

FOR IMMEDIATE RELEASE

Private Bancorp of America, Inc. Announces Strong Net Income and Earnings Per Share and Exceeds \$2 Billion in Assets in the Third Quarter 2023

Third Quarter 2023 Highlights

- Net income for the third quarter of 2023 of \$8.5 million, up from \$8.3 million⁽¹⁾ (as adjusted) in the prior quarter and up from \$6.4 million in the third quarter of 2022. Net income for the third quarter of 2023 represents a return on average assets of 1.68% and a return on average tangible common equity of 19.74%
- Diluted earnings per share for the third quarter of 2023 of \$1.47, up from \$1.43⁽¹⁾ (as adjusted) in the prior quarter and up from \$1.12 in the third quarter of 2022
- Loans held-for-investment (“HFI”) totaled \$1.76 billion as of September 30, 2023, an increase of \$47.1 million or 2.7% from June 30, 2023 and \$176.6 million or 11.1% from December 31, 2022
- Provision for credit losses for the third quarter of 2023 of \$0.5 million, compared to net reversal of \$7.1 million for the prior quarter and a provision of \$1.3 million for the third quarter of 2022. The provision for the third quarter of 2023 primarily relates to a \$1.25 million specific reserve for a loan placed on nonaccrual status during the quarter, partially offset by a \$520 thousand release of reserve for unfunded commitments that was reclassified from noninterest expense
- Total deposits were \$1.77 billion as of September 30, 2023, an increase of \$70.5 million or 4.1% from June 30, 2023. Federal Home Loan Bank advances increased by \$16.0 million as a consequence of funding loan growth. Core deposits were \$1.52 billion as of September 30, 2023, a decrease of \$12.3 million or 0.8% from June 30, 2023
- As of September 30, 2023, total available liquidity was \$1.5 billion or 179% of uninsured deposits, net of collateralized and fiduciary deposit accounts. Total available liquidity is comprised of \$274 million of on-balance sheet liquidity (cash and investment securities) and \$1.2 billion of unused borrowing capacity
- Net interest margin was 4.67% for the third quarter of 2023, as compared to 4.73% for the prior quarter and 4.99% for the third quarter of 2022
- Total cost of deposits was 1.92% for the third quarter of 2023, an increase from 1.59% for the prior quarter and 0.27% in the third quarter of 2022. The spot rate for total deposits was 2.18% as of September 30, 2023, compared to 1.67% at June 30, 2023. Total cost of funding sources was 2.12% for the third quarter of 2023, an increase from 1.82% in the prior quarter and 0.36% in the third quarter of 2022
- Tangible book value per share was \$30.20 as of September 30, 2023, an increase of \$1.38 since June 30, 2023 as a result of strong earnings. Tangible book value per share increased 28.6% year-over-year

La Jolla, Calif. – October 20, 2023 (GLOBE NEWSWIRE) - Private Bancorp of America, Inc. (OTCQX:PBAM), (“Company”) and CalPrivate Bank (“Bank”) announced unaudited financial results for the third fiscal quarter ended September 30, 2023. The Company reported net income of \$8.5 million, or \$1.47 per diluted share, for the third quarter of 2023, which represents a 33.7% increase from \$6.4 million, or \$1.12 per diluted share, for the third quarter of 2022.

Rick Sowers, President and CEO of the Company and the Bank stated, “We are very pleased with the results of the third quarter and our continued growth of the balance sheet coupled with strong earnings and net interest margin. Loan demand remains soft but both our Commercial & Private Banking as well as our SBA Lending Teams remain active in the market. Competition for deposits is intense so we are focused on providing exceptional Client service and taking advantage of market disruptions to obtain new Clients who can benefit from our Distinctly Different Service model.”

(1) A reconciliation of net income to adjusted net income and diluted earnings per share to adjusted earnings per share is provided on page 13.

Sowers added, “We look at this market as an opportunity for CalPrivate Bank as we hire exceptional bankers and make investments in product strategy and innovation to serve the needs of our Clients not only now, but into the future. Credit trends remain solid but we have increased our portfolio management activities to reflect the current economic and interest rate environment.”

“The Company continues to exhibit successful customer acquisition activity despite a challenging interest 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 third quarter of 2023 totaled \$23.3 million, an increase of \$0.5 million or 2.4% from the prior quarter and an increase of \$2.7 million or 12.9% from the third quarter of 2022. The increase from the prior quarter was driven primarily by an increase of \$2.1 million in interest income, which resulted from a 2.6% increase in average earning assets and 20 basis point increase in yield on earning assets. Partially offsetting this was an increase of \$1.6 million in interest expense, which resulted primarily from a 34 basis point increase in the cost of interest-bearing liabilities.

