SOUTHERN CALIFORNIA BANCORP REPORTS NET INCOME OF $8.2 MILLION FOR THE FIRST QUARTER

San Diego, Calif., April 25, 2023 – Southern California Bancorp ("us," "we," "our," or the "Company") (OTC Pink: BCAL), the holding company for Bank of Southern California, N.A. (the "Bank") announces its consolidated financial results for the first quarter of 2023.

Southern California Bancorp reported net income of $8.2 million for the first quarter of 2023, or $0.44 per diluted share, compared to net income of $1.4 million, or $0.08 per diluted share in the first quarter of 2022, and $8.5 million, or $0.46 per diluted share in the fourth quarter of 2022.

First Quarter 2023 Highlights

- **Net income** of $8.2 million, compared with $8.5 million in the prior quarter
- **Diluted earnings per share** of $0.44, compared with $0.46 the prior quarter
- **Net interest margin** of 4.71%, compared with 4.62% in the prior quarter; average loan yield of 5.78% compared with 5.47% in the prior quarter
- **Return on average assets** of 1.46%, the same as the prior quarter
- **Return on average common equity** of 12.72%, compared with 13.21% in the prior quarter
- **Efficiency ratio** of 56.8%, compared with 51.5% in the prior quarter
- **Tangible book value per common share ("TBV") (non-GAAP) of** $12.49 at March 31, 2023, up $0.17 from $12.32 at December 31, 2022
- **Day 1 CECL transition adjustment to the allowance for credit losses ("ACL") of** $5.5 million, and a related after-tax decrease to retained earnings of $3.9 million
- **Day 2 CECL provisions for credit losses of** $202 thousand
- **Total assets of** $2.29 billion, relatively flat from December 31, 2022
- **Total loans, including loans held for sale, of** $1.89 billion, compared with $1.91 billion at December 31, 2022
- **Nonperforming assets to total assets** ratio of 0.000% at March 31, 2023, compared with 0.002% at December 31, 2022
- **Total deposits of** $1.99 billion, up $54.0 million or 2.8%, compared with $1.93 billion at December 31, 2022
- **Noninterest-bearing demand deposits** were $882.0 million, representing 44.4% of total deposits, compared with $923.9 million, or 47.8% of total deposits at December 31, 2022
- **Cost of deposits** was 0.80%, compared with 0.51% in the prior quarter
- **Banks's capital exceeds minimums to be "well-capitalized,"** the highest regulatory capital category

"We are pleased to report the Company's continued strong financial performance in the first quarter of 2023, with net income of $8.2 million, an increase of $6.8 million from the year-ago quarter," said David Rainer, Chairman and CEO of

Southern California Bancorp and Bank of Southern California. "Our first quarter return on average assets of 1.46% and net interest margin of 4.71%, increased from 0.26% and 3.40%, respectively, from the year-ago quarter, The increase in income and performance metrics was the direct result of the outstanding execution of our relationship-based commercial banking model by our dedicated and accomplished team.

“While the banking industry experienced some disruption in the first quarter, and there is economic uncertainty regarding a potential recession and the future direction of the Fed funds rate, we believe our strong balance sheet and very diversified loan and deposit portfolios, which have very little sector or individual customer concentration, position us safely and soundly in the current environment. Our commercial banking model is founded on strong, ongoing relationships with clients in a broad variety of industries. I note that the current uncertainty in the banking industry has provided us with an opportunity to attract new clients.

“We are optimistic about the future and in early April 2023 we announced the filing of a Registration Statement on Form 10 with the U.S. Securities and Exchange Commission, subsequent to our March 2023 application to be listed on the Nasdaq Capital Market.”

Adoption of the Current Expected Credit Loss ("CECL") Model

On January 1, 2023, we adopted the new accounting standard, commonly known as CECL, which uses a current expected credit loss model for determining ACL. Upon adoption, we recognized a Day 1 increase in the ACL of $5.5 million and a related after-tax decrease to retained earnings of $3.9 million. Our Day 1 ACL under the new CECL methodology totaled $23.9 million, or 1.26% of total loans, compared to $18.4 million under the incurred loss model at December 31, 2022. We recorded a Day 2 provision for credit losses of $202 thousand which reflects the new CECL methodology using current economic forecasts on lifetime credit losses. At March 31, 2023, the ACL totaled $24.1 million resulting in an ACL to total loans coverage ratio of 1.27%, up from 0.97% at December 31, 2022. The ACL includes amounts for reserve for unfunded loan commitments of $1.7 million and $1.3 million at March 31, 2023 and December 31, 2022.

