



PRIVATE BANCORP OF AMERICA, INC.

9404 Genesee Avenue, Suite 100
La Jolla, CA 92037

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held May 22, 2024**

TO THE SHAREHOLDERS OF PRIVATE BANCORP OF AMERICA, INC.:

NOTICE IS HEREBY GIVEN that the 2024 Annual Meeting of Shareholders (the “**Meeting**”) of Private Bancorp of America, Inc. (the “**Company**”) will be held at CalPrivate Bank (the “**Bank**”), located at 9404 Genesee Avenue, Suite 100, La Jolla, CA 92037, on Wednesday, May 22, 2024, beginning at 8:00 a.m. (local time), to consider and act upon the following proposals and such other matters as may properly come before the Meeting and any continuations or adjournments thereof:

1. **ELECTION OF DIRECTORS.** To elect the following seven (7) nominees to serve as directors on the Company’s board of directors (the “**Board of Directors**”) until the next annual meeting of shareholders and until their respective successors are elected and have been qualified:

Leda Csanka	Setareh “SiSi” Pouraghabagher
Selwyn Isakow	Ernest Rady
Leon Kassel	Richard “Rick” Sowers
James Parks	

2. **AMEND EQUITY INCENTIVE PLAN.** To amend the Private Bancorp of America Equity Incentive Plan to increase the maximum aggregate number of shares available from 400,000 to 600,000.

3. **OTHER BUSINESS.** To transact such other business as may properly come before the Meeting and at any continuations or adjournments thereof.

The Board of Directors has fixed the close of business on March 28, 2024, as the record date for determination of shareholders entitled to notice of, and the right to vote at, the Meeting.

A SHAREHOLDER MEETING NOTICE HAS BEEN SENT BY MAIL (OR EMAIL IF YOU HAVE ELECTED ELECTRONIC DELIVERY) TO YOU BY OUR TRANSFER AGENT. THAT NOTICE CONTAINS A 15-DIGIT CONTROL NUMBER YOU WILL NEED TO VOTE YOUR SHARES. PLEASE READ IT CAREFULLY AND FOLLOW THE INSTRUCTIONS.

IT IS VERY IMPORTANT THAT EVERY SHAREHOLDER VOTE. WE URGE YOU TO VOTE AND TO RETURN YOUR PROXY PROMPTLY, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON, WHICH WE DO NOT RECOMMEND. IF YOU DO ATTEND THE MEETING AND DESIRE TO VOTE IN PERSON, YOU MAY THEN REVOKE YOUR PROXY. THE PROXY MAY BE REVOKED AT ANY TIME PRIOR TO ITS EXERCISE.

Important notice regarding Internet availability of proxy materials: This proxy statement and our Annual Report for the fiscal year ended December 31, 2023 are available at the following website: materials.proxyvote.com/74274F.

By Order of the Board of Directors,

Cory Stewart

Cory Stewart
Corporate Secretary

April 12, 2024
La Jolla, California

PRIVATE BANCORP OF AMERICA, INC.

9404 Genesee Avenue, Suite 100
La Jolla, CA 92037
(858) 875-6900

PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS
To Be Held May 22, 2024

This Proxy Statement (this “**Proxy Statement**”) is furnished in connection with the solicitation of proxies for use at the 2024 Annual Meeting of Shareholders of Private Bancorp of America, Inc. (the “**Company**”) to be held at CalPrivate Bank (the “**Bank**”), located at 9404 Genesee Avenue, Suite 100, La Jolla, CA 92037, on Wednesday, May 22, 2024, beginning at 8:00 a.m. (local time), and at any continuations and adjournments thereof (the “**Meeting**”). The Company expects to distribute a Shareholder Meeting Notice and make available this Proxy Statement, and the accompanying form of proxy and notice, on or about April 12, 2024, to shareholders of record as of March 28, 2024. The matters to be considered and voted upon at the Meeting, and at any continuations or adjournments thereof, will be:

1. **ELECTION OF DIRECTORS.** To elect the following seven (7) nominees to serve as directors on the Company’s board of directors (the “**Board of Directors**”) until the next annual meeting of shareholders and until their respective successors are elected and have been qualified:

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3. **OTHER BUSINESS.** To transact such other business as may properly come before the Meeting and at any continuations or adjournments thereof.

Voting

Shareholders of Record. Shares Registered in Your Name

If you are a shareholder of record, there are several ways for you to vote your shares:

- **By Internet Before the Meeting Date:** Go to www.proxyvote.com and vote until 11:59 p.m. Eastern Time on May 21, 2024. Have your proxy card in hand when you access the website and follow the instructions on the website.
- **By Telephone:** Call 1-800-690-6903 to vote by telephone until 11:59 p.m. Eastern Time on May 21, 2024. Have your proxy card in hand when you call and then follow the instructions.
- **By Mail:** If you received paper copies in the mail of the proxy materials and proxy card, mark, sign and date your proxy card and return it in the postage-paid envelope we have provided.
- **During the Annual Meeting – In Person:** You may attend the Meeting in person and vote at that time by delivery of a proxy card or written ballot we will provide at that time. You will need the 15-digit control number located in the shaded bar on the Shareholder Meeting Notice in order to vote in this manner.

Even if you plan to attend the Meeting, we recommend that you also submit your proxy card or vote by Internet or telephone by the applicable deadline so that your vote will be counted if you later decide not to attend the Meeting.

Beneficial Owners. Shares Registered in the Name of a Broker or Bank

If you are a beneficial owner of your shares, you should have received a Notice of Internet Availability or voting instructions from the broker or other nominee holding your shares. You should follow the instructions in the Notice or the voting instructions provided by your broker or nominee in order to instruct your broker or nominee on how to vote your shares. Notice and Access delivery of the proxy materials, and Internet and/or telephone

voting, also will be offered to shareholders owning shares through most banks and brokers. If you wish to vote in person at the Meeting, you must obtain a legal proxy from the organization that holds your shares. A legal proxy is a written document that authorizes you to vote your shares held in street name at the Meeting. Please contact the organization that holds your shares for instructions regarding obtaining a legal proxy.

Revocability of Proxies

Shareholders of Record. Shares Registered in Your Name

If you are a shareholder of record, you may revoke your vote at any time before the final vote at the Meeting by:

- Signing and returning a new proxy card with a later date;
- Submitting a later-dated vote by telephone or the Internet at www.proxyvote.com, since only your latest telephone or Internet vote received by 11:59 p.m. Eastern Time on May 21, 2024 will be counted;
- Delivering a timely written revocation to the Company's Corporate Secretary at 9404 Genesee Avenue, Suite 100, La Jolla, CA 92037, Attention: Corporate Secretary, before the Meeting; or
- Attending the Meeting and voting in person.

Beneficial Owners. Shares Registered in the Name of a Broker or Bank

If you are a beneficial owner of your shares, you must contact the broker or other nominee holding your shares and follow its instructions for changing your vote. Alternatively, you may attend the Meeting and vote in person if you have a legal proxy from the organization that holds your shares and bring it with you to the Meeting.

