

# 2017 THIRD QUARTERLY REPORT



## PRESIDENT'S STATEMENT

ASH PATEL  
PRESIDENT & CEO

### **Commercial Bank of California's operating performance strengthened yet again in the third quarter of 2017.**

We recorded a sharp increase in profits, and growth in our assets and net loans. While results for the period in part reflected factors that may not recur, we built on the achievements of prior periods, and are establishing a foundation for future success.

Maintaining our high credit quality remains a primary objective, and this emphasis resulted in non-performing loans totaling just \$5.4 million at the end of the third quarter, compared to reserves of \$9.2 million. The bank again had no "other real estate owned" (generally real estate acquired through foreclosure) as of September 30, 2017.

We are making steady progress towards our objective of building a unique institution with the financial strength and responsive service needed to make a meaningful contribution to the success of our clients. Our message of "Our Solutions, Your Success" is resonating with clients and prospects alike, resulting in our increasing growth and acceptance in the market. Our emphasis on client success, combined with the creative expertise of the CBC team and our continued focus on innovative technology, continues to serve us well. Based on our current performance and future trends, we remain highly confident in the future of Commercial Bank of California.



## FINANCIAL HIGHLIGHTS



Net income increased substantially for the quarter and by 110% year-over-year



Total assets and net loans both increased from the prior year



Capital position remains well in excess of all "Well Capitalized" standards

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.

Financial results for prior periods have been adjusted to reflect the April 30, 2016 merger of Commercial Bank of California and National Bank of California.

**STATEMENTS OF CONDITION (UNAUDITED)**

(000s omitted)

<b>ASSETS:</b>	<b>SEPT. 30, 2017</b>	<b>SEPT. 30, 2016</b>
Cash and due from banks	\$21,640	\$49,172
Interest bearing deposits with banks	64,558	138,625
Cash and cash equivalents	86,198	187,797
Investment securities	96,405	61,082
Loans, net	581,231	507,695
Premises and equipment - net	2,543	2,568
Other real estate owned	0	782
Accrued interest receivable and other assets	34,141	30,686
<b>Total assets</b>	<b>\$800,518</b>	<b>\$790,610</b>
<b>LIABILITIES AND CAPITAL:</b>		
Non-interest bearing demand deposits	\$244,393	\$307,230
Interest bearing demand deposits	35,608	18,577
Savings and money market deposits	316,915	339,642
Time deposits	30,837	38,832
Total deposits	627,753	704,281
Federal Home Loan Bank advances	40,000	0
Accrued interest payable and other liabilities	43,008	8,244
Total liabilities	710,761	712,525
Stated capital	83,830	76,830
Retained earnings	6,083	833
Accumulated other comprehensive income (loss)	-156	422
Total capital	89,757	78,085
<b>Total liabilities and capital</b>	<b>\$800,518</b>	<b>\$790,610</b>

**STATEMENTS OF OPERATIONS (UNAUDITED)**

(000s omitted)

	Three Months Ended SEPT. 30, 2017	Nine Months Ended SEPT. 30, 2017	Nine Months Ended SEPT. 30, 2016
Interest on loans	\$7,250	\$21,060	\$19,050
Interest on deposits with banks	380	1,119	652
Interest on investment securities	492	1,283	949
Other interest income	69	191	264
<b>Total interest income</b>	<b>8,191</b>	<b>23,653</b>	<b>20,915</b>
Interest on deposits	568	1,762	1,525
Interest on FHLB advances	4	5	81
<b>Total interest expense</b>	<b>572</b>	<b>1,767</b>	<b>1,606</b>
Net interest income	7,619	21,886	19,309
Provision for loan losses	-1,873	-1,873	-570
<b>Net interest income after provision for loan losses</b>	<b>9,492</b>	<b>23,759</b>	<b>19,879</b>
Other operating income	2,571	5,331	3,873
Salaries and related benefits	5,321	13,717	11,085
Occupancy expenses	1,301	3,203	2,792
Other expenses	2,065	5,928	6,727
<b>Total other operating expenses</b>	<b>8,687</b>	<b>22,848</b>	<b>20,604</b>
Income before provision for income taxes	3,376	6,242	3,148
Provision for income taxes	1,419	1,974	1,126
<b>Net income</b>	<b>\$1,957</b>	<b>\$4,268</b>	<b>\$2,022</b>