

## California Bank of Commerce Reports Quarterly Earnings and Continued Growth

July 23, 2015, Lafayette, California, California Bank of Commerce (OTCQX: CABC) a San Francisco Bay Area business bank, reported net income of \$796 thousand in the second quarter of 2015, compared to \$684 thousand in the first quarter of 2015, and \$920 thousand in the second quarter of 2014. Basic earnings per share totaled \$0.18 in the second quarter of 2015, compared to \$0.15 in the prior quarter, and \$0.32 in the same quarter a year ago.

### Second Quarter 2015 versus First Quarter 2015

- Loans grew 10%
- Net Income grew 16%

### Second Quarter 2015 versus Second Quarter 2014

- Net interest income reached a new record high of \$4.2 million, increasing 14% from \$3.6 million
- Net income totaled \$796 thousand, declining 13%, primarily due to additions to staff supporting future growth and an asset sale gain in 2014
- Total loans of \$379 million, up \$78 million or 26% from a year ago June 30, 2014
- Total deposits of \$381 million, up \$47 million or 14% from a year ago June 30, 2014
- Total non-interest bearing deposits of \$155 million, up \$30 million or 24% from June 30, 2014. Non-interest bearing deposits improved to 41% of total deposits at June 30, 2015 compared to 38% at June 30, 2014

### Growing Book Value and Strong Capital Ratios

- Tangible book value per common share reached \$11.31, up \$0.69 or 7% from second quarter of 2014
- Leverage ratio remains well above regulatory requirements at 13.19% at the end of the second quarter 2015, compared to 15.27% for the same period last year

"We continue to focus on deploying our recently raised capital to facilitate growth, and in the second quarter 2015 we grew net loans by 10% over the first quarter and 26% over the same quarter in 2014," said Terry Peterson, President and CEO. "As the San Francisco Bay Area business community has embraced our brand of delivering business banking services, we have responded by planning to open new production offices in both Oakland and San Jose by year end," said Peterson.

Net interest income reached an all-time quarterly high in 2Q 2015, increasing 14% year over year, and increasing 4% from 1Q 2015. Net interest income totaled \$4.2 million in the second quarter of 2015, compared to \$4.0 million in the prior quarter and \$3.6 million for the same quarter a year ago.

Net income was down 13% from 2Q 2014 as the Bank continues to expand its physical presence in the SF Bay Area and hire seasoned bankers resulting in higher non-interest expense. The

year-over-year net income decline was also due to an asset sale gain of \$133,000 in 2Q 2014 compared to no asset sale gains in 2Q 2015.

Net interest margin was 3.87% in the second quarter of 2015, relatively unchanged from the first quarter's 3.90% but down from 4.17% during the second quarter of 2014. The average loan-to-deposit ratio was 96.0% in the second quarter of 2015, relatively unchanged from the first quarter of 2015, but down from 99.8% in the second quarter of 2014.

Loan quality remains strong with the Bank's NPA ratio improving to 0.70% at June 30, 2015, compared to 1.27% at March 31, 2015, and 0.97% at June 30, 2014.

#### Balance Sheet

Total Assets on June 30, 2015 were \$473 million, increasing \$51 million or 12% compared to June 30, 2014. For the quarter ending June 30, 2015, C&I loans grew 27% or \$41 million over the second quarter 2014, reaching \$192 million or 51% of total loans. CRE loans grew 32% or \$41 million over the second quarter 2014, reaching \$169 million.

Year-over-year total deposit growth was 14% or \$47 million, reaching to \$381 million at June 30, 2015 compared to \$334 million at the same date a year ago. Non-interest bearing deposits increased 24% to \$155 million and represented 41% of total deposits at June 30, 2015 compared to 38% for the same date a year ago.

"We are on track to open our new office in Oakland and our expanded office in San Jose. Both will be operational this fall, marking a significant milestone for CBC," said Stephen A. Cortese, Chairman of the Board of California Bank of Commerce. The Bank will maintain its headquarters office in Lafayette along with a Contra Costa commercial banking team led by EVP and Market Area President Michele Wirfel. The Bank's San Jose office includes the existing ABL team led by EVP James Christiansen and a new commercial banking team led by EVP and Market Area President Chris Morin.

"We are pleased with the results reported today. Our loan and deposit growth exceeded our plans, and our double digit loan growth during the second quarter compared to the first quarter of this year was truly impressive. We continue to attract quality bankers and businesses in one of the best banking markets in the country," said 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](http://www.californiabankofcommerce.com).

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CALIFORNIA BANK OF COMMERCE  
UNAUDITED SUMMARY FINANCIAL STATEMENTS

INCOME STATEMENT  
(\$ Thousands)

	Three Months Ended			Year Over Year Change	
	30-Jun-15	31-Mar-15	30-Jun-14	\$	%
Interest income	\$ 4,486	\$ 4,301	\$ 3,954	\$ 532	13%
Interest expense	(333)	(323)	(307)	(26)	8%
Net interest income before provision	4,153	3,978	3,647	506	14%
Provision to the Loan Loss Reserve	(94)	(4)	(3)	(91)	NA
Net interest income after provision	\$ 4,059	\$ 3,974	\$ 3,644	\$ 415	11%
Non-interest income	556	497	612	(56)	-9%
Non-interest expense	(3,340)	(3,313)	(2,707)	(633)	23%
Income before tax provision	1,275	1,158	1,549	(274)	-18%
Provision for income taxes	(479)	(474)	(629)	150	-24%
Net income	<u>\$ 796</u>	<u>\$ 684</u>	<u>\$ 920</u>	<u>\$ (124)</u>	<u>-13%</u>
Preferred Dividends	27	27	27	-	0%
Income to Common Shareholders	<u>\$ 769</u>	<u>\$ 657</u>	<u>\$ 893</u>	<u>\$ (124)</u>	<u>-14%</u>
Basic Earnings per Common share	\$ 0.176	\$ 0.152	\$ 0.320	\$ (0.145)	-45%
Weighted average shares outstanding	4,377,738	4,330,885	2,787,803		
Return on Average Assets	0.70%	0.63%	1.00%		
Return on Average Tangible Common Equity	6.45%	5.74%	12.12%		
Non Interest Expense to Average Total Assets	2.93%	3.04%	2.93%		
Efficiency Ratio	70.9%	74.0%	63.6%		

