

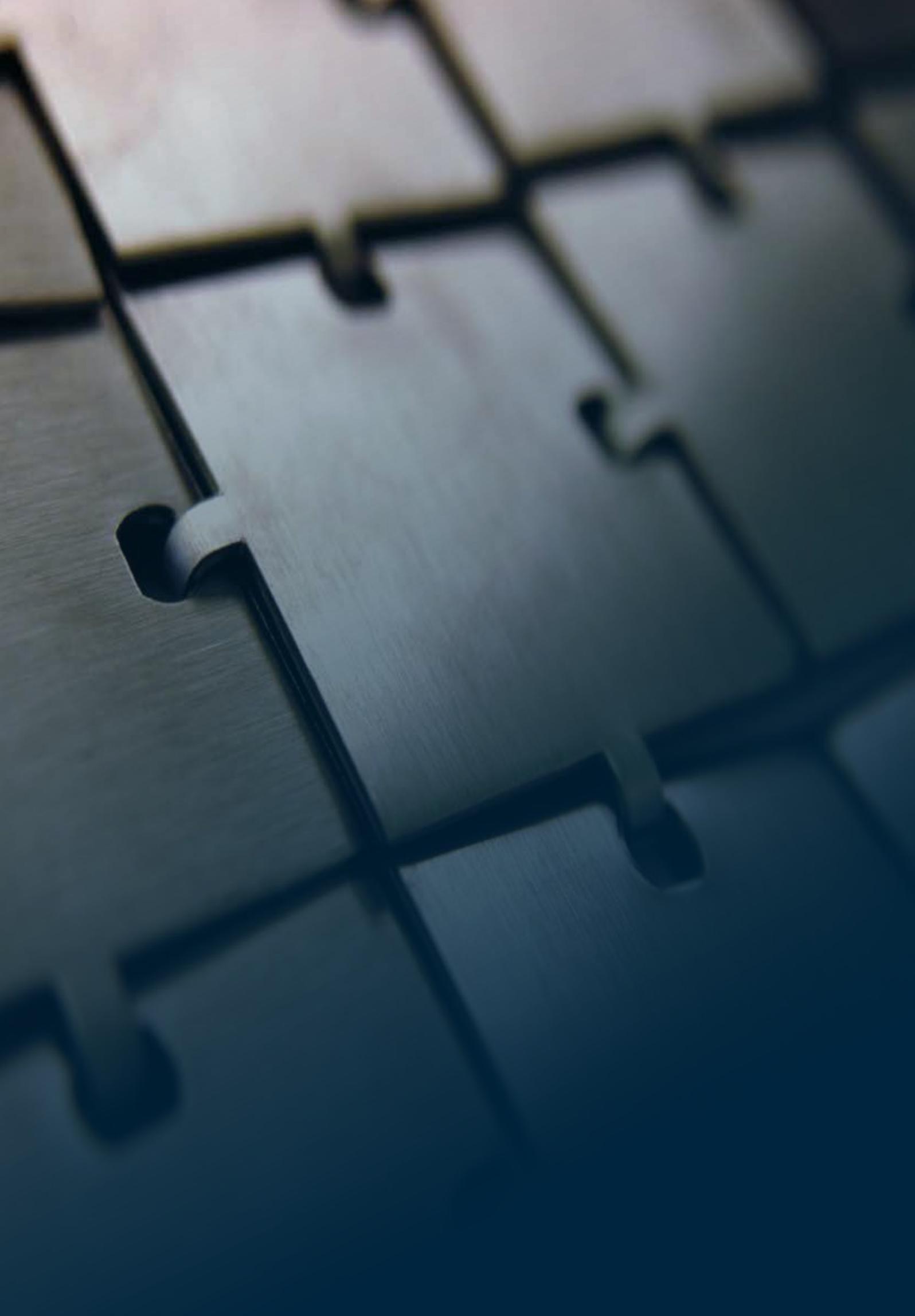


2014 ANNUAL REPORT



California
Bank of Commerce

... defined by the company we keep.SM



BANKING IS ALL ABOUT MAKING CONNECTIONS. Whether it's helping companies capture new opportunities or bringing people together to make a difference in our community, we at California Bank of Commerce (CBC) are a link that helps power positive change.

