

Southern California Bancorp

Investor Presentation

as of June 30, 2021

SOUTHERN
CALIFORNIA
BANCORP

BANK OF
SOUTHERN
CALIFORNIA

Forward-Looking Statements

This presentation may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended, and Southern California Bancorp (the “Company”) intends for such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Future events are difficult to predict, and the expectations described above are necessarily subject to risk and uncertainty that may cause actual results to differ materially and adversely. 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.” These 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, either expressed or implied, in this news release. Factors that might cause such differences include, but are not limited to: the effects of the COVID-19 pandemic, or other similar outbreaks, including the effects of the steps being taken to address the pandemic and their impact on the Company’s markets, customers and employees; the ability of the Company to successfully execute its business plans and achieve its objectives, including consummating the sale of three branches and consummating the merger with Bank of Santa Clarita, and including achieving the expected revenue synergies and cost savings from the merger with Bank of Santa Clarita; changes in general economic and financial market conditions, either nationally or locally, in areas in which the Company conducts its operations; changes in interest rates; continuing consolidation in the financial services industry; new litigation or changes in existing litigation; increased competitive challenges and expanding product and pricing pressures among financial institutions; legislation or regulatory changes which adversely affect the Company’s operations or business; loss of key personnel; and changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other regulatory agencies.

The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

Investment Highlights

- Market opportunity for an independent commercial banking franchise in the extraordinary Southern California market—scarcity value of commercial banks with \$1bn - \$5bn in assets
- Execution on repositioning BCAL's geographic footprint to optimize commercial banking strategy
 - Signed definitive agreement to acquire Bank of Santa Clarita in the attractive banking market of northern Los Angeles County
 - Signed definitive agreement to sell three branches not in alignment with BCAL's commercial banking strategy
 - Opened branches in West Los Angeles, Encino and Westlake Village, and office in Downtown Los Angeles
- Seasoned management team with established track record of successful execution of both organic and M&A growth
 - Newly appointed Chairman, President and CEO David Rainer is a recognized Southern California banking executive, with 40 years of banking experience
 - Company's team augmented with prominent, high-level executives related to expansion of and repositioning of the BCAL franchise footprint
- Strong Non-PPP loan growth of \$37 million in 2Q21 and \$76 million in 1Q21:
- Total Paycheck Protection Program (PPP) fundings of \$799 million; forgiveness submitted, and payoffs received for 61% and 57% of total
- Attractive low-cost core deposit base – 2Q21 cost of deposits was 0.15%
- Exceptional credit quality – 2Q21 NPAs of 0.04%
- Growing visibility in the investment community – December 2020 private placement raised \$42 million in capital

Southern California Offers an Attractive Middle-Market for Commercial Banking ...

- Los Angeles, Orange and San Diego counties have a combined GDP of \$1.3 trillion¹, which if they were a separate country would make them the world's 13th largest economy, behind Brazil and ahead of Australia²
- Los Angeles County's population of nearly 10.2 million people would make it the 10th largest state in the U.S.
 - LA County is the manufacturing, entertainment, and international trade capital of the U.S. with fast growing high-tech and digital media industries
- San Diego County and Orange County would be 30th and 32nd largest states in U.S., respectively
- Combined three-county area is home to more than 750,000 small- and middle-market businesses (defined as employing 1 to 499 workers)³
- Typical customer has between \$10 and \$60 million in annual sales
- Typical loan commitment ranges from \$1 million to \$5 million (excluding SBA)
- Significant percentage of customers in the manufacturing, distribution and services industries

