

SOUTHERN CALIFORNIA BANCORP REPORTS CONTINUED STRONG LOAN GROWTH FOR THE SECOND QUARTER OF 2022

— *Second quarter non-PPP organic loan growth of \$153.1 million, up 9.5% from prior quarter*

San Diego, Calif., August 1, 2022 – Southern California Bancorp (“us,” “we,” “our,” or the “Company”) (OTC Pink: BCAL), the holding company for Bank of Southern California, N.A. (the “Bank”) today announced its consolidated financial results for the second quarter of 2022.

Southern California Bancorp reported a net loss of \$736 thousand for the second quarter of 2022, or \$0.04 per diluted share, compared to net income of \$1.4 million, or \$0.08 per diluted share in the first quarter of 2022. As a result of recent developments, including discussions regarding an anticipated comprehensive settlement relating to a legal matter (the "Anticipated Litigation Settlement"), the Company’s second quarter results include an after-tax loss contingency for the Anticipated Litigation settlement expense of \$4.6 million, or \$0.25 per diluted share. Excluding this after-tax loss contingency for the Anticipated Litigation Settlement expense and merger related expenses of \$383 thousand, the Company would have reported net income (non-GAAP) of \$4.2 million, or \$0.23 per diluted share, for the second quarter of 2022.

Second Quarter 2022 Highlights

- **Net loss** of \$736 thousand, down \$2.2 million from the prior quarter
- **Adjusted net income (non-GAAP)** of \$4.2 million, compared to \$1.8 million in the prior quarter
- **Non-Paycheck Protection Program ("non-PPP") loan interest income** increased \$3.3 million, or 19.9%, over the prior quarter
- **Pre-tax, pre-provision income (non-GAAP)** of \$608 thousand, compared to \$3.8 million in the prior quarter
- **Adjusted pre-tax, pre-provision income (non-GAAP)** of \$7.7 million, compared to \$4.4 million in the prior quarter
- **Provision for loan losses** of \$1.7 million due to strong loan growth, compared to \$1.9 million in the prior quarter
- **Net interest margin** of 3.87%, compared with 3.40% in the prior quarter; average yield on non-PPP loans of 4.70% compared with 4.45% in the prior quarter
- **Total assets** of \$2.32 billion, up \$21.2 million, or 0.92% from March 31, 2022, and up \$59.2 million or 2.6% from December 31, 2021
- **Total organic non-PPP loans increased** to \$1.77 billion, up \$153.1 million or 9.48% from March 31, 2022, and up \$321.8 million or 22.3%, from December 31, 2021
- **Paycheck Protection Program ("PPP") loan portfolio balance** of \$4.8 million, down \$10.4 million from March 31, 2022, and down \$53.9 million from December 31, 2021

- **Total deposits** of \$2.03 billion, up \$17.3 million or 0.86% from March 31, 2022, and up \$57.1 million or 2.9%, from December 31, 2021
- **Noninterest-bearing demand deposits** were \$1.06 billion, representing 52.1% of total deposits, up \$24.7 million from March 31, 2022, and up \$69.9 million from December 31, 2021
- **Cost of deposits** was 0.07%, down from 0.08% in the prior quarter
- **Tangible book value per common share ("TBV")** of \$11.59 at June 30, 2022
- **Nonperforming assets to total assets** ratio of 0.03%, compared to 0.09% and 0.04% at March 31, 2022 and December 31, 2021
- **Continued status as “well-capitalized,”** the highest regulatory capital category

“I’m pleased to report continued strong net non-PPP loan growth of \$153.1 million in the second quarter of 2022, as we continue to execute on our strategy of building Southern California’s premier relationship-based business banking franchise,” said Thomas Dolan, Interim Chief Executive Officer of Southern California Bancorp and Bank of Southern California.

“In the second quarter of 2022 we reserved for a pre-tax loss contingency for the Anticipated Litigation Settlement expense of \$6.5 million, which significantly impacted our results in what would have otherwise been a strong earnings quarter for the Company. After adjusting for the pre-tax loss contingency for the Anticipated Litigation Settlement expense and pre-tax merger expenses of \$544 thousand, our adjusted pre-tax, pre-provision income (non-GAAP) was \$7.7 million, a \$3.3 million increase from \$4.4 million in the first quarter of 2022. The increase in adjusted pre-tax, pre-provision income was driven by an increase in non-PPP loan interest income, which benefited from strong loan growth, Fed funds rate increases during the first half of 2022, and an improved asset mix, the result of our deploying excess liquidity into higher yielding assets.

“Adjusted second quarter return-on-average-assets (non-GAAP) and return-on-average-equity (non-GAAP) increased to 0.73% and 6.82%, up from 0.33%, 3.00%, respectively, in the prior quarter. While increasing our revenue growth, we continued our efforts to monitor and manage our non-interest expenses. Our adjusted efficiency ratio (non-GAAP) decreased to 65.9%, from 77.5% in the prior quarter. We are very pleased with the improvement shown in our adjusted performance metrics in the second quarter and appreciate the contributions made by everyone on our team to achieve them. Our Private Banking group, added late last year, and our SBA lending group, new to the Company this year, have helped improve and diversify the Company’s earnings. We believe our second quarter results are evidence of the traction our relationship-based banking strategy is getting, and we are optimistic about the future as we continue to execute on our strategy.”