Net Interest Margin

Net interest margin for the third quarter of 2023 was 4.67% compared to 4.73% for the prior quarter and 4.99% in the third quarter of 2022. The 6 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 6.60% for the third quarter of 2023 compared with 6.40% for the prior quarter and the cost of interest-bearing liabilities was 3.24% for the third quarter of 2023 compared to 2.90% in the prior quarter. The cost of total deposits was 1.92% for the third quarter of 2023 compared to 1.59% in the prior quarter. The cost of core deposits, which excludes brokered deposits, was 1.49% in the third quarter of 2023 compared to 1.24% in the prior quarter.

Provision for Credit Losses

The provision for credit losses for the third quarter of 2023 was \$0.5 million, compared to a net reversal of \$7.1 million in the prior quarter and a provision of \$1.3 million for the third quarter of 2022. The provision for the third quarter of 2023 primarily relates to a \$1.25 million specific reserve for a loan placed on nonaccrual status during the quarter, partially offset by a \$520 thousand release of reserve for unfunded commitments that was reclassified from noninterest expense. 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 \$1.2 million for the third quarter of 2023, an increase from \$1.1 million in the prior quarter and compared to \$1.4 million in the third quarter of 2022. The change from the prior quarter as well as the third quarter of 2022 was primarily due to varying levels of gain on sale of SBA 7a loans. SBA loan sales for the third quarter of 2023 were \$7.2 million with a 9.47% average trade premium resulting in a net gain on sale of \$466 thousand, compared with \$2.6 million with a 9.70% average trade premium resulting in a net gain on sale of \$171 thousand in the prior quarter. Management expects continued softness in the market for SBA 7a loans.

Noninterest Expense

Noninterest expense was \$11.8 million for the third quarter of 2023, an increase from \$8.8 million in the prior quarter and \$11.7 million in the third quarter of 2022. The increase from the prior quarter was primarily due to a \$1.6 million benefit in professional services (legal expense specifically) in the second quarter 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. Additionally, other expenses increased by \$1.1 million primarily due to a \$520 thousand reclassification adjustment of the reversal of reserve for unfunded commitments which is now recorded in the provision (reversal) for credit losses line of the income statement as well as higher expenses for regulatory assessments. The efficiency ratio was 48.51% for the third quarter of 2023 compared to 37.04% in the prior quarter and 53.29% in the third quarter of 2022. The increase in the efficiency ratio from the prior quarter was due primarily to the aforementioned expense variances.

The Company remains committed to making investments in the business, including technology, marketing, and staffing. Inflationary pressures 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 \$3.6 million for the third quarter of 2023, compared to \$6.6 million for the prior quarter. The effective tax rate for the third quarter of 2023 was 29.8% compared to 29.7% in the prior quarter and 29.2% in the third quarter of 2022.

STATEMENT OF FINANCIAL CONDITION

As of September 30, 2023, total assets were \$2.07 billion, an increase of \$97.5 million since the prior quarter and \$219.3 million since December 31, 2022. The increase in assets from the prior quarter was primarily due to higher cash balances and loans receivable. Total cash and due from banks was \$198.3 million as of September 30, 2023, an increase of \$62.5 million, or 46.0%, since June 30, 2023, primarily due to the timing of the settlement of \$52 million of brokered certificates of deposit obtained at the end of September 2023 and subsequently used to pay off Federal Home Loan Bank Advances in early October 2023. Loans HFI totaled \$1.76 billion as of September 30, 2023, an increase of \$47.1 million or 2.7% since June 30, 2023. Total deposits were \$1.77 billion as of September 30, 2023, an increase of \$70.5 million since June 30, 2023. The growth in loans was also funded by wholesale borrowings (Federal Home Loan Bank advances), which increased by \$16.0 million since June 30, 2023. During the quarter, core deposits decreased by \$12.3 million, which was driven by a \$63.0 million decrease in noninterest-bearing core deposits, partially offset by a \$50.6 million increase in interest-bearing core deposits (including balances in the Intrafi ICS and CDARS programs). Noninterest-bearing deposits represent 39.1% of total core deposits. Uninsured deposits, net of collateralized and fiduciary deposit accounts, represent 47.7% of total deposits as of September 30, 2023. As of September 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 \$15.8 million (pre-tax) compared to a loss of \$14.1 million as of June 30, 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 September 30, 2023, the allowance for loan losses was \$23.8 million or 1.35% of loans HFI, compared to 1.32% as of June 30, 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 its nonperforming assets are 0.25% of total assets as of September 30, 2023. The reserve for unfunded commitments was \$2.0 million as of September 30, 2023, compared to \$2.2 million as of June 30, 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 September 30, 2023, there are no doubtful credits and classified assets were \$11.0 million, down from \$11.9 million as of June 30, 2023. Total classified assets as of September 30, 2023, consisted of 9 loans, of which 6 loans totaling \$7.2 million were secured by real estate with a weighted average LTV of 58.5%. The remaining 3 loans were commercial and industrial loans, two of which were SBA loans with a balance of \$1.4 million, which includes one loan that is 75% guaranteed and one loan that is 90% guaranteed by the SBA, and the third was a \$2.5 million unsecured loan with a specific reserve of \$1.3 million.

