



FOR IMMEDIATE RELEASE

Private Bancorp of America, Inc. Announces Strong Net Income and Earnings Per Share for Second Quarter 2024

Second Quarter 2024 Highlights

- Net income for the second quarter of 2024 of \$7.8 million, compared to \$7.9 million in the prior quarter and \$15.5 million (GAAP basis), or \$8.3 million⁽¹⁾ (as adjusted), in the second quarter of 2023. The second quarter of 2023 included loan recoveries of \$8.7 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). Net income for the second quarter of 2024 represents a return on average assets of 1.40% and a return on average tangible common equity of 15.99%
- Diluted earnings per share for the second quarter of 2024 of \$1.35, compared to \$1.36 in the prior quarter and \$2.69 (GAAP basis), or \$1.43⁽¹⁾ (as adjusted), in the second quarter of 2023
- Loans held-for-investment (“HFI”) totaled \$1.98 billion as of June 30, 2024, an increase of \$72.7 million or 3.8% from March 31, 2024. Loans HFI increased 15.3% year over year
- Provision for credit losses for the second quarter of 2024 was \$2.1 million, compared to \$0.2 million for the prior quarter and a net reversal of \$7.1 million for the second quarter of 2023. The allowance for loan losses was 1.34% of loans HFI as of June 30, 2024
- Credit trends remained positive with total criticized and classified loans at \$16.9 million, or 0.85% of total loans, down from the prior quarter of \$27.4 million, or 1.44% of total loans
- Total deposits were \$2.00 billion as of June 30, 2024, an increase of \$97.1 million or 5.1% from March 31, 2024. Total deposits increased 17.8% year over year. Federal Home Loan Bank advances decreased by \$5.0 million as a result of deposit growth. Core deposits were \$1.74 billion as of June 30, 2024, an increase of \$136.6 million or 8.5% from March 31, 2024
- Net interest margin was 4.48% for the second quarter of 2024, as compared to 4.31% for the prior quarter and 4.73% for the second quarter of 2023
- Total cost of funding sources was 2.78% for the second quarter of 2024, an increase from 2.70% in the prior quarter and 1.82% in the second quarter of 2023
- Tangible book value per share was \$34.65 as of June 30, 2024, an increase of \$1.10 since March 31, 2024 primarily as a result of strong earnings. Tangible book value per share increased 3.3% quarter-over-quarter and 20.2% year over year.

La Jolla, Calif. – July 19, 2024 (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, 2024. The Company reported net income of \$7.8 million , or \$1.35 per diluted share, for the second quarter of 2024, compared to \$7.9 million, or \$1.36, in the prior quarter, and \$15.5 million (GAAP basis), or \$8.3 million⁽¹⁾ (as adjusted), and \$2.69 (GAAP basis), or \$1.43⁽¹⁾ (as adjusted), in the second quarter of 2023.

Rick Sowers, President and CEO of the Company and the Bank stated, “We experienced continued strong loan and deposit growth in the second quarter fueled by continued expansion of Relationships and the acquisition of new Clients. Growth came from all geographies of the bank and business lines. We also saw continued traction for our Legal Services and Cross Border verticals as well. The Team continues to bring discipline to our lending which has yielded expanded loan rates and solid Net Interest Income growth.”

Sowers added, “We were very pleased to be recognized in the American Banker as one of the top performing banks in the country in our asset class. This recognition reinforces that through an outstanding, hard working and dedicated Team, you create satisfied Clients and Shareholders.”

⁽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

“The Company continues to exhibit successful customer acquisition activity despite a challenging interest rate environment. Additionally, the Company is investing in people and infrastructure, including strong risk management, product strategy and innovation 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 2024 totaled \$24.7 million, an increase of \$1.9 million or 8.4% from the prior quarter and an increase of \$2.0 million or 8.6% from the second quarter of 2023. The increase from the prior quarter was driven primarily by 4.4% growth in interest-earning assets and a 24 basis point increase in asset yields as interest income increased by \$2.9 million. Interest income in the second quarter of 2024 included \$0.6 million from nonaccrual interest on a loan that was paid off during the quarter, contributing 11 basis points to asset yields. Partially offsetting this was an increase of \$1.0 million in interest expense, which resulted from a 7.5% increase in average interest bearing-liabilities and a 1 basis point increase in the cost of interest-bearing liabilities.

Net Interest Margin

Net interest margin for the second quarter of 2024 was 4.48%, compared to 4.31% for the prior quarter and 4.73% in the second quarter of 2023. The 17 basis point increase in net interest margin from the prior quarter was primarily due to higher yields on loans, which included 11 basis points from nonaccrual interest on a loan that was paid off during the quarter, partially offset by a higher cost on total deposits. The yield on earning assets was 7.02% for the second quarter of 2024 compared to 6.78% for the prior quarter, and the cost of interest-bearing liabilities was 3.78% for the second quarter of 2024 compared to 3.77% in the prior quarter. The cost of total deposits was 2.67% for the second quarter of 2024 compared to 2.61% in the prior quarter. The cost of core deposits, which excludes brokered deposits, was 2.28% in the second quarter of 2024 compared to 2.14% in the prior quarter. The spot rate for total deposits was 2.61% as of June 30, 2024, compared to 2.66% at March 31, 2024.