Your attendance at the Meeting alone will not revoke your proxy. Unless revoked, all shares presented by a properly executed proxy received prior to the Meeting will be voted as directed thereon or, if no direction is indicated, will be voted "FOR" Proposal No. 1, the election as directors of the nominees specified in this Proxy Statement and "FOR" Proposal No. 2, to amend the Private Bancorp of America Equity Incentive Plan. If any other business is properly presented at the Meeting, the proxy will be voted in accordance with the recommendations of the Board of Directors.

Persons Making the Solicitation

This Proxy Statement and the accompanying form of proxy are being solicited by the Board of Directors. The costs of such solicitation, including the expense of preparing, assembling, printing and mailing this Proxy Statement and the material used in this solicitation of proxies, will be borne by the Company. The principal solicitation of proxies is being made by mail and by the Internet for those shareholders who have previously elected Internet delivery for the furnishing of proxy materials, although additional solicitation may be made by telephone, electronic mail or personal visits by the Company's officers, directors or employees. The Company may, at its discretion, engage the services of a proxy solicitation firm to assist in the solicitation of proxies. The total expense of this solicitation will be borne by the Company and will include reimbursement paid to brokerage firms and others for their expenses in forwarding soliciting material and such expenses as may be paid to any proxy soliciting firm that the Company engages.

VOTING SECURITIES

Outstanding Shares and Record Date

Shareholders of record at the close of business on March 28, 2024 (the "Record Date"), are entitled to receive notice of and to vote at the Meeting. The number of shares of the Company's common stock issued and outstanding as of the Record Date was 5,717,519.

Voting Rights

Each shareholder of record as of the Record Date is entitled to cast one vote for each share of the Company's common stock held on each matter to come before the Meeting, except that shareholders may have cumulative voting rights with respect to the election of directors. Cumulative voting allows a shareholder to cast a number of votes equal to the number of directors to be elected multiplied by the number of votes held in such shareholder's name on the Record Date. This total number of votes may be cast for one nominee or may be distributed among as many nominees as the shareholder desires. If shares are voted cumulatively, the nominees receiving the highest number of votes up to the number of directors to be elected will be elected. Under California law and the Bylaws of the Company, no shareholder can cumulate votes unless, prior to voting at the Meeting, such shareholder has given notice of his or her intention to cumulate his or her votes at the Meeting. If any shareholder properly gives such notice, then all

shareholders may cumulate their votes for candidates in nomination. The Board of Directors does not, at this time, intend to give such notice or to cumulate the votes it may hold pursuant to the proxies solicited herein unless the required notice by a shareholder is given, in which event votes represented by proxies delivered pursuant to this Proxy Statement may be cumulated at the discretion of the proxy holders, in accordance with the recommendation of the Board of Directors. Therefore, discretionary authority to cumulate votes in such event is solicited in this Proxy Statement.

The presence, in person or by proxy, of the holders of a majority of the aggregate number of outstanding shares of the Company's common stock will constitute a quorum for the transaction of business at the Meeting and any continuation or adjournment thereof. With respect to Proposal 1, the seven (7) director nominees receiving the highest number of affirmative votes of the shares entitled to be voted for them up to the number of directors to be elected by such shares shall be elected; votes against the director and votes withheld shall have no legal effect. With respect to Proposal 2, the affirmative vote of (i) a majority of the shares represented and voting at the Meeting, and (ii) a majority of the quorum required to transact business at the Meeting, is required for approval.

Broker non-votes, or shares held by a broker or nominee that are represented at the Meeting but with respect to which the broker or nominee is not empowered to vote on a particular matter, will be counted only in determining whether a quorum is present at the Meeting.

If a broker holds your shares in "street name," your broker may not be able to vote your shares without instructions from you. You should instruct your broker to vote your shares following the procedure provided by your broker. Without instructions, your shares may not be voted.

The proxy also confers discretionary authority in accordance with the recommendation of the Board of Directors to vote the shares represented thereby on any matter that was not known at the time this Proxy Statement was mailed which may properly be presented for action at the Meeting and may include, among other things, action with respect to procedural matters pertaining to the conduct of the Meeting and the election of any person to any office for which a bona fide nominee is nominated.

Shares that are not represented in person or by proxy at the Meeting shall not be counted in determining whether a quorum is present and shall not be deemed present at the Meeting. Proxies submitted by any shareholder that are unmarked as to any matter shall be voted according to the recommendation of the Board of Directors. A proxy withholding authority to vote for a director nominee as to Proposal 1, if shares are not voted cumulatively, will be counted as a vote not in favor of the director nominee. A vote of abstention, as to any proposal as to which abstention is permitted, will have the effect of a vote against such proposal if the number of affirmative votes cast for the proposal is a majority of the votes cast but does not constitute a majority of the quorum required to transact business at the Meeting, however, if the number of affirmative votes cast for the proposal is a majority of the votes cast and constitutes a majority of the quorum required to transact business at the Meeting, a vote of abstention will have no effect on such proposal.

PROPOSAL 1 ELECTION OF DIRECTORS

(Item 1 on Proxy Card)

The Bylaws of the Company provide that the number of authorized directors of the Company shall be not less than five (5) nor more than seven (7), with the exact number of authorized directors to be fixed from time to time, within these limits, by approval of the Board of Directors or shareholders. The number of directors is presently fixed at seven (7).

All seven (7) nominees named below are currently members of the Board of Directors, other than James Parks, who previously served only on the board of directors of the Bank. All of the nominees also serve concurrently on the board of directors of the Bank. The Bank board of directors also includes other persons who are not members of the Company Board of Directors. Each individual has been nominated by the Board of Directors for election as a director to serve until the next annual meeting of the shareholders and until the election and qualification of a successor, and has agreed to serve if elected. Proxy votes granted hereunder will be cast in such a way as to effect the election of all nominees or, in the event of cumulative voting, as many as possible under the rules of cumulative voting, according to the recommendation of the Board of Directors. If any nominee should become unable or unwilling to serve as a director, the proxy votes granted hereunder will be voted for such substitute nominee as the Board of Directors shall designate. The Board of Directors presently has no knowledge that any of the nominees will be unable

or unwilling to serve. The seven (7) nominees receiving the highest number of affirmative votes at the Meeting will be elected.

The following table sets forth certain information regarding the director nominees. See “Security Ownership of Certain Beneficial Owners and Management,” below, for information pertaining to the stock ownership of each director nominee.

<u>Name and Title</u>	<u>Age</u>	<u>Year Elected or Appointed</u>
Leda Csanka Director	57	2022 ¹
Selwyn Isakow Chairman of the Board, Director	72	2006 ²
Leon Kassel, Director	73	2006 ²
James Parks, Nominee	73	2023 ³
Setareh “SiSi” Pouraghabagher, Director	53	2021 ¹
Ernest Rady, Director	86	2011 ²
Richard “Rick” Sowers, Director, President and Chief Executive Officer	51	2020

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- (1) Member of the Bank’s board of directors since 2020.
 - (2) Includes election or appointment to the board of directors of San Diego Private Bank prior to its merger with Coronado First Bank pursuant to which Coronado First Bank was the surviving bank and changed its name to San Diego Private Bank, which was prior to the formation of the Company as the Bank’s bank holding company. San Diego Private Bank later changed its name to CalPrivate Bank.
 - (3) Member of the Bank’s board of directors since 2017.

