

CEO's message...

First and foremost I am pleased to announce the appointment of Chris Walsh as President of Partners Bank of California. Chris comes to Partners Bank with over 30 years of experience in banking leadership and business development. We are truly fortunate to attract a talented individual with a proven track record in all facets of banking. Chris will be instrumental in helping us achieve the goals of our strategic plan for organic and responsible growth of the bank.

Financial Update

In the first 6 months of 2018 assets grew by \$15 million dollars to a historical high of \$213.8 million representing an 8% increase over year end 2017. More significantly our risk based capital increased by \$4.3 million to \$29.1 million representing a 17% increase over year end 2017. The increase was attributable to the recent capital campaign and the bank's earnings year to date in 2018; and it has positively impacted our Legal Lending Limits thereby providing us the opportunity to finance larger projects for our borrowers. As Partners Bank grows, we continue to find more ways to serve more businesses.



Rick Mandelbaum
CEO, Director
Partners Bank of California

SBA Division

The SBA Division will be celebrating its one year anniversary with Partners Bank at the time of this publication. We are delighted to report that the SBA Division, managed by Jeff Redeker and his team members Bri Alvarez and Marissa McConnell, have exceeded their budgeted goals through 6-30-2018. The team has significantly contributed to the bank's commitment of serving small to medium business owners in Los Angeles and Orange County.

Our Team

Our people at Partners Bank continue to make a difference – for the bank and most importantly, for our clients. An example of that can be found in Becky Edson, Loan Operations & Servicing Manager. For the second time, Becky was recently recognized as our *Connect with Success Award* recipient. Always going the extra mile and finding a solution for our client's needs no matter what, Becky epitomizes the spirit of Partners Bank of California...A spirit that you will find in everyone on our team. Congratulations Becky and thank you!

As a Partners Bank client or shareholder...or both, *your* success is *our* success. We remain dedicated to working together, combining our passion, knowledge, experience and expertise to deliver superior banking services that business leaders want and need...enhancing shareholder value all along the way. This is an exciting time for Partners Bank, as we continue to pave the way for continued growth and expansion. We're thankful to our clients and shareholders who have steadfastly supported us with their business and trust. Partners Bank of California...***Connect with Success!***

Warmest Regards,



Rick Mandelbaum
CEO/Director

Partners Bank of California
Statements of Condition - 2nd Quarter 2018
June 30, 2018

(Unaudited, dollars in thousands)

	June 30,		Variance	
	2018	2017	\$	%
Assets:				
Cash and cash equivalents	\$ 30,156	\$ 18,561	\$ 11,595	62.5%
Investment securities available for sale	9,895	14,336	(4,441)	-31.0%
Loans held for investment	173,662	153,856	19,806	12.9%
Allowance for loan losses	(2,866)	(3,668)	802	-21.9%
Loans, net	170,796	150,188	20,608	13.7%
Other assets	3,012	4,715	(1,703)	-36.1%
Total assets	\$ 213,859	\$ 187,800	\$ 26,059	13.9%
Liabilities:				
Deposits				
Noninterest-bearing deposits	\$ 93,363	\$ 71,187	\$ 22,176	31.2%
Savings, NOW and money market accounts	54,435	58,996	(4,561)	-7.7%
Certificates of deposit	28,800	30,273	(1,473)	-4.9%
Total deposits	176,598	160,456	16,142	10.1%
FHLB advances and other borrowings	9,500	4,000	5,500	137.5%
Other liabilities	953	901	52	5.8%
Total liabilities	187,051	165,357	21,694	13.1%
Stockholders' Equity:				
Common stock	29,218	26,501	2,717	10.3%
Additional paid-in capital	1,640	1,333	307	23.0%
Accumulated deficit	(3,944)	(5,395)	1,451	-26.9%
	26,914	22,439	4,475	19.9%
Accumulated other comprehensive income (loss)	(106)	4	(110)	*nm
Total stockholders' equity	26,808	22,443	4,365	19.4%
Total liabilities and stockholders' equity	\$ 213,859	\$ 187,800	\$ 26,059	13.9%

Partners Bank of California
Statements of Income

(unaudited, dollars in thousands)

	For the Six Months Ended		Variance	
	June 30, 2018	June 30, 2017	\$	%
Interest income	\$ 4,766	\$ 3,910	\$ 856	21.9%
Interest expense	440	380	60	15.8%
Net interest income before provision for loan losses	4,326	3,530	796	22.5%
Provision for loan losses	110	958	(848)	-88.5%
Net interest income after provision for loan losses	4,216	2,572	1,644	63.9%
Noninterest income	149	103	46	44.7%
Noninterest expense	3,094	2,407	687	28.5%
Income before income tax provision	1,271	268	1,003	374.3%
Income tax provision	399	144	255	177.1%
Net income	\$ 872	\$ 124	\$ 748	603.2%

*nm - not meaningful

