



April 2020

# SHAREHOLDER NEWSLETTER FIRST QUARTER REVIEW

The COVID-19 pandemic has affected nearly every aspect of our daily lives. Over the past month, we have worked hard to protect the health of our employees, our clients and, in turn, our community. As the crisis evolves, we are also diligently considering the short-term and long-term impact. While no one knows for certain what the overall impact of the global pandemic will be, we do expect it to be significant. The good news is that Parkside is prepared.

As you might expect, we have a lot of information to discuss in this shareholder newsletter, including:

- 1st Quarter 2020 Financial Highlights and Performance
- Adapting for Our Clients and Company
- SBA Paycheck Protection Program Update
- Our Growing Team
- Proxy and Annual Shareholder Meeting
- Dividend and Stock Repurchase Program
- Fraud Awareness

## 1st Quarter Financial Highlights

### \$565 Million

Total Assets

\$89 million increase (+19%) from March 2019

### \$1.3 Billion

Total Wealth Management Assets

\$40 million decrease (-3%) from March 2019

### \$6.4 Million

YTD Company Revenue

\$88 thousand decrease (-1%) from YTD March 2019

### \$1.7 Million

YTD Net Income

\$289 thousand decrease (-15%) from YTD March 2019

### 4.5 Million

YTD Banking Division Revenue

\$356 thousand decrease (-7%) from YTD March 2019

### \$1.3 Million

YTD Banking Division Net Income

\$475 thousand decrease (-26%) from YTD March 2019

### \$411 Million

Total Outstanding Loans

\$30 million increase (+8%) from March 2019

### \$1.9 Million

YTD TFO Revenue

\$267 thousand increase (+16%) from YTD March 2019

### \$353 Thousand

YTD TFO Division Net Income

\$186 thousand increase (+111%) from YTD March 2019

### \$2.55

Trailing Twelve Month Basic Earnings per Share

\$.06 decrease (-2%) from TTM March 2019

## 1st Quarter Performance

2020 was off to a great start at Parkside. Then – the world changed.

March was negatively affected by the rapid, and dramatic, lowering of interest rates to 0% by the Fed and the shutdown of large portions of the economy. The stock market also dropped from all-time highs to a bear market in less than a month, the fastest bear market on record. Even with all that noise, the quarter was still very good with return on average assets of 1.22% and return on average equity of 11.14%, both well above industry norms.

Highlights for the quarter include strong loan and asset growth in our Banking division and a doubling of the Trust and Family Office division net income to \$353 thousand. The growth in the Banking division will help offset some of the economic headwinds all banks will experience in 2020 as our balance sheet adjusts to the new 0% interest rate environment and deteriorating economic outlook. We added \$400 thousand to our loan loss reserves in the first quarter, half of that in March. We will be positioning Parkside for the uncertain future by aggressively building our reserves in the coming quarters.

We hope the recently enacted federal and state economic stimulus programs will mitigate some of the loan losses we would normally expect due to the sudden change in the economy and market conditions. Those programs, combined with our excellent core earnings, strong capital levels and already significant loan loss reserves will help us weather this storm. We will take advantage of that strength and continue growing our client base and revenue stream, building long-term value for our shareholders.

## Adapting for Our Clients and Company

As the global pandemic began to impact the United States, our outlook for the economy shifted late in the first quarter. Our lenders are working with our clients to make appropriate loan modifications and to date we have modified more than 40 loans, easing their debt burden during this uncertain time. Our Trust and Family Office advisors are diligently monitoring and adapting client investment portfolios, utilizing best-in-class research to guide long-term investment results. All of this is being accomplished with 75% of our workforce working remotely and minimal staff at the bank.

As a company, we use financial models and our three-year plan to make decisions and predict outcomes. 2020 is the first year of our current three-year plan. We are modeling various outcomes, from best-case to worst-case scenarios, and are happy to report that even in the worst-case scenario, Parkside remains a strong institution. Our team will continue to adjust the models and our plan as the impact of the pandemic is better understood, and we will be there for our clients each step of the way.

## SBA Paycheck Protection Program Update

As you have likely heard either in the news or in communication from Parkside, the recently implemented CARES Act ultimately included nearly \$660 billion for the Paycheck Protection Program. These funds are intended to provide American small businesses with cash-flow assistance through federally guaranteed loans.

