

GLOBAL BANCORP
700 E. El Camino Real, Suite 110
Mountain View, California 94040
(650) 810-9400

BAY COMMERCIAL BANK
1280 Civic Drive, Suite 100
Walnut Creek, California 94596
(925) 476-1800

July 22, 2011

PROPOSED MERGER – YOUR VOTE IS VERY IMPORTANT

The boards of directors of Global Bancorp, Global Trust Bank, and Bay Commercial Bank have approved a merger agreement in which Global Bancorp will first be merged with and into its subsidiary, Global Trust Bank, and then Global Trust Bank will merge with and into Bay Commercial Bank. For Global Bancorp shareholders, if the principal terms of the merger agreement are approved and both mergers are subsequently completed, each outstanding share of Global Bancorp common stock will be converted into the right to receive either (i) .75678 shares of Bay Commercial Bank common stock, or (ii) \$7.25 in cash or (iii) a combination of the two (subject to limitations and adjustments in the merger agreement, including the limitation that no more than approximately 20% of the outstanding shares of Global Bancorp be converted to cash in the merger). The merger consideration is described in detail in the section entitled “JOINT PROPOSAL I – THE MERGERS – Calculation of Merger Consideration to be Paid to Global Bancorp Shareholders” and in the merger agreement attached as Appendix A to this joint proxy statement-offering circular. For Bay Commercial Bank shareholders, the shares held by Bay Commercial Bank shareholders prior to the merger will continue to remain outstanding after the merger.

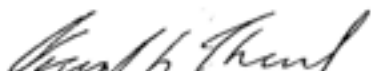
The merger cannot be completed unless a majority of the shareholders of Global Bancorp and a majority of the shareholders of Bay Commercial Bank approve the principal terms of the merger agreement.

Based on the reasons for the mergers described in this joint proxy statement-offering circular, our respective boards of directors believe that the merger is fair to you and in your best interests. **Accordingly, our respective boards of directors recommend that you vote “FOR” approval of the principal terms of the merger agreement.**

The accompanying joint proxy statement-offering circular gives you detailed information about the shareholders’ meetings, the mergers and related matters and other items being voted upon at the Global Bancorp annual meeting and the Bay Commercial Bank annual meeting. In addition, Bay Commercial Bank and Global Bancorp shareholders are asked to vote on additional proposals that are normally part of the agenda for their annual meeting of shareholders including the election of the board of directors. **We urge you to read this entire document carefully, including the considerations discussed under “RISK FACTORS,” beginning on page 10, and the appendices thereto, which include the merger agreements.**

It is very important that your shares be represented at the annual meetings. Whether or not you plan to attend the annual meeting, please complete, date and sign the enclosed proxy form and return it promptly in the postage-paid envelope provided.

Sincerely,



Vinod K. Thukral
Global Bancorp, Chairman



Lloyd Kendall
Bay Commercial Bank, Chairman

Neither the Securities and Exchange Commission, the California Department of Financial Institutions, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, the California Department of Corporations, nor any other state securities commission has approved or disapproved of the securities to be issued in connection with the merger or has determined if this joint proxy statement-offering circular is accurate or complete. Any representation to the contrary is a criminal offense.

This joint proxy statement-offering circular is dated July 22, 2011 and will be mailed to shareholders of Global Bancorp and Bay Commercial Bank on or about July 27, 2011.

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BAY COMMERCIAL BANK

Notice of Annual Meeting of Shareholders

August 16, 2011

To: The Shareholders of Bay Commercial Bank

Notice is hereby given that, under the terms of its bylaws and the call of its board of directors, the annual meeting of shareholders of Bay Commercial Bank will be held at its Headquarters Office, located at 1280 Civic Drive, Suite 100, Walnut Creek, California 94596, on August 16, 2011, at 4:00 p.m. (local time), for the purpose of considering and voting upon the following matters:

1. Approval of the Merger Agreement. To approve the principal terms of the Agreement and Plan of Reorganization and Merger dated May 12, 2011, as amended, attached as Appendix A to this joint proxy statement-offering circular ("Merger Agreement") for the merger of Global Trust Bank with and into Bay Commercial Bank;
2. Adjournment. If necessary to consider and vote upon a proposal to grant discretionary authority to adjourn the annual meeting if necessary to permit further solicitation of proxies if there are not sufficient votes at the time of the annual meeting to approve the principal terms of the Merger Agreement;
3. Bay Commercial Bank Proposal A: Election of Directors. To elect seven persons to the Board of Directors, each for a one-year term; and,
4. Bay Commercial Bank Proposal B: Ratification of Auditors. To ratify the selection by the board of directors of Moss Adams, LLP, independent public accountants, to audit the financial statements of Bay Commercial Bank for the fiscal year ended December 31, 2011.

The Merger Agreement sets forth the terms of the merger of Global Trust Bank with and into Bay Commercial Bank. As a result of the merger, all current shareholders of Global Bancorp, which holds all of the outstanding shares of Global Trust Bank, will receive either (i) .75678 shares of Bay Commercial Bank common stock, (ii) \$7.25 in cash, or (iii) a combination of the two, per share of Global Bancorp stock owned (subject to limitations and adjustments in the Merger Agreement). The shares held by Bay Commercial Bank shareholders prior to the merger will continue to remain outstanding after the merger. The transaction is more fully described in the enclosed joint proxy statement-offering circular and in the Merger Agreement included as Appendix A thereto.

The board of directors has fixed the close of business on June 17, 2011, as the record date for determination of shareholders entitled to notice of, and the right to vote at, the annual meeting of shareholders and any adjournments or postponements of the annual meeting.

Because the affirmative vote of shareholders holding a majority of the outstanding shares of Bay Commercial Bank common stock is required to approve the principal terms of the Merger Agreement for the merger of Global Trust Bank with and into Bay Commercial Bank, it is essential that all shareholders vote. You are urged to vote in favor of the proposals by signing and returning the enclosed proxy as promptly as possible, whether or not you plan to attend the annual meeting of shareholders in person. If you do attend the meeting you may then withdraw your proxy. The proxy may be revoked at any time prior to its exercise. **Whether or not you plan to attend the annual meeting, please complete, date and sign the enclosed proxy form and return it promptly in the postage-paid envelope provided in order to vote.**

By Order of the Board of Directors



Keary Colwell, Corporate Secretary

Dated: July 22, 2011

GLOBAL BANCORP

Notice of Annual Meeting of Shareholders

August 18, 2011

To: The Shareholders of Global Bancorp

Notice is hereby given that, under the terms of its bylaws and the call of its board of directors, a annual meeting of shareholders of Global Bancorp will be held at 700 E. El Camino Real, Suite 110, Mountain View, California 94040, on August 18, 2011, at 5:30 p.m. (local time), for the purpose of considering and voting upon the following matters:

1. Approval of the Downstream Merger Agreement. To approve the principal terms of the Downstream Merger Agreement ("**Downstream Merger Agreement**"), dated May 12, 2011, as amended, attached as Appendix B to the joint proxy statement-offering circular for the merger of Global Bancorp with and into Global Trust Bank;
2. Approval of the Merger Agreement. To approve the principal terms of the Agreement and Plan of Reorganization and Merger, dated May 12, 2011, attached as Appendix A to the joint proxy statement-offering circular ("**Merger Agreement**") for the merger of Global Trust Bank with and into Bay Commercial Bank;
3. Adjournment. To consider and vote upon a proposal to grant discretionary authority to adjourn the annual meeting if necessary to permit further solicitation of proxies if there are not sufficient votes at the time of the annual meeting to approve the principal terms of the Merger Agreement; and,
4. Global Bancorp Proposal A: Election of Directors. To elect seven persons to the board of directors, for a term of one year.

The downstream merger will not be completed if the merger with Bay Commercial Bank is not approved or all conditions in the Merger Agreement are not satisfied. The Merger Agreement sets forth the terms of the merger of Global Trust Bank with and into Bay Commercial Bank, which will immediately follow the merger of Global Bancorp with and into Global Trust Bank. As a result of the merger with Bay Commercial Bank, all shareholders of Global Bancorp will receive either (i) 0.75678 shares of Bay Commercial Bank common stock, (ii) \$7.25 in cash, or (iii) a combination of the two, per share of Global Bancorp stock owned (subject to limitations and adjustments in the Merger Agreement). The shares held by Bay Commercial Bank shareholders prior to the merger will continue to remain outstanding after the merger. The transactions are more fully described in the enclosed joint proxy statement-offering circular and in the Merger Agreement included as Appendix A thereto.

The board of directors has fixed the close of business on June 30, 2011, as the record date for determination of shareholders entitled to notice of, and the right to vote at, the annual meeting of shareholders and any adjournments or postponements of the annual meeting. You have a right to dissent from the merger and obtain payment of the fair value of your shares by complying with the provisions of the California General Corporation Law contained in Appendix D.

Since the affirmative vote of shareholders holding a majority of the outstanding shares of Global Bancorp common stock is required to approve the principal terms of the Downstream Merger Agreement and the principal terms of the Merger Agreement, it is essential that all shareholders vote. You are urged to vote in favor of the proposals. **Whether or not you plan to attend the annual meeting, please complete, date and sign the enclosed proxy form and return it promptly in the postage-paid envelope provided.**

By Order of the Board of Directors

Dated: July 22, 2011



Bhupen B. Amin, Corporate Secretary

JOINT PROXY STATEMENT-OFFERING CIRCULAR

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE ANNUAL MEETINGS

Following are brief answers to certain questions that you may have regarding the proposals being considered at the Global Bancorp annual meeting and the Bay Commercial Bank annual meeting. Global Bancorp and Bay Commercial Bank urge you to read carefully this entire joint proxy statement-offering circular because this section does not provide all the information that might be important to you. All references to the Merger Agreement are to the Agreement and Plan of Reorganization and Merger, dated May 12, 2011, as amended, by and among Bay Commercial Bank, Global Bancorp, and Global Trust Bank, a copy of which is attached as Appendix A to this joint proxy statement-offering circular.

Questions and Answers About This Joint Proxy Material And Voting

Q: Why have I received these materials?

A: This joint proxy statement-offering circular and the enclosed proxy card were sent to you because the boards of directors of Global Bancorp and Bay Commercial Bank are soliciting proxies to vote at their annual meeting of shareholders to be held on August 18, 2011 and August 16, 2011, respectively. You are cordially invited to attend the annual meeting of shareholders for the company in which you hold stock and are requested to vote on the proposals described in this joint proxy statement-offering circular. We intend to mail this joint proxy statement-offering circular and accompanying proxy card on or about July 27, 2011 to all shareholders entitled to vote at the annual meetings.

Q: Who is entitled to vote at the annual meetings?

A: Shareholders of record as of the close of business on June 30, 2011 will be entitled to vote at the annual meeting of shareholders of Global Bancorp. Shareholders of record as of the close of business on June 17, 2011 will be entitled to vote at the annual meeting of shareholders of Bay Commercial Bank.

Q: What am I voting on?

A: If you are a Global Bancorp shareholder, you are being asked to vote to:

- approve the principal terms of the Downstream Merger Agreement for the merger of Global Bancorp with and into Global Trust Bank;
- approve the principal terms of the Merger Agreement for the subsequent merger of Global Trust Bank with and into Bay Commercial Bank;
- approve, if necessary, any adjournment or postponement of the annual meeting to solicit additional proxies in favor of the merger proposal; and,
- elect seven persons to the board of directors of Global Bancorp.

If you are a Bay Commercial Bank shareholder, you are being asked to vote to:

- approve the principal terms of the Merger Agreement;
- approve, if necessary, any adjournment or postponement of the annual meeting to solicit additional proxies in favor of the merger proposal;
- elect seven persons to the board of directors of Bay Commercial Bank; and,
- ratify the appointment of Moss Adams LLP as the independent auditors for Bay Commercial Bank for its fiscal year ending December 31, 2011.

Q: How do I vote?

A: For each of the matters to be voted on, you may vote “FOR” or “AGAINST” or abstain from voting.

If you are a shareholder of record, you may vote in person at the annual meeting you attend, or you may vote by proxy using the enclosed proxy card. Whether or not you plan to attend the annual meeting, you are urged to vote by proxy to ensure your vote is counted. You may still attend the annual meeting, and vote in person if you have already voted by proxy.

- To vote in person, come to the annual meeting and you will be given a ballot when you arrive.
- To vote using the proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the annual meeting, we will vote your shares as you direct.

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received a proxy card and voting instructions with these proxy materials from that agent or custodian rather than from Global Bancorp or Bay Commercial Bank. In order to vote, complete and mail the proxy card to ensure that your vote is counted. To vote in person at the annual meeting, you must obtain a valid proxy from your broker, bank, or other agent. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a proxy form.

Q: How many votes do I have?

A: Each share of common stock of Global Bancorp and each share of common stock of Bay Commercial Bank is entitled to one vote with respect to each matter to be voted on at their respective annual meetings.

Q: What constitutes a quorum for purposes of each of the annual meetings?

A: A quorum of shareholders is necessary to hold a valid shareholders meeting. The presence at each of the shareholder meetings in person or by proxy of the holders of a majority of the voting power of all outstanding shares of common stock entitled to vote shall constitute a quorum for the transaction of business. Proxies marked as abstaining (including proxies containing broker non-votes) on any matter to be acted upon by shareholders will be treated as present at the meeting for purposes of determining a quorum but will not be counted as votes cast on such matters. If there is no quorum, a majority of the votes present at the meeting may adjourn the meeting to another date.

Questions And Answers About The Merger

This question and answer summary highlights selected information contained in other sections of this joint proxy statement-offering circular. To understand the merger more fully, you should carefully read this entire joint proxy statement-offering circular, including all appendices and financial statements.

Q: What will happen if Global Bancorp and Bay Commercial Bank shareholders approve the mergers?

A: First, Global Bancorp will be merged with and into Global Trust Bank, and Global Bancorp will cease to exist. Thereafter, Global Trust Bank will merge with and into Bay Commercial Bank, and Global Trust Bank will cease to exist. We expect these mergers to take place during the third quarter of 2011 after receipt of required regulatory approvals. In the merger, each outstanding share of Global Bancorp common stock will be converted into either cash or that number of shares of Bay Commercial Bank common stock, or a combination thereof, determined pursuant to the terms of the Merger Agreement.

Q: If the merger is approved what consideration will Global Bancorp shareholders receive?

A: If you are a holder of Global Bancorp common stock and do not exercise dissenters' rights, you will receive in the merger for each share of Global Bancorp common stock either (i) cash in the amount of \$7.25 per share, (ii) newly-issued shares of Bay Commercial Bank common stock in the exchange ratio of 0.75678 shares of Bay Commercial Bank common stock for each share of your Global Bancorp common stock or (iii) a combination of cash and common stock, subject to the amount of cash consideration paid in the merger not exceeding approximately \$3.067 million and the number of shares of Bay Commercial Bank common stock issued in the merger being not less than 1.692 million.

The limitation on the amount of cash consideration in the merger means that no more than approximately 20% of the outstanding shares of Global Bancorp will be exchanged for cash. Please read the sections entitled “RISK FACTORS – Risks Regarding the Merger” and “JOINT PROPOSAL I – THE MERGERS – Calculation of Consideration to be Paid to Global Bancorp Shareholders,” and the Merger Agreement included as [Appendix A](#) herein for additional information.

Q: Do Global Bancorp shareholders have dissenters’ rights in the merger?

A: Yes. Holders of Global Bancorp common stock who do not vote in favor of the merger and who have fully complied with all applicable provisions of the California Corporations Code, sections 1301, 1302, 1303, and 1304, which sections are attached hereto as [Appendix D](#) and incorporated herein by reference, may receive cash in an amount equal to the fair market value, as determined by Bay Commercial Bank, or, if required, by a court of law, of their shares of Global Bancorp common stock, as of May 13, 2011, the business day immediately preceding the announcement of merger. Please read the section entitled “JOINT PROPOSAL I – THE MERGER – Dissenters’ Rights of Global Bancorp’s Shareholders” and [Appendix C](#), for additional information.

Q: Do Bay Commercial Bank shareholders have dissenters’ rights in the merger?

A: No. Under the California Financial Code, provisions of the California Corporations Code providing for dissenters’ rights in a merger do not apply to the shareholders of the surviving depository institution.

Q: Why is Global Trust Bank merging with Bay Commercial Bank?

A: Global Bancorp’s, Global Trust Bank’s and Bay Commercial Bank’s respective managements believe that their respective shareholders will benefit from the merger because the business potential for the combined companies exceeds what each company could accomplish individually. They believe that their similar and complementary financial products and services in their respective markets and their combined capital bases will contribute to enhanced future performance, as well as providing a larger shareholder base. Global Bancorp and Bay Commercial Bank believe a larger shareholder base will increase shareholder liquidity and provide for increased shareholder value. Please read the section entitled “JOINT PROPOSAL I – THE MERGER – Bay Commercial Bank Reasons for the Merger” and “– Global Bancorp Reasons for the Merger” for additional information.

Q: Should I send in my certificates now?

A: No. You should not send your Global Bancorp stock certificates in the envelope provided for use in returning your proxy. You will be sent written instructions for exchanging your stock certificates only if the merger is approved and completed.

Q: What happens if I do not return my proxy card?

A: If you fail to execute and return your proxy card or vote in any other way as set forth herein, it will have the same effect as voting against the merger, except for purposes of asserting dissenters rights, discussed above.

Q: What risks should I consider before I vote on the merger?

A: The risks that you should consider in deciding how to vote on the merger are explained in the section of this joint proxy statement-offering circular entitled “RISK FACTORS.” You are urged to read this section, as well as the rest of this joint proxy statement-offering circular, before deciding how to vote.

Q: How do I vote?

A: Just indicate on your proxy card how you want to vote. Sign and mail your proxy card in the enclosed envelope as soon as possible so that your shares will be represented at the Bay Commercial Bank annual shareholders meeting or Global Bancorp annual shareholders meeting, as applicable. Alternatively, you may attend the meeting and vote in person.

If you sign and send in your proxy card and do not indicate how you want to vote, your proxy will be voted in favor of the merger. If you do not sign and send in your proxy card or you abstain from voting, it will have the effect of voting against the merger.

You may attend the meeting and vote your shares in person, rather than voting by proxy. In addition, you may withdraw your proxy up to and including the day of the applicable shareholders' meeting by following the directions herein and either change your vote or attend the meeting and vote in person.

Q: If my shares are held in my broker's name, will my broker vote them for me?

A: No. Your broker can only vote your shares if you provide instructions on how to vote them. You should, therefore, instruct your broker on how to vote your shares by following the directions your broker provides when forwarding these proxy materials to you. If you do not provide voting instructions to your broker, your broker will not be able to vote your shares. This will have the effect of not voting in favor of the merger.

Q: How do Global Bancorp's directors plan to vote?

A: All of Global Bancorp's directors have committed to vote their shares in favor of the principal terms of the Merger Agreement. Global Bancorp's directors collectively hold, as of the record date for the annual shareholders' meeting, 205,000 shares which are entitled to vote at the annual shareholders' meeting, or approximately 9.7% of the Global Bancorp common stock eligible to vote. The affirmative vote of a majority of Global Bancorp's issued and outstanding shares of common stock eligible to vote are needed to approve the principal terms of the Merger Agreement.

Q: How do Bay Commercial Bank's directors plan to vote?

A: All of Bay Commercial Bank's directors have committed to vote their shares in favor of the principal terms of the Merger Agreement. Bay Commercial Bank's directors collectively hold, as of the record date for the annual shareholders' meeting, 455,396 shares, or approximately 12.7% of Bay Commercial Bank common stock eligible to vote. The affirmative vote of a majority of Bay Commercial Bank's issued and outstanding shares of common stock eligible to vote is needed to approve the principal terms of the Merger Agreement.

Q: If I own shares in both Global Bancorp and Bay Commercial Bank, should I vote only once?

A: No. If you own shares in both companies, you will receive separate proxy cards for each meeting. It is important that you vote at both meetings, so please complete, sign, date and return your proxy card as instructed by Global Bancorp and Bay Commercial Bank, respectively.

Q: Who can help answer my other questions?

A: If you want to ask any additional questions about the merger, you should contact either Keary Colwell, Bay Commercial Bank, at (925) 476-1800, or Vinod K. Thukral, Global Bancorp, at (650) 810-9400.

SUMMARY

This summary only highlights selected information from this joint proxy statement-offering circular. You should carefully read this entire joint proxy statement-offering circular, including the appendices. These will give you a more complete description of the mergers, the Downstream Merger Agreement, the Merger Agreement, and the transactions proposed. You should also refer to the sections entitled "DESCRIPTION OF GLOBAL BANCORP" and "INFORMATION ABOUT BAY COMMERCIAL BANK."

Forward-Looking Statements

This joint proxy statement may contain various "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include projections, statements of the plans and objectives of management for future operations, statements of future economic performance, assumptions underlying these statements, and other statements that are not statements of historical facts. Forward-looking statements are subject to significant business, economic and competitive risks, uncertainties and contingencies, many of which are beyond our control. Generally forward-looking statements can be identified by the use of forward-looking terminology such as "anticipate," "believe," "estimate," "expect," "intend," "project," "should," and similar expressions. Those statements include, among other things, the risk that the merger may not be consummated, whether due to regulatory approval, vote of the shareholders or due to other reason, and the calculation of the final merger consideration payable for Global Bancorp shares. Global Bancorp and Bay Commercial Bank caution you that reliance on any forward-looking statements

involves risks and uncertainties, and although Global Bancorp and Bay Commercial Bank believe that the assumptions on which or forward-looking statements are based are reasonable, any of these assumptions could prove incorrect and, as a result, the actual results may vary materially from those anticipated. In light of these and other uncertainties you should not conclude that Global Bancorp and Bay Commercial Bank will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. Global Bancorp and Bay Commercial Bank do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances.

General

This joint proxy statement-offering circular relates to the proposed merger of Global Bancorp with its subsidiary Global Trust Bank and the subsequent merger of Global Trust Bank with Bay Commercial Bank. Global Bancorp and Bay Commercial Bank believe that the merger will create opportunities to apply their similar community banking philosophies to realize enhanced revenues through asset growth and market penetration.

Parties to the Merger

Global Bancorp/Global Trust Bank
700 E. El Camino Real, Suite 110
Mountain View, California 94040
(650) 810-9400

Global Bancorp is a bank holding company headquartered in Mountain View, California. Global Bancorp has one subsidiary bank, Global Trust Bank, which is a California-chartered commercial bank that serves the greater San Francisco Bay Area of California.

Please read the section entitled “INFORMATION ABOUT GLOBAL BANCORP AND GLOBAL TRUST BANK” for additional information about Global Bancorp and Global Trust Bank.

Bay Commercial Bank
1280 Civic Drive, Suite 100
Walnut Creek, California 94596
(925) 476-1800

Bay Commercial Bank is a California chartered commercial bank which opened for business on July 20, 2004. It serves the greater San Francisco Bay Area through offices located in Walnut Creek, Oakland, and Castro Valley, California.

Please read the section entitled “INFORMATION ABOUT BAY COMMERCIAL BANK” for additional information.

Annual Shareholders’ Meeting – Global Bancorp

Global Bancorp will hold its annual shareholders’ meeting at 700 E. El Camino Real, Suite 110, Mountain View, California 94040, on August 18, 2011, at 5:30 p.m. (local time). At the annual shareholders’ meeting you will be asked to consider and vote on the approval of the principal terms of the Downstream Merger Agreement and the approval of the principal terms of the Merger Agreement, providing for the merger of Global Bancorp with and into Global Trust Bank and Global Trust Bank with and into Bay Commercial Bank, respectively, the election of directors and any other matters that may properly come before the meeting. You may vote at the Global Bancorp special shareholders’ meeting if you owned shares of Global Bancorp stock at the close of business on the record date, which is June 30, 2011. On that date, Global Bancorp had 2,115,001 shares of common stock issued and outstanding. Approval of the principal terms of the merger agreements for the mergers requires the affirmative vote of at least a majority of the shares of Global Bancorp common stock outstanding and entitled to vote on the record date. Please read the section entitled “THE GLOBAL BANCORP ANNUAL MEETING” for additional information.

Annual Shareholders' Meeting – Bay Commercial Bank

Bay Commercial Bank will hold its annual shareholders' meeting on August 16, 2011 at 4:00 p.m. (local time), at its headquarters office, located at 1280 Civic Drive, Suite 100, Walnut Creek, California 94596. At the annual shareholders' meeting you will be asked to consider and vote on the approval of the principal terms of the Merger Agreement, the election of directors, the ratification of the board of directors' selection of independent auditors, and any other matters that may properly come before the meeting. You may vote at the Bay Commercial Bank annual shareholders' meeting if you owned shares of Bay Commercial Bank stock at the close of business on the record date, which is June 17, 2011. On that date, Bay Commercial Bank had 3,549,794 shares of common stock issued and outstanding and entitled to be voted. Approval of the principal terms of the Merger Agreement and the merger requires the affirmative vote of at least a majority of the shares of Bay Commercial Bank common stock outstanding on the record date. With respect to the election of directors, the duly-nominated persons who receive the seven highest vote totals will be elected. The ratification of the selection of auditors requires the affirmative vote of a majority of Bay Commercial Bank's shares of common stock represented and voting at a meeting at which a quorum is present.

The Mergers

The mergers will ultimately result in Global Bancorp and Global Trust Bank being merged out of existence and into Bay Commercial Bank. The mergers will not occur without the approval of the shareholders of Global Bancorp and Bay Commercial Bank. There are also other customary conditions which must be met in order for the mergers to be completed. Please read the sections entitled "JOINT PROPOSAL I – THE MERGERS – Structure of the Mergers" and "– Certain Effects of the Mergers" for additional information.

The Merger Agreements

The Downstream Merger Agreement and the Merger Agreement are the legal documents that contain the mergers' terms and govern the merger process, including the issuance of Bay Commercial Bank common stock to Global Bancorp's shareholders in the merger. Please read the entire agreements which are attached to this joint proxy statement-offering circular as [Appendix A](#) and [Appendix B](#). Also, please read the section entitled "JOINT PROPOSAL I – THE MERGERS – The Merger Agreements" for additional information.

Consideration to be Paid to Global Bancorp Shareholders

If the mergers are completed, Global Bancorp shareholders will generally have the right to exchange each share of Global Bancorp common stock they own for either (i) 0.75678 shares of Bay Commercial Bank's common stock, (ii) \$7.25 in cash or (iii) a combination of the two, at the election of the holder; provided that Global Bancorp shareholders' election of the type of consideration they wish to receive is subject to the requirements that (i) cash payments made to Global Bancorp shareholders electing to receive cash in whole or in part may not exceed an amount equal to: (a) 20% of the total consideration paid by Bay Commercial Bank in the Merger, less (b) the amount of cash paid to dissenting shareholders and (ii) the number of shares of Bay Commercial Bank common stock issued in the merger shall be not less than approximately 1.692 million.

Regulatory Approvals

Global Bancorp and Global Trust Bank have filed an application with the Federal Deposit Insurance Corporation (the "**FDIC**") for approval of the merger of Global Bancorp with and into Global Trust Bank. Bay Commercial Bank has filed an application with the California Department of Financial Institutions (the "**CDFI**") for approval of the merger of Global Trust Bank with and into Bay Commercial Bank. Bay Commercial Bank has filed an application to become a member bank of the Federal Reserve System and, upon becoming a member bank, Bay Commercial Bank intends to file an application with the Board of Governors of the Federal Reserve System (the "**FRB**") for approval of the merger of Global Trust Bank with and into Bay Commercial Bank. The applications filed with the FDIC for approval of both the merger of Global Bancorp with and into Global Trust Bank and the merger of Global Trust Bank with and into Bay Commercial Bank are still pending as of the date of this joint proxy statement-offering circular. Similarly, the application filed with the CDFI for approval of the merger of Global Trust Bank with and into Bay Commercial Bank is still pending as of the date of this joint proxy statement-offering circular. The consummation of the merger of Bay Commercial Bank and Global Trust Bank is subject to the parties obtaining all of the state and federal regulatory approvals that may be required by applicable laws and regulations. If all such agencies' approvals are obtained, we expect them to be subject to standard conditions. Global Bancorp and Bay Commercial Bank have no reason to believe that any such conditions cannot be

satisfied. Please read the section entitled “JOINT PROPOSAL I – THE MERGERS – Regulatory Approvals” for additional information.

Votes Required; Securities Held by Insiders

Approval of the merger requires the affirmative vote of a majority of the outstanding shares of Global Bancorp’s 2,115,001 issued and outstanding shares of common stock eligible to vote, or 1,057,501 shares, and a majority of the 3,549,794 outstanding shares of Bay Commercial Bank issued and outstanding shares, or 1,774,898 shares. Your failure to vote in person or by proxy, or your abstention from voting entirely, will have the same effect as voting against the merger.

The directors and executive officers of Global Bancorp owned 210,000 shares, or approximately 10%, of Global Bancorp’s outstanding shares of common stock, all of which are eligible to vote. The directors and executive officers of Bay Commercial Bank owned 474,236 shares, or approximately 13.4% of Bay Commercial Bank’s outstanding shares of common stock. Global Bancorp’s and Bay Commercial Bank’s directors have entered into separate agreements in which they have agreed, among other things, to vote “FOR” approval of the Merger Agreement. Please read the section entitled “JOINT PROPOSAL I – THE MERGERS – The Merger Agreement – Director-Shareholder Agreements” for additional information.

Opinion of Global Bancorp’s Financial Advisors

In deciding to approve the merger, Global Bancorp’s board of directors considered, among other things, the opinion of The Findley Group, Global Bancorp’s financial advisors, regarding the fairness, from a financial point of view, of the consideration to be received by Global Bancorp’s shareholders as a result of the merger. The financial advisors determined that the Merger Agreement is fair to Global Bancorp’s shareholders from a financial standpoint. The advisors’ written opinion is attached as Appendix E. You should read it carefully to understand the assumptions made, matters considered and limitations of the review undertaken by the advisors in providing their opinions. Please read the section entitled “JOINT PROPOSAL I – THE MERGERS – Opinion of Financial Advisors – Fairness Opinion for Global Bancorp’s Board of Directors” for additional information.

Recommendation of Global Bancorp’s Board of Directors

On May 12, 2011, Global Bancorp’s board of directors approved the merger agreements and the mergers of (i) Global Bancorp with and into Global Trust Bank; and (ii) Global Trust Bank with and into Bay Commercial Bank. Moreover, they believe that the terms of the mergers are fair to you and in your best interests. Accordingly, they recommend a vote “FOR” the proposal to approve the principal terms of the merger agreements and the mergers. The conclusions of Global Bancorp’s board of directors regarding the mergers are based upon a number of factors. Please read the sections entitled “JOINT PROPOSAL I – THE MERGERS – “Global Bancorp Reasons for the Merger” and “– Opinion of Financial Advisors – Fairness Opinion for Global Bancorp’s Board of Directors” for additional information.

Opinion of Bay Commercial Bank’s Financial Advisor

Bay Commercial Bank has received the opinion of Vining Sparks IBG, LP (“*Vining Sparks*”), Bay Commercial Bank’s financial advisor, regarding the fairness, from a financial point of view, of the merger consideration to Bay Commercial Bank. The advisor’s written opinion is attached as Appendix F. You should read it carefully to understand the assumptions made, matters considered and limitations of the review undertaken by the advisor in providing its opinion. Please read the section entitled “JOINT PROPOSAL I – THE MERGERS – Opinion of Financial Advisors – Fairness Opinion for Bay Commercial Bank’s Board of Directors” for additional information.

Recommendation of Bay Commercial Bank’s Board of Directors

On May 10, 2011, Bay Commercial Bank’s board of directors unanimously approved the Merger Agreement and the merger of Global Trust Bank with and into Bay Commercial Bank. Moreover, they unanimously believe that the merger’s terms are fair to you and in your best interests. Accordingly, they unanimously recommend a vote “FOR” the proposal to approve the principal terms of the Merger Agreement and the merger. The conclusions of Bay Commercial Bank’s board of directors regarding the merger are based upon a number of factors. Please read the sections entitled “JOINT PROPOSAL I – THE MERGERS – Bay Commercial Bank Reasons for the Merger” and “– Opinion of Financial Advisors – Fairness Opinion for Bay Commercial Bank’s Board of Directors” for additional information.

Exchange of Global Bancorp Share Certificates

After completing the mergers, holders of Global Bancorp stock certificates will need to exchange those certificates for new certificates of Bay Commercial Bank, or cash, as applicable. Shortly after completing the mergers, the exchange agent for this transaction will send Global Bancorp's shareholders detailed instructions on how to exchange their shares. Please do not send any stock certificates until you receive these instructions. Please read the section entitled "JOINT PROPOSAL I – THE MERGERS – The Merger Agreement – Exchange Procedures" for additional information.

Conditions to Closing the Merger

In addition to shareholder approval, Global Bancorp's, Global Trust Bank's, and Bay Commercial Bank's obligations to close the merger depend on other conditions being met prior to the completion of the merger. Please read the section entitled "JOINT PROPOSAL I – THE MERGERS – The Merger Agreement – Conditions to the Parties' Obligations" for additional information.

Closing the Merger

If shareholder approval is received as planned, and if the conditions to the merger have either been met or waived, Global Bancorp and Bay Commercial Bank anticipate that the merger will close during the third quarter of 2011. However, neither Global Bancorp nor Bay Commercial Bank can assure you whether or when the merger will actually close. Please read the section entitled "JOINT PROPOSAL I – THE MERGERS – The Merger Agreement – The Closing" for additional information.

Termination of the Merger

Global Bancorp, Global Trust Bank, and Bay Commercial Bank can mutually agree to terminate or extend the Merger Agreement. Any of the parties may terminate the Merger Agreement in the event of a material breach or the occurrence of certain other events.

Global Bancorp, Global Trust Bank, and Bay Commercial Bank have agreed that in the event the Merger Agreement is terminated because of a material breach, the non-breaching party will be entitled to receive up to \$400,000 from the breaching party. The parties have also agreed that in the event the Merger Agreement is terminated because of an acquisition event involving one of the parties, the other party will be entitled to receive up to \$400,000 from the party involved in the acquisition event. Please read the section entitled "JOINT PROPOSAL I – THE MERGERS – The Merger Agreement – Termination" for additional information.

Federal Income Tax Consequences

The merger is intended to qualify as a reorganization for United States federal income tax purposes under section 368(a) of the Internal Revenue Code. If the merger qualifies as a reorganization, Global Bancorp shareholders will not recognize any gain or loss upon the receipt of Bay Commercial Bank common stock in exchange for Global Bancorp common stock in connection with the merger. Global Bancorp shareholders who exchange their shares for cash will recognize gain or loss to the extent the amount of cash received exceeds or is less than their tax basis in their Global Bancorp common stock. Global Bancorp shareholders who exchange their shares for a combination of stock and cash will recognize gain, but not loss, in an amount equal to the lesser of (1) the amount of cash received in the merger or (2) an amount equal to the excess, if any, of (a) the sum of the amount of cash plus the fair market value of the Bay Commercial Bank shares received, over (b) the tax basis in the Global Bancorp common stock.

For a more complete discussion of the federal income tax consequences of the merger, you should carefully read the discussion in the section entitled "JOINT PROPOSAL I – THE MERGERS – Material United States Federal Income Tax Consequences" of this joint proxy statement-offering circular. Further, you are encouraged to consult your tax advisor because tax matters can be complicated, and the tax consequences of the merger to you will depend upon your own situation. You should also consult your tax advisor concerning all state, local and foreign tax consequences of the merger.

Accounting Treatment

Bay Commercial Bank must account for the merger using the acquisition method of accounting. Under this method of accounting, the assets and liabilities of the company acquired are recorded at their respective fair value as of completion of the merger, and are added to those of the acquiring company. Financial statements of the acquiring company issued after the merger takes place reflect these values, but are not restated retroactively to reflect the historical financial position or results of operations of the company that was acquired. Please read the section entitled “JOINT PROPOSAL I – THE MERGERS – Accounting Treatment” for additional information.

Bay Commercial Bank’s Management and Operations After the Merger

Effective at the time of the merger of Bay Commercial Bank and Global Trust Bank, the following three directors of Global Bancorp will be appointed to the board of directors of Bay Commercial Bank: Bhupen B. Amin, Pramod Patel, and Harpreet Chaudhary. None of Global Bancorp’s executives will be retained after the merger and other than the three directors identified, the other directors of Global Bancorp and Global Trust Bank will no longer be directors. All directors of Bay Commercial Bank will remain as members of the board of directors of Bay Commercial Bank. In addition, the current executive officers of Bay Commercial Bank will remain the executive officers of Bay Commercial Bank. Please read the section entitled “JOINT PROPOSAL I – THE MERGERS – Certain Effects of the Mergers” and “– Financial Interests in the Merger of Directors and Executive Officers of Global Bancorp and Global Trust Bank” for additional information.

Financial Interests in the Merger of Directors and Officers of Global Bancorp and Global Trust Bank

The directors and executive officers of Global Bancorp and Global Trust Bank have financial interests in the merger over and above those of Global Bancorp shareholders. As previously discussed, as a condition to the merger, three current directors of Global Bancorp will be appointed as directors of Bay Commercial Bank. In addition, the directors and officers of Global Bancorp and Global Trust Bank will also receive continuing insurance protections under the existing directors’ and officers’ liability insurance policy of Global Bancorp and Global Trust Bank. Also, the Global Bancorp Chief Financial Officer, R. Dale McKinney, Chief Credit Officer, Robert C. Navarrete, and Senior Vice President, Akash Brahmhatt will receive termination benefits of approximately \$170,000, \$170,000, and \$40,000, respectively, pursuant to the terms of their employment contracts, if they are not retained during the one year period after the completion of the merger.

In addition, after the completion of the merger, Bay Commercial Bank will grant contingent non-qualified stock options (“*Contingent Options*”) to certain of Global Bancorp’s and Global Trust Bank’s founding directors, directors emeritus, organizers, founders and founding officers, as well as certain employees who will be hired by Bay Commercial Bank. For a more complete discussion of the terms and circumstances for the granting of Contingent Options, please read “JOINT PROPOSAL I – THE MERGERS – Financial Interests in the Merger of Directors and Officers of Global Bancorp and Global Trust Bank,” below. You should consider these interests in deciding how to vote.

Differences in Your Rights as a Shareholder of Global Bancorp

As a Global Bancorp shareholder, your rights are currently governed by its Articles of Incorporation and Bylaws and by California corporations and banking laws. If you do not exercise your dissenters’ rights, and depending upon your election, you may receive Bay Commercial Bank common stock in exchange for your Global Trust Bank common stock and become a Bay Commercial Bank shareholder. Consequently, your rights as a Bay Commercial Bank shareholder will be governed by Bay Commercial Bank’s Articles of Incorporation and Bylaws and by the California corporations and banking laws. Therefore, the rights of Bay Commercial Bank shareholders differ from the rights of Global Bancorp shareholders in certain respects. Please read the section entitled “COMPARISONS BETWEEN BAY COMMERCIAL BANK AND GLOBAL BANCORP – Comparison of Shareholder Rights” for additional information.

Global Bancorp’s Dissenters’ Rights

In order to perfect dissenters’ rights, a shareholder of Global Bancorp common stock must do the following:

- make a timely written demand upon Bay Commercial Bank for purchase in cash of his or her shares at their fair market value as of May 13, 2011, which demand includes:

- the number and class of the shares held of record by him or her that he or she demand be purchased by Bay Commercial Bank, and
- what he or she claims to be the fair market value of his or her shares as of May 13, 2011;
- have his or her demand received by Bay Commercial Bank within 30 days of the date that the notice of approval of the merger by the shareholders of Global Bancorp was mailed to Global Bancorp shareholders;
- not vote in favor of the principal terms of the merger agreements;
- submit certificates representing his or her shares for endorsement in accordance with section 1302 of the California Corporations Code; and,
- comply with such other procedures as are required by the California Corporations Code.

If dissenter's rights are properly perfected, such dissenter has the right to cash in the amount equal to the fair market value, as determined by Bay Commercial Bank, or, if required, by a court of law, of their shares of Global Bancorp common stock as of May 13, 2011, the business day immediately preceding the announcement of the merger. Please read the section entitled "JOINT PROPOSAL I – THE MERGERS – Dissenters' Rights of Global Bancorp's Shareholders" and [Appendix D](#) for additional information.

RISK FACTORS

In addition to the other information included in this joint proxy statement-offering circular or incorporated by reference, you are urged to carefully consider the following factors which contain all known material risks, before making a decision to approve the merger.

Risks Regarding the Merger

The parties may be unable to consummate the proposed mergers.

The mergers of Global Bancorp with and into Global Trust Bank and Global Trust Bank with and into Bay Commercial Bank, described in more detail herein, are anticipated to close during the third quarter of 2011, but must be approved by both Global Bancorp's and Bay Commercial Bank's shareholders before the mergers can be finalized. Consummation of these mergers is also subject to the receipt of required regulatory approvals and the satisfaction of other customary closing conditions. If the mergers are not completed for any reason, Global Bancorp's and/or Bay Commercial Bank's stock price may decline to the extent that the current market price reflects the assumption by investors that the merger will be completed, or because of the costs incurred by the parties in connection with the mergers.

Combining Global Trust Bank and Bay Commercial Bank may be more difficult than expected.

If Global Trust Bank and Bay Commercial Bank are unable to successfully integrate their businesses, operating results may suffer. Both Global Trust Bank and Bay Commercial Bank have operated and, until completion of the merger, will continue to operate independently of one another. It is possible that the integration process could result in the loss of key employees, disruption of one or both of the banks' ongoing business or inconsistencies in standards, controls, policies or procedures. These could negatively affect both Global Bancorp's and Bay Commercial Bank's ability to maintain relationships with customers and employees, or achieve the anticipated benefits of the merger within the time period expected, if at all. As with any merger of financial institutions, there may also be disruptions that cause customers, both deposit and loan, to take their business to competitors. Although none of the parties has been involved in a merger or acquisition involving an entire depository institution prior to the proposed merger, Bay Commercial Bank has managed the process of acquiring the Castro Valley Branch of Community Banks of Northern California, integrating \$16.4 million of loans and \$52 million of deposits into its portfolio, merging the data processing function and information with systems and integrating the branch's staff. However, there can be no assurance that Bay Commercial Bank will successfully integrate the operations of Global Trust Bank into its operations.

If the merger does not qualify as a tax-free reorganization for U.S. Federal Income Tax Purposes, you will recognize gain or loss on the exchange of your shares of Global Bancorp common stock for Bay Commercial Bank shares.

Although the U.S. Internal Revenue Service, referred to in this joint proxy statement-offering circular as the IRS, has not provided a ruling on the merger, Global Bancorp and Bay Commercial Bank will obtain an opinion of Vavrinek, Trine, Day & Co., LLP that, subject to the assumptions and qualifications included in such opinion, the merger will qualify as a tax-free reorganization under section 368(a) of the Internal Revenue Code. This opinion, however, neither binds the IRS nor prevents the IRS from adopting a contrary position. If the merger fails to qualify as a tax-free reorganization, you would generally recognize gain or loss on each share of Global Bancorp common stock surrendered in the merger in exchange for stock of Bay Commercial Bank in the amount of the difference between your basis in such share and the fair market value of the Bay Commercial Bank common stock you receive.

Global Bancorp shareholders may not receive the form of merger consideration that they elect.

The Merger Agreement is designed to ensure that no more than about 20% of the total consideration that will be paid to Global Bancorp shareholders in the merger, whether to shareholders electing to receive cash for their shares in whole or in part or to dissenting shareholders, will be paid in cash and no less than 80% will be paid in Bay Commercial Bank stock. Global Bancorp shareholders may elect to receive cash, Bay Commercial Bank common stock or a combination of cash and stock as their merger consideration, but their elections may not be fully honored. See “JOINT PROPOSAL I – THE MERGERS – Election Procedures.”

If an election is not fully honored, a Global Bancorp shareholder will incur tax consequences that are likely to differ from those that would have resulted had he or she received the form of consideration elected. See “JOINT PROPOSAL I – THE MERGERS – Material United States Federal Income Tax Consequences.”

A Global Bancorp shareholder will have less influence as a shareholder of Bay Commercial Bank than as a shareholder of Global Bancorp.

Global Bancorp shareholders currently have the right to vote in the election of the board of directors of Global Bancorp and on other matters affecting Global Bancorp. When the merger occurs, each Global Bancorp shareholder that receives Bay Commercial Bank common stock will become a shareholder of Bay Commercial Bank with a percentage ownership of the combined organization that is smaller than such shareholder’s percentage ownership of Global Bancorp. Because of this, Global Bancorp shareholders will have less influence on the management and policies of Bay Commercial Bank than they now have on the management and policies of Global Bancorp.

Uncertainty regarding the merger may result in the loss of the employees and customers of Global Trust Bank and Bay Commercial Bank prior to the completion of the merger.

Employees of Global Trust Bank and Bay Commercial Bank may experience uncertainty about their future role with the combined bank. This may adversely affect the ability of Bay Commercial Bank after the merger to retain and attract key management and other personnel. Similarly, uncertainty regarding the merger may cause customers of Global Trust Bank or Bay Commercial Bank to withdraw their business prior to the completion of the merger. Any loss of either bank’s customers could have a material adverse effect on their respective businesses, regardless of whether or not the merger is ultimately completed. There can be no assurance that customers of either Global Trust Bank or Bay Commercial Bank will continue their business without regard to the proposed merger.

Risks Regarding Bay Commercial Bank Common Stock

Bay Commercial Bank may issue common stock and preferred stock without your approval, diluting your proportional ownership interest.

Bay Commercial Bank’s Articles of Incorporation authorize it to issue 100,000,000 shares of common stock. As of June 30, 2011, Bay Commercial Bank has 3,549,794 shares of common stock issued and outstanding, with between 1,692,000 to 2,115,001 additional shares to be issued in the merger. Bay Commercial Bank has not issued any shares of preferred stock. Bay Commercial Bank also has 354,979 shares reserved under its stock option plan covering its directors, officers and employees. As of June 30, 2011, there were options outstanding to purchase a total of 341,852 shares at

exercise prices ranging between \$7.05 and \$12 per share. Consequently, any shares of common stock that Bay Commercial Bank issues after the merger with Global Trust Bank will dilute your proportional ownership interest in Bay Commercial Bank.

The price of Bay Commercial Bank common stock may decrease, preventing you from selling your shares at a profit.

The market price of Bay Commercial Bank common stock could decrease and prevent you from selling your shares at a profit. The market price of Bay Commercial Bank common stock has fluctuated in recent years. Fluctuations may occur, among other reasons, due to:

- operating results;
- market demand;
- announcements by competitors;
- economic changes;
- general market conditions; and,
- legislative and regulatory changes.

The trading price of Bay Commercial Bank common stock may continue to fluctuate in response to these factors and others, many of which are beyond Bay Commercial Bank's control. We strongly urge you to consider the likelihood of these market fluctuations before deciding how to vote for the merger. Please read the section entitled "MARKETS, MARKET PRICES AND DIVIDENDS-Bay Commercial Bank Market Information and Dividends" for additional information regarding the trading prices of Bay Commercial Bank common stock.

Bay Commercial Bank's common stock is not listed and is thinly traded which could make it difficult to sell your shares.

Bay Commercial Bank's common stock is quoted on the OTC Bulletin Board under the symbol BCML. Bay Commercial Bank is neither listed on any stock exchange nor on the National Association of Securities Dealers Automated Quotation ("NASDAQ"), and Bay Commercial Bank can not guarantee that it will seek or, if it does, that it will be successful in, any such listing in the foreseeable future. There also has been a very limited trading market in the common stock since Bay Commercial Bank's inception and it does not have an established market maker.

An investment in Bay Commercial Bank's common stock is not an insured deposit.

Bay Commercial Bank common stock is not a bank deposit and, therefore, is not insured against loss by the FDIC, any other deposit insurance fund or by any other public or private entity. Investment in Bay Commercial Bank common stock is subject to the same market forces that affect the price of common stock in any company.

Risks Regarding the Businesses of Global Bancorp, Global Trust Bank and Bay Commercial Bank

Global Trust Bank and Bay Commercial Bank face lending risks, especially with respect to their small- and medium-sized business clientele.

The risk of loan defaults or borrowers' inability to make scheduled payments on their loans is inherent in the banking business. Moreover, Global Trust Bank and Bay Commercial Bank focus primarily on lending to small- and medium-sized businesses. These businesses may not have the capital or other resources required to weather significant business downturns or downturns in the markets in which they compete. In addition, as of March 31, 2011, approximately 54.9% and 46.1% of the total loans of Bay Commercial Bank and Global Trust Bank, respectively, were commercial real estate loans. The concentration in commercial real estate loans and the practice of lending to small and medium-sized businesses increases the risk of loss in the loan portfolio of each bank and thus, in the merger the same risk of loss in the loan portfolio will continue in the surviving institution. Consequently, Global Trust Bank and Bay Commercial Bank may assume greater lending risks than other financial institutions which have a smaller concentration of those types of loans,

and which tend to make loans to larger businesses. Borrower defaults or borrowers' inability to make scheduled payments may result in losses which may exceed Global Trust Bank and Bay Commercial Bank's allowances for loan losses. These risks, if they occur, may require higher than expected loan loss provisions which, in turn, could materially impair profitability, capital adequacy and overall financial condition of the resulting bank.

Global Trust Bank and Bay Commercial Bank are limited in the amount they can lend to any individual borrower.

Global Trust Bank and Bay Commercial Bank are limited in the amount that they can lend to a single borrower. Therefore, the size of the loans which they can offer to potential customers is less than the size of loans that their competitors with larger lending limits can offer. Legal lending limits also affect their ability to seek relationships with larger and more established businesses. Through previous experience and relationships with a number of other financial institutions, participations in loans which exceed lending limits are sometimes sold. However, Bay Commercial Bank, as the surviving bank, cannot assure you of any future success that they may have in attracting or retaining customers seeking larger loans or that they can successfully engage in participation transactions for those loans on favorable terms.

Continued declines in Northern California real estate values could further materially impair profitability and financial condition.

As of March 31, 2011, approximately 56.9% and 72.5%, respectively, of Global Trust Bank's and Bay Commercial Bank's loans are secured by real estate collateral. Nearly all of the real estate securing these loans is located in Northern California. Over the past few years, this area has seen significant declines in real estate values, and this trend could continue. Real estate values are generally affected by factors such as:

- the socioeconomic conditions of the area where real estate collateral is located;
- fluctuations in interest rates;
- property and income tax laws;
- local zoning ordinances governing the manner in which real estate may be used; and,
- federal, state, and local environmental regulations

Further declines in real estate values would significantly reduce the value of the real estate collateral securing Global Trust Bank's and Bay Commercial Bank's loans, increasing the likelihood of defaults. Moreover, if the value of real estate collateral declines to a level that is not enough to provide adequate security for the underlying loans, the banks will need to make additional loan loss provisions which, in turn, will reduce their profits. Also, if a borrower defaults on a real estate secured loan, the banks may be forced to foreclose on the property and carry it as a nonearning asset which, in turn, may reduce net interest income. The occurrence of any or all of these events would impact the profitability of Bay Commercial Bank, as the surviving entity. For additional information, please read the sections entitled "INFORMATION ABOUT GLOBAL BANCORP – Management's Discussion and Analysis of Financial Condition and Results of Operations" and "DESCRIPTION OF BAY COMMERCIAL BANK – Management's Discussion and Analysis of Financial Condition and Results of Operations."

Changing interest rates may adversely affect our financial performance.

Global Trust Bank's and Bay Commercial Bank's profitability largely depends on the difference between the rates of interest they earn on their loans and investments, and the interest rates they pay on deposits and other borrowings. This relationship, known as the interest rate margin, is subject to fluctuation and is affected by economic and competitive factors which influence interest rates, the volume and mix of interest-earning assets and interest-bearing liabilities, and the level of non-performing assets. Fluctuations in interest rates will affect the demand of customers for the products and services of the combined bank after the merger. Global Trust Bank and Bay Commercial Bank are subject to interest rate risk to the degree that their interest-bearing liabilities reprice or mature more slowly or more rapidly or on a different basis than their interest-earning assets. Given the respective banks' current volume and mix of interest-bearing liabilities and interest-earning assets, their interest margin could be expected to increase during times of rising interest rates and decline during times of falling interest rates. Therefore, significant fluctuations in interest rates may have an adverse effect on Bay Commercial Bank's results of operations.

Bay Commercial Bank is limited in its ability to pay cash dividends.

Bay Commercial Bank has not declared any dividends in the past, and has no present plans to declare or pay dividends. There are no assurances that Bay Commercial Bank will be able to generate earnings in the future which would permit the declaration of dividends at such time, if ever. Furthermore, Bay Commercial Bank is subject to certain legal and regulatory restrictions on declaring cash dividends, and, even if legally allowed, the amount and timing of any dividends is at the discretion of Bay Commercial Bank's board of directors.

Bay Commercial Bank's future growth may be limited if it is not able to raise additional capital.

Banks are required to conform to regulatory capital adequacy guidelines and maintain their capital at specified percentages of their assets. These guidelines may limit Bay Commercial Bank's ability to grow and could result in banking regulators requiring increased capital levels or reduced loan and other earning asset levels. Therefore, in order to continue to increase its earning assets and net income, Bay Commercial Bank may, from time to time, need to raise additional capital. Bay Commercial Bank cannot assure you that additional sources of capital will be available or, if they are, that the additional capital will be available on economically reasonable terms.

Bay Commercial Bank plans to continue to grow and there are risks associated with growth.

Bay Commercial Bank intends to continue to expand its business and operations to increase deposits and loans. Continued growth may present operating and other problems that could adversely affect the combined business, financial condition and results of operations. Growth may place a strain on administrative, operational, personnel and financial resources and increase demands on systems and controls. The ability to manage growth successfully will depend on the ability to attract qualified personnel and maintain cost controls and asset quality while attracting additional loans and deposits on favorable terms, as well as on factors beyond its control, such as economic conditions and interest rate trends. If it grows too quickly and is not able to attract qualified personnel, control costs and maintain asset quality, this continued rapid growth could materially adversely affect Bay Commercial Bank's, as the combined entity, financial performance.

Global Trust Bank and Bay Commercial Bank compete against larger banks and other institutions.

Global Trust Bank and Bay Commercial Bank compete for loans and deposits with other banks, savings and thrift associations and credit unions located in their service areas, as well as with other financial services organizations such as brokerage firms, insurance companies and money market mutual funds. The combined institution will continue to face such competition. These competitors aggressively solicit customers within their market area by advertising through direct mail, the electronic media and other means. Many of their competitors have been in business longer, have established customer bases and are substantially larger. These competing financial institutions offer services, including international banking services, that Global Trust Bank and Bay Commercial Bank, now and following the merger, may only offer through correspondents, if at all. Additionally, their larger competitors have greater capital resources and, consequently, higher lending limits. Finally, some of their competitors are not subject to the same degree of regulation.

Current banking laws and regulations affect activities.

Global Bancorp, Global Trust Bank and Bay Commercial Bank are subject to extensive regulation. Supervision, regulation and examination of banks and bank holding companies by regulatory agencies are intended primarily to protect depositors rather than shareholders. Bay Commercial Bank will continue to be subject to extensive regulation. These regulatory agencies examine bank holding companies and commercial banks, establish capital and other financial requirements and approve acquisitions or other changes of control of financial institutions. Financial institutions' ability to establish new facilities or make acquisitions requires approvals from applicable regulatory bodies. Changes in legislation and regulations will continue to have a significant impact on the banking industry. Although some of the legislative and regulatory changes may benefit financial institutions, others may increase their costs of doing business and indirectly assist their non-bank competitors who are not subject to similar regulation.

Recently enacted and potential further financial regulatory reforms could have a significant impact business, financial condition and results of operations.

On July 21, 2010, President Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "***Dodd-Frank Act***") into law. The Dodd-Frank Act is expected to have a broad impact on the financial services industry, including significant regulatory and compliance changes. Many of the requirements called for in the Dodd-Frank Act will be implemented over time and most will be subject to implementing regulations over the course of several years. Given

the uncertainty associated with the manner in which the provisions of the Dodd-Frank Act will be implemented by the various regulatory agencies and through regulations, the full extent of the impact such requirements will have on bank operations is unclear. The changes resulting from the Dodd-Frank Act may impact the profitability of business activities, require changes to certain business practices, impose more stringent capital, liquidity and leverage requirements or otherwise adversely affect the business of banking. In particular, the potential impact of the Dodd-Frank Act on operations and activities, both currently and prospectively, include, among others:

- a reduction in the ability to generate or originate revenue-producing assets as a result of compliance with increased capital standards;
- increased competition as a result of interstate de novo branching or acquisition of existing branches by out of state competitors;
- increased cost of operations due to greater regulatory oversight, supervision and examination of banks and bank holding companies, and higher deposit insurance premiums;
- the limitation on the ability to raise new capital through the use of trust preferred securities, as any new issuances of these securities will no longer be included as Tier 1 capital going forward; and,
- the limitation on the ability to expand consumer product and service offerings due to anticipated stricter consumer protection laws and regulations.

Further, banks may be required to invest significant management attention and resources to evaluate and make any changes necessary to comply with new statutory and regulatory requirements under the Dodd-Frank Act, which may negatively impact results of operations and financial condition.

Additionally, it cannot be predicted whether there will be additional proposed laws or reforms that would affect the U.S. financial system or financial institutions, whether or when such changes may be adopted, how such changes may be interpreted and enforced or how such changes may affect the bank business. However, the costs of complying with any additional laws or regulations could have a material adverse effect on banks' financial condition and results of operations.

Economic conditions either nationally or locally in areas in which the entities' operations are concentrated may adversely affect their business.

Deterioration in local, regional, national or global economic conditions could cause Global Trust Bank and/or Bay Commercial Bank to experience a reduction in deposits and new loans, an increase in the number of borrowers who default on their loans and a reduction in the value of the collateral securing their loans, all of which could adversely affect their performance and financial condition, and thus the performance and condition of the combined bank. Unlike larger banks that are more geographically diversified, they both provide banking and financial services locally, specifically, within the greater San Francisco Bay Area. Therefore, they both are particularly vulnerable to adverse local economic conditions and Bay Commercial Bank, as the resulting institution will continue to be vulnerable.

The financial condition and results of operations would be adversely affected if allowances for loan losses are not sufficient to absorb actual losses or if an increase to allowances is required.

Despite its underwriting criteria, a bank may experience loan delinquencies and losses. In order to absorb losses associated with nonperforming loans, a bank maintains an allowance for loan losses based on, among other things, historical experience, an evaluation of economic conditions, and regular reviews of delinquencies and loan portfolio quality. Determination of the allowance inherently involves a high degree of subjectivity and requires it to make significant estimates of current credit risks and future trends, all of which may undergo material changes. Either Global Trust Bank, prior to the completion of the merger, or Bay Commercial Bank, either before or after the merger, may be required to increase its allowance for loan losses for any of several reasons. Changes in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors, both within and outside of either of their control, may require an increase in allowances. In addition, actual charge-offs in future periods, if not adequately reserved for, will require additional increases in allowances for loan losses. Any increases in allowances for loan losses will result in a decrease in Global Trust Bank's or Bay Commercial Bank's respective net income and, possibly, respective capital, and may materially affect their respective results of operations in the period in which the allowance is increased.

The parties rely on their management and other key personnel, and the loss of any of them may adversely affect their operations.

Each of Global Bancorp, Global Trust Bank and Bay Commercial Bank is and will continue to be dependent upon the services of its respective executive management up until the consummation of the merger. In addition, assuming the mergers are consummated, Bay Commercial Bank will continue to depend on its ability to retain and recruit key banking officers. The unexpected loss of services of any key management personnel or banking officers could have an adverse effect on the resulting institution, Bay Commercial Bank, or the respective business and financial condition of Global Bancorp, Global Trust Bank or Bay Commercial Bank, because of their skills, knowledge of the market, years of industry experience and the difficulty of promptly finding qualified replacement personnel.

Failure to implement new technologies in operations may adversely affect growth or profits.

Advances in technology increasingly affect the market for financial services, including banking services and consumer finance services. The ability of Global Trust Bank and Bay Commercial Bank to compete successfully in these markets may depend on the extent to which they are able to exploit such technological changes. However, they can provide no assurance that they will be able to properly or timely anticipate or implement such technologies or properly train their respective staffs to use such technologies. Further, the added cost of technology for small banks such as Global Trust Bank and Bay Commercial Bank adversely affects their respective profitability. Thus, any failure to adapt to new technologies could adversely affect their respective business, financial condition or operating results prior to and, as to Bay Commercial Bank, following, the merger.

MARKETS; MARKET PRICES AND DIVIDENDS

Bay Commercial Bank Market Information and Dividends

Bay Commercial Bank has issued and outstanding one class of common stock, of which there were 3,549,794 shares outstanding, held by 120 shareholders of record as of March 31, 2011. None of Bay Commercial Bank's 10,000,000 shares of preferred stock have been issued. In connection with the issuance in 2010 of 2,000,000 shares of Bay Commercial Bank common stock at \$9.00 per share, which raised a total of \$16.83 million of additional capital (after expenses of the offering), Bay Commercial Bank issued warrants to purchase 159,817 shares of common stock to certain shareholders who acquired 1,598,140 shares of common stock in that offering. As of December 31, 2010, there were a total of 159,817 warrants to purchase common stock at \$9.00 per share issued and outstanding.

Trading in Bay Commercial Bank's common stock has not been extensive and such trades cannot be characterized as constituting an active trading market. While Bay Commercial Bank's common stock is not listed on any exchange or quoted by the NASDAQ® Stock Market, some transactions occur on the OTC Bulletin Board. Trades may also occur in unreported private transactions.

The following table sets forth the high and low sale prices for Bay Commercial Bank's common stock for the periods indicated, of which management of Bay Commercial Bank is aware:

	<u>Sale Information</u>		<u>Share</u>
	<u>High</u>	<u>Low</u>	<u>Volume</u>
<u>2011</u>			
Third Quarter (through July 11, 2011).....	\$7.00	\$6.75	1,100
Second Quarter.....	\$7.65	\$6.75	105,200
First Quarter.....	\$7.90	\$6.99	33,700
<u>2010</u>			
Fourth Quarter.....	\$8.25	\$6.75	79,000
Third Quarter.....	\$9.73	\$8.00	20,900
Second Quarter.....	\$9.95	\$8.90	47,100
First Quarter.....	\$9.60	\$7.65	17,700

	<u>Sale Information</u>		<u>Share</u>
	<u>High</u>	<u>Low</u>	<u>Volume</u>
<u>2009</u>			
Fourth Quarter.....	\$8.70	\$7.75	36,700
Third Quarter.....	\$9.50	\$8.23	59,400
Second Quarter.....	\$9.70	\$6.85	16,900
First Quarter.....	\$9.00	\$6.80	83,600

To date, Bay Commercial Bank has not paid any cash dividends. Payment of stock or cash dividends in the future will depend upon Bay Commercial Bank's earnings and financial condition and other factors deemed relevant by the board of directors of Bay Commercial Bank, as well as Bay Commercial Bank's legal ability to pay dividends. It is Bay Commercial Bank's current intention to follow its strategic plan of retaining earnings to increase capital and provide additional basis for growth, as well as to buffer the effects of future uncertainty. Accordingly, no assurance can be given that any cash dividends will be declared in the foreseeable future.

Global Bancorp Market Information and Dividends

Global Bancorp equity securities consist of common stock \$.01 par value, of which there were 20,000,000 authorized and 2,115,001 shares issued and outstanding held by approximately 260 holders of record as of March 31, 2011.

There has not been any public trading in Global Bancorp's common stock. Global Bancorp's shares of common stock are not listed on any exchange or quoted by the NASDAQ® Stock Market or the OTC Bulletin Board.

To date, Global Bancorp has not paid any cash dividends and Global Bancorp is restricted from paying dividends through the date of the mergers. If the merger is consummated, payment of stock or cash dividends in the future to holders of Global Bancorp common stock exchanged for Bay Commercial Bank will depend upon Bay Commercial Bank earnings and financial condition and other factors deemed relevant by the board of directors of Bay Commercial Bank, as well as Bay Commercial Bank's legal ability to pay dividends.