1. Federal Reserve Board of St. Louis, estimates for 2019.

2. International Monetary Fund estimate for 2020.

3. Employee Development Department, State of California, estimate 2019

Customer Profile

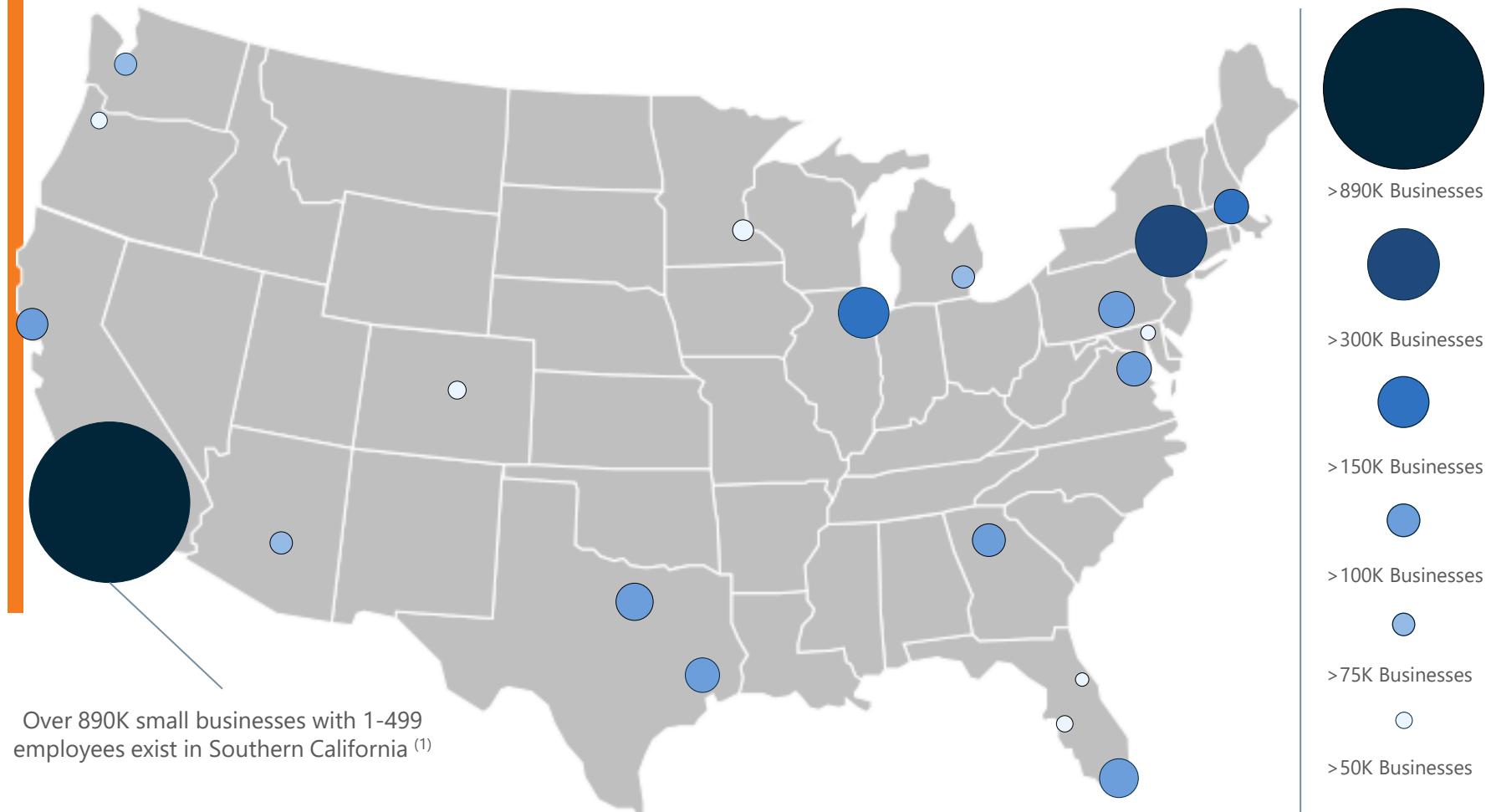
Our customer base reflects the diversity
of industries in Southern California

- Significant percentage of customers involved in the manufacturing, distribution and services industries
- Typical customer has between \$10 million and \$60 million in annual sales (excluding SBA borrowers)
- Typical loan commitment ranges between \$1 million and \$5 million (excluding SBA loans)
- Majority of new customers come from larger banks
- Most new business generation results from warm leads provided by referral sources

Southern California Small Business Market Offers Best Opportunity in the U.S. for Commercial Banking

Key Takeaway:

- Southern California represents the largest market for operating companies across the entire United States



Source: SNL Financial, Employment Development Department of California.

Note: Relative size of MSAs in areas with more than 2,000 target clients.