Provision for Credit Losses

Provision expense for credit losses for the second quarter of 2024 was \$2.1 million, compared to \$0.2 million in the prior quarter and a net reversal of \$7.1 million for the second quarter of 2023. The increase from the prior quarter was primarily due to the \$72.7 million increase in loans HFI and higher reserve rates on commercial real estate loans due to CECL model updates. For more details, please refer to the “Asset Quality” section below.

Noninterest Income

Noninterest income was \$1.5 million for the second quarter of 2024, compared to \$1.4 million in the prior quarter and \$1.1 million in the second quarter of 2023. SBA loan sales for the second quarter of 2024 were \$8.0 million with a 12.16% average trade premium resulting in a net gain on sale of \$661 thousand, compared with \$8.9 million with a 10.84% average trade premium resulting in a net gain on sale of \$681 thousand in the prior quarter. Management expects continued softness in the market for SBA 7a loans.

Noninterest Expense

Noninterest expense was \$13.0 million for the second quarter of 2024, compared to \$12.8 million in the prior quarter and \$8.8 million in the second quarter of 2023. The efficiency ratio was 49.46% for the second quarter of 2024 compared to 52.84% in the prior quarter and 37.04% in the second quarter of 2023. The decrease in the efficiency ratio from the prior quarter was primarily due to the increase in net interest income described above, while the increase in noninterest expense was relatively modest.

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 \$3.3 million for the second quarter of 2024, compared to \$3.3 million for the prior quarter. The effective tax rate for the second quarter of 2024 was 29.5%, compared to 29.5% in the prior quarter and 29.7% in the second quarter of 2023.

STATEMENT OF FINANCIAL CONDITION

As of June 30, 2024, total assets were \$2.29 billion, an increase of \$97.9 million since March 31, 2024. The increase in assets from the prior quarter was primarily due to higher loans receivable, cash balances and investment securities. Total cash and due from banks was \$158.4 million as of June 30, 2024, an increase of \$16.9 million or 11.9%, since March 31, 2024, primarily due to funds that were deposited at the end of the quarter and deployed in the following month. Loans HFI totaled \$1.98 billion as of June 30, 2024, an increase of \$72.7 million or 3.8% since March 31, 2024. Investment securities available-for-sale (“AFS”) were \$121.7 million as of June 30, 2024, an increase of \$7.7 million or 6.7% since March 31, 2024, as a result of new securities purchased. As of June 30, 2024, the net unrealized loss on the AFS investment securities portfolio, which is comprised mostly of US Treasury and Government Agency debt, was \$13.0 million (pre-tax) compared to a loss of \$12.4 million (pre-tax) as of March 31, 2024. The average duration of the Bank’s AFS portfolio is 3.7 years. The Company has no held-to-maturity securities.

Total deposits were \$2.00 billion as of June 30, 2024, an increase of \$97.1 million since March 31, 2024. During the quarter, core deposits increased by \$136.6 million, which was driven by a \$95.9 million increase in interest-bearing core deposits (including balances in the Intrafi ICS and CDARS programs) and a \$40.8 million increase in noninterest-bearing core deposits. Deposit mix has continued to shift while short-term interest rates remain higher. Noninterest-bearing deposits represent 32.0% of total core deposits. Uninsured deposits, net of collateralized and fiduciary deposit accounts, represent 47.9% of total deposits as of June 30, 2024.

As of June 30, 2024, total available liquidity was \$1.7 billion or 181.5% of uninsured deposits, net of collateralized and fiduciary deposit accounts. Total available liquidity is comprised of \$271 million of on-balance sheet liquidity (cash and investment securities) and \$1.5 billion of unused borrowing capacity.

Asset Quality and Allowance for Credit Losses (“ACL”)

As of June 30, 2024, the allowance for loan losses was \$26.6 million or 1.34% of loans HFI, compared to \$24.7 million or 1.29% as of March 31, 2024. The increase in the coverage ratio from March 31, 2024 primarily reflects updates to the third-party national dataset of historical loss rates used in the commercial real estate lifetime loss rate model. The Company continues to have strong credit metrics and its nonperforming assets are 0.11% of total assets as of June 30, 2024 compared to 0.21% as of March 31, 2024. The reserve for unfunded commitments was \$1.9 million as of June 30, 2024, compared to \$1.7 million as of March 31, 2024. Given the credit quality of the loan portfolio, management believes we are sufficiently reserved.

At June 30, 2024 and March 31, 2024, there are no doubtful credits and classified assets were \$10.1 million and \$10.8 million, respectively. Total classified assets consisted of eight loans as of June 30, 2024, which included seven loans totaling \$7.6 million secured by real estate with a weighted average LTV of 43.4%. The remaining loan was a \$2.5 million nonaccrual commercial and industrial loan with a specific reserve of \$1.5 million.