Capital Ratios ⁽²⁾

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

	September 30, 2023 ⁽²⁾	June 30, 2023
CalPrivate Bank		
Tier I leverage ratio	9.98%	9.75%
Tier I risk-based capital ratio	11.03%	10.77%
Total risk-based capital ratio	12.28%	12.02%

(2) *September 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.

Investor Relations Contacts

Rick Sowers

President and Chief Executive Officer
Private Bancorp of America, Inc., and CalPrivate Bank
(424) 303-4894

Cory Stewart

Executive Vice President and Chief Financial Officer
Private Bancorp of America, Inc., and CalPrivate Bank
(206) 293-3669

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)

	Sep 30, 2023	Jun 30, 2023	Sep 30, 2022
Assets			
Cash and due from banks	\$ 20,013	\$ 23,273	\$ 13,506
Interest-bearing deposits in other financial institutions	20,508	27,566	44,776
Interest-bearing deposits at Federal Reserve Bank	157,807	85,020	43,891
Total cash and due from banks	198,328	135,859	102,173
Interest-bearing time deposits with other institutions	1,500	7,661	6,157
Investment securities available for sale	86,648	94,574	107,332
Loans held for sale	4,071	1,982	7,789
Total loans held-for-investment	1,764,846	1,717,705	1,487,098
Allowance for loan losses	(23,789)	(22,588)	(19,092)
Loans held-for-investment, net of allowance	1,741,057	1,695,117	1,468,006
Federal Home Loan Bank stock, at cost	8,915	8,915	7,020
Right of use asset	2,827	2,525	2,669
Premises and equipment, net	1,447	1,539	2,040
Servicing assets, net	2,449	2,875	3,502
Accrued interest receivable	6,877	6,118	4,262
Other assets	20,100	19,572	15,951
Total assets	\$ 2,074,219	\$ 1,976,737	\$ 1,726,901
Liabilities and Shareholders' Equity			
Liabilities			
Noninterest bearing	\$ 595,023	\$ 657,980	\$ 763,227
Interest Bearing	1,174,664	1,041,192	767,371
Total deposits	1,769,687	1,699,172	1,530,598
FHLB borrowings	82,000	66,000	30,000
Other borrowings	17,959	17,958	17,952
Accrued interest payable and other liabilities	29,894	26,396	13,417
Total liabilities	1,899,540	1,809,526	1,591,967
Shareholders' equity			
Common stock	73,416	73,379	71,671
Additional paid-in capital	3,584	3,405	3,568
Retained earnings	108,757	100,281	70,386
Accumulated other comprehensive (loss) income, net	(11,078)	(9,854)	(10,691)
Total shareholders' equity	174,679	167,211	134,934
Total liabilities and shareholders' equity	\$ 2,074,219	\$ 1,976,737	\$ 1,726,901

