



COMPENSATION COMMITTEE CHARTER

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Table of Contents

Committee Purpose3
Committee Membership.....3
Meetings.....3
Authority and Responsibility3
 Reports5
 Charter Review5
 Advisors5
 Management Liaison.....5

Committee Purpose

The Compensation Committee (“Committee”) has been established by the Board of Directors of California Bank of Commerce (“Bank”) to assist the Board of Directors (“Board”) to discharge the responsibilities described below regarding employee and director benefit plans, director compensation and the compensation for the Chief Executive Officer (“CEO”) of the Bank. In addition, the Committee is to assess whether the compensation structure establishes appropriate incentives for officers and meets the Bank's objectives. The Committee is also to advise the CEO as to the compensation of certain key officers.

Committee Membership

The Committee shall consist of at least 3 members and the Committee membership guidelines shall follow the Board’s Governance Policy which sets general duties, nomination, selection and removal. The Compensation Committee shall be composed of solely outside directors.

Meetings

The Committee shall meet as often as necessary to carry out its responsibilities. Except as otherwise required by the Company’s Bylaws, Governance Policy or Certificate of Incorporation, a majority of the members of the Committee shall constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which there is a quorum shall be the act of the Committee. The Committee will have the resources and authority necessary to discharge its duties and responsibilities. Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Bank and the Committee will take all necessary steps to preserve the privileged nature of those communications.

Directors are encouraged to attend meetings in person; however, Committee members may attend meetings of the Committee telephonically or by video conference at the discretion of the Committee Chair.

Authority and Responsibility

In carrying out its responsibilities, each member of the Committee shall be entitled to rely on the integrity and expertise of those persons, both internal and external, who are engaged by the Committee to provide assistance to the Committee and on the accuracy and completeness of related information, absent actual knowledge to the contrary.

The Compensation Committee of the Bank shall have the following authority and direct responsibilities:

1. At least annually, to evaluate the CEO’s performance in light of previously Board approved Bank goals and objectives; determine and approve the CEO’s total compensation level, including the relative mix between cash, equity and Bank directed deferred compensation, based on this evaluation and recommend the CEO’s total compensation for approval by the independent directors of the Board. In determining the long term incentive component of the CEO’s compensation, the Committee shall consider, among other relevant factors, the performance and relative shareholder return (both based on assets and on equity) of the Bank, the value of similar incentive rewards to CEOs at comparable banks, awards given to the CEO in prior years and the

Committee's assessment of the CEO's managerial effectiveness and current and expected contribution to the overall financial success of the Bank.

In its evaluation of the CEO's performance, the Committee will strive to take account of the following:

- The duties for performance as documented in the CEO's employment contract;
 - The safety and soundness of the Bank;
 - The financial performance of the Bank, in the context of its circumstances, at the discretion of the Committee, making use of such comparative reports of performance as it deems appropriate; and
 - The performance of the Bank in the pursuit of its strategic goals.
2. At least annually, the Committee shall consult with the CEO regarding the compensation levels for members of the Bank's executive management team. The term executive management team generally refers those holding the corporate title of Executive Vice President. The Committee shall apply a similar standard of care used to evaluate the CEO to the evaluation of individual executive management team members.
 3. The Committee shall provide oversight to all employee benefit plans including qualified and non-qualified retirement plans of the Bank and shall make recommendations to the Board with respect to additions to, and/or modifications of, existing incentive compensation plans and equity based compensation plans (collectively "Plans"). The Committee shall oversee the administration of all such Plans as have been or may be adopted by the Board of Directors of the Bank's parent company. The Committee shall have authority, subject to approval by the Board of Directors of the Bank, to review all grants, awards and payouts under the Plans and any other equity-based compensation plans available to its employees. In reviewing grants, awards and payouts under the Plans and any other equity-based compensation Plans of the Bank or its parent company, the Committee shall take reasonable measures to ensure that it does not "time," or is not perceived by the market to "time," such grants, awards or payouts to take advantage of, material, non-public information.

Before approving a recommendation of the Committee to be made to the Board for the adoption of any benefits to be issued pursuant to the Plans, and in its oversight of the administration of such Plans, the Committee will seek to insure that, the Bank will:

- Provide an appropriate level of benefits in a cost effective manner to meet the needs and objectives of the Bank, including the objective of providing competitive compensation and retaining employees;
- Benefit from a Plan that is properly and efficiently administered in accordance with its terms, to avoid unnecessary costs and to minimize any potential liabilities to the Bank or its parent company;
- The grant of awards under the Plan and the modification of awards outstanding under a Plan that the Committee deems in the best interest of the Bank and the Bank's parent company's shareholders; and

- Insure that the benefits issued under a Plan are reported in accordance with applicable legal and accounting requirements.
4. The Committee shall review periodically, director and board committee compensation levels for the Bank and shall recommend to the Chairman of the Board modifications in any such compensation changes. The Committee may perform any other activities consistent with this Charter, the Bylaws of the Bank and governing law as the Board deems appropriate.

Reports

At least annually the Committee shall report to the Board at a regularly scheduled Board meeting. The following procedures will be utilized to keep the Board informed of the Committees' activities:

- The Committee will keep minutes of its deliberations. Minutes will be prepared and forwarded in draft form to the Chairman within the first 20 business days following each respective meeting;
- At the discretion of the Chairman, Committee approval of draft minutes shall be sought either by unanimous written consent of the Committees membership, via e-mail or obtained at the next meeting of the Committee;
- If approved minutes are not available promptly for review and acceptance by the Board, then draft minutes, first reviewed by the Chairman will be forwarded promptly to the Board, marked "DRAFT"; and
- The Board may use its discretion as to whether to act upon recommendations made by the Committee, as reflected in draft minutes, just as it would do in the case of final minutes.

If required, the Committee shall produce an annual report on executive compensation for inclusion in the Bank's parent company's annual proxy statement in accordance with applicable rules and regulations applicable to the Bank's parent company.

Charter Review

At least annually the Committee shall review the adequacy of this Charter and recommend any proposed changes to the Board for approval. In reviewing the adequacy of this Charter, the Committee shall consider FDIC, Department of Treasury or other applicable regulations pertaining to executive compensation and other best practices in the banking industry in general.

Advisors

The Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of director, CEO or executive compensation and shall have sole authority to approve the consultant's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from legal, accounting and other appropriate advisors.

Management Liaison

The Committee shall appoint a member of senior management to act as the liaison between the Committee and the Bank. The duties of the liaison are to assist the Committee Chair in preparation of meeting materials as requested by the Committee Chair including requests to compile Bank information required by the Committee to complete its duties.