First Quarter Operating Results

Net Income

Net income for the first quarter of 2023 was $8.2 million, or $0.44 per diluted share, compared with net income of $8.5 million, or $0.46 per diluted share in the fourth quarter of 2022. Pre-tax, pre-provision income (non-GAAP) for the first quarter was $11.4 million, a decrease of $902 thousand or 7.3% from the prior quarter.

Net Interest Income and Net Interest Margin

Net interest income for the first quarter of 2023 was $24.9 million, compared to $25.3 million in the prior quarter. The decrease in net interest income was primarily due to a $1.4 million increase in total interest expense, combined with two fewer interest-earning days in the first quarter of 2023 compared to the fourth quarter of 2022. The decrease was partially offset by a $1.1 million increase in total interest and dividend income in the first quarter of 2023 as compared to the prior quarter. During the first quarter of 2023, loan interest income increased $1.2 million, debt securities income increased $83 thousand, and interest and dividend income from other financial institutions decreased $255 thousand. The increase in interest income was due to a number of factors: a higher average total loan balance from organic loan growth; a change in the interest-earning asset mix; and higher yields on interest-earning assets resulting from increases in the target Fed funds rate. Average interest-earning assets decreased $26.9 million, the result of a $43.1 million decrease in average Fed funds sold/resale agreements, a $4.2 million decrease in average debt securities, and a $3.2 million decrease in average deposits in other financial institutions, partially offset by a $23.5 million increase in average total loans. The increase in

interest expense for the first quarter of 2023 was primarily due to a $1.3 million increase in interest expense on interest-bearing deposits, the result of a 53 basis point increase in interest-bearing deposit costs.

Net interest margin for the first quarter of 2023 was 4.71%, compared with 4.62% in the prior quarter. The increase was primarily related to a 39 basis point increase in the total interest-earning assets yield, the result of higher market interest rates and a change in the Bank's interest-earning asset mix, partially offset by a 32 basis point increase in the cost of funds. The yield on total earning assets in the first quarter of 2023 was 5.53%, compared with 5.14% in the prior quarter. The yield on average total loans in the first quarter of 2023 was 5.78%, an increase of 31 basis points from 5.47% in the prior quarter.

Cost of funds for the first quarter of 2023 was 88 basis points, an increase of 32 basis points from 56 basis points in the prior quarter. The increase was primarily driven by a 53 basis point increase in the cost of interest-bearing deposits, coupled with a decrease in average noninterest-bearing deposits. Average noninterest-bearing demand deposits decreased $55.7 million to $915.2 million and represented 46.7% of total average deposits for the first quarter of 2023, compared with $970.9 million and 48.3%, respectively, for the prior quarter. The total cost of deposits in the first quarter of 2023 was 80 basis points, an increase of 29 basis points from 51 basis points in the prior quarter.

Average total borrowings increased $10.7 million to $32.1 million for the first quarter of 2023, primarily the result of an increase of $10.7 million in Federal Home Loan Bank (FHLB) borrowings during the quarter. The average cost of total borrowings was 5.54% for the first quarter of 2023, down from 5.82% in the prior quarter.

Provision for Credit Losses

The Company recorded a provision for credit losses of $202 thousand under the CECL model, compared to a $750 thousand provision in the prior quarter under the incurred loss model. The provision for credit losses included a $76 thousand negative provision for unfunded commitments primarily due to the impact of lower unfunded loan commitments. Total unfunded loan commitments decreased $43.6 million to $557.5 million at March 31, 2023 from $601.1 million at December 31, 2022. The provision for credit losses was driven by a number of factors: a slight increase in loan downgrades into special mention and substandard, changes in the portfolio mix and our reasonable and supportable forecast, primarily related to the economic outlook from the Federal Reserve's actions to control inflation over bank turmoil, and a decrease in total loan balances. The Company also increased the qualitative reserve to consider the potential losses resulting from future recessionary pressures and the impact of the banking turmoil that were not captured in quantitative analysis. The Company’s management continues to monitor macroeconomic variables related to increasing interest rates, inflation and the concerns of an economic downturn, and believes it is appropriately provisioned for the current environment.

