



(OTCQX: PBAM)

(Holding Company for CalPrivate Bank)



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**Q4 2024**  
**Investor Update**

January 17, 2025

## **FORWARD LOOKING STATEMENTS**

This presentation 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.

## **NON-GAAP FINANCIAL MEASURES**

This presentation contains certain non-GAAP financial measures in addition to results presented in accordance with GAAP. 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 financial tables of the press release with the Company's financial results for the quarter.

# Corporate Overview



## The CalPrivate Bank Franchise

- Founded in 2006 and headquartered in La Jolla, California, Private Bancorp of America, Inc. owns and operates CalPrivate Bank, a dynamic relationship-based commercial bank
- With 6 branch locations in Los Angeles, Orange, and San Diego counties, we provide a **Distinctively Different**™ approach to serving our Clients, which include high net worth individuals, real estate professionals and small to medium-sized businesses
- Our branch-light, high-touch relationship-based model places Clients at the center of focus resulting in superior outcomes
- Net Promoter Score (NPS) of 80+ (**World Class**) for 15 consecutive quarters

## Recent Accolades

**Ranked Top 5%**  
banks in the U.S.  
with assets \$2B to \$10B

**AMERICAN BANKER**



Bauer 5-Star Rating



#39 2025 OTCQX Best 50



Ranked #1 Community Bank SBA 504 Lender in the U.S.



Ranked #10 Best Bank in the U.S. by Bank Director's RankingBanking®

## Coastal Southern California Footprint



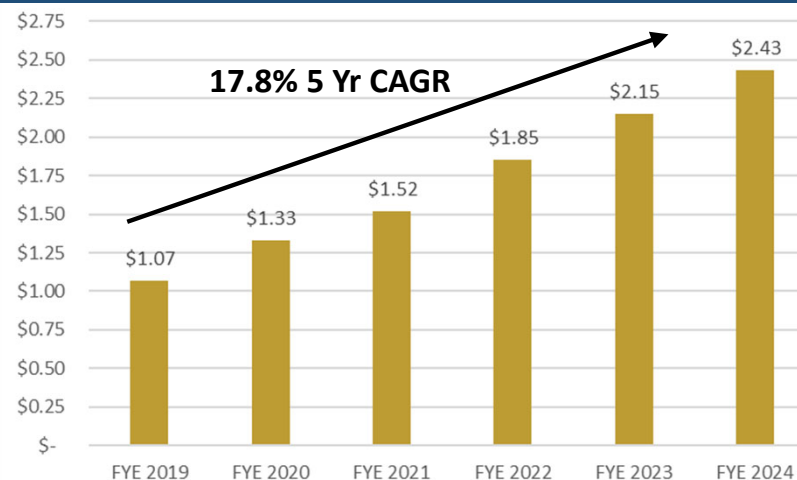
# Consistent Focus on Shareholder Value Creation



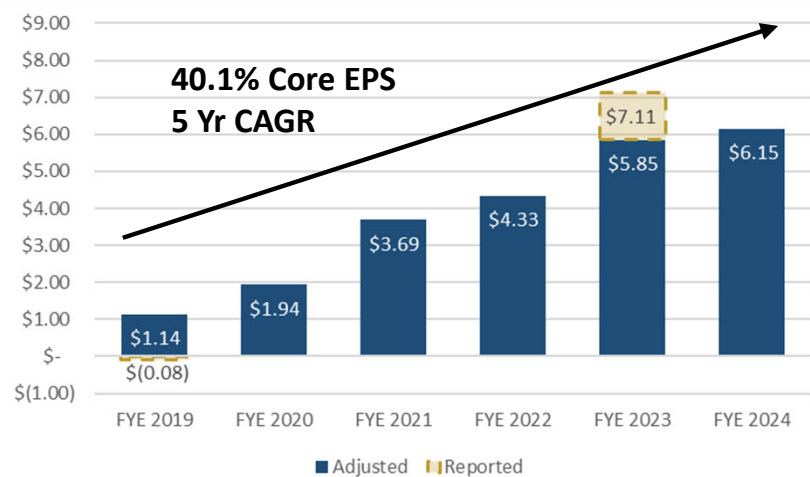
## Growth Oriented Strategy

- Culture of excellence in all aspects of serving Clients
- Growth oriented Sales and Service Teams
- Consistent growth of earning assets at strong yields
- Core EPS growth above 40% CAGR over the last 5 years
- Adding shareholder value through disciplined capital deployment and strong tangible book value growth
- Double digit growth in loans and deposits for 2024

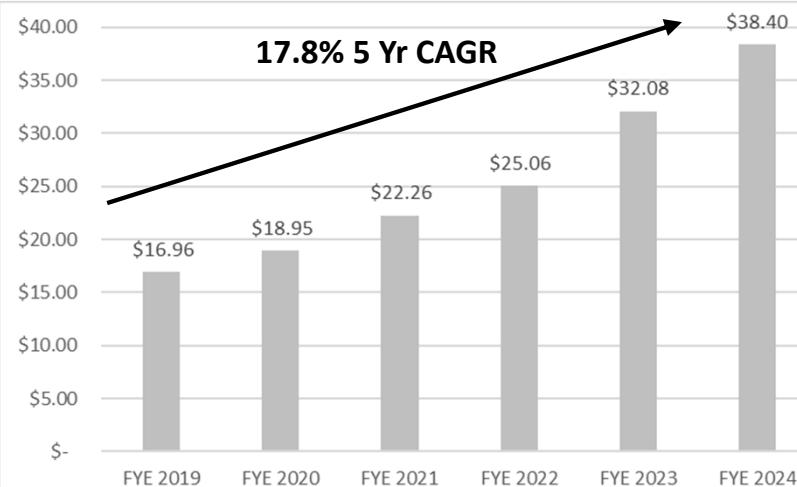
## \$ Total Assets (in Billions)



## \$ Annual EPS



## \$ Tangible Book Value per Share



# PBAM Stock Total Return (vs KBW Bank Index, S&P 500, and Select Peers)



PBAM stock has outperformed market indexes and peer group over the last 3 years



<sup>1</sup> Peer Group Includes: BCAL, FSBC, BSRR, CWBC, MYFW, PCB, BCML, OPBK, AVBH, FNRN, TSBK, OVLY, PLBC, RVSF, FFBB, ARBV, PFLC, & SSBI

## Financial Highlights

- \$10.7 million in Net Income
- \$1.82 Earnings Per Diluted Share
- \$2.43 billion in Assets
- \$2.09 billion in Loans HFI
- \$2.13 billion in Deposits
- \$38.40 Tangible Book Value Per Share (up \$1.53 from 9/30/2024)

## Operational & Performance Highlights

- 48.34% Efficiency Ratio
- 4.67% Net Interest Margin
- 1.80% Return On Average Assets
- 19.46% Return On Average Tangible Common Equity
- 12.83% CalPrivate Bank Total Risk Based Capital Ratio\*

\* Preliminary

## Asset Quality Highlights

- ALLL of \$27.3 million or 1.31% of total loans HFI
- Non-Performing Assets to Total Assets Ratio of 0.47%, down from 0.48% in prior quarter
- Total Classified Assets of \$15.1 million, of which \$12.4 million is secured by real estate with an average LTV of 47.5%
- No doubtful credits

## Loan & Deposit Highlights

- Loans HFI increased \$73 million, or 3.6%, from Q3'24 and up 12.9% since Q4'23
- Average Portfolio Loan Yields of 7.28%, up from 7.27% in Q3'24
- Core deposits increased \$21 million, or 1.1%, from Q3'24 and up 19.5% since Q4'23
- Non-interest-bearing deposits represent 25.9% of total deposits (29.7% of core deposits)
- Total Cost of Funds - 2.45%; Cost of Deposits - 2.36%
- Uninsured deposits, net of collateralized and fiduciary deposit accounts, represent 46.8% of total deposits
- \$1.9 billion total available liquidity at 12/31/24 - representing 187% of uninsured deposits, net of collateralized and fiduciary accounts

## Opportunistic Growth

- Organic growth in existing markets
- Top-tier talent acquisition for new markets and current market expansion
- Emphasis on High Net Worth, legal industry, property management & family office
- IPO Readiness
- Focus on M&A

## Leverage Operating Model

- Create frictionless client experience through integrations of core, origination, servicing and online banking platforms
- Execute on operating efficiency improvements through technology investments
- Product Strategy Roadmaps as key input to broader Technology Roadmap

## Risk, Liquidity, Funding and Capital Management

- Disciplined loan underwriting and portfolio management
- Enhanced portfolio monitoring and reporting, stress testing, etc.
- Emphasis on Liquidity & Capital management
- Optimize on and off-balance sheet liquidity

