

PRIVATE BANCORP OF AMERICA, INC., AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Private Bancorp of America, Inc., and Subsidiary
La Jolla, California

Report on the Audit of the Financial Statements***Opinion***

We have audited the consolidated financial statements of Private Bancorp of America, Inc., and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Private Bancorp of America, Inc., and Subsidiary as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with auditing standards generally accepted in the United States of America, Private Bancorp of America, Inc., and Subsidiary's internal control over financial reporting as of December 31, 2025, based on criteria established in the *Internal Control—Integrated Framework* (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) relevant to reporting objectives for the express purpose of meeting the regulatory requirements of Section 112 of the Federal Deposit Insurance Corporation Improvement Act (FDICIA) and our report dated March 13, 2026 expressed an unmodified opinion.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Private Bancorp of America, Inc., and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

(Continued)

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Private Bancorp of America, Inc., and Subsidiary's ability to continue as a going concern for one year from the date the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Private Bancorp of America, Inc., and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.


Crowe LLP

Los Angeles, California
March 13, 2026

PRIVATE BANCORP OF AMERICA, INC., AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(in thousands, except share data)

	2025	2024
ASSETS		
Cash and due from banks	\$ 11,148	\$ 16,528
Interest-bearing deposits in other financial institutions	13,523	10,419
Interest-bearing deposits at Federal Reserve Bank	130,344	136,929
Cash and Cash Equivalents	155,015	163,876
Interest-bearing time deposits with other financial institutions	4,355	4,189
Debt securities available for sale (amortized cost of \$224,794 and \$157,363, net of allowance for credit losses of \$0 and \$0).....	217,837	145,238
Loans held for sale	2,330	3,008
Loans held for investment.....	2,126,147	2,085,149
Allowance for loan losses.....	(29,323)	(27,267)
Loans held for investment, net	2,096,824	2,057,882
Federal Home Loan Bank stock, at cost.....	10,652	9,586
Premises and equipment, net.....	2,783	2,335
Other real estate owned ("OREO")	8,568	—
Deferred tax asset, net	10,508	12,813
Servicing assets, net	1,913	2,087
Accrued interest receivable	8,284	7,993
Other assets.....	15,988	15,004
Total Assets	\$ 2,535,057	\$ 2,424,011
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits:		
Noninterest-bearing deposits.....	\$ 606,105	\$ 553,405
Interest-bearing deposits.....	1,617,776	1,581,054
Total Deposits.....	2,223,881	2,134,459
Borrowings.....	28,976	45,969
Accrued interest payable and other liabilities	18,236	20,049
Total Liabilities	2,271,093	2,200,477
Commitments and Contingencies (Note 11)		
Shareholders' Equity		
Common stock, no par value, 20,000,000 shares authorized; 5,728,187 and 5,766,810 shares issued and outstanding for 2025 and 2024, respectively		
	76,972	75,377
Additional paid-in-capital.....	4,389	4,393
Retained earnings	187,473	152,252
Accumulated other comprehensive income (loss).....	(4,870)	(8,488)
Total Shareholders' Equity	263,964	223,534
Total Liabilities and Shareholders' Equity	\$ 2,535,057	\$ 2,424,011

See the accompanying Notes to Consolidated Financial Statements.

PRIVATE BANCORP OF AMERICA, INC., AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(in thousands, except per share data)

	2025	2024
Interest and Dividend Income		
Interest and fees on loans.....	\$ 148,630	\$ 142,156
Interest-bearing deposits at the Federal Reserve Bank.....	8,524	6,811
Interest on investment securities.....	6,763	4,116
Dividends on Federal Home Loan Bank stock.....	881	808
Interest on deposits with other financial institutions.....	584	1,003
Total Interest and Dividend Income	165,382	154,894
Interest Expense		
Interest expense on deposits.....	45,067	50,935
Interest expense on borrowings.....	2,085	3,407
Total Interest Expense	47,152	54,342
Net Interest Income	118,230	100,552
Provision (reversal) for credit losses.....	5,942	2,690
Net Interest Income After Provision (Reversal) for Credit Losses	112,288	97,862
Noninterest Income		
Service charges on deposit accounts.....	2,214	1,880
Gain on sale of Small Business Administration ("SBA") loans.....	2,320	2,861
Servicing income, net.....	680	456
Other fees and miscellaneous income.....	1,714	1,147
Total Noninterest Income	6,928	6,344
Noninterest Expense		
Compensation and employee benefits.....	41,582	36,658
Occupancy and equipment.....	3,431	3,257
Data processing.....	5,498	4,674
Professional services.....	2,849	1,737
Director compensation.....	1,092	1,244
Regulatory assessments.....	1,399	1,444
Administrative and other expense.....	5,531	4,346
Total Noninterest Expense	61,382	53,360
Income Before Provision for Income Taxes	57,834	50,846
Provision for Income Taxes	17,168	15,024
Net Income	\$ 40,666	\$ 35,822
Net income per common share information		
Basic Earnings Per Share.....	\$ 7.03	\$ 6.24
Diluted Earnings Per Share.....	6.92	6.15

See the accompanying Notes to Consolidated Financial Statements.

PRIVATE BANCORP OF AMERICA, INC., AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(in thousands)

	2025	2024
Net income.....	\$ 40,666	\$ 35,822
OTHER COMPREHENSIVE INCOME (LOSS):		
Unrealized gains (losses) on securities available-for-sale:		
Change in unrealized gains (losses).....	5,168	22
	5,168	22
Related income tax effect:		
Change in unrealized (gains) losses.....	(1,550)	(7)
	(1,550)	(7)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS).....	3,618	15
TOTAL COMPREHENSIVE INCOME.....	\$ 44,284	\$ 35,837

See the accompanying Notes to Consolidated Financial Statements.

PRIVATE BANCORP OF AMERICA, INC., AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(in thousands, except share data)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Shares Outstanding	Amount				
Balance, January 1, 2024	5,719,115	74,003	3,679	116,604	(8,503)	185,783
Net income.....	—	—	—	35,822	—	35,822
Share-based compensation.....	—	—	2,389	—	—	2,389
Exercise of stock options, net settled	3,105	33	—	—	—	33
Issuance of restricted shares, net.....	21,750	—	—	—	—	—
Vesting of restricted shares.....	—	194	(194)	—	—	—
Vesting of restricted stock units.....	18,209	503	(503)	—	—	—
Forfeitures of restricted stock.....	(1,450)	—	—	—	—	—
Repurchase of restricted stock for taxes.....	(5,501)	—	(99)	(174)	—	(273)
Repurchase of restricted stock units for taxes.....	—	—	(235)	—	—	(235)
Issuance of common shares to non- employee directors.....	11,582	644	(644)	—	—	—
Other comprehensive income (loss).	—	—	—	—	15	15
Balance, December 31, 2024	<u>5,766,810</u>	<u>75,377</u>	<u>4,393</u>	<u>152,252</u>	<u>(8,488)</u>	<u>\$ 223,534</u>
Net income.....	—	—	—	40,666	—	40,666
Share-based compensation.....	—	—	1,968	—	—	1,968
Common stock repurchased.....	(86,594)	—	—	(5,023)	—	(5,023)
Exercise of stock options, net settled	7,000	109	—	—	—	109
Issuance of restricted shares, net.....	16,175	—	—	—	—	—
Vesting of restricted shares.....	—	266	(266)	—	—	—
Vesting of restricted stock units.....	22,077	695	(695)	—	—	—
Forfeitures of restricted stock.....	(2,025)	—	—	—	—	—
Repurchase of restricted stock for taxes.....	(4,486)	—	(135)	(422)	—	(557)
Repurchase of restricted stock units for taxes.....	—	—	(351)	—	—	(351)
Issuance of common shares to non- employee directors.....	9,230	525	(525)	—	—	—
Other comprehensive income (loss).	—	—	—	—	3,618	3,618
Balance, December 31, 2025	<u>5,728,187</u>	<u>\$ 76,972</u>	<u>\$ 4,389</u>	<u>\$ 187,473</u>	<u>\$ (4,870)</u>	<u>\$ 263,964</u>

See the accompanying Notes to Consolidated Financial Statements.

PRIVATE BANCORP OF AMERICA, INC., AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(in thousands)

	2025	2024
Cash Flows From Operating Activities		
Net income.....	\$ 40,666	\$ 35,822
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	1,106	877
Provision (reversal) for credit losses	5,942	2,690
Net premium amortization on investment securities	1	(135)
Gain on sale of SBA loans.....	(2,320)	(2,861)
Proceeds from sale of SBA loans	44,798	45,605
Loans originated for sale.....	(42,534)	(45,235)
Amortization of servicing assets.....	908	947
Noncash interest on loans transferred to OREO.....	(617)	—
Amortization of deferred loan fees, costs, premiums and discounts.....	(2,650)	(3,169)
Amortization of debt issuance costs	7	7
Amortization of low-income housing tax credit investments.....	393	316
Share-based compensation expense.....	1,968	2,389
Deferred tax expense (benefit).....	754	(29)
Change in accrued interest receivable and other assets.....	2,218	652
Change in accrued interest payable and other liabilities.....	(3,445)	(143)
Net Cash Provided by Operating Activities	47,195	37,733
Cash Flows From Investing Activities		
Change in time deposits with other banks	(166)	(189)
Purchases of securities.....	(118,516)	(71,982)
Maturities and principal paydowns of securities	49,658	27,729
Purchase of Federal Home Loan Bank stock.....	(1,066)	(671)
Net increase in loans.....	(51,011)	(234,949)
Purchases of property and equipment.....	(1,554)	(1,511)
Net Cash Used in Investing Activities	(122,655)	(281,573)
Cash Flows From Financing Activities		
Net increase in deposits	89,421	259,091
Net increase in (repayment of) borrowings	(17,000)	(29,000)
Share repurchases	(5,023)	—
Repurchase of restricted shares.....	(908)	(508)
Proceeds from exercise of stock options.....	109	33
Net Cash Provided by Financing Activities	66,599	229,616
Net (Decrease) Increase in Cash and Cash Equivalents	(8,861)	(14,224)
Cash and Cash Equivalents, Beginning of Year	163,876	178,100
Cash and Cash Equivalents, End of Year	\$ 155,015	\$ 163,876
Supplemental Cash Flow Information		
Interest paid	\$ 55,613	\$ 54,167
Taxes paid.....	\$ 16,438	\$ 13,544
Loans transferred to OREO	\$ 7,951	\$ —
Lease liabilities arising from obtaining right-of-use assets.....	\$ 1,316	\$ 5,210

See the accompanying Notes to Consolidated Financial Statements.

PRIVATE BANCORP OF AMERICA, INC., AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Nature of Operations

The accompanying consolidated financial statements include the accounts of Private Bancorp of America, Inc. and its wholly-owned subsidiary CalPrivate Bank (the "Bank"), collectively referred to herein as "the Company." All significant intercompany balances and transactions have been eliminated in consolidation. Private Bancorp of America, Inc. was formed in August 2015 as a bank holding company.

The Bank is a commercial bank chartered by the State of California. Deposits held at the Bank are insured by the Federal Deposit Insurance Corporation ("FDIC") up to applicable statutory limits. The Bank provides comprehensive banking services, including deposit accounts, treasury management services, and lending solutions tailored primarily to high-net-worth individuals, professionals, family offices, closely-held businesses, real estate entrepreneurs, and small to mid-sized businesses. Lending activities include commercial real estate loans, commercial and industrial loans, and government-guaranteed lending programs.

The Company is headquartered in La Jolla, California, with additional branches located in downtown San Diego, Coronado, Newport Beach, Beverly Hills, El Segundo, and Montecito, California. The Company also maintains administrative locations in Temecula, Mission Valley, and Redlands, California. The Bank also provides digital banking services to enhance client accessibility and efficiency.

The accounting and reporting policies of the Company are in accordance with the accounting principles generally accepted in the United States of America and conform to practices within the banking industry. The Company's stock is traded in the over-the-counter markets (OTCQX: PBAM) and is therefore considered a public business entity for financial reporting purposes. Below is a summary of significant accounting policies.

Reclassifications

Some items in the prior year financial statements were reclassified to conform to the current presentation. Reclassification had no effect on prior year net income or shareholders' equity.

Subsequent Events

The Company has evaluated subsequent events for recognition and disclosure through March 13, 2026 which is the date the financial statements were available to be issued.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the balance sheets, and the reported amounts of revenues and expenses during the reporting periods covered. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses, the fair value of servicing assets, and the valuation of deferred tax assets and liabilities.

Operating Segments

The Company's Chief Operating Decision Maker ("CODM") is the Chief Executive Officer. While the Company's CODM monitors multiple of the Company's revenue sources, operations are managed, and financial performance is evaluated, on a Company-wide basis. Discrete operating results are not reviewed to make resource allocation or performance decisions. Accordingly, all of the Company's operations are considered to be one operating segment. For the measure of profit or loss, significant expenses and total assets for the Company's single operating segment, refer to the Consolidated Balance Sheets and Consolidated Statements of Income.