Noninterest Income

Total noninterest income in the first quarter of 2023 was $1.6 million, an increase of $1.4 million compared to total noninterest income of $188 thousand in the fourth quarter of 2022. The increase was due primarily to a $994 thousand pre-tax loss on sale of debt securities recorded in the previous quarter, for which there was no comparable transaction in the first quarter of 2023. In addition, in the first quarter of 2023, the Company recorded a gain on sale of loans of $808 thousand on the sale of $9.9 million of SBA 7A loans and $39 thousand on a nonaccrual 1-4 family residential loan, an increase of $515 thousand from the $293 thousand gain on sale of loans recorded on the sale of $5.1 million in SBA 7A loans in the prior quarter.

Noninterest Expense

Total noninterest expense for the first quarter of 2023 was $15.0 million, an increase of $1.9 million from total noninterest expense of $13.1 million in the prior quarter. In the first quarter of 2023, salaries and employee benefits increased by

$1.6 million, legal, audit and professional fees increased by $298 thousand and regulatory assessments increased by $107 thousand.

The $1.6 million increase in salaries and benefits was due primarily to an accelerated stock compensation expense related to the vesting of performance-based restricted stock units of $632 thousand, and seasonal increases in payroll taxes and benefits expense, which were coupled with a decrease in the deferred loan origination costs resulting from slower loan growth in the first quarter of 2023. The $298 thousand increase in legal, audit and professional fees was due primarily to preparation for the Company's planned listing to the Nasdaq. The $107 thousand increase in regulatory assessments was due primarily to the increase in the initial base deposit insurance assessment rate beginning in the first quarterly assessment period of 2023.

Efficiency ratio for the first quarter of 2023 was 56.8%, compared to 51.5% in the prior quarter.

Income Tax

In the first quarter of 2023, the Company's income tax expense was $3.0 million, compared with $3.1 million in the fourth quarter of 2022. The effective rate was 26.8% for the first quarter of 2023 and 26.9% for the fourth quarter of 2022. The slight decrease in the effective tax rate for the first quarter of 2023 was primarily attributable to the impact of the vesting and exercise of equity awards combined with changes in the Company's stock price over time.

Balance Sheet

Assets

Total assets at March 31, 2023 were $2.29 billion, an increase of $8.1 million or 0.4% from December 31, 2022. The increase in total assets from the prior quarter was primarily related to a $15.4 million increase in cash and cash equivalents and an $11.9 million increase in securities available-for-sale, partially offset by a decrease of $12.3 million in total loans, including loans held for sale, and a Day 1 CECL transition adjustment of $5.0 million in the ACL for loan portfolio.

Loans

Total loans held for investment were $1.89 billion at March 31, 2023, compared to $1.90 billion at December 31, 2022, with first quarter of 2023 new originations of $78.6 million and payoffs and net paydowns of $81.7 million. Total loans secured by real estate decreased by $13.7 million, with construction and land development loans increasing by $17.0 million, and 1-4 family residential and multifamily increasing $9.7 million and $9.1 million, respectively, offset by a decrease in commercial real estate of $22.2 million. In addition, commercial and industrial loans decreased by $17.4 million. The Company had $577 thousand in SBA 7A loans held for sale at March 31, 2023, compared to $9.0 million at December 31, 2022; most of these loans are expected to be sold in the secondary market in the second quarter of 2023.