SELECTED FINANCIAL DATA

Bay Commercial Bank

The following selected financial data of Bay Commercial Bank has been derived from and should be read in conjunction with Bay Commercial Bank's audited financial statements and notes included therein, attached to this joint proxy statement-offering circular.

The following tables set forth selected historical financial and other data about Bay Commercial Bank at the dates and for the periods shown. The historical financial data for the three months ended March 31, 2011 and March 31, 2010 are derived from unaudited financial statements. However, in the opinion of Bay Commercial Bank management, all adjustments consisting of normal recurring accruals necessary for a fair presentation since audited financial statements as of December 31, 2010 and 2009 and for such three-month unaudited periods have been made. Operating results for the three months ended March 31, 2011 are not necessarily indicative of the results that may be expected for any other interim period or for the entire year ended December 31, 2011. The financial information for the two years ended December 31, 2010 and 2009 of Bay Commercial Bank is based on, and qualified in its entirety by, Bay Commercial Bank financial statements, including the notes thereto. We did not pay any cash or stock dividends to our shareholders during the periods set forth below.

Selected Historical Financial Data
(Dollars in thousands, except per share amounts)

	Three Months Ended March 31		Year Ended December 31	
	2011	2010	2010	2009
Summary of Operations				
Interest Income.....	\$ 2,195	\$ 2,019	\$ 8,127	\$ 7,225
Interest Expense	385	463	1,782	2,509
Net Interest Income	1,810	1,556	6,345	4,716
Provision for Loan Losses.....	933	45	1,431	430
Net Interest Income After Provision for Loan Losses.....	877	1,511	4,914	4,286
Non-Interest Income:				
Service Charges on Deposit Accounts	75	73	290	243
Other Non-Interest Income	81	12	75	56
Total Non-Interest Income	156	85	365	299
Non-Interest Expense:				
Salaries and Employee Benefits	774	691	2,551	2,409
Occupancy.....	154	158	623	498
Other Non-Interest Expense	282	254	1,104	1,048
Total Non-Interest Expense.....	1,210	1,103	4,278	3,955
Income (Loss) Before Income Taxes	(177)	493	1,001	630
Provision (Benefit) for Income Taxes	(71)	205	380	271
Net Income (Loss).....	(106)	288	621	359
Net Income (Loss) Per Share – Basic.....	(0.03)	0.19	0.26	0.23
Net Income (Loss) Per Share – Diluted	(0.03)	0.19	0.26	0.23

	March 31		December 31	
	2011	2010	2010	2009
Summary of Financial Condition				
Federal Funds Sold	\$ 20,263	\$ 14,489	\$ 33,486	\$ 7,445
Total Loans, Net.....	135,071	122,953	133,517	129,973
Total Assets.....	162,889	143,228	173,977	143,408
Total Deposits	128,748	126,339	139,457	126,550
Total Shareholders' Equity	33,392	16,327	33,496	16,035
Book Value Per Share	9.41	10.53	9.44	10.35
Financial Ratios				
Total Risk-Based Capital Ratio.....	24.60%	13.5%	25.0%	12.6%
Net Charge-Offs/(Recoveries) to Average Net Loans.....	1.00%	0.00%	0.60%	0.00%
Non-Performing Assets to Assets	1.60%	0.00%	2.00%	1.50%
Allowance for Loan Losses to Loans.....	1.46%	1.40%	1.70%	1.30%
Total Net Loans to Deposits.....	104.90%	97.3%	95.70%	102.7%
Capital to Total Assets	20.50%	11.40%	19.30%	11.20%
Capital to Total Deposits.....	25.90%	12.90%	24.00%	12.70%
Allowance for Loan Losses to Non-Performing Loans.....	185.90%	0.00%	122.50%	75.9%
Financial Performance Ratios				
Return on Average Shareholders' Equity.....	-1.30%	7.20%	2.60%	2.30%
Return on Average Assets.....	-0.30%	0.80%	0.40%	0.30%
Average Shareholders' Equity to Average Total Assets	20.30%	11.50%	15.60%	11.60%

Global Bancorp

The following selected financial data with respect to Global Bancorp has been derived from the audited consolidated financial statements included in this joint proxy statement-offering circular. This information should be read in conjunction with such financial statements and the notes thereto included therein.

The following tables set forth selected consolidated historical financial and other data about Global Bancorp at the dates and for the periods shown. The historical consolidated financial data for the three months ended March 31, 2011 and 2010 are derived from unaudited consolidated financial statements. However, in the opinion of our management, all adjustments consisting of normal recurring accruals necessary for a fair presentation since audited consolidated financial statements as of December 31, 2010 and 2009 and for such three-month unaudited periods have been made. Consolidated operating results for the three months ended March 31, 2011 are not necessarily indicative of the results that may be expected for any other interim period or for the entire year ended December 31, 2011. The consolidated financial information for the two years ended December 31, 2010 and 2009 of Global Bancorp is based on, and qualified in its entirety by, Global Bancorp consolidated financial statements, including the notes thereto. Global Bancorp did not pay any cash or stock dividends during the periods set forth below.

Selected Historical Financial Data (Dollars in thousands, except per share amounts)

	For the Three Months Ended March 31		For the Year Ended December 31	
	2011	2010	2010	2009
Summary of Operations				
Interest Income.....	\$ 694	\$ 504	\$ 2,402	\$ 964
Interest Expense.....	155	148	681	297
Net Interest Income.....	539	356	1,721	667
Provision for Loan Losses.....	151	46	299	475
Net Interest After Provision.....	388	310	1,422	192
Non-Interest Income:				
Service Charges.....	3	1	17	2
Other.....	(12)	6	378	523
Total Non-Interest Income	(9)	7	395	525
Non-Interest Expense:				
Salaries and Employee Benefits.....	505	499	2,080	1,777
Occupancy.....	130	121	430	469
Other.....	263	198	873	845
Total Non-Interest Expense	898	818	3,383	3,092
Loss Before Income Taxes.....	(519)	(501)	(1,566)	(2,375)
Provision (Benefit) for Income Taxes.....	(1)	---	2	2
Net Loss.....	(518)	(501)	(1,568)	(2,377)
Net Loss Per Share – Basic.....	(0.25)	(0.24)	(0.74)	(1.12)
Net Loss Per Share – Diluted.....	(0.25)	(0.24)	(0.74)	(1.13)
Book Value Per Share.....	7.40	8.10	7.63	8.32
Shares outstanding at the end of the periods	2,115,001	2,115,001	2,115,001	2,115,001

	For the Three Months Ended		For the Year Ended	
	March 31		December 31	
	2011	2010	2010	2009
Average Balance Sheet Data				
Interest-Bearing Deposits with Financial Institutions.....	\$14,653	\$27,690	\$26,316	\$15,925
Securities.....	---	---	---	---
Federal Funds Sold	9,350	680	1,439	2,869
Net Loans.....	44,749	24,370	28,302	11,361
Total Assets.....	72,984	58,447	60,907	33,738
Total Deposits	57,234	41,269	42,545	33,772
Total Shareholders' Equity	15,528	16,993	16,144	15,135
Book Value Per Share.....	7.40	8.10	7.63	8.32
Financial Ratios				
Total Risk-Based Capital Ratio.....	32.47%	52.77%	39.23%	52.43%
Net (Recoveries) Charge-Offs to Average Net Loans ⁽¹⁾	N/A	N/A	N/A	N/A
Non-Performing Assets to Assets ⁽¹⁾	N/A	N/A	N/A	N/A
Allowance for Loan Losses to Loans.....	2.07%	2.17%	2.12%	2.08%
Total Net Loans to Deposits.....	78.36%	59.24%	74.34%	68.87%
Capital to Total Assets	21.45%	29.30%	24.58%	34.08%
Capital to Total Deposits.....	27.41%	41.63%	32.79%	52.09%
Allowance for Loan Losses to Non-Performing Loans ⁽¹⁾	N/A	N/A	N/A	N/A
Financial Performance Ratios				
Return on Average Shareholders' Equity.....	-13.14%	-11.63%	-9.34%	-12.84%
Return on Average Assets.....	-3.00%	-3.64%	-2.59%	-6.85%
Average Shareholders' Equity to Average Total Assets	22.77%	31.30%	27.79%	53.43%
Net Interest Margin	3.32%	2.91%	3.13%	2.14%

⁽¹⁾ Global Trust Bank had no non-performing assets at the end of the periods.

COMPARATIVE PER SHARE DATA

We have summarized below historical per share information for Global Bancorp and Bay Commercial Bank and additional information as if the companies had been combined as of March 31, 2011 (“*pro forma*”).

The pro forma information is based on the following assumptions, which have been used to calculate the applicable exchange ratio: (i) that no shareholder of Global Bancorp perfects dissenters’ rights, and (ii) that about 80% of the total merger consideration will be paid in the form of Bay Commercial Bank common stock with an estimated fair value of \$9.58 per share and the remaining 20% will be paid in cash.

For purposes of the pro forma calculations, we have used the exchange ratio of 0.75678 of Bay Commercial Bank shares for each Global Bancorp common share outstanding.

You should read this information with the historical consolidated financial statements and related notes provided in this joint proxy statement-offering circular for Global Bancorp, Global Trust Bank and Bay Commercial Bank.

You should not rely on the pro forma information as being indicative of the historical results that we would have had or the future results that will occur after the merger. The equivalent pro forma data reflects the acquisition method of accounting and other events directly attributable to the transaction expected to have a continuing impact on Bay Commercial Bank.

The pro forma Bay Commercial Bank basic and diluted earnings per common share have been computed based on the historical number of average outstanding common shares of Bay Commercial Bank, plus the number of shares expected to be issued to Global Bancorp shareholders at about 80% of the total merger consideration, adjusted by the exchange ratio of 0.75678 shares of Bay Commercial Bank common stock for each share of Global Bancorp common stock.

The pro forma equivalent Global Bancorp basic and diluted earnings per share represent the pro forma Bay Commercial Bank basic and diluted earnings per share multiplied by the exchange ratio of 0.75678.

The pro forma Bay Commercial Bank book value per common share amounts are based upon the pro forma total shareholders’ equity of Bay Commercial Bank at the balance sheet date, divided by the total pro forma number of Bay Commercial Bank common shares outstanding assuming the conversion of about 80% of Global Bancorp common stock into Bay Commercial Bank common stock at the exchange rate of 0.75678 per share.

The pro forma equivalent Global Bancorp book value per common share represents the pro forma Bay Commercial Bank book value per common share multiplied by the exchange ratio of 0.75678 per share.

	Three Months Ended March 31, 2011
Bay Commercial Bank Historical and Pro Forma	
Basic earnings per common share:	
Historical.....	(\$0.03)
Pro Forma	(\$0.03)
Diluted earnings per common share:	
Historical.....	(\$0.03)
Pro Forma	(\$0.03)
Dividends declared on common stock:	
Historical.....	N/A
Pro Forma	N/A
Book value per common share:	
Historical.....	\$9.41
Pro Forma	\$9.69
Tangible book value per common share:	
Historical.....	\$9.38
Pro Forma	\$9.62

**Three Months Ended
March 31, 2011**

Global Bancorp Historical and Pro Forma Equivalent

Basic earnings per common share:	
Historical.....	(\$0.25)
Pro Forma	(\$0.19)
Diluted earnings per common share:	
Historical.....	(\$0.25)
Pro Forma	(\$0.19)
Dividends declared on common stock:	
Historical.....	N/A
Pro Forma	N/A
Book value per common share:	
Historical.....	\$7.40
Pro Forma	\$5.61
Tangible book value per common share:	
Historical.....	\$7.40
Pro Forma	\$5.61

THE GLOBAL BANCORP ANNUAL MEETING

General

Global Bancorp will hold its annual shareholders' meeting on August 18, 2011 at 5:30 p.m. (local time), at 700 E. El Camino Real, Suite 110, Mountain View, California 94040. At the annual shareholders' meeting you will be asked to consider and vote on the approval of the principal terms of the merger agreements, namely (i) the Downstream Merger Agreement, which relates to the merger of Global Bancorp with and into Global Trust Bank, (ii) the Merger Agreement, which relates to the merger of Global Trust Bank with and into Bay Commercial Bank; and (iii) the election of seven persons to the board of directors; and any other matters that may properly come before the meeting. Discussion of Global Bancorp's Proposal A regarding the election of directors and related information commences on page 96.

Record Date; Stock Entitled to Vote; Quorum

Only holders of record of Global Bancorp common stock at the close of business on June 30, 2011, the record date for Global Bancorp's annual shareholders' meeting, are entitled to receive notice of and to vote at the annual shareholders' meeting. On the record date, Global Bancorp had 2,115,001 shares of its common stock issued and outstanding. A majority of the shares of Global Bancorp common stock issued and outstanding must be represented in person or by proxy at the annual shareholders' meeting in order for a quorum to be present for purposes of transacting business. Abstentions and broker non-votes will be treated as shares present at the annual meeting for purposes of determining the presence of a quorum. A broker non-vote is an unvoted proxy submitted by a broker. In the event that a quorum is not present, it is expected that the annual shareholders' meeting will be adjourned or postponed to solicit additional proxies.

Number of Votes

Each shareholder is entitled to cast one vote for each share of common stock held in that shareholder's name on the books of Global Bancorp as of the record date on any matter submitted to the vote of the shareholders. On the matter of election of directors, votes may be cumulated as explained on page 95.

Votes Required

You may vote in person, or by submitting a properly executed proxy.

To approve the principal terms of the Merger Agreements (i.e., the Downstream Merger Agreement and the Merger Agreement), the holders of a majority of the outstanding shares of Global Bancorp common and preferred stock entitled to vote must vote in favor of the approval of the principal terms of the Merger Agreements. Consequently, a failure to vote, an abstention or a broker non-vote will have the same effect as voting against the Merger Agreements. Under applicable rules, brokers or other nominees who hold shares in street name for customers who are the beneficial

owners of such shares may not vote those shares with respect to the Merger Agreements unless they have received specific instructions from their customers. As of the record date, Global Bancorp's directors and executive officers owned 210,000 shares of common stock eligible to vote, representing approximately 10% of Global Bancorp's issued and outstanding shares of common stock entitled to vote.

Adoption of a proposal to adjourn the annual meeting to a later date requires that a majority of the votes cast at the annual meeting must vote in favor of the proposal to adjourn the annual meeting. Accordingly, abstentions will have the same effect as voting against the proposal to adjourn the annual meeting. Broker non-votes will have no effect on this proposal.

Approval of the principal terms of the Merger Agreements by our shareholders is one of the conditions that must be satisfied to complete the mergers. See "The Mergers – Conditions to the Mergers."

Voting of Proxies

Submitting Proxies

Global Bancorp shareholders may vote their shares in person by attending the annual shareholders' meeting or they may vote their shares by proxy. In order to vote by proxy, Global Bancorp shareholders must complete the enclosed proxy card, sign and date it and mail it in the enclosed postage pre-paid envelope.

If a written proxy card is signed by a shareholder and returned without instructions, the shares represented by the proxy will be voted "FOR" approval of the mergers. Global Bancorp shareholders whose shares are held in "street name" (i.e., in the name of a broker, bank or other record holder) must either direct the record holder of their shares as to how to vote their shares or obtain a proxy from the record holder to vote at the Global Bancorp annual shareholders' meeting.

In connection with the election of directors, shares may be voted cumulatively if a shareholder present at the meeting gives notice at the meeting, prior to the voting for election of directors, of his or her intention to vote cumulatively. If any shareholder of Global Bancorp gives that notice, then all shareholders eligible to vote will be entitled to cumulate their shares in voting for election of directors. Cumulative voting allows a shareholder to cast a number of votes equal to the number of shares held in his or her name as of the record date, multiplied by the number of directors to be elected. These votes may be cast for any one nominee, or may be distributed among as many nominees as the shareholder sees fit. If cumulative voting is declared at the meeting, votes represented by proxies delivered pursuant to this proxy statement may be cumulated in the discretion of the proxy holders, in accordance with management's recommendation.

It is important that you follow the directions provided by your broker regarding instructions on how to vote your shares. Your failure to instruct your broker on how to vote your shares will have the same effect as voting against the proposal to approve the principal terms of the Merger Agreements and the mergers.

Revoking Proxies

Global Bancorp shareholders of record may revoke their proxies at any time before the time their proxies are voted at the Global Bancorp annual shareholders' meeting. Proxies may be revoked by written notice, including by telegram or teletype, to the Corporate Secretary of Global Bancorp, by a later-dated proxy signed and returned by mail or by attending the annual shareholders' meeting and voting in person. Attendance at the annual shareholders' meeting will not, in and of itself, constitute a revocation of a proxy. Instead, Global Bancorp shareholders who wish to revoke their proxies must inform Global Bancorp's Corporate Secretary at the annual shareholders' meeting, prior to the vote, that he or she wants to revoke his or her proxy and vote in person. Written notices of proxy revocations must be sent so that they will be received before the taking of the vote at the annual shareholders' meeting as follows:

Global Bancorp
700 E. El Camino Real, Suite 110
Mountain View, California 94040
Attention: Corporate Secretary

Abstentions and broker non-votes will be counted in determining whether a quorum is present. Under the applicable rules of the Financial Industry Regulatory Authority, Inc. ("**FINRA**"), brokers or members who hold shares in

street name for customers who are the beneficial owners of Global Bancorp common or preferred stock are prohibited from giving a proxy to vote those shares regarding approval of the mergers and the principal terms of the merger agreements, in the absence of specific instructions from beneficial owners. These are referred to as “broker non-votes.” Abstentions and broker non-votes will not be counted as a vote “FOR” or “AGAINST” the principal terms of the merger agreements and mergers at the annual shareholders’ meeting or any other matter presented at that meeting. However, abstentions and broker non-votes will have the same effect as a vote “AGAINST” the principal terms of the merger agreements and mergers.

Solicitation of Proxies

Global Bancorp’s board of directors is soliciting the proxies for the annual shareholders’ meeting. Global Bancorp will pay for the cost of solicitation of proxies. In addition to solicitation by mail, Global Bancorp’s directors, officers and employees may also solicit proxies from shareholders by telephone, facsimile, telegram, or in person. If management deems it advisable, the services of individuals or companies that are not regularly employed by Global Bancorp may be used in connection with the solicitation of proxies. Arrangements will also be made with brokerage houses and other custodians, nominees, and fiduciaries to send the proxy materials to beneficial owners. Global Bancorp will, upon request, reimburse those brokerage houses and custodians for their reasonable expenses in so doing.

Shareholders who submit proxy cards should not send in any stock certificates with their proxy cards. Instructions for the surrender of stock certificates representing shares of Global Bancorp will be mailed by the exchange agent selected for this transaction, to former Global Bancorp shareholders shortly after the mergers are completed. Please read the section entitled “JOINT PROPOSAL I – THE MERGER – The Merger Agreement – Exchange Procedures” for additional information.

If your shares of Global Bancorp common stock are held in “street name,” you will receive instructions from your broker, bank, or other nominee that you must follow to have your shares voted. Please see your instruction form provided by your broker, bank or other nominee that accompanies this proxy statement.

Recommendation of the Global Bancorp Board of Directors

The Global Bancorp board of directors has approved the merger agreements and the transactions contemplated by the merger agreements. Based on their reasons for the mergers described in this document, the Global Bancorp board of directors believes that the mergers are in the best interests of Global Bancorp Bank and its shareholders. Accordingly, the board of directors recommends that the Global Bancorp shareholders vote (i) “**FOR**” approval of the principal terms of the merger agreements; (ii) “**FOR**” the election of directors of Global Bancorp as set forth in these proxy materials; and (iii) “**FOR**” the proposal to adjourn the annual meeting, if necessary, to solicit additional votes in favor of the principal terms of the merger agreements.

THE BAY COMMERCIAL BANK ANNUAL MEETING

General

Bay Commercial Bank will hold its annual shareholders’ meeting on August 16, 2011 at 4:00 p.m. (local time), at its headquarters office, located at 1280 Civic Drive, Suite 100, Walnut Creek, California 94596. At the annual shareholders’ meeting you will be asked to consider and vote on (i) the approval of the principal terms of the Merger Agreement; (ii) “**FOR**” if necessary, a proposal to adjourn the annual meeting to solicit additional votes in favor of the principal terms of the merger agreement; (iii) to elect seven persons to the board of directors; (iv) to ratify the board’s selection of independent auditors, and any other matters that may properly come before the meeting.

Additional Information Regarding Bay Commercial Bank’s Proposal A (Election of Directors) and Proposal B (Ratification of Independent Auditors for 2011) for the Bay Commercial Bank Annual Meeting commences on page 93.

Record Date; Stock Entitled to Vote; Quorum

Only holders of record of Bay Commercial Bank common stock at the close of business on June 17, 2011, the record date for the annual shareholders’ meeting, are entitled to receive notice of and to vote at the annual shareholders’ meeting. On the record date, Bay Commercial Bank had 3,549,794 shares of its common stock issued and outstanding. A majority of the shares of Bay Commercial Bank common stock issued and outstanding and entitled to vote on the record

date must be represented in person or by proxy at the annual shareholders' meeting in order for a quorum to be present for purposes of transacting business. In the event that a quorum is not present, it is expected that the annual shareholders' meeting will be adjourned or postponed to solicit additional proxies.

Number of Votes

Each shareholder of record as of the record date is entitled to cast one vote for each share of common stock held on each matter to come before the meeting. On the matter of the election of directors, votes may be cumulated as explained on page 87.

Votes Required

You may vote in person or by submitting a properly executed proxy.

To approve the principal terms of the Merger Agreement, the holders of a majority of the outstanding shares of Bay Commercial Bank's common stock must vote in favor of the approval of the principal terms of the Merger Agreement. Consequently, a failure to vote, an abstention or a broker non-vote will have the same effect as voting against the Merger Agreement. Under applicable rules, brokers or other nominees who hold shares in street name for customers who are the beneficial owners of such shares may not vote those shares with respect to the Merger Agreement unless they have received specific instructions from their customers. As of the record date, Bay Commercial Bank's directors and executive officers owned 474,236 shares, representing approximately 13.4%, of Bay Commercial Bank's issued and outstanding shares of common stock entitled to vote.

Approval of the principal terms of the Merger Agreement by our shareholders is one of the conditions that must be satisfied to complete the mergers. See "The Merger – Conditions to the Merger."

Voting of Proxies

Submitting Proxies

Bay Commercial Bank shareholders may vote their shares in person by attending the annual shareholders' meeting or they may vote their shares by proxy. In order to vote by proxy, shareholders must complete the enclosed proxy card, sign and date it and mail it in the enclosed postage pre-paid envelope.

If a written proxy card is signed by a shareholder and returned without instructions, the shares represented by the proxy will be voted (i) "**FOR**" approval of the principal terms of the Merger Agreement, (ii) "**FOR**" the election of the seven nominees to serve on the board of directors, (iii) "**FOR**" the ratification of the selection of Moss Adams LLP as the independent auditors for Bay Commercial Bank, and (iv) "**FOR**" the adoption of a proposal to adjourn the annual meeting to a later date, if necessary, to solicit further proxies if there are insufficient votes at the time of the annual meeting to approve the principal terms of the Merger Agreement. Shareholders whose shares are held in "street name" (i.e., in the name of a broker, bank or other record holder) must either direct the record holder of their shares as to how to vote their shares or obtain a proxy from the record holder to vote at the Bay Commercial Bank annual shareholders' meeting.

It is important that you follow the directions provided by your broker regarding instructions on how to vote your shares. Your failure to instruct your broker on how to vote your shares will have the same effect as voting against the proposal to approve the principal terms of the Merger Agreement and the merger.

Revoking Proxies

Bay Commercial Bank shareholders of record may revoke their proxies at any time before the time their proxies are voted at the annual shareholders' meeting. Proxies may be revoked by written notice, including by telegram or telecopy, to the Corporate Secretary of Bay Commercial Bank, by a later-dated proxy signed and returned by mail or by attending the annual shareholders' meeting and voting in person. Attendance at the annual shareholders' meeting will not, in and of itself, constitute a revocation of a proxy. Instead, shareholders who wish to revoke their proxies must inform Bay Commercial Bank's Corporate Secretary at the meeting, prior to the vote, that he or she wants to revoke his or her proxy and vote in person. Written notices of proxy revocations must be sent so that they will be received before the taking of the vote at the annual shareholders' meeting as follows:

Bay Commercial Bank
1280 Civic Drive, Suite 100
Walnut Creek, California 94596
Attention: Corporate Secretary

The presence, in person or by properly executed proxy, of the holders of a majority of Bay Commercial Bank's outstanding shares entitled to vote is necessary to constitute a quorum at the annual shareholders' meeting. Abstentions and broker non-votes will be counted in determining whether a quorum is present. Under the applicable rules of FINRA, brokers or members who hold shares in street name for customers who are the beneficial owners of Bay Commercial Bank common stock are prohibited from giving a proxy to vote those shares regarding approval of the merger and the principal terms of the Merger Agreement, or the election of directors, in the absence of specific instructions from beneficial owners. These are referred to as "broker non-votes." Abstentions and broker non-votes will not be counted as a vote "FOR" or "AGAINST" the matters presented at the annual shareholders' meeting. However, abstentions and broker non-votes will have the same effect as a vote "AGAINST" the principal terms of the Merger Agreement and merger.

Solicitation of Proxies

Bay Commercial Bank's board of directors is soliciting the proxies for the annual shareholders' meeting. Bay Commercial Bank will pay for the cost of solicitation of proxies. In addition to solicitation by mail, its directors, officers, and employees may also solicit proxies from shareholders by telephone, facsimile, telegram, or in person. If Bay Commercial Bank's management deems it advisable, the services of individuals or companies that are not regularly employed by it may be used in connection with the solicitation of proxies. Arrangements will also be made with brokerage houses and other custodians, nominees, and fiduciaries to send the proxy materials to beneficial owners. Bay Commercial Bank will, upon request, reimburse those brokerage houses and custodians for their reasonable expenses in so doing.

If your shares of Bay Commercial Bank common stock are held in "street name," you will receive instructions from your broker, bank, or other nominee that you must follow to have your shares voted. Please see your instruction form provided by your broker, bank or other nominee that accompanies this proxy statement.

Recommendation of the Bay Commercial Bank Board of Directors

The Bay Commercial Bank board of directors has unanimously approved the principal terms of the Merger Agreement and the transactions contemplated by the Merger Agreement. Based on Bay Commercial Bank's reasons for the merger described in this document, its board of directors believes that the merger is in the best interests of Bay Commercial Bank and its shareholders. Accordingly, the board of directors unanimously recommends that Bay Commercial Bank shareholders vote (i) "**FOR**" approval of the principal terms of the Merger Agreement; (ii) "**FOR**" the proposal to adjourn the annual meeting, if necessary, to solicit additional votes in favor of the principal terms of the Merger Agreement; (iii) "**FOR**" election of all seven of management's nominees: JAMES L. APPLE, JAMES S. CAMP, GEORGE J. GUARINI, LLOYD W. KENDALL, JR., ROBERT R. LAVERNE, DONALD S. MORROW and DAVID M. SPATZ; and (iv) "**FOR**" the ratification of the selection of Moss Adams LLP as the independent auditors of Bay Commercial Bank for 2011.

JOINT PROPOSAL I – THE MERGERS

*This section describes certain aspects of the proposed mergers of Global Bancorp with and into Global Trust Bank and Global Trust Bank with and into Bay Commercial Bank. Because this is a summary, it does not contain all the information that may be important to you. You should read this entire joint proxy statement-offering circular, including the appendices. A copy of the Agreement and Plan of Reorganization and Merger dated May 12, 2011 ("**Merger Agreement**") is attached as Appendix A to this joint proxy statement-offering circular and is incorporated by reference herein. The following discussion, and the discussion under the subsection entitled "The Merger Agreement," describes important aspects of the merger and the material terms of the Merger Agreement. These descriptions are qualified in their entirety by reference to Appendix A.*

General

As soon as possible after the conditions to consummation of the merger described below have been satisfied or waived, and unless the Merger Agreement has been terminated as discussed below, Global Bancorp will merge with and into Global Trust Bank and a subsequent merger will take place of Global Trust Bank with and into Bay Commercial Bank in accordance with California law.

Upon completion of the merger, each share of Global Bancorp common stock will be converted into the right to receive either (i) 0.75678 shares of Bay Commercial Bank common stock, or (ii) \$7.25 in cash or (iii) a combination of common stock and cash, subject to the amount of cash consideration paid in the merger not exceeding approximately \$3.067 million, including amounts paid to dissenting shareholders, and the number of shares of Bay Commercial Bank common stock issued in the merger transaction being not less than approximately 1.692 million. Cash proceeds payable to Global Bancorp shareholders will be paid promptly following the completion of the merger through a paying agent account.

The Constituent Corporations

Global Bancorp
700 E. El Camino Real, Suite 110
Mountain View, California 94040
(650) 810-9400

Global Bancorp is a bank holding company registered under the Bank Holding Company Act of 1956, as amended.

Global Trust Bank
700 E. El Camino Real, Suite 110
Mountain View, California 94040
(650) 810-9400

Global Trust Bank is a California corporation chartered as a commercial bank by the CDFI. Global Trust Bank commenced business on December 3, 2008 and is headquartered in Mountain View, California. All of Global Trust Bank's deposits are insured by the FDIC to the maximum extent permitted by law.

Global Trust Bank specializes in community-based financial services and operates one full-service branch located in Mountain View, California, from which it conducts a full range of banking services. Global Trust Bank has historically focused on developing banking relationships with small- and medium-sized businesses (generally, businesses whose borrowings range from \$300,000 to \$1.5 million), service firms and individuals in the Greater San Francisco Bay Area of Northern California and especially the Counties of Santa Clara, San Mateo and Alameda. Its banking services include commercial, real estate and consumer lending, a variety of deposit products.

As of March 31, 2011, Global Trust Bank had total assets of approximately \$73 million, including total loans of approximately \$46 million, as well as total deposits of approximately \$57.2 million and total shareholders' equity of approximately \$15.5 million. Additional information and financial statements related to Global Trust Bank are available from the FDIC's website, www.fdic.gov. However, information from the websites is not incorporated by reference into, and does not form a part of, this joint proxy statement-offering circular.

Bay Commercial Bank
1280 Civic Drive, Suite 100
Walnut Creek, California 94596
(925) 476-1800

Bay Commercial Bank is a California corporation chartered as a commercial bank by the CDFI. Bay Commercial Bank commenced business on July 10, 2004 and is headquartered in Walnut Creek, California. Bay Commercial Bank is a member of the FDIC and all of its deposits are insured by the FDIC to the maximum extent permitted by law. Also, Bay Commercial Bank has filed an application to become a member bank of the Federal Reserve System and, if approved, the FRB will become the primary federal regulator of Bay Commercial Bank, but its deposits will continue to be insured by the FDIC.

Bay Commercial Bank specializes in community-based financial services and operates from its headquarters in Walnut Creek and two full service branches located in Oakland and Castro Valley, California, from which Bay Commercial Bank conducts a full range of banking services, including escrow services and section 1031 tax-free exchange services. Bay Commercial Bank has historically focused on developing banking relationships with small and medium-sized businesses, service firms and individuals in the Greater San Francisco Bay Area and especially Contra Costa County and Alameda County.

As of March 31, 2011, Bay Commercial Bank had total assets of approximately \$163 million, including total loans of approximately \$137.3 million, as well as total deposits of approximately \$128.7 million and total shareholders' equity of approximately \$33.4 million. Additional information and financial statements related to Bay Commercial Bank are available from (i) its accounting department, and (ii) the FDIC's website, www.fdic.gov. However, information from such website is *not* incorporated by reference into, and does not form a part of, this joint proxy statement.

Background of the Mergers

Since the formation of Bay Commercial Bank in July 2004, its board of directors and executive management have considered various alternative growth strategies, including geographic expansions, combining with or acquiring other community banks, and participating in government-assisted acquisitions.

The president and chief executive officer of Bay Commercial Bank, George J. Guarini, has been acquainted with some of the directors of Global Trust Bank since that bank was in its early formation stages and he has maintained his acquaintanceship with those directors since Global Trust Bank opened in late 2008. Early in the first quarter of 2011, Mr. Guarini spoke informally with certain board members of Global Trust Bank and discussed the possibility of the two banks joining forces through a merger. He described the advantages for both banks and their stockholders that such a merger could achieve. The discussions centered on a share exchange based upon the respective book values of the two parties and on some representation by Global Trust Bank board members on the resulting entity's board of directors. The Global Trust Bank board members present at that discussion expressed interest in the idea, and expressed an interest in learning more about Bay Commercial Bank's merger plans.

Over the next several weeks, after executing a Confidentiality Agreement, the parties and their representatives reviewed various documents of their counterparty. At such time Bay Commercial Bank was also scheduled for its regular examination by its bank regulatory agencies, and the parties determined to continue discussions but not finalize negotiations until the examination was completed. Such examination was completed in early March, and the parties continued discussions about the proposed merger.

On March 28, 2011, Mr. Guarini presented to the board of directors of Bay Commercial Bank an analysis of a prospective merger with Global Trust Bank and preliminary due diligence findings. The Bay Commercial Bank board of directors discussed with management the prospective terms and effect of a possible merger with Global Trust Bank. After due discussion and consideration, the board of directors of Bay Commercial Bank authorized Mr. Guarini to proceed with further exploratory discussions about the possibility of a merger and to continue preliminary due diligence on Global Trust Bank and Global Bancorp.

Soon after the March 28, 2011 meeting, Mr. Guarini proposed to the board of directors of Global Trust Bank, a merger with Bay Commercial Bank, principally on the following terms:

- Global Bancorp and Global Trust Bank shall merge with and into Bay Commercial Bank with Bay Commercial Bank being the surviving corporation in the merger.
- Global Bancorp's common stock shall be exchanged for shares of Bay Commercial Bank stock. The exchange formula will be calculated based upon the adjusted book value per share of Bay Commercial Bank and Global Bancorp, taking into consideration a fully-funded allowance for loan and lease loss reserve.
- When the merger is effective, the board of directors of Bay Commercial Bank will be comprised of all of its current directors, plus a number of directors from the board of directors of Global Trust Bank, based upon the ownership of each bank as a percentage of the resulting bank.

Over the next few weeks, representatives of Bay Commercial Bank, Global Bancorp and Global Trust Bank continued negotiations over the terms of the merger, including, among other things, the basis for calculating the stock-for-stock exchange

ratio, the valuation of the banks, treatment of unexercised stock options held by officers and directors of the respective banks, employment and staffing issues and other financial and operational issues. The management of both banks continued due diligence on one another and sought to resolve the myriad issues pertaining to the prospective operation and management of Bay Commercial Bank after the merger.

On May 4, 2011, the board members of Global Trust Bank visited Bay Commercial Bank, meeting with several members of the board of directors and management of Bay Commercial Bank. The purpose of the meeting was for representatives from both parties to introduce themselves and to continue discussion of the terms of the merger and of post-merger operational and management issues.

After several weeks of negotiating, completing due diligence on one another's banks, evaluating each other's operations and financial condition, and considering other legal, accounting and regulatory issues, the Bay Commercial Bank board approved making a proposal for a merger exchange ratio based on the adjusted book values of Bay Commercial Bank and Global Bancorp. Such approach would result in the current shareholders of Bay Commercial Bank owning approximately 75% of Bay Commercial Bank after the merger, and the current shareholders of Global Bancorp and Global Trust Bank owing approximately 25% of Bay Commercial Bank after the merger, plus limitations on the amount of cash to be paid in the merger to Global Bancorp shareholders who elect to receive all or a portion of their consideration in cash and other terms as presented herein.

In early May 2011 representatives of Bay Commercial Bank proposed to Global Bancorp and Global Trust Bank revised terms of merger substantially the same as those which are included in the Merger Agreement and set forth in this joint proxy statement-offering circular. After such resolution, the parties concluded their respective due diligence and with advice of counsel completed negotiation and preparation of the definitive Merger Agreement.

The boards of directors of Bay Commercial Bank and Global Bancorp and Global Trust Bank approved, on May 10, 2011 and May 12, 2011, respectively, the Merger Agreement, including the disclosure schedules and the forms of the related agreements, and authorized their respective officers to execute the Merger Agreement and deliver it to the other party. On May 16, 2011, both banks issued a joint press release announcing the signing of the Merger Agreement and its terms.

Global Bancorp and Global Trust Bank Reasons for the Mergers

Global Bancorp, based in Mountain View, California, has conducted general banking operations serving individuals and small- to medium-sized businesses since December 3, 2008 through its wholly-owned banking subsidiary, Global Trust Bank, also headquartered in Mountain View. In serving individuals and small businesses, Global Trust Bank has focused on a community-based approach to banking.

The Global Bancorp and Global Trust Bank boards of directors reviewed the merger agreements and related documents, their strategic alternatives, the competitive banking environment in California, and the prospects for Global Trust Bank if it remained independent. At its meeting on May 12, 2011, The Findley Group discussed with Global Bancorp and Global Trust Bank boards of directors its analysis of the merger with Bay Commercial Bank and delivered to them its opinion that the consideration to be received in the merger was fair to the Global Bancorp shareholders from a financial point of view. Thereafter, the boards of directors approved and authorized the execution of the merger agreements.

The terms of the Merger Agreement, including the consideration to be paid to Global Bancorp shareholders, were the result of arm's-length negotiations. In evaluating the proposal to merge with Bay Commercial Bank, the boards of directors of Global Bancorp and of Global Trust Bank considered a number of factors at their board meetings between March 28, 2011 and May 12, 2011, including the following:

- information concerning the financial performance and condition, business operations, capital levels, asset quality, loan portfolio breakdown, and prospects of Bay Commercial Bank, including the stability of Bay Commercial Bank's management team and the upward performance trend;
- the terms of the Merger Agreement and other documents to be executed in connection with the mergers, including shareholders-director agreement and the Merger Agreement;

- the opinion of The Findley Group that the mergers are fair to the shareholders of Global Bancorp from a financial point of view;
- the prices paid and the terms of other recent comparable combinations of banks;
- the Global Bancorp and Global Trust Bank boards of directors' review with their legal and financial advisors of alternatives to the merger, the range of possible values to Global Bancorp shareholders obtainable through implementation of alternatives and the timing and likelihood of the same;
- the current and prospective economic environment and increasing regulatory and competitive burdens and constraints facing community banks;
- the advantages of being part of a larger entity, including the potential for operating efficiencies, the effect of a higher lending limit with respect to Global Trust Bank's customers, and the generally higher trading multiples of larger financial institutions;
- the business strategies, the strength and depth of management of the combined entity and the extent of their interest in continuing Global Trust Bank's business relationships;
- the ability of a larger institution to compete in the banking environment and to leverage overhead costs;
- the anticipated positive effect of the merger on existing shareholders, employees, officers, and customers of Global Bancorp and Global Trust Bank as Global Trust Bank's offices will remain open, staff elimination will be kept to a minimum, and remaining staff will receive a comparable benefits program;
- information concerning the ability of Global Trust Bank and Bay Commercial Bank to achieve operating efficiencies;
- the anticipated impact on the communities served by Global Trust Bank and Bay Commercial Bank in the merger, and the increased ability to serve the communities through the larger branch network;
- the consolidation that has occurred during the past few years in the banking industry and increased competition from larger banks in California;
- the value of the consideration offered by Bay Commercial Bank compared to the value of the consideration offered in other similar acquisitions of financial institutions in California in the last two years and the prospects for enhanced value of the combined entity in the future;
- the tax-free nature of the Bay Commercial Bank offer relating to the shares being offered;
- the quality of the Bay Commercial Bank common stock to be issued in the merger to the Global Bancorp shareholders and the liquidity of the Bay Commercial Bank common stock; and,
- the prospect for Global Bancorp and Global Trust Bank on a stand-alone basis and on the basis of alternative stand-alone strategies, such as dividends, share repurchases, restructurings, and growth through acquisitions.

In addition to the advantages, discussed in the previous paragraph, of a merger with a larger financial institution, the boards of directors and management of Global Bancorp and Global Trust Bank also discussed the various risks of combining with Bay Commercial Bank, including:

- the disadvantages of being part of a larger entity, including the potential for decreased customer service;
- the loss of California's only independently-owned Indo-American bank; and,
- the integration of Global Trust Bank and Bay Commercial Bank may divert the combined entities' management from other activities.

However, after weighing the advantages and disadvantages of a merger with Bay Commercial Bank, the Global Bancorp, and Global Trust Bank boards of directors determined that the advantages clearly outweighed the disadvantages. For example:

- the substantially larger lending limits of the combined entity will better serve customers and prospective customers of Global Trust Bank;
- the prospects of the combined entity are substantially greater than the prospects of Global Bancorp and Global Trust Bank on a stand alone basis; and,
- the likelihood that Global Bancorp and Global Trust Bank's financial performance would continue to be challenged by competition in its marketplace and the economic climate.

The foregoing discussion of the information and factors considered by the Global Bancorp and Global Trust Bank boards of directors is not intended to be exhaustive, but constitutes the material factors considered by the boards of directors. In reaching their determination to approve and recommend the principal terms of the merger, the boards of directors did not assign relative or specific weights to the foregoing factors and individual directors may have weighed such factors differently.

For reasons set forth above, the Global Bancorp and Global Trust Bank boards of directors have approved the merger agreements as being in the best interest of Global Bancorp and its shareholders and Global Trust Bank and recommend that the Global Bancorp shareholders approve the principal terms of the mergers.

Bay Commercial Bank Reasons for the Merger

The board of directors of Bay Commercial Bank considered the Merger Agreement and, on May 10, 2011, determined it to be fair, and in the best interests of Bay Commercial Bank and its shareholders, customers, and employees. In reaching its determination, the Bay Commercial Bank board of directors consulted with management, as well as its financial and legal advisors regarding the financial fairness of the consideration to be provided to shareholders of Global Bancorp in connection with the merger.

The Bay Commercial Bank board of directors considered a number of factors, at its meetings and in informal discussions between February 2011 and May 2011. The following are the material factors considered by the board, to which it did not assign any particular weights:

- Bay Commercial Bank's strategic alternatives, the competitive banking environment in California, and the prospects for Bay Commercial Bank if it remained independent without completing the transaction with Global Bancorp and Global Trust Bank;
- The Bay Commercial Bank board of directors' review of Global Trust Bank's business, operations, branch network, financial condition, and earnings on a historical and prospective basis;
- The Bay Commercial Bank board of directors' knowledge and review, based in part on presentations by Bay Commercial Bank's management, of: (i) the business, operations, financial condition, and earnings of Global Bancorp and Global Trust Bank on an historical and prospective basis and of the combined company on a pro forma basis; and (ii) the potential for increased earnings for Bay Commercial Bank shareholders as shareholders of the combined company;
- The stronger capital position of Bay Commercial Bank resulting from the merger with Global Bancorp;
- The terms of the Merger Agreement and general structure of the merger;
- The exchange ratio in cash and stock to be paid to Global Bancorp shareholders in relation to the market value, book value and earnings per share of Global Bancorp common stock;
- The exchange ratio in cash and stock to be paid to Global Bancorp shareholders in relation to the market value, book value and earnings per share of Bay Commercial Bank common stock;

- The general impact that the merger could be expected to have on the constituencies serviced by Bay Commercial Bank, including its customers, employees, and communities, and the skills of the employees of Global Trust Bank that it would intend to retain;
- The added convenience of access to Global Trust Bank's branch system, and the fact that the branch networks of the two banks are complementary and would enhance Bay Commercial Bank's presence in greater San Francisco Bay Area;
- The expectation that the merger will be tax-free for federal income tax purposes for Bay Commercial Bank;
- The business philosophies of Bay Commercial Bank and Global Bancorp;
- The prospect of higher lending limits as a result of the increased size of the combined institution, enhancing the competitiveness of Bay Commercial Bank; and,
- The prospect of financial strength and operating efficiencies of a combined institution.

The board of directors of Bay Commercial Bank also discussed the possibility that the integration of Global Trust Bank and Bay Commercial Bank might divert the combined entities' management from other activities, might not result in the operating efficiencies contemplated, and might result in the loss of key employees that Bay Commercial Bank would prefer to retain.

For reasons set forth above, the Bay Commercial Bank board of directors has unanimously approved the Merger Agreement as being in the best interest of Bay Commercial Bank and its shareholders and unanimously recommends that the Bay Commercial Bank shareholders approve the principal terms of the merger.

Structure of the Merger

The Merger Agreement provides that (i) Global Bancorp will merge with and into Global Trust Bank and, immediately thereafter, (ii) Global Trust Bank will merge with and into Bay Commercial Bank. As a result of the merger, Bay Commercial Bank will be the surviving bank and will operate under the name "Bay Commercial Bank." Each share of Global Bancorp common stock issued and outstanding, other than shares with respect to which dissenters' rights have been perfected, will be converted into either (i) 0.75678 shares of Bay Commercial Bank's common stock (ii) \$7.25 in cash or (iii) a combination of the two, at the election of the holder of such share of Global Bancorp common stock, provided that the resulting mix of consideration is such that at least approximately 80% of the shares of Global Bancorp common stock is converted into Bay Commercial Bank's common stock and the remainder of the shares of Global Bancorp common stock is exchanged for cash, subject to the prior right of dissenting shareholders to receive cash for their shares. Each share of Bay Commercial Bank's common stock outstanding will remain outstanding after the merger. Please read the sections entitled "JOINT PROPOSAL I – THE MERGERS – Calculation of Consideration to be Paid to Global Bancorp Shareholders," "– Dissenters' Rights of Global Bancorp's Shareholders" for additional information.

Calculation of Consideration to be Paid to Global Bancorp Shareholders

When the merger is completed, Global Bancorp shareholders will have the right to exchange each share of Global Bancorp common stock they own for either (i) 0.75678 shares of Bay Commercial Bank's common stock, (ii) \$7.25 in cash or (iii) a combination of the two, at the election of the holder of such shares of Global Bancorp common stock, provided that the resulting mix of consideration is such that at least approximately 80% of the shares of Global Bancorp common stock are converted into Bay Commercial Bank's common stock and the remainder of the shares of Global Bancorp common stock are exchanged for cash, subject to the prior right of dissenting shareholders to receive cash for their shares. The limitation on the amount of cash consideration in the merger means that no more than approximately 20% of the outstanding shares of Global Bancorp will be exchanged for cash.

Changes to Common Stock Prior to the Effective Date

Both Bay Commercial Bank and Global Bancorp have agreed that during the period of time between the date of the Merger Agreement and the date on which the mergers become effective, neither will (a) declare or pay any dividend or make any other distribution in respect of any of its capital stock; (b) split, combine or reclassify any of its capital stock or

issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock; or (c) repurchase or otherwise acquire any shares of its capital stock.

Fractional Shares

No fractional shares of Bay Commercial Bank's common stock shall be issued in the merger and, in lieu thereof, each holder of Global Bancorp common stock who would otherwise be entitled to receive a fractional share shall receive an amount in cash equal to the product (calculated to eight places) obtained by multiplying such fractional share interest by \$7.25.

Procedures for Surrendering your Stock Certificate(s) and Making an Election of Consideration

In order to make a valid election as to receive cash or Bay Commercial Bank stock in exchange for Global Bancorp stock, a Global Bancorp shareholder must complete a form transmittal letter that will be mailed to the exchange agent appointed by the parties in connection with this transaction at least by 5:00 p.m. (PST) on the 30th day following the day on which the election form and other appropriate and customary transmittal materials are mailed to each record holder of Global Bancorp common stock as of date the mergers become effective. Such transmittal letter will allow holders of Global Bancorp common stock to select either shares of Bay Commercial Bank common stock, cash or a combination of the foregoing. **PLEASE RETAIN THIS JOINT PROXY STATEMENT-OFFERING CIRCULAR, SINCE IT WILL BE OF ASSISTANCE IN MAKING YOUR ELECTION.** If you do not make a valid and timely election, you will receive whatever form of consideration (Bay Commercial Bank common shares or cash) as may be necessary to satisfy the proration provisions discussed below.

A valid election will be properly made and effective only if the exchange agent actually receives a properly completed letter of transmittal by 5:00 p.m. (PST) on or before the 30th day after the letter of transmittal is first mailed. A letter of transmittal will be deemed properly completed only if an election is indicated for each share of Global Bancorp common stock and accompanied by one or more certificates, or customary affidavits and indemnity for lost certificates, representing all shares of Global Bancorp common stock covered by such letter of transmittal. An election may be revoked or changed at any time prior to the election deadline.

GLOBAL BANCORP SHAREHOLDERS SHOULD NOT SEND IN THEIR STOCK CERTIFICATES UNTIL THEY RECEIVE THE ELECTION FORMS AND INSTRUCTIONS FROM THE EXCHANGE AGENT.

If, after taking into account all valid elections, the percentage of Global Bancorp shares of stock being exchanged for Bay Commercial Bank stock or the percentage of Global Bancorp shares of stock being exchanged for cash, do not meet the amounts required by the Merger Agreement, then the exchange agent will deliver the form of consideration (Bay Commercial Bank stock or cash) that is necessary to achieve the requirements of the Merger Agreement, first to shareholders who failed to make a valid election and then, if necessary, to Global Bancorp shareholders who validly elected the other form of consideration. As a result, Global Bancorp shareholders that make a valid election could be subject to a proration process which will result in the holder receiving a different mix of consideration than originally requested. Decisions as to the allocation of consideration will be made in accordance with California Corporations Code section 1101(e).

For details on the proration provisions, please refer to the Merger Agreement, attached as [Appendix A](#) to this joint proxy statement-offering circular.

Rights of Holders of Global Bancorp Stock Certificates Prior to Surrender

From the effective date of the merger until each Global Bancorp shareholder surrenders his or her stock certificates, he or she will not be paid dividends or other distributions declared or payable to holders of record of Bay Commercial Bank common stock as of any time subsequent to the effective date. Each Global Bancorp shareholder's rights to dividends or other distributions will be held for the benefit of the shareholder until he or she submits his or her stock certificates. No interest will be paid on dividends or distributions on the Bay Commercial Bank common stock held for the benefit of the shareholder.

Conversion of Global Bancorp Common Stock

Following the effective date of the merger, Bay Commercial Bank will deliver, or cause to be delivered, a letter to the Global Bancorp stockholders, with instructions to tender their Global Bancorp stock certificates to the exchange agent. Such letter will specify that risk of loss and title to the Global Bancorp stock certificates shall pass only upon acceptance of such stock certificates by Bay Commercial Bank or the exchange agent.

Certificates representing shares of Global Bancorp common stock should not be returned at this time. You should return your certificates when you receive transmittal materials from Bay Commercial Bank or the exchange agent. Upon surrender of certificates representing shares of Global Bancorp common stock registered in your name, together with a properly completed letter of transmittal, the exchange agent will mail to you the Bay Commercial Bank common stock to which you are entitled.

Lost Certificates

If your stock certificate has been lost, stolen, or destroyed, before you can receive the merger consideration for the shares represented by such certificate, you must submit an affidavit that the certificate has been lost, stolen, or destroyed and, if required, post a reasonable bond as indemnity against any claim that may be made against Bay Commercial Bank with respect to such certificate.

Material United States Federal Income Tax Consequences

General. The following discussion is a summary of the material United States federal income tax consequences to Global Bancorp shareholders who exchange their stock for Bay Commercial Bank common stock pursuant to the merger. This discussion is based on the Internal Revenue Code of 1986, as amended, United States Treasury Regulations promulgated under the Internal Revenue Code, administrative rulings and pronouncements and judicial decisions as of the date hereof, all of which are subject to change, possibly with retroactive effect. Any such change could alter the tax consequences discussed in this joint proxy statement-offering circular.

As used in this section, an “Global Bancorp shareholder” is a citizen or resident of the United States; a corporation (or other entity treated as a corporation for United States federal income tax purposes) organized under the laws of the United States or any State or the District of Columbia; an estate the income of which is subject to United States federal income taxation regardless of its source; or a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust, and (ii) one or more United States persons have the authority to control all substantial decisions of the trust.

This discussion does not address the effects of any state, local, or non-United States tax laws. This discussion does not discuss the tax consequences of transactions effectuated prior to or subsequent to, or concurrently with, the merger, whether or not in connection with the merger. Furthermore, this discussion relates only to Global Bancorp shareholders who hold Global Bancorp common stock, and will hold Bay Commercial Bank common stock, as capital assets. The tax treatment of a Global Bancorp shareholder may vary depending upon such shareholder’s particular situation, and certain shareholders may be subject to special rules not discussed below. Such shareholders would include, for example, insurance companies, tax-exempt organizations, financial institutions, investment companies, broker-dealers, domestic shareholders whose “functional” currency is not the United States dollar, shareholders who hold Global Bancorp stock as part of a hedge, straddle, constructive sale or conversion transaction, and individuals who receive Bay Commercial Bank stock pursuant to the exercise of employee stock options or otherwise as compensation.

You are strongly urged to consult with your tax advisor with respect to the tax consequences to you of the merger in light of your own particular circumstances, including tax consequences under state, local, foreign and other tax laws and the possible effects of changes in United States federal or other tax laws.

Tax Consequences of the Merger. In connection with the merger, the independent accounting firm of Vavrinek, Trine, Day & Co., LLP will deliver its opinion prior to the effective time of the merger that the merger will constitute a “reorganization” for United States federal income tax purposes within the meaning of section 368(a) of the Internal Revenue Code. Such opinion will be subject to certain assumptions, limitations and qualifications and will be based on the truth and accuracy of certain customary factual representations of Bay Commercial Bank and Global Bancorp. Assuming the merger does qualify as a reorganization within the meaning of section 368(a) of the Internal Revenue Code, then, subject to the limitations and qualifications referred to herein, the following material United States federal income

tax consequences will result from qualification of the merger as a “reorganization” within the meaning of section 368(a) of the Internal Revenue Code:

- Global Bancorp Shareholders Who Receive Only Bay Commercial Bank Shares. If you receive solely Bay Commercial Bank shares, then you will not recognize gain or loss for U.S. federal income tax purposes in the merger, except that any Global Bancorp shareholder who receives cash proceeds in lieu of a fractional Bay Commercial Bank share will recognize capital gain or capital loss equal to the difference between such proceeds and the tax basis allocated to the fractional share. The tax basis of the Bay Commercial Bank shares (including any fractional shares deemed received and exchanged for a cash payment) received by you in exchange for your Global Bancorp common stock will be the same as your tax basis in your Global Bancorp common stock. Your holding period in the Bay Commercial Bank shares (including any fractional shares deemed received and exchanged for a cash payment), received by you will include your holding period in your Global Bancorp common stock. Your capital gain or loss on cash proceeds received by you in lieu of a fractional Bay Commercial Bank share will be long-term capital gain or loss if you have held your shares of Global Bancorp common stock for more than one year at the effective time of the merger.
- Global Bancorp Shareholders Who Receive Only Cash. If you exchange all of your shares of Global Bancorp common stock for cash in the merger, you will recognize capital gain or capital loss for U.S. federal income tax purposes to the extent the amount of cash received by you in the merger (calculated on a share by share basis) exceeds or is less than your tax basis in your Global Bancorp common stock. Your capital gain or loss will be long-term capital gain or loss if you have held your shares of Global Bancorp common stock for more than one year at the effective time of the merger. Long-term capital gain of a non-corporate U.S. shareholder generally qualifies for a maximum regular U.S. federal income tax rate of 15%.
- Global Bancorp Shareholders Who Receive Both Bay Commercial Bank Shares and Cash. If you receive both Bay Commercial Bank shares and cash in exchange for your Global Bancorp common stock, you will recognize gain, but not loss, for U.S. federal income tax purposes (calculated on a share by share basis) in an amount equal to the lesser of (1) the amount of cash received by you in merger or (2) an amount equal to the excess, if any, of (a) the sum of the amount of cash plus the fair market value of the Bay Commercial Bank shares received by you in the merger, over (b) your tax basis in your Global Bancorp common stock. (The preceding sentence does not apply to any cash you receive in lieu of fractional Bay Commercial Bank shares, the tax consequences of which are discussed above under the subheading “Global Bancorp Shareholders Who Receive Only Bay Commercial Bank Shares.”) Your recognized gain will be capital gain unless your receipt of cash has the effect of a distribution of a dividend, in which case your gain will be treated as ordinary dividend income to the extent of your ratable share of Global Bancorp’s accumulated earnings and profits as calculated for U.S. federal income tax purposes. For purposes of determining whether your receipt of cash has the effect of a distribution of a dividend, you will be treated as if you first exchanged all of your Global Bancorp common stock solely for Bay Commercial Bank and then Bay Commercial Bank immediately redeemed a portion of the shares for the cash that you actually received in the merger. The IRS has indicated in rulings that any reduction in the interest of a minority shareholder that owns a small number of shares in a publicly and widely held corporation and that exercises no control over corporate affairs would receive capital gain (as opposed to dividend) treatment. In determining whether your receipt of cash has the effect of a distribution of a dividend, certain constructive ownership rules must be taken into account. Your capital gain will be long-term capital gain if your holding period for your Global Bancorp common stock is more than one year. Long-term capital gain and certain dividend income of a non-corporate U.S. shareholder generally qualify for a maximum regular U.S. federal income tax rate of 15%.
- Your aggregate tax basis in the Bay Commercial Bank shares received by you in the merger will equal your aggregate tax basis in your Global Bancorp common stock, (1) reduced by (a) the portion of your tax basis in your Global Bancorp common stock that is allocable to a fractional share of Bay Commercial Bank common stock for which cash is received and (b) the amount of cash received by you in the merger, and (2) increased by the amount of gain (including any portion of such gain that is treated as a dividend as described above), if any, recognized by you in the merger (other than any gain recognized upon your receipt of cash in lieu of a fractional Bay Commercial Bank share). Your holding period for the Bay Commercial Bank shares received by you in the merger will include your holding period for your Global Bancorp common stock.

The foregoing discussion is not intended to be a complete analysis or description of all potential federal income tax consequences of the merger. In addition, the discussion does not address tax consequences which may vary with, or are contingent on, your individual circumstances. Moreover, the discussion does not address any non-income tax or any foreign, state or local tax consequences of the merger. Accordingly, you are strongly urged to consult with your tax

advisor to determine the particular federal, state, local, or foreign income or other tax consequences to you of the merger.

If a Global Bancorp shareholder receives cash pursuant to the exercise of dissenters' rights, that shareholder generally will recognize gain or loss measured by the difference between the cash received and the adjusted tax basis in the shareholder's Global Bancorp common stock. This gain will be long-term capital gain or loss if the shareholder's holding period in the Global Bancorp stock is greater than one year. In certain circumstances, you can be deemed for tax purposes to own shares that are actually owned by a non-dissenter who is related to you, or to own shares of Bay Commercial Bank common stock, with the possible result that the cash received upon the exercise of your rights could be treated as a dividend received in a corporate distribution rather than as an amount received in a sale or exchange of Global Bancorp common stock. Any Global Bancorp shareholder that plans to exercise dissenters' rights in connection with the merger is urged to consult a tax advisor to determine the related tax consequences.

Treatment of Bay Commercial Bank, Global Bancorp, and Global Trust Bank. No gain or loss will be recognized by Bay Commercial Bank, Global Bancorp and Global Trust Bank as a result of the merger.

Neither Bay Commercial Bank nor Global Bancorp will request a ruling from the Internal Revenue Service regarding the tax consequences of the merger to Global Bancorp Bank shareholders. The tax opinion provided by Vavrinek, Trine, Day & Co., LLP does not bind the Internal Revenue Service and does not prevent the Internal Revenue Service from successfully asserting a contrary opinion.

A successful Internal Revenue Service challenge to the reorganization status of the merger would result in each Global Bancorp shareholder recognizing taxable gain or loss equal to the difference between the sum of the fair market value of the Global Bancorp stock, as of the closing date of the merger, and the amount of cash received in the merger (including cash received in lieu of fractional shares of Bay Commercial Bank common stock) and the shareholder's tax basis in Global Bancorp stock surrendered in exchange thereof. Bay Commercial Bank common stock so received would equal its fair market value as of the closing date of the merger, and the shareholder's holding period for such stock would begin the day after the merger. Further, if the Internal Revenue Service successfully challenged the reorganization status of the merger, Global Bancorp would be subject to tax on the merger. In addition, if any of the representations or assumptions upon which the tax opinion provided by Vavrinek, Trine, Day & Co., LLP is based are inconsistent with the actual facts, the tax consequences of the merger could be adversely affected.

Backup Withholding. Any cash payments to Global Bancorp shareholders in connection with the merger may be subject to backup withholding at a rate of 28% on a shareholder's receipt of cash, unless such shareholder furnishes a correct taxpayer identification number and certifies that he or she is not subject to backup withholding. Any amount withheld under the backup withholding rules will generally be allowed as a refund or credit against the shareholder's U.S. federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

HOLDERS OF SHARES OF GLOBAL BANCORP COMMON STOCK ARE URGED TO CONSULT THEIR TAX ADVISORS AS TO THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER, AS WELL AS THE EFFECTS OF STATE, LOCAL, AND FOREIGN TAX LAWS.

Regulatory Approvals

Merger of Global Bancorp with and into Global Trust Bank: FDIC

Because the downstream merger is exempt from the California Financial Code governing banks, this merger is governed by the California General Corporations Code which requires approvals by the boards of directors and a majority of the shareholders of Global Bancorp and Global Trust Bank. In addition, the downstream must be approved by the FDIC. The FDIC has the authority to deny an application for approval if it concludes that the combined organization would have an inadequate capital structure, taking into account, among other factors, the nature of the business and operations and plans for expansion.

Global Bancorp submitted its application for FDIC approval of the downstream merger on June 16, 2011, and the FDIC is processing the application in due course.

Merger of Global Trust Bank with and into Bay Commercial Bank: FRB

The application of Bay Commercial Bank for membership in the Federal Reserve System is being processed in due course. If such pending application is approved, the FRB would become the primary federal regulator of Bay Commercial Bank in lieu of the FDIC and Bay Commercial Bank will file its application for approval of the merger with the FRB. Notwithstanding such change in Bay Commercial Bank's primary federal regulator, the deposits of Bay Commercial Bank will continue to be insured by the FDIC to the maximum extent permitted by law.

Merger of Global Trust Bank with and into Bay Commercial Bank: CDFI

Since the survivor of the merger of Bay Commercial Bank and Global Trust Bank will be a California-chartered bank, the approval of the CDFI (along with Bay Commercial Bank's primary federal regulator, as stated above) is required. In determining whether to approve such merger, the CDFI evaluates the application to determine, among other things, that:

- the merger will not result in a monopoly;
- the merger will not have the effect of substantially lessening competition;
- the shareholders' equity of the resulting bank will be adequate and will not jeopardize that bank's financial condition;
- the directors and executive officers of the surviving bank after the merger will be competent;
- the merger will afford a reasonable promise of successful operation and that the resulting bank will be operated in a safe and sound manner, in compliance with all applicable laws; and,
- the merger will be fair, just and equitable.

The application to the CDFI for approval of the merger was received by the CDFI on June 15, 2011 and is being processed in due course. While the CDFI does not review and thus does not approve or disapprove the downstream merger, on June 21, 2011, a request was submitted to the CDFI for an order of exemption for Global Trust Bank to issue its shares to Global Bancorp shareholders in the downstream merger covering a technical aspect of the overall transaction, which request is being processed in due course.

Statutory Waiting Period

Under federal banking laws, a 30-day waiting period must expire following the primary federal regulator's approval of the merger. Within that 30-day waiting period the Department of Justice may file objections to the merger under federal antitrust laws. The agencies may reduce the waiting period to 15 days with the concurrence of the Department of Justice. The Department of Justice could take such action under antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the merger unless divestiture of an acceptable number of branches to a competitively suitable purchaser can be made. If the Department of Justice commences an action challenging the merger on antitrust grounds during either the 30-day or 15-day waiting periods, commencement of that action would stay the effectiveness of the regulatory approvals, unless a court of competent jurisdiction specifically orders otherwise.