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	
	Sep 30, 2023	Jun 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Interest Income					
Loans	\$ 30,568	\$ 28,270	\$ 21,028	\$ 85,066	\$ 56,205
Investment securities	562	560	578	1,702	1,550
Deposits in other financial institutions	1,748	1,933	372	4,831	711
Total interest income	32,878	30,763	21,978	91,599	58,466
Interest Expense					
Deposits	8,210	6,581	1,011	19,715	1,748
Borrowings	1,413	1,474	364	3,753	991
Total interest expense	9,623	8,055	1,375	23,468	2,739
Net interest income	23,255	22,708	20,603	68,131	55,727
Provision (reversal) for credit losses	471	(7,149)	1,316	(6,605)	2,118
Net interest income after provision for credit losses	22,784	29,857	19,287	74,736	53,609
Noninterest income:					
Service charges on deposit accounts	313	310	306	971	887
Net gain on sale of loans	466	171	647	1,111	3,886
Other noninterest income	380	573	452	1,596	1,184
Total noninterest income	1,159	1,054	1,405	3,678	5,957
Noninterest expense:					
Compensation and employee benefits	7,512	7,189	7,261	22,731	21,948
Occupancy and equipment	781	795	756	2,382	2,287
Data processing	1,064	878	993	2,886	2,469
Professional services	564	(836)	1,493	166	4,243
Other expenses	1,922	776	1,224	4,037	4,222
Total noninterest expense	11,843	8,802	11,727	32,202	35,169
Income before provision for income taxes	12,100	22,109	8,965	46,212	24,397
Provision for income taxes	3,611	6,575	2,614	13,215	7,131
Net income	\$ 8,489	\$ 15,534	\$ 6,351	\$ 32,997	\$ 17,266
Net income available to common shareholders	\$ 8,422	\$ 15,407	\$ 6,306	\$ 32,763	\$ 17,115
Earnings per share					
Basic earnings per share	\$ 1.49	\$ 2.72	\$ 1.14	\$ 5.81	\$ 3.08
Diluted earnings per share	\$ 1.47	\$ 2.69	\$ 1.12	\$ 5.75	\$ 3.03
Average shares outstanding	5,658,340	5,654,435	5,549,480	5,640,764	5,559,122
Diluted average shares outstanding	5,709,994	5,726,522	5,640,841	5,697,911	5,657,117

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

	For the three months ended								
	Sep 30, 2023			Jun 30, 2023			Sep 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	\$ 130,583	\$ 1,748	5.31%	\$ 140,939	\$ 1,933	5.50%	\$ 77,353	\$ 372	1.91%
Investment securities	101,313	562	2.22%	110,332	560	2.03%	122,184	578	1.89%
Loans, including LHFS	1,745,113	30,568	6.95%	1,675,790	28,270	6.77%	1,438,489	21,028	5.80%
Total interest-earning assets	1,977,009	32,878	6.60%	1,927,061	30,763	6.40%	1,638,026	21,978	5.32%
Noninterest-earning assets	28,188			32,741			27,465		
Total Assets	\$ 2,005,197			\$ 1,959,802			\$ 1,665,491		
Interest-Bearing Liabilities									
Interest bearing DDA, excluding brokered	99,243	402	1.61%	99,334	364	1.47%	92,769	166	0.71%
Savings & MMA, excluding brokered	657,453	4,248	2.56%	645,219	3,570	2.22%	533,902	602	0.45%
Time deposits, excluding brokered	114,437	933	3.23%	101,241	719	2.85%	68,832	144	0.83%
Total deposits, excluding brokered	871,133	5,583	2.54%	845,794	4,653	2.21%	695,503	912	0.52%
Total brokered deposits	202,644	2,627	5.14%	155,577	1,928	4.97%	16,069	99	2.44%
Total Interest-Bearing Deposits	1,073,777	8,210	3.03%	1,001,371	6,581	2.64%	711,572	1,011	0.56%
FHLB advances	87,190	1,142	5.20%	96,626	1,202	4.99%	15,299	92	2.39%
Other borrowings	17,958	271	5.99%	17,971	272	6.07%	17,951	272	6.06%
Total Interest-Bearing Liabilities	1,178,925	9,623	3.24%	1,115,968	8,055	2.90%	33,250	364	4.34%
Noninterest-bearing deposits	625,115			655,169	-		771,167		
Total Funding Sources	1,804,040	9,623	2.12%	1,771,137	8,055	1.82%	1,515,989	1,375	0.36%
Noninterest-bearing liabilities	27,810			26,492			4,775		
Shareholders' equity	173,347			162,173			144,727		
Total Liabilities and Shareholders' Equity	\$ 2,005,197			\$ 1,959,802			\$ 1,665,491		
Net interest income/spread		<u>\$ 23,255</u>	4.48%		<u>\$ 22,708</u>	4.58%		<u>\$ 20,603</u>	4.96%
Net interest margin			4.67%			4.73%			4.99%

