

Flying Under the Radar: Southern California Small and Micro-Cap Banks



Southern California (SoCal) is a banking market dominated by large institutions, but includes many public banks with niche businesses that serve business and various ethnic communities. Our highlighted region encompasses 10 counties that are home to approximately 25 million people with much cultural, economic, and demographic diversity. We define SoCal as ranging from the Mexican border and Pacific Ocean to Arizona and Nevada and the Sierra Nevada Mountains. (See map on pg. 11.)

This report highlights 25 publicly-traded banks in SoCal with assets between \$800 million and \$20 billion. We believe banks in this size range are large enough to operate efficiently and small enough to deliver personalized services. These stocks typically trade “under the radar screen” – they are not widely followed by brokerages or institutional investors for several reasons, including relatively low market caps and little trading volume.

Figure 1.a

Institution	HQ	Ticker	Stock Price (\$)	Mkt Cap (\$mm)	Total Assets (\$000s)
American Business Bank	Los Angeles	AMBZ	36.74	324	3,732,329
American Riviera Bank	Santa Barbara	ARBV	19.35	97	1,150,269
Banc of California, Inc.	Santa Ana	BANC	17.85	907	8,027,413
Broadway Financial Corp.	Los Angeles	BYFC	3.84	276	1,040,998
Cathay General Bancorp	Los Angeles	CATY	39.78	3,097	19,348,362
CBB Bancorp, Inc.	Los Angeles	CBBI	12.11	125	1,612,922
Community West Bncshs	Goleta	CWBC	12.98	111	1,063,028
CVB Financial Corp.	Ontario	CVBF	19.31	2,624	15,539,288
CW Bancorp	Irvine	CWBK	32.00	113	1,162,096
F&M Bank of Long Beach	Long Beach	FMBL	8,060.00	1,013	10,684,147
Hanmi Financial Corp.	Los Angeles	HAFC	18.79	572	6,578,856
Hope Bancorp, Inc.	Los Angeles	HOPE	13.63	1,675	17,469,627
Malaga Financial Corp.	Palos Verdes	MLGF	24.75	191	1,393,253
Mission Bancorp	Bakersfield	MSBC	81.36	175	1,438,109
OP Bancorp	Los Angeles	OPBK	9.82	149	1,601,460
Pacific Mercantile Bncp	Costa Mesa	PMBC	9.01	215	1,534,478
PCB Bancorp	Los Angeles	PCB	19.12	282	2,060,003
Preferred Bank	Los Angeles	PFBC	62.73	938	5,575,908
Private Bncp of America	La Jolla	PBAM	24.98	140	1,382,770
Provident Fin'l Holdings	Riverside	PROV	17.35	130	1,183,596
RBB Bancorp	Los Angeles	RBB	24.10	466	3,890,638
Silvergate Capital Corp.	La Jolla	SI	111.49	2,957	12,289,476
Southern California Bncp	San Diego	BCAL	14.80	200	1,778,081
US Metro Bancorp, Inc.	Garden Grove	USMT	3.90	63	871,342
Valley Republic Bncp	Bakersfield	VLLX	37.75	160	1,366,248
Median				215	1,612,922

Source: S&P Global Market Intelligence. Pricing data as of September 17, 2021. Financial data as of or for the 3 months ending June 30, 2021.

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Figure 1.b

Institution	TE/ Assets (%)	Div Yld (%)	LTM P/E (x)	Price/ TBV (%)	Insider Owner (%)	Inst. Owner (%)
American Business Bank	7.0	0.0	9.4	123	0	8
American Riviera Bank	7.5	0.0	9.1	116	0	4
Banc of California, Inc.	9.9	1.3	16.5	131	2	92
Broadway Financial Corp.	11.3	0.0	NM	248	8	26
Cathay General Bancorp	10.9	3.1	11.4	150	5	71
CBB Bancorp, Inc.	10.6	2.0	6.8	73	NA	NA
Community West Bncshs	8.8	2.2	9.3	119	26	26
CVB Financial Corp.	9.2	3.7	12.3	193	6	71
CW Bancorp	6.0	2.5	8.6	160	0	4
F&M Bank of Long Beach	11.2	1.3	10.6	85	0	13
Hanmi Financial Corp.	9.0	2.6	8.3	98	2	89
Hope Bancorp, Inc.	9.5	4.1	10.8	104	5	86
Malaga Financial Corp.	11.7	4.0	9.9	NA	NA	NA
Mission Bancorp	7.7	0.0	9.8	158	0	2
OP Bancorp	9.5	2.9	8.0	98	22	48
Pacific Mercantile Bncp	10.8	0.0	13.4	130	4	44
PCB Bancorp	11.6	2.5	10.7	119	22	29
Preferred Bank	10.0	2.4	11.6	168	9	77
Private Bncp of America	NA	0.0	9.0	NA	0	2
Provident Fin'l Holdings	10.8	3.2	17.4	103	10	60
RBB Bancorp	9.6	2.2	10.5	128	30	31
Silvergate Capital Corp.	7.1	0.0	50.9	339	7	71
Southern California Bncp	8.7	0.0	51.0	131	0	2
US Metro Bancorp, Inc.	NA	0.0	7.1	NA	0	NA
Valley Republic Bncp	7.5	0.0	10.8	155	NA	NA
Median	9.5	2.0	10.6	129	4	31

Source: S&P Global Market Intelligence. Pricing data as of September 17, 2021. Financial data as of or for the 3 months ending June 30, 2021.

The pandemic has shown that banks of all asset sizes face major and lasting tests, which include a greater need for scale. **As part of this “survival of the fittest challenge”, SoCal’s community banks should actively consider expanding niche businesses and fintech applications; and/or pursuing merger partners.** We believe many SoCal banks should consider merger-of-equals (MOE) transactions to gain the requisite scale to better compete.

June 2021 quarter results for our highlighted banks were generally good. Credit remains excellent and many banks had lower, or even negative, loan loss provisions. Some SoCal banks took advantage of near-perfect interest rates and other favorable market conditions to issue subordinated debt (“sub debt”) and preferred stock issuances, which have been favorably received by the market. ESG bonds are also good options for issuers and investors in many instances. **PNC FIG Advisory recommends that sensitivity models tailored to individual banks can best identify additional capital needs and, if so, what form of capital is best suited for current and longer-term strategic plans.**

Banks that are considering strategic plans and/or capital management initiatives need to track proposed tax, supervisory, and regulatory policies changes. For example, House Democrats proposed a new 26.5% top Federal tax rate vs. the current 21% rate. Although the final changes and their ultimate impacts cannot be determined at this time, early indications signal that bankers should not consider most proposals as business-friendly.

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Random (But Not Alternative) Southern California Facts

- The penultimate Beatles' live performance took place in Dodger Stadium on August 28, 1966. The Fab Four's last concert was the next day, at Candlestick Park in San Francisco.
- The first Tournament of Roses football game (Rose Bowl) was the nation's first post-season game on January 1, 1902. Stanford lost to Midwestern Michigan 49-0.
- Basketball scenes from the movie, *White Men Can't Jump*, took place on Venice Beach.
- Home to the "Bakersfield Sound" (Kern County), this distinctive genre of country music was popularized by Buck Owens, Merle Haggard, Billy Mize, and others.
- The first person to drive across the San Diego-Coronado Bridge was Governor Ronald Reagan in 1969.
- WD-40 was invented in San Diego in 1953, by the Rocket Chemical Company.
- There is a herd of approximately 150 wild bison on Catalina Island. The legend is that the bison herd was settled there in the 1920s for a silent film.
- San Bernardino County has a land area mass of 20,000 square miles, which makes it the largest U.S. county in size.
- SoCal has the highest number of motorcycle fatalities in the United States.

Highlights

- This *Industry Report* highlights key performance ratios and valuation metrics of 25 publicly-traded, SoCal community banks using June 2021 quarter financial data.
- Home to approximately 25 million people, Southern California ranks as the nation's third most populous region (the Northeast Corridor and Chicago area are even more congested). The population density, however, is uneven, as Greater Los Angeles (LA metro and the Inland Empire) combine to have over 17 million residents.
- An analysis of California's political environment is outside the scope of our report, but the recall election of Governor Newsom (he survived) seems to indicate discontent among many businesses and individuals that bank investors should monitor.
- There are 170 regulated depository institutions, including 86 which are publicly-traded, in California. The top three banks have a combined deposit market share of approximately 50%. Bank of America Corp. (NYSE: BAC) and Wells Fargo & Co. (NYSE: WFC) are the market leaders with 22% and 16%, respectively.
- Of the top 10 California banks regarding deposit market share, only Wells Fargo, SVB Financial Group (NYSE: SVB) and First Republic Bank (NYSE: FRC) are headquartered in-state.
- Our highlighted SoCal region has 46 publicly-traded banks and thrifts. Only 12 companies headquartered there have assets greater than \$5 billion and 17 companies have assets less than \$1 billion.
- As of June 30, 2021, the highlighted banks generally had solid balance sheets that reflect strong asset quality and acceptable capital ratios. Per S&P Capital IQ, investment securities were 9.8% (median) of total assets at June 30, 2021, compared with 7.0% (median) at the same time, last year. The median loan to deposit ratio fell to approximately 85% at June 30, 2021, from 93% a year-ago.
- Loan growth remains tepid. Besides customers' excess liquidity, uncertainties associated with potential tax rate hikes and other fiscal matters changes may reduce near-term capital spending and further weaken loan demand.
- Some of our highlighted banks reported that loan originations and pipelines improved, but were offset by elevated loan repayments and PPP loan forgiveness.
- Until loan growth picks up, net interest margins ("NIMs") across the industry will likely remain under pressure as bankers are challenged to invest excess liquidity without undue interest rate risk. Many banks have already reduced funding costs to ultra-low levels as newly originated loan yields trended lower.
- Our highlighted banks bucked the trend of declining NIMs. For the quarter ending June 30, 2021, the median NIMs for our highlighted banks and West Region banks with

assets between \$800 million and \$20 billion were 3.23% and 3.27%, respectively. The median NIMs for the same banks were 3.18% and 3.39%, for the quarter ending March 31, 2021, and 3.16% and 3.46%, respectively, for the quarter ending June 30, 2020.

- **Interest rates and spreads are about the same as those three months ago.** Although one size does not fit all, some strategies that should work well in the current environment include deleveraging through the prepayment of FHLB advances, selling lower-yielding securities, purchasing whole loans, and by investing in higher-yielding sub debt issuances of other financial institutions.
- Another asset/liability strategy is to keep some of the excess cash in reserve, but extend the duration of the existing investment portfolio to achieve a higher yield.
- **Opportunistic banks continue to take advantage of favorable debt markets to raise sub debt.** Because it is unlikely pricing can improve much, we believe there is limited value for prospective issuers to wait for better conditions. Community bank sub debt coupon rates for rated deals have trended down as certain new issue sub debt deals were recently priced with coupons below 3.00%. Selective investments in sub debt are also good options to consider for enhanced yield.
- As of June 30, 2021, the median tangible common equity ratios for our highlighted banks and West Region banks with assets between \$800 million were 9.5% and 9.1%, respectively.
- Since the start of 2011, there have been 141 merger transactions with California sellers. There have been 12 deal announcements thus far in 2021, following three deals announcements in 2020.
- PNC Advisory continues to suggest that community bankers already contemplating their “exit strategy” over the next 18 months or so may want to accelerate that timetable. In addition to the “normal” financial and social factors that typically drive consolidation, the progressive attitude in Washington may result in higher taxes and more supervision along with burdensome regulatory scrutiny of M&A deals.
- Smaller banks may not have the scale to duplicate the services provided by mid-size banks. Banks, with assets below \$2 billion or so, may sell in hopes of a “double dip” where the acquirer pays a relatively higher price to increase size and reposition itself for a sale.

Valuation Summary

Figure 2

Investing in financials has become a “stock pickers” market as broad-based gains earlier in the year reverted to a more challenging market environment. We believe bank stocks reflect mixed sentiment regarding an economic recovery, interest rate forecast (particularly the 10-year Treasury), and expectations for further industry consolidation. Earnings forecasts have become less predictable due to the pandemic and the Current Expected Credit Loss (“CECL”) accounting standard.

In addition to global economic and political concerns, other elements of uncertainty for banks include the potential changes in corporate tax rates and the supervisory/regulatory environment.

Along with the generally favorable equity markets for bank investors, capital markets for bank debt and preferred stock continue to be promising and present attractive financing and investment opportunities.

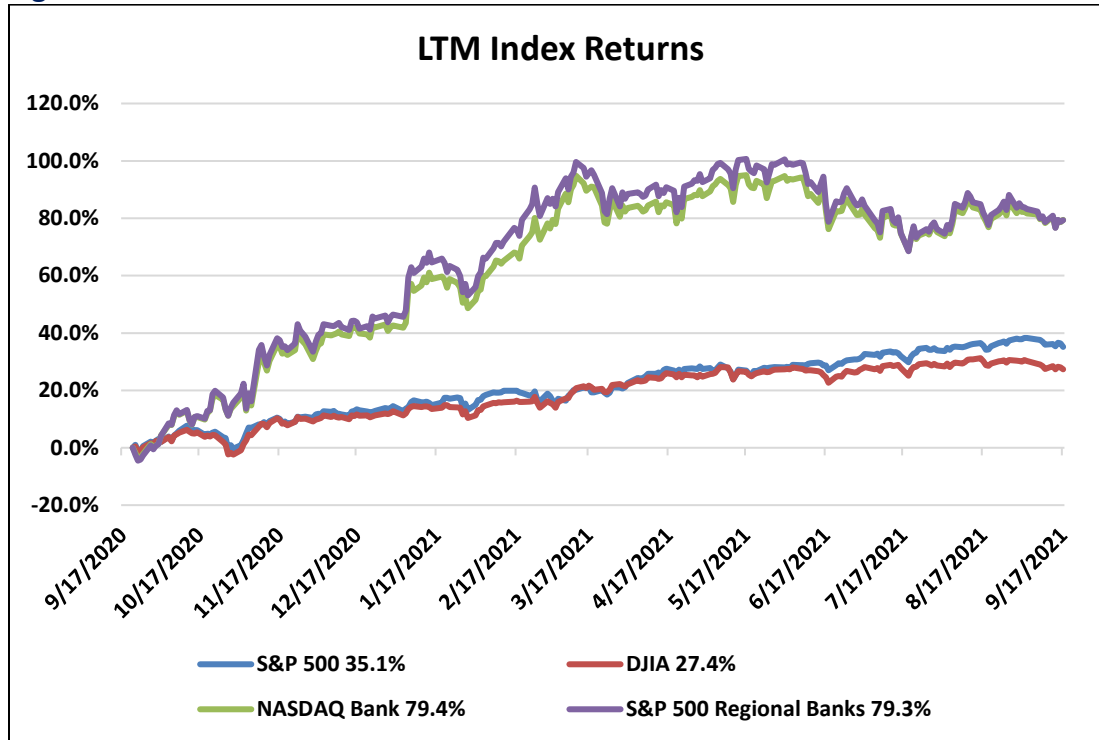
As of September 15, 2021, the NASDAQ Bank and S&P Bank Indices increased 25.7% and 28.6%, respectively. Over the same time span, the DJIA and S&P 500 Indices increased 13.8% and 19.3%, respectively. Since the start of the second quarter (April 1), however, the NASDAQ Bank Index has dropped 2.3%, while the S&P Bank Index is up 3.6%.

We suspect that much equity trading volume reflects cash inflows or outflows being directed by passive investment funds, including ETFs, rather than strong conviction among traditional bank investors. Depending upon the flow of funds at any particular time, bank stocks can be at the mercy of the market regardless of fundamentals.

	Median LTM P/E (x)	Median Price/ TBV (%)
Highlighted SoCal Banks	10.7	125
All California Banks	11.2	131
All U.S. Banks	10.7	111

Source: S&P Global Market Intelligence. Pricing data as of September 15, 2021. Financial data as of or for the period ending June 30, 2021. U.S. banks between \$800mm and \$12B.

Figure 3



Source: S&P Global Market Intelligence.

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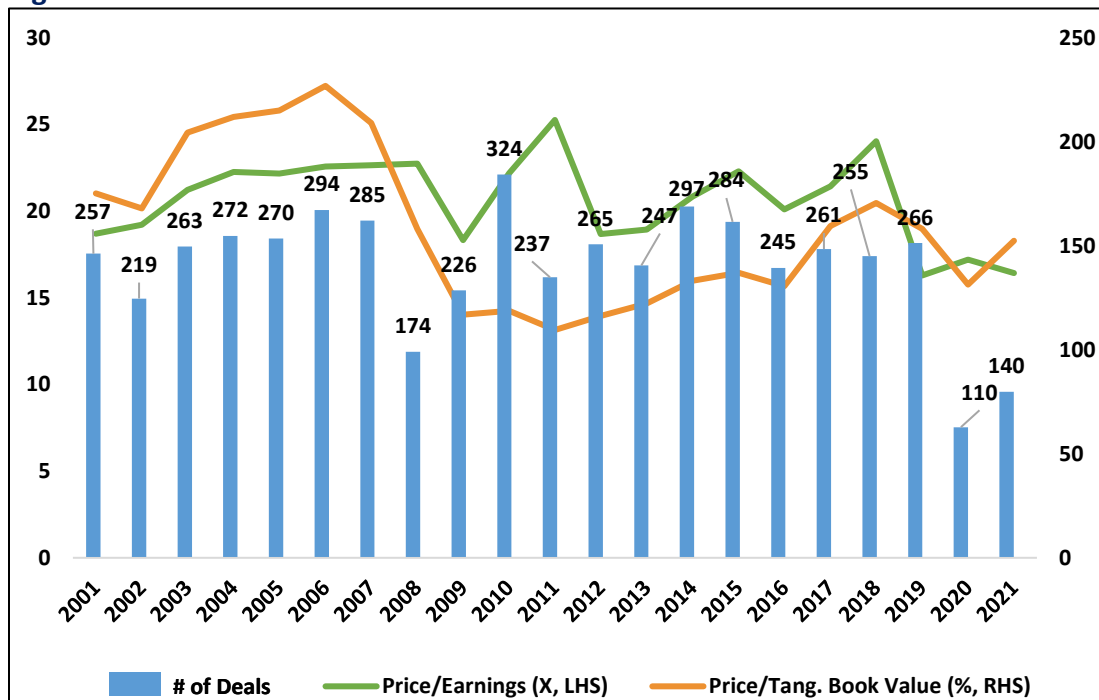
Mergers and Acquisitions

PNC FIG Advisory believes merger and acquisition activity will remain strong as both buyers and sellers have many reasons to merge. The pandemic has clearly demonstrated that community banks face major and permanent changes, which includes the need for banks across all asset sizes to attain the requisite scale to successfully meet industry-wide revenue, regulatory, and technological challenges. **Along with succession issues, some of these hurdles can be overcome via mergers.** That said, pandemic-related issues probably have caused some banks to pause before undertaking major initiatives, including M&A transactions.