Deposits

Total deposits at March 31, 2023 were $1.99 billion, an increase of $54.0 million from December 31, 2022. Noninterest-bearing demand deposits at March 31, 2023 were $882.0 million, or 44.4% of total deposits, compared with $923.9 million, or 47.8% of total deposits at December 31, 2022. At March 31, 2023, total brokered time deposits were $84.5 million, compared to $20.7 million at December 31, 2022, as we refined our funding strategy by paying off short-term FHLB financing of $50 million and replacing it with brokered term deposits. Given the nature of our commercial banking model, at March 31, 2023, approximately 50% of our total deposits exceeded the FDIC insurance limits; however, for our larger depositors we offer the Insured Cash Sweep (ICS) product, providing customers with FDIC

insurance coverage at ICS network institutions. At March 31, 2023, ICS deposits increased to $140.3 million, or 7% of total deposits, compared to $65.5 million, or 3% of total deposits at December 31, 2022.

Federal Home Loan Bank ("FHLB") and Federal Reserve Bank ("Federal Reserve") Borrowings

During the first quarter of 2023, the Company repaid $50.0 million of outstanding overnight FHLB borrowings; there were no outstanding FHLB borrowings or Federal Reserve Discount Window borrowings at March 31, 2023, compared with the $50.0 million in overnight advances with the FHLB at December 31, 2022. The Company did not participate in the Federal Reserve Bank Term Funding Program.

At March 31, 2023, the Company had available borrowing capacity from the FHLB secured lines of credit of approximately $453 million and available borrowing capacity from the Federal Reserve Discount Window of approximately $110 million. The Company also had available borrowing capacity from three unsecured credit lines from correspondent banks of approximately $75 million at March 31, 2023, with no outstanding borrowings. Additionally, the Company had unpledged, liquid securities of approximately $132 million and cash and cash equivalents of $102.1 million at March 31, 2023.

Asset Quality

Total non-performing assets decreased to $1 thousand, or 0.000% of total assets at March 31, 2023, compared with $41 thousand, or 0.002% of total assets at December 31, 2022. The decrease from December 31, 2022, was due primarily to $39 thousand in note sales. There were no loans downgraded to nonaccrual during the quarter. Special mention loans increased by $4.7 million during the first quarter due mostly to a downgrade from one loan relationship with $4.3 million in commercial real estate loans. Substandard loans increased by $2.6 million during the first quarter of 2023 due mostly to downgrades from four loan relationships that totaled $2.7 million in commercial and industrial loans.

The Company had no loans over 90 days past due that were accruing interest at March 31, 2023.

Loan delinquencies (30-89 days past due) totaled $123 thousand at March 31, 2023, compared to no loan delinquencies (30-89 days past due) at December 31, 2022.

The allowance for credit losses, which is comprised of allowance for loan losses (ALL) and reserve for unfunded loan commitments, totaled $24.1 million, or 1.27% of total loans at March 31, 2023, compared to $18.4 million, or 0.97% at December 31, 2022. The $5.7 million increase in the allowance includes a $5.5 million Day 1 CECL transition adjustment, a $278 thousand provision in credit losses for the loan portfolio and a $76 thousand negative provision for unfunded loan commitments for the quarter end March 31, 2023. The Day 1 adjustment to the allowance for credit losses is reflective of expected lifetime credit losses associated with the composition of financial assets within in the scope of the CECL accounting standard as of January 1, 2023, which is substantially comprised of loans held for investment and off-balance sheet unfunded loan commitments at January 1, 2023, as well as management’s current expectation of future economic conditions.

Allowance for loan losses was $22.4 million, or 1.18% of total loans at March 31, 2023, compared to $17.1 million, or 0.90% at December 31, 2022.

Capital

Tangible book value (non-GAAP) per common share at March 31, 2023, was $12.49, compared with $12.32 at December 31, 2022. In the first quarter of 2023, tangible book value was primarily impacted by a net decrease of $3.9 million to the beginning balance of retained earnings as of January 1, 2023, for the cumulative effect of the Day 1 CECL transition adjustment, and an increase of outstanding common stock related to the vesting of performance-based restricted stock units. These decreases were modestly offset by a reduction of $1.4 million in other comprehensive losses

related to unrealized losses, net of taxes, on securities available-for-sale; the balance of which was $5.0 million at March 31, 2023, and $6.4 million at December 31, 2022. Tangible common equity (non-GAAP) as a percent of total tangible assets at March 31, 2023 increased to 10.13% from 9.84% in the prior quarter, and unrealized losses as a percent of tangible capital equity at March 31, 2023 were reduced to 2.2% from 2.9% in the prior quarter.

