

Bank of Southern California Announces Q1 2020 Results and Response to Pandemic

5/5/2020

First Quarter 2020 Highlights

- Q1 2020 on track as Bank responds to pandemic
- Reorganization into Southern California Bancorp approved by shareholders
- CalWest Bancorp acquisition closing in Q2, pending shareholder approval

San Diego, May 5, 2020 – Bank of Southern California, N.A. (OTC Pink: BCAL) today reported results for the first quarter ended March 31, 2020. Total assets increased to \$852 million at March 31, 2020, up from \$830 million in the prior quarter and an increase of 10.8% compared to March 31, 2019. Total loans increased to \$683 million and total deposits increased to \$689 million from \$629 million and \$636 million, respectively, at March 31, 2019. Net income for the quarter ended March 31, 2020, was \$1.91 million, compared to \$1.64 million in Q4 2019 and \$1.85 million in Q1 2019.

Nathan Rogge, President and CEO of Bank of Southern California said, “While we are pleased with our first quarter results, we are more focused on the current environment and supporting small businesses and communities impacted by the Coronavirus (COVID-19) while remaining financially strong and positioning for growth.” The Bank’s focus on small business is reflected in first quarter results in C&I lending, which is up 19% in outstandings compared to the first quarter of the prior year, and also in undisbursed C&I commitments, which increased 25% during the same period. Non-interest bearing demand deposits, another reflection of our small business focus, have increased 26% compared to the first quarter of 2019.

“As we navigate these unique times, we remain committed to executing upon our strategic plan and supporting Southern California’s business community. Most recently, we were able to assist customers and non-customers in obtaining critical funding in response to the Paycheck Protection Program (PPP). By the end of the first round, we helped over 900 local businesses secure PPP loans, thus providing over 35,000 jobs,” concluded Rogge. The Bank also remains focused on our strategic merger with CalWest Bank, which will provide an expanded branch presence

covering Orange County and the Inland Empire and well as operational synergies so we may better serve the business community.

John Farkash, Chairman of the Board said, "Aside from the solid first quarter results, I am proud of the impact our Bank has made in supporting small businesses and helping to restore our local economies. We look forward to growing our relationships with these new businesses as we look ahead and recover from this pandemic."

Additional Financial Highlights and Response to the Pandemic

With the onset of the world-wide coronavirus pandemic in the middle of March, Bank of Southern California has been taking measures to closely monitor its loan portfolio, operations, liquidity and capital resources while actively working to minimize the current and future impact of this unprecedented situation. While the full impact of the pandemic is not known at this time, the following highlights pertinent information in the Bank's response.

- Operations – While all branch offices remain operational, for the safety of our employees and customers, our branch offices have reduced hours and we highly encourage drive-through, where available, remote banking, and internet banking. We have installed protective shields at service areas and social distancing protocols have been implemented.
- Capital resources – The Bank closed a private placement of common stock in December 2019 in connection with its pending acquisition of CALWest Bancorp. The Bank's capital ratios at March 31, 2020 – 12.5% tier 1 leverage ratio and 16.5% total risk-based capital – are considered very strong and the Bank will remain "well-capitalized" after closing the pending merger.
- Liquidity – The Bank has sufficient liquidity resources to meet its customer's needs. In addition to balance sheet liquidity of over 10% of assets, the Bank has access to liquidity facilities from other banks, including the Federal Home Loan Bank of San Francisco, at which the Bank has over \$100 million available borrowing capacity at March 31, 2020.
- Loan Portfolio – While nonperforming loans continue to be low as of March 31, 2020, which is consistent with prior quarters, the Bank has been working to assist its credit customers and minimize the Bank's exposure to potential loss given the current environment. Following is certain information and actions which have been taken regarding the Bank's credit portfolio.
 - Risk Portfolio – The Bank's exposure to certain high-risk industries follows:

<u>Industry</u>	<u>Balance</u>	<u>Number</u>
Hospitality (hotel/motel)	\$17,400,000	5
Restaurant and food service	15,000,000	33
Oil and Gas	0	0
Total	\$32,400,000	38



- Since the end of March, the Bank has been actively engaging with its customers to maintain relationships and provide a bridge to economic recovery. The Bank has worked with the SBA to secure payment relief for dozens of SBA loan customers. Furthermore, the Bank has received and is granting numerous deferment requests for 3 to 6-month periods to assist borrowers during the economic slowdown.
- The CARES Act Payroll Protection Program (“PPP”) – The Bank’s focused efforts on assisting small businesses with obtaining PPP loans resulted in over 900 loans approved by the SBA for over \$350 million and related loan fees of over \$9 million (to be accreted over the term of the loan). This extraordinary effort has secured existing customers and created strong goodwill with new customers and in the community as the Bank continues to support small business during the second round of PPP, which is currently underway.

[Quarterly Financial Highlights Table Follows]

More details about our quarterly results are available on our website and through the following link to our most recent quarterly results and trends: <https://www.banksocal.com/about-us/financials>.

About Bank of Southern California

A growing community bank, established in 2001, Bank of Southern California, N.A., with headquarters in San Diego, CA, is locally owned and managed, and offers a range of financial products to individuals, professionals and small-to-medium sized businesses. The Bank’s solution-driven, relationship-based approach to banking provides accessibility to decision makers and enhances value through strong partnerships with its clients. The Bank currently operates eleven branches in San Diego County, Los Angeles County, Orange County, and the Coachella Valley in Riverside County, as well as a production office in West Los Angeles. For more information, please visit <https://www.banksocal.com/> or call (858) 847-4780.

Forward-Looking Statements

This news release may contain comments or information that constitute forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) and Bank of Southern California intends for such forward-looking statements to be covered by the safe harbor provisions of that Act. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include the words “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” or words of similar meaning, or future or conditional verbs such as “will,” “would,” “should,” “could,” or “may.” Forward-looking statements are not guarantees of future performance, nor should they be relied upon as representing management’s views as of any subsequent date. Forward-looking statements involve significant risks and uncertainties and actual results may differ materially from those presented, in this news release. Factors that might cause such differences include, but are not limited to: the impact of the Coronavirus (COVID-19) on the economy and the Bank; the ability of the Bank to successfully execute its business plan; changes in interest rates and interest rate relationships; changes in



demand for products and services; changes in banking legislation or regulation; trends in customer behavior as well as their ability to repay loans; and changes in the national and local economy.

Bank of Southern California undertakes no obligation to update or clarify forward-looking statements, whether as a result of new information, future events or otherwise.