The merger cannot proceed in the absence of the regulatory approvals and the expiration of the statutory waiting period. Global Bancorp and Bay Commercial Bank are not aware of any reasons why regulatory approvals will not be received. Global Bancorp and Bay Commercial Bank have agreed to use their reasonable best efforts to obtain all necessary regulatory approvals. ***However, there can be no assurance that approvals will be obtained, nor can there be assurance as to the date of any approval. There also can be no assurance that any approvals will not contain unacceptable conditions or requirements.***

Regulatory Matters

Subsequent to a joint examination by the FDIC and the CDFI in 2010, Global Trust Bank agreed to a Board Resolution (“**Resolution**”) as requested by the FDIC and CDFI. The Resolution is a board resolution and agreement whereby Global Trust Bank agreed to undertake to take certain corrective actions with respect to its operations. The Resolution requires Global Trust Bank to: (1) maintain qualified management including a chief executive officer, chief financial officer and senior lending officer acceptable to the FDIC and CDFI; (2) notify the FDIC and CDFI in writing when it proposes to add any individual to the Global Trust Bank board of directors, or as a senior executive officer; (3) design, adopt and implement a comprehensive three-year strategic plan and a management succession plan; (4) assess and document the stability of its large depositor concentrations and develop a liquidity contingency plan to replace the loss of large depositors; and (5) shall provide quarterly progress reports to the FDIC and CDFI to secure compliance with the Resolution.

Before entering into the Resolution and since entering into it, Global Trust Bank took and has taken corrective actions that were designed to satisfy the requirements of the Resolution, including filling the position of chief executive officer by the hiring of Mr. W. Robert Sweeney as an independent contractor to be the acting chief executive officer of Global Trust Bank. Mr. Sweeney terminated employment with Global Trust Bank on June 30, 2011, and the board of directors will be providing closer oversight of Global Trust Bank until the closing of the merger, or if the merger is not consummated Global Trust Bank will search for a new chief executive officer. Compliance with the terms of the Resolution is determined by the FDIC and the CDFI during subsequent examinations.

Who Pays For Expenses and Costs of the Merger

All out-of-pocket costs and expenses incurred in connection with the merger (including, but not limited to, counsel fees) shall be paid by the party incurring such costs and expenses.

Certain Effects of the Merger

The Merger Agreement requires Global Bancorp to merge with and into Global Trust Bank and Global Trust Bank to merge with and into Bay Commercial Bank, with Bay Commercial Bank as the only surviving entity. After the mergers, Bay Commercial Bank will continue to have its headquarters at 1280 Civic Drive, Suite 100, Walnut Creek, California 94596. Bay Commercial Bank will continue to operate with its present directors and executive officers; however, three of Global Bancorp’s directors will be invited to join the board of directors of Bay Commercial Bank, at the effective time of the merger.

After the merger, there will be no more trading in Global Bancorp common stock.

Financial Interests in the Merger of Directors and Officers of Global Bancorp and Global Trust Bank

Global Bancorp and Global Trust Bank executive officers and directors who are also shareholders of Global Bancorp will participate in the merger in the same manner and to the same extent as all of the other shareholders of Global Bancorp. However, in considering the recommendation of the Global Bancorp board of directors that Global Bancorp shareholders vote in favor of approving the principal terms of the merger agreement and the merger, Global Bancorp shareholders should be aware that Global Bancorp and Global Trust Bank executive officers and directors may have interests in the merger as individuals that are in addition to, or different from, their interests as shareholders of Global Bancorp, generally. The boards of directors of Global Bancorp and Global Trust Bank were aware of these interests and considered them, among other matters, in approving the merger agreement. These interests are described in this joint proxy statement-offering circular in this section and in the “SUMMARY – Financial Interests in the Merger of Directors and Officers of Global Bancorp and Global Trust Bank.”

In addition to the financial interests in the merger of the directors and officers of Global Bancorp and Global Trust Bank set forth in the SUMMARY, commencing on page 4, after the completion of the merger, Bay Commercial Bank will grant Contingent Options to certain founding directors, directors emeritus, organizers, founders, and founding officers of Global Bancorp and Global Trust Bank named in the tables below. All Contingent Options granted will be for a five-year term from the effective time of the merger and have an exercise price of \$10 per share. All Contingent Options granted are also subject to termination prior to the end of the option term if the holder of a Contingent Option prior to the end of such option term sells more than 50% of his or her current share ownership in Global Bancorp prior to the merger or its equivalent ownership in Bay Commercial Bank after the merger.

In addition, grants of Contingent Options to founding directors and directors emeritus are also subject to termination prior to the end of the option term, if the founding director or director emeritus optionee: (i) fails to maintain a majority of such optionee's current banking relationships with Bay Commercial Bank, or (ii) becomes a director on another board of directors of a community bank that operates offices within the counties in which Bay Commercial Bank has branch offices after the merger. However, with respect to Vinod K. Thukral, Chairman of Global Bancorp and Global Trust Bank, these two conditions lapse one year after the completion of the merger.

Contingent Options granted to organizers and founders are also subject to termination prior to the end of the option term if such organizer or founder optionee also: (i) fails to maintain a significant portion of such optionee's current banking relationships with Bay Commercial Bank, or (ii) becomes a director or officer on another board of directors of a competing bank.

The grant of a Contingent Option to a founding officer optionee is subject to the founding officer-optionee not agreeing to a cash payout in a net amount as yet to be determined and which amount is also acceptable to Bay Commercial Bank for the cancellation of such officer's current Global Bancorp non-qualified stock options. Information as to the identify of the optionees and amount of the Contingent Options of Bay Commercial Bank to be granted after the merger is shown in the following tables.

Options to be Granted to the Founding Directors of Global Trust Bank

<u>Name</u>	<u>Option Share Amount</u>
Bhupen Amin	16,000
Arthur Carmichael	6,666
Harpeet Chaudhay	6,666
Kamleshwar Gunsager	6,666
Mahendra Patel	9,657
Pramod Patel	16,000
Vinod Thurkal	<u>20,000</u>
TOTAL	81,655

Options to be Granted to the Certain Organizers and Founders of Global Trust Bank

<u>Name</u>	<u>Option Share Amount</u>
James Wall	10,000
Mukesh Patel	3,333
R. C. Patel	3,333
Anand Patel	<u>1,667</u>
TOTAL	18,333

Options that may be Granted to the Founding Officers of Global Trust Bank

<u>Name</u>	<u>Option Share Amount</u>
Robert Navarrete	6,666
R. Dale McKinney	<u>6,666</u>
TOTAL	13,332

Extensions of Terms of Stock Options Held by Directors of Bay Commercial Bank

Also as provided in the merger agreement, Bay Commercial Bank will extend the terms of certain stock options to its directors to match the expiration date of the Contingent Options which will be the fifth anniversary of the effective date of the merger. Information as to the Bay Commercial Bank options being extended is set forth in the table below.

<u>Name of Director</u>	<u>Option Amount</u>	<u>Original Expiration Date</u>	<u>Extended Expiration Date*</u>
James L. Apple	14,692	7/20/2014	8/29/2016
James S. Camp	14,692	7/20/2014	8/29/2016
George J. Guarini	14,692	7/20/2014	8/29/2016
Lloyd W. Kendall, Jr.	14,692	7/20/2014	8/29/2016
Robert R. Laverne, M.D.	14,692	7/20/2014	8/29/2016
Donald S. Morrow	10,000	6/4/2015	8/29/2016
David M. Spatz	14,692	7/20/2014	8/29/2016

* Assumes the merger is effective August 29, 2011.

Dissenters' Rights of Global Bancorp Shareholders

Dissenters' rights will be available to the Global Bancorp shareholders in accordance with the California Corporations Code. *The required procedure set forth in sections 1300 through 1312 of the California Corporations Code must be followed exactly or any dissenters' rights may be lost.*

The information set forth below is a general summary of dissenters' rights as they apply to Global Bancorp shareholders and is qualified in its entirety by reference to sections 1300 through 1312 of the California Corporations Code which is attached to this joint proxy statement-offering circular as Appendix B.

For a Global Bancorp shareholder to exercise dissenters' rights, he or she must:

- make a timely written demand upon Bay Commercial Bank for purchase in cash of his or her shares at their fair market value as of May 13, 2011, which demand includes:
 - the number and class of the shares held of record by him or her that he or she demands purchase by Bay Commercial Bank, and
 - what he or she claims to be the fair market value of his or her shares as of May 13, 2011;
- have his or her demand received by Bay Commercial Bank within 30 days of the date that the notice of approval of the merger by the shareholders of Global Bancorp was mailed to Global Bancorp shareholders;
- not vote in favor of the principal terms of the Merger Agreement;
- submit certificates representing his or her shares for endorsement in accordance with section 1302 of the Corporations Code; and,
- comply with such other procedures as are required by the Corporations Code.

Failure to follow the procedures set forth in the Corporations Code will result in a waiver of dissenters' rights. Further, if a Global Bancorp shareholder returns his or her proxy without instructions, which will result in a vote for the approval of the principal terms of the merger, he or she will not be entitled to dissenters' rights. Any demand notices or other documents to be delivered to Global Bancorp sent to Bay Commercial Bank, 1280 Civic Drive, Suite 100, Walnut Creek, California 94596, Attention: Corporate Secretary.

The statement of fair market value by a dissenting Global Bancorp constitutes an offer to sell his or her shares at the fair market value as of May 13, 2011. The fair market value for a share of Global Bancorp common stock on May 13, 2011 was \$6. A demand may not be withdrawn without the consent of Global Bancorp. A proxy or vote against the approval of the merger proposal does not in and of itself constitute a proper demand.

If a Global Bancorp shareholder holds dissenting shares, Global Trust Bank will mail a notice of the approval of the merger by Global Bancorp shareholders within ten days after the date of such approval, accompanied by:

- a copy of sections 1300, 1301, 1302, 1303, and 1304 of Chapter 13 of the Corporations Code;
- a statement of the price determined by Bay Commercial Bank to represent the fair market value as of May 13, 2011 of the dissenting shares; and,
- a brief description of the procedure to be followed if he or she desires to exercise his or her dissenters' rights under such sections.

The statement of price constitutes an offer by Bay Commercial Bank to purchase at the price stated for such dissenting shares.

A Global Bancorp shareholder who wishes to exercise dissenters' rights must submit to Bay Commercial Bank at its principal office or at the office of its transfer agent the certificates representing any shares that he or she is demanding that Bay Commercial Bank purchase for endorsement as dissenting shares, within 30 days after the date on which notice of approval of the merger by Global Bancorp shareholders was mailed to him or her.

If Bay Commercial Bank denies that shares submitted to it as dissenting shares are dissenting shares, or if Bay Commercial Bank and a dissenting shareholder fail to agree on the fair market value of his or her shares, then either the dissenting shareholder or Bay Commercial Bank may file a complaint in the superior court of the proper county in California requesting that the court determine such issue. Such complaint must be filed within six months after the date on which notice of the approval of the merger is mailed to such dissenting shareholder.

On trial of the action, the court will first determine if the shares are dissenting shares, and if so determined, the court will either determine the fair market value or appoint one or more impartial appraisers to do so. If both Bay Commercial Bank and a dissenting shareholder fail to file a complaint within six months after the date on which notice of the approval of the merger was mailed to such dissenting shareholder, his or her shares will cease to be dissenting shares. In addition, if a dissenting shareholder transfers his or her shares prior to their submission for the required endorsement, such shares will lose their status as dissenting shares.

Failure to take any necessary step will result in a termination or waiver of dissenters' rights under Chapter 13 of the Corporations Code. A person having a beneficial interest in Global Bancorp common stock that is held of record in the name of another person, such as a trustee or nominee, must act promptly to cause the record holder to follow the requirements of Chapter 13 of the Corporations Code in a timely manner if such person elects to demand payment of the fair market value of such shares.

Opinion of Financial Advisors

Fairness Opinions for Global Bancorp's Board of Directors

Global Bancorp's board of directors retained The Findley Group to render financial advisory and investment banking services.

Global Bancorp and Global Trust Bank retained The Findley Group to act as their financial advisor in connection with reviewing and considering various strategic alternatives and to provide its opinion of the fairness from a financial viewpoint of the merger consideration that their shareholders will receive in connection with the merger between Global Bancorp, Global Trust Bank and Bay Commercial Bank. As part of its investment banking business, The Findley Group is regularly engaged in the valuation of securities in connection with mergers and acquisitions and valuations for estate, corporate and other purposes. Global Bancorp's board of directors retained The Findley Group based upon its experience as a financial advisor in mergers and acquisitions of financial institutions and its knowledge of financial institutions.

The full text of the fairness opinion, which sets forth, among other things, assumptions made, procedures followed, matters considered, and limitations on the review undertaken, is attached as [Appendix E](#) to this joint proxy statement-offering circular. You are urged to read the fairness opinion carefully and in its entirety. The fairness opinion is addressed to Global Bancorp's board of directors and does not constitute a recommendation to any of Global Bancorp's shareholders as to how to vote at the meeting. The description of the fairness opinion set forth in this joint proxy statement-offering circular is qualified in its entirety by reference to the full text of the fairness opinion.

In connection with the fairness opinion, The Findley Group:

- Reviewed the Merger Agreement dated May 12, 2011;
- Reviewed Global Bancorp's consolidated audited financial statements for the period ending December 31, 2010 and 2009;
- Evaluated Global Bancorp's financial results based upon a review of its regulatory reports for the three years ending December 31, 2008 through December 31, 2010;
- Reviewed Global Bancorp's interim financial statement for the quarter ending March 31, 2011;
- Reviewed Bay Commercial Bank's audited financial statements for the period ending December 31, 2010 and 2009;
- Evaluated Bay Commercial Bank's financial results based upon a review of its regulatory reports for a three-year period (from and including the year ending December 31, 2008 through and including the year ending December 31, 2010);
- Reviewed Bay Commercial Bank's interim financial statements for the quarter ending March 31, 2011;
- Reviewed certain internal business and other operating data of Global Bancorp and Bay Commercial Bank;
- Conducted conversations regarding recent and projected financial performance of Global Bancorp and Bay Commercial Bank with respective members of executive management;
- Compared Bay Commercial Bank's recent operating results and pricing multiples with those of certain publicly-traded banks in the United States that The Findley Group deemed relevant;
- Compared Global Bancorp's recent operating results with those of certain other banks in the United States, including applicable California banks, that have recently been acquired;
- Compared the pricing multiples for Global Bancorp in the merger to those of certain other banks in the United States, including applicable California banks, that have recently been acquired;
- Analyzed the present value of the after-tax cash flows Global Bancorp could produce through December 31, 2013 based on projections provided by Global Bancorp's management;
- Reviewed the potential pro forma impact of the merger on the combined company's results and certain financial performance measures of Global Bancorp and Bay Commercial Bank;
- Estimated the non-marketable value of a share of Bay Commercial Bank's common stock;
- Reviewed the historical stock price data and trading volume of Bay Commercial Bank's common stock; and,
- Performed such other analyses as The Findley Group deemed appropriate.

In connection with its review, The Findley Group relied upon and assumed the accuracy and completeness of all of the foregoing information provided to it by Global Bancorp or that otherwise was available to it, and The Findley Group did not assume any responsibility for independent verification of such information. The Findley Group assumed that internal confidential financial projections that Global Bancorp provided were reasonably prepared reflecting the best currently available estimates and judgments of Global Bancorp's future financial performance and did not independently verify the validity of such assumptions. The Findley Group did not make any independent evaluation or appraisal of Global Bancorp's assets or liabilities and was not furnished with any such appraisals. The Findley Group did not examine any of Global Bancorp's individual loan files. The Findley Group is not an expert in the evaluation of loan portfolios for the purposes of assessing the adequacy of our allowance for losses with respect thereto and has assumed that such allowance is, in the aggregate, adequate to cover such losses.

With respect to Bay Commercial Bank, The Findley Group did not conduct any independent evaluation or appraisal of the assets, liabilities or business prospects of Bay Commercial Bank, and was not furnished with any evaluations or appraisals and did not review any individual documents of Bay Commercial Bank.

The fairness opinion is necessarily based on economic, market, and other conditions that were in effect—and on the information that was made available to The Findley Group, as of May 12, 2011. Global Bancorp is a bank holding company and sole shareholders of Global Trust Bank, its principal operating unit. The Findley Group was aware that, as of the date of the fairness opinion, that Global Trust Bank is a relatively young banking entity and as such remain under continued monitoring from the regulatory agencies as a de novo entity. The Findley Group is also aware that while Bay Commercial Bank has acquired a branch office of another banking entity in the past few years, Bay Commercial Bank has never merged another financial entity. Both Global Bancorp and Bay Commercial Bank believe that they have good relationships with the regulatory agencies.

In rendering the fairness opinion, The Findley Group performed a variety of financial analyses. The preparation of an opinion involves various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Consequently, the fairness opinion is not readily susceptible to partial analysis or summary description. Moreover, the evaluation of fairness, from a financial point of view, of the merger consideration is to some extent subjective, based on the experience and judgment of The Findley Group, and not merely the result of mathematical analysis of financial data. Accordingly, notwithstanding the separate factors summarized below, The Findley Group believes that its analyses must be considered as a whole and that selecting portions of its analyses and of the factors considered by it, without considering all analyses and factors, could create an incomplete view of the evaluation process underlying its opinion. The ranges of valuations resulting from any particular analysis described below should not be taken to be The Findley Group's view of Global Bancorp's actual value.

In performing its analyses, The Findley Group made numerous assumptions with respect to industry performance, business, and economic conditions and other matters, many of which are beyond Global Bancorp's control. The analyses performed by The Findley Group are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses, nor are they appraisals. In addition, you should not view The Findley Group's analyses as determinative of the opinion of Global Bancorp's board of directors or management with respect to the value of Global Bancorp or Bay Commercial Bank or to the fairness of the merger consideration.

Pursuant to the Merger Agreement, each outstanding share of Global Bancorp common stock shall be converted into the right to receive shares of Bay Commercial Bank common stock at a fixed exchange ratio of 0.75678 and/or cash set at \$7.25 per share, at the election of the holder of such shares of Global Bancorp common stock with the total number of Global Bancorp shares electing cash consideration (subject to limitations and adjustments in the Merger Agreement). The aggregate merger consideration to be provided to Global Bancorp shareholders is approximately \$15.334 million. The Findley Group determined that the merger consideration to be delivered to Global Bancorp shareholders is approximately 98% of shareholders' equity as of March 31, 2011 but will be equal to the shareholder equity of Global Bancorp on or about September 30, 2011, which is the approximate Closing Date of the Merger. As of March 31, 2011 the shareholder equity of Global Bancorp was approximately \$15.653 million and it is anticipated that Global Bancorp will incur a monthly loss for the remainder of 2011. Under the terms of the Agreement no more than 20% of Global Bancorp's outstanding common stock will be converted into cash (\$3.068 million) and at least 80% of Company Global Bancorp's outstanding common stock will be converted into 1,280,472 shares of Bay Commercial Bank common stock pursuant to the exchange ratio of 0.75678.

Analysis of Selected Transactions: The Findley Group performed an analysis of the amount of consideration paid in selected recently announced acquisitions of banking organizations with comparable characteristics to the merger. The Findley Group also reviewed several recapitalizations of banking organizations which resulted in a significant dilution of ownership by existing shareholders of such banking organizations.

The set of comparable transactions consisted of a group of selected transactions for unprofitable or marginally profitable banks in the western United States, which included applicable California transactions, with total assets between \$50 million and \$200 million which were less than seven years old for which pricing data were available. These comparable transactions consisted of 14 mergers and acquisitions of banks or significant recapitalizations of banking organizations with assets between \$50 million and \$200 million that were completed between January 1, 2009 and March 31, 2011. There were several additional transactions announced but a large percentage of the announced transactions were not consummated for a variety of reasons. The analysis yielded multiples of the purchase prices in these transactions as shown below:

	<u>Price/ Book (x)</u>	<u>Price/ Tg Book (x)</u>	<u>Price/LTM Earnings (x)</u>	<u>Price/ Assets (%)</u>	<u>Price/Core Deposits (%)</u>
Maximum	1.49	1.49	63.5	13.5	6.31
Minimum	0.17	0.17	NM	0.8	1.0
Median	0.80	0.80	NM	8.8	10.0
Global Bancorp*	1.00	1.00	NM	21.0	26.87

* Based on Global Bancorp's estimated shareholder equity at the Closing Date and assumes merger consideration of \$15.334 million or \$7.25 per share (80% stock/20% cash).

The price to book and price to tangible book multiples were higher in the merger compared to the medians of the comparable transactions. It was noted that the equity to asset (21.0%) ratio for Company is much higher than the median of the comparable transactions (8.8%) due to the young age of Company. The price to assets and price to deposits multiples in the merger were higher than for the comparable transactions.

Discounted Cash Flow Analysis. Using discounted cash flow analysis, The Findley Group estimated the present value of the future after-tax cash flow streams that Global Bancorp could produce through the year 2013, under various circumstances, assuming that it performed in accordance with the earnings/return projections provided by Global Bancorp. Global Bancorp currently has a tax loss carryover which allows Global Bancorp to pay limited taxes for the next several years. However for purposes of the cash flow analysis The Findley Group chose to evaluate Global Bancorp as if it was paying taxes going forward.

The Findley Group estimated the terminal value for Global Bancorp at the end of December 31, 2013 by considering both a multiple of after tax earnings and a multiple of Global Bancorp's book value per share. The Findley Group determined that the value of Global Bancorp shares would be based upon a multiple of after tax earnings in 2013 (in the range of 10 to 20) and a multiple of Global Bancorp's book value at year end 2013 (between 0.75 and 1.25). The Findley Group discounted the terminal values using discount rates ranging from 6.0% to 8.0%. The discount range was chosen to reflect different assumptions regarding the required rates of return of Global Bancorp and the inherent risk surrounding the underlying projections. This discounted cash flow analysis indicated a range of values per share of \$2.28 to \$7.96. The Findley Group determined that the likelihood of Global Bancorp achieving a higher earnings performance multiple or a higher multiple of book value which would result in a higher terminal value was not likely due to the size of Global Bancorp and the expected cost of compliance and operation of a banking platform the next few years.

The Findley Group then estimated the terminal value for Bay Commercial Bank at the end of December 31, 2013, taking into consideration the Merger, and considering both a multiple of after tax earnings and a multiple of Bay Commercial Bank's book value per share. The Findley Group determined that the value of Bay Commercial Bank shares would be based upon a multiple of after tax earnings in 2013 (in the range of 10 to 20) and a multiple of Bay Commercial Bank's book value at year end 2013 (between 0.75 and 1.25). The Findley Group discounted the terminal values using discount rates ranging from 6.0% to 8.0%. The discount range was chosen to reflect different assumptions regarding the required rates of return of Bay Commercial Bank and the inherent risk surrounding the underlying projections. This discounted cash flow analysis indicated a range of values per share (adjusting for the exchange ratio of 0.75678 of \$4.85 to \$8.56). The Findley Group determined that the likelihood of Bay Commercial Bank achieving a higher earnings performance multiple or a higher multiple of book value which would result in a higher terminal value was more likely than Global Bancorp due to the size of Bay Commercial Bank and the past earnings experience for Bay Commercial Bank over the last few years.

Trading Value of Company Shares. The Findley Group also considered the current trading process of community banks operating in California. For California community banks, the average earnings per share multiple for trailing twelve month earnings was 6.05 and median book value multiple was 0.726 as of December 31, 2010. For the California community banks that are located in Bay Area of California, the most recent earnings per share multiple was negative and the median book value multiple was 0.676 for the financial institutions listed in the report. Most of the trading information reported for the community banks reflects very few trades and limited activity.

Based upon the Agreement and the merger consideration of \$7.25 per share for Global Bancorp common stock, the comparable value would be as follows:

Multiple of Book Value	1.00
Multiple of Earnings per Share	--

During 2010 no shares of Global Bancorp common stock were traded. As for Bay Commercial Bank, the most recent trade for its common stock was \$7.40 per share which is almost 0.79 of its March 31, 2011 book value per share. The merger consideration of book value is higher than the most recent trading price of other community banks in the Bay Area that are less than \$200 million in total assets and who have any substantive trading volume.

Comparable Company Analysis. No company or transaction used in the comparable company and comparable transaction analyses is identical to Global Bancorp or Bay Commercial Bank, or the merger. Accordingly, an analysis of the results of the foregoing necessarily involves complex considerations and judgments concerning differences in financial and operating characteristics of Global Bancorp and other factors that could affect the public trading value of the companies to which they are being compared. Mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using comparable transaction data or comparable company data.

Pursuant to an engagement letter dated February 17, 2011, between The Findley Group and Company, Company agreed to pay \$200,000 to The Findley Group and its affiliated company Gary Steven Findley and Associates for all legal, consulting and investment banking services related to the Merger inclusive of the issuance of the fairness opinion.

Other than in connection with its advice and guidance in evaluating strategic alternatives in 2009 and 2010, the facilitation of a strategic planning meetings and recent regulatory matters, Company has not had any material relationship with The Findley Group during the last three years. Neither The Findley Group nor its affiliated companies has performed any services for Bank to date. Neither The Findley Group nor any affiliate of The Findley Group has any ownership, either direct or indirect, in Company or Bank.

The fairness opinion is directed only to the question of whether the merger consideration is fair from a financial perspective and does not constitute a recommendation to any of Global Bancorp's shareholders to vote in favor of the merger. Global Bancorp did not impose any limitations on The Findley Group regarding the scope of its investigation or otherwise.

Based on the results of the various analyses described above, The Findley Group concluded that the merger consideration to be received by Global Bancorp shareholders pursuant to the merger is fair from a financial point of view.

The Findley Group will be paid a success fee that includes the work of providing the fairness opinion and other investment banking services in connection with the merger on behalf of Global Bancorp that is equal to \$200,000 less all legal fees paid to Gary Steven Findley and Associates and fees paid to The Findley Group related to the merger from February 17, 2011. Gary Steven Findley is the principal of The Findley Group and Gary Steven Findley & Associates.

Opinion of Bay Commercial Bank's Financial Advisor.

Bay Commercial Bank's board of directors retained Vining Sparks IBG, L.P. ("***Vining Sparks***") to render financial advisory and investment banking services. Vining Sparks is a nationally recognized investment banking firm with substantial expertise in transactions similar to the proposed transaction and is familiar with Bay Commercial Bank and its business. As part of its investment banking activities, Vining Sparks is regularly engaged in the independent valuation of financial institutions and securities in connection with mergers, acquisitions, underwritings, sales and distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes.

On June 7, 2011, Vining Sparks delivered a written opinion to the Bay Commercial Bank that the terms of the proposed merger of Bay Commercial Bank and Global Bancorp were fair, from a financial point of view, to holders of shares of Bay Commercial Bank common stock. The full text of Vining Sparks' opinion is attached as Appendix F to this proxy statement/prospectus and should be read in its entirety.

For purposes of Vining Sparks' opinion and in connection with its review of the proposed transaction, Vining Sparks has, among other things:

- reviewed the terms of the Agreement;
- reviewed certain publicly available financial statements, both audited (where available) and unaudited, and related financial information of Bay Commercial Bank and Global Bancorp, including those included in their respective annual reports for the past three years and their respective quarterly reports for the past two years;
- reviewed certain internal financial information and financial forecasts relating to the business, earnings, cash flows, assets, and prospects of each company furnished to Vining Sparks by Bay Commercial Bank and Global Bancorp management;
- held discussions with members of executive and senior management of Bay Commercial Bank and Global Bancorp concerning the past and current results of operations of Bay Commercial Bank and Global Bancorp, their respective current financial condition and managements' opinion of their respective future prospects;
- reviewed reported market prices and historical trading activity of Bay Commercial Bank and Global Bancorp common stock;
- compared the proposed financial terms of the merger with the financial terms of certain other transactions that Vining Sparks deemed to be relevant;
- reviewed the potential pro forma impact of the merger; and,
- performed such other financial studies, analyses, and investigations, as Vining Sparks considered appropriate under the circumstances.

Vining Sparks has assumed and relied, without independent verification, upon the accuracy and completeness of all of the financial and other information that has been provided to it by Bay Commercial Bank and Global Bancorp and their respective representatives, and of the publicly available information that was reviewed by it. Vining Sparks is not an expert in the evaluation of allowances for loan losses and has not independently verified such allowances, and has relied on and assumed that the aggregate allowance for loan losses set forth in the balance sheets of Bay Commercial Bank and Global Bancorp is adequate to cover such losses and complied fully with applicable law, regulatory policy and sound banking practice as of the date of such financial statements. Vining Sparks was not retained to and it did not conduct a physical inspection of any of the properties or facilities of Bay Commercial Bank or Global Bancorp, did not make any independent evaluation or appraisal of the assets, liabilities or prospects of Bay Commercial Bank or Global Bancorp, was not furnished with any such evaluation or appraisal, and did not review any individual credit files.

Vining Sparks' opinion is necessarily based on economic, market, and other conditions as in effect on, and the information made available to it as of, the date of its opinion. Events occurring after the date of issuance of the opinion, including, but not limited to, changes affecting the securities markets, the results of operations or material changes in the assets or liabilities of Bay Commercial Bank or Global Bancorp could materially affect the assumptions used in preparing the opinion. Vining Sparks assumed that all of the representations and warranties contained in the Agreement and all related agreements are true and correct, that each party to such agreements will perform all of the covenants required to be performed by such party under such agreements and that the conditions precedent in the Agreement are not waived.

No limitations were imposed by Bay Commercial Bank's board of directors upon Vining Sparks with respect to the investigations made or procedures followed in rendering its opinion. Vining Sparks' opinion as expressed in [Appendix F](#) is limited to the fairness, from a financial point of view, of the merger consideration to be paid by Bay Commercial Bank to the holders of shares of Global Bancorp common stock in the merger and does not address Bay Commercial Bank's underlying business decision to proceed with the merger. Vining Sparks has been retained on behalf of the board of directors of Bay Commercial Bank, and its opinion does not constitute a recommendation to any director of Bay Commercial Bank as to how such director should vote with respect to the Agreement.

Vining Sparks relied upon the managements of Bay Commercial Bank and Global Bancorp as to the reasonableness of the financial and operating forecasts, and projections (and the assumptions and bases therefore) provided to or reviewed by Vining Sparks, and Vining Sparks assumed that such forecasts and projections reflect the best currently

available estimates and judgments of Bay Commercial Bank and Global Bancorp management. Bay Commercial Bank and Global Bancorp do not publicly disclose internal management forecasts, projections or estimates of the type furnished to or reviewed by Vining Sparks in connection with its analysis of the financial terms of the proposed transaction, and such forecasts and estimates were not prepared with a view towards public disclosure. These forecasts and estimates were based on numerous variables and assumptions which are inherently uncertain and which may not be within the control of the managements of Bay Commercial Bank and Global Bancorp, including, without limitation to, the general economic, regulatory, and competitive conditions. Accordingly, actual results could vary materially from those set forth in such forecasts and estimates.

In delivering its opinion to the board of directors of Bay Commercial Bank, Vining Sparks prepared and delivered to Bay Commercial Bank’s board of directors written materials containing various analyses and other information. The following is a summary of the material financial analyses performed by Vining Sparks in connection with the preparation of its opinion and does not purport to be a complete description of all the analyses performed by Vining Sparks. The summary includes information presented in tabular format, which should be read together with the text that accompanies those tables. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, an opinion is not necessarily susceptible to partial analysis or summary description. Vining Sparks believes that its analyses must be considered as a whole and that selecting portions of such analyses and the factors considered therein, without considering all factors and analyses, could create an incomplete view of the analyses and the processes underlying its opinion. In its analyses, Vining Sparks made numerous assumptions with respect to industry performance, business and economic conditions, and other matters, many of which are beyond the control of Bay Commercial Bank, Global Bancorp, and Vining Sparks. Any estimates contained in Vining Sparks’ analyses are not necessarily indicative of future results or values, which may be significantly more or less favorable than such estimates. Estimates of values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold.

Summary of Proposal. Vining Sparks reviewed the financial terms of the proposed transaction. Pursuant to the terms of the Agreement, Global Bancorp will merge with and into Global Trust Bank and subsequently, Global Trust Bank will merge with and into Bay Commercial Bank. Each share of Global Bancorp common stock outstanding shall become one share of Global Trust Bank. Subsequently, each share of Global Trust Bank shall be converted into the right to receive for each share of Global Trust Bank common stock (i) one share of Bay Commercial Bank common stock times the Exchange Ratio, and/or (ii) cash in accordance with the Per Share Cash Consideration, at the election of the holder of such share of Global Trust Bank common stock up to the limit set forth in the Agreement. As defined in the Agreement, the Exchange Ratio means a factor of 0.75678 and the Per Share Cash Consideration means \$7.25 per share. All capitalized items used in this paragraph shall have the meanings ascribed to them in the Agreement. The terms of the Merger are more fully set forth in the Agreement.

Based on 2,115,001 shares of Global Bancorp common stock outstanding and Per Share Cash Consideration of \$7.25 per share, the shareholders of Global Bancorp will receive merger consideration of \$15.3 million consisting of up to 20% in cash and not less than 80% in BCB common stock, assuming the shareholders of Global Bancorp elect to receive the maximum amount of cash permitted under the Merger Agreement.

Analysis of Selected Bank Merger Transactions. Vining Sparks reviewed certain publicly available information regarding ten selected merger and acquisition transactions (the “*Comparable Transactions*”) announced from January 1, 2010 to May 18, 2011 involving California banking organizations. The transactions included in the group are shown below and in [Section 6](#). This data was obtained from SNL Financial LC.

<u>Buyer</u>	<u>City</u>	<u>Seller</u>	<u>City</u>
Rabobank Nederland	Utrecht	Napa Community Bank	Napa
Ford Financial Fund, L.P.		Pacific Capital Bancorp	Santa Barbara
Woori Finance Holdings Co.	Seoul	Hanmi Financial Corp.	Los Angeles
Management group	San Francisco	Bank of San Francisco	San Francisco
Grandpoint Bank	Santa Ana	First Commerce Bancorp	Encino
California United Bank	Encino	California Oaks State Bk	Thousand Oaks
Investor group		Bay Cities National Bank	Redondo Beach
First General Bank	Rowland Heights	American Premier Bancorp	Arcadia
Grandpoint Capital, Inc.	Los Angeles	Orange Community Banc	Orange
Embarcadero Bank	San Diego	Coronado First Bank	Coronado

We reviewed the multiples of transaction value to stated book value, transaction value to tangible book, transaction value to last twelve months earnings and tangible book premium to core deposits and calculated high, low, mean, and median multiples for the Comparable Transactions. The median multiples were then applied to Global Bancorp's balance sheet information as of March 31, 2011 and 2010 earnings to derive an imputed range of values of Global Bancorp's common stock. The following table sets forth the median multiples as well as the imputed values based upon those median multiples.

	Comparable Transaction <u>Median Multiple</u>	Implied Value <u>Per Share</u>
Transaction Value/Book Value	1.05x	\$7.77
Transaction Value/Tangible Book Value	1.05x	\$7.77
Transaction Value/2010 Earnings	46.48x	N/M
Tangible Premium/Core Deposits	1.58%	\$7.66

The transaction value of \$7.25 per share falls within the range of values computed in using the Comparable Transactions, which supports the fairness of the transaction.

No company or transaction used as a comparison in the above analysis is identical to Global Bancorp or the Merger. Accordingly, an analysis of these results is not strictly mathematical. An analysis of the results of the foregoing involves complex considerations and judgments concerning differences in financial and operating characteristics of Global Bancorp and the companies included in the Comparable Transactions.

Present Value Analysis. Vining Sparks calculated the present value of theoretical future earnings of Global Bancorp and compared the transaction value to the calculated present value of Global Bancorp's common stock on a stand-alone basis. Based on projected earnings for Global Bancorp for 2011 through 2015 and a discount rate of 10% and including a residual value, the stand-alone present value of Global Bancorp equaled \$7.29 per share. The transaction value of \$7.25 per share is below this value, which supports the fairness of the transaction.

Pro Forma Merger Analysis. Vining Sparks performed pro forma merger analyses to calculate the financial implications of the merger to Bay Commercial Bank shareholders. This analysis assumes, among other things, the terms of the transaction as indicated above, that the merger closes at September 30, 2011 and cost savings and revenue enhancement opportunities of \$1,000,000 annually in the years 2012 through 2015, which approximates 30% of Global Bancorp's 2010 overhead expenses. This analysis utilized earnings estimates of \$0.40 per share in 2012 and \$0.50 per share in 2013 for Bay Commercial Bank and \$0.21 per share and \$0.52 per share, respectively, for Global Bancorp. This analysis indicated that the merger would be approximately 23% accretive to Bay Commercial Bank's projected earnings per share in 2012 and 40% accretive in 2013.

Vining Sparks has not previously provided investment banking or financial advisory services to Bay Commercial Bank or Global Bancorp. Pursuant to the terms of an engagement letter with Bay Commercial Bank, Vining Sparks will receive a fee upon delivery of its opinion. Vining Sparks' fee is not contingent upon consummation of the Merger. In addition, Bay Commercial Bank has agreed to indemnify Vining Sparks against certain liabilities and expenses arising out of or incurred in connection with its engagement, including liabilities and expenses which may arise under the federal securities laws.

Accounting Treatment

Bay Commercial Bank must account for the merger under the acquisition method of accounting prescribed by accounting principles generally accepted in the United States. Under this method, Bay Commercial Bank's purchase price will be allocated to Global Bancorp's assets acquired and liabilities assumed based upon their estimated fair values as of the completion of the merger. Deferred tax assets and liabilities will be adjusted for the difference between the tax basis of the assets and liabilities and their estimated values. The excess, if any, of the total acquisition cost over the sum of the assigned fair values of the tangible and identifiable intangible assets acquired, less liabilities assumed will be recorded as goodwill and periodically evaluated for impairment. Bay Commercial Bank's financial statements issued after completion of the merger will reflect these values, but historical data are not restated retroactively to reflect the combined historical financial position or results of operations of Bay Commercial Bank and Global Bancorp. For additional information, please read the section entitled "DESCRIPTION OF BAY COMMERCIAL BANK – Management's Discussion and Analysis of Financial Condition and Results of Operations."

The Merger Agreement

The following describes aspects of the mergers, including material terms of the Merger Agreement. The description of the Merger Agreement is subject to, and qualified in its entirety by reference to, the Merger Agreement, which is attached to this document as Appendix A, and is incorporated by reference in this document. We urge you to carefully read the Merger Agreement.

The Mergers

Bay Commercial Bank, Global Bancorp and Global Trust Bank entered into the Merger Agreement on May 12, 2011. Under the Merger Agreement's terms, Global Bancorp will merge with and into Global Trust Bank and Global Trust Bank will merge with and into Bay Commercial Bank. The separate corporate existence of Global Bancorp and Global Trust Bank will cease, and Bay Commercial Bank will be the survivor. Each share of Global Bancorp common stock issued and outstanding, other than shares with respect to which dissenters' rights have been perfected, will be converted into shares of Bay Commercial Bank common stock or cash, or a combination of the two.

Each share of Bay Commercial Bank common stock outstanding immediately before the merger closes will remain outstanding after the mergers close. Please read the sections entitled "JOINT PROPOSAL I – THE MERGERS – Calculation of Consideration to be Paid to Global Bancorp Shareholders," and "– Dissenters' Rights of Global Bancorp's Shareholders" for additional information.

Global Bancorp and Bay Commercial Bank have structured the merger to qualify as a tax-free reorganization from their perspectives. You are urged to read the section entitled "JOINT PROPOSAL I – THE MERGERS – Material United States Federal Income Tax Consequences" for additional information.

The Closing

The Merger Agreement provides that the timing for the closing and the completion of the merger shall be designated by Bay Commercial Bank, with the reasonable concurrence of Global Bancorp, as promptly as practicable following the receipt of all regulatory approvals and expiration of all applicable waiting periods in connection therewith and after the satisfaction of the other conditions precedent set forth in the Merger Agreement. At the closing the parties will exchange various documents, including among other things officers' certificates, as required by the Merger Agreement. The downstream merger of Global Bancorp into Global Trust Bank shall occur first and shall be effective on the date and at the time that the Downstream Merger Agreement is filed with the California Secretary of State. Then immediately thereafter, Global Trust Bank will be merged into Bay Commercial Bank and that merger will be effective on the date and at the time that a copy of the agreement of merger in the form attached to the Merger Agreement as Exhibit 2.2 and as filed with California Secretary of State, is thereafter filed with the CDFI.

Based upon the timing for Bay Commercial Bank's and Global Bancorp's shareholders' meetings and the present and anticipated timing of the regulatory approvals, it is presently anticipated that the merger will be closed during the third quarter of 2011. Neither Bay Commercial Bank nor Global Bancorp can assure you that the merger will close at that time.

Exchange Procedures

The parties will appoint an exchange agent to effect the exchange of shares of Bay Commercial Bank common stock for shares of Global Bancorp common stock. A letter of transmittal will be sent to Global Bancorp shareholders shortly after the merger is completed. If you do not exercise dissenters' rights, you must use the letter of transmittal to receive shares of Bay Commercial Bank common stock or cash in exchange for your shares of Global Bancorp common stock.

In order to promptly receive shares of Bay Commercial Bank common stock, you must deliver to the exchange agent:

- a properly completed letter of transmittal form;
- your certificates representing former shares of Global Bancorp common stock; and,
- any other required documents described in the letter of transmittal.

Do not return your certificates representing shares of Global Bancorp common stock with the enclosed proxy. The certificates should only be forwarded to the exchange agent with the letter of transmittal.

Following the completion of the merger and upon surrender of all of the certificates representing former shares of Global Bancorp common stock registered in your name, or a satisfactory indemnity if any of such certificates are lost, stolen or destroyed, together with a properly completed letter of election and transmittal, the exchange agent will mail to you the Bay Commercial Bank common stock or cash to which you are entitled, less the amount of any required withholding taxes.

Representations and Warranties

The Merger Agreement contains various customary representations and warranties that Bay Commercial Bank and Global Bancorp make for each other's benefit. The representations and warranties relate to, among other things:

- corporate organization and similar corporate matters;
- licenses and permits;
- subsidiaries;
- authorization and enforceability of the Merger Agreement and related matters;
- conflicts under charter documents, required consents or approvals, and violations of any agreements or law;
- capital structure;
- timely filing, accuracy and completeness of documents filed with government agencies and bank regulatory agencies;
- financial statements;
- absence of certain material adverse events, changes, effects or undisclosed liabilities;
- litigation;
- compliance with laws and regulations;
- tax returns and audits;
- agreements with banking authorities;
- insurance;
- brokers and finders;
- the Community Reinvestment Act;
- the Bank Secrecy Act;
- title to assets;
- ownership of real property;
- employees;
- retirement and other employee plans and matters relating to the Employee Retirement Income Security Act of 1974, as amended;

- loans and investments;
- material contracts;
- environmental matters;
- parachute payments;
- risk management instruments;
- Regulation C, Truth in Lending Law;
- fairness and validity of accounting records; and,
- accuracy of corporate records.

The foregoing is an outline of the representations and warranties made by Bay Commercial Bank and Global Bancorp contained in the Merger Agreement attached as Appendix A and is qualified in its entirety by reference to the Merger Agreement. You should carefully review the entire Merger Agreement, and in particular Articles 3 and 4, containing the detailed representations and warranties of the parties.

Additional Agreements

As a condition to the merger, Bay Commercial Bank and Global Bancorp have agreed, among other things, that:

- Each party will grant the other reasonable access to its employees and records and will provide each with meeting materials, minutes of meetings and notices of meetings of its board of directors and loan committee;
- each of them will promptly call its respective meeting of shareholders at the earliest practicable date after approval of meeting materials by the California Department of Financial Institutions and will recommend approval of the merger and Merger Agreement, subject to its fiduciary duties;
- each of them will take all action necessary to complete the merger;
- they will cooperate and jointly prepare and file proxy materials and applications with the appropriate regulatory authorities;
- each of them will provide the other with any correspondence with governmental or regulatory authorities;
- each of them will give notice to the other party of events that may have a material adverse effect on the merger;
- each of them will pay its own costs and expenses incurred in connection with the merger;
- each of them giving notice to the other party of acquisition transactions;
- each of them maintaining assets and properties in good condition and repair;
- each of them providing the other party copies of each credit authorization package for all loans secured by a first trust deed on real property, or liquid collateral consisting of cash, TCD's, stock, bonds or the cash value of life insurance or extensions of credit secured by the foregoing, unsecured loans or unsecured extensions of credit, and renewals of any classified or criticized loans, concurrently with submission to its loan committee;
- each of them charging off loans deemed by each, its outside loan reviewer, the FDIC, the CDFI or its independent auditors to be uncollectible in accordance with GAAP, regulatory accounting principles, and applicable law and regulation which have been classified "loss";

- each of them maintaining reserves in accordance with applicable accounting principles and past practices; including maintaining a reserve for loan losses at an adequate level and charge off all loans deemed uncollectable, as well as changes in asset classifications;
- each of them providing each other with reports of loans classified by bank regulators, renegotiated loans, charged off loans and of other nonperforming assets, participated loans purchased and sold, loans to insiders, and standby letters of credit;
- each of them providing their monthly board reports, copies of all material reports filed with or received from any governmental entity, and monthly unaudited balance sheets, statements of income and changes in shareholders' equity, and information on certain loans and leases;
- each of them timely filing of governmental reports;
- each of them performing all material contractual obligations;
- each of them keeping in effect all material permits and licenses;
- each of them maintaining insurance and bonding coverage;
- filing applications for the merger transactions;
- each of them cooperating with others to satisfy the conditions of the Merger Agreement;
- each of them will notify the other of (i) its violation of promises to carry on its business in the ordinary course until the merger becomes effective, (ii) any event expected to have a material adverse effect on it, or (iii) any awareness of an untrue statement in the proxy materials;
- each of them will deliver to the other, updated disclosure schedules immediately after the merger becomes effective;
- Global Trust Bank and/or Global Bancorp will modify certain financial policies and practices to conform to those of Bay Commercial Bank; and,
- Global Trust Bank and Global Bancorp will, if requested by Bay Commercial Bank, terminate any employee benefit plan or arrangement.

The foregoing is an outline of the additional agreements made by Global Bancorp, Global Trust Bank and Bay Commercial Bank contained in the Merger Agreement attached as Appendix A and is qualified in its entirety by reference to the Merger Agreement. You should carefully review the entire Merger Agreement, and in particular Article 5, containing the detailed additional agreements of the parties.

Conduct of Business Before the Merger

The Merger Agreement places restrictions on and requires commitments by Global Trust Bank, Global Bancorp and Bay Commercial Bank regarding the conduct of their respective businesses between the date of the Merger Agreement and the closing. Global Trust Bank and Global Bancorp have agreed that until the closing they will carry on their business in the ordinary course in substantially the manner in which heretofore conducted and comply with other covenants, which shall include, but not be limited to:

- filing applications for the merger transactions by June 15, 2011;
- terminate all Global Bancorp stock options and commitments to grant stock options and obtain upon such termination a waiver and release of liability; and,
- use commercially reasonable efforts to extend the discovery period of the directors' and officers' liability insurance currently in force for a period of up to 48 months with respect to all matters arising from facts or events which occurred before the Effective Time for which the Global Bancorp or Global Trust Bank would have had an

obligation to indemnify their directors and officers (a “*tail policy*”); provided, however, that the total cost of the premium for such “tail” policy shall not exceed \$80,000, and if Global Bancorp and Global Trust Bank are unable to maintain or obtain a “tail” policy for \$80,000 or less, Global Trust Bancorp shall use commercially reasonable efforts to obtain as much comparable insurance as is available for \$80,000 with respect to acts or omissions occurring prior to the effective time of the Merger by such directors and officers in their capacities as such.

Global Bancorp and Global Trust Bank have also agreed that until the closing they will not take certain action, without Bay Commercial Bank’s prior written consent including:

- declare or pay any dividend or make any other distribution in respect of any of its capital stock; split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock; or repurchase or otherwise acquire any shares of its capital stock;
- take any actions which may make their representations and warranties become untrue;
- issue any shares of its capital stock or any securities convertible or exercisable into such capital stock except as specifically provided in the Merger Agreement or grant stock options;
- amend its Articles of Incorporation or Bylaws;
- authorize or encourage another acquisition proposal to acquire them or provide any nonpublic information to any person(s) concerning any such acquisition proposal unless the board of directors of Global Bancorp has determined that the proposal is more favorable to Global Bancorp’s shareholders and that the action is necessary for Global Bancorp to comply with its fiduciary duties to shareholders under applicable law;
- acquire all or a substantial portion of the assets of any business or person, other than in the ordinary course of business;
- dispose of any of its assets, except in the ordinary course of business;
- incur any indebtedness, other than in the ordinary course of business;
- make or agree to make any loan with a principal balance or maximum principal balance in excess of \$500,000 for an unsecured or \$1,250,000 for a secured loan, or except in the ordinary course of business pursuant to Global Trust Bank loan policy make or enter into any commitment to make any other loan or extension of credit or renew any criticized or classified loan;
- except as specifically provided in the Merger Agreement and the schedules thereto, grant any general increase in the rates of pay of employees or employee benefits; renew, amend or enter into a new employment agreement; or make any bonus or extraordinary payments, except that bonuses may be paid and arrangements entered into with respect to Global Bancorp or Global Trust Bank employees to encourage their cooperation and assistance in completing the transactions contemplated by this Agreement that are agreed to by Bay Commercial Bank;
- make the credit underwriting policies less stringent than those in effect on December 31, 2010 or reduce the amount of the loan loss reserves;
- acquire any investment security except for federal funds with maturities of one year or less;
- compromise or settle certain tax claims;
- change its fiscal year or methods of accounting in effect at December 31, 2010;
- take any action which would disqualify the mergers as “reorganizations” for tax purposes or make any new, or changes to current, tax elections;
- take commercial property into OREO without an environmental report showing a lack of adverse conditions;

- make any capital expenditures, except those in the ordinary course of business which exceed \$10,000 individually or \$25,000 in the aggregate; and,
- materially change its pricing practices on loans or deposit products.

In addition, Bay Commercial Bank has agreed that until the closing it will carry on its business in the ordinary course in substantially the manner in which heretofore conducted, and to take the following actions until such time or thereafter, as applicable:

- For a period of four years maintain and preserve the rights to indemnification of officers and directors provided in the charter documents of Global Bancorp and Global Trust Bank with respect to liabilities arising out of circumstances occurring or existing prior to the effective date of the merger;
- reserve and make available for issuance such number of shares of Bay Commercial Bank's common stock as necessary to issue to Global Bancorp shareholders in connection with the merger, and have those shares properly qualified or registered, if necessary;
- grant and enter into stock option agreements for such grant of non-qualified stock options for a five year term to certain of the holders of Global Bancorp's non-qualified stock options with a date as of the effective time of the merger (see section entitled "Financial Interests in the Merger of Directors and Officers of Global Bancorp and Global Trust Bank" herein for the names of such holders and other information concerning such options); and,
- as of the effective date of the merger to amend or enter into, as appropriate, stock option agreements with directors of Bay Commercial Bank who currently hold non-qualified stock options in order to extend the expiration of such non-qualified stock options to the fifth anniversary of the effective date of the merger (see section entitled "Financial Interests in the Merger of Directors and Officers of Global Bancorp and Global Trust Bank" herein for the names of such holders and other information concerning such options).

Bay Commercial Bank has also agreed that until the closing it will not, without Global Bancorp's prior written consent:

- Declare or pay any dividend or make any other distribution in respect of any of its capital stock; split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock; or repurchase or otherwise acquire any shares of its capital stock;
- take any action which could make any of its representations and warranties become untrue in a material respect;
- without the prior written consent of Global Bancorp, authorize or knowingly permit any of its representatives, directly or indirectly, to enter into any agreement for the acquisition of any other financial entity by Bay Commercial Bank or acquire or agree to acquire by merging, consolidating with, or by purchasing all or a substantial portion of the assets of, or in any other manner, any business or any person or otherwise acquire or agree to acquire any assets which are material to Bay Commercial Bank, other than in the ordinary course of business consistent with prior practice;
- enter into any agreement or arrangement requiring the payment of an amount in excess of \$200,000 (or in the aggregate \$500,000), except: (i) Bay Commercial Bank may enter into any such agreement without the Global Bancorp's consent if, prior to entering into such agreement, Bay Commercial Bank consults with Global Bancorp; or (ii) for agreements or arrangements in the ordinary course of business consistent with prior practice and after notice to and consultation with Bay Commercial Bank;
- issue any shares of its capital stock or any securities convertible or exercisable into such capital stock except as specifically provided in the Merger Agreement; and,
- take any action which would disqualify the merger as a "reorganization" for tax purposes.

The foregoing is a summary of the material negative and affirmative covenants of the Merger Agreement and is qualified in its entirety by reference to the Merger Agreement. You are encouraged to carefully read the terms of the Merger Agreement attached as Appendix A, including the specific covenants contained in Article 6.

Conditions to the Parties' Obligations

The obligations of Global Bancorp, Global Trust Bank and Bay Commercial Bank to complete the merger are subject to certain mutual conditions, including, but not limited to the following:

- the mergers and the merger agreements being validly approved by the holders of Global Bancorp's shareholders and Bay Commercial Bank's shareholders;
- the receipt of all regulatory approvals;
- the expiration of all applicable waiting periods in connection with the regulatory approvals;
- the qualification or registration of the sale of Bay Commercial Bank's stock resulting from the merger with the appropriate state securities authorities;
- the agreed upon price per share for shares of Global Bancorp common stock which are "dissenting shares" within the meaning of California Corporations Code section 1300(b) shall not exceed the greater of (i) \$6.00 or (ii) an amount which, when combined with other cash amounts payable in connection with the merger, would result in the merger being disqualified from a tax free reorganization pursuant to section 368(a)(1)(A) of the Internal Revenue Code, provided that in no event shall any such combined amount exceed approximately \$3.067 million; and
- the receipt of all consents of third parties required to permit the merger.

Bay Commercial Bank's obligation to complete the merger is also subject to the fulfillment or waiver by it of certain conditions, including but not limited to the following:

- Global Trust Bank's and Global Bancorp's representations and warranties being and remaining true in all material respects;
- Global Trust Bank and Global Bancorp performing, in all material respects, all of their required obligations contained in the Merger Agreement before closing;
- receipt of updated disclosure schedules from Global Trust Bank and Global Bancorp;
- receipt of a director-shareholder agreement executed by each of Global Trust Bank's and Global Bancorp's director-shareholders; and,
- receipt of a fairness opinion that the terms of the merger are fair to the Global Bancorp shareholders from a financial point of view.

Global Trust Bank's and Global Bancorp's obligations to complete the merger are also subject to the fulfillment or waiver by them of certain conditions, including but not limited to the following:

- Bay Commercial Bank's representations and warranties being and remaining true in all material respects;
- Bay Commercial Bank performing, in all material respects, all of its required obligations contained in the Merger Agreement before closing;
- receipt of updated disclosure schedules from Bay Commercial Bank;
- receipt of a director-shareholder agreement executed by each of Bay Commercial Bank's director-shareholders; and,
- receipt of a fairness opinion that the terms of the merger are fair to the Bay Commercial Bank shareholders from a financial point of view.

The foregoing is a summary of the material conditions of the Merger Agreement and is qualified in its entirety by reference to the Merger Agreement. You are encouraged to read the terms of the Merger Agreement attached as Appendix A, including the specific provisions contained in Article 7 of the Merger Agreement.

Termination

Global Bancorp, Global Trust Bank and Bay Commercial Bank can mutually agree to terminate the Merger Agreement and abandon the merger at any time.

Under certain circumstances, either Global Bancorp or Bay Commercial Bank can terminate the Merger Agreement:

- if the conditions to the merger have not been met by October 31, 2011;
- if 20 business days have passed after any governmental entity denies any required approval for the merger;
- if the closing conditions have not been met by the other party by October 31, 2011;
- if the other party materially breaches any representation, warranty, covenant or agreement contained in the Merger Agreement that is not cured by the later of 30 days from the breach or October 31, 2011, which would be reasonably likely to have, a material adverse effect upon the consummation of the merger; or
- if an acquisition event involving Global Bancorp or Bay Commercial Bank has occurred.

If Global Bancorp or Global Trust Bank terminates because of the failure by Bay Commercial Bank's shareholders to approve the mergers following a withdrawal of, or similar change in, the recommendation of approval by Bay Commercial Bank's board of directors; the failure of any conditions of closing by Bay Commercial Bank; a breach and lack of cure of Bay Commercial Bank's representations or warranties; or an acquisition event involving Bay Commercial Bank, then Bay Commercial Bank must pay a total of \$400,000 to Global Trust Bank and/or Global Bancorp.

If Bay Commercial Bank terminates because of the failure by Global Bancorp's shareholders to approve the mergers following a withdrawal of, or similar change in, the recommendation of approval by Global Bancorp's board of directors; conditions to closing were not met by Global Bancorp or Global Trust Bank; representations and warranties by Global Bancorp or Global Trust Bank were breached and not cured; or an acquisition event occurred involving Global Bancorp, then Global Bancorp and Global Trust Bank must pay to Bay Commercial Bank the combined sum of \$400,000.

The foregoing is a summary of the material termination provisions of the Merger Agreement. You are encouraged to read the terms of the Merger Agreement attached as Appendix A, including the specific provisions contained in Article 8 of the Merger Agreement.

Employee Benefits

After completion of the merger, all employees of Global Trust Bank at the date of the completion of the merger that have been offered continued employment, shall be entitled to participate in all of Bay Commercial Bank's employee benefit arrangements on the same basis as other similarly situated employees of Bay Commercial Bank. Each of these employees will be credited for eligibility, participation and vesting purposes with such employee's respective years of past service with Global Trust Bank as though they had been employees of Bay Commercial Bank, except with respect to Bay Commercial Bank's Stock Option Plan, any additional equity compensation plan Bay Commercial Bank may adopt and any 401(k) plan.

All outstanding stock options of Global Bancorp will be automatically cancelled at the effective time of the merger if they are not exercised prior to the effective time of the merger. The non-qualified stock options granted to founding officers R. Dale McKinney (20,000 shares) and Robert Navarrete (20,000 shares) are discussed in the section entitled "SUMMARY – Financial Interests in the Merger of Directors and Officers of Global Bancorp and Global Trust Bank."

Director-Shareholder Agreements

Each of the parties has entered into director-shareholder agreements with each of its directors who hold shares of its stock entitled to vote on the merger and recommend that their shareholders vote in favor of the merger, as applicable. These director-shareholder agreements require each of the directors to vote in favor of the merger. However, these agreements also provide that each director shall not be obligated to recommend to their company's shareholders to vote in favor of the merger if the director is advised in writing by his or her outside legal counsel that, in the exercise of his or her fiduciary duties, a director should not take such action. The director-shareholder agreements also provide that each director will not take any action that will alter the right to vote his or her shares, including the disposition, encumbrance or assignment of the underlying shares or the exercise of stock options.

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

As part of the merger, Global Bancorp shareholders will have the option to receive (i) \$7.25 in cash (ii) 0.75678 of a share of Bay Commercial Bank common stock or (iii) a combination of both for each share of Global Bancorp common stock, provided that at least approximately 80% of the merger consideration is paid in common stock. The completion of the merger is subject to customary conditions, including the approval of shareholders and bank regulatory authorities.

An unaudited summary of Bay Commercial Bank's estimated purchase price consideration, assuming an estimated fair value of \$9.58 per share for Bay Commercial Bank stock, which is the determined fair market value, and preliminary purchase price allocations for the merger follows. The purchase price allocation is based on estimates and is subject to change as more information becomes available and after final analysis of the fair value of both tangible and intangible assets acquired and liabilities assumed is completed. Accordingly, the final fair value adjustments may be materially different from those presented in this report.

Scenario with all Global Bancorp shareholders electing to take stock only

**(Dollars in
thousands)**

Total consideration and acquisitions costs (assuming 0% of Global Bancorp shareholder receive cash):	
Common stock consideration 2,115,001 x 0.75678 of Bay Commercial Bank shares x 100% valued at \$9.58 per share).....	\$15,334
Cash consideration, 0% of 2,115,001 Global Trust Bank shares at \$7.25 per share.....	0
Total purchase price consideration.....	<u>\$15,334</u>

Scenario with all Global Bancorp shareholders electing to take cash

**(Dollars in
thousands)**

Total consideration and acquisitions costs (assuming 20% of Global Bancorp shareholders receive cash):	
Common stock consideration 2,115,001 x 80% x 0.75678 Bay commercial Bank shares valued at \$9.58 per share)	\$12,267
Cash consideration 2,115,001 shares x 20% at \$7.25 per share.....	\$3,067
Total purchase price consideration.....	<u>\$15,334</u>

SCHEDULE OF NET ASSET VALUE

	(Dollars in thousands)
Assets acquired or to be acquired:	
Cash and investments.....	\$27,260
Loans, net.....	44,749
Intangible assets.....	219
Other assets.....	2,840
Total assets acquired.....	\$75,068
Liabilities assumed or to be assumed:	
Deposits.....	\$57,110
Borrowings and other liabilities.....	223
Total liabilities assumed.....	\$57,333
Net Assets Acquired.....	\$17,735

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL INFORMATION

The following unaudited pro forma combined condensed financial information presents the impact of the proposed merger on Bay Commercial Bank's historical financial condition and results of operations under the acquisition method of accounting.

The pro forma information is based on the following assumptions, which have been used to calculate the exchange ratio: (i) that no shareholder of Global Bancorp perfects dissenters' rights, and (ii) that 80% of the total merger consideration will be paid in the form of Bay Commercial Bank common stock with a value of \$9.58 per share and the remaining 20% will be paid in cash.

The unaudited pro forma combined condensed balance sheet as of March 31, 2011 has been prepared under the assumption that the merger was completed on that date. The unaudited pro forma combined condensed statement of earnings for the year ended March 31, 2011 has been prepared under the assumption that the merger was completed on January 1, 2011.

The unaudited pro forma combined condensed financial information is presented for illustrative purposes only, and does not indicate either the operating results or financial condition that would have occurred had the acquisition been consummated on the dates indicated, or future results of operations or financial condition. The unaudited pro forma combined condensed financial information is based upon assumptions and adjustments that Bay Commercial Bank believes are reasonable. The unaudited pro forma combined condensed financial information and the accompanying notes should be read in conjunction with the entities' historical financial statements.

As explained further in the accompanying notes to the unaudited pro forma combined condensed financial information, the allocation of the purchase price with respect to the acquisition is based on preliminary estimates and is subject to change as more information becomes available and after final analysis of the fair value of both tangible and intangible assets acquired and liabilities assumed is completed. Accordingly, the final fair value adjustments may be materially different from those presented in this document.

**UNAUDITED PRO FORMA COMBINED CONDENSED BALANCE SHEET
AS OF MARCH 31, 2011**

(Dollars in thousands)	Bay Commercial Bank (Book Value)	Global Trust Bank (Book Value)	Global Bancorp (Book Value)	Merger Adjustments	Pro Forma Company
ASSETS					
Cash & Due From Banks	\$ 2,175	\$ 3,327		\$ (4,367) ^(a)	\$ 1,135
Investment Securities	148				148
Federal Funds Sold	20,263	9,350			29,613
Other Investments	590	14,653		(70) ^(b)	15,173
Total Investments	21,001	24,003		(70)	44,934
Total Loans	137,360	45,694		(945) ^(c)	182,109
Deferred fees, net	(289)				(289)
Loan Loss Allowance	(2,000)	(945)		945	(2,000)
Loans-Net	135,071	44,749			179,820
FF&E	448	412		(150) ^(d)	710
Other Real Estate Owned	1,590				1,590
Deposit Intangible	94			219 ^(e)	313
Deferred Tax Asset	1,120			2,085 ^(f)	3,204
All Other Assets	1,390	494			1,884
TOTAL ASSETS	\$162,889	\$72,985		\$ (2,284)	\$233,590
LIABILITIES					
Demand Deposits	18,757	5,742	(124)		24,375
NOW	3,647	2,425			6,072
MMDA & Savings	44,481	24,550			69,031
CD=<100,000	15,661	1,910			17,571
CD=>100,000	46,202	22,607			68,809
Total Deposits	128,748	57,234	(124)		185,858
Borrowings	415				415
All Other Liabilities	334	223			557
STOCKHOLDERS' EQUITY					
Stock	32,328	21,000	150	(12,187) ^(g)	41,291
Additional Paid in Capital	265	604		(604) ^(h)	265
Unrealized Gain/Loss	2				2
Retained Earnings (Loss)	903	(5,558)	(23)	5,581 ⁽ⁱ⁾	903
Earnings (Loss)	(106)	(518)	(3)	4,926 ⁽ⁱ⁾	4,299
Total Stockholders' Equity	33,392	15,528	124	(2,284)	46,760
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$162,889	\$72,985	\$---	\$ (2,284)	\$233,590
Total Shares Outstanding	3,549,794	2,100,001	2,115,001	1,280,480	4,830,274

The following footnotes provide additional explanation of the Merger Adjustments in the foregoing *pro forma*. As used in these footnotes, the term "BCB" refers to Bay Commercial Bank, and "GTB" refers to Global Trust Bank.