MOEs rank among the more significant U.S. bank deals - our conversations with management teams suggest that more companies are willing to consider such transactions. **MOEs are an efficient way to add scale and potentially solve many of the industry forces causing problems for banks (i.e. rising technology and regulatory costs, lackluster loan growth, margin compression, etc.).** This strategy is particularly appealing for banks that trade at high premiums, which can make it more difficult to sell to a larger bank at an acceptable price. Investor reaction to recent MOEs has been generally favorable as this type of deal often makes financial and strategic sense. The best deals typically occur when valuations are reasonable and there is "upside" potential for both sides.

For example, on April 1, 2021, Broadway Financial Corporation (NASDAQ: BYFC) completed its acquisition of Washington, D.C.-based, CFBanc Corporation through a MOE transaction. At completion, the MOE was valued at approximately \$63 million.

Figure 4: National Deals



Source: S&P Global Market Intelligence. FDIC and MOE deals included. Data as of September 10, 2021.

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Companies with stronger currencies are typically the more active acquirers. Merger activity in SoCal appears to be constrained over the long-term due to a limited field of larger banks interested in acquiring other institutions in the area as well as a relatively large number of ethnic-focused banks, which often look to partner with a bank with a similar focus and can require a specialized skill set to incorporate and manage. Among larger West Coast institutions, the more logical buyers of SoCal's community banks over the long-term appear to be Banner Corporation (NASDAQ: BANR), Columbia Banking System (NASDAQ: COLB); Pacific Premier Bancorp (NASDAQ: PPBI), and PacWest Bancorp (NASDAQ: PACW).

Recent deals with Southern California sellers include:

- On July 1, 2021, Missouri-based, Enterprise Financial Services Corp (NASDAQ: EFSC) completed its merger with Cerritos-based, First Choice Bancorp. At completion, the deal was valued at approximately \$345 million, which equated to 163% of tangible book value and 9.9 times trailing 12-month earnings. The core deposit premium was 7.3%.
- On June 23, 2021, Tacoma, WA-based, Columbia Banking System, Inc. (NASDAQ: COLB) agreed to acquire Sacramento-based, Bank of Commerce Holdings (NASDAQ: BOCH). The all-stock deal was valued at \$228 million, which equated to 141% of tangible book value and 12.5 times trailing 12-month earnings. The core deposit premium was 4.4%.
- On March 22, 2021, Santa Ana-based, Banc of California (NYSE: BANC) agreed to acquire Costa Mesa-based, Pacific Mercantile (NASDAQ: PMBC) in an all-stock deal. The deal value was \$248 million, which equated to 128% of tangible book value and 14.6 times trailing 12-month earnings. The core deposit premium was 6.7%.
- On May 31, 2020, Irvine, CA-based, Pacific Premier Bank (NASDAQ: PPBI) completed its acquisition of Irvine-based, Opus Bank. At completion, the all-stock deal value was \$746.6 million, which equated to 101% of tangible book value and a 0.14% core deposit premium. The price to earnings ratio was not meaningful. The deal, which was announced on February 3, 2020, was initially valued at \$1.0 billion.

Recent Deals with California Sellers

Figure 5

Buyer/Target Name	Status	Completion Date*	Deal Value (\$MM)	Price/ LTM Earnings (X)	Price/ Tangible Book (%)	Core Deposit Premium (%)	Buyer Price Change 3 Days After (%)	Target Price Change 3 Days After (%)
BayCom Corp/Pacific Enterprise Bancorp	Pending	9/7/2021	52.8	10.2	87	-3.1	2.1	-18.8
CVB Financial Corp./Suncrest Bank	Pending	7/27/2021	204.4	14.1	167	7.4	-0.5	2.9
TriCo Bancshares/Valley Republic Bancorp	Pending	7/27/2021	165.6	10.9	161	NA	-0.5	9.2
Columbia Banking System/Bank of Commerce Ho.	Pending	6/23/2021	268.8	14.7	166	7.1	-0.2	7.9
Southern California Bancorp/Bank of Santa Clarita	Pending	4/27/2021	56.4	15.6	134	5.2	-3.5	6.8
Banc of California, Inc./Pacific Mercantile Bancorp	Pending	3/22/2021	247.8	29.2	156	6.7	-10.3	8.5
Social Finance, Inc./Golden Pacific Bancorp, Inc.	Pending	3/9/2021	22.3	NA	152	6.4	NA	81.2
Bank of Marin Bancorp/American River Bankshares	Completion	8/6/2021	134.7	18.7	175	8.4	-8.2	20.2
Enterprise Financial Services Corp/First Choice Bncp	Completion	7/21/2021	403.9	13.5	200	13.1	-4.3	27.1
Investor Group/Northern California National Bank	Completion	7/14/2021	47.4	14.7	160	6.9	NA	47.5
Plumas Bancorp/Feather River Bancorp, Inc.	Completion	7/1/2021	22.1	10.6	127	3.7	2.7	NA
DMG Bancshares, Inc./California First National Bank	Completion	2/26/2021	NA	NA	NA	NA	NA	NA
Enterprise Fin'l Svcs/Seacoast Commerce Banc Ho.	Completion	11/12/2020	157.4	10.5	156	5.5	-1.8	26.6
Pacific Premier Bancorp, Inc./Opus Bank	Completion	5/31/2020	1,031.4	16.6	141	5.1	3.3	3.4
Southern California Bancorp/CalWest Bancorp	Completion	5/29/2020	25.9	3.9	NA	NA	-3.3	-5.5
Banner Corporation/AltaPacific Bancorp	Completion	11/1/2019	84.9	17.4	168	11.3	7.7	9.2
Santa Cruz County Bank/Lighthouse Bank	Completion	10/18/2019	68.9	12.7	171	13.5	-2.4	3.6
Heritage Commerce Corp/Presidio Bank	Completion	10/11/2019	188.7	15.3	204	13.0	1.2	13.8
BayCom Corp/Uniti Financial Corporation	Completion	5/24/2019	64.0	16.1	137	8.3	-4.8	1.9
Bank of Commerce Holdings/Merchants Holding Co.	Completion	1/31/2019	36.9	44.0	186	10.7	2.7	NA
Farmers & Merchants Bancorp/Bank of Rio Vista	Completion	10/10/2018	28.7	21.8	174	11.4	-0.9	NA
CVB Financial Corp./Community Bank	Completion	8/10/2018	878.3	32.5	250	21.0	-1.6	44.6
First Choice Bancorp/Pacific Commerce Bancorp	Completion	7/31/2018	106.9	23.5	197	13.6	0.8	9.9
Bank of Southern CA, NA/Americas United Bank	Completion	7/31/2018	45.5	24.5	159	NA	-4.8	10.2
Big Poppy Holdings, Inc./Blue Gate Bank	Completion	7/13/2018	NA	NA	NA	NA	NA	NA
TriCo Bancshares/FNB Bancorp	Completion	7/6/2018	305.8	24.2	263	20.0	-5.5	7.1
Pacific Premier Bancorp, Inc./Grandpoint Capital, Inc.	Completion	7/1/2018	641.2	25.8	221	16.4	6.8	-0.3
Mechanics Bank/Learner Financial Corporation	Completion	6/1/2018	124.9	37.6	170	9.3	0.0	NA
First Foundation Inc./PBB Bancorp	Completion	6/1/2018	105.9	19.2	216	16.2	-1.6	51.6
Suncrest Bank/CBBC Bancorp	Completion	5/21/2018	65.3	18.6	201	16.3	-0.4	20.3
Amalgamated Bank/New Resource Bancorp	Completion	5/18/2018	58.5	28.4	139	5.8	NA	NA
Nano Fin'l Holdings/Commerce Bank of Temecula	Completion	5/1/2018	23.3	NM	173	18.1	NA	54.5
Heritage Commerce Corp/Tri-Valley Bank	Completion	4/6/2018	30.2	4.2	148	11.0	0.2	16.8
Median			84.9	16.6	167	10.0	-0.5	9.6
Average			183.8	18.9	172	10.3	-1.0	17.7

Deals announced through September 13, 2021.

* Announcement date is listed for pending deals

For presentation purposes, the table lists all deals with California sellers

Source: S&P Global Market Intelligence

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Southern California Market Area (as defined herein)

Figure 6



Home to some of the nation's most affluent communities, Southern California's population is diverse and numbers approximately 25 million. There is no official border that defines SoCal – this report includes the highlighted region (see above map) within the Pacific Ocean, Mexico, Arizona, Nevada, and the northern (and parallel) borders of San Luis Obispo, Kern, and San Bernardino counties. This report considers the southern part of the Central Valley as part of SoCal, even though the inland portion and coastal areas are much different culturally, economically, and demographically.

Our definition of SoCal includes 10 counties, which in turn, encompasses eight metropolitan areas. The five largest cities are Los Angeles, San Diego, Long Beach, Bakersfield, and Anaheim. Prior to the pandemic, the population was fast-growing (although uneven depending upon the county) and the region's gross domestic product is larger than that of many countries, including Mexico and Turkey. SoCal's challenges include a disproportionate number of low-paying jobs and the impact of technology and automation on its workforce,

which are exacerbated by high housing costs in several markets. As is the case with many areas of the United States, parts of SoCal have an aging population that strains its healthcare system. Other challenges include congestion, inadequate water resources, and other environment issues.

Los Angeles Market Area. Greater Los Angeles includes five counties and extends eastward from Ventura County to San Bernardino and Riverside counties with Los Angeles County in the center and Orange County to the southeast. Per the U.S. census, the area is home to approximately 19 million people, and is the nation's third largest megalopolis (multiple metropolitan areas connected into a continuous urban region). Los Angeles County ranks among the highest in the U.S. in terms of population, although the county is experiencing a decline due largely to home affordability and lack of new residential construction.

According to the U.S. Census Bureau, California has the highest level of functional poverty in the nation. Approximately 7.5 million people live in poverty in California, including approximately 20% of the Los Angeles County population (10.1 million residents). The housing market is mixed as the median price for new and resale houses is approximately \$903,000, up 18.5% from a year-earlier (according to Zillow).

The unemployment rate in Los Angeles County was 10.2% in July 2021, according to the U.S. Federal Reserve. The county's larger employers include County of Los Angeles government, Los Angeles Unified School District, University of California (UCLA), Kaiser Permanente, federal government, and State of California. The area is home to many smaller, entrepreneurial businesses including start-ups in technology- and healthcare-driven industries. These businesses help drive the demand for commercial lending.

Located between the cities of Los Angeles and San Diego, Orange County includes Anaheim and Santa Ana. The county accounts for nearly 25% of Southern California's gross domestic product, due to a highly educated population that helps attract startups, innovative new businesses, and venture capital investments. In normal times, tourism is important as Anaheim is probably best known for Disneyland. Emerging industries such as healthcare and advanced transportation have joined entertainment and global trade as key economic drivers. A major problem is that Orange County is arguably the least affordable housing market in SoCal as the median sale price of single-family homes exceeds \$1.0 million.

The Inland Empire (part of the Los Angeles megalopolis) includes the Riverside-San Bernardino MSA, about 50-60 miles east of Los Angeles. Founded in 1810 by a Franciscan missionary, the city of San Bernardino is the county seat of San Bernardino County. The county has a population of about 2.2 million. Many higher-paying jobs have migrated to San Bernardino and Riverside counties in recent years. Core industries in Riverside and San Bernardino include logistics, health care, and construction.

Located about 65 miles from Pasadena taking the Ventura Highway (sorry, it had to be said), Ventura County is California's 11th most populous county and includes the cities of Oxnard,

Ventura, Camarillo, and Thousand Oaks. Due in part to land scarcity, the county is plagued by high housing costs, and therefore is challenged to attract and retain talent.

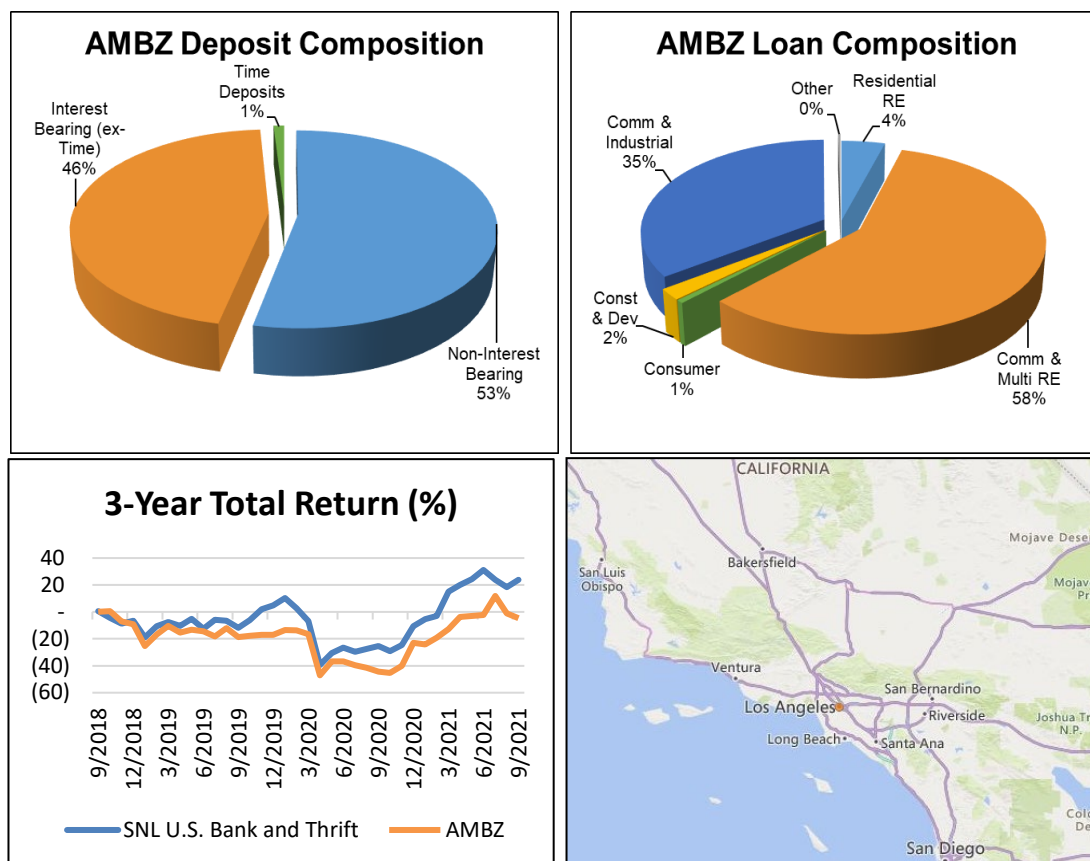
San Diego County. The birthplace of California, San Diego is situated on the Pacific Coast and adjacent to the Mexican Border. San Diego is known for its mild climate, natural deep-water harbor, and the home to the largest naval fleet in the world. This is California's second largest county with a population of 3.4 million people and still growing. Top industries include defense/military, tourism, telecommunications, biotechnology, international trade, and the public sector. Top employers in the San Diego metro area include the U.S. Navy, University of California, Sharp HealthCare, Qualcomm, San Diego Unified School District, City of San Diego, Dexcom, and Kaiser Permanente. The median household income was approximately \$86,000, and the median home price was \$802,000, up 26.9% over the past year. The cost of living was estimated at 28% above the national average. The unemployment rate in San Diego County was 6.9% in July 2021.

Kern County. Located northeast of Los Angeles, Kern County spans the southern part of the Central Valley. The county has a population of approximately 900,000, and its largest city, and county seat, is Bakersfield. The area is fairly rural as major industries include agriculture, forestry, hunting, and fishing. The median household income is approximately \$53,700 and the median home value was approximately \$293,000, up 21.2% over the past year.

Company Descriptions

American Business Bank (OTCQX: AMBZ). Headquartered in downtown Los Angeles, American Business Bank offers a wide range of financial services to the business marketplace. Clients include wholesalers, manufacturers, service businesses, professionals, and non-profits. In addition to its headquarters, American Business Bank has six Loan Production Offices in strategic locations including: North Orange County in Anaheim, Orange County in Irvine, South Bay in Torrance, San Fernando Valley in Woodland Hills, Riverside County in Corona, and Inland Empire in Ontario. Over the second quarter of 2021, loans grew at a 30% annualized rate primarily from new relationships. Noninterest-bearing demand deposits were 53% of total deposits as of June 30, 2021. On June 23, 2021, the bank declared a 10% stock dividend.

American Business Bank uses the incurred loss model regarding the loan loss allowance; and as of June 30, 2021, the loan loss reserve was \$23.3 million, or 1.14% of total loans, compared with \$22.4 million, or 1.05%, as of June 30, 2020. As of June 30, 2021, the loan-to-deposit ratio was 60%, loans were 55% of total assets, and tangible common equity was 7.0% of total tangible assets. As of the same date, total assets, deposits, and shareholders' equity were \$3.7 billion, \$3.4 billion, and \$262.6 million, respectively.



