

# CALIFORNIA BANCORP

INVESTOR PRESENTATION  
Q2 2024

**Steven E. Shelton**  
CEO

**Thomas A. Sa**  
President, CFO & COO

# FORWARD-LOOKING STATEMENTS

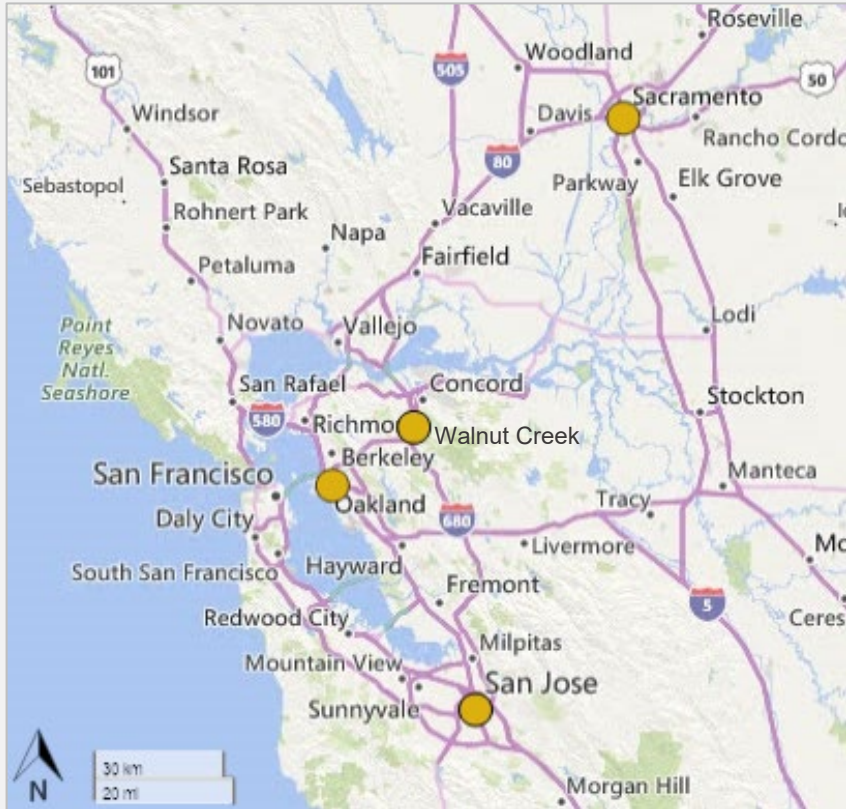
During the course of the presentation and any transcript that may result, written or otherwise, California Bancorp (the “Company”) may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks.

Although the Company may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

The Company undertakes no obligation to release publicly the results of any revisions to the forward-looking statements included herein to reflect events or circumstances after today, or to reflect the occurrence of unanticipated events. The Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

# OVERVIEW OF CALIFORNIA BANCORP

## FOCUSED REGIONAL OFFICE FOOTPRINT



- ▶ Headquarters/Regional Office in Oakland
- ▶ Regional Offices in San Jose, Walnut Creek and Sacramento
- ▶ Branch services in Walnut Creek

## COMPANY OVERVIEW

- ▶ Established in 2007 as a relationship focused commercial business bank serving Northern California with \$1.92 billion in assets and a market capitalization of ~\$182 million<sup>(1)</sup>
- ▶ Majority of executive management joined the bank at inception
- ▶ Significant commercial core deposit base
- ▶ Primary relationship managers with average banking experience of over 25 years and average loan books of \$45 million
- ▶ Positioned to leverage recent investments to enhance our platform and extend our markets

## FINANCIAL SNAPSHOT – 6/30/24

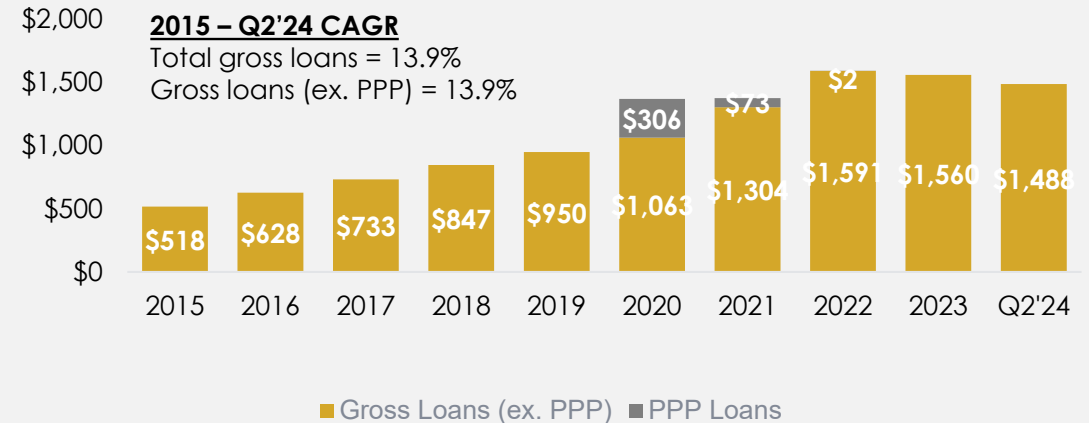
Balance Sheet	(\$mm)	Q2 2024 Profitability	(%)
Assets	1,917	ROAA	-1.23
Loans	1,488	ROATCE	-11.98
Deposits	1,639	Net Interest Margin	3.71
Tangible Equity	188	Efficiency Ratio	71.90
Loans/ Deposits (%)	91%	Cost of Deposits	2.32
Loan Composition	(%)	Deposit Composition	(%)
C&I Loans / Gross Loans	41.1	DDA/ Total Deposits	39.1
CRE Loans / Gross Loans	55.2	Core Deposits/ Total Deposits	79.4
Capital Ratios (Consolidated)	(%)	Credit Metrics	(%)
TCE / TA	9.85	NPAs / Loans & OREO	1.46
Leverage Ratio	9.93	NPAs / Assets	1.13
Tier 1 Ratio	10.06	Reserves / Gross Loans	1.10
TRBC Ratio	13.93	NCOs / Avg. Loans	0.89

# BRANCH LIGHT, COMMERCIAL FOCUSED BUSINESS BANK

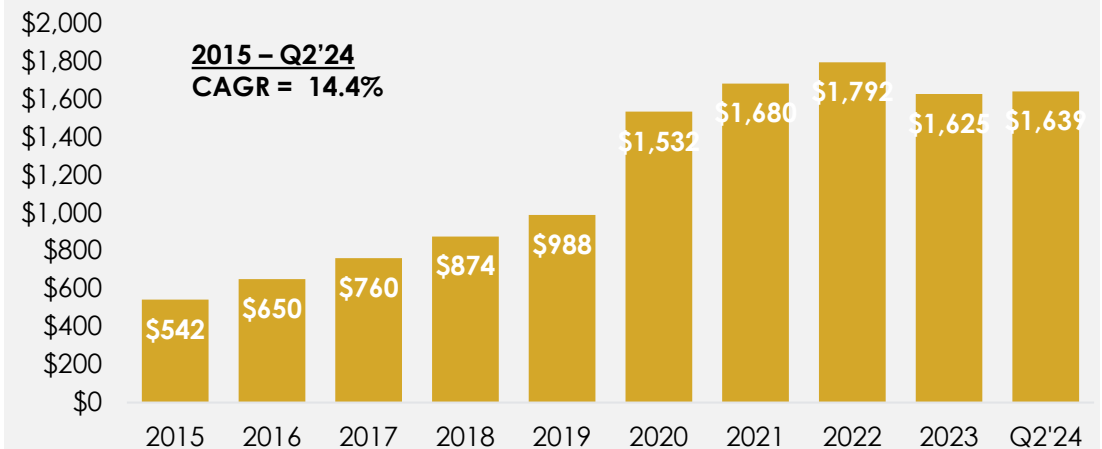
## BUSINESS MODEL OVERVIEW

- ▶ Middle market commercial banking focus
  - Privately owned companies with \$30 million - \$300 million in annual revenue
  - Clients with minimum lending relationships of \$2 million or \$1 million in deposits
- ▶ Portfolio managed over the long term to ~41% C&I loans and ~38% noninterest-bearing deposits
- ▶ Investing in other asset generating business lines
  - Asset-Based Lending division established in July 2011
  - Practice Acquisition division established in March 2011
  - Construction division established December 2015
  - Sponsor Finance division established in February 2020
- ▶ Strong core commercial deposit generation strategy
  - Utilize technology with minimal branches
  - Provide commercial cash management services to middle market clients
  - Dedicated treasury management sales team and platform

## LOAN GROWTH



## DEPOSIT GROWTH



# TAKING SHARE FROM NATIONAL/REGIONAL BANKS

## PRODUCT AND SERVICE DIFFERENTIATION

### Combine Capabilities of a Big Bank with the High Service Levels of a Community Bank

- ▶ Attract top talent with deep market experience to compete against and win business from large banks
- ▶ Professional team with a consultative delivery process
- ▶ Invest in systems, tools, and technology for success in niche markets
- ▶ Offer clients access to key decision makers
- ▶ Ability to execute quickly, with market leading responsiveness

## OUR "TYPICAL CLIENT"

**~\$75 M**  
in annual  
revenue

**\$8 M**  
revolving line  
with **\$3 M** average  
outstanding

**\$3 M**  
equipment  
term loan

**\$5 M**  
commercial real  
estate loan

**\$3 M**  
demand deposit  
operating account

**\$5 M**  
money market  
accounts to hold  
surplus deposits

Fee income driven by commercial portfolio account analysis and treasury management services