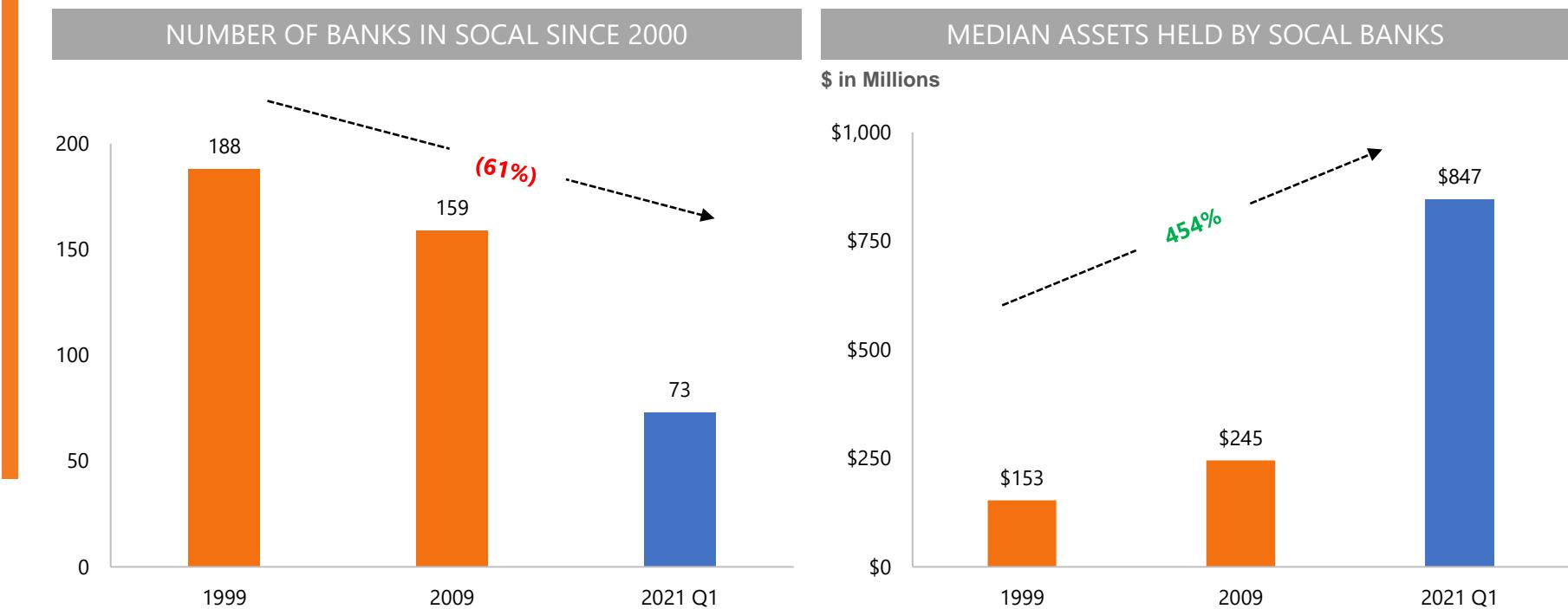
(1) Southern California area defined as a combination of Los Angeles, Orange, Riverside, San Bernardino, and San Diego counties.

...Which Has Only Increased with the Consolidation of California Banks

In the 21-year period between 1999 and Q1'21, Southern California has seen a 61% decrease in the number of banks headquartered in the region; however, median assets held by Southern California banks have increased by 454% in the same period

This “race to the top” dynamic continues to drive competition – larger institutions grow and scale up by purchasing smaller institutions, making it more difficult for smaller institutions to compete in the current banking environment

For smaller institutions, relevancy is currently outweighing scarcity value – a trend expected to persist



Source: SNL Financial, FDIC.

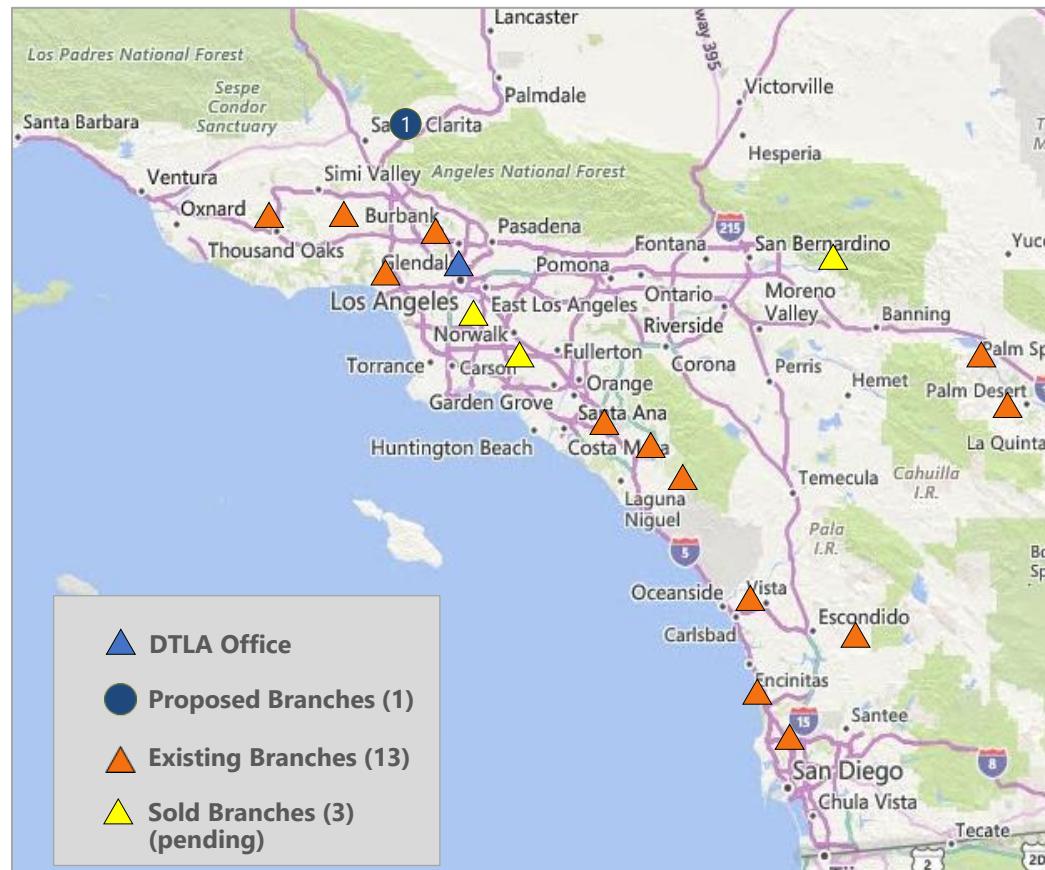
Note: Number of banks in SoCal as provided by the FDIC

Southern California area defined as a combination of Imperial, Los Angeles, Orange, Riverside, San Bernardino, and San Diego counties.