Second Quarter Operating Results

Net Interest Income and Net Interest Margin

Net interest income for the second quarter of 2022 was \$20.9 million, compared to \$17.8 million in the prior quarter. The increase was primarily due to a \$3.1 million increase in total interest income, coupled with a \$42 thousand decrease in total interest expense. During the second quarter of 2022, PPP loan interest income decreased \$1.0 million, while non-PPP loan interest income increased \$3.3 million, debt securities income increased \$471 thousand, and interest and dividend income from other financial institutions increased \$412 thousand. The increase in interest income was due to a number of factors: higher average non-PPP loans from organic loan growth; a change in the interest-earning asset mix; increases in the target Fed funds rate; and lower costs on interest-bearing liabilities. Average interest earning assets increased \$50.5 million, resulting from a \$183.5 million increase in average non-PPP loans, and a \$69.1 million increase in average debt securities, partially offset by a \$25.8 million decrease in average PPP loans and a \$217.5 million decrease

in average deposits in other financial institutions. The decrease in interest expense for the second quarter of 2022 was due primarily to our continued efforts to maintain the low cost of interest-bearing relationship-based customer deposits.

Net interest margin for the second quarter of 2022 was 3.87%, compared with 3.40% in the prior quarter. The increase was primarily related to a 45 basis point increase in the total interest-earning assets yield resulting from higher market interest rates and a change in the Bank's interest-earning asset mix, coupled with a 1 basis point decrease in the cost of funds. The yield on average loans in the second quarter of 2022 was 4.74%, an increase of 4 basis points from 4.70% in the prior quarter. Average yield on non-PPP loans was 4.70% for the second quarter of 2022, up 25 basis points from 4.45% in the first quarter. Average yield on PPP loans for the second quarter of 2022 decreased to 12.34%, compared to 15.38% in the prior quarter. The yield on total earning assets in the second quarter of 2022 was 3.99%, compared with 3.54% in the prior quarter.

Cost of funds for the second quarter of 2022 was 13 basis points, down from 14 basis points in the prior quarter, as the Company continues to align funding costs of the legacy Bank of Santa Clarita with those of the Bank of Southern California. Average noninterest-bearing demand deposits increased \$63.4 million to \$1.05 billion and represented 52.1% of total average deposits for the second quarter of 2022, compared to \$990.2 million and 50.2%, respectively, for the prior quarter. The total cost of deposits in the second quarter of 2022 was 7 basis points, down from 8 basis points in the prior quarter.

Average total borrowings decreased \$452 thousand to \$20.0 million for the second quarter of 2022. The average cost of borrowings was 6.08% for the second quarter of 2022, down from 6.16% in the prior quarter.

Provision for Loan Losses

The Company recorded a loan loss provision of \$1.7 million in the second quarter of 2022, primarily related to strong organic loan growth. In the first quarter of 2022, the Company recorded a loan loss provision of \$1.9 million. The Company's management continues to monitor macroeconomic variables related to COVID-19 and the concerns of an economic downturn and believes it is appropriately provisioned for the current environment.

Noninterest Income

Total noninterest income in the second quarter of 2022 was \$1.5 million, a decrease of \$77 thousand compared to \$1.6 million in the first quarter of 2022 due primarily to a decrease in bank owned life insurance income of \$617 thousand, and a decrease in service charges and fees on deposit accounts of \$102 thousand, partially offset by an increase in gain on sale of loans of \$718 thousand.

The \$617 thousand decrease in bank owned life insurance income was due primarily to income from a one-time death benefit received in the first quarter of 2022. There was no similar income in the second quarter of 2022. The \$102 thousand decrease in service charges and fees on deposit accounts was due primarily to the waiving of the analysis fee income related to the transition of core and ancillary software associated with a new account analysis system.

The \$718 thousand increase in gain on sale of loans was due primarily to a higher volume of SBA 7A loans sold in the second quarter of 2022. Total loans sold during the second quarter of 2022 was \$11.0 million resulting in a gain of \$767 thousand, compared to total loans sold of \$547 thousand in the first quarter resulting in a gain on sale of \$49 thousand.

Noninterest Expense

Total noninterest expense for the second quarter of 2022 increased \$6.3 million to \$21.9 million, compared to \$15.6 million in the prior quarter. The increase was caused by various nonrecurring expenses, such as the aforementioned

loss contingency for the Anticipated Litigation Settlement expense of \$6.5 million, impairment charges related to the right-of-use asset associated with a Company lease, and a loss on an early extinguishment of debt. Also contributing to the increase in noninterest expense in the second quarter of 2022 was an increase in reserve for unfunded loan commitments. Those increases were partially offset by a decrease in salaries and employee benefits and data processing and communications.

The \$835 thousand decrease in salaries and benefits was due primarily to lower salary expense resulting from a decrease in average headcount, coupled with an increase in capitalized loan origination costs primarily resulting from an increase in loan production. The \$328 thousand decrease in data processing and communications was due primarily to the completion of the core system conversion for the legacy bank in March 2022 and Bank of Santa Clarita in April 2022.