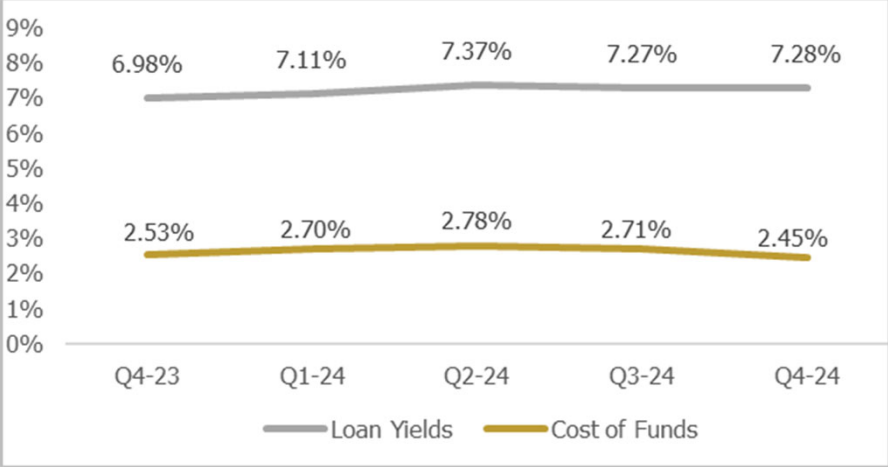
## Non-Interest Income Growth

- Treasury Management focus on increasing fee income in existing customer base
- Expansion of merchant services and Foreign Exchange revenue channels
- Exploration of new niche markets that provide fee income and deposits

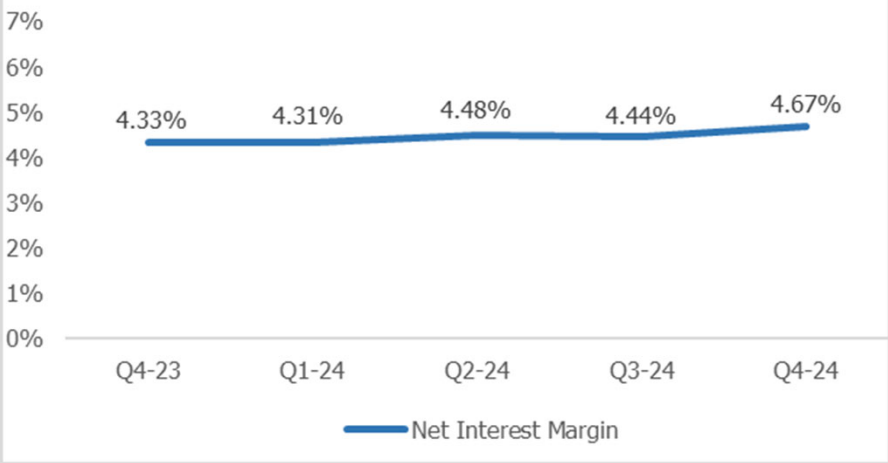
## Growth through Innovation Investments

- Generate origination platform efficiencies through lean workflows and approvals
- Continue to build technology partnerships to expand service offerings
- Leverage Technology & Innovation Committee to expand FinTech growth initiatives

## Loan Yields & Cost of Funds



## Net Interest Margin



## NIM Protection Strategy

**Proven Relationship Banking model allows for keen understanding of Clients and providing them with value**

### Strong Loan Yields

- Desirable mix of Fixed, Variable and Hybrid loan types
- Fixed Rate Loan Terms generally at 5 years or less
- Relationship model allows us to maintain spread pricing discipline on new originations
- Use of Prepayment Penalties, Floors & other Yield Protecting Loan Structures

### Deposit Retention & Growth

- Robust product offering, including IntraFi ICS & CDARS programs
- Exception based deposit pricing which can be adjusted with changes in treasury rates, proactively managing rates as Fed makes cuts
- Expansion of newer legal verticals with new hires

### Other NIM Performance Contributors

- Strong Yields on Cash and Due From Banks
- Alternative Funding Sources and Borrowings used to fund transactional, higher yielding assets
- Opportunistically seeking growth in securities book to increase overall portfolio yield
- \$317K nonaccrual interest reversed in 3Q'24, adjusted loan yield of 7.33%, and NIM of 4.49%. \$590K of nonaccrual interest recognized in 2Q'24, adjusted loan yield of 7.25% and NIM of 4.37%

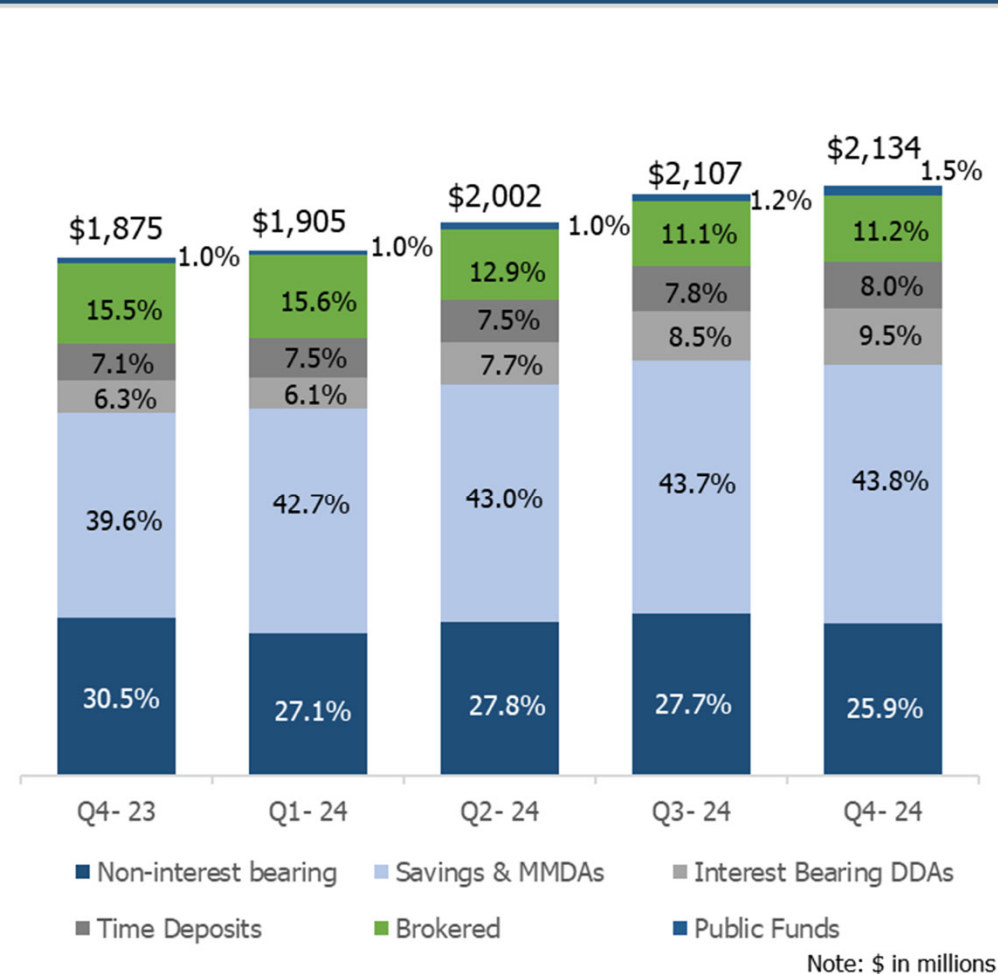


# Strong Deposit Franchise

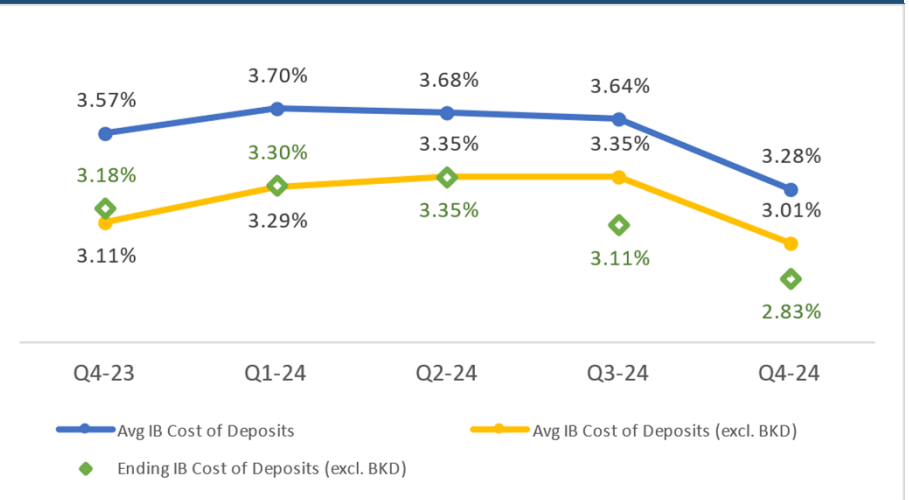


Executed deposit repricing strategy in second half of 2024 as countermeasure to Fed rate cuts resulting in successful reduction in deposit costs and protection of Net Interest Margin