PRIVATE BANCORP OF AMERICA, INC., AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

Cash and Cash Equivalents

Cash and cash equivalents include cash and due from banks and term federal funds sold and interest-bearing deposits in other financial institutions with original maturities of less than 90 days. Net cash flows are reported for customer loan and deposit transactions and interest-bearing deposits in other financial institutions.

Cash and Due From Banks

The Company maintains amounts due from banks that exceed federally insured limits. The Company has not experienced any losses in such accounts.

Interest-Bearing Time Deposits with Other Financial Institutions

Interest-bearing time deposits with other financial institutions mature within one year and are carried at cost. The Company had cash balances of \$8.2 million used as collateral for standby letters of credit at both December 31, 2025 and 2024, respectively.

Debt Securities

Debt securities are classified in three categories and accounted for as follows: debt securities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity and are measured at amortized cost; debt securities bought and held principally for the purpose of selling in the near term are classified as trading securities and are measured at fair value, with unrealized gains and losses included in earnings; debt securities not classified as either held-to-maturity ("HTM") or trading securities are deemed as available-for-sale ("AFS") and are measured at fair value, with unrealized gains and losses, net of applicable taxes, reported in accumulated other comprehensive income of shareholders' equity. Gains or losses on sales of debt securities are determined on the specific identification method. Premiums and discounts are amortized or accreted using the interest method over the expected lives of the related securities. A debt security is placed on nonaccrual status at the time any principal or interest payment becomes 90 days past due. Interest that had been accrued but not received for a security placed on non-accrual status is reversed against interest income. The Company does not recognize an allowance for credit losses on accrued interest receivable, consistent with its policy to write off uncollected accrued interest no later than 90 days past due by reversing interest income.

For HTM debt securities, the allowance for credit losses represents expected credit losses over the remaining expected life of the securities. The Company did not have any HTM debt securities at December 31, 2025 or 2024.

For AFS debt securities, the securities are considered impaired if the fair value is less than the amortized cost. The Company recognizes impairment losses in earnings if it has the intent to sell the debt security, or if it is more likely than not that the Company will be required to sell the debt security before recovery of its amortized cost. In these circumstances the impairment loss is recognized and is equal to the full difference between the amortized cost (net of allowance if applicable) and the fair value of the security. For impaired debt securities that the Company has the intent and ability to hold, the securities are evaluated to determine if a credit loss exists. The credit loss represents the difference between the present value of the cash flows expected to be collected and the amortized cost basis. If it is determined that a credit loss exists, that loss is recognized as an allowance for credit losses through the provision for credit losses, limited by the amount of impairment. Any impairment on debt securities that the Company has the intent and ability to hold not due to credit losses is recorded in other comprehensive income.

Loans Held for Sale

Small Business Administration ("SBA") loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated market value in the aggregate. Net unrealized losses are recognized in earnings through a valuation allowance. Interest income on these loans is accrued daily. Loan origination fees and costs are deferred and included in the cost basis of the loan held for sale. Gains and losses on the sale of loans are recognized pursuant to ASC 860, Transfers and Servicing. Gains or losses realized on the sales of loans are

PRIVATE BANCORP OF AMERICA, INC., AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

recognized at the time of sale and are determined by the difference between the net sales proceeds and the carrying value of the loans sold, adjusted for any servicing asset or liability. Gains and losses on sales of loans are included in noninterest income.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been relinquished. Control over transferred assets is deemed to be surrendered when the assets have been isolated from the Company, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Servicing Rights

Servicing rights are recognized separately when they arise through the sale of loans. Servicing rights are initially recorded at fair value with the statement of operations effect recorded in gain on sale of loans. Fair value is based on a valuation model that calculates the present value of estimated future cash flows from the servicing assets. All classes of servicing assets are subsequently measured using the amortization method which requires servicing rights to be amortized into non-interest income in proportion to, and over the period of, the estimated future net servicing income of the underlying loans. In addition, servicing assets are assessed for impairment based on fair value at each reporting date.

Servicing fee income is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal. The amortization of servicing rights and any impairment is netted against loan servicing fee income.

Loans Held for Investment

The Company originates real estate, commercial, SBA and consumer loans to borrowing customers. A substantial portion of the loan portfolio is represented by real estate loans in the Los Angeles, Orange, Santa Barbara, and San Diego counties. The ability of the Company's borrowers to honor their contracts is dependent upon many factors, including the real estate market and general economic conditions in the Company's lending regions. Loans that management has the intent and ability to hold for the foreseeable future, until maturity or until paid off are classified as held-for-investment (HFI) on the balance sheet. These loans are reported at their outstanding unpaid principal balances reduced by any charge-offs and net of deferred loan origination fees and costs, or unamortized premiums or discounts on purchased loans.

Interest income is accrued on the unpaid principal balance of the loans. Loan origination fees and costs are deferred and amortized as an adjustment of the loan's yield over the life of the loan using the interest method for amortizing loans, and the straight-line method for interest-only loans and lines of credit.

The Company has elected to present accrued interest receivable balances separately from their underlying financial instruments on the Consolidated Balance Sheets. Therefore, accrued interest receivable balances are excluded from disclosures of loans held for investment.

Loans on which the accrual of interest has been discontinued are designated as nonaccrual loans. The accrual of interest on loans is discontinued when principal or interest is past due 90 days based on the contractual terms of the loan or when, in management's judgment, there is reasonable doubt as to collectability. When loans are placed on nonaccrual status, all interest previously accrued but not collected is reversed against current period interest income. Income on nonaccrual loans is subsequently recognized only to the extent that cash is received and the loan's principal balance is deemed collectible. Interest accruals are resumed on such loans only when they are brought current with respect to interest and principal and when, in the judgment of management, the loans are estimated to be fully collectible as to all principal and interest. The Company has elected to not measure an

PRIVATE BANCORP OF AMERICA, INC., AND SUBSIDIARY

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

allowance for credit losses for accrued interest receivable due to the Company's policy of writing off uncollectible accrued interest receivable balances in a timely manner.

Allowance for Credit Losses ("ACL")

Loans HFI

The Company accounts for credit losses on loans HFI in accordance with ASC 326 under the current expected credit loss ("CECL") methodology, which requires the Company to record an estimate of expected lifetime credit losses for loans at the time of origination or acquisition. The ACL is maintained at a level deemed appropriate by management to provide for expected credit losses in the portfolio as of the date of the consolidated statements of financial condition. Estimating expected credit losses requires management to use relevant forward-looking information, including the use of reasonable and supportable forecasts. The measurement of the ACL is performed by collectively evaluating loans with similar risk characteristics. The Company has established a methodology to determine the adequacy of the allowance for credit losses that assesses the risks and losses expected on the loan portfolio. Additions to the allowance for credit losses are made by charges to the provision for credit losses. Losses on loans and leases are charged off against the allowance when all or a portion of a loan or lease is considered uncollectible. Subsequent recoveries on loans previously charged off, if any, are credited to the allowance when realized.

To calculate the allowance for loans collectively evaluated, management uses models developed by an independent third party. These independent third-party models, the Commercial real estate ("CRE"), Commercial and industrial ("C&I"), and Consumer lifetime loss rate models, are used to estimate the expected losses over the life of the loan based on exposure at default, loan attributes as well as reasonable and supportable economic forecasts. The exposure at default considers the current unpaid balance, prepayment assumptions, and expected utilization assumptions.

Key assumptions used in the third-party models include portfolio segmentation, prepayments, risk ratings and certain calibration scalars, among others. The portfolios are segmented by loan level attributes such as loan type, loan size, date of origination, and delinquency status to create homogenous loan pools. Pool level metrics are calculated and loss rates are applied to the pools as the loans have like characteristics. Prepayment assumptions are embedded within the calculated loss rates and are based on the same data used for model development. The models also incorporate adjustments for reasonable and supportable forecasts in estimating expected credit losses.

The Company elected to use multiple economic scenarios in determining the allowance, to account for the reasonable and supportable forecasts. The scenarios include various projections of Gross Domestic Product ("GDP"), interest rates, property price indices, and employment measures. The scenarios are probability-weighted based on available information at the time of the forecasts. Scenario weighting and model parameters are reviewed for each calculation and are subject to change. The third-party models recognize that the life of a loan may exceed the economic forecast, as such, the models include an assumption that each macro-economic variable will revert to a long-term expectation starting in years 2-4 of the forecast and largely completing within the first five years of the forecast. Because each of the criteria used is subject to change, the analysis of the ACL is not necessarily indicative of the trend of future loan losses in any particular loan category. Instead, the total ACL is available to absorb losses from any segment of the loan portfolio.

The CRE lifetime loss rate, C&I lifetime loss rate, and Consumer lifetime loss rate models were developed using historical loss experience from banks within the third-party model's dataset. Banks in the model's dataset may have different loss experiences due to geography and portfolio as well as variances in operational and underwriting procedures, and therefore, the Company calibrates expected losses using a scalar for each model. Each scalar was calculated by examining the loss rates of peer banks that have similar operations, asset bases and geographical footprint to the Company and comparing these peer group loss rates to the third-party model results. Peer group loss rates were used in the scalar calculation to adjust the third-party model outputs because management determined that incorporating peer data provides a more representative view of the Company's current portfolio credit risk profile than solely relying on the Company's historical loss experience.

PRIVATE BANCORP OF AMERICA, INC., AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

In addition to the quantitative assessment of the allowance, the Company's ACL methodology also includes adjustments for qualitative factors, where appropriate, since historical information (such as historical net losses and economic cycles) may not always provide a sufficient basis for determining future expected credit losses. Qualitative adjustments may be related to and include, but not limited to factors such as: (i) management's assessment of economic forecasts used in the model and how those forecasts align with management's overall evaluation of current and expected economic conditions, (ii) organization specific risks such as credit concentrations, collateral specific risks, regulatory risks, and external factors that may ultimately impact credit quality, (iii) potential model constraints such as limitations identified through backtesting, and other limitations associated with factors such as underwriting changes, acquisition of new portfolios and changes in portfolio segmentation, and (iv) management's overall assessment of the adequacy of the ACL, including an assessment of model data inputs used to determine the ACL.

The majority of the Company's loans share risk characteristics with other similar loans, and as a result are collectively evaluated. If a loan does not share risk characteristics with other loans, the Company generally estimates expected credit losses on an individual basis, considering expected repayment and conditions impacting that individual loan. Individually evaluated loans generally include loans that have been placed on nonaccrual status and collateral-dependent loans. If foreclosure is probable or the loan is collateral dependent, losses are measured using the fair value of the loan's collateral, less estimated costs to sell.

Portfolio segments identified by the Company include commercial real estate, commercial business and consumer loans. Relevant risk characteristics for these portfolio segments generally include debt service coverage, loan-to-value ratios and financial performance on commercial real estate and commercial loans and credit scores, debt-to income, collateral type and loan-to-value ratios for consumer loans.

Unfunded Commitments

The Company estimates expected losses for unfunded commitments over the contractual period in which it is exposed to credit risk through a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. An allowance for off-balance-sheet financial instruments is established using the Credit Conversion Factors (CCF) to estimate Exposure at Default (EAD), and then using the method consistent with the ACL methodology for each loan type. Changes to the allowance for unfunded commitments are presented as a component of the provision for credit losses on the Consolidated Statements of Operations. The allowance for unfunded commitments was \$0.7 million and \$1.5 million as of December 31, 2025 and 2024, respectively, and is presented as a component of accrued interest payable and other liabilities on the Consolidated Balance Sheets.

Other Real Estate Owned

Assets acquired through or instead of loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. Loan balances in excess of the fair value less costs to sell of the real estate acquired at the date of acquisition are charged-off against the allowance for loan losses. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. If fair value less costs to sell declines subsequent to foreclosure, a valuation allowance is recorded through expense. Operating costs after acquisition are expensed.

During the year ended December 31, 2025, the Company recorded \$8.6 million for loans transferred to other real estate owned ("OREO"). The Company did not record any capitalized expenditures, direct write-downs or sales of OREO during the year ended December 31, 2025. The Company recorded OREO expenses of \$0.3 million for the year ended December 31, 2025 within administrative and other expenses. There was no OREO balance or activity for the year ended December 31, 2024.

Qualified Affordable Housing Project Investments

The Company invests in partnerships that sponsor affordable housing projects utilizing the Low-Income Housing Tax Credit ("LIHTC") pursuant to Section 42 of the Internal Revenue Code. These investments are recorded on the Consolidated Balance Sheets net of accumulated amortization, using the proportional amortization method. Under the proportional amortization method, the initial cost of the investments is amortized in proportion to

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the tax credits and other tax benefits received, and the amortization is recognized as a reduction to provision for income taxes in the Consolidated Statements of Operations. At December 31, 2025 and 2024, the net LIHTC investment totaled \$2.3 million and \$2.7 million, respectively, and was included in other assets on the Consolidated Balance Sheets.

