

*NorCal*  
Community  
Bancorp

2003  
annual  
report

2003

*NorCal Community Bancorp*

**annual  
report**

TO OUR  
SHAREHOLDERS  
CUSTOMERS  
AND FRIENDS

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**DEAR SHAREHOLDERS,  
CUSTOMERS AND  
FRIENDS:**

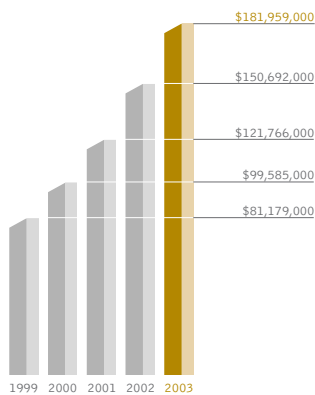
We are pleased to report on behalf of the NorCal Community Bancorp Board of Directors that this past year has been very rewarding as the Company continued to build on its strong foundation with substantial growth in assets and deposits and a significant increase in earnings. When the Company's subsidiary, Bank of Alameda, commenced operations in March 1998 we adopted a mission statement, to put the customer first, to foster employee satisfaction in the workplace and to maximize long-term shareholder value. In compliance with our original mission statement we have implemented a business plan to deliver customer friendly community banking to businesses and individuals in our communities.

**Financial Highlights**

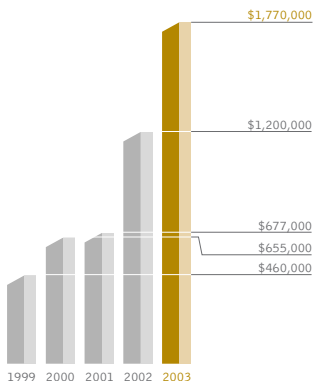
The calendar year 2003 resulted in record earnings and strong asset growth for NorCal Community Bancorp and its wholly-owned subsidiary, Bank of Alameda. Consolidated net income for 2003 was \$1.77 million, or \$0.93 per diluted share, an increase of 47% over 2002 net income. These record earnings were achieved despite continued historic low interest rates and general economic malaise. Our return on average shareholders equity exceeded 16% and our return on average assets was 1.04% in 2003.

Total consolidated assets ended the year at \$182.0 million compared to \$150.7 million at the end of 2002. Throughout the year and particularly during the last quarter of 2003, loan demand was strong and we ended the year with over \$137.5 million in total loans outstanding compared to \$108.4 million at the end of 2002. Our deposit base continued to enjoy substantial growth as total deposits ended the year at \$160.5 million compared to \$138.6 million at the end of 2002.

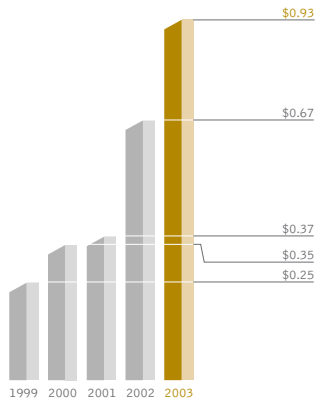
**TOTAL ASSETS**



**NET INCOME**



### NET INCOME PER DILUTED SHARE



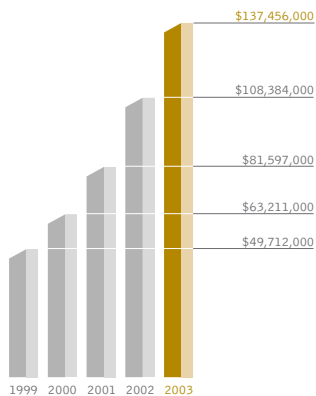
(Retroactively restated to reflect 3 for 2 stock split distributed in December 2003 and February 2001.)

### Capital Management

Total shareholders' equity for the Company was \$11.6 million at December 31, 2003 compared to \$10.1 million at December 31, 2002. It has been our plan to retain our earnings in order to support our strong growth and still maintain required regulatory capital levels. In order to provide our shareholders with additional financial flexibility we distributed a 3 for 2 stock split in December 2003. This transaction was the second such split for the Company since it commenced operations.

The Company further supplemented its core capital in 2003 by issuing \$4.0 million in Trust Preferred Securities through a single purpose entity, NorCal Community Bancorp Trust I. The proceeds of this transaction were used to increase the Company's capital investment in Bank of Alameda.

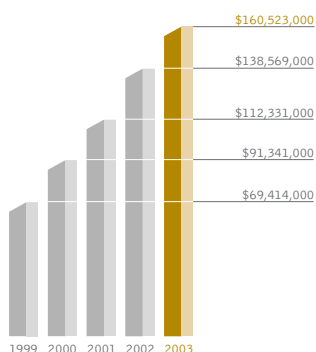
### TOTAL LOANS



### Enhancing Shareholder Value

This year also marked a considerable appreciation in our stock. Our stock rose from a bid price of \$7.17 at December 31, 2002, on a split adjusted basis, to a bid price of \$16.75 at December 31, 2003, an increase of 134%. While still considered an "ill liquid" stock due to relatively modest trading volume, our market maker coverage and share transactions saw significant increased trading activity during the year. NorCal Community Bancorp now has approximately nine firms that make a market in our stock. To track our stock performance you can find NorCal Community Bancorp trading on the OTC Bulletin Board under the symbol NCLC.

### TOTAL DEPOSITS



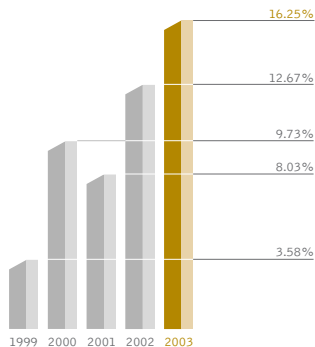
### Looking Towards the Future

We are excited about the future of NorCal Community Bancorp and the Bank of Alameda. During 2004 we will be opening our fifth banking office in the city of Oakland. Our Oakland Commercial Banking Center, which is scheduled to open in March 2004, will serve a growing marketplace where housing, retail and transportation projects are proliferating and numerous development projects are in the planning phase.

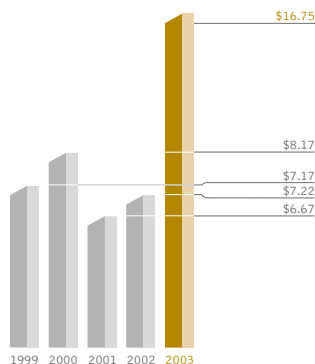
We will also be expanding our alternative delivery systems. Our online banking product will be upgraded to begin providing real time activity and balances, online banking statements and check image access. In addition to these online banking enhancements our business customers will have a host of new cash management services available to them including additional access control features and easier funds transfer methods.

Our past accomplishments could not have been realized without the hard work of our talented and dedicated staff, the loyalty of our customers, and the assistance of our shareholders. The key to our future success is the continued support of all of these individuals. On behalf of the Board of Directors of NorCal Community Bancorp and Bank of Alameda we thank you for your continued support.

### RETURN ON AVERAGE SHAREHOLDERS' EQUITY



### STOCK VALUE PER SHARE AT DECEMBER 31, 2003



(Retroactively restated to reflect 3 for 2 stock split distributed in December 2003 and February 2001.)

James B. Davis  
Chairman of the Board

Stephen G. Andrews  
President and Chief Executive Officer

NORCAL COMMUNITY BANCORP  
AND SUBSIDIARY  
CONSOLIDATED FINANCIAL STATEMENTS

*NorCal Community Bancorp*

FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001

AND

INDEPENDENT AUDITOR'S REPORT



**The Shareholders and Board of Directors  
NorCal Community Bancorp and Subsidiary**

We have audited the accompanying consolidated balance sheet of NorCal Community Bancorp and subsidiary as of December 31, 2003 and 2002 and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2003. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

**Independent  
Auditor's Report**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of NorCal Community Bancorp and subsidiary as of December 31, 2003 and 2002, and the consolidated results of their operations and their consolidated cash flows for each of the years in the three-year period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

*Perry-Smith LLP*

Sacramento, California  
January 16, 2004

2003

CONSOLIDATED BALANCE SHEET

December 31, 2003 and 2002

Consolidated  
Financial Statements

	2003	2002
<b>ASSETS</b>		
Cash and due from banks	\$ 4,960,703	\$ 5,632,390
Federal funds sold	-	2,970,000
Investment securities (market value of \$38,423,000 in 2003 and \$33,328,000 in 2002) (Notes 3 and 7)	38,225,341	33,077,899
Loans and leases, less allowance for loan and lease losses of \$1,886,887 in 2003 and \$1,555,244 in 2002 (Notes 4, 11 and 13)	135,569,173	106,829,014
Bank premises and equipment, net (Notes 5 and 11)	559,932	711,736
Accrued interest receivable and other assets (Note 10)	2,644,263	1,471,184
	<u>\$181,959,412</u>	<u>\$150,692,223</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Deposits:		
Non-interest bearing	\$ 33,567,432	\$ 27,647,199
Interest bearing (Note 6)	126,955,965	110,921,552
	<u>160,523,397</u>	<u>138,568,751</u>
Short-term borrowings (Note 7)	4,900,000	-
Long-term debt (Note 8)	-	1,400,000
Accrued interest payable and other liabilities	772,478	642,713
Junior subordinated deferrable interest debentures (Note 9)	4,124,000	-
	<u>170,319,875</u>	<u>140,611,464</u>
Commitments and contingencies (Note 11)		
Shareholders' equity (Note 12):		
Preferred stock - no par value; 10,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock - no par value; 30,000,000 shares authorized; issued and outstanding - 1,724,452 shares in 2003 and 1,724,240 shares in 2002	7,616,752	7,615,652
Retained earnings	3,916,622	2,146,473
Accumulated other comprehensive income (Notes 3 and 15)	106,163	318,634
	<u>11,639,537</u>	<u>10,080,759</u>
	<u>\$181,959,412</u>	<u>\$150,692,223</u>