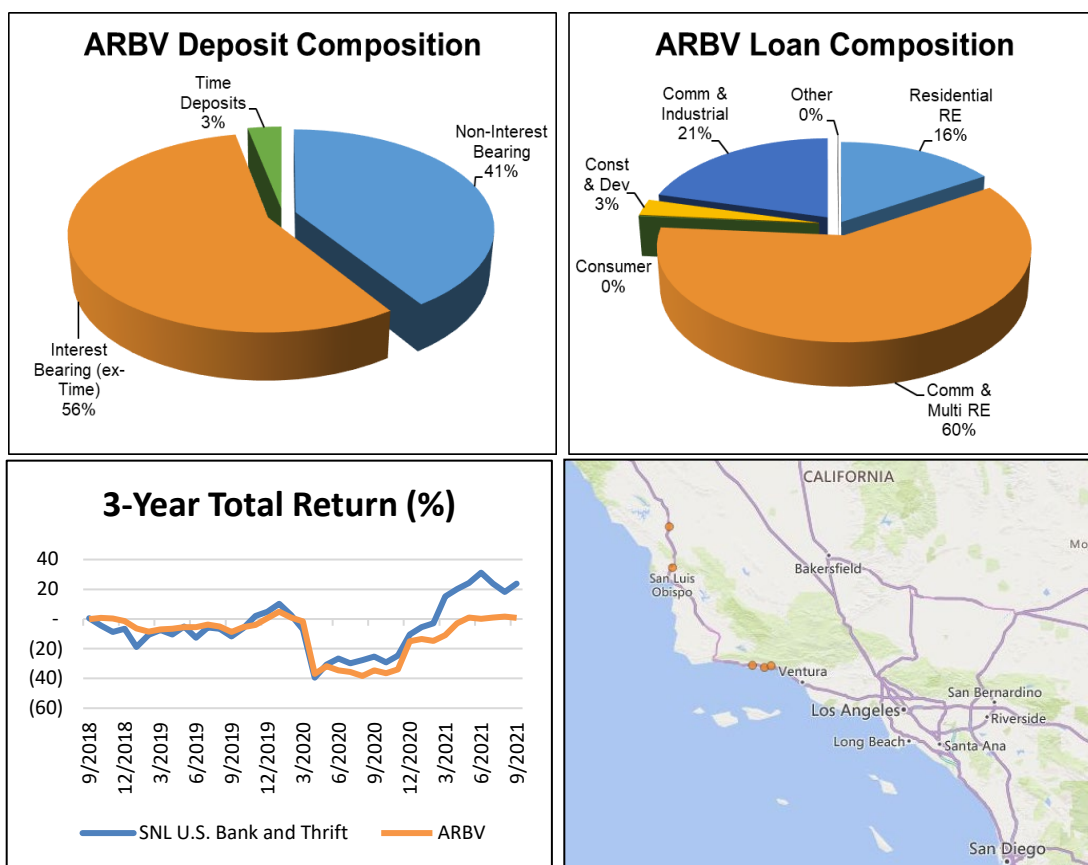
Source: S&P Global Market Intelligence

Contact PNC
FIG Advisory:

1-610-351-1633

American Riviera Bank (OTCQX: ARBV). Headquartered in Santa Barbara, the state-chartered bank opened for business in 2006, with the support of local shareholders. Full-service branches are located in Santa Barbara, Montecito, Goleta, San Luis Obispo, and Paso Robles. The bank provides commercial, residential mortgage, construction, and Small Business Administration (SBA) lending services as well as online and mobile technology. American Riviera experienced strong deposit growth with a 33% or \$258 million, increase in total deposits over the past year ending June 30, 2021. Noninterest-bearing demand deposits increased 30% ,or \$100 million, over the same time period.

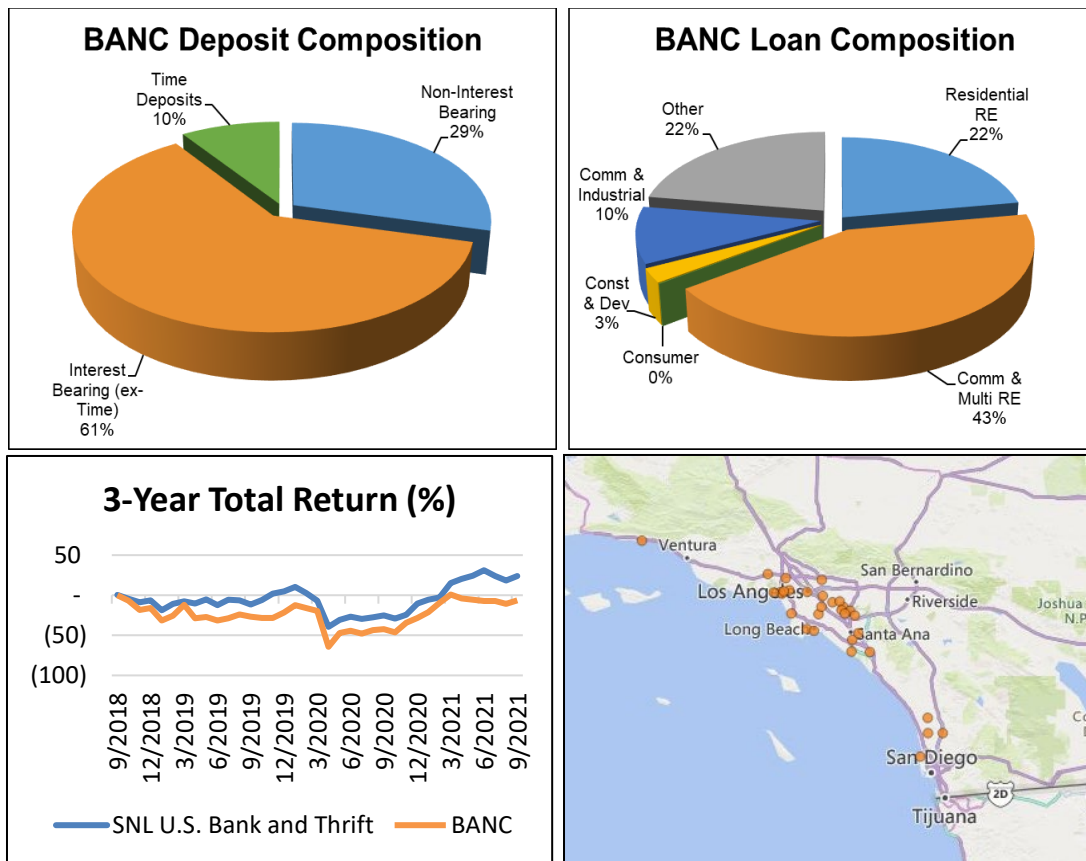
As of June 30, 2021, the loan loss reserve was \$9.4 million, or 1.21% of total loans, compared with \$7.9 million, or 1.08%, as of June 30, 2020. As of June 30, 2021, the loan-to-deposit ratio was 74%, loans were 68% of total assets, and tangible common equity was 7.5% of total tangible assets. As of the same date, total assets, deposits, and shareholders' equity were \$1.2 billion, \$1.1 billion, and \$90.8 million, respectively.



Source: S&P Global Market Intelligence

Banc of California (NYSE: BANC). Headquartered in Santa Ana, Banc of California is a bank holding company with approximately \$8.0 billion in assets and one wholly-owned banking subsidiary, Banc of California, N.A. The bank has 36 offices, including 30 full-service branches located throughout Southern California. The company provides customized and innovative banking and lending solutions to businesses, entrepreneurs, and individuals throughout California. On March 22, 2021, Banc of California agreed to acquire Costa Mesa, CA-based, Pacific Mercantile Bancorp. At the time of announcement, the pending all-stock deal was valued at approximately \$248 million, which equated to 153% of tangible book value and 29.2 times trailing 12-month earnings. The core deposit premium was 6.7%.

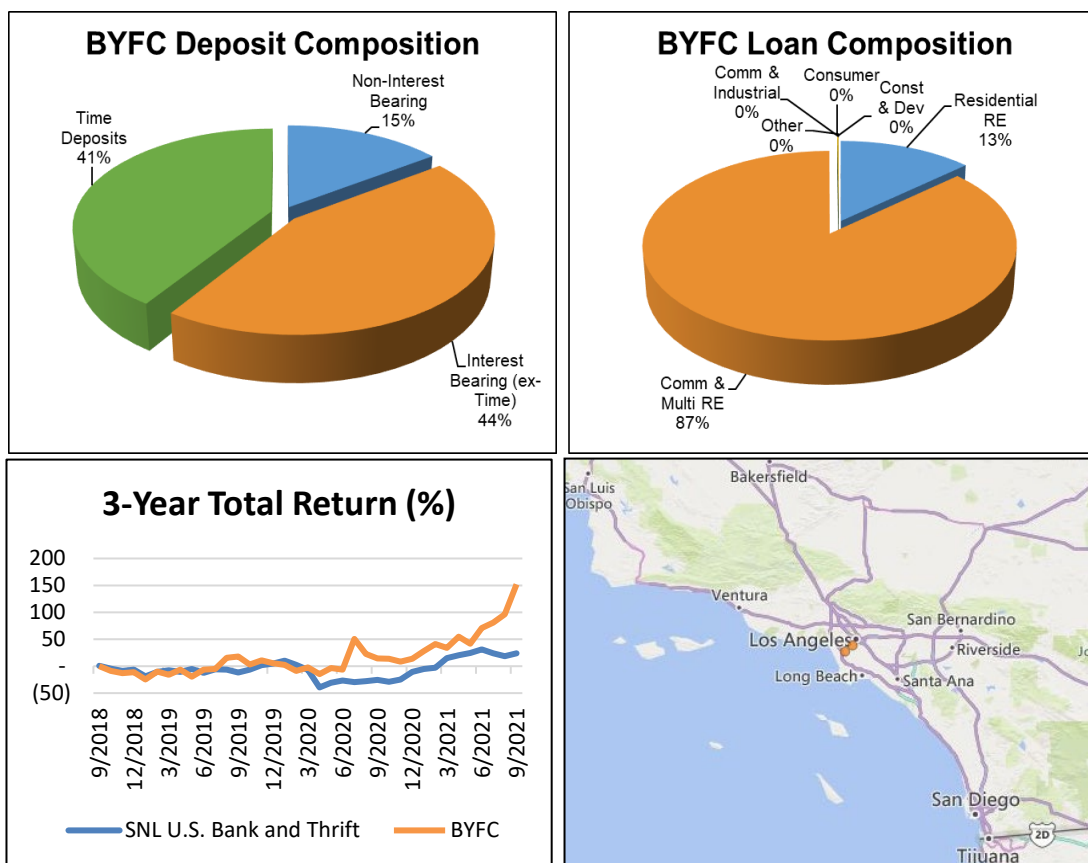
Banc of California uses the CECL loss model regarding the loan loss allowance; and as of June 30, 2021, the loan loss reserve was \$75.9 million, or 1.27% of total loans, compared with \$90.4 million, or 1.60%, as of June 30, 2020. As of June 30, 2021, the loan-to-deposit ratio was 96%, loans were 75% of total assets, and tangible common equity was 8.7% of total tangible assets. As of the same date, total assets, deposits, and shareholders' equity were \$8.0 billion, \$6.2 billion, and \$829.4 million, respectively.



Source: S&P Global Market Intelligence

Broadway Financial Corporation (NASDAQ: BYFC). Headquartered in Los Angeles, Broadway Financial Corporation operates as the holding company for City First Bank, N.A. which is a community-oriented bank serving low-to-moderate income communities in SoCal and Washington, D.C. Broadway offers a variety of residential real estate loan products for consumers, businesses, and non-profit organizations. On April 1, 2021, Broadway completed its acquisition of Washington, D.C.-based, CFBanc Corporation through a merger-of-equals transaction. At completion, the MOE was valued at approximately \$63 million. In February 2021, Broadway issued (via private placement) approximately 6.3 million shares of common stock at \$1.78 per share for gross proceeds of \$11.2 million. The net proceeds will be used to advance economic and social equity through the provision of capital in economically distressed communities.

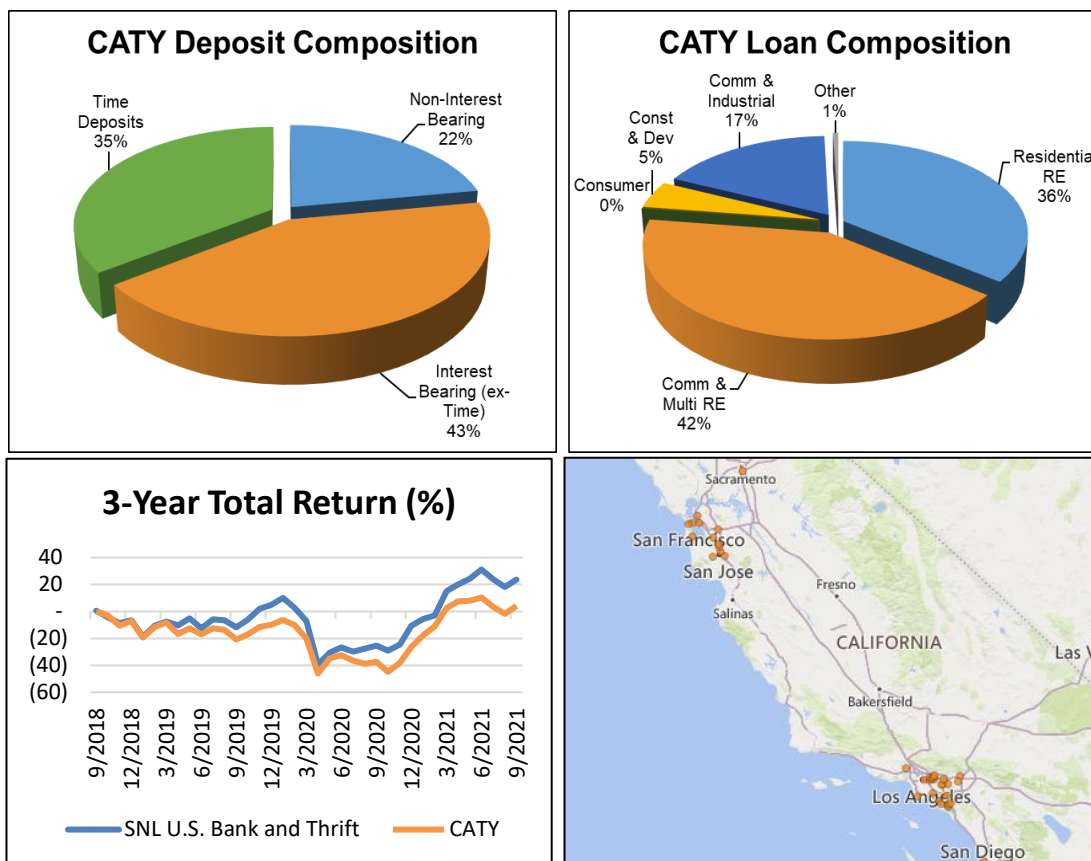
Broadway uses the incurred loss model regarding the loan loss allowance; and as of June 30, 2021, the loan loss reserve was \$3.3 million, or 0.53% of total loans, compared with \$3.2 million, or 0.75%, as of June 30, 2020. As of June 30, 2021, the loan-to-deposit ratio was 88%, loans were 59% of total assets, and tangible common equity was 11.0% of total tangible assets. As of the same date, total assets, deposits, and shareholders' equity were \$1.0 billion, \$705.0 million, and \$143.5 million, respectively.



Source: S&P Global Market Intelligence. Branch map excludes branch location in DC.

Cathay General Bancorp (NASDAQ: CATY). Headquartered in Los Angeles, Cathay General Bancorp is the holding company for Cathay Bank, a California state-chartered bank. The company was founded in 1926 and offers a wide range of financial services. Cathay General operates approximately 60 branches, 37 of which are in California. There is a branch in Hong Kong and a representative office in Taipei, Beijing, and Shanghai.

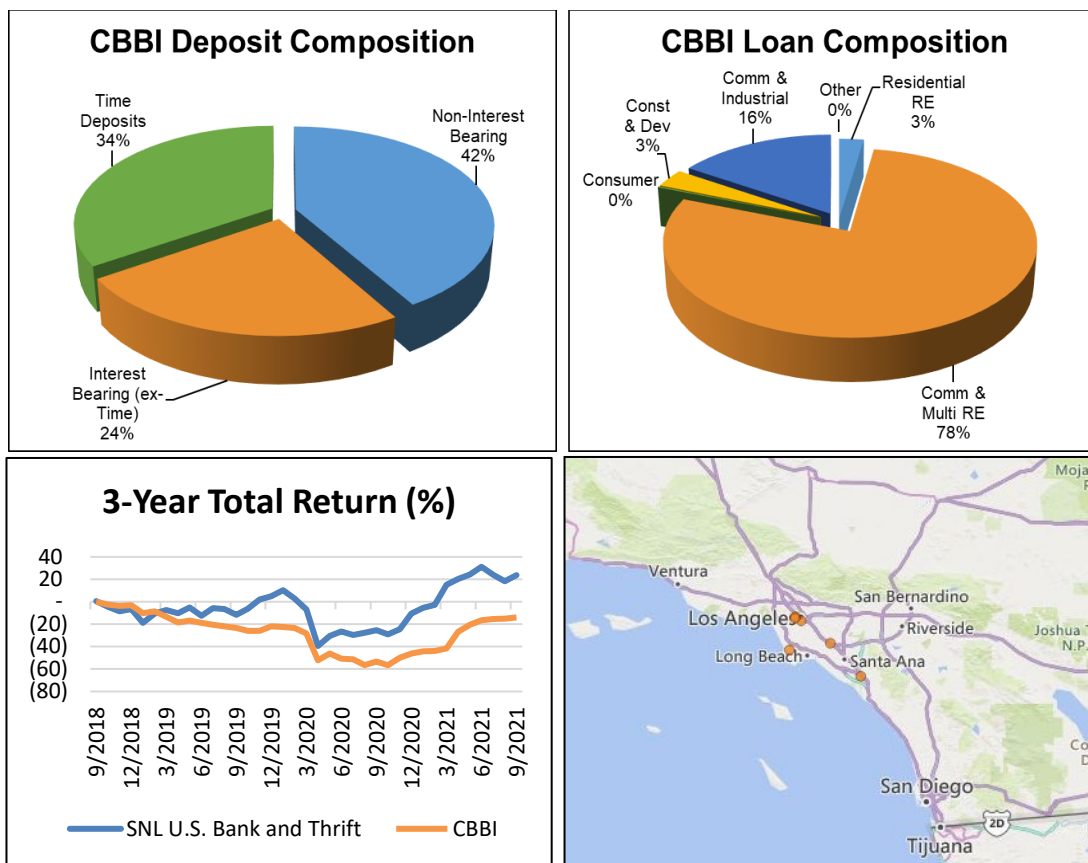
Cathay General uses the CECL loss model regarding the loan loss allowance; and as of June 30, 2021, the loan loss reserve was \$131.3 million, or 0.84% of total loans, compared with \$169.7 million, or 1.09%, as of June 30, 2020. As of June 30, 2021, the loan-to-deposit ratio was 95%, loans were 84% of total assets, and tangible common equity was 10.9% of total tangible assets. As of the same date, total assets, deposits, and shareholders' equity were \$19.3 billion, \$16.5 billion, and \$2.5 billion, respectively.



Source: S&P Global Market Intelligence. Branch map excludes branch locations outside of CA.

CBB Bancorp, Inc. (OTCQX: CBBI). CBB Bancorp is the holding company of Commonwealth Business Bank, a full-service commercial bank which specializes in small-to-medium-sized businesses and does business as CBB Bank. Headquartered in Los Angeles, the bank has full-service branches in Los Angeles and Orange counties in California, and Dallas County in Texas, and Honolulu, Hawaii; two SBA regional offices in Los Angeles and Dallas counties; and five loan production offices in Texas, Georgia, Colorado, Utah, and Washington. On July 1, 2021, CBB completed its acquisition of Honolulu-based, Ohana Pacific Bank. At completion, the cash and stock deal was valued at approximately \$24.8 million, which equated to 115% of tangible book value and 19.3 times trailing 12-month earnings. The core deposit premium was 2.6%.