The \$322 thousand increase in occupancy and equipment expenses was due primarily to a \$136 thousand pre-tax impairment charge for the right-of-use asset. The \$524 thousand increase in other expenses included \$347 thousand related to a loss on an early extinguishment of debt acquired from CalWest Bancorp and \$146 thousand provision for unfunded loan commitments. Total unfunded loan commitments increased \$83.6 million to \$500.3 million at June 30, 2022 from \$416.6 million at December 31, 2021.

Income Tax

In the second quarter of 2022, the Company's income tax benefit was \$306 thousand, compared with income tax expense of \$550 thousand in the first quarter of 2022. The effective rate was 29.4% for the second quarter of 2022 and 27.6% for the first quarter of 2022. The effective tax rate for 2022 is expected to be 27%.

Balance Sheet

Assets

Total assets at June 30, 2022 were \$2.32 billion, an increase of \$21.2 million or 0.92% from March 31, 2022, and \$59.2 million or 2.6% from December 31, 2021. The increase in total assets from the prior quarter was primarily related to a \$142.8 million increase in total loans, a \$31.3 million increase in available-for-sale debt securities, and a \$9.2 million increase in held-to-maturity securities, partially offset by a \$164.8 million decrease in cash and cash equivalents.

The increase from December 31, 2021 was primarily related to a \$267.9 million increase in total loans, a \$70.2 million increase in available-for-sale debt securities, and a \$54.1 million increase in held-to-maturity securities, partially offset by a \$338.6 million decrease in cash and cash equivalents.

Loans

Total loans held for investment were \$1.77 billion at June 30, 2022, compared to \$1.63 billion and \$1.50 billion at March 31, 2022 and December 31, 2021. In the second quarter of 2022, the Company's loans held for investment, excluding PPP loans, had net organic growth of \$154.1 million or 9.6%, net of total loan principal payoffs of approximately \$130 million, resulting in an outstanding organic non-PPP loan balance of \$1.77 billion at June 30, 2022. Total loans secured by real estate increased by \$77.0 million, construction and land development loans increased by \$39.3 million and commercial and industrial loans increased by \$23.9 million. The PPP loan balance decreased \$10.4 million to \$4.8 million at June 30, 2022. There were \$1.9 million in loans held for sale on the Company's balance sheet at June 30, 2022, related to the expansion of the SBA lending department, which are expected to be sold in the secondary market in the third quarter of 2022, compared to \$2.9 million at March 31, 2022.

In the first six months of 2022, the Company's loans held for investment, excluding PPP loans, had net organic growth of \$319.9 million, or 22.1%, net of total loan principal payoffs of approximately \$235 million. Total loans secured by real

estate increased by \$199.0 million, and construction and land development loans increased by \$71.5 million. Total commercial and industrial loans decreased by \$8.2 million, as \$53.9 million in PPP loans received SBA forgiveness or pay downs.

Deposits

Total deposits at June 30, 2022 were \$2.03 billion, an increase of \$17.3 million and \$57.1 million from March 31, 2022 and December 31, 2021. Noninterest-bearing demand deposits at June 30, 2022 were \$1.06 billion, or 52.1% of total deposits, compared to \$1.03 billion and \$986.9 million, or 51.3% and 50.0% of total deposits at March 31, 2022 and December 31, 2021.

Asset Quality

Total non-performing assets decreased to \$655 thousand or 0.03% of total assets at June 30, 2022, compared with \$2.0 million or 0.09%, and \$809 thousand or 0.04% of total assets at March 31, 2022 and December 31, 2021, respectively. The decrease in the second quarter of 2022 was due primarily to \$431 thousand from payoffs and \$707 thousand from a note sale and charge-offs.

The decrease from December 31, 2021 was due primarily to \$692 thousand from payoffs, note sale and charge-offs, partially offset by \$545 thousand from a downgrade of one loan.

The Company had no loans over 90 days past due that were accruing interest at June 30, 2022. At June 30, 2022, the Company recorded net charge-offs of \$21 thousand.

Loan delinquencies (30-89 days past due) totaled \$459 thousand at June 30, 2022, compared to \$1.0 million at December 31, 2021.

The allowance for loan losses (“ALLL”) was \$15.1 million at June 30, 2022, compared to \$13.5 million and \$11.7 million at March 31, 2022 and December 31, 2021. The ALLL to total loans was 0.85% at June 30, 2022, compared to 0.83% and 0.77% at March 31, 2022, and December 31, 2021, respectively. The ALLL to total loans, excluding PPP loans was 0.86%, 0.84% and 0.81% at June 30, 2022, March 31, 2022 and December 31, 2021, respectively. The net carrying value of acquired loans totaled \$315.1 million and included a remaining net discount of \$2.2 million at June 30, 2022. This discount is available to absorb losses on the acquired loans and represented 0.70% of the net carrying value of acquired loans and 0.12% of total gross loans held for investment.

Capital

Tangible book value per common share at June 30, 2022, was \$11.59, compared with \$11.72 and \$11.73 at March 31, 2022 and December 31, 2021. The \$0.13 and \$0.14 decrease from March 31, 2022 and December 31, 2021, was primarily related to the \$2.2 million and \$4.5 million increase in the accumulated other comprehensive loss related to the fair value of available-for-sale securities, compared to an accumulated other comprehensive loss of \$2.3 million and \$38 thousand at March 31, 2022 and December 31, 2021.