Progress in Repositioning Franchise Footprint for Commercial Banking Strategy

- **1H21 accomplishments in repositioning franchise footprint:**
 - Signed definitive agreement to acquire Bank of Santa Clarita in northern LA County
 - Signed definitive agreement to sell three branches not in alignment with commercial strategy
 - Opened branches in West Los Angeles, Encino and Westlake Village
 - Opened office in Downtown Los Angeles

Legend Key	City
1	Santa Clarita
△	Downtown Los Angeles Office
▲	Westlake / Thousand Oaks
▲	Irvine
▲	West Los Angeles
▲	Encino
▲	Del Mar
▲	Rancho Santa Margarita
▲	Rancho Mirage
▲	Glendale
▲	La Quinta
▲	Carlsbad
▲	San Diego
▲	Ramona
▲	Redlands
▲	Santa Fe Springs
▲	Orange



Our Vision for a Premier Banking Franchise

Strong Leadership

- **Strong leadership with deep roots in the community**
 - Experienced teams living and working in their respective Southern California communities
 - Bank Advisory boards composed of local business and civic leaders
 - BCAL team actively involved with local nonprofits, strengthening ties to customers and community
 - Reputation and credibility of leadership can attract top talent in the market

Fortress Like Balance Sheet

- **Attractive core funding base complemented with pristine asset quality**
 - Total deposits increased \$108.1 million in 2Q21 to \$1.6 billion
 - Noninterest-bearing deposit were 47.9% of total deposits at 6/30/21
 - NPAs represent 4bps of total assets at 6/30/21

Business Banking Focus

- **Customer base is small to medium sized-businesses in Southern California**
 - C&I, ex-PPP C&I, and owner occupied commercial real estate make up 31% of loans
 - Loan composition reflects Southern California marketplace, with no concentrations
 - Customers distributed among relationship managers throughout all commercial offices
 - High touch customer service draws new relationships from larger banks
 - Most new business results from “warm leads” provided by referrals
 - Strength of people and caliber of talent will bring in high caliber business

Strategic Commercial Offices

- **Strategic locations in commercial markets with enormous potential customer base**
 - Footprint across Southern California counties of: Los Angeles, Orange, San Diego, Riverside, and San Bernardino
 - Commercial offices will offer a full array of banking services, easy freeway access, good visibility and efficient operations
 - Commercial offices with average deposits of \$200+ million

Franchise Growth Strategy

Organic Growth

- High-touch relationship management team offers personalized and responsive service focused on small and middle-market businesses
- Offer expertise in C&I and commercial real estate lending to small and middle-market businesses
- Provide customers with sophisticated products and solutions
- Leverage relationship-based banking approach and superior service
- Continue recruiting “in market” talent from competitors
- Build on products and expertise acquired in strategic acquisitions

Growth by Merger/Acquisitions

- Strong management team experienced with successful, accretive acquisitions
 - Bank of Santa Clarita (announced April 2021, expected to close in fourth quarter)
 - CalWest Bancorp (May 2020)
 - Americas United Bank (July 2018)
 - Frontier Bank (November 2014)