That's because we're more than a bank that serves business clients. We're a bank that helps our clients build their businesses—through valuable depository and treasury management services, customized credit products, and professional introductions and referrals that greatly improve our clients' financial well-being.

We're proud to be defined by the company we keep. But we're perhaps even more proud of the growth we facilitate.

Through our contacts in the industry, we introduced a new client to one of the top insurance/surety brokers in the Bay Area—helping them enhance the liability coverage they needed for their growing business. Thanks to this connection, our client now has more coverage at a lower overall cost, and the surety broker has a new business relationship.



Executive Officers



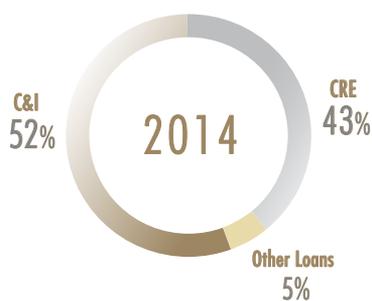
TO OUR SHAREHOLDERS

DEAR FELLOW SHAREHOLDERS,

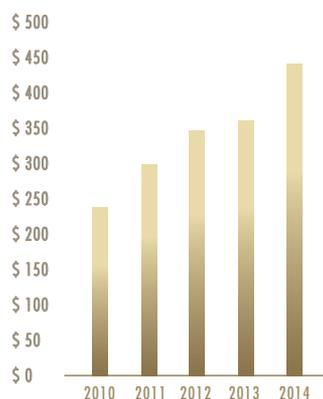
We are very pleased to report to you our most successful year in the history of California Bank of Commerce. Specific financial accomplishments for 2014 include:

- Net income after taxes improved by 31% over last year, to \$3.4 million
- Total loans increased by 20%, or \$56 million, to \$339 million
- Net interest income increased by 14%, to \$14.9 million
- Non-interest-bearing deposits increased by 34% to \$141 million, representing 40% of our total deposits as of December 31, 2014
- Average 2014 net interest margin improved to 3.97% compared to 3.84% for 2014
- Total risk-based capital ratio remains strong at 15.35%
- Credit quality also remains strong with non-performing loans declining to 0.52% of total assets

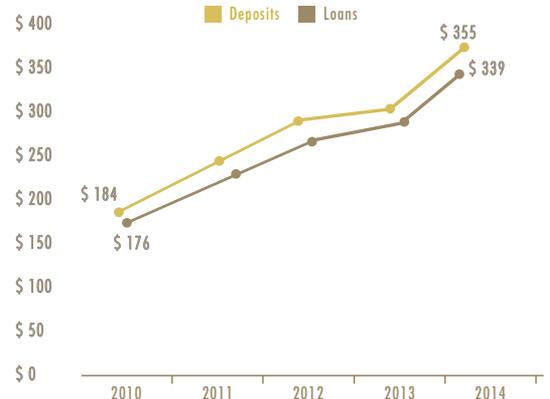
Loan Portfolio



Total Assets (Dollars Millions)



Total Loans & Deposits (Dollars Millions)





Board of Directors

TODAY, CALIFORNIA BANK OF COMMERCE is one of the premier business banks in Northern California. Our growth continues to outpace our peers, and in June 2014 we responded by raising \$16 million in new common equity capital. This new capital allows us to expand with our existing and prospective business clients, invest in technology tools for our clients, and provide a larger banking platform to continue attracting the best Bay Area bankers to our team.

The banking industry continues to be influenced by increased regulation, non-bank competitors and industry consolidation. While many banks are having difficulty navigating these changes, we are doing just fine. The San Francisco Bay Area business community has embraced us and appreciates our deep commercial banking expertise and knowledge. After seven years of successful operations, our disciplined business strategy remains unchanged:

- Provide customized business banking services to select middle-market companies located throughout the Greater Bay Area
- Retain, recruit and develop the most experienced commercial bankers
- Consider opening commercial banking offices around key executives, in strategic locations throughout the Bay Area
- Use technology to create efficiencies for both our clients and our bank
- Safeguard our shareholders' capital with strong risk management practices and earnings

Our focused approach to banking is simple. We stick with what we know best—relationship business banking. We believe our brand of banking is relevant and proven, as we are one of the fastest-growing business banks in Northern California.

On behalf of the entire board of directors, we thank our dedicated staff for its good work, our clients for their continuing trust and our shareholders for their ongoing support. We confidently look forward to 2015 and beyond.