FHLB Stock

The Bank is a member of the Federal Home Loan Bank ("FHLB") system. Members are required to own a certain amount of stock based on the level of borrowings and other factors and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on the ultimate recovery of par value. Both cash and stock dividends are reported as interest income.

Other Equity Investments

The Company carries equity securities at fair value when readily determinable market values are available. Any adjustments to the fair value of these investments are recorded in other fees and miscellaneous income on the Consolidated Statements of Operations. The Company had equity investments carried at fair value of \$0.1 million at both December 31, 2025 and 2024 that were included in other assets on the Consolidated Balance Sheets.

In addition, at December 31, 2025 and 2024, the Company had \$3.3 million and \$2.6 million, respectively, of other equity investments that were included in other assets on the Consolidated Balance Sheets that do not have readily determinable fair values (non-marketable) and are accounted for at cost, plus or minus changes resulting from observable transactions involving the same or similar investments from the same issuer, minus impairment, if any, also referred to as the measurement alternative. These other equity investments include Community Development Financial Institution ("CDFI") stock, Small Business Investment Company ("SBIC") investments and direct investments in financial technology ("Fintech") ventures held by our parent bank holding company.

Premises and Equipment

Bank premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is computed on a straight-line basis over the estimated useful lives of the related asset. The estimated useful lives of furniture, fixtures and equipment are estimated to be three to seven years. Leasehold improvements are amortized on a straight-line basis over the shorter of estimated useful lives of the improvements or the remaining lease term (including periods covered by renewal options which were reasonably assured at the inception of the lease).

Leases

The Company determines if an arrangement contains a lease at contract inception and recognizes right-of-use ("ROU") assets and operating lease liabilities based on their present value of lease payments over the lease term. While operating leases may include options to extend the term, the Company does not take into account the options in calculating the ROU asset and lease liability unless it is reasonably certain such provisions will be exercised. The present value of lease payments is determined based on the Company's incremental borrowing rate and other information available at lease commencement. Leases with an initial term of 12-months or less are not recorded on the Consolidated Balance Sheets. Lease expense is recognized on a straight-line basis over the lease term. The Company has elected to account for lease agreements with lease and non-lease components as a single lease component. Refer to Note 6 – Leases for further discussion on the Company's leasing arrangements and related accounting.

Income Taxes

Deferred income taxes are recognized for estimated future tax effects attributable to income tax carryforwards as well as temporary differences between financial reporting and income tax purposes. Valuation allowances are established when necessary to reduce the deferred tax asset to the amount expected to be realized. Deferred tax

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assets and liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted accordingly through the provision for income taxes.

The tax effects from an uncertain tax position are recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Interest and penalties related to uncertain tax positions are recorded as part of income tax expense; however, there was no penalty or interest expense recorded for the years ended December 31, 2025 and 2024.

Commitments and Contingencies

In the ordinary course of business, the Company has entered into off-balance sheet financial instruments consisting of commitments to extend credit, commercial letters of credit, and standby letters of credit as described in Note 11 – Commitments and Contingencies. Such financial instruments are recorded in the financial statements when they are funded, or related fees are incurred or received.

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable, and an amount or range of loss can be reasonably estimated. Refer to Note 11 – Commitments and Contingencies for further information.

Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Current accounting guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. That guidance describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs (other than Level 1 prices) such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the factors that market participants would use in pricing an asset or liability.

See Note 15 and 16 for more information and disclosures relating to the Company's fair value measurements.

Advertising and Marketing Costs

The Company expenses the cost of advertising and marketing in the period incurred.

Revenue Recognition – Noninterest Income

In accordance with Accounting Standards Codification ("ASC") Topic 606, revenues are recognized when control of promised goods or services is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of Topic 606, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligation in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligation in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation. The Company only applies the

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five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer.

At contract inception, once the contract is determined to be within the scope of Topic 606, the Company assesses the goods or services that are promised within each contract and identifies those that contain performance obligation and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

All of the Company's revenue from contracts with customers within the scope of ASC 606 is recognized in non-interest income. The following is a discussion of key revenues within the scope of ASC 606.

Service Charges and Fees on Deposit Accounts

The Company earns fees from its deposit customers for account maintenance, transaction-based and overdraft services. Account maintenance fees consist primarily of account fees and analyzed account fees charged on deposit accounts on a monthly basis. The performance obligation is satisfied, and the fees are recognized on a monthly basis as the service period is completed. Transaction-based fees on deposits accounts are charged to deposit customers for specific services provided to the customer, such as non-sufficient funds fees, overdraft fees, wire fees, merchant services fees and foreign exchange fees. The performance obligation is completed as the transaction occurs and the fees are recognized at the time each specific service is provided to the customer.

Interchange Fees

Interchange fees represents fees earned when a debit card issued by the Company is used. The Company earns interchange fees from debit cardholder transactions through a payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder. The performance obligation is satisfied, and the fees are earned when the cost of the transaction is charged to the card. Certain expenses directly associated with the debit card are recorded on a net basis with the fee income.

Comprehensive Income

The change in unrealized gains and losses on securities available for sale is the only component of other comprehensive income for the Company. There were no amounts reclassified out of accumulated other comprehensive income relating to realized gains on securities available for sale in 2025 and 2024.

Earnings Per Share ("EPS")

Basic EPS excludes dilution and is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period, excluding outstanding participating securities. Diluted EPS is computed using the weighted-average number of shares determined for the basic computation plus the dilutive effect of potential common shares issuable under certain stock compensation arrangements. Unvested share-based payment awards (Restricted Stock Awards) that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and are included in the computation of earnings per share pursuant to the two-class method. The Company has determined that its outstanding unvested stock awards are participating securities. See Note 14 for additional details of EPS calculations.

Stock-Based Compensation

Compensation cost is recognized for stock options and restricted stock awards issued to employees, based on the fair value of these awards at the date of grant. A Black-Scholes model is utilized to estimate the fair value of stock options, while the market price of the Company's common stock at the date of grant is used for restricted stock awards.

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Compensation cost is recognized over the required service period, generally defined as the vesting period, on a straight-line basis. The Company has elected to account for forfeitures of stock-based awards as they occur. For awards subject to both the service and performance conditions, the unrecognized compensation cost is recognized as expense when it is probable that the performance conditions will be achieved. If the performance conditions become probable of being achieved before the end of the requisite service period, the unrecognized compensation cost for which requisite service has not been provided will be recognized as expense prospectively on an accelerated attribution basis over the remaining requisite service period. Excess tax benefits and tax deficiencies relating to stock-based compensation are recorded as income tax expense or benefit in the Consolidated Statements of Operations when incurred.

Recently Adopted Accounting Standards

On January 1, 2024, the Company adopted ASU 2023-02, *Investments - Equity Method and Joint Ventures (Topic 323)*. The amendments in this ASU expand the population of tax credit investments for which an investor may elect to apply the proportional amortization method and require certain disclosures for tax credit investments. The adoption of this ASU did not have an effect on our consolidated financial statements. However, the guidance requires additional disclosure for all investments that generate income tax credits and other income tax benefits from a tax-oriented investment program for which the Company has elected to apply the proportional amortization method. The guidance also requires a reevaluation of eligible investments when significant modifications or events occur that result in a change in the nature of the investment or a change in the Company's relationship with the underlying project. Both before and after the adoption, the Company used the proportional amortization method for low income housing tax credit investments.

On January 1, 2024, the Company adopted ASU 2023-07, *Segment Reporting - Improvements to Reportable Segment Disclosures (Topic 280)*. The amendments in the ASU improve reportable segment disclosure requirements and require disclosure of (1) significant segment expenses that are readily provided to the chief operating decision maker and included in segment profit or loss, (2) the composition and aggregate amount of other segment items, which represent the difference between profit or loss and segment revenues less significant segment expenses and (3) the title and position of the CODM and an explanation of how the CODM uses the reported segment measures in assessing segment performance and deciding how to allocate resources. The adoption of this ASU did not have an effect on the Company's consolidated financial statements but did require additional disclosures addressed above under the heading *Operating Segments*.

On January 1, 2025, the Company adopted ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires expanded disclosure of income taxes paid disaggregated by federal, state, and foreign jurisdictions, as well as individual jurisdictions meeting a 5 percent quantitative threshold. The new standard also requires the effective tax rate reconciliation to be presented by specific categories with accompanying qualitative disclosures and further disaggregation of reconciling items based on quantitative thresholds. The standard is effective for annual financial statements for the year ending December 31, 2025. The requirements may be applied on a prospective basis with retrospective application permitted. The Company has presented these expanded disclosures using a retrospective application in its Consolidated Financial Statements. The adoption of this ASU did not have a material effect on the Company's consolidated financial statements but resulted in additional disclosures within *Note 9 – Income Taxes*.

In November 2025, the FASB issued ASU 2025-08, *Financial Instruments—Credit Losses (Topic 326): Purchased Loans*, which requires an entity to apply the gross-up approach to purchased seasoned loans. Purchased seasoned loans are generally loans (excluding credit card receivables) acquired without credit deterioration that either are obtained in a business combination or are purchased more than 90 days after origination, provided the acquirer was not involved in the origination of the loans. The new standard eliminates the “Day-1” credit loss expense for these assets by requiring the initial allowance for credit losses to be recognized as an increase to the amortized cost basis at acquisition rather than as a charge to the income statement. The standard is effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years, and requires a prospective transition for loans acquired on or after the adoption date. Early adoption is permitted. The Company

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adopted this standard effective on January 1, 2025. Adoption of this standard had no impact on the Company's Consolidated Financial Statements as of or for the year ended December 31, 2025.

Recent Accounting Guidance Not Yet Effective

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)*, which requires additional disclosure of the nature of expenses included in the income statement. The new standard requires disclosures about specific types of expenses included in the expense captions presented on the face of the income statement, as well as disclosures about selling expenses. The new standard is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods within annual reporting periods beginning after December 15, 2027. The requirements will be applied prospectively, with the option for retrospective application. Early adoption is permitted. The Company is currently evaluating this standard.

In September 2025, the FASB issued ASU 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*, which amends the cost capitalization guidance by removing references to software development project stages to better align with current development methods. The new standard requires software cost capitalization to begin when management has authorized and committed to funding the software project and it is probable that the software will be completed and used to perform its intended function. The standard is effective for annual reporting periods beginning after December 15, 2027, including interim reporting periods within those annual reporting periods. The requirements may be applied on a prospective, modified, or retrospective transition basis, and early adoption is permitted. The Company is currently evaluating the potential impact of this standard on its Consolidated Financial Statements, as well as the planned date of adoption.

NOTE 2 – DEBT SECURITIES

The following table summarizes the amortized cost and fair value of securities available for sale at December 31, 2025 and 2024, and the corresponding amounts of gross unrealized gains and losses (in thousands):

<u>December 31, 2025</u>	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Securities Available for Sale:				
US Agency securities.....	\$ 6,500	\$ 14	\$ —	\$ 6,514
Municipal securities.....	2,308	—	(5)	2,303
SBA Loan Pool securities.....	2,941	—	(127)	2,814
Mortgage-backed securities.....	211,295	1,077	(7,779)	204,593
Corporate debt securities.....	1,750	—	(137)	1,613
Total.....	<u>\$ 224,794</u>	<u>\$ 1,091</u>	<u>\$ (8,048)</u>	<u>\$ 217,837</u>
<u>December 31, 2024</u>				
Securities Available for Sale:				
US Treasury securities.....	\$ 4,999	\$ —	\$ (26)	\$ 4,973
SBA Loan Pool securities.....	3,282	—	(241)	3,041
Mortgage-backed securities.....	147,332	206	(11,792)	135,746
Corporate debt securities.....	1,750	—	(272)	1,478
Total.....	<u>\$ 157,363</u>	<u>\$ 206</u>	<u>\$ (12,331)</u>	<u>\$ 145,238</u>

At December 31, 2025 and December 31, 2024, there were no holdings of any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of our shareholders' equity.

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The amortized cost and fair value of the investment securities portfolio as of December 31, 2025 are shown by contractual maturity below. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are presented separately.

