

Southern California Bancorp ("BCAL")

Quarterly Results and Trends June 30, 2020

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Southern California Bancorp

Balance Sheets

(Unaudited)

	<u>Jun 30, 2020</u>	<u>Mar 31, 2020</u>	<u>Dec 31, 2019</u>	<u>Sept 30, 2019</u>	<u>Jun 30, 2019</u>
ASSETS					
Cash and due from banks	\$20,893,528	\$12,269,691	\$9,897,767	\$15,128,183	\$10,322,051
Fed funds & int-bearing balances	83,029,504	87,730,465	80,950,002	75,135,400	62,266,548
Total cash and cash equivalents	103,923,032	100,000,156	90,847,769	90,263,583	72,588,599
Debt securities (AFS)	26,855,698	19,834,420	16,343,747	16,653,476	23,812,424
FRB, FHLB and other equity stock	8,899,450	6,593,600	6,242,550	6,242,550	6,232,500
<i>Construction & land development</i>	35,241,241	23,213,929	24,679,602	34,788,277	35,641,721
<i>1-4 Family Residential</i>	105,297,275	82,443,776	85,085,585	89,133,751	88,786,465
<i>Multifamily</i>	125,895,257	122,564,197	122,661,958	115,139,808	61,162,906
<i>Other commercial real estate</i>	403,110,978	315,264,381	318,691,858	325,966,048	327,626,717
<i>Commercial & industrial</i>	675,270,756	134,525,771	122,969,242	117,164,010	107,399,756
<i>Other consumer</i>	5,935,683	5,182,707	2,566,670	2,524,850	2,806,535
Total loans	1,350,751,190	683,194,761	676,654,915	684,716,744	623,424,100
Allowance for loan losses	(8,300,176)	(5,674,212)	(5,363,361)	(5,152,508)	(4,888,060)
Total loans and leases, net	1,342,451,014	677,520,549	671,291,554	679,564,236	618,536,040
Premises, equipment, and ROU, net	13,125,130	8,981,735	9,474,709	10,208,285	10,643,683
Other real estate owned	0	0	0	0	0
Goodwill and core deposit intangible	22,297,992	18,339,391	18,434,491	18,545,166	18,655,839
Bank owned life insurance	17,774,774	11,180,222	11,113,559	11,046,168	9,471,193
Accrued interest and other assets	10,629,800	9,601,820	6,437,979	6,536,322	6,790,011
Total Assets	\$1,545,956,890	\$852,051,893	\$830,186,358	\$839,059,786	\$766,730,289
LIABILITIES AND STOCKHOLDERS' EQUITY					
Deposits:					
Noninterest-bearing demand	\$524,041,064	\$230,494,656	\$205,811,799	\$204,533,626	\$189,471,775
Interest bearing checking	89,429,765	61,903,709	54,180,961	78,669,996	55,645,849
Money market and savings	394,126,519	241,362,463	243,256,117	246,048,145	222,782,565
Time deposits	148,854,654	155,185,228	168,664,653	163,647,227	164,345,790
Total deposits	1,156,452,002	688,946,056	671,913,530	692,898,994	632,245,979
Other borrowings	251,086,895	34,649,168	35,015,405	35,216,254	25,601,874
Accrued interest and other liabilities	12,997,372	6,079,701	2,734,250	3,544,865	3,263,024
Total liabilities	1,420,536,269	729,674,925	709,663,185	731,660,113	661,110,877
Shareholders' Equity:					
Common stock and APIC	123,103,622	103,444,194	103,249,020	91,706,667	91,548,072
Retained earnings	1,947,827	18,882,781	16,971,445	15,335,742	13,619,426
Accum. other comprehensive income	369,172	49,993	302,708	357,264	451,914
Total shareholders' equity	125,420,621	122,376,968	120,523,173	107,399,673	105,619,412
Total Liabilities and Shareholders' Equity	\$1,545,956,890	\$852,051,893	\$830,186,358	\$839,059,786	\$766,730,289

Southern California Bancorp

Balance Sheets

(Unaudited)

	<u>Jun 30, 2020</u>	<u>Jun 30, 2019</u>	<u>Jun 30, 2018</u>	<u>Jun 30, 2017</u>
ASSETS				
Cash and due from banks	\$20,893,528	\$10,322,051	\$8,166,217	\$11,266,030
Fed funds & int-bearing balances	83,029,504	62,266,548	58,290,000	28,160,000
Total cash and cash equivalents	103,923,032	72,588,599	66,456,217	39,426,030
Debt securities (AFS)	26,855,698	23,812,424	19,762,318	23,068,279
FRB, FHLB and other equity stock	8,899,450	6,232,500	4,269,650	3,232,400