Capital Ratios ⁽²⁾

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

	June 30, 2024 ⁽²⁾	March 31, 2024
CalPrivate Bank		
Tier I leverage ratio	10.00%	10.08%
Tier I risk-based capital ratio	11.23%	11.19%
Total risk-based capital ratio	12.48%	12.44%

(2) June 30, 2024 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)

	Jun 30, 2024	Mar 31, 2024	Jun 30, 2023
Assets			
Cash and due from banks	\$ 13,545	\$ 13,136	\$ 23,273
Interest-bearing deposits in other financial institutions	12,502	34,790	27,566
Interest-bearing deposits at Federal Reserve Bank	132,330	93,575	85,020
Total cash and due from banks	158,377	141,501	135,859
Interest-bearing time deposits with other institutions	4,097	4,032	7,661
Investment debt securities available for sale	121,725	114,067	94,574
Loans held for sale	-	383	1,982
Loans, net of deferred fees and costs and unaccreted discounts	1,979,720	1,906,992	1,717,705
Allowance for loan losses	(26,591)	(24,693)	(22,588)
Loans held-for-investment, net of allowance	1,953,129	1,882,299	1,695,117
Federal Home Loan Bank stock, at cost	9,586	8,915	8,915
Right of use asset	4,719	2,765	2,525
Premises and equipment, net	2,207	1,804	1,539
Servicing assets, net	2,164	2,203	2,875
Accrued interest receivable	7,906	7,931	6,118
Other assets	21,774	21,877	19,572
Total assets	\$ 2,285,684	\$ 2,187,777	\$ 1,976,737
Liabilities and Shareholders' Equity			
Liabilities			
Noninterest bearing	\$ 557,055	\$ 516,294	\$ 657,980
Interest bearing	1,444,671	1,388,381	1,041,192
Total deposits	2,001,726	1,904,675	1,699,172
FHLB borrowings	48,000	53,000	66,000
Other borrowings	17,965	17,963	17,958
Accrued interest payable and other liabilities	16,551	18,107	26,396
Total liabilities	2,084,242	1,993,745	1,809,526
Shareholders' equity			
Common stock	74,636	74,105	73,379
Additional paid-in capital	3,717	4,108	3,405
Retained earnings	132,179	124,464	100,281
Accumulated other comprehensive (loss) income, net	(9,090)	(8,645)	(9,854)
Total shareholders' equity	201,442	194,032	167,211
Total liabilities and shareholders' equity	\$ 2,285,684	\$ 2,187,777	\$ 1,976,737

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	
	Jun 30, 2024	Mar 31, 2024	Jun 30, 2023	Jun 30, 2024	Jun 30, 2023
Interest Income					
Loans	\$ 35,538	\$ 33,006	\$ 28,270	\$ 68,544	\$ 54,498
Investment securities	1,090	979	560	2,069	1,140
Deposits in other financial institutions	2,034	1,799	1,933	3,833	3,083
Total interest income	38,662	35,784	30,763	74,446	58,721
Interest Expense					
Deposits	13,040	12,130	6,581	25,170	11,505
Borrowings	952	886	1,474	1,838	2,340
Total interest expense	13,992	13,016	8,055	27,008	13,845
Net interest income	24,670	22,768	22,708	47,438	44,876
Provision (reversal) for credit losses	2,136	233	(7,149)	2,369	(7,076)
Net interest income after provision for credit losses	22,534	22,535	29,857	45,069	51,952
Noninterest income:					
Service charges on deposit accounts	430	388	310	818	658
Net gain on sale of loans	661	681	171	1,342	645
Other noninterest income	447	357	573	804	1,216
Total noninterest income	1,538	1,426	1,054	2,964	2,519
Noninterest expense:					
Compensation and employee benefits	8,836	8,861	7,189	17,697	15,219
Occupancy and equipment	822	770	795	1,592	1,601
Data processing	1,183	1,058	878	2,241	1,822
Professional services	424	488	(836)	912	(398)
Other expenses	1,697	1,606	776	3,303	2,115
Total noninterest expense	12,962	12,783	8,802	25,745	20,359
Income before provision for income taxes	11,110	11,178	22,109	22,288	34,112
Provision for income taxes	3,283	3,294	6,575	6,577	9,604
Net income	<u>\$ 7,827</u>	<u>\$ 7,884</u>	<u>\$ 15,534</u>	<u>\$ 15,711</u>	<u>\$ 24,508</u>
Net income available to common shareholders	<u>\$ 7,761</u>	<u>\$ 7,832</u>	<u>\$ 15,407</u>	<u>\$ 15,595</u>	<u>\$ 24,345</u>
Earnings per share					
Basic earnings per share	\$ 1.36	\$ 1.38	\$ 2.72	\$ 2.74	\$ 4.32
Diluted earnings per share	\$ 1.35	\$ 1.36	\$ 2.69	\$ 2.71	\$ 4.25
Average shares outstanding	5,702,938	5,679,843	5,654,435	5,688,135	5,631,442
Diluted average shares outstanding	5,762,616	5,754,937	5,726,522	5,755,250	5,722,645

