

Q4 2021 FINANCIALS

with a message from our
CEO



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,

A handwritten signature in black ink, appearing to read "J. Chris Walsh". The signature is fluid and cursive, written on a white background.

J. Chris Walsh
President and Chief Executive Officer

Partners Bank of California
Statements of Financial Condition

(unaudited, dollars in thousands)

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

Partners Bank of California
Statements of Income

(unaudited, dollars in thousands)

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



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