

INTERAGENCY BANK MERGER ACT APPLICATION

Check all that apply:

Type of Filing	Form of Transaction	Filed Pursuant To
<input checked="" type="checkbox"/> Affiliate/Corporate Reorganization	<input checked="" type="checkbox"/> Merger	<input checked="" type="checkbox"/> 12 U.S.C. 1828(c)
<input checked="" type="checkbox"/> Combination with Interim Depository Institution	<input type="checkbox"/> Consolidation	<input type="checkbox"/> 12 U.S.C. 1815(d)(2)
<input type="checkbox"/> Nonaffiliate Combination	<input type="checkbox"/> Purchase and Assumption	<input type="checkbox"/> 12 U.S.C. 1815(d)(3)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Branch Purchase and Assumptions	<input type="checkbox"/> 12 U.S.C. 215, 215a
	<input type="checkbox"/> Other _____	<input type="checkbox"/> 12 U.S.C. 1815(a)
		<input type="checkbox"/> Other _____

Applicant Depository Institution

<u>California Bank of Commerce</u>	<u>FDIC # 58583</u>
Name	Charter/Docket Number
<u>3595 Mt. Diablo Boulevard, Second Floor</u>	
Street	
<u>Lafayette</u>	<u>California</u>
City	State
	<u>94549</u>
	ZIP Code

Target Institution

<u>CABC Merger Company</u>	<u>FDIC # N/A</u>
Name	Charter/Docket Number
<u>3595 Mt. Diablo Boulevard, Second Floor</u>	
Street	
<u>Lafayette</u>	<u>California</u>
City	State
	<u>94549</u>
	ZIP Code

Resultant Institution (if different than Applicant)

<u>California Bank of Commerce</u>	<u>58583</u>
Name	Charter/Docket Number
<u>3595 Mt. Diablo Boulevard, Second Floor</u>	
Street	
<u>Lafayette</u>	<u>California</u>
City	State
	<u>94549</u>
	ZIP Code

Introduction

On behalf of California Bank of Commerce, Lafayette, California ("**California Bank of Commerce**" or "**Applicant**") we hereby submit our request for the approval of CABC Merger Company, a California corporation ("**Merger Co**" or "**CABC Merger Company**") to merge with and into Applicant pursuant to the Plan of Reorganization and Merger Agreement (the "**Agreement**"), a copy of which is attached hereto as **Confidential Exhibit A**. Under the Agreement: (i) CABC Merger Company, a California corporation, has been formed as a wholly-owned subsidiary of California BanCorp (the proposed bank holding company for Applicant for which a separate bank holding company application has been filed with the Federal Reserve Bank of San Francisco); (ii) CABC Merger Company will be merged with and into California Bank of Commerce (the "**Merger**"); and (iii) the shareholders of California Bank of Commerce will receive common stock of California BanCorp in exchange for their shares of California Bank of Commerce's common stock on a one-for-one basis (the "**Reorganization**"). The shareholders of California Bank of Commerce will thus become the shareholders of California BanCorp in its form as the holding company for California Bank of Commerce, Lafayette, California (the "**Bank**") (the "**Proposed Transaction**").

After the Reorganization, the Bank will continue its current business and operations as a California state-chartered commercial bank under its current existing name and with its existing charter and bylaws. The Reorganization will not have any substantive effect on the operations or management of the Bank, which will continue to have the same directors, executive officers, assets, liabilities and operating policies. California BanCorp's directors will be the same persons who serve as the Bank's directors.

Applicant and California BanCorp are neither engaged in any negotiations to acquire any other banks or businesses at the present time, nor are the Applicant and California BanCorp engaged in any negotiations to sell the Applicant or any business of the Applicant at the present time. In the future, California BanCorp may enter into nonbanking businesses, either through the acquisition of existing businesses or the establishment of new businesses, and such businesses may entail operating and business risks different from the risks normally associated with the banking business. Currently, there are no plans to enter into nonbanking businesses.

The Agreement has been structured to qualify the Reorganization as a tax-free reorganization such that, among other things, no gain or loss will be recognized by the shareholders of the Applicant upon the exchange of their shares of the Bank's common stock for shares of common stock of California BanCorp.