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

	For the three months ended								
	Jun 30, 2024			Mar 31, 2024			Jun 30, 2023		
	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	\$ 152,563	\$ 2,034	5.36%	\$ 135,511	\$ 1,799	5.34%	\$ 140,939	\$ 1,933	5.50%
Investment securities	123,876	1,090	3.52%	119,690	979	3.27%	110,332	560	2.03%
Loans, including LHFS	1,939,746	35,538	7.37%	1,868,308	33,006	7.11%	1,675,790	28,270	6.77%
Total interest-earning assets	2,216,185	38,662	7.02%	2,123,509	35,784	6.78%	1,927,061	30,763	6.40%
Noninterest-earning assets	25,675			25,469			32,741		
Total Assets	<u>\$2,241,860</u>			<u>\$2,148,978</u>			<u>\$1,959,802</u>		
Interest-Bearing Liabilities									
Interest bearing DDA, excluding brokered	130,361	463	1.43%	109,838	441	1.61%	99,334	364	1.47%
Savings & MMA, excluding brokered	845,856	7,354	3.50%	765,770	6,421	3.37%	645,219	3,570	2.22%
Time deposits, excluding brokered	164,714	1,690	4.13%	155,703	1,583	4.09%	101,241	719	2.85%
Total deposits, excluding brokered	1,140,931	9,507	3.35%	1,031,311	8,445	3.29%	845,794	4,653	2.21%
Total brokered deposits	284,290	3,533	5.00%	287,885	3,685	5.15%	155,577	1,928	4.97%
Total Interest-Bearing Deposits	1,425,221	13,040	3.68%	1,319,196	12,130	3.70%	1,001,371	6,581	2.64%
FHLB advances	47,373	581	4.93%	49,935	614	4.95%	96,626	1,202	4.99%
Other borrowings	17,966	371	8.31%	17,962	272	6.09%	17,971	272	6.07%
Total Interest-Bearing Liabilities	1,490,560	13,992	3.78%	1,387,093	13,016	3.77%	1,115,968	8,055	2.90%
Noninterest-bearing deposits	535,878			553,541			655,169		
Total Funding Sources	2,026,438	13,992	2.78%	1,940,634	13,016	2.70%	1,771,137	8,055	1.82%
Noninterest-bearing liabilities	16,334			18,018			26,492		
Shareholders' equity	199,088			190,326			162,173		
Total Liabilities and Shareholders' Equity	<u>\$2,241,860</u>			<u>\$2,148,978</u>			<u>\$1,959,802</u>		
Net interest income/spread		<u>\$ 24,670</u>	4.24%		<u>\$ 22,768</u>	4.08%		<u>\$ 22,708</u>	4.58%
Net interest margin			4.48%			4.31%			4.73%

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

	Year to Date					
	Jun 30, 2024			Jun 30, 2023		
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
Interest-Earnings Assets:						
Deposits in other financial institutions	\$ 144,037	\$ 3,833	5.35%	\$ 132,124	\$ 3,083	4.71%
Investment securities	121,783	2,069	3.40%	111,506	1,140	2.06%
Loans	1,904,028	68,544	7.24%	1,636,730	54,498	6.71%
Total interest-earning assets	2,169,848	74,446	6.90%	1,880,360	58,721	6.30%
Noninterest-earning assets	25,571			28,819		
Total Assets	\$ 2,195,419			\$ 1,909,179		
Interest-Bearing Liabilities						
Interest bearing DDA, excluding brokered	120,100	904	1.51%	99,983	707	1.43%
Savings & MMA, excluding brokered	805,813	13,775	3.44%	632,340	5,948	1.90%
Time deposits, excluding brokered	160,208	3,273	4.11%	92,187	1,175	2.57%
Total deposits, excluding brokered	1,086,121	17,952	3.32%	824,510	7,830	1.92%
Total brokered deposits	286,088	7,218	5.07%	153,794	3,675	4.82%
Total Interest-Bearing Deposits	1,372,209	25,170	3.69%	978,304	11,505	2.37%
FHLB advances	48,653	1,195	4.94%	72,801	1,796	4.97%
Other borrowings	17,964	643	7.20%	17,974	544	6.10%
Total Interest-Bearing Liabilities	1,438,826	27,008	3.77%	1,069,079	13,845	2.61%
Noninterest-bearing deposits	544,709			662,442		
Total Funding Sources	1,983,535	27,008	2.74%	1,731,521	13,845	1.61%
Noninterest-bearing liabilities	17,176			23,140		
Shareholders' equity	194,708			154,518		
Total Liabilities and Shareholders' Equity	\$ 2,195,419			\$ 1,909,179		
Net interest income/spread		<u>\$ 47,438</u>	4.16%		<u>\$ 44,876</u>	4.69%
Net interest margin			4.40%			4.81%

