



FOR IMMEDIATE RELEASE

Private Bancorp of America, Inc. Announces Strong Net Income and Earnings Per Share for Second Quarter 2023

Second Quarter 2023 Highlights

- Net income for the second quarter of 2023 of \$15.5 million, up 73% from the prior quarter and 253% from the second quarter of 2022
- Net diluted earnings per share for the second quarter of 2023 of \$2.69, up 71% from the prior quarter and 249% from the second quarter of 2022
- Excluding the impact of the two loan recoveries and settlement of related legal fees described below, net income for the second quarter of 2023 was \$8.3 million or \$1.43 per diluted share (see non-GAAP reconciliation in the accompanying financial tables of this press release)
- Loans held-for-investment (“HFI”) totaled \$1.7 billion as of June 30, 2023, an increase of \$95 million or 5.8% from March 31, 2023 and \$129 million or 8.2% from December 31, 2022
- The provision for loan losses for the second quarter of 2023 was a net reversal of \$7.1 million, compared to a charge of \$73 thousand for the prior quarter and a charge of \$659 thousand for the second quarter of 2022. The net reversal in the second quarter of 2023 includes a recovery of \$7.7 million for the settlement of a lawsuit against ANI Development, LLC/Gina Champion-Cain and Chicago Title (parent company, Fidelity National Financial) related to a previously charged-off loan, as well as a recovery of \$902 thousand for a loan that was acquired as part of a merger in 2013
- Core deposits were \$1.5 billion as of June 30, 2023, an increase of \$81 million or 5.3% from March 31, 2023. The increase was comprised of \$18 million in noninterest-bearing deposits and \$63 million in interest-bearing deposits, which includes fully insured balances in the Intrafi ICS and CDARS deposit programs. Noninterest-bearing deposits represent 42.9% of core deposits
- Total deposits were \$1.7 billion as of June 30, 2023, an increase of \$115 million or 7.3% from March 31, 2023. Federal Home Loan Bank advances declined by \$126 million as a consequence of strong deposit growth
- Uninsured deposits, net of collateralized and fiduciary deposit accounts, represent 51% of total deposits as of June 30, 2023
- As of June 30, 2023, total available liquidity was \$1.5 billion or 174% of uninsured deposits, net of collateralized and fiduciary deposit accounts. Total available liquidity is comprised of \$225 million of on-balance sheet liquidity (cash and investment securities) and \$1.3 billion of unused borrowing capacity
- Net interest margin was 4.73% for the second quarter of 2023, as compared to 4.90% for the prior quarter and 4.61% for the second quarter of 2022
- Total cost of deposits was 1.59% for the second quarter of 2023, an increase from 1.23% for the prior quarter and 0.79% in the fourth quarter of 2022. The spot rate for deposits was 1.67% as of June 30, 2023, compared to 1.31% at March 31, 2023. Total cost of funding sources was 1.82% for

the second quarter of 2023, an increase from 1.39% in the prior quarter and 0.86% in the fourth quarter of 2022

- Tangible book value per share was \$28.82 as of June 30, 2023, an increase of \$2.52 since March 31, 2023 as a result of strong earnings, partially offset by the impact of adopting CECL. The overall impact of the two loan recoveries and settlement of related legal fees noted above was approximately \$1.26 per share. Tangible book value per share increased 27% year-over-year.

La Jolla, Calif. – April 21, 2023 (GLOBE NEWSWIRE) - Private Bancorp of America, Inc. (OTCQX:PBAM), (“Company”) and CalPrivate Bank (“Bank”) announced unaudited financial results for the second fiscal quarter ended June 30, 2023. The Company reported record net income of \$15.5 million, or \$2.69 per diluted share, for the second quarter of 2023 compared to \$4.4 million, or \$0.77 per diluted share, for the second quarter of 2022. The quarter ended June 30, 2023 included loan recoveries of \$8.6 million and a \$1.6 million benefit from legal fees waived or collected related to the settlement of the ANI loan lawsuit (see non-GAAP reconciliation in the accompanying financial tables of this press release).

Rick Sowers, President and CEO of the Company and the Bank stated, “We are very pleased with the results of the second quarter and our continued growth of the balance sheet and solid net interest margin. Our Team continues to deliver exceptional service and quality relationship building while being opportunistic in new Client and Team member acquisition. Our focus remains on maintaining credit quality through active portfolio management, managing our variable expenses and making investments that build long-term value for shareholders.”

Sowers added, “We benefited during the quarter from two loan recoveries, including reaching a settlement with the Receiver for ANI Investments Champion-Cain for our previously reported loan charge-off related to fraud in which the Company recovered \$7.7 million plus certain rights to future recoveries from a guarantor of the loan. This recovery amount represents 80% of the original principal charge-off and is net of the participant bank’s share. We are happy to have this behind us.”

“The Company continues to exhibit successful customer acquisition activity as shown by the growth in loans and deposits despite a rising rate environment. Additionally, the Company continues to invest in people and infrastructure, including strong risk management, needed to support the continued growth of the CalPrivate franchise,” said Selwyn Isakow, Chairman of the Board of the Company and the Bank.

STATEMENT OF INCOME

Net Interest Income

Net interest income for the second quarter of 2023 totaled \$22.7 million, an increase of \$540 thousand or 2.4% from the prior quarter and an increase of \$4.7 million or 26.3% from the second quarter of 2022. The increase from the prior quarter was driven primarily by an increase of \$2.8 million in interest income, which resulted from a 5.1% increase in average earning assets and 21 basis point increase in yield on earning assets. Partially offsetting this was an increase of \$2.3 million in interest expense, which resulted primarily from a 60 basis point increase in the cost of interest-bearing liabilities.