At a meeting held on February 16, 2017, the Board of Directors of the Applicant approved the Reorganization, and directed that it be submitted to the shareholders of the Applicant, with the Board of Directors' recommendation that it be approved. The shareholders of the Applicant will vote on the Reorganization at the Annual Meeting of shareholders to be held on May 18, 2017.

A Disclosure Statement/Prospectus was furnished in connection with the solicitation of proxies from the shareholders of the Applicant. Shareholders have been requested to consider and vote upon the following matter:

Approval of Plan of Reorganization and Merger Agreement. Approval of the Plan of Reorganization and Merger Agreement dated March 31, 2017, which provides for the merger of California Bank of Commerce with CABC Merger Company, a wholly-owned subsidiary of the newly-formed holding company, California BanCorp, and conversion of shares of California Bank of Commerce's common stock into shares of common stock of California BanCorp on a share-for-share basis.

There were issued and outstanding 5,875,502 shares of the Applicant's common stock on March 29, 2017. Each holder of shares of the Applicant's common stock will be entitled to one vote for each share of the Applicant's common stock held of record on the books of the Applicant as of the record date. The Applicant's common stock is held, as of March 29, 2017, by approximately 233 shareholders.

California BanCorp has been organized for the purposes of becoming a bank holding company under the laws of the United States and has been organized at the direction of the Applicant's Board of Directors. California BanCorp was incorporated as a California corporation on or about March 31, 2017. California BanCorp holds all of the outstanding stock of CABC Merger Company, a newly organized California corporation, which was incorporated in California on or about March 31, 2017. The Reorganization will be accomplished by merging CABC Merger Company into the Applicant. Upon the date of the merger of CABC Merger Company into the Applicant, the shares of capital stock of the respective corporate parties to the Agreement shall be converted as follows:

1. Each and every share of common stock of the Applicant issued and outstanding shall, by virtue of the Merger and without any action on the part of the shareholders, be exchanged for and converted into one share of fully paid and nonassessable common stock of California BanCorp.
2. The 100 shares of capital stock of CABC Merger Company issued and outstanding immediately prior to the completion date of the Reorganization shall be converted into and exchanged by California BanCorp for 100 shares of fully paid and nonassessable common stock of the Applicant as the surviving corporation. CABC Merger Company will disappear and all of the outstanding shares of the Applicant's common stock will be owned by California BanCorp.
3. The shareholders of the Applicant will, as a result of the Reorganization, become the shareholders of California BanCorp, and will no longer be entitled to vote on matters requiring the approval of the Applicant's shareholders since California BanCorp will own all of the shares of the Applicant. Shareholders of California BanCorp will be entitled to vote with respect to matters affecting California BanCorp.
4. The stock awards of common stock of the Applicant which have been granted by the Applicant pursuant to the 2007 Equity Incentive Plan and the 2014 Equity Incentive Plan and, if approved by the Applicant's shareholders at the 2017 Annual Meeting, shall be deemed to be stock awards by California BanCorp and the obligations of the Applicant with respect to those stock awards shall be assumed by California BanCorp with the same terms and conditions, and each award of one share of common stock of the Applicant shall be deemed to be an award of one share of common stock of California BanCorp.

The rights of the holders of shares of common stock of California BanCorp after the Reorganization will be substantially the same as the rights of the holders of the Applicant's common stock prior to the Reorganization; however, after the Reorganization, the holders of California BanCorp common stock will not be entitled to vote on matters requiring the approval of the holders of the Applicant's common stock as the Applicant's present shareholders will own 100 percent of the outstanding shares of California BanCorp's common stock, and California BanCorp will own 100 percent of the outstanding shares of the Applicant's common stock.

The Reorganization will not be effective until the Board of Governors of the Federal Reserve System (the "**Federal Reserve Board**"), the Federal Deposit Insurance Corporation (the "**FDIC**") and the California Commissioner of the Department of Business Oversight (the "**CDBO**") have approved the Reorganization and further until a waiting period of fifteen days has elapsed.

This Application seeks the approval of the FDIC and the California Commissioner of the Department of Business Oversight (the "CDBO") for the consummation of the Merger.

Statutory Considerations

Applications under the Bank Merger Act require the FDIC, as the responsible federal regulator, to consider financial, managerial and competitive issues, together with the convenience and needs of the community to be served. California Bank of Commerce believes that the statutory criteria are easily satisfied.