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME  
For the Years Ended December 31, 2003, 2002 and 2001

	2003	2002	2001
Interest income:			
Interest and fees on loans and leases	\$ 8,338,248	\$ 7,357,940	\$ 6,049,950
Interest on Federal funds sold	97,014	169,624	619,101
Interest and dividends on investment securities:			
Taxable	1,174,363	1,316,467	1,331,441
Exempt from Federal income taxes	130,651	136,900	63,063
Interest on deposits in banks	-	11,402	6,332
<b>Total interest income</b>	<b>9,740,276</b>	<b>8,992,333</b>	<b>8,069,887</b>
Interest expense:			
Interest on deposits (Note 6)	1,217,116	1,611,532	2,525,962
Interest on borrowings (Notes 7 and 8)	54,947	21,134	-
Interest on junior subordinated deferrable interest debentures (Note 9)	47,039	-	-
<b>Total interest expense</b>	<b>1,319,102</b>	<b>1,632,666</b>	<b>2,525,962</b>
<b>Net interest income</b>	<b>8,421,174</b>	<b>7,359,667</b>	<b>5,543,925</b>
Provision for loan and lease losses (Note 4)	480,000	480,000	525,000
<b>Net interest income after provision for loan and lease losses</b>	<b>7,941,174</b>	<b>6,879,667</b>	<b>5,018,925</b>
Non-interest income:			
Service charges	517,231	422,365	246,322
Gain on sale of loans	266,268	70,814	-
Mortgage loan packaging fees	247,682	105,596	23,571
(Loss) gain on sales and calls of available-for-sale investment securities (Note 3)	(7,963)	13,619	13,909
Other	154,639	120,168	90,555
<b>Total non-interest income</b>	<b>1,177,857</b>	<b>732,562</b>	<b>374,357</b>
Non-interest expenses:			
Salaries and employee benefits (Notes 4 and 17)	3,454,361	2,937,442	2,028,756
Occupancy and equipment (Notes 5 and 11)	935,244	925,055	819,939
Other (Note 14)	1,867,277	1,767,504	1,421,407
<b>Total non-interest expenses</b>	<b>6,256,882</b>	<b>5,630,001</b>	<b>4,270,102</b>
<b>Income before income taxes</b>	<b>2,862,149</b>	<b>1,982,228</b>	<b>1,123,180</b>
Income tax expense (Note 10)	1,092,000	782,000	446,000
<b>Net income</b>	<b>\$ 1,770,149</b>	<b>\$ 1,200,228</b>	<b>\$ 677,180</b>
Basic earnings per share (Note 12)	\$ 1.03	\$ 0.70	\$ 0.39
Diluted earnings per share (Note 12)	\$ 0.93	\$ 0.67	\$ 0.37

*The accompanying notes are an integral part of these consolidated financial statements.*

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended December 31, 2003, 2002 and 2001

	Common Stock		Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Shareholders' Equity	Comprehensive Income
	Shares	Amount				
Balance, January 1, 2001	1,724,240	\$ 7,615,652	\$ 269,065	\$ (9,261)	\$ 7,875,456	
Comprehensive income (Note 15):						
Net income			677,180		677,180	\$ 677,180
Other comprehensive income, net of taxes:						
Unrealized gains on available-for-sale investment securities				363,315	363,315	363,315
Total comprehensive income						<u>\$ 1,040,495</u>
Balance, December 31, 2001	1,724,240	7,615,652	946,245	354,054	8,915,951	
Comprehensive income (Note 15):						
Net income			1,200,228		1,200,228	\$ 1,200,228
Other comprehensive loss, net of taxes:						
Unrealized losses on available-for-sale investment securities				(35,420)	(35,420)	(35,420)
Total comprehensive income						<u>\$ 1,164,808</u>
Balance, December 31, 2002	1,724,240	7,615,652	2,146,473	318,634	10,080,759	
Comprehensive income (Note 15):						
Net income			1,770,149		1,770,149	\$ 1,770,149
Other comprehensive loss, net of taxes:						
Unrealized losses on available-for-sale investment securities (Note 3)				(212,471)	(212,471)	(212,471)
Total comprehensive income						<u>\$ 1,557,678</u>
Stock options exercised (Note 12)	225	1,100			1,100	
Fractional shares redeemed as a result of a three-for-two stock split	(13)					
Balance, December 31, 2003	1,724,452	\$ 7,616,752	\$ 3,916,622	\$ 106,163	\$ 11,639,537	

	2003	2002	2001
Disclosure of reclassification amount, net of taxes (Note 15):			
Unrealized holding (losses) gains arising during the year	\$ (217,169)	\$ (26,431)	\$ 372,495
Less: reclassification adjustment for (losses) gains included in net income	(4,698)	8,989	9,180
Net unrealized (losses) gains on available-for-sale investment securities	<u>\$ (212,471)</u>	<u>\$ (35,420)</u>	<u>\$ 363,315</u>

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS  
For the Years Ended December 31, 2003, 2002 and 2001

	2003	2002	2001
Cash flows from operating activities:			
Net income	\$ 1,770,149	\$ 1,200,228	\$ 677,180
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan and lease losses	480,000	480,000	525,000
Depreciation and amortization	831,535	703,087	474,944
Federal Home Loan Bank stock dividends	(6,400)	(1,000)	-
Loss (gain) on sales and calls of available-for-sale investment securities	7,963	(13,619)	(13,909)
Loss on disposition of premises and equipment	237	-	14,557
Increase in deferred loan origination fees, net	78,876	140,716	48,243
Decrease in deferred Centrix origination costs	-	78,719	866,504
Return on investment in NorCal Community Bancorp Trust I	(1,414)	-	-
(Increase) decrease in accrued interest receivable and other assets	(748,234)	812,233	264,278
Increase in accrued interest payable and other liabilities	129,765	123,494	150,530
Deferred taxes	(187,000)	(226,000)	(480,000)
Net cash provided by operating activities	<u>2,355,477</u>	<u>3,297,858</u>	<u>2,527,327</u>
Cash flows from investing activities:			
Decrease (increase) in interest-bearing deposits in banks	-	400,000	(400,000)
Proceeds from sales and calls of available-for-sale investment securities	8,482,037	6,783,284	8,010,000
Proceeds from matured available-for-sale investment securities	6,290,000	4,875,000	4,865,000
Proceeds from called held-to-maturity investment securities	2,580,500	2,500,000	-
Proceeds from matured held-to-maturity investment securities	195,000	240,000	-
Purchases of available-for-sale investment securities	(22,379,616)	(8,170,877)	(10,608,525)
Purchases of held-to-maturity investment securities	(1,163,605)	(7,284,300)	(8,216,042)
Net increase in loans	(29,314,653)	(27,181,752)	(20,493,399)
Purchases of premises and equipment	(142,573)	(175,557)	(222,900)
Proceeds from sales of premises and equipment	-	1,615	14,691
Investment in NorCal Community Bancorp Trust I	(124,000)	-	-
Net cash used in investing activities	<u>(35,576,910)</u>	<u>(28,012,587)</u>	<u>(27,051,175)</u>

(Continued)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the Years Ended December 31, 2003, 2002 and 2001

	2003	2002	2001
Cash flows from financing activities:			
Net increase in demand, interest bearing and savings deposits	\$ 22,237,759	\$ 26,562,592	\$ 17,499,262
Net (decrease) increase in time deposits	(283,113)	(324,486)	3,490,552
Proceeds from issuance of long-term debt	-	1,400,000	-
Repayments of long-term debt	(1,400,000)	-	-
Proceeds from issuance of junior subordinated deferrable interest debentures	4,124,000	-	-
Net increase on short-term borrowings	4,900,000	-	-
Exercise of stock options	1,100	-	-
	<hr/>	<hr/>	<hr/>
Net cash provided by financing activities	29,579,746	27,638,106	20,989,814
	<hr/>	<hr/>	<hr/>
(Decrease) increase in cash and cash equivalents	(3,641,687)	2,923,377	(3,534,034)
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents, beginning of year	8,602,390	5,679,013	9,213,047
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents, end of year	\$ 4,960,703	\$ 8,602,390	\$ 5,679,013
	<hr/>	<hr/>	<hr/>
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest expense	\$ 1,336,999	\$ 1,704,238	\$ 2,546,832
Income taxes	\$ 1,628,000	\$ 954,000	\$ 684,000
Non-cash investing activities:			
Automobiles acquired through repossession	\$ 15,618	\$ 109,123	\$ 768,184
Net change in unrealized gain (loss) on available-for-sale investment securities	\$ (302,884)	\$ (53,637)	\$ 550,254

*The accompanying notes are an integral part of these consolidated financial statements.*

**NOTE 1****The Business of NorCal Community Bancorp****General**

NorCal Community Bancorp (the "Company") was incorporated on December 27, 2001 and subsequently obtained approval of the Board of Governors of the Federal Reserve System to be a bank holding company. On June 21, 2002, Bank of Alameda (the "Bank") consummated a merger with NorCal Community Bancorp that was effected through the exchange of one share of the Company's stock for each share of the Bank's stock. The reorganization represented an exchange of shares between entities under common control, and as a result, assets and liabilities of the Bank were recognized at their carrying amounts in the accounts of the Company. Subsequent to the reorganization, the Bank continued its operations as previously conducted but as a wholly-owned subsidiary of the Company. On September 22, 2003 the Company formed NorCal Community Bancorp Trust I (the "Trust") for the sole purpose of issuing trust preferred securities.