The Future of Southern California Bancorp

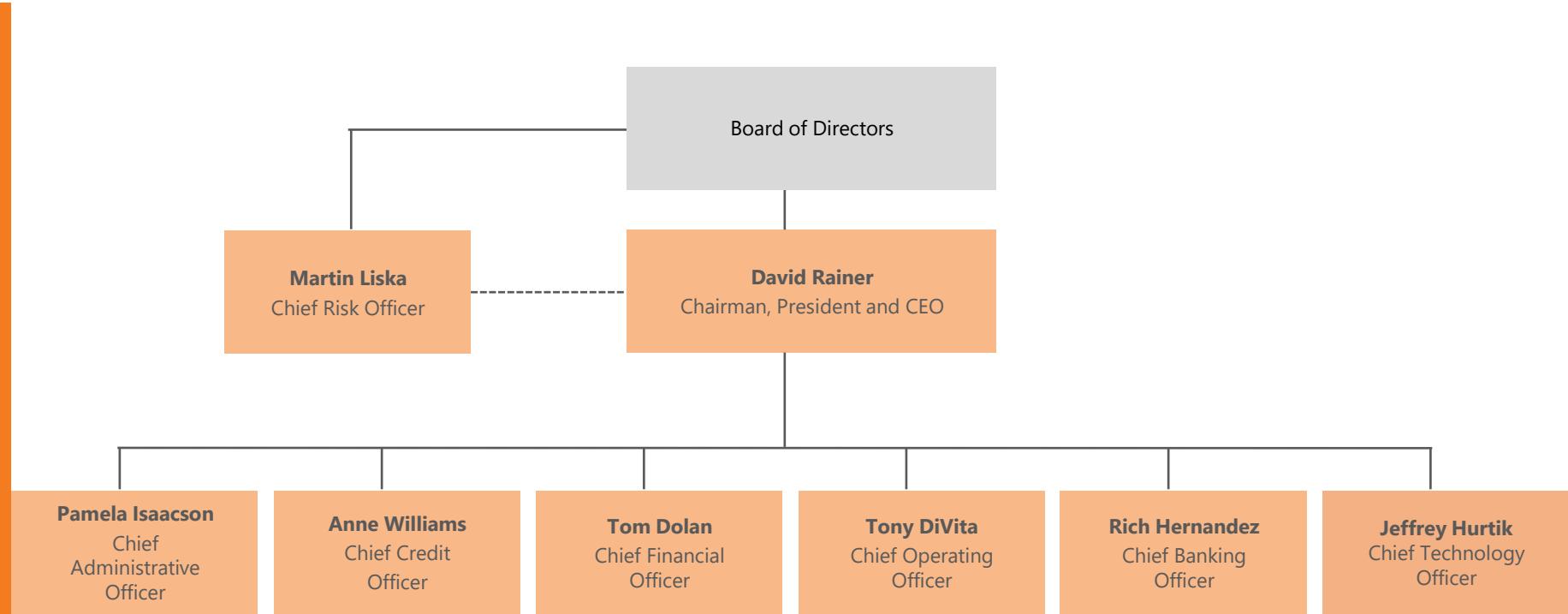
Strategic Plan

- Southern California Bancorp hired seasoned banking executive David Rainer and recruited additional new executives, and selected established independent board members to continue to attract and retain some of the top producing talent and banking leadership in Southern California
- With a larger, deeply experienced management team, the Company is well positioned to build its Southern California banking franchise
- The additions at the executive and board level combine the efforts, vision, and expertise of distinguished executives to continue growing the BCAL franchise, through:
 - Expansion of the Company's geographic footprint into new markets through new executive hires in areas such as Encino, Westlake / Thousand Oaks and Downtown Los Angeles
 - Prioritizing underdeveloped BCAL markets, such as West Los Angeles, and focusing on growing the existing markets of Irvine and Orange County
 - Incorporating new technology, with a new core processing platform that will accommodate the growth and innovation envisioned by the Company

Significant Banking Experience

- **David Rainer, a recognized Southern California banking executive, brings 40 years of banking experience to complement an already successful Bank of Southern California executive team; his experience includes:**
 - Former Chairman, CEO and Director of California United Bank and CU Bancorp (NASDAQ: CUNB), from 2005 to its sale to PacWest Bancorp (NASDAQ: PACW) for 2.72x TBV
 - Former California State President for US Bank, responsible for commercial banking operations in the Western U.S.
 - Former CEO & Director of Santa Monica Bank (Western Bancorp)
 - Former President and CEO of California United Bank (not related to CUNB) – exited at 2.16x TBV
 - Served two three-year terms on the Board of Directors of the Federal Reserve Board of San Francisco, Los Angeles Branch
 - Awarded Ernst & Young Entrepreneur of the Year and City of Hope Man of the Year
 - Member of the Price Board of Councilors at the USC Price School of Public Policy and former Director of the Boys and Girls Club of the West Valley, Inner City Arts and Junior Achievement and the LA Urban League

Organizational Structure



2Q21 Financial Highlights

- Net income of \$2.4 million, compared with \$1.4 million in 1Q21 and \$2.6 million in 2Q20
 - Diluted EPS of \$0.17, compared with \$0.10 in 1Q21 and \$0.27 in 2Q20
- Total loans of \$1.3 billion, compared with \$1.4 billion in 1Q21 and 2Q20
 - Net organic non-PPP loan growth of \$36.9 million or 4.1% in 2Q21, excluding PPP; total non-PPP portfolio ended quarter at \$940.1 million
 - Total PPP loan originations of \$799.1 million in 2020 and 2021; forgiveness submitted, and payoffs received for 61% and 57%, respectively, of entire portfolio at June 30, 2021
- Total deposits increased to \$1.6 billion, up \$108.1 million from 1Q21 and \$405.1 million from 2Q20
 - Increase in total deposits due to CalWest merger, PPP originations, and organic growth
 - Noninterest-bearing deposits increased to \$747.7 million, representing 47.9% of total deposits
- Continued strong credit quality
 - NPAs to total assets of 0.04%, down from 0.05% in 1Q21 and 0.11% in 2Q20
 - Net recoveries of \$20,000 in 2Q21 and \$340,000 for full year 2020
 - \$183 million of deferred loans during pandemic have reinstated normal loan payments; three loans remaining on deferral total \$2.9 million