The Bank's leverage capital ratio and total risk-based capital ratio were 11.15% and 12.61%, respectively, at March 31, 2023. The Bank elected the three-year phase-in period under the regulatory capital rules, which allow a phase-in of the Day 1 CECL transition adjustment to the regulatory capital at 25% per year over a three-year transition period.

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 Orange, Los Angeles, Riversides, San Diego, 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. Also, 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		
	March 31, 2023	December 31, 2022	March 31, 2022
EARNINGS	*($ in thousands except share and per share data)*		
Net interest income	$ 24,892	$ 25,269	$ 17,795
Provision for credit losses	$ 202	$ 750	$ 1850
Noninterest income	$ 1,570	$ 188	$ 1,603
Noninterest expense	$ 15,019	$ 13,112	$ 15,552
Income tax expense	$ 3,017	$ 3,121	$ 550
Net income	$ 8,224	$ 8,474	$ 1,446
Pre-tax pre-provision income (1)	$ 11,443	$ 12,345	$ 3,846
Adjusted pre-tax pre-provision income (1)	$ 11,443	$ 12,337	$ 4,370
Diluted earnings per share	$ 0.44	$ 0.46	$ 0.08
Ending shares outstanding	18,271,194	17,940,283	17,753,849
PERFORMANCE RATIOS			
Return on average assets	1.46 %	1.46 %	0.26%
Adjusted return on average assets (1)	1.46 %	1.45 %	0.33%
Return on average common equity	12.72 %	13.21 %	2.37%
Adjusted return on average common equity (1)	12.72 %	13.20 %	3.00%
Yield on total loans	5.78 %	5.47 %	4.70%
Yield on interest earning assets	5.53 %	5.14 %	3.54%
Cost of deposits	0.80 %	0.51 %	0.08%
Cost of funds	0.88 %	0.56 %	0.14%
Net interest margin	4.71 %	4.62 %	3.40%
Efficiency ratio (1)	56.8 %	51.5 %	80.2%
Adjusted efficiency ratio (1)	56.8 %	51.5 %	77.5%

	As of	
	March 31, 2023	December 31, 2022
CAPITAL	*($ in thousands except share and per share data)*	
Tangible equity to tangible assets (1)	10.13 %	9.84%
Book value (BV) per common share	$ 14.64	$ 14.51
Tangible BV per common share (1)	$ 12.49	$ 12.32
ASSET QUALITY		
Allowance for loan losses (ALL)	$ 22,391	$ 17,099
Reserve for unfunded loan commitments	$ 1,673	$ 1,310
Allowance for credit losses (ACL)	$ 24,064	$ 18,409
ALL to total loans	1.18 %	0.90%
ACL to total loans	1.27 %	0.97%
Nonperforming loans	$ 1	$ 41
Other real estate owned	$ —	$ —
Nonperforming assets to total assets	— %	—%
END OF PERIOD BALANCES		
Total loans, including loans held for sale	$ 1,894,509	$ 1,906,800
Total assets	$ 2,292,053	$ 2,283,927
Deposits	$ 1,985,856	$ 1,931,905
Loans to deposits	95.4 %	98.7%
Shareholders' equity	$ 267,539	$ 260,355

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

ALLOWANCE for CREDIT LOSSES	For the Three Months Ended		
	March 31, 2023	December 31, 2022	March 31, 2022
	($ in thousands)		
Allowance for loan losses (ALL)			
Balance at beginning of period	$ 17,099	$ 16,436	$ 11,657
Adoption of ASU 2016-13 [(1)]	5,027	—	—
Provision for loan losses	278	650	1,850
Charge-offs	(27)	—	—
Recoveries	14	13	27
Net (charge-offs) recoveries	(13)	13	27
Balance, end of period	$ 22,391	$ 17,099	$ 13,534
Reserve for unfunded loan commitments			
Balance, beginning of period	$ 1,310	$ 1,210	$ 804
Adoption of ASU 2016-13 [(1)]	439	—	—
Provision (reversal) for loan losses	(76)	100	—
Balance, end of period	1,673	1,310	804
Allowance for credit losses (ACL)	$ 24,064	$ 18,409	$ 14,338
ALL to total loans	1.18 %	0.90 %	0.83 %
ACL to total loans	1.27 %	0.97 %	0.88 %

(1) Represents the impact of adopting ASU 2016-13, Financial Instruments - Credit Losses on January 1, 2023. As a result of adopting ASU 2016-13, our methodology to compute our allowance for credit losses is based on a current expected credit loss methodology, rather than the previously applied incurred loss methodology.