^(a) Cash and cash equivalents: \$ 3,067 20% stock purchase (423,000 shares) at \$7.25 per share
1,301 After tax (34.15% effective tax rate) deal cost (\$2.0 million)
4,367

^(b) Investments - discount: 70 Discount on investments in time deposits equal to 90-day penalty.

(c) Loans portfolio adjustment:	(945)	Assumes the allowance for loan losses is a reasonable estimation of the credit quality discount.		
(d) Furniture, Fixtures and equipment:	(150)	Discount adjustment for the termination of the 3rd floor lease; write-off of 3rd floor tenant improvements, and write-off other equipment and software related to the discontinued Fiserv system.		
(e) Core deposit intangible	219	Core deposit premium equal to 1.5% of outstanding non-interest bearing deposits and 0.5% on interest bearing transaction accounts.		
(f) Deferred tax asset, net	2,452	Estimated total deferred tax asset, net		
	368	Less valuation reserve		
	<u>2,084</u>	Net, deferred tax asset		
(g) Common Stock	(21,150)	Elimination of GTB common stock		
	8,963	Issue new BCB common stock at market value		
	<u>(12,187)</u>	1,280,480 shares at BCB market value of \$7.0.		
(h) Additional paid in capital and retained loss	(604)	Eliminate GTB's additional paid in capital		
	5,581	Eliminate GTB's retained loss		
(i) Earnings	521	Eliminate GTB's current period loss		
	4,405	⁽ⁱ⁾ Bargain purchase gain, net of expenses		
	<u>4,926</u>			
(i) Bargain purchase gain:	\$ 72,985	Assets acquired		
	(70)	MTM – investments		
	(150)	Write-off FF&E		
	219	Core deposit premium		
	2,084	Deferred tax asset, net		
Net assets acquired	<u>75,069</u>			
Net liabilities assumed	<u>57,333</u>			
Net value of assets acquired	<u>17,736</u>			
Price paid:		<u>GTB shares</u>	<u>Converted</u>	<u>BCB</u>
Stock (BCB market price of \$7.00)	8,963	1,692,001	1,280,480	\$ 7.00
Cash	3,067			
Total price paid	<u>12,030</u>			
Value of assets in excess of price	5,705			
After tax deal costs	<u>1,301</u>			
Gain net of expenses	<u>\$ 4,405</u>			

**UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF EARNINGS
FOR THE PERIOD JANUARY 1, 2011 THROUGH MARCH 31, 2011**

(Dollars in thousands)	Bay Commercial Bank	Global Trust Bank	Global Bancorp	Merger Adjustment	Pro Forma Company
INTEREST INCOME					
Interest & Fees on Loans	\$2,176	\$ 604			\$2,780
Interest on Securities	2	-			2
Interest on Fed. Funds	17	9			26
Interest on Others	-	81			81
Total Interest Income	<u>\$2,195</u>	<u>\$ 694</u>	-	-	<u>\$2,889</u>
INTEREST EXPENSE					
Interest Paid-NOW	5	5			10
Interest Paid-MMDA & Savings	119	62			181
Interest Paid-TCD =>100,000	185	80			265
Interest Paid-TCD <100,000	49	8			57
Amortization of Deposit Intangible	20			18 ^(k)	38
Other Borrowings	7	-			7
Total Interest Expense	<u>385</u>	<u>155</u>		18	<u>558</u>
NET INTEREST INCOME	<u>\$1,810</u>	<u>\$ 539</u>		\$ (18)	<u>\$2,331</u>
PROVISION FOR LOAN LOSS	<u>933</u>	<u>151</u>		-	<u>1,084</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSS	906	388		(18)	1,247
NON-INTEREST INCOME					
Service Charges on Deposit Accounts	75	3			78
Other Non-Interest Income	81	(12)		13 ^(l)	82
TOTAL NON-INTEREST INCOME	<u>156</u>	<u>(9)</u>		13	<u>160</u>
NON-INTEREST EXPENSE					
Salaries & Employee Benefits	774	505		(250) ^(m)	1,029
Occupancy	154	130		(23) ⁽ⁿ⁾	261
Other non-interest Expense	282	262	3	(150) ^(o)	396
Total Non-Interest Expense	<u>\$1,210</u>	<u>\$ 897</u>	<u>\$3</u>	<u>\$(423)</u>	<u>\$1,687</u>
INCOME (LOSS) BEFORE INCOME TAXES	(177)	(518)	(3)	418	(280)
PROVISION (BENEFIT) FOR INCOME TAXES	(71)			(45) ^(p)	(116)
NET OF INCOME (LOSS)	<u>\$ (106)</u>	<u>\$(518)</u>	<u>\$(3)</u>	<u>\$ 463</u>	<u>\$(164)</u>
NET INCOME (LOSS) PER SHARE - BASIC	<u>\$ (0.03)</u>				<u>\$ (0.03)</u>

^(k) Core deposit premium amortization straight-line over three years.

^(l) Adjust loan servicing income.

^(m) Staff reductions; 3 executives; 3 back office support.

⁽ⁿ⁾ Elimination of 3rd floor rent and leasehold costs.

^(o) Reduction in data processing costs, FDIC premiums, professional fees, marketing costs and other miscellaneous expenses.

^(p) Tax impact of cost reductions at 41.5%.

INFORMATION ABOUT BAY COMMERCIAL BANK

Business

Bay Commercial Bank was incorporated under the laws of the State of California on March 24, 2004 and was licensed by the CDFI and commenced operations as a California state-chartered bank on July 20, 2004. The Bank is engaged in substantially all of the business operations customarily conducted by independent community banks in California.

Bay Commercial Bank engages in commercial banking activities with an emphasis on developing a business and professional clientele within its market areas consisting of the greater San Francisco Bay Area with emphasis on the communities surrounding its branch offices in the counties of Contra Costa and Alameda. Bay Commercial Bank focuses on personalized service combined with a full range of traditional core commercial banking products and services for small-to medium-sized businesses and individuals residing in or doing business in the bank's market area. Bay Commercial Bank offers a wide range of commercial banking services, the structure and charges of which are designed to attract the targeted individual and business clientele in its service area.

Bay Commercial Bank offers a wide range of deposit accounts including personal and business checking accounts, money market accounts, and time certificates of deposit. It also offers a full complement of lending products including business-commercial lines of credit, term loans, equipment financing, accounts receivable and inventory financing and other asset-based lending, letters of credit and working capital loans. Bay Commercial Bank also offers an array of real estate loans, including permanent financing and construction loans, loans with fixed and variable rates, and loans secured by a wide variety of properties, including office, multi-family income properties, commercial, land, retail, industrial, hotel, restaurant, mixed use, office condominiums and single family residences. In addition, Bay Commercial Bank offers consumer loans, including auto loans and home equity lines of credit. Customers of Bay Commercial Bank may also avail themselves of the bank's on-line banking services and merchants may also use the bank's "scan-a-check" services to make deposits into their accounts from remote locations.

The Bank currently employs 31 full-time employees.

Competition

The banking business in California generally, and in the service area where Bay Commercial Bank is located, is highly competitive with respect to both loans and deposits and is dominated by a relatively small number of major banks which have many offices operating over wide geographic areas. In the bank's primary service area major banks dominate the commercial banking industry. Bay Commercial Bank competes for deposits and loans with other commercial banks, including many of which are much larger than it. Among the advantages which these institutions have over Bay Commercial Bank are their ability to finance extensive advertising campaigns and to allocate their investment assets to regions of highest yield and demand. Many of the major commercial banks operating in the bank's service area offer certain services which are not offered directly by the bank and, by virtue of their greater total capitalization, such banks have substantially higher lending limits than the bank. In addition, in recent years the competition between banks, savings and loan associations and credit unions for the deposit and loan business of individuals has increased. It cannot presently be predicted what effect the increased competition will have on Bay Commercial Bank's continued ability to attract the banking business of the area's businesses, residents, business persons and professionals.

In order to compete with the other financial institutions in its principal marketing area, Bay Commercial Bank uses, to the fullest extent possible, the familiarity of its directors and officers with the bank's primary service area and its residents and businesses and the flexibility which its independent status permits. This includes an emphasis on specialized services, local promotional activity, and personal contacts by the bank's officers, directors, and other employees. Bay Commercial Bank's promotional activities emphasize the advantages of dealing with a locally-owned and headquartered institution more sensitive and responsive to the particular needs of its community. In the event customers require loans in excess of the lending limits permitted to it, the bank attempts to accommodate such loan requirements on a participation basis with its respective correspondent banks. Bay Commercial Bank further seeks to assist its customers in obtaining any required banking or financial services not generally offered by it. In addition, Bay Commercial Bank also is a member of an ATM network and offers, among other services, a night depository, remote deposit capture, courier services, and bank-by-mail services.

Properties

Bay Commercial Bank's head office is located at 1280 Civic Drive, Suite 100, Walnut Creek, California 94596. In addition, Bay Commercial Bank currently operates two additional branch offices, in Oakland and Castro Valley, California. Each office is leased pursuant to an operating lease, the principal terms of which are outlined in the table below.

Date Opened	Address	Approx. Usable Sq. Footage	Current Monthly Obligation	Lease Expiration
2004	1280 Civic Drive, Suite 100 Walnut Creek, California 94596	4,782	\$14,160/mo.	July 2012
2004	155 Grand Avenue, Suite 105 Oakland, California 94612	1,269	\$3,356/mo.	October 2012
2009	3895 E. Castro Valley Boulevard Castro Valley, California 94552	3,520	\$14,106/mo.	May 2013

Management believes that Bay Commercial Bank's present facilities are in good physical condition and are adequately covered by insurance. Certain of the leases noted above contain options to extend the term of the lease. Bay Commercial Bank is confident that, if necessary, it would be able to secure suitable alternative space on similar terms without having a substantial effect on operations.

Securities Authorized for Issuance under Equity Compensation Plan

Bay Commercial Bank's Stock Option Plan was approved by its shareholders. It has no equity compensation plans not previously approved by shareholders. There are currently 341,852 shares of common stock issuable upon exercise of outstanding options and options to purchase 13,127 shares of common stock are still available for future issuances.

Directors and Executive Officers

The following table sets forth certain information regarding the current directors and executive officers of Bay Commercial Bank as of December 31, 2010.

<u>Name</u>	<u>Title/Position</u>	<u>Age (as of December 31, 2010)</u>	<u>Year First Elected or Appointed</u>	<u>Principal Occupation During Last Five Years</u>
George J. Guarini	President, CEO and Director	57	2004	Bank Officer
A. Dean Abercrombie	Executive Vice President and Chief Credit Officer	59	2008	Bank Officer
Keary L. Colwell	Executive Vice President and Chief Financial Officer	51	2004	Bank Officer
Janet L. King	Executive Vice President and Chief Operating Officer	48	2004	Bank Officer
Michael J. O'Neill	Executive Vice President and Chief Banking Officer	66	2011	Bank Officer

<u>Name</u>	<u>Title/Position</u>	<u>Age (as of December 31, 2010)</u>	<u>Year First Elected or Appointed</u>	<u>Principal Occupation During Last Five Years</u>
James L. Apple	Director	64	2004	Investor/Owner Buckhorn Restaurants
James S. Camp	Director	59	2004	President, SA Camp Co.
Robert G. Laverne, M.D.	Director	62	2004	Doctor
Lloyd W. Kendall, Jr.	Director	64	2004	Retired Attorney
Donald S. Morrow	Director	60	2007	President, Windriver Enterprise
David M. Spatz	Director	63	2004	President, Anyi Lu Real Estate Investor

None of the directors or officers was selected pursuant to any arrangement or understanding other than with the directors and officers of the bank acting within their capacities as such. There are no family relationships between any of the directors and executive officers of the bank. No director or officer of Bay Commercial Bank serves as a director of any company which has a class of securities registered under, or which is subject to the periodic reporting requirements of, the Securities Exchange Act of 1934, or of any company registered as an investment company under the Investment Company Act of 1940.

Compensation of Directors

Bay Commercial Bank's directors are compensated with a retainer in the amount of \$500 per month for attendance at each board meeting and are not separately compensated for committee meetings. See page 88, below, for more detailed information.

Securities Ownership of Officers, Directors, and Principal Shareholders

Bay Commercial Bank is aware of five beneficial owners holding five percent (5%) or more of its common stock as of December 31, 2010 as follows:

<u>Name of Beneficial Owner</u>	<u>Number of Shares of Common Stock</u>	<u>Percentage Owned</u>	<u>Stock Options Granted</u>	<u>Warrants</u>
Black River Ventures	297,385	8.4%	-	-
Starboard Fund for New Bancs	317,167	8.9%	-	29,167
Commerce Street Capital	325,340	9.2%	-	32,534
Ithan Creek Master Investments	322,382	9.1%	-	32,240
JAM Recovery Fund	325,340	9.2%	-	32,534
Total	1,587,614	44.7%	-	126,475

The following table shows the beneficial ownership of directors, executive officers and directors and executive officers as a group as of December 31, 2010:

<u>Name of Beneficial Owner</u>	<u>Number of Shares of Common Stock</u>	<u>Percentage Owned</u>	<u>Stock Options Granted</u>	<u>Warrants</u>
James L. Apple Chairman	160,365	4.5%	14,692	-
George J. Guarini Director, President, and Chief Executive Officer	22,132	0.6%	107,092	-
James S. Camp Director	104,077	2.9%	14,692	-
Lloyd W. Kendall, Jr. Director	52,222	1.5%	24,692	-
Robert G. Laverne, M.D. Director	65,000	1.8%	14,692	-
Donald S. Morrow Director	11,300	0.3%	10,000	-
David M. Spatz Director	40,300	1.1%	14,692	-
A. Dean Abercrombie Chief Credit Officer and Executive Vice President	15,840	0.4%	10,000	-
Keary L. Colwell Chief Financial Officer, Secretary, and Executive Vice President	2,000	0.1%	25,400	-
Janet L. King Chief Operating Officer and Executive Vice President	1,000	0.0%	25,400	-
Directors and Executive Officers as a Group (ten persons)	474,236	13.4%	261,352	-

⁽¹⁾ In addition to the options to acquire 14,692 shares granted to Mr. Kendall for his services as a director, he was granted an option to acquire 10,000 shares of common stock for legal and consulting services related to the Bank's Bankers Exchange Services Division.

**BAY COMMERCIAL BANK: MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion, which analyzes the major elements of Bay Commercial Bank's financial condition and results of operations, should be read in conjunction with the accompanying audited financial statements and notes thereto.

Three Months Ended March 31, 2011

Bay Commercial Bank ended March 31, 2011 with total assets of \$162.9 million, a decrease of \$11.1 million or 6.4% from \$174.0 million as of December 31, 2010. The decline in total assets was primarily funded by a \$13.2 million decrease in cash and cash equivalents due to a decline in total deposits of \$10.7 million.

Total loans increased to \$137.5 million as of March 31, 2011, an increase of \$1.2 million or 0.9% from \$136.2 million as of December 31, 2010. The following table provides the composition of the loan portfolio as of March 31, 2011 and December 31, 2010, respectively.

**Composition of Total Loans
(amounts in thousands)**

<u>Type of Loan</u>	<u>March 31, 2011</u>	<u>% of total</u>	<u>December 31, 2010</u>	<u>% of total</u>
Loans secured by real estate:				
Construction & Development	\$ 13,127	9.6%	\$ 13,281	9.8%
Open-end 1-4 Residential	11,051	8.0	10,492	7.7
Conventional 5+	-	-	-	-
Non-farm, non-residential prop	75,448	54.9	72,939	53.6
Commercial	37,522	27.3	39,252	28.8
Consumer and installment	<u>212</u>	<u>0.2</u>	<u>231</u>	<u>0.2</u>
Total loans	\$137,360	100.0%	\$136,195	100.0%

Non-performing loans totaled \$1.1 million or 0.8% of total loans as of March 31, 2011, which represents two commercial loans and two real estate loans. There were \$1.9 million or 1.4% of total non-performing loans as of December 31, 2010.

Investment securities totaled \$148 thousand as of March 31, 2011, and \$180 thousand as of December 31, 2010.

Total deposits as of March 31, 2011 were \$128.7 million, a decrease of \$10.7 million or 7.7% from \$139.5 million as of December 31, 2010. The decrease in deposits was primarily attributable to deposits related to IRS Code section 1031 Tax Deferred Exchange transactions and maturing time deposits. The following table provides the composition of deposits as of March 31, 2011 and December 31, 2010, respectively.

**Composition of Total Deposits
(amounts in thousands)**

<u>Type of Deposit</u>	<u>March 31, 2011</u>	<u>% of total</u>	<u>December 31, 2010</u>	<u>% of total</u>
Non-interest bearing	\$ 18,757	14.6%	\$ 17,153	12.3%
Interest checking & Savings	4,890	3.8	7,686	5.5
Money market	43,238	33.6	47,260	33.9
Time deposits	<u>61,863</u>	<u>48.0</u>	<u>67,358</u>	<u>48.3</u>
Total deposits	\$128,748	100.0%	\$139,457	100.0%

There are no brokered deposits outstanding as of March 31, 2011 and December 31, 2010.

Shareholders' equity totaled \$33.4 million as of March 31, 2011, a decrease of \$102 thousand or 0.3% from \$33.5 million as of December 31, 2010. This decrease was primarily attributable to the net loss of \$106 thousand.

As of both March 31, 2011 and December 31, 2010, Bay Commercial Bank was considered well-capitalized under the regulatory guidelines. In order for a bank to be considered well-capitalized, it must maintain a Total Capital to Risk-Weighted Asset ratio of 10%, a Tier 1 Capital to Risk-Weighted Asset ratio of 6%, and a Tier 1 Capital to Average Asset ratio (leverage ratio) of 5%. The following table summarizes the capital adequacy for March 31, 2011 and December 31, 2010.

**Capital and Ratios
(amounts in thousands)**

<u>Capital Ratio</u>	<u>March 31, 2011</u>	<u>Ratio</u>	<u>December 31, 2010</u>	<u>Ratio</u>
Total capital (to risk-weighted assets)	\$35,079	24.6%	\$35,155	25.0%
Tier 1 capital (to risk-weighted assets)	\$33,296	23.4%	\$33,379	23.7%
Tier 1 capital (to average assets)	\$33,296	20.1%	\$33,379	20.2%

For the three months ended March 31, 2011, net loss was \$106 thousand as compared to net income of \$288 thousand for the same period of the prior year.

Net interest income was \$1.8 million for the three months ended March 31, 2011, compared to \$1.6 million for the same period of the prior year.

The provision for loan losses was \$933 thousand for the three months ended March 31, 2011, an increase of \$888 thousand or 1,973.5% from \$45 thousand in the same period of the prior year. The additional provision required in the first quarter 2011 was primarily related to the charge-off of two related commercial loans. The allowance for credit losses totaled \$2.0 million or 1.46% of total loans as of March 31, 2011. This compares to \$2.4 million or 1.74% of total loans as of December 31, 2010.

Non-interest income was \$156 thousand for the three months ended March 31, 2011, as compared to \$85 thousand for the same period of the prior year.

Operating expenses totaled \$1.2 million for the three months ended March 31, 2011, an increase of \$106 thousand or 2.7% from the same period of the prior year. The increase is primarily attributable to increased compensation and related expenses. In addition, the Bank experienced a \$20 thousand increase in default and OREO expenses in the three-month period ended March 31, 2011, as compared to the same period of the prior year. Average full-time equivalent staff is at 30 in the three-month period ended March 31, 2011, compared to 26 full-time equivalent staff in the same period of the prior year.

The benefit for income taxes was \$71 thousand in the three months ended March 31, 2011, reflecting an effective tax rate of 40.0%. This compares to a provision of \$205 thousand in the same period of the prior year.

Year Ended December 31, 2010

Bay Commercial Bank had total assets of \$174.0 million as of December 31, 2010, an increase of \$30.7 million or 21.4% from \$143.3 million as of December 31, 2009.

Total loans increased to \$136.2 million as of December 31, 2010, an increase of \$4.4 million or 3.3% from \$131.8 million as of December 31, 2009. This increase was primarily attributable to the origination of commercial real estate loans. The following table provides the composition of the loan portfolio as of December 31, 2010 and December 31, 2009, respectively.

**Composition of Total Loans
(amounts in thousands)**

<u>Type of Loans</u>	<u>December 31, 2010</u>	<u>% of total</u>	<u>December 31, 2009</u>	<u>% of total</u>
Loans secured by real estate:				
Construction & Development	\$ 13,281	9.8%	\$ 12,171	9.2%
Open-end 1-4 Residential	10,492	7.7	7,756	5.9
Conventional 5+	-	-	-	-
Non-farm, non-residential prop	72,939	53.6	63,728	48.3
Commercial	39,252	28.8	48,158	36.5
Consumer and installment	<u>231</u>	<u>0.2</u>	<u>7</u>	<u>0.0</u>
Total loans	\$136,195	100.0%	\$131,820	100.0%

There were \$1.9 million or 1.4% of total loans non-performing as of December 31, 2010. There were \$2.2 million or 1.8% of total loans non-performing assets as of December 31, 2009.

Investment securities totaled \$180 million as of December 31, 2010, a decrease of \$121 thousand or 40.2% from \$301 million as of December 31, 2009. The decrease was primarily attributable to principal repayments during the period.

Total deposits as of December 31, 2010 were \$139.5 million, an increase of \$12.9 million or 10.2% from \$126.6 million as of December 31, 2009. The increase in deposits was primarily attributable to growth in MMDA of \$17.1 million and Interest checking & Savings of \$0.7 million partially offset by declines in DDA of \$2.3 million and Time deposits of \$2.7 million. The following table provides the composition of deposits as of December 31, 2010 and December 31, 2009, respectively.

**Composition of Total Deposits
(amounts in thousands)**

<u>Type of Deposits</u>	<u>December 31, 2010</u>	<u>% of total</u>	<u>December 31, 2009</u>	<u>% of total</u>
Non-interest bearing	\$ 17,153	12.3%	\$ 19,426	15.4%
Interest checking & Savings	7,686	5.5	6,943	5.5
Money market	47,260	33.9	30,165	23.8
Time deposits	<u>67,358</u>	<u>48.3</u>	<u>70,016</u>	<u>55.3</u>
Total deposits	\$139,457	100.0%	\$126,550	100.0%

Shareholders' equity totaled \$33.5 million as of December 31, 2010, an increase of \$17.4 million or 109.3% from \$16.0 million as of December 31, 2009. This increase was primarily attributable to the issuance of 2 million shares of common stock at \$9.00 per share or a total of \$18 million. As of both December 31, 2010 and 2009, Bay Commercial Bank was considered well-capitalized under the regulatory framework for prompt corrective action. In order for a bank to be considered well-capitalized, it must maintain a Total Capital to Risk-Weighted Asset ratio of 10%, a Tier 1 Capital to Risk-Weighted Asset ratio of 6%, and a Tier 1 Capital to Average Asset ratio (leverage ratio) of 5%. The following table summarizes the capital adequacy for December 31, 2010 and 2009.

**Capital and Ratios
(amounts in thousands)**

<u>Capital Ratio</u>	<u>December 31, 2010</u>	<u>Ratio</u>	<u>December 31, 2009</u>	<u>Ratio</u>
Total capital (to risk-weighted assets)	\$35,155	25.0%	\$17,485	12.6%
Tier 1 capital (to risk-weighted assets)	\$33,379	23.7%	\$15,835	11.4%
Tier 1 capital (to average assets)	\$33,379	20.2%	\$15,835	10.4%

For the year ended December 31, 2010, net income was \$621 thousand as compared to \$359 thousand for the year ended December 31, 2009.

Net interest income was \$6.3 million for the year ended December 31, 2010, an increase of \$1.6 million or 34.5% from \$4.7 million for the year ended December 31, 2009. This increase was primarily the result of growth in earning assets and the reduction in deposit interest expense.

The provision for loan losses was \$1.4 million for the year ended December 31, 2010, an increase of \$1.0 million or 232.8% from \$430 thousand for the year ended December 31, 2009. The increase in the provision for loan losses reflects growth within the loan portfolio, the level of non-performing assets and management's assessment of potential losses within the framework of current economic conditions. The allowance for credit losses totaled \$2.4 million or 1.74% of total loans as of December 31, 2010. This compares to \$1.7 million or 1.25% of total loans as of December 31, 2009.

Non-interest income was \$365 thousand for the year ended December 31, 2010, as compared to \$299 thousand for the year ended December 31, 2009. The increase resulted from fees related to Escrow Services and higher deposit-related service charges.

Operating expenses totaled \$4.3 million for the year ended December 31, 2010, an increase of \$323 thousand or 8.2% from \$4.0 million for the year ended December 31, 2009. The increase is primarily attributable to an increase in compensation and related expenses, occupancy and other expenses related to the acquisition of the Castro Valley branch in May 2009.

The provision for income taxes was \$380 thousand for the year ended December 31, 2010 as compared to \$271 thousand for the year ended December 31, 2009 resulting from higher earnings in 2010 compared to 2009.

INFORMATION ABOUT GLOBAL TRUST BANCORP AND GLOBAL TRUST BANK

Business

Global Bancorp and Global Trust Bank were incorporated under the laws of the State of California on May 3, 2007 and July 28, 2008, respectively. Global Trust Bank was licensed by the CDFI and commenced operations as a California state-chartered bank on December 3, 2008. Global Trust Bank is engaged in substantially all of the business operations customarily conducted by independent commercial banks in California.

Global Trust Bank engages in commercial banking activities with an emphasis on developing a business and professional clientele within the Bay Area. It focuses on personalized service combined with a full range of traditional core commercial banking products and services for small to medium sized businesses and individuals residing in or doing business in the immediately surrounding communities. Global Trust Bank offers a wide range of commercial banking services, the structure and charges of which are designed to attract the targeted individual and business clientele in its service area.

Global Trust Bank offers a wide range of deposit accounts which include personal and business checking accounts, money market accounts, and time certificates of deposit. It also offers a full complement of lending products including commercial lines of credit and term loans, SBA loans, credit lines to individuals, professional loans, equipment loans, accounts receivable/inventory financing, and real estate and construction loans.

Global Trust Bank currently employs 15 full-time employees.

Competition

Global Trust Bank differentiates itself from competitors by providing financial products and personal service, convenient, technology-based delivery systems, and providing services to a culturally diverse population. Global Trust Bank is California's only independently owned Indo-American bank and is headquartered in the city of Mountain View.

As of June 2010, there were approximately 50 banks and thrift institutions in the San Jose, Sunnyvale, Cruz, and Santa Clara Metropolitan Statistical Area that Global Trust Bank considers its service area. The majority of deposits in this service area are held by banks that are branches of major nationwide banks. The six largest banks by total deposits are Wells Fargo, Bank of America, Silicon Valley Bank, Comerica, Citibank, and JPMorgan Chase which control over 72% of deposits in this area. Global Trust Bank's share of total deposits in the area as of June 30, 2010 was .07%.

This area is also known for its mixed ethnicity. Several key members of management and the board are of Indian descent. Global Trust Bank offers local convenience and personalized services to the community residents and businesses. The board has a deep commitment to this area and to the concept of a service oriented community bank.

Properties

Global Bancorp and Global Trust Bank's head office and sole branch are located at 700 E. El Camino Real Suite 100, Mountain View, California. This office is leased pursuant to an operating lease, the principal terms of which are outlined in the table below. The lease also contains two options to extend the term of the lease for an additional five years per option.

<u>Date Opened</u>	<u>Address</u>	<u>Approx. Usable Sq. Footage</u>	<u>Current Monthly Obligation</u>	<u>Lease Expiration</u>
12/03/08	700 E. El Camino Real, Suite 110, Mountain View, California	2,885	\$8,293	10/01/13

Management believes that Global Bancorp's and Global Trust Bank's present facilities are in good physical condition and are adequately covered by insurance.

Directors of Global Bancorp

<u>Name and Title Other than Director</u>	<u>Age</u>	<u>Year First Appointed Director</u>	<u>Principal Occupation During the Past Five Years</u>
Vinod K. Thukral	67	2008	Chairman of Global Bancorp and Global Trust Bank, former Professor at Tulane University
Bhupen B. Amin	40	2008	General Counsel and Chief Operating Officer of Lotus Hotels, Inc. in Walnut Creek, CA
Arthur C. Carmichael	70	2008	Managing director CBIZ Insurance Services, San Jose, CA
Harpreet Chaudhary, CPA	49	2008	Certified public accountant, and a Certified financial planner and president of Area Financial Services, Inc. (accounting)
Kamleshwar Gunsagar	68	2008	Executive Vice President and Chief Strategy Officer of Sriya Innovations (greentech space).
Mahendra P. Patel	62	2008	Real Estate Investor and hotelier
Pramod R. Patel	43	2008	President, Raps Hospitality Group (hotelier)

None of the directors was selected pursuant to any arrangement or understanding other than with the directors and officers of Global Bancorp and Global Trust Bank acting within their capacities as such. There are no family relationships between any of the directors and executive officers of Global Bancorp and Global Trust Bank. No director or officer of Global Bancorp and Global Trust Bank serves as a director of any company which has a class of securities registered under, or which is subject to the periodic reporting requirements of, the Securities Exchange Act of 1934, or of any company registered as an investment company under the Investment Company Act of 1940.

Compensation of Directors

Directors receive no compensation for membership on the boards of directors of Global Bancorp or Global Trust Bank.

Executive Officers

The following table sets forth certain information concerning executive officers of Global Bancorp and Global Trust Bank.

Name	Age	Position and Principal Occupation For the Past Five Years
R. Dale McKinney	65	Senior Vice President & Chief Financial Officer, Global Bancorp and Global Trust Bank.
Robert C. Navarrete	54	Senior Vice President & Chief Credit Officer, Global Trust Bank.

Since June 30, 2011, Global Trust Bank has been operating without a president and chief executive officer, but with closer supervision by the board of directors of Global Trust Bank until the consummation of the merger. In the event the merger is not consummated, Global Trust Bank will immediately begin the search for a new president and chief executive officer.

None of the executive officers were selected pursuant to any arrangement or understanding other than with the directors and executive officers of Global Bancorp and Global Trust Bank acting within their capacities as such. There are no family relationships between any of the directors and executive officers of Global Bancorp and Global Trust Bank. There are no material proceedings to which any executive officer of Global Trust Bank or any associate of any executive officer of Global Bancorp and Global Trust Bank is a party or has an interest materially adverse to Global Bancorp and Global Trust Bank.

Securities Ownership of Officers, Directors and Principal Shareholders

Management of Global Bancorp knows of no person who owns, beneficially or of record, either individually or together with associates, five percent or more of the outstanding shares of Global Bancorp's stock, except as set forth in the table below. The following table sets forth, as of May 31, 2011, the number and percentage of shares of outstanding common stock beneficially owned, directly or indirectly, by each of Global Bancorp's and Global Trust Bank's current directors and executive officers and by the directors and executive officers as a group. The shares "beneficially owned" are determined under Securities and Exchange Commission Rules, and do not necessarily indicate ownership for any other purpose. In general, beneficial ownership includes shares over which the director or executive officer has sole or shared voting or investment power and shares which such person has the right to acquire within 60 days of May 31, 2011. Unless otherwise indicated, the persons listed below have sole voting and investment powers of the shares beneficially owned. Management is not aware of any such person having the right to acquire additional shares within 60 days of May 31, 2011, nor of any arrangements which may, at a subsequent date, result in a change of control of Global Bancorp other than the proposed merger.

Name of Owner	Amount and Nature of Beneficial Ownership ⁽¹⁾⁽²⁾	Percent of Class
Bhupen B. Amin	50,000	2.4%
Arthur C. Carmichael	10,000	*
Harpeet Chaudhary, CPA	10,000	*
Kamleshwar Gunsagar	10,000	*
Mahendra P. Patel	25,000	1.2
Pramrod R. Patel	50,000	2.4
Vinod K. Thukral	50,000	2.4
R. Dale McKinney	2,500	*
Robert C. Navarrete	2,500	*
Directors and Executive Officers as a Group (9 Persons).....	210,000	9.9

* Less than 1%.

⁽¹⁾ The directors have options to acquire in the aggregate 122,500 shares of Global Bancorp common stock. The directors do not intend to exercise such options prior to the effective time of the merger and if not exercised, such stock options will be cancelled. The exercise prices of such options exceed the current fair market value for Global Bancorp common stock. Due to the expectation that such options will not be exercised, the ownership amounts for each director in the above table exclude the possible beneficial ownership of Global Bancorp common stock for each such director from the exercise of his stock options.

⁽²⁾ Messrs. McKinney and Navarrete hold non-qualified stock options to acquire Global Bancorp common stock in the aggregate amount of 40,000 shares (20,000 shares for each officer). As founding officers, Messrs. McKinney and Navarrete may reach an agreement with Global Bancorp to cancel such options in consideration of a cash payment. If such officers and Global Bancorp do not agree on the terms to cancel such options, then after the effective date of the merger Bay Commercial Bank will grant Messrs. McKinney and Navarrete new non-qualified stock options to acquire Bay Commercial Bank common stock. Therefore, the ownership amounts for these two officers do not include the possible beneficial ownership of Global Bancorp common stock related to their stock options as founding officers. See the sections entitled “SUMMARY” and “JOINT PROPOSAL I – THE MERGERS – Financial Interests in the Merger of Directors and Officers of Global Bancorp and Global Trust Bank” for the details of these option arrangements.

**GLOBAL BANCORP AND GLOBAL TRUST BANK: MANAGEMENT’S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Three Months Ended March 31, 2011

Global Bancorp, including Global Trust Bank, ended March 31, 2011 with total assets of \$73.0 million, an increase of \$7.4 million or 11.3% from \$65.6 million as of December 31, 2010. The growth in total assets was primarily funded by a \$7.9 million increase in deposits.

Total loans increased to \$45.7 million as of March 31, 2011, an increase of \$8.3 million or 22.2% from \$37.4 million as of December 31, 2010. The increase was primarily in commercial loans. The following table provides the composition of the loan portfolio as of March 31, 2011 and December 31, 2010, respectively.

**Composition of Total Loans
(amounts in thousands)**

<u>Type of Loan</u>	<u>March 31, 2011</u>	<u>% of total</u>	<u>December 31, 2010</u>	<u>% of total</u>
Loans secured by real estate:				
Construction & Development	\$ 3,044	6.7%	\$ 2,476	6.6%
1–4 Residential	101	.2	100	.3
Conventional 5+	1,789	3.9	1,794	4.8
Commercial Real Estate	21,076	46.1	16,394	43.8
Commercial	18,127	39.7	15,904	42.5
Consumer and installment	<u>1,557</u>	<u>3.4</u>	<u>730</u>	<u>2.0</u>
Total loans	<u>\$45,694</u>	<u>100.0%</u>	<u>\$37,398</u>	<u>100.0%</u>

Global Trust Bank had no non-performing loans as of March 31, 2011 or December 31, 2010. Global Trust Bank also did not have any investment securities as of March 31, 2011 or December 31, 2010.

Total deposits as of March 31, 2011 were \$57.1 million, an increase of \$7.9 million or 16.2% from \$49.2 million as of December 31, 2010. The increase in deposits was primarily attributable to growth in time certificates of deposit of \$4.8 million. The following table provides the composition of deposits as of March 31, 2011 and December 31, 2010, respectively.

**Composition of Total Deposit
(amounts in thousands)**

<u>Type of Deposit</u>	<u>March 31, 2011</u>	<u>% of total</u>	<u>December 31, 2010</u>	<u>% of total</u>
Non-interest bearing	\$ 5,618	9.8%	\$ 4,991	10.2%
Interest checking	2,425	4.3	2,771	5.6
Money market & Savings	24,550	42.9	21,718	44.1
Time deposits	<u>24,517</u>	<u>42.9</u>	<u>19,760</u>	<u>40.1</u>
Total deposits	<u>\$57,110</u>	<u>100.0%</u>	<u>\$49,240</u>	<u>100.0%</u>

Global Trust Bank had no FHLB advances or brokered deposits as of March 31, 2011 or December 31, 2010.

Shareholders' equity totaled \$15.7 million as of March 31, 2011, a decrease of \$.4 million or (2.4%) from \$16.1 million as of December 31, 2010. This decrease was primarily attributable to net operating loss of \$.4 million. As of both March 31, 2011 and December 31, 2010, Global Bancorp and Global Trust Bank were considered well-capitalized under the regulatory guidelines. In order for a bank to be considered well-capitalized, it must maintain a Total Capital to Risk-Weighted Asset ratio of 10%, a Tier 1 Capital to Risk-Weighted Asset ratio of 6%, and a Tier 1 Capital to Average Asset ratio (leverage ratio) of 5%. The following table summarizes the capital adequacy for March 31, 2011 and December 31, 2009.

Capital and Ratios
(amounts in thousands)

<u>Capital Ratio</u>	<u>March 31, 2011</u>	<u>Ratio</u>	<u>December 31, 2010</u>	<u>Ratio</u>
Total capital (to risk-weighted assets)	\$16,283	32.5%	\$16,547	39.2%
Tier 1 capital (to risk-weighted assets)	\$15,653	31.2%	\$16,017	38.0%
Tier 1 capital (to average assets)	\$15,653	22.4%	\$16,017	25.2%

For the three months ended March 31, 2011, net operating loss was \$518 thousand as compared to \$501 thousand for the same period of the prior year.

Net interest income was \$539 thousand for the three months ended March 31, 2011, an increase of \$183 thousand or 51.4% from \$356 thousand in the same period of the prior year.

The provision for loan losses was \$151 thousand for the three months ended March 31, 2011, an increase of \$105 thousand or 228.3% from \$46 thousand in the same period of the prior year. The increase in the provision for loan losses reflects management's assessment of potential losses within the framework of current economic conditions. The allowance for credit losses totaled \$945 thousand or 2.07% of total loans at as of March 31, 2011. This compares to \$794 thousand or 2.12% of total loans as of December 31, 2010.

Non-interest income was (\$9) thousand for the three months ended March 31, 2011, as compared to \$7 thousand for the same period of the prior year.

Operating expenses totaled \$900 thousand for the three months ended March 31, 2011, an increase of \$80 thousand or 9.8% from the same period of the prior year. The increase is primarily attributable to increased FDIC insurance and loan administration expenses. Average full-time equivalent staff remained unchanged at 16 in the nine-month period ended March 31, 2011 and in the same period of the prior year.

Due to carry-forward of the net operating loss in previous years, except for the minimum California franchise tax of \$2 thousand, there was no provision for income taxes allocated in the three months ended March 31, 2011. This remained unchanged from the same period of the prior year.

Year Ended December 31, 2010

Global Bancorp, including Global Trust Bank, had total assets of \$65.6 million as of December 31, 2010, an increase of \$14.0 million or 27.1% from \$51.6 million as of December 31, 2009.

Total loans increased to \$37.4 million as of December 31, 2010, an increase of \$13.6 million or 57.1% from \$23.8 million as of December 31, 2009. The increase was primarily in commercial loans. The following table provides the composition of the loan portfolio as of December 31, 2010 and December 31, 2009, respectively.

**Composition of Total Loans
(amounts in thousands)**

<u>Type of Loan</u>	<u>December 31, 2010</u>	<u>% of total</u>	<u>December 31, 2009</u>	<u>% of total</u>
Loans secured by real estate:				
Construction & Development	\$ 2,476	6.6%	\$ 0	.0%
1-4 Residential	100	.3	0	.0
Conventional 5+	1,794	4.8	0	.0
Commercial real estate	16,394	43.8	12,805	53.9
Consumer and installment	730	2.0	626	2.6
Commercial	<u>15,904</u>	<u>42.5</u>	<u>10,323</u>	<u>43.5</u>
Total loans	\$37,398	100.0%	\$23,754	100.0%

Global Trust Bank had no investment securities or non-performing assets as of December 31, 2010 or December 31, 2009.

Total deposits as of December 31, 2010 were \$49.2 million, an increase of \$15.5 million or 45.8% from \$33.8 million as of December 31, 2009. The increase in deposits was primarily attributable to growth in CDs for \$2.7 million; in MMDA & savings for \$8.2 million; in NOW for \$2.4 million and in DDA for \$2.2 million. The following table provides the composition of deposits as of December 31, 2010 and December 31, 2009, respectively.

**Composition of Total Deposits
(amounts in thousands)**

<u>Type of Deposit</u>	<u>December 31, 2010</u>	<u>% of total</u>	<u>December 31, 2009</u>	<u>% of total</u>
Non-interest bearing	\$ 4,991	10.2%	\$ 2,751	8.1%
Interest checking	2,771	5.6	419	1.2
Money market & Savings	21,718	44.1	13,524	40.0
Time deposits	<u>19,760</u>	<u>40.1</u>	<u>17,078</u>	<u>50.6</u>
Total deposits	\$49,240	100.0%	\$33,772	100.0%

Global Trust Bank had no FHLB advances or brokered deposits as of December 31, 2010 and 2009.

Shareholders' equity totaled \$16.1 million as of December 31, 2010, a decrease of \$1.5 million or 8.2% from \$17.6 million as of December 31, 2009. This decrease was primarily attributable to the net operating loss of \$1,570 thousand during 2010. As of both December 31, 2010 and 2009, Global Bancorp and Global Trust Bank were considered well-capitalized under the regulatory framework for prompt corrective action. In order for a bank to be considered well-capitalized, it must maintain a Total Capital to Risk-Weighted Asset ratio of 10%, a Tier 1 Capital to Risk-Weighted Asset ratio of 6%, and a Tier 1 Capital to Average Asset ratio (leverage ratio) of 5%. The following table summarizes the capital adequacy for December 31, 2010 and 2009.

**Capital and Ratios
(amounts in thousands)**

<u>Capital Ratio</u>	<u>December 31, 2010</u>	<u>Ratio</u>	<u>December 31, 2009</u>	<u>Ratio</u>
Total capital (to risk-weighted assets)	\$16,547	39%	\$17,779	54%
Tier 1 capital (to risk-weighted assets)	\$16,017	38%	\$17,457	53%
Tier 1 capital (to average assets)	\$16,017	25%	\$17,457	42%

For the year ended December 31, 2010, net operating loss was \$1,568 thousand as compared to \$2,377 thousand for the year ended December 31, 2009. The variance was primarily due to more provision for loan and lease losses allocated during 2010, and increased operating expenses due to asset growth.

Net interest income was \$1.721 million for the year ended December 31, 2010, an increase of \$1.054 million or 158.1% from \$667 thousand for the year ended December 31, 2009. This increase was primarily the result of growth in earning assets.

The provision for loan losses was \$299 thousand for the year ended December 31, 2010, a decrease of \$176 thousand or 37.1% from \$475 thousand for the year ended December 31, 2009. The decrease in the provision for loan losses reflects management's assessment of potential losses within the framework of current economic conditions. The allowance for credit losses totaled \$794 thousand or 2.12% of total loans as of December 31, 2010. This compares to \$495 thousand or 2.08% of total loans as of December 31, 2009.

Non-interest income was \$395 thousand for the year ended December 31, 2010, as compared to \$525 thousand for the year ended December 31, 2009. The decrease primarily resulted from less fees collected on sale of government guaranteed loans.

Operating expenses totaled \$3.4 million for the year ended December 31, 2010, a slight increase of \$291 thousand or 9.4% from \$3.1 million for the year ended December 31, 2009. Deviations in all major categories were within a small range in between 2009 and 2010.

Due to carry-forward of the net operating loss in previous years, except for the minimum California franchise tax of \$2 thousand, there was no provision for income taxes allocated for the years ended December 31, 2010 and 2009.

COMPARISONS BETWEEN BAY COMMERCIAL BANK AND GLOBAL BANCORP

Comparison of Shareholder Rights

The following discusses some of the similarities and some of the differences in the rights of shareholders of Global Bancorp and Bay Commercial Bank. This discussion is applicable to those shareholders of Global Bancorp who will receive Bay Commercial Bank common stock in the merger and become shareholders of Bay Commercial Bank.

Comparison of Corporate Structure

Global Bancorp has authorized 20,000,000 shares of common stock, \$.01 par value. Bay Commercial Bank has authorized 100,000,000 shares of common stock, no par value and 10,000,000 shares of preferred stock. The shares of common stock of both are fully paid and non-assessable. There are no preemptive or other subscription rights, and there are no conversion rights or redemption or sinking fund provisions with regards to either's common shares. Neither Bay Commercial Bank nor Global Bancorp has any shares of preferred stock outstanding.

After completion of the mergers, Global Bancorp and Global Trust Bank will cease to exist and will be merged with and into Bay Commercial Bank. Global Bancorp's present shareholders who become shareholders of Bay Commercial Bank will be entitled to vote on shareholder matters pertaining to Bay Commercial Bank, such as merger proposals and amendments to the Articles of Incorporation.

Voting Rights

Bay Commercial Bank and Global Bancorp have similar voting rights. As a general rule shareholders of both are entitled to one vote for each share of common stock held. The shareholders of both corporations may cumulate their votes in the election of directors. Neither entity has any supermajority voting provisions.

Dividends

Both Bay Commercial Bank and Global Bancorp are California corporations. Under California law, Global Bancorp would be prohibited from paying dividends unless: (1) its retained earnings immediately prior to the dividend payment equals or exceeds the amount of the dividend; or (2) immediately after giving effect to the dividend (i) the sum of its assets would be at least equal to 125% of its 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, the current assets of Global Bancorp would be at least equal to 125% of its current liabilities. The primary source of funds with which dividends will be paid to shareholders will come from cash dividends received Global Trust Bank.

Bay Commercial Bank, as a state-chartered bank, is subject to dividend restrictions set forth in California state banking law, as administered by the CDFI. Under such restrictions, it may not pay cash dividends in an amount which exceeds the lesser of the retained earnings of Bay Commercial Bank or its net income for the last three fiscal years (less

the amount of distributions to shareholders during that period of time). If the above test is not met, cash dividends may only be paid with the prior approval of the CDFI, in an amount not exceeding the greater of Bay Commercial Bank's retained earnings, net income for its last fiscal year or the amount of its net income for the current fiscal year. Such restrictions do not apply to stock dividends, which generally require neither the satisfaction of any tests nor the approval of the CDFI. Notwithstanding the foregoing, if the CDFI finds that the shareholders' equity is not adequate or that the declarations of a dividend would be unsafe or unsound, the CDFI may order the state bank not to pay any dividends.

Number of Directors

Global Bancorp's bylaws provide for a range of 7 to 13 directors, with the exact number fixed by amendment to the bylaws or by resolution adopted by its board of directors or shareholders. Global Bancorp has currently fixed the number of its directors at seven. Bay Commercial Bank's bylaws provide for a range of 7 to 13 directors, with the exact number fixed by amendment to the bylaws or by resolution adopted by its board of directors or shareholders. Bay Commercial Bank has currently fixed the number of its directors at seven. Following the mergers, three new directors will be added to Bay Commercial Bank's board of directors from the board of directors of Global Bancorp. The board of directors and Bay Commercial Bank have adopted a resolution to fix the number of directors at 10, effective as the effective time of the merger.

Indemnification of Directors and Officers

The articles of incorporation and bylaws of both Global Bancorp/Global Trust Bank and Bay Commercial Bank authorize indemnification of directors, officers and agents to the fullest extent permissible under California law, and authorize the purchase of liability insurance. Both entities have directors' and officers' liability insurance.

SUPERVISION AND REGULATION

Introduction

Banking is a complex, highly regulated industry. The primary goals of the regulatory scheme are to maintain a safe and sound banking system, protect depositors and the Federal Deposit Insurance Corporation's insurance fund, and facilitate the conduct of sound monetary policy. In furtherance of these goals, Congress and the states have created several largely autonomous regulatory agencies and enacted numerous laws that govern banks, bank holding companies and the financial services industry. Consequently, the growth and earnings performance of Global Bancorp, Global Trust Bank and Bay Commercial Bank can be affected not only by management decisions and general economic conditions, but also by the requirements of applicable state and federal statutes, regulations and the policies of various governmental regulatory authorities, including:

- the Federal Reserve Board;
- the Federal Deposit Insurance Corporation; and,
- the California Department of Financial Institutions.

The system of supervision and regulation applicable to Global Bancorp, Global Trust Bank and Bay Commercial Bank governs most aspects of their business, including:

- the scope of permissible business;
- investments;
- reserves that must be maintained against deposits;
- capital levels that must be maintained;
- the nature and amount of collateral that may be taken to secure loans;
- the establishment of new branches;

- mergers and consolidations with other financial institutions; and,
- the payment of dividends.

The following summarizes the material elements of the regulatory framework that apply to these companies. It does not describe all of the statutes, regulations and regulatory policies that are applicable. Also, it does not restate all of the requirements of the statutes, regulations and regulatory policies that are described. Consequently, the following summary is qualified in its entirety by reference to the applicable statutes, regulations and regulatory policies discussed in this joint proxy statement-offering circular. Any change in these applicable laws, regulations or regulatory policies may have a material effect on the business of Global Bancorp, Global Trust Bank and Bay Commercial Bank.

Global Bancorp

Global Bancorp is a bank holding company within the meaning of the Bank Holding Company Act and is registered as such with, and subject to the supervision of, the Federal Reserve Board. It is required to file with the Federal Reserve Board quarterly, semi-annual and annual reports and such additional information as the Federal Reserve Board may require under the Bank Holding Company Act. The Federal Reserve Board may conduct examinations of bank holding companies and their subsidiaries.

Global Bancorp is required to obtain the approval of the Federal Reserve Board before it may acquire all or substantially all of the assets of any bank or ownership or control of the voting shares of any bank if, after giving effect to such acquisition of shares, it would own or control more than 5% of the voting shares of such bank. Prior approval of the Federal Reserve Board is also required for the merger or consolidation of Global Bancorp and another bank holding company.

Global Bancorp is prohibited by the Bank Holding Company Act, except in certain statutorily prescribed instances, from acquiring direct or indirect ownership or control of more than 5% of the outstanding voting shares of any company that is not a bank or bank holding company and from engaging, directly or indirectly, in activities other than those of banking, managing or controlling banks or furnishing services to its subsidiaries. However, it may, subject to the prior approval of the Federal Reserve Board, engage in any, or acquire shares of companies engaged in, activities that are deemed by the Federal Reserve Board to be so closely related to banking or managing or controlling banks as to be acceptable.

The Federal Reserve Board may require that Global Bancorp terminate an activity or terminate control of or liquidate or divest subsidiaries or affiliates when the Federal Reserve Board determines that the activity or the control or the subsidiary of affiliates constitutes a significant risk to the financial safety, soundness or stability of any of its banking subsidiaries. The Federal Reserve Board also has the authority to regulate provisions of certain bank holding company debt, including authority to impose interest ceiling and reserve requirements on such debt. Under certain circumstances, it must file written notice and obtain approval from the Federal Reserve Board prior to purchasing or redeeming its equity securities.

Under the Federal Reserve Board's regulations, a bank holding company is required to serve as a source of financial and managerial strength to its subsidiary banks and may not conduct its operations in an unsafe and unsound manner. In addition, it is the Federal Reserve Board's policy that in serving as a source of strength to its subsidiary banks, a bank holding company should stand ready to use available resources to provide adequate capital funds to its subsidiary banks during periods of financial stress or adversity and should maintain the financial flexibility and capital-raising capacity to obtain additional resources for assisting its subsidiary banks. A bank holding company's failure to meet its obligations to serve as a source of strength to its subsidiary banks will generally be considered by the Federal Reserve Board to be an unsafe and unsound banking practice or a violation of the Federal Reserve Board's regulations or both. Under certain conditions, the Federal Reserve Board may conclude that certain actions of a bank holding company, such as payment of cash dividends, would constitute unsafe and unsound banking practices because they violate the Federal Reserve Board's "source of strength" doctrine.

A bank holding company and its subsidiaries are prohibited from certain tie-in arrangements in connection with any extension of credit, sale or lease of property or furnishing of services. For example, with certain exceptions, a bank may not condition an extension of credit on a promise by its customer to obtain other services by it, its holding company or other subsidiaries, or on a promise by its customer not to obtain services from a competitor. In addition, federal law imposes certain restrictions between Global Bancorp and its subsidiary, Global Trust Bank. As an affiliate of Global

Bancorp, Global Trust Bank is subject, with certain exceptions, to provisions of federal law imposing limitations on, and requiring collateral for, extensions of credit by it to its affiliates.

Bay Commercial Bank and Global Trust Bank

As a California state-chartered banks Bay Commercial Bank and Global Trust Bank are subject to primary supervision, examination and regulation by the CDFI and both banks' deposits are insured by the FDIC in accordance with applicable law and regulation. As banks that are not member banks of the Federal Reserve System, the primary federal regulator of Global Trust Bank and Bay Commercial Bank is the FDIC. However as of the date of this joint proxy statement-offering circular Bay Commercial Bank's application to become a member of the Federal Reserve System continues to be considered by the FRB and, if such application for membership is approved, the FRB will become the primary federal regulator of Bay Commercial Bank, but its deposits will continue to be insured by the FDIC. As a consequence of the extensive regulation of commercial banking activities in California and the United States, banks are particularly susceptible to changes in California and federal legislation and regulations, which may have the effect of increasing the cost of doing business, limiting permissible activities or increasing competition.

Various other requirements and restrictions under the laws of the United States and the State of California affect the operations of the banks. Federal and California statutes and regulations relate to many aspects of the banks' operations, including reserves against deposits, interest rates payable on deposits, loans, investments, mergers and acquisitions, borrowings, dividends, branching, capital requirements and disclosure obligations to depositors and borrowers. California law presently permits a bank to locate a branch office in any locality in the state. Additionally, California law exempts banks from California usury laws.

Capital Standards. The FDIC has risk-based capital adequacy guidelines intended to provide a measure of capital adequacy that reflects the degree of risk associated with a banking organization's operations for both transactions reported on the balance sheet as assets, and transactions, such as letters of credit and recourse arrangements, which are reported as off-balance-sheet items. Under these guidelines, nominal dollar amounts of assets and credit equivalent amounts of off-balance-sheet items are multiplied by one of several risk adjustment percentages, which range from 0% for assets with low credit risk, such as certain U.S. government securities, to 100% for assets with relatively higher credit risk, such as business loans.

A banking organization's risk-based capital ratios are obtained by dividing its qualifying capital by its total risk-adjusted assets and off-balance-sheet items. The regulators measure risk-adjusted assets and off-balance-sheet items against both total qualifying capital (the sum of Tier 1 capital and limited amounts of Tier 2 capital) and Tier 1 capital. Tier 1 capital consists of common stock, retained earnings, noncumulative perpetual preferred stock and minority interests in certain subsidiaries, less most other intangible assets. Tier 2 capital may consist of a limited amount of the allowance for loan and lease losses and certain other instruments with some characteristics of equity. The inclusion of elements of Tier 2 capital is subject to certain other requirements and limitations of the federal banking agencies. Since December 31, 1992, the FDIC has required a minimum ratio of qualifying total capital to risk-adjusted assets and off-balance-sheet items of 8%, and a minimum ratio of Tier 1 capital to risk-adjusted assets and off-balance-sheet items of 4%.

In addition to the risk-based guidelines, the FDIC requires banking organizations to maintain a minimum amount of Tier 1 capital to average total assets, referred to as the leverage ratio. For a banking organization rated in the highest of the five categories used by regulators to rate banking organizations, the minimum leverage ratio of Tier 1 capital to total assets is 3%. It is improbable, however, that an institution with a 3% leverage ratio would receive the highest rating by the regulators since a strong capital position is a significant part of the regulators' ratings. For all banking organizations not rated in the highest category, the minimum leverage ratio is at least 100 to 200 basis points above the 3% minimum. Thus, the effective minimum leverage ratio, for all practical purposes, is at least 4% or 5%. In addition to these uniform risk-based capital guidelines and leverage ratios that apply across the industry, the FDIC has the discretion to set individual minimum capital requirements for specific institutions at rates significantly above the minimum guidelines and ratios.

A bank that does not achieve and maintain the required capital levels may be issued a capital directive by the FDIC to ensure the maintenance of required capital levels. As discussed above, Bay Commercial Bank and Global Trust Bank are required to maintain certain levels of capital, as are required of banks generally. The regulatory capital guidelines for the banks follow:

	Requirement for the Bank to be:	
	Adequately Capitalized	Well Capitalized
Tier 1 leverage capital ratio	4%	5%
Tier 1 risk-based capital ratio	4%	6%
Total risk-based capital ratio	8%	10%

Prompt Corrective Action. Federal banking agencies possess broad powers to take corrective and other supervisory action to resolve the problems of insured depository institutions, including those institutions that fall below one or more prescribed minimum capital ratios described above. An institution that, based upon its capital levels, is classified as well capitalized, adequately capitalized, or undercapitalized may be treated as though it were in the next lower capital category if the appropriate federal banking agency, after notice and opportunity for hearing, determines that an unsafe or unsound condition or an unsafe or unsound practice warrants such treatment. At each successive lower capital category, an insured depository institution is subject to more restrictions.

In addition to measures taken under the prompt corrective action provisions, commercial banking organizations may be subject to potential enforcement actions by the federal regulators for unsafe or unsound practices in conducting their businesses or for violations of any law, rule, regulation, or any condition imposed in writing by the agency or any written agreement with the agency. Enforcement actions may include the imposition of a conservator or receiver, the issuance of a cease-and-desist order that can be judicially enforced, the termination of insurance of deposits (in the case of a depository institution), the imposition of civil money penalties, the issuance of directives to increase capital, the issuance of formal and informal agreements, the issuance of removal and prohibition orders against institution-affiliated parties and the enforcement of such actions through injunctions or restraining orders based upon a judicial determination that the agency would be harmed if such equitable relief was not granted.

Premiums for Deposit Insurance. The deposit insurance fund of the FDIC insures the banks' customer deposits up to prescribed limits for each depositor. The Federal Deposit Insurance Reform Act of 2005 and the Federal Deposit Insurance Reform Conforming Amendments Act of 2005 amended the insurance of deposits by the FDIC and collection of assessments from insured depository institutions for deposit insurance. The FDIC approved a final rule in 2006 and amended the rule in February 2009 that sets an insured depository institution's assessment rate on different factors that pose a risk of loss to the Deposit Insurance Fund, including the institution's recent financial ratios and supervisory ratings, and level of reliance on a significant amount of secured liabilities or significant amount of brokered deposits (except that the factor of brokered deposits will not be considered for well capitalized institutions that are not accompanied by rapid growth). The FDIC also in February 2009 set the assessment base rates to range between \$0.12 and \$0.16 per \$100.00 of insured deposits on an annual basis. In November 2009, the FDIC approved a final rule to require all insured depository institutions including the banks to prepay three years of FDIC assessments in the fourth quarter of 2009, except in the event such prepayment is waived by the FDIC. While the prepaid assessments are not charged to income for 2009 but rather ratably over three years beginning in 2010, the quarterly amount paid will reduce the cash and liquidity of the banks at year end 2009 and subsequent periods. Due to the significant losses at failed banks and expected losses for banks that will fail, it is likely that FDIC insurance fund assessments on the banks will increase and such assessments may materially adversely affect the profitability of the banks.

Any increase in assessments or the assessment rate could have a material adverse effect on the banks' business, financial condition, results of operations or cash flows, depending on the amount of the increase. Furthermore, the FDIC is authorized to raise insurance premiums under certain circumstances.

The FDIC is authorized to terminate a depository institution's deposit insurance upon a finding by the FDIC that the institution's financial condition is unsafe or unsound or that the institution has engaged in unsafe or unsound practices or has violated any applicable rule, regulation, order or condition enacted or imposed by the institution's regulatory agency. The termination of deposit insurance for the bank would have a material adverse effect on the banks' business, financial condition, results of operations, and/or cash flows.

Federal Home Loan Bank System. The banks are members of the Federal Home Loan Bank of San Francisco (the "**FHLB-SF**"). Among other benefits, each Federal Home Loan Bank ("**FHLB**") serves as a reserve or central bank for its members within its assigned region. Each FHLB is financed primarily from the sale of consolidated obligations of the FHLB system. Each FHLB makes available loans or advances to its members in compliance with the policies and procedures established by the Board of Directors of the individual FHLB. The FHLB-SF utilizes a single class of stock

with a par value of \$100 per share, which may be issued, exchanged, redeemed and repurchased only at par value. As an FHLB member, the banks are required to own FHLB-SF capital stock in an amount equal to the greater of:

- a membership stock requirement with an initial cap of \$25 million (100% of “membership asset value” as defined); or
- an activity based stock requirement (based on percentage of outstanding advances).

Impact of Monetary Policies. The earnings and growth of the banks are subject to the influence of domestic and foreign economic conditions, including inflation, recession and unemployment. The earnings of the banks are affected not only by general economic conditions but also by the monetary and fiscal policies of the United States and federal agencies, particularly the FRB. The FRB can and does implement national monetary policy, such as seeking to curb inflation and combat recession, by its open market operations in United States Government securities and by its control of the discount rates applicable to borrowings by banks from the FRB. The actions of the FRB in these areas influence the growth of bank loans and leases, investments and deposits and affect the interest rates charged on loans and leases and paid on deposits. The FRB’s policies have had a significant effect on the operating results of commercial banks and are expected to continue to do so in the future. The nature and timing of any future changes in monetary policies are not predictable.

Extensions of Credit to Insiders and Transactions with Affiliates. The *Federal Reserve Act* and *FRB Regulation O* place limitations and conditions on loans or extensions of credit to:

- a bank’s executive officers, directors, and principal shareholders (i.e., in most cases, those persons who own, control or have power to vote more than 10% of any class of voting securities);
- any company controlled by any such executive officer, director, or shareholder; or
- any political or campaign committee controlled by such executive officer, director, or principal shareholder.

Loans and leases extended to any of the above persons must comply with loan-to-one-borrower limits, require prior full board approval when aggregate extensions of credit to the person exceed specified amounts, must be made on substantially the same terms (including interest rates and collateral) as, and follow credit-underwriting procedures that are not less stringent than, those prevailing at the time for comparable transactions with non-insiders, and must not involve more than the normal risk of repayment or present other unfavorable features. In addition, Regulation O provides that the aggregate limit on extensions of credit to all insiders of a bank as a group cannot exceed the bank’s unimpaired capital and unimpaired surplus. Regulation O also prohibits a bank from paying an overdraft on an account of an executive officer or director, except pursuant to a written pre-authorized interest-bearing extension of credit plan that specifies a method of repayment or a written pre-authorized transfer of funds from another account of the officer or director at the bank.

Consumer Protection Laws and Regulations. The banking regulatory agencies are focusing greater attention on compliance with consumer protection laws and their implementing regulations. Examination and enforcement have become more intense in nature, and insured institutions have been advised to monitor carefully compliance with such laws and regulations. The banks are subject to many federal and state consumer protection and privacy statutes and regulations, some of which are discussed below.

The *Community Reinvestment Act* (the “*CRA*”) is intended to encourage insured depository institutions, while operating safely and soundly, to help meet the credit needs of their communities. The *CRA* specifically directs the federal regulatory agencies, in examining insured depository institutions, to assess a bank’s record of helping meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound banking practices. The *CRA* further requires the agencies to take a financial institution’s record of meeting its community credit needs into account when evaluating applications for, among other things, domestic branches, mergers or acquisitions, or holding company formations. The agencies use the *CRA* assessment factors in order to provide a rating to the financial institution. The ratings range from a high of “outstanding” to a low of “substantial noncompliance.” In its last examination for *CRA* compliance, both banks were rated “satisfactory.”

