



Dear Shareholder,

With our first full quarter of operations just now completed, we are very pleased with our progress to date. Asset and deposit growth over the last three months exceeded our plan.

We continue to build upon our robust product line. Digital Check Deposit is now on line, as are our other core corporate cash management products. For our personal clients, we are offering a debit card that will reimburse ATM charges nationwide as well as a low cost overdraft protection line of credit.

In mid November our shares began trading on the OTC Bulletin Board under the symbol **CABC**. Later that same month, we moved into new quarters in the Mercantile Building in Lafayette.

At year end, we launched our small business administration division called Opportunity Capital. The new division will focus primarily on extending loans guaranteed by the U.S. Small Business Administration to owner operated businesses in Northern California. This new Division will provide an outreach to small and emerging companies in a way that will complement our current larger middle market focus.

Balance Sheet highlights follow:

Total assets at December 31, 2007 increased \$16.4 million or 44% to \$53.4 million from \$37.0 million at September 30, 2007. Loans increased by \$16 million to \$17.8 million at December 31, 2007 from \$1.8 million at September 30, 2007. The Bank's loan portfolio is diversified primarily across Commercial & Industrial and Commercial Real Estate sectors, made to clients throughout the Bay Area.

Deposits grew by \$17.0 million or 151% to \$28.3 million at December 31, 2007 from \$11.3 million at September 30, 2007. The Bank continues to leverage technology with a substantial percentage of deposit activity originating from our electronic Digital Check Deposit product. The Bank maintains deposit relationships both with individuals in the Lamorinda corridor and with mid-sized businesses from around the Bay Area.

California Bank of Commerce reported no delinquent or past due loans as of year-end 2007. The Bank has no exposure to sub-prime real estate loans, either in its investment portfolio or in its loan portfolio.

Sincerely,

John Rossell, President and CEO

A handwritten signature in black ink, appearing to be 'J. Rossell'.

Edward Collins, Chairman

A handwritten signature in black ink, appearing to be 'Edward Collins'.