## INDUSTRY & SPECIALTY LENDING FOCUS

### Commercial Banking Focused on Four Core Industries

Manufacturing  
and  
Distribution

Professional

Contractor

Investor CRE



### Specialty Lending Groups

Practice  
Acquisition

Asset Based  
Lending

Sponsor  
Finance

Construction

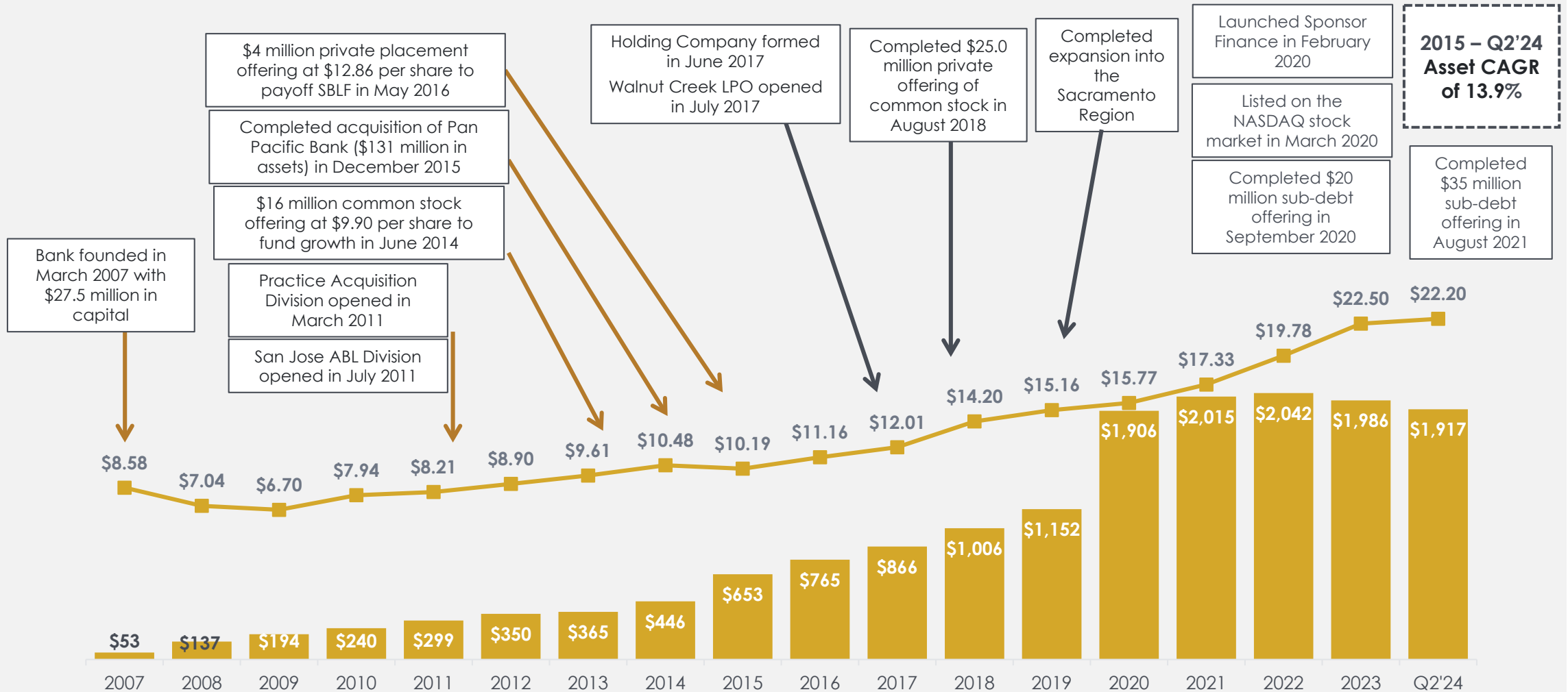
# EXPERIENCED MANAGEMENT TEAM

<p><b>Steven E. Shelton,</b> CEO</p>	<p><b>Years at CALB: 16</b> <b>Years in Industry: 37</b></p>	<ul style="list-style-type: none"> <li>▶ Previously served as an Executive Vice President of the Bank primarily responsible for managing production since the Bank's founding in 2007</li> <li>▶ Served for thirteen years in various executive management positions including President of CivicBank of Commerce</li> </ul>
<p><b>Thomas A. Sa,</b> President, CFO &amp; COO</p>	<p><b>Joined 2019</b> <b>Years in Industry: 33</b></p>	<ul style="list-style-type: none"> <li>▶ More than 30 years' experience in executive finance and risk management roles, most recently serving as Chief Risk Officer for Western Alliance Bank.</li> <li>▶ Previously served in various executive and director roles at Bridge Bank and its holding company Bridge Capital Holdings (BBNK), including Chief Financial Officer and Chief Strategy Officer.</li> </ul>
<p><b>Vivian Mui,</b> SEVP &amp; CCO</p>	<p><b>Years at CALB: 16</b> <b>Years in Industry: 20</b></p>	<ul style="list-style-type: none"> <li>▶ Previously served as Deputy Chief Credit Officer and part of senior management from 2007 to 2018</li> <li>▶ 17 years of experience in various positions including lending and credit administration at Mechanics Bank</li> </ul>
<p><b>Scott Myers</b> SEVP &amp; CLO</p>	<p><b>Joined 2019</b> <b>Years in Industry: 25</b></p>	<ul style="list-style-type: none"> <li>▶ Veteran banker with more than 15 years banking experience in the Sacramento area</li> <li>▶ Previously served as Wells Fargo Senior Vice President and Sacramento Region Manager</li> </ul>
<p><b>Michele Wirfel,</b> SEVP &amp; CBO</p>	<p><b>Years at CALB: 16</b> <b>Years in Industry: 30</b></p>	<ul style="list-style-type: none"> <li>▶ Previously served as the Bank's Executive Vice President &amp; East Bay Market President</li> <li>▶ Has worked in financial management and commercial banking since 1991 in various executive management positions including regional manager for CivicBank of Commerce</li> </ul>
<p><b>Tom M. Dorrance,</b> SEVP Technology &amp; Operations</p>	<p><b>Years at CALB: 16</b> <b>Years in Industry: 29</b></p>	<ul style="list-style-type: none"> <li>▶ Previously served as a Senior Vice President and Chief Information Officer for North Bay Bancorp</li> <li>▶ Has worked in financial management and commercial banking since 1992 including I.T. Manager at CivicBank of Commerce</li> </ul>
<p><b>John Lindstedt,</b> SEVP &amp; CCO Emeritus</p>	<p><b>Years at CALB: 16</b> <b>Years in Industry: 53</b></p>	<ul style="list-style-type: none"> <li>▶ Served as Executive Vice President and CCO from 2007 through 2017</li> <li>▶ Previously served in various executive management positions including Executive Vice President and Senior Lending Officer for Wells Fargo's corporate bank and President &amp; CCO of CivicBank of Commerce</li> </ul>



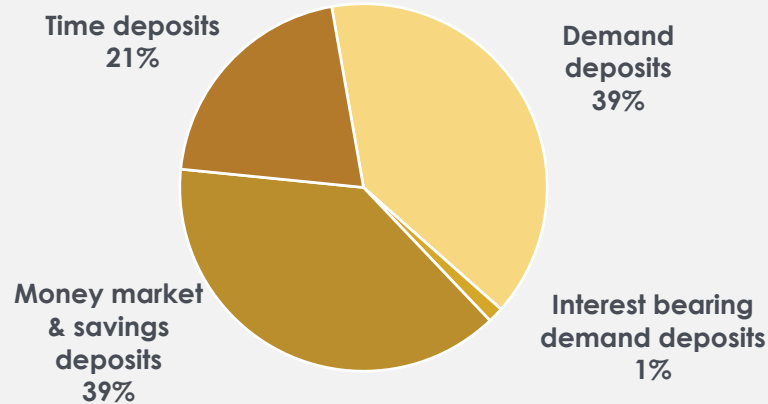
# DEMONSTRATED GROWTH TRACK RECORD

## SUCCESSFUL EXPANSION THROUGHOUT NORTHERN CALIFORNIA



# STRONG CORE DEPOSIT BASE

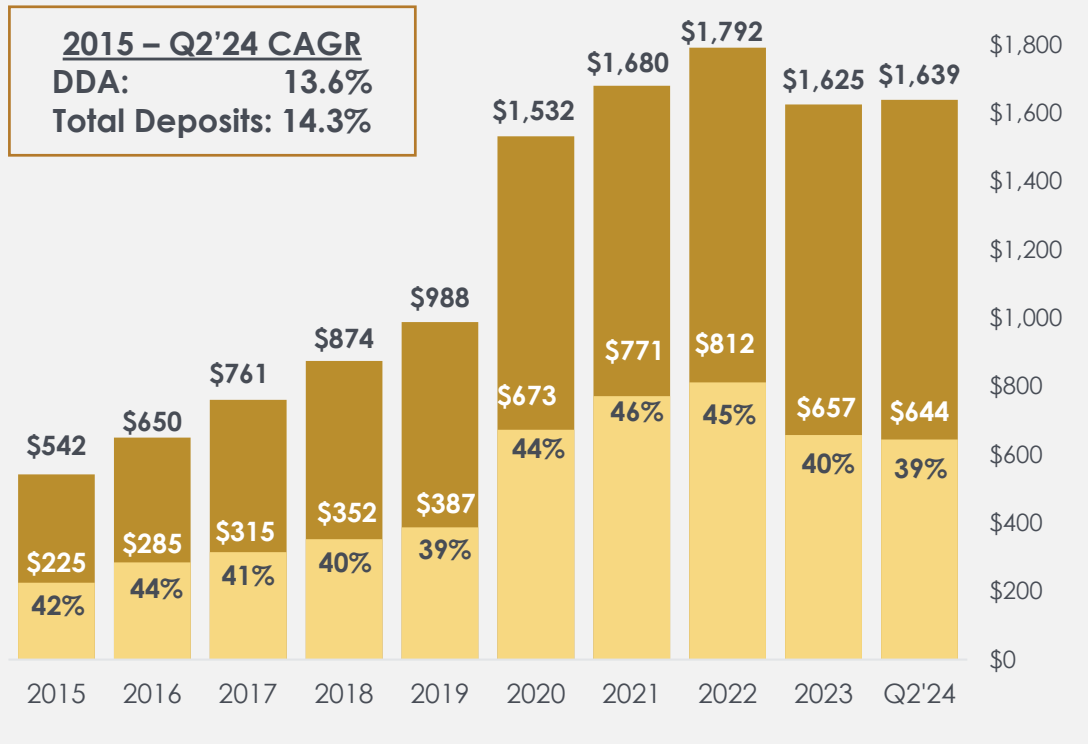
## DEPOSIT COMPOSITION



## DEPOSIT PORTFOLIO HIGHLIGHTS-6/30/24

- ▶ Deposits were neutral in 2Q24 as new deposit relationships offset seasonal outflows
- ▶ Core deposit base driven by commercial clients
  - 95%+ of commercial relationships hold deposits at the bank
  - Core deposits comprise 79% of total deposits
- ▶ Utilize remote deposit capture and commercial cash management to generate and retain deposits
- ▶ Treasury management division established in Q4-2019

