



LUTHER BURBANK SAVINGS

STATEMENT OF CONDITION

December 31, 2010

To Our Valued Customers:

2010 was another exceptional year for Luther Burbank Savings. With \$3.5 billion in assets, we are one of the few banks that maintained consistent profitability throughout the financial crisis. Luther Burbank Savings continues to produce positive results that exceed industry standards by a significant margin.

Our performance is a combination of our long-term approach to conservative asset growth, our private ownership that allows us to focus on customer relationships over the demands of public shareholders, and our strict adherence to balance sheet management and cost control.

In 2010, total branch deposits increased \$405 million, or 17%, to \$2.9 billion. Each of our seven branch offices added to this growth, but of particular significance is our Santa Rosa branch that surpassed \$1.0 billion in deposits, and our new Beverly Hills branch that opened in August of 2010, and ended the year with over \$150 million in deposits.

For the year ended December 31, 2010, our core capital and risk based capital ratios increased over 13% to 10.70% and 15.40%, respectively. This places our capital ratios, which are a very important measure of strength, significantly above the well-capitalized regulatory standards of 5% and 10%.

In 2010, our non-performing assets ratio declined 27 basis points, or 11%, to 2.16% as of December 31, 2010. This is less than half the average of all FDIC insured institutions of 5.12% (as of September 30, 2010).

Luther Burbank Savings has consistently posted positive earnings for over 27 years. In 2010, we continued this performance with net income exceeding our record 2008 earnings.

From our very first customers in Santa Rosa to our newest customers in Beverly Hills, we thank you for your business. It is genuinely appreciated.

Victor Trione
Chairman of the Board

John Biggs
President & CEO

Assets

Cash & Securities	\$ 64,777,000
Loans Receivable	3,296,650,000
Other Assets	84,511,000
Foreclosed Real Estate	<u>8,272,000</u>
	<u><u>\$ 3,454,210,000</u></u>

Liabilities & Capital

Deposits	\$ 2,858,538,000
FHLB Advances	188,632,000
Other Liabilities	34,375,000
Capital	<u>372,665,000</u>
	<u><u>\$ 3,454,210,000</u></u>

This unaudited statement is prepared in accordance with generally accepted accounting principles.

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www.lutherburbanksavings.com