(in thousands)	Available for Sale	
	Amortized Cost	Fair Value
Due within one year	\$ —	\$ —
Due after one year through five years	2,853	2,854
Due after five years through ten years.....	10,646	10,390
Mortgage-backed securities.....	211,295	204,593
Total debt securities.....	<u>\$ 224,794</u>	<u>\$ 217,837</u>

The following table summarizes the investment securities with unrealized losses by security type and length of time in a continuous, unrealized loss position as of the dates indicated (in thousands):

	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
December 31, 2025						
US Treasury securities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
US Agencies securities.....	—	—	—	—	—	—
Municipal securities	2,303	(5)	—	—	2,303	(5)
SBA Loan Pool securities	—	—	2,814	(127)	2,814	(127)
Mortgage-backed securities	42,629	(271)	83,128	(7,508)	125,757	(7,779)
Corporate debt securities.....	—	—	1,613	(137)	1,613	(137)
Total	<u>\$ 44,932</u>	<u>\$ (276)</u>	<u>\$ 87,555</u>	<u>\$ (7,772)</u>	<u>\$ 132,487</u>	<u>\$ (8,048)</u>
December 31, 2024						
US Treasury securities	\$ —	\$ —	\$ 4,973	\$ (26)	\$ 4,973	\$ (26)
SBA Loan Pool securities	—	—	3,041	(241)	3,041	(241)
Mortgage-backed securities	45,644	(567)	70,573	(11,225)	116,217	(11,792)
Corporate debt securities.....	—	—	1,478	(272)	1,478	(272)
Total	<u>\$ 45,644</u>	<u>\$ (567)</u>	<u>\$ 80,065</u>	<u>\$ (11,764)</u>	<u>\$ 125,709</u>	<u>\$ (12,331)</u>

As of December 31, 2025, there were 19 mortgage-backed securities with unrealized losses of \$276 thousand that had been in a continuous loss position for less than 12 months and 43 securities (2 SBA Loan Pool securities, 39 mortgage-backed securities and 2 corporate securities) with unrealized losses of \$7.8 million that had been in a continuous loss position for more than 12 months. Unrealized losses on debt securities have not been recognized in earnings because the issuers are of high credit quality, management does not intend to sell and it is not likely that management will be required to sell the securities prior to their anticipated recovery, and the decline in fair value is due to changes in interest rates and other market conditions and are not due to credit concerns. The fair value of these securities in unrealized loss positions are expected to recover as the securities approach maturity. The Company had no realized gains or losses on sales of securities in 2025 and 2024.

The Company had pledged debt securities with a fair value of \$5.3 million and \$5.6 million to secure borrowing arrangements discussed in Note 8, as of December 31, 2025 and 2024, respectively.

At December 31, 2025 and December 31, 2024, the Company did not hold any held-to-maturity or trading securities.

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NOTE 3 – LOANS AND ALLOWANCE FOR CREDIT LOSSES

The Company's loan portfolio is divided into three portfolio segments, which are the same segments used to estimate the allowance for credit losses: Commercial Real Estate, which uses the CRE lifetime loss rate model; Commercial Business, which uses the C&I lifetime loss rate model; and Consumer, which uses the Consumer lifetime loss rate model. Within each portfolio segment the Company monitors and assesses the credit risk in the following classes of loans, based on the risk characteristics of each loan class, and the Company may apply qualitative adjustments to an individual loan class where appropriate.

Commercial Real Estate	Commercial Business	Consumer
<ul style="list-style-type: none"> • Investor owned • Owner occupied • Multifamily • Secured by single family • Land and construction • SBA secured by real estate 	<ul style="list-style-type: none"> • Commercial and Industrial • SBA non-real estate secured 	<ul style="list-style-type: none"> • Consumer

The following is a summary of the loans and allowance for loan losses as of December 31 (in thousands):

	<u>2025</u>	<u>2024</u>
Commercial Real Estate (CRE):		
Investor owned.....	\$ 577,730	\$ 572,659
Owner occupied.....	236,623	223,442
Multifamily.....	155,941	162,330
Secured by single family.....	198,743	198,579
Land and construction.....	47,029	62,638
SBA secured by real estate.....	403,609	401,990
Total CRE.....	<u>1,619,675</u>	<u>1,621,638</u>
Commercial business:		
Commercial and industrial.....	471,526	441,182
SBA non-real estate secured.....	32,853	20,205
Total commercial business.....	<u>504,379</u>	<u>461,387</u>
Consumer.....	<u>2,093</u>	<u>2,124</u>
Loans held for investment ⁽¹⁾	2,126,147	2,085,149
Allowance for loan losses.....	<u>(29,323)</u>	<u>(27,267)</u>
Loans held for investment, net ⁽¹⁾	<u>\$ 2,096,824</u>	<u>\$ 2,057,882</u>

⁽¹⁾ Net of deferred loan origination fees and costs and unamortized discounts and premiums of \$0.1 million and \$0.8 million at December 31, 2025 and 2024, respectively.

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The following table summarizes the allocation of the allowance as well as the activity in the allowance attributed to the loan portfolio segments and unfunded commitments as of and for the year ended December 31, 2025 and 2024 (in thousands):

<u>December 31, 2025</u>	<u>Commercial Real Estate</u>	<u>Commercial Business</u>	<u>Consumer</u>	<u>Total</u>
Allowance for Loan Losses:				
Beginning of Year.....	\$ 20,724	\$ 6,507	\$ 36	\$ 27,267
Provision for (reversal of) credit losses	40	6,739	(12)	6,767
Gross charge-offs.....	(1,061)	(3,650)	—	(4,711)
Gross recoveries.....	—	—	—	—
End of Year.....	<u>19,703</u>	<u>9,596</u>	<u>24</u>	<u>29,323</u>
Allowance for Unfunded Commitments:				
Beginning of Year.....	1,412	96	1	1,509
Provision for (reversal of) credit losses	(728)	(96)	(1)	(825)
End of Year.....	<u>684</u>	<u>—</u>	<u>—</u>	<u>684</u>
Allowance for Credit Losses.....	<u>\$ 20,387</u>	<u>\$ 9,596</u>	<u>\$ 24</u>	<u>\$ 30,007</u>
Allowance for Loan Losses by Methodology:				
Individually evaluated.....	\$ —	\$ 2,195	\$ —	\$ 2,195
Collectively evaluated.....	19,703	7,401	24	27,128
	<u>\$ 19,703</u>	<u>\$ 9,596</u>	<u>\$ 24</u>	<u>\$ 29,323</u>
<u>December 31, 2024</u>	<u>Commercial Real Estate</u>	<u>Commercial Business</u>	<u>Consumer</u>	<u>Total</u>
Allowance for Loan Losses:				
Beginning of Year.....	\$ 18,655	\$ 5,766	\$ 55	\$ 24,476
Provision for (reversal of) credit losses	2,069	871	(19)	2,921
Gross charge-offs.....	—	(130)	—	(130)
Gross recoveries.....	—	—	—	—
End of Year.....	<u>20,724</u>	<u>6,507</u>	<u>36</u>	<u>27,267</u>
Allowance for Unfunded Commitments:				
Beginning of Year.....	1,170	571	—	1,741
Reversal of credit losses.....	242	(475)	1	(232)
End of Year.....	<u>1,412</u>	<u>96</u>	<u>1</u>	<u>1,509</u>
Allowance for Credit Losses.....	<u>\$ 22,136</u>	<u>\$ 6,603</u>	<u>\$ 37</u>	<u>\$ 28,776</u>
Allowance for Loan Losses by Methodology:				
Individually evaluated.....	\$ —	\$ 2,000	\$ —	\$ 2,000
Collectively evaluated.....	20,724	4,507	36	25,267
	<u>\$ 20,724</u>	<u>\$ 6,507</u>	<u>\$ 36</u>	<u>\$ 27,267</u>

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The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as current financial information, historical payment experience, collateral adequacy, credit documentation, and current economic trends, among other factors. For the purpose of assigning internal risk ratings, we generally analyze larger, non-homogeneous loans (e.g., commercial real estate and commercial and industrial loans) on an individual basis, classifying them according to common credit-risk characteristics. This analysis is performed on an ongoing basis as new information is obtained.

For real estate collateral, the Bank typically relies on external appraisals from licensed or certified appraisers. We regularly reassess these values whenever borrower performance, market conditions, or new loan terms signal a potential change in collateral value. When necessary, we supplement these real estate valuations with broker price opinions or other market data. When a loan is secured by business assets or equipment (rather than real estate), the Bank uses standard underwriting practices—such as reviewing current financial statements, performing lien searches, or relying on recognized valuation sources—to confirm that collateral coverage remains sufficient.

The Company uses the following definitions for risk ratings:

Special Mention – Loans classified as special mention have a potential weakness that deserves management’s close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution’s credit position at some future date.

Substandard – Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Nonaccrual– Loans on which the accrual of interest has been discontinued are designated as nonaccrual loans. The accrual of interest on loans is discontinued when principal or interest is past due 90 days based on the contractual terms of the loan or when, in management's judgment, there is reasonable doubt as to collectability.

Loans listed as pass include larger non-homogeneous loans not meeting the risk rating definitions above and smaller, homogeneous loans not assessed on an individual basis.

PRIVATE BANCORP OF AMERICA, INC., AND SUBSIDIARY

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The risk category of loans by class of loans was as follows as of December 31, 2025 and 2024 (in thousands):

December 31, 2025	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis		Total
	2025	2024	2023	2022	2021	Prior	Within the Revolving Period	Converted to Term Loans	
Commercial Real Estate (CRE):									
Investor owned									
Pass	\$69,674	\$47,701	\$64,383	\$158,733	\$92,012	\$123,112	\$11,187	\$6,467	\$573,269
Substandard – Still accruing	—	—	—	2,049	—	835	—	—	2,884
Substandard – Nonaccrual	—	—	1,577	—	—	—	—	—	1,577
Total	69,674	47,701	65,960	160,782	92,012	123,947	11,187	6,467	577,730
Owner occupied									
Pass	21,582	23,453	27,588	38,342	41,485	46,402	22,525	5,084	226,461
Substandard – Still accruing	—	—	—	—	—	8,055	—	—	8,055
Substandard – Nonaccrual	—	—	—	—	—	2,107	—	—	2,107
Total	21,582	23,453	27,588	38,342	41,485	56,564	22,525	5,084	236,623
Multifamily									
Pass	10,268	13,726	15,152	51,326	31,931	15,244	17,590	704	155,941
Total	10,268	13,726	15,152	51,326	31,931	15,244	17,590	704	155,941
Secured by single family									
Pass	17,882	50,369	14,880	17,824	24,631	16,053	41,528	2,466	185,633
Substandard – Still accruing	—	—	—	352	—	—	—	—	352
Substandard – Nonaccrual	—	3,960	3,876	4,922	—	—	—	—	12,758
Total	17,882	54,329	18,756	23,098	24,631	16,053	41,528	2,466	198,743
Land and construction									
Pass	442	13,062	12,843	14,748	—	373	3,862	—	45,330
Substandard – Nonaccrual	—	—	—	—	1,699	—	—	—	1,699
Total	442	13,062	12,843	14,748	1,699	373	3,862	—	47,029
SBA secured by real estate									
Pass	48,528	81,598	79,285	64,429	46,792	64,809	—	—	385,441
Special Mention	—	606	5,443	1,461	415	591	—	—	8,516
Substandard – Still accruing	—	1,297	—	1,360	145	2,278	—	—	5,080
Substandard – Nonaccrual	—	—	4,572	—	—	—	—	—	4,572
Total	48,528	83,501	89,300	67,250	47,352	67,678	—	—	403,609
Total commercial real estate									
Pass	168,376	229,909	214,131	345,402	236,851	265,993	96,692	14,721	1,572,075
Special Mention	—	606	5,443	1,461	415	591	—	—	8,516
Substandard – Still accruing	—	1,297	—	3,761	145	11,168	—	—	16,371
Substandard – Nonaccrual	—	3,960	10,025	4,922	1,699	2,107	—	—	22,713
Total	168,376	235,772	229,599	355,546	239,110	279,859	96,692	14,721	1,619,675

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December 31, 2025	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis		Total
	2025	2024	2023	2022	2021	Prior	Within the Revolving Period	Converted to Term Loans	
Commercial business:									
Commercial and industrial									
Pass.....	23,596	37,142	2,655	33,660	12,519	9,467	325,040	5,451	449,530
Special Mention	—	221	—	—	—	—	—	170	391
Substandard – Still accruing	—	—	—	—	2,229	1,328	2,000	—	5,557
Substandard – Nonaccrual	—	4,600	350	4,165	4,073	—	2,860	—	16,048
Total.....	23,596	41,963	3,005	37,825	18,821	10,795	329,900	5,621	471,526
SBA non-real estate secured									
Pass.....	10,296	8,738	5,444	1,041	275	3,473	—	—	29,267
Substandard – Still accruing	—	—	—	—	—	120	—	—	120
Substandard – Nonaccrual	—	607	2,859	—	—	—	—	—	3,466
Total.....	10,296	9,345	8,303	1,041	275	3,593	—	—	32,853
Total commercial business									
Pass.....	33,892	45,880	8,099	34,701	12,794	12,940	325,040	5,451	478,797
Special Mention	—	221	—	—	—	—	—	170	391
Substandard – Still accruing	—	—	—	—	2,229	1,448	2,000	—	5,677
Substandard – Nonaccrual	—	5,207	3,209	4,165	4,073	—	2,860	—	19,514
Total.....	33,892	51,308	11,308	38,866	19,096	14,388	329,900	5,621	504,379
Consumer:									
Total consumer									
Pass.....	—	—	634	—	—	—	1,459	—	2,093
Total.....	—	—	634	—	—	—	1,459	—	2,093
Total loans:									
Pass.....	202,268	275,789	222,864	380,103	249,645	278,933	423,191	20,172	2,052,965
Special Mention	—	827	5,443	1,461	415	591	—	170	8,907
Substandard – Still accruing	—	1,297	—	3,761	2,374	12,616	2,000	—	22,048
Substandard – Nonaccrual	—	9,167	13,234	9,087	5,772	2,107	2,860	—	42,227
Total.....	<u>\$ 202,268</u>	<u>\$ 287,080</u>	<u>\$ 241,541</u>	<u>\$ 394,412</u>	<u>\$ 258,206</u>	<u>\$ 294,247</u>	<u>\$ 428,051</u>	<u>\$ 20,342</u>	<u>\$ 2,126,147</u>
Gross charge offs:									
Commercial Real Estate:									
Owner occupied.....	\$ —	\$ —	\$ 1,061	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,061
Total commercial real estate.....	—	—	1,061	—	—	—	—	—	1,061
Commercial business									
Commercial and industrial ..	—	—	—	2,600	—	1,050	—	—	3,650
Total commercial business.....	—	—	—	2,600	—	1,050	—	—	3,650
Total gross charge offs	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,061</u>	<u>\$ 2,600</u>	<u>\$ —</u>	<u>\$ 1,050</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,711</u>