Net Interest Margin

The net interest margin for the second quarter of 2023 was 4.73% compared to 4.90% for the prior quarter and 4.61% in the second quarter of 2022. The 17 basis point decrease in net interest margin from the prior quarter was due primarily to higher rates paid on funding sources, partially offset by higher rates on new

loan originations and variable rate loans and investment securities. The yield on earning assets was 6.40% for the second quarter of 2023 compared with 6.19% for the prior quarter and the cost of interest-bearing liabilities was 2.90% for the second quarter of 2023 compared to 2.30% in the prior quarter. The cost of total deposits was 1.24% for the second quarter of 2023 compared to 0.86% in the prior quarter.

Provision for Loan Losses

The provision for loan losses for the second quarter of 2023 was a net reversal of \$7.1 million compared to a charge of \$73 thousand in the prior quarter. The net reversal in the second quarter of 2023 reflects recoveries of \$8.6 million partially offset by provision expense of \$1.5 million for loan growth. For more details, please refer to the “Asset Quality” section below.

Noninterest Income

Noninterest income was \$1.1 million for the second quarter of 2023, a decrease from \$1.5 million in the prior quarter and \$1.4 million in the second quarter of 2022. The change from the prior quarter as well as the second quarter of 2022 was primarily due to lower gain on sale of SBA 7a loans. SBA loan sales for the second quarter of 2023 were \$2.6 million with a 9.7% average trade premium resulting in a net gain on sale of \$171 thousand, compared with \$5.1 million with a 11.2% average trade premium resulting in a net gain on sale of \$474 thousand in the prior quarter. Management sees continued softness in the market for SBA 7a loans.

Noninterest Expense

Noninterest expense was \$8.8 million for the second quarter of 2023, a decrease from \$11.6 million in the prior quarter and \$12.6 million in the second quarter of 2022. The decrease from the prior quarter was primarily due to a \$1.6 million benefit in professional services (legal expense specifically) resulting from legal fees waived as well as legal costs reimbursed by the participant bank in relation to the settled lawsuit with ANI Development, LLC/Gina Champion-Cain and Chicago Title. In addition, compensation and benefits expense declined by \$841 thousand partially due to accrual adjustments for incentive and bonus compensation. Other expenses also declined by \$563 thousand primarily due to a \$629 thousand reversal of provision for the reserve for unfunded commitments. The efficiency ratio was 37.0% for the second quarter of 2023 compared to 48.9% in the prior quarter and 64.9% in the second quarter of 2022. The decrease in the efficiency ratio for the second quarter of 2023 was due primarily to the aforementioned expense variances.

The Company remains committed to making investments in the business, including technology, marketing, and staffing. Historically high inflation and low unemployment continue to have an impact on rising wages as well as increased costs related to third party service providers, which we proactively monitor and manage.

Provision for Income Tax Expense

Provision for income tax expense was \$6.6 million for the second quarter of 2023, compared to \$3.0 million for the prior quarter. The effective tax rate for the second quarter of 2023 was 29.7% compared to 25.2% in the prior quarter and 28.7% in the second quarter of 2022. The effective tax rate for the first quarter of 2023 was lower mainly due to discrete tax benefits related to exercised stock options.

STATEMENT OF FINANCIAL CONDITION

As of June 30, 2023, total assets were \$2.0 billion, an increase of \$10 million since the prior quarter and \$122 million since December 31, 2022. The increase in assets from the prior quarter was primarily due to

higher loans receivable, mostly offset by a decrease in cash. Loans HFI totaled \$1.7 billion as of June 30, 2023, an increase of \$95 million or 5.8% since March 31, 2023. Total deposits were \$1.7 billion as of June 30, 2023, an increase of \$115 million since March 31, 2023. The strong growth in deposits provided funding for loan growth and also enabled the Company to decrease wholesale borrowings (Federal Home Loan Bank advances) by \$126 million since March 31, 2023. During the quarter, core deposits increased by \$81 million, which was comprised of \$18 million in noninterest-bearing deposits and \$63 million in interest-bearing deposits (including balances in the Intrafi ICS and CDARS programs). As of June 30, 2023, the net unrealized loss on the available-for-sale (“AFS”) investment securities portfolio, which is comprised mostly of US Treasury and Government Agency debt, was \$14.1 million (pre-tax) compared to a loss of \$12.8 million as of March 31, 2023. The average duration of the Bank’s AFS portfolio is 3.9 years. The Company has no held-to-maturity securities.

Asset Quality

As of June 30, 2023, the allowance for loan losses was \$22.6 million or 1.32% of loans HFI, compared to 1.30% as of March 31, 2023 and 1.21% at December 31, 2022. The increase in the coverage ratio from December 31, 2022 primarily resulted from the adoption of CECL. The Company continues to have strong credit metrics and there were no loan delinquencies as of June 30, 2023. As described above, the quarter ended June 30, 2023 results included loan recoveries of \$8.7 million. The reserve for unfunded commitments was \$2.2 million as of June 30, 2023, compared to \$2.8 million as of March 31, 2023 and the change was due to a decrease in commitment balances available. Given the credit quality of the loan portfolio, management believes we are sufficiently reserved.

As of June 30, 2023, there are no doubtful credits and classified assets were \$11.9 million, down from \$14.6 million as of March 31, 2023. Total classified assets as of June 30, 2023, consisted of 11 loans, of which 6 loans totaling \$7.3 million were secured by real estate with a weighted average LTV of 58.5%. The remaining 5 loans included 4 SBA loans with a balance of \$2.1 million, which includes 2 loans that are 75% guaranteed and 2 loans that are 90% guaranteed by the SBA.