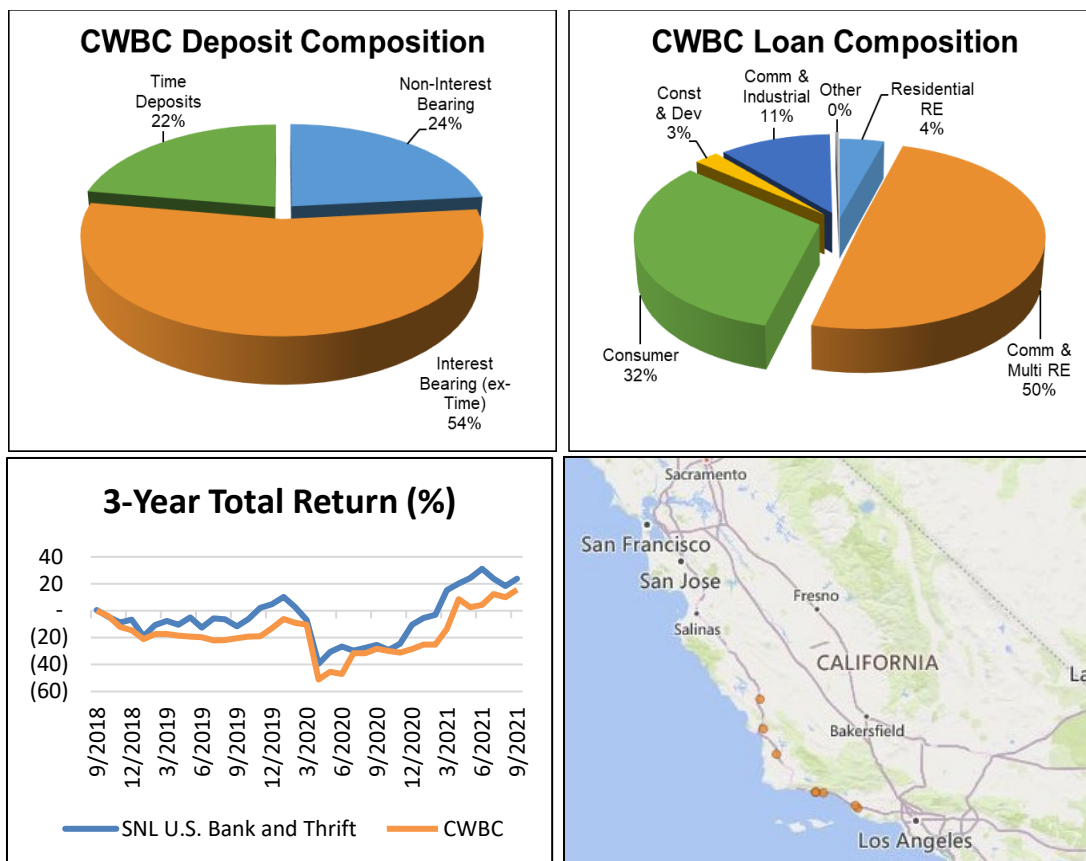
CBB Bancorp uses the incurred loss model regarding the loan loss allowance; and as of June 30, 2021, the loan loss reserve was \$14.9 million, or 1.32% of total loans, compared with \$12.3 million, or 1.22%, as of June 30, 2020. As of June 30, 2021, the loan-to-deposit ratio was 82%, loans were 70% of total assets, and tangible common equity was 10.6% of total tangible assets. As of the same date, total assets, deposits, and shareholders' equity were \$1.6 billion, \$1.4 billion, and \$171.2 million, respectively.



Source: S&P Global Market Intelligence. Branch map excludes branch locations outside of CA.

Community West Bancshares (NASDAQ: CWBC). Community West Bancshares is a financial services company with headquarters in Goleta. The company is the holding company for Community West Bank, the largest publicly traded community bank serving California's Central Coast area of Ventura, Santa Barbara, and San Luis Obispo counties. There are eight full-service California branch banking offices in Goleta, Santa Barbara, Santa Maria, Ventura, Westlake Village, San Luis Obispo, Oxnard, and Paso Robles. The principal business activities of the company are relationship banking, manufactured housing lending and government guaranteed lending. The company has the ninth largest deposit market share (3.5%) in Santa Barbara County.

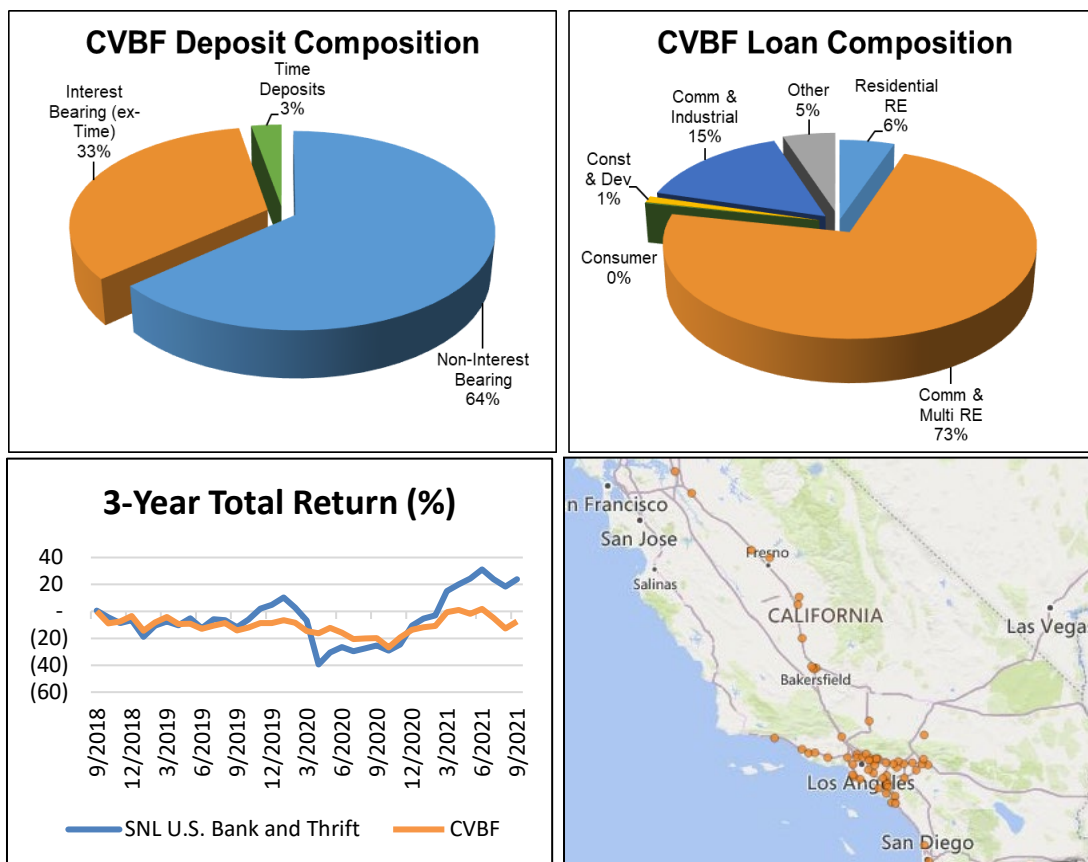
Community West uses the incurred loss model regarding the loan loss allowance; and as of June 30, 2021, the loan loss reserve was \$10.2 million, or 1.15% of total loans, compared with \$10.0 million, or 1.17%, as of June 30, 2020. As of June 30, 2021, the loan-to-deposit ratio was 100%, loans were 81% of total assets, and tangible common equity was 8.9% of total tangible assets. As of the same date, total assets, deposits, and shareholders' equity were \$1.1 billion, \$864.6 million, and \$95.5 million, respectively.



Source: S&P Global Market Intelligence

CVB Financial Corp. (NASDAQ: CVBF). CVB Financial Corp. is the holding company for Citizens Business Bank. CVBF is one of the 10 largest bank holding companies headquartered in California. Citizens Business Bank offers a wide array of banking, lending, and investing services through 58 banking centers and 3 trust office locations serving the Inland Empire, Los Angeles County, Orange County, San Diego County, Ventura County, Santa Barbara County, and the Central Valley area of California. On July 27, 2021, Citizens agreed to acquire Visalia, CA-based, Suncrest Bank (OTCQX: SBBK) in a cash and stock deal valued at approximately \$205 million. At the time of announcement, the deal value equated to 162% of tangible book value and 14.1 times trailing 12-month earnings. The core deposit premium was 7.4%.

As of June 30, 2021, the company had approximately \$3.25 billion in assets under management and administration, including \$2.40 billion in assets under management. CVBF uses the CECL loss model regarding the loan loss allowance; and as of June 30, 2021, the loan loss reserve was \$69.3 million, or 0.86% of total loans, compared with \$94.0 million, or 1.12%, as of June 30, 2020. As of June 30, 2021, the loan-to-deposit ratio was 64%, loans were 52% of total assets, and tangible common equity was 9.2% of total tangible assets. As of the same date, total assets, deposits, and shareholders' equity were \$15.5 billion, \$12.7 billion, and \$2.1 billion, respectively.



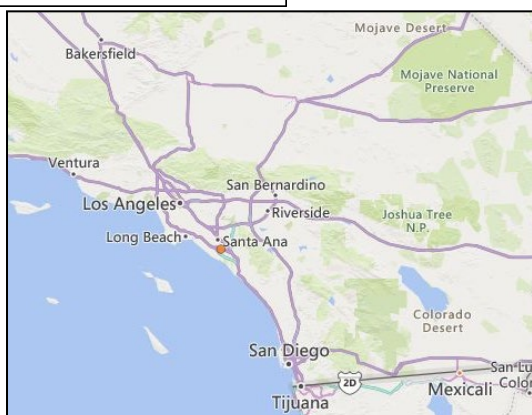
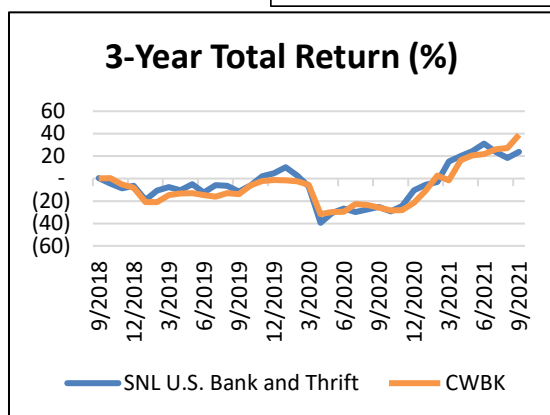
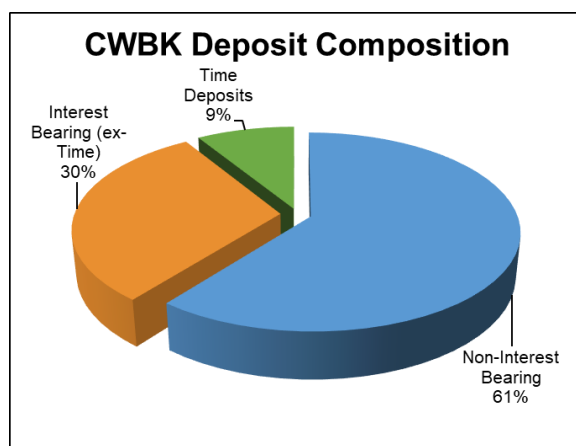
Source: S&P Global Market Intelligence

Contact PNC
FIG Advisory:

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CW Bancorp (OTCQX CWBK). Headquartered in Irvine, CW Bancorp is the bank holding company for CommerceWest Bank. The bank opened for business in 2001 and raised proceeds of nearly \$11 million in its initial public offering (“IPO”). CommerceWest is focused on being a commercial bank that embodies personalized products and services to the business community. The company’s products includes, but are not limited to, working capital financing, SBA express lines of credit, asset-based lending, and acquisition financing. In addition, the company also offers remote deposit solutions, online banking, and mobile banking.

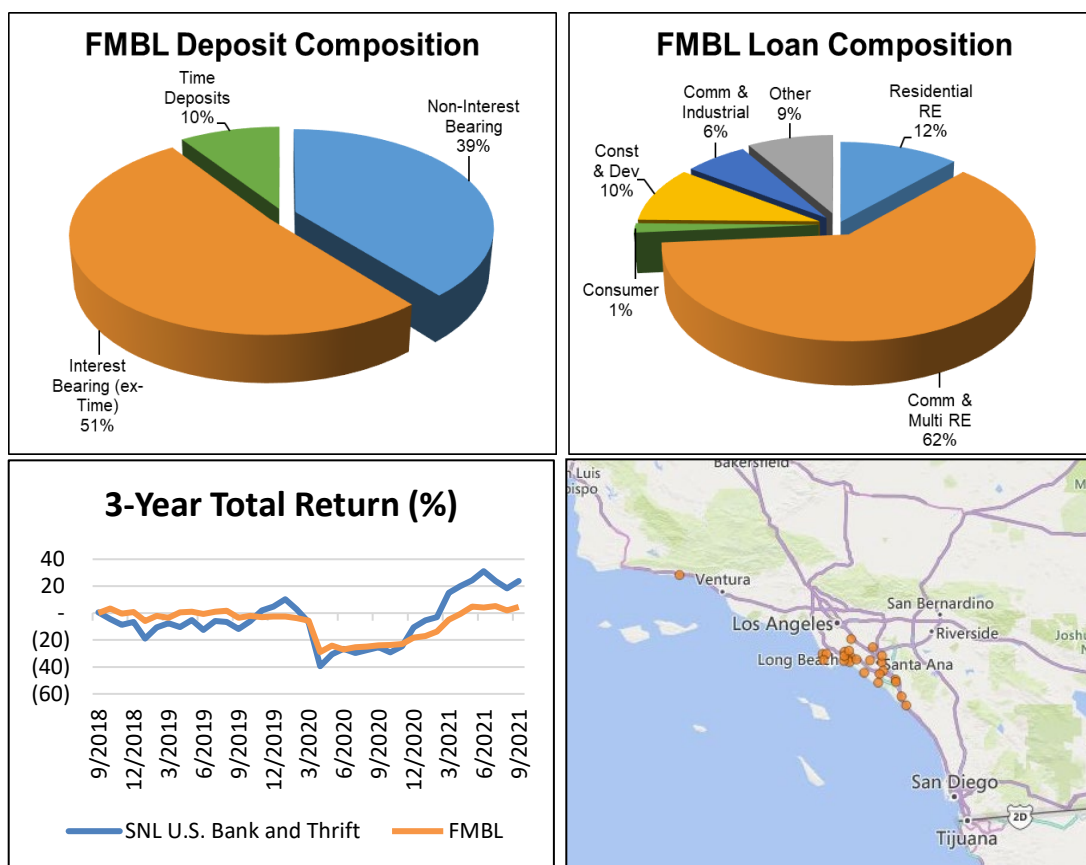
As of June 30, 2021, the loan loss reserve was \$9.2 million, or 1.41% of total loans, compared with \$7.3 million, or 1.19%, as of June 30, 2020. As of June 30, 2021, the loan-to-deposit ratio was 62%, loans were 56% of total assets, and tangible common equity was 6.0% of total tangible assets. As of the same date, total assets, deposits, and shareholders’ equity were \$1.2 billion, \$1.0 billion, and \$73.0 million, respectively.



Source: S&P Global Market Intelligence

Farmers & Merchants Bank of Long Beach (OTCQB: FMBL). Founded in Long Beach in 1907, Farmers & Merchants Bank is a California-state chartered bank that provides white-glove service to clients at 25 branches across Orange County, Long Beach, the South Bay, and Santa Barbara. The bank offers commercial and small business banking, business loan programs, home loans, and consumer retail banking products, including checking, savings, and youth accounts. In August 2021, the company announced its quarterly dividend, which represents its 513th consecutive dividend payment to shareholders since 1916. The value of the quarterly dividend has never decreased.

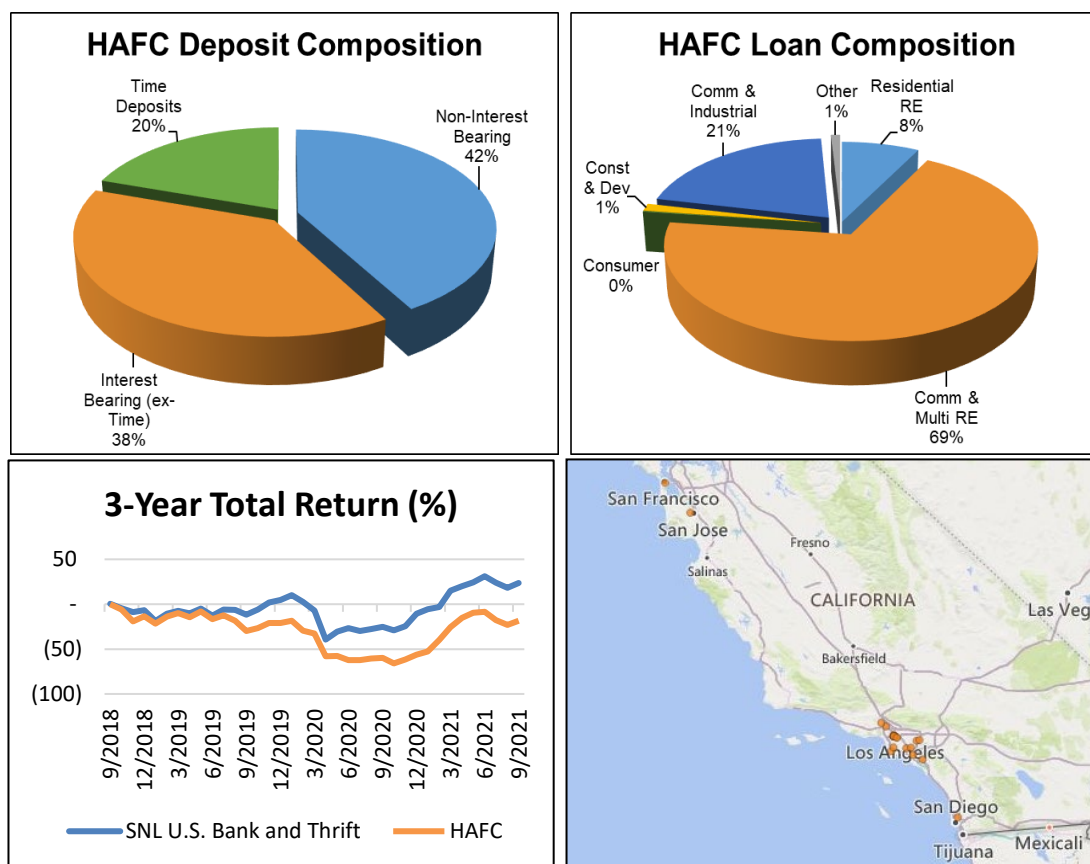
As of June 30, 2021, the loan loss reserve was \$74.2 million, or 1.36% of total loans, compared with \$67.9 million, or 1.30%, as of June 30, 2020. As of June 30, 2021, the loan-to-deposit ratio was 65%, loans were 51% of total assets, and tangible common equity was 11.2% of total tangible assets. As of the same date, total assets, deposits, and shareholders' equity were \$10.7 billion, \$8.4 billion, and \$1.2 billion, respectively.



