



partners bank of california

Q3 2020 FINANCIAL REPORT & CEO/PRESIDENT'S MESSAGE

2020

pbofca.com



A MESSAGE FROM OUR CEO/PRESIDENT

Valued Clients and Shareholders,

Since March of 2020, Partners Bank of California has remained agile in an ever-changing economic landscape, while maintaining our commitment to provide the best possible service to our clients and our shareholders. Our organization has a solid foundation, with an impressively resilient team and a business model that continues to produce favorable financial results quarter after quarter.



In the third quarter, communities and the economy were continuing to face uncertainty and a unique set of challenges presented by the pandemic. Partners Bank was no exception—we, too, faced our own set of challenges.

Despite these difficulties, we exceeded our goals in the third quarter, achieving significant growth in loans (including PPP loans) and core deposits. Highlights of the Bank's key financial achievements in the last 12 months include:

- Total assets increased to \$438.1 million, up \$153.4 million or 53.9%
- Deposits increased to \$321.8 million, up \$80.9 million or 33.6%
- Total loans increased to \$361.4 million, up \$126.1 million or 53.6%

We will continue to maintain our absolute commitment to client relationships, employees, shareholder profitability, and our community. These foundational commitments are deeply embedded in our core values and will continue to guide our actions during these difficult times and thereafter.

Our relationship with you is of great importance to us. We value your support and trust in us, and wish you and your loved ones good health, a safe Thanksgiving and a wonderful holiday season.

Sincerely,

A handwritten signature in blue ink, appearing to read "Chris Walsh". The signature is fluid and cursive.

Chris Walsh
CEO/President

Partners Bank of California
Statements of Financial Condition

(unaudited, dollars in thousands)

	September 30,		Variance	
	2020	2019	\$	%
Assets:				
Cash and cash equivalents	\$ 72,912	\$ 42,939	\$ 29,973	69.8%
Investment securities available for sale	3,034	5,920	(2,886)	-48.8%
Loans held for investment	361,472	235,360	126,112	53.6%
Allowance for loan losses	(6,997)	(3,570)	(3,427)	96.0%
Loans, net	354,475	231,790	122,685	52.9%
Other assets	7,659	4,028	3,631	90.1%
Total assets	\$ 438,080	\$ 284,677	\$ 153,403	53.9%
Liabilities:				
Deposits				
Noninterest-bearing deposits	\$ 146,317	\$ 106,442	\$ 39,875	37.5%
Savings, NOW and money market accounts	146,004	107,373	38,631	36.0%
Certificates of deposit	29,557	27,151	2,406	8.9%
Total deposits	321,878	240,966	80,912	33.6%
FHLB advances and other borrowings	78,000	10,494	67,506	643.3%
Other liabilities	3,020	1,131	1,889	167.0%
Total liabilities	402,898	252,591	150,307	59.5%
Stockholders' Equity:				
Common stock	32,823	32,263	560	1.7%
Additional paid-in capital	1,997	1,832	165	9.0%
Accumulated income (deficit)	283	(2,028)	2,311	-114.0%
Accumulated other comprehensive income	35,103	32,067	3,036	9.5%
Total stockholders' equity	79	19	60	315.8%
Total liabilities and stockholders' equity	\$ 438,080	\$ 284,677	\$ 153,403	53.9%

Partners Bank of California
Statements of Income

(unaudited, dollars in thousands)

	For the Nine Months Ended		Variance	
	September 30, 2020	September 30, 2019	\$	%
Interest income	\$ 13,554	\$ 9,464	\$ 4,090	43.2%
Interest expense	1,273	1,530	(257)	-16.8%
Net interest income before provision for loan losses	12,281	7,934	4,347	54.8%
Provision for loan losses	3,322	267	3,055	1144.2%
Net interest income after provision for loan losses	8,959	7,667	1,292	16.9%
Noninterest income	193	313	(120)	-38.3%
Noninterest expense	6,809	5,899	910	15.4%
Income before income tax provision	2,343	2,081	262	12.6%
Income tax provision	735	719	16	2.2%
Net income	\$ 1,608	\$ 1,362	\$ 246	18.1%