The Bank operates four banking offices in its primary service area of Alameda County, three in the city of Alameda and one in the city of Emeryville. The Bank's primary business is serving the commercial banking needs of small to mid-sized businesses.

**NOTE 2****Summary of Significant Accounting Policies****Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and the accounts of its wholly-owned subsidiary, the Bank. All significant intercompany balances and transactions have been eliminated.

NorCal Community Bancorp Trust I is not consolidated into the Company's consolidated financial statements and, accordingly, is accounted for under the equity method. The junior subordinated debentures issued and guaranteed by the Company and held by the Trust are reflected on the Company's consolidated balance sheet in accordance with the provisions of Financial Accounting Standards Board (FASB) Interpretation No. 46, *Consolidation of Variable Interest Entities*. The accounting and reporting policies of NorCal Community Bancorp and subsidiary conform with accounting principles generally accepted in the United States of America and prevailing practices within the banking industry.

**Investment Securities**

Investments are classified into the following categories:

- Available-for-sale securities, reported at fair value, with unrealized gains and losses excluded from earnings and reported, net of taxes, as accumulated other comprehensive income (loss) within shareholders' equity.
- Held-to-maturity securities, which management has the positive intent and ability to hold, reported at amortized cost, adjusted for the accretion of discounts and amortization of premiums.

Management determines the appropriate classification of its investments at the time of purchase and may only change the classification in certain limited circumstances. All transfers between categories are accounted for at fair value.

Gains or losses on the sale of securities are computed using the specific identification method. Interest earned on investment securities is reported in interest income, net of applicable adjustments for accretion of discounts and amortization of premiums. In addition, unrealized losses that are other than temporary are recognized in earnings for all investments.

**Loans and Leases**

Loans and leases are reported at the principal amounts outstanding, adjusted for unearned income, deferred loan origination fees and costs, purchase premiums and discounts, write-downs and the allowance for loan and lease losses. Loan and lease origination fees, net of certain deferred origination costs, and purchase premiums and discounts are recognized as an adjustment to the yield of the related loans and leases.

**NOTE 2****Summary of Significant Accounting Policies** *(continued)***Loans and Leases** *(continued)*

The accrual of interest on loans and leases is discontinued when, in the opinion of management, there is an indication that the borrower may be unable to meet payments as they become due. Upon such discontinuance, all unpaid accrued interest is reversed against current income unless the loan or lease is in the process of collection. Interest received on non-accrual loans and leases is either applied against principal or reported as interest income, according to management's judgment as to the collectibility of principal. Generally, loans and leases are restored to accrual status when the obligation is brought current and has performed in accordance with the contractual terms for a reasonable period of time and the ultimate collectibility of the total contractual principal and interest is no longer in doubt.

Direct financing leases are carried net of unearned income. Income from leases is recognized by a method that approximates a level yield on the outstanding net investment in the lease.

**Loan Sales and Servicing**

Included in the portfolio are Small Business Administration (SBA) guaranteed loans that may be sold in the secondary market. Loans held for sale are carried at the lower of cost or market value. Market value is determined by the specific identification method as of the balance sheet date or the date that the purchasers have committed to purchase the loans. At the time the loan is sold, the related right to service the loan is retained with the Company earning future servicing income. This premium may be required to be refunded if the borrower defaults or the loan prepays within ninety days of the settlement date. However, there were no sales of loans subject to these recourse provisions at December 31, 2003 and 2002. Loans subsequently transferred to the loan portfolio are transferred at the lower of cost or market value at the date of transfer. Any difference between the carrying amount of the loan and its outstanding principal balance is recognized as an adjustment to yield by the interest method. There were no loans held for sale at December 31, 2003 and 2002. SBA loans with unpaid balances of \$4,378,213 and \$2,006,043 were being serviced for others at December 31, 2003 and 2002, respectively.

Servicing rights acquired through 1) a purchase or 2) the origination of loans which are sold or securitized with servicing rights retained are recognized as separate assets or liabilities. Servicing assets or liabilities are recorded at the difference between the contractual servicing fees and adequate compensation for performing the servicing, and are subsequently amortized in proportion to and over the period of the related net servicing income or expense. Servicing assets are periodically evaluated for impairment. Servicing assets were not considered material for disclosure purposes.

**Centrix Loan Program**

Beginning in December 1998, the Company participated in a lending program with Centrix Financial LLC (Centrix), a financial management company that originates and markets sub-prime automobile loans. Under the program, to enhance the credit evaluation of the loans, insurance was purchased by the Company which reimburses a portion of the principal on the loan in the event of default. The Company also paid a premium for each loan purchased in addition to paying Centrix a fee to service the loan. The premiums and insurance costs are recorded as deferred costs and amortized as a reduction to interest income over the average life of the loan. In January 2000, the Company discontinued purchasing automobile loans under the program. However, the Company continues to utilize Centrix to service the portfolio.

Repossessed automobiles are vehicles that are currently in the process of liquidation after the vehicle has been repossessed. Repossessed automobiles are carried at the lower of: (1) fair value less estimated costs to sell or, (2) the recorded cost of the automobile. At the time of repossession, the Company writes the asset down through a charge to the allowance for loan and lease losses to the automobile's estimated fair value, including estimated insurance receivables less estimated costs to sell, and transfers the balance to other assets. Automobiles acquired through repossession totaled \$15,618 and \$109,123 at December 31, 2003 and 2002, respectively, and are included in accrued interest receivable and other assets on the consolidated balance sheet.

**Allowance for Loan and Lease Losses**

The allowance for loan and lease losses is maintained to provide for losses related to impaired loans and leases and other losses that can be expected to occur in the normal course of business. The determination of the allowance is based on estimates made by management, to include consideration of the character of the loan and lease portfolio, specifically identified problem loans and leases, potential losses inherent in the portfolio taken as a whole and economic conditions in the Company's service area.

**NOTE 2****Summary of Significant Accounting Policies** *(continued)***Allowance for Loan and Lease Losses** *(continued)*

Loans and leases determined to be impaired or classified are individually evaluated by management for specific risk of loss. In addition, reserve factors are assigned to currently performing loans and leases based on management's assessment of the following for each identified loan and lease type: (1) inherent credit risk, (2) historical losses and, (3) where the Company has not experienced losses, the loss experience of peer banks. Management also computes specific and expected loss reserves for loan commitments. These estimates are particularly susceptible to changes in the economic environment and market conditions.

The Company's Loan Committee reviews the adequacy of the allowance for loan and lease losses at least quarterly, to include consideration of the relative risks in the portfolio and current economic conditions. The allowance is adjusted based on that review if, in the judgment of the Loan Committee and management, changes are warranted.

The allowance is established through a provision for loan and lease losses which is charged to expense. Additions to the allowance are expected to maintain the adequacy of the total allowance after credit losses and loan and lease growth. The allowance for loan and lease losses at December 31, 2003 and 2002, respectively, reflects management's estimate of possible losses in the portfolio.

**Bank Premises and Equipment**

Bank premises and equipment are carried at cost. Depreciation is determined using the straight-line method over the estimated useful lives of the related assets. The useful lives of furniture, fixtures and equipment are estimated to be two to five years. Leasehold improvements are amortized over the life of the asset or the term of the related lease, whichever is shorter. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to expense as incurred.

**Income Taxes**

The Company files its income taxes on a consolidated basis with its subsidiary. The allocation of income tax expense (benefit) represents each entity's proportionate share of the consolidated provision for income taxes.

Deferred tax assets and liabilities are recognized for the tax consequences of temporary differences between the financial statement and tax basis of existing assets and liabilities. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. On the consolidated balance sheet, net deferred tax assets are included in accrued interest receivable and other assets.

**Cash Equivalents**

For the purpose of the statement of cash flows, cash and due from banks and Federal funds sold are considered to be cash equivalents. Generally, Federal funds are sold for one day periods.

**Earnings Per Share**

Basic earnings per share (EPS), which excludes dilution, is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock, such as stock options, result in the issuance of common stock which shares in the earnings of the Company. The treasury stock method is applied to determine the dilutive effect of stock options in computing diluted EPS. Earnings per share have been retroactively adjusted for stock splits for all periods presented.