## Growing Customer Deposits



## Deposit Rate Trends



## Deposit Commentary

- Total deposits increased \$27 million during Q4'24 (1.3%), comprised of \$21 million growth from core deposit accounts and \$6 million increase in brokered deposits.
- Year-over-year core deposit growth of \$310 million (19.5%).
- Weighted average spot deposit rate of 2.29% at 12/31/24, 2.00% excluding brokered accounts.
- Excluding brokered deposits, cumulative interest-bearing beta since Q2-24 of 51% at 12/31/24

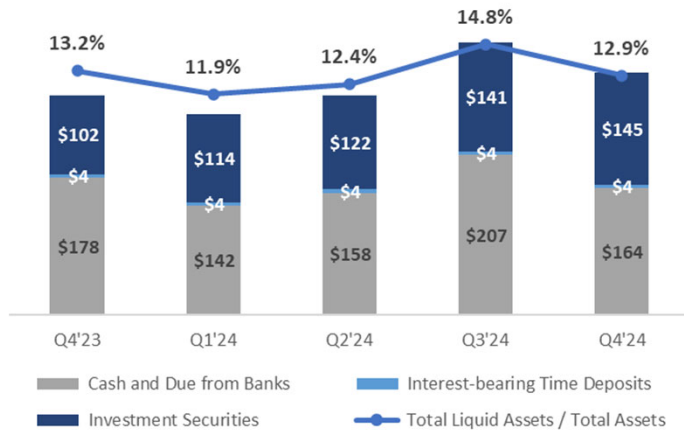
# Strong Liquidity & Funding Position



Focus on maintaining strong liquidity position and optimizing from a diverse funding mix

## Liquid Assets

Note: Dollars in Millions



## Total Available Liquidity

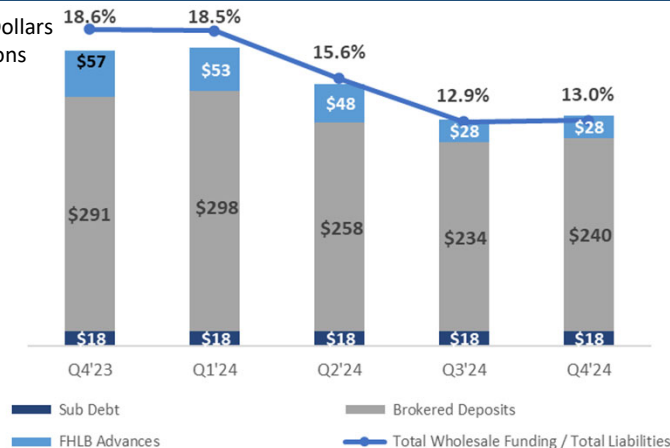
Liquidity Sources	& Unused (000's)	Uninsured Deposits
Cash, unrestricted	159,847	16%
Liquid Securities <sup>1</sup>	140,719	14%
<b>Total Liquidity From Internal Sources</b>	<b>300,566</b>	<b>30%</b>
FHLB	540,854	54%
FRB	523,498	52%
Brokered Deposits	401,319	40%
Other <sup>2</sup>	100,000	10%
<b>Total Liquidity From External Sources</b>	<b>1,565,671</b>	<b>157%</b>
<b>Total Liquidity From Internal &amp; External Sources</b>	<b>1,866,237</b>	<b>187%</b>
Uninsured Deposits, net of collateralized & fiduciary accounts	\$998,740	
Uninsured Deposits / Total Deposits	46.8%	

<sup>1</sup> U.S. Treasuries, Agency Debt, Ginnie Mae/Fannie Mae/Freddie Mac MBS & CMO

<sup>2</sup> Unsecured Fed Funds lines of credit, secured repo facilities

## Wholesale Funding

Note: Dollars in Millions



## Commentary

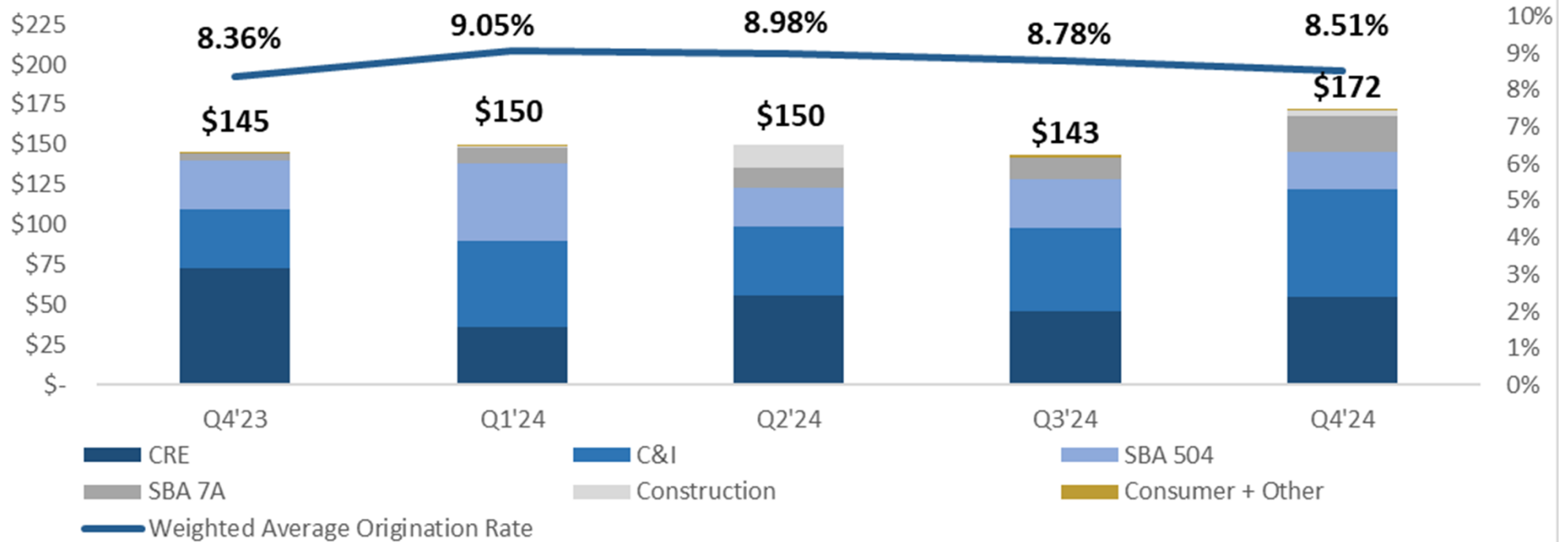
- Q4'24 liquid assets declined in comparison with Q3'24, as excess cash held at 9/30/24 was redeployed into funding loans during Q4.
- Opportunistic use of term advances and brokered deposits at various points on the curve to protect NIM
- \$1.9 billion total available liquidity at 12/31/24 - \$301 million on-balance sheet and \$1.6 billion from external sources. Total liquidity represents 187% of uninsured deposits, net of collateralized and fiduciary accounts

# Loan Originations by Quarter



Due to slower loan demand across the industry and with our Clients, we are opportunistically lending across all channels and regions at desirable rates of return to drive higher Net Interest Income and protect NIM

## Loan Originations



## Commentary

- Current lending strategy targets the use of Prepayment Penalties, Floors and other Yield Protection structures with an overall emphasis on Margin and Profitability over Balance Sheet growth
- Quarterly originations remain strong over last five quarters