Business Experience and Background of the Director Nominees

Leda Csanka. Ms. Csanka has spent more than thirty-five years in the technology and the financial services industry, fifteen of those years as a CIO, CTO, Interim CIO and independent consultant/business owner. She has successfully led all technology aspects of two corporate spin-offs and specializes in the consolidation of IT services for the consolidation of corporate acquisitions. Her expertise in the consolidation of the broker/dealer industry over the last twenty years has led to a unique combination of skills: executive management expertise, program management execution and delivery, critical strategic thinking, vendor management and technology skills at both the executive level and the ability to dive into the depths of problem solving across all IT service domains. Since retiring from full-time corporate positions in mid-2016, Ms. Csanka started and operates both her own consulting company, Strategic Tech Consulting, and an executive and transformational coaching practice.

Selwyn Isakow. Mr. Isakow is the founder of CalPrivate Bank. He is Founder, Chairman and Chief Executive Officer of The Oxford Investment Group, Inc., a private investment, real estate and venture firm which acquired and built over 80 manufacturing, financial services and niche distribution companies in 17 countries and now operates as a family office. Mr. Isakow was the Founder and Chairman of Bloomfield Hills Bancorporation, a Michigan-based holding company for The Private Bank with three private banking operations, a Wealth Management Group and a Mortgage division. Previously, Mr. Isakow served as Executive Vice President of Comerica, Inc. a large regional bank, as a Principal of Booz Allen & Hamilton, management consultants, where he was a member of the Worldwide Strategic Management Group and headed the Financial Service Industry practice for Western U.S., as Audit Manager at a public accounting firm and as an Officer in the South African Air Force. Mr. Isakow has served as Chairman or Board Member of several NYSE companies, numerous private companies, healthcare and non-profit organizations. He is the Immediate Past-Chairman of City of Hope, a leading national Comprehensive Cancer Center. Other non-profits he has founded include the Kindness Initiative and Hebrew Free Loan of San Diego to address poverty in the community. Mr. Isakow has received various civic and business honors and awards including E&Y Entrepreneur of

the Year. He obtained an MBA with distinction from Wharton Business School and his Bachelor of Commerce, Certificate in Accounting and Bachelor of Accounting degrees from University of Witwatersrand, Johannesburg, South Africa. He is a qualified Chartered Accountant.

Leon Kassel. Mr. Kassel is a resident of La Jolla, California. He is the President of Jeval Asset Management based in San Diego. Mr. Kassel has more than 29 years of banking and bank directorship experience. Mr. Kassel was VP/Treasurer of Citibank Mexico and later SVP/ Treasurer of Multibanco Comermex in Mexico. He then served as Chairman of the Board of Investment Placement Group, a broker/dealer based in San Diego, before becoming Chief Investment Officer and Chairman of the Board of First National Bank, San Diego. Mr. Kassel has served as a member of the board of the Burnham Cancer Research and as a member or treasurer of various non-profit organizations in San Diego. Mr. Kassel obtained his B.S. in Management/Engineering from Worcester Polytechnic Institute in 1974.

James R. Parks. Mr. Parks heads the Los Angeles, California office of CBIZ MHM, LLC and specializes in providing consulting services to companies and individuals in the real estate, entertainment, manufacturing, media and service industries. He provides tax consulting, business and family law litigation, business management/family office and tax services for high net worth individuals, entertainment and media industry and real estate industry consulting. Mr. Parks has been a member of CBIZ since his prior company (Parks, Palmer, Turner & Yemenidjian, LLP) was acquired in 1999. He has over forty years of public accounting experience. Mr. Parks also co-founded and is Chairman of Realty Center Management, Inc. (RCMI), a real estate company that manages and through affiliates owns over 10,500 apartment units and approximately 250,000 square feet of commercial office space. The market value of the portfolio as of December 31, 2022 was over \$3 Billion. Mr. Parks is a Certified Public Accountant in the state of California and received his BS and MBT degrees from the University of Southern California. He is active in various community ventures and currently serves as a member of the Board of Trustees of the Autry National Center of the American West, a member of the Board of Councilors at the University of Southern California, a member of the Board of Directors of Whittier Trust, a trustee of the California Art Club in Pasadena, and a member of the Board of Directors of the California Council on Economic Education.

Setareh “SiSi” Pouraghabagher. SiSi Pouraghabagher is an accomplished leader with a diverse 30 year professional background serving shareholders, customers, and professional staff in public global financial service organizations, privately held technology companies, public accounting, and higher education. SiSi currently serves as an independent director and Audit Committee Chair for Point B, a national management consulting firm. She also serves as an independent director and Audit Committee Chair for Frontier Medicines, a biotechnology company in San Francisco. She was formerly an independent director and the Audit Committee Chair for State Auto Financial Corporation through their successful sale to Liberty Mutual in March 2022. SiSi is an adjunct professor for the Accounting & Law program at California Polytechnic’s (Cal Poly) Orfalea College of Business. SiSi’s executive leadership experience includes serving as the Chief Administrative Officer for QBE North America, a global public insurer, as well as serving in chief roles of finance and operations for Balboa Insurance, formerly a \$2 billion division of Bank of America. SiSi was additionally the Chief Financial Officer for two private technology companies in Orange County and began her career at Deloitte. SiSi serves on the Dean’s Advisory Council for Cal Poly’s Orfalea College of Business. She is a member of the National Association of Corporate Directors (NACD) and is a Governance Fellow. She is also a member of the American Institute of Certified Public Accountants, member of Extraordinary Women on Boards, and holds an active CPA license.

Ernest Rady. Mr. Rady is board chairman and CEO of a REIT that he founded in 1967 and took public in 2011 (NYSE: AAT) and has served in that position (and/or as president) since inception. In 1971 he founded Westcorp, a financial service holding company, and Insurance Company of the West (where he currently serves as board chairman and chair of the investment committee of). He served as chairman and CEO of Wescorp, an NYSE-traded financial services company, from 1973-2006, and CEO of Western Financial from 1994-1996 and 1998-2006. He was also a director of WFS Financial Inc., an automobile finance company, from 1988-2006 and chairman from 1995-2006. From 2006-2007 Mr. Rady served as chairman of dealer finance business and California banking business for Wachovia Corporation, and served as a director from 2006-2008. Mr. Rady also founded two SEC registered investment advisers and currently serves as CEO and chief investment officer of one and executive chairman of the other. From 2001-2021 he served as a trustee, chairman of the finance committee, and a member of the executive and investment committees of Salk Institute for Biological Sciences. Mr. Rady received degrees in commerce and law from the University of Manitoba and was awarded the Gold Medal in Commerce and the Law Society Award for Academic Achievement in Law.

