



2018
ANNUAL REPORT

OUR SOLUTIONS. YOUR SUCCESS.

PRESIDENT'S STATEMENT



ASH PATEL
PRESIDENT & CEO

HIGHLIGHTS OF THE YEAR

- Net income surged to new record high
- Total assets, deposits, and loans all grew sharply from prior-year levels
- Management team further strengthened by new additions
- Bank successfully established three new offices

PRESIDENT'S STATEMENT

2018 was a milestone year for Commercial Bank of California.

Our achievements were many. From a financial perspective, this was CBC's strongest year ever. The year's net income was the highest in our history, and we chalked up solid growth in total assets, net loans, and total deposits. At the same time, our capital position remained in the strongest category established by banking regulators, and despite our growth, our loan portfolio maintained the high credit quality that has long been our hallmark.

Our 2018 accomplishments extend beyond mere financial performance, however. We bolstered our strong management team with four new executives: Market Presidents Claudia Bodan and Mike Helmuth (for our Los Angeles and Orange County markets, respectively), Growth and Strategy EVP Shahzad Khan in our Payments Division, and EVP/Chief Risk Officer Neel Pinge. We added three new CBC locations in 2018: new regional offices in Anaheim and downtown Los Angeles, and our Payments Solutions facility in North Hollywood. Lastly, we added a fintech component to the CBC corporate family. VeriCheck is a provider of ACH services based in Atlanta, which processes over 900,000 transactions each month for its payments clients.

(CONT.) PRESIDENT'S STATEMENT

What these achievements have in common is that they further strengthen our organizational foundation as the basis of our future success. Each brings us closer to our goal of building a unique institution, a bank that does not yet exist, with financial products stretching from Payments Solutions to Mobile Banking, and the financial strength and responsive service needed to make a meaningful contribution to the success of our clients. CBC's unique combination of robust financial condition, advanced technology, and a holistic approach to personal service is what is making us the bank of choice for businesses and professionals in Southern California.

2018 was a year of increasing volatility in the economic environment, and with that volatility come both challenges and opportunities. Fortunately, our financial strength and flexibility enables us to act decisively to address those challenges and capitalize on the opportunities. We believe that our current performance and future trends justify our confidence in the future of Commercial Bank of California.

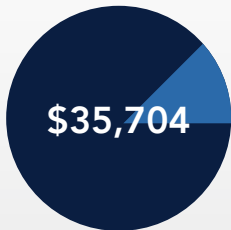
2018 FINANCIALS



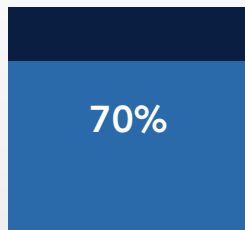
ASSETS

\$987 million

NET INTEREST INCOME

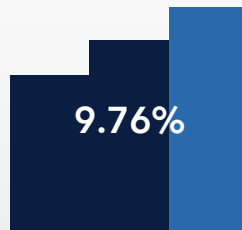


NET INCOME GROWTH



(Increase in 2018 over 2017)

CAPITAL STRENGTH



(Tier 1 Leverage Ratio)



NET INCOME
INCREASED BY 70%
YEAR OVER YEAR



TOTAL ASSETS
INCREASED FROM
THE PRIOR YEAR



CAPITAL POSITION REMAINS
WELL IN EXCESS OF ALL
"WELL CAPITALIZED
STANDARDS"

2018 FINANCIALS

NET INCOME

\$7,369,000

NET LOAN GROWTH

increased **13.5%**



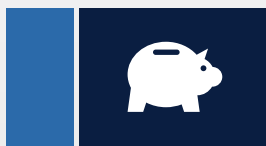
TOTAL ASSETS

\$987 million



TOTAL LOANS (NET)

\$684 million



TOTAL DEPOSITS

\$878 million



TOTAL CAPITAL

\$96 million

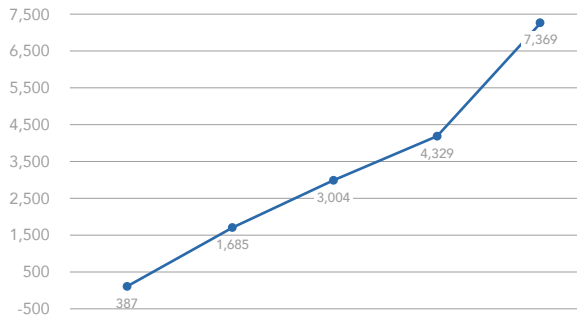
STATEMENTS OF CONDITION (UNAUDITED)