**Stock-Based Compensation**

At December 31, 2003, the Company has one stock-based employee compensation plan, the NorCal Community Bancorp Amended and Restated 1998 Stock Option Plan, which is described more fully in Note 12. The Company accounts for this plan under the recognition and measurement principles of APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and related Interpretations. No stock-based compensation cost is reflected in net income, as all options granted under this plan had an exercise price equal to the market value of the underlying common stock on the date of grant.

**NOTE 2****Summary of Significant Accounting Policies** (continued)**Stock-Based Compensation** (continued)

Pro forma adjustments to the Company's consolidated net earnings and earnings per share are disclosed during the years in which the options become vested. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of FASB Statement No. 123, *Accounting for Stock-Based Compensation*, to stock-based compensation.

	2003	2002	2001
Net income, as reported	\$ 1,770,149	\$ 1,200,228	\$ 677,180
Deduct: Total stock-based compensation expense determined under the fair value based method for all awards, net of related tax effects	104,465	152,169	150,984
Pro forma net income	\$ 1,665,684	\$ 1,048,059	\$ 526,196
Basic earnings per share - as reported	\$ 1.03	\$ 0.70	\$ 0.39
Basic earnings per share - pro forma	\$ 0.97	\$ 0.61	\$ 0.31
Diluted earnings per share - as reported	\$ 0.93	\$ 0.67	\$ 0.37
Diluted earnings per share - pro forma	\$ 0.89	\$ 0.60	\$ 0.29
Weighted average fair value of options granted during the year	\$ 5.69	\$ 5.20	\$ 5.34

The fair value of each option was estimated on the date of grant using an option-pricing model with the following assumptions:

	2003	2002	2001
Dividend yield (not applicable)			
Expected volatility	24.20% to 30.56%	34.31%	46.48%
Risk-free interest rate	4.28% to 4.32%	3.66%	4.96%
Expected option life	10 years	10 years	5 years

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Reclassifications**

Certain reclassifications have been made to prior years' balances to conform to classifications used in 2003.

**Impact of New Financial Accounting Standards**

In December, 2003, the FASB revised FASB Interpretation No. 46, *Consolidation of Variable Interest Entities* (FIN 46). This interpretation of Accounting Research Bulletin No. 51, *Consolidated Financial Statements*, addresses consolidation by business enterprises of variable interest entities that possess certain characteristics. FIN 46 requires that if a business enterprise has a controlling financial interest in a variable interest entity, the assets, liabilities, and results of the activities of the variable interest entity must be included in the consolidated financial statements with those of the business enterprise. The Company adopted FIN 46 on December 31, 2003. Adoption of this standard required the Company to deconsolidate its investment in NorCal Community Bancorp Trust I, a Delaware statutory business trust, formed on September 22, 2003. The deconsolidation of NorCal Community Bancorp Trust I, formed in connection with the issuance of trust preferred securities, appears to be an unintended consequence of FIN 46. In management's opinion, the effect of deconsolidation on the Company's financial position and results of operations was not material.

**NOTE 2****Summary of Significant Accounting Policies** *(continued)***Impact of New Financial Accounting Standards** *(continued)*

In July 2003, the Board of Governors of the Federal Reserve System issued a supervisory letter instructing bank holding companies to continue to include trust preferred securities in their Tier I capital for regulatory capital purposes until notice is given to the contrary. The Federal Reserve intends to review the regulatory implications of this accounting change and, if necessary or warranted, provide further appropriate guidance. There can be no assurance that the Federal Reserve will continue to allow institutions to include trust preferred securities in Tier I capital for regulatory capital purposes.

On April 30, 2003, the FASB issued SFAS No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities*. This Statement amends and clarifies the accounting for derivative instruments by providing guidance related to circumstances under which a contract with a net investment meets the characteristics of a derivative as discussed in SFAS No. 133. The Statement also clarifies when a derivative contains a financing component. The Statement is intended to result in more consistent reporting for derivative contracts and must be applied prospectively for contracts entered into or modified after June 30, 2003, except for hedging relationships designated after June 30, 2003. In management's opinion, the adoption of this Statement did not have a material impact on the Company's consolidated financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*. This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). This Statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003, except for mandatorily redeemable financial instruments of nonpublic entities. For mandatorily redeemable financial instruments of a nonpublic entity, this Statement shall be effective for existing or new contracts for fiscal periods beginning after December 15, 2004. The Company adopted the provisions of this Statement on July 1, 2003 and, in management's opinion, adoption of this Statement did not have a material effect on the Company's consolidated financial position or results of operations.

**NOTE 3****Investment Securities****Available-for-Sale:**

The amortized cost and estimated market value of available-for-sale investment securities at December 31, 2003 and 2002 consisted of the following:

	2003			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Treasury securities	\$ 2,006,736	\$ 1,264	\$ -	\$ 2,008,000
U.S. Government agencies	13,186,870	121,060	(35,930)	13,272,000
Obligations of states and political subdivisions	7,397,819	42,847	(31,666)	7,409,000
Corporate bonds	4,345,266	91,694	(8,960)	4,428,000
Other securities	327,460	-	(460)	327,000
Total	<u>\$ 27,264,151</u>	<u>\$ 256,865</u>	<u>\$ (77,016)</u>	<u>\$ 27,444,000</u>

Net unrealized gains on available-for-sale investment securities totaling \$179,849 were recorded, net of \$73,686 in tax liabilities, as accumulated other comprehensive income within shareholders' equity at December 31, 2003. Proceeds and gross realized losses on sales and calls of available-for-sale investment securities for the year ended December 31, 2003 totaled \$8,482,037 and \$7,963, respectively.

**NOTE 3**

**Investment Securities** *(continued)*

**Available-for-Sale:** *(continued)*

	2002			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Treasury securities	\$ 1,001,879	\$ 8,121	\$ -	\$ 1,010,000
U.S. Government agencies	11,346,440	348,245	(9,685)	11,685,000
Obligations of states and political subdivisions	4,451,039	80,006	(2,045)	4,529,000
Corporate bonds	3,250,909	59,463	(1,372)	3,309,000
Total	<u>\$ 20,050,267</u>	<u>\$ 495,835</u>	<u>\$ (13,102)</u>	<u>\$ 20,533,000</u>

Net unrealized gains on available-for-sale investment securities totaling \$482,733 were recorded, net of \$164,099 in tax liabilities, as accumulated other comprehensive income within shareholders' equity at December 31, 2002. Proceeds and gross realized gains on sales and calls of available-for-sale investment securities for the year ended December 31, 2002 totaled \$6,783,284 and \$13,619, respectively. Proceeds and gross realized gains on sales and calls of available-for-sale investment securities for the year ended December 31, 2001 totaled \$8,010,000 and \$13,909, respectively.

**Held-to-Maturity:**

	2003			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Government agencies	\$ 1,510,964	\$ 30,036	\$ -	\$ 1,541,000
Obligations of states and political subdivisions	9,015,411	185,300	(20,711)	9,180,000
Corporate bonds	254,966	3,034	-	258,000
Total	<u>\$ 10,781,341</u>	<u>\$ 218,370</u>	<u>\$ (20,711)</u>	<u>\$ 10,979,000</u>

	2002			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Government agencies	\$ 3,851,224	\$ 56,776	\$ -	\$ 3,908,000
Obligations of states and political subdivisions	8,430,749	192,140	(4,889)	8,618,000
Corporate bonds	262,926	6,074	-	269,000
Total	<u>\$ 12,544,899</u>	<u>\$ 254,990</u>	<u>\$ (4,889)</u>	<u>\$ 12,795,000</u>

During 2003, 2002 and 2001, there were no sales or transfers of held-to-maturity investment securities.

**NOTE 3**

**Investment Securities** *(continued)*

Investment securities with unrealized losses at December 31, 2003 are summarized and classified according to the duration of the loss period as follows:

	<u>Less than 12 Months</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>
U.S. Government agencies	\$ 4,479,000	\$ (35,930)
Obligations of states and political subdivisions	4,192,000	(52,377)
Corporate bonds	1,332,000	(8,960)
Other securities	327,000	(460)
	<u>\$ 10,330,000</u>	<u>\$ (97,727)</u>

Management periodically evaluates each investment security relying primarily on industry analyst reports, observation of market conditions and interest rate fluctuations. Management believes it will be able to collect all amounts due according to the contractual terms of the underlying investment securities and that the noted decline in fair value is due only to interest rate fluctuations.

The amortized cost and estimated market value of investment securities at December 31, 2003 by contractual maturity are shown below. Expected maturities will differ from contractual maturities because the issuers of the securities may have the right to call or prepay obligations with or without call or prepayment penalties.

	<u>Available-for-Sale</u>		<u>Held-to-Maturity</u>	
	<u>Amortized Cost</u>	<u>Estimated Market Value</u>	<u>Amortized Cost</u>	<u>Estimated Market Value</u>
Within one year	\$ 5,894,873	\$ 5,918,000	\$ 3,021,416	\$ 3,060,000
After one year through five years	17,715,763	17,897,000	6,761,871	6,908,000
After five years through ten years	3,653,515	3,629,000	998,054	1,011,000
	<u>\$ 27,264,151</u>	<u>\$ 27,444,000</u>	<u>\$ 10,781,341</u>	<u>\$ 10,979,000</u>

Investment securities with amortized costs of \$14,364,492 and \$7,941,648 and estimated market values of \$14,465,000 and \$8,282,000 were pledged to secure treasury, tax and loan accounts and short-term borrowing arrangements at December 31, 2003 and 2002, respectively.

