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Suncrest Bank Reports First Quarter Net Income. Earnings Doubled Year Over Year.

Visalia, CA – Suncrest Bank (OTCQX: SBKK) today reported unaudited financial results for the first quarter of 2018.

“This was a strong quarter for Suncrest with net income of \$1.46 million and an increase in earnings per share of 110% over the prior year,” said Ciaran McMullan, President and CEO of Suncrest Bank. “Revenues benefited from higher core net interest income which increased by 5% on a linked quarter basis and by 25% over the prior year while we have kept operating expenses relatively flat. Non-interest expense, excluding non-recurring costs, has decreased by just under 1% compared to the prior year.”

McMullan added, “During the quarter the shareholders of Suncrest Bank and those of CBBC Bancorp approved our planned merger which we expect to close during the second quarter, following receipt of all regulatory approvals.”

First Quarter 2018 Highlights

- Net income of \$1.46 million, an increase of 110% compared to the first quarter 2017
- Diluted EPS of \$0.21 compared to \$0.10 for the first quarter 2017
- Return on average assets of 1.09% compared to 0.62% for the first quarter 2017
- Return on average equity of 9.53% compared to 4.78% for the first quarter 2017
- Total loans increased by \$9.5 million, or 2.7% during the quarter
- New loan originations¹ were \$47.5 million during the quarter – a single quarter record.
- Total deposits increased by \$16.5 million, or 3.5% during the quarter
- Core net interest margin² for the quarter was 4.38% compared to 4.28% for the first quarter 2017
- Cost of funds for the quarter was 23 basis points compared to 26 basis points for the first quarter 2017
- Total risk based capital ratio was 14.47% and Tier 1 leverage ratio was 11.01%
- Named to the 2018 DepositAccounts.com Top 200 List of Healthiest Banks in the United States
- Named to the 2018 OTCQX® Best 50 List for the second year running

Income Statement

The comparability of first quarter net income to the same quarter last year, and the linked quarter, is impacted by the one-time impact of tax expense associated with the “Tax Act”, non-recurring costs associated with our upcoming merger and previous acquisition of Security First Bank, and non-recurring income due to the recognition of fair value discount accretion on acquired loans.

<u>Period</u>	<u>Net Income</u>	<u>Non-recurring income</u>	<u>Non-recurring costs(3)</u>	<u>Core Net Interest Income(2)</u>	<u>Core Net Income(2)</u>	<u>Core NIM(2)</u>	<u>Core Diluted EPS(2)</u>
Q1 2018	\$ 1,456,492	\$ 16,138	\$ 115,000	\$ 5,355,793	\$ 1,551,492	4.38%	\$ 0.22
Q4 2017	\$ 111,999	\$ 434,412	\$ 1,430,000	\$ 5,096,185	\$ 1,285,999	4.10%	\$ 0.18
Q1 2017	\$ 695,214	\$ 351,200	\$ 250,000	\$ 4,302,117	\$ 635,658	4.28%	\$ 0.09

¹ Includes unfunded commitments

² Non-GAAP financial measure, excludes non-recurring income and non-recurring costs

³ Includes \$1.3 million related to the “Tax Act” and \$130,000 in non-recurring merger expenses for Q4 2017

Core net income for the quarter, which excludes all non-recurring items, was a record \$1.6 million or \$0.22 per diluted share compared with core net income of \$0.6 million or \$0.09 per diluted share for the first quarter of 2017, and \$1.3 million or \$0.18 per diluted share for the linked quarter.

Core net interest income for the quarter was \$5.4 million, an increase of \$1.1 million or 24.5% over the same quarter last year.

Non-interest income for the quarter was \$296,000 and has been slowly increasing when compared to both the prior year and the linked-quarter primarily driven by an increasing number of deposit accounts. The bank had no Gain on Sale income in the first quarter.

Non-interest expense excluding non-recurring costs was \$3.3 million for the quarter, a decrease of approximately \$27,000 or 0.8% compared to the first quarter of 2017, and an increase of approximately \$65,000 or 2.0% compared to the linked quarter. Included in non-interest expense were salaries and employee benefits expense of \$1.9 million for the quarter, a decrease of approximately \$121,000 or 6.0% compared to the first quarter of 2017, and an increase of approximately \$33,000 or 1.8% compared to the linked quarter. The improvement over the same period last year is a result of a decline in FTE as a result of a reduction in staff related to the merger with Security First Bank. In addition, the increase in compensation cost as compared to the linked quarter was lower than expected as increases in compensation cost due to annual salary increases and payroll taxes normally experienced in the first quarter were partially offset by an increase in deferred costs due to the significant increase in loan originations during the current quarter.

