

Q1 2021 FINANCIALS

with a message from our PRESIDENT & CEO



A message from our PRESIDENT & CEO

Valued Clients and Shareholders,

What a difference a year makes. As we look back on the first quarter of 2021, it is almost hard to believe where we were just 12 months ago—faced with a global pandemic, a recession, and only beginning to navigate what would be the most extraordinary and challenging year for many of us.



With the world beginning to settle into a "new normal," I am extremely proud of how our team has continued to act with grace and resilience, without losing sight of the most important aspect of our business: providing the highest level of service to our clients. It is with this in mind that we have been able to achieve so much during this difficult time, including participating in the first and second round of the PPP financing. Highlights of some of our key financial achievements in the last 12 months include:

- Total assets increased 35.0% from \$319.3 million to \$430.9 million.
- Deposits increased to \$333.9 million, up \$110.5 million or 49.5%.
- Total loans increased \$101.3 million to \$357.4 million, up 39.5%.
- Net income increased 307.5%, up \$815 thousand.

Our excellent performance in the first quarter and the incredible momentum we are seeing in the financial marketplace have strengthened our position to be the most valuable financial partner to our clients.

We continue to be focused on seizing opportunities to support our current financial position, drive future growth, and advance our digital capabilities in order to better serve our clients. This growth is supported by our continual investments in our people, products and services, and technology. These important investments will continue to position us to grow and prosper in the years to come.

As we look towards the future, we will broaden our solutions and stand by our commitment to deliver excellence in every facet of our business. Our success is founded on our commitment to: finding new and innovative ways to serve our clients; enhancing shareholder value; and giving back to our communities.

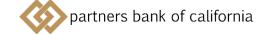
Thank you for being a part of this journey. We are honored to have your trust and partnership, and we are thrilled for what is next for Partners Bank of California. Be safe and be healthy.

Sincerely,

J. Chris Walsh

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President and Chief Executive Officer



Partners Bank of California Statements of Financial Condition

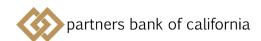
(unaudited, dollars in thousands)

	N	March 31,		/larch 31,	Variance		
Assets:	2021			2020	\$	%	
Cash and cash equivalents Investment securities available for sale Loans held for investment Allowance for loan losses Loans, net Other assets	\$	68,951 2,302 357,385 (6,663) 350,722 8,920	\$	57,828 5,275 256,109 (4,031) 252,078 4,115	\$ 11,123 (2,973) 101,276 (2,632) 98,644 4,805	19.2% -56.4% 39.5% 65.3% 39.1% 116.8%	
							
Total assets	\$	430,895	\$	319,296	<u>\$ 111,599</u>	<u>35.0%</u>	
Liabilities:							
Deposits Noninterest-bearing deposits Savings, NOW and money market accounts Certificates of deposit Total deposits	\$	168,122 146,284 19,480 333,886	\$	110,924 90,692 21,753 223,369	\$ 57,198 55,592 (2,273) 110,517	51.6% 61.3% <u>-10.4%</u> 49.5%	
FHLB advances and other borrowings Other liabilities		57,000 3,322		61,325 999	(4,325) 2,323	-7.1% 232.5%	
Total liabilities		394,208		285,693	108,515	38.0%	
Stockholders' Equity:							
Common stock Additional paid-in capital Accumulated income (deficit) Accumulated other comprehensive income		32,824 2,154 1,655 36,633 54	_	32,824 1,818 (1,126) 33,516 87	336 2,781 3,117 (33)	0.0% 18.5% *nm 9.3% -37.9%	
Total stockholders' equity		36,687		33,603	3,084	9.2%	
Total liabilities and stockholders' equity	\$	430,895	\$	319,296	\$ 111,599	<u>35.0%</u>	

Partners Bank of California Statements of Income

(unaudited, dollars in thousands)

	For the Three Months Ended									
	March 31,		March 31,		Variance					
		2021		2020		\$	%			
Interest income Interest expense	\$	3,857 305	\$	3,322 503	\$	535 (198)	16.1% -39.4%			
Net interest income before provision for loan losses		3,552		2,819		733	26.0%			
Provision for loan losses		-		398		(398)	<u>-100.0%</u>			
Net interest income after provision for loan losses		3,552		2,421		1,131	46.7%			
Noninterest income		82		62		20	32.3%			
Noninterest expense		2,454		2,178		276	12.7%			
Income before income tax provision		1,180		305		875	286.9%			
Income tax provision		365		105		260	247.6%			
Net income	\$	815	\$	200	\$	615	307.5%			





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