**NOTE 4**

**Loans and Leases**

Outstanding loans and leases are summarized below:

	December 31,	
	2003	2002
Commercial	\$ 18,453,383	\$ 14,213,117
Agricultural	1,590,735	774,820
Real estate - residential	26,826,673	20,273,539
Real estate - commercial	48,620,462	41,545,870
Real estate - construction	30,931,297	21,847,158
Automobile - Centrix	1,473,185	3,552,329
Consumer - other	8,345,205	6,518,919
Leases	1,635,490	-
	<u>137,876,430</u>	<u>108,725,752</u>
Deferred loan origination fees, net	(420,370)	(341,494)
Allowance for loan and lease losses	(1,886,887)	(1,555,244)
	<u>\$ 135,569,173</u>	<u>\$ 106,829,014</u>

Changes in the allowance for loan and lease losses were as follows:

	For the Year Ended December 31,		
	2003	2002	2001
Balance, beginning of year	\$ 1,555,244	\$ 1,250,859	\$ 959,201
Provision charged to operations	480,000	480,000	525,000
Losses charged to allowance	(148,357)	(175,615)	(233,342)
Balance, end of year	<u>\$ 1,886,887</u>	<u>\$ 1,555,244</u>	<u>\$ 1,250,859</u>

The Company had no individually material loans or leases that were considered to be impaired during the years ended December 31, 2003, 2002 and 2001.

Nonaccrual loans represent a homogeneous pool of automobile loans and totaled \$100,575 and \$154,638 at December 31, 2003 and 2002, respectively. Interest forgone on nonaccrual loans totaled \$29,613, \$21,095 and \$14,048 for the years ended December 31, 2003, 2002 and 2001, respectively.

Salaries and employee benefits totaling \$132,100, \$65,410 and \$71,150 were deferred as loan origination costs during the years ended December 31, 2003, 2002 and 2001, respectively.

**NOTE 5**

**Bank Premises and Equipment**

Bank premises and equipment consisted of the following:

	December 31,	
	2003	2002
Furniture and equipment	\$ 1,580,841	\$ 1,482,068
Leasehold improvements	394,833	382,682
	<u>1,975,674</u>	<u>1,864,750</u>
Less accumulated depreciation and amortization	(1,415,742)	(1,153,014)
	<u>\$ 559,932</u>	<u>\$ 711,736</u>

Depreciation and amortization included in occupancy and equipment expense totaled \$294,140, \$336,956 and \$300,288 for the years ended December 31, 2003, 2002 and 2001, respectively.

**NOTE 6**

**Interest-Bearing Deposits**

Interest-bearing deposits consisted of the following:

	December 31,	
	2003	2002
Savings	\$ 7,947,599	\$ 6,137,423
Money market	60,092,168	50,040,913
NOW accounts	30,314,642	25,858,547
Time, \$100,000 or more	10,767,982	10,686,150
Other time	17,833,574	18,198,519
	<u>\$ 126,955,965</u>	<u>\$ 110,921,552</u>

Aggregate annual maturities of time deposits are as follows:

Year Ending December 31,	
2004	\$ 23,349,120
2005	3,014,751
2006	1,917,799
2007	<u>319,886</u>
	<u>\$ 28,601,556</u>

**NOTE 6****Interest-Bearing Deposits** *(continued)*

Interest expense recognized on interest-bearing deposits consisted of the following:

	Year Ended December 31,		
	2003	2002	2001
Savings	\$ 32,019	\$ 33,843	\$ 43,994
Money market	629,725	766,017	1,068,299
NOW accounts	39,175	52,698	63,773
Time, \$100,000 or more	198,645	291,097	558,829
Other time	317,552	467,877	791,067
	<u>\$ 1,217,116</u>	<u>\$ 1,611,532</u>	<u>\$ 2,525,962</u>

**NOTE 7****Short-Term Borrowing Arrangements**

The Company has \$4,500,000 in unsecured borrowing arrangements with three of its correspondent banks. There were no short-term borrowings outstanding under these arrangements at December 31, 2003 and 2002.

In a separate agreement, the Company can borrow up to the total market value of securities pledged to a correspondent bank under a repurchase agreement. At December 31, 2003, investment securities with amortized costs totaling \$5,907,680 and estimated market values totaling \$6,006,000 were pledged to the correspondent bank under this agreement. At December 31, 2002, investment securities with amortized costs totaling \$6,941,533 and estimated market values totaling \$7,257,000 were pledged to the correspondent bank under this agreement. At December 31, 2003 and 2002, the Company had no outstanding borrowings under this agreement.

In addition, the Company can borrow up to the market value of securities pledged to another of its correspondent banks. At December 31, 2003, investment securities with amortized costs totaling \$901,630 and estimated market values totaling \$890,000 were pledged to the correspondent bank. At December 31, 2002, investment securities with amortized costs totaling \$1,000,115 and estimated market values totaling \$1,025,000 were pledged to the correspondent bank under this agreement. At December 31, 2003 and 2002, the Company had no outstanding borrowings under this arrangement.

Lastly, the Company can borrow up to the market value of securities pledged to the Federal Home Loan Bank of San Francisco (FHLB). At December 31, 2003, investments with amortized costs totaling \$5,417,344 and estimated market values totaling \$5,432,000 were pledged to the FHLB. At December 31, 2003, short-term advances from the FHLB bearing a fixed interest rate of 0.94% and maturing on January 2, 2004 totaled \$4,900,000. At December 31, 2002, there were no outstanding borrowings under this agreement.

**NOTE 8****Long-Term Debt**

The Company could borrow from its correspondent bank, on either a short-term or long-term basis, up to \$2,000,000 secured by the Company's interest in its shares of common stock of the Bank. Proceeds from the advances were to be used to downstream capital to the Bank.

Under the terms of the credit agreement, the Company could draw on the line of credit through June 30, 2003. Borrowing and repayment terms allowed the Company to draw on and partially or wholly repay outstanding borrowings and re-borrow, provided that the total outstanding borrowings at any one time did not exceed the maximum credit limit of \$2,000,000.

At December 31, 2002, advances totaling \$1,400,000 were outstanding against this line of credit with interest rates of 5% and 4.5% on two advances of \$700,000 each. Effective July 1, 2003, the outstanding principal was converted to a term loan to be repaid in annual installments through June 30, 2012. However, in September 2003, the balance due on this loan was paid in full and the agreement was terminated.

**NOTE 9**

**Junior Subordinated Deferrable Interest Debentures**

NorCal Community Bancorp Trust I (the "Trust") is a Delaware business trust formed by the Company with capital of \$124,000 for the sole purpose of issuing trust preferred securities fully and unconditionally guaranteed by the Company. During the third quarter of 2003, the Trust issued 4,000 Floating Rate Capital Trust Pass-Through Securities ("Trust Preferred Securities"), with a liquidation value of \$1,000 per security, for gross proceeds of \$4,000,000. The entire proceeds of the issuance were invested by the Trust in \$4,124,000 of Floating Rate Junior Subordinated Deferrable Interest Debentures (the "Subordinated Debentures") issued by the Company, with identical maturity, repricing and payment terms as the Trust Preferred Securities. The Subordinated Debentures represent the sole assets of the Trust. The Subordinated Debentures mature on October 7, 2033, bear a current interest rate of 4.19% (based on 3-month LIBOR plus 3.05%), with repricing and payments due quarterly. The Subordinated Debentures are redeemable by the Company, subject to receipt by the Company of prior approval from the Federal Reserve Board of Governors, on any January 7, April 7, July 7 or October 7 on or after October 7, 2008. The redemption price is par plus accrued and unpaid interest, except in the case of redemption under a special event which is defined in the debenture. The Trust Preferred Securities are subject to mandatory redemption to the extent of any early redemption of the Subordinated Debentures and upon maturity of the Subordinated Debentures on October 7, 2033.

Holders of the Trust Preferred Securities are entitled to a cumulative cash distribution on the liquidation amount of \$1,000 per security. For each successive period beginning on January 7, April 7, July 7 and October 7 of each year, the rate will be adjusted to equal the 3-month LIBOR plus 3.05%. The Trust has the option to defer payment of the distributions for a period of up to five years, as long as the Company is not in default on the payment of interest on the Subordinated Debentures. The Trust Preferred Securities were sold and issued in private transactions pursuant to an exemption from registration under the Securities Act of 1933, as amended. The Company has guaranteed, on a subordinated basis, distributions and other payments due on the Trust Preferred Securities.