Capital Ratios (1)

The Bank's capital ratios were in excess of the levels established for "well capitalized" institutions and are as follows:

	June 30, 2023 (1)	March 31, 2023
CalPrivate Bank		
Tier I leverage ratio	9.75%	9.44%
Tier I risk-based capital ratio	10.78%	10.37%
Total risk-based capital ratio	12.03%	11.62%

(1) June 30, 2023 capital ratios are preliminary and subject to change.

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.

CalPrivate Bank's website is www.calprivate.bank.

Non-GAAP Financial Measures

This press release contains certain non-GAAP financial measures in addition to results presented in accordance with GAAP, including adjusted income before provision for income taxes, adjusted net income, adjusted diluted earnings per share ("Adjusted EPS"), efficiency ratio, adjusted efficiency ratio, pretax pre-provision net revenue, average tangible common equity, adjusted return on average assets, return on average tangible common equity and adjusted return on average tangible common equity. The Company uses certain non-GAAP financial measures to provide meaningful supplemental information regarding the Company's results of operations and financial condition and to enhance investors' overall understanding of such results of operations and financial condition, permit investors to effectively analyze financial trends of our business activities, and enhance comparability with peers across the financial services sector. These non-GAAP financial measures should be considered in addition to, not as a substitute for or superior to, financial measures prepared in accordance with GAAP and should be read in conjunction with the Company's GAAP financial information. A reconciliation of the most comparable GAAP financial measures to non-GAAP financial measures is included in the accompanying financial tables.

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Safe Harbor Paragraph

This communication contains expressions of expectations, both implied and explicit, that are “forward-looking statements” within the meaning of such term in the Private Securities Litigation Reform Act of 1995. We caution you that a number of important factors could cause actual results to differ materially from those in the forward-looking statements, especially given the current turmoil in the banking and financial markets. These factors include the effects of depositors withdrawing funds unexpectedly, counterparties being unable to provide liquidity sources that we believe should be available, loan losses, economic conditions and competition in the geographic and business areas in which Private Bancorp of America, Inc. operates, including competition in lending and deposit acquisition, the unpredictability of fee income from participation in SBA loan programs, the effects of bank failures, liquidations and mergers in our markets and nationally, our ability to successfully integrate and develop business through the addition of new personnel, whether our efforts to expand loan, product and service offerings will prove profitable, system failures and data security, whether we can effectively secure and implement new technology solutions, 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. These factors could cause actual results to differ materially from what we anticipate or project. You should not place undue reliance on any such forward-looking statement, which speaks only as of the date on which it was made. Although we in good faith believe the assumptions and bases supporting our forward-looking statements to be reasonable there can be no assurance that those assumptions and bases will prove accurate.

PRIVATE BANCORP OF AMERICA, INC.
CONSOLIDATED BALANCE SHEET
(Unaudited)
(Dollars in thousands)

	<u>June 30, 2023</u>	<u>March 31, 2023</u>	<u>June 30, 2022</u>
Assets			
Cash and due from banks	\$ 23,273	\$ 13,347	\$ 15,694
Interest-bearing deposits in other financial institutions	27,566	73,420	43,857
Interest-bearing deposits at Federal Reserve Bank	85,020	125,045	29,241
Total cash and due from banks	135,859	211,812	88,792
Interest-bearing time deposits with other institutions	7,661	7,661	6,157
Investment securities available for sale	94,574	103,790	113,565
Loan held for sale	1,982	465	4,460
Total loans held-for-investment	1,717,705	1,623,028	1,379,519
Allowance for loan losses	(22,588)	(21,135)	(17,776)
Net loans	1,695,117	1,601,893	1,361,743
Federal Home Loan Bank stock, at cost	8,915	7,020	7,020
Right of use asset	2,525	2,889	3,037
Premises and equipment, net	1,539	1,744	2,640
Servicing assets, net	2,875	3,057	3,515
Accrued interest receivable	6,118	5,674	3,855
Other assets	19,572	20,623	17,318
Total assets	\$ 1,976,737	\$ 1,966,628	\$ 1,612,102
Liabilities and Shareholders' Equity			
Liabilities			
Noninterest bearing	\$ 657,980	\$ 639,664	\$ 747,006
Interest Bearing	1,041,192	944,102	693,646
Total deposits	1,699,172	1,583,766	1,440,652
FHLB borrowings	66,000	192,000	10,000
Other borrowings	17,958	17,956	17,950
Accrued interest payable and other liabilities	26,396	20,592	13,305
Total liabilities	1,809,526	1,814,314	1,481,907
Shareholders' equity			
Common stock	73,379	73,254	71,516
Additional paid-in capital	3,405	3,289	3,368
Retained earnings	100,281	84,751	64,036
Accumulated other comprehensive (loss) income, net	(9,854)	(8,980)	(8,725)
Total shareholders' equity	167,211	152,314	130,195
Total liabilities and shareholders' equity	\$ 1,976,737	\$ 1,966,628	\$ 1,612,102

PRIVATE BANCORP OF AMERICA, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(Dollars in thousands, except per share amounts)