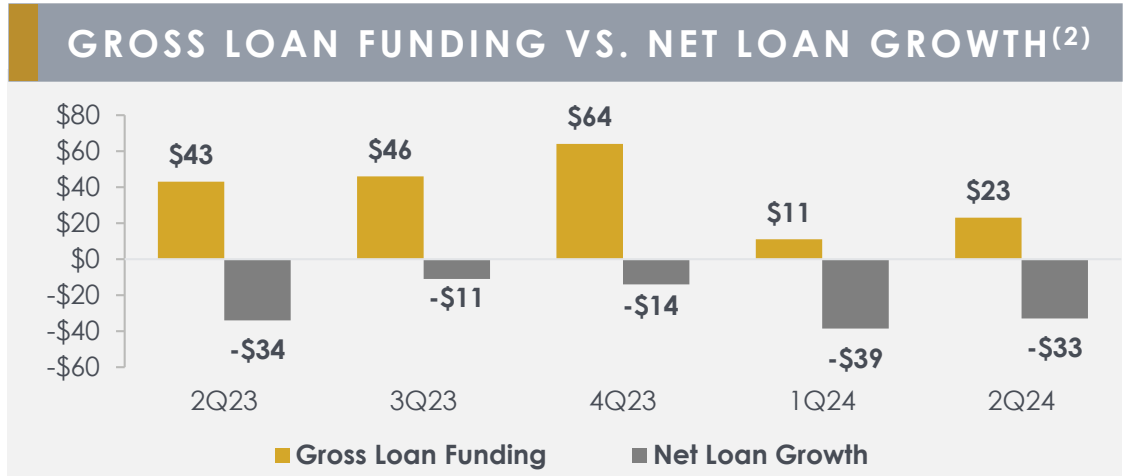
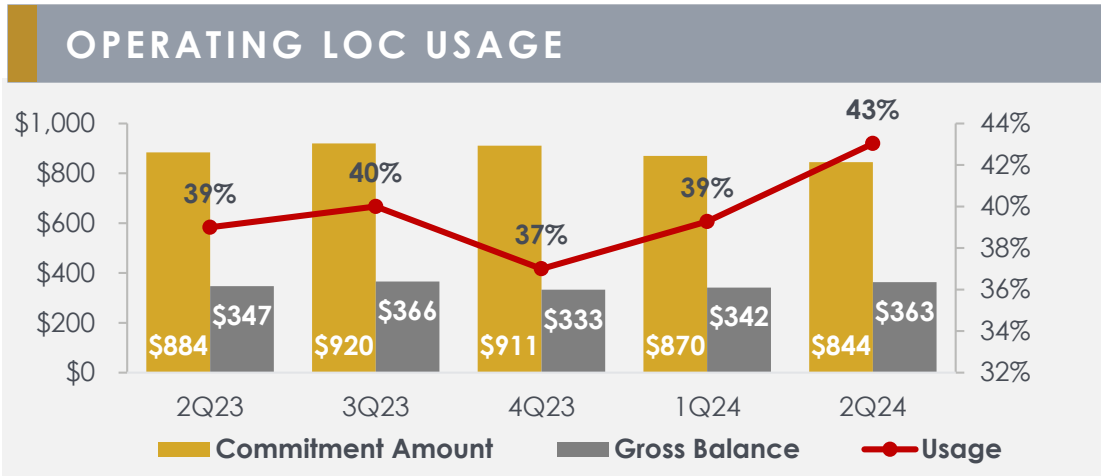
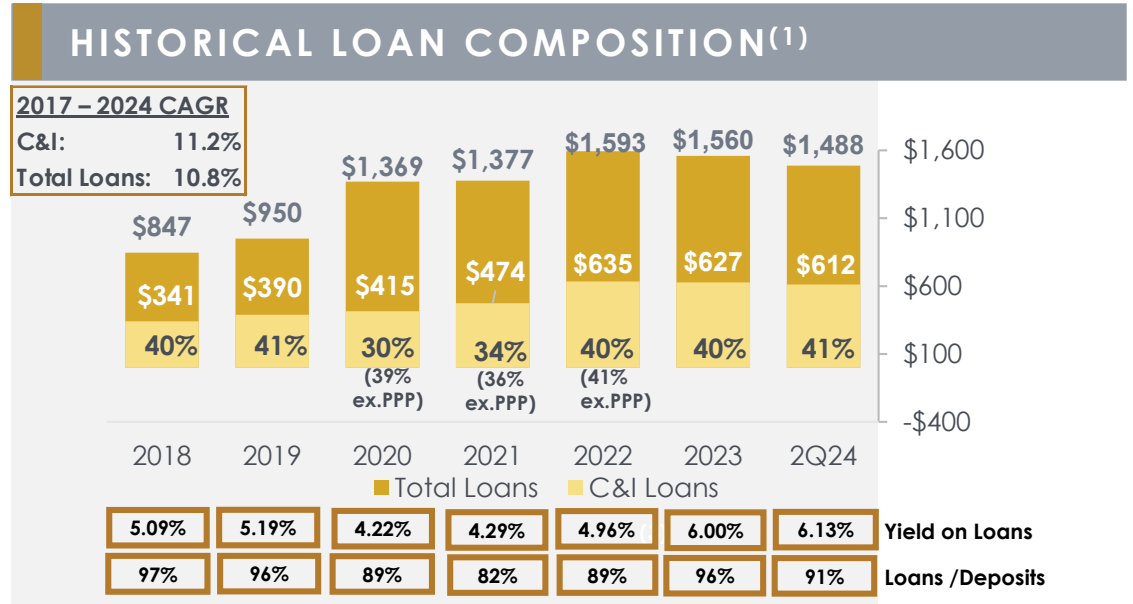
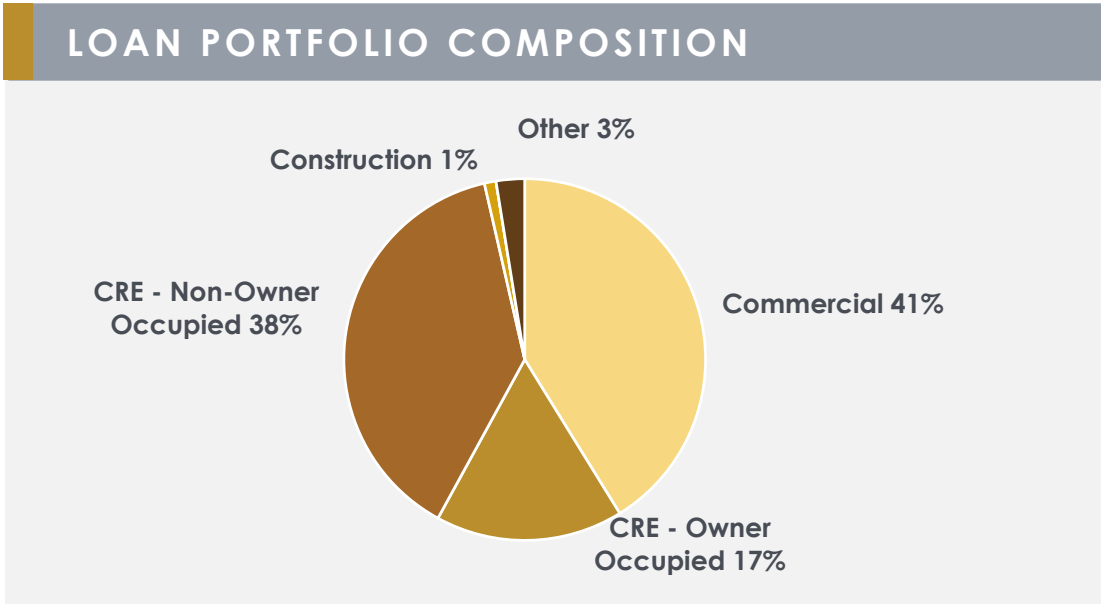
## HISTORICAL DEPOSIT COMPOSITION



	2015	2016	2017	2018	2019	2020	2021	2022	2023	Q2'24
<b>Cost of Deposits</b>	0.23%	0.24%	0.35%	0.55%	0.81%	0.48%	0.27%	0.47%	2.15%	2.32%
<b>Core Deposit Mix</b>	94%	93%	94%	91%	88%	87%	91%	85%	81%	79%