Snapshot of Balance Sheet

Balance Sheet (\$ in millions)	2Q21	1Q21	2Q20	% change 1Q21 to 2Q21	% change 2Q20 to 2Q21
Assets	\$1,778	\$1,673	\$1,546	6.3%	15.0%
Total loans	1,287	1,416	1,351	-9.1%	-4.7%
Non-PPP Loans	940.1	903.6	827.8	4.1%	13.5%
PPP Loans	346.6	512.8	523.0	-32.4%	33.7%
Total deposits	1,562	1,453	1,156	7.4%	35.0%
Noninterest-bearing demand deposits*	748	703	524	6.35%	42.7%
Shareholders' equity	174	171	125	1.5%	38.4%

*Noninterest bearing deposits were 47.9% of total deposits at 6/30/21.

Snapshot of Income Statement 2Q21

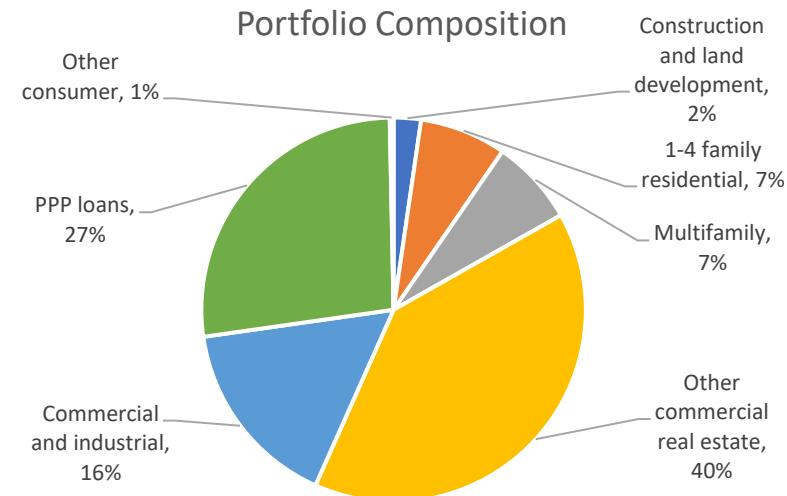
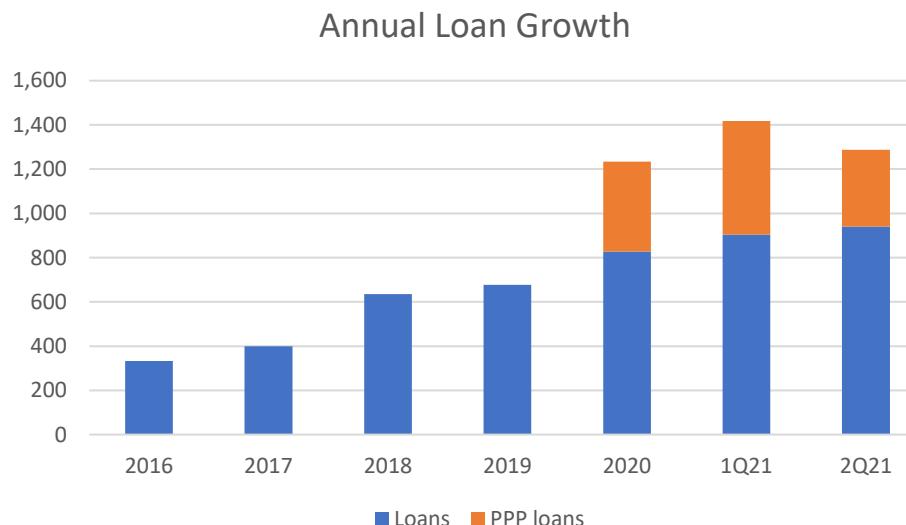
Income Statement (\$ in 000s, except EPS)	2Q21	1Q21	2Q20	% change 1Q21 to 2Q21	% change 2Q20 to 2Q21
EPS - fully diluted	\$0.17	\$0.10	\$0.27	70.0%	-37.0
Net income	2,400	1,432	2,573	67.6%	-6.7%
Net Interest income	15,411	12,639	11,415	21.9%	35.0%
Non-interest income	1,754	548	390	220%	350%
Non-interest expense	14,816	11,177	5,824	32.6%	154%
Provision for loan losses	0	0	2,252	-100%	-100%

Snapshot of Performance Ratios

Performance Ratios	2Q21	1Q21	2Q20	% change 1Q21 to 2Q21	% change 2Q20 to 2Q21
Net interest margin	3.72%	3.38%	3.74%	10.1%	-0.5%
Net interest margin, excluding PPP loans	3.73%	3.64%	3.83%	2.5%	-2.6%
ROAA	0.55%	0.36%	0.80%	52.8%	-31.3%
ROAE	5.54%	3.41%	8.33%	62.5%	-33.5%
Efficiency ratio	86.3%	84.8%	49.3%	1.8%	75.1%