Source: S&P Global Market Intelligence

Hanmi Financial Corporation (NASDAQ: HAFC). Headquartered in Los Angeles, Hanmi Financial owns Hanmi Bank, which serves the Korean-American community as well as other ethnic communities through its network of 35 full-service branches and 9 loan production offices in California, Texas, Illinois, Virginia, New Jersey, New York, Colorado, Washington and Georgia. The bank's full-service offices are located in markets where many of the businesses are run by immigrants and other minority groups. Hanmi Bank specializes in real estate, commercial, SBA and trade finance lending to small and middle market businesses and its client base reflects the multi-ethnic composition of these communities. Hanmi's primary competitors are community banks that focus their marketing efforts on Korean-American and other Asian-American businesses in its markets. On August 20, 2021, Hanmi announced the closing of its public offering of \$110 million of 3.750% fixed-to-floating rate subordinated notes due 2031. --

Hanmi uses the CECL loss model regarding the loan loss allowance; and as of June 30, 2021, the loan loss reserve was \$83.4 million, or 1.78% of total loans, compared with \$86.3 million, or 1.72%, as of June 30, 2020. As of June 30, 2021, the loan-to-deposit ratio was 86%, loans were 73% of total assets, and tangible common equity was 9.0% of total tangible assets. As of the same date, total assets, deposits, and shareholders' equity were \$6.6 billion, \$4.8 billion, and \$603.0 million, respectively.



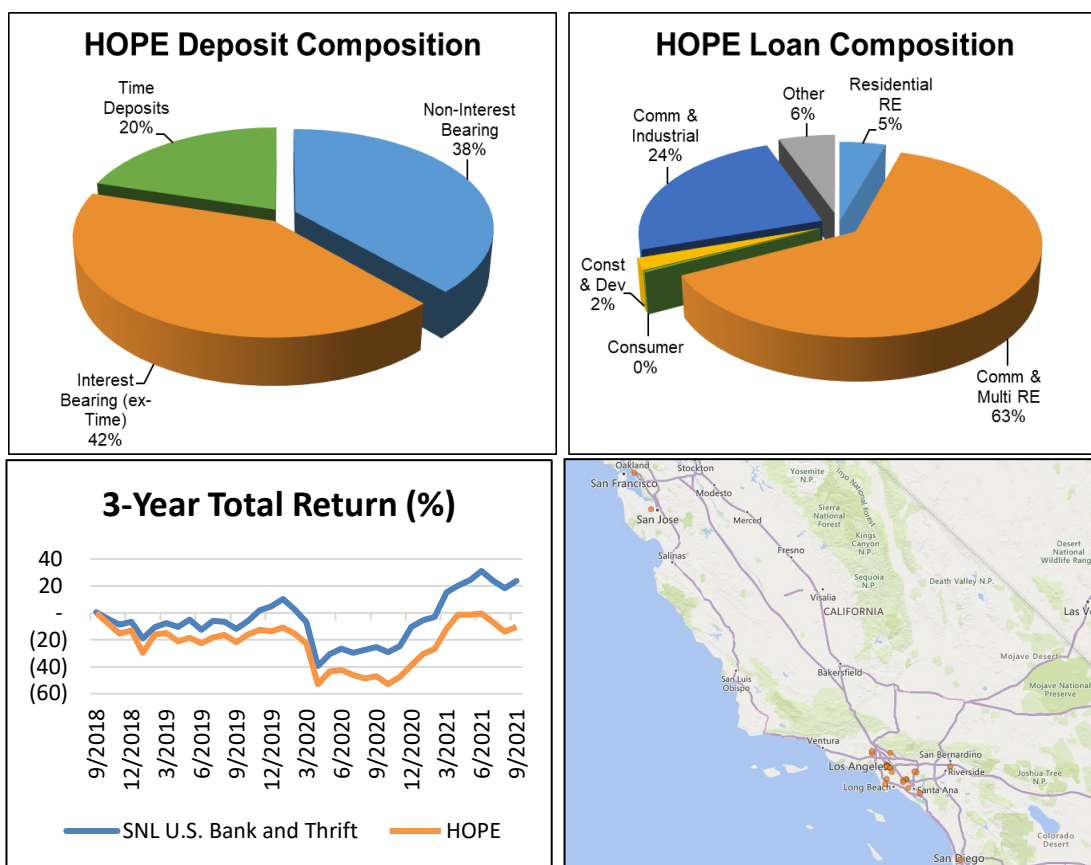
Source: S&P Global Market Intelligence. Branch map excludes branch locations outside of CA.

Contact PNC
FIG Advisory:

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Hope Bancorp, Inc. (NASDAQ: HOPE). Headquartered in Los Angeles, Hope Bancorp is the holding company of Bank of Hope, a super-regional, Korean-American bank that serves a multi-ethnic population across the United States. Hope operates 53 full-service branches in California, Washington, Texas, Illinois, New York, New Jersey, Virginia, and Alabama. Hope also operates SBA offices in several locations across the U.S. The company specializes in core business banking products for small and medium-sized businesses, with an emphasis in commercial real estate and commercial business lending, SBA lending, and international trade financing. Noninterest-bearing deposits represent about 38% of total deposits.

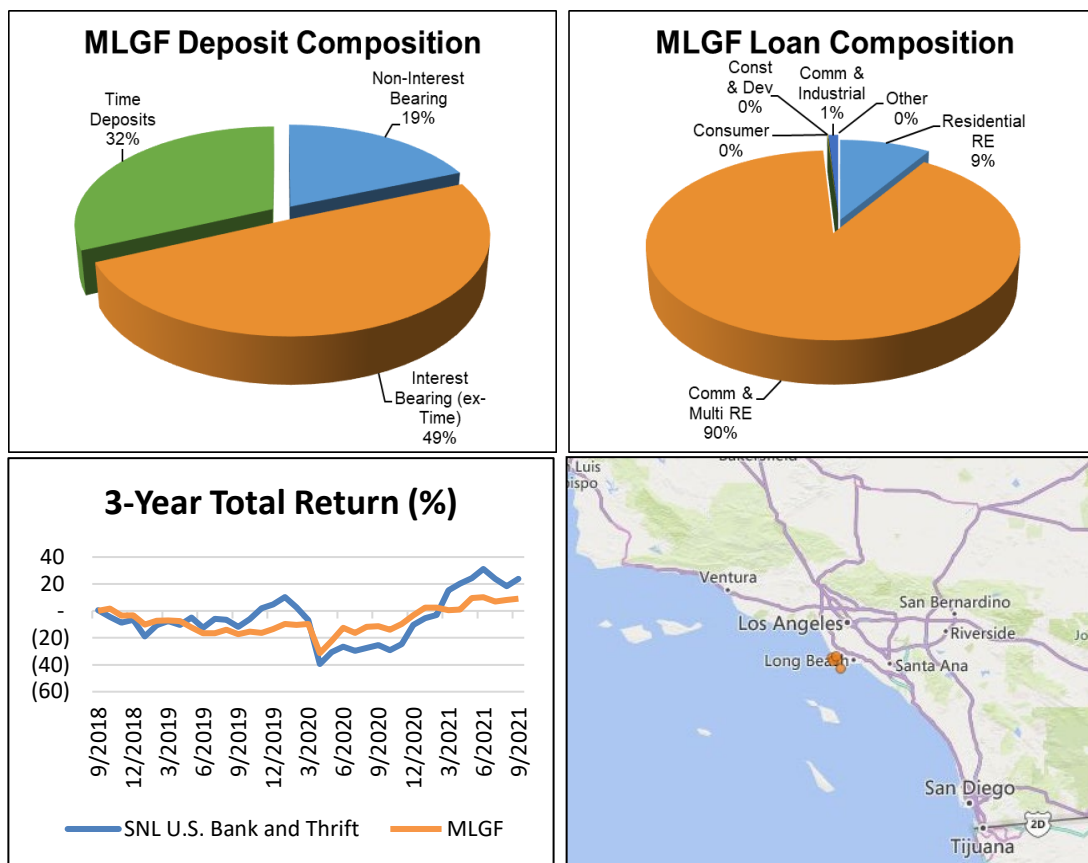
Hope uses the CECL loss model regarding the loan loss allowance; and as of June 30, 2021, the loan loss reserve was \$189.5 million, or 1.41% of total loans, compared with \$161.8 million, or 1.26%, as of June 30, 2020. As of June 30, 2021, the loan-to-deposit ratio was 91%, loans were 77% of total assets, and tangible common equity was 9.5% of total tangible assets. As of the same date, total assets, deposits, and shareholders' equity were \$17.5 billion, \$14.7 billion, and \$2.1 billion, respectively.



Source: S&P Global Market Intelligence. Branch map excludes branch locations outside of CA.

Malaga Financial Corporation (OTCPK: MLGF). Malaga Bank, a subsidiary of Malaga Financial Corporation, is a full-service community bank with assets of nearly \$1.5 billion, headquartered on the Palos Verdes Peninsula with six offices located in the South Bay area of Los Angeles. Since 1985, Malaga has been delivering competitive banking services to residents and businesses of the South Bay, including real estate loan products custom-tailored to consumers and investors. Malaga typically originates loans for portfolio, and not for sale. The company paid cash dividends of \$1.00 per share in fiscal 2020 in addition to the 4th consecutive year-end 5% common stock dividend.

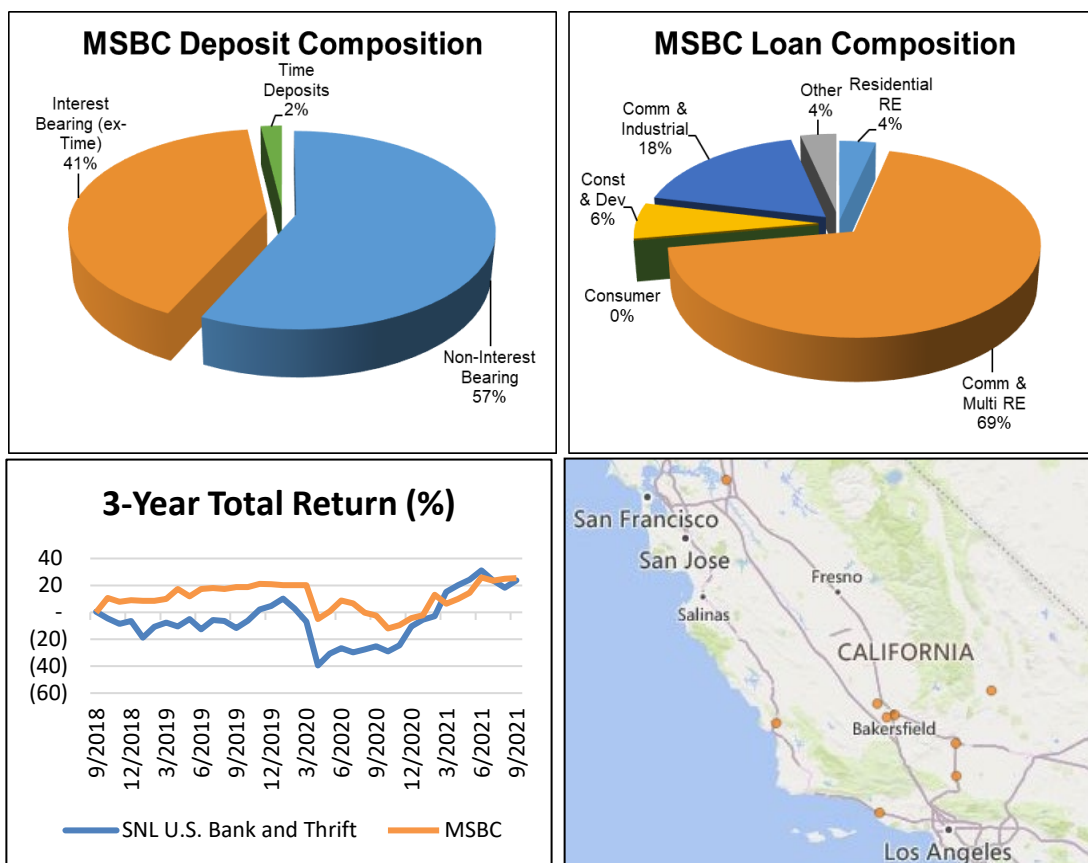
Malaga uses the incurred loss model regarding the loan loss allowance; and as of June 30, 2021, the loan loss reserve was \$3.7 million, or 0.30% of total loans, compared with \$3.6 million, or 0.31%, as of June 30, 2020. As of June 30, 2021, the loan-to-deposit ratio was 132%, loans were 89% of total assets, and tangible common equity was 11.7% of total tangible assets. As of the same date, total assets, deposits, and shareholders' equity were \$1.4 billion, \$938.5 million, and \$162.6 million, respectively.



Source: S&P Global Market Intelligence

Mission Bancorp (OTCPK: MSBC). Headquartered in Bakersfield, Mission Bancorp is the holding company for Mission Bank, which opened in 1998. The company has nine locations in four counties. Mission attracts commercial and retail customers through hard work, diligent focus, and exceptional customer service. The June 2021 quarter represented the 89th consecutive quarter of profitability for Mission. Loan growth over that quarter was 21% (annualized and excluding PPP loans). Raising capital through subordinated debt is a part of Mission's on-going growth strategy. On April 7, 2021, Mission completed the issuance of \$12.0 million in 10-year fixed-to-floating rate subordinated notes. In May 2020, Mission priced a \$10.0 million sub debt offering that qualifies as Tier 2 capital at the holding company and was issued as a 10-year fixed to float structuring maturing in May 2030 with a five-year call option. PNC FIG Advisory, part of PNC Capital Markets LLC, acted as sole placement agent.

Mission uses the incurred loss model regarding the loan loss allowance; and as of June 30, 2021, the loan loss reserve was \$11.4 million, or 1.27% of total loans, compared with \$8.9 million, or 1.11%, as of June 30, 2020. As of June 3, 2021, the loan-to-deposit ratio was 70%, loans were 62% of total assets, and tangible common equity was 7.7% of total tangible assets. As of the same date, total assets, deposits, and shareholders' equity were \$1.4 billion, \$1.3 billion, and \$110.5 million, respectively.



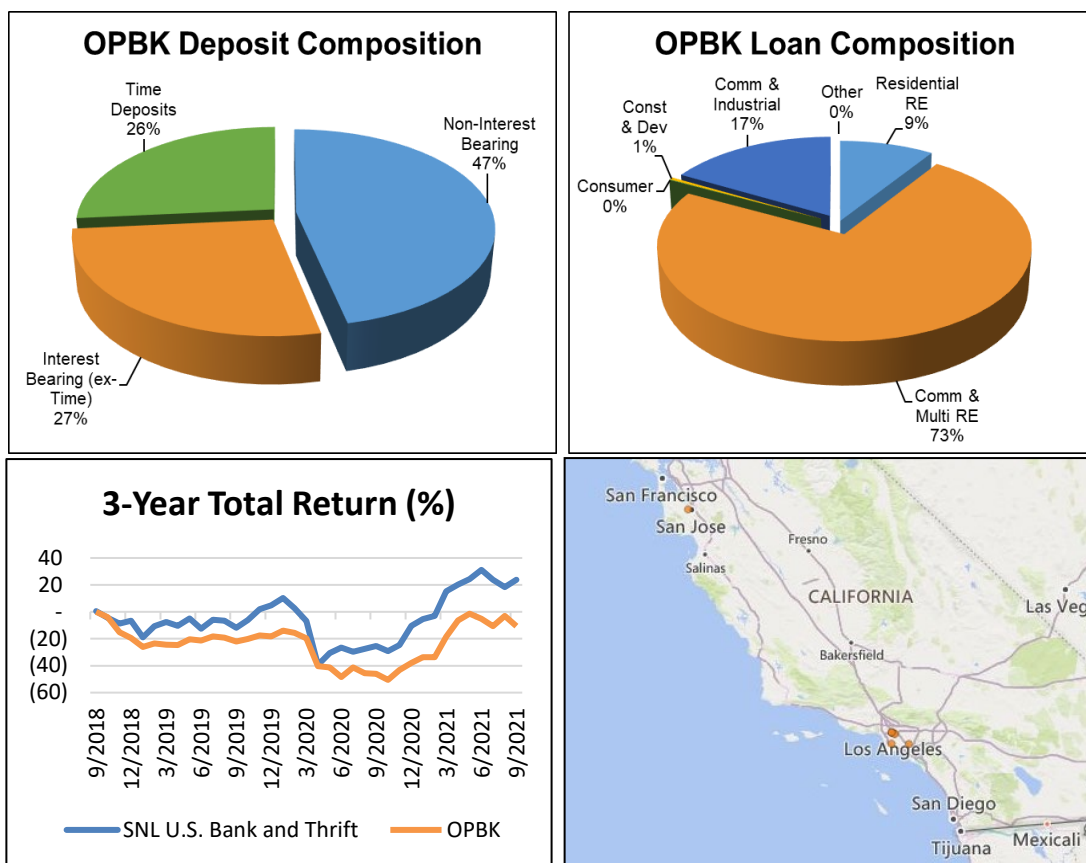
Source: S&P Global Market Intelligence

Contact PNC
FIG Advisory:

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OP Bancorp (NASDAQ: OPBK). OP Bancorp is the holding company for Open Bank, which offers commercial banking services to small and medium-sized businesses, their owners, and retail customers with a focus on the Korean-American and other ethnic communities. The bank commenced its operations in 2005 as First Standard Bank and changed its name to Open Bank in 2010. OP Bancorp completed its initial public offering (“IPO”) in 2018, and raised approximately \$22.3 million in common equity. There are nine full-service branches located in the greater metropolitan area of Los Angeles, Orange County, and Santa Clara County, and four loan production offices in the Korean-American communities in Atlanta, Georgia, Aurora, Colorado, Dallas, Texas, and Lynnwood and Seattle, Washington. The bank’s lending activities are diversified and include commercial real estate, commercial and industrial, SBA, home mortgage, and consumer loans. On May 24, 2021, the company completed an asset purchase of loan portfolio from Hana Small Business Lending, Inc. The company paid Hana approximately \$97.6 million that included loans of \$100.0 million at a fair value discount of \$8.9 million, servicing assets of \$6.1 million, and accrued interest receivable of \$398,000.