The *Equal Credit Opportunity Act* (the “*ECOA*”) generally prohibits discrimination in any credit transaction, whether for consumer or business purposes, on the basis of race, color, religion, national origin, sex, marital

status, age (except in limited circumstances), receipt of income from public assistance programs, or good faith exercise of any rights under the Consumer Credit Protection Act.

The *Truth in Lending Act* (the “**TILA**”) is designed to ensure that credit terms are disclosed in a meaningful way so that consumers may compare credit terms more readily and knowledgeably. As a result of the TILA, all creditors must use the same credit terminology to express rates and payments, including the annual percentage rate, the finance charge, the amount financed, the total of payments and the payment schedule, among other things.

The *Fair Housing Act* (the “**FH Act**”) regulates many practices, including making it unlawful for any lender to discriminate in its housing-related lending activities against any person because of race, color, religion, national origin, sex, handicap or familial status. A number of lending practices have been found by the courts to be, or may be considered, illegal under the FH Act, including some that are not specifically mentioned in the FH Act itself.

The *Home Mortgage Disclosure Act* (the “**HMDA**”), in response to public concern over credit shortages in certain urban neighborhoods, requires public disclosure of information that shows whether financial institutions are serving the housing credit needs of the neighborhoods and communities in which they are located. The HMDA also includes a “fair lending” aspect that requires the collection and disclosure of data about applicant and borrower characteristics as a way of identifying possible discriminatory lending patterns and enforcing anti-discrimination statutes.

The *Right to Financial Privacy Act* (the “**RFPA**”) imposes a new requirement for financial institutions to provide new privacy protections to consumers. Financial institutions must provide disclosures to consumers of its privacy policy, and state the rights of consumers to direct their financial institution not to share their nonpublic personal information with third parties.

Finally, the *Real Estate Settlement Procedures Act* (the “**RESPA**”) requires lenders to provide noncommercial borrowers with disclosures regarding the nature and cost of real estate settlements. Also, RESPA prohibits certain abusive practices, such as kickbacks, and places limitations on the amount of escrow accounts.

Penalties for noncompliance or violations under the above laws may include fines, reimbursement and other penalties. Due to heightened regulatory concern related to compliance with CRA, ECOA, TILA, FH Act, HMDA, RFPA, and RESPA generally, Bay Commercial Bank may incur additional compliance costs or be required to expend additional funds for investments in its local communities.

Recent Legislation and Other Changes. Federal and state laws affecting banking are enacted from time to time, and similarly federal and state regulations affecting banking are also adopted from time to time. The following include some of the recent laws and regulations affecting banking.

The Dodd-Frank Act, signed into law in July 2010 will significantly affect the current regulatory structure and many of the operating activities of financial institutions and their holding companies. The Dodd-Frank Act creates a new interagency council, the Financial System Oversight Council that is charged with identifying and monitoring the systemic risk to the U.S. economy posed by systemically significant, large financial companies, including bank holding companies and non-bank financial companies. The Office of Thrift Supervision will be eliminated, and its powers distributed among the Federal Reserve, the Office of the Comptroller of the Currency, and the FDIC.

Title XIV, known as the Mortgage Reform and Anti-Predatory Lending Act imposes significant new requirements and limitations on the terms of residential mortgage loans and on mortgage loan originators, including brokers and lenders. The legislation also establishes a floor for capital of insured depository institutions that cannot be lower than the standards in effect today, and directs the federal banking regulators to implement new leverage and capital requirements within 18 months that take into account off-balance sheet activities and other risks, including risks relating to securitized products and derivatives.

The Dodd-Frank Act also creates a new Consumer Financial Protection Bureau with broad powers to supervise and enforce consumer protection laws. The Consumer Financial Protection Bureau has broad rulemaking authority for a wide range of consumer protection laws that apply to all banks and savings institutions, including the authority to prohibit “unfair, deceptive or abusive” acts and practices. The Consumer Financial Protection Bureau has examination and enforcement authority over all banks and savings institutions with more than \$10 billion in assets. Banks and savings institutions with \$10 billion or less in assets, which currently includes the Bank, will continue to be examined by their applicable bank regulators.

The legislation also broadens the base for FDIC insurance assessments. Assessments will now be based on the average consolidated total assets less tangible equity capital of a financial institution. The Dodd-Frank Act also permanently increases the maximum amount of deposit insurance for banks, savings institutions and credit unions to \$250,000 per depositor, retroactive to January 1, 2008, and non-interest bearing transaction accounts have unlimited deposit insurance through December 31, 2013. The Dodd-Frank Act also repeals the prohibition on payment of interest on demand deposits.

Although the substance and scope of these regulations cannot be determined at this time, it is expected that the legislation and implementing regulations, will increase the banks' operating and compliance costs.

The Electronic Funds Transfer Act (the "*EFTA*") provides a basic framework for establishing the rights, liabilities, and responsibilities of consumers who use electronic funds transfer ("*EFT*") systems. The EFTA is implemented by the Federal Reserve's Regulation E, which governs transfers initiated through ATMs, point-of-sale terminals, payroll cards, automated clearinghouse (ACH) transactions, telephone bill-payment plans, or remote banking services. Regulation E was amended in January 2010 to require consumers to opt in (affirmatively consent) to participation in the Bank's overdraft service program for ATM and one-time debit card transactions before overdraft fees may be assessed on the consumer's account. Notice of the opt-in right must be provided to all existing and new customers who are consumers, and the customer's affirmative consent must be obtained, before charges may be assessed on the consumer's account for paying such overdrafts.

The new rule provides bank customers with an ongoing right to revoke consent to participation in an overdraft service program for ATM and one-time debit card transactions, as opposed to being automatically enrolled in such a program. The new rule also prohibits banks from conditioning the payment of overdrafts for checks, ACH transactions, or other types of transactions that overdraw the consumer's account on the consumer's opting into an overdraft service for ATM and one-time debit card transactions. For customers who do not affirmatively consent to overdraft service for ATM and one-time debit card transactions, a bank must provide those customers with the same account terms, conditions, and features that it provides to consumers who do affirmatively consent, except for the overdraft service for ATM and one-time debit card transactions.

The mandatory compliance date for the Regulation E amendments is July 1, 2010 provided that the banks may continue to assess overdraft service fees or charges on existing customer accounts prior to August 15, 2010, without obtaining the consumer's affirmative consent. The banks' compliance with the new Regulation E amendments has minimal impact on their revenue from overdraft service fees and non-sufficient funds ("*NSF*") charges, as both banks do not provide automatic overdraft services for ATM and one-time debit card transactions.

On October 22, 2009, the Federal Reserve Board issued a comprehensive proposal on incentive compensation policies intended to ensure that the incentive compensation policies of banking organizations do not undermine the safety and soundness of such organizations by encouraging excessive risk-taking. The proposal, which covers all employees that have the ability to materially affect the risk profile of an organization, either individually or as part of a group, is based upon the key principles that a banking organization's incentive compensation arrangements should (i) provide incentives that do not encourage risk-taking beyond the organization's ability to effectively identify and manage risks, (ii) be compatible with effective internal controls and risk management, and (iii) be supported by strong corporate governance, including active and effective oversight by the organization's board of directors. The proposal also contemplates a detailed review by the Federal Reserve Board of the incentive compensation policies and practices of a number of "large, complex banking organizations." Any deficiencies in compensation practices that are identified may be incorporated into the organization's supervisory ratings, which can affect its ability to make acquisitions or perform other actions. In addition, the proposal provides that enforcement actions may be taken against a banking organization if its incentive compensation arrangements or related risk-management control or governance processes pose a risk to the organization's safety and soundness and the organization is not taking prompt and effective measures to correct the deficiencies. Similarly, on January 12, 2010, the FDIC announced that it would seek public comment through advance notice of rule making on whether banks with compensation plans that encourage risky behavior should be charged at higher deposit assessment rates than such banks would otherwise be charged.

In May 2009 the Helping Families Save Their Homes Act of 2009 was enacted to help consumers avoid mortgage foreclosures on their homes through certain loss mitigation actions including special forbearance, loan modification, pre-foreclosure sale, deed in lieu of foreclosure, support for borrower housing counseling, subordinate lien resolution, and borrower relocation. The new law permits the Secretary of Housing and Urban Development (HUD), for mortgages either in default or facing imminent default, to: (1) authorize the modification of such mortgages; and (2) establish a program for payment of a partial claim to a mortgagee who agrees to apply the claim amount to payment of

a mortgage on a 1- to 4-family residence. In implementing the law, the Secretary of HUD is authorized to (1) provide compensation to the mortgagee for lost income on monthly mortgage payments due to interest rate reduction; (2) reimburse the mortgagee from a guaranty fund in connection with activities that the mortgagee is required to undertake concerning repayment by the mortgagor of the amount owed to HUD; (3) make payments to the mortgagee on behalf of the borrower, under terms defined by HUD; and (4) make mortgage modification with terms extended up to 40 years from the modification date. The new law also authorizes the Secretary of HUD to: (1) reassign the mortgage to the mortgagee; (2) act as a Government National Mortgage Association (GNMA, or Ginnie Mae) issuer, or contract with an entity for such purpose, in order to pool the mortgage into a Ginnie Mae security; or (3) resell the mortgage in accordance with any program established for purchase by the federal government of insured mortgages. The new law also amends the Foreclosure Prevention Act of 2008, with respect to emergency assistance for the redevelopment of abandoned and foreclosed homes (neighborhood stabilization), to authorize each state that has received certain minimum allocations and has fulfilled certain requirements, to distribute any remaining amounts to areas with homeowners at risk of foreclosure or in foreclosure without regard to the percentage of home foreclosures in such areas.

Also in May 2009, the Credit Card Act of 2009 was enacted to help consumers and ban certain practices of credit card issuers. The new law allows interest rate hikes on existing balances only under limited conditions, such as when a promotional rate ends, there is a variable rate or if the cardholder makes a late payment. Interest rates on new transactions can increase only after the first year. Significant changes in terms on accounts cannot occur without 45 days' advance notice of the change. The new law bans raising interest rates on customers based on their payment records with other unrelated credit issuers (such as utility companies and other creditors) for existing credit card balances, though card issuers would still be allowed to use universal default on future credit card balances if they give at least 45 days' advance notice of the change. The new law allows consumers to opt out of certain significant changes in terms on their accounts. Opting out means cardholders agree to close their accounts and pay off the balance under the old terms. They have at least five years to pay the balance. Credit card issuers will be banned from issuing credit cards to anyone under 21; unless they have adult co-signers on the accounts or can show proof they have enough income to repay the card debt. Credit card companies must stay at least 1,000 feet from college campuses if they are offering free pizza or other gifts to entice students to apply for credit cards.

The new law requires card issuers to give card account holders "a reasonable amount of time" to make payments on monthly bills. That means payments would be due at least 21 days after they are mailed or delivered. Credit card issuers also may not set early morning or other arbitrary deadlines for payments. When consumers have accounts that carry different interest rates for different types of purchases payments in excess of the minimum amount due must go to balances with higher interest rates first. Consumers must "opt in" to over-limit fees. Those who opt out would have their transactions rejected if they exceed their credit limits, thus avoiding over-limit fees. Fees charged for going over the limit must be reasonable. Finance charges on outstanding credit card balances are computed based on purchases made in the current cycle rather than going back to the previous billing cycle to calculate interest charges. Fees on credit cards cannot exceed 25% of the available credit limit in the first year of the card. Credit card issuers must disclose to cardholders the consequences of making only minimum payments each month, namely how long it would take to pay off the entire balance if users only made the minimum monthly payment. Issuers must also provide information on how much users must pay each month if they want to pay off their balances in 36 months, including the amount of interest.

On February 17, 2009, the American Recovery and Reinvestment Act of 2009 ("**ARRA**") was enacted to provide stimulus to the struggling U.S. economy. ARRA authorizes spending of \$787 billion, including about \$288 billion for tax relief, \$144 billion for state and local relief aid, and \$111 billion for infrastructure and science. In addition, ARRA includes additional executive compensation restrictions for recipients of funds from the U.S. Treasury under the Troubled Assets Relief Program of the Emergency Economic Stimulus Act of 2008 ("**EESA**"). The provisions of EESA amended by the ARRA include (i) expanding the coverage of the executive compensation limits to as many as the 25 most highly compensated employees of a Troubled Assets Relief Program ("**TARP**") funds recipient and its affiliates for certain aspects of executive compensation limits and (ii) specifically limiting incentive compensation of covered executives to one-third of their annual compensation which is required to be paid in restricted stock that does not vest until all of the TARP funds are no longer outstanding (note that if TARP warrants remain outstanding and no other TARP instruments are outstanding, then such warrants would not be considered outstanding for purposes of this incentive compensation restriction. In addition, the board of directors of any TARP recipient is required under EESA, as amended to have a company-wide policy regarding excessive or luxury expenditures, as identified by the U.S. Treasury, which may include excessive expenditures on entertainment or events; office and facility renovations; aviation or other transportation services; or other activities or events that are not reasonable expenditures for staff development, reasonable performance incentives, or other similar measures conducted in the normal course of the business operations of the TARP recipient.

EESA, as amended by ARRA, provides for a new incentive compensation restriction for financial institutions receiving TARP funds. The number of executives and employees covered by this new incentive compensation restriction depends on the amount of TARP funds received by such entity. For community banks that have or will receive less than \$25 million, the new incentive compensation restriction applies only to the highest paid employee. This new incentive compensation restriction prohibits a TARP recipient from paying or accruing any bonus, retention award, or incentive compensation during the period in which any TARP obligation remains outstanding, except that such prohibition shall not apply to the payment of qualified long-term restricted stock by such TARP recipient and grandfathered bonuses.

In addition, EESA as amended by ARRA provides that for any TARP recipient which is an SEC reporting company, must, in its annual meeting materials, include a nonbinding shareholder approval proposal of executive compensation. In addition, shareholders are allowed to present other nonbinding proposals with respect to executive compensation.

ARRA also provides \$730 million to the SBA and makes changes to the agency's lending and investment programs so that they can reach more small businesses that need help. The funding includes:

- \$375 million for temporarily eliminating fees on SBA-backed loans and raising SBA's guarantee percentage on some loans to 90%;
- \$255 million for a new loan program to help small businesses meet existing debt payments; and,
- \$30 million for expanding SBA's Microloan program, enough to finance up to \$50 million in new lending and \$24 million in technical assistance grants to micro-lenders.

On February 10, 2009, the U.S. Treasury, the Federal Reserve Board, the FDIC, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision all announced a comprehensive set of measures to restore confidence in the strength of U.S. financial institutions and restart the critical flow of credit to households and businesses. This program is intended to restore the flows of credit necessary to support recovery.

The core program elements include:

- A new Capital Assistance Program to help ensure that our banking institutions have sufficient capital to withstand the challenges ahead, paired with a supervisory process to produce a more consistent and forward-looking assessment of the risks on banks' balance sheets and their potential capital needs;
- A new Public-Private Investment Fund on an initial scale of up to \$500 billion, with the potential to expand up to \$1 trillion, to catalyze the removal of legacy assets from the balance sheets of financial institutions. This fund combines public and private capital with government financing to help free up capital to support new lending;
- A new Treasury and Federal Reserve initiative to dramatically expand—up to \$1 trillion—the existing Term Asset-Backed Securities Lending Facility (TALF) in order to reduce credit spreads and restart the securitized credit markets that in recent years supported a substantial portion of lending to households, students, small businesses, and others; and,
- A new framework of governance and oversight to help ensure that banks receiving funds are held responsible for appropriate use of those funds through stronger conditions on lending, dividends and executive compensation along with enhanced reporting to the public.

In October 2008, the President signed the *EESA*, in response to the global financial crisis of 2008 authorizing the United States Secretary of the Treasury with authority to spend up to \$700 billion to purchase distressed assets, especially mortgage-backed securities, under TARP and make capital injections into banks under the Capital Purchase Program. EESA gives the government the unprecedented authority to buy troubled assets on balance sheets of financial institutions under the Troubled Assets Relief Program and increased the limit on insured deposits. Some of the other provisions of EESA are as follows:

- accelerated from 2011 to 2008 the date that the Federal Reserve Bank could pay interest on deposits of banks held with the Federal Reserve to meet reserve requirements;

- to the extent that the U.S. Treasury purchases mortgage securities as part of TARP, the Treasury shall implement a plan to minimize foreclosures including using guarantees and credit enhancements to support reasonable loan modifications, and to the extent loans are owned by the government to consent to the reasonable modification of such loans;
- limits executive compensation for executives for TARP participating financial institutions including a maximum corporate tax deduction limit of \$500,000 for each of the top five highest paid executives of such institution, requiring claw backs of incentive compensation that were paid based on inaccurate or false information, limiting golden parachutes for involuntary and certain voluntary terminations to 2.99x their average annual salary and bonus for the last five years, and prohibiting the payment of incentive compensation that encourages management to take unnecessary and excessive risks with respect to the institution;
- extends the mortgage debt forgiveness provision of the Mortgage Forgiveness Debt Relief Act of 2007 by three years (2012) to ease the income tax burden on those involved with certain foreclosures; and,
- qualified financial institutions may count losses on FNMA and FHLMC preferred stock against ordinary income, rather than capital gain income.

In California, the enactment of AB329 in 2009, the Reverse Mortgage Elder Protection Act of 2009 prohibits a lender or any other person who participates in the origination of the mortgage from participation in, being associated with, or employing any party that participates in or is associated with any other financial or insurance activity or referring a prospective borrower to anyone for the purchase of other financial or insurance products; and imposes certain disclosure requirements on the lender.

The enactment of AB1160 in 2009, requires a supervised financial institution in California that negotiates primarily in any of a number of specified languages in the course of entering into a contract or agreement for a loan or extension of credit secured by residential real property, to deliver, prior to the execution of the contract or agreement, and no later than three business days after receiving the written application, a specified form in that language summarizing the terms of the contract or agreement; provides for administrative penalties for violations; and requires the California Department of Corporations and the Department of Financial Institutions to create a form for providing translations and make it available in Spanish, Chinese, Tagalog, Vietnamese, and Korean.

The enactment of SB306 makes specified changes to clarify existing law related to filing a notice of default on residential real property in California, including (among other things): clarifying that the provisions apply to mortgages and deeds of trust recorded from January 1, 2003 through December 31, 2007, secured by owner-occupied residential real property containing no more than four dwelling units; revising the declaration to be filed with the notice of default; specifying how the loan servicers have to maximize net present value under their pooling and servicing agreements applies to certain investors; specifying how and when the notice to residents of property subject to foreclosure is to be mailed; and extending the time during which the notice of sale must be recorded from 14 to 20 days. The bill also makes certain changes related to short-pay agreements and short-pay demand statements.

On February 20, 2009, Governor Schwarzenegger signed ABX2 7 and SBX2 7, which established the California Foreclosure Prevention Act. The California Foreclosure Prevention Act modifies the foreclosure process to provide additional time for borrowers to work out loan modifications while providing an exemption for mortgage loan servicers that have implemented a comprehensive loan modification program. Civil Code section 2923.52 requires an additional 90-day period beyond the period already provided before a Notice of Sale can be given in order to allow all parties to pursue a loan modification to prevent foreclosure of loans meeting certain criteria identified in that section.

It is impossible to predict with any degree of accuracy the competitive impact the laws and regulations described above will have on commercial banking in general and on the business of the parties in particular, or to predict whether or when any of the proposed legislation and regulations will be adopted. It is anticipated that banking will continue to be a highly regulated industry. Additionally, if experience is any indication, there appears to be a continued lessening of the historical distinction between the services offered by financial institutions and other businesses offering financial services. Finally, the trend toward nationwide interstate banking is expected to continue as a result of the enactment of interstate banking and branching laws. As a result of these factors, it is anticipated that banks will experience increased competition for deposits and loans and, possibly, further increases in their cost of doing business.

FOR SHAREHOLDERS OF BAY COMMERCIAL BANK ONLY

The following two proposals are items to be voted upon at the Annual Meeting of Shareholders of Bay Commercial Bank and are to be voted upon only by shareholders of Bay Commercial Bank

Voting Procedures

Please refer to information previously set forth above with respect to eligibility to vote, the Record Date, and revocation of your proxy. Each holder of record of Bay Commercial Bank common stock is entitled to one vote, in person or by proxy, for each share of common stock of Bay Commercial Bank held as of the Record Date, except that shareholders may have cumulative voting rights with respect to the election of directors. See "Cumulative Voting," below.

Unless otherwise instructed, each valid proxy returned which is not revoked will be voted FOR the election as directors of the nominees named in this joint proxy statement-offering circular and FOR the ratification of the selection of the independent accounting firm, and at the proxy holders' discretion, on such other matters, if any, that may come before the annual meeting (including any proposal to adjourn the annual meeting). At this time, the Board of Directors is not aware of any other matters to come before the annual meeting other than those matters set forth in this joint proxy statement-offering circular.

With respect to the election of persons to the board of directors of Bay Commercial Bank, the validly-nominated nominees for election as directors who rank first, second, third, fourth, fifth, sixth, and seventh in number of votes received, will be elected as directors, even if some or all of such nominees receive less than a majority of the total votes.

Ratification of the selection of Moss Adams LLP as independent auditors for Bay Commercial Bank for the year ending December 31, 2011 by the board of directors requires a vote "FOR" such proposal by a majority of the votes cast.

Adoption of a proposal to adjourn the annual meeting to a later date requires that a majority of the votes cast at the annual meeting must vote in favor of the proposal to adjourn the annual meeting. Accordingly, abstentions will have the same effect as voting against the proposal to adjourn the annual meeting. Broker non-votes will have no effect on this proposal.

Votes Required

The following paragraphs explain the vote required for each proposal. In each case, a quorum must be present for the vote to be valid. A majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum.

PROPOSAL A: ELECTION OF DIRECTORS. The validly-nominated nominees for election as directors who rank first, second, third, fourth, fifth, sixth, and seventh in number of votes received, will be elected as directors, even if some or all of such nominees receive less than a majority of the total votes.

PROPOSAL B: RATIFICATION OF SELECTION OF INDEPENDENT ACCOUNTING FIRM FOR 2011. Approval of this proposal requires an affirmative vote of the holders of a majority of the shares of the common stock represented and voting.

Such other matters, if any, as may properly come before the annual meeting will generally require the affirmative vote of the holders of a majority of the shares of the common stock represented.

With regard to the election of directors, votes may be cast in favor or withheld; votes that are withheld will be excluded from the vote and will have no effect. Abstentions may be specified on all proposals other than the election of directors and will be counted as shares that are present or represented at the annual meeting for purposes of determining a quorum on the proposal on which the abstention is specified. However, because ratification of the selection of the independent accounting firm requires the affirmative vote of the holders of a majority of the shares of the common stock represented and voting, abstentions will have the effect of a negative vote.

Under applicable California law, broker non-votes are counted for the purpose of determining the presence or absence of a quorum for the transaction of business but are not otherwise counted. Therefore, broker non-votes will have no effect on the outcome of the election of directors or the ratification of the selection of the independent accounting firm.

Cumulative Voting

Cumulative voting allows a shareholder to cast for any candidate a number of votes greater than the number of votes that the shareholder normally is entitled to cast. A shareholder may cumulate votes either (i) by giving one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which that shareholder's shares are normally entitled or (ii) by distributing the shareholder's votes on the same principle among as many candidates as the shareholder sees fit. No shareholder can cumulate votes unless, prior to the annual meeting, the shareholder has given notice of the intent to cumulate. If any shareholder has given notice to cumulate, then all shareholders may cumulate their votes for candidates in nomination. The seven candidates receiving the highest number of votes shall be elected. The board of directors does not, at this time, intend to give such notice or to cumulate the votes it may hold pursuant to the proxies solicited herein unless the required notice by a shareholder is given. Therefore, discretionary authority to cumulate votes in such event is solicited in this joint proxy statement-offering circular.

Annual Report

A copy of the 2010 Annual Audited Financial Report as of December 31, 2010 for Bay Commercial Bank (the "*Bay Commercial Bank 2010 Annual Report*") is attached as Appendix G. Additional copies of the Bay Commercial Bank 2010 Annual Report are available without cost upon request by writing to Keary L. Colwell, Chief Financial Officer, Bay Commercial Bank, 1280 Civic Drive, Suite 100, Walnut Creek, California 94596.

Market Makers

Bay Commercial Bank's Common Stock is traded on the OTC Bulletin Board under the symbol BCML.OB. A list of the brokerage firms making a market in our common stock are listed on the Bank's website at www.baycommercialbank.com.

Security Ownership of Certain Beneficial Owners and Management

Please refer to the information regarding the security ownership of certain beneficial owners and management of Bay Commercial Bank commencing at page 64.

Please also refer to the table showing the beneficial ownership of directors, executive officers and directors and executive officers as a group as of December 31, 2010, set forth above at page 65.

Board of Directors

The bylaws of Bay Commercial Bank provide that the number of directors of the Bank shall be not less than 7 nor more than 13 and that the board of directors may fix the number of directors within that range by resolution. The number of directors is currently fixed at seven. Each director holds office until the next annual meeting of shareholders and until such director's successor is duly elected and qualified, or until his death, resignation, or removal.

No director, nominee for director or executive officer of Bay Commercial Bank has any family relationship with any other director or executive officer or director or executive officer of Bay Commercial Bank.

The board of directors has nominated each of the currently serving directors of Bay Commercial Bank for re-election at the annual meeting. See "Proposal A: Election of Directors." Accordingly, no vacancy on the Board of Directors will exist upon the election of directors pursuant to Proposal A.

Committees of the Board of Directors

The board of directors of Bay Commercial Bank held 11 regularly scheduled and seven annual meetings in 2010. During 2010, Director Apple attended 71% of all board meetings. All other directors attended at least 75% of (i) all board meetings and (ii) all meetings of committees of the board on which the director served during the period in which he served.

The Executive Committee of the board of directors presently includes Directors Apple, Guarini, Spatz, and Camp. The Executive Committee is responsible for considering the qualifications of individuals to serve as directors and recommending a slate of directors for election at the annual meeting. The Executive Committee also generally has the power to act for the full board of directors between board meetings. The Executive Committee met once in 2010.

The Human Resources/Compensation Committee presently includes Directors Spatz and Camp. This committee has responsibility for all personnel and compensation policy matters pertaining to bank employees, officers, and directors. It also monitors the Bay Commercial Bank’s compliance with laws and regulations applicable uniquely to the protection of employees and officers. This committee met four times in 2010.

The Audit Committee, comprised of Directors Kendall, Apple, and Laverne, provides assistance to the Board of Directors in fulfilling its responsibilities with respect to the oversight of the integrity of the financial statements and systems of internal controls, the independent auditors’ qualifications, independence and performance and the performance of the internal audit function. This committee also is responsible for monitoring compliance with regulations, and monitoring the relationship with the primary regulators of Bay Commercial Bank, the FDIC and the CDFI. This committee met 11 times in 2010.

The Loan Committee presently includes Directors Apple, Spatz, Morrow, and Guarini. This committee examines and approves loans above a specified size and monitors regular reviews of the entire loan portfolio. It is also responsible for lending, credit policies, and monitors compliance with such policies. This committee met 39 times in 2010.

The Asset Liability Committee, comprised of Directors Apple, Kendall, Laverne, and Camp, is responsible for asset liability management and investment policies. The committee also monitors liquidity, interest rate risk, and securities activities. This committee met 11 times in 2010.

Board of Directors’ Compensation

Bay Commercial Bank pays each director other than Mr. Guarini (referred to below as “outside directors”) a retainer of \$500 per month for attendance at board meetings and committee meetings. Director fees paid in 2010 totaled \$36,000, or \$6,000 for each outside director. Directors Kendall and Apple are the only outside directors who currently participate in our health insurance plan, and they do so at entirely their own cost. We no longer allow other outside directors to join our health insurance plan. Directors also may be granted stock options under our 2004 Stock Option Plan.

Executive Officers

Each executive officer is appointed annually by the board of directors in accordance with the bylaws of Bay Commercial Bank. The following are all of the current executive officers of the Bank, their occupations for the previous five years, ages and the lengths of service as an officer.

GEORGE J. GUARINI

(See description of Mr. Guarini’s position with Bay Commercial Bank, and his background under the heading “BAY COMMERCIAL BANK PROPOSAL A – ELECTION OF DIRECTORS” below.)

A. DEAN ABERCROMBIE.

Mr. Abercrombie has served as Executive Vice President and Chief Credit Officer of Bay Commercial Bank since October 2008. Prior to joining Bay Commercial Bank he served as Chief Credit Officer for Community Bank of the Bay from 2002 to 2005, and from 2005 to October 2008 he held senior lending positions at Bank of Petaluma and Wells Fargo Bank. At December 31, 2010, Mr. Abercrombie was 59 years of age.

KEARY L. COLWELL

Ms. Colwell has served as Executive Vice President, Chief Financial Officer and Secretary of Bay Commercial Bank since its inception in March 2004. Prior to joining Bay Commercial Bank she served as Executive Vice President, Chief Financial Officer and Secretary of Bank of San Francisco. At December 31, 2010, Ms. Colwell was 51 years of age.

JANET L. KING

Ms. King has served as Executive Vice President and Chief Operating Officer of Bay Commercial Bank since March 2004. Prior to joining Bay Commercial Bank, she served as Chief Branch Administrative Officer of Circle Bank. At December 31, 2010, Ms. King was 48 years of age.

MICHAEL J. O'NEILL

Mr. O'Neill joined Bay Commercial Bank as Executive Vice President and Chief Banking Officer in February 2011. Prior to joining Bay Commercial Bank, he was a Team Leader and Private Client Advisor for Bank of America from 2006–2010. At December 31, 2010, Mr. O'Neill was 66 years of age.

Executive Compensation

Bay Commercial Bank's compensation philosophy is to pay for performance as an important way to encourage the actions necessary to achieve the Bank's strategic objectives of increasing profitability and maximizing shareholder value.

Bay Commercial Bank's compensation philosophy is implemented through its compensation program, which is structured to:

- promote annual operating objectives,
- promote long-term strategic plans,
- ensure continuity of management,
- recognize the level of management expertise,
- be competitive within the industry and community, and
- provide internal equity.

Bay Commercial Bank's compensation program includes base salary, annual bonus, a stock option plan, a severance plan, and other benefits. Bay Commercial Bank has entered into employment agreements with each of Mr. Guarini, Mr. Abercrombie, Ms. Colwell, and Ms. King. See "Employment Agreements."

Base Salary. Generally, Bay Commercial Bank targets base salary at median to high competitive levels. The competitive levels are based on comparable positions in other banks. In addition, Bay Commercial Bank takes other factors into consideration including an individual's specialized expertise, level of experience, broad range of expertise allowing the executive to assume multiple responsibilities, historical performance and salary requirements, leadership and the community, and contract terms.

For 2010, Mr. Guarini, Mr. Abercrombie, Ms. Colwell, and Ms. King earned salaries of \$206,553, \$136,484, \$160,991, and \$136,484, respectively. For 2011, the base annual salaries payable to Mr. Guarini, Mr. Abercrombie, Ms. Colwell, and Ms. King are \$250,000, \$165,000, \$165,000, and \$165,000, respectively.

Annual Bonus. The purpose of the annual bonus is to provide incentive for achieving defined target performance levels based on Bay Commercial Bank's annual business and profit plan. The annual goals typically include objectives regarding earnings, loan and deposit growth, asset quality, operating efficiency and regulatory examinations. Annual bonus awards are determined based on performance and the performance of the individual executive.

For 2010, Mr. Guarini, Mr. Abercrombie, Ms. Colwell, and Ms. King earned annual incentive bonuses of \$49,573, \$21,837, \$25,222, and \$21,837, respectively.

Stock Option Plan. The purpose of the stock option plan is to serve as a long-term incentive program by directly tying rewards to the long-term success and increases in shareholder value. Many of the options granted to the executive officers were granted as an inducement to attract and retain executives with the required talent and experience to manage Bay Commercial Bank. All stock option grants are approved by the full board of directors. See “Other Employee Benefit Plans-Stock Option Plan.”

Information regarding the number of other stock options held by our executive officers is provided under “Other Employee Benefit Plans-Stock Option Plan.”

Severance Benefits. The purpose of the severance benefits is to promote continuity of management. Pursuant to his or her employment agreement, each executive is eligible for severance if terminated without cause, including following a change in control. See “Employment Agreements.”

Other Benefits. The executive officers are entitled to participate in all employee benefit plans including the Bank’s vacation, 401(k), and welfare and other benefit plans. Each executive officer is entitled by contract to four weeks of annual vacation. The welfare and benefits plans include workers’ compensation benefits, medical and dental, life insurance, and long-term disability insurance. Pursuant to his or her employment agreement, each executive is entitled to a term life insurance benefit, payable to his or her designated beneficiary, in an amount equal to the executive’s then-current base annual salary.

Decisions on the compensation of Bay Commercial Bank’s executive officers are generally made by the Human Resources/Compensation Committee, the members of which are outside directors of Bay Commercial Bank. All decisions by this committee relating to the compensation of executive officers are reviewed by Bay Commercial Bank’s full Board of Directors.

Employment Agreements

Employment Agreement with Mr. Guarini. Bay Commercial Bank has entered into a three-year employment agreement with Mr. Guarini dated April 21, 2010. The agreement provides for, among other things, an annual base salary of at least \$206,553, incentive bonuses, a monthly automobile allowance of \$800 and group insurance benefits, as well as a term life insurance benefit payable to Mr. Guarini’s designated beneficiary in an amount equal to Mr. Guarini’s then-current annual base salary and participation in any retirement, profit-sharing, salary deferral, medical expense reimbursement, and other similar plans Bay Commercial Bank may establish for its employees. The agreement generally provides for indemnification of Mr. Guarini to the maximum extent permitted by law and applicable regulations for any expenses incurred by him, and for any judgments, awards, fines, or penalties imposed against him, in any proceeding relating to his actions (or the Bank’s actions) while an agent of Bay Commercial Bank. The agreement also provides for the advancement of expenses to Mr. Guarini and coverage under a director and officer liability insurance policy.

The agreement provides that if Bay Commercial Bank terminates the agreement without cause, it must, for the remainder of the contract term (but in no event for less than 12 months), continue to pay Mr. Guarini one-twelfth of his then-current base annual salary plus one-twelfth of the amount of the incentive payment made to him during the preceding year. Bay Commercial Bank must also, for the remainder of the contract term (but not more than 24 months), continue to provide him with health insurance benefits on the same terms as when he was employed. In addition, if, within one year of a change in control, Mr. Guarini’s employment is terminated without cause or if Mr. Guarini terminates his employment for “good reason,” then he will be entitled to a severance payment equal to two times his then-current base annual salary plus two times any incentive payment made to him in the preceding year. The term “good reason” means any of the following: (1) a material permanent reduction in Mr. Guarini’s total compensation or benefits; (2) material permanent reduction in Mr. Guarini’s title or responsibilities; or (3) a relocation of Mr. Guarini’s principal office so that his commute distance is increased by more than 40 miles from Walnut Creek, California.

Employment Agreements with Mr. Abercrombie, Ms. Colwell and Ms. King. Bay Commercial Bank has entered into employment agreements with Mr. Abercrombie, Ms. Colwell and Ms. King, dated April 21, 2010. Each is for a term of three-year terms. Each agreement provides for, among other things, a minimum annual base salary (\$136,848 in the case of Mr. Abercrombie, \$160,991 in the case of Ms. Colwell and \$136,484 in the case of Ms. King), incentive bonuses, a monthly automobile allowance (\$375 in the case of Mr. Abercrombie and Ms. King and \$500 in the case of Ms. Colwell) and group insurance benefits, as well as a term life insurance benefit payable to the executive’s designated beneficiary in an amount equal to the executive’s then-current annual base salary and participation in any retirement, profit-sharing, salary deferral, medical expense reimbursement, and other similar plans Bay Commercial Bank may establish for its

employees. Each agreement generally provides for indemnification of the executive to the maximum extent permitted by law and applicable regulations for any expenses incurred by him or her, and for any judgments, awards, fines, or penalties imposed against him or her, in any proceeding relating to his or her actions (or Bay Commercial Bank's actions) while an agent of Bay Commercial Bank. The agreement also provides for the advancement of expenses to the executive and coverage under a director and officer liability insurance policy.

Each agreement provides that if Bay Commercial Bank terminates the agreement without cause, Bay Commercial Bank must, for 12 months thereafter, continue to pay the executive one-twelfth of his or her then-current base annual salary plus one-twelfth of the amount of the incentive payment made to him or her during the preceding year. Bay Commercial Bank must also, for the remainder of the contract term (but not more than 12 months), continue to provide the executive with health insurance benefits on the same terms as when he or she was employed by Bay Commercial Bank. In addition, if, within one year of a change in control, the executive's employment is terminated without cause or if the executive terminates his or her employment for "good reason," then he or she will be entitled to a severance payment equal to one times his or her then-current base annual salary plus one times any incentive payment made to him or her in the preceding year. The term "good reason" means any of the following: (1) a material permanent reduction in the executive's total compensation or benefits; (2) material permanent reduction in the executive's title or responsibilities; or (3) a relocation of the executive's principal office so that his or her commute distance is increased by more than 40 miles from Walnut Creek, California.

Other Employee Benefit Plans

401(k) Profit Sharing Plan. In 2005, Bay Commercial Bank established a 401(k) Profit Sharing Plan (the "**401(k) Plan**") which permits each participating employee with a minimum service requirement to contribute to the Plan through payroll deductions (the "*salary deferral contributions*") of up to the maximum amount allowable by law, thereby deferring taxes on all or a portion of these amounts. Under the 401(k) Plan, Bay Commercial Bank presently does not match a participant's tax deferred contributions.

Bay Commercial Bank may make matching and employer contributions to the 401(k) Plan in such amounts as may be determined by the board of directors. Any such contribution vests 100% after a participant has completed three years of service, provided that any such contribution which has not yet vested will vest upon the participant's attainment of age 65 or upon the participant's death or permanent disability. Bay Commercial Bank may also make additional, special contributions to the 401(k) Plan, which vest immediately. Participants are entitled to receive their salary deferral contributions and vested benefits under the 401(k) Plan upon termination of employment, retirement, death, or disability. Participants have the right to self-direct all of their salary deferral contributions among all funds sold by Charles Schwab and Company.

2004 Stock Option Plan. In 2004, Bay Commercial Bank's Board of Directors adopted, and its shareholders approved, the 2004 Stock Option Plan (the "**Stock Option Plan**"). The Stock Option Plan provides for the granting by the board of directors of incentive stock options (within the meaning of Internal Revenue Code section 422) to employees and non-qualified stock options to employees, non-employee directors and, in connection with the formation, organizing consultants or other incorporators. Factors considered by the board of directors in granting options to officers and employees include the performance of Bay Commercial Bank, the employee's or officer's job performance, the importance of his or her position, and his or her contribution to the organization's goals for the award period. Generally, stock options must be granted at an exercise price of not less than 100% of the fair market value of the shares on the date of grant and have an exercise period of not longer than ten years. No options were granted in 2010. At December 31, 2010, total options outstanding under the Stock Option Plan were 341,852.

The following table sets forth the unexercised stock options held by the executive officers as of December 31, 2010. No options were exercised during 2010 by the executive officers.

<u>Name</u>	<u>Number of Securities Underlying Options</u>	<u>Value of Unexercised Options</u> ⁽²⁾
President/CEO George J. Guarini ⁽¹⁾	107,092	\$ -
EVP/CCO A. Dean Abercrombie	10,000	6,700
EVP/CFO Kearly L. Colwell	25,400	-
EVP/COO Janet L. King	25,400	-

⁽¹⁾ Mr. Guarini was granted non-qualifying stock options to acquire 14,692 shares of Common Stock for his role as an organizer and director.

⁽²⁾ Fair market value is calculated based on a bid price of \$6.99 per share as of December 31, 2010 less the underlying exercise price per share of in-the-money options. None of the options held were in-the-money as of December 31, 2010.

Certain Relationships and Related Transactions

Bay Commercial Bank has had and expects to continue to have banking transactions with many of its directors and executive officers (and their associates). Loans to any director or executive officer of Bay Commercial Bank or any of its subsidiaries (or any associate of such persons) have been made in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and were judged not to involve more than the normal risk of collection or present other unfavorable features. Loans by Bay Commercial Bank to any director, executive officer or principal shareholder of Bay Commercial Bank or any of its subsidiaries (as such persons are defined by regulation) are subject to limitations under California and federal law. Among other things, a loan to a director, executive officer or principal shareholder of Bay Commercial Bank or any of its subsidiaries must be on non-preferential terms and, if all loans to a given person exceed \$25,000, such loans must be approved in advance by the board of directors. Bay Commercial Bank had nine such loans totaling \$3.5 million outstanding, \$3.4 million in undisbursed loan commitments, and \$14,500 in letters of credit as of December 31, 2010, all of which were performing in accordance with their terms as of that date.

In 2006, Bay Commercial Bank opened its Bankers Exchange Services Division. Through this division, Bay Commercial Bank acts as a qualified intermediary in transactions qualifying under the Internal Revenue Code section 1031, Tax Deferred Exchanges. In connection with the establishment of this division, Mr. Kendall agreed to assist the Bank with setting it up and to provide it with referral and legal services support. In return, Bay Commercial Bank agreed to pay him a nominal commission-based fee for referrals, granted him a stock option and pay half of the costs of his health insurance coverage. As a result of a substantial decline in transaction volume, Bay Commercial Bank discontinued paying Mr. Kendall referral fees during 2008 and discontinued paying for any of the costs of his health insurance coverage in September 2009. For additional information regarding the compensation provided to Mr. Kendall, see "Board of Directors' Compensation."

Since 2007, Bay Commercial Bank has maintained a separate referral arrangement with a company controlled by Mr. Kendall that specializes in assisting clients with tax deferred exchanges. Under this arrangement, Bay Commercial Bank has agreed to refer to Mr. Kendall's company certain types of exchange transactions that Bay Commercial Bank is unable to transact itself, for which Mr. Kendall's company pays Bay Commercial Bank a fee. No transactions were referred by Bay Commercial Bank, and no fees were paid to Bay Commercial Bank, during 2010. The board of directors of Bay Commercial Bank (excluding Mr. Kendall) believes that this arrangement is on terms that are fair and reasonable to Bay Commercial Bank and that are at least as favorable to Bay Commercial Bank as comparable transactions with unrelated parties.

BAY COMMERCIAL BANK PROPOSAL A – ELECTION OF DIRECTORS

Seven directors are to be elected at the annual meeting, each to hold office until the 2012 annual meeting of shareholders and until his respective successor is duly elected and qualified, or until his death, resignation, or removal. The nominees proposed by the board of directors for election are: Messrs. Apple, Camp, Guarini, Laverne, Kendall, Morrow, and Spatz. Each is presently serving as a director. In the event that any of the nominees for election as director become unavailable, which is not expected, it is intended that, pursuant to the accompanying proxy, votes will be cast for such substitute nominee or nominees as may be designated by the board of directors, unless the board of directors reduces the number of directors.

The following sets forth, as to each nominee for election as a director of Bay Commercial Bank, such person's age, principal occupation during at least the last five years, and the period during which each person has served as a director of Bay Commercial Bank.

JAMES L. APPLE

Mr. Apple has been the Managing General Partner of Aspen Plaza Ltd., Napa Town Center, Ltd., and Valley Center Towers, Ltd., all of which are real estate partnerships engaging in retail and office development, for more than five years. At December 31, 2010, Mr. Apple was 64 years of age. He has served as a director since 2004.

JAMES S. CAMP

Mr. Camp has been the President of the S. A. Camp Companies for more than five years. At December 31, 2010, Mr. Camp was 59 years of age. He has served as a director since 2004.

GEORGE J. GUARINI

Mr. Guarini has been President and Chief Executive Officer of Bay Commercial Bank since its incorporation in March 2004. Prior to joining Bay Commercial Bank, Mr. Guarini held several senior lending positions at financial institutions in California. At December 31, 2010, Mr. Guarini was 57 years of age. He has served as a director since 2004.

LLOYD W. KENDALL, JR.

Mr. Kendall is a practicing attorney, specializing in income tax and real estate law. Since 1982, he has been the President and Chief Executive Officer of Exchange Support Services, Inc., which assists clients in completing tax-free exchanges. Until 2007, Mr. Kendall also served as the President and Chief Executive Officer of Lawyers Asset Management, Inc., which also assisted clients in completing tax-free exchanges. At December 31, 2010, Mr. Kendall was 64 years of age. He has served as a director since 2004.

ROBERT R. LAVERNE, M.D.

Dr. Laverne has been an anesthesiologist at John Muir Medial Center in Walnut Creek, California for more than five years. At December 31, 2010, Dr. Laverne was 62 years of age. He has served as a director since 2004.

DONALD S. MORROW

Mr. Morrow is the Chief Executive Officer and owner of Wind River Enterprises, Inc., DBA North Bay Auto Auction, an auto auction house in Fairfield, California. Mr. Morrow was appointed to fill a vacant director seat in December 2007. At December 31, 2010, Mr. Morrow was 60 years of age.

DAVID M. SPATZ

Mr. Spatz retired as a senior executive from Chevron Corporation in 2000. Presently, he is a real estate investor, and owns and manages several real estate properties. He has been the President of Anyi Lu International, Inc., a manufacturer of designer shoes, since 2005. At December 31, 2010, Mr. Spatz was 63 years of age. He has served as a director since 2004.

The Board of Directors recommends a vote FOR the election of each of the nominees named above.

**BAY COMMERCIAL BANK PROPOSAL B: RATIFICATION OF SELECTION
OF INDEPENDENT AUDITORS FIRM FOR 2011**

The firm of Moss Adams LLP, independent public accountants, was appointed by the board of directors in 2011 to audit the financial statements of the Bank for 2011.

The selection of an independent accounting firm to provide audit services for Bay Commercial Bank has been approved annually by the board of directors and ratified by the shareholders. Shareholders are again being asked to act upon a proposal to ratify the board's selection of Moss Adams LLP to audit the financial statements of Bay Commercial Bank for 2011.

Moss Adams LLP has advised Bay Commercial Bank that one or more of its representatives will be present at the annual meeting to make a statement if they so desire and to respond to appropriate questions.

The Board of Directors recommends a vote FOR this proposal.

BAY COMMERCIAL BANK OTHER PROPOSED ACTION

The board of directors is not aware of other business which will come before the annual meeting, other than as set forth in this joint proxy statement-offering circular, but if any such matters are properly presented, proxies solicited hereby will be voted on such matters in the proxy holder's discretion.

BAY COMMERCIAL BANK



Keary L. Colwell
Chief Financial Officer and Secretary

Walnut Creek, California
July 22, 2011

FOR SHAREHOLDERS OF GLOBAL BANCORP ONLY

The following proposal is an item to be voted upon at the Annual Meeting of Shareholders of Global Bancorp and are to be voted upon only by shareholders of Global Bancorp

Voting Procedures

Please refer to information previously set forth above with respect to eligibility to vote, the record date of June 30, 2011, and revocation of your proxy. Each holder of record of Global Bancorp common stock is entitled to one vote, in person or by proxy, for each share of common stock of Global Bancorp held as of June 30, 2011, except that shareholders may have cumulative voting rights with respect to the election of directors. See “Cumulative Voting,” below.

Unless otherwise instructed, each Global Bancorp valid proxy returned which is not revoked will be voted FOR the election as directors of the nominees named in this joint proxy statement-offering circular and at the proxy holders’ discretion, on such other matters, if any, that may come before the annual meeting (including any proposal to adjourn the annual meeting). At this time, the Global Bancorp Board of Directors is not aware of any other matters to come before the annual meeting other than those matters set forth in this joint proxy statement-offering circular.

Adoption of a proposal to adjourn the annual meeting to a later date requires that a majority of the votes cast at the annual meeting must vote in favor of the proposal to adjourn the annual meeting. Accordingly, abstentions will have the same effect as voting against the proposal to adjourn the annual meeting. Broker non-votes will have no effect on this proposal.

Votes Required

The following paragraphs explain the vote required for the election of directors. A quorum must be present for the vote on the election of directors to be valid. A majority of the shares of Global Bancorp common stock entitled to vote, represented in person or by proxy, shall constitute a quorum.

Such other matters, if any, as may properly come before the annual meeting will generally require the affirmative vote of the holders of a majority of the shares of the common stock represented.

With regard to the election of directors, votes may be cast in favor or withheld; votes that are withheld will be excluded from the vote and will have no effect. With respect to the election of persons to the board of directors of Global Bancorp, the seven validly-nominated nominees for election as directors who receive the most votes will be elected as directors.

Abstentions may be specified on all proposals other than the election of directors and will be counted as shares that are present or represented at the annual meeting for purposes of determining a quorum on the proposal on which the abstention is specified.

Under applicable California law, broker non-votes are counted for the purpose of determining the presence or absence of a quorum for the transaction of business but are not otherwise counted. Therefore, broker non-votes will have no effect on the outcome of the election of directors or the ratification of the selection of the independent accounting firm.

Cumulative Voting

Cumulative voting allows a shareholder to cast for any candidate a number of votes greater than the number of votes that the shareholder normally is entitled to cast. A shareholder may cumulate votes either (i) by giving one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which that shareholder’s shares are normally entitled or (ii) by distributing the shareholder’s votes on the same principle among as many candidates as the shareholder sees fit. No shareholder can cumulate votes unless, prior to the annual meeting, the shareholder has given notice of the intent to cumulate. If any shareholder has given notice to cumulate, then all shareholders may cumulate their votes for candidates in nomination. The seven candidates receiving the highest number of votes shall be elected. The board of directors does not, at this time, intend to give such notice or to cumulate the votes

it may hold pursuant to the proxies solicited herein unless the required notice by a shareholder is given. Therefore, discretionary authority to cumulate votes in such event is solicited in this joint proxy statement-offering circular.

Annual Report

A copy of the 2010 Annual Audited Financial Report as of December 31, 2010 for Global Bancorp (the “*Global Bancorp 2010 Annual Report*”) is attached as Appendix H. Additional copies of the Global Bancorp 2010 Annual Report are available without cost upon request by writing to Vinod Thukral, Chairman, Global Bancorp, 700 E. El Camino Real, Suite 100, Mountain View, California 94040.

Security Ownership of Certain Beneficial Owners and Management

Please refer to the information regarding the security ownership of certain beneficial owners and management of Global Bancorp set forth at page 71.

Please also refer to the table showing the beneficial ownership of directors, executive officers and directors and executive officers as a group as of May 31, 2011, set forth above at page 71.

Board of Directors

The bylaws of Global Bancorp provide that the number of directors of the Bank shall be not less than 7 nor more than 13 and that the board of directors may fix the number of directors within that range by resolution. The number of directors is currently fixed at seven. Each director holds office until the earliest of the next annual meeting of shareholders and until such director’s successor is duly elected and qualified, the effective date of the merger or until his death, resignation, or removal.

No director, nominee for director or executive officer of Global Bancorp has any family relationship with any other director or executive officer or director or executive officer of Global Bancorp.

The board of directors has nominated each of the currently serving directors of Global Bancorp, except for Mr. Jim Wall for re-election at the annual meeting. See “Global Bancorp Proposal A: Election of Directors.”

GLOBAL BANCORP PROPOSAL A – ELECTION OF DIRECTORS

Seven directors are to be elected at the annual meeting, each to hold office until the 2012 annual meeting of shareholders and until his respective successor is duly elected and qualified, or until his death, resignation, or removal or until the effective date of the merger. The nominees proposed by the board of directors for election are: Messrs. Bhupen Amin, Arthur Carmichael, Harpeet Chaudhary, Kameleshwar Gusagar, Mahendra Patel, Pramod Patel, and Vinod Thukral. Each is presently serving as a director. In the event that any of the nominees for election as director become unavailable, which is not expected, it is intended that, pursuant to the accompanying proxy, votes will be cast for such substitute nominee or nominees as may be designated by the board of directors, unless the board of directors reduces the number of directors.

The following sets forth, as to each nominee for election as a director of Global Bancorp, such person’s age, principal occupation during at least the last five years, and the period during which each person has served as a director of Global Bancorp.

Name and Title Other than Director	Age	Year First Appointed Director	Principal Occupation During the Past Five Years
Vinod K. Thukral	67	2008	Chairman of Global Bancorp and Global Trust Bank, former Professor at Tulane University
Bhupen B. Amin	40	2008	General Counsel and Chief Operating Officer of Lotus Hotels, Inc. in Walnut Creek, CA
Arthur C. Carmichael	70	2008	Managing director CBIZ Insurance Services, San Jose, CA

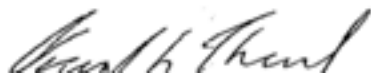
Name and Title Other than Director	Age	Year First Appointed Director	Principal Occupation During the Past Five Years
Harpreet Chaudhary, CPA	49	2008	Certified public accountant, and a Certified financial planner and president of Area Financial Services, Inc. (accounting)
Kamleshwar Gunsagar	68	2008	Executive Vice President and Chief Strategy Officer of Sriya Innovations (greentech space).
Mahendra P. Patel	62	2008	Real Estate Investor and hotelier
Pramod R. Patel	43	2008	Hotelier

The Global Bancorp Board of Directors recommends a vote FOR the election of each of the nominees named above.

GLOBAL BANCORP OTHER PROPOSED ACTION

The board of directors is not aware of other business which will come before the annual meeting, other than as set forth in this joint proxy statement-offering circular, but if any such matters are properly presented, proxies solicited hereby will be voted on such matters in the proxy holder's discretion.

GLOBAL BANCORP



Vinod Thukral
Chairman

July 22, 2011

APPENDIX A

**Agreement and Plan of Reorganization and Merger dated May 12, 2011,
by and among Global Bancorp, Global Trust Bank and Bay Commercial Bank**

**AGREEMENT AND PLAN
OF REORGANIZATION AND MERGER**

**BY AND AMONG
BAY COMMERCIAL BANK,
GLOBAL BANCORP
AND
GLOBAL TRUST BANK**

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**AGREEMENT AND PLAN
OF
REORGANIZATION AND MERGER**

This Agreement and Plan of Reorganization and Merger (this "Agreement") is entered into as of May 12, 2011, by and among Bay Commercial Bank, a California state chartered banking corporation ("Bank"), Global Bancorp, a California corporation ("Company") and Global Trust Bank, a California state-chartered bank and a wholly-owned subsidiary of Company ("GT Bank").

RECITALS

WHEREAS, the respective Boards of Directors of Bank, Company and GT Bank have each determined that it is in the best interests of Bank, Company and GT Bank and their respective shareholder(s) for the merger of the Company with and into GT Bank ("Downstream Merger") and the subsequent merger of GT Bank with and into the Bank ("Merger"), upon the terms and subject to the conditions set forth in this Agreement and in accordance with federal and state laws;

WHEREAS, each of the Boards of Directors of Bank, Company and GT Bank has approved this Agreement and the transactions contemplated hereby;

WHEREAS, Bank's and Company's Boards of Directors have resolved to recommend approval of the transactions to their respective shareholders;

WHEREAS, upon the consummation of the merger of GT Bank with and into the Bank, the Bank shall be the surviving corporation; and

WHEREAS, it is the intention of the parties to this Agreement that the business combinations contemplated hereby be treated as "reorganizations" under Section 368 of the Internal Revenue Code of 1986, as amended.

NOW THEREFORE, in consideration of these premises and the representations, warranties and agreements herein contained, Bank, Company and GT Bank hereby agree as follows:

ARTICLE I. DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set forth below:

"Acquisition Event" shall mean any of the following

- (a) Either Bank, Company or GT Bank (respectively, shall have authorized, recommended, publicly proposed or publicly announced an intention to authorize, recommend or propose, or shall have entered or announced an intention to enter into a letter of intent, an agreement-in-principle or a definitive agreement with any Person (other than Bank, Company or GT Bank), to effect an Acquisition Transaction or failed to publicly oppose a Tender Offer or an Exchange Offer (as defined below). As used herein, the term "Acquisition Transaction" shall mean (i) a merger, consolidation or similar transaction involving Bank, Company or GT Bank, (ii) the disposition, by sale, lease, exchange, dissolution or liquidation, or otherwise, of all or substantially all of the assets of Bank, Company or GT Bank, or any asset or assets of Bank, Company or GT Bank the disposition or lease of which would result in a material change in the business or business operations of Bank, Company or GT Bank, or (iii) the issuance, other than pursuant to outstanding stock options, sale or other disposition by Bank, Company or GT Bank (including, without limitation, by way of merger, consolidation, share exchange or any similar transaction) of shares of Bank Common Stock, Company Common Stock, GT Bank Common Stock or other Equity Securities, or the grant of any option, warrant or other right to acquire shares of Bank Common Stock or Company Common Stock, GT Common Stock or other Equity Securities, representing directly, or on an as-exercised, as-exchanged or as-converted basis (in the case of options, warrants, rights or exchangeable or convertible Equity Securities), 15% or more of the Voting Securities of the Bank, Company or GT Bank; or
- (b) Prior to termination of this Agreement (i) any Person (other than a person who is a party to a Bank Director-Shareholder Agreement, GT Bank Director-Shareholder Agreement or a Company Director-Shareholder Agreement) shall have increased the number of shares of Bank Common Stock, GT Bank Common Stock or Company Common Stock over which such Person has beneficial ownership (as such term is defined in Rule 13d-3 promulgated under the Exchange Act) by a number that is greater than 5% of the then outstanding shares of Bank Common Stock, GT Bank Common Stock or Company Common Stock, as applicable, if, after giving effect to such increase, such Person owns beneficially, more than 10% of the outstanding shares of Bank Common Stock, GT Bank Common Stock or Company Common Stock, or (ii) any "group" (as such term is defined under the Exchange Act) shall have been formed which beneficially owns, or has the right to acquire beneficial ownership of, more than 10% of the then outstanding shares of Bank Common Stock, GT Bank Common Stock or Company Common Stock.

"Acquisition Proposal" shall have the meaning given such term in Section 6.2.5.

"Affiliate" or "affiliate" shall mean, with respect to any other Person, any Person that, directly or indirectly, controls or is controlled by or is under common control with such Person.

"Aggregate Cash Amount" means the product obtained by multiplying (i) the number of shares of Company Common Stock outstanding at the Effective Time of the Downstream Merger by (ii) \$7.25, and multiplying that product by 20%.

"Aggregate Bank Share Amount" means the amount equal to the product obtained by multiplying (i) the number of shares of Company Common Stock outstanding at the Effective Time of the Downstream Merger by (ii) the Exchange Ratio and multiplying that product by 80%.

"Bank" shall mean Bay Commercial Bank.

"Bank Common Stock" shall mean the common stock, no par value per share, of Bank.

"Bank Director-Shareholder Agreement" shall have the meaning given such term in Section 7.2.3.

"Bank Fairness Opinion" shall have the meaning given to such term in Section 7.2.4.

"Bank Filings" shall have the meaning given such term in Section 3.6.

"Bank Financial Statements" means the audited financial statements (balance sheets, statements of income, statements of cash flow and statements of changes in financial position) and notes thereto of Bank and the related opinions thereon for the years ended December 31, 2010, 2009 and 2008.

"Bank Stock Options" shall mean the options to purchase shares of Bank Common Stock pursuant to the Bank Stock Option Plans as described in Schedule 3.5 hereto.

"Bank Stock Option Plans" shall mean Bank's written stock option plans, predecessor stock option plan and predecessor warrants as described in Schedule 3.5 hereto.

"Benefit Arrangement" shall have the meaning given such term in Section 4.20.4.

"BHC Act" shall mean the Bank Holding Company Act of 1956, as amended.

"Business Day" shall mean any day, other than a Saturday, Sunday or any other day such as a legal holiday, on which California state banks in California are not open for substantially all their banking business.

"California Corporations Code" shall mean the General Corporation Law of the State of California.

"California Financial Code" shall mean the Financial Code of the State of California.

"Cash Election" shall have the meaning given to such term in Section 7.6.1.

"Cash Proration Factor" shall have the meaning given to such term in Section 2.6.3(b)(iii).

"CDFI" shall mean the California Department of Financial Institutions.

"Certificates" shall have the meaning given to such term in Section 2.5.3.

"Classified Assets" shall have the meaning given to such term in Section 6.1.14.

"Closing" shall have the meaning given to such term in Section 2.4.

"Closing Date" shall have the meaning given to such term in Section 2.1.

"Combination Cash Election" shall have the meaning given such term in Section 2.6.1.

"Combination Stock Election" shall have the meaning given such term in Section 2.6.1.

"Company" shall mean Global Bancorp.

"Company Common Stock" shall mean the common stock, \$0.01 par value per share, of Company.

"Company Fairness Opinion" shall have the meaning given to such term in Section 2.3.1.

"Company Filings" shall have the meanings given such term in Section 4.6.

"Company Financial Statements" means the audited consolidated financial statements (balance sheets, statements of income, statements of cash flow and statements of changes in financial position) and notes thereto of the Company and GT Bank and the related opinions thereon for the years ended December 31, 2010, 2009, and 2008.

"Company or GT Bank Superior Proposal" shall have the meaning given to such term in Section 6.2.5.

"Company Stock Option Plan" shall mean the Global Bancorp 2007 Stock Incentive Plan.

"Confidential Information" means all information exchanged heretofore or hereafter between Bank and its affiliates and agents, on the one hand, and Company and GT Bank, their affiliates and agents, on the other hand, which is information related to the business, financial position or operations of the Person responsible for furnishing the information or an Affiliate of such Person (such information to include, by way of example only and not of limitation, client lists, company materials, internal memoranda, strategic plans, budgets, forecasts/projections, computer models, marketing plans, files relating in whole or in part to such Person, loans and loan participations purchased by such Person from others, investments, deposits, leases,

contracts, employment records, minutes of board of directors meetings (and committees thereof) and stockholder meetings, legal proceedings, reports of examination by any Governmental Entity, and such other records or documents such Person may supply to the other party pursuant to the terms of this Agreement or as contemplated hereby). Notwithstanding the foregoing, "Confidential Information" shall not include any information that (i) at the time of disclosure or thereafter is generally available to and known by the public (other than as a result of a disclosure directly or indirectly by the recipients or any of their officers, directors, employees or other representatives or agents), (ii) was available to the recipients on a nonconfidential basis from a source other than Persons responsible for furnishing the information, provided that such source is not and was not bound by a confidentiality agreement with respect to the information, or (iii) has been independently acquired or developed by the recipients without violating any obligations under this Agreement.

"Default" shall mean, as to any party to this Agreement, a failure by such party to perform, in any material respect, any of the agreements or covenants of such party contained in Articles 3 or 6.

"Derivatives Contract" shall have the meaning given such term in Section 4.24.

"Dissenting Shares" "Dissenting Shares" shall mean shares, the holders of which have lawfully dissented from the Merger in accordance with Section 1300 *et seq.* of the California Corporations Code.

"Downstream Merger" shall have the meaning set forth in Section 2.1.

"Downstream Merger Effective Time" shall have the meaning set forth in Section 2.1.

"Effective Time" shall have the meaning given such term in Section 2.1.

"Election Deadline" shall have the meaning given such term in Section 2.6.2.

"Election Form" shall have the meaning given such term in Section 2.6.1.

"Election Form Record Date" shall have the meaning given such term in Section 2.6.1.

"Employee Plan" shall have the meaning given such term in Section 4.20.3.

"Environmental Laws" shall mean and include any and all laws, statutes, ordinances, rules, regulations, orders, or determinations of any Governmental Entity pertaining to health or to the environment, including, without limitation, the Clean Air Act, as amended, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Federal Water Pollution Control Act Amendments, the Occupational Safety and Health Act of 1970, as amended, the Resource Conservation and Recovery Act of 1976 as amended ("RCRA"), the Hazardous Materials Transportation Act of 1975, as amended, the Safe Drinking Water Act, as amended, and the Toxic Substances Control Act, as amended.

"Equity Securities" shall have the meaning given to such term in the Exchange Act.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Exchange Agent" shall mean such Person as the Company and Bank shall have agreed upon and appointed to perform the duties set forth in Section 2.5.3.