## Key Origination Rates

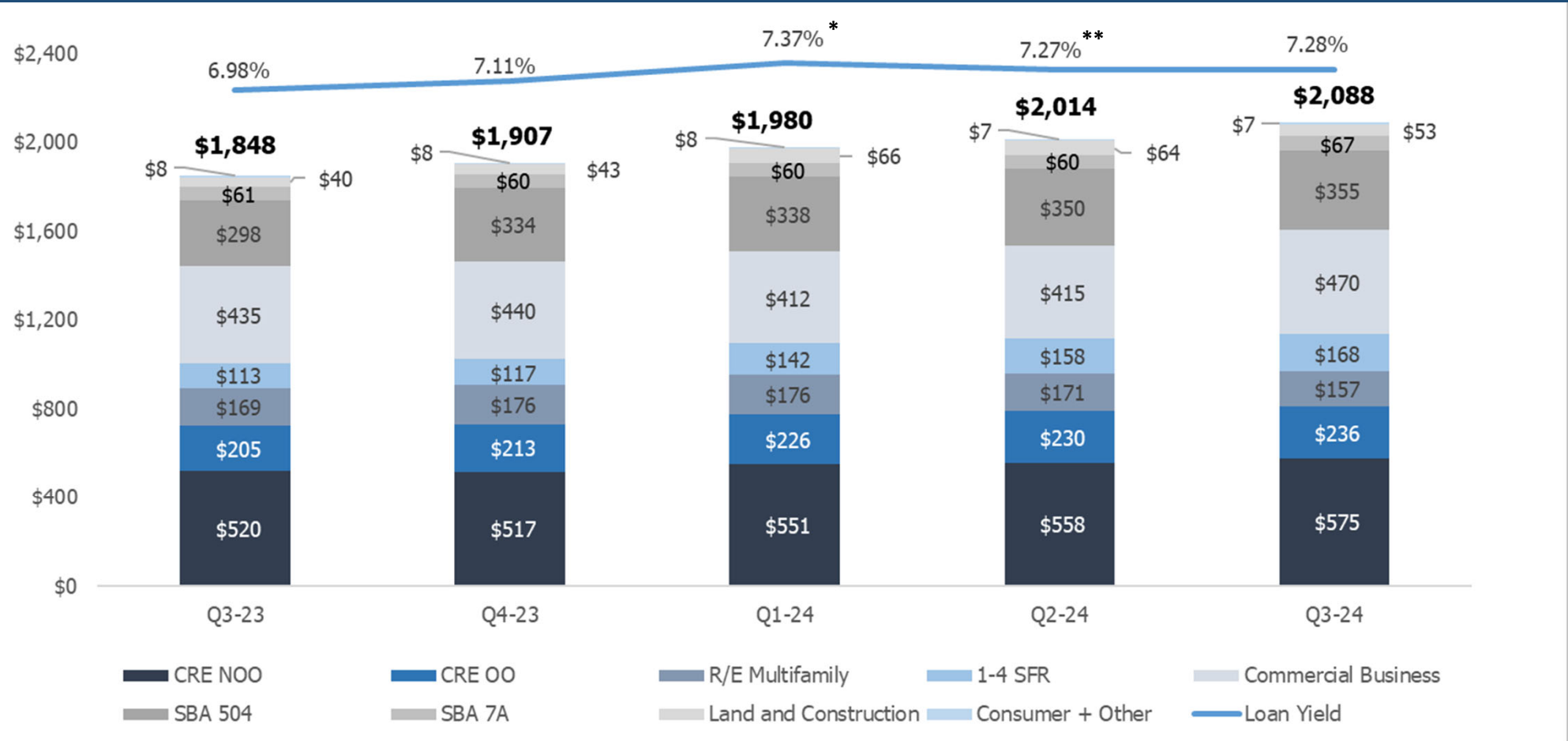
	2Q'24	3Q'24	4Q'24
• CRE	8.17%	8.63%	8.12%
• C&I	8.73%	7.78%	8.07%
• SBA 504	9.89%	9.86%	9.27%
• SBA 7A	11.12%	11.08%	10.19%

# Demonstrated Organic Growth in Loans



Disciplined pricing strategy and taking advantage of market opportunities produced an increase of loan balances by 12.9% YoY with strong yields

## Loan Balances



\*\$590K of nonaccrual interest recognized in 2Q'24, adjusted loan yield of 7.25%

\*\*\$317K of nonaccrual interest reversed in 3Q'24, adjusted loan yield of 7.33%

Note: Dollars in Millions

# Loan Portfolio Breakdown

## Loan Portfolio by Industry

Borrower's Industry (by NAICS sector code)	Total (in 000s)*	% of Total Loans
Real Estate Investment/ Rental & Leasing \$	1,126,189	53.9%
Construction/ Builders & Contractors	78,793	3.8%
Accommodation/Hotels & Food Services	212,215	10.2%
Manufacturing & Productions	72,810	3.5%
Professional/Scientific/Technical Service	76,274	3.7%
Retail Sales & Trades	83,792	4.0%
Health Care and Social Assistance	94,723	4.5%
Wholesale Trade	41,199	2.0%
Finance & Insurance	92,030	4.4%
Transportation & Warehousing	36,094	1.7%
Waste Mgt and Remediation Services	21,922	1.0%
Arts, Entertainment and Recreation	20,138	1.0%
Management of Companies and Enterprises	26,820	1.3%
All other	105,499	5.1%
<b>Total Loans*</b>	<b>\$ 2,088,498</b>	<b>100.0%</b>

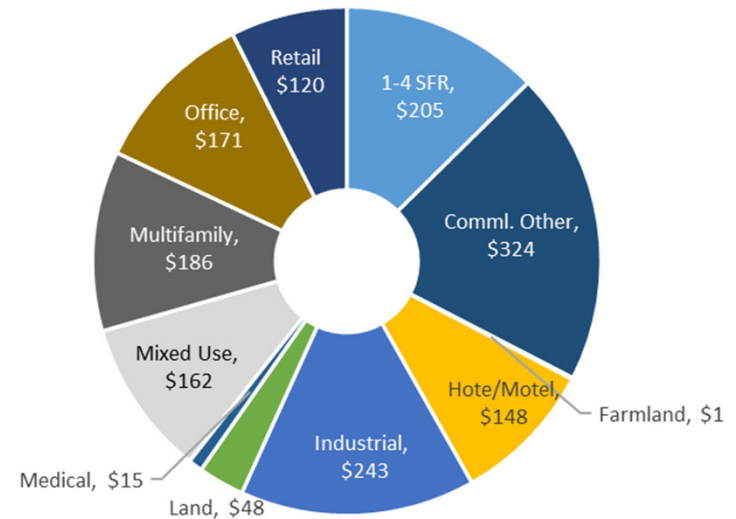
\*Amounts do not include premiums, discounts, deferred fees and costs. Includes loans held for sale

## Loan Concentration

- Diversified Portfolio is 78% Real Estate secured with 52% average LTV
- Geographically, the Bank lends primarily in the major metropolitan areas of coastal Southern California: Los Angeles represents 43%, San Diego represents 25% and Orange County represents 10% of total loans
- SBA 504 2<sup>nd</sup> trust deeds - Bridge Loans with typical terms of 1 year or less represent \$13 million
- Current competitive conditions allow for market share increase of loans in certain industries

## Loan Secured by Real Estate

\$1,622 Million of Loan Portfolio Secured by Real Estate (78%)



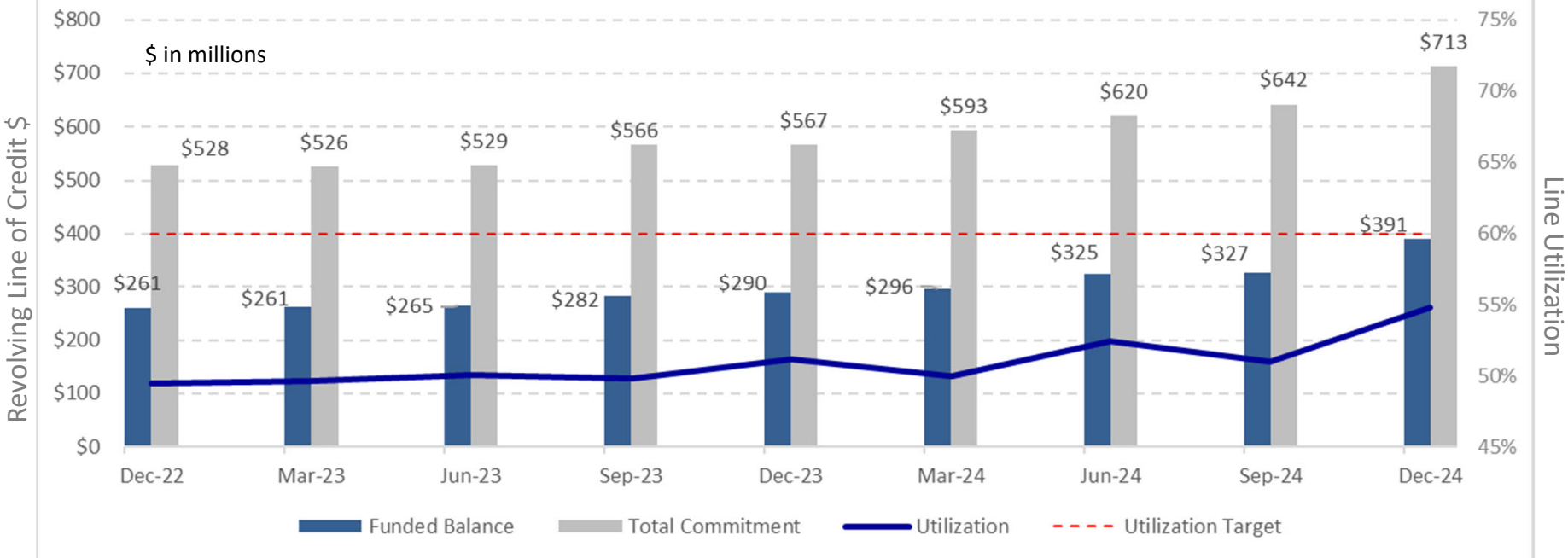
### Loans Secured by Real Estate - Specific Portfolio Details