The Bank’s leverage capital ratio and total risk-based capital ratio were 9.91% and 11.82%, respectively, at June 30, 2022.

ABOUT BANK OF SOUTHERN CALIFORNIA AND SOUTHERN CALIFORNIA BANCORP

Southern California Bancorp (OTC Pink: BCAL) is a registered bank holding company headquartered in San Diego, California. Bank of Southern California, N.A., a national banking association chartered under the laws of the United States and regulated by the Office of Comptroller of the Currency, is a wholly owned subsidiary of Southern California Bancorp. Established in 2001 and headquartered in San Diego, California, Bank of Southern California, N.A. offers a range of financial products and services to individuals, professionals, and small- to medium-sized businesses through its 13 branch offices serving San Diego, Orange, Los Angeles, and Ventura counties, as well as the Inland Empire. The Bank's solutions-driven, relationship-based approach to banking provides accessibility to decision makers and enhances value through strong partnerships with its clients. Additional information is available at www.banksocal.com.

Southern California Bancorp's common stock is traded on the OTC Markets Group Inc. Pink Open Market under the symbol "BCAL." For more information, please visit banksocal.com or call (844) BNK-SOCAL.

NON-GAAP FINANCIAL MEASURES

This press release contains certain non-GAAP financial measures in addition to results presented in accordance with GAAP. The Company uses certain non-GAAP financial measures to provide meaningful supplemental information regarding the Company's results of operations and financial condition and to enhance investors' overall understanding of such results of operations and financial condition, permit investors to effectively analyze financial trends of our business activities, and enhance comparability with peers across the financial services sector. These non-GAAP financial measures are not a substitute for GAAP measures and should be read in conjunction with the Company's GAAP financial information. A reconciliation of GAAP financial measures to non-GAAP financial measures is included in the accompanying financial tables.

FORWARD-LOOKING STATEMENTS

In addition to historical information, certain matters set forth herein constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including forward-looking statements relating to management's beliefs, projections and assumptions concerning future results and events. Forward-looking statements include descriptions of management's plans or objectives for future operations, products or services, and forecasts of Southern California Bancorp's revenues, earnings, litigation expenses, or other measures of economic performance. As well, forward-looking statements may relate to future outlook and anticipated events. These forward-looking statements involve risks and uncertainties, based on the beliefs and assumptions of management and on the information available to management at the time that such forward-looking statements were made and can be identified by the fact that they do not relate strictly to historical or current facts. They often include the words or phrases such as "aim," "can," "may," "could," "predict," "should," "will," "would," "believe," "anticipate," "estimate," "expect," "hope," "intend," "plan," "potential," "project," "will likely result," "continue," "seek," "shall," "possible," "projection," "optimistic," and "outlook," and variations of these words and similar expressions or the negative version of those words or phrases.

Forward-looking statements involve substantial risks and uncertainties, many of which are difficult to predict and are generally beyond our control. Many factors could cause actual results to differ materially from those contemplated by these forward-looking statements. Except to the extent required by applicable law or regulation, Southern California Bancorp does not undertake, and specifically disclaims any obligation, to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of such statements except as required by law.

Southern California Bancorp and Subsidiary

Financial Highlights (Unaudited)

	At or for the Three Months Ended			At or for the Six Months Ended	
	June 30, 2022	March 31, 2022	June 30, 2021	June 30, 2022	June 30, 2021
EARNINGS	<i>(\$ in thousands except share and per share data)</i>				
Net interest income	\$ 20,936	\$ 17,795	\$ 15,411	\$ 38,731	\$ 28,050
Provision for loan losses	\$ 1,650	\$ 1,850	\$ —	\$ 3,500	\$ —
Noninterest income	\$ 1,526	\$ 1,603	\$ 1,754	\$ 3,129	\$ 2,302
Noninterest expense	\$ 21,854	\$ 15,552	\$ 14,816	\$ 37,406	\$ 25,994
Income tax (benefit) expense	\$ (306)	\$ 550	\$ (51)	\$ 244	\$ 527
Net (loss) income	\$ (736)	\$ 1,446	\$ 2,400	\$ 710	\$ 3,831
Pre-tax pre-provision income ⁽¹⁾	\$ 608	\$ 3,846	\$ 2,349	\$ 4,454	\$ 4,358
Adjusted pre-tax pre-provision income ⁽¹⁾	\$ 7,652	\$ 4,370	\$ 3,255	\$ 12,022	\$ 5,421
Diluted (loss) earnings per share	\$ (0.04)	\$ 0.08	\$ 0.17	\$ 0.04	\$ 0.28
Ending shares outstanding	17,840,626	17,753,849	13,509,081	17,840,626	13,509,081