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

	Year to Date					
	Sep 30, 2023			Sep 30, 2022		
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
Interest-Earnings Assets:						
Deposits in other financial institutions	\$ 131,621	\$ 4,831	4.91%	\$ 97,946	\$ 711	0.97%
Investment securities	108,071	1,702	2.10%	119,042	1,550	1.74%
Loans	1,673,254	85,066	6.80%	1,349,382	56,205	5.57%
Total interest-earning assets	1,912,946	91,599	6.40%	1,566,370	58,466	4.99%
Noninterest-earning assets	28,581			25,751		
Total Assets	\$ 1,941,527			\$ 1,592,121		
Interest-Bearing Liabilities						
Interest bearing DDA, excluding brokered	99,734	1,109	1.49%	86,388	235	0.36%
Savings & MMA, excluding brokered	640,803	10,196	2.13%	507,675	1,004	0.26%
Time deposits, excluding brokered	99,685	2,108	2.83%	68,182	371	0.73%
Total deposits, excluding brokered	840,222	13,413	2.13%	662,245	1,610	0.33%
Total brokered deposits	170,256	6,302	4.95%	15,364	138	1.20%
Total Interest-Bearing Deposits	1,010,478	19,715	2.61%	677,609	1,748	0.34%
FHLB advances	77,651	2,938	5.06%	11,786	175	1.99%
Other borrowings	17,969	815	6.06%	17,949	816	6.08%
Total Interest-Bearing Liabilities	1,106,098	23,468	2.84%	29,735	991	4.46%
Noninterest-bearing deposits	649,863			737,578		
Total Funding Sources	1,755,961	23,468	1.79%	1,444,921	2,739	0.25%
Noninterest-bearing liabilities	24,718			12,955		
Shareholders' equity	160,848			134,245		
Total Liabilities and Shareholders' Equity	\$ 1,941,527			\$ 1,592,121		
Net interest income/spread		<u>\$ 68,131</u>	4.61%		<u>\$ 55,727</u>	4.74%
Net interest margin			4.76%			4.76%

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

	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
Assets					
Cash and due from banks	\$ 198,328	\$ 135,859	\$ 211,812	\$ 128,642	\$ 102,173
Interest-bearing time deposits with other institutions	1,500	7,661	7,661	7,923	6,157
Investment securities	86,648	94,574	103,790	104,652	107,332
Loans held for sale	4,071	1,982	465	7,061	7,789
Total loans held-for-investment	1,764,846	1,717,705	1,623,028	1,588,248	1,487,098
Allowance for loan losses	(23,789)	(22,588)	(21,135)	(19,152)	(19,092)
Loans held-for-investment, net of allowance	1,741,057	1,695,117	1,601,893	1,569,096	1,468,006
Right of use asset	2,827	2,525	2,889	3,265	2,669
Premises and equipment, net	1,447	1,539	1,744	1,742	2,040
Other assets and interest receivable	38,341	37,480	36,374	32,499	30,735
Total assets	\$ 2,074,219	\$ 1,976,737	\$ 1,966,628	\$ 1,854,880	\$ 1,726,901
Liabilities and Shareholders' Equity					
Liabilities					
Noninterest Bearing	\$ 595,023	\$ 657,980	\$ 639,664	\$ 691,392	\$ 763,227
Interest Bearing	1,174,664	1,041,192	944,102	983,730	767,371
Total Deposits	1,769,687	1,699,172	1,583,766	1,675,122	1,530,598
Borrowings	99,959	83,958	209,956	17,954	47,952
Accrued interest payable and other liabilities	29,894	26,396	20,592	18,480	13,417
Total liabilities	1,899,540	1,809,526	1,814,314	1,711,556	1,591,967
Shareholders' equity					
Common stock	73,416	73,379	73,254	72,221	71,671
Additional paid-in capital	3,584	3,405	3,289	3,353	3,568
Retained earnings	108,757	100,281	84,751	77,810	70,386
Accumulated other comprehensive (loss) income	(11,078)	(9,854)	(8,980)	(10,060)	(10,691)
Total shareholders' equity	174,679	167,211	152,314	143,324	134,934
Total liabilities and shareholders' equity	\$ 2,074,219	\$ 1,976,737	\$ 1,966,628	\$ 1,854,880	\$ 1,726,901
Book value per common share	\$ 30.63	\$ 29.32	\$ 26.83	\$ 25.60	\$ 24.12
Tangible book value per common share ⁽¹⁾	\$ 30.20	\$ 28.82	\$ 26.30	\$ 25.06	\$ 23.49
Shares outstanding	5,703,350	5,702,637	5,676,017	5,599,025	5,594,380