OP Bancorp uses the incurred loss model regarding the loan loss allowance; and as of June 30, 2021, the loan loss reserve was \$14.7 million, or 1.12% of total loans, compared with \$12.8 million, or 1.21%, as of June 30, 2020. As of June 30, 2021, the loan-to-deposit ratio was 87%, loans were 78% of total assets, and tangible common equity was 9.5% of total tangible assets. As of the same date, total assets, deposits, and shareholders’ equity were \$1.6 billion, \$1.4 billion, and \$152.0 million, respectively.



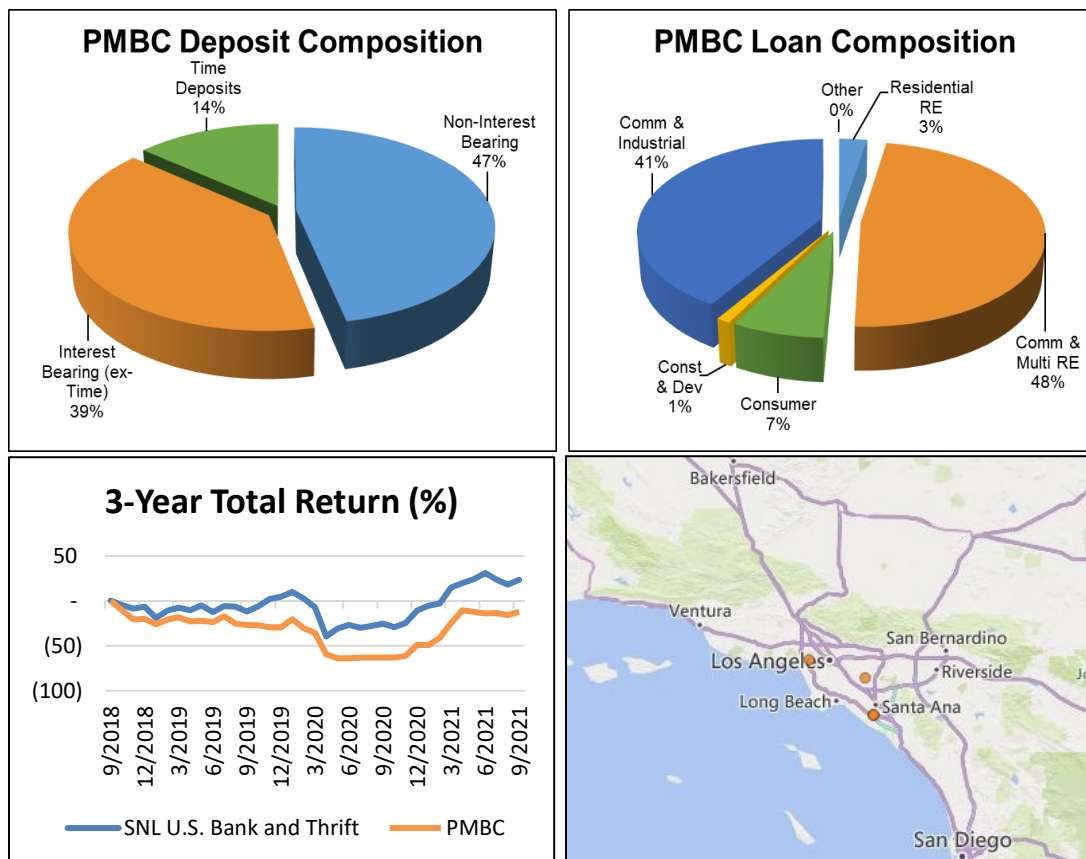
Source: S&P Global Market Intelligence

Contact PNC
FIG Advisory:

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Pacific Mercantile Bancorp (NASDAQ: PMBC). Pacific Mercantile is headquartered in Costa Mesa (approximately 40 miles south of Los Angeles) and is focused on serving small and middle-market businesses through seven locations in Southern California. The bank was founded in 1999. The bank's commercial lending solutions include working capital lines of credit and asset-based lending, Small Business Administration ("SBA") loans, commercial real estate loans, growth capital loans, equipment financing, letters of credit and corporate credit cards. Depository and corporate banking services include cash and treasury management solutions, interest-bearing term deposit accounts, checking accounts, automated clearinghouse ("ACH") payment and wire solutions, fraud protection, remote deposit capture, courier services, and online banking. On March 22, 2021, Pacific Mercantile agreed to be acquired by Santa Ana-based, Banc of California. At the time of announcement, the pending all-stock deal was valued at approximately \$248 million, which equated to 153% of tangible book value and 29.2 times trailing 12-month earnings. The core deposit premium was 6.7%.

Pacific Mercantile uses the incurred loss model regarding the loan loss allowance; and as of June 30, 2021, the loan loss reserve was \$17.3 million, or 1.55% of total loans, compared with \$18.2 million, or 1.33%, as of June 30, 2020. As of June 30, 2021, the loan-to-deposit ratio was 83%, loans were 71% of total assets, and tangible common equity was 10.8% of total tangible assets. As of the same date, total assets, deposits, and shareholders' equity were \$1.5 billion, \$1.3 billion, and \$166.4 million, respectively.



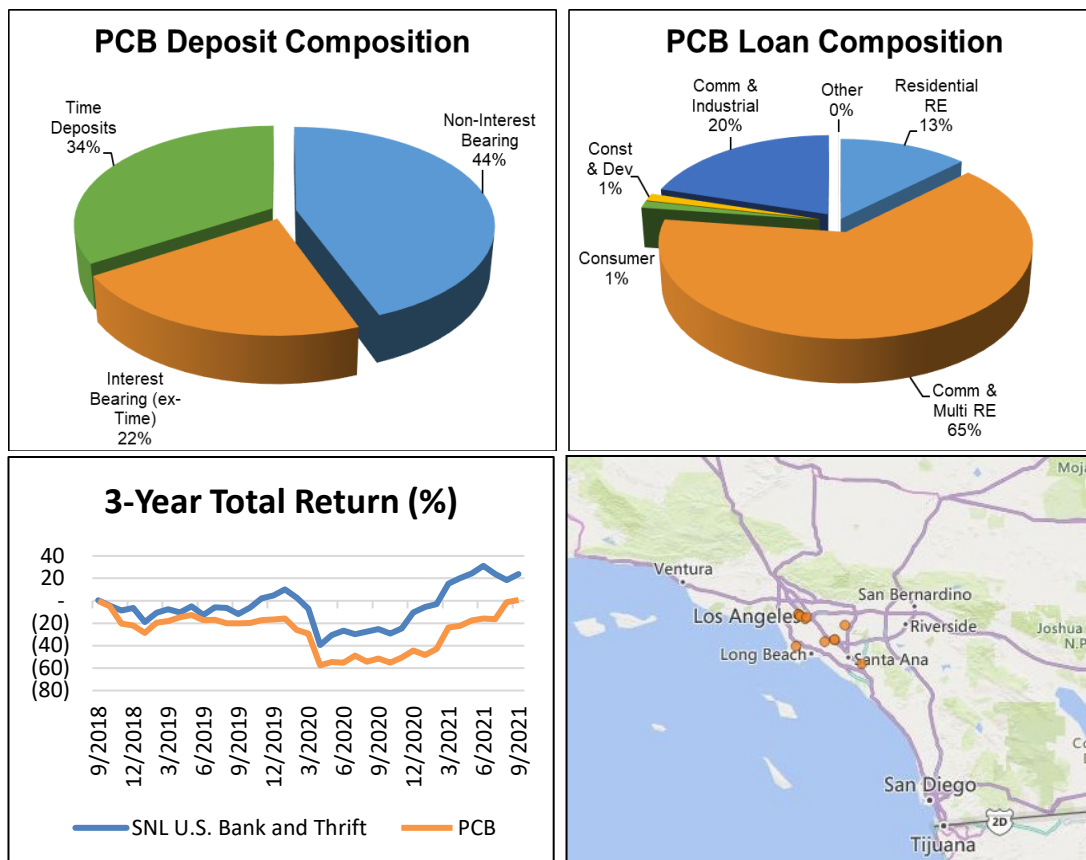
Source: S&P Global Market Intelligence

Contact PNC
FIG Advisory:

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PCB Bancorp (NASDAQ: PCB). Formerly known as Pacific City Financial Corp., the company changed its name to PCB Bancorp, effective July 1, 2019. Headquartered in Los Angeles, PCB operates 13 full-services branches in Los Angeles and Orange counties, one full-service branch in both Fort Lee, New Jersey, and Bayside, New York. There are also nine loan production offices located in California and six other states. The company offers a full suite of commercial banking services to small to medium-sized businesses, individuals, and professionals primarily in Southern California, and predominantly in Korean-American and other minority communities. In 2018, the company issued and sold common stock in an underwritten initial public offering (IPO) for net proceeds of approximately \$45 million.

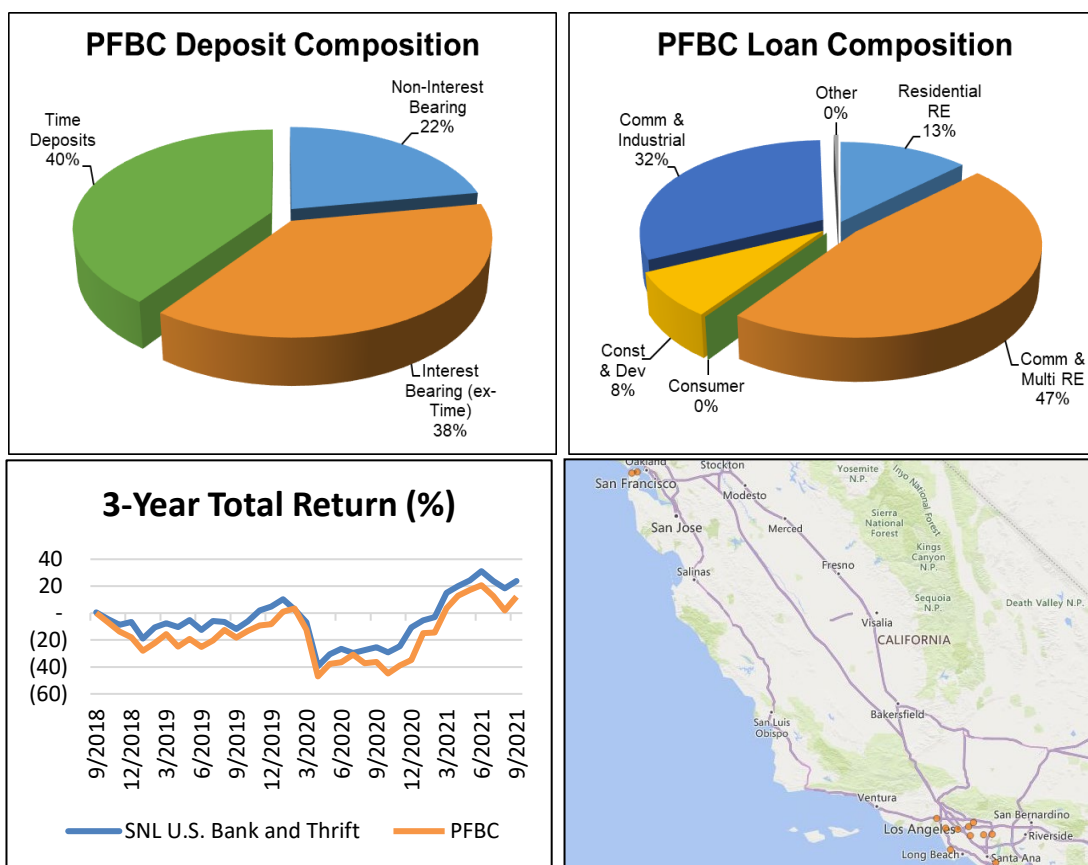
PCB uses the incurred loss model regarding the loan loss allowance; and as of June 30, 2021, the loan loss reserve was \$24.9 million, or 1.44% of total loans, compared with \$20.2 million, or 1.30%, as of June 30, 2020. As of June 30, 2021, the loan-to-deposit ratio was 96%, loans were 83% of total assets, and tangible common equity was 11.6% of total tangible assets. As of the same date, total assets, deposits, and shareholders' equity were \$2.1 billion, \$1.8 billion, and \$238.9 million, respectively.



Source: S&P Global Market Intelligence. Branch map excludes branch locations outside of CA.

Preferred Bank (NASDAQ: PFBC). Based in Los Angeles, Preferred Bank is one of the larger independent commercial banks headquartered in the Golden State. The bank conducts its banking business from its main office in Los Angeles and through 11 full-service branches in California and one in Flushing, New York. Originally founded as a Chinese-American Bank, Preferred Bank now derives most of its customers from the diversified mainstream market, but does continue to benefit from the significant migration to California of ethnic Chinese from China and other areas of East Asia.

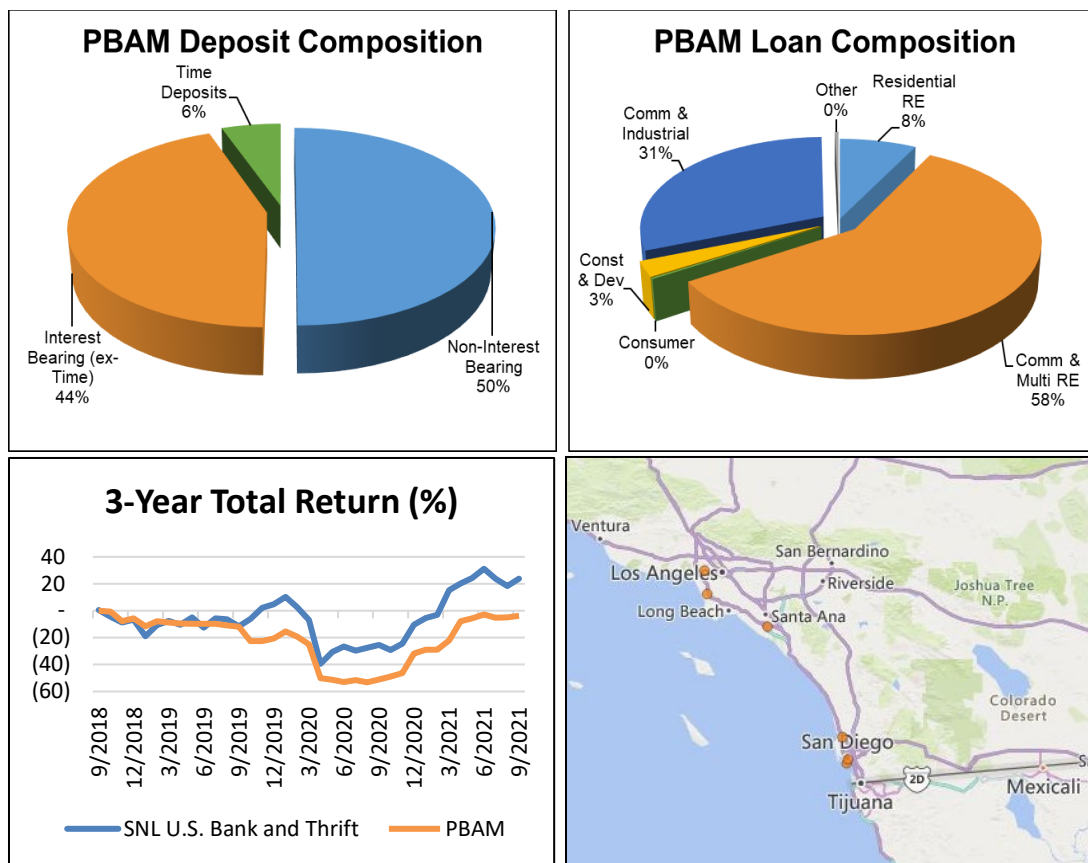
Preferred Bank uses the CECL loss model regarding the loan loss allowance; and as of June 30, 2021, the loan loss reserve was \$63.6 million, or 1.49% of total loans, compared with \$55.8 million, or 1.41%, as of June 30, 2020. As of June 30, 2021, the loan-to-deposit ratio was 89%, loans were 77% of total assets, and tangible common equity was 10.0% of total tangible assets. As of the same date, total assets, deposits, and shareholders' equity were \$5.6 billion, \$4.8 billion, and \$559.0 million, respectively.



Source: S&P Global Market Intelligence

Private Bancorp of America (OTCQX: PBAM). Based in La Jolla, Private Bancorp is the holding company for CalPrivate Bank. The bank provides products and services to high net worth individuals, professionals, locally owned businesses, and real estate entrepreneurs. There are six full-service branches located in SoCal, and the bank offers various portfolio and government guaranteed lending programs, included SBA and cross-border Export-Import programs. In 2019, the company completed an \$18 million subordinated debt offering and raised \$10 million in a private placement equity offering. On August 25, 2021, the company announced that Mag Wangsuwana was appointed as Executive Vice President and Chief Financial Officer. Mr. Wangsuwana was previously the CFO of First Choice Bank.

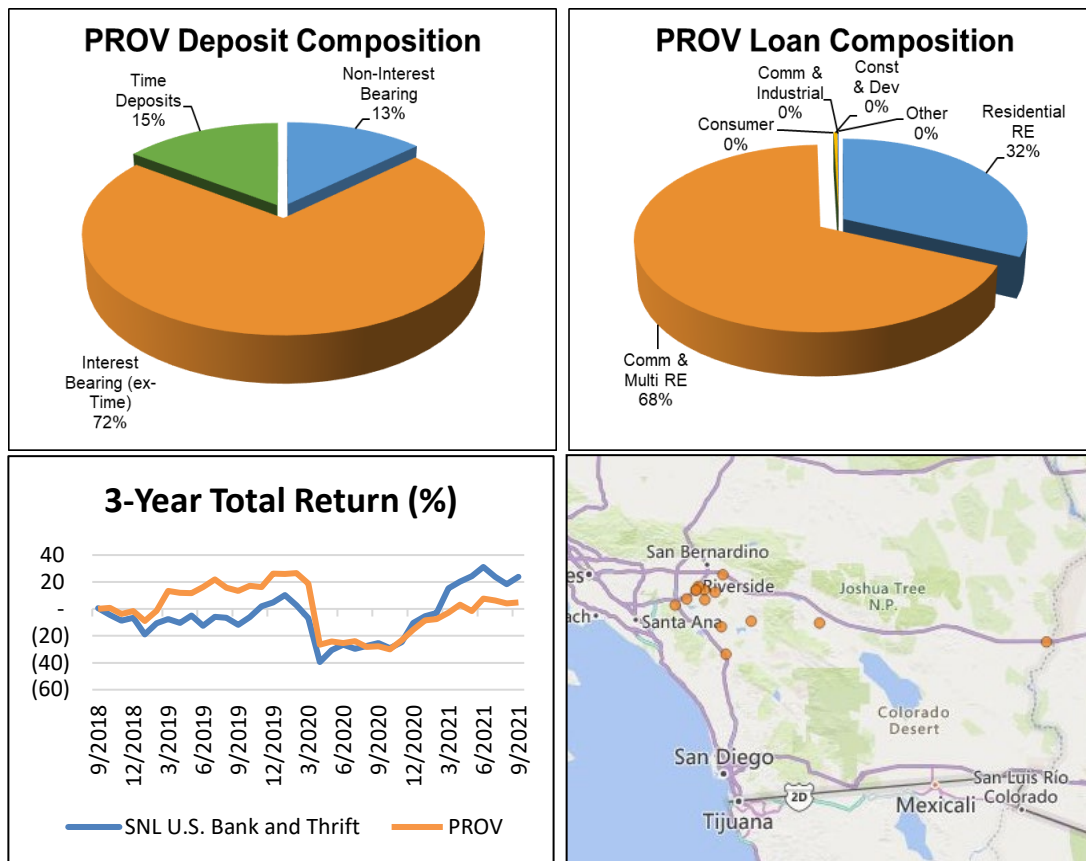
Private Bancorp of America uses the CECL loss model regarding the loan loss allowance; and as of June 30, 2021, the loan loss reserve was \$15.7 million, or 1.33% of total loans, compared with \$11.1 million, or 1.08%, as of June 30, 2020. As of June 30, 2021, the loan-to-deposit ratio was 97%, loans were 84% of total assets, and tangible common equity was 8.1% of total tangible assets. As of the same date, total assets, deposits, and shareholders' equity were \$1.4 billion, \$1.2 billion, and \$116.3 million, respectively.