"Exchange Offer" shall mean the commencement (as such term is defined in Rule 14d-2 under the Exchange Act) of an exchange offer in the filing by any Person of a registration statement under the Securities Act with respect to an exchange offer to purchase any shares of Bank Common Stock or Company Common Stock such that, upon consummation of such offer, such Person would own or control 15% or more of the then outstanding shares of Bank Common Stock or Company Common Stock, as applicable.

"Exchange Ratio" means a factor of 0.75678.

"Expenses" shall have the meaning given such term in Section 8.5.4.

"FDIC" shall mean the Federal Deposit Insurance Corporation.

"FDI Act" shall mean the Federal Deposit Insurance Act.

"Federal Reserve" shall mean the Board of Governors of the Federal Reserve System.

"GAAP" shall mean generally accepted accounting principles accepted in the United States of America.

"Governmental Entity" shall mean any entity, federal, state, local or foreign government or any administrative agency or commission or other governmental authority or instrumentality whatsoever.

"GT Bank" shall mean Global Trust Bank.

"GT Bank Collateralizing Real Estate" shall have the meaning given such term in Section 4.22.1.

"GT Bank Common Stock" shall mean the common stock, no par value, of GT Bank.

"GT Bank and Company Director/Shareholder Agreement" shall have the meaning given such term in Section 7.3.3.

"GT Bank Properties" shall have the meaning given such term in Section 4.22.1.

"Hazardous Substances" shall have the meaning given such term in Section 4.22.4.

"HMDA" shall mean Home Mortgage Disclosure Act.

"IRC" shall mean the Internal Revenue Code of 1986, as amended.

"Joint proxy statement and offering circular" shall have the meaning given to such term in Section 5.4.

"Knowledge" shall mean, with respect to any representation or warranty contained in this Agreement, the actual knowledge, after reasonable inquiry, including inquiry of direct reports, of any director or executive officer of Bank, GT Bank or Company, as the case may be.

"Last Regulatory Approval" shall mean the final requisite Regulatory Approval required, from any Governmental Entity under applicable federal laws of the United States and laws of any state having jurisdiction over the Merger or the Downstream Merger, to permit the parties to consummate the Merger and the Downstream Mergers.

"Loan Loss Reserve" shall have the meaning set forth in Section 6.1.10(a).

"Mailing Date" shall have the meaning given such term in Section 2.6.1.

"Material Adverse Effect" shall mean a material adverse effect: (i) on the business, assets, results of operations, financial condition or prospects of a Person and its subsidiaries, if any, taken as a whole (unless specifically indicated otherwise); or (ii) on the ability of a Person that is a party to this Agreement to perform its obligations under this Agreement or to consummate the transactions contemplated by this Agreement; provided, however, that a Material Adverse Effect shall not be deemed to include the impact of (a) changes in banking and similar laws of general applicability or interpretations thereof by the Regulatory Authority, (b) changes in GAAP or regulatory accounting requirements applicable to banks and their holding companies generally, (c) changes in general economic conditions affecting banks and their holding companies generally and (d) changes identified or expressly contemplated in this Agreement or otherwise agreed to in writing by a Person.

"Merger" shall have the meaning set forth in Section 2.1.

"Merger Agreement" shall have the meaning given to such term in Section 2.1.

"Merger Consideration" shall mean the Aggregate Cash Amount plus the Aggregate Share Amount.

"OREO" shall have the meaning given such term in Section 3.13.

"Perfected Dissenting Shares" shall mean Dissenting Shares, the holders of which have not effectively withdrawn or lost their dissenting rights under Section 1309 *et seq.* of the California Corporations Code. Dissenting Shares which have lost their status as dissenting

shares under Section 1302 of the California Corporations Code shall not be deemed Perfected Dissenting Shares.

"Per Share Cash Consideration" means \$9.25 per share of Company Common Stock.

"Persons" or "persons" shall mean an individual, corporation, partnership, limited liability company, joint venture, trust or unincorporated organization, Governmental Entity or any other legal entity whatsoever.

"Regulatory Authority" shall mean any Governmental Entity, the approval of which is legally required for consummation of the Merger or the Downstream Merger.

"Requisite Regulatory Approvals" shall have the meaning set forth in Section 7.1.2.

"Returns" shall mean all returns, declarations, reports, statements, and other documents required to be filed with respect to federal, state, local and foreign Taxes, and the term "Return" means any one of the foregoing Returns.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Stock Election" shall have the meaning given to such term in Section 2.6.1.

"Stock Proportion Factor" shall have the meaning given to such term in Section 2.0.3(a)(iii).

"Subsidiary" shall mean, with respect to any corporation (the "parent"), any other corporation, association or other business entity of which more than 50% of the shares of the Voting Stock are owned or controlled, directly or indirectly, by the parent or by one or more Subsidiaries of the parent, or by the parent and one or more of its Subsidiaries.

"Surviving Corporation" shall have the meaning given to such term in Section 2.1.

"Taxes" shall mean all federal, state, local and foreign net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, excise, severance, stamp, occupation, premium property, windfall profits, customs, duties, or other taxes, together with any interest and any penalties, additions to tax, or additional amounts with respect thereto, and the term "Tax" means any one of the foregoing Taxes.

"Tax Filings" shall mean any applications, reports, statements or other Returns related to any Person's taxes required to be filed with any local, state or federal Governmental Entity before the Merger may become effective.

"Tender Offer" shall mean the announcement (as such term is defined in Rule 14d-2 under the Exchange Act) of a tender offer or the filing by any person of a registration statement under the Securities Act with respect to a tender offer to purchase any shares of Bank Common

Stock or Company Common Stock such that, upon consummation of such offer, such person would own or control 15% or more of the then outstanding Voting Securities of Bank or Company.

"Understanding" shall have the meaning set forth in Section 6.1.5.

"Undesignated Shares" shall have the meaning set forth in Section 2.6.1.

"Updated Schedules" shall mean the schedules provided by Bank to GT Bank and Company, and the schedules provided by GT Bank and Company to Bank, immediately prior to the Closing as set forth in Section 5.7.

"Voting Securities" or "Voting Stock" shall mean the stock or other securities or any other interest entitling the holders thereof to vote in the election of the directors, trustees or Persons performing similar functions of the Person in question, including, without limitation, nonvoting securities that are convertible or exchangeable into voting securities, but shall not include any stock or other interest so entitling the holders thereof to vote only upon the happening of a contingency (other than a conversion or exchange thereof into voting securities), whether or not such contingency has occurred.

ARTICLE 2. THE MERGER

2.1 The Merger, Closing and Effective Time

Subject to the terms and conditions of this Agreement, as promptly as practicable following the receipt of the Last Regulatory Approval and the expiration of all applicable waiting periods, (i) the Company shall be merged with and into GT Bank, with GT Bank being the surviving corporation of the merger (the "Downstream Merger; Surviving Corporation"), all pursuant to the Agreement of Merger attached to this Agreement as Exhibit 2.1 (the "Downstream Merger Agreement") and in accordance with the applicable provisions of the California Financial Code and the California Corporations Code (the "Downstream Merger") and (ii) after the Downstream Merger, GT Bank shall be merged with and into the Bank with the Bank being the surviving corporation of the merger (the "Surviving Corporation"), all pursuant to the Agreement of Merger attached to this Agreement as Exhibit 2.2 (the "Merger Agreement") and in accordance with the applicable provisions of the California Financial Code and the California Corporations Code (the "Merger").

The closing of the Downstream Merger and Merger (the "Closing") shall take place at a location and time and Business Day to be designated by Bank, with the reasonable concurrence of the Company (the "Closing Date"). The Merger shall be effective when the Merger Agreement (together with any other documents required by law to effectuate the Merger) shall have been filed with the Secretary of State of the State of California and the CDFI. When used in this Agreement, the term "Effective Time" shall mean the time of filing of the Merger Agreement with the Secretary of State and the CDFI. When used in this Agreement, the term

"Downstream Merger Effective Time" shall mean the time of filing of the Merger Agreement for the Downstream Merger with the Secretary of State and the COP.

2.2 Effect of Downstream Merger and Merger

Downstream Merger. At the Effective Time of the Downstream Merger, by operation of law, all of the rights, privileges, powers and franchises and all property and assets of every kind and description of the Company and GT Bank shall be vested in and be held and enjoyed by the Downstream Merger Surviving Corporation, without further act or deed, and all the estates and interests of every kind of the Company and GT Bank, including all debts due to either of them, shall be as effectively the property of the Downstream Merger Surviving Corporation as they were of the Company and GT Bank immediately prior to the Effective Time, and the title to any real estate vested by deed or otherwise in either the Company or GT Bank shall not revert or be in any way impaired by reason of the Downstream Merger, and all rights of creditors and liens upon any property of the Company and GT Bank shall be preserved unimpaired and all debts, liabilities and duties of the Company and GT Bank shall be debts, liabilities and duties of the Downstream Merger Surviving Corporation and may be enforced against it to the same extent as if such debts, liabilities and duties had been incurred or contracted by it, and none of such debts, liabilities or duties shall be expanded, increased, broadened or enlarged by reason of the Downstream Merger.

Merger. At the Effective Time of the Merger, by operation of law, all of the rights, privileges, powers and franchises and all property and assets of every kind and description of Bank and GT Bank shall be vested in and be held and enjoyed by the Surviving Corporation, without further act or deed, and all the estates and interests of every kind of Bank and GT Bank, including all debts due to either of them, shall be as effectively the property of the Surviving Corporation as they were of Bank and GT Bank immediately prior to the Effective Time, and the title to any real estate vested by deed or otherwise in either Bank or GT Bank shall not revert or be in any way impaired by reason of the Merger, and all rights of creditors and liens upon any property of Bank and GT Bank shall be preserved unimpaired and all debts, liabilities and duties of Bank and GT Bank shall be debts, liabilities and duties of the Surviving Corporation and may be enforced against it to the same extent as if such debts, liabilities and duties had been incurred or contracted by it, and none of such debts, liabilities or duties shall be expanded, increased, broadened or enlarged by reason of the Merger.

2.3 Articles of Incorporation and Bylaws

The Articles of Incorporation and Bylaws of GT Bank in effect immediately prior to the Downstream Merger Effective Time shall be the Articles of Incorporation and Bylaws of the Downstream Merger Surviving Corporation until amended and the name of the Surviving Corporation shall be "Global Trust Bank."

The Articles of Incorporation and Bylaws of the Bank in effect immediately prior to the Effective Time shall be the Articles of Incorporation and Bylaws of the Surviving Corporation until amended and the name of the Surviving Corporation shall be "Bay Commercial Bank."

2.4 Bank and Company Common Stock

The authorized and issued capital stock of the Bank immediately prior to the Effective Time, on and after the Effective Time, pursuant to the Merger Agreement and without any further action on the part of Bank, shall remain unchanged, except with respect to those shareholders of GT Bank who receive Bank Common Stock, in which case those shares shall become issued and outstanding shares of Bank.

The authorized and issued capital stock of the Company immediately prior to the Downstream Merger Effective Time, on and after the Downstream Merger Effective Time, pursuant to the Merger Agreement for the Downstream Merger and without any further action on the part of Company, shall become capital stock of GT Bank, as described in the Downstream Merger Agreement. Each share of Company Common Stock outstanding shares immediately prior to the Downstream Merger Effective Time pursuant to the Merger Agreement for the Downstream Merger and without any further action on the part of Company, shall become one share of GT Bank.

2.5 Conversion of GT Bank Common Stock

At the Effective Time and pursuant to the Merger Agreement

2.5.1 Conversion of GT Bank Common Stock

(a) Subject to the exceptions and limitations in Section 2.5.1(b) and 2.6, each outstanding share of GT Bank Common Stock shall, without any further action on the part of GT Bank or the holders of any such shares, be converted into the right to receive for each share of GT Bank Common stock (i) one share of Bank Common Stock times the Exchange Ratio, and/or (ii) cash in accordance with Per Share Cash Consideration, at the election of the holder of such share of GT Bank Common Stock up to the limit set forth herein.

(b) Certain Exceptions and Limitations

(A) Perfected Dissenting Shares. GT Bank Perfected Dissenting Shares shall not be converted into shares of Bank Common Stock, but shall, after the Effective Time, be entitled only to such rights as are granted them by Section 1300 *et seq.* of the California Corporations Code (each dissenting shareholder who is entitled to payment for his or her shares of GT Bank Common Stock shall receive such payment in an amount as determined pursuant to Section 1300 *et seq.* of the California Corporations Code); and

(B) Fractional Shares. No fractional shares of Bank Common Stock shall be issued on the Merger and, in lieu thereof, each holder of GT Bank Common Stock who would otherwise be entitled to receive a fractional share shall receive an amount in cash equal to the product (calculated to eight places) obtained by multiplying such fractional share interest by the Per Share Cash Consideration.

(c) The holders of certificates formerly representing shares of GT Bank Common Stock shall cease to have any rights as shareholders of GT Bank, except such rights, if any, as they may have pursuant to law. Except as provided above, until certificates representing shares of GT Bank Common Stock are surrendered to the Exchange Agent pursuant to Section 2.5.3 hereof, the certificates of each holder shall, after the Effective Time, represent for all purposes only the right to receive shares of Bank Common Stock or cash in accordance with the Exchange Ratio or Per Share Cash Consideration, respectively.

(d) Notwithstanding the calculations and allocations of consideration in this Agreement, (i) the maximum amount of cash to be paid in the aggregate by Bank in the Merger for Perfected Dissenting Shares and for shares of GT Bank Common Stock whose holders receive cash in whole or in part, shall not exceed the Aggregate Cash Amount, and (ii) the minimum number of Bank shares to be issued in the Merger shall equal the Aggregate Bank Share Amount.

2.5.2 Reservation of Shares. Prior to the Effective Time, the Board of Directors of the Bank shall reserve for issuance a sufficient number of shares of Bank Common Stock for the purpose of issuing its shares to the shareholders of GT Bank in accordance herewith.

2.5.3 Exchange of GT Bank Common Stock.

(a) As soon as reasonably practicable after the Effective Time, holders of record of certificates formerly representing shares of GT Bank Common Stock ("Certificates") shall be instructed to tender such Certificates to the Exchange Agent pursuant to a letter of transmittal that the Bank shall deliver or cause to be delivered to such holders. Such letter of transmittal shall specify that risk of loss and title to Certificates shall pass only upon acceptance of such Certificates by the Bank or the Exchange Agent.

(b) After the Effective Time, each holder of a Certificate that surrenders such Certificate to the Bank or the Exchange Agent will, upon acceptance thereof by Bank or the Exchange Agent, be entitled to receive shares of Bank Common Stock or cash at the election of the holder of shares of GT Bank Common Stock in accordance with Section 2.5.1 hereof.

(c) The Bank or the Exchange Agent shall accept Certificates upon compliance with such reasonable terms and conditions as the Bank or the Exchange Agent may impose to effect an orderly exchange thereof in accordance with customary exchange practices. Certificates shall be appropriately endorsed or accompanied by such instruments of transfer as the Bank or the Exchange Agent may reasonably require.

(d) At the Effective Time, GT Bank shall deliver a certified copy of a list of its shareholders to the Bank or the Exchange Agent. After the Effective Time, there shall be no further transfer of Certificates on the stock transfer records of GT Bank, and if such Certificates are presented to GT Bank for transfer, they shall be canceled against delivery of shares of Bank Common Stock or the Per Share Cash Consideration in accordance with Sections 2.5.1 and 2.6 hereof. Bank shall not be obligated to deliver any shares of Bank

Common Stock to any holder of GT Common Stock until such holder surrenders the Certificates as provided herein. No dividends declared will be omitted, nor any voting rights granted, to any person entitled to receive Bank Common Stock under this Agreement until such person surrenders the Certificates representing the right to receive such Bank Common Stock, at which time such dividends on whole shares of Bank Common Stock with a record date on or after the Effective Time shall be retained to such person, without interest and less any taxes that may have been imposed thereon, and voting rights will be restored. Neither the Exchange Agent nor any party to this Agreement nor any affiliate thereof shall be liable to any holder of GT Bank Common Stock represented by any Certificate for any consideration paid to a public official pursuant to applicable abandoned property, escheat or similar laws. The Bank and the Exchange Agent shall be entitled to rely upon the stock transfer books of GT Bank to establish the identity of those persons entitled to receive consideration specified in this Agreement, which books shall be exclusive with respect thereto. In the event of a dispute with respect to ownership of stock represented by any Certificate, the Bank or the Exchange Agent shall be entitled to deposit any consideration in respect thereof in escrow with an independent third party and thereafter be relieved with respect to any claims thereto.

(c) If any shares of Bank Common Stock are to be issued under Per Share Cash Consideration paid to a person other than a person in whose name a surrendered Certificate is registered, it shall be a condition of issuance and/or payment that the surrendered Certificate shall be properly endorsed or otherwise presented in proper form for transfer and that the person requesting such issuance and/or payment shall pay to the Bank or the Exchange Agent any required transfer or other taxes or establish to the satisfaction of the Bank or the Exchange Agent that such tax has been paid or is not applicable.

(d) In the event any Certificate shall have been lost, stolen or destroyed, the owner of such lost, stolen or destroyed Certificate shall deliver to the Bank or the Exchange Agent an affidavit stating such fact, in form satisfactory to Bank and, at Bank's discretion, a bond in such reasonable sum as the Bank or the Exchange Agent may direct as indemnity against any claim that may be made against the Bank or GT Bank or any other party with respect to the Certificate alleged to have been lost, stolen or destroyed. Upon such delivery, the owner shall have the right to receive the shares of Bank Common Stock and/or Per Share Cash Consideration in accordance with Sections 2.5.i and 2.5 hereof.

(e) Any holder of GT Bank Common Stock who has not surrendered his/her/its shares to the Exchange Agent within six months after the Effective Time, shall look only to Bank for payment of consideration payable in respect of any GT Bank Common Stock Certificates not earlier exchanged by Exchange Agent. No interest will be paid or accrued on any amounts so payable.

2.6 Election and Proxy Procedures

2.6.1 An election form and other appropriate and customary transitional materials in such form as the Bank and GT Bank shall mutually agree ("Election Form") shall be mailed no more than thirty (30) days after the Effective Time or on such other date as Bank and GT Bank shall mutually agree ("Mailing Date") to each holder of record of GT Bank Common

Stock as of the Effective Time ("Election Form Record Date"). The Bank and GT Bank shall provide to the Exchange Agent all information reasonably necessary for it to perform its obligations as specified herein. Each Election Form shall permit the holder (or the beneficial owner through appropriate and customary documentation and instructions) to elect (an "Election") to receive either (i) Bank Common Stock with respect to all of such holder's GT Bank Common Stock (a "Stock Election"), (ii) cash with respect to all of such holder's GT Bank Common Stock (a "Cash Election"), or (iii) for a specified number of shares of GT Bank Common Stock (a "Combination Stock Election") and for a specified number of shares of GT Bank Common Stock, cash (a "Combination Cash Election"), subject to the provisions contained in this Agreement. Any GT Bank Common Stock (other than GT Bank Perfected Dissenting Shares) with respect to which the holder (or the beneficial owner, as the case may be) shall not have submitted to the Exchange Agent an effective, properly completed Election Form received prior to the Election Deadline shall be deemed to be "Undesignated Shares" hereunder.

2.6.2 Any Election shall have been properly made and effective only if the Exchange Agent shall have actually received a properly completed Election Form by 5:00 P.M. California time on or before the 40th day following the Mailing Date, or such other time and date as Bank and GT Bank may mutually agree (the "Election Deadline"). An Election Form shall be deemed properly completed only if an Election is indicated for each share of GT Bank Common Stock covered by such Election Form and if accompanied by one or more Certificates (or customary affidavits and indemnification regarding the loss or destruction of such Certificates or the guaranteed delivery of such Certificates) representing all shares of GT Bank Common Stock covered by such Election Form, together with the duly executed transmittal materials included in or required by the Election Form. Any Election Form may be revoked or changed by the person submitting such Election Form at or prior to the Election Deadline. In the event an Election Form is revoked prior to the Election Deadline, the shares of GT Bank Common Stock represented by such Election Form shall automatically become Undesignated Shares unless and until a new Election Form is properly completed with respect to such shares on or before the Election Deadline, and the Bank shall cause the Certificates representing such Undesignated Shares to be promptly returned without charge to the person submitting the revoked Election Form upon written request to that effect from the holder who submitted such Election Form. Subject to the terms of this Agreement and of the Election Form, the Exchange Agent shall have reasonable discretion to determine whether any election, revocation or change has been properly or timely made and to disregard immaterial defects in the Election Forms, and any decisions of Bank and GT Bank required by the Exchange Agent and made in good faith in determining such matters shall be binding and conclusive. The Exchange Agent shall notify as soon as reasonably possible any person of any material defect in his or her Election Form.

2.6.3 The Bank shall use its best efforts to cause the Exchange Agent to effect the allocation among the holders of GT Bank Common Stock of rights to receive Bank Common Stock or cash in the Merger as follows:

(a) If the conversion of shares of GT Bank Common Stock for which Cash Election and Combination Cash Elections shall have effectively been made would result in a number of shares of Bank Common Stock being issued that is less than the Aggregate Bank

Share Amount (which shall be determined for this purpose on the assumption that all shares of GT Bank Common Stock (other than those for which Cash Elections or Combination Cash Elections have been made) would be entitled to receive Bank Common Stock) then, to the extent necessary so that the number of shares of Bank Common Stock to be issued in the Merger shall be equal to the Aggregate Bank Share Amount, the Exchange Agent shall make the following allocations and adjustments in the following order:

(i) shares of GT Bank Common Stock for which effective Cash Elections or Combination Cash Elections have been made shall be converted into the right to receive cash in an amount equal to the Per Share Cash Consideration;

(ii) the Exchange Agent shall select by lot such number of holders of Undesignated Shares to receive the Per Share Cash Consideration as shall be necessary so that the shares of Bank Common Stock to be received by other holders of Undesignated Shares, when combined with the number of shares of Bank Common Stock for which Stock Elections or Combination Stock Elections have been made, shall be equal to the Aggregate Bank Share Amount. If all Undesignated Shares are converted into the right to receive the Per Share Cash Consideration and the shares for which Stock Election and Combination Stock Elections are still less than the Aggregate Bank Share Amount, then,

(iii) a stock proration factor (the "Stock Proration Factor") shall be determined by dividing (x) the Aggregate Bank Share Amount by (y) the product of (i) the total number of shares of GT Bank Common Stock with respect to which effective Stock Elections and Combination Stock Elections were made multiplied by (ii) the Exchange Ratio. Each holder of GT Bank Common Stock who made an effective Stock Election or Combination Stock Election shall be entitled to:

(1) the number of shares of Bank Common Stock equal to the product of (x) the Exchange Ratio, multiplied by (y) the number of shares of GT Bank Common Stock owned by such Stock Election or Combination Stock Election, multiplied by (z) the Stock Proration Factor; and

(2) cash in an amount equal to the product of (x) the Per Share Cash Consideration, multiplied by (y) the number of shares of GT Bank Common Stock covered by such Stock Election or Combination Stock Election, multiplied by (z) one minus the Stock Proration Factor.

(iv) If the conversion of the shares of GT Bank Common Stock for which Cash Elections and Combination Cash Elections shall have effectively been made (based upon the Exchange Ratio) and for which Dissenting Shares of GT Bank Common Stock are Perfected would result in a number of shares of GT Bank Common Stock being converted to cash that is more than the Aggregate Cash Amount, then, to the extent necessary so that the aggregate amount of cash does not exceed the Aggregate Cash Amount, the Exchange Agent shall make the following allocations and adjustments in the following order:

(i) each holder of GT Bank Common Stock who made an effective Stock Election or Combination Stock Election shall receive the number of shares of Bank Common Stock equal to the product of the Exchange Ratio multiplied by the number of shares of Bank Common Stock covered by such Stock Election or Combination Stock Election;

(ii) the Exchange Agent shall select by lot such number of holders of Undesignated Shares to receive Bank Common Stock as shall be necessary so that the shares of Bank Common Stock to be received by those holders, when combined with the number of shares of GT Common Stock for which a Stock Election or Combination Stock Election has been made shall be equal to at least the Aggregate Bank Share Amount. If all Undesignated Shares plus all shares as to which Stock Elections and Combination Stock Elections have been made together are still total less than Aggregate Bank Share Amount shares, then:

(iii) a cash proration factor (the "Cash Proration Factor") shall be determined by dividing (x) the Aggregate Bank Share Amount (less the product of (i) the sum of the shares for which an effective Stock Election and Combination Stock Election has been made plus all the Undesignated Shares multiplied by (ii) the Exchange Ratio) by (y) the product of (i) the sum of the total number of shares of GT Bank Common Stock with respect to which effective Cash Elections and Combination Cash Elections were made multiplied by (ii) the Exchange Ratio. Each holder of GT Bank Common Stock who made an effective Cash Election or Combination Cash Election shall be entitled to:

(1) cash equal to the product of (x) the Per Share Cash Consideration, multiplied by (y) the number of shares of GT Bank Common Stock covered by such Cash Election or Combination Cash Election, multiplied by (z) one minus the Cash Proration Factor, and

(2) the number of shares of Bank Common Stock equal to the product of (x) the Exchange Ratio, multiplied by (y) the number of shares of GT Bank Common Stock covered by such Cash Election or Combination Cash Election, multiplied by (z) the Cash Proration Factor.

(c) If the aggregate number of shares of GT Bank Common Stock for which Stock Elections and Combination Stock Elections shall have effectively been made would result in a number of shares of Bank Common Stock being issued that is equal to the Aggregate Bank Share Amount:

(i) the shares of GT Bank Common Stock for which effective Stock Elections and Combination Stock Elections have been made shall be converted into the right to receive Bank Common Stock equal to the product of the Exchange Ratio multiplied by the number of shares of GT Bank Common Stock covered by such Stock Elections and Combination of Stock Elections;

(ii) the shares of GT Bank Common Stock for which effective Cash Elections and Combination Cash Elections have been made shall be converted into the right to receive the Per Share Cash Consideration; and

(iii) the Undesignated Shares shall be converted into the right to receive the Per Share Cash Consideration.

(d) Notwithstanding any other provision of this Agreement, if, after applying the allocation rules set forth in the preceding subsections of this Section 2.6, the number of shares of Bank Common Stock that would be issued pursuant to the Merger is less than the Aggregate Bank Share Amount, the Bank shall be authorized to reallocate shares of Bank Common Stock and cash among the holders of the GT Bank Common Stock in good faith and in such a manner as Bank reasonably determines to be fair and equitable, or to vary the number of shares of Bank Common Stock to be issued in the Merger, in a manner such that the number of shares of Bank Common Stock to be issued in the Merger shall be as close as possible to, but shall not be less than, the Aggregate Bank Share Amount.

(e) Notwithstanding any other provision of this Agreement, if any Dissenting Shares fail to become Perfected Dissenting Shares, such Dissenting Shares shall automatically be converted into and represent the right to receive the consideration for shares of GT Bank Common Stock as provided in this Agreement, without interest thereon. The consideration payable for any such Dissenting Shares shall be payable in cash, in shares of Bank Common Stock, or in such combination of cash and Bank Common Stock as shall be determined by Bank as being necessary or appropriate to preserve the status of the Merger as a "reorganization" within the meaning of section 368(a) of the Code.

2.6.4 A draft of the calculations required by Section 2.6(b) shall be prepared by Bank prior to the Closing and furnished to GT Bank at least two Business Days prior to the Effective Time showing the manner of calculation in reasonable detail. Any calculation of a portion of a share of Bank Common Stock shall be rounded to the nearest ten-thousandth of a share, and any cash payment shall be rounded to the nearest cent. The final calculations shall be agreed upon by both parties and shall be set forth in a certificate executed by the Chief Financial Officer of Bank as of the Closing.

2.7 Company Stock Options

(a) Subject to the terms of the Company Stock Option Plan, each person who holds one or more options to purchase Company Common Stock shall be permitted to exercise any options granted under the Company Stock Option Plan prior to the Effective Time, in accordance with the terms of the Company Stock Option Plan.

(b) For any options to purchase Company Common Stock not exercised prior to the Effective Time, such Company stock options that are then outstanding and unexercised will be cancelled. Nothing in this Agreement shall be deemed to preclude holders of Company Stock Options from exercising those Company Stock Options at any time in accordance with their terms, including prior to the Effective Time.

2.8 Dissenters' Rights

Shares of GT Bank Common Stock, the holders of which have lawfully dissented from the Merger in accordance with Section 1300 *et seq.* of the California Corporations Code are herein called "Dissenting Shares." Dissenting Shares, the holders of which have not effectively withdrawn or lost their dissenters' rights under Section 1300 *et seq.* of the California Corporations Code ("Perfected Dissenting Shares"), shall not remain outstanding pursuant to Section 2.4 or converted pursuant to Section 2.5, but the holders thereof shall be entitled only to such rights as are granted by Section 1300 *et seq.* of the California Corporations Code. Each holder of Perfected Dissenting Shares who is entitled to payment for his or her GT Bank Common Stock, as applicable, pursuant to the provisions of Section 1300 *et seq.* of the California Corporations Code shall receive payment therefor from GT Bank (but only after the amount thereof shall have been agreed upon or finally determined pursuant to such provisions).

2.9 Board of Directors of GT Bank and Bank following the Downstream Merger Effective Time and Effective Time

At the Downstream Merger Effective Time, all of the existing members of the board of directors of GT Bank just prior to the Downstream Merger Effective Time shall remain and constitute all of the members of the board of directors of GT Bank immediately after the Downstream Merger Effective Time.

At the Effective Time, all of the existing members of the board of directors of Bank just prior to the Effective Time shall remain and constitute members of the board of directors of the Bank immediately after the Effective Time. In addition, the three members of the board of directors of GT Bank identified in Schedule 2.9 to this Agreement shall serve as directors of the Bank after the Effective Time. Prior to the Effective Time, the Bank agrees to appoint such three members to its board with their appointments to be effective immediately after the Effective Time.

2.10 Executive Officers of GT Bank and the Bank following the Downstream Merger Effective Time and Effective Time

At the Downstream Merger Effective Time, the then existing executive officers of GT Bank shall remain the executive officers of GT Bank.

At the Effective Time, the then existing executive officers of the Bank shall remain the executive officers of the Bank.

ARTICLE 3. REPRESENTATIONS AND WARRANTIES OF BANK

Bank represents and warrants to Company and GT Bank as follows:

3.1 Organization, Corporate Power, Etc.

Bank is a California banking corporation duly organized, validly existing and in good standing under the laws of California and has all requisite corporate power and corporate authority to own, lease and operate its properties and assets and to carry on its business substantially as it is being conducted on the date of this Agreement. Bank has all requisite corporate power and corporate authority to own, lease and operate its properties and to carry on its business substantially as it is being conducted on the date of this Agreement, except where the failure to have such power or authority would not have a Material Adverse Effect on Bank or the ability of Bank to consummate the transactions contemplated by this Agreement. Bank has all requisite corporate power and corporate authority to enter into this Agreement and, subject to obtaining all requisite Regulatory Approvals, Bank will have the requisite corporate power and corporate authority to perform its respective obligations hereunder with respect to the consummation of the transactions contemplated hereby. Bank as of the date of this Agreement is not a member of the Federal Reserve System, but has filed an application to become a member of the Federal Reserve System and anticipates becoming a member of the Federal Reserve System. Bank's deposits are insured by the FDIC in the manner and to the full extent provided by law.

3.2 Licenses and Permits

Bank has all material licenses, certificates, franchises, rights and permits that are necessary for the conduct of its business as presently conducted, and such licenses are in full force and effect, except for any failure to be in full force and effect that would not, individually or in the aggregate, have a Material Adverse Effect on Bank or on the ability of Bank to consummate the transactions contemplated by this Agreement. The properties, assets, operations and businesses of Bank are and have been maintained and conducted, in all material respects, in compliance with all applicable licenses, certificates, franchises, rights and permits.

3.3 Subsidiaries

Except as disclosed in Schedule 3.3, there is no corporation, partnership, joint venture or other entity in which Bank owns, directly or indirectly (except as pledgee pursuant to loans or stock or other interest held as the result of or in lieu of foreclosure pursuant to pledge or other security arrangement), any equity or other voting interest or position.

3.4 Authorization of Agreement, No Conflicts

3.4.1 The execution and delivery of this Agreement and the Merger Agreement by Bank, and the consummation of the transactions contemplated hereby and thereby, have been duly authorized by all necessary corporate action on the part of Bank, subject only to the approval of this Agreement, the Merger Agreement and the Merger by Bank's shareholders. This Agreement has been duly executed and delivered by Bank and constitutes a legal, valid and

binding obligation of Bank, enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, liquidation, receivership, conservatorship, insolvency, moratorium or other similar laws affecting the rights of creditors generally and by general equitable principles and by Section 8(b)(6)(D) of the FDIA, 12 U.S.C. § 1818(b)(6)(D). The Merger Agreement, upon the receipt of all Requisite Regulatory Approvals and the due execution and filing of such Merger Agreement in accordance with the applicable provisions of the California Corporations Code and the California Financial Code, will constitute a legal, valid and binding obligation of Bank, enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, liquidation, receivership, conservatorship, insolvency, moratorium or other similar laws affecting the rights of creditors generally and by general equitable principles and by Section 8(b)(6)(D) of the Federal Deposit Insurance Act, 12 U.S.C. § 1818(b)(6)(D).

3.4.2 Except as disclosed on Schedule 3.4.2 the execution and delivery of this Agreement and the Merger Agreement, and the consummation of the transactions contemplated hereby and thereby, do not and will not conflict with, or result in any violation of or default or loss of a material benefit under, any provision of the Articles of Incorporation or Bylaws of Bank, any material mortgage, indenture, lease, agreement or other material instrument or any permit, concession, grant, franchise, license, judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Bank or any of its assets or properties, other than any such conflict, violation, default or loss which (i) will not have a Material Adverse Effect on the Bank; or (ii) will be waived or waived prior to the Effective Time.

3.5 Capital Structure

The authorized capital stock of Bank consists of 100,000,000 shares of Bank Common Stock, no par value per share, and 10,000,000 shares of preferred stock, no par value. On the date of this Agreement, 3,549,794 shares of Bank Common Stock were outstanding, 354,979 shares of Bank Common Stock were reserved for issuance pursuant to Bank Stock Options granted under the Bank Stock Option Plans, and no shares of preferred stock were outstanding. All outstanding shares of Bank Common Stock are validly issued, fully paid and unassessable and do not possess any preemptive rights and were not issued in violation of any preemptive rights or any similar rights of any Person. Except for the Bank Stock Options described on Schedule 3.5 to this Agreement, Bank does not have outstanding any options, warrants, calls, rights, commitments, securities or agreements of any character to which Bank is a party or by which it is bound obligating Bank to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock of Bank or obligating Bank to grant, extend or enter into any such option, warrant, call, right, commitment or agreement.

3.6 Bank Filings

Except as disclosed on Schedule 3.6, since January 1, 2008, Bank has filed all reports, registrations and statements, together with any amendments required to be made with respect thereto, that were required to be filed with (a) the FDIC, or (b) any other applicable federal, state or local governmental or regulatory authority. All such reports, registrations and filings, and all reports sent to Bank's shareholders during the three-year period ended December 31, 2010 and

the three months ended March 31, 2011 (whether or not filed with any Regulatory Authority), are collectively referred to as the "Bank Filings." Except to the extent prohibited by law, copies of the Bank Filings have been made available to Company. As of their respective filing or mailing dates, each of the past Bank Filings (a) was true and complete in all material respects (or was amended so as to be so promptly following discovery of any discrepancy); and (b) complied in all material respects with all of the statutes, rules and regulations enforced or promulgated by the Regulatory Authority with which it was filed (or was amended so as to be so promptly following discovery of any such noncompliance) and none contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

3.7 Accuracy of Information Supplied

Bank has delivered or will deliver to Company copies of the Bank Financial Statements, and Bank will hereafter until the Closing Date deliver to Company copies of additional financial statements of Bank as provided in Section 5.3.1(iii). The Bank Financial Statements have been prepared (and all of said additional financial statements will be prepared) in accordance with GAAP, or applicable regulatory accounting principles applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) consistently followed throughout the periods covered by such statements, and present (and, when prepared, will present) fairly the financial position of Bank as of the respective dates indicated and the results of operations, cash flows and changes in shareholders' equity at the respective dates and for the respective periods covered by such financial statements (subject, in the case of the unaudited statements, to recurring adjustments normal in nature and amount) including, but not limited to the calculation for loan and lease losses. In addition, Bank has delivered or made available to Company copies of all management or other letters delivered to Bank by its independent accountants in connection with any of the Bank Financial Statements or by such accountants or any consultant regarding the internal controls or internal compliance procedures and systems of Bank issued at any time since January 1, 2008, and will make available for inspection by Company or its representatives, at such times and places as Company may reasonably request, reports and working papers produced or developed by such accountants or consultants.

3.8 Compliance with Applicable Laws

Except as disclosed on Schedule 3.8, the business of Bank is not being conducted in violation of any law, ordinance or regulation, except for violations which individually or in the aggregate would not have a Material Adverse Effect on Bank. Except as set forth on Schedule 3.8, no investigation or review by any Governmental Entity with respect to Bank, other than regular bank examinations, is pending or threatened, nor has any Governmental Entity indicated to Bank an intention to conduct the same.

3.9 Litigation

Except as set forth on Schedule 3.9, there is no suit, action or proceeding or investigation pending or threatened against or affecting Bank which, if adversely determined, would have a

Material Adverse Effect on Bank; nor is there any judgment, decree, injunction, rule or order of any Governmental Entity or arbitrator outstanding against Bank that has, or which, insofar as reasonably can be foreseen, in the future would have, any such Material Adverse Effect. Schedule 3.9 contains a true, correct and complete list, including identification of the applicable insurance policy covering such litigation, if any, subject to reservation of rights, if any, the applicable deductible and the amount of any reserve therefor, of all pending litigation in which Bank is a named party, and except as disclosed on Schedule 3.9, all of the litigation shown on such Schedule is adequately covered by insurance in force, except for applicable deductibles, or has been adequately reserved for in accordance with Bank's prior business practices.

3.10 Agreements with Banking Authorities

Bank is not a party to any written agreement or memorandum of understanding with, or order or directive from, any Governmental Entity.

3.11 Insurance

Bank has in full force and effect policies of insurance with respect to its assets and business against such casualties and contingencies and in such amounts, types and forms as are customarily appropriate for its business, operations, properties and assets. Schedule 3.11 contains a list of all policies of insurance and bonds carried and owned by Bank. Bank is not in default under any such policy of insurance or bond such that it can be canceled and all material current claims outstanding thereunder have been filed in timely fashion. Bank has filed claims with, or given notice of claim to, its insurers or bonding companies in timely fashion with respect to all material matters and occurrences for which it believes it has coverage.

3.12 Title to Assets other than Real Property

Except as disclosed on Schedule 3.12, Bank has marketable title to or a valid leasehold interest in all material properties and assets (other than real property which is the subject of Section 3.13) used in its business, free and clear of all mortgages, covenants, conditions, restrictions, easements, liens, security interests, charges, claims, assessments and encumbrances, except for: (a) rights of lessors, lessees or sublessees in such matters as are reflected in a written lease; (b) encumbrances as set forth in the Bank Financial Statements; (c) current Taxes (including assessments collected with Taxes) not yet due which have been fully reserved for; (d) encumbrances, if any, that are not substantial in character, amount or extent and do not detract materially from the value, or interfere with present use or the ability of Bank or its Subsidiary to sell or otherwise dispose of the property subject thereto or affected thereby; and (e) other matters as described in Schedule 3.12. All such properties and assets are, and require only routine maintenance to keep them, in good working condition, normal wear and tear excepted.

3.13 Real Property

Schedule 3.13 is an accurate list and general description of all real property owned or leased by Bank, including Other Real Estate Owned ("OREO"). Bank has marketable title to the

real properties that it owns, as described in such Schedule, free and clear of all mortgages, covenants, conditions, restrictions, easements, liens, security interests, charges, claims, assessments and encumbrances, except for (a) rights of lessors, lessees or sublessees in such matters as are reflected in a written lease, (b) liens for current Taxes (including assessments collected with Taxes) not yet due and payable, (c) encumbrances, if any, that are not substantial in character, amount or extent and do not materially detract from the value, or interfere with present use, or the ability of Bank to dispose, of Bank's interest in the property subject thereto or affected thereby; and (d) other matters as described in Schedule 3.13. Bank has valid leasehold interests in the leaseholds it holds, free and clear of all mortgages, liens, security interests, charges, claims, assessments and encumbrances, except for (a) claims of lessors, co-lessees or sublessees in such matters as are reflected in a written lease; (b) title exceptions affecting the fee estate of the lessor under such leases, and (c) other matters as described in Schedule 3.13. The activities of Bank with respect to all real property owned or leased by it for use in connection with its operations are in all material respects permitted and authorized by applicable zoning laws, ordinances and regulations and all laws and regulations of any Governmental Entity. Except as set forth on Schedule 3.13, Bank enjoys quiet possession under all material leases to which it is the lessee and all of such leases are valid and in full force and effect, except as the enforceability thereof may be limited by bankruptcy, liquidation, receivership, conservatorship, insolvency, moratorium or other similar laws affecting the rights of creditors generally and by general equitable principles. Materially all buildings and improvements on real properties owned or leased by Bank are in good condition and repair, and do not require more than normal and routine maintenance to keep them in such condition, normal wear and tear excepted.

3.14 Taxes

3.14.1 Filing of Returns. Except as set forth on Schedule 3.14.1, Bank has duly prepared and filed or caused to be duly prepared and filed all federal, state, and local Returns (for Tax or informational purposes) which were required to be filed by or in respect of Bank or any of their properties, income and/or operations on or prior to the Closing Date. As of the time they were filed, the foregoing Returns accurately reflected the material facts regarding the income, business, asset, operations, activities, status, and any other information required to be shown thereon. Except as set forth on Schedule 3.14.1, no extension of time within which Bank may file any Return is currently in force. Within five business days following a written request by the Company, Bank shall deliver to the Company a true and correct copy of Bank's 2010 federal and California income tax returns, as filed with the respective taxing authorities.

3.14.2 Payment of Taxes. Except as disclosed on Schedule 3.14.2 with respect to all amounts in respect of Taxes imposed on Bank or for which Bank is or could be liable, whether to taxing authorities (as, for example, under law) or to other Persons (as, for example, under Tax allocation agreements), with respect to all taxable periods or portions of periods ending on or before the Closing Date, all applicable tax laws and agreements have been or will be fully complied with in all material respects, and all such amounts required to be paid by or on behalf of Bank to taxing authorities or such other Persons on or before the date hereof have been paid.

3.14.3 Audit History. Except as disclosed on Schedule 3.14.3, there is no review or audit by any taxing authority of any tax liability of Bank currently in progress of which Bank has Knowledge. Except as disclosed on Schedule 3.14.3, the Bank has not received any written notices since its inception of any pending or threatened audit, by the Internal Revenue Service or any state, local or foreign agency, for any Returns or Tax liability of the Bank for any period. The Bank currently has no unpaid deficiencies assessed by the Internal Revenue Service or any state, local or foreign taxing authority arising out of any examination of any of the Returns of Bank filed for fiscal years ended on or after December 31, 2004 through the Closing Date, nor to the Knowledge of the Bank is there reason to believe that any material deficiency will be assessed.

3.14.4 Statute of Limitations. Except as disclosed on Schedule 3.14.4, no agreements are in force or are currently being negotiated by or on behalf of the Bank for any waiver or for the extension of any statute of limitations governing the time of assessments or collection of any Tax. No closing agreements or compromises exist concerning Taxes of the Bank.

3.14.5 IRC Section 382 Applicability. The Bank, including any party joining in any consolidated return to which the Bank is a member, has not undergone an "ownership change" as defined in (IRC Section 382(g) within the "testing period" (as defined in IRC Section 382) ending immediately before the Effective Time, and not taking into account any transactions contemplated by this Agreement.

3.14.6 Withholding Obligations. Except as set forth on Schedule 3.14.6, the Bank has withheld from each payment made to any of its officers, directors and employees, the amount of all applicable Taxes, including, but not limited to, income tax, social security contributions, unemployment contributions, backup withholding and other deductions required to be withheld therefrom by any Tax law and have paid the same to the proper taxing authorities within the time required under any applicable Tax law.

3.14.7 Tax Liens. There are no tax liens, whether imposed by any federal, state, local or foreign taxing authority, outstanding against any assets owned by the Bank except for (i) liens for Taxes that are not yet due and payable and (ii) Tax liens that have been accrued in the Bank's Financial Statements.

3.14.8 Tax Reserves. Bank has made full and adequate provision and reserve for all federal, state, local or foreign Taxes for the current period for which Tax and information returns are not yet required to be filed. Bank Financial Statements contain fair and sufficient accruals for the payment of all Taxes for the periods covered by the Bank Financial Statements and all periods prior thereto.

3.15 Performance of Obligations

Except as disclosed on Schedule 3.15, Bank has performed all material obligations required to be performed by it to date and Bank is not in material default under or in breach of any term or provision of any covenant, contract, lease, indenture or any other agreement, written or oral, to which it is a party, is subject or is otherwise bound, and no event has occurred that,

with the giving of notice or the passage of time or both, would constitute such a default or breach, where such default or breach or failure to perform would have a Material Adverse Effect on Bank. Except as disclosed on Schedule 3.15 or in the portion of Schedule 3.16 that identifies 90 day past due or classified or nonaccrual loans, no party with whom Bank has an agreement that is of material importance to the businesses of Bank is in default thereunder.

3.16 Brokers and Finders

Except as disclosed on Schedule 3.16, Bank is not a party to or obligated under any agreement with any broker or finder relating to the transactions contemplated hereby, and neither the execution of this Agreement, nor the Merger Agreement, nor the consummation of the transactions provided for herein or therein, will result in any liability to any broker or finder. Bank agrees to indemnify and hold harmless Company and its affiliates, and to defend with counsel selected by Company and reasonably satisfactory to Bank, from and against any liability, cost or expense, including attorneys' fees, incurred in connection with a breach of this Section 3.16.

3.17 Absence of Material Adverse Effect

Since January 1, 2008, the business of Bank has been conducted only in the ordinary course in the same manner as theretofore conducted, and no event or circumstance has occurred or is expected to occur which has had or which, with the passage of time or otherwise, could reasonably be expected to have a Material Adverse Effect on Bank.

3.18 Undisclosed Liabilities

Except as disclosed on Schedule 3.18, Bank has no liabilities or obligations, either accrued, contingent or otherwise, that are material to Bank and that have not been: (a) reflected or disclosed in the Bank Financial Statements, or (b) incurred subsequent to December 31, 2010 in the ordinary course of business. There is no basis for the assertion against Bank of any liability, obligation or claim (including without limitation that of any Governmental Entity) that will have or cause, or could reasonably be expected to have or cause, a Material Adverse Effect on Bank that is not fully and fairly reflected and disclosed in the Bank Financial Statements or on Schedule 3.20.

3.19 Liability Under Regulation C, Truth in Lending Law and FMDA

To Bank's knowledge, and except as disclosed on Schedule 3.19, Bank has no liabilities or obligations either accrued, contingent or otherwise, that have a Material Adverse Effect on Bank with respect to Regulation C, Truth in Lending Law and FMDA disclosures.

3.20 Bank Secrecy Act

Bank is in compliance with the Bank Secrecy Act (31 U.S.C. § 5122, or any) and related state and federal anti-money laundering laws, regulations and guidelines, including without limitation those provisions of federal regulations requiring (a) the filing of reports, such as Currency Transaction Reports and Suspicious Activity Reports, (b) the maintenance of records and (c) the exercise of due diligence in identifying customers.

3.21 Community Reinvestment Act

Bank received a rating of "satisfactory" or better in its most recent examination or interim review with respect to the Community Reinvestment Act. Bank has not been advised in writing of any concerns regarding compliance with the Community Reinvestment Act by any Governmental Entity or by any other Person.

3.22 Loans and Investments

Except as set forth on Schedule 3.22, all loans, leases and other extensions of credit, guarantees, security agreements or other agreements supporting any loans or extensions of credit, and investments of Bank are, and constitute, in all material respects, the legal, valid and binding obligations of the parties thereto and are enforceable against such parties in accordance with their terms, except as the enforceability thereof may be limited by applicable law and otherwise by bankruptcy, liquidation, receivership, conservatorship, insolvency, moratorium or other similar laws affecting the rights of creditors generally and by general equitable principles. Except as described on Schedule 3.22, as of March 31, 2011, no loans or investments held by Bank are: (i) more than ninety (90) days past due with respect to any scheduled payment of principal or interest, other than loans on a nonaccrual status; (ii) classified as "loss", "doubtful," "substandard" or "specially mentioned" by Bank or any banking regulators; or (iii) on a nonaccrual status in accordance with Bank's loan review procedures. Except as set forth on Schedule 3.22, none of such assets (other than loans) are subject to any restrictions, contractual, statutory or other, that would materially impair the ability of the entity holding such investment to dispose freely of any such assets at any time, except restrictions on the public distribution or transfer of any such investments under the Securities Act and the regulations thereunder or state securities laws and pledges or security interests given in connection with government deposits. All loans, leases or other extensions of credit outstanding, or commitments to make any loans, leases or other extensions of credit made by Bank to any Affiliates of Bank are disclosed on Schedule 3.22. For outstanding loans or extensions of credit where the original principal amounts are individually in excess of \$100,000 and which by their terms are either secured by collateral or supported by a guaranty or similar obligation, the security interests have been duly perfected in all material respects and have the priority they purport to have in all material respects, other than by operation of law, and, in the case of each guaranty or similar obligation, each has been duly executed and delivered to Bank and is still in full force and effect.

3.23 Employees, Employee Benefit Plans, ERISA

3.23.1 All material obligations of Bank for payment to trusts or other funds or to any Governmental Entity or to any individual, director, officer, employee or agent (or his or her heirs, legatees or legal representatives) with respect to unemployment compensation benefits, profit-sharing, pension or retirement benefits or social security benefits, whether arising by operation of law, by contract or by past custom, have been properly accrued on the Bank's Financial Statements for the periods covered thereby and paid when due. Except as disclosed on Schedule 3.23, all material obligations of the Bank, whether arising by operation of law, by contract or by past custom for vacation or holiday pay, bonuses and other forms of compensation which are payable to its directors, officers, employees or agents have been properly accrued on the Bank's Financial Statements for the periods covered thereby and paid when due. There are

no unfair labor practice complaints, strikes, slowdowns, stoppages or other controversies pending or attempts to unionize or controversies threatened by Bank or any of its Affiliates and/or relating to any of its employees that are likely to have a Material Adverse Effect on Bank. Bank is not a party to any collective bargaining agreement with respect to any of its employees and, except as set forth on Schedule 3.23.1, except as set forth on Schedule 3.23.1, Bank is not a party to a written employment contract with any of its employees, and there are no understandings with respect to the employment of any officer or employee of Bank which are not terminable by Bank without liability on not more than thirty (30) days' notice. Except as disclosed in the Bank's Financial Statements for the periods covered thereby, all material sums due for employee compensation have been paid and all employer contributions for employee benefits, including deferred compensation obligations, and all material benefit obligations under any Employee Plan (as defined in Section 3.23.3 hereof) or any Benefit Arrangement (as defined in Section 3.23.4 hereof) have been duly adequately paid or provided for in accordance with plan documents. Except as set forth on Schedule 3.23.1, no director, officer or employee of the Bank is entitled to receive any payment of any amount under any existing agreement, severance plan or other benefit plan as a result of the consummation of any transaction contemplated by this Agreement or the Merger Agreement. The Bank has materially complied with all applicable federal and state statutes and regulations which govern workers' compensation, equal employment opportunity and equal pay, including, but not limited to, all civil rights laws, Presidential Executive Order 11246, the Fair Labor Standards Act of 1938, as amended, and the Americans with Disabilities Act.

3.23.2 Bank has delivered as Schedule 3.23.2 a complete list of all Employee Plans and Benefit Arrangements (as defined in Sections 3.23.3 and 3.23.4 hereof), including all plans or practices providing for current compensation or annuity for active employees, including, but not limited to, all employee benefit plans, all pension, profit-sharing, retirement, bonus, stock option, incentive, deferred compensation, severance, long-term disability, medical, dental, health, hospitalization, life insurance or other insurance plans or related benefits.

3.23.3 Except as disclosed on Schedule 3.23.3, the Bank maintains, administers or otherwise contributes to any "employee benefit plan," as defined in Section 3(3) of ERISA, which is subject to any provisions of ERISA and covers any employee, whether active or retired, of the Bank or any Subsidiaries (any such plan being herein referred to as an "Employee Plan"). True and complete copies of each such Employee Plan, including amendments thereto, have been previously delivered or made available to the Bank, together with (i) all agreements regarding plan assets with respect to such Employee Plans, (ii) a true and complete copy of the annual reports for the most recent three years (Form 5500 Series including, if applicable, Schedules A and B thereto) prepared in connection with any such Employee Plan, (iii) a true and complete copy of the actuarial valuation reports for the most recent three years, if any, prepared in connection with any such Employee Plan covering any active employee of the Bank or its Subsidiaries, (iv) a copy of the most recent summary plan description of each such Employee Plan, together with any modifications thereto, and (v) a copy of the most recent favorable determination letter (if applicable) from the Internal Revenue Service for each Employee Plan. None of the Employee Plans is a "multiemployer plan" as defined in Section 3(57) of ERISA or a "multiple employer plan" as covered in Section 412(c) of the IRC, and the Bank has not been obligated to make a contribution to any such multiemployer or multiple employer plan within the

past five years has been, subject to Title IV of ERISA. Each Employee Plan that is intended to be qualified under Section 401(a) of the IRC was so qualified and each trust maintained pursuant thereto is exempt from income tax under Section 501(a) of the IRC, and Bank is not aware of any fact which has occurred that would cause the loss of such qualification or exemption.

3.23.4 Except as disclosed on Schedule 3.23.4, Bank has not maintained (other than base salary and base wages) any form of current or deferred compensation, bonus, stock option, stock appreciation right, severance pay, salary continuation, retirement or incentive plan or arrangement for the benefit of any director, officer or employee, whether active or retired, of the Bank or for any class or classes of such directors, officers or employees. Except as disclosed on Schedule 3.23.4, the Bank does not maintain any group or individual health insurance, welfare or similar plan or arrangement for the benefit of any director, officer or employee of the Bank, whether active or retired, or for any class or classes of such directors, officers or employees. Any such plan or arrangement described in this Section 3.23.4, copies of which have been delivered or made available to Bank, shall be herein referred to as a "Benefit Arrangement."

3.23.5 To Bank's Knowledge, all Employee Plans and Benefit Arrangements are operated in material compliance with the requirements prescribed by any and all statutes, governmental or court orders, or governmental rules or regulations currently in effect, including but not limited to ERISA and the IRC, applicable to such plans or arrangements, and plan documents relating to any such plans or arrangement materially comply with or will be amended to materially comply with applicable legal requirements. Neither the Bank, nor any Employee Plan nor any trust created thereunder, nor any trustee, administrator nor any other fiduciary thereof has engaged in a "prohibited transaction," as defined in Section 406 of ERISA and Section 4975 of the IRC, or that would adversely affect the qualified status of such plans, each "plan official" within the meaning of Section 412, with respect to each Employee Plan, to each of the Bank's Knowledge, no employee of the Bank, nor any fiduciary of any Employee Plan, has engaged in any breach of fiduciary duty as defined in Part 4 of Subtitle B of Title I of ERISA which could subject either Bank or any of its Subsidiaries to liability if the Bank, Bank or any such Subsidiary is obligated to indemnify such Person against liability. Except as enclosed on Schedule 3.23.5, the Bank has not failed to make any material contribution or pay any amount due and owing as required by law or the terms of any Employee Plan or Benefit Arrangement.

3.23.6 Except as set forth on Schedule 3.23.6, no Employee Plan or Benefit Arrangement has any material liability of any nature, accrued or contingent, including, without limitation, liabilities for federal, state, local or foreign taxes, interest or penalty other than liability for claims arising in the course of the administration of such such Employee Plan. Except as set forth on Schedule 3.23.6, to each of the Bank's Knowledge there is no pending or threatened legal action, proceeding or investigation against any Employee Plan that could result in material liability to such Employee Plan, other than routine claims for benefits, and there is no basis for any such legal action, proceeding or investigation.

3.23.7 To each of the Bank's or Bank's Knowledge, each Benefit Arrangement which is a group health plan (within the meaning of such term under IRC Section 4980B(g)(2)) materially complies and has materially complied with the requirements of Section 601 through 608 of ERISA or Section 4980B of the IRC governing continuation coverage requirements for employer-provided group health plans.

3.23.8 Except as disclosed on Schedule 3.23.8, Bank has not maintained any Employee Plan or Benefit Arrangement pursuant to which any benefit or other payment will be required to be made by the Bank or its Affiliates or pursuant to which any other benefit will accrue or vest in any director, officer or employee of the Bank or its Affiliates, in either case as a result of the consummation of the transactions contemplated by this Agreement or the Merger Agreement.

3.24 Hazardous Materials

Except as set forth on Schedule 3.24:

3.24.1 Except for ordinary and necessary quantities of cleaning, pest control and office supplies, and other small quantities of Hazardous Substances that are used in the ordinary course of business and in compliance with applicable Environmental Laws, or ordinary rubbish, debris and nonhazardous solid waste stored in garbage cans or bins for regular disposal off site, or petroleum contained in, and de minimus quantities discharged from, motor vehicles in their ordinary operation on any of the Bank Properties (as defined below), Bank has not engaged in the generation, use, manufacture, treatment, transportation, storage (in tanks or otherwise), or disposal of Hazardous Substances other than as permitted by and only in compliance with applicable law. Since the earlier of the date that the Bank was formed as a legal entity, no material amount of Hazardous Substances has been released, emitted or disposed of or otherwise deposited, on, in or from any real property which is now or has been previously owned since the date the Bank, respectively, opened for business, or which is currently or during the past three years was leased by Bank, including OREC (collectively, the "Bank Properties"), and the Bank has not received written notice that any of the same has occurred with respect to any real property in which the Bank now holds any security interest, mortgage or other lien or interest ("Bank Collateralizing Real Estate"), except for (i) matters disclosed on Schedule 3.24; and (ii) no activity has been undertaken on any of the Bank Properties since the earlier of the date that either the Bank opened for business, and the Bank has not received any written notice that activities have been or are being undertaken on any of the Bank Collateralizing Real Estate, that would cause or contribute to:

(a) any of the Bank Properties or Bank Collateralizing Real Estate becoming a treatment, storage or disposal facility within the meaning of RCRA or any similar state law or local ordinance;

(b) a release or threatened release of any Hazardous Substances under circumstances which would violate any Environmental Laws; or

(c) the discharge of Hazardous Substances into any soil, subsurface water or ground water or into the air, or the dredging or filling of any waters, that would require a permit or any other approval under the Federal Water Pollution Control Act, 33 U.S.C. §1251 et seq., the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq., or any similar federal or state law or local ordinance; the cumulative effect of which would have a Material Adverse Effect on any Bank Property or any Bank Collateralizing Real Estate involved.

3.24.2 Except as disclosed on Schedule 3.24, there are not, and never have been, any underground storage tanks located in or under any of the Bank Properties or the Bank Collateralizing Real Estate.

3.24.3 Bank has not received any written notice of and to the Knowledge of Bank, nor has received any verbal notice of, any pending or threatened claims, investigations, administrative proceedings, litigation, regulatory hearings or requests or demands for remedial or responsive actions or for compensation, with respect to any of the Bank properties or Bank Collateralizing Real Estate, alleging noncompliance with or violation of any Environmental Law or seeking relief under any Environmental Law, and none of the Bank Properties or Bank Collateralizing Real Estate is listed on the United State Environmental Protection Agency's National Priorities List of Hazardous Waste Sites, or, to the Knowledge of Bank, any other list, schedule, log, inventory or record of hazardous waste sites maintained by any federal, state or local agency.

3.24.4 "Hazardous Substance" shall mean any hazardous, toxic or infectious substance, material, gas or waste is regulated by any local state or federal Governmental Entity, in any of their agencies.

3.25 Risk Management Instruments

Neither the Bank nor any subsidiary is a party or has agreed to enter into an exchange traded or over-the-counter equity, interest rate, foreign exchange or other swap, forward, future, option, cap, floor or collar or any other contract that is not included on the balance sheet and is a derivatives contract (including various variations thereof) (each a "Derivatives Contract") or owns securities that (i) are referred to generally as "structured notes," "high risk mortgage derivatives," "capped floating rate notes" or "capped floating rate mortgage derivatives" or (ii) are likely to have changes in value as a result of interest or exchange rate changes that significantly exceed normal changes in value as a result of interest or exchange rate changes that significantly exceed normal changes in value attributable to interest or exchange rate changes, except for those Derivatives Contracts and other instruments legally purchased or entered into in the ordinary course of business consistent with safe and sound banking practices and regulatory guidance and previously disclosed to the Bank.

3.26 Accounting Records

The Bank maintains accounting records which fairly and validly reflect, in all material respects, its transactions and accounting controls sufficient to provide reasonable assurances that such transactions are (i) executed in accordance with its management's general or specific

authorization, and (ii) recorded as necessary to permit the preparation of financial statements in conformity with GAAP. Such records, to the extent they contain material information pertaining to Bank which is not easily and readily available elsewhere, have been duplicated, and such duplicates are stored safely and securely.

3.27 Material Contracts

Schedule 3.27 to this Agreement contains a complete and accurate written list of all agreements, obligations or understandings a) involving payment or receipt of consideration exceeding \$100,000 per year, and/or b) which are not terminable within six (6) months, written and oral, to which the Bank is a party as of the date of this Agreement, except for loans and other extensions of credit made by the Bank in the ordinary course of its business and those items specifically disclosed in the Bank Financial Statements.

3.28 Performance of Obligations

Except as disclosed on Schedule 3.28, the Bank has performed all material obligations required to be performed by it to date and is not in material default under or in breach of any term or provision of any covenant, contract, lease, indenture or any other agreement, written or oral, to which it is a party, is subject or is otherwise bound, and an event has occurred that, with the giving of notice or the passage of time or both, would constitute such a default or breach, where such default or breach or failure to perform would have a Material Adverse Effect on the Bank. Except as disclosed on Schedule 3.28 and except with respect to loans by the Bank, no party with whom the Bank has an agreement that is of material importance to the businesses of the Bank is in default thereunder.

3.29 Powers of Attorney

No power of attorney or similar authorization given by the Bank is presently in effect or outstanding other than powers of attorney given in the ordinary course of business with respect to routine matters.

3.30 Parachute Payments

The consummation of the Merger will not entitle any director, officer or employee of the Bank to any payment that would constitute a parachute payment under IRC Section 280G.

3.31 Corporate Records

The minute books of the Bank accurately reflect all material actions taken by its shareholders, board of directors and committees of their board of directors.

3.32 Accounting and Tax Matters

The Bank has not through the date hereof taken or agreed to take any action that would prevent the Bank from qualifying the Merger as a reorganization within the meaning of Section 368 of the IRC.

3.33 Intellectual Property

To the extent that the Bank owns or possesses licenses and other rights in and trade secrets, trade names, trademarks, service marks, Internet domain name registrations, inventions and processes used in its businesses, the Bank have not received any notice of conflict with

respect thereto that asserts the rights of others. To the Bank's Knowledge the Bank has in all material respects performed all of the obligations required to be performed by it and is not in default in any material respect under any contract, agreement, arrangement or commitment relating to any of the foregoing.

3.34 Material Interest of Certain Persons

None of the current officers or directors of the Bank has any material interest in any material contract or property (real or personal), tangible or intangible, used in or pertaining to the business of the Bank (except his/her ownership of the Bank's Shares)

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF COMPANY AND GT BANK

Company and GT Bank, jointly and severally, represent and warrant to Bank as follows.