	For the three months ended			Year to Date	
	June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Interest Income					
Loans	\$ 28,270	\$ 26,228	\$ 17,931	\$ 54,498	\$ 35,177
Investment securities	560	580	571	1,140	972
Deposits in other financial institutions	1,933	1,150	204	3,083	339
Total interest income	30,763	27,958	18,706	58,721	36,488
Interest Expense					
Deposits	6,581	4,924	410	11,505	737
Borrowings	1,474	866	313	2,340	626
Total interest expense	8,055	5,790	723	13,845	1,363
Net interest income	22,708	22,168	17,983	44,876	35,125
Provision (reversal) for loan losses	(7,149)	73	659	(7,076)	802
Net interest income after provision for loan losses	29,857	22,095	17,324	51,952	34,323
Noninterest income:					
Service charges on deposit accounts	310	348	299	658	580
Net gain on sale of loans	171	474	768	645	3,239
Other noninterest income	573	643	375	1,216	732
Total noninterest income	1,054	1,465	1,442	2,519	4,551
Noninterest expense:					
Compensation and employee benefits	7,189	8,030	7,374	15,219	14,687
Occupancy and equipment	795	806	808	1,601	1,531
Data processing	878	944	824	1,822	1,476
Professional services	(836)	438	1,835	(398)	2,750
Other expenses	776	1,339	1,759	2,115	2,998
Total noninterest expense	8,802	11,557	12,600	20,359	23,442
Income before provision for income taxes	22,109	12,003	6,166	34,112	15,432
Provision for income taxes	6,575	3,029	1,769	9,604	4,517
Net income	\$ 15,534	\$ 8,974	\$ 4,397	\$ 24,508	\$ 10,915
Net income available to common shareholders	\$ 15,407	\$ 8,923	\$ 4,347	\$ 24,345	\$ 10,794
Earnings per share					
Basic earnings per share	\$ 2.72	\$ 1.59	\$ 0.78	\$ 4.32	\$ 1.94
Diluted earnings per share	\$ 2.69	\$ 1.57	\$ 0.77	\$ 4.25	\$ 1.91
Average shares outstanding	5,654,435	5,608,193	5,543,065	5,631,442	5,555,662
Diluted average shares outstanding	5,726,522	5,673,394	5,639,282	5,722,645	5,652,071

PRIVATE BANCORP OF AMERICA, INC.
Consolidated average balance sheet, interest, yield and rates
(Unaudited)
(Dollars in thousands)

For the three months ended

	June 30, 2023			March 31, 2023			June 30, 2022		
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
Interest-Earnings Assets									
Deposits in other financial institutions	\$ 140,939	\$ 1,933	5.50%	\$ 123,159	\$ 1,150	3.79%	\$ 100,017	\$ 204	0.82%
Investment securities	110,332	560	2.03%	112,694	580	2.06%	125,550	571	1.82%
Loans, including LHFS	1,675,790	28,270	6.77%	1,597,236	26,228	6.66%	1,339,095	17,931	5.37%
Total interest-earning assets	1,927,061	30,763	6.40%	1,833,089	27,958	6.19%	1,564,662	18,706	4.80%
Noninterest-earning assets	32,741			24,905			27,614		
Total Assets	\$ 1,959,802			\$ 1,857,994			\$ 1,592,276		
Interest-Bearing Liabilities									
Interest bearing DDA, excluding brokered	99,334	364	1.47%	100,640	343	1.38%	87,682	53	0.24%
Savings & MMA, excluding brokered	645,219	3,570	2.22%	619,316	2,378	1.56%	492,048	215	0.18%
Time deposits, excluding brokered	101,241	719	2.85%	83,032	456	2.23%	67,184	111	0.66%
Total deposits, excluding brokered	845,794	4,653	2.21%	802,988	3,177	1.60%	646,914	379	0.23%
Total brokered deposits	155,577	1,928	4.97%	151,993	1,747	4.66%	15,006	31	0.83%
Total Interest-Bearing Deposits	1,001,371	6,581	2.64%	954,981	4,924	2.09%	661,920	410	0.25%
FHLB advances	96,626	1,202	4.99%	48,711	594	4.95%	10,000	42	1.68%
Other borrowings	17,971	272	6.07%	17,976	272	6.14%	17,948	271	6.06%
Total Interest-Bearing Liabilities	114,597	1,474	2.90%	66,687	866	2.30%	27,948	313	0.42%
Noninterest-bearing deposits	655,169	-		669,796	-		757,728	-	
Total Funding Sources	1,771,137	8,055	1.82%	1,691,464	5,790	1.39%	1,447,596	723	0.20%
Noninterest-bearing liabilities	26,492			19,752			11,891		
Shareholders' equity	162,173			146,778			132,789		
Total Liabilities and Shareholders' Equity	\$ 1,959,802			\$ 1,857,994			\$ 1,592,276		
Net interest income/spread		<u>\$ 22,708</u>	4.58%		<u>\$ 22,168</u>	4.80%		<u>\$ 17,983</u>	4.60%
Net interest margin			4.73%			4.90%			4.61%

PRIVATE BANCORP OF AMERICA, INC.
Consolidated average balance sheet, interest, yield and rates
(Unaudited)
(Dollars in thousands)

	Year to Date					
	June 30, 2023			June 30, 2022		
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
Interest-Earnings Assets:						
Deposits in other financial institutions	\$ 132,124	\$ 3,083	4.71%	\$ 108,413	\$ 339	0.63%
Investment securities	111,506	1,140	2.04%	117,447	972	1.66%
Loans	1,636,730	54,498	6.71%	1,304,089	35,177	5.44%
Total interest-earning assets	1,880,360	58,721	6.30%	1,529,949	36,488	4.81%
Noninterest-earning assets	28,819			24,572		
Total Assets	\$ 1,909,179			\$ 1,554,521		
Interest-Bearing Liabilities						
Interest bearing DDA, excluding brokered	99,983	707	1.43%	83,145	68	0.16%
Savings & MMA, excluding brokered	632,340	5,948	1.90%	494,344	402	0.16%
Time deposits, excluding brokered	92,187	1,175	2.57%	67,851	226	0.67%
Total deposits, excluding brokered	824,510	7,830	1.92%	645,340	696	0.22%
Total brokered deposits	153,794	3,675	4.82%	15,005	41	0.55%
Total Interest-Bearing Deposits	978,304	11,505	0.68%	660,345	737	0.27%
FHLB advances	72,801	1,796	4.97%	10,000	83	1.67%
Other borrowings	17,974	544	6.10%	17,949	543	6.10%
Total Interest-Bearing Liabilities	90,775	2,340	2.61%	27,949	626	0.40%
Noninterest-bearing deposits	662,442			720,504		
Total Funding Sources	1,731,521	13,845	1.61%	1,408,798	1,363	0.20%
Noninterest-bearing liabilities	23,140			13,085		
Shareholders' equity	154,518			132,638		
Total Liabilities and Shareholders' Equity	\$ 1,909,179			\$ 1,554,521		
Net interest income/spread		\$ 44,876	4.69%	\$ 35,125		4.61%
Net interest margin			4.81%			4.63%