PERFORMANCE RATIOS

Return on average assets	(0.13)%	0.26%	0.55%	0.06%	0.46%
Adjusted return on average assets ⁽¹⁾	0.73 %	0.33%	0.73%	0.53%	0.57%
Return on average common equity	(1.19)%	2.37%	5.55%	0.58%	4.49%
Adjusted return on average common equity ⁽¹⁾	6.82 %	3.00%	7.32%	4.93%	5.52%
Yield on loans	4.74 %	4.70%	4.61%	4.72%	4.36%
Yield on earning assets	3.99 %	3.54%	3.92%	3.77%	3.78%
Cost of deposits	0.07 %	0.08%	0.15%	0.07%	0.16%
Cost of funds	0.13 %	0.14%	0.22%	0.13%	0.25%
Net interest margin	3.87 %	3.40%	3.71%	3.64%	3.55%
Efficiency ratio ⁽¹⁾	97.3 %	80.2%	86.3%	89.4%	85.6%
Adjusted efficiency ratio ⁽¹⁾	65.9 %	77.5%	81.0%	71.3%	82.1%

CAPITAL

	As of		
	June 30, 2022	March 31, 2022	December 31, 2021
	<i>(\$ in thousands except share and per share data)</i>		
Tangible equity to tangible assets ⁽¹⁾	9.06%	9.21%	9.35%
Book value (BV) per common share	\$ 13.75	\$ 13.90	\$ 13.92
Tangible BV per common share ⁽¹⁾	\$ 11.59	\$ 11.72	\$ 11.73

ASSET QUALITY

Allowance for loan losses (ALLL)	\$ 15,136	\$ 13,534	\$ 11,657
ALLL to total loans	0.85%	0.83%	0.77%
ALLL to total loans (excl PPP)	0.86%	0.84%	0.81%
Nonperforming loans	\$ 655	\$ 1,978	\$ 809
Other real estate owned	\$ —	\$ —	\$ —
Nonperforming assets to total assets	0.03%	0.09%	0.04%

END OF PERIOD BALANCES

Total loans, including loans held for sale	\$ 1,772,622	\$ 1,629,861	\$ 1,504,748
Total assets	\$ 2,319,067	\$ 2,297,856	\$ 2,259,866
Deposits	\$ 2,030,233	\$ 2,012,918	\$ 1,973,098
Loans to deposits	87.3%	81.0%	76.3%
Shareholders' equity	\$ 245,331	\$ 246,761	\$ 246,528

(1) Non-GAAP measure. See – GAAP to Non-GAAP reconciliation.

Southern California Bancorp and Subsidiary

Balance Sheets (Unaudited)

	June 30,	March 31,	December 31,
	2022	2022	2021
ASSETS		(\$ in thousands)	
Cash and due from banks	\$ 38,259	\$ 28,733	\$ 22,435
Federal funds sold & interest-bearing balances	203,149	377,429	557,571
Total cash and cash equivalents	241,408	406,162	580,006
Securities available-for-sale, at fair value	125,757	94,488	55,567
Securities held-to-maturity, at cost	54,108	44,936	—
Loans held for sale	1,895	2,857	—
Loans held for investment:			
Construction & land development	149,169	109,843	77,629
1-4 Family Residential	145,619	116,835	133,994
Multifamily	169,409	188,039	175,751
Other commercial real estate	960,540	893,705	766,824
Commercial & industrial	340,826	316,971	349,022
Other consumer	5,164	1,611	1,528
Total loans held for investment	1,770,727	1,627,004	1,504,748
Allowance for loan losses	(15,136)	(13,534)	(11,657)
Total loans held for investment, net	1,755,591	1,613,470	1,493,091
Restricted stock at cost	14,487	14,464	12,493
Premises and equipment	19,691	19,577	19,639
Right of use asset	8,606	8,330	8,069
Goodwill	36,784	36,784	36,784
Core deposit intangible	1,824	1,923	2,022
Bank owned life insurance	37,531	37,471	37,849
Deferred taxes, net	10,380	7,513	5,069
Accrued interest and other assets	11,005	9,881	9,277
Total Assets	<u>\$ 2,319,067</u>	<u>\$ 2,297,856</u>	<u>\$ 2,259,866</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits:			
Noninterest-bearing demand	\$ 1,056,790	\$ 1,032,133	\$ 986,935
Interest bearing NOW accounts	223,611	195,812	193,525
Money market and savings accounts	665,844	692,948	690,348
Time deposits	83,988	92,025	102,290
Total deposits	2,030,233	2,012,918	1,973,098
Borrowings	17,723	20,440	20,409
Operating lease liability	9,645	9,233	9,002
Accrued interest and other liabilities	16,135	8,504	10,829
Total liabilities	2,073,736	2,051,095	2,013,338
Total shareholders' equity	245,331	246,761	246,528
Total Liabilities and Shareholders' Equity	<u>\$ 2,319,067</u>	<u>\$ 2,297,856</u>	<u>\$ 2,259,866</u>

Southern California Bancorp and Subsidiary

Income Statements - Quarterly and Year-to-Date (Unaudited)

