

California Bank of Commerce
Duties of the Directors Loan Committee (as excerpted for the Loan Policy Manual,
approved by the Board of Directors not less often than annually) and Table of
Delegated Authorities

Board of Directors: The Board of Directors of California Bank of Commerce (the “Bank”) has the overall responsibility to the Bank’s shareholders, depositors, regulatory agencies and the public for the quality of the loan portfolio that is created through the enactment of the Board’s policies. In this capacity the Board of Directors is granted the authority to:

- Review and approve the loan policies and goals of the Bank and any modifications or amendments thereto upon recommendation of senior management.
- Establish the Directors’ Loan Committee (DLC), define its function and responsibility, and designate its members.
- Review overall loan activity of the Bank as reported to it by the Bank’s DLC and Management to ensure that the Bank’s loan objectives are being attained in accordance with the loan policies and guidelines approved by the Board of Directors.
- Review all examination reports of the governmental authorities and regulatory agencies as they relate to the Bank’s loan portfolio, and review management’s suggested replies.

Directors’ Loan Committee (DLC): The Directors’ Loan Committee, as established by the Board of Directors, has the responsibility of overseeing the quality of the loan portfolio. The membership of DLC shall include no less than four (4) outside directors, the President/CEO, and the Chief Credit Officer (CCO). The Chairman of the DLC shall be an outside director. In the absence of the Chairman of the DLC, the Vice-Chairman or the CCO shall assume the chairmanship in that order. DLC meetings will be held as necessary, but not less frequently than once a month. A simple majority with the consent of not less than two (2) outside director members will prevail on all voting matters.

The functions of the Directors’ Loan Committee (DLC) are as follows:

- Monitor credit exposure through regular reviews and analyses of the Bank’s portfolio; including but not limited to Watch List totals, Concentration Reports, Past-Dues, Non-Accruals, etc.
- Designate and approve individual lending authorities of the loan officers, senior management, and committees.
- Approve all credits that exceed delegated authorities with the recommending approval of the Chief Credit Officer and the Management Loan Committee.
- Review all loans boarded under individual lending authorities.
- Review and recommend approval of the Board of Directors for all loan requests from Directors or insiders as defined under the Insider Lending Policy. Any member who has a conflict of interest in a presented credit must abstain from the discussion and voting.
- Review and approve the Bank’s Allowance for Loan and Lease Losses and Monthly Provision at least quarterly.