2Q21 Strong Organic Loan Growth

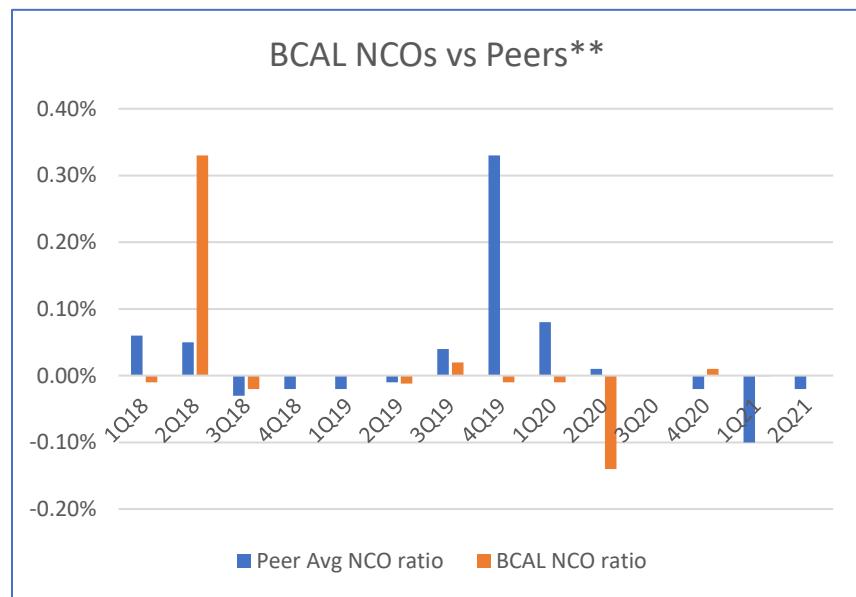
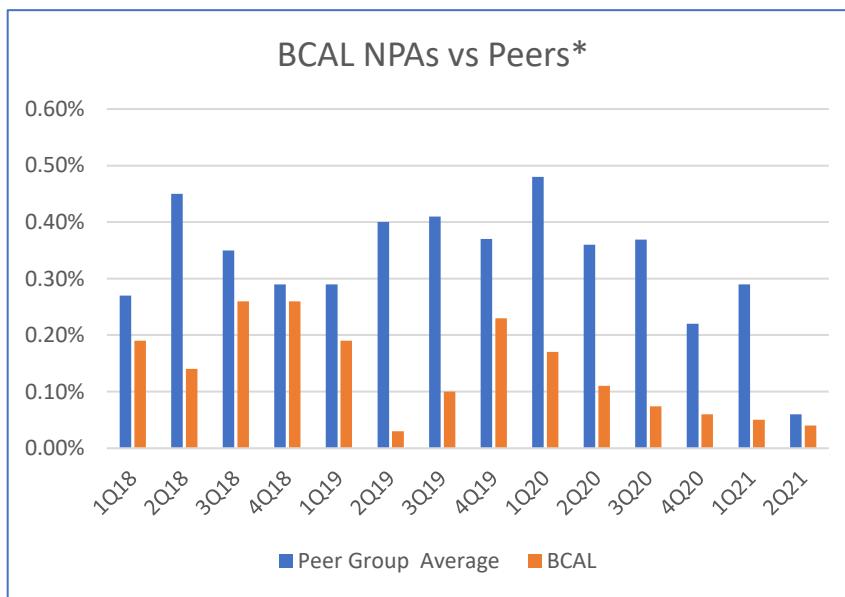
- BCAL lenders' expertise allows the Bank to underwrite complex loans, while providing better service than larger banks
 - Total non-PPP loans increased to \$940.1 million, up \$36.9 million or 4.1% from 1Q21 and \$113.0 million or 13.7% from December 31, 2020
 - PPP loan payoffs of \$166.2 million during 2Q21, balance of \$346.6 million at June 30, 2021



Strong Credit Quality Trend Continues

BCAL credit quality at June 30, 2021:

- Total nonperforming loans of \$697,000 or 0.05% of total loans
- NPAs to total assets of 0.04%
- Net recoveries of \$340,000 in 2020
- Net recoveries of \$20,000 in 2Q21, and \$15,000 in 1Q21



Peer group includes American Business Bank (AMBZ), Bank of Marin Bancorp (BMRC), Central Valley Community Bancorp (CVCY), Heritage Commerce Corp. (HTBK), Suncrest Bank (SBKK)