Core net interest margin (NIM), which removes accretion of loan fair value marks and non-recurring items such as recovery of interest, was 4.38% for the quarter, an increase of 10 basis points from the same quarter last year. This improvement was driven primarily by a lower cost of funds and improved return on our investment securities. Our Core NIM improved by 28 basis points when compared to the linked quarter driven by an increase in our core loan yield and improved return on our investment securities as well as securities being a higher percentage of average earnings assets in the current quarter.

Balance Sheet

Total assets at March 31, 2018 were \$545.9 million, an increase of \$17.0 million during the quarter and a year over year increase of \$94.2 million, or 20.9%.

Total deposits increased during the quarter by approximately \$16.5 million, or 3.5%. Non-maturity deposits increased by \$18.0 million while time deposits declined by \$1.5 million. Non-interest bearing deposits have increased by \$58.1 million or 51.4% year over year and Savings, NOW and Money Market deposits have increased by \$49.6 million or 25.4% year over year. This strong result reflects the banks ongoing efforts to grow less price sensitive non-maturity deposits.

Total loans increased by \$9.5 million during the quarter, or 2.7%, and new loan originations together with new unfunded commitments during the quarter were a record \$47.5 million. Total loans have grown by \$46.4 million or 14.6% over the previous year.

Commercial and industrial loans declined by \$7.0 million during the quarter which reflects the normal business cycle of certain clients, while loans to finance agricultural production increased by \$4.1 million during the quarter, which is primarily driven by the initial draws of our 2018 crop lines.

Commercial real estate loans (both owner and non-owner occupied) increased by \$18.6 million during the quarter or 11.5% including an increase in multifamily of \$8.9 million which included a \$6.3 million loan to purchase a large student housing complex associated with one of the Central Valley's premier Universities. The additional growth was diversified across multiple real estate categories.

Asset Quality

Non-performing assets were \$1.0 million or 0.19% of total assets at March 31, 2018 compared to \$0.97 million or 0.18% of total assets at December 31, 2017. This slight increase was due to the reclassification of one small, matured loan to non-accrual.

During the first quarter the company recorded an additional \$210,000 provision for loan losses and the allowance for loan losses as a percentage of total loans, excluding acquired loans that have been marked to fair value, was 1.27% at March 31, 2018 compared to 1.27% at December 31, 2017.

Capital

Suncrest Bank remained well capitalized at March 31, 2018. All of the Bank's capital ratios are above minimum regulatory standards for "well capitalized" institutions.

At March 31, 2018 the tangible book value per common share was \$8.11 with common shares issued of 7,041,577 as of the same date. This compares to a tangible book value per common share of \$8.02 at December 31, 2017 and \$7.63 at September 30, 2017.

Excluding the unrealized loss on securities, the tangible book value per common share at March 31, 2018 was \$8.36

About Suncrest Bank

Suncrest Bank, member FDIC, is locally owned and operated and offers a full range of commercial, small business and agribusiness loans, cash management services and personal deposit products throughout the Central Valley of California. It is regularly rated Five Stars by Bauer Financial as one of the nation's strongest financial institutions, and in 2017 and 2018 was named to the OTCQX® Best 50, a ranking of top performing companies traded on the OTCQX Best Market. It is a Preferred Lender with the Small Business Administration and its stock can be purchased on the open market, trading on the OTCQX under the ticker symbol SBKK. For all other information, visit www.suncrestbank.com

Forward Looking Statements

Except for the historical information in this news release, the matters described herein contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are subject to risks and uncertainties that could cause actual results to differ materially. Such risks and uncertainties include: the credit risks of lending activities, including changes in the level and trend of loan delinquencies and charge-offs, results of examinations by our banking regulators, our ability to maintain adequate levels of capital and liquidity, our ability to manage loan delinquency rates, our ability to price deposits to retain existing customers and achieve low-cost deposit growth, manage expenses and lower the efficiency ratio, expand or maintain the net interest margin, mitigate interest rate risk for changes in the interest rate environment, competitive pressures in the banking industry, access to available sources of credit to manage liquidity, the local and national economic environment, and other risks and uncertainties. Accordingly, undue reliance should not be placed on forward-looking statements. These forward-looking statements speak only as of the date of this release. Suncrest Bank undertakes no obligation to update publicly any forward-looking statements to reflect new information, events or circumstances after the date of this release or to reflect the occurrence of unanticipated events. Investors are encouraged to read the Suncrest Bank annual reports which are available on our website.