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

	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023
Assets					
Cash and due from banks	\$ 158,377	\$ 141,501	\$ 178,100	\$ 198,328	\$ 135,859
Interest-bearing time deposits with other institutions	4,097	4,032	4,000	1,500	7,661
Investment securities	121,725	114,067	102,499	86,648	94,574
Loans held for sale	-	383	1,233	4,071	1,982
Total loans held-for-investment	1,979,720	1,906,992	1,847,161	1,764,846	1,717,705
Allowance for loan losses	(26,591)	(24,693)	(24,476)	(23,789)	(22,588)
Loans held-for-investment, net of allowance	1,953,129	1,882,299	1,822,685	1,741,057	1,695,117
Right of use asset	4,719	2,765	3,096	2,827	2,525
Premises and equipment, net	2,207	1,804	1,700	1,447	1,539
Other assets and interest receivable	41,430	40,926	39,155	38,341	37,480
Total assets	\$ 2,285,684	\$ 2,187,777	\$ 2,152,468	\$ 2,074,219	\$ 1,976,737
Liabilities and Shareholders' Equity					
Liabilities					
Noninterest Bearing	\$ 557,055	\$ 516,294	\$ 572,755	\$ 595,023	\$ 657,980
Interest Bearing	1,444,671	1,388,381	1,302,615	1,174,664	1,041,192
Total Deposits	2,001,726	1,904,675	1,875,370	1,769,687	1,699,172
Borrowings	65,965	70,963	74,961	99,959	83,958
Accrued interest payable and other liabilities	16,551	18,107	16,354	29,894	26,396
Total liabilities	2,084,242	1,993,745	1,966,685	1,899,540	1,809,526
Shareholders' equity					
Common stock	74,636	74,105	74,003	73,416	73,379
Additional paid-in capital	3,717	4,108	3,679	3,584	3,405
Retained earnings	132,179	124,464	116,604	108,757	100,281
Accumulated other comprehensive (loss) income	(9,090)	(8,645)	(8,503)	(11,078)	(9,854)
Total shareholders' equity	201,442	194,032	185,783	174,679	167,211
Total liabilities and shareholders' equity	\$ 2,285,684	\$ 2,187,777	\$ 2,152,468	\$ 2,074,219	\$ 1,976,737
Book value per common share	\$ 35.03	\$ 33.94	\$ 32.48	\$ 30.63	\$ 29.32
Tangible book value per common share ⁽¹⁾	\$ 34.65	\$ 33.55	\$ 32.08	\$ 30.20	\$ 28.82
Shares outstanding	5,751,143	5,717,519	5,719,115	5,703,350	5,702,637

(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, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023
Interest income	\$ 38,662	\$ 35,784	\$ 34,063	\$ 32,878	\$ 30,763
Interest expense	13,992	13,016	11,875	9,623	8,055
Net interest income	24,670	22,768	22,188	23,255	22,708
Provision (reversal) for credit losses	2,136	233	459	471	(7,149)
Net interest income after provision for credit losses	22,534	22,535	21,729	22,784	29,857
Service charges on deposit accounts	430	388	373	313	310
Net gain on sale of loans	661	681	436	466	171
Other noninterest income	447	357	435	380	573
Total noninterest income	1,538	1,426	1,244	1,159	1,054
Compensation and employee benefits	8,836	8,861	7,942	7,512	7,189
Occupancy and equipment	822	770	790	781	795
Data processing	1,183	1,058	1,001	1,064	878
Professional services	424	488	410	564	(836)
Other expenses	1,697	1,606	1,625	1,922	776
Total noninterest expense	12,962	12,783	11,768	11,843	8,802
Income before provision for income taxes	11,110	11,178	11,205	12,100	22,109
Income taxes	3,283	3,294	3,346	3,611	6,575
Net income	\$ 7,827	\$ 7,884	\$ 7,859	\$ 8,489	\$ 15,534
Net income available to common shareholders	\$ 7,761	\$ 7,832	\$ 7,800	\$ 8,422	\$ 15,407
Earnings per share					
Basic earnings per share	\$ 1.36	\$ 1.38	\$ 1.38	\$ 1.49	\$ 2.72
Diluted earnings per share	\$ 1.35	\$ 1.36	\$ 1.36	\$ 1.47	\$ 2.69
Average shares outstanding	5,702,938	5,679,843	5,664,028	5,658,340	5,654,435
Diluted average shares outstanding	5,762,616	5,754,937	5,723,735	5,709,994	5,726,522