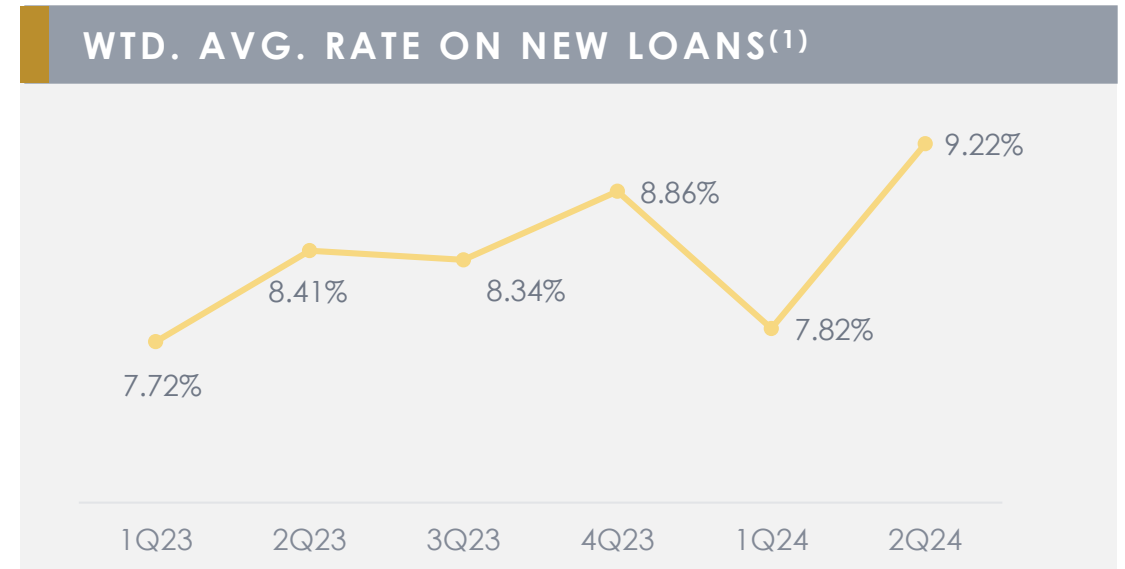
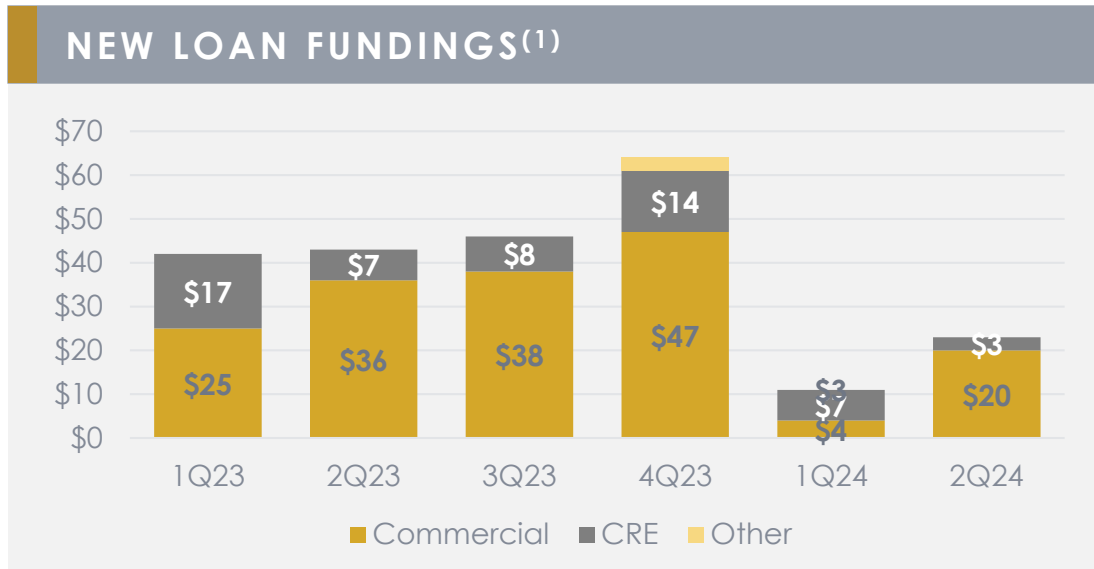
# DIVERSIFIED COMMERCIAL LOAN PORTFOLIO



# NEW LOAN PRODUCTION IN 2Q24

## BOOKING NEW LOANS AT ATTRACTIVE RATES<sup>(1)</sup>

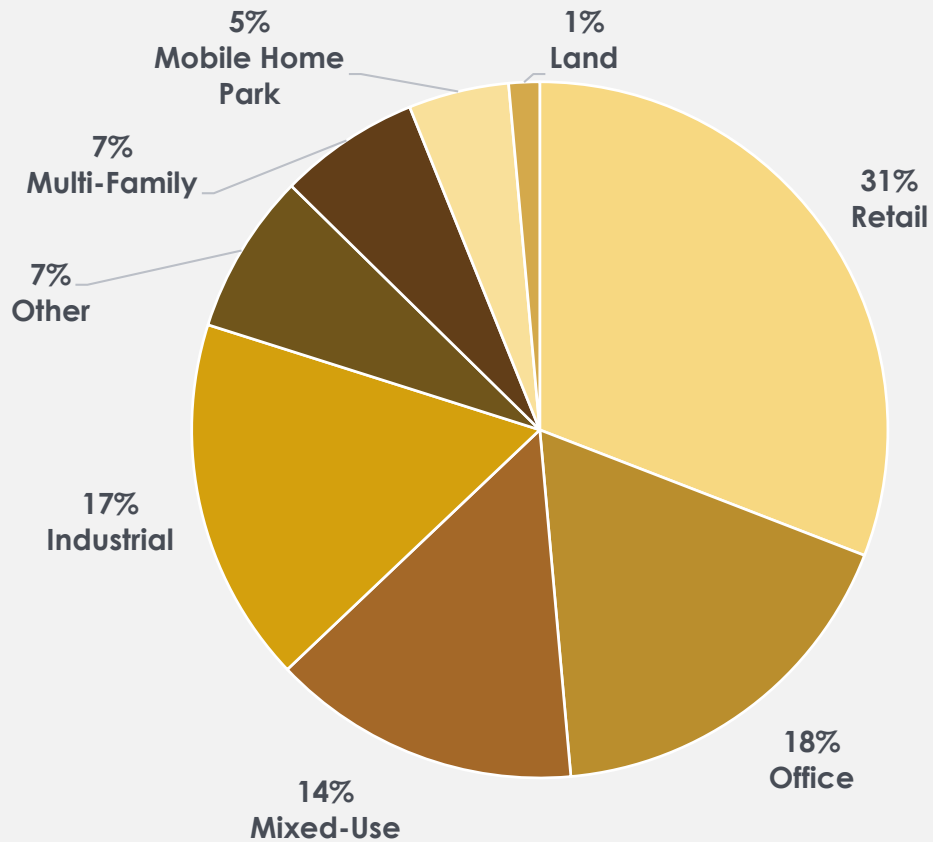
- ▶ Funded new loans with balances of \$23 million in 2Q24 compared to \$11 million in 1Q24 and \$43 million in 2Q23
- ▶ Weighted average rate on newly funded loans was 9.22% in 2Q24 compared to 7.82% in 1Q24 and 8.41% in 2Q23
- ▶ 2Q24 new loan dollar mix was 88% commercial, 11% CRE, and 1% other.



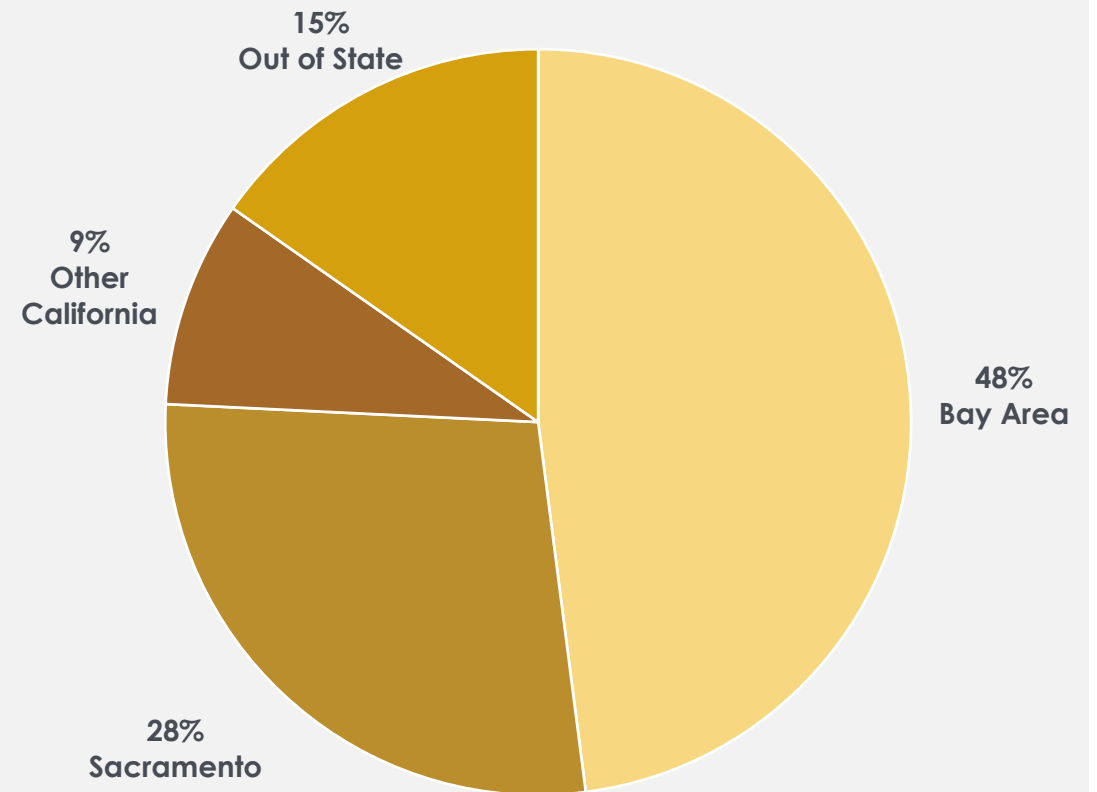
# CRE LOAN PORTFOLIO – INVESTOR CRE

- ▶ Conservatively underwriting portfolio with an average LTV of 49%
- ▶ Active risk management, stress testing, and evaluation of portfolio results in early recognition and resolution of potential problem credits, consistently strong asset quality, and minimal losses in the portfolio

