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Commercial Bank of California Achieves Record Profitability and Growth Milestone in 2019

Highlights Include:

- *2019 earnings represented the Bank's strongest annual performance in its history*
- *Total assets at yearend 2019 exceeded the billion dollar milestone for the second consecutive quarter*
- *Total assets, total deposits, and net loans all increased from prior year levels*
- *Retained earnings further strengthened a robust capital position, which exceeded \$100 million at yearend 2019*

IRVINE, CALIF. (April 7, 2020) – Commercial Bank of California (“CBC”), a BauerFinancial Five-Star Superior Bank, today reported net income of \$9.2 million for the full year 2019, a solid increase from the \$7.4 million earned in 2018. The robust 2019 results reflected increased revenues due in large measure to growth in earning assets; net interest income rose to \$40.7 million in 2019 from \$35.8 million in 2018.

At December 31, 2019, the Bank's total assets were \$1.08 billion, compared to \$986.7 million a year ago. As previously noted, net loans experienced strong growth, rising from \$684.0 million at the end of 2018 to a 2019 total of \$768.5 million. Deposits also grew significantly, to \$966.9 million at the end of 2019 from the comparable 2018 figure of \$878.1 million. Total capital at December 31, 2019 was \$107.0 million, an increase from \$96.2 million a year ago.

The Bank's capital ratios continue to be well above all regulatory standards for well-capitalized institutions, with a Tier 1 Leverage ratio of 9.88%, Tier 1 Risk-based Capital ratio of 11.51%, and a Total Risk-based Capital ratio of 12.73% as of December 31, 2019.

Ash Patel, President and Chief Executive Officer, commented, “2019 represented another year of achievement for Commercial Bank of California. Earlier in 2019 CBC surpassed one billion dollars in total assets, and we are pleased that our asset totals continued to exceed this important milestone as of the end of the year. Building on the positive momentum of earlier periods, CBC's continued growth in assets, loans, and

deposits drove improved performance. To a great extent, our operating results for the year reflect the higher net interest income resulting from that growth.

“But if 2019 was a successful year for CBC, the subsequent emergence of the Covid-19 coronavirus is a stark reminder of the far-reaching consequences of unforeseen events. All of us at CBC, and indeed all of us worldwide, have already been dramatically affected by the pandemic. Many companies have seen a sharp decline in business, while others have had to shut down entirely. This will undoubtedly affect the ability of some borrowers to perform on their loans. At the same time, the Federal Reserve has sharply reduced interest rates, which is intended to support the economy but which will reduce our operating margins. These factors will have a significant impact on CBC’s balance sheet and income statement in 2020, consistent with the effect on most other financial institutions.

“Fortunately, CBC has the capital strength and liquidity needed to help our clients through this crisis. Our offices are open and operating, our bankers are available by phone, email, and in person to serve your needs, and we are here to help. Moreover, our status as a Small Business Administration Preferred Lender enables us to offer clients and prospects expedited access to the pandemic relief loan programs available as a result of the recently-enacted CARES Act, including the innovative Paycheck Protection Program loans. The response to our PPP loan offering has been overwhelming; full details on program status and application forms are available on the CBC website at www.cbcal.com. While the ultimate impact of the coronavirus pandemic remains unclear, what is clear is that CBC’s financial strength and flexibility are enabling us to act decisively to address the challenges as they emerge, and to capitalize on the opportunities that will inevitably follow.”

Mr. Patel concluded: “These are challenging times for us all, but we are all in this together, and we shall all get through this together. We are indebted to our clients and the CBC team for their continued support throughout this period. Our confidence in the future of Commercial Bank of California remains undiminished.”

About Commercial Bank of California

Commercial Bank of California is a full-service bank and diversified financial services company 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 represents a safe haven for your funds, and 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.

STATEMENTS OF CONDITION
(UNAUDITED)

<u>(000s omitted)</u>	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
ASSETS:				
Cash and due from banks	\$	22,333	\$	29,537
Interest bearing deposits with banks		150,535		139,009
Federal funds sold		<u>2,500</u>		<u>2,500</u>
Cash and cash equivalents		175,368		171,046
Investment securities		97,258		89,186
Loans		778,857		694,211
Less: allowance for loan and lease losses		<u>(10,351)</u>		<u>(10,194)</u>
Loans, net		768,506		684,017
Premises and equipment - net		3,214		3,876
Other real estate owned		-		-
Accrued interest receivable and other assets		<u>40,035</u>		<u>38,587</u>
Total assets	\$	<u>1,084,381</u>	\$	<u>986,712</u>
LIABILITIES AND CAPITAL:				
Non-interest bearing deposits		470,163		342,167
Interest bearing demand deposits		47,623		50,809
Savings and money market deposits		410,524		421,106
Time deposits		<u>38,543</u>		<u>64,010</u>
Total deposits		966,853		878,092
Federal Home Loan Bank advances		-		-
Accrued interest payable and other liabilities		<u>10,515</u>		<u>12,435</u>
Total liabilities	\$	977,368	\$	890,527
Stated capital		83,830		83,831
Retained earnings		22,756		13,578
Accumulated other comprehensive income (loss)		<u>427</u>		<u>(1,224)</u>
Total capital	\$	<u>107,013</u>	\$	<u>96,185</u>
Total liabilities and capital	\$	<u>1,084,381</u>	\$	<u>986,712</u>

STATEMENTS OF OPERATIONS
(UNAUDITED)

<u>(000's omitted)</u>	Year Ended <u>December 31, 2019</u>	Year Ended <u>December 31, 2018</u>
Interest on loans	\$ 41,012	\$ 35,489
Interest on deposits with banks	2,827	2,208
Interest on investment securities	2,437	2,196
Other interest income	<u>379</u>	<u>49</u>
Total interest income	46,655	39,942
Interest on deposits	6,000	4,039
Interest on FHLB advances	<u>12</u>	<u>112</u>
Total interest expense	<u>6,012</u>	<u>4,151</u>
Net interest income	40,643	35,791
Provision for loan losses	<u>875</u>	<u>975</u>
Net interest income after provision for loan losses	39,768	34,816
Other operating income	14,258	12,196
Salaries and related benefits	27,346	22,230
Occupancy expenses	4,355	3,883
Other expenses	<u>9,428</u>	<u>10,361</u>
Total other operating expenses	<u>41,129</u>	<u>36,474</u>
Income before provision for income taxes	12,897	10,538
Provision for income taxes	<u>3,719</u>	<u>3,169</u>
Net income	\$ <u>9,178</u>	\$ <u>7,369</u>

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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