

## PRESIDENT'S STATEMENT



**ASH PATEL**  
PRESIDENT & CEO

Commercial Bank of California maintained its positive momentum in the second quarter of 2018. Our quarterly and year-to-date net income increased substantially compared to the prior year, and we achieved solid growth in total assets, total deposits, and net loans.

While our growth was significant, it remained prudent and controlled. And as before, our growth in loans was not achieved at the cost of our credit quality. Non-performing assets net of federal guarantees totaled just \$489,000 at June 30, 2018, while loan reserves were \$8.3 million, or 1.36% of total loans, at quarter end.

CBC's unique combination of advanced technology and responsive, personalized service provided by the outstanding CBC team is why we are increasingly recognized as the bank of choice for businesses and professionals in Southern California. As 2018 proceeds, we continue our quest to build "the bank that does not yet exist," a unique institution with an ecosystem of products ranging from Mobile Banking to Payments Solutions, and the financial strength and responsive service needed to contribute to the "Life Wealth" of our clients. The second quarter of 2018 saw additional progress towards that objective. At the same time, our strong operating results further bolstered our financial strength and flexibility, enabling us to react effectively to changing market conditions and the opportunities they bring. Our confidence remains undiminished concerning Commercial Bank of California's prospects now and in the years ahead.



## FINANCIAL HIGHLIGHTS



2018 first half net income increased by 67% year-over-year



Total assets, total deposits, and net loans all increased from the prior year



Retained earnings further strengthened robust capital position

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.

## STATEMENTS OF CONDITION (UNAUDITED)

(000s omitted)

<b>ASSETS:</b>	<b>JUNE 30, 2018</b>	<b>JUNE 30, 2017</b>
Cash and due from banks	\$27,465	\$13,794
Interest bearing deposits with banks	145,521	147,541
Fed funds sold	2,500	-
Cash and cash equivalents	175,486	161,335
Investment securities	88,214	95,614
Loans, net	598,107	535,951
Premises and equipment - net	3,203	2,216
Other real estate owned	-	-
Accrued interest receivable and other assets	38,183	31,226
<b>Total assets</b>	<b>\$903,193</b>	<b>\$826,342</b>
<b>LIABILITIES AND CAPITAL:</b>		
Non-interest bearing demand deposits	\$300,190	\$319,388
Interest bearing demand deposits	35,322	31,223
Savings and money market deposits	405,430	351,593
Time deposits	57,957	28,224
Total deposits	798,899	730,428
Federal Home Loan Bank advances	-	-
Accrued interest payable and other liabilities	11,816	7,986
Total liabilities	810,715	738,414
Stated capital	83,830	83,831
Retained earnings	10,075	4,126
Accumulated other comprehensive income (loss)	(1,427)	(29)
Total capital	92,478	87,928
<b>Total liabilities and capital</b>	<b>\$903,193</b>	<b>\$826,342</b>

## STATEMENTS OF OPERATIONS (UNAUDITED)

(000s omitted)

	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Interest on loans	\$16,889	\$13,810
Interest on deposits with banks	710	739
Interest on investment securities	1,002	791
Other interest income	22	122
<b>Total interest income</b>	<b>18,623</b>	<b>15,462</b>
Interest on deposits	1,525	1,194
Interest on FHLB advances	112	1
<b>Total interest expense</b>	<b>1,637</b>	<b>1,195</b>
Net interest income	16,986	14,267
Provision for loan losses	625	-
<b>Net interest income after provision for loan losses</b>	<b>16,361</b>	<b>14,267</b>
Other operating income	6,437	2,760
Salaries and related benefits	10,519	8,396
Occupancy expenses	1,883	1,902
Other expenses	4,953	3,862
<b>Total other operating expenses</b>	<b>17,355</b>	<b>14,160</b>
Income before provision for income taxes	5,443	2,867
Provision for income taxes	1,578	555
<b>Net income</b>	<b>\$3,865</b>	<b>\$2,312</b>