We continue taking great pride by being...defined by the company we keep.



Stephen A. Cortese
Chairman of the Board



Terry A. Peterson
President and Chief Executive Officer

A close-up photograph of several interlocking metal gears. The gears are made of a dark, polished metal, possibly steel or brass, and are set against a dark blue background. The lighting is dramatic, highlighting the sharp edges and teeth of the gears. The word "FINANCING" is overlaid in a light, sans-serif font on the lower-left side of the image.

FINANCING



THE KEY TO FINANCING IS UNDERSTANDING—not simply our clients’ financial and business requirements, but also their industry and competitive landscapes. At CBC, we take this multidimensional approach to providing our clients with targeted, tailored loan products and services.

From construction to manufacturing to professional services and beyond, our relationship managers are deeply versed in the challenges and opportunities in the industries we bank—allowing us to quickly provide innovative, effective financing packages to meet our clients’ short- and long-term business needs.

Whether it’s a loan to purchase equipment or build a facility, long-term financing to expand operations, or simply ongoing working capital financing to smooth out cash flow for a growing business, we put together solutions that fuel success while also connecting our clients to other financial and business resources only our experience and connections can provide. It’s little wonder that so many of our clients have been with us and our relationship managers for decades. They know we’re with them every step of the way.

A retail display manufacturer was rapidly growing and needed additional working capital to expand its capacity. Our industry expertise helped us structure a \$5 million line of credit that met the manufacturer’s financial and strategic needs. We also streamlined its accounts receivable and payable processes to deliver improved efficiency and financial flexibility.



TREASURY MANAGEMENT

WHILE FINANCING A GROWING BUSINESS is critical, it's just as important to provide a safe, smart place for businesses to deposit and use their cash. CBC does just that. Choosing from our portfolio of deposit products and treasury management tools, we develop innovative solutions built around each client's cash flow needs and operational capabilities.

It's been that way from our beginning, when we were among the first banks in Northern California to provide digital check deposit tools to all our business clients. Today, our commitment to advanced, easy-to-use technology remains. Our uniform banking platform ensures a consistent user experience across all devices, providing a fast, hassle-free way to help our clients manage their payment options and better leverage their cash.

CBC is a technology-driven bank, providing advanced treasury management and online tools to help our clients better manage their deposits and payments. But we're also a people-driven bank. Recently, two of our relationship managers traveled to Denver to help a client install our digital banking tools so the client could integrate its multistate banking relationships. Our personal service and attention to detail enabled our client to consolidate all its banking relationships and service all its locations from one office, improving efficiency, control and profitability.

Other highlights of our treasury management services include:

- Sophisticated check fraud protection (Positive Pay with SAND®)
- Dual-control payments on Automated Clearing House (ACH) wires
- Foreign currency wires to a multitude of countries
- High-volume digital check deposits from anywhere, anytime
- Mobile treasury tools on all the latest tablets, smartphones, and laptops

Our treasury management team can help identify and implement the right tools for our clients while delivering expert advice on managing payments, forecasting cash flows, and mitigating risk.





ELECTRONIC & MOBILE BANKING

IN TODAY'S FAST-PACED BUSINESS WORLD, opportunity can come from anywhere at any time. Which means a business bank must be connected to its clients 24/7/365. At CBC, we've invested heavily in technology to provide our clients with around-the-clock, around-the-world access. It's an investment that not only makes our clients more efficient and productive, but makes us more efficient and productive as well. Because what's good for our clients is good for us. And better for everyone.

Recent CBC electronic banking initiatives include:

- New banking systems that enable faster loan processing and management
- New online banking tools that let our business clients bank on the same efficient platform wherever they are, whenever they want
- Enhanced electronic fraud protection built for our clients' needs

CBC continues to invest in technology that helps our clients conduct their business banking anywhere, at any time. That's why we recently added enhanced payments and mobile banking capabilities to our full suite of treasury management tools. Now, CBC business clients can perform complex transactions on all mobile platforms, enabling them to conduct their banking whether they're in the office, on a client visit, or at the job site.



OTHER ORGANIZATIONS

Working Solutions

*Goodwill Industries
of the Greater East Bay*

Potomac Association

Shelter Inc.