In addition, there are no adverse competitive issues because of the number of financial institutions that currently operate in the Lafayette, California market is significant and Applicant's percentage share off the deposits in the market is small in comparison to the competitors operating in the Applicants markets.

Finally, California Bank of Commerce has a satisfactory Community Reinvestment Act rating. No products or services will be eliminated.

Riegle-Neal Issues

The Merger is not subject to the Riegle-Neal Interstate Banking and Banking Efficiency Act of 1994.

Request for Confidential Treatment

This Application and the attachments hereto contain confidential business information regarding California Bank of Commerce, disclosure of which would create a severe competitive disadvantage for it. It would provide insight into marketing research, proposed marketing strategies, anticipated budgets, funding and profitability. In addition, we have provided non-public personal financial information of California Bank of Commerce. We have marked all such confidential information as "Confidential," and

have separately bound such information and segregated it from the public portions of this Application. Disclosure of these items is precluded under provisions of the Freedom of Information Act and the implementing regulations of the FDIC. In the event any disclosure of the confidential portions of this Application or attachments is contemplated, we respectfully ask that we be provided with notice and the opportunity to further justify our request for confidential treatment.

Conclusion

We appreciate the opportunity of providing the information in connection with this Application. We are prepared to respond promptly to any additional information you might desire in connection with the Application. To the extent that you desire any additional information, please contact Ernest Panasci of the law firm of Stinson Leonard Street LLP at (303) 376-8402. Also, for your additional information, we have provided a copy of the publication notice as Exhibit 3. We will follow with publisher's affidavits regarding the publications as we receive them.

INTERAGENCY BANK MERGER ACT APPLICATION

1. Describe the transaction's purpose, structure, significant terms and conditions, and financing arrangements, including any plan to raise additional equity or incur debt.

RESPONSE 1: The proposed Merger is described above. The Merger is part of the transaction of the Applicant to form a bank holding company.

The Applicant has no plans to raise equity capital at California Bancorp.

2. Provide a copy of (a) the executed merger or transaction agreement, including any amendments, (b) any board of directors' resolutions related to the transaction, and (c) interim charter, names of organizers, and related documents, if applicable.

RESPONSE 2: Please refer to **Confidential Exhibit 3** for a copy of the resolutions adopted by California Bank of Commerce, and **Confidential Exhibit 1** for a copy of the Plan of Reorganization and Merger Agreement

Merger Co was organized solely for the purpose of merging into California Bank of Commerce. No interim bank charter is required by the CDBO.

3. Describe any issues regarding the permissibility of the proposal with regard to applicable state or Federal laws or regulations (for example, nonbank activities, branching, qualified thrift lender's test).

RESPONSE 3: We are of the opinion that the Merger complies with the requirements of all applicable laws. The proposal does not contemplate any nonbanking or other impermissible activities. The QTL test is not applicable to the Merger.

4. Describe any nonconforming or impermissible assets or activities that Applicant or Resultant Institution may not be permitted to retain under relevant law or regulation, including the method of and anticipated time period for divestiture or disposal.

RESPONSE 4: The Merger does not contemplate retaining nonconforming or impermissible assets or activities.

5. Provide the indicated financial information and describe the assumptions used to prepare the projected statements, including those about the effect of the merger transaction. Material changes between the date of the financial statements and the date of the application should be disclosed. If there are no material changes, a statement to that effect should be made.

- a. Pro Forma Balance Sheet, as of the end of the most recent quarter and for the first year of operation after the transaction. Indicate separately for the Applicant and Target Institution each principal group of assets, liabilities, and capital accounts; debit and credit adjustments (explained by footnotes) reflecting the proposed acquisition; and the resulting pro forma combined balance sheet. Goodwill and all other intangible assets should be listed separately on the balance sheet. Indicate the amortization period and method used for any intangible asset and the accretion period of any purchase discount on the balance sheet.
- b. Projected Combined Statement of Income for the first year of operation following consummation.
- c. Pro Forma and Projected Regulatory Capital Schedule, as of the end of the most recent quarter and for the first year of operation, indicating:
 - Each component item for Tier 1 (Core) and Tier 2 (Supplementary) Capital, Subtotal for Tier 1 and Tier 2 Capital (less any investment in unconsolidated or nonincludable subsidiaries), Total Capital (*include Tier 3 if applicable*).
 - Total risk-weighted assets.
 - Capital Ratios: (1) Tier 1 capital to total risk-weighted assets; (2) Total capital to total risk-weighted assets; and (3) Tier 1 capital to average total consolidated assets (leverage ratio).