Richard “Rick” Sowers. Mr. Sowers serves as President & Chief Executive Officer of both the Company and the Bank. He is a Southern California native and graduate of University of California, San Diego. He worked first with Accenture Consulting in Los Angeles then joined CAST Management Consultants, where he spent a decade

as a VP/Associate Partner. He specialized in creating bank efficiencies, profitability and optimizing customer focus and experience. In 2008, Mr. Sowers joined Bank of Manhattan/Manhattan Bancorp as EVP & Chief Operating Officer. He became President of the Bank prior to its merger with Plaza Bank in 2015. There Mr. Sowers held positions starting from EVP & Chief Strategy Officer to the Bank’s President until Plaza Bank sold to Pacific Premier Bank in October 2017. Mr. Sowers joined the CalPrivate Bank as its President on February 15, 2018 and became a Bank Director. In February 2020, Mr. Sowers became a Director and the President of the Company and on October 1, 2020, Mr. Sowers was named President and Chief Executive Officer of CalPrivate Bank and the Company.

Board Diversity

As part of its director nominee evaluation process, the Board considers diverse viewpoints, backgrounds and experiences, as well as gender, age, race and ethnicity, as important in the selection of directors to enhance the Board’s diversity. The table below presents a summary of the Board’s diversity statistics, as would be required by Nasdaq. Each of the categories listed in the table below has the meaning as it is used in Nasdaq Rule 5605(f).

Board Diversity Matrix (As of March 28, 2024)				
Total Number of Directors	7			
Part I: Gender Identity	Female	Male	Non-binary	Did Not Disclose Gender
Directors	2	5	--	--
Part II: Demographic Background				
Hispanic or Latinx	--	1	--	--
White	2	4	--	--
Two or More Races or Ethnicities	--	--	--	--
LGBTQ+	1			
Did Not Disclose Demographic Background	--			
Directors with Disabilities	--			

Recommendation

THE BOARD OF DIRECTORS URGES YOU TO VOTE “FOR” PROPOSAL 1: TO ELECT THE SEVEN (7) NOMINEES SET FORTH ABOVE TO SERVE UNTIL THE NEXT ANNUAL MEETING OF SHAREHOLDERS AND UNTIL THEIR RESPECTIVE SUCCESSORS HAVE BEEN ELECTED AND HAVE BEEN QUALIFIED. THE BOARD OF DIRECTORS INTENDS TO VOTE ALL PROXIES HELD BY IT IN FAVOR OF ELECTION OF EACH OF THE NOMINEES LISTED IN THIS PROXY STATEMENT.

PROPOSAL 2 AMEND EQUITY INCENTIVE PLAN

(Item 2 on Proxy Card)

We are seeking shareholder approval of an amendment to Section 3(a) of the Private Bancorp of America Equity Incentive Plan (the “**Equity Plan**”), to increase the maximum aggregate number of shares available from 400,000 to 600,000, an increase of 200,000 shares. If our shareholders approve this proposal, it will become effective on the date of such approval. If our shareholders do not approve this proposal, we will only grant awards under the Equity Plan until the shares available for issuance thereunder are exhausted.

As of March 28, 2024 there were 23,000 unexercised options to purchase shares under the Embarcadero Bank 2006 Stock Plan (assumed by the Company on its formation) (the “**2006 Plan**”). Previously issued equity awards under the Equity Plan and outstanding awards, including those subject to performance or time-based vesting provisions totaled 389,654. This leaves only 10,346 shares available for future issuance if the number of shares available under the Equity Plan is not increased.

We believe the reservation of an additional 200,000 shares for issuance under the Equity Plan will allow us to continue to provide a range of flexible equity incentive tools to officers, directors and employees through the expiration of the Equity Plan on May 9, 2026. The increase will allow the Company to continue to attract and retain employees that will contribute to the further growth of the Company and the Bank.

If the proposal is approved, the combination of the outstanding options under the 2006 Plan, the outstanding awards under the Equity Plan, and the total authorized additional shares under the Equity Plan, as of March 28, 2024, would be 377,790 shares. This number would equate to 6.61% of the actually issued and outstanding shares as of that date.

Summary of the Equity Plan

Eligible Participants

Any director, employee or consultant (including any prospective director, employee or consultant) of the Company or any subsidiary of the Company (including the Bank) is eligible to be designated a participant in the Equity Plan for purposes of receiving awards. However, incentive stock options (“ISOs”) may be granted only to employees.

Plan Administration

The Board of Directors, or one or more committees appointed by the Board of Directors, administers the Equity Plan (in either case, referred to as the “committee”). Currently, the Compensation, Governance and Nominating Committee administers the Equity Plan. The committee has the power to determine the terms of the awards, including the exercise price, the number of shares subject to each award, the exercisability of the awards and the form of consideration payable upon exercise.

Shares Available For Awards

Subject to adjustment as provided below, the aggregate number of shares of common stock that may be issued pursuant to awards granted under the Equity Plan is 400,000, all of which may be awarded in the form of ISOs.

If all or any portion of an award expires without exercise, terminates, is cancelled or forfeited, or is repurchased by the Company at its original purchase price then such expired, terminated, cancelled, forfeited or repurchased shares will again become available for future grant or sale under the Equity Plan. Only shares actually issued pursuant to an award will cease to be available under the Equity Plan. Shares delivered by the participant or withheld by the Company to pay the exercise price of an award or to satisfy the tax withholding obligations will again become available for future grant or sale under the Equity Plan. To the extent an award under the Equity Plan is paid out in cash rather than shares, such cash payment will not result in reducing the number of shares available for issuance under the Equity Plan.

Awards

The Equity Plan provides for the grant of options intended to qualify as ISOs under Section 422 of the Internal Revenue Code to the employees of the Company and its subsidiaries, and non-statutory stock options (“NSOs”), stock appreciation rights, restricted stock awards, restricted stock units (each, an “award”) to directors, employees and consultants of the Company and its subsidiaries.

Stock Options. An option is the right to purchase shares of the Company's common stock at a fixed exercise price for a fixed period of time. The committee may grant both ISOs and NSOs under the Equity Plan. Except as otherwise determined by the committee in an award agreement, the exercise price for options cannot be less than the fair market value (as defined in the Equity Plan) of the Company's common stock on the date of grant. The term of each option will be determined by the committee; provided that no ISO will be exercisable after the tenth anniversary of the date the option is granted. In the case of ISOs granted to an employee who, at the time of the grant of an option, owns stock representing more than 10% of the voting power of all classes of the Company's stock, the exercise price cannot be less than 110% of the fair market value of a share of the Company's common stock on the date of grant and its term will be five years or less from the date of grant. All options granted under the Equity Plan will be NSOs unless the applicable award agreement expressly states that the option is intended to be an ISO. No participant shall be granted more than \$100,000 worth of ISOs in any one year.

Options shall vest and become exercisable as determined by the committee. The exercise price will be payable with cash (or its equivalent) or by other methods as permitted by the committee to the extent permitted by applicable law.

If a participant's employment or relationship with the Company is terminated, the participant (or his or her designated beneficiary or estate representative in the case of death) may exercise his or her option within such period

of time as is specified in the award agreement to the extent that the option is vested on the date of termination. In the absence of a specified time in the award agreement, the option will remain exercisable for three months following the date of termination, except in the case where termination is as a result of disability or death, in which case the option will remain exercisable for six months following the date of termination or death.

