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Commercial Bank of California Achieves Record Growth and Continued Profitability in 2020

Highlights Include:

- *Total assets at yearend 2020 exceeded \$1.6 billion, a 49% increase from the comparable 2019 total*
- *Pre-tax, pre-provision earnings of \$13.7 million increased in 2020 over the level of the prior year*
- *Total assets, total deposits, and net loans all increased substantially from prior year levels*
- *Capital contribution from successful debt offering and retained earnings further strengthened robust capital position*

IRVINE, CALIF. (April 6, 2021) – Commercial Bank of California (“CBC”), a BauerFinancial Five-Star Superior Bank, today reported 2020 net income of \$6.4 million, copared to \$9.2 million earned in 2019. Net income for 2020 was impacted by the Bank’s decision to make substantial provisions to build the allowance for loan and lease losses by \$4.8 million during 2020 as a precaution against potential adverse impacts of the COVID-19 pandemic. Pre-tax, pre-provision income was \$13.7 million in 2020, compared to \$13.6 million in 2019.

At December 31, 2020, the Bank’s total assets rose to \$1.6 billion, compared to \$1.1 billion a year ago, an increase of 49%. Deposits experienced dramatic growth, rising to \$1.4 billion at the end of 2020 from a 2019 total of \$966.9 million. Net loans also grew significantly during 2020, climbing to \$1.1 billion at the yearend 2020 (including \$203.5 million in PPP loan balances) from \$768.5 million at the end of 2019. Total capital at December 31, 2020 was \$136.6 million, a strong increase from the comparable 2019 figure of \$107.0 million.

As previously announced, in December 2020, CBC’s parent company, CBC Bancorp, successfully completed a private placement of subordinated notes. The proceeds of this offering intended to be used for general corporate purposes, including increasing the capital of Commercial Bank of California. The parent company’s contributions to CBC’s capital of \$21.6 million in 2020, combined with CBC’s retained earnings, resulted in the Bank’s capital ratios continuing to be well above all regulatory standards for well-capitalized institutions as of December 31, 2020.

Ash Patel, President and Chief Executive Officer, commented, “In the midst of the COVID-19 pandemic, the safety of our staff and our valued clients remains our paramount concern. We hope that you, your family, and your associates are staying healthy and persevering in the current situation. The availability of effective vaccines and other factors are reducing COVID cases and hospitalizations, hopefully paving the way for a return to more normal conditions. I know this is a hope that we all share, and we see increasing progress towards this end with each passing day.

“Viewed in the context of challenges posed by COVID-19, CBC’s 2020 operating results are commendable. We are particularly encouraged by our strong growth in assets, deposits, and loans throughout 2020. Assets grew by 49%, an impressive percentage. While the benefits of this growth were partially offset by the historically low interest rates that prevailed, 2020’s growth should provide a firm foundation for our future success. As noted earlier, in 2020 CBC made over \$5 million in provisions to its reserves for potential loan losses in the face of the pandemic’s potential impacts. Such provisions impact our bottom-line earnings, as is evident in our results. But while our loan loss provisions were a prudent precaution in light of the pandemic’s uncertainties, CBC’s credit quality and borrower performance remained strong throughout 2020. We will continue our close monitoring of credit quality and economic conditions, to ensure that our reserves remain robust but not excessive. Beyond that, our efforts to control expenses and optimize our operating performance continue despite the challenges of the economic environment, and we remain encouraged by CBC’s strong growth in client deposits and quality earning assets.”

He added: “Looking back on 2020, we are proud of CBC’s efforts to support our clients in that challenging environment through our active participation in the SBA’s Paycheck Protection Program (“PPP”). Thanks to the PPP program, we funded approximately \$240 million in PPP loans to over 825 new and existing clients, many of whom have now successfully navigated the debt forgiveness phase of the program. Recent congressional action authorized an additional round of PPP loans, and once again, CBC is helping our new and existing clients gain access to this important funding lifeline.”

Mr. Patel concluded: “Throughout 2020, I remarked on the importance of maintaining financial strength, both in order to deal with trying times and to capitalize on the opportunities that will eventually emerge. Now that the nation’s economy shows signs of moving beyond the pandemic and taking its initial steps towards normalcy, the validity of our approach is evident yet again. CBC continues to enjoy the liquidity and capital strength that give us the ability to act decisively to monetize identified opportunities. But while financial strength is vital, it takes an outstanding team to productively deploy that tool. To that end, we remain indebted to our clients and the entire CBC team for their continued support and dedication throughout this period. Our confidence in the future of Commercial Bank of California could not be greater.”

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, 2020</u>	<u>December 31, 2019</u>
ASSETS:		
Cash and due from banks	\$ 23,672	\$ 22,333
Interest bearing deposits with banks	399,578	150,535
Federal funds sold	<u>10,000</u>	<u>2,500</u>
Cash and cash equivalents	433,250	175,368
Investment securities	95,063	97,258
Loans	1,054,397	778,857
Less: allowance for loan and lease losses	<u>15,188</u>	<u>10,351</u>
Loans, net	1,039,209	768,506
Premises and equipment - net	2,513	3,214
Other real estate owned	-	-
Accrued interest receivable and other assets	<u>43,771</u>	<u>40,035</u>
Total assets	\$ <u>1,613,806</u>	\$ <u>1,084,381</u>
LIABILITIES AND CAPITAL:		
Non-interest bearing deposits	655,229	470,163
Interest bearing demand deposits	76,130	47,623
Savings and money market deposits	607,836	410,524
Time deposits	<u>43,529</u>	<u>38,543</u>
Total deposits	1,382,724	966,853
Borrowings	83,472	-
Accrued interest payable and other liabilities	<u>11,027</u>	<u>10,515</u>
Total liabilities	\$ 1,477,223	\$ 977,368
Stated capital	105,430	83,830
Retained earnings	29,138	22,756
Accumulated other comprehensive income (loss)	<u>2,015</u>	<u>427</u>
Total capital	\$ <u>136,583</u>	\$ <u>107,013</u>
Total liabilities and capital	\$ <u>1,613,806</u>	\$ <u>1,084,381</u>

STATEMENTS OF OPERATIONS
(UNAUDITED)

<u>(000's omitted)</u>	Twelve Months Ended <u>December 31, 2020</u>	Twelve Months Ended <u>December 31, 2019</u>
Interest on loans	\$ 43,829	\$ 41,012
Interest on deposits with banks	804	2,827
Interest on investment securities	1,896	2,296
Other interest income	<u>271</u>	<u>379</u>
Total interest income	46,800	46,514
Interest on deposits	4,847	6,000
Interest on borrowings	<u>213</u>	<u>12</u>
Total interest expense	<u>5,060</u>	<u>6,012</u>
Net interest income	41,740	40,502
Provision for loan losses	<u>5,025</u>	<u>875</u>
Net interest income after provision for loan losses	36,715	39,627
Other operating income	9,832	14,197
Salaries and related benefits	23,909	27,346
Occupancy expenses	4,656	4,355
Other expenses	<u>9,297</u>	<u>9,367</u>
Total other operating expenses	<u>37,862</u>	<u>41,068</u>
Income before provision for income taxes	8,685	12,756
Provision for income taxes	<u>2,303</u>	<u>3,578</u>
Net income	\$ <u>6,382</u>	\$ <u>9,178</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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