Southern California Bancorp and Subsidiary

Balance Sheets *(Unaudited)*

	March 31, 2023	December 31, 2022
ASSETS	*($ in thousands)*	
Cash and due from banks	$ 34,159	$ 60,295
Federal funds sold & interest-bearing balances	67,980	26,465
Total cash and cash equivalents	102,139	86,760
Securities available-for-sale, at fair value	124,438	112,580
Securities held-to-maturity, at cost (fair value of $49,713 at March 31, 2023 and $47,906 at December 31, 2022)	53,864	53,946
Loans held for sale	577	9,027
Loans held for investment:		
Construction & land development	256,096	239,067
1-4 family residential	154,071	144,322
Multifamily	227,676	218,606
Other commercial real estate	936,513	958,676
Commercial & industrial	314,248	331,644
Other consumer	5,328	5,458
Total loans held for investment	1,893,932	1,897,773
Allowance for credit losses - loans	(22,391)	(17,099)
Total loans held for investment, net	1,871,541	1,880,674
Restricted stock at cost	14,557	14,543
Premises and equipment	14,105	14,334
Right of use asset	8,384	8,607
Goodwill	37,803	37,803
Core deposit intangible	1,493	1,584
Bank owned life insurance	38,196	37,972
Deferred taxes, net	10,492	10,699
Accrued interest and other assets	14,464	15,398
Total Assets	$ 2,292,053	$ 2,283,927
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing demand	$ 882,000	$ 923,899
Interest bearing NOW accounts	248,809	209,625
Money market and savings accounts	677,636	668,602
Time deposits	177,411	129,779
Total deposits	1,985,856	1,931,905
Borrowings	17,794	67,770
Operating lease liability	10,925	11,055
Accrued interest and other liabilities	9,939	12,842
Total liabilities	2,024,514	2,023,572
Shareholders' Equity:		
Common Stock - 50,000,000 Shares Authorized, No Par Value; issued and Outstanding 18,271,194 at March 31, 2023 and 17,940,283 at December 31, 2022)	219,659	218,280
Retained earnings	52,889	48,516
Accumulated Other Comprehensive (Loss) Income - Net of Taxes	(5,009)	(6,441)
Total shareholders' equity	267,539	260,355
Total Liabilities and Shareholders' Equity	$ 2,292,053	$ 2,283,927

Southern California Bancorp and Subsidiary

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

	Three Months Ended		
	March 31, 2023	December 31, 2022	March 31, 2022
	($ in thousands except share and per share data)		
INTEREST AND DIVIDEND INCOME			
Interest and fees on loans	$ 27,019	$ 25,781	$ 17,731
Interest on debt securities	731	647	254
Interest on tax-exempted debt securities	487	488	76
Interest and dividends from other institutions	972	1,227	424
Total interest and dividend income	29,209	28,143	18,485
INTEREST EXPENSE			
Interest on NOW, savings, and money market accounts	2,903	2,096	282
Interest on time deposits	975	463	98
Interest on borrowings	439	315	310
Total interest expense	4,317	2,874	690
Net interest income	24,892	25,269	17,795
Provision for credit losses [(1)]	202	750	1,850
Net interest income after provision for loan losses	24,690	24,519	15,945
NONINTEREST INCOME			
Service charges and fees on deposit accounts	439	456	487
Gain on sale of loans	808	293	49
Bank owned life insurance income	223	221	832
Servicing and related income on loans	75	53	69
Loss on sale of debt securities	—	(994)	—
Other charges and fees	25	159	166
Total noninterest income	1,570	188	1,603
NONINTEREST EXPENSE			
Salaries and employee benefits	10,241	8,634	10,196
Occupancy and equipment expenses	1,447	1,458	1,410
Data processing	1,056	1,089	1,420
Legal, audit and professional	785	487	617
Regulatory assessments	452	345	339
Director and shareholder expenses	213	219	195
Merger and related (income) expenses	—	(8)	524
Core deposit intangible amortization	91	141	99
Other expense	734	747	752
Total noninterest expense	15,019	13,112	15,552
Income before income tax expense	11,241	11,595	1,996
Income tax expense	3,017	3,121	550
Net income	$ 8,224	$ 8,474	$ 1,446
Net income per share - basic	$ 0.46	$ 0.47	$ 0.08
Net income per share - diluted	$ 0.44	$ 0.46	$ 0.08
Pre-tax, pre-provision income [(2)]	$ 11,443	$ 12,345	$ 3,846
Adjusted pre-tax, pre-provision income [(2)]	$ 11,443	$ 12,337	$ 4,370

