California Bank of Commerce Reports First Quarter Earnings and Expansion Plans

April 30, 2015, Lafayette, California, California Bank of Commerce (OTCQX: CABC) a San Francisco Bay Area business bank, reported net income of $684 thousand in the first quarter of 2015, compared to $756 thousand in the first quarter of 2014. Basic earnings per share totaled $0.15 in the first quarter of 2015, compared to $0.21 in the prior quarter, and $0.26 in the same quarter a year ago.

First Quarter 2015 versus First Quarter 2014

- Net interest income reached a record high of $4.0 million, increasing 12% from $3.6 million
- Net income totaled $684 thousand, declining 10%, primarily due to additions to staff

Loan and Deposit Growth Continues Strong in the First Quarter of 2015

- Total loans of $345 million, up $53 million or 18% from a year ago March 31, 2014
- Total deposits of $372 million, up $69 million or 23% from a year ago March 31, 2014
- Total non-interest bearing deposits of $158 million, up $56 million or 55% from March 31, 2014. Non-interest bearing deposits totaled 42% of total deposits at March 31, 2015

Improved Book Value and Capital Ratios

- Tangible book value per common share reached $11.15, up $0.71 or 7% from first quarter of 2014
- Leverage ratio grew to 13.45% at the end of the first quarter 2015 compared to 11.07% for the same period last year

“We are prudently yet rapidly deploying the new capital that we raised in June, 2014. Today we are announcing plans to open new loan production offices in Oakland and San Jose while maintaining our current office in Lafayette. The I-880 corridor represents a large and growing part of our business and our commitment to this area is critical to our future. An Oakland presence also gets us closer to our existing clients and referral sources in San Francisco and the Peninsula. In San Jose, we are opening a new commercial lending office, to complement our existing ABL business. Both South Bay business units will be located in downtown San Jose,” said Terry A. Peterson, President and CEO. “We are expanding in strategic cities that enable us to better serve existing clients and prospects and accomplish our Bay Area market ambitions,” said Peterson.

Net interest income totaled $4.0 million in the first quarter of 2015, compared to $3.9 million in the prior quarter and $3.6 million for the same quarter a year ago. Net interest margin improved to 3.90% for quarter ending March 31, 2015, compared to 3.67% for the previous quarter, but was down from 4.23% for the quarter ending March 31 last year. While the Bank has experienced some decline in loan yields quarter-over-quarter and year-over-year, the changes in the net interest margin primarily reflect changes in average levels of loans and deposits between these periods. The average loan-to-deposit ratio was 97.9% in the first quarter of 2014 declining to 87.7% in the fourth quarter of 2014 as a result of strong deposit

growth during that quarter, returning to 95.4% during the first quarter of 2015 as loan growth improved relative to deposits.

Loan quality remains strong with the Bank's NPL ratio standing at 1.27% at March 31, 2015, remaining relatively unchanged from a year ago at 1.22%.

Balance Sheet

As of March 31, 2015, total assets were up $89 million or 24% to $462 million with loans up by $53 million or 18% year over year to $345 million compared to March 31, 2014. For the quarter ending March 31, 2015, commercial and industrial (C&I) loans grew 28% or $40 million over the first quarter 2014 representing 53% of total loans, while commercial real estate loans grew 11% or $14 million during the same period.

Year-over year total deposit growth was 23% or $69 million, reaching to $372 million at March 31, 2015 compared to $303 million at the same date a year ago. Non-interest bearing deposits increased 55% and represented 42% of total deposits at March 31, 2015 compared to 34% for the same date a year ago.

"We are strategically deploying the sixteen million dollars in capital we raised last June by hiring and promoting experienced and successful commercial bankers to lead our expanding operations in vital markets within the San Francisco Bay area," said Stephen A. Cortese, Chairman of the Board of California Bank of Commerce.

The Bank previously announced Chris Morin as Market President, Santa Clara Region. Morin will hire a team of commercial bankers, growing CBC's South Bay commercial banking presence. The new commercial banking unit will be located with CBC Business Credit, the Bank's Asset Based Lending group, headed by Executive Vice President, James Christiansen.

In conjunction with this strategic expansion, Michele Wirfel has also been promoted to EVP and Market President, Contra Costa Region. "Michele has been a leader in attracting and retaining commercial clients throughout the Bay Area, and we are very pleased to name her as our Market President for the Contra Costa Region," said Peterson.

"We are also pleased that the San Francisco Bay area business community has embraced our Bank, as demonstrated by our rapid growth. Our obligation is to equally embrace the business community by expanding our banking operations into key cities, led by experienced bankers," said Terry Peterson.

About California Bank of Commerce

California Bank of Commerce was designed and built to provide a unique banking experience for its clients, providing a broad range of commercial banking services to closely held businesses and professionals throughout the San Francisco Bay Area. For more information on California Bank of Commerce and our unique banking experience, call us at (925) 283-2265, or visit us at www.californiabankofcommerce.com.