4.1 Organization, Corporate Power, Etc

Each of Company and GT Bank is a California corporation duly organized, validly existing and in good standing under the laws of the State of California and has all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business substantially as it is being conducted on the date of this Agreement. Company is a bank holding company registered under the BHCA. Each of Company's Subsidiaries has all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business substantially as it is being conducted on the date of this Agreement, except where the failure to have such power or authority would not have a Material Adverse Effect on Company taken as a whole or the ability of Company to consummate the transactions contemplated by this Agreement. Company has all requisite corporate power and authority to enter into this Agreement and, subject to obtaining all Requisite Regulatory Approvals, Company will have the requisite corporate power and authority to perform its respective obligations hereunder with respect to the consummation of the transactions contemplated hereby. Company is the sole shareholder of GT Bank. GT Bank is a state chartered banking corporation licensed to conduct banking business in California. GT Bank is not a member of the Federal Reserve System. GT Bank's deposits are insured by the FDIC in the manner and to the full extent provided by law.

4.2 Licenses and Permits

Company and GT Bank have all material licenses, certificates, franchises, rights and permits that are necessary for the conduct of their business as presently conducted, and such licenses are in full force and effect, except for any failure to be in full force and effect that would not, individually or in the aggregate, have a Material Adverse Effect on Company and GT Bank taken as a whole or on the ability of Company and GT Bank to consummate the transactions contemplated by this Agreement. The properties, assets, operations and businesses of Company and GT Bank are and have been maintained and conducted, in all material respects, in compliance with all applicable licenses, certificates, franchises, rights and permits. The Company has no Knowledge of any facts or circumstance with respect to GT Bank's SBA lending programs that would prohibit the Bank upon the consummation of the Merger, from being able to make guaranteed loans under the programs administered by the U.S. Small

Business Administration as a successor entity; provided, that the Bank has complied with the U.S. Small Business Administration regulations on successor entities.

4.3 Subsidiaries

There is no corporation, partnership, joint venture or other entity in which Company or GT Bank own, directly or indirectly (except as pledge pursuant to loans or stock or other interest held as the result of or in lieu of foreclosure pursuant to pledge or other security arrangement) any equity or other voting interest or position, other than Company's ownership of GT Bank or any entity facilitating the issuance of trust preferred securities.

4.4 Authorization of Agreement; No Conflicts

4.4.1 The execution and delivery of this Agreement and the Merger Agreement by Company and GT Bank, and the consummation of the transactions contemplated hereby and thereby, have been duly authorized by all necessary corporate action on the part of Company and GT Bank, subject only to the approval of this Agreement, the Merger Agreement and the Merger by Company's shareholders. This Agreement has been duly executed and delivered by Company and GT Bank and constitutes a legal, valid and binding obligation of Company and GT Bank, enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, liquidation, receivership, conservatorship, insolvency, moratorium or other similar laws affecting the rights of creditors generally and by general equitable principles and by Section 8(b)(6)(D) of the FDI Act, 12 U.S.C. § 1818(b)(6)(D). The Merger Agreement, upon the receipt of all Requisite Regulatory Approvals and the due execution and filing of such Merger Agreement in accordance with the applicable provisions of the California Corporations Code and the California Financial Code, will constitute a legal, valid and binding obligation of Company and GT Bank, enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, liquidation, receivership, conservatorship, insolvency, moratorium or other similar laws affecting the rights of creditors generally and by general equitable principles and by Section 8(b)(6)(D) of the FDI Act, 12 U.S.C. § 1818(b)(6)(D).

4.4.2 Except as disclosed on Schedule 4.4.2, the execution and delivery of this Agreement and the Merger Agreement, and the consummation of the transactions contemplated hereby and thereby, do not and will not conflict with, or result in any violation of or default in, loss of a material benefit under, any provision of the Articles of Incorporation or Bylaws of Company or GT Bank, any material mortgage, indenture, lease, agreement or other material instrument or any permit, concession, grant, franchise, license, judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Company or GT Bank or any of their respective assets or properties, other than any such conflict, violation, default or loss which (i) will not have a Material Adverse Effect on Company and GT Bank taken as a whole, or (ii) will be cured or waived prior to the Effective Time.

4.5 Capital Structure

The authorized capital stock of Company consists of 20,000,000 shares of Company Common Stock, \$0.01 par value per share. On the date of this Agreement, 2,115,001 shares of Company Common Stock were outstanding, and 493,000 shares of Company Common Stock were reserved for issuance pursuant to outstanding Company Stock Options under the Company Stock Option Plan. The authorized capital stock of GT Bank consists of 20,000,000 shares of

GT Bank Common Stock. All outstanding shares of Company Common Stock and GT Bank Common Stock are validly issued, fully paid and nonassessable and do not possess any preemptive rights and were not issued in violation of any preemptive rights or any similar rights of any Person. Except for the Company Stock Options described on Schedule 4.5 to this Agreement, neither the Company nor GT Bank has outstanding any options, warrants, calls, rights, commitments, securities or agreements of any character to which Company is a party or by which it is bound obligating Company to issue, deliver or sell or cause to be issued, delivered or sold, additional shares of capital stock of Company or obligating Company to grant, extend or enter into any such option, warrant, call, right, commitment or agreement.

4.6 Company Filings

Except as disclosed on Schedule 4.6, since January 1, 2008, Company and GT Bank have each filed all reports, registrations and statements, together with any amendments required to be made with respect thereto, that were required to be filed with (a) the Federal Reserve or any Federal Reserve Bank; (b) the CDFI; (c) the SFF; (d) the FDIC; and (e) any other applicable federal, state or local governmental or regulatory authority. All such reports, registrations and filings are collectively referred to as the "Company Filings." Except to the extent prohibited by law, copies of the Company Filings have been made available to Bank. As of their respective filing or mailing dates, each of the past Company Filings (a) was true and complete in all material respects (or was amended so as to be so promptly following discovery of any discrepancy), and (b) complied in all material respects with all of the statutes, rules and regulations enforced or promulgated by the Regulatory Authority with which it was filed (or was amended so as to be so promptly following discovery of any such noncompliance) and none contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

4.7 Accuracy of Information Supplied

Company has delivered or will deliver to Bank copies of the Company Financial Statements, and Company will hereafter until the Closing Date deliver to Bank copies of additional financial statements of Company as provided in Sections 5.1.1(b). The Company Financial Statements have been prepared (and all of said additional financial statements will be prepared) in accordance with GAAP, or applicable regulatory accounting principles applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) consistently followed throughout the periods covered by such statements, and present (and, when prepared, will present) fairly the financial position of Company or GT Bank, as appropriate, as of the respective dates indicated and the results of operations, cash flows and changes in shareholders' equity at the respective dates and for the respective periods covered by such financial statements (subject, in the case of the unaudited statements, to recurring adjustments normal in nature and amount) including, but not limited to the calculation for loan and lease losses. In addition, Company has delivered or made available to Bank copies of all management or other letters delivered to Company or GT Bank by their independent accountants in connection with any of the Company Financial Statements or by such accountant or any consultant regarding the internal controls or internal compliance procedures and systems of Company or GT Bank issued at any time since January 1, 2007, and will make available for

inspections by Bank or its representatives, at such times and places as Bank may reasonably request reports and working papers produced or developed by such accountants or consultants.

4.8 Compliance with Applicable Laws

Except as disclosed on Schedule 4.8, the respective businesses of Company and GT Bank are not being conducted in violation of any law, ordinance or regulation, except for violations which individually or in the aggregate would not have a Material Adverse Effect on Company and GT Bank, taken as a whole. Except as set forth on Schedule 4.8, an investigation or review by any Governmental Entity with respect to Company or GT Bank, other than regular bank examinations, is pending or threatened, nor has any Governmental Entity indicated to Company or GT Bank an intention to conduct the same.

4.9 Litigation

Except as set forth on Schedule 4.9, there is no suit, action or proceeding or investigation pending or threatened against or affecting Company which, if adversely determined, would have a Material Adverse Effect on Company and GT Bank taken as a whole; nor is there any judgment, decree, injunction, rule or order of any Governmental Entity or arbitrator outstanding against Company or GT Bank that has, in which, insofar as reasonably can be foreseen, in the future would have, any such Material Adverse Effect. Schedule 4.9 contains a true, correct and complete list, including identification of the applicable insurance policy covering such litigation, if any, subject to reservation of rights, if any, the applicable deductible and the amount of any reserve therefor, of all pending litigation in which Company or GT Bank is a named party of which Company has knowledge, and except as disclosed on Schedule 4.9, all of the litigation shown on such Schedule is adequately covered by insurance in force except for applicable deductibles, or has been adequately reserved for in accordance with Company's prior business practices.

4.10 Agreements with Banking Authorities

Except as set forth on Schedule 4.10, neither Company nor GT Bank is a party to any written agreement or memorandum of understanding with, or order or directive from, any Governmental Entity.

4.11 Insurance

Company and GT Bank each has in full force and effect policies of insurance with respect to its assets and business against such casualties and contingencies and in such amounts, types and terms as are customarily appropriate for its business, operations, properties and assets. Schedule 4.11 contains a list of all policies of insurance and bonds, actual and unearned, by Company and GT Bank. Company and GT Bank are not in default under any such policy of insurance or bond such that it can be canceled and all material current claims outstanding thereunder have been filed in timely fashion. Company and GT Bank have filed claims with, or given notice of claims to, their insurers or bonding companies in timely fashion with respect to all material matters and occurrences for which they believe they have coverage.

4.12 Title to Assets other than Real Property

Except as disclosed on Schedule 4.12, Company and GT Bank have marketable title to or a valid leasehold interest in all material properties and assets (other than real property) which is

the subject of Section 4.13) used in their business, free and clear of all mortgages, covenants, conditions, restrictions, easements, liens, security interests, charges, claims, assessments and encumbrances, except for: (a) rights of lessors, lessees or sublessees in such matters as are reflected in a written lease; (b) encumbrances as set forth in the Company Financial Statements; (c) current Taxes (including assessments collected with Taxes) not yet due which have been fully reserved for; (d) encumbrances, if any, that are not substantial in character, amount or extent and do not detract materially from the value, or interfere with present use, or the ability of Company or GT Bank or its Subsidiary to sell or otherwise dispose of the property subject thereto or affected thereby; and (e) other matters as described in Schedule 4.12. All such properties and assets are, and require only routine maintenance to keep them, in good working condition, normal wear and tear excepted.

4.13 Real Property

Schedule 4.13 is an accurate list and general description of all real property owned or leased by Company and GT Bank, including Other Real Estate Owned ("OREO"). Company and GT Bank have marketable title to the real properties that they own, as described in such Schedule, free and clear of all mortgages, covenants, conditions, restrictions, easements, liens, security interests, charges, claims, assessments and encumbrances, except for (a) rights of lessors, lessees or sublessees in such matters as are reflected in a written lease; (b) liens for current Taxes (including assessments collected with Taxes) not yet due and payable; (c) encumbrances, if any, that are not substantial in character, amount or extent and do not materially detract from the value, or interfere with present use, or the ability of Company or GT Bank to dispose of Company or GT Bank's interest in the property subject thereon or affected thereby; and (d) other matters as described in Schedule 4.13. Company and GT Bank have valid leasehold interests in the leaseholds it holds, free and clear of all mortgages, liens, security interests, charges, claims, assessments and encumbrances, except for (a) claims of lessors, lessors or sublessees in such matters as are reflected in a written lease; (b) title exceptions affecting the fee estate of the lessor under such lease; and (c) other matters as described in Schedule 4.13. The activities of Company and GT Bank with respect to all real property owned or leased by it for use in connection with its operations are in all material respects permitted and authorized by applicable zoning laws, ordinances and regulations and all laws and regulations of any Governmental Entity. Except as set forth on Schedule 4.13, Company and GT Bank enjoy quiet possession under all material leases to which it is the lessee and all of such leases are valid and in full force and effect, except as the enforceability thereof may be limited by bankruptcy, liquidation, receivership, conservatorship, insolvency, moratorium or other similar laws affecting the rights of creditors generally and by general equitable principles. Materially all buildings and improvements on real properties owned or leased by Company and GT Bank are in good condition and repair, and do not require more than normal and routine maintenance to keep them in such condition, normal wear and tear excepted.

4.14 Taxes

4.14.1 Filing of Returns. Except as set forth on Schedule 4.14.1, Company and GT Bank have duly prepared and filed or caused to be duly prepared and filed all federal, state, and local Returns (for Tax or informational purposes) which were required to be filed by or in respect of Company and GT Bank or any of its properties, income and/or operations on or prior to the Closing Date. As of the time they were filed, the foregoing Returns accurately reflected

the material facts regarding the income, business, asset, operations, activities, status, and any other information required to be shown thereon. Except as set forth on Schedule 4.14.1, no extension of time within which Company or GT Bank may file any Return is currently in force. Within five business days following a written request by the Bank, the Company shall deliver to the Bank a true and correct copy of Company's 2010 federal and California income tax returns, as filed with the respective taxing authorities.

4.14.2 Payment of Taxes. Except as disclosed on Schedule 4.14.2 with respect to all amounts in respect of Taxes imposed on Company or GT Bank or for which Company or GT Bank is or could be liable, whether to taxing authorities (as, for example, under law) or to other Persons (as, for example, under Tax allocation agreements), with respect to all taxable periods or portions of periods ending on or before the Closing Date, all applicable tax laws and agreements have been or will be fully complied with in all material respects, and all such amounts required to be paid by or on behalf of Company or GT Bank to taxing authorities or such other Persons on or before the date hereof have been paid.

4.14.3 Audit History. There is no review or audit by any taxing authority of any Tax liability of the Company or GT Bank currently in progress of which the Company or GT Bank has knowledge. Except as disclosed on Schedule 4.14.3, neither Company nor GT Bank has received any written notices since its inception of any pending or threatened audit, by the Internal Revenue Service or any state, local or foreign agency, for any Returns or Tax liability of either the Company or GT Bank for any period. Neither the Company nor GT Bank currently has any unpaid deficiencies assessed by the Internal Revenue Service or any state, local or foreign taxing authority arising out of any examination of any of the Returns of either the Company or GT Bank or any Subsidiaries filed for fiscal years ended on or after December 31, 2006 through the Closing Date, nor is there reason to believe that any material deficiency on any such entities will be assessed.

4.14.4 Statute of Limitations. Except as disclosed on Schedule 4.14.4, no agreements are in force or are currently being negotiated by or on behalf of either the Company or GT Bank for any waiver or for the extension of any statute of limitations governing the time of assessments or collection of any Tax. No closing agreements or compromises exist concerning Taxes of either the Company or GT Bank.

4.14.5 Withholding Obligations. Except as set forth on Schedule 4.14.5, the Company and/or GT Bank, as applicable has withheld from each payment made to any of its officers, directors and employees, the amount of all applicable Taxes, including, but not limited to, income tax, social security contributions, unemployment contributions, backup withholding and other deductions required to be withheld therefrom by any Tax law and has paid the same to the proper taxing authorities within the time required under any applicable Tax law.

4.14.6 Tax Liens. There are no Tax liens, whether imposed by any federal, state, local or foreign taxing authority, outstanding against any assets owned by either the Company or GT Bank except for liens for Taxes that are not yet due and payable.

4.14.7 Tax Reserves. The Company and GT Bank each has made full and adequate provision and reserve for all federal, state, local or foreign Taxes for the current period for which Tax and information returns are not yet required to be filed. The Company Financial Statements contain fair and sufficient accruals for the payment of all Taxes for the periods covered by the Company Financial Statements and all periods prior thereto.

4.14.8 IRC Section 382 Applicability. Neither the Company nor Bank, including any party joining in any consolidated return to which Company is a member, has undergone an "ownership change" as defined in IRC Section 382(g) within the "testing period" (as defined in IRC Section 382) ending immediately before the Effective Time, and not taking into account any transactions contemplated by this Agreement.

4.15 Loans and Investments

Except as set forth on Schedule 4.15, all loans, leases and other extensions of credit, guarantees, security agreements or other agreements supporting any loans or extensions of credit, and investments of Company and GT Bank are, and constitute, in all material respects, the legal, valid and binding obligations of the parties thereto and are enforceable against such parties in accordance with their terms, except as the enforceability thereof may be limited by applicable law and otherwise by bankruptcy, liquidation, receivership, conservatorship, insolvency, moratorium or other similar laws affecting the rights of creditors generally and by general equitable principles. Except as described on Schedule 4.15, as of March 31, 2017, no loans or investments held by Company or GT Bank are (i) more than ninety (90) days past due with respect to any scheduled payment of principal or interest, other than loans on a nonaccrual status, (ii) classified as "less," "doubtful," "substandard" or "speciﬁcally mentioned" by Company, GT Bank or any banking regulators, or (iii) on a nonaccrual status in accordance with Company or GT Bank's loan review procedures. Except as set forth on Schedule 4.15, none of such assets (other than loans) are subject to any restrictions, contractual, statutory or other, that would materially impair the ability of the entity holding such investment to dispose freely of any such assets at any time, except restrictions on the public distribution or transfer of any such investments under the Securities Act and the regulations thereunder or state securities laws and pledges or security interests given in connection with government deposits. All loans, leases or other extensions of credit outstanding, or commitments to make any loans, leases or other extensions of credit made by Company or GT Bank to any Affiliates of Company or GT Bank are disclosed on Schedule 4.15. For outstanding loans or extensions of credit where the original principal amounts are individually in excess of \$100,000 and which by their terms are either secured by collateral or supported by a guaranty or similar obligation, the security interests have been duly perfected in all material respects and have the priority they purport to have in all material respects, other than by operation of law, and, in the case of each guaranty or similar obligation, each has been duly executed and delivered to Company or GT Bank and is still in full force and effect.

4.16 Brokers and Finders

Except as set forth on Schedule 4.16, neither Company nor GT Bank as a party to or obligated under any agreement with any broker or finder relating to the transactions contemplated hereby, and neither the execution of this Agreement, nor the Merger Agreement, nor the consummation of the transactions provided for herein or therein, will result in any

liability to any broker or finder. Company agrees to indemnify and hold harmless Bank, and to defend with counsel selected by Bank and reasonably satisfactory to Company, from and against any liability, cost or expense, including attorneys' fees, incurred in connection with a breach of this Section 4.16.

4.17 Material Contracts

Schedule 4.17 to this Agreement contains a complete and accurate written list of all agreements, obligations or understandings a) involving payment or receipt of consideration exceeding \$10,000 per year and/or b) which are not terminable within six (6) months, written and oral, to which either the Company or GT Bank is a party as of the date of this Agreement, except for loans and other extensions of credit made by GT Bank in the ordinary course of its business and those items specifically disclosed in the Company Financial Statements.

4.18 Absence of Material Adverse Effect

Since January 1, 2008, the businesses of Company and GT Bank (or GT Bank alone, prior to formation of Company) have been conducted only in the ordinary course, in the same manner as theretofore conducted, and no event or circumstance has occurred or is expected to occur which in Company's or GT Bank's knowledge has had or which with the passage of time or otherwise, could reasonably be expected to have a Material Adverse Effect on Company and/or GT Bank taken as a whole.

4.19 Performance of Obligations

Except as disclosed on Schedule 4.19, the Company and GT Bank have each performed all material obligations required to be performed by them to date and neither is in material default under or in breach of any term or provision of any covenant, contract, lease, indenture or any other agreement, written or oral, to which either is a party, is subject or is otherwise bound, and no event has occurred that, with the giving of notice or the passage of time or both, would constitute such a default or breach, where such default or breach or failure to perform would have a Material Adverse Effect on Company and/or GT Bank taken as a whole. Except as disclosed on Schedule 4.19 and except with respect to loans by GT Bank, no party with whom Company or GT Bank has an agreement that is of material importance to the businesses of either the Company or GT Bank is in default thereunder.

4.20 Employees, Employee Benefit Plans, ERISA

4.20.1 Except as set forth in Schedule 4.20.1 all material obligations of either the Company or GT Bank for payments to trusts or other funds or to any Governmental Entity or to any individual, director, officer, employee or agent (in his or her lines, legatees or legal representatives) with respect to unemployment compensation benefits, profit-sharing, pension or retirement benefits or social security benefits, whether arising by operation of law, by contract or by past custom, have been properly accrued on the Company Financial Statements for the periods covered thereby and paid when due. Except as disclosed on Schedule 4.20.1, all material obligations of either the Company or GT Bank, whether arising by operation of law, by contract or by past custom for vacation or holiday pay, bonuses and other forms of compensation which are payable to its directors, officers, employees or agents have been properly accrued on the Company Financial Statements for the periods covered thereby and paid when due. There are no unfair labor practice complaints, strikes, slowdowns, stoppages or other controversies pending or

attempts to unionize or controversies threatened between Company or GT Bank or any of their Affiliates and/or relating to any of their employees that are likely to have a Material Adverse Effect on Company or GT Bank. Neither the Company nor GT Bank is a party to any collective bargaining agreement with respect to any of its employees and, except as set forth on Schedule 4.20.1, Neither the Company nor GT Bank is a party to a written employment contract with any of its employees, and there are no understandings with respect to the employment of any officer or employee of the Company or GT Bank which are not terminable by either the Company or GT Bank without liability or not more than thirty (30) days' notice. Except as disclosed in the Company Financial Statements for the periods covered thereby, all material sums due for employee compensation have been paid and all employer contributions for employer benefits, including deferred compensation obligations, and all material benefit obligations under any Employee Plan (as defined in Section 4.20.3 hereof) or any Benefit Arrangement (as defined in Section 4.21.4 hereof) have been fully and adequately paid or provided for in accordance with plan documents. Except as set forth on Schedule 4.20', no director, officer or employee of the Company or GT Bank is entitled to receive any payment of any amount under any existing agreement, severance plan or other benefit plan as a result of the consummation of any transaction contemplated by this Agreement or the Merger Agreement. The Company and GT Bank have each materially complied with all applicable federal and state statutes and regulations which govern workers' compensation, equal employment opportunity and equal pay, including, but not limited to, all civil rights laws, Presidential Executive Order 11246, the Fair Labor Standards Act of 1938, as amended, and the Americans with Disabilities Act.

4.20.2 Company and GT Bank have delivered as Schedule 4.20.2 a complete list of all Employee Plans and Benefit Arrangements (as defined in Sections 4.20.3 and 4.20.4 hereof), including all plans or practices providing for current compensation or accruals for active employees, including, but not limited to, all employee benefit plans, all pension, profit-sharing, retirement, bonus, stock option, incentive, deferred compensation, severance, long-term disability, medical, dental, health, hospitalization, life insurance or other insurance plans or related benefits.

4.20.3 Except as disclosed on Schedule 4.20.3, neither the Company nor GT Bank maintains, administers or otherwise contributes to any "employee benefit plan," as defined in Section 3(3) of ERISA, which is subject to any provisions of ERISA and covers any employee, whether active or retired, of the Company or GT Bank or any of its Subsidiaries (any such plan being herein referred to as an "Employee Plan"). True and complete copies of each such Employee Plan, including attachments thereto, have been previously delivered or made available to the Bank, together with (i) all agreements regarding plan assets with respect to such Employee Plans, (ii) a true and complete copy of the annual reports for the most recent three years (Form 5500 Series including, if applicable, Schedules A and B thereto) prepared in connection with any such Employee Plan, (iii) a true and complete copy of the actuarial valuation reports for the most recent three years, if any, prepared in connection with any such Employee Plan covering any active employee of the Company or GT Bank or its Subsidiaries, (iv) a copy of the most recent summary plan description of each such Employee Plan, together with any amendments thereto, and (v) a copy of the most recent favorable determinative letter (if applicable) from the Internal Revenue Service for each Employee Plan. None of the

Employee Plans is a "multiemployer plan" as defined in Section 3(37) of ERISA or a "multiple employer plan" as covered in Section 412(c) of the IRC, and neither the Company nor GT Bank has been obligated to make a contribution to any such multiemployer or multiple employer plan within the past five years. None of the Employee Plans of the Company or GT Bank is, or for the last five years has been, subject to Title IV of ERISA. Each Employee Plan that is intended to be qualified under Section 401(a) of the IRC is so qualified and each trust maintained pursuant thereto is exempt from income tax under Section 501(c) of the IRC, and neither Company nor GT Bank is not aware of any fact which has occurred that would cause the loss of such qualification or exemption.

4.20.4 Except as disclosed on Schedule 4.20.4, neither the Company nor GT Bank maintains (other than base salary and base wages) any form of current or deferred compensation, bonus, stock option, stock appreciation right, severance pay, salary continuation, retirement or incentive plan or arrangement for the benefit of any director, officer or employee, whether active or retired, of the Company or GT Bank or for any class or classes of such directors, officers or employees. Except as disclosed on Schedule 4.20.4, neither the Company nor GT Bank maintains any group or individual health insurance, welfare or similar plan or arrangement for the benefit of any director, officer or employee of the Company or GT Bank, whether active or retired or for any class or classes of such directors, officers or employees. Any such plan or arrangement described in this Section 4.20.4, copies of which have been delivered or made available to Bank, shall be herein referred to as a "Benefit Arrangement."

4.20.5 To each of the Company's and GT Bank's Knowledge, all Employee Plans and Benefit Arrangements are operated in material compliance with the requirements prescribed by any and all statutes, governmental or court orders, or governmental rules or regulations currently in effect, including but not limited to ERISA and the IRC, applicable to such plans or arrangements, and plan documents relating to any such plans or arrangement materially comply with or will be amended to materially comply with applicable legal requirements. Neither the Company, GT Bank, nor any Employee Plan nor any trusts created thereunder, nor any trustee, administrator nor any other fiduciary thereof has engaged in a "prohibited transaction," as defined in Section 406 of ERISA and Section 4975 of the IRC, that could subject the Company or GT Bank to liability under Section 409 or 502(e) of ERISA or Section 4975 of the IRC or that would adversely affect the qualified status of such plans; each "plan official" within the meaning of Section 412 of ERISA of each Employee Plan is bonded to the extent required by such Section 412; with respect to each Employee Plan, to each of the Company's or GT Bank's Knowledge, no employee of the Company or GT Bank, nor any fiduciary of any Employee Plan, has engaged in any breach of fiduciary duty as defined in Part 4 of Subtitle B of Title I of ERISA which could subject either the Company, GT Bank or any of its Subsidiaries to liability if the Company, GT Bank or any such Subsidiary is obligated to indemnify such Person against liability. Except as disclosed on Schedule 4.20.5, neither the Company nor GT Bank has failed to make any material contribution or pay any amount due and owing as required by law or the terms of any Employee Plan or Benefit Arrangement.

4.20.6 Except as set forth on Schedule 4.20.6, no Employee Plan or Benefit Arrangement has any material liability of any nature, accrued or contingent, including, without limitation, liabilities for federal, state, local or foreign taxes, interest or penalty other than

liability for claims arising in the course of the administration of each such Employee Plan except as set forth on Schedule 4.20.6. In each of the Company's or GT Bank's Knowledge there is no pending or threatened legal action, proceeding or investigation against any Employee Plan that could result in material liability to such Employee Plan, other than routine claims for benefits, and there is no basis for any such legal action, proceeding or investigation.

4.20.7 To each of the Company's or GT Bank's Knowledge, each Benefit Arrangement which is a group health plan (within the meaning of such term under IRC Section 4980B(g)(2)) materially complies and has materially complied with the requirements of Section 601 through 608 of ERISA or Section 4980A of the IRC governing continuation coverage requirements for employer-provided group health plans.

4.20.8 Except as disclosed on Schedule 4.20.8, neither the Company nor GT Bank maintains any Employee Plan or Benefit Arrangement pursuant to which any benefit or other payment will be required to be made by the Company or GT Bank or its Affiliates or pursuant to which any other benefit will accrue or vest to any director, officer or employee of the Company or GT Bank or its Affiliates, in either case as a result of the consummation of the transactions contemplated by this Agreement or the Merge Agreement.

4.21 Powers of Attorney

No power of attorney or similar authorization given by either the Company or GT Bank is presently in effect or outstanding other than powers of attorney given in the ordinary course of business with respect to routine matters.

4.22 Hazardous Materials

except as set forth on Schedule 4.22:

4.22.1 Except for ordinary and necessary quantities of cleaning, pest control and office supplies, and other small quantities of Hazardous Substances that are used in the ordinary course of business and in compliance with applicable Environmental Laws, or ordinary rubbish debris and nonhazardous solid waste stored in garbage cans or bins for regular disposal off-site in containers contained in, and de minimus quantities discharged from, motor vehicles in their ordinary operation on any of the GT Bank Properties (as defined below), neither the Company nor GT Bank has engaged in the generation, use, manufacture, treatment, transportation, storage (in tanks or otherwise), or disposal of Hazardous Substances other than as permitted by and only in compliance with applicable law. Since the earlier of the date that either the Company or the Bank was formed as a legal entity, no material amount of Hazardous Substances has been released, emitted or disposed of, or otherwise deposited, on, in or from any real property which is now or has been previously owned since the date the Company or GT Bank, respectively opened for business, or which is currently or during the past three years was leased, by either the Company or GT Bank, including OREO (collectively, the "GT Bank Properties"), and neither the Company nor GT Bank has received written notice that any of the same has occurred with respect to any real property in which either the Company or GT Bank now holds any security interest, mortgage or other lien or interest ("GT Bank Collateralizing Real Estate"), except for (i) matters disclosed on Schedule 4.22, and (ii) any activity has been undertaken on any of the GT Bank Properties since the earlier of the date that either the Company or the Bank opened for

business, and neither the Company nor GT Bank has received any written notice that activities have been or are being undertaken on any of the GT Bank Collateralizing Real Estate that would cause or contribute to:

(a) any of the GT Bank Properties or GT Bank Collateralizing Real Estate becoming a treatment, storage or disposal facility within the meaning of RCRA or any similar state law or local ordinance;

(b) a release or threatened release of any Hazardous Substances under circumstances which would violate any Environmental Law; or

(c) the discharge of Hazardous Substances into any soil, subsurface water or ground water or into the air, or the dredging or filling of any waters, that would require a permit or any other approval under the Federal Water Pollution Control Act, 33 U.S.C. § 1251 *et seq.*, the Clean Air Act, as amended, 42 U.S.C. § 7401 *et seq.*, or any similar federal or state law or local ordinance; the cumulative effect of which would have a Material Adverse Effect on any GT Bank Property or any GT Bank Collateralizing Real Estate involved.

4.22.2 Except as disclosed on Schedule 4.22, there are not, and never have been, any underground storage tanks located in or under any of the GT Bank Properties or the GT Bank Collateralizing Real Estate.

4.22.3 Neither the Company nor GT Bank has received any written notice of, and to the knowledge of either the Company and GT Bank, neither has received any verbal notice of, any pending or threatened claims, investigations, administrative proceedings, litigation, regulatory hearings or requests or demands for remedial or responsive actions or for compensation, with respect to any of the GT Bank Properties or GT Bank Collateralizing Real Estate, alleging noncompliance with or violation of any Environmental Law or seeking relief under any Environmental Law, and none of the GT Bank Properties or GT Bank Collateralizing Real Estate is listed on the United States Environmental Protection Agency's National Priorities List of Hazardous Waste Sites, or, to the knowledge of the Company or GT Bank, any other list, schedule, log, inventory or record of hazardous waste sites maintained by any federal, state or local agency.

4.22.4 "Hazardous Substances" shall mean any hazardous, toxic or infectious substance, material, gas or waste which is regulated by any local, state or federal Governmental Entity, or any of their agencies.

4.23 Parachute Payments

The consummation of the Merger will not entitle any director, officer or employee of the Company or GT Bank to any payment that would constitute a parachute payment under IRC Section 2803.

4.24 Risk Management Instruments

Neither the Company, GT Bank nor any Subsidiary is a party to or has agreed to enter into an exchange traded or over-the-counter equity, interest rate, foreign exchange or other swap,

forward, future, option, cap, floor or collar or any other contract that is not included on the balance sheet and is a derivatives contract (including various combinations thereof) (each, a "Derivatives Contract") or owns securities that (i) are referred to generally as "structured notes," "high risk mortgage derivatives," "capped floating rate notes" or "capped floating rate mortgage derivatives" or (ii) are likely to have changes in value as a result of interest or exchange rate changes that significantly exceed normal changes in value attributable to interest or exchange rate changes, except for those Derivatives Contracts and other instruments legally purchased or entered into in the ordinary course of business consistent with safe and sound banking practices and regulatory guidance and previously disclosed to the Bank.

4.25 Liability Under Regulation C, Truth in Lending Law and HMDA

To either the Company's or GT Bank's Knowledge, and except as disclosed on Schedule 4.25, GT Bank has no liabilities or obligations, either accrued, contingent or otherwise, that have a Material Adverse Effect on GT Bank with respect to Regulation C, Truth in Lending Law and HMDA disclosures.

4.26 Undisclosed Liabilities

Except as disclosed on Schedule 4.26, neither Company nor GT Bank has any liabilities or obligations, either accrued, contingent or otherwise, that are material to Company and GT Bank taken as a whole and that have not been (a) reflected or disclosed in the Company Financial Statements; (b) incurred subsequent to December 31, 2008 in the ordinary course of business; or (c) incurred in connection with the issuance of trust preferred securities or debt after the date of this Agreement. There is no basis for the assertion against Company or GT Bank of any liability, obligation or claim (including without limitation that of any Governmental Entity) that will have or cause, or could reasonably be expected to have or cause, a Material Adverse Effect on Company and GT Bank taken as a whole that is not fully and fairly reflected and disclosed in the Company Financial Statements or on Schedule 4.26.

4.27 Bank Secrecy Act

GT Bank is in compliance with the GT Bank Secrecy Act (31 U.S.C. § 5322, *et seq.*) and related state and federal anti-money laundering laws, regulations and guidelines, including without limitation those provisions of federal regulations requiring (a) the filing of reports, such as Currency Transaction Reports and Suspicious Activity Reports, (b) the maintenance of records and (c) the exercise of due diligence in identifying customers.

4.28 Accounting Records

The Company and GT Bank each maintains accounting records which fairly and validly reflect, in all material respects, its transactions and accounting controls sufficient to provide reasonable assurance that such transactions are (i) executed in accordance with its management's general or specific authorization, and (ii) recorded as necessary to permit the preparation of financial statements in conformity with GAAP. Such records, to the extent they contain material information pertaining to Company and/or GT Bank which is not easily and readily available elsewhere, have been duplicated, and such duplicates are stored safely and securely.

4.29 Corporate Records

The minute books of Company and GT Bank each accurately reflect all material actions taken by their shareholders, board of directors and committees of their board of directors.

4.30 Accounting and Tax Matters

The Company and GT Bank each has not through the date hereof taken or agreed to take any action that would prevent either the Company or GT Bank from qualifying the Merger as a reorganization within the meaning of Section 368 of the IRC.

4.31 Community Reinvestment Act

GT Bank received a rating of "satisfactory" or better in its most recent examination or interim review with respect to the Community Reinvestment Act. GT Bank has not been advised in writing of any concerns regarding compliance with the Community Reinvestment Act by any Governmental Entity or by any other Person.

4.32 Intellectual Property

To the extent that Company and GT Bank owns or possesses licenses and other rights to use trade secrets, trade names, trademarks, service marks, Internet domain name registrations, inventions and processes used in its businesses, Company and GT Bank have not received any notice of conflict with respect thereto that asserts the rights of others. To the Company's and GT Bank's knowledge the Company and GT Bank have in all material respects performed all of the obligations required to be performed by it and is not in default in any material respect under any contract, agreement, arrangement or commitment relating to any of the foregoing.

4.33 Material Interest of Certain Persons

None of the current officers or directors of the Company and GT Bank has any material interest in any material contract or property (real or personal), tangible or intangible, used in or pertaining to the business of the Company and/or GT Bank (except his/her ownership of the Company's Shares).

ARTICLE 5. ADDITIONAL AGREEMENTS

5.1 Access to Information

5.1.1 Upon reasonable notice, each party shall permit the other party and its accountants, counsel and other representatives reasonable access to its officers, employees, properties, books, contracts, commitments and records from the date hereof through the Effective Time, and shall furnish or provide such access as soon as practicable, (i) a copy of each of the Bank Filings or Company Filings, as appropriate, filed subsequent to the date of this Agreement promptly after such document has been filed with the appropriate Governmental Entity, (ii) unless otherwise prohibited by law, a copy of each report, schedule and other document filed or received by either party during such period with or from any Regulatory Authority or the Internal Revenue Service, as to documents other than related to employees or customers and other than those distributed to banks generally; (iii) as promptly as practicable following the end of each calendar month after the date hereof, a balance sheet of the respective party as of the end of such month; and (iv) all other information concerning the respective party's business.

properties, assets, financial condition, results of operations, liabilities, personnel and otherwise as the other party may reasonably request.

5.1.2 Until the Effective Time, the Bank's and the Company's Chief Executive Officer (or Chairman, if a party has no Chief Executive Officer) shall be entitled to receive a copy of board packages prepared for meetings of the Board of Directors and the Loan Committee of the other party, and a copy of the minutes of, and resolutions adopted at, such meetings. Each party shall provide the other party's Chief Executive Officer (or Chairman, if a party has no Chief Executive Officer) with notice of the dates, times and places of such meetings at the same time notice is given to the members of the Board of Directors of the other party. Notwithstanding the foregoing, neither party shall be obligated to disclose any information to the other party that is entitled to be protected from disclosure under an attorney-client privilege which would be lost due to such disclosure, or to which such party would not have access pursuant to Section 5.1, above.

5.2 Shareholder Approval

Company and Bank shall promptly call their respective meetings of shareholders to be held at the earliest practicable date after the date on which the joint proxy statement and offering circular is approved by the CDFI, but in no event later than 90 days following such approval by the CDFI, for the purpose of approving the principal terms of this Agreement and authorizing the Merger Agreements, the Downstream Merger and the Merger. Subject to its respective fiduciary duties, each of Company's, GT Bank's and Bank's Board of Directors will recommend to its respective shareholders approval of this Agreement, the Merger Agreement and the Merger.

5.3 Taking of Necessary Action

5.3.1 Subject to the terms and conditions of this Agreement, each of the parties herein agrees, subject to applicable laws and the fiduciary duties of Bank's, GT Bank's or Company's Board of Directors, as advised in writing by its respective counsel, to use all reasonable efforts promptly to take or cause to be taken all action and promptly to do or cause to be done all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement and the Merger Agreement, including, without limitation, the delivery of any certificate or other document reasonably requested by counsel to a party to this Agreement. Without limiting the foregoing, Company, GT Bank and Bank will use their reasonable efforts to obtain all consents of third parties and Government Entities necessary or, in the reasonable opinion of Company, GT Bank or Bank advisable for the consummation of the transactions contemplated by this Agreement. In case at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement, the Merger Agreement, or to vest the Surviving Corporation with full title to all properties, assets, rights, approvals, immunities and franchises of GT Bank, the proper officers or directors of Company, GT Bank or Bank, as the case may be, shall take all such necessary action.

5.4 Joint Proxy Statement and Offering Circular and Applications

5.4.1 Company and Bank will cooperate and jointly prepare and file as promptly as practicable the joint proxy statement and offering circular, the statements, applications, correspondence or forms to be filed with appropriate state securities law regulatory authorities,

and the statements, correspondence or applications to be filed to obtain the Requisite Regulatory Approvals to consummate the transactions contemplated by this Agreement. Each of Company and Bank shall use all reasonable efforts to obtain the grant of a permit from the CDFI to use the joint proxy statement and offering circular as promptly as practicable after such filing, and Company and Bank shall thereafter mail the joint proxy statement and offering circular to their respective shareholders. Each party will furnish all financial or other information, certificates, consents and opinions of counsel concerning it and its Subsidiaries as may be reasonably necessary to obtain the Requisite Regulatory Approvals and to prepare other documents necessary to the consummation of the Merger.

5.4.2 Each party shall provide to the other at the request of the other party, (i) immediately prior to the filing thereof, copies of all material statements, applications, correspondence or forms to be filed with state securities law regulatory authorities, and other appropriate regulatory authorities to obtain the Requisite Regulatory Approvals, (ii) promptly after delivery to or receipt from, such regulatory authorities all written communications, letters, requests or other documents relating to the transactions contemplated by this Agreement, and (iii) written summaries of all oral communications with any state securities law regulatory authorities or other appropriate bank regulatory authorities regarding the Requisite Regulatory Approvals.

5.4.3 None of the information supplied or to be supplied by any party and approved by such party which is included in the joint proxy statement and offering circular ("joint proxy statement and offering circular") to be filed with the CDFI by GT Bank and Bank in connection with the Downstream Merger and Merger or any with state securities law regulatory authorities, and other appropriate regulatory authorities to obtain the Requisite Regulatory Approvals (i) with respect to the party providing such information, will at the time it becomes effective, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (ii) with respect to both parties as to the joint proxy statement and offering circular and any amendment or supplement thereto will, at all times from the first date of mailing to shareholders through the date of the last meeting of shareholders to be held in connection with the Merger, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (iii) in any applications and forms to be filed with securities or "blue sky" authorities, self regulatory authorities, or any Governmental Entity in connection with the Merger, the issuance of any shares of Bank Common Stock in connection with the Merger, or any Requisite Regulatory Approvals will, at the time filed or at the time they become effective, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The joint proxy statement and offering circular will comply in all material respects with the applicable federal and state securities laws, rules and regulations.

5.5 Expenses

5.5.1 Whether or not the Merger is consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring the same except as otherwise provided in Article 5.

5.5.2 The Company and GT Bank shall each use its best efforts to ensure that its attorneys, accountants, financial advisors, investment bankers and other consultants engaged by them in connection with the transaction contemplated by this Agreement submit full and final bills on or before the Closing Date and that such expenses are properly reflected on the books of Company and GT Bank.

5.6 Notification of Material Events

5.6.1 Bank shall provide to Company, as soon as practicable, written notice (sent via facsimile and overnight mail or courier) of the occurrence or failure to occur of any of the events, circumstances or conditions that are the subject of Sections 6.1 and 6.2, which notice shall provide reasonable detail as to the subject matter thereof.

5.6.2 Company shall provide to Bank, as soon as practicable, written notice (sent via facsimile and overnight mail or courier) of the occurrence or failure to occur of any of the events, circumstances or conditions that are the subject of Sections 6.3 and 6.4, which notice shall provide reasonable detail as to the subject matter thereof.

5.6.3 Each party shall promptly advise the other in writing of any change or event which could reasonably be expected to have a Material Adverse Effect on such party or on its ability to consummate the transactions contemplated by this Agreement or the Merger Agreement.

5.6.4 Bank and Company shall immediately notify the other in writing in the event that such party becomes aware that the joint proxy statement and offering circular at any time contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statement therein, in light of the circumstances under which they were made, not misleading or that the joint proxy statement and offering circular otherwise is required to be amended and supplemented, which notice shall specify, in reasonable detail, the circumstances thereof. The Bank and/or the Company shall promptly amend and supplement such materials and disseminate the new or modified information so as to fully comply with the Securities Act and California Financial Code. The out of pocket costs and expenses of preparing, filing and disseminating any amendment or supplement to the joint proxy statement and offering circular shall be borne by the party or parties (on an equitable basis) whose information in such document requires amendment.

5.7 Updated Schedules

Bank has delivered to GT Bank and Company on or before the date of this Agreement all of the Schedules to this Agreement which Bank is required to deliver to GT Bank and Company hereunder (the "Bank Schedules"). Company and GT Bank have delivered to Bank on or before the date of this Agreement all of the Schedules to this Agreement which Company and GT Bank are required to deliver to Bank hereunder (the "Company Schedules"). Immediately prior to the

Closing Date, Bank shall have prepared updates of the Bank Schedules provided for in this Agreement and shall deliver to GT Bank and Company revised schedules containing the updated information (or a certificate signed by Bank's Chief Executive Officer stating that there have been no changes on the applicable schedules); and GT Bank and Company shall have prepared updates of the Company Schedules provided for in this Agreement and shall deliver to Bank revised Schedules containing updated information (or a certificate signed by Company's Chief Executive Officer stating that there has been no change on the applicable schedules).

5.8 Additional Accruals/Adjustals

Immediately prior to the Closing Date, at Bank's request, the Company and/or GT Bank shall, consistent with GAAP and applicable banking regulations, modify or change its loan, accrual, reserve, tax, litigation and real estate valuation policies and practices (including loan classifications and levels of reserves) as may be necessary to conform GT Bank's practices and methods to those of the Bank, provided, however, that no accrual or reserve made by the Company or GT Bank pursuant to this Section 5.8, or any litigation or regulatory proceeding arising out of any such accrual or reserve, or any other effect on the Company or GT Bank resulting from the Company's or GT Bank's compliance with this Section 5.8, shall constitute or be deemed to be a breach, violation of or failure to satisfy any representation, warranty, covenant, condition or other provision of this Agreement or otherwise be considered in determining whether any such breach, violation or failure to satisfy shall have occurred.

5.9 Employee Plans

Immediately prior to the Closing Date, at Bank's request, the Company and/or GT Bank shall terminate any Employee Plan or Benefit Arrangement, provided, however, that no accrual or reserve made by the Company or GT Bank as a result of a termination requested by the Bank pursuant to this Section 5.9, or any litigation or regulatory proceeding arising out of any such accrual or reserve, or any other effect on the Company or GT Bank resulting from the Company's or GT Bank's compliance with this Section 5.9, shall constitute or be deemed to be a breach, violation of or failure to satisfy any representation, warranty, covenant, condition or other provision of this Agreement or otherwise be considered in determining whether any such breach, violation or failure to satisfy shall have occurred.

ARTICLE 6. CONDUCT OF BUSINESS

6.1 Affirmative Conduct of the Company and GT Bank

During the period from the date of execution of this Agreement through the Effective Time, the Company and GT Bank shall carry on their business in the ordinary course in substantially the manner in which heretofore conducted, subject to changes in applicable law and directives from regulators, and use all commercially reasonable efforts to preserve intact their business organizations and preserve GT Bank's relationships with customers, depositors, suppliers and others having business dealings with it; and, to those ends, shall fulfill each of the following:

6.1.1 Use their commercially reasonable efforts, or cooperate with others, to expeditiously bring about the satisfaction of the conditions specified in Article 7 hereof;

6.1.2 Advise Bank promptly in writing of any change that would have a Material Adverse Effect on the Company or GT Bank, or of any matter which would make the representations and warranties set forth in Article 3 thereof not true and correct in any material respect as of the mailing date of the joint proxy statement and offering circular and at the Effective Time;

6.1.3 Keep in full force and effect all of their existing material permits and licenses;

6.1.4 Insurance

(a) Use commercially reasonable efforts to maintain insurance or bonding coverage on all material properties for which they are responsible and on their business operations, and carry not less than the same coverage for fidelity, public liability, personal injury, property damage and other risks equal to that which is in effect as of the date of this Agreement; and notify the Bank in writing promptly of any facts or circumstances which could affect their ability to maintain such insurance or bonding coverage; and

(b) Bank shall permit Company and GT Bank to use commercially reasonable efforts to extend the discovery period of the directors' and officers' liability insurance currently in force for a period of up to 48 months with respect to all matters arising from facts or events which occurred before the Effective Time for which the Company or GT Bank would have had an obligation to indemnify their directors and officers (a "tail" policy); provided, however, that the total cost of the premium for such "tail" policy shall not exceed \$80,000. If Company and GT Bank are unable to maintain or obtain a "tail" policy for \$80,000, the Company shall use commercially reasonable efforts to obtain as much comparable insurance as is available for \$80,000 with respect to acts or omissions occurring prior to the Effective Time of the Merger by such directors and officers in their capacities as such.

6.1.5 Perform their material contractual obligations and not breach or cause a default on any of such obligations, and not amend, modify, or, except as they may be terminated in accordance with their terms, terminate any material contract, agreement, understanding, commitment, or offer, whether written or oral (collectively referred to as an "Understanding") or materially default in the performance of any of their obligations under any Understanding where such default would have a Material Adverse Effect on Company and GT Bank, as a whole.

6.1.6 Duty observe and conform to all legal requirements applicable to their business, except for any legal requirement where the failure to so observe and conform to such requirement would not, individually or in the aggregate, and, in the future will not, have a Material Adverse Effect on the Company or GT Bank.

6.1.7 Duty and timely file as and when due all reports and Returns required to be filed with any Governmental Entity,

6.1.8 Maintain their tangible assets and properties in good condition and repair, normal wear and tear excepted in accordance with prior practices;

6.1.9 Promptly advise the Bank in writing of any event or any other transaction within the Knowledge of Company or GT Bank, whereby any Person or related group of Persons acquires, or proposes to acquire, after the date of this Agreement, directly or indirectly, record or beneficial ownership (as defined in Rule 13d-3 promulgated by the SEC pursuant to the Exchange Act) or control of 5% or more of the outstanding shares of the Company's Common Stock either prior to or after the record date fixed for the Company's shareholders' meeting or any adjourned meeting thereof to approve the transactions contemplated herein.

6.1.10 (a) Maintain a reserve for loan and lease losses ("Loan Loss Reserve") at a level that is consistent with GT Bank's past practices and methodology as in effect on the date of the execution of this Agreement and in accordance with GAAP and applicable regulatory accounting principles and banking laws and regulations and there shall be no change in the calculation and reporting of the Loan Loss Reserve;

(b) Charge off all loans, receivables and other assets, or portions thereof, deemed by GT Bank, its outside loan portfolio reviewer, the FDIC, the CDFI, or its independent auditors, to be uncollectible in accordance with GAAP, regulatory accounting principles, and applicable law or regulation, in which have been classified as "loss" or as discarded by any regulatory authority, unless such classification or direction has been disregarded in good faith by GT Bank, GT Bank has submitted in writing to such regulatory authority the basis upon which it has so disregarded such classification or direction, and such regulatory authority retracts its direct or requiring such charge off;

6.1.11 Furnish to Bank, as soon as practicable, and in any event within 15 (fifteen) days after it is prepared: (i) a copy of any report submitted to the Board of Directors of the Company or GT Bank and access to the working papers related thereto, provided, however, that the Company and/or GT Bank need not furnish Bank any materials relating to deliberations of Company's or GT Bank's Board of Directors with respect to its approval of this Agreement, communications of Company's or GT Bank's legal counsel with the Board of Directors or officers of Company or GT Bank regarding the Company's or GT Bank's rights against or obligations to Bank under this Agreement, or books, records and documents covered by the attorney-client privilege or which are attorneys' work product; (ii) copies of all material reports, renewals, filings, certificates, statements, correspondence and other documents specific to the Company or GT Bank or filed with or received from the FDIC, CDFI or any Governmental Entity to the extent not prohibited by applicable law, regulation or order; (iii) monthly unaudited consolidated balance sheets, statements of income and changes in shareholders' equity for the Company and GT Bank and quarterly unaudited consolidated balance sheets, statements of income and changes in shareholders' equity for the Company and GT Bank, in each case prepared on a basis consistent with past practice; and (iv) such other reports as Bank may reasonably request (which are otherwise deliverable under this Section 6.1.11) relating to the Company and GT Bank;

6.1.12 The Company and GT Bank agree that through the Effective Time, as of their respective dates, (i) each Company Filing will be true and complete in all material respects, and (ii) each Company Filing will comply in all material respects with all of the statutes, rules and regulations enforced or promulgated by the Governmental entity with which it will be filed and none will contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they will be made, not misleading. Any financial statement contained in any of such Company Filings that is intended to present the financial position of the Company and GT Bank during the periods involved to which it relates will fairly present in all material respects the financial position of the Company and GT Bank and will be prepared in accordance with GAAP or consistent with applicable regulatory accounting principles and banking law and banking regulations, except as stated therein;

6.1.13 Maintain reserves for contingent liabilities in accordance with GAAP or applicable regulatory accounting principles and consistent with past practices;

6.1.14 Inform the Bank of the amounts and categories of any loans, leases or other extensions of credit, or other assets of the Company or GT Bank, that have been classified by any bank regulatory authority as "specially mentioned," "renegotiated," "substandard," "doubtful," "loss" or any comparable classification ("Classified Assets"). GT Bank will furnish to Bank, as soon as practicable, and in any event within fifteen (15) days after the end of each calendar month, schedules including the following: (i) Classified Assets by type and its classification category; (ii) nonaccrual credits by type; (iii) renegotiated loans by type (loans on which interest has been renegotiated to lower than market rates because of the financial condition of the borrower); (iv) delinquent credits by type, including an aging into 30-89 and 90+ day categories; (v) loans or leases or other assets charged off, in whole or in part, during the previous month by type; and (vi) OREO or assets owned stating with respect to each its type;

6.1.15 Furnish to Bank, upon Bank's request, schedules with respect to the following: (i) participating loans and leases, stating, with respect to each, whether it is purchased or sold and the loan or lease type; (ii) loans or leases (including any commitments) by the Company or GT Bank or to any director or officer (at or above the Vice President level) of the Company or GT Bank or to any Person holding 5% or more of the capital stock of the Company, including, with respect to each such loan or lease, the identity and, to the knowledge of the Company or GT Bank, the relation of the borrower to the Company or GT Bank, the loan or lease type and the outstanding and undrawn amounts; and (iii) standby letters of credit, by type.

6.1.16 Make available to the Bank copies of each credit authorization package, consisting of all applications for and financial information regarding loans, renewals of loans or other extensions of credit secured by real property, or liquid collateral consisting of cash, TCD's, stock, bonds or the cash value of life insurance or extensions of credit secured by the foregoing, unsecured loans or unsecured extensions of credit, and renewals of any Classified or criticized loans which are considered by GT Bank after the date of this Agreement, concurrently with submission to GT Bank's loan committee;

6.1.17 Prior to the Effective Time terminate all Company Stock Options and commitments to grant stock options by mutual agreement with each and all of its holders of outstanding Company Stock Options and others that have a bona fide contractual right for the grant of a Company Stock Option. As part of such agreement there shall be a waiver and release of the Company and its successors for any liability associated with such stock option matter;

6.1.18 [Reserved];

6.1.19 Comply with the requirements of all applicable rules and regulations, the noncompliance with which would materially and adversely affect the assets, liabilities, business, financial condition or results of operations or prospects of the Company or GT Bank, and

6.1.20 File all necessary applications with the FDIC, Federal Reserve and CDFI for the transactions contemplated by the Downstream Merger Agreement as soon as possible, but no later than June 15, 2011 and furnish to the Bank, as soon as practicable, and in any event within fifteen days after it has prepared all applications to be submitted to the FDIC, Federal Reserve and CDFI for approval of the Downstream Merger.

6.2 Negative Covenants of the Company and GT Bank

Between the date hereof and the Effective Time, except as contemplated by this Agreement, and subject to requirements of law and regulation generally applicable to banks, neither the Company nor GT Bank shall, without the prior written consent of the Bank (which consent shall not be unreasonably withheld and which consent shall be deemed granted if within three (3) Business Days of Bank's receipt of written notice of a request for prior written consent, together with such information in writing and appropriate documents as will enable Bank to reasonably evaluate whether to consent to such request, written notice of objection is not received by the Company and GT Bank):

6.2.1 (a) Declare or pay any dividend or make any other distribution in respect of any of its capital stock; (b) split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock; or (c) repurchase or otherwise acquire any shares of its capital stock;

6.2.2 Take any action that would or might result in any of the representations and warranties of Company and GT Bank set forth in this Agreement becoming untrue in any material respect or any of the conditions to the Merger set forth in Article 7 not being satisfied, except to the extent such actions are required to be undertaken by applicable law, regulation or at the direction of any Regulatory Authority;

6.2.3 Issue, deliver, sell, or grant, or authorize the issuance, delivery, sale or grant of, or purchase, any shares of the capital stock of the Company or GT Bank or any securities convertible or exercisable into or exchangeable for such capital stock, or any rights, warrants or options, including options under any stock option plans or enter into any agreements to do any of the foregoing;

6.2.4 Amend its Articles of Incorporation or Bylaws, except as required by applicable law or by the terms of this Agreement.

6.2.5 Authorize or knowingly permit any of its representatives, directly or indirectly, to solicit or encourage any Acquisition Proposal (as hereinafter defined) or participate in any discussions or negotiations with, or provide any nonpublic information to, any Person or group of persons (other than the Bank, and their representatives) concerning any such solicited or encouraged Acquisition Proposal. The Company shall notify Bank within 24 hours if any inquiry regarding an Acquisition Proposal is received by the Company or GT Bank, including the terms thereof. For purposes of this Section 6.2.5, "Acquisition Proposal" shall mean any (a) proposal pursuant to which any Person other than the Bank would acquire or participate in a merger or other business combination or reorganization involving the Company or GT Bank; (b) proposal by which any Person or group, other than the Bank, would acquire the right to vote ten percent (10%) or more of the capital stock of the Company or GT Bank entitled to vote for the election of directors; (c) acquisition of the assets of the Company or GT Bank other than in the ordinary course of business, or (d) acquisition in excess of ten percent (10%) of the outstanding capital stock of the Company or GT Bank, other than as contemplated by this Agreement. Notwithstanding the foregoing, nothing contained in this Agreement shall prevent the Company's or GT Bank's Board of Directors from (i) furnishing nonpublic information to, or entering into discussions or negotiations with, any person in connection with an unsolicited bona fide written Acquisition Proposal by such person, or recommending an unsolicited bona fide written Acquisition Proposal to the shareholders of the Company, if and only to the extent that (A) the Board of Directors of the Company or GT Bank, as appropriate has determined and believes in good faith (after consultation with and the concurrence of its financial advisor) that such Acquisition Proposal would, if consummated, result in a transaction materially more favorable, from a financial point of view, to the Company's shareholders or the Company as appropriate than the transaction contemplated by this Agreement (any such more favorable Acquisition Proposal being referred to in this Agreement as a "Company or GT Bank Superior Proposal") and the Company's or GT Bank's Board of Directors as appropriate has determined in good faith, after consultation with and based on written advice from its outside legal counsel, that such action is necessary for the Company or GT Bank, as appropriate to comply with its fiduciary duties to shareholders under applicable law, and (B) prior to furnishing such nonpublic information to, or entering into discussions or negotiations with, such person, the Company's or GT Bank's Board of Directors, as appropriate has received from such person an executed confidentiality agreement, or (ii) complying with Rule 14e-2 promulgated under the Exchange Act with regard to an Acquisition Proposal, if such Rule is applicable thereto.

6.2.6 Acquire or agree to acquire by merging, consolidating with, or by purchasing all or a substantial portion of the assets of, or in any other manner, any business or any Person or otherwise acquire or agree to acquire any assets which are material to the Company or GT Bank, other than in the ordinary course of business consistent with prior practice;

6.2.7 Sell, lease or otherwise dispose of any of its assets (other than loans which shall be governed by Section 6.2.3, below) which are material, individually or in the aggregate,

to Company or GT Bank, except in the ordinary course of business consistent with prior practice and after notice to and consultation with Bank;

6.2.8 Incur any indebtedness for borrowed money or guarantee any such indebtedness or issue or sell any debt securities of Company or GT Bank or guarantee any debt securities of others other than in the ordinary course of business consistent with prior practice;

6.2.9 Enter into any Understanding except: (a) for federally-insured deposits and for short-term debt securities (obligations maturing within one year) issued, in the ordinary course of business consistent with prior practice, and liabilities arising out of, incurred in connection with, or related to the consummation of this Agreement, (b) for commitments to make loans or to otherwise extend credit in the ordinary course of business consistent with prior practice and the loan policy of GT Bank, provided that GT Bank shall provide the Bank with such information as the Bank may reasonably request regarding any proposed loans or other extension of credit, prior to the Bank consenting to the making of such loan; and (c) with respect to the sale of loans, any such sale shall be subject to the following conditions: (i) any proposed sale of a loan in any amount, whether secured or unsecured, guaranteed or unguaranteed, and with or without recourse, shall be presented to the Bank for review prior to the consummation of any such sale and (ii) the Bank shall have the right of first refusal to purchase any loan which GT Bank proposes to sell to a third party, provided however that the Bank purchases such loan on the same material terms on which such loan is proposed to be sold to such third party;

6.2.10 Make, or enter into a commitment to make, any loan with a principal balance or maximum principal balance in excess of \$500,000 unsecured and \$1,250,000 secured, or, except in the ordinary course of business pursuant to GT Bank's Loan Policy, make or enter into a commitment to make any other loan or other extension of credit or renew any criticized or classified loan;

6.2.11 Except in the ordinary course of business consistent with prior practice or as required by an existing contract, and provided prior disclosure thereof has been made in Schedule 6.2.11, grant any general or uniform increase in the rates of pay of employees or employee benefits or any increase in salary or employee benefits of any officer, employee or agent or pay any bonus to any Person, retain any person (including a former employee or manager) as a consultant to provide services at any time prior to the Effective Date or make any promise or commitment to make any payment to any such person, provided that bonuses may be paid and arrangements entered into with respect to current Company or GT Bank employees to encourage their cooperation and assistance in completing the transactions contemplated by this Agreement that are agreed to by the Bank;

6.2.12 Sell, transfer, mortgage, encumber or otherwise dispose of any assets or liabilities except in the ordinary course of business consistent with prior practice or as required by any existing contract;

6.2.13 Make the credit underwriting policies, standards or practices relating to the making of loans and other extensions of credit or commitments to make loans and other extensions of credit, or the Loan Loss Reserve policies, less stringent than those in effect on

December 31, 2010 or reduce the amount of the Loan Loss Reserves or any other reserves for potential losses or contingencies

6.2.14 Make any capital expenditures, or commitments with respect thereto, except those in the ordinary course of business which do not exceed \$10,000 individually or \$25,000 in the aggregate;

6.2.15 Renew, extend or amend any existing employment contract or agreement, enter into any new employment contract or agreement or make any bonus or any special or extraordinary payments to any Person;

6.2.16 Acquire any investment security except for federal funds or obligations of the United States Treasury or agency obligations with maturities of one year or less;

6.2.17 Except as otherwise required to correct a prior filing, compromise or otherwise settle or adjust any assertion or claim of a deficiency in Taxes (or interest thereon or penalties in connection therewith) or file any appeal from an asserted deficiency except in a form previously approved by the Bank in writing, which approval will not be unreasonably withheld, or file or amend any federal, foreign, state or local Tax Return or report or make any tax election or change any method or period of accounting unless required by GAAP or applicable law and, then, only after submitting such Tax return or report or proposed Tax election or change in any method or period of accounting, to Bank for its approval, which it shall not unreasonably withhold or delay;

6.2.18 Except as contemplated in this Agreement, terminate any Employee Plan or Benefit Arrangement;

6.2.19 Change its fiscal year or methods of accounting in effect at December 31, 2010, except as required by changes in GAAP or regulatory accounting principles as concurred to by Bank's independent public accountants or by Section 5.8 of this Agreement;

6.2.20 Take or cause to be taken any action which would disqualify the Merger as a "reorganization" within the meaning of Section 368(a) of the IRC as a tax free reorganization;

6.2.21 Take or cause to be taken into OREO any commercial property without an environmental report reporting no adverse environmental condition on such property, with a copy of such report delivered to the Bank any prior to taking such property into OREO;

6.2.22 Make any new elections with respect to Taxes or any changes to current elections with respect to Taxes affecting the assets owned by the Company or C I Bank; or

6.2.23 Materially change its pricing practices on loans or deposit products.

6.3 Affirmative Conduct of Bank

During the period from the date of execution of this Agreement through the Effective Time, the Bank shall carry on its business in the ordinary course in substantially the manner in which heretofore conducted, subject to changes in law applicable to all California state-chartered banks and directives from regulators, and use all commercially reasonable efforts to preserve intact its business organization and preserve its relationships with customers, and, to these ends, shall fulfill each of the following:

6.3.1 Use its commercially reasonable efforts, or cooperate with others, to expeditiously bring about the satisfaction of the conditions specified in Article 7 hereof;

6.3.2 Advise the Company promptly in writing of any change that would have a Material Adverse Effect on the Bank taken as a whole, or of any matter which would make the representations and warranties set forth in Article 4 hereof not true and correct in any material respect as of the effective date of the Registration Statement and at the Effective Time;

6.3.3 Keep in full force and effect all of its existing material permits and licenses;

6.3.4 Truly observe and conform to all legal requirements applicable to its business, except for any legal requirement where the failure to so observe and conform to such requirement would not, individually or in the aggregate, and, in the future will not, have a Material Adverse Effect on the Bank;

6.3.5 Truly and timely file as and when due all reports and Returns required to be filed with any Governmental Entity;

6.3.6 The Bank agrees that through the Effective Time, as of their respective dates, (i) each Bank Filing will be true and complete in all material respects; and (ii) each Bank Filing will comply in all material respects with all of the statutes, rules and regulations enforced or promulgated by the Governmental Entity with which it will be filed and none will contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they will be made, not misleading. Any financial statement contained in any of such Bank Filings that is intended to present the financial position of the Bank during the periods involved to which it relates will fairly present in all material respects the financial position of the Bank and will be prepared in accordance with GAAP or consistent with applicable regulatory accounting principles and banking law and banking regulations, except as stated therein.