We originally felt it would be best for us to partner with an expert, non-bank SBA lending institution to help our clients navigate the application process in hopes this would ensure quick and seamless funding. However, as the program requirements were revealed, it became clear that Parkside could, and should, personally serve our clients. Therefore, we quickly rallied our team to implement the necessary procedures and technology to process applications and fund PPP loans in-house.

## Our Growing Team

We are excited to welcome Allison Green to our team. Allison joined Parkside in April as a Client Service Representative in our Banking division. Offering eight years of client service experience, most recently as a teller for a local bank, we are grateful for her valuable support, especially as we provide uninterrupted service during this time. Welcome, Allison!

## Proxy and Annual Shareholder Meeting

All shareholders should have received a Notice of Annual Meeting and Proxy via mail. We also included a letter sharing our updated plan for the annual shareholder meeting. During this unprecedented time, we decided to host **only the legal portion** of the Annual Shareholder Meeting on May 20, 2020 at 4:30PM in the Parkside Financial Bank & Trust building lobby. We hope you will help us to protect our community by submitting your Proxy via mail and **not** attend the very brief legal meeting on May 20th.

One of our annual highlights is hosting the Parkside Financial, Inc. shareholder event, sharing our plans for the future and interacting with colleagues and friends who have supported our organization over the years. Therefore, we look forward to hosting an event for all shareholders at The Donald Danforth Plant Science Center on August 12, 2020, should large gatherings be allowed by then. Our team will present a corporate update, share our outlook for the years ahead, and enjoy appetizers and cocktails as we celebrate moving beyond this crisis. We will provide a formal invitation as plans are confirmed.

If you have not received your Proxy, or have any questions, please contact our team [here](#).

## Dividend and Stock Repurchase Program

In an email on April 20th, and via a subsequently mailed letter, we announced a dividend of \$0.85 per share of the company's common stock. The dividend will be issued and mailed on June 15, 2020 to shareholders of record as of May 31, 2020. We are well-positioned for what lies ahead, and felt that this dividend, including the \$0.05 increase, appropriately reflects our strength, while taking into account the current economic uncertainty.

While we have executed a common stock repurchase program for the past five years, we determined it is appropriate to defer the repurchase program until we are able to value our stock with more certainty.

The complete announcement is available for download below.

[Download Dividend and Stock Repurchase Announcement](#)

## Fraud Awareness

During times of economic uncertainty, and with a significant number of people working remotely, companies and individuals are increasingly at risk of fraud or cyberattacks. Protect yourself. Read our COVID-19 Fraud Awareness Notice.

[View COVID-19 Fraud Awareness Notice](#)

As your financial partner, we are committed to ensuring our clients and shareholders receive the same uncommon, uninterrupted service you always have. We appreciate your support during this challenging time, and look forward to working with you as we navigate what's ahead.

Should you have any questions or comments, please feel free to contact us. Stay safe and healthy.

Sincerely,  
James C. Wagner - CEO  
Andrew S. Hereford - President, Bank  
Matthew A. Wagner - President, TFO

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## Recent Stock Transactions\*

3/10/20

3,000 shares @ \$38.00

3/5/20

11,000 shares @ \$38.00

2/27/20

4,000 shares @ \$38.00

2/11/20

1,500 shares @ \$37.00

10/1/19

2,500 shares @ \$38.00

## Dividend History

2020 - \$0.85 per share

2019 - \$0.80 per share

2018 - \$0.625 per share

2017 - \$0.50 per share

2016 - \$0.40 per share

## Parkside Financial

BANK & TRUST

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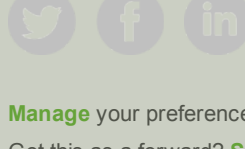
\*The Company is aware of the following recent transactions in the Company's stock. No assurances can be given that such information reflects all transactions in the Company's stock during the period or that such transactions accurately and completely reflect the value of the Company's stock. Such information is provided for convenience and should not be relied upon. The Company does not make a market in or otherwise trade in its stock. However, the Company can assist in the settlement of transactions in its stock between buyers and sellers who have independently negotiated the terms of their transactions.

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