

President's message...

With the first quarter of 2019 behind us, I'm pleased to share with you an update on our performance, activities and success at Partners Bank of California.

The bank has experienced considerable growth over the past year, with assets increasing \$66.0 million, or 32.1% for the 12-month period ending March 31, 2019. The majority of this growth occurred in loan production, which increased \$56.0 million, or 33.9% during the same period. To a lesser extent, overall growth was also driven by increases in core deposits and capital.

With our new Beverly Hills office opening last January, our team there has already made some great strides in establishing full-service market presence for Partners Bank in the Los Angeles region. The Partners Bank business development and customer service teams continue to be at the cutting edge of securing and sustaining long-term and mutually beneficial business banking relationships throughout Southern California; with a constantly high level of client service and satisfaction.

You may have noticed by now that Partners Bank has a new look on the internet. We're pleased to present a new www.pbofca.com! Our new site is designed to provide a streamlined approach to getting you the information you're looking for about Partners Bank, quickly and efficiently, on all your web-connected devices.



Chris Walsh
President/CEO
Partners Bank of California

Partners Bank of California's annual shareholders meeting will be held on Thursday, May 23rd, 2019, at Marbella Country Club in San Juan Capistrano, CA. This meeting is open to all current or active shareholders of the bank. If you are a shareholder in the bank, you should have received your annual proxy mailing and 2018 financial report by now. We ask that you please vote your shares electronically/online or by telephone, per the instructions provided to you on the proxy card. If you have not received your annual shareholder proxy mailing or have any questions regarding the annual shareholders meeting and vote, please email us at investorrelations@pbofca.com or contact our Investor Relations Officer, Matthew Terry at (949) 732-4052.

One of the greatest compliments and votes of confidence we can receive is whenever a client or shareholder refers business our way from an associate or colleague. If you know of someone who could benefit from the type of true relationship banking that Partners has to offer, please have them give us a call.

As always, I look forward to the opportunity to speak with you about our great story here at Partners Bank. Feel free to contact me anytime.

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 - 1st Quarter 2019
March 31, 2019
(Unaudited, dollars in thousands)

	March 31,	March 31,	Variance	
	2019	2018	\$	%
Assets:				
Cash and cash equivalents	\$ 42,451	\$ 29,031	\$ 13,420	46.2%
Investment securities available for sale	7,673	11,450	(3,777)	-33.0%
Loans held for investment	221,193	165,185	56,008	33.9%
Allowance for loan losses	(3,317)	(2,776)	(541)	19.5%
Loans, net	217,876	162,409	55,467	34.2%
Other assets	4,010	3,077	933	30.3%
Total assets	\$ 272,010	\$ 205,967	\$ 66,043	32.1%
Liabilities:				
Deposits				
Noninterest-bearing deposits	\$ 90,346	\$ 91,811	\$ (1,465)	-1.6%
Savings, NOW and money market accounts	84,203	60,871	23,332	38.3%
Certificates of deposit	28,485	28,998	(513)	-1.8%
Total deposits	203,034	181,680	21,354	11.8%
FHLB advances and other borrowings	39,654	-	39,654	*nm
Other liabilities	1,184	764	420	55.0%
Total liabilities	243,872	182,444	61,428	33.7%
Stockholders' Equity:				
Common stock	29,513	26,501	3,012	11.4%
Additional paid-in capital	1,725	1,578	147	9.3%
Accumulated deficit	(3,071)	(4,460)	1,389	-31.1%
	28,167	23,619	4,548	19.3%
Accumulated other comprehensive income (loss)	(29)	(96)	67	*nm
Total stockholders' equity	28,138	23,523	4,615	19.6%
Total liabilities and stockholders' equity	\$ 272,010	\$ 205,967	\$ 66,043	32.1%

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

	For the Three Months Ended		Variance	
	March 31, 2019	March 31, 2018	\$	%
Interest income	\$ 2,968	\$ 2,195	\$ 773	35.2%
Interest expense	425	219	206	94.1%
Net interest income before provision for loan losses	2,543	1,976	567	28.7%
Provision for loan losses	45	20	25	125.0%
Net interest income after provision for loan losses	2,498	1,956	542	27.7%
Noninterest income	61	83	(22)	-26.5%
Noninterest expense	2,068	1,495	573	38.3%
Income before income tax provision	491	544	(53)	-9.7%
Income tax provision	172	188	(16)	-8.5%
Net income	\$ 319	\$ 356	\$ (37)	-10.4%

*nm - not meaningful