PRIVATE BANCORP OF AMERICA, INC.
Condensed Balance Sheets
(Unaudited)
(Dollars in thousands, except per share amounts)

	<u>Jun 30, 2023</u>	<u>Mar 31, 2023</u>	<u>Dec 31, 2022</u>	<u>Sep 30, 2022</u>	<u>Jun 30, 2022</u>
Assets					
Cash and due from banks	\$ 135,859	\$ 211,812	\$ 128,642	\$ 102,173	\$ 88,792
Interest-bearing time deposits with other institutions	7,661	7,661	7,923	6,157	6,157
Investment securities	94,574	103,790	104,652	107,332	113,565
Loans held for sale	1,982	465	7,061	7,789	4,460
Total loans held-for-investment	1,717,705	1,623,028	1,588,248	1,487,098	1,379,519
Allowance for loan losses	(22,588)	(21,135)	(19,152)	(19,092)	(17,776)
Net loans	1,695,117	1,601,893	1,569,096	1,468,006	1,361,743
Right of use asset	2,525	2,889	3,265	2,669	3,037
Premises and equipment, net	1,539	1,744	1,742	2,040	2,640
Other assets and interest receivable	37,480	36,374	32,499	30,735	31,708
Total assets	\$ 1,976,737	\$ 1,966,628	\$ 1,854,880	\$ 1,726,901	\$ 1,612,102
Liabilities and Shareholders' Equity					
Liabilities					
Noninterest Bearing	\$ 657,980	\$ 639,664	\$ 691,392	\$ 763,227	\$ 747,006
Interest Bearing	1,041,192	944,102	983,730	767,371	693,646
Total Deposits	1,699,172	1,583,766	1,675,122	1,530,598	1,440,652
Borrowings	83,958	209,956	17,954	47,952	27,950
Accrued interest payable and other liabilities	26,396	20,592	18,480	13,417	13,305
Total liabilities	1,809,526	1,814,314	1,711,556	1,591,967	1,481,907
Shareholders' equity					
Common stock	73,379	73,254	72,221	71,671	71,516
Additional paid-in capital	3,405	3,289	3,353	3,568	3,368
Retained earnings	100,281	84,751	77,810	70,386	64,036
Accumulated other comprehensive (loss) income	(9,854)	(8,980)	(10,060)	(10,691)	(8,725)
Total shareholders' equity	167,211	152,314	143,324	134,934	130,195
Total liabilities and shareholders' equity	\$ 1,976,737	\$ 1,966,628	\$ 1,854,880	\$ 1,726,901	\$ 1,612,102
Book value per common share	\$ 29.32	\$ 26.83	\$ 25.60	\$ 24.12	\$ 23.31
Tangible book value per common share ⁽¹⁾	\$ 28.82	\$ 26.30	\$ 25.06	\$ 23.49	\$ 22.68
Shares outstanding	5,702,637	5,676,017	5,599,025	5,594,380	5,584,465

(1) Non-GAAP measure. See GAAP to non-GAAP Reconciliation table.

PRIVATE BANCORP OF AMERICA, INC.
Condensed Statements of Income
(Unaudited)
(Dollars in thousands, except per share amounts)

For the three months ended

	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022
Interest income	\$ 30,763	\$ 27,958	\$ 26,065	\$ 21,978	\$ 18,706
Interest expense	8,055	5,790	3,469	1,375	723
Net interest income	22,708	22,168	22,596	20,603	17,983
Provision (reversal) for loan losses	(7,149)	73	60	1,316	659
Net interest income after provision for loan losses	29,857	22,095	22,536	19,287	17,324
Noninterest income	1,054	1,465	1,084	1,405	1,442
Compensation and employee benefits	7,189	8,030	8,482	7,261	7,374
Occupancy and equipment	795	806	820	756	808
Data processing	878	944	942	993	824
Professional services	(836)	438	1,018	1,493	1,835
Other expenses	776	1,339	1,813	1,224	1,759
Total noninterest expense	8,802	11,557	13,075	11,727	12,600
Income before provision for income taxes	22,109	12,003	10,545	8,965	6,166
Income taxes	6,575	3,029	3,102	2,614	1,769
Net income	\$ 15,534	\$ 8,974	\$ 7,443	\$ 6,351	\$ 4,397
Net income available to common shareholders	\$ 15,407	\$ 8,923	\$ 7,394	\$ 6,306	\$ 4,347
Earnings per share					
Basic earnings per share	\$ 2.72	\$ 1.59	\$ 1.33	\$ 1.14	\$ 0.78
Diluted earnings per share	\$ 2.69	\$ 1.57	\$ 1.31	\$ 1.12	\$ 0.77
Average shares outstanding	5,654,435	5,608,193	5,551,376	5,549,480	5,543,065
Diluted average shares outstanding	5,726,522	5,673,394	5,645,355	5,640,841	5,639,282

Performance Ratios

	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022
ROAA	3.18%	1.96%	1.68%	1.51%	1.11%
ROAE	38.42%	24.80%	20.89%	17.41%	13.28%
ROATCE ⁽¹⁾	39.14%	25.32%	21.41%	17.84%	13.64%
Net interest margin	4.73%	4.90%	5.17%	4.99%	4.61%
Net interest spread	4.58%	4.80%	5.11%	4.96%	4.60%
Efficiency ratio ⁽¹⁾	37.04%	48.90%	55.22%	53.29%	64.86%
Noninterest expense / average assets	1.80%	2.52%	2.95%	2.79%	2.95%

(1) Non-GAAP measure. See GAAP to non-GAAP Reconciliation table.