(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				
	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
Interest income	\$ 32,878	\$ 30,763	\$ 27,958	\$ 26,065	\$ 21,978
Interest expense	9,623	8,055	5,790	3,469	1,375
Net interest income	23,255	22,708	22,168	22,596	20,603
Provision (reversal) for credit losses	471	(7,149)	73	60	1,316
Net interest income after provision for credit losses	22,784	29,857	22,095	22,536	19,287
Noninterest income	1,159	1,054	1,465	1,084	1,405
Compensation and employee benefits	7,512	7,189	8,030	8,482	7,261
Occupancy and equipment	781	795	806	820	756
Data processing	1,064	878	944	942	993
Professional services	564	(836)	438	1,018	1,493
Other expenses	1,922	776	1,339	1,813	1,224
Total noninterest expense	11,843	8,802	11,557	13,075	11,727
Income before provision for income taxes	12,100	22,109	12,003	10,545	8,965
Income taxes	3,611	6,575	3,029	3,102	2,614
Net income	<u>\$ 8,489</u>	<u>\$ 15,534</u>	<u>\$ 8,974</u>	<u>\$ 7,443</u>	<u>\$ 6,351</u>
Net income available to common shareholders	<u>\$ 8,422</u>	<u>\$ 15,407</u>	<u>\$ 8,923</u>	<u>\$ 7,394</u>	<u>\$ 6,306</u>
Earnings per share					
Basic earnings per share	\$ 1.49	\$ 2.72	\$ 1.59	\$ 1.33	\$ 1.13
Diluted earnings per share	\$ 1.47	\$ 2.69	\$ 1.57	\$ 1.31	\$ 1.12
Average shares outstanding	5,658,340	5,654,435	5,608,193	5,551,376	5,549,480
Diluted average shares outstanding	5,709,994	5,726,522	5,673,394	5,645,355	5,640,841
Performance Ratios					
	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
ROAA	1.68%	3.18%	1.96%	1.68%	1.51%
ROAE	19.43%	38.42%	24.80%	20.89%	17.41%
ROATCE ⁽¹⁾	19.74%	39.14%	25.32%	21.41%	17.84%
Net interest margin	4.67%	4.73%	4.90%	5.17%	4.99%
Net interest spread	4.48%	4.58%	4.80%	5.11%	4.96%
Efficiency ratio ⁽¹⁾	48.51%	37.04%	48.90%	55.22%	53.29%
Noninterest expense / average assets	2.34%	1.80%	2.52%	2.95%	2.79%

(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

	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
Total assets	\$ 2,005,197	\$ 1,959,802	\$ 1,857,994	\$ 1,759,204	\$ 1,665,491
Earning assets	\$ 1,977,009	\$ 1,927,061	\$ 1,833,089	\$ 1,733,577	\$ 1,638,026
Total loans, including loans held for sale	\$ 1,745,113	\$ 1,675,790	\$ 1,597,236	\$ 1,527,863	\$ 1,438,489
Total deposits	\$ 1,698,892	\$ 1,656,540	\$ 1,624,777	\$ 1,574,002	\$ 1,482,739
Total shareholders' equity	\$ 173,347	\$ 162,173	\$ 146,778	\$ 141,330	\$ 144,727

Loan Balances by Type
(Dollars in thousands)

	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
Real estate - investor owned	\$ 495,450	\$ 481,518	\$ 472,315	\$ 476,404	\$ 403,950
Real estate - owner occupied	495,909	468,234	418,788	394,365	382,689
Real estate - multifamily	159,447	150,003	141,783	130,901	136,841
Real estate - single family	116,197	119,762	121,760	118,502	107,728
Commercial business	435,183	421,717	401,277	405,919	394,369
Land and construction	59,591	73,665	64,571	56,153	55,418
Consumer	3,069	2,806	2,534	6,004	6,103
Total loans held for investment	<u>\$ 1,764,846</u>	<u>\$ 1,717,705</u>	<u>\$ 1,623,028</u>	<u>\$ 1,588,248</u>	<u>\$ 1,487,098</u>

Deposits by Type
(Dollars in thousands)

	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
Noninterest-bearing DDA	\$ 595,023	\$ 657,980	\$ 639,664	\$ 691,392	\$ 763,227
Interest-bearing DDA, excluding brokered	108,508	101,064	99,988	109,130	95,677
Savings & MMA, excluding brokered	696,499	670,195	637,031	614,991	576,395
Time deposits, excluding brokered	122,622	105,757	77,052	54,887	56,341
Total deposits, excluding brokered	1,522,652	1,534,996	1,453,735	1,470,400	1,491,640
Total brokered deposits	247,035	164,176	130,031	204,722	38,958
Total deposits	<u>\$ 1,769,687</u>	<u>\$ 1,699,172</u>	<u>\$ 1,583,766</u>	<u>\$ 1,675,122</u>	<u>\$ 1,530,598</u>