(1) Included (reversal) provision for unfunded commitment of $(76) thousand and $100 thousand for the three months ended March 31, 2023 and December 31, 2022. There was no provision for unfunded commitment for the three months ended March 31, 2022.

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

Southern California Bancorp and Subsidiary

Average Balance Sheets and Yield Analysis

(Unaudited)

	Three Months Ended								
	March 31, 2023			December 31, 2022			March 31, 2022		
	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 non-PPP loans	$ 1,890,758	$ 27,005	5.79%	$ 1,866,708	$ 25,755	5.47%	$ 1,496,375	$ 16,409	4.45%
Total PPP loans	3,476	14	1.63%	3,997	26	2.58%	34,867	1,322	15.38%
Total loans	1,894,234	27,019	5.78%	1,870,705	25,781	5.47%	1,531,242	17,731	4.70%
Taxable debt securities	97,023	731	3.06%	102,205	647	2.51%	72,309	254	1.42%
Tax-exempt debt securities [1]	74,188	487	3.37%	73,166	488	3.35%	15,163	76	2.57%
Deposits in other financial institutions	37,611	457	4.93%	40,781	347	3.38%	463,977	193	0.17%
Fed funds sold/resale agreements	25,306	287	4.60%	68,437	637	3.69%	23,822	11	0.19%
Restricted stock investments and other bank stock	14,902	228	6.20%	14,883	243	6.48%	14,009	220	6.37%
Total interest-earning assets	2,143,264	29,209	5.53%	2,170,177	28,143	5.14%	2,120,522	18,485	3.54%
Total non-interest-earning assets	134,707			139,205			139,279		
Total assets	$ 2,277,971			$ 2,309,382			$ 2,259,801		
Liabilities and Shareholders' Equity									
Interest-bearing liabilities:									
Interest-bearing NOW accounts	$ 206,785	$ 316	0.62%	$ 215,272	$ 121	0.22%	$ 190,530	$ 81	0.17%
Money market and savings accounts	685,368	2,587	1.53%	700,544	1,975	1.12%	694,155	201	0.12%
Time deposits	152,613	975	2.59%	123,524	463	1.49%	97,030	98	0.41%
Total interest-bearing deposits	1,044,766	3,878	1.51%	1,039,340	2,559	0.98%	981,715	380	0.16%
Borrowings:									
FHLB advances	14,356	168	4.75%	3,696	44	4.72%	—	—	—%
Subordinated debt	17,783	271	6.18%	17,759	271	6.05%	17,688	272	6.24%
TruPS	—	—	—%	—	—	—%	2,737	38	5.63%
Total borrowings	32,139	439	5.54%	21,455	315	5.82%	20,425	310	6.16%
Total interest-bearing liabilities	1,076,905	4,317	1.63%	1,060,795	2,874	1.07%	1,002,140	690	0.28%
Non-interest-bearing liabilities:									
Noninterest-bearing deposits [2]	915,160			970,908			990,185		
Other liabilities	23,788			23,199			19,746		
Shareholders' equity	262,118			254,480			247,730		
Total Liabilities and Shareholders' Equity	$ 2,277,971			$ 2,309,382			$ 2,259,801		
Net interest spread			3.90%			4.07%			3.26%
Net interest income and margin		**$ 24,892**	**4.71%**		**$ 25,269**	**4.62%**		**$ 17,795**	**3.40%**
Cost of deposits			0.80%			0.51%			0.08%
Cost of funds			0.88%			0.56%			0.14%

(1) Tax-exempt debt securities yields are presented on a tax equivalent basis using a 21% tax rate.