Restricted Stock. Restricted stock awards are awards of shares of the Company's common stock that vest in accordance with terms and conditions established by the administrator. The administrator may impose whatever conditions to vesting it determines to be appropriate. The administrator will determine the number of shares of restricted stock granted to any participant. The administrator determines the purchase price of any grants of restricted stock and, unless the administrator determines otherwise, shares that do not vest typically will be subject to forfeiture or to the Company's right of repurchase. Holders of restricted stock may exercise voting rights with respect to such stock, unless the administrator determines otherwise. During the period of restriction, holders of restricted stock will be entitled to receive all dividends and other distributions paid with respect to such stock unless otherwise provided in the award agreement. If any such dividends or distributions are paid in the Company's shares of common stock, such shares will be subject to the same restrictions on transferability and forfeitability as the restricted stock with respect to which they were paid.

Stock Appreciation Rights. A stock appreciation right is the right to receive an amount equal to the appreciation in the fair market value of the Company's common stock between the exercise date and the date of grant, for that number of shares of the Company's common stock with respect to which the stock appreciation right is exercised. The Company may pay the appreciation in either cash, in shares of its common stock with equivalent value, or in some combination, as determined by the committee and in conformance with Section 409A of the Internal Revenue Code. The committee determines the exercise price of stock appreciation rights, the vesting schedule and other terms and conditions of stock appreciation rights; however, stock appreciation rights expire under the same rules that apply to stock options.

Restricted Stock Units. Restricted stock units are awards of restricted stock that are paid out in installments or on a deferred basis as determined by the committee in its sole discretion in accordance with rules and procedures established by the committee and in conformance with Section 409A of the Internal Revenue Code.

Transferability of Awards

Generally, unless the administrator determines otherwise, the Equity Plan does not allow for the transfer of awards other than by will or by the laws of descent and distribution, and only the participant may exercise an award during his or her lifetime.

Amendment and Termination of the Equity Plan

The Board of Directors may at any time amend, alter, suspend or terminate the Equity Plan. Unless sooner terminated, the Equity Plan shall terminate on the date that is ten years from the date on which the Equity Plan is adopted by the Board of Directors or approved by the shareholders, whichever is earlier.

Effectiveness

The amendment of the Equity Plan contemplated by this proposal will be immediately effective upon shareholder approval. The Equity Plan was effective as of May 9, 2016.

Corporate Transaction

In the event of a merger, consolidation, reorganization, extraordinary dividend, dissolution, liquidation, sale of substantially all of the Company's assets, other change in capital structure of the Company, tender offer for common stock, or a change in control (as defined in the Equity Plan) (a "**Corporate Transaction**"), the Board of Directors may make such adjustments with respect to the Company's common stock that may be issued pursuant to awards and the number and/or exercise price or base price of outstanding awards and take such other action as it deems necessary or appropriate, including, without limitation, the substitution of new awards, or the adjustment of outstanding awards, the acceleration of vesting of awards, the removal of restrictions on awards, or the termination of outstanding awards in exchange for the cash fair market value of the vested and/or unvested portion of the award, as the Board of Directors may determine in its sole discretion and in compliance with Internal Revenue Code Sections 409A and 424.

Subject to the requirements and limitations of Internal Revenue Code Sections 409A and 424, if applicable, the Board of Directors may provide for any one or more of the following in connection with a Corporate Transaction, in its sole discretion:

(i) Cancel the vested and/or unvested awards in exchange for a payment in cash or stock or any combination thereof equal to the fair market value of the consideration to be paid per share of the Company's common stock in the Corporate Transaction, reduced by the exercise price, base price or purchase price per share, if any, under such award;

(ii) Provide that awards will become fully vested and/or exercisable immediately prior to the Corporate Transaction, provided that with respect to options and stock appreciation rights, participants shall receive advance notice and a reasonable opportunity, as determined by the Board of Directors, to exercise their awards prior to such Corporate Transaction and if vested awards are not exercised prior to such Corporate Transaction, such award shall be forfeited upon such Corporate Transaction for no consideration;

(iii) Provide that awards will be assumed or continued, or substantially equivalent awards will be substituted therefor, as determined by the Board of Directors, with appropriate adjustments as to the number and kind of shares and prices; and

(iv) After written notice of at least ten (10) days prior to the Corporate Transaction, provide that the options and stock appreciation rights held by a participant, to the extent then exercisable, must be exercised within a specified number of days after the date of such notice, at the end of which period the options and/or stock appreciation rights shall terminate without payment.

Federal Income Tax Consequences

The following summary is based on the Company's understanding of U.S. federal income tax laws in effect as of January 1, 2024. Such laws and regulations are subject to change. This summary assumes that all awards will be exempt from, or comply with, the rules under Section 409A of the Internal Revenue Code regarding nonqualified deferred compensation. If an award fails to comply with Section 409A of the Internal Revenue Code, the award may be subject to immediate taxation, interest, and tax penalties in the year the award vests or is granted. This summary does not constitute tax advice and does not address possible state, local or foreign tax consequences.

Stock Options. The grant of stock options under the Equity Plan will not result in taxable income to the recipient of the stock option or an income tax deduction for the Company. However, the transfer of the Company's common stock to a holder upon exercise of his or her stock options may or may not give rise to taxable income to the holder and tax deductions for the Company, depending upon whether the stock options are ISOs or NSOs.

A stock option holder's exercise of an NSO generally results in immediate recognition of taxable ordinary income by the holder and a corresponding tax deduction for the Company in the amount by which the fair market value of the shares of common stock purchased on the date of such exercise exceeds the aggregate exercise price paid. Any appreciation or depreciation in the fair market value of those shares after the date of such exercise will generally result in a capital gain or loss to the holder at the time he or she disposes of those shares.

In general, the exercise of an ISO is exempt from income tax (although not from the alternative minimum tax) for the option holder and does not result in a tax deduction for the Company if the holder has been an employee of the Company at all times beginning with the stock option grant date and ending three months before the date the holder exercises the stock option (or 12 months in the case of termination of employment due to disability). If the holder has not been so employed during that time, the holder will be taxed as described above for NSOs. If the holder disposes of the shares purchased more than two years after the ISO was granted and more than one year after the ISO was exercised, then the holder will recognize any gain or loss upon disposition of those shares as a capital gain or loss. However, if the holder disposes of the shares prior to satisfying these holding periods (known as "disqualifying dispositions"), the holder will be obligated to report as taxable ordinary income for the year in which that disposition occurs the excess, with certain adjustments, of the fair market value of the shares disposed of on the date the ISO was exercised, over the exercise price paid for those shares. The Company would be entitled to a tax deduction equal to the amount of ordinary income reported by the holder. Any additional gain realized by the holder on the disqualifying disposition of the shares would be a capital gain. If the total amount realized in a disqualifying disposition is less than the exercise price of the incentive stock option, the difference would be a capital loss for the holder.

Stock Appreciation Rights. The granting of stock appreciation rights does not result in taxable income to the recipient or a tax deduction for the Company. Upon exercise, the amount of any cash the recipient receives, and the fair market value as of the exercise date of any Company common stock or other property received, would be taxable to the recipient as ordinary income and such amount would be deductible by the Company.