Source: S&P Global Market Intelligence

Provident Financial Holdings, Inc. (NASDAQ: PROV). Established in 1956, Provident is headquartered in Riverside. The company operates 13 retail/business banking offices in Riverside County and San Bernardino County (Inland Empire). Provident is the largest independent community bank headquartered in Riverside County and has the 10th largest deposit market share in Riverside County, which is the fourth most populous county in California. Provident's business primarily consists of accepting deposits from local customers and investing those funds in single-family, multi-family, and commercial real estate loans. The company's fiscal year ends June 30.

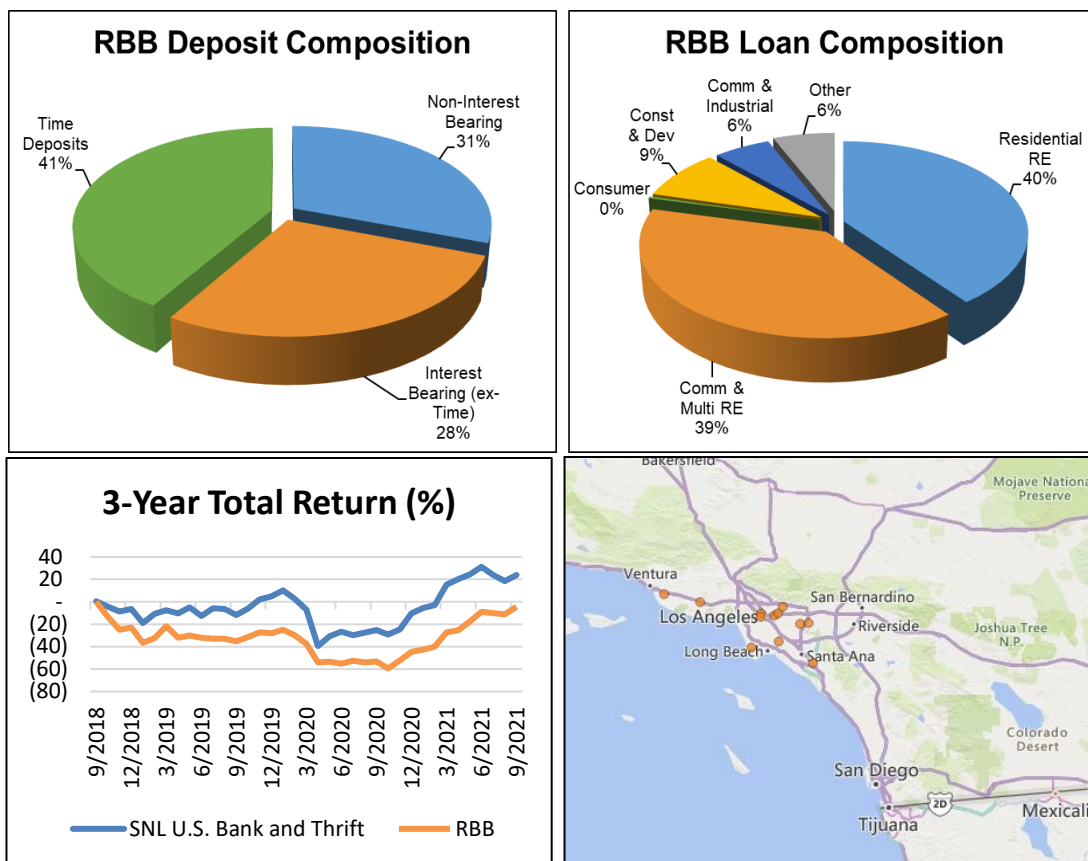
Provident uses the incurred loss model regarding the loan loss allowance; and as of June 30, 2021, the loan loss reserve was \$7.6 million, or 0.88% of total loans, compared with \$8.3 million, or 0.92%, as of June 30, 2020. As of June 30, 2021, the loan-to-deposit ratio was 92%, loans were 73% of total assets, and tangible common equity was 10.8% of total tangible assets. As of the same date, total assets, deposits, and shareholders' equity were \$1.2 billion, \$938.0 million, and \$127.3 million, respectively.



Source: S&P Global Market Intelligence

RBB Bancorp (NASDAQ: RBB). Headquartered in Los Angeles, RBB (Royal Business Bank) caters to first generation immigrants and concentrates on Chinese, Korean, and other Asian communities through 22 branch offices. The company is an experienced acquirer and has completed six acquisitions since 2010. On January 10, 2020, RBB completed the acquisition of Chicago, IL-based, PGB Holdings, Inc. in a cash transaction valued at approximately \$32.9 million. Principally serving the Chinese-American communities in Chicago, Pacific Global had three branches located in the Chinatown and Bridgeport neighborhoods, offering consumer and business banking and loan products and services. RBB acquired New York City-based, First American International Corp. in 2018, which added eight branches and positioned the company for growth on the East Coast. According to its recent investor presentation, the company continues to look for opportunities to expand beyond Southern California, Chicago, New York, and Las Vegas. Management believes its business model can work well in other markets that serve Asian-American communities, including Hawaii, Seattle, Philadelphia, San Francisco, and Houston.

RBB uses the incurred loss model regarding the loan loss allowance; and as of June 30, 2021, the loan loss reserve was \$31.4 million, or 1.15% of total loans, compared with \$22.8 million, or 0.87%, as of June 30, 2020. As of June 30, 2021, the loan-to-deposit ratio was 88%, loans were 69% of total assets, and tangible common equity was 9.6% of total tangible assets. As of the same date, total assets, deposits, and shareholders' equity were \$3.9 billion, \$3.1 billion, and \$442.3 million, respectively.



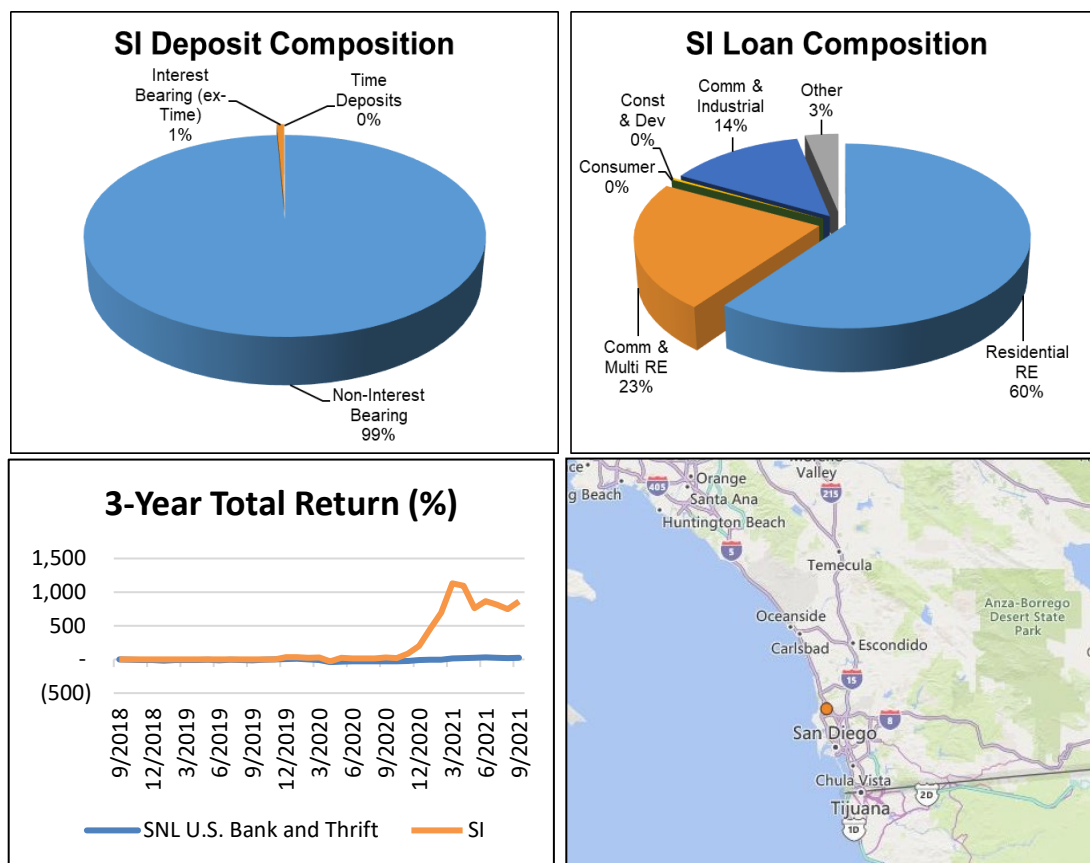
Source: S&P Global Market Intelligence. Branch map excludes branch locations outside of CA.

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Silvergate Capital Corporation (NYSE: SI). Headquartered in La Jolla, Silvergate Capital Corporation is a bank holding company for its wholly-owned subsidiary, Silvergate Bank. Silvergate Bank is a commercial bank that opened in 1988, and focuses its strategy on creating the banking platform for innovators, especially in the digital currency industry and developing product and service solutions that address the needs of entrepreneurs. The company's real-time payments platform, known as the Silvergate Exchange Network ("SENS"), is at the heart of its customer-centric suite of payments, lending, and funding solutions serving an expanding class of digital currency companies and investors around the world. The company completed its initial public offering ("IPO") in November 2019. In March 2021, the company issued common stock that resulted in net proceeds of \$295.1 million. On August 4, 2021, Silvergate raised \$200 million through the sale of 8.0 million depository shares, each representing 1/40th ownership in a share of 5.375% fixed rate, non-cumulative perpetual preferred stock.

As of June 30, 2021, the loan-to-deposit ratio was only 6.6%, loans were only 6.1% of total assets, and tangible common equity was 7.1% of total tangible assets. As of the same date, total assets, deposits, and shareholders' equity were \$12.3 billion, \$11.3 billion, and \$870.5 million, respectively. Much of Silvergate's asset run-up was fueled by deposit growth from its digital currency customers.



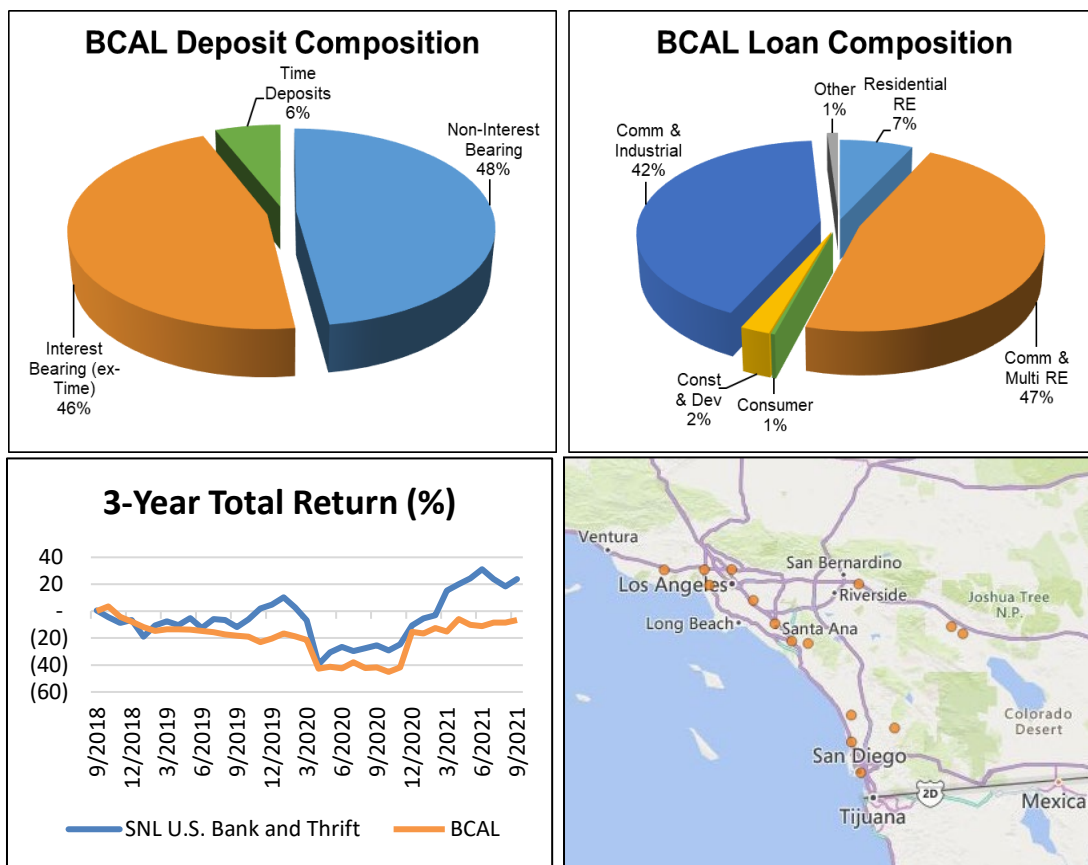
Source: S&P Global Market Intelligence

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Southern California Bancorp (OTCPK: BCAL). Established in 2001, Bank of Southern California, N.A., with headquarters in San Diego, is locally owned and managed, and offers a range of financial products to individuals, professionals, and small-to-medium sized businesses. The company's solution-driven, relationship-based approach to banking provides accessibility to decision makers and enhances value through strong partnerships with its clients. There are branches in San Diego, Los Angeles, Orange, San Bernardino, and Riverside counties. On April 27, 2021, the company agreed to acquire Santa Clarita-based, Bank of Santa Clarita (OTCPK: BSCA). The all-stock deal was valued at approximately \$52.5 million, which equated to 15.6 times trailing 12-month earnings and 125% of tangible book value. The core deposit premium was 5.2%. On May 29, 2020, the company completed its acquisition of Orange County-based, CalWest Bancorp. CalWest had total assets of approximately \$225 million. On June 29, 2021, David Rainer was appointed as President and Chief Executive Officer.

Southern California Bancorp uses the incurred loss model regarding the loan loss allowance; and as of June 30, 2021, the loan loss reserve ratio was \$10.3 million, or 0.80% of total loans, compared with \$8.3 million, or 0.61%, as of June 30, 2020. As of June 30, 2021, the loan-to-deposit ratio was 82%, loans were 72% of total assets, and tangible common equity was 8.7% of total tangible assets. As of the same date, total assets, deposits, and shareholders' equity were \$1.8 billion, \$1.6 billion, and \$173.6 million, respectively.



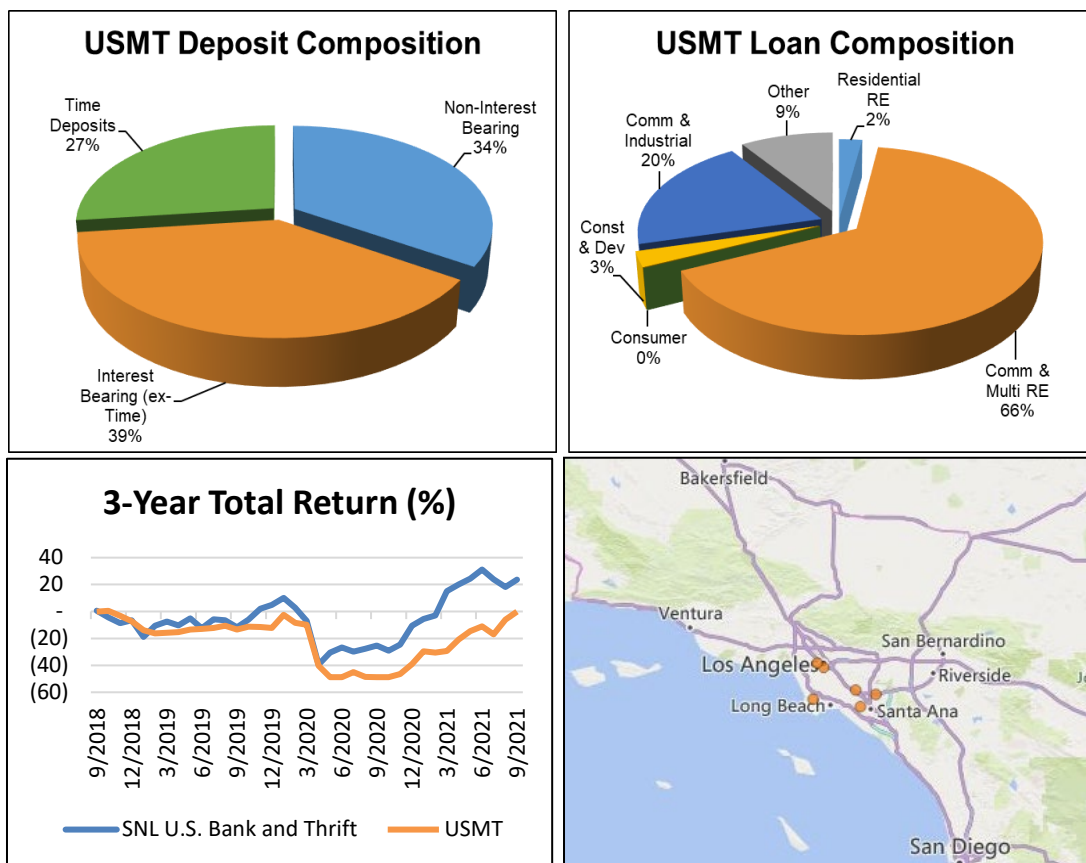
Source: S&P Global Market Intelligence

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US Metro Bancorp (OTCQX: USMT). Established in 2006, US Metro Bancorp is headquartered in Garden Grove (Orange County) and has six branch offices in California. Other than the company's branch in Anaheim, all of the locations are in Korean American communities. The company offers deposit and loan products (including commercial real estate, commercial and industrial, SBA loans) to its targeted client base of executives, professionals, and small to medium-sized businesses generally in SoCal.

