

## PRESIDENT'S STATEMENT



**ASH PATEL**  
PRESIDENT & CEO

We are pleased with Commercial Bank of California's strong initial quarter of the new year. We recorded a substantial increase in profits, and continued to achieve prudent, controlled growth in total assets and net loans.

Once again, we are proud that our loan growth was achieved without sacrificing credit quality. Non-performing assets net of federal guarantees totaled just \$2.3 million at March 31, 2018, and loan reserves were \$9.4 million, or 1.53% of total loans, at quarter end.

We remain committed to providing a 'second to none' banking experience to our clients, whether they utilize our advanced technology offerings, avail themselves of the proactive, responsive service provided by the outstanding CBC team, or any combination of these channels. 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.

Since our founding, our overriding objective has been to build a unique institution, a bank that does not yet exist, with an ecosystem of financial products ranging from Payments Solutions to Mobile Banking, and the financial strength and responsive service needed to make a meaningful contribution to the success of our clients. We are well on our way towards that objective, and our message of 'Our Solutions, Your Success' is resonating with clients and prospects alike. At the same time, our financial strength and flexibility enables us to react decisively to changing market conditions and the challenges and opportunities they bring. We remain highly confident about the success of Commercial Bank of California now and in the years ahead.



## FINANCIAL HIGHLIGHTS



Quarterly net income increased by 127% year-over-year



Total assets and net loans both 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>MARCH 31, 2018</b>	<b>MARCH 31, 2017</b>
Cash and due from banks	\$25,102	\$11,469
Interest bearing deposits with banks	59,040	132,322
Fed funds sold	2,500	–
Cash and cash equivalents	86,642	143,791
Investment securities	86,214	71,049
Loans, net	605,552	537,460
Premises and equipment - net	2,950	2,705
Other real estate owned	–	460
Accrued interest receivable and other assets	34,692	29,606
<b>Total assets</b>	<b>\$816,050</b>	<b>\$785,071</b>
<b>LIABILITIES AND CAPITAL:</b>		
Non-interest bearing demand deposits	\$240,553	\$283,302
Interest bearing demand deposits	39,335	29,411
Savings and money market deposits	305,903	345,403
Time deposits	60,596	33,969
Total deposits	646,387	692,085
Federal Home Loan Bank advances	33,000	–
Accrued interest payable and other liabilities	45,839	7,730
Total liabilities	725,226	699,815
Stated capital	83,830	82,830
Retained earnings	8,264	2,722
Accumulated other comprehensive income (loss)	(1,270)	(296)
Total capital	90,824	85,256
<b>Total liabilities and capital</b>	<b>\$816,050</b>	<b>\$785,071</b>

## STATEMENTS OF OPERATIONS (UNAUDITED)

(000s omitted)

	Three Months Ended MARCH 31, 2018	Three Months Ended MARCH 31, 2017
Interest on loans	\$8,596	\$6,586
Interest on deposits with banks	272	316
Interest on investment securities	507	372
Other interest income	53	74
<b>Total interest income</b>	<b>9,428</b>	<b>7,348</b>
Interest on deposits	720	601
Interest on FHLB advances	85	—
<b>Total interest expense</b>	<b>805</b>	<b>601</b>
Net interest income	8,623	6,747
Provision for loan losses	—	—
<b>Net interest income after provision for loan losses</b>	<b>8,623</b>	<b>6,747</b>
Other operating income	2,873	1,474
Salaries and related benefits	5,392	4,243
Occupancy expenses	923	958
Other expenses	2,293	1,627
<b>Total other operating expenses</b>	<b>8,608</b>	<b>6,828</b>
Income before provision for income taxes	2,888	1,393
Provision for income taxes	833	486
<b>Net income</b>	<b>\$2,055</b>	<b>\$907</b>