RESPONSE 5: The (i) pro forma balance sheets, (ii) projected combined statement of income and (iii) pro forma and projected regulatory capital schedules, are attached hereto as **Confidential Exhibit 4**. There are no material changes between date of financial statements and date of application.

6. List the directors and senior executive officers of the Resultant Institution and provide the name, address, position with and shares held in Resultant Institution or holding company, and principal occupation (if a director).

RESPONSE 6: Please refer to **Confidential Exhibit 5**.

7. Describe how the proposal will meet the convenience and needs of the community. For the combining institutions, list any significant anticipated changes in services or products that will result from the consummation of the transaction. If any services or products will be discontinued, describe and explain the reasons.

8. **RESPONSE 7:** California Bank of Commerce has no plans to change any of the services or products currently offered to California Bank of Commerce's customers. California Bank of Commerce will continue the commercial lending activities of California Bank of Commerce post-closing.

9. Discuss the programs, products, and activities of the Applicant or the Resultant Institution that will meet the existing or anticipated needs of its community(ies) under the applicable criteria of the Community Reinvestment Act (CRA) regulation, including the needs of low- and moderate-income geographies and individuals. For an Applicant or Target Institution that has received a CRA composite rating of "needs to improve" or "substantial noncompliance" institution-wide or, where applicable, in a state or a multi-state MSA, or has received an evaluation of less than satisfactory performance in an MSA or in the non-MSA portion of a state in which the applicant is expanding as a result of the combination, describe the specific actions, if any, that have been taken to address the deficiencies in the institution's CRA performance record since the rating.

RESPONSE 9: Applicant does not believe that it will be necessary for Applicant to make any significant changes to meet the existing or anticipated needs of the communities it serves and will serve under the applicable criteria of the CRA regulation. Applicant strives to meet the needs of low and moderate income neighborhoods. In doing so, Applicant's offices strive to do so in a manner that is consistent with the safe and sound operation of the bank.

10. List all offices that (a) will be established or retained as branches, including the main office, of the Target Institution, (b) are approved but unopened branch(es) of the Target Institution, including the date the current federal and state agencies granted approval(s), and (c) are existing branches that will be closed as a result of the proposal to the extent the information is available and indicate the effect on the branch customers served. For each branch, list the popular name, street address, city, county, state, and ZIP code.

RESPONSE 10: As a result of the Reorganization all existing offices of the Applicant will be retained and no new offices are contemplated at this time.

11. As a result of this transaction, if the Applicant will be or will become affiliated with a company engaged in insurance activities that is subject to supervision by a state insurance regulator, provide:
- a. The name of company.
 - b. A description of the insurance activity that the company is engaged in and has plans to conduct.
 - c. A list of each state and the lines of business in that state in which the company holds, or will hold, an insurance license. Indicate the state where the company holds a resident license or charter, as applicable.

RESPONSE 11: Applicant will not be or become affiliated with a company engaged in insurance activities that is subject to supervision by a state insurance regulator as a result of the Merger.

If a nonaffiliate transaction, the Applicant also must reply to items 12 through 14.

12. Discuss the effects of the proposed transaction on existing competition in the relevant geographic market(s) where Applicant and Target Institution operate. Applicant should contact the appropriate regulatory agency for specific instructions to complete the competitive analysis.

RESPONSE 12. Not Applicable.

13. If the proposed transaction involves a branch sale or any other divestiture of all or any portion of the bank, savings association or nonbank company (in the case of a merger under 12 U.S.C. 1828(c)(1)) to mitigate competitive effects, discuss the timing, purchaser, and other specific information.

RESPONSE 13 Not Applicable.

14. Describe any management interlocking relationships (12 U.S.C. 3201-3208) that currently exist or would exist following consummation. Include a discussion of the permissibility of the interlock with regard to relevant laws and regulations.

RESPONSE 14: Not applicable.