<i>Construction & land development</i>	35,241,241	35,641,721	34,356,741	15,645,527
<i>1-4 Family Residential</i>	105,297,275	88,786,465	91,035,379	109,269,949
<i>Multifamily</i>	125,895,257	61,162,906	35,229,850	9,282,711
<i>Other commercial real estate</i>	403,110,978	327,626,717	180,703,929	161,880,372
<i>Commercial & industrial</i>	675,270,756	107,399,756	69,973,464	53,784,827
<i>Other consumer</i>	5,935,683	2,806,535	3,626,064	4,051,701
Total loans	1,350,751,190	623,424,100	414,925,427	353,915,087
Allowance for loan losses	(8,300,176)	(4,888,060)	(3,443,426)	(3,179,387)
Total loans and leases, net	1,342,451,014	618,536,040	411,482,001	350,735,700

Premises, equipment, and ROU, net	13,125,130	10,643,683	4,443,937	4,114,086
Other real estate owned	0	0	0	0
Goodwill and core deposit intangible	22,297,992	18,655,839	1,364,633	1,433,368
Bank owned life insurance	17,774,774	9,471,193	9,244,138	9,011,655
Accrued interest and other assets	10,629,800	6,790,011	4,414,333	3,066,145
Total Assets	\$1,545,956,890	\$766,730,289	\$521,437,227	\$434,087,663

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits:

Noninterest-bearing demand	\$524,041,064	\$189,471,775	\$136,893,569	\$134,062,661
Interest bearing checking	89,429,765	55,645,849	45,992,536	53,055,918
Money market and savings	394,126,519	222,782,565	138,506,124	139,339,412
Time deposits	148,854,654	164,345,790	120,653,656	58,770,918
Total deposits	1,156,452,002	632,245,979	442,045,885	385,228,909
Other borrowings	251,086,895	25,601,874	0	0
Accrued interest and other liabilities	12,997,372	3,263,024	2,384,942	1,378,692
Total liabilities	1,420,536,269	661,110,877	444,430,827	386,607,601

Shareholders' Equity:

Common stock and APIC	123,103,622	91,548,072	69,949,693	44,558,985
Retained earnings	1,947,827	13,619,426	7,318,878	2,717,985
Accum. other comprehensive income	369,172	451,914	(262,171)	203,092
Total shareholders' equity	125,420,621	105,619,412	77,006,400	47,480,062
Total Liabilities and Shareholders' Equity	\$1,545,956,890	\$766,730,289	\$521,437,227	\$434,087,663

Southern California Bancorp

Income Statement - Quarterly

(Unaudited)

	<u>Jun 30, 2020</u>	<u>Mar 31, 2020</u>	<u>Dec 31, 2019</u>	<u>Sept 30, 2019</u>	<u>Jun 30, 2019</u>
INTEREST INCOME					
Loans, including fees	\$12,480,097	\$8,968,879	\$8,934,552	\$9,117,427	\$8,687,219
Investment securities	195,036	215,478	213,361	228,948	270,837
Fed funds & int-bearing balances	57,300	354,027	272,029	240,230	377,451
Total interest income	12,732,433	9,538,384	9,419,942	9,586,605	9,335,507
INTEREST EXPENSE					
Deposits	869,786	1,353,156	1,481,335	1,604,913	1,549,920
Other borrowings	447,830	200,055	202,361	186,446	161,020
Total interest expense	1,317,616	1,553,211	1,683,696	1,791,359	1,710,940
Net interest income	11,414,817	7,985,173	7,736,246	7,795,246	7,624,567
Provision for loan losses	2,252,000	300,000	200,000	300,000	200,000
Net interest income after provision	9,162,817	7,685,173	7,536,246	7,495,246	7,424,567
NON INTEREST INCOME					
Service charges, fees and other income	309,359	358,953	253,979	347,867	368,178
Income on bank owned life insurance	78,125	66,663	67,391	64,976	57,129
Gains on loan sales	0	0	0	104,548	93,874
OREO, investment, other gains (losses)	2,149	321,714	(575)	177,328	(569)
Total non interest income	389,633	747,330	320,795	694,719	518,612
NON INTEREST EXPENSE					
Salaries and benefits	3,171,772	3,246,963	2,908,736	3,378,287	3,309,175
Occupancy and equipment	854,976	809,848	807,944	808,160	789,567
Strategic and other non-recurring expense	356,742	280,838	400,914	191,898	0
Other expense	1,441,300	1,356,518	1,394,744	1,332,304	1,605,911
Total non interest expense	5,824,790	5,694,167	5,512,338	5,710,649	5,704,653
Income before income tax expense	3,727,660	2,738,336	2,344,703	2,479,316	2,238,526
Income tax expense	1,154,377	827,000	709,000	763,000	667,000
Net Income	\$2,573,283	\$1,911,336	\$1,635,703	\$1,716,316	\$1,571,526
Basic earnings per share	\$0.27	\$0.20	\$0.19	\$0.20	\$0.19
Average shares outstanding	9,422,608	9,408,940	8,578,102	8,410,522	8,410,522
Operating profit (before non-recurring items) ¹	\$6,334,253	\$2,997,460	\$2,946,192	\$2,689,338	\$2,345,221

