



Contacts:

Jeffrey K. Ball (President & CEO)
Viktor Uehlinger (EVP & CFO)
(562) 947-1920

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FRIENDLY HILLS BANK REPORTS FIRST QUARTER RESULTS

WHITTIER, CALIFORNIA MAY 10, 2019 – Friendly Hills Bank (the “bank”) (OTCBB: FHLB) reported results for the first quarter of 2019.

For the three months period ending March 31, 2019, the bank reported net income of \$301,000 or \$0.15 per diluted share of common stock. The bank reported net income of \$192,000 or \$0.10 per diluted share of common stock for the three months ended March 31, 2018.

As of March 31, 2019, the bank reported total assets of \$158.3 million, a 2% increase from \$155.6 million as of March 31, 2018. The bank’s loan portfolio, net of unearned income, increased 9% from \$81.4 million as of March 31, 2018, to \$89.0 million as of March 31, 2019. The portfolio remains diversified with \$27.3 million or 31% in Commercial & Industrial Loans to local businesses (including \$16.5 million in Owner Occupied Commercial Real Estate Loans), \$33.2 million or 37% in Commercial Real Estate Loans to investors and \$23.1 million or 26% in Residential Real Estate Loans to investors. The bank has an additional \$24.5 million in unfunded loan commitments.

The bank’s overall deposit base has increased 10% in the twelve months ended March 31, 2019, from \$112.2 million as of March 31, 2018, to \$123.0 million as of March 31, 2019. Non-interest bearing deposits remain a substantial part of the deposit base (38%), increasing from \$42.6 million as of March 31, 2018, to \$46.7 million as of March 31, 2019. During the same time period, interest-bearing deposits increased from \$69.6 million as of March 31, 2018, to \$76.3 million on March 31, 2019.

At March 31, 2019, shareholders’ equity was \$17.6 million and the bank’s total risk-based capital ratio was 18%, significantly exceeding the “well-capitalized” level of 10% prescribed under regulatory requirements. The bank also continues to maintain substantial liquidity positions, retaining significant balances of liquidity as well as available collateralized borrowings and other potential sources of liquidity.

“We are pleased to report a very strong start to the new year with a substantial increase in earnings per share in comparison to the previous year,” commented Jeffrey K. Ball, Chief Executive Officer. “Much of this improvement is attributable to growth in our loan portfolio which was achieved while maintaining our consistent underwriting standards. Asset quality remains very strong and the loan portfolio continues to be well diversified. On the deposit side we continue to see volatility which is consistent with having such a strong base of core deposits. Although more volatile, these deposits tend to be lower cost and represent a key strength for our institution which is reflective of the strong service culture we are known for in the markets we serve. We have strong capital and liquidity to effectively manage this volatility and allow for the continued growth of the bank.”

Company Profile:

Friendly Hills Bank is a community bank which was formed to primarily serve the Southern California communities of eastern Los Angeles County and northern Orange County. The bank was established in 2006 by prominent members of the local community who were seeking an alternative to the larger financial institutions in the area. The bank is headquartered in Whittier, California with an additional branch office in Santa Fe Springs, California. For more information on the bank, please visit www.friendlyhillsbank.com or call 562-947-1920.

Forward Looking Statements:

The numbers in this press release are unaudited. Statements such as those regarding the anticipated development and expansion of Friendly Hills Bank's business, and the intent, belief or current expectations of the bank, its directors or its officers, are "forward looking" statements (as such term is defined in the Private Securities Litigation Reform Act of 1995). Because such statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward looking statements. These risks and uncertainties include, but are not limited to, risks related to the local and national economy, the bank's performance, including its ability to generate loan and deposit growth, changes in interest rates, and regulatory matters.

Friendly Hills Bank Balance Sheets (Unaudited) (in thousands, except per share information)

	<u>3/31/19</u>	<u>12/31/18</u>	<u>3/31/18</u>
ASSETS			
Cash and due from banks	\$ 4,852	\$ 3,278	\$ 4,033
Interest bearing deposits with other financial institutions	5,580	3,450	15,038
Cash and Cash Equivalents	10,432	6,728	19,071
Investment securities available-for-sale	51,911	53,462	48,857
Federal Home Loan Bank and other restricted stock	2,590	2,590	2,313
Loans, net of unearned income	89,044	86,135	81,402
Allowance for loan losses	(1,525)	(1,525)	(1,525)
Net Loans	87,519	84,610	79,877
Premises and equipment, net	634	335	334
Bank owned life insurance	3,658	3,637	3,574
Deferred tax asset	548	177	581
Accrued interest receivable and other assets	1,028	1,074	1,036
Total Assets	\$ 158,320	\$ 152,613	\$ 155,643
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Deposits			
Noninterest-bearing deposits	\$ 46,693	\$ 43,803	\$ 42,599
Interest-bearing deposits	76,336	78,438	69,609
Total Deposits	123,029	122,241	112,208
FHLB advances	16,590	12,750	26,750
Accrued interest payable and other liabilities	1,147	629	697
Total Liabilities	140,766	135,620	139,655
Shareholders' Equity			
Common stock, no par value, 10,000,000 shares authorized:			
1,997,993 shares issued and outstanding as of 3/31/19	15,958	15,958	15,958
1,979,993 shares issued and outstanding as of 12/31/18			
Additional paid-in-capital	1,419	1,293	1,293
Accumulated deficit	858	557	(158)
Accumulated other comprehensive income (loss)	(681)	(815)	(1,105)
Total Shareholders' Equity	17,554	16,993	15,988
Total Liabilities and Shareholders' Equity	\$158,320	\$ 152,613	\$ 155,643
Book Value Per Share	\$ 8.79	\$ 8.58	\$ 8.08

Friendly Hills Bank Statements of Operations (Unaudited) (in thousands, except per share information)

	For the three months ended <u>3/31/19</u>	For the three months ended <u>3/31/18</u>
Interest Income	\$ 1,518	\$ 1,327
Interest Expense	138	122
Net Interest Income	1,380	1,205
Provision for Loan Losses	0	0
Net Interest Income after Provision for Loan Losses	1,380	1,205
Noninterest Income	126	121
Noninterest Expense	1,085	1,061
Non-Recurring Items	0	1
Income before Provision for Income Taxes	421	266
(Provision) Benefit for Income Taxes	(120)	(74)
Net Income	\$ 301	\$ 192
Basic and Diluted Earnings Per Share	\$ 0.15	\$ 0.10