CERTIFICATION

We hereby certify that our board of directors, by resolution, has authorized the filing of this application, and that to the best of our knowledge, it contains no misrepresentations or omissions of material facts. In addition, we agree to notify the agency if the facts described in the filing materially change prior to receiving a decision or prior to consummation. Any misrepresentation or omission of a material fact constitutes fraud in the inducement and may subject us to legal sanctions provided by 18 U.S.C. 1001 and 1007.

We acknowledge that approval of this application is in the discretion of the appropriate federal banking agency. Actions or communications, whether oral, written, or electronic, by an agency or its employees in connection with this filing, including approval of the application if granted, do not constitute a contract, either express or implied, or any other obligation binding upon the agency, other federal banking agencies, the United States, any other agency or entity of the United States, or any officer or employee of the United States. Such actions or communications will not affect the ability of any federal banking agency to exercise its supervisory, regulatory, or examination powers under applicable law and regulations. We further acknowledge that the foregoing may not be waived or modified by any employee or agent of a federal banking agency or of the United States.

Signed this 2nd day of May, 2017.

California Bank of Commerce
(Applicant)



(Signature of Authorized Officer)

By: Terry A. Peterson, President & CEO
(Typed Name)

CABC Merger Company
(Target Institution)



(Signature of Authorized Officer)
By: Terry A. Peterson, President & CEO
(Typed Name)

FEDERAL DEPOSIT INSURANCE CORPORATION

SUPPLEMENT TO INTERAGENCY BANK MERGER ACT APPLICATION

All FDIC Applicants should provide the following supplemental information with their application:

15. This section supplements question 12 of the Interagency Bank Merger Act Application for transactions between nonaffiliated parties. Additional guidance relating to the FDIC's consideration of the competitive factors in a proposed merger transaction is contained in the FDIC's Rules and Regulations (12 C.F.R. 303 Subpart D) and Statement of Policy on Bank Merger Transactions (2 FDIC Law, Regulations, and Related Acts (FDIC) 5145).

RESPONSE 15: As discussed in Response 12 above, the Merger does not create any adverse competitive effects because the transaction is an affiliate reorganization. There are no competitive issues in the relevant MSA.

I. Delineation of the relevant geographic market(s).

The relevant geographic market includes the areas in which the offices to be acquired are located and from which those offices derive the predominant portion of their loans, deposits, or other business. The relevant geographic market also includes the areas where existing and potential customers impacted by the proposed merger may practically turn for alternative sources of banking services.

- (a) Prepare schedules for the Applicant Institution and Target Institution showing the total number of accounts and total dollar volume of deposits² for each municipality or census tract, where applicable, according to the recorded address of the depositor (do not submit supporting data). Small amounts may be aggregated and identified as "other." *If the Applicant Institution is a multi-office institution, Applicant Institution deposit information should be provided only for those offices within or proximate to the area(s) described below under paragraph (b).*

RESPONSE 15.I(a): There are no offices to be acquired as part of this transaction. It is an affiliate reorganization.

- (b) Identify those areas where existing and potential customers of the offices to be acquired may practically turn for alternative sources of banking services. If consideration of the availability of such alternative banking services results in a market area considerably different from that indicated

² In most cases, total deposits will serve as an adequate proxy for the overall share of banking business in the relevant geographic market area; however, other analytical proxies may be appropriate in certain cases (for example, a merger transaction involving trust companies).

by the sources of deposits, discuss and provide necessary supporting information.

RESPONSE 15.I(b): There are no offices to be acquired as part of this transaction. It is an affiliate reorganization.

- (c) Using the information collected in paragraphs (a) and (b), provide a narrative description of the delineated relevant geographic market(s).

RESPONSE 15.I(c): California Bank of Commerce currently operates five offices (its headquarters/branch in Lafayette, California, branches in Fremont and San Jose, California and two loan production offices-one in Oakland, California and the other in San Jose, California). There are numerous financial institutions operating in the markets where the Applicant currently operates. No offices are proposed to be opened or closed by the Applicant as part of the Reorganization. This is an affiliate Merger.