PRIVATE BANCORP OF AMERICA, INC.
(Unaudited)

Rollforward of Allowance for Credit Losses
(Dollars in thousands)
For the three months ended

	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
Allowance for loan losses:					
Beginning balance	\$ 22,588	\$ 21,135	\$ 19,152	\$ 19,092	\$ 17,776
Impact of CECL adoption	-	-	1,910	-	-
Provision for loan losses	1,194	(7,149)	73	60	1,316
Net (charge-offs) recoveries	7	8,602	-	-	-
Ending balance	23,789	22,588	21,135	19,152	19,092
Reserve for unfunded commitments ⁽¹⁾	1,969	2,172	2,802	1,718	1,674
Total allowance for credit losses	<u>\$ 25,758</u>	<u>\$ 24,760</u>	<u>\$ 23,937</u>	<u>\$ 20,870</u>	<u>\$ 20,766</u>

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

Asset Quality
(Dollars in thousands)

	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
Total loans held-for-investment	\$ 1,764,846	\$ 1,717,705	\$ 1,623,028	\$ 1,588,248	\$ 1,487,098
Allowance for loan losses	\$ (23,789)	\$ (22,588)	\$ (21,135)	\$ (19,152)	\$ (19,092)
30-89 day past due loans and still accruing	\$ -	\$ -	\$ -	\$ -	\$ -
90+ day past due loans and still accruing	\$ -	\$ -	\$ -	\$ -	\$ -
Nonaccrual loans	\$ 5,105	\$ 3,354	\$ 4,384	\$ 3,880	\$ 4,593
NPAs / Assets	0.25%	0.17%	0.22%	0.21%	0.27%
NPLs / Total loans held-for-investment & OREO	0.29%	0.20%	0.27%	0.24%	0.31%
Net quarterly charge-offs (recoveries)	\$ (7)	\$ (8,602)	\$ -	\$ -	\$ -
Net charge-offs (recoveries) /avg loans (annualized)	0.00%	(2.05)%	0.00%	0.00%	0.00%
Allowance for loan losses to loans HFI	1.35%	1.32%	1.30%	1.21%	1.28%
Allowance for loan losses to nonaccrual loans	465.99%	673.46%	482.09%	493.61%	415.68%

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	
	Sep 30, 2023	Jun 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
<u>Adjusted income before provision for income taxes</u>					
Income before provision for income taxes	\$ 12,100	\$ 22,109	\$ 8,965	\$ 46,212	\$ 24,397
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)	\$ 12,100	\$ 11,780	\$ 8,965	\$ 35,883	\$ 24,397
<u>Adjusted net income</u>					
Net income	\$ 8,489	\$ 15,534	\$ 6,351	\$ 32,997	\$ 17,266
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)	\$ 8,489	\$ 8,258	\$ 6,351	\$ 25,721	\$ 17,266
<u>Adjusted diluted earnings per share ("Adjusted EPS")</u>					
Diluted earnings per share	\$ 1.47	\$ 2.69	\$ 1.12	\$ 5.75	\$ 3.03
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)	\$ 1.47	\$ 1.43	\$ 1.12	\$ 4.49	\$ 3.03
Diluted average shares outstanding	5,709,994	5,726,522	5,640,841	5,697,911	5,657,117

