

President's message...

Dear Partners Bank Shareholder,

I am pleased to announce that as of September 30, 2016 the bank recorded pre-tax income of \$1.064 million compared to September 30, 2015 of \$733 thousand. This increase of \$331 thousand represents a growth of 45.2%. Total assets of \$177.7 million grow from \$148.5 as compared to September 30, 2015, representing a growth of 19.6% over the last 12 months. Total loans grew to \$142.3 million up from \$112.2 million as compared to September 30, 2015, representing a growth of \$30.1 million (26.8%). These increases are a tribute to the dedication, support and teamwork from our experienced staff members who continue to offer customized banking relationships to our loyal customers and prospects.



Rick Mandelbaum
President, CEO
Partners Bank of California

To that end the bank recently acknowledged Rebecca Jamison, Senior Vice President, Operations and BSA Officer, as our Employee of the 3rd Quarter 2016 and *Connect with Success Award* recipient. Thank you Rebecca, for reflecting the spirit of what we strive for every day at Partners Bank...connecting our customers and bank with success.

At Partners Bank of California we are very proud of our team of professionals who are constantly working with our clients to provide customized solutions to meet and exceed their banking needs. The integrity with which we operate sets the high standard of excellence, which we apply to the partnerships we build with our customers, shareholders and the communities that we are honored to serve.

As I've stated before, one of the best parts of my duties is having the opportunity to connect with our clients and shareholders. As always, please feel free to contact me directly if you have any questions about the bank and our performance. Thank you for your support of Partners Bank of California, and enjoy the holidays!

Sincerely,



Rick Mandelbaum
CEO/President

Statements of Condition - 3rd Quarter 2016
September 30, 2016

(Unaudited, dollars in thousands)

	Sept 30,	Sept 30,	Variance	
	2016	2015	\$	%*
Assets:				
Cash and cash equivalents	\$ 16,374	\$ 18,400	\$ (2,026)	-11.0%
Investment securities available for sale	16,615	18,357	(1,742)	-9.5%
Loans held for investment	142,335	112,295	30,040	26.8%
Allowance for loan losses	(2,414)	(2,607)	193	-7.4%
Loans, net	139,921	109,688	30,233	27.6%
Other assets	4,828	2,114	2,714	128.4%
Total assets	\$ 177,738	\$ 148,559	\$ 29,179	19.6%
Liabilities:				
Deposits				
Noninterest-bearing deposits	\$ 78,308	\$ 75,179	\$ 3,129	4.2%
Savings, NOW and money market accounts	47,851	30,803	17,048	55.3%
Certificates of deposit	18,906	25,363	(6,457)	-25.5%
Total deposits	145,065	131,345	13,720	10.4%
FHLB advances and other borrowings	10,000	-	10,000	nm
Other liabilities	666	591	75	12.7%
Total liabilities	155,731	131,936	23,795	18.0%
Stockholders' Equity:				
Preferred stock	-	2,444	(2,444)	nm
Common stock	26,459	23,020	3,439	14.9%
Additional paid-in capital	1,179	1,001	178	17.8%
Accumulated deficit	(5,770)	(9,946)	4,176	-42.0%
	21,868	16,519	5,349	32.4%
Accumulated other comprehensive income	139	104	35	33.7%
Total stockholders' equity	22,007	16,623	5,384	32.4%
Total liabilities and stockholders' equity	\$ 177,738	\$ 148,559	\$ 29,179	19.6%

Partners Bank of California
Statements of Income

(Unaudited, dollars in thousands)

	For the Nine Months Ended		Variance	
	Sept 30,	Sept 30,	\$	%*
	2016	2015		
Interest income	\$ 4,901	\$ 4,158	\$ 743	17.9%
Interest expense	395	430	(35)	-8.1%
Net interest income before provision for loan losses	4,506	3,728	778	20.9%
Provision for loan losses	134	-	134	nm
Net interest income after provision for loan losses	4,372	3,728	644	17.3%
Noninterest income	168	130	38	29.2%
Noninterest expense	3,476	3,125	351	11.2%
Income before income tax	1,064	733	331	45.2%
Income tax	490	3	487	nm
Net income	\$ 574	\$ 730	\$ (156)	-21.4%

*nm - not meaningful