Loan Type	% of Portfolio	WAVG LTV	WAVG DSCR	% Owner Occupied
Office	10.5%	49.8%	3.39	55%
Hotel & Motel	9.1%	50.4%	3.05	N/A
Retail	7.4%	53.4%	2.21	46%
Multifamily	11.5%	60.5%	3.79	N/A

# Total Revolving Lines of Credit



## Total Revolving Lines of Credit



### Overview

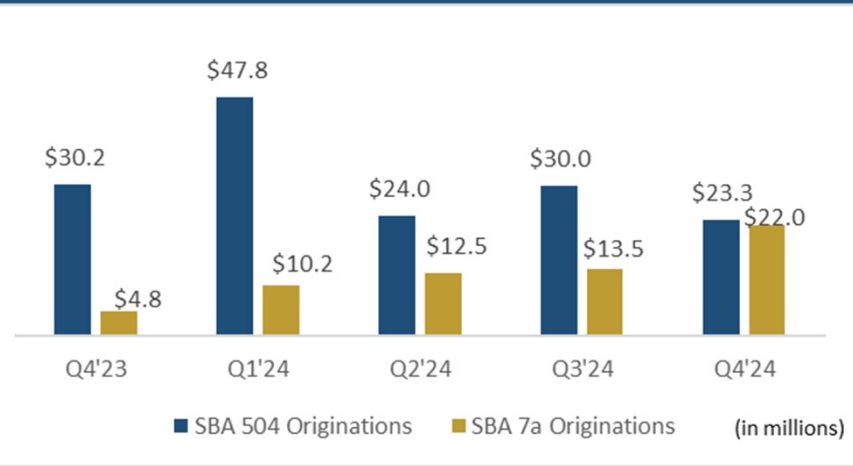
- 16% Compound Annual Growth Rate (CAGR) for revolving line amounts over last 8 quarters
- Operating accounts are a focus to drive core deposits and cash management fees
- We target a 55%-60% utilization and will use the renewal process to ensure prudent credit exposure and additional income on unused lines

### Utilization & Rates

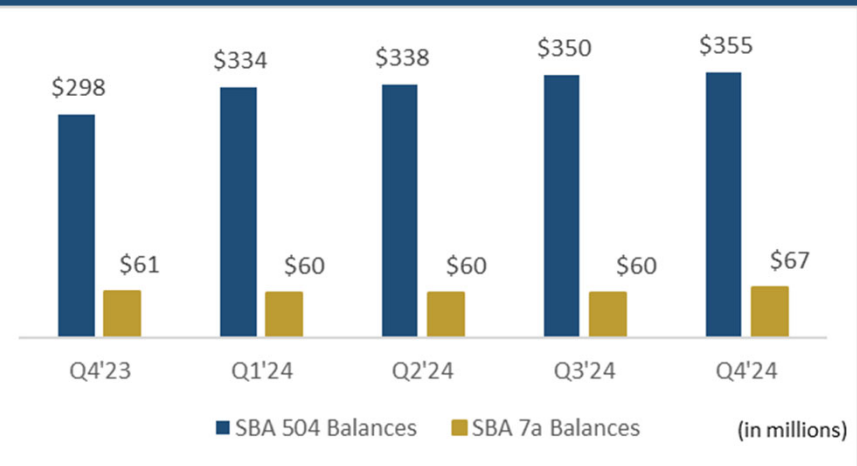
- Use of floors on variable lines to mitigate NIM compression
- Cautiously optimistic on increased future utilizations given economic headwinds (e.g., recession)
- Some paydowns in business lines is expected, based on seasonal use

Optimizing SBA loan sales versus balance sheet portfolio based on secondary market conditions and loan yields. Approx 33% of on balance sheet SBA 7a balances are guaranteed

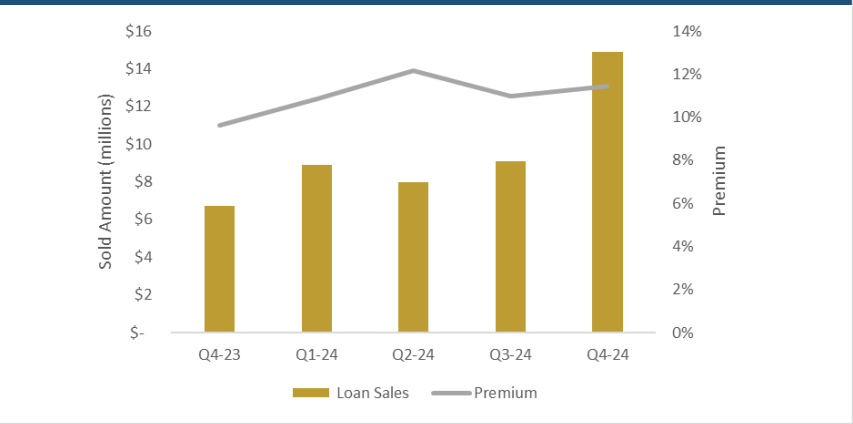
## SBA Originations



## Increasing SBA Loan Balances



## SBA 7(a) Loan Sales & Premiums



## SBA 7(a) Gain on Sale and Referral Income



# Interest Rate Risk Management



## Loans Repricing & Maturities

December 31, 2024

Fixed-Rate Loans				Adjustable-Rate Loans (incl. Hybrids)			
Term to Maturity	Balance (in 000's)	Rate	% of Loans	Term to Rate Adjust	Balance (in 000's)	Rate	% of Loans
Within 1 year - RLOC	\$ 16,685	6.25%	0.8%	Within 1 year - RLOC	\$ 363,630	8.35%	17.4%
Within 1 year - Other	166,941	6.11%	8.0%	Within 1 year - Other	329,094	8.16%	15.8%
1 to 2 years	132,053	5.86%	6.3%	1 to 2 years	159,384	5.71%	7.6%
2 to 3 years	139,420	5.70%	6.7%	2 to 3 years	234,746	6.24%	11.2%
3 to 4 years	70,513	5.24%	3.4%	3 to 4 years	192,558	7.61%	9.2%
4 to 5 years	54,538	5.53%	2.6%	4 to 5 years	131,695	8.30%	6.3%
Over 5 years	97,243	5.57%	4.7%	Over 5 years	-	0.00%	0.0%
	<u>\$ 677,392</u>	<u>5.76%</u>	<u>32.4%</u>		<u>\$ 1,411,106</u>	<u>7.55%</u>	<u>67.6%</u>

RLOC = Revolving line of credit

## Interest Rate Sensitivity

Rate Shock Scenario (in Bps)	Estimated Change from 12/31/24 Baseline forecast	
	1-Yr Net Interest Income	Economic Value of Equity
+200	-1.2%	14.3%
+100	-0.7%	8.9%
-100	1.2%	-3.8%
-200	2.2%	-9.9%

