

President's message...

As we have reached the halfway point of 2019, I am pleased to report that Partners Bank of California has achieved significant growth in the 12 month period ending June 30, 2019. Highlights of our financial performance during this period include:

- Total assets increased \$77.1 million, or 36.0%, to a total of \$290.9 million
- Loans increased a substantial \$63.0 million, or 36.3%, totaling \$236.7 million
- Deposits increased to an all-time high of \$212.8 million, up 20.5% from \$176.6 million a year earlier
- The bank's loan loss reserve increased from \$2.87 million to \$3.55 million
- Net interest income before provision for loan losses was 21.2% higher than the previous year's level

Partners Bank completed a new \$2.75 million capital raise in June. Combined with earnings retention, this has resulted in an increase in equity for the bank of \$4.6 million in the past year. Thank you to our new and existing shareholders; we are honored by your trust and support of our institution.



Chris Walsh
President/CEO
Partners Bank of California

Carrying a strong sense of momentum into the second half of the year, we have considerable optimism for what we can accomplish in 2019 and beyond. Our optimism is grounded in our conviction that we are operating from a position of strength and experience, and our passion for success...the success of our clients as well as the success of our shareholders and employees. We will continue to strive for growth, enhanced shareholder value, and providing the best possible commercial banking experience for all of our clients.

One of the best parts of my role here at Partners is having the opportunity to speak with our wonderful clients and shareholders. If you have any questions or would like to discuss anything about our bank, please feel free to contact me directly.

Thank you for choosing Partners Bank of California, where we're passionate about your success!



Chris Walsh
President/CEO

Partners Bank of California
Statements of Condition - 2nd Quarter 2019
June 30, 2019
(Unaudited, dollars in thousands)

	June 30,		Variance	
	2019	2018	\$	%
Assets:				
Cash and cash equivalents	\$ 47,357	\$ 30,156	\$ 17,201	57.0%
Investment securities available for sale	6,310	9,895	(3,585)	-36.2%
Loans held for investment	236,656	173,662	62,994	36.3%
Allowance for loan losses	(3,550)	(2,866)	(684)	23.9%
Loans, net	233,106	170,796	62,310	36.5%
Other assets	4,170	3,012	1,158	38.4%
Total assets	\$ 290,943	\$ 213,859	\$ 77,084	36.0%
Liabilities:				
Deposits				
Noninterest-bearing deposits	\$ 91,220	\$ 93,363	\$ (2,143)	-2.3%
Savings, NOW and money market accounts	88,604	54,435	34,169	62.8%
Certificates of deposit	33,019	28,800	4,219	14.6%
Total deposits	212,843	176,598	36,245	20.5%
FHLB advances and other borrowings	45,575	9,500	36,075	379.7%
Other liabilities	1,081	953	128	13.4%
Total liabilities	259,499	187,051	72,448	38.7%
Stockholders' Equity:				
Common stock	32,265	29,218	3,047	10.4%
Additional paid-in capital	1,773	1,640	133	8.1%
Accumulated deficit	(2,603)	(3,944)	1,341	-34.0%
	31,435	26,914	4,521	16.8%
Accumulated other comprehensive income (loss)	9	(106)	115	*nm
Total stockholders' equity	31,444	26,808	4,636	17.3%
Total liabilities and stockholders' equity	\$ 290,943	\$ 213,859	\$ 77,084	36.0%

Partners Bank of California
Statements of Income
(unaudited, dollars in thousands)

	For the Six Months Ended		Variance	
	June 30, 2019	June 30, 2018	\$	%
Interest income	\$ 6,187	\$ 4,766	\$ 1,421	29.8%
Interest expense	944	440	504	114.5%
Net interest income before provision for loan losses	5,243	4,326	917	21.2%
Provision for loan losses	267	110	157	142.7%
Net interest income after provision for loan losses	4,976	4,216	760	18.0%
Noninterest income	257	149	108	72.5%
Noninterest expense	4,024	3,094	930	30.1%
Income before income tax provision	1,209	1,271	(62)	-4.9%
Income tax provision	422	399	23	5.8%
Net income	\$ 787	\$ 872	\$ (85)	-9.7%

*nm - not meaningful