**NOTE 10**

**Income Taxes**

The provision for income taxes for the years ended December 31, 2003, 2002 and 2001 consisted of the following:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
<b>2003</b>			
Current	\$ 1,002,000	\$ 277,000	\$ 1,279,000
Deferred	(132,000)	(55,000)	(187,000)
Income tax expense	<u>\$ 870,000</u>	<u>\$ 222,000</u>	<u>\$ 1,092,000</u>
<b>2002</b>			
Current	\$ 743,000	\$ 265,000	\$ 1,008,000
Deferred	(179,000)	(47,000)	(226,000)
Income tax expense	<u>\$ 564,000</u>	<u>\$ 218,000</u>	<u>\$ 782,000</u>
<b>2001</b>			
Current	\$ 712,000	\$ 214,000	\$ 926,000
Deferred	(389,000)	(91,000)	(480,000)
Income tax expense	<u>\$ 323,000</u>	<u>\$ 123,000</u>	<u>\$ 446,000</u>

**NOTE 10**

**Income Taxes** *(continued)*

Deferred tax assets (liabilities) consisted of the following:

	December 31,	
	2003	2002
Deferred tax assets:		
Allowance for loan and lease losses	\$ 744,000	\$ 562,000
Organizational costs	25,000	4,000
Future benefit of State tax liability	102,000	96,000
Bank premises and equipment	31,000	32,000
Total deferred tax assets	<u>902,000</u>	<u>694,000</u>
Deferred tax liabilities:		
Tax accounting for book accruals	(117,000)	(157,000)
Unrealized gain on available-for-sale investment securities	(74,000)	(164,000)
Future liability of State deferred tax assets	(53,000)	(34,000)
Originated loan servicing	(38,000)	-
Other	(4,000)	-
Total deferred tax liabilities	<u>(286,000)</u>	<u>(355,000)</u>
Net deferred tax assets	<u>\$ 616,000</u>	<u>\$ 339,000</u>

The provision for income tax expense differs from amounts computed by applying the statutory Federal income tax rate to income before income taxes. The significant items comprising these differences for the years ended December 31, 2003, 2002 and 2001 are as follows:

	2003		2002		2001	
	Amount	Rate %	Amount	Rate %	Amount	Rate %
Federal income tax expense, at statutory rate	\$ 973,131	34.0	\$ 673,957	34.0	\$ 381,881	34.0
State franchise tax, net of Federal tax effect	145,548	5.1	154,014	7.8	80,975	7.2
Interest on obligations of states and political subdivisions	(51,340)	(1.8)	(43,895)	(2.2)	(18,953)	(1.7)
Other	24,661	.9	(2,076)	(.1)	2,097	.2
Total income tax expense	<u>\$ 1,092,000</u>	<u>38.2</u>	<u>\$ 782,000</u>	<u>39.5</u>	<u>\$ 446,000</u>	<u>39.7</u>

**NOTE 11** Commitments and Contingencies**Operating Leases**

The Company leases four branch offices and its administrative offices under non-cancelable operating leases. The leases were originated at various times beginning in 1998 and have terms of between 60 and 120 months. The leases expire at different points between 2005 and 2008, with some leases containing three or five year renewal options.

Future minimum lease payments are as follows:

<u>Year Ending</u> <u>December 31,</u>	
2004	\$ 364,708
2005	360,357
2006	209,840
2007	121,757
2008	<u>84,530</u>
	<u>\$ 1,141,192</u>

Rental expense included in occupancy and equipment expense totaled \$397,237, \$376,563 and \$331,920 for the years ended December 31, 2003, 2002 and 2001.

**Financial Instruments With Off-Balance-Sheet Risk**

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business in order to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments consist of commitments to extend credit and letters of credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized on the consolidated balance sheet.

The Company's exposure to credit loss in the event of nonperformance by the other party for commitments to extend credit and letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and letters of credit as it does for loans included on the consolidated balance sheet.

The following financial instruments represent off-balance-sheet credit risk:

	<u>December 31,</u>	
	<u>2003</u>	<u>2002</u>
Commitments to extend credit	\$ 42,298,000	\$ 28,119,000
Letters of credit	\$ 163,000	\$ 612,000

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since some of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the borrower. Collateral held varies, but may include accounts receivable, inventory, and deeds of trust on residential real estate and income-producing commercial properties.

Letters of credit are conditional commitments issued by the Company to guarantee the performance or financial obligation of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers.

**NOTE 11****Commitments and Contingencies** *(continued)***Financial Instruments With Off-Balance-Sheet Risk** *(continued)*

At December 31, 2003, commercial loan commitments represent approximately 32% of total commitments and are generally secured by accounts receivable and inventory. Real estate loan commitments represent approximately 67% of total commitments and are generally secured by property with a loan-to-value ratio not to exceed 75%. Personal lines of credit and credit card commitments represent the remaining 1% of total commitments. In addition, the majority of the Company's loan commitments have variable interest rates.

**Significant Concentrations of Credit Risk**

The Company grants real estate mortgage, real estate construction, commercial and consumer loans to customers in the Company's geographic service area. Although the Company has a diversified loan portfolio, a substantial portion of its portfolio is secured by real estate.

As of December 31, 2003, in management's judgment, a concentration existed in real estate loans. At that date, approximately 77% of the loans were real estate related, with commercial real estate representing 35%, residential real estate representing 19% and real estate construction loans representing 23%.

As of December 31, 2002, in management's judgment, a concentration existed in real estate loans. At that date, approximately 77% of the loans were real estate related, with commercial real estate representing 38%, residential real estate representing 19% and real estate construction loans representing 20%.

Although management believes the loans within these concentrations have no more risk than the normal risk of collectibility, a substantial decline in the performance of the economy in general or a decline in real estate values in the Company's primary market area, in particular, could have an adverse impact on collectibility, increase the level of real estate related nonperforming loans, or have other adverse effects which alone or in the aggregate could have a material adverse effect on the financial condition of the Company.

**Federal Reserve Requirement**

Banks are required to maintain reserves with the Federal Reserve Bank equal to a percentage of their reservable deposits. The reserve balances required at December 31, 2003 and 2002 were \$1,047,000 and \$907,000.

**Correspondent Banking Agreements**

The Company maintains funds on deposit with other federally insured financial institutions under correspondent banking agreements. Uninsured deposits totaled \$3,425,700 at December 31, 2003.

**Contingencies**

The Company is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to such actions will not materially affect the financial position or results of operations of the Company.

**NOTE 12****Shareholders' Equity****Dividend Restrictions**

The Company's ability to pay cash dividends is dependent on dividends paid to it by the Bank and limited by California law. Under California law, the holders of common stock of the Company are entitled to receive dividends when and as declared by the Board of Directors, out of funds legally available, subject to certain restrictions. California General Corporation Law prohibits the Company from paying dividends on its common stock unless: (i) its retained earnings, immediately prior to the dividend payment, equals or exceeds the amount of the dividend or (ii) immediately after giving effect to the dividend, the sum of the Company's assets (exclusive of goodwill and deferred charges) would be at least equal to 125% of its liabilities (not including deferred taxes, deferred income and other deferred liabilities) and the current assets of the Company would be at least equal to its current liabilities, or, if the average of its earnings before taxes on income and before interest expense for the two preceding fiscal years was less than the average of its interest expense for the two preceding fiscal years, at least equal to 125% of its current liabilities.

**NOTE 12****Shareholders' Equity** *(continued)***Dividend Restrictions** *(continued)*

Dividends from the Bank to the Company are restricted under certain federal laws and regulations governing banks. In addition, California law restricts the total dividend payments of any bank to the lesser of the bank's retained earnings or the bank's net income for the latest three fiscal years, less dividends previously paid during that period, at any time without the prior approval of the California Department of Financial Institutions. As of December 31, 2003, the maximum amount available for dividend distributions by the Bank to the Company under these restrictions was approximately \$3,447,871.

**Earnings Per Share**

A reconciliation of the numerators and denominators of the basic and diluted earnings per share computations for the years ended December 31, 2003, 2002 and 2001 is shown below.

	Net Income	Weighted Average Number of Shares Outstanding	Per Share Amount
<hr/> <b>December 31, 2003</b> <hr/>			
Basic earnings per share	\$ 1,770,149	1,724,425	\$ <u>1.03</u>
Effect of dilutive stock options		<u>174,908</u>	
Diluted earnings per share	<u>\$ 1,770,149</u>	<u>1,899,333</u>	<u>\$ 0.93</u>
<hr/> <b>December 31, 2002</b> <hr/>			
Basic earnings per share	\$ 1,200,228	1,724,240	\$ <u>0.70</u>
Effect of dilutive stock options		<u>76,211</u>	
Diluted earnings per share	<u>\$ 1,200,228</u>	<u>1,800,451</u>	<u>\$ 0.67</u>
<hr/> <b>December 31, 2001</b> <hr/>			
Basic earnings per share	\$ 677,180	1,724,240	\$ <u>0.39</u>
Effect of dilutive stock options		<u>93,616</u>	
Diluted earnings per share	<u>\$ 677,180</u>	<u>1,817,856</u>	<u>\$ 0.37</u>

**NOTE 12**

**Shareholders' Equity** *(continued)*

**Stock Options**

During 1998, the Board of Directors adopted a stock option plan for which 514,650 shares of common stock are reserved for issuance to employees and directors under incentive and nonstatutory agreements. The plan requires that the option price may not be less than the fair market value of the stock at the date the option is granted, and that the stock must be paid for in full at the time the option is exercised. All options expire on a date determined by the Board of Directors, but not later than ten years from the date of grant. Certain options are exercisable when granted and others vest over a five year period.