Restricted Stock. Unless an election is made by the recipient under Section 83(b) of the Internal Revenue Code, a recipient will not recognize any taxable income upon the award of shares of restricted stock that are not transferable and are subject to a substantial risk of forfeiture. Generally, the recipient will recognize taxable ordinary income at the first time those shares become transferable or are no longer subject to a substantial risk of forfeiture, in an amount equal to the fair market value of those shares when the restrictions lapse, less any amount paid with respect to the award of restricted stock. The recipient's tax basis will be equal to the sum of the amount of ordinary income recognized upon the lapse of restrictions and any amount paid for such restricted stock. The recipient's holding period will commence on the date on which the restrictions lapse.

As indicated above, a recipient may elect, under Section 83(b) of the Internal Revenue Code, to recognize taxable ordinary income upon the award date of restricted stock (rather than being taxed as described above) based on the fair market value of the shares of Company common stock as of the award date. If a recipient makes that election, he or she will not recognize additional taxable income when the restrictions applicable to his or her restricted stock award lapse.

Regardless of whether the Section 83(b) election is made, assuming compliance with the applicable tax withholding and reporting requirements, the Company will be entitled to a tax deduction equal to the amount of ordinary income recognized by a recipient in connection with his or her restricted stock award in the taxable year in which that recipient recognizes that ordinary income.

Restricted Stock Units. The granting of restricted stock units should not result in the recognition of taxable income by the recipient or a tax deduction by the Company. The payment or settlement of these awards should generally result in immediate recognition of taxable ordinary income by the recipient equal to the amount of any cash paid or the then-current fair market value of the shares of Company common stock or other property received, and a corresponding tax deduction by the Company.

Section 280G of the Internal Revenue Code. Under certain circumstances, accelerated vesting, exercise or payment of awards under the Equity Plan in connection with a Corporate Transaction might be deemed an "excess parachute payment" for purposes of the golden parachute payment provisions of Section 280G of the Internal Revenue Code. To the extent that it is so considered, the recipient holding the award would be subject to an excise tax equal to 20% of the amount of the excess parachute payment, and the Company would be denied a tax deduction for the amount of the excess parachute payment.

Recommendation

OUR BOARD OF DIRECTORS URGES YOU TO VOTE "FOR" PROPOSAL 2: TO AMEND THE PRIVATE BANCORP OF AMERICA EQUITY INCENTIVE PLAN TO INCREASE THE MAXIMUM AGGREGATE NUMBER OF SHARES AVAILABLE FROM 400,000 TO 600,000.

OTHER MATTERS

Management is not aware of any matters to be presented to the Meeting other than those set forth above. However, if other matters properly come before the Meeting, it is the intention of the persons named in the accompanying proxy to vote said proxy in accordance with the recommendations of the Board of Directors, and authority to do so is included in the proxy.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of March 28, 2024, pertaining to beneficial ownership of the Company's common stock by each director, nominee and executive officer of the Company, and all directors, nominees and executive officers of the Company as a group. The information contained herein has been obtained from the Company's records and from information furnished directly by the individual or entity to the Company. All shares are held with sole voting and investment power except as otherwise indicated. All directors and executive officers may be contacted in care of the Company at 9404 Genesee Avenue, Suite 100, La Jolla, CA 92037. The term "executive officer" refers to the Company's and the Bank's President and Chief Executive Officer, and Chief Financial Officer and the Bank's Chief Credit Officer.

Name	Common Stock Beneficially Owned ⁽¹⁾ On March 28, 2024	
	Number of Shares	Percentage of Shares Outstanding ⁽²⁾
<i>Directors, Nominees & Executive Officers</i>		
Leda Csanka, Director	3,955	*
Selwyn Isakow, Chairman of the Board of the Company and Bank	587,496 ⁽³⁾	10.28%
Leon Kassel, Director	244,735	4.28%
Brett Lawrence, Director	11,177	*
James Parks, Nominee	79,388	1.39%
Setareh "SiSi" Pouraghabagher, Director	3,888	*
Ernest Rady, Director	557,531	9.75%
Richard "Rick" Sowers, President, Chief Executive Officer and Director of the Company and Bank	88,345	1.54%
Cory Stewart, Executive Vice President and Chief Financial Officer of the Company and Bank	1,523	*
Robert Llorens, Chief Credit Officer of the Bank	5,932	*
Directors, Nominees and Executive Officers as a group (10 persons)	1,583,961	27.54%

- (1) More than one person may be the beneficial owner or possess certain attributes of beneficial ownership with respect to the same securities. Beneficial ownership includes shares held, directly or indirectly, beneficially or of record together with associates and includes shares held as trustee or as custodian for minor children, shares held in an individual retirement account or pension plan of which such person is sole beneficiary, and as to which such person has pass-through voting rights and investment power. Shares of common stock issuable pursuant to options, warrants or other derivative securities exercisable within sixty days of March 28, 2024, are deemed to be issued and outstanding and have been treated as outstanding in calculating the percentage ownership of those individuals possessing such interest. Unless otherwise specified in the footnotes that follow, the indicated person has sole voting power and sole investment power with respect to the shares.
- (2) An asterisk "*" indicates that the percentage owned is less than 1% of the outstanding shares.
- (3) Mr. Isakow's wife has sole voting power over 201,799 shares.

BUSINESS EXPERIENCE OF EXECUTIVE OFFICERS

The following is a brief summary of the background and business experience, including principal occupation, during the last five years, of the Company's executive officer who is not a member of the Company's board of directors.

Cory Stewart, Executive Vice President and Chief Financial Officer. Mr. Stewart became the Chief Financial Officer for the Company and Bank in January 2023, bringing over 25 years of finance and accounting experience. Mr. Stewart served as Principal Accounting Officer at WaFd Bank, a publicly-traded regional bank headquartered in Seattle, Washington, from 2016 through the end of 2022. Mr. Stewart is 52 years old.

Robert Llorens, Executive Vice President and Chief Credit Officer of the Bank. Mr. Llorens became the Chief Credit Officer of the Bank in 2018 and has over 40 years of bank management experience. Mr. Llorens is 72 years old.

BUSINESS EXPERIENCE OF BANK DIRECTORS

The following is a brief summary of the background and business experience, including principal occupation, during the last five years, of the Bank's directors who are not members of the Company's board of directors or are not nominees. Rex E. Schlaybaugh, Jr. joined the Bank's board of directors in February 2024.

Keith B. Jones. Mr. Jones, a La Jolla native and resident, is the Managing Partner and third generation owner of Ace Parking where he has led the corporate strategy and operations since 2004. Ace Parking's expansion and emergence as the nation's premier parking company operating in 28 markets across North America, with over 700 parking facilities, has been based on superior human resource management, customer service and client relationship building. Mr. Jones invests his time in charitable work and serving various distinguished local organizations, including chairing the Downtown San Diego Partnership and serving on the Boards of Directors of San Diego Regional Chamber of Commerce, San Diego Regional Economic Development Corporation, San Diego Police Foundation and Sharp Hospital. He is also a Regional Executive Committee member of GenNext (an organization of successful business professionals whose mission is to tackle tough issues facing future generations). Mr. Jones holds a Bachelor of Arts degree in Philosophy and a Minor in Business from New York University. Mr. Jones' experience provides the Board of Directors with management, customer relationship, marketing and community affairs expertise as well as a millennial demographic perspective.