INVESTOR CRE BY PROPERTY TYPE<sup>(1)</sup>

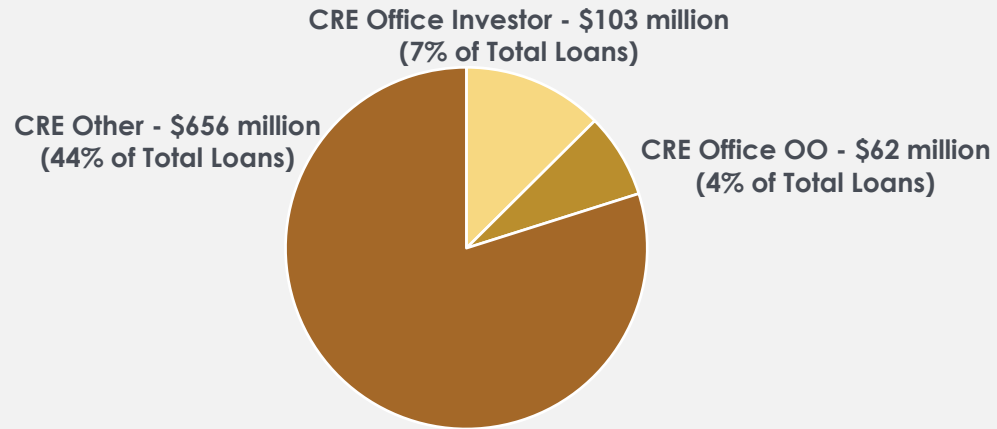


INVESTOR CRE BY GEOGRAPHIC BREAKDOWN<sup>(1)</sup>



# CRE LOAN PORTFOLIO – INVESTOR CRE: OFFICE

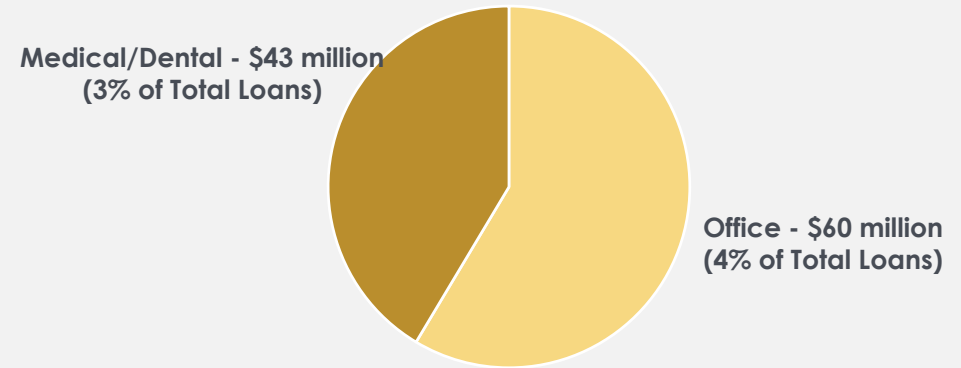
## CRE PORTFOLIO COMPOSITION



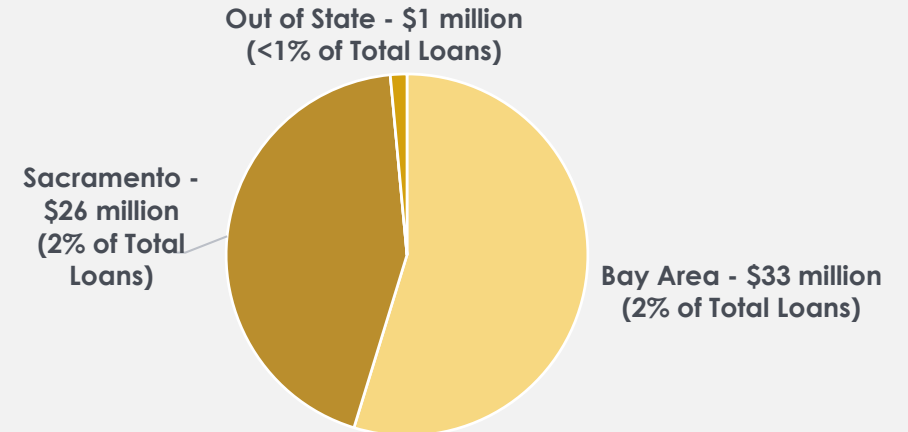
## PORTFOLIO HIGHLIGHTS

- ▶ Office CRE represents 11% of total loan portfolio with more than 80% of credits being recourse loans
  - Investor Office Non-Medical/Dental portfolio represents 4% of total portfolio
- ▶ No exposure to downtown San Francisco market
- ▶ Majority of credits are located in suburban markets with stable tenants like medical and dental practices
- ▶ Conservative underwriting criteria with low LTVs and high DCRs

## INVESTOR CRE OFFICE COMPOSITION<sup>(1)</sup>

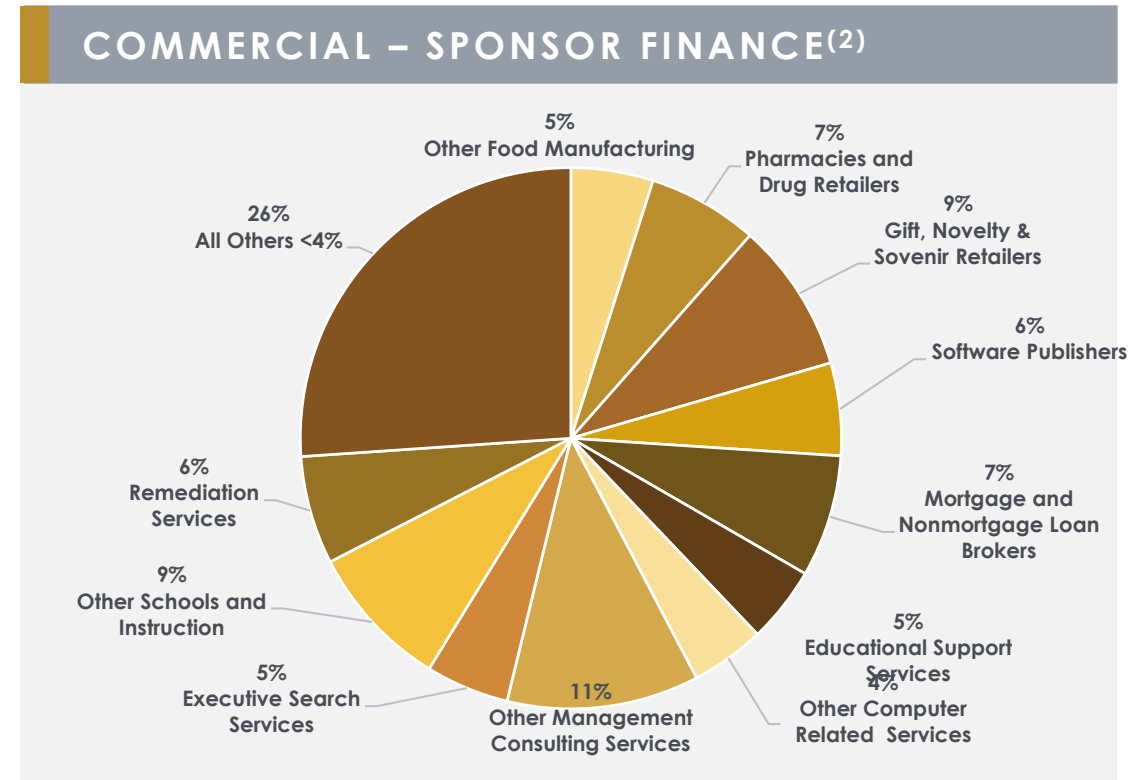
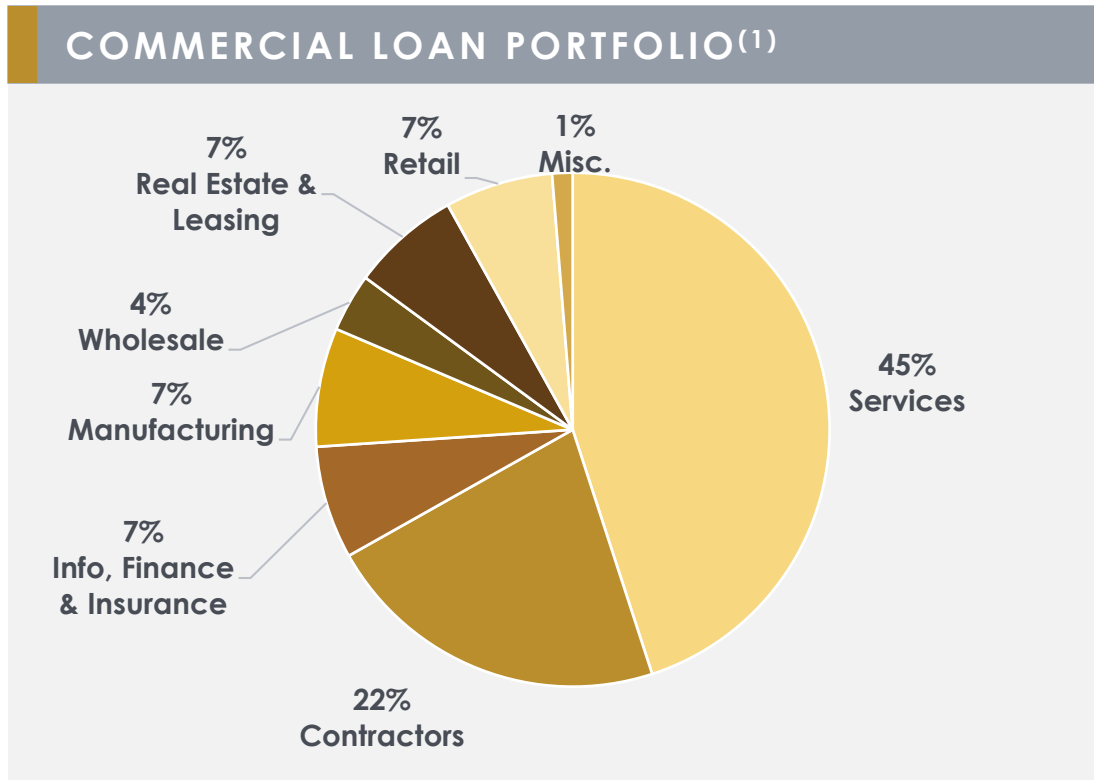