(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 million 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				
	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
<u>Efficiency Ratio</u>					
Noninterest expense	\$ 11,843	\$ 8,802	\$ 11,557	\$ 13,075	\$ 11,727
Net interest income	23,255	22,708	22,168	22,596	20,603
Noninterest income	1,159	1,054	1,465	1,084	1,405
Total net interest income and noninterest income	24,414	23,762	23,633	23,680	22,008
Efficiency ratio (non-GAAP)	48.51%	37.04%	48.90%	55.22%	53.29%
<u>Adjusted Efficiency Ratio</u>					
Noninterest expense	\$ 11,843	\$ 8,802	\$ 11,557	\$ 13,075	\$ 11,727
Settlement of legal fees related to ANI litigation	-	1,635	-	-	-
Adjusted noninterest expense (non-GAAP)	11,843	10,437	11,557	13,075	11,727
Total net interest income and noninterest income	24,414	23,762	23,633	23,680	22,008
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)	24,414	23,678	23,633	23,680	22,008
Adjusted Efficiency ratio (non-GAAP)	48.51%	44.08%	48.90%	55.22%	53.29%
<u>Pretax pre-provision net revenue</u>					
Net interest income	\$ 23,255	\$ 22,708	\$ 22,168	\$ 22,596	\$ 20,603
Noninterest income	1,159	1,054	1,465	1,084	1,405
Total net interest income and noninterest income	24,414	23,762	23,633	23,680	22,008
Less: Noninterest expense	11,843	8,802	11,557	13,075	11,727
Pretax pre-provision net revenue (non-GAAP)	\$ 12,571	\$ 14,960	\$ 12,076	\$ 10,605	\$ 10,281
<u>Return and Adjusted Return on Average Assets, Average Equity, Average Tangible Equity</u>					
Net income	\$ 8,489	\$ 15,534	\$ 8,974	\$ 7,443	\$ 6,351
Adjusted net income (non-GAAP) ⁽¹⁾	8,489	8,258	8,974	7,443	6,351
Average assets	2,005,197	1,959,802	1,857,994	1,759,204	1,665,491
Average shareholders' equity	173,347	162,173	146,778	141,330	144,727
Less: Average intangible assets	2,709	2,975	3,026	3,385	3,599
Average tangible common equity (non-GAAP)	170,638	159,198	143,752	137,945	141,128
Return on average assets	1.68%	3.18%	1.96%	1.68%	1.51%
Adjusted return on average assets (non-GAAP) ⁽¹⁾	1.68%	1.69%	1.96%	1.68%	1.51%
Return on average equity	19.43%	38.42%	24.80%	20.89%	17.41%
Adjusted return on average equity (non-GAAP) ⁽¹⁾	19.43%	20.42%	24.80%	20.89%	17.41%
Return on average tangible common equity (non-GAAP)	19.74%	39.14%	25.32%	21.41%	17.85%
Adjusted return on average tangible common equity (non-GAAP) ⁽¹⁾	19.74%	20.81%	25.32%	21.41%	17.85%
<u>Tangible book value per share</u>					
Total equity	174,679	167,211	152,314	143,324	134,934
Less: Total intangible assets	2,449	2,875	3,057	3,007	3,502
Total tangible equity	172,230	164,336	149,257	140,317	131,432
Shares outstanding	5,703,350	5,702,637	5,676,017	5,599,025	5,594,380
Tangible book value per share (non-GAAP)	\$ 30.20	\$ 28.82	\$ 26.30	\$ 25.06	\$ 23.49

(1) A reconciliation of net income to adjusted net income is provided on page 13.

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	
	Sep 30, 2023	Sep 30, 2022
<u>Efficiency Ratio</u>		
Noninterest expense	\$ 32,202	\$ 35,169
Net interest income	68,131	55,727
Noninterest income	3,678	5,957
Total net interest income and noninterest income	71,809	61,684
Efficiency ratio (non-GAAP)	44.84%	57.01%
<u>Adjusted Efficiency Ratio</u>		
Noninterest expense	\$ 32,202	\$ 35,169
Settlement of legal fees related to ANI litigation	1,635	-
Adjusted noninterest expense (non-GAAP)	33,837	35,169
Total net interest income and noninterest income	71,809	61,684
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)	71,725	61,684
Adjusted Efficiency ratio (non-GAAP)	47.18%	57.01%
<u>Pretax pre-provision net revenue</u>		
Net interest income	\$ 68,131	\$ 55,727
Noninterest income	3,678	5,957
Total net interest income and noninterest income	71,809	61,684
Less: Noninterest expense	32,202	35,169
Pretax pre-provision net revenue (non-GAAP)	\$ 39,607	\$ 26,515
<u>Return and Adjusted Return on Average Assets, Average Equity, Average Tangible Equity</u>		
Net income	\$ 32,997	\$ 17,266
Adjusted net income (non-GAAP) ⁽¹⁾	25,721	17,266
Average assets	1,941,527	1,592,121
Average shareholders' equity	160,848	134,245
Less: Average intangible assets	2,879	2,903
Average tangible common equity	157,969	131,342
Return on average assets	2.27%	1.45%
Adjusted return on average assets (non-GAAP) ⁽¹⁾	1.77%	1.45%
Return on average equity	27.43%	17.20%
Adjusted return on average equity (non-GAAP) ⁽¹⁾	21.38%	17.20%
Return on average tangible common equity (non-GAAP)	27.93%	17.58%
Adjusted return on average tangible common equity (non-GAAP) ⁽¹⁾	21.77%	17.58%

(1) A reconciliation of net income to adjusted net income is provided on page 13.