¹ Op profit (before non-recurring items) = Pre-tax, pre-provision earnings, before non interest income gains (losses) and non-recurring expense.

Southern California Bancorp
Reports of Income - Year-to-Date
(Unaudited)

	<u>Jun 30, 2020</u>	<u>Jun 30, 2019</u>	<u>Jun 30, 2018</u>	<u>Jun 30, 2017</u>
INTEREST INCOME				
Loans, including fees	21,448,976	\$17,481,355	\$10,582,729	\$8,374,488
Investment securities	410,514	552,199	426,789	324,505
Fed funds & int-bearing balances	411,327	656,544	395,108	170,317
Total interest income	<u>22,270,817</u>	<u>18,690,098</u>	<u>11,404,626</u>	<u>8,869,310</u>
INTEREST EXPENSE				
Deposits	2,222,942	3,045,959	1,252,063	630,920
Other borrowings	647,885	321,322	19,693	0
Total interest expense	<u>2,870,827</u>	<u>3,367,281</u>	<u>1,271,756</u>	<u>630,920</u>
Net interest income	19,399,990	15,322,817	10,132,870	8,238,390
Provision for loan losses	<u>2,552,000</u>	<u>500,000</u>	<u>700,000</u>	<u>271,000</u>
Net interest income after provision for loan losses	<u>16,847,990</u>	<u>14,822,817</u>	<u>9,432,870</u>	<u>7,967,390</u>
NON INTEREST INCOME				
Service charges, fees and other income	668,312	744,033	619,656	533,806
Income on bank owned life insurance	144,788	113,053	113,370	120,788
Gains on loan sales	0	93,874	967,270	375,204
OREO, investment, other gains (losses)	323,863	(12,307)	250	452
Total non interest income	<u>1,136,963</u>	<u>938,653</u>	<u>1,700,546</u>	<u>1,030,250</u>
NON INTEREST EXPENSE				
Salaries and benefits	6,418,735	6,439,295	4,512,649	3,709,888
Occupancy and equipment	1,664,824	1,511,675	924,457	785,885
Strategic and other non-recurring expense	637,580	0	414,773	0
Other expense	2,797,818	2,951,507	1,853,084	1,592,615
Total non interest expense	<u>11,518,957</u>	<u>10,902,477</u>	<u>7,704,963</u>	<u>6,088,388</u>
Income before income tax expense	6,465,996	4,858,993	3,428,453	2,909,252
Income tax expense	1,981,377	1,438,000	1,050,000	1,167,000
Net Income	<u><u>\$4,484,619</u></u>	<u><u>\$3,420,993</u></u>	<u><u>\$2,378,453</u></u>	<u><u>\$1,742,252</u></u>
Basic earnings per share	\$0.48	\$0.41	\$0.39	\$0.34
Average shares outstanding	9,415,774	8,409,897	6,136,312	5,159,247
Operating profit (before non-recurring items) ¹	\$9,331,713	\$5,277,426	\$3,575,706	\$2,804,596

¹ Op profit (before non-recurring items) = Pre-tax, pre-provision earnings, before non interest income gains (losses) and non-recurring expense.