Suncrest Bank
Statements of Financial Condition
(Unaudited)

	<u>March 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>	<u>March 31,</u> <u>2017</u>
ASSETS			
Cash and Due from Banks	\$ 24,572,282	\$ 29,728,313	\$ 22,783,570
Federal Funds Sold	34,042,000	33,006,000	42,553,000
TOTAL CASH AND CASH EQUIVALENTS	58,614,282	62,734,313	65,336,570
Investment Securities Available for Sale (AFS)	102,543,729	90,368,057	45,423,120
Loans:			
Total Loans	362,834,193	353,368,194	316,481,527
Allowance for Loan Losses	(3,598,647)	(3,412,669)	(2,696,163)
NET LOANS	359,235,546	349,955,525	313,785,364
Federal Home Loan Bank and Other Bank Stock, at Cost	3,152,891	3,152,891	3,152,891
Premises and Equipment	5,855,755	5,904,262	5,710,907
Other Real Estate Owned	313,720	313,720	635,842
Bank Owned Life Insurance	5,268,420	5,238,821	5,146,284
Goodwill	3,325,220	3,325,220	3,325,220
Core Deposit Intangible	1,255,183	1,313,301	1,516,342
Accrued Interest and Other Assets	6,305,046	6,611,278	7,596,144
	<u>\$ 545,869,792</u>	<u>\$ 528,917,388</u>	<u>\$ 451,628,684</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits:			
Noninterest-bearing Demand	\$ 171,144,392	\$ 162,335,707	\$ 113,020,660
Savings, NOW and Money Market Accounts	244,517,041	235,311,974	194,953,732
Time Deposits	67,760,910	69,253,295	84,479,850
TOTAL DEPOSITS	483,422,343	466,900,976	392,454,242
Accrued Interest and Other Liabilities	763,424	1,199,304	928,694
TOTAL LIABILITIES	484,185,767	468,100,280	393,382,936
Shareholders' Equity:			
Common Stock - No par value	57,624,317	57,279,494	57,202,344
Additional Paid-in Capital	2,101,103	1,985,398	1,894,064
Retained Earnings (Deficit)	3,751,976	2,295,485	(514,828)
Accumulated Other Comprehensive Income (Loss) - Net			
Unrealized Gain (Loss) on Securities AFS	(1,793,371)	(743,269)	(335,832)
TOTAL SHAREHOLDERS' EQUITY	61,684,025	60,817,108	58,245,748
	<u>\$ 545,869,792</u>	<u>\$ 528,917,388</u>	<u>\$ 451,628,684</u>

Suncrest Bank
Statements of Income (Unaudited)
For the Three Months Ended

	<u>March 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>	<u>March 31,</u> <u>2017</u>
INTEREST INCOME			
Interest and Fees on Loans	\$ 4,899,624	\$ 5,170,322	\$ 4,587,599
Interest on Investment Securities	530,014	368,311	196,733
Interest on Federal Funds Sold and Other	208,834	269,180	115,496
TOTAL INTEREST INCOME	<u>5,638,472</u>	<u>5,807,813</u>	<u>4,899,828</u>
INTEREST EXPENSE			
Interest on Savings Deposits, NOW and Money Market Accounts	147,041	159,900	100,495
Interest on Time Deposits	119,501	117,316	146,016
Interest on Other Borrowings	-	-	-
TOTAL INTEREST EXPENSE	<u>266,542</u>	<u>277,216</u>	<u>246,511</u>
NET INTEREST INCOME	5,371,930	5,530,597	4,653,317
Provision for Loan Losses	210,000	-	200,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	<u>5,161,930</u>	<u>5,530,597</u>	<u>4,453,317</u>
NONINTEREST INCOME			
Service Charges, Fees, and Other Income	296,026	286,759	282,883
Gain on Sale of Loans	-	-	12,789
	<u>296,026</u>	<u>286,759</u>	<u>295,672</u>
NONINTEREST EXPENSE			
Salaries and Employee Benefits	1,895,202	1,862,316	2,016,409
Occupancy Expenses	353,032	344,874	314,879
Other Expenses	1,131,331	1,122,764	1,210,187
	<u>3,379,565</u>	<u>3,329,954</u>	<u>3,541,475</u>
INCOME BEFORE INCOME TAXES	<u>2,078,391</u>	<u>2,487,402</u>	<u>1,207,514</u>
Income Taxes	621,900	2,375,403	512,300
NET INCOME	<u>\$ 1,456,491</u>	<u>\$ 111,999</u>	<u>\$ 695,214</u>