	Three Months Ended			Six Months Ended	
	June 30, 2022	March 31, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	<i>(\$ in thousands except share and per share data)</i>				
INTEREST AND DIVIDEND INCOME					
Interest and fees on loans	\$ 19,947	\$ 17,731	\$ 15,957	\$ 37,678	\$ 29,271
Interest on debt securities	801	330	107	1,131	232
Interest and dividends from other institutions	836	424	214	1,260	376
Total interest and dividend income	21,584	18,485	16,278	40,069	29,879
INTEREST EXPENSE					
Interest on NOW, savings, and money market accounts	264	282	362	546	704
Interest on time deposits	81	98	204	179	446
Interest on borrowings	303	310	301	613	679
Total interest expense	648	690	867	1,338	1,829
Net interest income	20,936	17,795	15,411	38,731	28,050
Provision for loan losses	1,650	1,850	—	3,500	—
Net interest income after provision for loan losses	19,286	15,945	15,411	35,231	28,050
NONINTEREST INCOME					
Service charges and fees on deposit accounts	385	487	373	872	724
Gain on sale of loans	767	49	920	816	920
Bank owned life insurance income	215	832	299	1,047	402
Servicing and related income on loans	25	69	28	94	61
Gain on sale of debt securities	—	—	55	—	55
Loss on sale, disposal of fixed assets	—	—	—	—	(4)
Other charges and fees	134	166	79	300	144
Total noninterest income	1,526	1,603	1,754	3,129	2,302
NONINTEREST EXPENSE					
Salaries and employee benefits	9,361	10,196	10,597	19,557	17,973
Occupancy and equipment expenses	1,732	1,410	1,128	3,142	2,651
Data processing	1,092	1,420	803	2,512	1,562
Legal, audit and professional	608	617	299	1,225	670
Regulatory assessments	421	339	148	760	272
Director and shareholder expenses	221	195	149	416	288
Merger and related expenses	544	524	906	1,068	1,063
Core deposit intangible amortization	99	99	88	198	177
Loss contingency	6,500	—	—	6,500	—
Other expense	1,276	752	698	2,028	1,338
Total noninterest expense	21,854	15,552	14,816	37,406	25,994
(Loss) income before income tax (benefit) expense	(1,042)	1,996	2,349	954	4,358
Income tax (benefit) expense	(306)	550	(51)	244	527
Net (loss) income	\$ (736)	\$ 1,446	\$ 2,400	\$ 710	\$ 3,831
Net (loss) income per share - basic	\$ (0.04)	\$ 0.08	\$ 0.18	\$ 0.04	\$ 0.29
Net (loss) income per share - diluted	\$ (0.04)	\$ 0.08	\$ 0.17	\$ 0.04	\$ 0.28
Pre-tax, pre-provision income ⁽¹⁾	\$ 608	\$ 3,846	\$ 2,349	\$ 4,454	\$ 4,358
Adjusted pre-tax, pre-provision income ⁽¹⁾	\$ 7,652	\$ 4,370	\$ 3,255	\$ 12,022	\$ 5,421

(1) Non-GAAP measure. See – GAAP to Non-GAAP reconciliation.

Southern California Bancorp and Subsidiary

Average Balance Sheets and Yield Analysis

(Unaudited)

	Three Months Ended								
	June 30, 2022			March 31, 2022			June 30, 2021		
	Average Balance	Income/Expense	Yield/Cost	Average Balance	Income/Expense	Yield/Cost	Average Balance	Income/Expense	Yield/Cost
Assets	(\$ in thousands)								
Interest-earning assets:									
Total loans-non-PPP loans	\$ 1,679,902	\$ 19,668	4.70%	\$ 1,496,375	\$ 16,409	4.45%	\$ 928,987	\$ 11,587	5.00%
Total loans-PPP loans	9,072	279	12.34%	34,867	1,322	15.38%	458,145	4,370	3.83%
Total loans	1,688,974	19,947	4.74%	1,531,242	17,731	4.70%	1,387,132	15,957	4.61%
Debt securities	156,602	801	2.05%	87,472	330	1.53%	23,513	107	1.83%
Deposits in other financial institutions	246,506	439	0.71%	463,977	193	0.17%	229,259	56	0.10%
Fed fund sold/resale agreements	64,004	144	0.90%	23,822	11	0.19%	13,423	3	0.09%
Restricted stock investments and other bank stock	14,914	253	6.80%	14,009	220	6.37%	11,058	155	5.62%
Total interest-earning assets	2,171,000	21,584	3.99%	2,120,522	18,485	3.54%	1,664,385	16,278	3.92%
Total non-interest-earning assets	137,829			139,279			80,896		
Total assets	\$ 2,308,829			\$ 2,259,801			\$ 1,745,281		
Liabilities and Shareholders' Equity									
Interest-bearing liabilities:									
Interest-bearing NOW accounts	\$ 211,663	\$ 56	0.11%	\$ 190,530	\$ 81	0.17%	\$ 131,622	\$ 49	0.15%
Money market and savings accounts	669,183	208	0.12%	694,155	201	0.12%	563,898	313	0.22%
Time deposits	87,176	81	0.37%	97,030	98	0.41%	105,767	204	0.77%
Total interest-bearing deposits	968,022	345	0.14%	981,715	380	0.16%	801,287	566	0.28%
Borrowings:									
FHLB advances	—	—	—%	—	—	—%	4,121	—	—%
Subordinated debt	17,711	271	6.14%	17,688	272	6.24%	17,616	271	6.17%
TruPS	2,262	32	5.67%	2,737	38	5.63%	2,714	30	4.43%
Total borrowings	19,973	303	6.08%	20,425	310	6.16%	24,451	301	4.94%
Total Interest-bearing liabilities	987,995	648	0.26%	1,002,140	690	0.28%	825,738	867	0.42%
Non-interest-bearing liabilities:									
Noninterest-bearing deposits ⁽¹⁾	1,053,615			990,185			727,729		
Other liabilities	18,779			19,746			18,230		
Shareholders' equity	248,440			247,730			173,584		
Total Liabilities and Shareholders' Equity	\$ 2,308,829			\$ 2,259,801			\$ 1,745,281		
Net interest spread			3.72%			3.26%			3.50%
Net interest income and margin	\$ 20,936		3.87%	\$ 17,795		3.40%	\$ 15,411		3.71%
Net interest income and margin excluding PPP loans	\$ 20,657		3.83%	\$ 16,473		3.20%	\$ 11,041		3.67%
Cost of deposits			0.07%			0.08%			0.15%
Cost of funds			0.13%			0.14%			0.22%

