

CALIFORNIA BANK OF COMMERCE

CHARTER OF THE INVESTMENT COMMITTEE OF THE BOARD OF DIRECTORS

I. Investment Committee Purpose

The Investment Committee (the “Committee”) has been established by the Board of Directors of California Bank of Commerce (the “Bank”) to assist the Board of Directors (the “Board”) by overseeing the development and maintenance of the Bank’s Asset/Liability Management Policy (the “ALM Policy”, with subsections noted below) and by monitoring its implementation by management. The ALM Policy will be developed by management and approved by the Investment Committee and shall then be subject to approval by the Board, from time to time at the discretion of the Chairman of the Committee, but not less often than annually. The ALM Policy will include specific related policies, including but not limited to the following:

- Liquidity and funds management
- Interest rate risk management
- Capital adequacy
- Investment portfolio management

The Committee will meet regularly and will make brief verbal reports to the Board, at the latter’s regularly scheduled meetings. The Committee’s reports will include notations of any outstanding exceptions to the ALM policy. The Committee will keep minutes and will forward these to the Board on a timely basis.

The Charter is intended to serve as a guide for the Committee, with the understanding that the Committee may choose to implement duties in addition to those described herein, or adopt other policies or procedures as may be appropriate in light of changing business, legislative, regulatory and other conditions, subject to the approval procedures described above. In addition, the Board may use its discretion to assign appropriate additional duties to the Committee.

II. Committee Membership and Meetings

The membership of the Investment Committee will consist of three or more directors each of whom will be appointed annually by the Board of Directors. The Bank’s Chief Financial Officer will be an ex-officio member of the Committee.

Each Investment Committee member must be able to understand fundamental financial statements and asset/liability management concepts.

The Investment Committee will meet monthly, and special meetings may be called when circumstances require. The Committee may meet in person or by telephone or video conference call. The Committee will keep minutes of all Committee meetings and provide those minutes to the Board on a timely basis.

III. Committee Responsibilities and Duties

In addition to the duties described above, the Committee will utilize such reports, indicators, measurements or ratios as it deems advisable or appropriate to monitor the following risk areas,:

a) Liquidity

- Monitor the liquidity position of the Bank and the liquidity management activities undertaken by the Bank to insure adequate liquidity, including the development of primary and secondary liquidity sources.

b) Interest Rate Risk

- Monitor the management of interest rate risk and the Bank's overall interest rate risk profile, the sensitivity of the Bank's earnings and equity under varying potential interest rate scenarios.
- Monitor trends in the economy in general and interest rates in particular with a view toward limiting any potential adverse impact on the Bank's earnings or capital from changes in interest rates.

c) Capital Adequacy

- Monitor the capital position of the Bank and the capital management activities undertaken by the Bank to ensure that capital levels are maintained in accordance with regulatory requirements and management directives.

d) Investments

- Review the status of the securities portfolio, including gains or losses, credit quality, maturity profile, rate sensitivity etc.
- Monitor the management of the investment portfolio, including the purchase, sale, exchange and other disposition of investments.
- Monitor compliance with both external regulation and the ALM Policy governing the Bank's investments and categories of investments, including requirements relating to composition, diversification, credit risk and yield.
- Deliberate as required to approve or disapprove any matters subject to the Committee's approval authority, as called for by the ALM Policy or Board resolution.
- Review significant financial risk exposures facing the Bank generally, and in its investment portfolio in particular, and the steps management is taking to monitor and control such exposures.
- Oversee the management of counterparty credit risk, including, but not limited to, reviewing limits on counterparty exposure and reviewing limits on individual transactions based on risk.

e) Other Investment Committee Responsibilities

- As needed and consistent with applicable law, regulations and the Bank's policies, delegate specific authorities to members of management not less than annually. Set forth related resolutions in an appendix to the ALM Policy.
- Seek appropriate training and educational opportunities as well as keeping informed of local, regional and national interest rate trends and economic conditions.

- Interface when appropriate with bank regulators, (contract) internal review, and outside accountants regarding matters under the purview of the Committee, in order to remain informed as to the efficacy of management..
- Maintain this Charter, making such amendments as are appropriate from time to time, bringing such amendments to the Board for approval.
- Assist the Board or its other committees in any manner appropriate in order to keep all directors informed of the activities under the purview of the Finance Committee.