PRIVATE BANCORP OF AMERICA, INC., AND SUBSIDIARY

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December 31, 2024	Term Loans Amortized Cost Basis by Origination Year					Revolving Loans Amortized Cost Basis		Total
	2024	2023	2022	2021	Prior	Within the Revolving Period	Converted to Term Loans	
Commercial Real Estate (CRE):								
Investor owned								
Pass	\$ 38,197	\$ 98,365	\$ 164,189	\$ 102,551	\$ 136,758	\$ 26,023	\$ 6,576	\$ 572,659
Total	38,197	98,365	164,189	102,551	136,758	26,023	6,576	572,659
Owner occupied								
Pass	23,598	27,907	40,863	42,478	59,979	16,562	5,187	216,574
Special Mention.....	—	—	—	—	3,676	—	—	3,676
Substandard – Nonaccrual ...	—	3,192	—	—	—	—	—	3,192
Total	23,598	31,099	40,863	42,478	63,655	16,562	5,187	223,442
Multifamily								
Pass	14,827	26,667	59,572	32,429	25,805	2,316	714	162,330
Total	14,827	26,667	59,572	32,429	25,805	2,316	714	162,330
Secured by single family								
Pass	58,045	27,308	28,658	25,015	25,366	31,226	2,765	198,383
Substandard – Still accruing .	—	—	—	—	—	—	196	196
Total	58,045	27,308	28,658	25,015	25,366	31,226	2,961	198,579
Land and construction								
Pass	10,350	14,637	11,461	21,594	919	3,677	—	62,638
Total	10,350	14,637	11,461	21,594	919	3,677	—	62,638
SBA secured by real estate								
Pass	90,275	91,905	76,807	51,325	76,780	—	—	387,092
Special Mention.....	—	4,605	460	145	703	—	—	5,913
Substandard – Still accruing .	—	—	1,524	—	1,679	—	—	3,203
Substandard – Nonaccrual ...	—	—	—	2,120	3,662	—	—	5,782
Total	90,275	96,510	78,791	53,590	82,824	—	—	401,990
Total commercial real estate								
Pass	235,292	286,789	381,550	275,392	325,607	79,804	15,242	1,599,676
Special Mention.....	—	4,605	460	145	4,379	—	—	9,589
Substandard – Still accruing .	—	—	1,524	—	1,679	—	196	3,399
Substandard – Nonaccrual ...	—	3,192	—	2,120	3,662	—	—	8,974
Total	235,292	294,586	383,534	277,657	335,327	79,804	15,438	1,621,638

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December 31, 2024	Term Loans Amortized Cost Basis by Origination Year					Revolving Loans Amortized Cost Basis		Total
	2024	2023	2022	2021	Prior	Within the Revolving Period	Converted to Term Loans	
Commercial business:								
Commercial and industrial								
Pass	44,414	4,068	47,383	20,729	8,975	306,976	5,893	438,438
Substandard – Still accruing .	—	—	—	—	—	—	244	244
Substandard – Nonaccrual ...	—	—	—	—	—	2,500	—	2,500
Total	44,414	4,068	47,383	20,729	8,975	309,476	6,137	441,182
SBA non-real estate secured								
Pass	13,118	2,872	892	431	2,892	—	—	20,205
Total	13,118	2,872	892	431	2,892	—	—	20,205
Total commercial business								
Pass	57,532	6,940	48,275	21,160	11,867	306,976	5,893	458,643
Substandard – Still accruing .	—	—	—	—	—	—	244	244
Substandard – Nonaccrual ...	—	—	—	—	—	2,500	—	2,500
Total	57,532	6,940	48,275	21,160	11,867	309,476	6,137	461,387
Consumer:								
Total consumer								
Pass	—	715	—	—	—	1,409	—	2,124
Total	—	715	—	—	—	1,409	—	2,124
Total loans:								
Pass	292,824	294,444	429,825	296,552	337,474	388,189	21,135	2,060,443
Special Mention.....	—	4,605	460	145	4,379	—	—	9,589
Substandard – Still accruing .	—	—	1,524	—	1,679	—	440	3,643
Substandard – Nonaccrual ...	—	3,192	—	2,120	3,662	2,500	—	11,474
Total	<u>\$ 292,824</u>	<u>\$ 302,241</u>	<u>\$ 431,809</u>	<u>\$ 298,817</u>	<u>\$ 347,194</u>	<u>\$ 390,689</u>	<u>\$ 21,575</u>	<u>\$ 2,085,149</u>
Gross charge offs:								
SBA non-real estate secured	\$ —	\$ —	\$ —	\$ —	\$ 130	\$ —	\$ —	\$ 130
Total commercial business ...	—	—	—	—	130	—	—	130
Total gross charge offs ...	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 130</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 130</u>

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Past due and nonaccrual loans presented by loan class were as follows as of December 31, 2025 and 2024 (in thousands):

December 31, 2025	Total Nonaccrual	Nonaccrual With No Allowance for Credit Loss	Loans Past Due 90 or more Days and Still Accruing
Commercial Real Estate (CRE):			
Investor owned	\$ 1,577	\$ 1,577	\$ —
Owner occupied.....	2,107	2,107	—
Multifamily.....	—	—	—
Secured by single family	12,758	12,758	—
Land and construction	1,699	1,699	—
SBA secured by real estate.....	4,572	4,572	—
Total CRE.....	22,713	22,713	—
Commercial business:			
Commercial and industrial.....	16,048	12,788	—
SBA non-real estate secured.....	3,466	—	—
Total commercial business	19,514	12,788	—
Consumer.....	—	—	—
Total.....	\$ 42,227	\$ 35,501	\$ —
December 31, 2024	Total Nonaccrual	Nonaccrual With No Allowance for Credit Loss	Loans Past Due 90 or more Days and Still Accruing
Commercial Real Estate (CRE):			
Investor owned.....	\$ —	\$ —	\$ —
Owner occupied.....	3,192	3,192	—
Multifamily.....	—	—	—
Secured by single family	—	—	—
Land and construction.....	—	—	—
SBA secured by real estate.....	5,782	5,782	—
Total CRE.....	8,974	8,974	—
Commercial business:			
Commercial and industrial.....	2,500	—	—
SBA non-real estate secured	—	—	—
Total commercial business	2,500	—	—
Consumer	—	—	—
Total	\$ 11,474	\$ 8,974	\$ —

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The following table presents the amortized cost basis of collateral-dependent loans by class of loans and type of collateral as of December 31, 2025 and 2024 (in thousands).

<u>December 31, 2025</u>	<u>Real Estate</u>	<u>Equipment</u>	<u>Business Blanket Lien</u>	<u>Total</u>
Commercial Real Estate (CRE):				
Investor owned	\$ 1,577	\$ —	\$ —	\$ 1,577
Owner occupied	2,107	—	—	2,107
Multifamily	—	—	—	—
Secured by single family	12,758	—	—	12,758
Land and construction	1,699	—	—	1,699
SBA secured by real estate	4,572	—	—	4,572
Total CRE	<u>22,713</u>	<u>—</u>	<u>—</u>	<u>22,713</u>
Commercial business:				
Commercial and industrial	—	—	7,074	7,074
SBA non-real estate secured	1,363	—	2,103	3,466
Total commercial business	<u>1,363</u>	<u>—</u>	<u>9,177</u>	<u>10,540</u>
Consumer	—	—	—	—
Total	<u>\$ 24,076</u>	<u>\$ —</u>	<u>\$ 9,177</u>	<u>\$ 33,253</u>

<u>December 31, 2024</u>	<u>Real Estate</u>	<u>Equipment</u>	<u>Business Blanket Lien</u>	<u>Total</u>
Commercial Real Estate (CRE):				
Investor owned	\$ —	\$ —	\$ —	\$ —
Owner occupied	3,192	—	—	3,192
Multifamily	—	—	—	—
Secured by single family	—	—	—	—
Land and construction	—	—	—	—
SBA secured by real estate	5,782	—	—	5,782
Total CRE	<u>8,974</u>	<u>—</u>	<u>—</u>	<u>8,974</u>
Commercial business:				
Commercial and industrial	—	—	—	—
SBA non-real estate secured	—	—	—	—
Total commercial business	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Consumer	—	—	—	—
Total	<u>\$ 8,974</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 8,974</u>

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The following table presents the aging of the amortized cost basis in past-due loans as of December 31, 2025 and 2024 (in thousands).

<u>December 31, 2025</u>	<u>Current</u>	<u>30 - 59 Days Past due</u>	<u>60 - 89 Days Past Due</u>	<u>90+ Days Past Due</u>	<u>Total Past Due</u>	<u>Total</u>
Commercial Real Estate (CRE):						
Investor owned.....	\$ 576,153	\$ 1,577	\$ —	\$ —	\$ 1,577	\$ 577,730
Owner occupied.....	234,516	—	—	2,107	2,107	236,623
Multifamily.....	155,941	—	—	—	—	155,941
Secured by single family.....	197,746	416	303	278	997	198,743
Land and construction.....	47,029	—	—	—	—	47,029
SBA secured by real estate.....	397,308	1,729	—	4,572	6,301	403,609
Total CRE.....	1,608,693	3,722	303	6,957	10,982	1,619,675
Commercial business:						
Commercial and industrial.....	457,453	3,498	—	10,575	14,073	471,526
SBA non-real estate secured....	29,387	—	1,495	1,971	3,466	32,853
Total commercial business..	486,840	3,498	1,495	12,546	17,539	504,379
Consumer.....	2,093	—	—	—	—	2,093
Total.....	<u>\$ 2,097,626</u>	<u>\$ 7,220</u>	<u>\$ 1,798</u>	<u>\$ 19,503</u>	<u>\$ 28,521</u>	<u>\$ 2,126,147</u>

<u>December 31, 2024</u>	<u>Current</u>	<u>30 - 59 Days Past due</u>	<u>60 - 89 Days Past Due</u>	<u>90+ Days Past Due</u>	<u>Total Past Due</u>	<u>Total</u>
Commercial Real Estate (CRE):						
Investor owned.....	\$ 572,659	\$ —	\$ —	\$ —	\$ —	\$ 572,659
Owner occupied.....	223,442	—	—	—	—	223,442
Multifamily.....	162,330	—	—	—	—	162,330
Secured by single family.....	198,579	—	—	—	—	198,579
Land and construction.....	62,638	—	—	—	—	62,638
SBA secured by real estate.....	400,830	—	1,160	—	1,160	401,990
Total CRE.....	1,620,478	—	1,160	—	1,160	1,621,638
Commercial business:						
Commercial and industrial.....	437,890	792	—	2,500	3,292	441,182
SBA non-real estate secured....	11,193	—	—	9,012	9,012	20,205
Total commercial business....	449,083	792	—	11,512	12,304	461,387
Consumer.....	2,124	—	—	—	—	2,124
Total.....	<u>\$ 2,071,685</u>	<u>\$ 792</u>	<u>\$ 1,160</u>	<u>\$ 11,512</u>	<u>\$ 13,464</u>	<u>\$ 2,085,149</u>

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The Company may grant certain modifications of loans to borrowers experiencing financial difficulty on a case-by-case basis. The following presents the amortized cost basis of loans at December 31, 2025 that were both experiencing financial difficulty and modified during the year ended December 31, 2025. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financing receivable is also presented below:

<u>December 31, 2025</u>	<u>Principal Forgiveness</u>	<u>Payment Deferral</u>	<u>Term Extension</u>	<u>Interest Rate Reduction</u>	<u>Payment Deferral and Interest Rate Reduction</u>	<u>Total</u>	<u>Percentage of Class of Financing Receivable</u>
Commercial Real Estate (CRE):							
Investor owned.....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Owner occupied.....	—	—	—	—	—	—	—
Multifamily.....	—	—	—	—	—	—	—
Secured by single family.....	—	3,876	—	—	513	4,389	2.2%
Land and construction.....	—	1,699	—	—	—	1,699	3.6%
SBA secured by real estate.....	—	—	—	—	—	—	—
Total CRE.....	—	5,575	—	—	513	6,088	0.4%
Commercial business:							
Commercial and industrial.....	—	17,075	450	—	—	17,525	3.7%
SBA non-real estate secured.....	—	—	—	—	—	—	—
Total commercial business.....	—	17,075	450	—	—	17,525	3.5%
Consumer.....	—	—	—	—	—	—	—
Total.....	<u>\$ —</u>	<u>\$ 22,650</u>	<u>\$ 450</u>	<u>\$ —</u>	<u>\$ 513</u>	<u>\$ 23,613</u>	<u>1.1%</u>

The Company has not committed to lend any additional amounts to the borrowers included in the previous tables.