PRIVATE BANCORP OF AMERICA, INC.
(Unaudited)

Selected Quarterly Average Balances

(Dollars in thousands)

For the three months ended

	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022
Total assets	\$ 1,959,802	\$ 1,857,994	\$ 1,759,204	\$ 1,665,491	\$ 1,592,276
Earning assets	\$ 1,927,061	\$ 1,833,089	\$ 1,733,577	\$ 1,638,026	\$ 1,564,662
Total loans, including loans held for sale	\$ 1,675,790	\$ 1,597,236	\$ 1,527,863	\$ 1,438,489	\$ 1,339,095
Total deposits	\$ 1,656,540	\$ 1,624,777	\$ 1,574,002	\$ 1,482,739	\$ 1,419,648
Total shareholders' equity	\$ 162,173	\$ 146,778	\$ 141,330	\$ 144,727	\$ 132,789

Loan Balances by Type

(Dollars in thousands)

	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022
Real estate - investor owned	\$ 481,518	\$ 472,315	\$ 476,404	\$ 403,950	\$ 390,628
Real estate - owner occupied	468,234	418,788	394,365	382,689	359,270
Real estate - multifamily	150,003	141,783	130,901	136,841	121,693
Real estate - single family	119,762	121,760	118,502	107,728	94,212
Commercial business	421,717	401,277	405,919	394,369	362,410
Land and construction	73,665	64,571	56,153	55,418	44,856
Consumer	2,806	2,534	6,004	6,103	6,450
Total loans held for investment	\$ 1,717,705	\$ 1,623,028	\$ 1,588,248	\$ 1,487,098	\$ 1,379,519

Deposits by Type

(Dollars in thousands)

	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022
Noninterest-bearing DDA	\$ 657,980	\$ 639,664	\$ 691,392	\$ 763,227	\$ 747,006
Interest-bearing DDA, excluding brokered	101,064	99,988	109,130	95,677	93,405
Savings & MMA, excluding brokered	670,195	637,031	614,991	576,395	518,139
Time deposits, excluding brokered	105,757	77,052	54,887	56,341	67,096
Total deposits, excluding brokered	1,534,996	1,453,735	1,470,400	1,491,640	1,425,646
Total brokered deposits	164,176	130,031	204,722	38,958	15,006
Total deposits	\$ 1,699,172	\$ 1,583,766	\$ 1,675,122	\$ 1,530,598	\$ 1,440,652

PRIVATE BANCORP OF AMERICA, INC.
(Unaudited)

Rollforward of Allowance for Credit Losses					
(Dollars in thousands)					
For the three months ended					
	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022
Allowance for loan losses:					
Beginning balance	\$ 21,135	\$ 19,152	\$ 19,092	\$ 17,776	\$ 17,117
Impact of CECL adoption	-	1,910	-	-	-
Provision for loan losses	(7,149)	73	60	1,316	659
Net (charge-offs) recoveries	8,602	-	-	-	-
Ending balance	22,588	21,135	19,152	19,092	17,776
Reserve for unfunded commitments ⁽¹⁾	2,172	2,802	1,718	1,674	1,635
Total allowance for credit losses	<u>\$ 24,760</u>	<u>\$ 23,937</u>	<u>\$ 20,870</u>	<u>\$ 20,766</u>	<u>\$ 19,411</u>

(1) Includes \$974 thousand related to the impact of CECL adoption on January 1, 2023.

Asset Quality					
(Dollars in thousands)					
	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022
Total loans held-for-investment	\$ 1,717,705	\$ 1,623,028	\$ 1,588,248	\$ 1,487,098	\$ 1,379,519
Allowance for loan losses	\$ (22,588)	\$ (21,135)	\$ (19,152)	\$ (19,092)	\$ (17,776)
30-89 day past due loans	\$ -	\$ -	\$ -	\$ -	\$ -
90+ day past due loans	\$ -	\$ -	\$ -	\$ -	\$ -
Nonaccrual loans	\$ 3,354	\$ 4,384	\$ 3,880	\$ 4,593	\$ 1,453
NPAs / Assets	0.17%	0.22%	0.21%	0.27%	0.09%
NPLs / Total loans held-for-investment & OREO	0.20%	0.27%	0.24%	0.31%	0.11%
Net quarterly charge-offs (recoveries)	\$ (8,602)	\$ -	\$ -	\$ -	\$ -
Net charge-offs (recoveries) /avg loans (annualized)	(2.05)%	0.00%	0.00%	0.00%	0.00%
Allowance for loan losses to loans HFI	1.32%	1.30%	1.21%	1.28%	1.29%
Allowance for loan losses to nonaccrual loans	673.46%	482.09%	493.61%	415.68%	1,223.4%

PRIVATE BANCORP OF AMERICA, INC.
(Unaudited)

The following tables present a reconciliation of non-GAAP financial measures to GAAP measures for: adjusted income before provision for income taxes, adjusted net income and adjusted EPS. We believe the presentation of certain non-GAAP financial measures provides useful information to assess our consolidated financial condition and consolidated results of operations and to assist investors in evaluating our financial results relative to our peers. These non-GAAP financial measures complement our GAAP reporting and are presented below to provide investors and others with information that we use to manage the business each period. Because not all companies use identical calculations, the presentation of these non-GAAP financial measures may not be comparable to other similarly titled measures used by other companies. These non-GAAP measures should be taken together with the corresponding GAAP measures and should not be considered a substitute of the GAAP measures.

