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Despite Quarterly Loss, Local Bank Reports Growth

By Sophie Braccini

John Rossell, President and CEO of the California Bank of Commerce, was satisfied with Federal Reserve Bank Chairman Ben Bernanke's move to reduce key interest rate by a half percent last Wednesday, a second cut in just over a week. "This is good news," says the CEO, "the Fed is being more aggressive, and lots of folks are saying that we may avoid a recession."

The loss of 17,000 jobs in January undermines that expectation. Last Friday, President Bush

expressed concerns about the new job numbers. "There are certainly some troubling signs, some serious signs, that the economy is weakening, and we have to do something about it," he said. "Congress is planning additional measures to boost the economy," believes Rossell, "we can get a guaranteed mortgage for conforming loans and the fixed 30-year rate has been below 6% for more than six weeks in a row."

However, the California Bank of Commerce recently took

a loan loss provision of \$167,000. "We have no exposure to sub-prime loan", says Rossell, "and no delinquent or past-due loans at year end." Rossell is proud to report that the bank continues to grow.

The Lafayette bank was opened in July and moved its headquarters to the Mercantile on Mt. Diablo Blvd. in November of 2007. Since July, deposits at the bank have grown to \$35M and loans to \$40M in commitment and \$25M outstanding.

"We are growing beyond our

expectations because the economy is still robust in the Bay Area," says Rossell, "but for small banks like us, keeping high margins is a challenge." When rates are going down margins get squeezed, because the interests paid on deposits cannot be lowered as much. "With all this our share price has held up and there has not been much trading. Our shareholders are loyal," says the CEO, "they are part of the community and know it usually takes two years for a new bank to turn a profit."