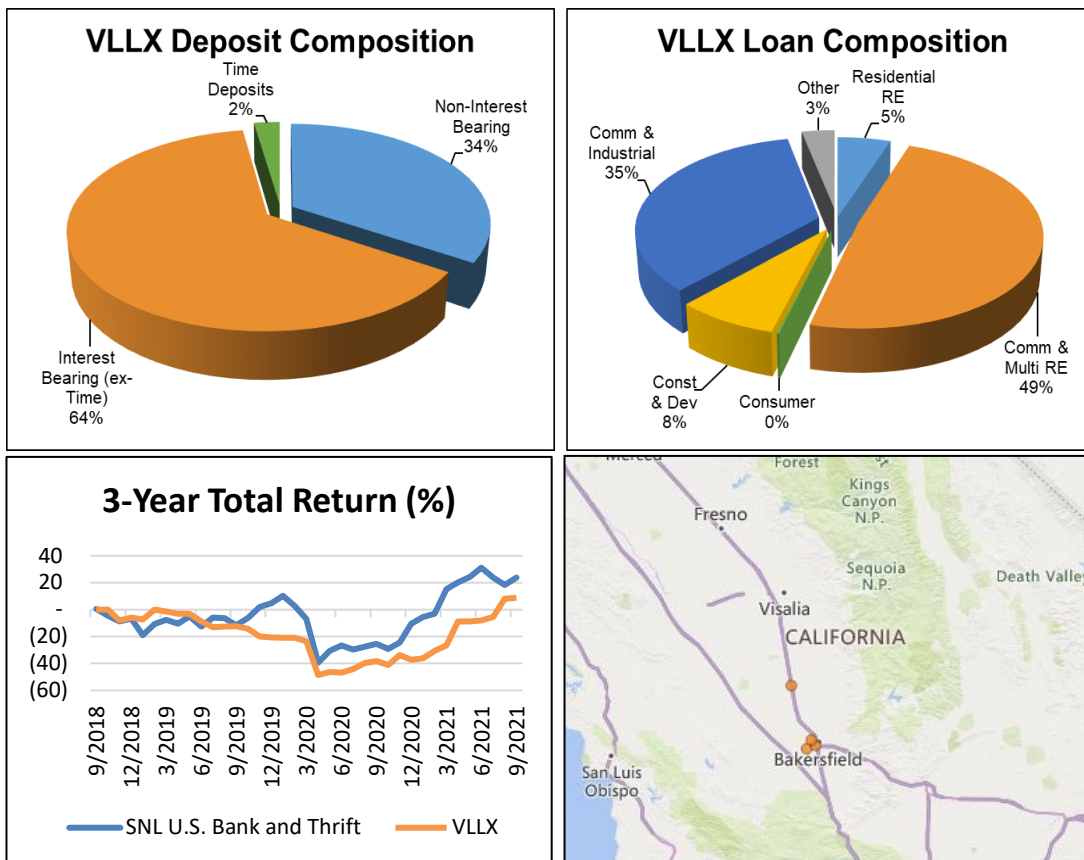
As of June 30, 2021, the loan loss reserve ratio was \$11.2 million, or 1.77% of total loans, compared with \$6.9 million, or 1.31%, as of June 30, 2020. As of June 30, 2021, the loan-to-deposit ratio was 82%, loans were 72% of total assets, and tangible common equity was 8.7% of total tangible assets. As of the same date, total assets, deposits, and shareholders' equity were \$871.3 million, \$769.5 million, and \$69.1 million, respectively.



Source: S&P Global Market Intelligence

Valley Republic Bancorp (OTCQX: VLLX). Headquartered in Bakersfield, Valley Republic operates four branches and has the fourth largest deposit market share (10.1%) in Kern County. The bank holding company was formed in 2016, and the bank was established in 2009. Valley is a full-service, community bank that emphasizes professional, high quality banking services to a wide range of businesses and professionals. On July 27, 2021, Valley agreed to be acquired by Chico-based, TriCo Bancshares (NASDAQ: TCBK) in an all-stock merger valued at approximately \$165 million.

Valley uses the incurred loss model regarding the loan loss allowance; and as of June 30, 2021, the loan loss reserve was \$11.1 million, or 1.23% of total loans, compared with \$9.4 million, or 1.10%, as of June 30, 2020. As of June 30, 2021, the loan-to-deposit ratio was 75%, loans were 67% of total assets, and tangible common equity was 7.6% of total tangible assets. As of the same date, total assets, deposits, and shareholders' equity were \$1.4 billion, \$1.2 billion, and \$103.1 million, respectively.



Source: S&P Global Market Intelligence

Investment Summary

Profitability

Second quarter, 2021 earnings for our highlighted group were generally solid and beat conservative forecasts. A challenge for most is to profitably invest excess liquidity. As banks seek to increase the yield on floating rate assets, there has been considerable interest in swaps that use a receive-fixed swap strategy. Depending on the specific institution and the amount of floating rate assets, this can improve yields on those loans (or bonds). Many banks are concerned about the “lower for longer” problem with the Fed still committed to near-zero rates for an extended period and believe that if and when the Fed does start to increase rates, deposit betas will be low (i.e. deposit rates will lag market rate increases).

The “receive-fixed swap” strategy allows banks to take advantage of the current low short-term rates, upward sloping yield curve, significant increase in longer-term rates, and the market’s rate expectations that exceed the Fed’s projected rate path. Banks can do this and continue to offer the same loan/swap products to price/structure loans competitively, maintain continuity with lending products, and generate loan-swap fees. Please contact your PNC representative for more information regarding the Derivatives Product Group.

Solid credit quality helped drive second quarter earnings. Many of our highlighted banks reported lower, or even negative, loan loss provisions citing stable asset quality and better economic forecasts, which included stronger employment levels and improved GDP growth. Under CECL, economic forecasts have outsized influence on the determination of loan loss reserves when compared with incurred loss method.

In addition to good credit quality, other positive second quarter attributes included solid capital levels, strong mortgage banking, and several stock buyback announcements and dividend affirmations/increases. Revenue growth, however, remains challenging, largely due to lackluster loan growth.

Figure 7

Institution	Ticker	ROAA (%)	ROAE (%)	ROATCE (%)	NIM (%)	Eff. Ratio (%)	Inv Sec/ Assets (%)	Avg Inv Sec Yld (%)	Loans/ Assets (%)	Loan/ Dep. (%)	Loan Yld (%)
American Business Bank	AMBZ	1.00	14.4	14.4	2.99	51	34	1.62	55	60	4.25
American Riviera Bank	ARBV	1.08	12.7	13.7	3.94	56	10	1.30	67	74	5.22
Banc of California, Inc.	BANC	0.91	8.2	8.4	3.26	62	17	2.14	74	96	4.30
Broadway Financial Corp.	BYFC	(0.57)	(4.9)	(6.2)	2.33	81	16	1.26	59	88	4.12
Cathay General Bancorp	CATY	1.46	11.5	13.6	3.23	43	5	1.39	81	95	4.13
CBB Bancorp, Inc.	CBBI	1.31	11.3	NA	3.74	49	6	2.13	76	82	4.81
Community West Bncshs	CWBC	1.19	13.5	13.7	4.23	58	3	2.76	83	100	5.14
CVB Financial Corp.	CVBF	1.48	10.5	16.5	3.03	39	26	1.55	52	64	4.46
CW Bancorp	CWBK	1.22	19.7	20.6	2.38	47	NA	NA	56	62	3.84
F&M Bank of Long Beach	FMBL	0.96	8.4	8.4	2.89	52	38	1.60	51	65	4.46
Hanmi Financial Corp.	HAFC	1.12	12.1	12.3	3.18	53	13	0.79	73	86	4.45
Hope Bancorp, Inc.	HOPE	0.92	7.6	10.0	3.11	53	13	NA	76	91	3.98
Malaga Financial Corp.	MLGF	1.45	12.2	NA	NA	30	NA	NA	89	132	NA
Mission Bancorp	MSBC	1.37	17.5	17.5	3.29	47	NA	NA	62	70	NA
OP Bancorp	OPBK	1.36	13.1	13.0	3.97	52	8	0.80	81	87	4.83
Pacific Mercantile Bncp	PMBC	1.00	10.1	NA	3.06	61	2	2.55	72	83	3.99
PCB Bancorp	PCB	1.39	11.8	11.8	3.82	46	7	1.41	83	96	4.63
Preferred Bank	PFBC	1.55	15.3	15.3	3.24	33	6	3.07	76	89	4.65

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Private Bncp of America	PBAM	1.21	14.6	NA	4.02	56	7	1.59	85	97	5.21
Provident Fin'l Holdings	PROV	0.64	6.1	6.1	2.52	85	20	0.96	72	92	3.61
RBB Bancorp	RBB	1.32	10.6	13.2	3.32	42	10	0.97	69	88	5.15
Silvergate Capital Corp.	SI	0.84	10.5	10.5	1.15	50	51	1.35	12	7	4.46
Southern California Bncp	BCAL	0.25	2.7	NA	3.71	64	2	NA	72	82	4.61
US Metro Bancorp, Inc.	USMT	1.16	14.3	NA	NA	NA	NA	NA	72	82	NA
Valley Republic Bncp	VLLX	1.17	15.8	15.8	3.19	41	NA	1.85	66	75	4.38
Median		1.17	11.8	13.2	3.23	51	10	1.55	72	86	4.46

Financial data as of or for the 12 months ending June 30, 2021.

Source: S&P Global Market Intelligence

Lending Activities

As is the case with most community banks and thrifts, SoCal banks depend on interest income from loans for revenue growth. Net interest income represents 80-85% of total revenue for the highlighted banks in this report. These community banks have generally benefited from solid loan demand, a local presence and focus on niche business/ethnic community relationships.

Figure 8

Institution	Ticker	Residential Real Estate (%)	Commercial & Multifamily Real Estate (%)	Consumer (%)	Const. & Dev. (%)	Comm. & Industrial (%)	Other (%)
American Business Bank	AMBZ	4	58	1	2	35	0
American Riviera Bank	ARBV	16	61	0	3	21	0
Banc of California, Inc.	BANC	22	43	0	3	10	22
Broadway Financial Corp.	BYFC	13	87	0	0	0	0
Cathay General Bancorp	CATY	36	42	0	5	17	1
CBB Bancorp, Inc.	CBBI	2	78	0	3	16	0
Community West Bncshs	CWBC	4	50	32	2	11	0
CVB Financial Corp.	CVBF	5	73	0	1	15	5
CW Bancorp	CWBK	NA	NA	NA	NA	NA	NA
F&M Bank of Long Beach	FMBL	12	62	2	10	6	9
Hanmi Financial Corp.	HAFC	8	69	0	1	21	1
Hope Bancorp, Inc.	HOPE	5	63	0	2	24	6
Malaga Financial Corp.	MLGF	9	90	0	0	1	0
Mission Bancorp	MSBC	4	69	0	6	18	4
OP Bancorp	OPBK	9	73	0	0	17	0
Pacific Mercantile Bncp	PMBC	3	48	7	1	41	0
PCB Bancorp	PCB	13	64	1	1	20	0
Preferred Bank	PFBC	13	47	0	8	32	0
Private Bncp of America	PBAM	8	58	0	3	31	0
Provident Fin'l Holdings	PROV	32	68	0	0	0	0
RBB Bancorp	RBB	40	39	0	9	6	6
Silvergate Capital Corp.	SI	60	22	0	0	14	3
Southern California Bncp	BCAL	7	47	0	2	42	1
US Metro Bancorp, Inc.	USMT	2	66	0	3	20	9
Valley Republic Bncp	VLLX	5	49	0	8	35	3
Median		8	61	0	2	18	1

Financial data as of or for the 3 months ending June 30, 2021.

Source: S&P Global Market Intelligence.

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Asset Quality and Loan Growth

Asset quality generally remained very good although borrowers could be stressed should the economy falter or interest rates rise significantly.

Figure 9

Institution	Ticker	Reported NPAs (\$000s)	NPAs/ Assets (%)	NPAs/ Loans & REO (%)	NCOs/ Avg Loans (%)	Loan Loss Prov./ NCO (%)	Loan Loss Reserves/ Total Loans (%)	LTM Loan Growth (%)
American Business Bank	AMBZ	268	0.01	0.01	-0.07	NM	1.14	-3.63
American Riviera Bank	ARBV	3,413	0.30	0.44	-0.28	NM	1.21	6.24
Banc of California, Inc.	BANC	54,552	0.68	0.91	0.06	NM	1.27	6.04
Broadway Financial Corp.	BYFC	735	0.07	0.12	0.00	NM	0.53	-14.95
Cathay General Bancorp	CATY	74,166	0.38	0.47	0.18	-91	0.84	0.30
CBB Bancorp, Inc.	CBBI	1,339	0.08	0.11	-0.01	NM	1.21	18.56
Community West Bncshs	CWBC	NA	NA	NA	-0.02	NM	1.15	4.35
CVB Financial Corp.	CVBF	8,471	0.05	0.10	0.02	NM	0.86	-3.94
CW Bancorp	CWBK	0	0.00	0.00	0.11	0	1.41	NA
F&M Bank of Long Beach	FMBL	NA	NA	NA	0.00	NM	1.36	4.74
Hanmi Financial Corp.	HAFC	52,731	0.80	1.09	0.08	NM	1.72	0.26
Hope Bancorp, Inc.	HOPE	183,746	1.05	1.37	0.35	-61	1.41	4.62
Malaga Financial Corp.	MLGF	NA	NA	NA	NA	NA	0.30	4.12
Mission Bancorp	MSBC	NA	NA	NA	0.00	NM	1.27	11.04
OP Bancorp	OPBK	757	0.05	0.06	0.01	NM	1.12	24.89
Pacific Mercantile Bncp	PMBC	24,041	1.57	2.16	-0.05	NM	1.55	-18.67
PCB Bancorp	PCB	1,446	0.07	0.08	-0.07	NM	1.44	11.12
Preferred Bank	PFBC	21,899	0.39	0.51	0.12	0	1.49	7.91
Private Bncp of America	PBAM	NA	NA	NA	0.00	NM	1.33	15.37
Provident Fin'l Holdings	PROV	8,646	0.73	1.01	0.00	NM	0.88	-5.76
RBB Bancorp	RBB	19,536	0.50	0.72	0.01	NM	1.15	6.05
Silvergate Capital Corp.	SI	7,508	0.06	1.00	0.00	NA	0.46	33.28
Southern California Bncp	BCAL	700	0.04	0.05	-0.01	NM	0.80	-4.71
US Metro Bancorp, Inc.	USMT	NA	NA	NA	NA	NA	1.76	20.23
Valley Republic Bncp	VLLX	NA	NA	NA	0.00	NM	1.23	5.41
Median		7,990	0.19	0.46	0.00	-30	1.21	5.08

Financial data as of or for the 12 months ending June 30, 2021.

Source: S&P Global Market Intelligence.

Deposits:

We believe the crown jewels of a company's franchise value rests in its core deposit base. As shown in the figure below, the median core deposit ratio for the highlighted banks was 85%, and non-interest bearing deposits were 41% of total deposits. We define core deposits as all deposits excluding certificates of deposit.

Figure 10

Institution	Ticker	Non-Interest Bearing Deposits (\$000s)		Interest Bearing (ex-Time) Deposits (\$000s)		Time Deposits (\$000s)		Total Deposits (\$000s)
American Business Bank	AMBZ	1,830,832	53%	1,569,329	46%	34,543	1%	3,434,704
American Riviera Bank	ARBV	428,577	41%	589,110	56%	33,786	3%	1,051,473
Banc of California, Inc.	BANC	1,808,918	29%	3,811,030	61%	586,596	9%	6,206,544
Broadway Financial Corp.	BYFC	47,269	15%	139,645	44%	128,716	41%	315,630
Cathay General Bancorp	CATY	3,664,931	22%	7,040,935	43%	5,831,647	35%	16,537,513
CBB Bancorp, Inc.	CBBI	572,284	42%	332,721	24%	473,676	34%	1,378,681
Community West Bncshs	CWBC	202,293	23%	469,349	54%	192,936	22%	864,578
CVB Financial Corp.	CVBF	8,065,400	64%	4,238,136	33%	365,521	3%	12,669,057
CW Bancorp	CWBK	633,277	61%	318,296	30%	92,684	9%	1,044,257
F&M Bank of Long Beach	FMBL	3,263,345	39%	4,309,196	51%	799,430	10%	8,371,971
Hanmi Financial Corp.	HAFC	2,354,671	42%	2,159,035	38%	1,116,124	20%	5,629,830
Hope Bancorp, Inc.	HOPE	5,638,115	38%	6,095,348	41%	2,992,767	20%	14,726,230
Malaga Financial Corp.	MLGF	160,568	19%	422,906	50%	270,434	32%	853,908
Mission Bancorp	MSBC	734,294	57%	529,510	41%	25,955	2%	1,289,759
OP Bancorp	OPBK	668,244	47%	386,612	27%	379,247	26%	1,434,103
Pacific Mercantile Bncp	PMBC	623,215	47%	528,100	40%	183,802	14%	1,335,117
PCB Bancorp	PCB	795,741	44%	391,975	22%	609,932	34%	1,797,648
Preferred Bank	PFBC	1,063,472	22%	1,807,228	38%	1,925,606	40%	4,796,306
Private Bncp of America	PBAM	603,914	50%	533,485	44%	68,045	6%	1,205,444
Provident Fin'l Holdings	PROV	123,179	13%	674,357	72%	140,437	15%	937,973
RBB Bancorp	RBB	940,041	31%	858,597	28%	1,271,287	41%	3,069,925
Silergate Capital Corp.	SI	11,290,638	99%	80,307	1%	611	0%	11,371,556
Southern California Bncp	BCAL	747,739	48%	716,241	46%	97,526	6%	1,561,506
US Metro Bancorp, Inc.	USMT	263,895	34%	298,205	39%	207,372	27%	769,472
Valley Republic Bncp	VLLX	412,145	34%	769,908	64%	29,690	2%	1,211,743
Median		734,294	41%	589,110	41%	207,372	15%	1,434,103

Financial data as of or for the 3 months ending June 30, 2021, or if not available, March 31, 2021.

Source: S&P Global Market Intelligence.

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