GAAP to Non-GAAP Reconciliation
(Dollars in thousands, except per share amounts)

	For the three months ended			Year to Date	
	Jun 30, 2023	Mar 31, 2023	Jun 30, 2022	Jun 30, 2023	Jun 30, 2022
Adjusted income before provision for income taxes					
Income before provision for income taxes	\$ 22,109	\$ 12,003	\$ 6,166	\$ 34,112	\$ 15,432
ANI recovery ⁽¹⁾	(7,708)	-	-	(7,708)	-
Settlement of legal fees related to ANI litigation ⁽²⁾	(1,635)	-	-	(1,635)	-
Recovery of principal and interest on a loan acquired with credit deterioration as part of a business combination ⁽³⁾	(986)	-	-	(986)	-
Adjusted income before provision for income taxes (non-GAAP)	\$ 11,780	\$ 12,003	\$ 6,166	\$ 23,783	\$ 15,432
Adjusted net income					
Net income	\$ 15,534	\$ 8,974	\$ 4,397	\$ 24,508	\$ 10,915
ANI recovery, net of tax ⁽¹⁾⁽⁴⁾	(5,430)	-	-	(5,430)	-
Settlement of legal fees related to ANI litigation, net of tax ⁽²⁾⁽⁴⁾	(1,152)	-	-	(1,152)	-
Recovery of principal and interest on a loan acquired with credit deterioration as part of a business combination, net of tax ⁽³⁾⁽⁴⁾	(694)	-	-	(694)	-
Adjusted net income (non-GAAP)	\$ 8,258	\$ 8,974	\$ 4,397	\$ 17,232	\$ 10,915
Adjusted diluted earnings per share ("Adjusted EPS")					
Diluted earnings per share	\$ 2.69	\$ 1.57	\$ 0.77	\$ 4.25	\$ 1.91
ANI recovery, net of tax ⁽¹⁾⁽⁴⁾	(0.94)	-	-	(0.94)	-
Settlement of legal fees related to ANI litigation, net of tax ⁽²⁾⁽⁴⁾	(0.20)	-	-	(0.20)	-
Recovery of principal and interest on a loan previously acquired with credit deterioration as part of a business combination, net of tax ⁽³⁾⁽⁴⁾	(0.12)	-	-	(0.12)	-
Adjusted EPS (non-GAAP)	\$ 1.43	\$ 1.57	\$ 0.77	\$ 2.99	\$ 1.91
Diluted average shares outstanding	5,726,522	5,673,394	5,639,282	5,722,645	5,652,071

(1) In the second quarter of 2023, the Company reached a settlement with the Receiver for ANI Investments and Gina Champion-Cain in which the Company recovered \$7.7 million (or approximately \$0.94 per diluted share after tax) plus certain rights to future recoveries from a guarantor of the charged off loan. This recovery amount represents 80% of the original principal charge-off and is net of the participant bank's share.

(2) In the second quarter of 2023, in conjunction with the resolution of the ANI litigation, the Company was reimbursed \$0.6 million of legal costs by the participant bank. In addition, \$0.5 million of previously invoiced legal fees were waived at settlement of the litigation.

(3) In the second quarter of 2023, the Company received \$1.0 million related to a loan that was originated and written off by San Diego Private Bank ("SDPB") prior to SDPB merging with the Company in 2013. Accordingly, the Company recorded an allowance recovery of \$0.9 million for the amount that would have been written off at the time of the merger under CECL and \$0.1 of interest income for recovered interest.

(4) Net of tax effect of 29.6%, which is comprised of 21.0% for the statutory Federal tax rate plus 8.6% for state franchise taxes, net of Federal benefits.

PRIVATE BANCORP OF AMERICA, INC.
(Unaudited)

The following tables present a reconciliation of non-GAAP financial measures to GAAP measures for: efficiency ratio, adjusted efficiency ratio, pretax pre-provision net revenue, average tangible common equity, adjusted return on average assets, return on average tangible common equity and adjusted return on average tangible common equity. We believe the presentation of certain non-GAAP financial measures provides useful information to assess our consolidated financial condition and consolidated results of operations and to assist investors in evaluating our financial results relative to our peers. These non-GAAP financial measures complement our GAAP reporting and are presented below to provide investors and others with information that we use to manage the business each period. Because not all companies use identical calculations, the presentation of these non-GAAP financial measures may not be comparable to other similarly titled measures used by other companies. These non-GAAP measures should be taken together with the corresponding GAAP measures and should not be considered a substitute of the GAAP measures.

GAAP to Non-GAAP Reconciliation
(Dollars in thousands)