Southern California Bancorp

Quarterly Financial Highlights

(Unaudited)

	Quarterly					6 Months YTD	
	2020 2nd Qtr	2020 1st Qtr	2019 4th Qtr	2019 3rd Qtr	2019 2nd Qtr	2020	2019
(\$ in thousands except per share data)							
EARNINGS							
Net interest income	\$ 11,415	7,985	7,736	7,795	7,625	19,400	15,323
Provision for loan losses	\$ 2,252	300	200	300	200	2,552	500
NonInterest income	\$ 390	747	321	695	519	1,137	939
NonInterest expense	\$ 5,825	5,694	5,512	5,711	5,705	11,519	10,902
Income tax expense	\$ 1,154	827	709	763	667	1,981	1,438
Net income	\$ 2,573	1,911	1,636	1,716	1,572	4,485	3,421
Basic earnings per share	\$ 0.27	0.20	0.19	0.20	0.19	0.48	0.41
Average shares outstanding	9,422,608	9,408,940	8,578,102	8,410,522	8,410,522	9,415,774	8,409,897
Ending shares outstanding	9,424,565	9,412,690	9,405,190	8,410,522	8,410,522	9,424,565	8,410,522
PERFORMANCE RATIOS							
Return on average assets	0.80%	0.90%	0.79%	0.87%	0.82%	0.84%	0.91%
Return on average common equity	8.33%	6.30%	5.93%	6.37%	6.02%	7.31%	6.65%
Yield on loans	4.55%	5.32%	5.23%	5.44%	5.59%	4.84%	5.63%
Yield on earning assets	4.17%	4.76%	4.88%	5.21%	5.24%	4.40%	5.30%
Cost of deposits	0.35%	0.78%	0.88%	0.99%	0.98%	0.53%	0.97%
Net interest margin	3.74%	3.98%	4.01%	4.24%	4.28%	3.83%	4.34%
Efficiency ratio	49.3%	65.2%	68.4%	67.3%	70.1%	56.1%	67.0%
CAPITAL							
Tangible equity to tangible assets	6.77%	12.48%	12.58%	10.83%	11.62%	6.77%	11.62%
Book value (BV) per common share	\$ 13.31	13.00	12.81	12.77	12.56	13.31	12.56
Tangible BV per common share	\$ 10.94	11.05	10.85	10.56	10.34	10.94	10.34
ASSET QUALITY							
Net loan charge-offs (recoveries)	\$ (374)	(11)	(11)	36	(9)	(385)	(15)
Allowance for loan losses (ALLL)	\$ 8,300	5,674	5,363	5,153	4,888	8,300	4,888
ALLL to total loans	0.61%	0.83%	0.79%	0.75%	0.78%	0.61%	0.78%
Loan fair value credit marks (LFVCM)	\$ 5,076	1,649	1,906	2,030	2,249	5,076	2,249
ALLL and LFVCM to total loans	0.99%	1.07%	1.07%	1.05%	1.14%	0.99%	1.14%
Nonperforming loans	\$ 1,734	1,433	1,911	2,225	2,033	1,734	2,033
Other real estate owned	\$ 0	0	0	0	0	0	0
Nonperforming assets to total assets	0.11%	0.17%	0.23%	0.27%	0.27%	0.11%	0.27%
END OF PERIOD BALANCES							
Total loans	\$ 1,350,751	683,195	676,655	684,717	623,424	1,350,751	623,424
Total assets	\$ 1,545,957	852,052	830,186	839,060	766,730	1,545,957	766,730
Deposits	\$ 1,156,452	688,946	671,914	692,899	632,246	1,156,452	632,246
Loans to deposits	116.8%	99.2%	100.7%	98.8%	98.6%	116.8%	98.6%
Shareholders' equity	\$ 125,421	122,377	120,523	107,400	105,619	125,421	105,619
Full-time equivalent employees	122	92	97	96	100	122	100
AVERAGE BALANCES (QTRLY) (YTD)							
Total loans	\$ 1,100,180	676,825	678,015	664,946	623,541	888,502	626,653
Earning assets	\$ 1,225,376	803,804	766,012	730,165	714,889	1,014,590	711,296
Total assets (net of AFS valuation)	\$ 1,296,741	855,397	818,989	783,043	766,960	1,076,069	761,432
Deposits	\$ 983,294	696,341	671,443	641,867	633,478	839,818	631,226
Shareholders' equity	\$ 123,899	121,773	109,464	106,853	104,745	122,972	103,731