The following table presents the performance of such loans that have been modified in the last 12 months:

<u>December 31, 2025</u>	<u>30 - 59 Days Past due</u>	<u>60 - 89 Days Past Due</u>	<u>90+ Days Past Due</u>	<u>Total Past Due</u>
Commercial Real Estate (CRE):				
Investor owned.....	\$ —	\$ —	\$ —	\$ —
Owner occupied.....	—	—	—	—
Multifamily.....	—	—	—	—
Secured by single family.....	4,389	—	—	4,389
Land and construction.....	1,699	—	—	1,699
SBA secured by real estate.....	—	—	—	—
Total CRE.....	6,088	—	—	6,088
Commercial business:				
Commercial and industrial.....	9,360	—	8,165	17,525
SBA non-real estate secured.....	—	—	—	—
Total commercial business.....	9,360	—	8,165	17,525
Consumer.....	—	—	—	—
Total.....	<u>\$ 15,448</u>	<u>\$ —</u>	<u>\$ 8,165</u>	<u>\$ 23,613</u>

The following table presents the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty for the year ended December 31, 2025:

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<u>December 31, 2025</u>	<u>Principal Forgiveness</u>	<u>Weighted- Average Interest Rate Reduction</u>	<u>Weighted- Average Deferral or Extension (In Months)</u>	<u>Amortized Cost Basis Modified</u>
Commercial Real Estate (CRE):				
Secured by single family:				
Payment Deferral.....	—	—	7	3,876
Payment Deferral and Interest Rate Reduction.....	—	2.9%	7	513
Land and construction - Payment Deferral...	—	—	7	1,699
Commercial business:				
Commercial and industrial:				
Payment Deferral.....	—	—	9	17,075
Term Extension.....	—	—	85	450

As of and for the year ended December 31, 2024, the Company had no loans that were both experiencing financial difficulty and were modified during the year.

The following table presents loans purchased and sold during the year by portfolio segment (in thousands):

	<u>Commercial Real Estate</u>	<u>Commercial Business</u>	<u>Consumer</u>	<u>Total</u>
Year ended December 31, 2025:				
Purchases.....	\$ 1,160	\$ 3,511	\$ —	\$ 4,671
Sales.....	\$ 18,886	\$ 24,326	\$ —	\$ 43,212
Year ended December 31, 2024:				
Purchases.....	\$ 4,071	\$ —	\$ —	\$ 4,071
Sales.....	\$ 23,777	\$ 19,683	\$ —	\$ 43,460

NOTE 4 – TRANSFERS AND SERVICING

The Company sells the guaranteed portion of certain SBA loans in the secondary market and retains the servicing responsibility for those loans subsequent to the sale. The loans serviced for others are accounted for as sales and are therefore not included in the accompanying Consolidated Balance Sheets. The carrying value of loans sold was \$43.2 million and \$43.5 million during 2025 and 2024, respectively. Loans serviced for others totaled \$188.0 million and \$147.3 million at December 31, 2025 and 2024, respectively.

Consideration for each SBA loan sale includes the cash received and the fair value of the related servicing asset. The Company receives servicing fees ranging from 0.25% to 1.00% for the services provided over the life of the loan. The servicing asset is based on the estimated fair value of these future cash flows to be collected. The risks inherent in SBA servicing assets primarily relates to accelerated prepayment of loans in excess of what was originally modeled driven by changes in interest rates and a reduction in the estimated future cash flows.

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The activity in servicing assets during the year includes additions from loan sales with servicing retained and reductions from amortization as the serviced loans are repaid and the servicing fees are earned. The servicing asset activity is summarized below for the years ended December 31 (in thousands):

	<u>2025</u>	<u>2024</u>
Balance, beginning of period	\$ 2,087	\$ 2,318
Additions	734	716
Amortization	(908)	(947)
Reversal (Impairment)	—	—
Balance, end of period	<u>\$ 1,913</u>	<u>\$ 2,087</u>

Key economic assumptions used in measuring the initial fair value of servicing assets were as follows for the years ended December 31:

<u>(weighted average rates per annum)</u>	<u>2025</u>	<u>2024</u>
Constant prepayment rates (level 3)	23.34%	21.66%
Discount rates (level 3)	11.00%	16.79%

NOTE 5 – PREMISES AND EQUIPMENT

The following is a summary of premises and equipment at December 31 (in thousands):

	<u>2025</u>	<u>2024</u>
Leasehold improvements	\$ 2,086	\$ 1,984
Furniture, fixtures, equipment and software	5,880	5,448
	7,966	7,432
Accumulated depreciation and amortization	(5,183)	(5,097)
	<u>\$ 2,783</u>	<u>\$ 2,335</u>

Total depreciation and amortization expense for the years ended December 31, 2025 and 2024, was \$1.1 million and \$0.9 million, respectively.

NOTE 6 – LEASES

All of the Company leases are operating leases for the main branch office in La Jolla, branch facilities in Coronado, San Diego, Newport Beach, Beverly Hills, El Segundo and Montecito, a loan servicing office in Temecula, an operations center in Mission Valley, and an office in Redlands. The Company is responsible for common area maintenance, taxes and insurance on these leases.

The Company includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain the Company will exercise the option.

In 2025, the Company entered into new or amended leases of office space in Montecito and Beverly Hills which added new or extended lease terms ranging from 38 to 47 months. As a result of these lease contracts, the Company obtained operating lease right-of-use assets in exchange for lease obligations of \$1.3 million in 2025.

In 2024, the Company entered into new or amended leases of office space for Temecula, San Diego, South Bay and Coronado which added new or extended lease terms ranging from 30 to 90 months. As a result of these lease contracts, the Company obtained operating lease right-of-use assets in exchange for lease obligations of \$5.4 million in 2024.

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The components of total lease costs were as follows for the years ending December 31 (in thousands):

	<u>2025</u>	<u>2024</u>
Operating lease cost.....	\$ 2,288	\$ 1,980

Right-of-use assets and lease liabilities and the associated balance sheet classifications are as follows (in thousands):

	<u>Balance Sheet Classification</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Right-of-use assets:			
Operating leases.....	Other assets	\$ 6,352	\$ 6,819
Total right-of-use assets.....		<u>\$ 6,352</u>	<u>\$ 6,819</u>
Lease liabilities:			
Operating leases.....	Accrued interest payable and other liabilities	\$ 6,698	\$ 7,063
Total lease liabilities.....		<u>\$ 6,698</u>	<u>\$ 7,063</u>

The amount of the lease liability and right-of-use asset is impacted by the lease term and the discount rate applied to determine the present value of the future lease payments. The average remaining term of our operating leases is 4.6 years and 5.3 years as of December 31, 2025 and 2024, respectively. The Company used a weighted average discount rate of 4.64% and 4.69% for measuring its operating lease liability as of December 31, 2025 and 2024, respectively.

At December 31, 2025, future lease payments under these operating leases were as follows (in thousands):

	<u>Amount</u>
2026.....	\$ 1,943
2027.....	1,582
2028.....	1,379
2029.....	1,038
2030 and thereafter.....	<u>1,524</u>
Total undiscounted lease payments.....	7,466
Less: Imputed interest.....	<u>(768)</u>
Present value of lease liability.....	<u>\$ 6,698</u>

In February 2026, the Company entered into an amendment to extend the lease agreement for its office space in La Jolla, California. The extension term is 60 months, beginning March 1, 2026, and includes total fixed lease payments of approximately \$1.4 million. As a result of this amendment, the Company will record an additional operating lease right-of-use asset and a corresponding operating lease liability of approximately \$1.3 million in the first quarter of 2026.

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NOTE 7 – DEPOSITS

Deposits at December 31 consist of the following (in thousands):

	<u>2025</u>	<u>2024</u>
Noninterest-bearing deposits	\$ 606,105	\$ 553,405
Interest-bearing checking accounts.....	309,013	251,594
Savings and money market.....	1,025,393	888,200
Time deposit accounts under \$250,000	122,518	120,187
Time deposit accounts \$250,000 and over.....	160,852	321,073
	<u>\$ 2,223,881</u>	<u>\$ 2,134,459</u>

As of December 31, 2025 and 2024, all noninterest-bearing deposits are demand deposits.

Total deposits above include brokered non-maturity deposits of \$51.1 million and \$51.3 million as of December 31, 2025 and 2024, respectively.

Time deposits accounts of \$250,000 and over include fully insured brokered deposits of \$63.3 million and \$237.7 million at December 31, 2025 and 2024, respectively.

The Company participates in the IntraFi Network, which provides deposit placement services through Insured Cash Sweep ("ICS") and Certificate of Deposit Account Registry Service ("CDARS") reciprocal deposits. These services allocate deposits across multiple banks within the IntraFi network in amounts below the standard FDIC insurance limit. At December 31, 2025 and 2024, interest-bearing checking accounts included ICS reciprocal deposits of \$18.0 million and \$47.1 million, respectively, savings and money market accounts included ICS reciprocal deposits of \$168.7 million and \$112.0 million, respectively, and time deposits under \$250,000 included CDARS reciprocal deposits of \$108.3 million and \$106.1 million, respectively.

The maturity of time deposits as of December 31, 2025 is as follows (in thousands):

	<u>Amount</u>
2026.....	\$ 222,174
2027.....	42,249
2028.....	15,409
2029.....	2,228
2030 and thereafter.....	1,310
	<u>\$ 283,370</u>

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NOTE 8 – BORROWING ARRANGEMENTS

The Company's borrowings include advances from the Federal Home Loan Bank (FHLB) of San Francisco and Subordinated Debt.

A summary of FHLB borrowings as of December 31, 2025 and 2024, is as follows (in thousands):

<u>Lender</u>	<u>Maturity</u>	<u>Rate of Interest</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Federal Home Loan Bank.....	January 31, 2025	4.91%	\$ —	\$ 5,000
Federal Home Loan Bank.....	March 24, 2025	5.11%	—	7,000
Federal Home Loan Bank.....	May 5, 2025	4.25%	—	5,000
Federal Home Loan Bank.....	March 12, 2026	4.77%	3,000	3,000
Federal Home Loan Bank.....	March 12, 2027	4.56%	3,000	3,000
Federal Home Loan Bank.....	March 17, 2028	3.96%	5,000	5,000
Total.....			<u>\$ 11,000</u>	<u>\$ 28,000</u>

At December 31, 2025 and 2024, loans with a principal balance of approximately \$746.5 million and \$786.2 million and securities with a principal balance of approximately \$5.3 million and \$5.5 million were pledged as collateral to the FHLB for the borrowings, respectively. At December 31, 2025 and 2024, the Company had remaining financing availability of approximately \$535.0 million and \$546.0 million based on the level of pledged loans and securities, respectively, after consideration of FHLB borrowings outstanding and a \$6.0 million and \$5.0 million letter of credit to secure deposits, respectively.

As of December 31, 2025 and 2024, loans with a principal balance of approximately \$817.3 million and \$730.9 million were pledged as collateral to the Federal Reserve Bank on a securitized borrowing arrangement with related borrowing capacity of approximately \$607.4 million and \$523.5 million, respectively. There was no balance outstanding on this borrowing arrangement at December 31, 2025 and 2024.

The Company has borrowing lines with correspondent banks totaling \$100.0 million as of December 31, 2025. There were no balances outstanding on these borrowing lines as of or for the year ended December 31, 2025.

The Company issued Fixed-to-Floating Subordinated Notes ("Notes") of \$18 million on April 24, 2019 with final maturity on April 25, 2029. The Notes accrued interest at a 6.00% fixed rate for the first five years until April 25, 2024 with quarterly interest payments. After April 25, 2024, interest on the Notes accrues at a variable rate at the three-month Secured Overnight Financing Rate ("SOFR") plus 3.42%. The total variable rate on the notes was 7.54% as of December 31, 2025. Debt issuance costs were \$0.1 million and is being amortized through the maturity date. The balance net of issuance cost is \$18.0 million as of December 31, 2025 and 2024.

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NOTE 9 – INCOME TAXES

As discussed in *Note 1 – Summary of Significant Accounting Policies*, the following income tax disclosures for the year ended December 31, 2024, have been presented under ASU 2023-09 on a retrospective basis.