Brett Lawrence. Mr. Lawrence is the Senior Vice President of Investments of Rancho Mission Viejo and is responsible for managing all functions related to the portfolio of cash equivalent, financial and real estate assets owned by Rancho Mission Viejo and affiliated entities. Mr. Lawrence served as a Client Portfolio Manager in the Investment Strategy Group for WCW Investment Management and prior to that served as Executive Vice President and Chief Operating Officer for Carpenter & Company and as a Principal for the Carpenter Community BancFund. He previously served on the boards of Bank of Manhattan and Plaza Bank and their respective holding companies. Mr. Lawrence served six years of active duty as a Surface Warfare Officer in the United States Navy. Mr. Lawrence earned his B.S. in Economics from the U.S. Naval Academy and his M.B.A from the Stanford University Graduate School of Business. Mr. Lawrence served on the Company Board of Directors in 2022 and 2023.

Rex E. Schlaybaugh, Jr. Mr. Schlaybaugh has extensive experience as a corporate lawyer specializing in significant corporate transactions. He was a partner in the Dykema Gossett law firm, a national firm with over 400 professionals and offices across the United States. His practice was focused on mergers and acquisitions and related securities and governance issues. He served as Chair and CEO of the firm for over a decade with responsibility for strategy, growth and the overall delivery of professional services to the firm's clients. Mr. Schlaybaugh also has extensive experience in corporate board service. He served on the John Hancock Insurance Company board for over 15 years where he chaired the Audit Committee and was a member of the Investment Committee. He also served on the board of Syntel, Inc., a large international technology company and was Chair of its Governance and Nominating Committee. He was also appointed by the board to the three director Special Board Committee that managed and negotiated the sale transaction of Syntel to Atos, a large French information technology company. Mr. Schlaybaugh was also on the board of Bloomfield Hills Bancorp, Inc. where he served as Vice Chair of the board and Chair of its audit committee. He has been very active in many nonprofit organizations and governmental entities, including serving as Chair and member of the Michigan Chamber of Commerce, serving as Chair and member of the Board of Trustees of Oakland University, serving on the Board of the Detroit Economic Club, and serving as a Commissioner of the Michigan Natural Resources Commission. Mr. Schlaybaugh received his J.D. from the University of Detroit School of Law and his B.A. from Albion College.

Richard Smith. Mr. Smith has been involved in the banking industry for 40 years, specializing in private banking for high-net-worth individuals, and currently serves as a consultant to the Bank. In 2005 he founded The Private Bank of California, a concierge bank catering to high-net-worth individuals and companies in the business management, entertainment and real estate sectors in Los Angeles. In 2013, Private Bank of California was sold to Banc of California where he headed the Private Banking Division.

Thomas V. Wornham. Thomas V. Wornham was appointed President and Chief Executive Officer of the Company and the Bank effective April 1, 2015, and from February 2020 through September 2020, when he retired, he served as Chief Executive Officer of the Company and the Bank. Mr. Wornham has a distinguished background in banking, public infrastructure and community service leadership positions in San Diego. He has built banking organizations through organic growth and acquisition integration during his exemplary career at Wells Fargo, which spanned three decades. A native San Diegan, Mr. Wornham has been active in local government and spent decades commuting to Sacramento and Washington D.C. conducting Government Relations for both the Private and Public Sector. Most recently he was Chairman of the San Diego County Water Authority.

CORPORATE GOVERNANCE

General

The Company periodically reviews its corporate governance policies and procedures to ensure that it meets the highest standards of ethical conduct, reports results with accuracy and transparency and fully complies with the laws, rules and regulations that govern its operations. As part of this periodic corporate governance review, the Board of Directors reviews and adopts best corporate governance policies and practices for the Company.

Director Independence

The Board of Directors currently consists of seven members. The Board of Directors refers to the definition of “independent director” contained in the listing standards of the Nasdaq Stock Market when determining the independence of directors. The Board of Directors has determined that each director, except for Richard “Rick” Sowers, is an “independent director” as defined in the Nasdaq listing standards. Mr. Sowers is not independent because he is employed by the Bank and the Company as its President and CEO.

Board Leadership Structure and Board's Role in Risk Oversight

The Board of Directors has determined that the separation of the offices of Chairman of the Board and of President and Chief Executive Officer enhances Board independence and oversight. Moreover, the separation of those offices allows the President and Chief Executive Officer to better focus on his increasing responsibilities of managing the Company, enhancing shareholder value, and expanding and strengthening the Company's franchise while allowing the Chairman of the Board to lead the Board in its fundamental role of providing advice to and independent oversight of management. Consistent with this determination, Selwyn Isakow serves as Chairman and Richard “Rick” Sowers serves as President and Chief Executive Officer.

To further strengthen the regular oversight of the full Board of Directors, the Audit Committee and the Compensation, Governance and Nominating Committee are composed only of independent directors. See “Committees.”

Risk is inherent with every business, and how well a business manages risk can ultimately determine its success. We face several risks, including credit risk, interest rate risk, liquidity risk, operational risk, strategic risk and reputation risk. Management is responsible for the day-to-day management of risks the Company faces, while the Board of Directors, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the Board of Directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed. Senior management also attends Board meetings and is available to address any questions or concerns raised by the Board of Directors on risk management and any other matters. The Board of Directors meets jointly with the board of directors of the Bank, which includes all of the directors serving on the Board of Directors of the Company, as well as other persons that provide additional value to the governance of the Company and the Bank.

Board of Director Meetings

Our business affairs are managed by and under the direction of our Board of Directors, which meets jointly with the board of directors of the Bank, which includes additional persons. During 2023, our Board of Directors held six (6) regular meetings, and the board of directors of the Bank held six (6) regular meetings. During 2023, each Company director attended at least 75% of the aggregate of (i) the total number of board meetings held during such member's service and (ii) the total number of meetings of committees of our Board of Directors on which he or she served, during the period of such member's service. The schedule for regular meetings of our Board of Directors for each year is submitted and approved by the Board in advance.

Committees

The following reflects committee memberships and activities in 2023.

Audit Committee and Enterprise Risk Management. The Company has an audit committee comprised of SiSi Pouraghabagher (Committee Chair), Leon Kassel, and Brett Lawrence and the Bank has an enterprise risk management committee that consists of SiSi Pouraghabagher (Committee Chair), Leda Csanka, Leon Kassel and Richard Smith. The responsibilities of the audit committee include recommending to the Board the independent auditors to be selected, reviewing the scope and procedures of proposed audits and the results of audits, reviewing the adequacy and effectiveness of accounting and financial controls, reviewing the FDICIA internal audits and the Company's financial statements and press releases. The enterprise risk management committee is charged with serving as an independent and objective party to oversee the Bank's enterprise risk management system and reviewing the internal auditing function. During the fiscal year ended December 31, 2023, the enterprise risk management committee and audit committee held a total of five (5) meetings for each respective committee.