	For the three months ended				
	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022
Efficiency Ratio					
Noninterest expense	\$ 8,802	\$ 11,557	\$ 13,075	\$ 11,727	\$ 12,600
Net interest income	22,708	22,168	22,596	20,603	17,983
Noninterest income	1,054	1,465	1,084	1,405	1,442
Total net interest income and noninterest income	23,762	23,633	23,680	22,008	19,425
Efficiency ratio (non-GAAP)	37.04%	48.90%	55.22%	53.29%	64.86%
Adjusted Efficiency Ratio					
Noninterest expense	\$ 8,802	\$ 11,557	\$ 13,075	\$ 11,727	\$ 12,600
Settlement of legal fees related to ANI litigation	1,635	-	-	-	-
Adjusted noninterest expense (non-GAAP)	10,437	11,557	13,075	11,727	12,600
Total net interest income and noninterest income	23,762	23,633	23,680	22,008	19,425
Recovery of interest on a loan acquired with credit deterioration as part of a business combination	(84)	-	-	-	-
Adjusted total net interest income and noninterest income (non-GAAP)	23,678	23,633	23,680	22,008	19,425
Adjusted Efficiency ratio (non-GAAP)	44.08%	48.90%	55.22%	53.29%	64.86%
Pretax pre-provision net revenue					
Net interest income	\$ 22,708	\$ 22,168	\$ 22,596	\$ 20,603	\$ 17,983
Noninterest income	1,054	1,465	1,084	1,405	1,442
Total net interest income and noninterest income	23,762	23,633	23,680	22,008	19,425
Less: Noninterest expense	8,802	11,557	13,075	11,727	12,600
Pretax pre-provision net revenue (non-GAAP)	\$ 14,960	\$ 12,076	\$ 10,605	\$ 10,281	\$ 6,825
Return and Adjusted Return on Average Assets, Average Equity, Average Tangible Equity					
Net income	\$ 15,534	\$ 8,974	\$ 7,443	\$ 6,351	\$ 4,397
Adjusted net income (non-GAAP) ⁽¹⁾	8,258	8,974	7,443	6,351	4,397
Average assets	1,959,802	1,857,994	1,759,204	1,665,491	1,592,276
Average shareholders' equity	162,173	146,778	141,330	144,727	132,789
Less: Average intangible assets	2,975	3,026	3,385	3,599	3,490
Average tangible common equity (non-GAAP)	159,198	143,752	137,945	141,128	129,299
Return on average assets	3.18%	1.96%	1.68%	1.51%	1.11%
Adjusted return on average assets (non-GAAP) ⁽¹⁾	1.69%	1.96%	1.68%	1.51%	1.11%
Return on average equity	38.42%	24.80%	20.89%	17.41%	13.28%
Adjusted return on average equity (non-GAAP) ⁽¹⁾	20.42%	24.80%	20.89%	17.41%	13.28%
Return on average tangible common equity (non-GAAP)	39.14%	25.32%	21.41%	17.85%	13.64%
Adjusted return on average tangible common equity (non-GAAP) ⁽¹⁾	20.81%	25.32%	21.41%	17.85%	13.64%
Tangible book value per share					
Total equity	167,211	152,314	143,324	134,934	130,195
Less: Total intangible assets	2,875	3,057	3,007	3,502	3,515
Total tangible equity	164,336	149,257	140,317	131,432	126,680
Shares outstanding	5,702,637	5,676,017	5,599,025	5,594,380	5,584,465
Tangible book value per share (non-GAAP)	\$ 28.82	\$ 26.30	\$ 25.06	\$ 23.49	\$ 22.68

(1) A reconciliation of net income to adjusted net income is provided on page 15.

PRIVATE BANCORP OF AMERICA, INC.
(Unaudited)

The following tables present a reconciliation of non-GAAP financial measures to GAAP measures for: efficiency ratio, adjusted efficiency ratio, pretax pre-provision net revenue, average tangible common equity, adjusted return on average assets, return on average tangible common equity and adjusted return on average tangible common equity. We believe the presentation of certain non-GAAP financial measures provides useful information to assess our consolidated financial condition and consolidated results of operations and to assist investors in evaluating our financial results relative to our peers. These non-GAAP financial measures complement our GAAP reporting and are presented below to provide investors and others with information that we use to manage the business each period. Because not all companies use identical calculations, the presentation of these non-GAAP financial measures may not be comparable to other similarly titled measures used by other companies. These non-GAAP measures should be taken together with the corresponding GAAP measures and should not be considered a substitute of the GAAP measures.

GAAP to Non-GAAP Reconciliation
(Dollars in thousands)

	Year to Date	
	Jun 30, 2023	Jun 30, 2022
Efficiency Ratio		
Noninterest expense	\$ 20,359	\$ 23,442
Net interest income	44,876	35,125
Noninterest income	2,519	4,551
Total net interest income and noninterest income	47,395	39,676
Efficiency ratio (non-GAAP)	43.0%	59.1%
Adjusted Efficiency Ratio		
Noninterest expense	\$ 20,359	\$ 23,442
Settlement of legal fees related to ANI litigation	1,635	-
Adjusted noninterest expense (non-GAAP)	21,994	23,442
Total net interest income and noninterest income	47,395	39,676
Recovery of interest on a loan acquired with credit deterioration as part of a business combination	(84)	-
Adjusted total net interest income and noninterest income (non-GAAP)	47,311	39,676
Adjusted Efficiency ratio (non-GAAP)	46.49%	59.08%
Pretax pre-provision net revenue		
Net interest income	\$ 44,876	\$ 35,125
Noninterest income	2,519	4,551
Total net interest income and noninterest income	47,395	39,676
Less: Noninterest expense	20,359	23,442
Pretax pre-provision net revenue (non-GAAP)	\$ 27,036	\$ 16,234
Return and Adjusted Return on Average Assets, Average Equity, Average Tangible Equity		
Net income	\$ 24,508	\$ 10,915
Adjusted net income (non-GAAP) ⁽¹⁾	17,232	10,915
Average assets	1,909,179	1,554,521
Average shareholders' equity	154,518	132,638
Less: Average intangible assets	2,973	3,435
Average tangible common equity	151,545	129,203
Return on average assets	2.59%	1.42%
Adjusted return on average assets (non-GAAP) ⁽¹⁾	1.82%	1.42%
Return on average equity	31.98%	16.59%
Adjusted return on average equity (non-GAAP) ⁽¹⁾	22.49%	16.59%
Return on average tangible common equity (non-GAAP)	32.61%	17.04%
Adjusted return on average tangible common equity (non-GAAP) ⁽¹⁾	22.93%	17.04%

(1) A reconciliation of net income to adjusted net income is provided on page 15.