## Investments AFS Portfolio

Dollars in thousands

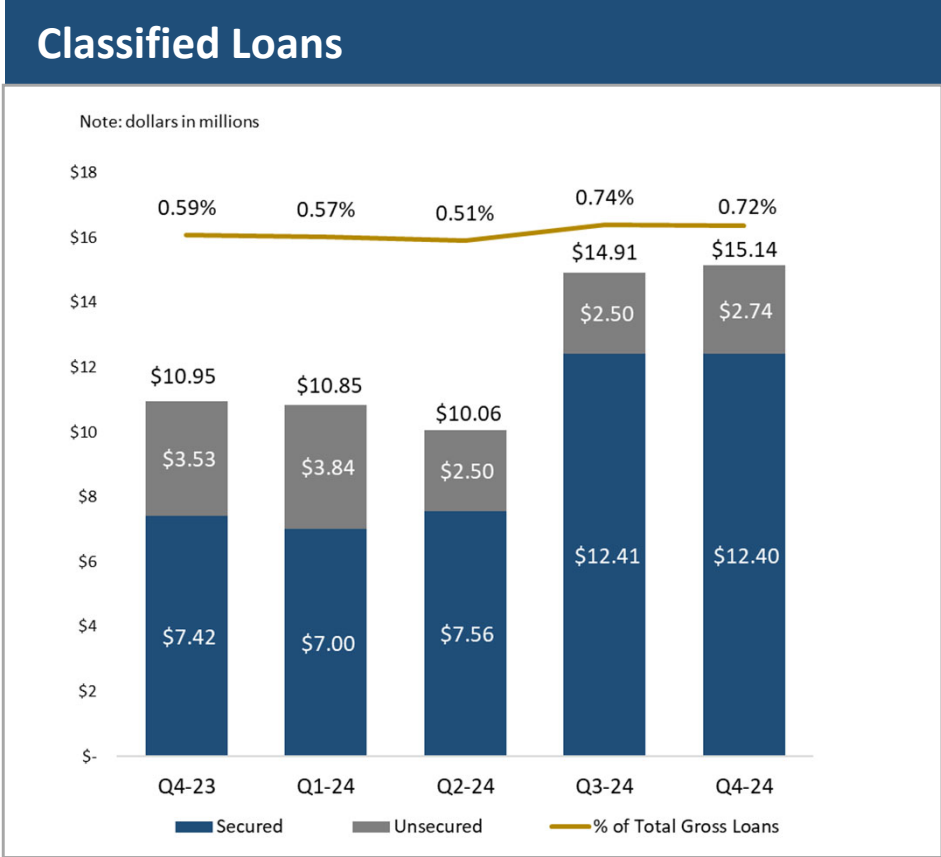
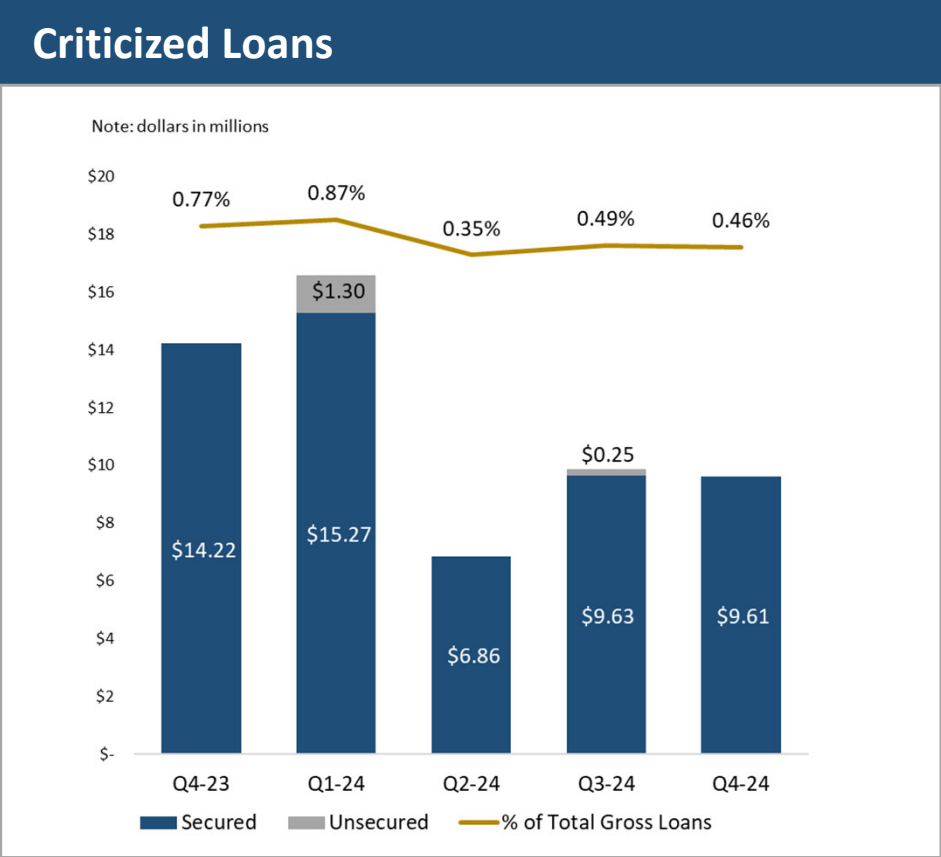
	September 30, 2024				December 31, 2024			
	Fair Value	MTM	Mod Duration	Book Yield	Fair Value	MTM	Mod Duration	Book Yield
<b>U. S. Treasuries</b>	\$ 4,942	(55)	0.45	1.87%	\$ 4,973	(25)	0.20	1.86%
<b>MBS/CMO/CMB</b>	131,565	(8,603)	3.24	3.42%	135,746	(11,586)	3.87	3.39%
<b>SBIC</b>	3,107	(176)	2.83	2.79%	3,042	(241)	2.81	2.78%
<b>Sub Debt</b>	1,486	(264)	5.79	3.89%	1,478	(272)	5.62	3.89%
<b>Total</b>	<u>\$ 141,100</u>	<u>(9,099)</u>	<u>3.17</u>	<u>3.36%</u>	<u>\$ 145,238</u>	<u>(12,125)</u>	<u>3.75</u>	<u>3.34%</u>
<b>Change</b>					<u>4,138</u>			<u>-0.02%</u>

## Commentary

- At 12/31/24, 32% of loans were fixed-rate and 68% were adjustable (43% hybrid and 25% variable-rate)
- 42% of loans to reprice or mature within 1 year while only 5% of loans scheduled to reprice or mature after 5 years
- Relatively neutral Interest Rate Risk profile and our discipline of maintaining interest rate floors on new loan originations and renewals mitigates interest rate risk in declining-rate environments
- Loan Portfolio average note rate of 6.91% at 12/31/24 compared to 6.96% at 9/30/24

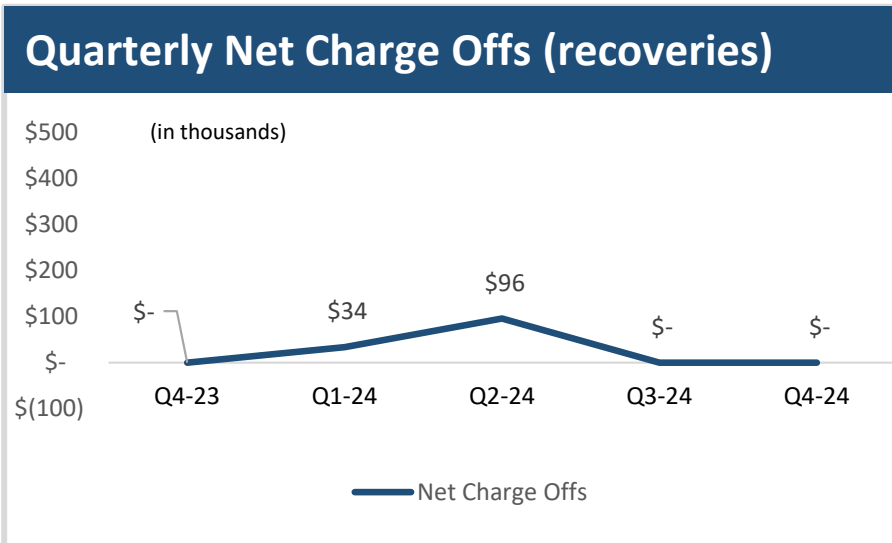
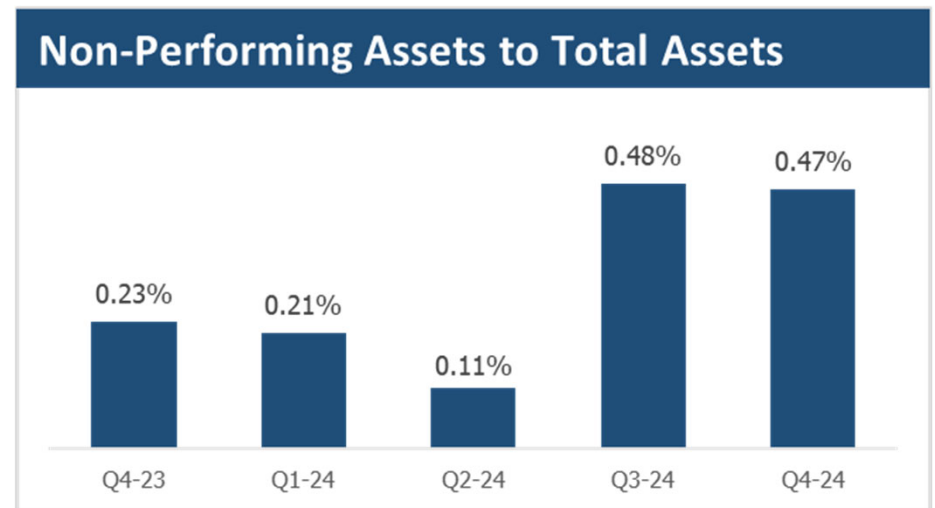
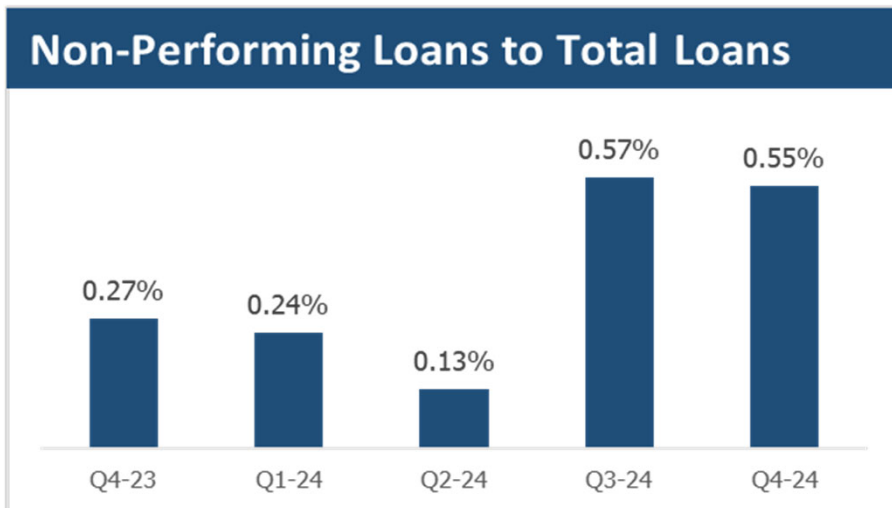


