

decrease in deferred labor costs. The increase in professional fees was due to increases in legal and audit expense. The increase in other expense is primarily due to increases in marketing and business development expenses related to our emphasis on resuming in person marketing efforts. The increase in expenses compared to the same quarter in 2020 is due in increases in compensation and benefits, professional fees, and data processing.

Non-interest expense for the six months ending June 30, 2021 was \$16.9 million compared with \$17.4 million for the same period in 2020. The \$436 thousand decrease was due to lower compensation and benefits and occupancy costs partially offset by increased data processing expense. The decrease in compensation and benefits is partially due to lower salary expense, greater deferred labor cost and lower vacation expense.

Balance Sheet

At June 30, 2021, the Company reported total assets of \$1.4 billion representing an increase of \$23 million or 1.7% compared to the first quarter of 2021 and an increase of \$108.8 million or 8.5% compared to June 30, 2020. The increase in assets for the quarter was due to increases in loans and investment securities offset by a decrease in cash and due from banks. Loans increased \$82.6 million or 7.6% in the quarter due to a \$105.7 million increase in non-SBA PPP loans offset by a \$23.1 million decrease in SBA-PPP loans. Total deposits were \$1.2 billion representing an increase of \$41.8 million, or 3.6%, compared to the first quarter of 2021 and an increase of \$168.8 million, or 16.3%, compared to June 30, 2020. Total non-interest-bearing deposits represented 50% of total deposits at June 30, 2021 compared with 50% at March 31, 2021 and 44% at June 30, 2020. During the quarter, total FHLB advances decreased \$20 million due to contractual maturities and the decision to prepay longer-term FHLB advances with a prepayment cost of \$535 thousand.

Asset Quality and Loan Deferrals

The Allowance for Loan Losses increased \$1.2 million to \$15.7 million in the quarter with a resulting coverage ratio of 1.33% of total loans outstanding, including PPP loans, compared to \$14.6 million or 1.33% at the first quarter of 2021 and \$11.1 million or 1.08% at the second quarter of 2020. The increase in the Allowance for Loan Losses was primarily due to loan growth and qualitative factors related to the general economic outlook in the markets we serve. The coverage ratio at June 30, 2021, excluding the impact of PPP loans, decreased to 1.46% from 1.52% in the prior quarter.

As of June 30, 2021, there were no doubtful credits or charge offs, no past due loans and Classified assets totaled \$11 million. Classified assets included one real estate loan totaling \$1.5 million on non-accrual and the remaining \$9.5 million consisted of ten loans with three borrowers related to the impacts of COVID-19.

At June 30, 2021, two loans totaling \$1.9 million are on COVID-19 related deferrals. No new deferrals were granted during the quarter and of the loans on deferral one loan for \$1.1 million is real estate secured with an average LTV of 51% and the other loan for \$750 thousand is unsecured. The remaining loans that were granted payment deferrals have resumed their contractual payments.

“The record last twelve months EPS of \$2.81 reflects the resilience of CalPrivate Bank’s mix of revenue streams. Strong loan growth and SBA activities, fees on PPP loan forgiveness, and the strategic management of funding sources, including increased non-interest deposit balances, is a result of the Team’s commitment to our relationship business model based on distinctly superior client service and solutions

which continue differentiating the Bank in the markets we serve.”, said Selwyn Isakow Chairman of the Board of the Company and Bank.

Isakow added, “The Bank’s outstanding client base together with solid credit underwriting and loan portfolio processes and relationship managers, resulted in the decline of loans on deferrals and zero delinquent loans at the end of the quarter. The Bank remains financially strong and well-positioned for sustainable future growth within clearly defined risk management parameters.”

About Private Bancorp of America, Inc.

Private Bancorp of America, Inc. (OTCQX: PBAM), is the holding company for CalPrivate Bank. CalPrivate Bank provides a Distinctly Different banking experience through unparalleled service and creative funding solutions to high net worth individuals, professionals, locally owned businesses and real estate entrepreneurs. Customers are serviced through offices in Coronado, San Diego, La Jolla, Newport Beach, El Segundo and Beverly Hills as well as efficient electronic banking offerings. The Bank also offers various portfolio and government guaranteed lending programs, including SBA and cross-border Export-Import Bank programs. CalPrivate Bank is an SBA Preferred Lender and a Bauer Financial 5 star rated bank.

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Safe Harbor Paragraph

This press release includes forward-looking statements that involve inherent risks and uncertainties. Private Bancorp of America, Inc. cautions readers that a number of important factors could cause actual results to differ materially from those in the forward-looking statements. These factors include the effects of the COVID-19 pandemic and related government actions on the Bank and its customers, loan losses, economic conditions and competition in the geographic and business areas in which Private Bancorp of America, Inc. operates, our ability to successfully integrate and develop business through the addition of new personnel and facilities and merged banks, whether our efforts to expand loan, product and service offerings will prove profitable, the effects of the bank mergers and acquisitions in our markets, system failures and internet security, inflation, fluctuations in interest rates, legislation and governmental regulation. You should not place undue reliance on forward-looking statements and we undertake no obligation to update those statements whether as a result of changes in underlying factors, new information, future events or otherwise.