



# Q1 2023 FINANCIALS

Valued Clients and Shareholders,

We would like to share some exciting news about the progress Partners Bank has made over the past few months. We have not only achieved significant growth and made meaningful investments in technology, but we also welcomed essential members to our team.

One of these key additions was Gregory Patton, the Bank's new chief credit officer. With his substantial banking experience and credit expertise, Greg will be a great addition to the development and delivery of our credit products and policies to support not only our near-term goals but also our long-term growth. We are excited to have Greg join our executive management team.

In addition to adding new team members, we are placing a strong emphasis on three key objectives this year, including:

- Developing and offering new, unique products and services.
- Continuing to invest in technology that significantly benefits our clients and processes.
- Tasking our business development team to leverage the strength of our commercial infrastructure to pursue new business opportunities.

Highlights of some of our key financial achievements in the last 12 months include: Increasing total assets by 23.3% from \$371.2 million to \$457.9 million.

- Increasing total deposits to \$352.9 million, up \$46.6 million or 15.2%.
- Increasing total loans by \$78.8 million to \$387.4 million, up 25.5%.
- Increasing net income by \$317,000 in the first quarter of 2023, or 48.1%.

We are proud of our accomplishments over the past year, and we are excited to continue growth in the years to come. We believe our strong financial performance, combined with our commitment to innovation and customer service will make us a leading provider of banking services in our community.

We understand that recent news about some regional banks in our industry may have raised some concerns for our clients. We want to assure you that Partners Bank is a sound and stable institution. We have a strong capital position, a prudent asset management strategy, and a dedicated team of professionals who are committed to serving our clients. We are proud to be a trusted resource for business owners and entrepreneurs in assisting them in attaining their growth goals.

On behalf of everyone at Partners Bank, thank you for entrusting us with your business. We are proud to be your banking partner.

Sincerely,



Mike Chambers  
President and Chief Banking Officer

**Partners Bank of California**  
**Statements of Financial Condition**

(unaudited, dollars in thousands)

	March 31,	March 31,	Variance	
	2023	2022	\$	%
<b>Assets:</b>				
Cash and cash equivalents	\$ 59,961	\$ 61,096	\$ (1,135)	-1.9%
Investment securities available for sale	10,556	1,212	9,344	771.0%
Loans held for investment	387,418	308,630	78,788	25.5%
Allowance for credit losses	(7,452)	(6,792)	(660)	9.7%
Loans, net	379,966	301,838	78,128	25.9%
Other assets	7,392	7,098	294	4.1%
<b>Total assets</b>	<b>\$ 457,875</b>	<b>\$ 371,244</b>	<b>\$ 86,631</b>	<b>23.3%</b>
<b>Liabilities:</b>				
Deposits				
Noninterest-bearing deposits	\$ 190,720	\$ 179,172	\$ 11,548	6.4%
Savings, NOW and money market accounts	123,388	115,181	8,207	7.1%
Certificates of deposit	38,791	11,921	26,870	225.4%
Total deposits	352,899	306,274	46,625	15.2%
FHLB advances and other borrowings	55,000	20,023	34,977	174.7%
Other liabilities	3,560	3,086	474	15.4%
<b>Total liabilities</b>	<b>411,459</b>	<b>329,383</b>	<b>82,076</b>	<b>24.9%</b>
<b>Stockholders' Equity:</b>				
Common stock	34,174	33,579	595	1.8%
Additional paid-in capital	2,493	2,279	214	9.4%
Accumulated income (deficit)	9,876	6,014	3,862	64.2%
	46,543	41,872	4,671	11.2%
Accumulated other comprehensive income (loss)	(127)	(11)	(116)	nm
<b>Total stockholders' equity</b>	<b>46,416</b>	<b>41,861</b>	<b>4,555</b>	<b>10.9%</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 457,875</b>	<b>\$ 371,244</b>	<b>\$ 86,631</b>	<b>23.3%</b>

**Partners Bank of California**  
**Statements of Income**

(unaudited, dollars in thousands)

	For the Three Months Ended		Variance	
	March 31,	March 31,	\$	%
	2023	2022		
Interest income	\$ 5,472	\$ 3,510	\$ 1,962	55.9%
Interest expense	1,025	187	838	448.1%
Net interest income before provision for loan losses	4,447	3,323	1,124	33.8%
Provision for loan losses	-	-	-	0.0%
Net interest income after provision for loan losses	4,447	3,323	1,124	33.8%
Noninterest income	93	88	5	5.7%
Noninterest expense	3,135	2,480	655	26.4%
Income before income tax provision	1,405	931	474	50.9%
Income tax provision	429	272	157	57.7%
<b>Net income</b>	<b>\$ 976</b>	<b>\$ 659</b>	<b>\$ 317</b>	<b>48.1%</b>

\*nm - not meaningful

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