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Commercial Bank of California Announces Strong Financial Results for 2016

Highlights Include:

- *Net income increased year-over-year for third consecutive year*
- *Total assets, deposits and loans all reached new record highs*
- *New capital further strengthened robust capital position in 2016*
- *Bank successfully completed merger and core system conversion*

IRVINE, CALIF. (Feb. 8, 2017) – Commercial Bank of California, a BauerFinancial Five-Star Superior Bank, today reported net income for the full year of 2016 of \$3,004,000, an increase of 78% over the net income of the prior year. Net income for the fourth quarter ended December 31, 2016 was \$982,000. Net interest income for the fourth quarter of 2016 was \$6.6 million, and totaled \$25.9 million for the full year.

At December 31, 2016, the Bank's total assets were \$810.7 million. Total deposits rose to \$722.3 million, while net loans advanced to \$523.9 million. Total capital at December 31, 2016 amounted to \$80.3 million.

Ash Patel, President and CEO of Commercial Bank of California, commented: "2016 was a year of achievement for Commercial Bank of California. We continued to demonstrate strong performance, registering a substantial gain in profits and growth in our assets, deposits and loans.

"Our long-standing focus on high credit quality continues to serve us well. Non-performing assets net of federal guarantees totaled just \$1.0 million at December 31, 2016, compared to reserves of \$8.9 million.

In 2016, the Bank successfully completed a merger with National Bank of California, which included a comprehensive data processing conversion enabling all CBC offices to operate using the same system. As a result, customers can conduct business at any of the Bank's six convenient regional offices throughout Southern California.

Mr. Patel added: "While we remain committed to providing our clients with technology that is second to none, we will never forget that personalized, proactive, responsive service is the foundation

of our success. CBC's unique combination of financial strength, advanced technology, and personal service is what is making us the bank of choice for businesses and professionals in Southern California."

He concluded: "The present operating environment for financial companies remains challenging, with continued pressure on net interest margins, slow economic growth, and rising expenses. We are not impervious to these challenges, but our conservative philosophy and sound strategies continue to prove their validity. Since our founding, our overriding objective has been to build a quality institution with financial strength and staying power. We remain committed to profitable growth without compromising our lending standards and credit quality.

"Looking ahead, we benefit from the flexibility provided by our financial strength and our growing market position. Our talented team of banking professionals continues to compete successfully for new business while providing our customers with top-quality, individualized service. At the same time, we remain keenly focused on the operating environment, and are prepared to act quickly and decisively to meet whatever challenges and opportunities may arise. We believe that by adhering to proven strategies we enhance our success now and in the years ahead."

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 Bank" for its financial strength and stability, Commercial Bank of California provides the financial expertise of a major bank and the personalized service of an independent. More information on Commercial Bank of California is available at www.cbcal.com.

STATEMENTS OF CONDITION (UNAUDITED)

(000s omitted)

December 31, 2016

ASSETS:

Cash and due from banks	\$48,084
Interest bearing deposits with banks	<u>132,749</u>
Cash and cash equivalents	180,833

Investment securities	73,342
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Loans, net	523,868
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Premises and equipment - net	2,326
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Other real estate owned	460
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Accrued interest receivable and other assets	<u>29,866</u>
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Total assets	<u>\$810,695</u>
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LIABILITIES AND CAPITAL:

Non-interest bearing demand deposits	\$304,988
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Interest bearing demand deposits	25,564
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Savings and money market deposits	353,444
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Time deposits	<u>38,297</u>
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Total deposits	722,293
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Federal Home Loan Bank advances	0
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Accrued interest payable and other liabilities	<u>8,092</u>
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Total liabilities	730,385
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Stated capital	78,830
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Retained earnings	1,815
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Accumulated other comprehensive income (loss)	<u>-335</u>
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Total capital	<u>80,310</u>
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Total liabilities and capital	<u>\$810,695</u>
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STATEMENTS OF OPERATIONS (UNAUDITED)

	<u>(000's omitted)</u> Three Months Ended <u>December 31, 2016</u>	<u>(000's omitted)</u> Twelve Months Ended <u>December 31, 2016</u>
Interest on loans	\$6,478	\$25,528
Interest on deposits with banks	257	909
Interest on investment securities	<u>465</u>	<u>1,678</u>
Total interest income	7,200	28,115
Interest on deposits	577	2,102
Interest on FHLB advances	<u>1</u>	<u>82</u>
Total interest expense	<u>578</u>	<u>2,184</u>
Net interest income	6,622	25,931
Provision for loan losses	<u>-500</u>	<u>-1,070</u>
Net interest income after provision for loan losses	7,122	27,001
Other operating income	731	4,604
Salaries and related benefits	3,677	14,762
Occupancy expenses	973	3,765
Other expenses	<u>1,745</u>	<u>8,472</u>
Total other operating expenses	<u>6,395</u>	<u>26,999</u>
Income before provision for income taxes	1,458	4,606
Provision for income taxes	<u>476</u>	<u>1,602</u>
Net income	<u>\$982</u>	<u>\$3,004</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.

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.

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