	Performance Ratios				
	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023
ROAA	1.40%	1.48%	1.51%	1.68%	3.18%
ROAE	15.81%	16.66%	17.29%	19.43%	38.42%
ROATCE ⁽¹⁾	15.99%	16.86%	17.53%	19.74%	39.14%
Net interest margin	4.48%	4.31%	4.33%	4.67%	4.73%
Net interest spread	4.24%	4.08%	4.11%	4.48%	4.58%
Efficiency ratio ⁽¹⁾	49.46%	52.84%	50.22%	48.51%	37.04%
Noninterest expense / average assets	2.32%	2.39%	2.26%	2.34%	1.80%

(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

	<u>Jun 30, 2024</u>	<u>Mar 31, 2024</u>	<u>Dec 31, 2023</u>	<u>Sep 30, 2023</u>	<u>Jun 30, 2023</u>
Total assets	\$ 2,241,860	\$ 2,148,978	\$ 2,062,486	\$ 2,005,197	\$ 1,959,802
Earning assets	\$ 2,216,185	\$ 2,123,509	\$ 2,034,556	\$ 1,977,009	\$ 1,927,061
Total loans, including loans held for sale	\$ 1,939,746	\$ 1,868,308	\$ 1,788,572	\$ 1,745,113	\$ 1,675,790
Total deposits	\$ 1,961,099	\$ 1,872,737	\$ 1,788,659	\$ 1,698,892	\$ 1,656,540
Total shareholders' equity	\$ 199,088	\$ 190,326	\$ 180,287	\$ 173,347	\$ 162,173

Loan Balances by Type
(Dollars in thousands)

	<u>Jun 30, 2024</u>	<u>Mar 31, 2024</u>	<u>Dec 31, 2023</u>	<u>Sep 30, 2023</u>	<u>Jun 30, 2023</u>
Commercial Real Estate (CRE):					
Investor owned	\$ 566,314	\$ 573,587	\$ 583,069	\$ 541,088	\$ 527,819
Owner occupied	216,876	216,123	202,106	185,296	177,177
Multifamily	177,390	175,629	168,324	159,700	158,082
Secured by single family	181,744	157,092	146,370	153,132	148,464
Land and construction	58,109	35,975	33,655	30,253	32,519
SBA secured by real estate	388,271	385,416	349,676	343,576	329,403
Total CRE	1,588,704	1,543,822	1,483,200	1,413,045	1,373,464
Commercial business:					
Commercial and industrial	378,161	352,417	350,879	337,815	332,394
SBA non-real estate secured	10,758	8,657	9,807	11,081	9,121
Total commercial business	388,919	361,074	360,686	348,896	341,515
Consumer	2,097	2,096	3,275	2,905	2,726
Total loans held for investment	<u>\$ 1,979,720</u>	<u>\$ 1,906,992</u>	<u>\$ 1,847,161</u>	<u>\$ 1,764,846</u>	<u>\$ 1,717,705</u>

Deposits by Type
(Dollars in thousands)

	<u>Jun 30, 2024</u>	<u>Mar 31, 2024</u>	<u>Dec 31, 2023</u>	<u>Sep 30, 2023</u>	<u>Jun 30, 2023</u>
Noninterest-bearing DDA	\$ 557,055	\$ 516,294	\$ 572,755	\$ 595,023	\$ 657,980
Interest-bearing DDA, excluding brokered	156,253	117,129	121,829	108,508	101,064
Savings & MMA, excluding brokered	861,508	812,841	742,617	696,499	670,195
Time deposits, excluding brokered	168,664	160,605	147,583	122,622	105,757
Total deposits, excluding brokered	1,743,480	1,606,869	1,584,784	1,522,652	1,534,996
Total brokered deposits	258,246	297,806	290,586	247,035	164,176
Total deposits	<u>\$ 2,001,726</u>	<u>\$ 1,904,675</u>	<u>\$ 1,875,370</u>	<u>\$ 1,769,687</u>	<u>\$ 1,699,172</u>

PRIVATE BANCORP OF AMERICA, INC.
(Unaudited)

Rollforward of Allowance for Credit Losses					
(Dollars in thousands)					
For the three months ended					
	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023
Allowance for loan losses:					
Beginning balance	\$ 24,693	\$ 24,476	\$ 23,789	\$ 22,588	\$ 21,135
Provision for loan losses	1,994	251	687	1,194	(7,149)
Net (charge-offs) recoveries	(96)	(34)	-	7	8,602
Ending balance	26,591	24,693	24,476	23,789	22,588
Reserve for unfunded commitments	1,865	1,723	1,741	1,969	2,172
Total allowance for credit losses	<u>\$ 28,456</u>	<u>\$ 26,416</u>	<u>\$ 26,217</u>	<u>\$ 25,758</u>	<u>\$ 24,760</u>

