



March 11, 2023

Dear Valued Customer,

Given the recent challenges faced by certain banks in California, we wanted to remind you that we focus on a simple relationship-based business banking model of commercial loans and deposits. As you know, we have personal and long-standing relationships with our customers, which are diversified across many industries and are comprised of small- to medium-sized business throughout Southern California, with no material concentrations of loans or deposits. We do not focus on venture-backed technology startups or crypto currency and have little-to-no exposure in these markets.

Our assets are primarily commercial loans. We also have a small investment portfolio of high-quality securities that comprises only about 7% of our total assets. We are and continue to be “well-capitalized” with a strong capital base. The Bank’s leverage capital ratio was 10.62% and total risk-based capital ratio was 11.97% at December 31, 2022, which is well in excess of the regulatory requirements.

We had outstanding results for the fourth quarter of 2022 including:

- Record net income of \$8.5 million for the fourth quarter of 2022 and record net income of \$16.1 million for the full year of 2022;
- Nonperforming assets to total assets ratio of 0.002% at December 31, 2022;
- Continued status as “well-capitalized,” the highest regulatory capital category.
- Received a Five-Star Superior Performance Rating from Bauer Financial¹ for the quarter ended December 31, 2022.

If you would like further information regarding the Company’s financials, please see our fourth quarter earnings release on investor.banksofcal.com.

We know you have placed your trust in us to help ensure your banking needs are met. We appreciate the opportunity to serve you and be your bank of choice. If you have any questions or we can be of further assistance, please feel free to reach out to me or your relationship manager.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Rainer".

David Rainer
Chairman and CEO

¹ <https://www.bauerfinancial.com/star-ratings/?ref=#2-loadhere>