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INCOME STATEMENT  
(\$ Thousands)

	Six Months Ended		Year Over Year Change	
	30-Jun-15	30-Jun-14	\$	%
Interest income	\$ 8,787	\$ 7,813	\$ 974	12%
Interest expense	(656)	(605)	(51)	8%
Net interest income before provision	8,131	7,208	923	13%
Provision to the Loan Loss Reserve	(98)	150	(248)	-165%
Net interest income after provision	\$ 8,033	\$ 7,358	\$ 675	9%
Non-interest income	1,053	1,039	14	1%
Non-interest expense	(6,653)	(5,564)	(1,089)	20%
Income before tax provision	2,433	2,833	(400)	-14%
Provision for income taxes	(953)	(1,157)	204	-18%
Net income	<u>\$ 1,480</u>	<u>\$ 1,676</u>	<u>\$ (196)</u>	<u>-12%</u>
Preferred Dividends	54	54	-	0%
Income to Common Shareholders	<u>\$ 1,426</u>	<u>\$ 1,622</u>	<u>\$ (196)</u>	<u>-12%</u>
Basic Earnings per Common share	\$ 0.327	\$ 0.584	\$ (0.257)	-44%
Weighted average shares outstanding	4,354,441	2,778,400		
Return on Average Assets	0.66%	0.92%		
Return on Average Common Equity	6.10%	11.43%		
Non Interest Expense to Avg. Total Assets	2.98%	3.07%		
Efficiency Ratio	72.4%	67.5%		

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BALANCE SHEET  
(\$ Thousands)

	30-Jun-15	31-Mar-15	30-Jun-14	Year Over Year Change	
				\$	%
<b>Assets</b>					
Total Cash and Investments	\$ 78,788	\$ 103,448	\$ 110,742	\$ (31,954)	-29%
Loans, net of deferred costs/fees	379,460	344,705	301,520	77,940	26%
Loan Loss Reserve	(5,680)	(5,575)	(5,425)	(255)	5%
Other	20,053	19,647	15,081	4,972	33%
<b>Total Assets</b>	<b>\$ 472,621</b>	<b>\$ 462,225</b>	<b>\$ 421,918</b>	<b>\$ 50,703</b>	<b>12%</b>
<b>Liabilities &amp; Shareholders' Equity</b>					
Non-interest Bearing Deposits	\$ 155,233	\$ 157,988	\$ 125,449	\$ 29,784	24%
Interest Bearing Deposits	226,090	213,883	209,042	17,048	8%
Total Deposits	\$ 381,323	\$ 371,871	\$ 334,491	\$ 46,832	14%
Total Borrowings and Other Liabilities	30,818	30,600	30,682	136	0%
Total Liabilities	\$ 412,141	\$ 402,471	\$ 365,173	\$ 46,968	13%
Shareholder's Equity	\$ 60,480	\$ 59,754	\$ 56,745	\$ 3,735	7%
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$ 472,621</b>	<b>\$ 462,225</b>	<b>\$ 421,918</b>	<b>\$ 50,703</b>	<b>12%</b>
Common Shares Outstanding	4,377,738	4,377,738	4,311,248	66,490	2%
Book Value per Common Share	\$ 11.31	\$ 11.15	\$ 10.62	\$ 0.69	7%

<u>Average Balances - Period</u>	<u>2Q 2015</u>	<u>1Q 2015</u>	<u>2Q 2014</u>
Total Assets	\$ 457,792	\$ 442,688	\$ 370,544
Total Loans	\$ 352,143	\$ 336,287	\$ 294,837
Total Investments	\$ 36,732	\$ 35,041	\$ 40,584
Total Earning Assets	\$ 430,416	\$ 413,760	\$ 350,558
Total Non-Interest Bearing Deposits	\$ 149,788	\$ 139,438	\$ 98,439
Total Deposits	\$ 366,949	\$ 352,351	\$ 295,574
Total Borrowings	\$ 29,000	\$ 29,000	\$ 29,731
Tangible Common Equity	\$ 49,472	\$ 48,315	\$ 30,450

<u>Average Yields and Cost</u>	<u>2Q 2015</u>	<u>1Q 2015</u>	<u>2Q 2014</u>
Net Interest Margin	3.87%	3.90%	4.17%
Yield on Earning Assets	4.18%	4.22%	4.52%
Cost of Interest Bearing Liabilities	0.54%	0.54%	0.54%

<u>End of Period</u>	<u>30-Jun-14</u>	<u>31-Mar-15</u>	<u>30-Jun-14</u>
Loan Loss Reserve to Total Loans	1.50%	1.62%	1.80%
NPAs (incl non performing TDRs) to Total Assets	0.40%	0.84%	0.88%
Performing TDRs to Total Assets	0.30%	0.44%	0.09%
Total NPAs	0.70%	1.27%	0.97%
Tier I Leverage Ratio	13.19%	13.46%	15.27%