Income before provision for income taxes for the years ended December 31, 2025 and 2024 consisted of the following (in thousands):

	2025	2024
United States.....	\$ 57,834	\$ 50,846
Foreign.....	—	—
Income Before Provision for Income Taxes.....	\$ 57,834	\$ 50,846

The provision for income tax for the years ended December 31, 2025 and 2024 consisted of the following (in thousands):

	2025	2024
Current Taxes:		
Federal.....	\$ 10,860	\$ 9,648
State.....	5,554	5,405
Foreign.....	—	—
	16,414	15,053
Deferred Taxes:		
Federal.....	671	374
State.....	83	(403)
Foreign.....	—	—
	754	(29)
Provision for Income Tax.....	\$ 17,168	\$ 15,024

A comparison of the Federal statutory income tax rates to the Company’s effective income tax rate is as follows (in thousands):

	2025		2024	
	Amount	Rate	Amount	Rate
Statutory Federal Tax.....	\$ 12,145	21.0%	\$ 10,678	21.0%
State Franchise Tax, Net of Federal Benefit ⁽¹⁾	4,441	7.7%	4,120	8.1%
Tax Credits.....	(257)	(0.4%)	(216)	(0.4%)
Nontaxable or nondeductible items.....	(196)	(0.3%)	(91)	(0.2%)
Other Items, Net.....	1,035	1.7%	533	1.0%
Actual Tax Expense.....	\$ 17,168	29.7%	\$ 15,024	29.5%

⁽¹⁾ State taxes in California made up the majority (greater than 50 percent) of the tax effect in this category.

Deferred taxes are a result of differences between income tax accounting and generally accepted accounting principles with respect to income and expense recognition.

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The following is a summary of the components of the net deferred tax assets recognized in the accompanying Consolidated Balance Sheets at December 31 (in thousands):

	2025	2024
Deferred Tax Assets:		
Operating loss carryforwards.....	\$ 883	\$ 926
California State Income Tax.....	1,213	1,216
Allowance for loan losses.....	8,567	8,059
Lease liability.....	1,957	2,088
Securities available for sale.....	2,087	3,638
Bonus accrual.....	1,114	1,069
Nonaccrual loan interest.....	1,129	438
Other.....	1,071	1,385
	18,021	18,819
Deferred Tax Liabilities:		
Deferred loan costs.....	(3,726)	(3,179)
Deferred lease costs.....	(1,856)	(2,016)
Other.....	(1,931)	(811)
	(7,513)	(6,006)
Net Deferred Tax Assets.....	\$ 10,508	\$ 12,813

As of each reporting date, management considers the realizability of deferred tax assets based on management's judgment of various future events and uncertainties, including the timing and amount of future taxable income, as well as the implementation of tax planning strategies to maximize the realizability of deferred tax assets. A valuation allowance is provided when it is more likely than not that some portion of the deferred tax assets will not be realized. As of December 31, 2025 and 2024, management determined that it was more likely than not that the deferred tax assets will be realized; therefore, no valuation allowance was required.

At December 31, 2025, the Company had total net operating loss carryforwards of approximately \$2.1 million for Federal income and approximately \$5.1 million for California franchise tax purposes. Net operating loss carryforwards, to the extent not used, will begin to expire in 2031 for Federal tax purposes and 2032 for California franchise tax purposes.

These NOL carryforwards relate to the 2011 acquisition of Coronado First Bank and the 2013 acquisition of San Diego Private Bank. They are subject to an annual limitation by Section 382 of the Internal Revenue Code. The amount of the annual limitation for Federal and California Franchise Tax purposes is \$333 thousand for the 2011 acquisition, and \$446 thousand for the 2013 acquisition. The Company anticipates that these carryforwards will be utilized prior to their expiration and therefore no valuation allowance has been provided.

On June 24, 2025, the Franchise Tax Board of the State of California amended Senate Bill 132 which, among other changes, enacted a single-sales-factor apportionment calculation for tax years beginning on or after January 1, 2025. The change in apportionment methodology did not have a material effect on the Company's effective tax rate.

The Company's Federal income tax returns for the years ended December 31, 2022 through 2024 have been filed, and are open to audit by the Internal Revenue Service. The Company's California franchise tax returns for the years ended December 31, 2021 through 2024 have been filed, and are open to audit by the State of California.

In accordance with the provision of ASC 740, the Company periodically reviews its income tax positions based on tax laws and regulations and financial reporting considerations, and records adjustments as appropriate. This review takes into consideration the status of current taxing authorities' examinations of the Company's tax returns, recent positions taken by the taxing authorities on similar transactions, if any, and the overall tax

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environment. There were no unrecognized tax benefits that would affect our effective tax rate if recognized as of December 31, 2025 and 2024. The Company records interest expense and penalties related to unrecognized tax benefits in income tax expense. There was no accrued interest or penalties at December 31, 2025 and 2024.

The amounts of cash income taxes paid by the Company, net of amounts refunded, were as follows (in thousands):

	2025	2024
Federal	\$ 10,600	\$ 8,555
State and local:		
California	5,800	4,930
All other state and local	38	59
	5,838	4,989
Income taxes paid, net of amounts refunded	\$ 16,438	\$ 13,544

NOTE 10 – SHARE-BASED COMPENSATION

In 2016, the Company adopted the Private Bancorp of America, Inc. Equity Incentive Plan (the "PBAM Plan"). The awards under the PBAM Plan are granted to directors, officers, key employees of the Company, and certain consultants. Under the PBAM Plan, incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock awards and restricted stock units (collectively "Equity Grants") may be granted. The PBAM Plan provides for the issuance of up to 600,000 Equity Grants, of which 164,833 were available as of December 31, 2025. Equity Grant prices may not be less than 100 percent of the fair market value of the stock at the date of grant. Equity Grants expire no later than ten years from the date of grant and vest based on a schedule determined by the Company's Board of Directors. The PBAM Plan provides for accelerated vesting, at the discretion of the Board, if there is a change of control, as defined in the PBAM Plan, and in certain other circumstances.

The Company recognized share-based compensation cost of \$2.0 million and \$2.4 million in 2025 and 2024, respectively, related to options, restricted stock and restricted stock unit grants awarded. Tax benefits associated with share-based compensation amounted to \$0.6 million and \$0.7 million in 2025 and 2024, respectively.

Stock Options

The weighted-average fair value of options was estimated using the Black-Scholes option-pricing model with the following inputs: (1) expected volatility based on historical volatility of the Company's common stock; (2) the expected term of the option representing the estimated average period of time that the options remain outstanding; (3) the risk-free rate of return reflecting the grant date interest rate offered for zero coupon U.S. Treasury bonds over the expected term of the options; and (4) the expected dividend yield of the Company's common stock.

The Company did not grant stock options in 2025 or 2024.

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A summary of the activity for stock options in 2025 was as follows:

	<u>Options</u>	<u>Exercise Price</u>	<u>Weighted-Average Remaining Contractual Term</u>	<u>Aggregate Intrinsic Value (in thousands)</u>
Balance, beginning of year	88,000	\$ 22.07		
Granted	—	—		
Exercised	(7,000)	15.57		
Forfeited or expired	(15,000)	19.85		
Balance, end of year	<u>66,000</u>	<u>\$ 23.26</u>	4.49	<u>\$ 2,262</u>
Options exercisable.....	<u>36,000</u>	<u>\$ 21.69</u>	<u>2.10</u>	<u>\$ 1,290</u>

The intrinsic value of option shares exercised during 2025 and 2024 was \$0.3 million and \$0.1 million, respectively. Of the share options exercised in 2025, none were withheld by the Company to satisfy employee minimum statutory tax withholding requirements. As of December 31, 2025, total unrecognized compensation cost related to outstanding stock options was \$0.2 million.

Tax benefits recognized in income relating to exercised stock options in 2025 was zero and \$25 thousand in 2024.

As of December 31, 2025, there were 30,000 unvested stock options outstanding, which are all scheduled to cliff vest in 2026, subject to the participant's continued employment and the achievement of specified annual performance criteria.

Restricted Stock Awards

The Company grants restricted stock awards ("RSAs") to employees, which generally follow a graded vesting schedule where 25% of the shares vest annually over a four-year period, subject to continued employment.

The following table summarizes RSA activity for the year ended December 31, 2025:

	<u>2025</u>	
	<u>Restricted Stock Awards</u>	<u>Weighted-Average Grant Date Fair Value</u>
Balance, beginning of year	45,234	\$ 31.83
Granted.....	25,405	58.16
Shares Vested.....	(22,815)	41.68
Forfeited or expired.....	(2,025)	38.76
Balance, end of year.....	<u>45,799</u>	<u>\$ 41.22</u>

The total fair value of RSAs that vested during 2025 and 2024 was \$1.0 million and \$1.1 million, respectively. Of the RSAs that vested in 2025, 4,486 shares were withheld by the Company to satisfy employee minimum statutory tax withholding requirements. As of December 31, 2025, there was \$1.3 million of total unrecognized compensation cost related to RSAs that will be recognized over a weighted-average period of 1.7 years.

Restricted Stock Units

The Company also grants restricted stock units ("RSUs") to executive officers under its Long-Term Incentive Plan ("LTIP"). RSUs granted under the LTIP cliff vest after three years, with vesting contingent 50% on continued employment and 50% on the achievement of specified annual performance criteria.

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The following table summarizes RSU activity for the year ended December 31, 2025:

	2025	
	Unvested Restricted Stock Units	Weighted- Average Grant Date Fair Value
Balance, beginning of year	84,571	\$ 33.59
Granted.....	16,250	53.50
Shares Vested.....	(33,222)	31.48
Forfeited or expired.....	(9,553)	33.10
Balance, end of year.....	58,046	\$ 40.45

The total fair value of RSUs that vested during 2025 was \$1.0 million. Of the RSUs that vested in 2025, 11,145 shares were withheld by the Company to satisfy employee minimum statutory tax withholding requirements. As of December 31, 2025, there was \$0.7 million of total unrecognized compensation cost related to RSUs that will be recognized over a weighted-average period of 1.4 years subject to the achievement of specified performance criteria.

Non-Employee Director Grants

In addition to the share-based compensation awards described above, the Company issued 9,230 and 11,582 shares of common stock to its non-employee directors during the years ended December 31, 2025 and 2024, respectively. These shares were fully vested upon issuance.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Commitments

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the Consolidated Balance Sheets.

The Company's exposure to credit losses in the event of nonperformance by the other parties for commitments to extend credit and standby letters of credit is represented by the contractual amount of these instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

The following is a summary of contractual or notional amounts of off-balance sheet financial instruments that represent credit risk at December 31, 2025 and 2024 (in thousands).

	2025	2024
Financial instruments whose contract amounts represent credit risks:		
Commitments to extend credit.....	\$ 315,180	\$ 357,840
Standby letters of credit.....	7,541	6,131
	\$ 322,721	\$ 363,971

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any conditions established in the contract. Commitments generally have fixed expiration dates of not more than 12 months and may require payment of a fee. Since many of the commitments are not expected to be drawn upon, the total commitment amounts may not represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company

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upon extension of credit, is based on management’s credit evaluation. Collateral held varies but may include marketable investment securities, accounts receivable, inventory, property, plant, and equipment, real properties and deposits.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters of credit are primarily used in public and private borrowing arrangements. Essentially all letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company holds collateral supporting those commitments if deemed necessary.

The Company has committed to invest in partnerships that sponsor affordable housing projects utilizing the Low- Income Housing Tax Credit ("LIHTC") pursuant to Section 42 of the Internal Revenue Code. The purpose of these investments is to achieve a satisfactory return on capital, to facilitate the sale of additional affordable housing projects, and to assist in achieving goals associated with the Community Reinvestment Act ("CRA"). Capital contributions are called for up to an amount specified in the partnership agreements. In addition, the Company invests in other CRA investments including Small Business Investment Companies. At December 31, 2025 and 2024, the Company had unfunded commitments to contribute capital to these LIHTC and other CRA investments totaling \$2.4 million and \$3.3 million, respectively.

Contingencies

The Company is subject to legal proceedings arising in the ordinary course of business. The Company accrues losses for a legal proceeding when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. However, the uncertainties inherent in legal proceedings make it difficult to reasonably estimate the costs and effects of resolving these matters. Accordingly, actual costs incurred may differ materially from amounts accrued and could adversely affect the Company’s business, cash flows, results of operations, financial condition and prospects. Unless otherwise indicated, the Company is unable to estimate reasonably possible losses in excess of any amounts accrued. As of December 31, 2025 and 2024, there were no material loss contingency accruals nor are there matters that would have a material effect on the financial statements if accrued.

NOTE 12 – RELATED PARTY TRANSACTIONS

The following is a summary of changes in related party loans (in thousands):

	2025	2024
Balance, Beginning of Year.....	\$ 2,915	\$ 2,050
New Loans and Advances.....	426	1,765
Repayments.....	(901)	(900)
Balance, End of Year	\$ 2,440	\$ 2,915

As of December 31, 2025 and 2024, the Company held deposits from executive officers and directors and the companies and organizations with which they are associated totaling approximately \$36.9 million and \$15.4 million, respectively.