St. Cornelius School

*The BASIC Fund
(Bay Area Scholarships
for Inner City Children)*

Kids in the Clinic

CDA Cares

End the Race

A Friendly Manor Auxiliary

*Construction Millennials
of America*

*American Association
of University Women*

CBC IN THE COMMUNITY

IN OUR COMMUNITY At CBC, supporting growing businesses is our business. But helping people is our passion. That's why we actively donate our time and talent to dozens of organizations throughout the Bay Area—creating opportunities, restoring hope, and providing the tools and resources to help make lives healthy, happy and whole.

FAITH NETWORKS OF THE EAST BAY Founded in 2002, Faith Networks of the East Bay is a collaboration of organizations, congregations, businesses, educators, civic leaders and concerned individuals mobilized to invest their time and other resources to improve the health of children and families. Some of the programs we're proud to support include the Urban School Adoption, the Max Martinez Scholarship Fund for socioeconomically disadvantaged but promising students, Succeed by Reading (in partnership with the Oakland Unified School District), and Health4Kids.

CALIDAD INDUSTRIES Calidad Industries, created by Goodwill Industries of the Greater East Bay, helps persons living with severe physical, mental, and/or psychological impairments on their way to economic independence. Calidad workers receive paid on-the-job skills training and stable employment. Additionally, Calidad provides life skills training specifically developed to encourage personal and vocational growth and offers access to all of Goodwill's workforce development services and computer literacy training to help participants secure and retain competitive employment.

VOLUNTEER INCOME TAX ASSISTANCE (VITA) The VITA Program provides free tax help to people who generally make \$52,000 per year or less, persons with disabilities, the elderly, and limited English-speaking taxpayers who need assistance in preparing their own tax returns. IRS-trained volunteers provide free basic income tax preparation and filing.

WORKING ASSISTANCE Working Assistance provides Bay Area entrepreneurs with access to the capital and resources they need to start or grow a successful business—with an emphasis on low-income businesses and female and minority business owners. The program provides loans from \$5,000 to \$50,000 to businesses in all nine Bay Area counties, as well as five years of free business coaching and mentorships.



STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Interest income:		
Interest and fees on loans	\$ 15,450,656	\$ 13,674,501
Interest on investment securities	641,946	648,611
Interest on interest-bearing deposits in banks	93,158	96,895
Total interest income	16,185,760	14,420,007
Interest expense:		
Interest on deposits	834,140	932,200
Interest on borrowings	452,516	452,092
Total interest expense	1,286,656	1,384,292
Net interest income before provision for loan losses	14,899,104	13,035,715
Benefit (Provision) for loan losses	70,589	(263,370)
Net interest income after provision for loan losses	14,969,693	12,772,345
Non-interest income:		
Service charges and other fees	1,294,019	1,139,226
Net gains on sales of loans	132,661	78,349
Net gains on sales of investment securities	52,919	18,086
Earnings on BOLI	310,533	150,141
Other	365,780	83,261
Total non-interest income	2,155,912	1,469,063
Non-interest expenses:		
Salaries and employee benefits	7,599,176	6,512,034
Occupancy and equipment	967,550	830,736
Other	3,233,692	2,576,784
Total non-interest expenses	11,800,418	9,919,554
Income before provision for income taxes	5,325,187	4,321,854
Provision for income taxes	1,971,730	1,765,491
Net Income	3,353,457	2,556,363
Preferred stock dividend	(110,000)	(110,000)
Income to common shareholders	\$ 3,243,457	\$ 2,446,363
Earnings per common share:		
Basic	\$ 0.91	\$ 0.89
Diluted	\$ 0.87	\$ 0.85
Weighted average number of shares outstanding—basic	3,558,860	2,760,432
Weighted average number of shares outstanding—diluted	3,723,559	2,873,483