(1) Average noninterest-bearing deposits represent 52.1%, 50.21% and 47.59% of average total deposits for the three months ended June 30, 2022, March 31, 2022 and June 30, 2021.

Southern California Bancorp and Subsidiary

Average Balance Sheets and Yield Analysis

(Unaudited)

	Six Months Ended					
	June 30, 2022			June 30, 2021		
	Average Balance	Income/Expense	Yield/Cost	Average Balance	Income/Expense	Yield/Cost
<i>(\$ in thousands)</i>						
Assets						
Interest-earning assets:						
Total loans-non-PPP loans	\$ 1,588,645	\$ 36,077	4.58%	\$ 890,492	\$ 21,540	4.88%
Total loans-PPP loans	21,898	1,601	14.74%	464,236	7,731	3.36%
Total loans	1,610,543	37,678	4.72%	1,354,728	29,271	4.36%
Debt securities	122,228	1,131	1.87%	24,024	232	1.95%
Deposits in other financial institutions	354,641	633	0.36%	187,339	86	0.09%
Fed fund sold/resale agreements	44,024	155	0.71%	15,893	7	0.09%
Restricted stock investments and other bank stock	14,464	472	6.58%	10,257	283	5.56%
Total interest-earning assets	2,145,900	40,069	3.77%	1,592,241	29,879	3.78%
Total non-interest-earning assets	138,550			81,340		
Total assets	\$ 2,284,450			\$ 1,673,581		
Liabilities and Shareholders' Equity						
Interest-bearing liabilities:						
Interest-bearing NOW accounts	\$ 201,155	\$ 137	0.14%	\$ 112,109	\$ 74	0.13%
Money market and savings accounts	681,600	409	0.12%	525,883	630	0.24%
Time deposits	92,076	179	0.39%	110,733	446	0.81%
Total interest-bearing deposits	974,831	725	0.15%	748,725	1,150	0.31%
Borrowings:						
FHLB advances	—	—	—%	7,044	—	—%
Paycheck Protection Program Liquidity Facility	—	—	—%	34,584	60	0.35%
Subordinated debt	17,700	543	6.19%	17,605	541	6.20%
TruPS	2,498	70	5.65%	2,710	78	5.80%
Total borrowings	20,198	613	6.12%	61,943	679	2.21%
Total Interest-bearing liabilities	995,029	1,338	0.27%	810,668	1,829	0.45%
Non-interest-bearing liabilities:						
Noninterest-bearing deposits ⁽¹⁾	1,022,075			673,121		
Other liabilities	19,260			17,861		
Shareholders' equity	248,086			171,931		
Total Liabilities and Shareholders' Equity	\$ 2,284,450			\$ 1,673,581		
Net interest spread			3.50%			3.33%
Net interest income and margin		\$ 38,731	3.64%		\$ 28,050	3.55%
Net interest income and margin excluding PPP loans		\$ 37,130	3.53%		\$ 20,319	3.63%
Cost of deposits			0.07%			0.16%
Cost of funds			0.13%			0.25%

(1) Average noninterest-bearing deposits represent 51.2%, and 47.3% of average total deposits for the six months ended June 30, 2022 and June 30, 2021.

Southern California Bancorp and Subsidiary

GAAP to Non-GAAP Reconciliation

(Unaudited)

The following tables present a reconciliation of non-GAAP financial measures to GAAP measures for: (1) adjusted net income, (2) efficiency ratio, (3) adjusted efficiency ratio, (4) pre-tax pre-provision income, (5) adjusted pre-tax pre-provision income, (6) average tangible common equity, (7) adjusted return on average assets, (8) adjusted return on average equity, (9) return on average tangible common equity, (10) adjusted return on average tangible common equity, (11) tangible common equity, (12) tangible assets, (13) tangible common equity to tangible asset ratio, and (14) tangible book value per share. We believe the presentation of certain non-GAAP financial measures provides useful information to assess our consolidated financial condition and consolidated results of operations and to assist investors in evaluating our financial results relative to our peers. These non-GAAP financial measures complement our GAAP reporting and are presented below to provide investors and others with information that we use to manage the business each period. Because not all companies use identical calculations, the presentation of these non-GAAP financial measures may not be comparable to other similarly titled measures used by other companies. These non-GAAP measures should be taken together with the corresponding GAAP measures and should not be considered a substitute of the GAAP measures.