## INVESTOR CRE NON-MEDICAL OFFICE GEOGRAPHY<sup>(2)</sup>



# COMMERCIAL LOAN PORTFOLIO

WELL-DIVERSIFIED PORTFOLIO WITH FOCUS ON STRONG BORROWERS IN RECESSION RESISTANT INDUSTRIES



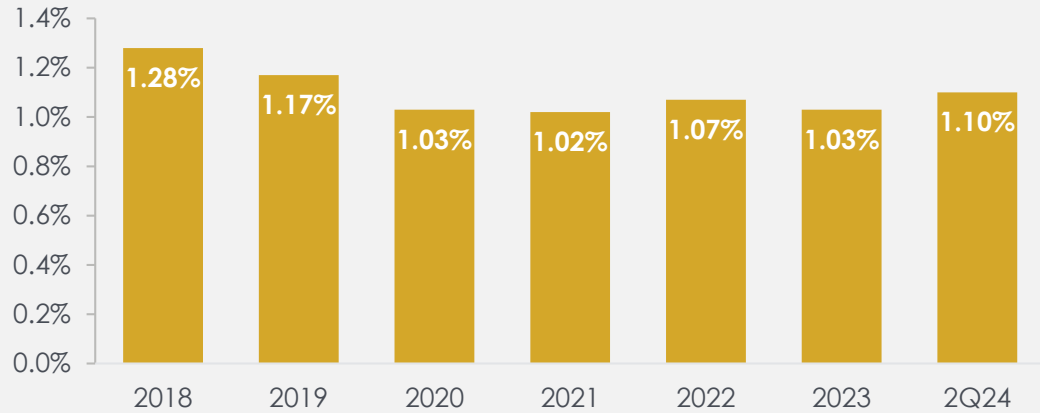
### SPONSOR FINANCE HIGHLIGHTS

- ▶ Weighted Average Senior Leverage: 1.90
- ▶ Weighted Total Leverage: 2.81
- ▶ Weighted Average FCCR: 1.72

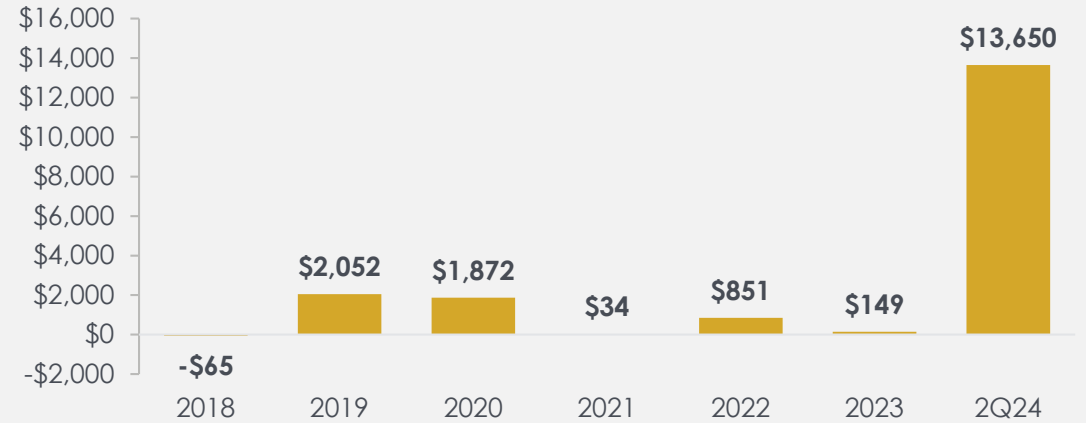
(1) Data as a percent of total Commercial Loans, \$612 million  
 (2) Data as a percent of total Sponsor Finance Loans, \$210 million  
 Data as of 6/30/2024

# ASSET QUALITY TRENDS

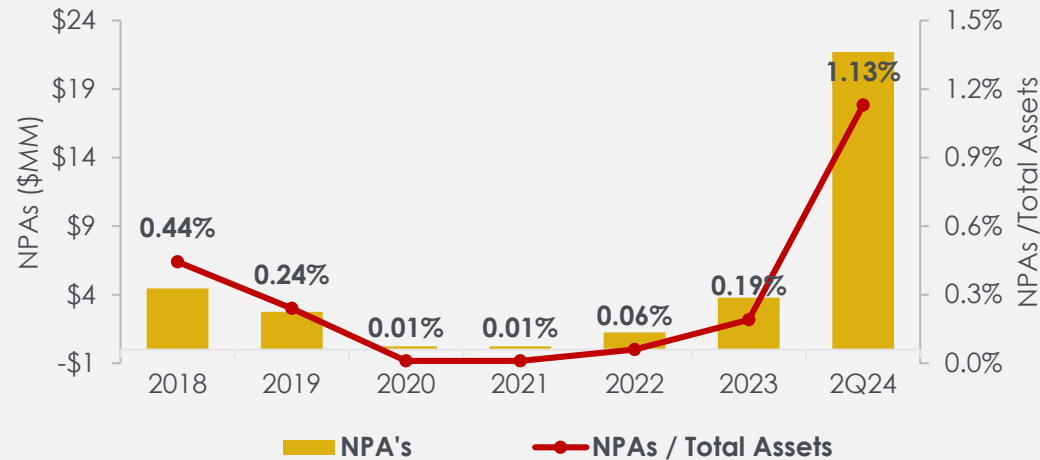
## RESERVES / LOANS <sup>(1)</sup>



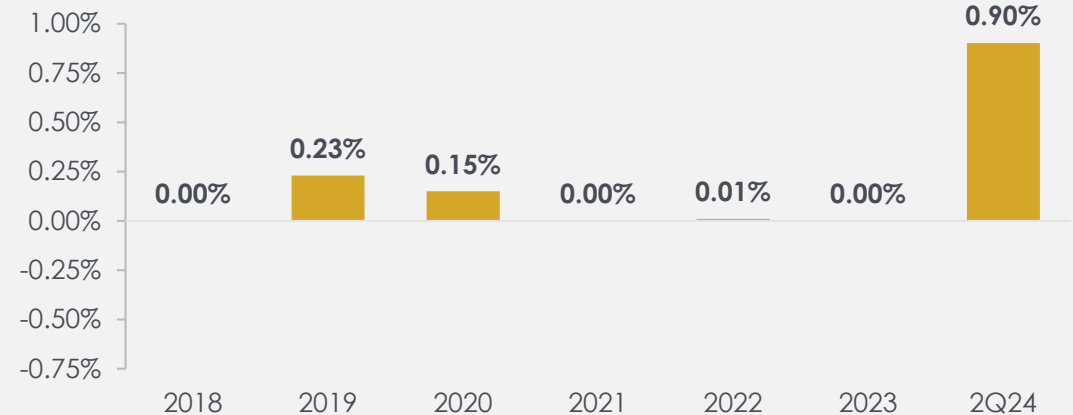
## NET CHARGE-OFFS (RECOVERIES) (\$000S)<sup>(1)</sup>