California Bank of Commerce operates three full service banking branches and two loan production offices. These offices are located as follows:

Lafayette Headquarters/Branch Office
3595 Mt. Diablo Boulevard
Second Floor
Lafayette, CA 94549-3835

Oakland Office
Loan Production Office
1300 Clay Street
Suite 500
Oakland, CA 94612-1427

Fremont Branch Office
47065 Warm Springs Boulevard
Fremont, CA 94539-7454

San Jose Office
Asset Based Lending Office
160 West Santa Clara Street
Suite 700
San Jose, CA 95113-1770

San Jose Branch Office
300 Park Avenue
Suite 100
San Jose, CA 95110-2775

- (d) Provide any additional information necessary to support the delineated relevant geographic market(s). Supporting information may include relevant demographic information, locations of major employers, retail trade statistics, and/or information on traffic patterns. *Applicants may consult with the applicable FDIC Regional Office in determining whether additional information is necessary.*

RESPONSE 15.I(d): Nothing further.

II. Competition in the relevant geographic market(s).

- (a) Prepare a schedule of participating and competing banking institutions' offices, divided into three sections:
- (i) Applicant Institution offices within or proximate to the relevant geographic market(s);
 - (ii) Target Institution offices within or proximate to the relevant geographic market(s); and
 - (iii) Competitor banking offices located or competing within the delineated relevant geographic market(s).

To the extent known, also include banking offices approved but not yet open. The following presentation format is suggested:

Name and Location of Banking Office	Total Deposits	Distance and Direction From Nearest Office	
		Applicant Institution	Target Institution

RESPONSE 15.II(a): See the response to 15I (b).

- (b) For each office listed in paragraph (a), provide the street address; total deposits as reported in the most recent FDIC Summary of Deposits Data Book (www.fdic.gov/databank); and distance and general direction from the nearest office of Applicant and Target Institution. In cases where the delineated relevant geographic market includes a significant portion of a larger metropolitan area, provide only a listing of financial institutions and the aggregate total deposits of *all offices operated by each within the delineated relevant geographic market(s)*.

RESPONSE 15.II(b): See the responses above.

- (c) Discuss the extent and intensity of competition in the delineated relevant geographic market(s) provided by nonbank institutions, such as other depository institutions (for example, credit unions) and non-depository institutions (for example, industrial loan companies, finance companies, and/or government agencies). For those institutions regarded as competing in the delineated relevant geographic market(s), provide name, address, and services supplied.

RESPONSE 15.II(c): California Bank of Commerce currently operates five offices (its headquarters/branch in Lafayette, California; branches in Fremont and San Jose, California and two loan production offices-one in Oakland, California and the other in San Jose, California). The offices of California Bank of Commerce face significant competition from banks and nonbank institutions. Such nonbank institutions include credit unions, securities brokers, mortgage companies and finance companies. Credit unions, mortgage companies and finance companies sell mortgage loans, business loans and consumer loans, which compete with the lending services of the Applicant. Credit unions offer deposit and checking account services, which compete with those deposit services offered by Applicant. Securities brokers sell annuities, unsecured money market accounts and certificates of deposit, which compete with IRA accounts and other insured deposit accounts offered by California Bank of Commerce.

EXHIBIT 2

NOTICE OF FILING OF INTERAGENCY BANK MERGER ACT APPLICATION

To be published in the

Contra Costa Times, Lafayette, California (paper of gen. circ. for Lafayette, California) May 6, May 18, and June 1, 2017

Only publish what is below the following line

NOTICE OF FILING OF INTERAGENCY BANK MERGER ACT APPLICATION

Notice is hereby given that California Bank of Commerce, 3595 Mt. Diablo Boulevard, Second Floor, Lafayette, CA 94549-3835 ("California Bank of Commerce") has made application to the FDIC and the Commissioner of the California Department of Business Oversight ("CDBO") for written consent to merge with California Merger Company, 3595 Mt. Diablo Boulevard., Second Floor, Lafayette, CA 94549-3835, with California Bank of Commerce being the surviving bank.

Notice is hereby given that an application has been filed with the FDIC and the CDBO to engage in the merger transaction. Any person wishing to comment on the application may file his or her comments in writing with the regional director of the FDIC at its San Francisco Regional Office, 25 Jessie Street at Ecker Square, Suite 2300, San Francisco, CA 94105-2780 not later than June 1, 2017. The non-confidential portions of the merger application are on file in the Regional Office and are available for public inspection during regular business hours. Photocopies of information in the non-confidential portion of the application will be made available upon request.

May 3, 2017

California Bank of Commerce
Lafayette, California