## Proactive credit risk and loan portfolio management leading to minimal substandard assets and solid credit metrics



- Reduction of \$9.7M in Criticized Loan balances in Q2'24 was primarily due to the upgrade of 6 loans
- Increase in Classified assets in Q3'24 was primarily from 1 real estate secured relationship (also reflected in non-performing)
- Unsecured = any loans that are not secured by a real estate property or cash per regulatory legal lending definition

High-touch relationship-based banking model results in superior portfolio performance



- ### Credit Commentary
- Proactive SBA and Loan Portfolio Management
  - 5 total non-performing loans (\$11.5 million):
    - 1 unsecured C&I loan of \$2.5 million (specific reserve of \$2.0 million)
    - 4 loans associated with a single borrower (combined LTV of 71%)
      - 3 SBA loans totaling \$5.8 million with 62% guaranteed
      - 1 secured \$3.2 million non-residential construction loan with 32% LTV

# Current Expected Credit Loss (“CECL”) Implementation



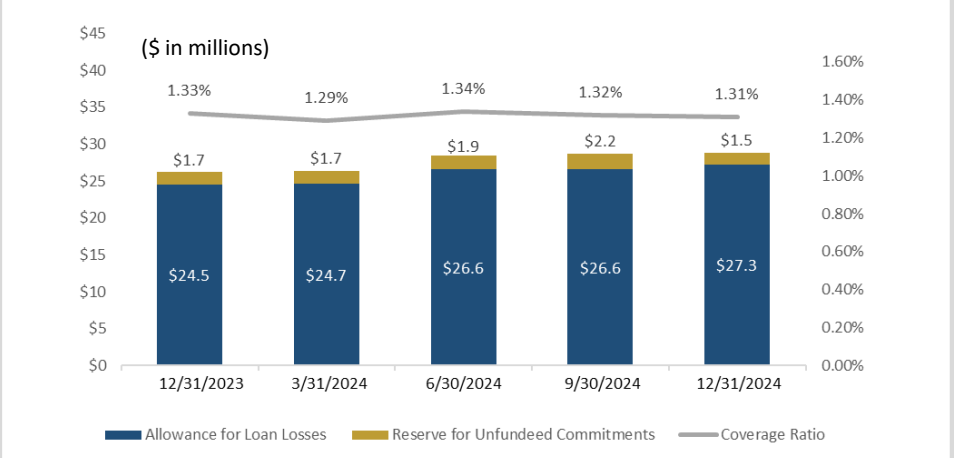
## ACL Roll-Forward

	1Q'24		2Q'24		3Q'24		4Q'24		Dec 31, 2024 CECL
	Dec 31, 2023 CECL	Change in Reserve	Mar 31, 2024 CECL	Change in Reserve	Jun 30, 2024 CECL	Change in Reserve	Sep 30, 2024 CECL	Change in Reserve	
<i>\$ in thousands</i>									
Allowance for loan losses	24,476	217	24,693	1,898	26,591	3	26,594	673	27,267
Reserve for unfunded commitments	1,741	(18)	1,723	142	1,865	300	2,165	(656)	1,509
Total allowance for credit losses	26,217	199	26,416	2,040	28,456	303	28,759	17	28,776
Total loans held for investment	1,847,161		1,906,992		1,979,720		2,012,457		2,085,149
Allowance for loan losses to loans HFI	1.33%		1.29%		1.34%		1.32%		1.31%

## Quarterly ACL Color

- The increase in the allowance for loan losses in Q4 was driven by a \$72.7 million net increase in loans HFI.
- The slight decrease in the coverage ratio (allowance for loan losses as % of loans HFI) in Q4 primarily reflects marginal decreases in reserve rates on commercial real estate loans related to improvements in the real GDP and CRE price index growth forecasts used in the CECL model.
- The decrease in the reserve for unfunded commitments in Q4 primarily reflects lower unfunded commitment balances (driven by higher credit line usage) and lower estimated lifetime funding rates.