	2003		2002		2001	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Options outstanding, beginning of year	431,570	\$ 5.74	395,720	\$ 5.65	391,220	\$ 5.63
Options granted	15,750	\$ 12.37	35,850	\$ 6.67	4,500	\$ 7.67
Options exercised	(225)	\$ 4.89	-	-	-	-
Options outstanding, end of year	447,095	\$ 5.97	431,570	\$ 5.74	395,720	\$ 5.65
Options exercisable, end of year	382,604	\$ 5.53	310,832	\$ 5.35	269,970	\$ 5.15

A summary of options outstanding at December 31, 2003 follows:

Range of Exercise Prices	Number of Options Outstanding December 31, 2003	Weighted Average Remaining Contractual Life	Options Exercisable December 31, 2003
\$ 4.89	297,282	4.4 years	297,282
\$ 5.22	11,250	4.5 years	11,250
\$ 6.67	35,850	8.7 years	8,964
\$ 7.67	4,500	7.1 years	1,800
\$ 8.05	18,000	6.3 years	10,800
\$ 8.45	64,463	6.5 years	52,508
\$ 12.33	14,250	9.8 years	-
\$ 12.67	1,500	9.7 years	-
	447,095		382,604

**Stock Split**

On October 16, 2003, the Board of Directors declared a three-for-two stock split, payable on December 1, 2003 to shareholders of record on November 5, 2003. All per share, shares outstanding and stock option data in the consolidated financial statements have been retroactively restated to reflect the stock split.

**NOTE 12**

**Shareholders' Equity** *(continued)*

**Regulatory Capital**

The Company and the Bank are subject to certain regulatory capital requirements administered by the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation (FDIC). Failure to meet these minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company's and the Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios of total and Tier 1 capital to risk-weighted assets and of Tier 1 capital to average assets. Each of these components is defined in the regulations. Management believes that the Company and the Bank met all their capital adequacy requirements as of December 31, 2003 and 2002.

In addition, the most recent notification from the FDIC categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth below. There are no conditions or events since that notification that management believes have changed the categories.

	December 31,			
	2003		2002	
	Amount	Ratio	Amount	Ratio
<b>Leverage Ratio</b>				
NorCal Community Bancorp and Subsidiary	\$ 15,291,000	8.4%	\$ 9,762,000	6.4%
Minimum regulatory requirement	\$ 7,271,000	4.0%	\$ 6,069,000	4.0%
Bank of Alameda	\$ 15,173,000	8.4%	\$ 11,051,000	7.3%
Minimum requirement for "Well-Capitalized" institution	\$ 9,080,000	5.0%	\$ 7,586,000	5.0%
Minimum regulatory requirement	\$ 7,264,000	4.0%	\$ 6,069,000	4.0%
<b>Tier 1 Risk-Based Capital Ratio</b>				
NorCal Community Bancorp and Subsidiary	\$ 15,291,000	10.9%	\$ 9,762,000	8.6%
Minimum regulatory requirement	\$ 5,613,000	4.0%	\$ 4,552,000	4.0%
Bank of Alameda	\$ 15,173,000	10.8%	\$ 11,051,000	9.7%
Minimum requirement for "Well-Capitalized" institution	\$ 8,407,000	6.0%	\$ 6,828,000	6.0%
Minimum regulatory requirement	\$ 5,604,000	4.0%	\$ 4,552,000	4.0%
<b>Total Risk-Based Capital Ratio</b>				
NorCal Community Bancorp and Subsidiary	\$ 17,202,000	12.3%	\$ 11,186,000	9.8%
Minimum regulatory requirement	\$ 11,226,000	8.0%	\$ 9,104,000	8.0%
Bank of Alameda	\$ 16,926,000	12.0%	\$ 12,476,000	11.0%
Minimum requirement for "Well-Capitalized" institution	\$ 14,011,000	10.0%	\$ 11,380,000	10.0%
Minimum regulatory requirement	\$ 11,209,000	8.0%	\$ 9,104,000	8.0%

**NOTE 13** Related Party Transactions

During the normal course of business, the Company enters into transactions with related parties, including Directors and officers. These transactions include borrowings from the Company with substantially the same terms, including rates and collateral, as loans to unrelated parties. The following is a summary of the aggregate activity involving related party borrowers during 2003:

Balance, January 1, 2003	\$ 164,102
Disbursements	36,009
Amounts repaid	<u>(24,596)</u>
Balance, December 31, 2003	<u>\$ 175,515</u>
Undisbursed commitments to related parties, December 31, 2003	<u>\$ 654,485</u>

**NOTE 14** Other Expenses

Other expenses for the years ended December 31, 2003, 2002 and 2001 consisted of the following:

	2003	2002	2001
Data processing	\$ 469,456	\$ 442,486	\$ 328,492
Professional fees	420,092	308,177	264,365
Centrix servicing fees	28,582	64,870	130,035
Stationery and supplies	92,101	119,747	83,564
Advertising and promotion	156,629	112,527	105,481
Communications and postage	103,996	109,634	92,167
Other operating expenses	596,421	610,063	417,303
	<u>\$ 1,867,277</u>	<u>\$ 1,767,504</u>	<u>\$ 1,421,407</u>

**NOTE 15** Comprehensive Income

Comprehensive income is reported in addition to net income for all periods presented. Comprehensive income is a more inclusive financial reporting methodology that includes disclosure of other comprehensive (loss) income that historically has not been recognized in the calculation of net income. Unrealized gains and losses on the Company's available-for-sale investment securities are included in other comprehensive (loss) income. Total comprehensive income and the components of accumulated other comprehensive (loss) income are presented in the statement of changes in shareholders' equity.

**NOTE 15****Comprehensive Income** *(continued)*

For the years ended December 31, 2003, 2002 and 2001, the Company held securities classified as available-for-sale which had unrealized (losses) gains as follows:

	Before Tax	Tax Benefit (Expense)	After Tax
<b>For the Year Ended December 31, 2003</b>			
Other comprehensive loss:			
Unrealized holding losses	\$ (310,847)	\$ 93,678	\$ (217,169)
Reclassification adjustment for losses included in net income	(7,963)	3,265	(4,698)
<b>Total other comprehensive loss</b>	<b>\$ (302,884)</b>	<b>\$ 90,413</b>	<b>\$ (212,471)</b>
<b>For the Year Ended December 31, 2002</b>			
Other comprehensive loss:			
Unrealized holding losses	\$ (40,018)	\$ 13,587	\$ (26,431)
Reclassification adjustment for gains included in net income	13,619	(4,630)	8,989
<b>Total other comprehensive loss</b>	<b>\$ (53,637)</b>	<b>\$ 18,217</b>	<b>\$ (35,420)</b>
<b>For the Year Ended December 31, 2001</b>			
Other comprehensive income:			
Unrealized holding gains	\$ 564,163	\$ (191,668)	\$ 372,495
Reclassification adjustment for gains included in net income	13,909	(4,729)	9,180
<b>Total other comprehensive income</b>	<b>\$ 550,254</b>	<b>\$ (186,939)</b>	<b>\$ 363,315</b>

**NOTE 16****Disclosures About Fair Value of Financial Instruments**

Estimated fair values are disclosed for financial instruments for which it is practicable to estimate fair value. These estimates are made as of a specific point in time based on relevant market data and information about the financial instruments. These estimates do not reflect any premium or discount that could result from offering the Company's entire holdings of a particular financial instrument for sale at one time, nor do they attempt to estimate the value of anticipated future business related to the instruments. In addition, the tax ramifications related to the realization of unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in any of these estimates.

Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on judgments regarding current economic conditions, risk characteristics of various financial instruments and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the fair value presented.

The following methods and assumptions were used by the Company to estimate the fair value of its financial instruments at December 31, 2003 and 2002:

**Cash and cash equivalents:** For cash and cash equivalents, the carrying amount is estimated to be fair value.

**Investment securities:** For investment securities, fair values are based on quoted market prices, where available. If quoted market prices are not available, fair values are estimated using quoted market prices for similar securities and indications of value provided by brokers.

**NOTE 16**

**Disclosures About Fair Value of Financial Instruments** *(continued)*

**Loans and Leases:** For variable-rate loans and leases that reprice frequently with no significant change in credit risk, fair values are based on carrying values. The fair values for other loans and leases are estimated using discounted cash flow analyses, using interest rates currently being offered at each reporting date for loans with similar terms to borrowers of comparable creditworthiness. The carrying amount of accrued interest receivable approximates its fair value.

**Deposits:** The fair values for demand deposits are, by definition, equal to the amount payable on demand at the reporting date represented by their carrying amount. Fair values for fixed-rate certificates of deposit are estimated using discounted cash flow analyses using interest rates offered at each reporting date by the Company for certificates with similar remaining maturities. The carrying amount of accrued interest payable approximates its fair value.

**Short-term borrowings:** The fair value of short-term borrowings is estimated to be the carrying value.

**Long-term debt:** The fair value of long-term debt is estimated using a discounted cash flow analysis using interest rates currently available to the Company for similar debt instruments.

**Junior subordinated deferrable interest debentures:** The fair value of junior subordinated deferrable interest debentures was determined based on the current market for like-kind instruments of a similar maturity and structure.

**Commitments to extend credit:** Commitments to extend credit are primarily for variable rate loans and letters of credit. For these commitments, there is no difference between the committed amounts and their fair values. Commitments to fund fixed rate loans and letters of credit are at rates which approximate fair value at each reporting date.