In 2024, the Bank entered into a Director Services Agreement with its Chairman of the Board for 12 months effective on January 1, 2024. The contract was renewed through the end of 2025 and terminated at the end of that year. Under the Director Services Agreement, the Chairman provided various services, including client development and retention, shareholder development and communications, business model implementation and acquisition strategies. For the services provided, the Chairman received annual compensation of \$120,000 and reimbursement for expenses.

During 2024 and into 2025, the Bank had a Director Services Agreement with a Director wherein various services were provided including planning, monitoring and business development. This Director did not serve on the

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Audit Committee or on the Compensation, Governance and Nominating Committee. For services provided, the Director received annual compensation of \$120,000 per year and reimbursement for expenses, plus \$1,400 monthly for country club dues, and a performance bonus opportunity based on origination of loan and deposit accounts. The term of the Director Services Agreement was for 12 months and was subject to annual renewal. The agreement was terminated in July of 2025 following the conclusion of the Director's services to the Bank's Board of Directors in June of 2025.

NOTE 13 – REGULATORY MATTERS

The Bank is subject to various regulatory capital requirements administered by the Federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly, additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance sheet items, as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

The Bank is subject to rules approved by the federal bank regulatory agencies for implementing the Basel Committee on Banking Supervision's capital guidelines for U.S. banks, commonly referred to as "Basel III."

The rules include a common equity Tier 1 ("CET1") capital to risk-weighted assets ratio with minimums for capital adequacy and prompt corrective action purposes of 4.5% and 6.5%, respectively. The minimum Tier 1 capital to risk-weighted assets ratio was raised from 4.0% to 6.0% under the capital adequacy framework and from 6.0% to 8.0% to be well-capitalized under the prompt corrective action framework. Based upon the Bank's election, the net unrealized gain (loss) on available for sale securities is not included in computing regulatory capital.

In addition, the Basel III rules include the concept of a "conservation buffer" of 2.5% applicable to the three-capital adequacy risk-weighted asset ratios (CET1, Tier 1, and Total). If the actual risk-weighted capital ratios fall below the capital adequacy minimum ratios plus the phased-in conservation buffer amount then dividends, share buybacks and discretionary bonuses to executives could be limited in amount. The Bank was not limited by the provisions of the conservation buffer as of and for the years ended December 31, 2025 and 2024.

As of December 31, 2025 and 2024, the most recent notification from the FDIC categorized the Bank as "well-capitalized" under the regulatory framework for prompt corrective action. To be categorized as well-capitalized the Bank must maintain minimum total risk-based, Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the table below. There are no conditions or events since the notification that management believes have changed the Bank's category.

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The Bank's actual and required capital amounts and ratios as of December 31, 2025 and 2024, are presented below (dollar amounts in thousands):

	Actual		For Capital Adequacy Purposes		To Be Well-Capitalized Under Prompt Corrective Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2025						
Total capital (to risk-weighted assets)	\$ 308,562	13.9%	\$ 178,212	8.0%	\$ 222,765	10.0%
Tier 1 capital (to risk-weighted assets)	280,690	12.6%	133,659	6.0%	178,212	8.0%
CET1 capital (to risk-weighted assets)	280,690	12.6%	100,244	4.5%	144,798	6.5%
Tier 1 capital (to average assets).....	280,690	10.8%	103,505	4.0%	129,381	5.0%
As of December 31, 2024						
Total capital (to risk-weighted assets)	\$ 272,063	12.5%	\$ 173,553	8.0%	\$ 216,942	10.0%
Tier 1 capital (to risk-weighted assets)	244,925	11.3%	130,165	6.0%	173,553	8.0%
CET1 capital (to risk-weighted assets)	244,925	11.3%	97,624	4.5%	141,012	6.5%
Tier 1 capital (to average assets).....	244,925	10.4%	94,307	4.0%	117,884	5.0%

The California Financial Code generally acts to prohibit banks from making a cash distribution to its shareholders in excess of the lesser of the bank's undivided profits or the bank's net income for its last three fiscal years less the amount of any distribution made by the bank's shareholders during the same period. With certain exceptions, a California corporation such as the Company, may not pay a dividend to its shareholders unless its retained earnings are at least equal to the amount of the proposed dividends. The Company's principal source of funds, if it were to make dividend payments, would be from dividends received from the Bank. As of December 31, 2025, the Bank had \$189.2 million of retained earnings. However, any dividend payment would need to consider the required capital ratios discussed above in addition to other federal and state statutes and regulations. In addition, federal bank regulatory agencies have authority under the Financial Institutions Supervisory Act to prohibit or to limit the payment of dividends by the banking organizations they supervise, including banks or bank holding companies, if, in the banking regulator's opinion, payment of a dividend would constitute an unsafe or unsound practice in light of the financial condition of the banking organization.

NOTE 14 – EARNINGS PER SHARE ("EPS")

The two-class method is used in the calculation of basic and diluted earnings per share. Under the two-class method, earnings available to common shareholders for the period are allocated between common shareholders and participating securities according to participation rights in undistributed earnings. The following is a reconciliation (in thousands):

	2025		2024	
	Net Income	Shares	Net Income	Shares
Net income as reported	\$ 40,666		\$ 35,822	
Less: Earnings allocated to participating securities.....	(332)		(281)	
Net income available to common shareholders	40,334		35,541	
Weighted average common shares outstanding.....		5,785		5,743
Less unvested restricted shares		(47)		(45)
Total weighted-average basic shares outstanding.....	40,334	5,738	35,541	5,698
Dilutive effect of outstanding stock options and unvested RSUs		87		84
Total weighted-average diluted shares outstanding.....	\$ 40,334	5,825	\$ 35,541	5,782

There were no anti-dilutive options and unvested RSUs as of December 31, 2025 and December 31, 2024.

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NOTE 15 – FAIR VALUE MEASUREMENTS

The following is a description of valuation methodologies used for assets measured at fair value on a recurring basis:

Securities available for sale: The fair values of securities available for sale are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1) or matrix pricing, which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted prices for specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2).

The following table provides the hierarchy and fair value for each major category of assets and liabilities measured at fair value at December 31, 2025 and 2024 (in thousands):

December 31, 2025	Fair Value Measurements Using:			Total
	Level 1	Level 2	Level 3	
Assets Measured at Fair Value:				
On a Recurring Basis:				
Securities available for sale.....	\$ —	\$ 217,837	\$ —	\$ 217,837
<hr/>				
December 31, 2024				
Assets Measured at Fair Value:				
On a Recurring Basis:				
Securities available for sale.....	\$ —	\$ 145,238	\$ —	\$ 145,238

The Company had no assets or liabilities measured at fair value on a non-recurring basis as of or during the year ended December 31, 2025 and 2024.

NOTE 16 – FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the asset or obligation could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value of financial instruments fulfills the accounting requirements per the Financial Accounting Standards Board ("FASB"), Accounting Standards Codification ("ASC") topic 825 - Financial Instruments. The fair value estimates are made at a specific point in time based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the entire holdings of a particular financial instrument. Because no market value exists for a significant portion of the financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature, involve uncertainties and matters of judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates are based on financial instruments both on and off the balance sheet without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Additionally, tax consequences related to the realization of the unrealized gains and losses can have a potential effect on fair value estimates and have not been considered in many of the estimates.

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The fair value hierarchy level and estimated fair value of financial instruments is summarized as follows (dollar amounts in thousands):

	Fair Value Hierarchy	December 31, 2025		December 31, 2024	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets					
Cash and due from banks.....	Level 1	\$ 11,148	\$ 11,148	\$ 16,528	\$ 16,528
Interest-bearing deposits-other	Level 1	13,523	13,523	10,419	10,419
Interest-bearing deposits at FRB	Level 1	130,344	130,344	136,929	136,929
Interest-bearing time deposits with other financial institutions	Level 1	4,355	4,355	4,189	4,189
Debt securities available for sale.....	Level 2	217,837	217,837	145,238	145,238
Loans held for sale.....	Level 3	2,330	2,330	3,008	3,008
Loans held for investment, net.....	Level 3	2,096,824	2,126,101	2,057,882	2,060,809
Servicing assets.....	Level 3	1,913	2,796	2,087	2,630
Accrued interest receivable.....	Level 1	8,284	8,284	7,993	7,993
Liabilities					
Time deposits.....	Level 2	\$ 283,370	\$ 283,422	\$ 441,260	\$ 440,205
Other deposits ⁽¹⁾	Level 2	1,940,511	1,940,511	1,693,199	1,693,199
Borrowings	Level 2	28,976	29,113	45,969	46,478
Accrued interest payable.....	Level 1	1,087	1,087	2,350	2,350

⁽¹⁾ Includes non-interest bearing deposits, interest bearing checking deposits, savings and money market deposits that have no stated maturities and are assumed to have a fair value equal to the carrying value.

NOTE 17 – 401K BENEFIT PLAN

The Company maintains a 401K benefit plan that provides for employee contributions up to maximums allowed by law, which are matched up to 5% by the Company. Matching contributions charged to expense amounted to \$1.5 million and \$1.3 million in 2025 and 2024, respectively.

NOTE 18 – SHAREHOLDERS' EQUITY

Stock Repurchase Program

On September 11, 2025 the Company announced that the Board of Directors has adopted a stock repurchase program, and authorized entering into a written stock repurchase agreement with a broker-dealer. That agreement included a trading plan in accordance with Rules 10b5-1 and 10b-18 of the Securities and Exchange Act of 1934. The Board authorized the Company to devote up to \$5 million in aggregate consideration to the repurchase of shares in privately-negotiated transactions and in the open market. On November 20, 2025, the Company concluded all of its repurchases under the program, totaling \$5.0 million for repurchasing 86,594 shares during 2025. The average cost per share, including brokerage commissions, excise taxes and other execution costs, was \$58.01. All repurchased shares were retired and canceled, returning them to the status of authorized but unissued shares.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 19 – PARENT ONLY CONDENSED FINANCIAL STATEMENTS

Condensed financial information of Private Bancorp of America, Inc. is as follows:

**CONDENSED BALANCE SHEETS
December 31, 2025 and 2024
(Dollars in Thousands)**

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 2,673	\$ 2,394
Due from interest-bearing	443	441
Other assets	1,811	943
Investment in bank subsidiary	<u>277,267</u>	<u>237,863</u>
Total Assets	<u>\$ 282,194</u>	<u>\$ 241,641</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Other borrowings	\$ 17,976	\$ 17,969
Other liabilities	<u>254</u>	<u>138</u>
Total Liabilities	<u>18,230</u>	<u>18,107</u>
Shareholders' Equity		
Common Stock	76,972	75,377
Additional paid-in capital	4,389	4,393
Retained earnings	187,473	152,252
Accumulated other comprehensive (loss) income	<u>(4,870)</u>	<u>(8,488)</u>
Total Shareholders' Equity	<u>263,964</u>	<u>223,534</u>
Total Liabilities and Shareholders' Equity	<u>\$ 282,194</u>	<u>\$ 241,641</u>

**CONDENSED STATEMENTS OF OPERATIONS
Years Ended December 31, 2025 and 2024
(Dollars in Thousands)**

	<u>2025</u>	<u>2024</u>
Dividends from subsidiary	\$ 7,725	\$ 1,950
Interest income	2	3
Interest expense on borrowings	<u>(1,433)</u>	<u>(1,432)</u>
Net interest and dividend income	6,294	521
Noninterest income	60	22
Noninterest expense	<u>1,154</u>	<u>736</u>
(Loss) income before equity in undistributed income of subsidiary	5,200	(193)
Equity in undistributed income of subsidiary	<u>34,726</u>	<u>35,387</u>
Income before income taxes	39,926	35,194
Income tax benefit	<u>740</u>	<u>628</u>
Net income	<u>\$ 40,666</u>	<u>\$ 35,822</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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**CONDENSED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2025 and 2024
(Dollars in Thousands)**

	2025	2024
Cash Flows from Operating Activities		
Net income	\$ 40,666	\$ 35,822
Adjustments to reconcile net income to net cash used in operating activities:		
Equity in undistributed earnings of subsidiary	(34,726)	(35,387)
Amortization of debt issuance costs	7	8
Increase in other assets	(868)	(558)
Increase in other liabilities	1,024	577
Net Cash Provided By (Used in) Operating Activities	6,103	462
Cash Flows from Investment Activities		
Increase in interest-bearing deposits	(2)	(2)
Net Cash Used In Investing Activities	(2)	(2)
Cash Flows from Financing Activities		
Repurchase of common stock	(5,023)	—
Repurchase of restricted shares	(908)	(508)
Proceeds from exercise of stock options	109	33
Net Cash Provided By (Used In) Financing Activities	(5,822)	(475)
Change in Cash and Cash Equivalents	279	(15)
Cash and Cash Equivalents Beginning of Year	2,394	2,409
Cash and Cash Equivalents End of Year	\$ 2,673	\$ 2,394