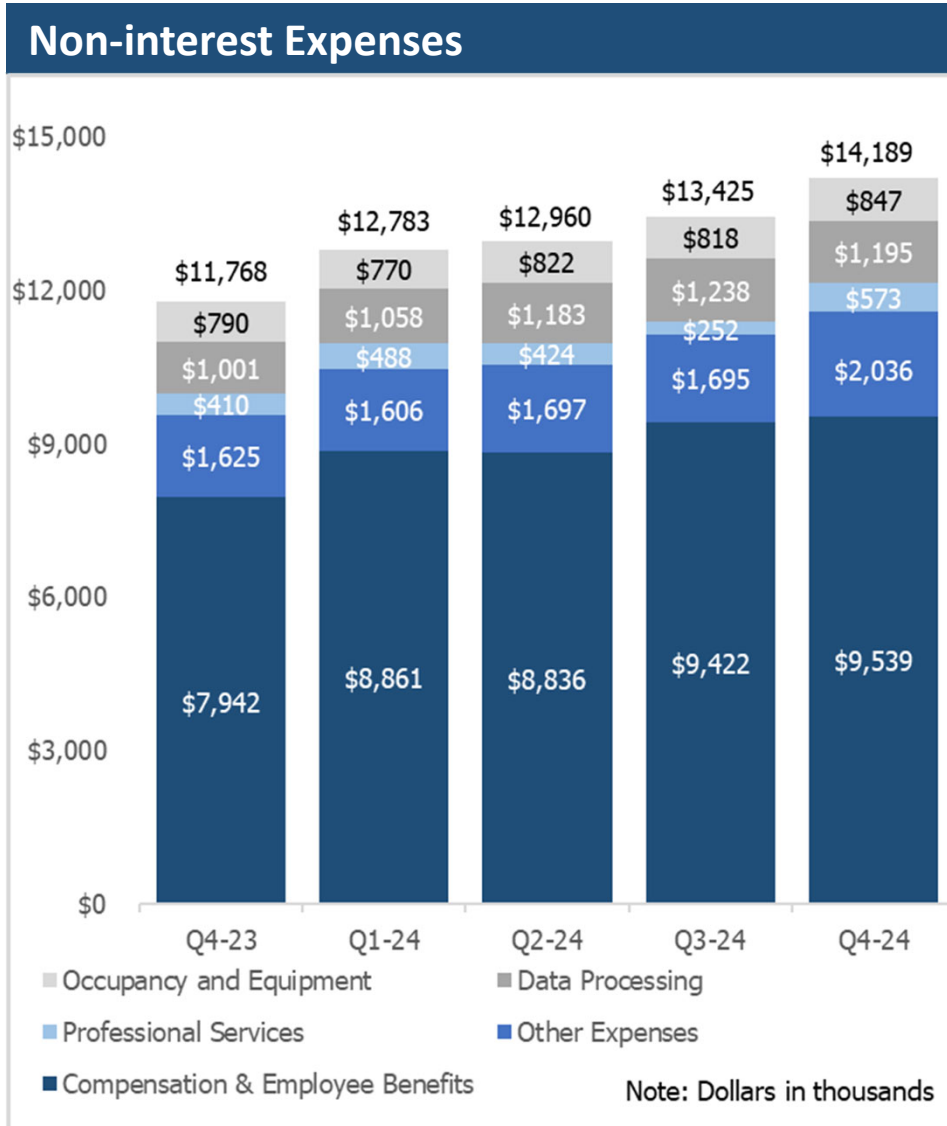
## Total Allowance for Credit Losses



# Expenses and Operational Efficiency



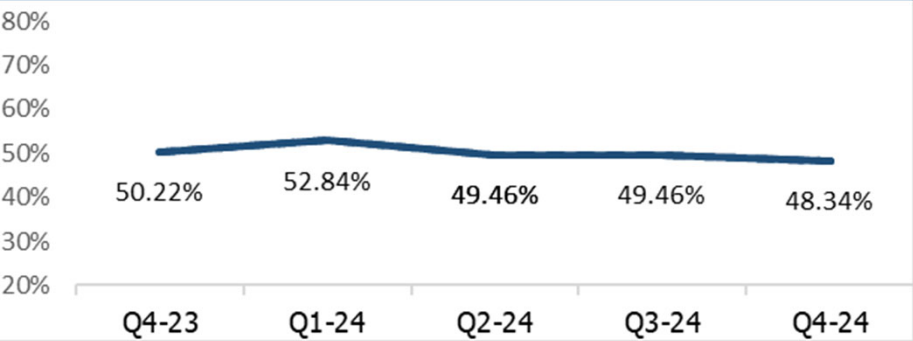
Ongoing focus on improving operating leverage through technology and process improvement initiatives while adding talent and improving capabilities and offerings to our Clients



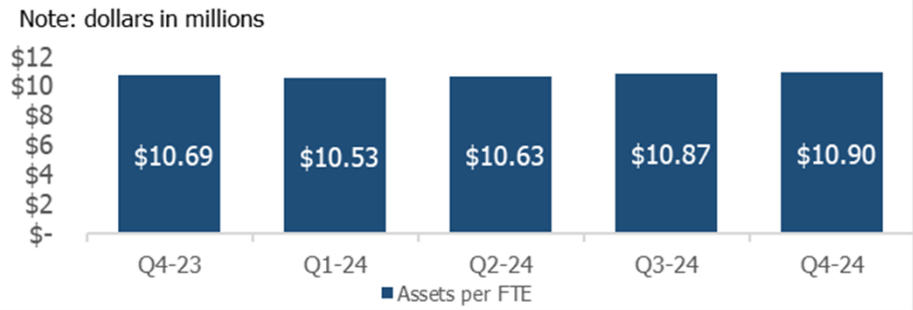
### Non-interest Expense & Efficiency Details

- Non-interest expense grew at a lower rate than net interest income, resulting in improvement to the efficiency ratio quarter-over-quarter
- Continued significant investments being made in people, process and technology throughout the company (including IPO readiness activities)

### Efficiency Ratio



### Assets per FTE

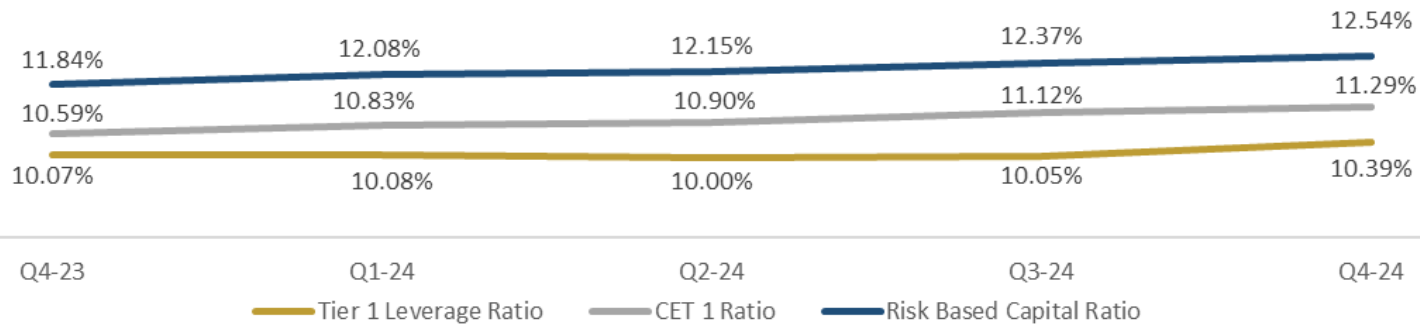


# Strong Capital Position

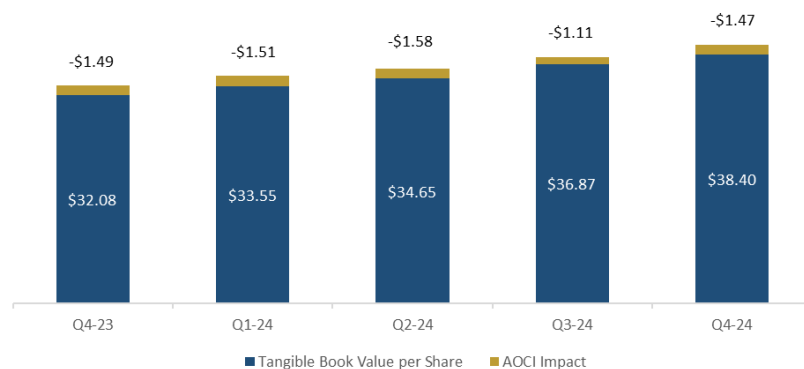


Strong build of capital ratios through 2023 & 2024, even with sustained balance sheet growth

## Select CalPrivate Bank Capital Ratios



## Tangible Book Value per Share



## Capital Strategy

- Manage capital to achieve strong levels of Return on Equity
- Proven ability to add shareholder value by consistently increasing tangible book value
- Investing in areas with strong returns on capital, including SBA 7a lending and fee income lines of business
- Open to strategic investments that enhance shareholder value
- Tangible Common Equity ratio 9.14% at 12/31/24

# CalPrivate Culture and Community Outreach



**MYCHAL'S**  
Learning Place



**LEUKEMIA &  
LYMPHOMA  
SOCIETY®**



**The Chicano  
Federation**



**sharefest**



**SOROPTIMIST**



Member of  
JA Worldwide

**Rotary**



**LSC**



**SAN YSIDRO  
HEALTH**



**kindness**  
INITIATIVE

## Community Support

- An important aspect to our company culture is community engagement
- CalPrivate Bank donates to non-profit organizations with both our time and money across a wide range of community groups from Los Angeles to San Diego
- Employee contributions are matched
- A Community Advisory Board is present in each market, made up of civic and business leaders to provide input to the Board and Management
- Our Board of Directors are active members of our communities, dedicating countless hours in service of others

## ONE Team. ONE Goal. ONE Vision.

- ONE Team: A cohesive, talented, accountable and empowered group of service-oriented professionals who show up every day dedicated to providing top-tier service to our Clients and Team Members.
- ONE Goal: To be the best company we can be.
- ONE Vision: To excel as a top-performing, growth-oriented community bank renowned for exceptional service, delivered by an outstanding Team that provides innovative, personalized solutions to our Clients in a secure and reliable environment.

## Technology Principles

- Investment in technology is a competitive necessity
- Enables improved performance by providing improved Client Experience, expansion of the Client base and increased productivity
- Helps address regulatory pressure related to managing operational risks
- Enables scalability for organic growth and M&A

## Technology & Innovation Board Committee

- Board level expertise in technology, audit and innovation
- Dedicated focus on digital transformation
- Provides oversight on roadmap, governance and budget

## Product Strategy

- Focus on products & services development to enhance Client Experience
- Hired new Product Strategy & Innovation team reflecting the Bank's commitment to evolving payments space & digitization
- Internal focus on continuous process and service experience improvement through use of technology and customized tools

## Information Technology Management Committee

- Enhancing focus on Cybersecurity and emerging security trends
- Multi-discipline and cross functional membership ensures enterprise adoption

## Direct Tech Investments

- Utilize partnerships with BankTech Ventures, BankTech Consortium & JAM FINTOP for enhanced research & development in the Fintech ecosystem
- Board and Management commitment to finding partnerships through industry leaders that are focused on solving the challenges of community banking

# Management Contacts



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# Q&A

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(OTCQX: P B A M )

(Holding Company for CalPrivate Bank)