The carrying amounts and estimated fair values of the Company's financial instruments are as follows:

	December 31, 2003		December 31, 2002	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and due from banks	\$ 4,960,703	\$ 4,960,703	\$ 5,632,390	\$ 5,632,390
Federal funds sold	-	-	2,970,000	2,970,000
Investment securities	38,225,431	38,423,000	33,077,899	33,328,000
Loans and leases	135,569,173	138,807,000	106,829,014	109,748,000
Accrued interest receivable	1,130,560	1,130,560	980,195	980,195
Financial liabilities:				
Deposits	\$ 160,523,397	\$ 160,589,000	\$ 138,568,751	\$ 138,756,000
Short-term borrowings	4,900,000	4,900,000		
Long-term debt	-	-	1,400,000	1,400,000
Accrued interest payable	73,161	73,161	91,058	91,058
Junior subordinated deferrable interest debentures	4,124,000	4,124,000	-	-
Off-balance-sheet financial instruments:				
Commitments to extend credit	\$ 42,298,000	\$ 42,298,000	\$ 28,119,000	\$ 28,119,000
Standby letters of credit	163,000	163,000	612,000	612,000

**NOTE 17**

**Employee Retirement Plan**

During 1998, the Board of Directors adopted a Salary Deferral 401(k) Plan. The plan is available to employees meeting certain age and length of service requirements. Under the plan, employees can defer a selected portion of their annual compensation and the Company may match each employee contribution in an amount to be determined annually under a formula established by the Company. The Company made contributions of \$55,202, \$51,188 and \$35,840 for the years ended December 31, 2003, 2002 and 2001, respectively.

**NOTE 18** Parent Only Condensed Financial StatementsBALANCE SHEET  
December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
<b>ASSETS</b>		
Cash and due from banks	\$ 104,330	\$ 48,032
Investment in subsidiary	15,363,751	11,370,185
Other assets	342,495	62,542
	<u>\$ 15,810,576</u>	<u>\$ 11,480,759</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Long-term borrowings	\$ -	\$ 1,400,000
Accrued interest payable	47,039	-
Junior subordinated debentures due to statutory grantor trust	4,124,000	-
	<u>4,171,039</u>	<u>1,400,000</u>
Total liabilities		
Shareholders' equity:		
Common stock	7,616,752	7,615,652
Retained earnings	3,916,622	2,146,473
Accumulated other comprehensive income	106,163	318,634
	<u>11,639,537</u>	<u>10,080,759</u>
Total shareholders' equity	<u>\$ 15,810,576</u>	<u>\$ 11,480,759</u>

**NOTE 18** Parent Only Condensed Financial Statements (continued)STATEMENT OF INCOME  
For the Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Income:		
Dividends declared by subsidiary— eliminated in consolidation	\$ 200,000	\$ 200,000
Earnings from investment in statutory trust	1,414	-
Total income	<u>201,414</u>	<u>200,000</u>
Expenses:		
Interest expense	98,906	21,134
Salaries and benefits	27,457	10,940
Other expenses	64,478	119,894
Total expenses	<u>190,841</u>	<u>151,968</u>
Income before equity in undistributed income of subsidiary	10,573	48,032
Equity in undistributed income of subsidiary	<u>1,681,037</u>	<u>1,089,654</u>
Income before income taxes	1,691,610	1,137,686
Income tax benefit	<u>78,539</u>	<u>62,542</u>
Net income	<u>\$ 1,770,149</u>	<u>\$ 1,200,228</u>

**NOTE 18** Parent Only Condensed Financial Statements (continued)STATEMENT OF CASH FLOWS  
For the Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Net income	\$ 1,770,149	\$ 1,200,228
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Undistributed net income of subsidiary	(1,681,037)	(1,089,654)
Increase in other assets	(279,953)	(62,542)
Increase in other liabilities	47,039	-
	<u>(143,802)</u>	<u>48,032</u>
Net cash (used in) provided by operating activities		
Cash flows used in investing activities:		
Capital contributed to subsidiary	<u>(2,525,000)</u>	<u>(1,400,000)</u>
Cash flows from financing activities:		
Proceeds from the issuance of long-term debt	-	1,400,000
Repayments on long-term debt	(1,400,000)	-
Proceeds from issuance of junior subordinated debentures to subsidiary grantor trust	4,124,000	-
Proceeds from exercise of stock options	1,100	-
	<u>2,725,100</u>	<u>1,400,000</u>
Net cash provided by financing activities		
Increase in cash and cash equivalents	56,298	48,032
Cash and cash equivalents at beginning of period	<u>48,032</u>	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ 104,330</u>	<u>\$ 48,032</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest expense	\$ 51,876	-
Non-cash investing activities:		
Net change in unrealized gain on available-for-sale investment securities	\$ (302,884)	\$ (53,637)
Issuance of common stock in exchange for common stock of the Bank		\$ 9,323,742

# BOARD OF DIRECTORS

NORCAL COMMUNITY BANCORP  
AND BANK OF ALAMEDA



Left to right: David S. Oliver, M.D.;  
Eric C. Cross; James L. McKenna;  
Robert K. Dahl; Joel Vuylsteke;  
Michael G. Gorman, Vice Chairman;  
James B. Davis, Chairman of the Board;  
Stephen G. Andrews, President and CEO

# NorCal

## **NorCal Community Bancorp**

1321 Harbor Bay Parkway, Suite 201  
Alameda, CA 94502  
(510) 814-7100



### **Subsidiary:**

Bank of Alameda  
2130 Otis Drive, Alameda, CA 94501  
(510) 864-9100  
[www.bankofalameda.com](http://www.bankofalameda.com)

### **Branch Locations:**

1416 Park Street, Alameda, CA 94501  
(510) 769-9338

883-A Island Drive, Alameda, CA 94502  
(510) 748-1440

2200 Powell Street, Suite 105  
Emeryville, CA 94608  
(510) 596-2490

1111 Broadway, Suite 120  
Oakland, CA 94607  
(510) 433-1400

### **Transfer Agent:**

U. S. Stock Transfer Corporation  
1745 Gardena Ave., Glendale, CA 91204  
(818) 502-1404  
[www.usstock.com](http://www.usstock.com)

### **Stock Listing:**

OTC Bulletin Board: NCLC

**NorCal Community Bancorp and Bank of Alameda Board of Directors:**

**James B. Davis**

Chairman of the Board, NorCal Community Bancorp and Bank of Alameda

**Stephen G. Andrews**

President and CEO, NorCal Community Bancorp and Bank of Alameda

**Eric C. Cross**

President and CEO, Cross & Associates

**Robert K. Dahl**

Executive and Owner, Riviera Ventures, LLC.

**Michael G. Gorman**

Vice Chairman, Bank of Alameda and Vice President, FVS Enterprises, Inc.

**James L. McKenna**

Retired Partner, Armanino McKenna, LLP, CPA

**David S. Oliver**

Physician and General Surgeon

**Joel Vuylsteke**

Former President and CEO, Alameda First National Bank

**NorCal Community Bancorp Corporate Officers:**

**James B. Davis**

Chairman of the Board

**Stephen G. Andrews**

President and CEO

**Jeanette E. Reynolds**

Senior Vice President, Chief Financial Officer and Corporate Secretary

**Bank of Alameda Officers:**

**James B. Davis**

Chairman of the Board

**Stephen G. Andrews**

President and CEO

**Jeanette E. Reynolds**

Senior Vice President, Chief Financial Officer and Corporate Secretary

**Michael K. Roberts**

Senior Vice President and Chief Information Officer

**P. Troy Williams**

Senior Vice President and Chief Lending Officer

**Elizabeth C. Altieri**

Vice President, Relationship Manager

**Blake A. Brydon**

Vice President, Mortgage Lending

**Ellsworth A. Cragholm**

Vice President, Commercial Lending

**Donna K. Crane**

Vice President, Construction Lending

**Michael D. Farstad**

Vice President, Commercial Lending

**Allyson E. Fattore**

Vice President, Relationship Manager

**Adam M. Howard**

Vice President, Construction Lending

**John R. Jacobs**

Vice President, Business Development

**Robert W. McDoulett**

Vice President, SBA Lending

**George K. Nishi**

Vice President, Commercial Lending

**Darcie A. Perry**

Vice President, Controller

**Ted Del Mundo**

Assistant Vice President, Loan Operations Manager

**Faye Garcia**

Assistant Vice President, Human Resource Manager

**Carol M. Rodriguez**

Assistant Vice President, Mortgage Processing Manager

**Cynthia A. Salvador-Hollins**

Assistant Vice President, Operations Manager

**Ana M. Long**

Assistant Vice President, Consumer Lending

**Kenneth K. Toyama**

Assistant Vice President, Real Estate Loan Associate

**Georganne M. Bellomo**

Branch Service Manager

**Lorna L. Goforth**

Branch Service Manager

**Vicki L. Masters**

Branch Service Manager

**Rosemary D. Senegal**

Branch Service Manager

**Danni Stewart-Lofton**

Branch Service Manager

**Kathy M. Shaughnessy**

Personal Banking Officer

*NorCal*  
Community  
Bancorp

[www.norcalcommunitybancorp.com](http://www.norcalcommunitybancorp.com)

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MEMBER FDIC

