notwithstanding the large increase in Net Earnings due to the recognition of our Deferred Tax Asset arising from our NOL, we had another solid operational quarter and year. We almost doubled our Earnings before income taxes in 2018. In 2019, we will continue allocating more resources to enhance our teams and build up our infrastructure in technology, operations, back office and regulatory compliance functions.”

Tom Byington, President and Chief Executive Officer of Golden State Bank stated “It was a great year for Golden State Bank. We are very pleased with our results. We believe our investments have prepared us well for our next stage of growth.”

The reversal of the valuation allowance during the three and twelve months ended December 31, 2018 is the result of management's determination regarding the realization of the deferred tax asset attributable in large part to having had ten consecutive quarters of earnings since the valuation allowance was first established during the year ended December 31, 2008. Accounting rules specify that management must evaluate the deferred tax asset on a recurring basis to determine whether enough positive evidence exists as to whether it is more-likely-than-not that the deferred tax asset will be available to offset or reduce future taxes. For both the three and twelve months ended December 31, 2018, we had a net income tax benefit of \$5.4 million, as a result of the reversal of our full valuation allowance totaling \$6.5 million on our deferred tax asset, net of \$1.1 million in 2018 tax provision.

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 Selected Financials

GOLDEN STATE BANCORP Condensed Balance Sheet and Certain Financial Ratios (Unaudited)
--

ASSETS	<u>12/31/2018</u>	<u>12/31/2017</u>
Cash & due from banks	\$ 4,779,331	\$ 2,483,153
Interest-earning deposit in FRB	76,460,000	17,555,000
Total Loans, net of deferred fees	215,247,987	188,232,940
Allowance for Loan Losses	(2,862,518)	(2,091,968)
NET LOANS	212,385,469	186,140,972
Other real estate owned	5,460,267	5,460,267
Deferred Tax Asset	5,446,367	-
Other assets	3,351,787	2,849,692
TOTAL ASSETS	<u>\$ 307,883,221</u>	<u>\$ 214,489,084</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Noninterest bearing deposits	\$ 48,734,272	\$ 41,654,845
Interest bearing deposits	202,895,103	125,998,376
TOTAL DEPOSITS	251,629,375	167,653,221
FHLB borrowings	20,000,000	20,000,000
Other liabilities	6,315,892	5,867,415
TOTAL LIABILITIES	277,945,267	193,520,636
TOTAL SHAREHOLDERS' EQUITY	29,937,954	20,968,448
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 307,883,221</u>	<u>\$ 214,489,084</u>

Asset Quality Ratios (1)

Nonperforming Loans to Total Loans, net of deferred fees	0.16%	0.16%
Allowance for Loan Losses to Total Loans, net of deferred fees	1.33%	1.11%

Capital Ratios (1)

Tier 1 Leverage Ratio	10.45%	12.10%
Common Equity Tier 1 Risk Based Capital Ratio	12.25%	12.14%
Tier 1 Risk Based Capital Ratio	12.25%	12.14%
Total Risk Based Capital Ratio	13.50%	13.22%
Book value per share (2)	\$16.33	\$11.49
Total Equivalent Common Shares (2)	1,833,539	1,825,539

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

(2) Calculated at 3.6922 conversion ratio on the Series A Preferred Stock that was set on February 28, 2018.

GOLDEN STATE BANCORP
Condensed Income Statement
(Unaudited)

	Three Months Ended:		Twelve Months Ended:	
	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Interest income	\$ 4,004,167	\$ 2,734,493	\$ 14,107,129	\$ 9,125,959
Interest expense	1,046,192	441,392	3,272,730	1,430,354
Net interest income	2,957,975	2,293,101	10,834,399	7,695,605
Provision for loan losses	206,950	584,500	770,550	744,500
Net interest income after provision for loan losses	2,751,025	1,708,601	10,063,849	6,951,105
Noninterest income	184,859	151,112	483,623	427,474
Noninterest expense	2,076,889	1,615,788	7,081,051	5,546,612
Earnings before income taxes	858,995	243,925	3,466,421	1,831,967
Provision (Benefit) for Income Taxes	(5,417,255)	-	(5,373,493)	1,520
NET EARNINGS	<u><u>\$ 6,276,250</u></u>	<u><u>\$ 243,925</u></u>	<u><u>\$ 8,839,914</u></u>	<u><u>\$ 1,830,447</u></u>