(2) Average noninterest-bearing deposits represent 46.69%, 48.30% and 50.21% of average total deposits for the three months ended March 31, 2023, December 31, 2022 and March 31, 2022.

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		
	March 31, 2023	December 31, 2022	March 31, 2022
	($ in thousands)		
Adjusted net income			
Net income	$ 8,224	$ 8,474	$ 1,446
(Deduct)/add: After-tax merger and related (income) expenses [1]	—	(6)	387
Adjusted net income (non-GAAP)	$ 8,224	$ 8,468	$ 1,833
Efficiency Ratio			
Noninterest expense	$ 15,019	$ 13,112	$ 15,552
Less: Merger and related (income) expenses	—	(8)	524
Adjusted noninterest expense	$ 15,019	$ 13,120	$ 15,028
Net interest income	24,892	25,269	17,795
Noninterest income	1,570	188	1,603
Total net interest income and noninterest income	$ 26,462	$ 25,457	$ 19,398
Efficiency ratio (non-GAAP)	56.8%	51.5%	80.2%
Adjusted efficiency ratio (non-GAAP)	56.8%	51.5%	77.5%
Pre-tax pre-provision income			
Net interest income	$ 24,892	$ 25,269	$ 17,795
Noninterest income	1,570	188	1,603
Total net interest income and noninterest income	26,462	25,457	19,398
Less: Noninterest expense	15,019	13,112	15,552
Pre-tax pre-provision income (non-GAAP)	$ 11,443	$ 12,345	$ 3,846
(Deduct)/add: Merger and related (income) expenses	—	(8)	524
Adjusted pre-tax pre-provision income (non-GAAP)	$ 11,443	$ 12,337	$ 4,370

(1) After-tax merger and related (income) expenses are presented using a 29.56% tax rate on taxable merger and related (income) expenses.

Return on Average Assets, Equity, and Tangible Equity			
Net income	$ 8,224	$ 8,474	$ 1,446
Adjusted net income (non-GAAP)	$ 8,224	$ 8,468	$ 1,833

	Three Months Ended		
	March 31, 2023	December 31, 2022	March 31, 2022
		($ in thousands)	
Average assets	$ 2,277,971	$ 2,309,382	$ 2,259,801
Average shareholders' equity	262,118	254,480	247,730
Less: Average intangible assets	39,340	39,475	38,760
Average tangible common equity (non-GAAP)	$ 222,778	$ 215,005	$ 208,970
Return on average assets	1.46%	1.46%	0.26%
Adjusted return on average assets (non-GAAP)	1.46%	1.45%	0.33%
Return on average equity	12.72%	13.21%	2.37%
Adjusted return on average equity (non-GAAP)	12.72%	13.20%	3.00%
Return on average tangible common equity (non-GAAP)	14.97%	15.64%	2.81%
Adjusted return on average tangible common equity (non-GAAP)	14.97%	15.63%	3.56%

	March 31, 2023	December 31, 2022
	($ in thousands except share and per share data)	
Tangible Common Equity Ratio/Tangible Book Value Per Share		
Shareholders' equity	$ 267,539	$ 260,355
Less: Intangible assets	39,296	39,387
Tangible common equity (non-GAAP)	$ 228,243	$ 220,968
Total assets	$ 2,292,053	$ 2,283,927
Less: Intangible assets	39,296	39,387
Tangible assets (non-GAAP)	$ 2,252,757	$ 2,244,540
Equity to asset ratio	11.67%	11.40%
Tangible common equity to tangible asset ratio (non-GAAP)	10.13%	9.84%
Book value per share	$ 14.64	$ 14.51
Tangible book value per share (non-GAAP)	$ 12.49	$ 12.32
Shares outstanding	18,271,194	17,940,283

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