ASSETS:	DEC. 31, 2018	DEC. 31, 2017	(000s omitted)
Cash and due from banks	\$26,991	\$32,898	
Fed funds sold	\$2,500	2,500	
Interest bearing deposits with banks	141,555	104,781	
Cash and cash equivalents	171,046	140,179	
Investment securities	89,186	91,703	
Loans, net	684,017	602,880	
Premises and equipment - net	3,876	2,517	
Accrued interest receivable and other assets	38,587	31,723	
Total assets	\$986,712	\$869,002	
LIABILITIES AND CAPITAL:			
Non-interest bearing demand deposits	\$342,164	\$311,976	
Interest bearing demand deposits	50,812	38,846	
Savings and money market deposits	421,106	315,905	
Time deposits	64,009	60,438	
Total deposits	878,091	727,165	
Federal Home Loan Bank advances	-	40,000	
Accrued interest payable and other liabilities	12,436	12,194	
Total liabilities	890,527	799,359	
Stated capital	83,831	83,830	
Retained earnings	13,578	6,209	
Accumulated other comprehensive income (loss)	(1,224)	(396)	
Total capital	96,185	89,643	
Total liabilities and capital	\$986,712	\$869,002	

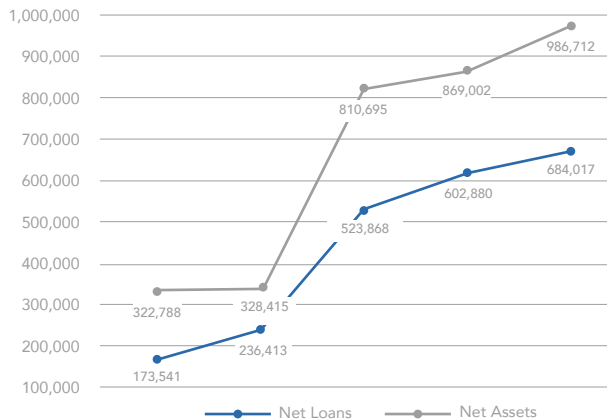
STATEMENTS OF OPERATIONS (UNAUDITED)

	Twelve Months Ended DEC. 31, 2018	Twelve Months Ended DEC. 31, 2017	(000s omitted)
Interest on loans	\$35,488	\$28,934	
Interest on deposits with banks	2,208	1,375	
Interest on investment securities	2,110	1,812	
Other interest income	49	11	
Total interest income	39,855	32,132	
Interest on deposits	4,039	2,360	
Interest on FHLB advances	112	36	
Total interest expense	4,151	2,396	
Net interest income	35,704	29,736	
Provision for loan losses	975	(1,873)	
Net interest income after provision for loan losses	34,729	31,609	
Other operating income	12,196	8,407	
Salaries and related benefits	22,230	18,326	
Occupancy expenses	3,883	5,317	
Other expenses	10,360	8,452	
Total other operating expenses	36,473	32,095	
Income before provision for income taxes	10,452	7,921	
Provision for income taxes	3,083	3,592	
Net income	\$7,369	\$4,329	

FINANCIALS 2014 - 2018



Net Income
(000s omitted)



Net Loans & Total Assets
(000s omitted)

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	% Change
Net Income	\$387	\$1,685	\$3,004	\$4,329	\$7,369	70.22%
Net Loans	\$173,541	\$236,413	\$523,868	\$602,880	\$684,017	13.45%
Total Assets	\$322,788	\$328,415	\$810,695	\$869,002	\$986,712	13.54%

(000s omitted)

ABOUT COMMERCIAL BANK OF CALIFORNIA



Commercial Bank of California is a full-service bank serving the business and professional communities of Los Angeles and Orange counties. Recognized as a BauerFinancial, Inc. "Five-Star Superior Bank" for its financial strength and stability, CBC provides the financial expertise of a major bank while maintaining a commitment to personalized service for every CBC client. More information about CBC's custom solutions for your business is available at www.cbcal.com.

FORWARD LOOKING STATEMENTS DISCLAIMER

This report includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical fact, included herein may constitute forward-looking statements. Although Commercial Bank of California believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. Important factors that could cause actual results to differ materially from Commercial Bank of California’s expectations include fluctuations in interest rates, inflation, government regulations, and economic conditions and competition in the geographic and business areas in which Commercial Bank of California conducts its operations.



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