Loan Committee. The Bank has a loan committee comprised of Ernest Rady (Committee Chair), James Parks, Richard Smith, Richard "Rick" Sowers, and Thomas V. Wornham. The responsibilities of the loan committee are to establish credit policy and approve loans in excess of management's internal limits. During the fiscal year ended December 31, 2023, the loan committee held a total of four (4) meetings. The committee meets often outside the formal meetings to review and approve loans.

Compensation, Governance and Nominating Committee. The Company has a compensation, governance and nominating committee comprised of Selwyn Isakow (Committee Chair), Leda Csanka, and SiSi Pouraghabagher, and the Bank has such a committee that also includes Keith Jones. The responsibilities of the committee are to oversee compensation and benefits issues of the Company and to review compensation of the Bank's executive officers, to evaluate and recommend candidates for nomination to the Company and Bank boards and to oversee governance policy matters. During the fiscal year ended December 31, 2023, the compensation, governance and nominating committee held a total of five (5) meetings.

Asset Liability Committee. The Bank has an asset liability committee comprised of Leon Kassel (Committee Chair), Selwyn Isakow, Brett Lawrence, Ernest Rady, Richard Smith and Richard "Rick" Sowers. The responsibilities of the asset liability committee are to review management's adherence to asset liability management, investment and funds management policies. During the fiscal year ended December 31, 2023, the asset liability committee held a total of five (5) meetings. The committee meets often outside the formal meetings to review and approve investments.

Technology and Innovation Committee. The Bank has a technology and innovation committee comprised of Leda Csanka (Committee Chair), Brett Lawrence, Keith Jones, and Richard "Rick" Sowers. The responsibilities of the technology and innovation committee are to assist the board in its oversight responsibilities relating to matters of innovation and technology. During the fiscal year ended December 31, 2023, the technology and innovation committee held a total of four (4) meetings.

Strategic Planning Committee. The Company and the Bank have a strategic planning committee comprised of Selwyn Isakow (Committee Chair), Brett Lawrence, Richard "Rick" Sowers and James Parks. The strategic planning committee advises the Board on overall business strategy and strategic opportunities and undertakes other activities delegated by the Board. During the fiscal year ended December 31, 2023, the strategic planning committee held a total of two (2) meetings.

CRA Committee. The Bank has a community reinvestment act committee comprised of Keith Jones (Committee Chair), Richard Smith, and Thomas V. Wornham. The responsibilities of the CRA committee are to

oversee the Bank's compliance with and activities related to the Community Reinvestment Act. During the fiscal year ended December 31, 2023, the CRA committee held a total of two (2) meetings.

Insider Trading Policy and Hedging

The Company has adopted an Insider Trading Policy that includes procedures governing the purchase, sale, and/or other dispositions of the Company's directors, officers and employees that are reasonably designed to promote compliance with insider trading laws, rules and regulations, and any listing standards applicable to the Company. The Insider Trading Policy does not prohibit employees or members of the Board of Directors from engaging in transactions to hedge or offset any decrease in the market value of equity securities of the Company.

NON-EMPLOYEE DIRECTOR COMPENSATION

During 2023, Bank directors not employed by the Bank (which includes all Company directors) earned cash compensation in the base amount of \$37,000 annually. In addition, the Chairman of the Board received an additional amount of \$32,500 and the Audit/ERMA Committee Chair, Compensation, Governance and Nominating Chair and the Technology and Innovation Chair each received an additional amount of \$15,000, the Loan Committee Chair and Asset Liability Committee Chair received an additional amount of \$7,500, the Strategic Planning Committee Chair received an additional amount of \$6,000 and the Community Reinvestment Act Chair received an additional amount of \$3,000. There was no additional monetary compensation for directors for their services as directors, except as to Mr. Isakow as outlined below. In addition, each director was issued 1,580 shares of stock during the year.

Directors are reimbursed for direct expense related to traveling to attend Board meetings.

The Bank has entered into an agreement with Mr. Isakow, pursuant to which, Mr. Isakow, in his capacity as a director, provides services related to client development and retention, shareholder development and communications, business model implementation and acquisitions strategies. For his services, Mr. Isakow has received annual compensation of \$120,000 in 2023.

SHAREHOLDER NOMINATIONS AND PROPOSALS

Any shareholder desiring to submit a proposal for inclusion in our proxy materials for our 2025 annual meeting of shareholders must provide the Company with a written copy of that proposal by no later than February 22, 2025, which is the 90th day before the first anniversary date of the Annual Meeting in 2024 and no earlier than January 23, 2025, which is the 120th day before the first anniversary date of the Annual Meeting in 2024. However, if the date of our 2025 annual meeting of shareholders is advanced by more than 30 days or delayed by more than 70 days from the date of the Annual Meeting in 2024, then the deadline for the Company to receive such notice would be not earlier than the 120th day prior to the annual meeting, nor after the later of the 90th day prior to the annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. Matters pertaining to such proposals, including the number and length thereof, eligibility of persons entitled to have such proposals included and other aspects are governed by the Bylaws of the Company and applicable law and regulation.

In accordance with the advance notice requirements contained in our Bylaws, a shareholder who proposes to make nominations of persons for election to the Board of Directors at the 2025 annual meeting of shareholders must deliver written notice to the Company's Corporate Secretary no earlier than 60 calendar days and no later than 30 calendar days before the date such annual meeting is to be held. However, if less than 30 days' notice of meeting is given to shareholders, notice must be received not later than seven (7) calendar days following the day on which notice of the meeting was mailed. A shareholder's written notice must include certain information concerning the shareholder and each nominee as described in our Bylaws. Shareholder proposals or nominations for directors that do not meet the notice requirements set forth above and set forth in our Bylaws will not be acted upon at the 2025 annual meeting of shareholders.

Nominations and shareholder proposals, as well as requests for a copy of the Company's Bylaws (which will be furnished to any shareholder without charge upon written request), should be directed to Cory Stewart, Corporate Secretary, 9404 Genesee Avenue, Suite 100, La Jolla, CA 92037.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

As of December 31, 2023 and 2022, the Company held loans to executive officers and directors and the companies and organizations with which they are associated totaling approximately \$2.1 million and \$8.2 million, respectively. As of December 31, 2023 and 2022, the Company held deposits from executive officers and directors

and the companies and organizations with which they are associated totaling approximately \$49.6 million and \$22.4 million, respectively.

It is the firm policy of the Board of Directors that any loans and commitments to lend included in banking transactions with directors, officers and employees of the Company will be made in accordance with all applicable laws and on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons of similar creditworthiness, and which do not involve more than the normal risk of collectability. This policy is confirmed in board resolutions of the Bank adopted each year in accordance with Federal Reserve Board Regulation O.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Eide Bailly LLP served as our independent registered public accounting firm for the fiscal year ended December 31, 2023. A representative of Eide Bailly LLP will be present at the annual meeting to respond to shareholders' questions and will have the opportunity to make a statement if he or she so desires.