## NONPERFORMING ASSETS



## NCOS (RECOVERIES) / AVG. LOANS (%)



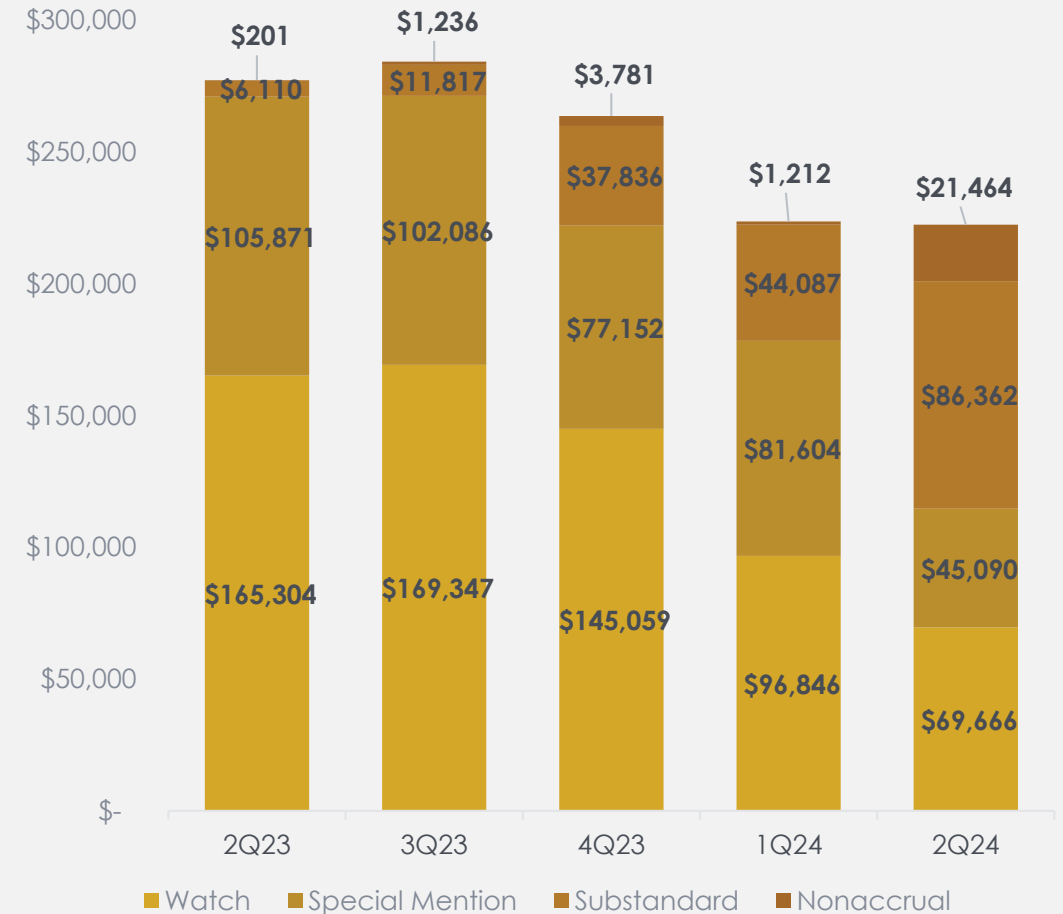


# ASSET QUALITY TRENDS

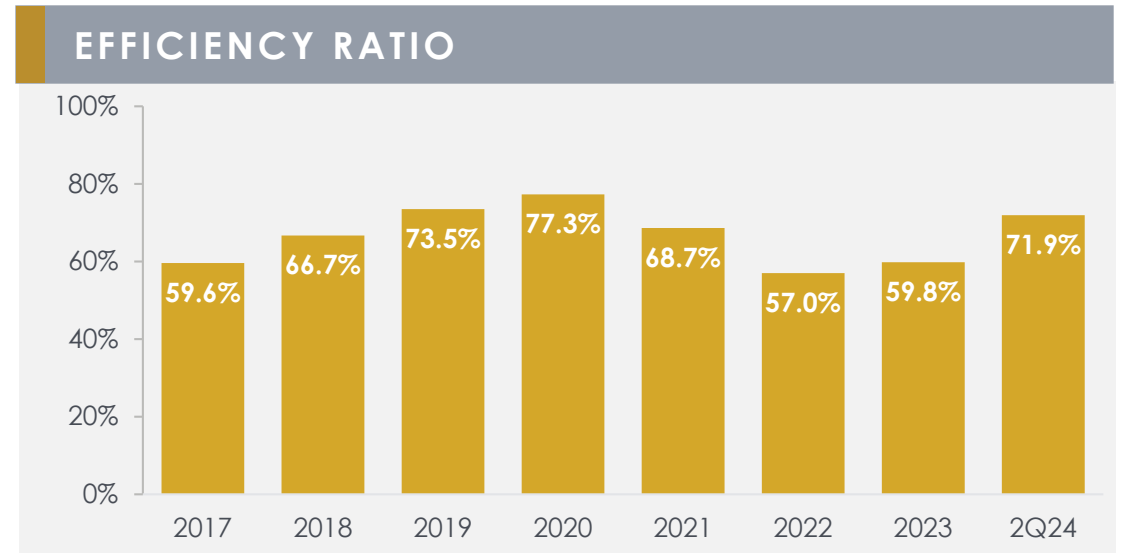
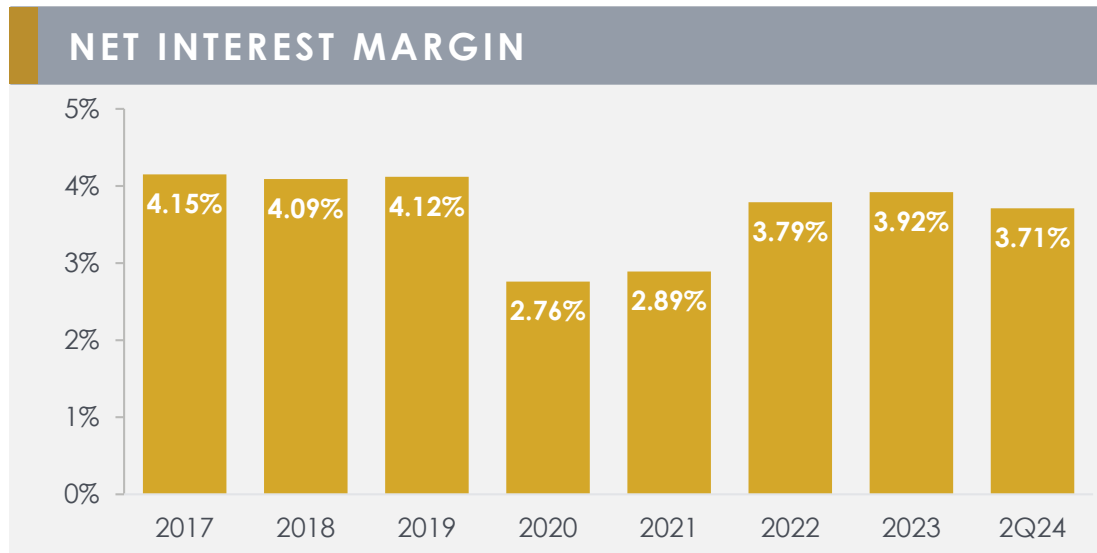
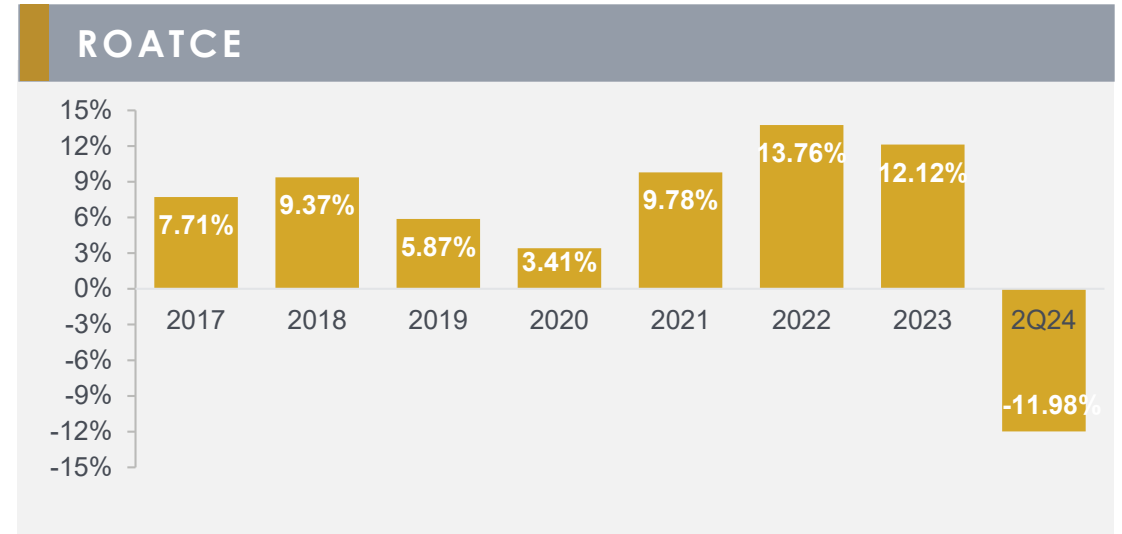
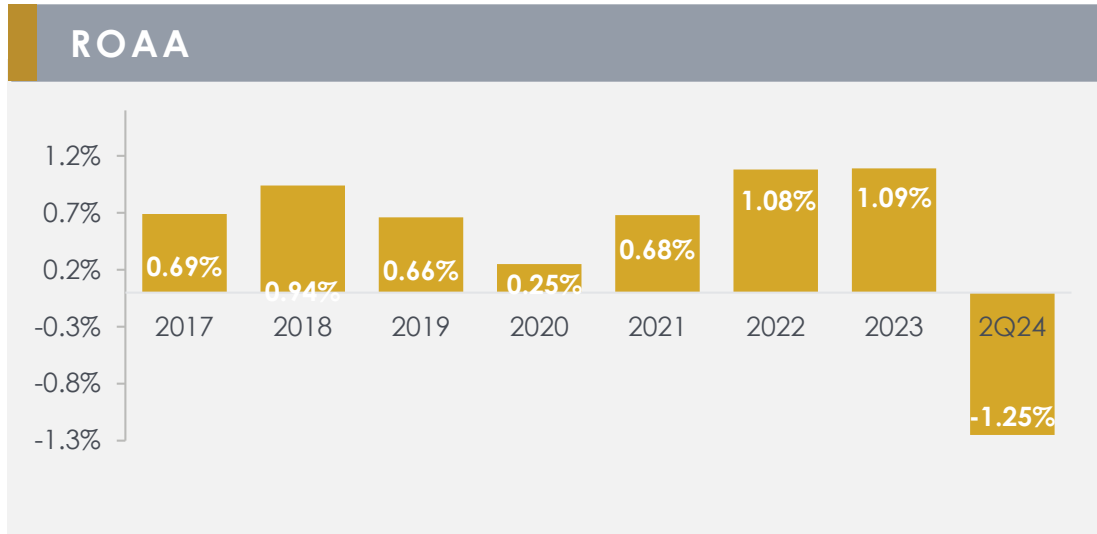
## RISK GRADE SEGMENT SNAPSHOT (\$000's)

	Pass	Watch	Special Mention	Substandard	Nonaccrual	Total
<b>June 30, 2024</b>						
Commercial and Industrial	\$ 470,720	\$ 35,196	\$ 24,434	\$ 72,233	\$ 9,624	\$ 612,207
Real Estate - Other	745,723	34,411	20,581	9,320	11,516	821,551
Real Estate - Const & Land	10,943	-	-	4,524	-	15,467
SBA	2,936	59	75	285	324	3,679
Other	34,793	-	-	-	-	34,793
<b>Total Gross Loans</b>	<b>1,265,115</b>	<b>69,666</b>	<b>45,090</b>	<b>86,362</b>	<b>21,464</b>	<b>1,487,697</b>
<b>March 31, 2024</b>						
Commercial and Industrial	\$ 491,815	\$ 59,689	\$ 25,720	\$ 32,076	\$ 1,159	\$ 610,459
Real Estate - Other	757,955	27,839	41,569	6,780	-	834,143
Real Estate - Construction and Land	14,561	2,566	14,227	4,532	-	35,886
SBA	3,018	61	88	699	53	3,919
Other	36,484	-	-	-	-	36,484
<b>Total Gross Loans</b>	<b>1,303,833</b>	<b>90,155</b>	<b>81,604</b>	<b>44,087</b>	<b>1,212</b>	<b>1,520,891</b>