Suncrest Bank**Selected Financial Data & Ratios (Unaudited)**

	March 31,	December 31,	March 31,
	2018	2017	2017
For the three months ended:			
Return on Average Assets(ROAA)	1.09%	0.08%	0.62%
ROAA excluding non-recurring items ⁽¹⁾⁽²⁾	1.16%	0.97%	0.57%
Return on Average Equity(ROAE)	9.53%	0.73%	4.78%
ROAE excluding non-recurring items ⁽¹⁾⁽²⁾	10.15%	8.35%	4.37%
Noninterest Expense (NIE) To Average Assets	2.53%	2.50%	3.16%
NIE to Average Assets excluding non-recurring items ⁽¹⁾⁽²⁾	2.45%	2.40%	2.94%
Efficiency Ratio	59.63%	57.24%	71.56%
Efficiency Ratio excluding non-recurring items ⁽¹⁾⁽²⁾	57.76%	59.44%	71.59%
Net Interest Margin	4.39%	4.45%	4.62%
Core Net Interest Margin ⁽¹⁾⁽²⁾	4.38%	4.10%	4.28%
Cost of Funds	0.23%	0.23%	0.26%
Basic Earnings Per Share (EPS)	\$ 0.21	\$ 0.01	\$ 0.10
Diluted EPS	\$ 0.21	\$ 0.01	\$ 0.10
Diluted EPS excluding non-recurring items ⁽¹⁾⁽²⁾	\$ 0.22	\$ 0.18	\$ 0.09

(1) Non-recurring items include deferred tax asset write-down, merger expenses, discount accretion on acquired loans and recovery of interest on non-accrual loans.

(2) These non-GAAP measures have inherent limitations, are not required to be uniformly applied and are not audited. They should not be considered in isolation or as a substitute for analyses of results reported under GAAP. These non-GAAP measures may not be comparable to similarly titled measures reported by other companies.

Suncrest Bank
Selected Financial Data & Ratios Continued (Unaudited)

	March 31, 2018	December 31, 2017	March 31, 2017
At Period End:			
Loans to Deposits	75.06%	75.68%	80.64%
Average Loans to Average Deposits (QTD)	74.81%	73.46%	79.14%
Non-Performing Assets to Assets	0.19%	0.18%	0.58%
Outstanding Shares	7,041,577	7,007,594	7,000,094
Tangible Book Value Per Share ⁽²⁾	\$ 8.11	\$ 8.02	\$ 7.63
Tangible Book Value Per Share excluding Unrealized Loss on Securities ⁽²⁾	\$ 8.36	\$ 8.12	\$ 7.68
Book Value Per Share	\$ 8.76	\$ 8.68	\$ 8.32

Regulatory Capital Ratios

Tier 1 Leverage (to average assets)	11.01%	10.58%	11.92%
Common Equity Tier 1 Capital (to risk weighted assets)	13.62%	13.63%	13.62%
Tier 1 Capital (to risk weighted assets)	13.62%	13.63%	13.62%
Total Capital (to risk weighted assets)	14.47%	14.47%	14.32%

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Loan Composition</u>			
Commercial and Industrial:	\$ 32,155,128	\$ 39,160,437	\$ 38,317,607
Loans to Finance Agricultural Production and Other Loans to Farmers:	24,327,648	20,213,687	17,362,540
Loans Secured by Real Estate:			
Secured by Farmland	71,477,138	74,503,408	57,394,590
Construction, Land Development and Other Land	10,413,014	12,383,517	13,556,031
1-4 Family Residential Properties	44,044,058	45,261,076	45,318,921
Multifamily Residential Properties	27,436,480	18,504,600	15,728,093
Owner Occupied Nonresidential Properties	55,107,107	50,715,973	45,183,519
Non-Owner Occupied Nonresidential Properties	97,670,570	92,378,429	83,286,478
Total Loans Secured by Real Estate	306,148,367	293,747,003	260,467,632
Other Loans:	203,050	247,067	333,748
Total Loans	<u>\$ 362,834,193</u>	<u>\$ 353,368,194</u>	<u>\$ 316,481,527</u>

(2) These non-GAAP measures have inherent limitations, are not required to be uniformly applied and are not audited. They should not be considered in isolation or as a substitute for analyses of results reported under GAAP. These non-GAAP measures may not be comparable to similarly titled measures reported by other companies.

