partners bank of california

Q4 2021 FINANCIALS

with a message from our CEO



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A message from our CEO

Valued Clients and Shareholders,

2021 was another transformative year for Partners Bank of California. It was a year in which we further strengthened our business—we not only grew our team by welcoming key employees, but we also rolled out important initiatives that will guide our continual achievements in the future.



These initiatives include strategic investments in new technology, products and services, and most importantly: our people. Working together we have made significant progress toward our strategic goals despite challenges, including the ongoing disruptions from the pandemic that continue to have an impact on our lives and our communities.

I'm proud of how quickly we adapted to each new challenge and how our employees worked together to deliver exceptional service to our clients, while capitalizing on growth opportunities. Highlights of key financial achievements in 2021 include:

- Increasing core loans (excluding PPP loans) by \$52.8 million, or 21.7%.
- Increasing core deposits by \$5.8 million, or 2.0%.
- Increasing net income by a substantial 108.4% to \$4.5 million.

We also welcomed a new director, Edward Demirjian, to our bank's Board of Directors in September 2021. Mr. Demirjian has significant experience in real estate investment and commercial credit, having served in notable leadership positions at financial institutions in Los Angeles and New York. He will be invaluable to Partners Bank in the coming years as we grow our business and pursue our mission to deliver customized banking solutions to our commercial banking clients.

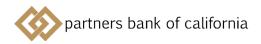
2022 is set to be another exciting year for us. We will continue to work on initiatives to deliver even more streamlined, technology-based solutions to improve client interactions, with an eye on adding additional shareholder value in the years to come.

Thank you for entrusting us with your business and allowing us to be your financial partner. I wish you and your loved ones a happy and healthy 2022.

Sincerely,

Vedla

J. Chris Walsh President and Chief Executive Officer



Partners Bank of California Statements of Financial Condition

(unaudited, dollars in thousands)

	December 31, 2021		December 31, 2020		Variance		
Assets:						\$	%
Cash and cash equivalents Investment securities available for sale	\$	85,247 1,471	\$	66,126 2,663	\$	19,121 (1,192)	28.9% -44.8%
Loans held for investment Allowance for loan losses		314,472 (6,792)		337,456 (6,868)		(22,984) 76	-6.8% <u>-1.1%</u>
Loans, net		307,680		330,588		(22,908)	-6.9%
Other assets		7,285		7,151		134	<u>1.9%</u>
Total assets	\$	401,683	\$	406,528	\$	(4,845)	<u>-1.2%</u>
Liabilities:							
Deposits							
Noninterest-bearing deposits Savings, NOW and money market accounts	\$	170,444 126,618	\$	147,707 144,256	\$	22,737 (17,638)	15.4% -12.2%
Certificates of deposit		15,502		29,727		(14,225)	<u>-47.9%</u>
Total deposits		312,564		321,690		(9,126)	-2.8%
FHLB advances and other borrowings Other liabilities		45,000 3,335		46,000 3,043		(1,000) 292	-2.2% <u>9.6%</u>
Total liabilities		360,899		370,733		(9,834)	-2.7%
Stockholders' Equity:							
Common stock		33,046		32,824		222	0.7%
Additional paid-in capital		2,350		2,061		289	14.0%
Accumulated income (deficit)		5,355		840		4,515	<u>537.5%</u> 14.1%
Accumulated other comprehensive income		40,751 33		35,725 70		5,026 (37)	-52.9%
Total stockholders' equity		40,784		35,795	_	4,989	<u>13.9%</u>
Total liabilities and stockholders' equity	\$	401,683	\$	406,528	\$	(4,845)	<u>-1.2%</u>

Partners Bank of California Statements of Income

(unaudited, dollars in thousands)

	-	For the Twelve					
	December 31, 2021		December 31, 2020		Variar \$		nce %
Interest income Interest expense Net interest income before provision for loan losses	\$	16,062 <u>1,119</u> 14,943	\$	16,514 <u>1,675</u> 14,839	\$	(452) (556) 104	-2.7% <u>-33.2%</u> 0.7%
Provision for loan losses Net interest income after provision for loan losses		- 14,943		3,162 11,677		(3,162) 3,266	<u>-100.0%</u> 28.0%
Noninterest income		928		267		661	247.6%
Noninterest expense Income before income tax provision		9,472 6,399		8,793 3,151		679 3,248	<u>7.7%</u> 103.1%
Income tax provision Net income	\$	1,884 4,515	\$	985 2,166	\$	899 2,349	<u>91.3%</u> <u>108.4%</u>





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