



partners bank of california

Q1 2020 FINANCIAL REPORT & CEO/PRESIDENT'S MESSAGE

2020

pbofca.com



A MESSAGE FROM OUR CEO/PRESIDENT

Dear Valued Clients and Shareholders,

The extraordinary environment that we experienced at the end of this quarter due to the COVID-19 pandemic made it an especially trying time for many: healthcare workers, business owners and families across the country. Despite the challenges and hardships faced by many during these last few months, our performance thus far in 2020 supports the Bank's underlying resilience and ability to maintain ongoing profitability.



As the global effect of COVID-19 continued to evolve, so did the way we had to conduct business. With many employees working from home and select team members in our operations, lending and credit departments working from our offices due to the nature of our business, we had to navigate this new normal rapidly and efficiently.

Despite the headwinds, we were able to meet many challenges as they presented themselves and achieve a successful quarter. We achieved substantial growth in assets, core deposits and loans, and maintained profitability despite significantly increasing the level of our allowance for loan losses. Highlights of the Bank's key financial achievements in the last 12 months include:

- Total assets increased by \$47.3 million, or 17.4%.
- Deposits increased to \$223.4 million, up \$20.3 million or 10.0%.
- Total loans increased by \$34.9 million, or 15.8%.

The entire Partners Bank of California team has contributed to the success we experienced thus far this year. Our employees make what we do possible. They are, and will always be, the key reason for our ongoing success.

Our unwavering commitment to providing the absolute best service for our clients is what drives us every day, especially during this time of uncertainty. This is when our clients need us most, and we will continue to be here to assist them.

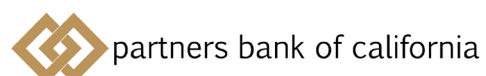
While the way we interact with our clients and shareholders may continue to change in response to the pandemic, we will continue to focus on providing exceptional service. With an eye on the future, I am confident that we will not only adapt to meet new challenges, but also grow stronger as an organization and as a community in the process.

Thank you for your ongoing support and trust in us. We value you and your business, and wish you and your loved ones good health.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Walsh". The signature is fluid and cursive, written over a light blue background.

Chris Walsh
CEO/President



Partners Bank of California
Statements of Financial Condition

(unaudited, dollars in thousands)

	March 31,		Variance	
	2020	2019	\$	%
Assets:				
Cash and cash equivalents	\$ 57,828	\$ 42,451	\$ 15,377	36.2%
Investment securities available for sale	5,275	7,673	(2,398)	-31.3%
Loans held for investment	256,109	221,193	34,916	15.8%
Allowance for loan losses	(4,031)	(3,317)	(714)	21.5%
Loans, net	252,078	217,876	34,202	15.7%
Other assets	4,115	4,010	105	2.6%
Total assets	\$ 319,296	\$ 272,010	\$ 47,286	17.4%
Liabilities:				
Deposits				
Noninterest-bearing deposits	\$ 110,924	\$ 90,346	\$ 20,578	22.8%
Savings, NOW and money market accounts	90,692	84,203	6,489	7.7%
Certificates of deposit	21,753	28,485	(6,732)	-23.6%
Total deposits	223,369	203,034	20,335	10.0%
FHLB advances and other borrowings	61,325	39,654	21,671	54.7%
Other liabilities	999	1,184	(185)	-15.6%
Total liabilities	285,693	243,872	41,821	17.1%
Stockholders' Equity:				
Common stock	32,823	29,513	3,310	11.2%
Additional paid-in capital	1,819	1,725	94	5.4%
Accumulated deficit	(1,126)	(3,071)	1,945	-63.3%
	33,516	28,167	5,349	19.0%
Accumulated other comprehensive income (loss)	87	(29)	116	*nm
Total stockholders' equity	33,603	28,138	5,465	19.4%
Total liabilities and stockholders' equity	\$ 319,296	\$ 272,010	\$ 47,286	17.4%

Partners Bank of California
Statements of Income

(unaudited, dollars in thousands)

	For the Three Months Ended		Variance	
	March 31, 2020	March 31, 2019	\$	%
Interest income	\$ 3,322	\$ 2,968	\$ 354	11.9%
Interest expense	503	425	78	18.4%
Net interest income before provision for loan losses	2,819	2,543	276	10.9%
Provision for loan losses	398	45	353	784.4%
Net interest income after provision for loan losses	2,421	2,498	(77)	-3.1%
Noninterest income	62	61	1	1.6%
Noninterest expense	2,178	2,068	110	5.3%
Income before income tax provision	305	491	(186)	-37.9%
Income tax provision	105	172	(67)	-39.0%
Net income	\$ 200	\$ 319	\$ (119)	-37.3%

*nm - not meaningful