## RISK GRADE TRENDS (\$000's)



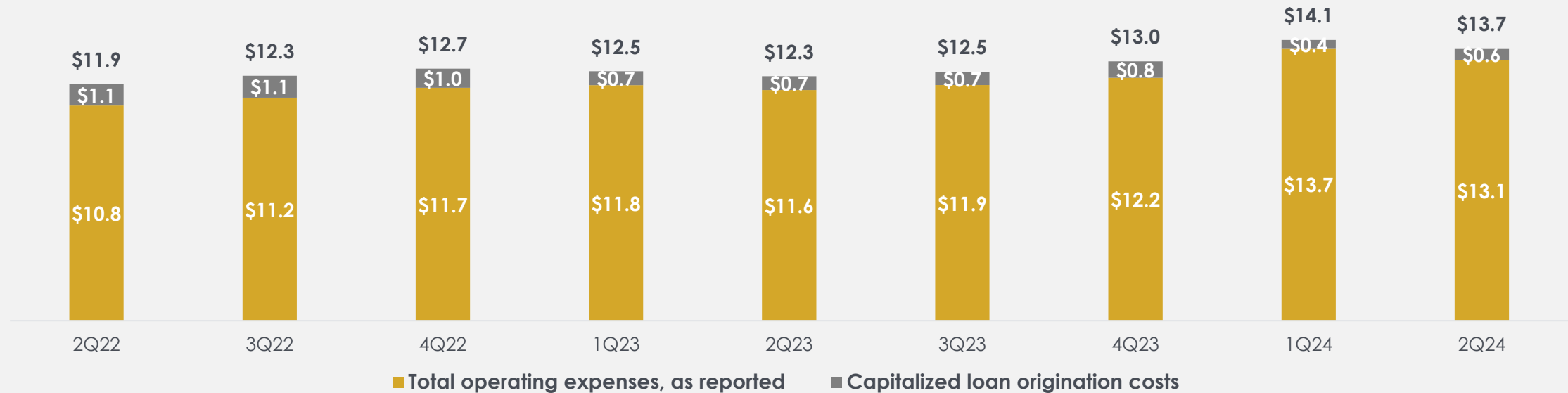
# HISTORICAL PROFITABILITY TRENDS



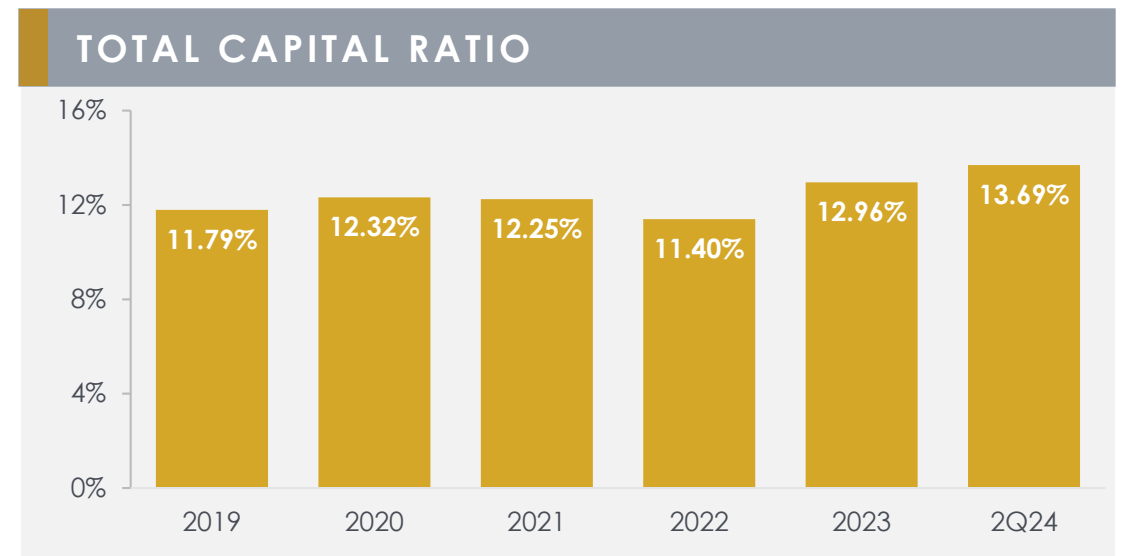
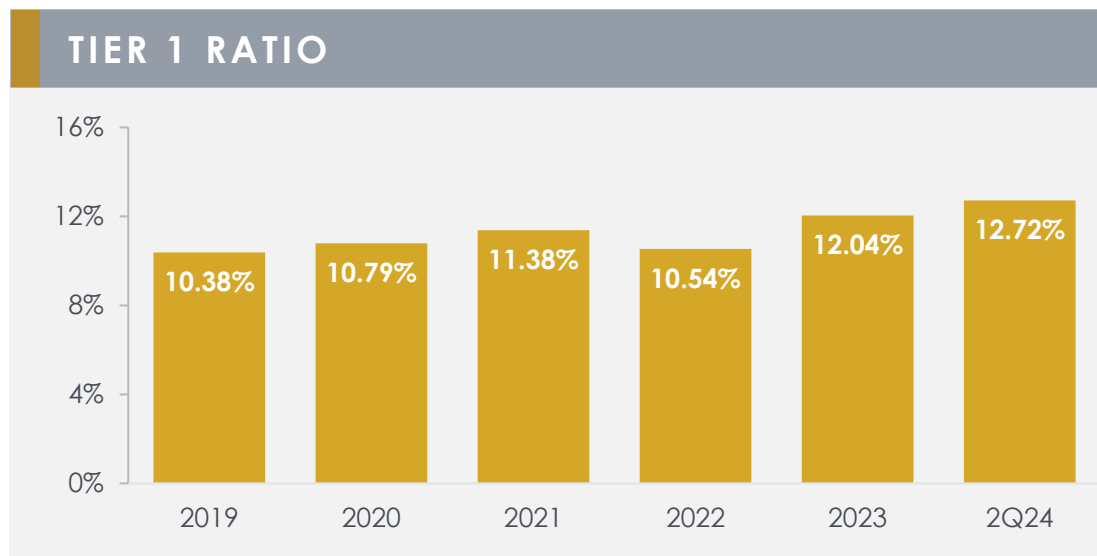
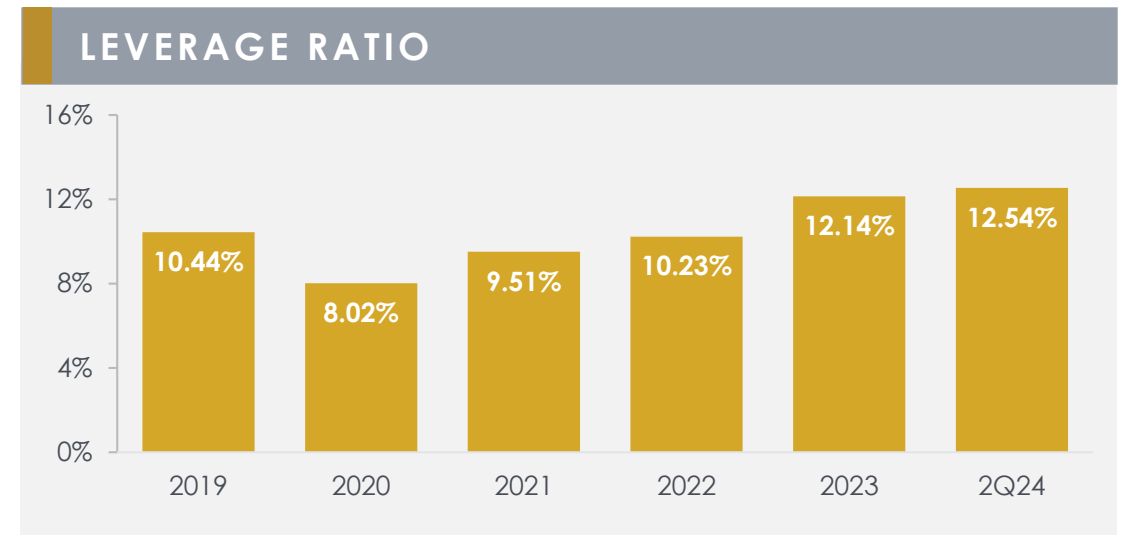
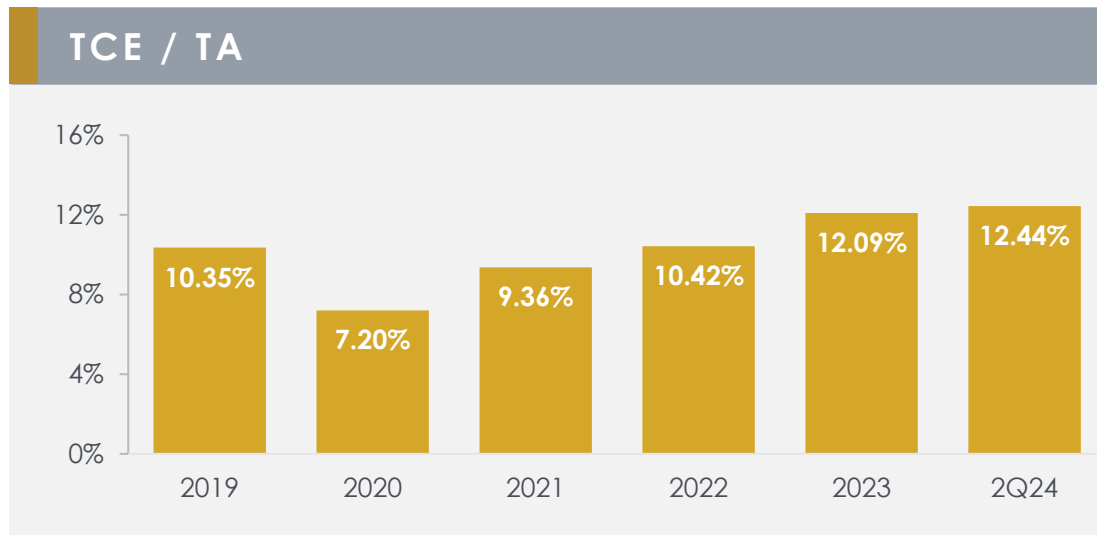
# Disciplined Expense Management Driving Greater Operating Leverage

- ▶ Investment phase in 2018-2019 (talent, product development, and technology) built highly leverageable infrastructure and strong commercial banking team
- ▶ Operating expenses in 1Q24 and 2Q24 include merger related costs of \$1.0 million and \$647 thousand respectively

## OPERATING EXPENSES BEFORE CAPITALIZED LOAN ORIGINATION COSTS



# CAPITAL RATIOS – BANK ONLY



# SUMMARY

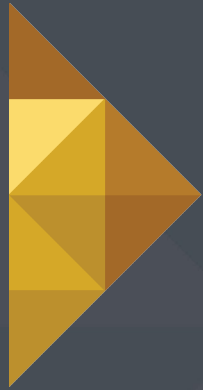
Northern California commercial business bank with a disciplined approach to credit underwriting

Experienced management team and seasoned C&I relationship managers

Strong commercial loan portfolio with corresponding commercial relationship deposits

Keen focus on relationship core deposits in deposit rich industries

Proven organic and acquisition growth capabilities



# CALIFORNIA BANCORP

Please send questions to [ir@bankcbc.com](mailto:ir@bankcbc.com)  
Or Call 510.457.3751

[CaliforniaBankofCommerce.com](http://CaliforniaBankofCommerce.com)