Asset Quality					
(Dollars in thousands)					
	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023
Total loans held-for-investment	\$1,979,720	\$1,906,992	\$1,847,161	\$1,764,846	\$1,717,705
Allowance for loan losses	\$ (26,591)	\$ (24,693)	\$ (24,476)	\$ (23,789)	\$ (22,588)
30-89 day past due loans	\$ -	\$ -	\$ 1,470	\$ 2,500	\$ -
90+ day past due loans	\$ 2,500	\$ 3,530	\$ 3,874	\$ 1,374	\$ 3,701
Nonaccrual loans	\$ 2,500	\$ 4,656	\$ 5,053	\$ 5,105	\$ 3,354
NPAs / Assets	0.11%	0.21%	0.23%	0.25%	0.17%
NPLs / Total loans held-for-investment & OREO	0.13%	0.24%	0.27%	0.29%	0.20%
Net quarterly charge-offs (recoveries)	\$ 96	\$ 34	\$ -	\$ (7)	\$ (8,602)
Net charge-offs (recoveries) /avg loans (annualized)	0.02%	0.01%	0.00%	0.00%	(2.05)%
Allowance for loan losses to loans HFI	1.34%	1.29%	1.33%	1.35%	1.32%
Allowance for loan losses to nonaccrual loans	1,063.64%	530.35%	484.39%	465.99%	673.46%

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				
	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023
Adjusted income before provision for income taxes					
Income before provision for income taxes	\$ 11,110	\$ 11,178	\$ 11,205	\$ 12,100	\$ 22,109
ANI recovery ⁽¹⁾	-	-	-	-	(7,708)
Settlement of legal fees related to ANI litigation ⁽²⁾	-	-	-	-	(1,635)
Recovery of principal and interest on a loan acquired with credit deterioration as part of a business combination ⁽³⁾	-	-	-	-	(986)
Adjusted income before provision for income taxes (non-GAAP)	\$ 11,110	\$ 11,178	\$ 11,205	\$ 12,100	\$ 11,780
Adjusted net income					
Net income	\$ 7,827	\$ 7,884	\$ 7,859	\$ 8,489	\$ 15,534
ANI recovery, net of tax ⁽¹⁾⁽⁴⁾	-	-	-	-	(5,430)
Settlement of legal fees related to ANI litigation, net of tax ⁽²⁾⁽⁴⁾	-	-	-	-	(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)
Adjusted net income (non-GAAP)	\$ 7,827	\$ 7,884	\$ 7,859	\$ 8,489	\$ 8,258
Adjusted diluted earnings per share ("Adjusted EPS")					
Diluted earnings per share	\$ 1.35	\$ 1.36	\$ 1.36	\$ 1.47	\$ 2.69
ANI recovery, net of tax ⁽¹⁾⁽⁴⁾	-	-	-	-	(0.94)
Settlement of legal fees related to ANI litigation, net of tax ⁽²⁾⁽⁴⁾	-	-	-	-	(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)
Adjusted EPS (non-GAAP)	\$ 1.35	\$ 1.36	\$ 1.36	\$ 1.47	\$ 1.43
Diluted average shares outstanding	5,762,616	5,754,937	5,723,735	5,709,994	5,726,522

(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 \$0.9 million of legal costs by the participant bank. In addition, \$0.7 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: 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)	
	Year to Date	
	Jun 30, 2024	Jun 30, 2023
<u>Adjusted income before provision for income taxes</u>		
Income before provision for income taxes	\$ 22,288	\$ 34,112
ANI recovery ⁽¹⁾	-	(7,708)
Settlement of legal fees related to ANI litigation ⁽²⁾	-	(1,635)
Recovery of principal and interest on a loan acquired with credit deterioration as part of a business combination ⁽³⁾	-	(986)
Adjusted income before provision for income taxes (non-GAAP)	\$ 22,288	\$ 23,783
<u>Adjusted net income</u>		
Net income	\$ 15,711	\$ 24,508
ANI recovery, net of tax ⁽¹⁾⁽⁴⁾	-	(5,430)
Settlement of legal fees related to ANI litigation, net of tax ⁽²⁾⁽⁴⁾	-	(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)
Adjusted net income (non-GAAP)	\$ 15,711	\$ 17,232
<u>Adjusted diluted earnings per share ("Adjusted EPS")</u>		
Diluted earnings per share	\$ 2.71	\$ 4.25
ANI recovery, net of tax ⁽¹⁾⁽⁴⁾	-	(0.94)
Settlement of legal fees related to ANI litigation, net of tax ⁽²⁾⁽⁴⁾	-	(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)
Adjusted EPS (non-GAAP)	\$ 2.71	\$ 2.99
Diluted average shares outstanding	5,755,250	5,722,645