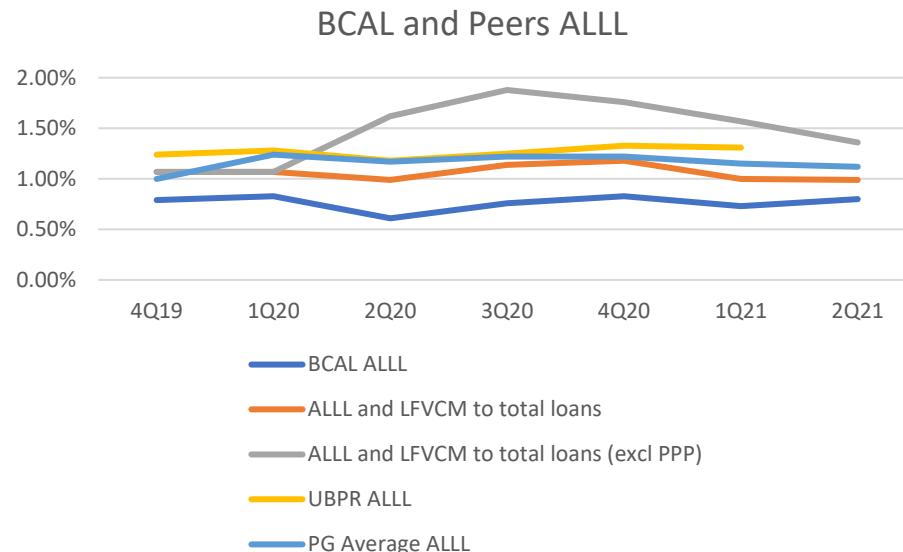
*2Q21 NPA Peer group average includes only AMBZ and HTBK

**2Q21 NCO peer group average includes all except SBKK

ALLL Ratio Comparison and Rollforward

	<u>4Q19</u>	<u>1Q20</u>	<u>2Q20</u>	<u>3Q20</u>	<u>4Q20</u>	<u>1Q21</u>	<u>2Q21</u>
BCAL ALLL	0.79%	0.83%	0.61%	0.76%	0.83%	0.73%	0.80%
ALLL and LFVCM to total loans	1.07%	1.07%	0.99%	1.14%	1.18%	1.00%	0.99%
ALLL and LFVCM to total loans (excl PPP)	1.07%	1.07%	1.62%	1.88%	1.76%	1.57%	1.36%
UBPR ALLL	1.24%	1.28%	1.18%	1.25%	1.33%	1.31%	-
PG Average ALLL	1.00%	1.24%	1.17%	1.22%	1.22%	1.15%	1.12%

<u>ALLL Rollforward</u>	
ALLL at 3/31/20	\$5,674
Provision	2,252
Charge-offs / recoveries	(374)
ALLL at 6/30/20	\$8,300
Provision	2,000
Charge-offs / recoveries	4
ALLL at 9/30/20	\$10,296
Provision	0
Charge-offs / recoveries	41
ALLL at 12/31/20	\$10,255
Provision	0
Charge-offs / recoveries	(15)
ALLL at 3/31/21	\$10,270
Provision	0
Charge-offs / recoveries	(20)
ALLL at 6/30/21	\$10,290



*2Q20 BCAL ALLL in red; the quarter PPP began and CalWest loans were acquired, with no related ALLL.

Snapshot of Shares Outstanding, Market Cap and TBV

Shares Outstanding and Market Cap	2Q21	1Q21	2Q20	% change 1Q21 to 2Q21	% change 2Q20 to 2Q21
Share price (end of period)	\$14.50	\$14.40	\$9.65	0.7%	50.3%
Market cap (\$ in millions)	192.5	191.2	90.1	0.7%	114%
Average shares outstanding	13,289,796	13,272,693	9,422,608	0.1%	41.0%
Ending shares outstanding	13,509,081	13,278,005	9,424,565	1.7%	43.3%
Tangible book value	\$11.26	\$11.26	\$10.94	0%	2.9%

Bank of Southern California is Well Capitalized

The Bank of Southern California is “well capitalized” as defined by federal regulations, which is the highest regulatory classification.

Regulatory Ratios	"Well Capitalized"	2Q21	1Q21
Total risk-based capital ratio	10.00%	17.4%	18.6%
Tier 1 risk-based capital ratio	8.00%	16.4%	17.5%
Tier 1 leverage capital ratio	5.00%	9.7%	10.9%

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Addendum

Experienced Management Team

<u>Name</u>	<u>Title</u>	<u>Function</u>	<u>Banking Exp</u>
David Rainer	Chairman	Chairman, President and CEO	40 years
Tony DiVita	EVP	Chief Operating Officer	30 years
Thomas Dolan	EVP	Chief Financial Officer	38 years
Rich Hernandez	EVP	Chief Banking Officer	20 years
Jeffery Hurtik	EVP	Chief Information Officer	30 years
Pamela Isaacson	EVP	Chief Administrative Officer	25 years
Martin Liska	EVP	Chief Risk Officer	30 years
Anne Williams	EVP	Chief Credit Officer	35 years