Suncrest Bank
Average Balance Sheet and Yields (Unaudited)
For the Three Months Ended

	March 31, 2018			December 31, 2017		
	<u>Average Balance</u>	<u>Interest</u>	<u>Average Yield/Rate</u>	<u>Average Balance</u>	<u>Interest</u>	<u>Average Yield/Rate</u>
Interest Earning Assets:						
Deposits in Other Financial Institutions	\$ 45,128,356	\$ 208,834	1.88%	\$ 74,631,467	\$ 269,180	1.43%
Investment Securities	98,506,314	530,014	2.15%	73,019,626	368,311	2.02%
Loans	<u>352,726,445</u>	<u>4,899,624</u>	5.63%	<u>345,324,119</u>	<u>5,170,322</u>	5.94%
Total Interest Earning Assets	496,361,115	5,638,472	4.61%	492,975,212	5,807,813	4.67%
Noninterest Earning Assets	<u>37,353,245</u>			<u>39,859,575</u>		
Total Assets	<u><u>\$533,714,360</u></u>			<u><u>\$532,834,787</u></u>		
Interest Bearing Liabilities						
Interest Bearing Transaction Accounts	\$ 57,412,491	17,736	0.13%	\$ 57,337,498	18,006	0.12%
Savings and Money Market Accounts	178,140,536	129,305	0.29%	178,504,255	141,894	0.32%
Time Deposits	<u>68,553,202</u>	<u>119,501</u>	0.71%	<u>71,184,502</u>	<u>117,316</u>	0.65%
Total Interest Bearing Deposits	304,106,229	266,542	0.36%	307,026,255	277,216	0.36%
Other Borrowings	<u>-</u>	<u>-</u>	-	<u>-</u>	<u>-</u>	-
Total Interest Bearing Liabilities	304,106,229	266,542	0.36%	307,026,255	277,216	0.36%
Noninterest Bearing Transaction Accounts	<u>167,393,658</u>			<u>163,029,890</u>		
Total Funding Sources	471,499,887			470,056,145		
Noninterest Bearing Liabilities	1,068,364			1,188,217		
Shareholders' Equity	<u>61,146,109</u>			<u>61,590,425</u>		
Total Liabilities and Shareholder's Equity	<u><u>\$533,714,360</u></u>			<u><u>\$532,834,787</u></u>		
Net Interest Income		<u>\$ 5,371,930</u>			<u>\$ 5,530,597</u>	
Net Interest Margin			4.39%			4.45%

Suncrest Bank
Average Balance Sheet and Yields (Unaudited)
For the Three Months Ended

	March 31, 2018			March 31, 2017		
	<u>Average Balance</u>	<u>Interest</u>	<u>Average Yield/Rate</u>	<u>Average Balance</u>	<u>Interest</u>	<u>Average Yield/Rate</u>
Interest Earning Assets:						
Deposits in Other Financial Institutions	\$ 45,128,356	\$ 208,834	1.88%	\$ 53,232,844	\$ 115,496	0.88%
Investment Securities	98,506,314	530,014	2.15%	47,037,935	196,733	1.67%
Loans	<u>352,726,445</u>	<u>4,899,624</u>	5.63%	<u>307,592,099</u>	<u>4,587,599</u>	6.05%
Total Interest Earning Assets	496,361,115	5,638,472	4.61%	407,862,878	4,899,828	4.87%
Noninterest Earning Assets	<u>37,353,245</u>			<u>40,166,138</u>		
Total Assets	<u><u>\$533,714,360</u></u>			<u><u>\$448,029,016</u></u>		
Interest Bearing Liabilities						
Interest Bearing Transaction Accounts	\$ 57,412,491	17,736	0.13%	\$ 52,151,487	14,870	0.12%
Savings and Money Market Accounts	178,140,536	129,305	0.29%	137,177,672	85,625	0.25%
Time Deposits	<u>68,553,202</u>	<u>119,501</u>	0.71%	<u>84,096,285</u>	<u>146,016</u>	0.70%
Total Interest Bearing Deposits	304,106,229	266,542	0.36%	273,425,444	246,511	0.37%
Other Borrowings	<u>-</u>	<u>-</u>	-	<u>-</u>	<u>-</u>	-
Total Interest Bearing Liabilities	304,106,229	266,542	0.36%	273,425,444	246,511	0.37%
Noninterest Bearing Transaction Accounts	<u>167,393,658</u>			<u>115,235,672</u>		
Total Funding Sources	471,499,887			388,661,116		
Noninterest Bearing Liabilities	1,068,364			1,230,975		
Shareholders' Equity	<u>61,146,109</u>			<u>58,136,925</u>		
Total Liabilities and Shareholder's Equity	<u><u>\$533,714,360</u></u>			<u><u>\$448,029,016</u></u>		
Net Interest Income		<u>\$ 5,371,930</u>			<u>\$ 4,653,317</u>	
Net Interest Margin			4.39%			4.62%