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Unaudited financial statements follow:

CALIFORNIA BANK OF COMMERCE
UNAUDITED SUMMARY FINANCIAL STATEMENTS

INCOME STATEMENT
($ Thousands)

	Three Months Ended			Year Over Year Change	
	31-Mar-15	31-Dec-14	31-Mar-14	$	%
Interest income	$ 4,301	$ 4,266	$ 3,859	$ 442	11%
Interest expense	(323)	(354)	(298)	(25)	8%
Net interest income before provision	3,978	3,912	3,561	417	12%
Provision to the Loan Loss Reserve	(4)	(79)	153	(157)	-103%
Net interest income after provision	$ 3,974	$ 3,833	$ 3,714	$ 260	7%
Non-interest income	497	500	427	70	16%
Non-interest expense	(3,313)	(3,084)	(2,857)	(456)	16%
Income before tax provision	1,158	1,249	1,284	(126)	-10%
Provision for income taxes	(474)	(308)	(528)	54	-10%
Net income	$ 684	$ 941	$ 756	$ (72)	-10%
Preferred Dividends	27	28	27	-	0%
Income to Common Shareholders	$ 657	$ 913	$ 729	$ (72)	-10%
Basic Earnings per Common share	$ 0.152	$ 0.211	$ 0.263	$ (0.111)	-42%
Wt. Avg. Shares Outstanding (Qtr)	4,330,885	4,328,488	2,768,893		
Return on Average Assets	0.63%	0.83%	0.85%		
Return on Average Tangible Common Equity	5.74%	7.88%	10.69%		
Non Interest Expense to Average Total Assets	3.04%	2.72%	3.22%		
Efficiency Ratio	74.0%	69.9%	71.6%		

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BALANCE SHEET
($ Thousands)

				Year Over Year Change	
Assets	**31-Mar-15**	**31-Dec-14**	**31-Mar-14**	**$**	**%**
Total Cash and Investments	$ 103,448	$ 91,125	$ 71,859	$ 31,589	44%
Loans, net of deferred costs/fees	344,705	338,812	291,422	53,283	18%
Loan Loss Reserve	(5,575)	(5,560)	(5,420)	(155)	3%
Other	19,647	21,236	14,946	4,701	31%
Total Assets	$ 462,225	$ 445,613	$ 372,807	$ 89,418	24%
Liabilities & Shareholders' Equity					
Non-interest Bearing Deposits	$ 157,988	$ 140,558	$ 101,643	$ 56,345	55%
Interest Bearing Deposits	213,883	214,468	201,105	12,778	6%
Total Deposits	$ 371,871	355,026	$ 302,748	$ 69,123	23%
Total Borrowings and Other Liabilities	30,600	32,009	30,209	391	1%
Total Liabilities	$ 402,471	387,035	$ 332,957	$ 69,514	21%
Shareholder's Equity	$ 59,754	58,578	$ 39,850	$ 19,904	50%
Total Liabilities & Shareholders' Equity	$ 462,225	$ 445,613	$ 372,807	$ 89,418	24%
Shares Outstanding	4,377,738	4,328,488	2,768,893	1,608,845	58%
Book Value per Common Share	$ 11.15	$ 11.00	$ 10.44	$ 0.71	7%

Average Balances - Period	**1Q 2015**	**4Q 2014**	**1Q 2014**
Total Assets	$ 442,688	$ 449,841	$ 360,431
Total Loans	$ 336,287	$ 315,959	$ 283,559
Total Investments	$ 35,041	$ 35,508	$ 46,252
Total Earning Assets	$ 413,760	$ 423,279	$ 341,620
Total Non-Interest Bearing Deposits	$ 139,438	$ 131,419	$ 98,713
Total Deposits	$ 352,351	$ 360,091	$ 289,685
Total Borrowings	$ 29,000	$ 29,000	$ 29,112
Tangible Common Equity	$ 48,315	$ 47,344	$ 28,697

Average Yields and Cost	**1Q 2015**	**4Q 2014**	**1Q 2014**
Net Interest Margin	3.90%	3.67%	4.23%
Yield on Earning Assets	4.22%	4.00%	4.58%
Cost of Interest Bearing Liabilities	0.54%	0.55%	0.55%

End of Period	**1Q 2015**	**31-Dec-14**	**31-Mar-14**
Loan Loss Reserve to Total Loans	1.62%	1.64%	1.86%
NPAs (incl non performing TDRs) to Total Assets	0.84%	0.29%	1.00%
Performing TDRs to Total Assets	0.44%	0.23%	0.22%
Total NPAs	1.27%	0.52%	1.22%
Leverage Ratio	13.45%	13.00%	11.07%