(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 \$0.9 million of legal costs by the participant bank. In addition, \$0.7 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				
	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023
<u>Efficiency Ratio</u>					
Noninterest expense	\$ 12,962	\$ 12,783	\$ 11,768	\$ 11,843	\$ 8,802
Net interest income	24,670	22,768	22,188	23,255	22,708
Noninterest income	1,538	1,426	1,244	1,159	1,054
Total net interest income and noninterest income	26,208	24,194	23,432	24,414	23,762
Efficiency ratio (non-GAAP)	49.46%	52.84%	50.22%	48.51%	37.04%
<u>Adjusted Efficiency Ratio</u>					
Noninterest expense	\$ 12,962	\$ 12,783	\$ 11,768	\$ 11,843	\$ 8,802
Settlement of legal fees related to ANI litigation	-	-	-	-	1,635
Adjusted noninterest expense (non-GAAP)	12,962	12,783	11,768	11,843	10,437
Total net interest income and noninterest income	26,208	24,194	23,432	24,414	23,762
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)	26,208	24,194	23,432	24,414	23,678
Adjusted Efficiency ratio (non-GAAP)	49.46%	52.84%	50.22%	48.51%	44.08%
<u>Pretax pre-provision net revenue</u>					
Net interest income	\$ 24,670	\$ 22,768	\$ 22,188	\$ 23,255	\$ 22,708
Noninterest income	1,538	1,426	1,244	1,159	1,054
Total net interest income and noninterest income	26,208	24,194	23,432	24,414	23,762
Less: Noninterest expense	12,962	12,783	11,768	11,843	8,802
Pretax pre-provision net revenue (non-GAAP)	\$ 13,246	\$ 11,411	\$ 11,664	\$ 12,571	\$ 14,960
<u>Return and Adjusted Return on Average Assets, Average Equity, Average Tangible Equity</u>					
Net income	\$ 7,827	\$ 7,884	\$ 7,859	\$ 8,489	\$ 15,534
Adjusted net income (non-GAAP) ⁽¹⁾	7,827	7,884	7,859	8,489	8,258
Average assets	2,241,860	2,148,978	2,062,486	2,005,197	1,959,802
Average shareholders' equity	199,088	190,326	180,287	173,347	162,173
Less: Average intangible assets	2,163	2,208	2,451	2,709	2,975
Average tangible common equity (non-GAAP)	196,925	188,118	177,836	170,638	159,198
Return on average assets	1.40%	1.48%	1.51%	1.68%	3.18%
Adjusted return on average assets (non-GAAP) ⁽¹⁾	1.40%	1.48%	1.51%	1.68%	1.69%
Return on average equity	15.81%	16.66%	17.29%	19.43%	38.42%
Adjusted return on average equity (non-GAAP) ⁽¹⁾	15.81%	16.66%	17.29%	19.43%	20.42%
Return on average tangible common equity (non-GAAP)	15.99%	16.86%	17.53%	19.74%	39.14%
Adjusted return on average tangible common equity (non-GAAP) ⁽¹⁾	15.99%	16.86%	17.53%	19.74%	20.81%
<u>Tangible book value per share</u>					
Total equity	201,442	194,032	185,783	174,679	167,211
Less: Total intangible assets	2,164	2,203	2,318	2,449	2,875
Total tangible equity	199,278	191,829	183,465	172,230	164,336
Shares outstanding	5,751,143	5,717,519	5,719,115	5,703,350	5,702,637
Tangible book value per share (non-GAAP)	\$ 34.65	\$ 33.55	\$ 32.08	\$ 30.20	\$ 28.82

(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	
	Jun 30, 2024	Jun 30, 2023
Efficiency Ratio		
Noninterest expense	\$ 25,745	\$ 20,359
Net interest income	47,438	44,876
Noninterest income	2,964	2,519
Total net interest income and noninterest income	50,402	47,395
Efficiency ratio (non-GAAP)	51.08%	42.96%
Adjusted Efficiency Ratio		
Noninterest expense	\$ 25,745	\$ 20,359
Settlement of legal fees related to ANI litigation	-	1,635
Adjusted noninterest expense (non-GAAP)	25,745	21,994
Total net interest income and noninterest income	50,402	47,395
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)	50,402	47,311
Adjusted Efficiency ratio (non-GAAP)	51.08%	46.49%
Pretax pre-provision net revenue		
Net interest income	\$ 47,438	\$ 44,876
Noninterest income	2,964	2,519
Total net interest income and noninterest income	50,402	47,395
Less: Noninterest expense	25,745	20,359
Pretax pre-provision net revenue (non-GAAP)	\$ 24,657	\$ 27,036
Return and Adjusted Return on Average Assets, Average Equity, Average Tangible Equity		
Net income	\$ 15,711	\$ 24,508
Adjusted net income (non-GAAP) ⁽¹⁾	15,711	17,232
Average assets	2,195,419	1,909,179
Average shareholders' equity	194,708	154,518
Less: Average intangible assets	2,185	2,973
Average tangible common equity	192,523	151,545
Return on average assets	1.44%	2.59%
Adjusted return on average assets (non-GAAP) ⁽¹⁾	1.44%	1.82%
Return on average equity	16.23%	31.98%
Adjusted return on average equity (non-GAAP) ⁽¹⁾	16.23%	22.49%
Return on average tangible common equity (non-GAAP)	16.41%	32.61%
Adjusted return on average tangible common equity (non-GAAP) ⁽¹⁾	16.41%	22.93%

(1) A reconciliation of net income to adjusted net income is provided on page 14.