	Three Months Ended			Six Months Ended	
	June 30, 2022	March 31, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<i>(\$ in thousands except share and per share data)</i>					
Adjusted net income					
Net (loss) income	\$ (736)	\$ 1,446	\$ 2,400	\$ 710	\$ 3,831
Add: After-tax merger and related expenses	383	387	767	770	878
Add: After-tax loss contingency	4,579	—	—	4,579	—
Adjusted net income (non-GAAP)	<u>\$ 4,226</u>	<u>\$ 1,833</u>	<u>\$ 3,167</u>	<u>\$ 6,059</u>	<u>\$ 4,709</u>
Efficiency Ratio					
Noninterest expense	\$ 21,854	\$ 15,552	\$ 14,816	\$ 37,406	\$ 25,994
Less: Merger and related expenses	544	524	906	1,068	1,063
Less: Loss contingency	6,500	—	—	6,500	—
Adjusted noninterest expense	<u>\$ 14,810</u>	<u>\$ 15,028</u>	<u>\$ 13,910</u>	<u>\$ 29,838</u>	<u>\$ 24,931</u>
Net interest income	20,936	17,795	15,411	38,731	28,050
Noninterest income	1,526	1,603	1,754	3,129	2,302
Total net interest income and noninterest income	<u>\$ 22,462</u>	<u>\$ 19,398</u>	<u>\$ 17,165</u>	<u>\$ 41,860</u>	<u>\$ 30,352</u>
Efficiency ratio (non-GAAP)	97.3%	80.2%	86.3%	89.4%	85.6%
Adjusted efficiency ratio (non-GAAP)	65.9%	77.5%	81.0%	71.3%	82.1%
Pre-tax pre-provision income					
Net interest income	\$ 20,936	\$ 17,795	\$ 15,411	\$ 38,731	\$ 28,050
Noninterest income	1,526	1,603	1,754	3,129	2,302
Total net interest income and noninterest income	22,462	19,398	17,165	41,860	30,352
Less: Noninterest expense	21,854	15,552	14,816	37,406	25,994
Pre-tax pre-provision income (non-GAAP)	\$ 608	\$ 3,846	\$ 2,349	\$ 4,454	\$ 4,358
Add: Merger and related expenses	544	524	906	1,068	1,063
Add: Loss contingency	6,500	—	—	6,500	—
Adjusted pre-tax pre-provision income (non-GAAP)	<u>\$ 7,652</u>	<u>\$ 4,370</u>	<u>\$ 3,255</u>	<u>\$ 12,022</u>	<u>\$ 5,421</u>
Return on Average Assets, Equity, and Tangible Equity					
Net (loss) income	\$ (736)	\$ 1,446	\$ 2,400	\$ 710	\$ 3,831
Adjusted net income (non-GAAP)	\$ 4,226	\$ 1,833	\$ 3,167	\$ 6,059	\$ 4,709

	Three Months Ended			Six Months Ended	
	June 30, 2022	March 31, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	<i>(\$ in thousands except share and per share data)</i>				
Average assets	\$ 2,308,829	\$ 2,259,801	\$1,745,281	\$ 2,284,450	\$1,673,581
Average shareholders' equity	248,440	247,730	173,584	248,086	171,931
Less: Average intangible assets	38,655	38,760	21,472	38,707	21,517
Average tangible common equity (non-GAAP)	<u>\$ 209,785</u>	<u>\$ 208,970</u>	<u>\$152,112</u>	<u>\$ 209,379</u>	<u>\$ 150,414</u>
Return on average assets	(0.13%)	0.26%	0.55%	0.06%	0.46%
Adjusted return on average assets (non-GAAP)	0.73%	0.33%	0.73%	0.53%	0.57%
Return on average equity	(1.19%)	2.37%	5.55%	0.58%	4.49%
Adjusted return on average equity (non-GAAP)	6.82%	3.00%	7.32%	4.93%	5.52%
Return on average tangible common equity (non-GAAP)	(1.41%)	2.81%	6.33%	0.68%	5.14%
Adjusted return on average tangible common equity (non-GAAP)	8.08%	3.56%	8.35%	5.84%	6.31%

	June 30, 2022	March 31, 2022	December 31, 2021
		<i>(\$ in thousands except share and per share data)</i>	
Tangible Common Equity Ratio/Tangible Book Value Per Share			
Shareholders' equity	\$ 245,331	\$ 246,761	\$ 246,528
Less: Intangible assets	38,608	38,707	38,806
Tangible common equity (non-GAAP)	<u>\$ 206,723</u>	<u>\$ 208,054</u>	<u>\$ 207,722</u>
Total assets	\$ 2,319,067	\$ 2,297,856	\$ 2,259,866
Less: Intangible assets	38,608	38,707	38,806
Tangible assets (non-GAAP)	<u>\$ 2,280,459</u>	<u>\$ 2,259,149</u>	<u>\$ 2,221,060</u>
Equity to asset ratio		10.58%	10.74%
Tangible common equity to tangible asset ratio (non-GAAP)		9.06%	9.21%
Book value per share	\$ 13.75	\$ 13.90	\$ 13.92
Tangible book value per share (non-GAAP)	\$ 11.59	\$ 11.72	\$ 11.73
Shares outstanding		17,840,626	17,753,849
			17,707,737

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