BALANCE SHEETS

DECEMBER 31, 2014 AND 2013

Assets	2014	2013
Cash and due from banks	\$ 6,210,281	\$ 6,785,137
Interest-bearing deposits in banks	51,786,253	17,477,455
Total cash and cash equivalents	57,996,534	24,262,592
Investment securities:		
Available-for-sale, at estimated fair value	31,320,930	46,276,551
Loans, less allowance for loan losses of \$5,560,000 in 2014 and \$5,250,000 in 2013	333,252,251	277,578,994
Premises and equipment, net	241,845	241,971
Bank-owned life insurance (BOLI)	11,854,475	9,541,866
Deferred income taxes, net	2,331,087	2,772,295
Accrued interest receivable and other assets	8,616,353	3,844,838
Total assets	\$ 445,613,475	\$ 364,519,107
Liabilities and Shareholders' Equity		
Deposits:		
Non-interest bearing	\$ 140,558,314	\$ 104,642,228
Interest bearing	214,468,126	189,498,459
Total deposits	355,026,440	294,140,687
Other borrowings	29,000,000	29,000,000
Accrued interest payable and other liabilities	3,009,196	2,497,446
Total liabilities	387,035,636	325,638,133
Shareholders' equity:		
Preferred Stock – no par value: 10,000,000 shares authorized Series C, noncumulative, \$1,000 per share liquidation value, 11,000 shares issued and outstanding at December 31, 2014 and 2013	10,949,443	10,949,443
Common Stock – no par value: 40,000,000 shares authorized, 4,328,488 issued and outstanding in 2014 and 2,768,893 in 2013	46,866,592	30,737,603
Retained earnings (accumulated deficit)	672,006	(2,571,451)
Accumulated other comprehensive income (loss), net of taxes	89,798	(234,621)
Total shareholders' equity	58,577,839	38,880,974
Total liabilities and shareholders' equity	\$ 445,613,475	\$ 364,519,107

AT CBC, WE'RE MORE THAN BUSINESS BANKERS.

We're business owners. Each CBC employee has a stake in our company, so we live with the same issues and challenges as our clients. It's a shared experience that allows us to develop a wide range of targeted, tailored solutions. It's also a depth of financial expertise that enables us to turn those solutions into immediate, lasting results. And because we have such extensive knowledge in multiple industries, we can customize our offerings to meet the distinct needs of every company, across myriad markets. Our industry knowledge also gives us the ability to match business owners with other individuals and resources they can leverage to create new relationships and revenue streams.

When you work with CBC, complexity becomes simplicity. Time becomes an ally. And conventional wisdom is replaced by innovative, energetic thinking. That's more than good banking. It's good business.



Front row: Ray Strzelecki, Cindy Peters, Michele Wirfel, Tyler Smith, Kevin Knox.
Back row: Debbie Muraoka, Kelly Aitebery, Terry Guillory, Tony Mesones, John Lehman, Colleen Atkinson.
Not pictured: Jamie Smith, Franklin Haggas, Tim Healer.

Board of Directors

- **Stephen A. Cortese**
Chairman of the Board,
California Bank of Commerce
Managing Partner,
Cortese Investment Company
- **Terry A. Peterson**
President and Chief Executive Officer,
California Bank of Commerce
- **Andrew J. Armanino**
Managing Partner,
Armanino LLP
- **Edward B. Collins**
Private Investor
- **Kevin J. Cullen**
Chief Financial Officer,
Olson & Co. Steel
- **Stephen R. Dathe**
Vice President and General Manager,
A & B Die Casting Company
- **Donald J. Kintzer**
Principal Consultant,
Korora Partners
- **Rochelle G. Klein**
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- **Thomas R. Morehouse**
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- **John H. Sears**
Special Counsel
Sheppard, Mullin,
Richter & Hampton
- **Edmond E. Traille**
Founding Partner & CEO, GALLINA LLP

Executive Officers

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President and Chief Executive Officer
- **James Christiansen**
Executive Vice President,
CBC Business Credit
- **Thomas M. Park**
Executive Vice President
- **Steven E. Shelton**
Executive Vice President
- **Stephen P. Tessler**
Executive Vice President,
Director of Sales
- **Randall D. Greenfield**
Executive Vice President,
Chief Financial Officer
- **John E. Lindstedt**
Executive Vice President,
Chief Credit Officer
- **Mark A. DeVincenzi**
Executive Vice President,
CMO & Investor Relations
- **Tom Dorrance**
Executive Vice President,
Technology and Operations
- **Vivian Z. Mui**
Senior Vice President,
Senior Credit Officer
- **Steve Nelson**
Senior Vice President,
Human Resources
- **Tommiette Rey**
Assistant Vice President,
Corporate Secretary

Relationship Managers & Senior Vice Presidents

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- **Terry Guillory**
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Member
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