6.3.7 File all necessary applications with the FDIC, Federal Reserve and CDFI for the transactions contemplated by this Agreement as soon as possible, but no later than June 15, 2011 and furnish to the Company, as soon as practicable, and in any event within fifteen days after it has prepared all applications to be submitted to the FDIC, Federal Reserve and CDFI for approval of the Merger;

6.3.8 Use commercially reasonable efforts to maintain insurance or bonding coverage on all material properties for which it is responsible and on its business operations, and carry not less than the same coverage for fidelity, public liability, personal injury, property damage and other risks equal to that which is in effect as of the date of this Agreement; and notify the Company and UT Bank in writing promptly of any facts or circumstances which could affect its ability to maintain such insurance or bonding coverage;

6.3.9 Use commercially reasonable efforts to have the shares of Bank Common Stock to be issued in connection with the Merger qualified or registered for offer and sale, to the extent required, under the securities laws of each jurisdiction in which shareholders of the Company reside.

6.3.10 Reserve and make available for issuance in connection with the Merger and in accordance with the terms and conditions of this Agreement such number of shares of Bank Common Stock to be issued to the shareholders of UT Bank in the Merger pursuant to Article 3 hereof;

6.3.11 Comply with the requirements of all applicable rules and regulations, the noncompliance with which would have a Material Adverse Effect on the Bank;

6.3.12 Perform its material contractual obligations and not breach or default on any of such obligations, and not amend, modify, or, except as they may be terminated in accordance with their terms, terminate any material Understanding, or materially default in the performance of any of its obligations under any Understanding where such default would have a Material Adverse Effect on Company and UT Bank taken as a whole;

6.3.13 For a period of four years after the Effective Time, maintain and preserve the rights to indemnification of officers and directors provided for in the Articles of Incorporation and Bylaws of UT Bank, or any indemnification agreement of UT Bank, as in effect on the date hereof with respect to indemnification for liabilities and claims arising out of acts, omissions, events, matters or circumstances occurring or existing prior to the Effective Time, including, without limitation, the Merger and the other transactions contemplated by this Agreement, to the extent such rights to indemnification are not in excess of that permitted by applicable state or federal laws or regulatory authorities; and

6.3.14 Bank shall at all times have available for issuance a number of shares of Bank Common Stock sufficient to satisfy the exercise of converted nonqualified stock options to be issued to certain holders of nonqualified stock options under the Company's stock incentive plan, and shall obtain, to the extent necessary, a stock permit or other approval for the issuance of such shares of Bank Common Stock. Bank shall grant and enter into stock option agreements for such grant of nonqualified stock options to certain of the holders of the Company's nonqualified stock options, in the amounts and on the terms set forth in Schedule 6.3.14 to this Agreement. Such grants shall be effective at the Effective Time. Also effective as of the Effective Time, Bank shall amend or enter into, as appropriate, stock option agreements with directors of Bank who currently hold nonqualified stock options in order to extend the expiration of such nonqualified stock options to the same expiration date specified in Schedule 6.3.14 for

unqualified stock options to be granted in accordance with Section 6.3.14. For purposes of this Agreement, negotiating or entering into any such amendment or agreement of such stock options shall not breach any representation or warranty of Bank in this Agreement nor shall it be violate any of Bank's affirmative or negative covenants herein.

6.3.15 Maintain its tangible assets and properties in good condition and repair, normal wear and tear excepted in accordance with prior practices;

6.3.16 Promptly advise the Company in writing of any event or any other transaction, within the Knowledge of the Bank, whereby any Person or related group of Persons acquires, or proposes to acquire, after the date of this Agreement, directly or indirectly, record or beneficial ownership (as defined in Rule 13d-3 promulgated by the SEC pursuant to the Exchange Act) or control of 5% or more of the outstanding shares of the Bank's Common Stock either prior to or after the record date fixed for the Bank's shareholders' meeting or any adjourned meeting thereof to approve the transactions contemplated herein;

6.3.17 (a) Maintain a Loan Loss Reserve at a level that is consistent with the Bank's past practices and methodology as in effect on the date of the execution of this Agreement and in accordance with GAAP and applicable regulatory accounting principles and banking laws and regulations and there shall be no change in the calculation and reporting of the Loan Loss Reserve;

(b) Charge off all loans, receivables and other assets, or portions thereof, deemed by the Bank, its outside loan portfolio reviewer, the FDIC, the CDFI, or its independent auditors, to be uncollectible in accordance with GAAP, regulatory accounting principles, and applicable law or regulation, or which have been classified as "loss" or as directed by any regulatory authority, unless such classification or direction has been disregarded in good faith by Bank, the Bank has submitted in writing to such regulatory authority the basis upon which it has so disregarded such classification or direction, and such regulatory authority retracts its direction requiring such charge-off;

6.3.17 Furnish to the Company, as soon as practicable, and in any event within fifteen (15) days after it is prepared: (i) a copy of any report submitted to the Board of Directors of the Bank and access to the working papers related thereto, provided, however, that the Bank need not furnish the Company any materials relating to deliberations of the Bank's Board of Directors with respect to its approval of this Agreement, communications of the Bank's legal counsel with the Board of Directors or officers of the Bank regarding the Bank's rights against or obligations to the Company under this Agreement, or books, records and documents covered by the attorney-client privilege or which are attorneys' work product, (ii) copies of all material reports, renewals, filings, certificates, statements, correspondence and other documents specific to the Bank or filed with or received from the FDIC, CDFI or any Governmental Entity to the extent not prohibited by applicable law, regulation, or order, (iii) monthly unaudited consolidated balance sheets, statements of income and changes in shareholders' equity for the Bank and quarterly unaudited consolidated balance sheets, statements of income and changes in shareholders' equity for the Bank, in each case prepared on a basis consistent with past practice;

and (iv) such other reports as Company may reasonably request (which are otherwise deliverable under this Section 6.3.17) relating to the Bank;

6.3.18 Maintain reserves for contingent liabilities in accordance with GAAP or applicable regulatory accounting principles and consistent with past practices;

6.3.19 Inform the Company of the amounts and categories of any loans, leases or other extensions of credit, or other assets of the Bank, that have been classified by any bank regulatory authority as "specially mentioned," "renegotiated," "substandard," "doubtful," "loss" or any comparable classification ("Classified Assets"). Bank will furnish to the Company, as soon as practicable, and in any event within fifteen (15) days after the end of each calendar month, schedules including the following: (i) Classified Assets by type and its classification category; (ii) nonaccrual credits by type; (iii) renegotiated loans by type (loans on which interest has been renegotiated to lower than market rates because of the financial condition of the borrowers); (iv) delinquent credits by type, including an aging into 30-59 and 90+ day categories; (v) loans or leases or other assets charged off, in whole or in part, during the previous month by type; and (vi) OREO or assets owned stating with respect to each its type;

6.3.20 Furnish to the Company, upon the Company's request, schedules with respect to the following: (i) participating loans and leases, stating, with respect to each, whether it is purchased or sold and the loan or lease type; (ii) loans or leases (including any commitments) by the Bank to any director or officer (at or above the Vice President level) of the Bank or to any Person holding 5% or more of the capital stock of the Bank, including, with respect to each such loan or lease, the identity and, to the knowledge of the Bank, the relation of the borrower to the Bank, the loan or lease type and the outstanding and undrawn amounts; and (iii) standby letters of credit, by type; and

6.3.21 Make available to the Company copies of each credit authorization package, consisting of all applications for and financial information regarding loans, renewals of loans or other extensions of credit secured by a first trust deed on real property, or liquid collateral consisting of cash, TCD's, stock, bonds or the cash value of life insurance or extensions of credit secured by the foregoing, unsecured loans or unsecured extensions of credit, and renewals of any classified or criticized loans which are considered by the Bank after the date of this Agreement, concurrently with submission to the Bank's loan committee.

6.4 Negative Covenants of Bank

Between the date hereof and the Effective Time, except as contemplated by this Agreement and subject to requirements of law and regulation generally applicable to banks, Bank shall not, without Company's prior written consent (which consent shall not be unreasonably withheld and which consent shall be deemed granted if within three (3) Business Days of Company's receipt of written notice of a request for prior written consent, together with such information in writing and appropriate documents as will enable the Company and CIT Bank to reasonably evaluate whether to consent to such request, written notice of objection is not received by the Bank):

6.4.1 (a) Declare or pay any dividend or make any other distribution in respect of any of its capital stock; (b) split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock; or (c) repurchase or otherwise acquire any shares of its capital stock;

6.4.2 Take any action that would or might result in any of the representations and warranties of Bank set forth in this Agreement becoming untrue in any material respect or any of the conditions to the Merger set forth in Article 7 not being satisfied, except to the extent such actions are required to be undertaken by applicable law, regulation or at the direction of any Regulatory Authority;

6.4.3 Issue, deliver, sell, or grant, or authorize the issuance, delivery, sale or grant of, or purchase, any shares of the capital stock of Bank or any securities convertible or exercisable into or exchangeable for such capital stock, or any rights, warrants or options, including options under any stock option plans or enter into any agreements to do any of the foregoing, except in connection with the issuance of Bank stock options or other equity compensation instruments or rights under the Bank's stock option plan or Bank Common Stock pursuant to the exercise of Bank stock options, none of which shall be deemed to cause the representation in Section 4.5 to be untrue in any material respect; and

6.4.4 Take or cause to be taken any action which would disqualify the Merger as a "reorganization" within the meaning of Section 368(a) of the IRC as a tax-free reorganization.

6.4.5 Without the prior written consent of the Company, authorize or knowingly permit any of its representatives, directly or indirectly, to enter into any agreement for the acquisition of any other financial entity by Bank. Without the prior written consent of the Company, acquire or agree to acquire by merging, consolidating with, or by purchasing all or a substantial portion of the assets of, or in any other manner, any business or any Person or otherwise acquire or agree to acquire any assets which are material to the Bank, other than in the ordinary course of business consistent with prior practice.

6.4.6 Enter into any agreement or arrangement requiring the payment of an amount in excess of \$200,000 (or in the aggregate \$500,000), except (i) the Bank may enter into any such agreement without the Company's consent if, prior to entering into such agreement, the Bank consults with the Company; or (ii) for agreements or arrangements in the ordinary course of business consistent with prior practice and after notice to and consultation with Bank;

6.5 Access to Operations

Within thirty (30) Business Days of the Closing Date, Company and CIT Bank shall afford to Bank and its authorized agents and representatives, access, during normal business hours, to the operations, books, and other information relating to the Company and CIT Bank for the sole purpose of assuring an orderly transition of operations, including the data processing conversion, in the Merger. Bank shall give reasonable notice for access to the Company or CIT Bank (or both, as appropriate) and the date and time of such access will then be mutually agreed to by the Company or CIT Bank (or both, as appropriate) and the Bank. Bank's access shall be

conducted in a manner which does not unreasonably interfere with the Company's or GE Bank's normal operations, customers and employee relations and which does not interfere with the ability of the Company and GE Bank to consummate the transactions contemplated by this Agreement.

ARTICLE 7. CONDITIONS PRECEDENT TO CLOSING

7.1 Conditions to the Parties' Obligations

The obligations of all the parties to this Agreement to effect the Merger shall be subject to the fulfillment of the following conditions:

7.1.1 The principal terms of this Agreement, the Downstream Merger Agreement, and the Merger Agreement shall have been validly approved by the holders of a majority of the outstanding shares of Bank Common Stock and by the holders of a majority of the outstanding shares of Company Common Stock entitled to vote;

7.1.2 All permits, approvals, nondisapprovals and consents required to be obtained, and all waiting periods required to expire, prior to the consummation of the Merger and Downstream Merger under applicable federal laws of the United States or applicable laws of any state having jurisdiction over the transactions contemplated by this Agreement, the Downstream Merger Agreement and the Merger Agreement shall have been obtained or expired, as the case may be (all such permits, approvals and consents and the lapse of all such waiting periods being referred to as the "Required Regulatory Approvals"), without the imposition of any condition which in the reasonable good faith judgment of any party to be affected by such condition would reduce the benefits of the transaction contemplated hereby to such a degree that the affected party would not have entered into this Agreement had such conditions, restrictions or requirements been known at the date hereof;

7.1.3 [Reserved]

7.1.4 The issuance of Bank Common Stock in order to effect the Merger shall have been qualified or registered with the appropriate state securities law or "blue sky" regulatory authorities of all states in which qualification or registration is required under the State securities laws, and such qualifications or registration shall not have been suspended or revoked;

7.1.5 The agreed upon price per share for shares of GE Bank Common Stock which are "dissenting shares" within the meaning of California Corporations Code Section 1300(e) shall not exceed the greater of (i) \$6.00 or (ii) an amount which, when combined with other cash amounts payable in connection with the Merger, would result in the Merger being disqualified from a tax free reorganization pursuant to Section 368(a)(1)(A) of the IRC, provided that in no event shall any such combined amount exceed the Aggregate Cash Amount;

7.1.6 The agreed upon price per share for shares of Bank Common Stock which are eligible to be Bank Perfected Dissenting Shares pursuant to California Corporations Code

Section 1300(b) shall not exceed the greater of \$7.50 or an amount which, when combined with other cash amounts payable in connection with the Merger, would result in the Merger being disqualified from a tax free reorganization pursuant to Section 368(a)(1)(A) of the IRC;

7.1.7 Bank shall have obtained all consents of third parties required to permit the Merger to proceed in accordance with material contracts, including without limitation the leased premises of Bank, and excluding Bank's data processing contract, and

7.2 Conditions to Company's and GT Bank's Obligations

The obligations of Company and GT Bank to effect the Merger shall be subject to the fulfillment (or waiver, in writing, by Company) of each of the following conditions:

7.2.1 Except as otherwise provided in this Section 7.2, (a) the representations and warranties of Bank contained in Article 3 shall be true and correct in all material respects as of the Closing as though made at the Closing, except to the extent they expressly refer to an earlier time and except where the failure to be true and correct, individually or in the aggregate, would not have or would not be reasonably likely to have, a Material Adverse Effect on the Surviving Corporation or upon the consummation of the transactions contemplated hereby; (b) Bank shall have duly performed and complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it prior to or at the Closing, except where the failure to so perform and comply, individually or in the aggregate, would not have or would not be reasonably likely to have a Material Adverse Effect on the Bank, or upon the consummation of the transactions contemplated hereby; (c) none of the events or conditions entitling Company to terminate this Agreement under Article 8 shall have occurred and be continuing; and (d) Bank shall have delivered to Company certificates dated the date of the Closing and signed by the Chief Executive Officer and Corporate Secretary to the effect set forth in Subsections 7.2.1(a), (b) and (c);

7.2.2 Bank shall have delivered its Updated Schedules to Company two days immediately preceding the Closing Date and none of such Updated Schedules shall reflect any item that was not on the Bank Schedules (or on the Bank Financial Statements) delivered on the date of execution of this Agreement that has had, would have, or could be reasonably likely to have, a Material Adverse Effect on the business, conditions, properties or capitalization of Bank taken as a whole, at or after the Closing;

7.2.3 All of Bank's director-shareholders shall have delivered to Company dated the date of this Agreement the Bank Director-Shareholder Agreements in the form attached hereto as Exhibit 7.2.3, which shall provide, among other things, that the director will (i) vote his or her shares in favor of the transactions contemplated by this Agreement and (ii) recommend that Bank shareholders approve this Agreement and the transactions contemplated hereby, and such Bank Director-Shareholder Agreements shall remain in full effect and not modified, rescinded or breached as of the Closing; and

7.2.4 The fairness opinion (the "Bank Fairness Opinion") commissioned by Bank's Board of Directors shall provide as of the date of making the joint proxy statement and offering circular to Bank's shareholders that the terms of the Merger, from a financial standpoint,

are fair to the shareholders of the Bank, and shall not have been revoked, at any time prior to the meeting of Bank's shareholders at which the Merger is to be voted on. The Bank shall immediately notify Company if the Bank Fairness Opinion is revoked.

7.3 Conditions to Bank's Obligations

The obligations of Bank to effect the Merger shall be subject to the fulfillment (or waiver, in writing, by Bank) of each of the following conditions:

7.3.1 Except as otherwise provided in this Section 7.3, (a) the representations and warranties of Company and GT Bank contained in Article 4 shall be true and correct in all material respects as of the Closing as though made at the Closing, except to the extent they expressly refer to an earlier time or a covenant of Company or GT Bank that specifically permits a change in the facts represented in a representation or warranty, and except where the failure to be true and correct, individually or in the aggregate, would not have or would not be reasonably likely to have, a Material Adverse Effect on the business, conditions, capitalization or properties of Company and GT Bank taken as a whole or upon consummation of the transactions contemplated hereby; (b) each of Company and GT Bank shall have duly performed and complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with it prior to or at the Closing, except where the failure to so perform and comply, individually or in the aggregate, would not have or would not be reasonably likely to have a Material Adverse Effect on the business, conditions, capitalization or properties of Company and GT Bank, taken as a whole, or upon the consummation of the transactions contemplated hereby; (c) none of the events or conditions entitling Bank to terminate this Agreement under Article 6 shall have occurred and be continuing; and (d) Company shall have delivered to Bank certificates dated the date of the Closing and signed by the President and Chief Executive Officer and Chief Financial Officer of Company in the effect set forth in Subsections 7.3.1(a), (b) and (c);

7.3.2 Company shall have delivered its Updated Schedules to Bank two days immediately preceding the Closing Date and none of such Updated Schedules shall reflect any item that was not on the Company Schedules (or in the Company Financial Statements) delivered on the date of execution of this Agreement that has had, or would have, or could be reasonably likely to have, a Material Adverse Effect on the business, conditions, properties or capitalization of Company and its Subsidiaries, taken as a whole, at or after the Effective Time, or on the consummation of the transactions contemplated hereby;

7.3.3 All of GT Bank's and Company's Director-shareholders shall have delivered to Bank and dated the date of this Agreement the GT Bank and Company Director-Shareholder Agreements in the form attached hereto as Exhibit 7.3.3 which shall provide, among other things, that the director will (i) vote his or her shares in favor of the transactions contemplated by this Agreement, and (ii) recommend that Company and/or GT Bank shareholders (as appropriate) approve this Agreement and the transactions contemplated hereby; and

7.3.4 The fairness opinion (the "Company Fairness Opinion") commissioned by the Company's Board of Directors shall provide as of the date of mailing the joint proxy

statement and offering circular to the Company's shareholders that the terms of the Merger, from a financial standpoint, are fair to the shareholders of the Company, and shall not have been revoked, at any time prior to the meeting of the Company's shareholders at which the Merger is to be voted on. The Company shall immediately notify the Bank if the Company Fairness Opinion is revoked.

ARTICLE 8. TERMINATION, AMENDMENTS AND WAIVERS

8.1 Termination of Agreement

Anything herein to the contrary notwithstanding, this Agreement and the transactions contemplated hereby including the Merger may be terminated at any time before the Effective Time, whether before or after approval by the shareholders of Company and Bank as follows, and in no other manner:

8.1.1 By mutual consent of Company and GT Bank, on the one hand, and Bank on the other;

8.1.2 By Company or Bank, (i) if any conditions set forth in Section 7.1 shall not have been met by October 31, 2011, or (ii) upon the expiration of 30 Business Days after any Governmental Entity denies or refuses to grant any approval, consent or authorization required to be obtained in order to consummate the transaction contemplated by this Agreement unless, within said 30 Business Day period after such denial or refusal, all parties hereto agree to resubmit the application to the Governmental Entity that has denied, or refused to grant the approval, consent or authorization requested;

8.1.3 By the Company, if any conditions set forth in Section 7.2 shall not have been met, or by the Bank, if any conditions set forth in Section 7.3 shall not have been met, in either case by October 31, 2011, or such earlier time as it becomes apparent that such condition cannot be met;

8.1.4 By Company if there shall have been (i) a breach of any of the representations or warranties of Bank set forth in this Agreement, (ii) a default in the observance or in the due and timely performance of any of Bank's covenants and agreements herein contained, which breach or default, in the reasonable opinion of Company, by its nature cannot be cured or is not cured prior to the earlier of October 31, 2011 or thirty (30) days from the date the Company gives the Bank notice of such breach or default, and which breach or default would, in the reasonable opinion of Company, individually or in the aggregate, have, or be reasonably likely to have, a Material Adverse Effect on Bank or upon the consummation of the transactions contemplated hereby;

8.1.5 By Bank if there shall have been (i) a breach of any of the representations or warranties of Company or GT Bank set forth in this Agreement, (ii) a default in the observance or in the due and timely performance of any of covenants and agreements of Company or GT Bank herein contained, which breach or default, in the reasonable opinion of Bank, by its nature cannot be cured or is not cured prior to the earlier of October 31, 2011 or

thirty (30) days from the date the Bank gives the Company notice of such breach or default, and which breach or default would, in the reasonable opinion of Bank, individually or in the aggregate, have, or be reasonably likely to have, a Material Adverse Effect on Company or GT Bank or upon the consummation of the transactions contemplated hereby; or

§ 1.6 By the Company or Bank, if an Acquisition Event involving the Company or Bank shall have occurred.

8.2 Effect of Termination

In the event that this Agreement shall be terminated pursuant to Section 8.1 hereof, all further obligations of the parties hereto under this Agreement shall terminate without further liability of any party to another; provided, however, that no termination of this Agreement under Section 8.1 for any reason or in any manner shall release, or be construed as withdrawing, any party from its obligations under Sections 8.5, 10.3 or 10.4, hereof and notwithstanding the foregoing if such termination shall result from the willful failure of a party to fulfill a condition to the performance of the obligations of any other party or to perform a covenant of such party in this Agreement, such party shall, subject to the provision of Section 8.5, be fully liable for any and all damages, costs and expenses (including, but not limited to, reasonable attorneys' fees sustained or incurred by the other party or parties in connection with negotiating and implementing the transactions contemplated in this Agreement).

8.3 Waiver of Conditions

If any of the conditions specified in Section 7.2 have not been satisfied, Company and GT Bank may nevertheless, at their election, proceed with the transactions contemplated in this Agreement. If any of the conditions specified in Section 7.3 have not been satisfied, Bank may nevertheless, at its election, proceed with the transactions contemplated in this Agreement. If any party elects to proceed pursuant to the provisions hereof, the conditions that are unsatisfied immediately prior to the Effective Time shall be deemed to be satisfied, as evidenced by a certificate delivered by the electing party.

8.4 Force Majeure

Company, GT Bank and Bank agree that, notwithstanding anything to the contrary in this Agreement, in the event this Agreement is terminated as a result of a failure of a condition, which failure is due to a natural disaster or other act of God, or an act of war or of terror, and provided neither party has materially failed to observe the obligations of such party under this Agreement, neither party shall be obligated to the other party to this Agreement for any expenses or otherwise be liable hereunder.

8.5 Monetary Consequences of Termination

8.5.1 Bank hereby agrees that if this Agreement is terminated (a) by Company and/or GT Bank pursuant to Section 8.1.2, because of the failure of Bank shareholders to approve this Agreement and the transactions contemplated hereby following the withdrawal, or modification in any manner adverse to Company and/or GT Bank, of the Board of Directors of Bank's recommendation of this Agreement and the transactions contemplated hereby, (ii) by Company and/or GT Bank pursuant to Section 8.1.3 because of the failure of any of the

conditions set forth in Section 4.2, (iii) by Company and/or GT Bank pursuant to Section 8.1.4, or (iv) by Company and/or GT Bank pursuant to Section 8.1.6 because Bank is involved in an Acquisition Event, Bank shall promptly, and in any event within seven Business Days after such termination, pay Company and/or GT Bank \$400,000 as liquidated damages for the direct expenses incurred by Company and GT Bank related to the transactions contemplated hereby, which the parties agree is a reasonable estimate of such expenses.

8.5.2 Company and GT Bank hereby agree that if this Agreement is terminated (i) by Bank pursuant to Section 8.1.3, because of the failure of Company shareholders to approve this Agreement and the transactions contemplated hereby following the withdrawal, or modification in any manner adverse to Bank, of the Board of Directors of Company's recommendation of this Agreement and the transactions contemplated hereby, (ii) by Bank pursuant to Section 8.1.3 because of the failure of any of the conditions set forth in Section 7.3, (iii) by Bank pursuant to Section 8.1.5, or (iv) by Bank pursuant to Section 8.1.6 because Company is involved in an Acquisition Event, Company and GT Bank shall promptly, and in any event within seven (7) Business Days after such termination, pay Bank the combined sum of \$400,000 as liquidated damages for the direct expenses incurred by Bank related to the transactions contemplated hereby which the parties agree is a reasonable estimate of such expenses. The payment obligations of Company and GT Bank set forth in the preceding sentence to pay the combined sum shall be deemed joint and several.

8.5.3 Except as otherwise provided herein and in Section 5.5.1, all Expenses incurred by Company and GT Bank or Bank in connection with or related to the authorization, preparation and execution of this Agreement, the solicitation of shareholder approvals and all other matters related to the closing of the transactions contemplated hereby, including, without limitation of the generality of the foregoing, all fees and expenses of agents, representatives, counsel, and accountants employed by either of the parties or its affiliates, shall be borne solely and entirely by the party which has incurred the same.

8.5.4 "Expenses" as used in this Agreement shall include all reasonable out-of-pocket expenses (including all fees and expenses of attorneys, accountants, investment bankers, experts and consultants to the party and its Affiliates) incurred by the party or on its behalf in connection with or related to the authorization, preparation and execution of this Agreement, the solicitation of shareholder approvals and all other matters related to the closing of the transactions contemplated hereby.

8.6 Effect of Termination; Survival

Except as provided in Section 8.5, no termination under Section 8.1 for any reason or in any manner shall release, or be construed as so releasing, any party hereto from its obligations pursuant to Sections 5.5, 8.5, 10.5 or 10.6 hereof or from any liability or damage to any other party hereto arising out of, in connection with, or otherwise relating to, directly or indirectly, said party's material breach, Default or failure in performance of any of its covenants, agreements, duties or obligations arising hereunder, or any breaches of any representation or warranty contained herein arising prior to the date of termination of this Agreement.

ARTICLE 9. EMPLOYEE BENEFITS

9.1 Employee Benefits

To the extent permissible under ERISA and similarly applicable laws and regulations, all employees of GT Bank at the Effective Time who continue as employees of the Bank, shall be entitled to participate in all Bank employee benefits on substantially the same basis as other similarly situated employees of the Bank. Each of these employees will be credited for eligibility, participation and vesting purposes with such employee's respective years of past service with GT Bank (or other prior service so credited by Bank) as though they had been employees of the Bank, except with respect to the Bank's stock option plan, any additional equity compensation plan Company may adopt and any 401(k) plan.

ARTICLE 10. GENERAL PROVISIONS

10.1 Survival of Representations and Warranties

None of the representations, warranties, covenants and agreements in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Time, except for those covenants and agreements contained herein and therein which by their terms apply in whole or in part after the Effective Time or to a termination of this Agreement.

10.2 Notices

All notices and other communications hereunder shall be in writing and shall be deemed given (i) on the date such notice is delivered if delivered personally, (ii) four Business Days after such notice is mailed if mailed by registered or certified mail (return receipt requested), (iii) one Business Day after such notice is sent if sent by confirmed overnight courier or facsimile (along with, for facsimiles, electronic confirmation or verbal confirmation from the person to whom such message is addressed), as the case may be, to the parties at the following addresses (or any such other address for a party as shall be specified by like notice)

If to Bank at	Bay Commercial Bank 1280 Civic Drive, Suite 100 Walnut Creek, CA 94596 Fax No. (925) 476-1818 e-mail: GGrant1@bcb-ca.com Attention: George J. Curran, President
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with a copy to	Keval, Young & Logan 460 Oceanfront, 14 th Floor Long Beach, CA 90802 Fax No. (562) 436-7416 e-mail: Sandor.Mayuga@kyl.com Attention: Sandor X Mayuga
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If to Company and/or GT Bank at:

Global Trust Bank
200 E. El Camino Real, Suite 110
Mountain View, CA 94040
Fax No.: (650) 810-9452
e-mail: Vinod.Thakral@nyyglobaltrustbank.com
Attention: Vinod Thakral, Chairman

with a copy to:

Gary Steven Findley & Associates
1470 North Hundley Street
Aradom, CA 92536
Fax No.: (714) 630-7910
e-mail: gsf@findley-reports.com
Attention: Gary Steven Findley, Esq.

10.3 Counterparts

This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

10.4 Entire Agreement/No Third Party Rights/Assignment

This Agreement (including the documents and instruments referred to herein) (a) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof; (b) except as expressly set forth herein, is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder; (c) shall not be assigned by a party, by operation of law or otherwise, without the consent of the other parties; and (d) subject to the foregoing, shall be binding upon and shall inure to the benefit of the parties hereto and their permitted successors and assigns.

10.5 Non-disclosure of Agreement/ Press Releases

Company, GT Bank and Bank agree, except as required by law, so long as this Agreement is in effect, not to issue any public notice, disclosure or press release with respect to the transactions contemplated by this Agreement without seeking the consent of the other party, which consent shall not be unreasonably withheld provided, however, that a party may, without the prior consent of the other party (but after such consultation, to the extent practicable in the circumstances), issue such press release or make such public statements as may upon the advice of outside counsel be required by law or applicable regulations.

10.6 Confidentiality

All Confidential Information disclosed heretofore or hereafter by any party to this Agreement to any other party to this Agreement shall be kept confidential by such other party and shall not be used by such other party otherwise than as herein contemplated, except to the extent that (a) it is necessary or appropriate to disclose to the Federal Reserve, FDIC, CDTI or

any other Governmental Entity having jurisdiction over any of the parties or as may be otherwise required by Rule (any disclosure of Confidential Information to a Governmental Entity shall be accompanied by a request that such Governmental Entity preserve the confidentiality of such Confidential Information), or (b) such duty as to confidentiality is waived by the other party. Such obligation as to confidentiality and nonuse shall survive the termination of this Agreement pursuant to Article 8. In the event of such termination and on request of another party, each party shall use all reasonable efforts to (1) return to the other parties all documents (and reproductions thereof) received from such other parties that contain Confidential Information (and, in the case of reproductions, all such reproductions made by the receiving party), and (2) destroy the originals and all copies of any analyses, computations, studies or other documents prepared for the internal use of such party that included Confidential Information.

10.7 Governing Law/Venue

This Agreement shall be governed and construed in accordance with the laws of the State of California, without regard to any applicable conflicts of law. Any action to enforce this Agreement shall be brought only in a state or federal court located in the County of Contra Costa, California.

10.8 Headings/Table of Contents

The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

10.9 Enforcement of Agreement

The parties hereto agree that irreparable damage will occur in the event that any of the material provisions of this Agreement or the Merger Agreement is not performed in accordance with its specific terms or is otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of material provisions of this Agreement and to enforce specifically the material terms and provisions hereof in any federal or state court in the County of Contra Costa, California, this being in addition to any remedy to which they are entitled at law or in equity or under this Agreement.

10.10 Severability

Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so held as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

10.11 Attorneys' Fees

If any legal action or any arbitration upon mutual agreement is brought for the enforcement of this Agreement or because of an alleged dispute, breach or default in connection with this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and other costs and expenses incurred in that action or proceeding, in addition to any other relief to which it may be entitled.

10.12 Waiver; Amendment.

Prior to the Effective Time of the Merger, any provision of this Agreement may be (i) waived in whole or in part by the party benefited by the provision or by both parties or (ii) amended or modified at any time, by an agreement in writing between the parties hereto executed in the same manner as this Agreement, except that after a party's shareholder meeting at which the transactions contemplated in this Agreement were approved, this Agreement may not be amended if it would reduce the aggregate value of the consideration to be received by the Company's shareholders in the Merger without any subsequent approval by such shareholders or be in violation of applicable law.

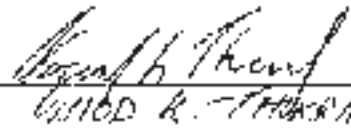
IN WITNESS WHEREOF, the Bank, Company and LIF Bank have caused this Agreement to be signed by their respective officers thereunto duly authorized, all as of the date first above written.

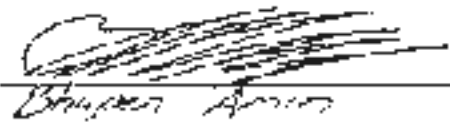
BAY COMMERCIAL BANK

By: 

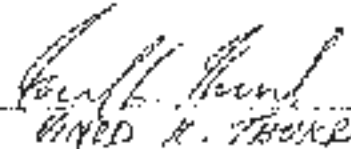
By: _____

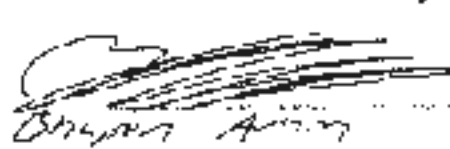
GLOBAL BANCORP

By: 
VINCE R. THORNTON

By: 
Bryan Aron

GLOBAL TRUST BANK

By: 
VINCE R. THORNTON

By: 
Bryan Aron

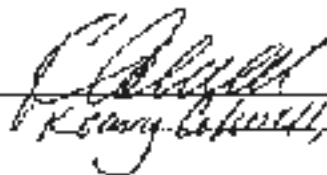
10.12 Waiver, Amendment.

Prior to the Effective Time of the Merger, any provision of this Agreement may be (i) waived in whole or in part by the party benefited by the provision or by both parties or (ii) amended or modified at any time, by an agreement in writing between the parties hereto executed in the same manner as this Agreement, except that after a party's shareholder meeting at which the transactions contemplated in this Agreement were approved, this Agreement may not be amended if it would reduce the aggregate value of the consideration to be received by the Company's shareholders in the Merger without any subsequent approval by such shareholders or be in violation of applicable law.

IN WITNESS WHEREOF, the Bank, Company and GT Bank have caused this Agreement to be signed by their respective officers thereunto duly authorized, all as of the date first above written.

BAY COMMERCIAL BANK

By _____

By: 
K. Gary Colwell, CEO

GLOBAL BANCORP

By _____

By: _____

GLOBAL TRUST BANK

By: _____

By: _____

AMENDMENT NO. 1

AGREEMENT AND PLAN OF REORGANIZATION AND MERGER, dated as of May 12, 2011

This Amendment No. 1 (the "Amendment") amends that certain Agreement and Plan of Reorganization and Merger, dated as of May 12, 2011, by and among Bay Commercial Bank, Global Bancorp and Global Trust Bank (the "Agreement"). Capitalized terms used, but not defined, in this Amendment, shall have the meanings given such terms in the Agreement.

The parties intend to amend the Agreement by agreeing to the following amendments of the Agreement:

1. Amendment to Section 2.1. The second and third sentences of the second paragraph of Section 2.1 are amended to read in full as follows:

"The Merger shall be effective when the Merger Agreement (together with any other documents required by law to effectuate the Merger) shall have been filed with the Secretary of State of the State of California and a copy of the Merger Agreement, certified by the California Secretary of State, has been filed with the CDFI. When used in this Agreement, the term "Effective Time" shall mean when a copy of the Merger Agreement, certified by the California Secretary of State, has been filed with the CDFI as provided in Section 4887 of the California Financial Code. When used in this Agreement, the term "Downstream Merger Effective Time" shall mean when a copy of the Merger Agreement for the Downstream Merger, has been filed with the California Secretary of State."

2. Amendment to Section 7.1.6. Section 7.1.6 of the Agreement is deleted in its entirety and replaced by the insertion of "[RESERVED]."

The parties amend the Agreement by the execution of this Amendment below.

The signature page follows this page

*Signature page to Amendment No. 1 to
Agreement and Plan of Reorganization and Merger, dated May 12, 2011*

BAY COMMERCIAL BANK

By */s/* George J. Guarni
President & CEO

By */s/* Kearv L. Colwel
Secretary

GLOBAL TRUST BANK

By */s/* Vinod Thukral
Chairman of the Board

By */s/* Dhruven Amin
Secretary

GLOBAL BANCORP

By */s/* Vinod Thukral
Chairman of the Board

By */s/* Dhruven Amin
Secretary

APPENDIX B

**Downstream Merger Agreement between Global Bancorp
and Global Trust Bank**

AGREEMENT OF MERGER

This AGREEMENT OF MERGER, dated as of May 12, 2011 (this "Agreement"), is made and entered into by and between Global Bancorp, a California corporation (the "GB"), and Global Trust Bank, a California banking corporation ("Bank").

A. Bay Commercial Bank, a California state-chartered banking corporation, GB and Bank have entered into an Agreement and Plan of Reorganization and Merger, dated as of May 12, 2011 (the "Merger Agreement"), providing, among other things, for the merger of GB into Bank, with Bank surviving the merger (the "Merger"). Capitalized terms used but not otherwise defined herein have the meanings ascribed to such terms in the Merger Agreement.

In consideration of the premises and mutual agreements contained in this Agreement and the Merger Agreement, the parties to this Agreement hereby agree that GB shall be merged with and into Bank in accordance with the provisions of the laws of the State of California and upon the terms and subject to the conditions set forth as follows:

1. The Merger.

(a) The Merger shall be pursuant to the provisions of, and with the effect provided in, the California General Corporation Law (the "CGCL"), and the Merger shall become effective on the date and time (the "Effective Time") a copy of this Agreement is filed with the Secretary of State of the State of California.

(b) At the Effective Time, GB shall be merged with and into Bank, and the Bank shall be the surviving corporation (the "Surviving Corporation"). All the property, rights, privileges, powers and franchises of GB shall vest in the Surviving Corporation, all debts, liabilities, obligations, restrictions, disabilities and duties of GB shall become the debts, liabilities, obligations, restrictions, disabilities and duties of the Surviving Corporation. Bank shall retain its bank charter in the Merger.

2. Corporate Governance.

(a) From and after the Effective Time and until thereafter amended in accordance with applicable law, (i) the articles of incorporation of Bank as in effect immediately prior to the Effective Time shall be the articles of incorporation of the Surviving Corporation; and (ii) the bylaws of the Bank as in effect immediately prior to the Effective Time shall be the bylaws of the Surviving Corporation.

(b) At the Effective Time, the directors and corporate officers of the Surviving Corporation shall be those persons who are the directors and corporate officers of Bank immediately prior to the Effective Time, and they shall continue to hold office from and after the Effective Time until they shall have resigned or shall have been legally removed or until respective successors shall have been elected and qualified.

3. Effect of Merger on Outstanding Shares.

As of the Effective Time, by virtue of the Merger and as provided in the Merger Agreement, and without any action on the part of the holder of any shares of common stock of Bank (the "Bank Common Stock") or the common stock of GB (the "GB Common Stock"):

(a) Bank Common Stock. Each share of Bank Common Stock issued and outstanding immediately prior to the Effective Time shall be cancelled and retired without payment of any consideration therefor.

(b) GB Common Stock. Each share of GB Common Stock issued and outstanding immediately prior to the Effective Time (other than any Dissenters' Shares) shall be converted into one share of Bank Common Stock.

4. General Provisions.

(a) Termination and Agreement. The obligations of the parties to effect the Merger shall be subject to all the terms and conditions contained in the Merger Agreement. Notwithstanding shareholder approval of this Agreement, this Agreement shall terminate forthwith in the event that the Merger Agreement shall be terminated as therein provided prior to the Effective Time.

(b) Amendment. This Agreement may be amended by GB and Bank at any time prior to the Effective Time. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

(c) Successors and Assigns. This Agreement shall be binding upon and enforceable by the parties hereto and their respective successors, assigns and transferees, but this Agreement may not be assigned by any party hereto without the written consent of the other.

(d) Governing Law. This Agreement has been executed in the state of California, and the laws of the state of California shall govern the validity and interpretation hereof and the performance by the parties hereto.

(e) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[The remainder of this page is intentionally blank.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

GLOBAL BANCORP

By: _____
Name: Vinod Thukral
Title: Chairman of the Board

By: _____
Name: _____
Title: Executive Vice President

GLOBAL TRUST BANK

By: _____
Name: Vinod Thukral
Title: Chairman of the Board

By: _____
Name: _____
Title: Executive Vice President

**Certificate of Approval
of
Agreement of Merger**

Vinod Thakral and Bhupen Amin and certify that:

1. They are the Chairman of the Board and the Secretary, respectively, of Global Trust Bank, a California banking corporation.
2. The principal terms of the Agreement of Merger in the form attached were duly approved by the board of directors and by the sole shareholder of the corporation by a vote that equaled or exceeded the vote required.
3. The shareholder approval was by the sole shareholder of Global Trust Bank owning 100 shares, constituting 100 percent of the outstanding shares of the corporation.
4. There is only one class of shares and the number of shares outstanding entitled to vote on the merger is ____.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Date: _____

Vinod Thakral, Chairman of the Board

Bhupen Amin, Secretary

**Certificate of Approval
of
Agreement of Merger**

Vinod Thukral and Bhupen Amin certify that:

1. They are the Chairman of the Board and the Secretary, respectively, of Global Bancorp, a California corporation.
2. The principal terms of the Agreement of Merger in the form attached were duly approved by the board of directors and by the shareholders of the corporation by a vote that equaled or exceeded the vote required.
3. The shareholder approval was by the holders of _____ shares of the outstanding shares of the corporation constituting more than 50% of the outstanding shares of the corporation.
4. There is only one class of shares and the number of shares outstanding entitled to vote on the merger is 2,115,000.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Date: _____

Vinod Thukral, Chairman of the Board

Bhupen Amin, Secretary

APPENDIX C

**Merger Agreement between Bay Commercial Bank
and Global Trust Bank**

MERGER AGREEMENT

THIS MERGER AGREEMENT, dated as of _____, 2011 (the "*Merger Agreement*") is made and entered into by and between GLOBAL TRUST BANK, a California corporation ("*GTB*" or the "*Disappearing Corporation*"), and BAY COMMERCIAL BANK, a California corporation ("*BCB*" or the "*Surviving Corporation*").

Recitals

A. GTB, BCB and Global Bancorp, a California corporation ("*GB*") have entered into an Agreement and Plan of Reorganization dated as of May 12, 2011 (the "*Agreement and Plan of Reorganization*") which provides for, among other things, the merger (the "*Merger*") of GTB with and into BCB pursuant to this Merger Agreement; and

B. The Boards of Directors of BCB and GTB have approved, and deem it advisable and in the best interests of BCB, GTB and their respective shareholders that BCB and GTB consummate the Merger.

NOW, THEREFORE, in consideration of the mutual agreements contained in this Merger Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties to this Merger Agreement hereby agree that GTB shall be merged with and into BCB in accordance with applicable federal and state laws and upon the terms and subject to the conditions set forth as follows:

1. The Merger. On the Effective Date (as hereinafter defined), the Disappearing Corporation shall be merged with and into the Surviving Corporation. The Merger shall become effective on the date (the "*Effective Date*") when a copy of the Agreement of Merger, certified by the Secretary of State, has been filed with the Commissioner of Financial Institutions as provided in Section 4887 of the California Financial Code (the "*Effective Time*").

2. Articles of Incorporation and By-laws. The Articles of Incorporation and By-laws, respectively, of the Surviving Corporation in effect immediately prior to the Effective Time shall be and remain the Articles of Incorporation and By-laws, respectively, of the Surviving Corporation until amended as provided by law.

3. Officers and Directors. From and after the Effective Time and until they shall have resigned or shall have been legally removed or until their respective successors shall have been elected or appointed and qualified, (a) the officers of the Surviving Corporation shall be those persons who are the officers of the Surviving Corporation immediately prior to the Effective Time, and (b) the directors of the Surviving Corporation immediately prior to the Effective Time shall continue to serve as directors of the Surviving Corporation.

4. Effect of the Merger.

4.1 All assets, rights, privileges, immunities, powers, franchises and interests of the Disappearing Corporation and the Surviving Corporation in and to every type of property (real, personal and mixed) and choses in action, as they exist as of the Effective Time, including

appointments, designations and nominations and all other rights and interests as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver and in every other fiduciary capacity, shall pass and be transferred to and vest in the Surviving Corporation by virtue of the Merger at the Effective Time without any deed, conveyance or other transfer. The corporate existence of the Surviving Corporation as a California corporation shall continue unaffected and unimpaired upon consummation of the Merger and the separate corporate existence of the Disappearing Corporation shall cease at and as of the Effective Time.

4.2 From and after the Effective Time, the Surviving Corporation shall be responsible and liable for all the liabilities and obligations of each of the Surviving Corporation and the Disappearing Corporation. Any claim existing or action or proceeding pending by or against the Surviving Corporation or the Disappearing Corporation at the Effective Time thereafter may be prosecuted as if the Merger had not taken place or, in connection with any such action or proceeding to which the Disappearing Corporation is a party, the Surviving Corporation may be substituted in place of the Disappearing Corporation. Neither the rights of creditors nor any liens upon the property of either the Surviving Corporation or the Disappearing Corporation shall be impaired by reason of the Merger.

5. Effect of Merger on Outstanding Shares.

5.1 Surviving Corporation. Each share of the common stock of the Surviving Corporation issued and outstanding immediately prior to the Effective Time shall continue to be issued and outstanding from and after the Effective Time.

5.2 Disappearing Corporation. At the Effective Time, by virtue of the Merger and without any action on the part of the holder of any shares of the capital stock of the Disappearing Corporation (the "*GTB Common Stock*"), each share of GTB Common Stock issued and outstanding immediately prior to the Effective Time shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each certificate previously representing any such shares of GTB Common Stock shall thereafter represent the right to receive the authorized but unissued shares of common stock of Surviving Corporation ("*BCB Common Stock*"), or cash, or a combination of BCB Common Stock and cash, as follows: at the Effective Time, the holder of each share of GTB Common Stock shall be eligible to receive, at the election of such holder: (a) 0.75678 shares of BCB Common Stock; or (b) cash in the amount of \$7.25 per share; or (c) a combination of BCB Common Stock and cash, each at the rate and in the amount per share set forth in the preceding clauses (a) and (b), above, (the "*Per Share Consideration*"); *provided however*, that the aggregate amount of any cash payable by the Surviving Corporation to holders of GTB Common Stock who elect to receive all or a portion of their Per Share Consideration in cash may not exceed an amount which is equal to: (x) 20% of the total consideration paid by the Surviving Corporation in the Merger, less (y) the amount of cash paid to holders of GTB Common Stock which are "dissenting shares" within the meaning of Section 1300(b) of the California Corporations Code. Certificates previously representing shares of GTB Common Stock shall be exchanged for shares of BCB Common Stock, cash or a combination of BCB Common Stock and cash in the amount of the Per Share Consideration upon the surrender of such certificates.

5.3 Dissenting Shares. Notwithstanding the foregoing, the holders of shares of GTB Common Stock which constitute "dissenting shares" within the meaning of Section 1300(b) of

the California Corporations Code, shall have, in consideration for the cancellation of dissenting shares held by such holders, the rights given to them under applicable California law, including the right to receive the fair market value of those shares, in the manner and subject to the procedures and conditions provided by law.

5.4 Restriction on Transfer. From and after the Effective Date, no transfer of GTB Common Stock outstanding prior to the Effective Time shall be made on the record books of the Disappearing Corporation .

6. Further Assurances. From time to time as and when requested by the Surviving Corporation and to the extent permitted by law, the officers and directors of the Disappearing Corporation and the Surviving Corporation last in office shall execute and deliver such assignments, deeds and other instruments and shall take or cause to be taken such further or other action as shall be necessary in order to vest or perfect in or to confirm of record or otherwise to the Surviving Corporation title to, and possession of, all of the assets, rights, franchises and interests of the Disappearing Corporation and the Surviving Corporation in and to every type of property (real, personal and mixed) and choses in action, and otherwise to carry out the purposes of this Merger Agreement, and the proper officers and directors of the Surviving Corporation are fully authorized to take any and all such action in the name of the Disappearing Corporation or the Surviving Corporation or otherwise.

7. Termination; Amendment. This Merger Agreement may be terminated prior to the Effective Time by the mutual consent of the Boards of Directors of the Disappearing Corporation and the Surviving Corporation. This Merger Agreement may be amended prior to the Effective Time with respect to its principal terms by the mutual consent of the Boards of Directors of the Disappearing Corporation and the Surviving Corporation and the approval of the shareholders of the Disappearing Corporation and the Surviving Corporation. This Merger Agreement shall terminate automatically upon the termination of the Agreement and Plan of Merger prior to the Effective Time of the Merger therein provided for.

8. Counterparts. This Merger Agreement may be signed in any number of counterparts, each of which shall be deemed an original, and all of which shall be deemed but one and the same instrument.

9. Choice of Law. The validity, interpretation, and performance of this Merger Agreement shall be governed by and construed under the laws of the State of California.

IN WITNESS WHEREOF, the parties have duly executed this Merger Agreement as of the date first written above.

BAY COMMERCIAL BANK

GLOBAL TRUST BANK

By _____
Name: George J. Guarini
Title: President

By _____
Name: Vinod Thakral
Title: President

By _____
Name: Keary Cuiwell
Title: Secretary

By _____
Name: Bhagen Arora
Title: Secretary

**Certificate of Approval
of
Merger Agreement**

George J. Guarini and Keary Colwell certify that:

1. They are the President and Secretary, respectively, of Bay Commercial Bank ("BCB"), a California banking corporation.
2. This certificate is attached to the Merger Agreement, dated as of _____, 2011 by and between BCB and Global Trust Bank, a California banking corporation ("GTB"), which provides for the merger of GTB with and into BCB ("*Merger*").
3. The Merger Agreement in the form attached was duly approved by the Board of Directors of BCB.
4. BCB has two classes of capital stock authorized: common stock and preferred stock. BCB has one class of capital stock issued and outstanding consisting of 3,549,794 shares of common stock, which were entitled to vote on the Merger. No preferred shares were issued or outstanding.
5. The principal terms of the Agreement of Merger in the form attached were approved by the shareholders of BCB by the vote of a number of shares of its common stock which equaled or exceeded the vote required.
6. The percentage vote required is more than 50%.

We declare under penalty of perjury of the laws of the California that the matters set forth in this Certificate are true and correct of our own knowledge.

Date: _____, 2011

George J. Guarini, President

Keary L. Colwell, Secretary

**Certificate of Approval
of
Merger Agreement**

Vinod Thukral and Bhupen Amin and certify that:

1. They are the Chairman of the Board and the Secretary, respectively, of Global Trust Bank ("GTB"), a California banking corporation
2. This certificate is attached to the Merger Agreement, dated May 12, 2011 by and between GTB and Bay Commercial Bank, a California banking corporation ("BCB"), which provides for the merger of GTB with and into BCB ("Merger").
3. The Merger Agreement in the form attached was duly approved by the Board of Directors of GTB.
4. GTB has one class of shares authorized consisting of common shares and has 2,115,001 common shares outstanding which were entitled to vote on the Merger.
5. The principal terms of the Agreement of Merger in the form attached were approved by GTB by the vote of a number of shares of its capital stock which equaled or exceeded the vote required.
6. The percentage vote required is more than 50%

We declare under penalty of perjury of the laws of the California that the matters set forth in this Certificate are true and correct of our own knowledge.

Date: _____, 2011

Vinod Thukral, Chairman of the Board

Bhupen Amin, Secretary

APPENDIX D

Selected sections of Chapter 13 of the California Corporation Code

CALIFORNIA CORPORATION'S CODE
TITLE 1. CORPORATIONS
DIVISION 1. GENERAL CORPORATION LAW

CHAPTER 13. Dissenters' Rights

§ 1300 Reorganization or Short Form Merger; dissenting shares; corporate purchase at the fair market value; definitions

(a) If the approval of the outstanding shares (Section 152) of a corporation is required for a reorganization under subdivisions (a) and (b) or subdivision (e) or (f) of Section 1201, each shareholder of the corporation entitled to vote on the transaction and each shareholder of a subsidiary corporation in a short-form merger may, by complying with this chapter, require the corporation in which the shareholder holds shares to purchase for cash at their fair market value the shares owned by the shareholder which are dissenting shares as defined in subdivision (b). The fair market value shall be determined as of the day before the first announcement of the terms of the proposed reorganization or short-form merger, excluding any appreciation or depreciation in consequence of the proposed action, but adjusted for any stock split, reverse stock split, or share dividend which becomes effective thereafter.

(b) As used in this chapter, "dissenting shares" means shares which come within all of the following descriptions:

(1) Which were not immediately prior to the reorganization or short form merger either (A) listed on any national securities exchange certified by the Commissioner of Corporations under subdivision (a) of Section 25100 or (B) listed on the list of OTC margin stocks issued by the Board of Governors of the Federal Reserve System, and the notice of meeting of shareholders to act upon the reorganization summarizes this section and Sections 1301, 1302, 1303 and 1304, provided, however, that this provision does not apply to any shares with respect to which there exists any restriction on transfer imposed by the corporation or by any law or regulation; and provided, further, that this provision does not apply to any class of shares described in subparagraph (A) or (B) if demands for payment are filed with respect to 5 percent or more of the outstanding shares of that class.

(2) Which were outstanding on the date for the determination of shareholders entitled to vote on the reorganization and (A) were not voted in favor of the reorganization or, (B) if described in subparagraph (A) or (B) of paragraph (1) (without regard to the provisions in that paragraph), were voted against the reorganization, or which were held of record on the effective date of a short-form merger; provided, however, that subparagraph (A) rather than subparagraph (B) of this paragraph applies in any case where the approval required by Section 1201 is sought by written consent rather than at a meeting.

(3) Which the dissenting shareholder has demanded that the corporation purchase at their fair market value, in accordance with Section 1301.

(4) Which the dissenting shareholder has submitted for endorsement, in accordance with Section 1302.

(c) As used in this chapter, "dissenting shareholder" means the recordholder of dissenting shares and includes a transferee of record.

§ 1301. Notice to holders of dissenting shares in reorganizations; demand for purchase; contents

(a) If, in the case of a reorganization, any shareholders of a corporation have a right under Section 1300, subject to compliance with paragraphs (3) and (4) of subdivision (b) thereof, to require the corporation to purchase their shares for cash, such corporation shall mail to each such shareholder a notice of the approval of the reorganization by its outstanding shares (Section 152) within 10 days after the date of such approval, accompanied by a copy of Sections 1300, 1302, 1303, 1304 and this section, a statement of the price determined by the corporation to represent the fair market value of the dissenting shares, and a brief description of the procedure to be followed

if the shareholder desires to exercise the shareholder's right under this section. The statement of price constitutes an offer by the corporation to purchase at the price stated any dissenting shares as defined in subdivision (b) of Section 1300, unless they lose their status as dissenting shares under Section 1309.

(b) Any shareholder who has a right to require the corporation to purchase the shareholder's shares for cash under Section 1300, subject to compliance with paragraphs (3) and (4) of subdivision (b) thereof, and who desires the corporation to purchase such shares shall make written demand upon the corporation for the purchase of such shares and payment to the shareholder in cash of their fair market value. The demand is not effective for any purpose unless it is received by the corporation or any transfer agent thereof (1) in the case of shares described in clause (i) or (ii) of paragraph (1) of subdivision (b) of Section 1300 (without regard to the provisions in that paragraph), not later than the date of the shareholders' meeting to vote upon the reorganization, or (2) in any other case within 30 days after the date on which the notice of the approval by the outstanding shares pursuant to subdivision (a) or the notice pursuant to subdivision (i) of Section 1110 was mailed to the shareholder.

(c) The demand shall state the number and class of the shares held of record by the shareholder which the shareholder demands that the corporation purchase and shall contain a statement of what such shareholder claims to be the fair market value of those shares as of the day before the announcement of the proposed reorganization or short-form merger. The statement of fair market value constitutes an offer by the shareholder to sell the shares at such price.

§ 1302. Submission of share certificates for endorsement, uncertificated securities

Within 30 days after the date on which notice of the approval by the outstanding shares or the notice pursuant to subdivision (i) of Section 1110 was mailed to the shareholder, the shareholder shall submit to the corporation at its principal office or at the office of any transfer agent thereof, (a) if the shares are certificated securities, the shareholder's certificates representing any shares which the shareholder demands that the corporation purchase, to be stamped or endorsed with a statement that the shares are dissenting shares or to be exchanged for certificates of appropriate denomination so stamped or endorsed or (b) if the shares are uncertificated securities, written notice of the number of shares which the shareholder demands that the corporation purchase. Upon subsequent transfers of the dissenting shares on the books

of the corporation, the new certificates, initial transaction statement, and other written statements issued therefor shall bear a like statement, together with the name of the original dissenting holder of the shares.

§ 1303. Payment of agreed price with interest; agreement fixing fair market value; filing time of payment

(a) If the corporation and the shareholder agree that the shares are dissenting shares and agree upon the price of the shares, the dissenting shareholder is entitled to the agreed price with interest thereon at the legal rate on judgments from the date of the agreement. Any agreements fixing the fair market value of any dissenting shares as between the corporation and the holders thereof shall be filed with the secretary of the corporation.

(b) Subject to the provisions of Section 1306, payment of the fair market value of dissenting shares shall be made within 30 days after the amount thereof has been agreed or within 30 days after any statutory or contractual conditions to the reorganization are satisfied, whichever is later, and in the case of certificated securities, subject to satisfaction of the conditions therefor, unless provided otherwise by agreement.

§ 1304. Action to determine whether shares are dissenting shares or fair market value; joinder; consolidation; determination of issues; appointment of appraisers

(a) If the corporation denies that the shares are dissenting shares, or the corporation and the shareholder fail to agree upon the fair market value of the shares, the shareholder demanding purchase of such shares as dissenting shares or any interested corporation, within six months after the date on which notice of the approval by the outstanding shares (Section 152) or notice pursuant to subdivision (c) of Section 119 was mailed to the shareholder, but not thereafter, may file a complaint in the superior court of the proper county praying the court to determine whether the shares are dissenting shares or the fair market value of the dissenting shares or both or any or several of any action pending on such a complaint.

(b) Two or more dissenting shareholders may join as plaintiffs or be joined as defendants in any such action and two or more such actions may be consolidated.

(c) On the trial of the action, the court shall determine the issues. If the status of the shares as dissenting shares is in issue, the court shall first determine that issue. If the fair market value of the dissenting shares is in issue, the court shall determine, or shall appoint one or more impartial appraisers to determine, the fair market value of the shares.

§ 1305. Report of appraisers; confirmation; determination by court; judgment; payment; appeal; costs

(a) If the court appoints an appraiser or appraisers, they shall proceed forthwith to determine the fair market value per share. Within the time fixed by the court, the appraisers, or a majority of them, shall make and file a report in the office of the clerk of the court. Thereupon, on the motion of any party, the report shall be submitted to the court and considered on such evidence as the court considers relevant. If the court finds the report reasonable, the court may confirm it.

(b) If a majority of the appraisers appointed fail to make and file a report within 10 days from the date of their appointment, or within such further time as may be allowed by the court or the report is not confirmed by the court, the court shall determine the fair market value of the dissenting shares.

(c) Subject to the provisions of Section 1306, judgment shall be rendered against the corporation for payment of an amount equal to the fair market value of each dissenting share multiplied by the number of dissenting shares which any dissenting shareholder who is a party, or who has intervened, is entitled to require the corporation to purchase, with interest thereon at the legal rate from the date on which judgment was entered.

(d) Any such judgment shall be payable forthwith with respect to uncertificated securities and, with respect to certificated securities, only upon the endorsement and delivery to the corporation of the certificates for the shares described in the judgment. Any party may appeal from the judgment.

(e) The costs of the action, including reasonable compensation to the appraisers to be fixed by the court, shall be assessed or apportioned as the court considers equitable, but, if the appraisal exceeds the price offered by the corporation, the corporation shall pay the costs (including in the discretion of the court attorneys' fees, fees of expert witnesses and interest at the legal rate on judgments from the date of compliance with Sections 1300, 1301 and 1303 if the value awarded by the court for the shares is more than 125 percent of the price offered by the corporation under subdivision (a) of Section 1301).

§ 1306. Prevention of immediate payment; status as creditors interest

To the extent that the provisions of Chapter 5 prevent the payment to any holder of dissenting shares of their fair market value, they shall become creditors of the corporation for the amount thereof together with interest at the legal rate on judgments until the date of payment, but subordinate to all other creditors in any liquidation proceeding, such debt to be payable when permissible under the provisions of Chapter 5.

§ 1307. Dividends on dissenting shares

Cash dividends declared and paid by the corporation upon the dissenting shares after the date of approval of the reorganization by the outstanding shares (Section 152) and prior to payment for the shares by the corporation shall be credited against the total amount to be paid by the corporation therefor.

§ 1308. Rights of dissenting shareholders pending valuation; withdrawal and demand for payment

Except as expressly limited in this chapter, holders of dissenting shares continue to have all the rights and privileges incident to their shares, until the fair market value of their shares is agreed upon or determined. A dissenting shareholder may not withdraw a demand for payment unless the corporation consents thereto.

§ 1309 Termination of dissenting shareholder status

Dissenting shares lose their status as dissenting shares and the holders thereof cease to be dissenting shareholders and cease to be entitled to require the corporation to purchase their shares upon the happening of any of the following:

(a) The corporation abandons the reorganization. Upon abandonment of the reorganization, the corporation shall pay or be bound to pay to any dissenting shareholder who has initiated proceedings in good faith under this chapter all necessary expenses incurred in such proceedings and reasonable attorneys' fees.

(b) The shares are transferred prior to their submission for endorsement in accordance with Section 1302 or are surrendered for conversion into shares of another class in accordance with the articles.

(c) The dissenting shareholder and the corporation do not agree upon the value of the shares as dissenting shares or upon the purchase price of the shares, and neither files a complaint or intervenes in a pending action as provided in Section 1304, within six months after the date on which notice of the approval by the outstanding shares or notice pursuant to subdivision (2) of Section 1110 was mailed to the shareholder.

(d) The dissenting shareholder, with the consent of the corporation, withdraws the shareholder's demand for purchase of the dissenting shares.

§ 1310 Suspension of right to compensation or valuation proceedings; litigation of shareholders' approval

If litigation is instituted to test the sufficiency or regularity of the votes of the shareholders in authorizing a reorganization, any proceedings under Sections 1306 and 1315 shall be suspended until final determination of such litigation.

§ 1311 Exempt shares

This chapter, except Section 1312, does not apply to classes of shares whose terms and provisions specifically set forth the amount to be paid in respect to such shares in the event of a reorganization or merger.

§ 1312 Right of dissenting shareholder to attack, set aside or rescind merger or reorganization; restraining order or injunction; conditions

(a) No shareholder of a corporation who has a right under this chapter to demand payment of cash for the shares held by the shareholder shall have any right at law or in equity to attack the validity of the reorganization or short-form merger, or to have the reorganization or short-form merger set aside or rescinded, except in an action to test whether the number of shares required to authorize or approve the reorganization have been legally voted in favor thereof, but any holder of shares of a class whose terms and provisions specifically set forth the amount to be paid in respect to them in the event of a reorganization or short-form merger is entitled to payment in accordance with those terms and provisions or, if the principal terms of the

reorganization are approved pursuant to subdivision (b) of Section 1202, is entitled to payment in accordance with the terms and provisions of the approved reorganization.

(b) If one of the parties to a reorganization or short-form merger is directly or indirectly controlled by, or under common control with, another party to the reorganization or short-form merger, subdivision (a) shall not apply to any shareholder of such party who has not demanded payment of cash for such shareholder's shares pursuant to this chapter; but if the shareholder institutes any action to attack the validity of the reorganization or short-form merger or to have the reorganization or short-form merger set aside or rescinded, the shareholder shall not thereafter have any right to demand payment of cash for the shareholder's shares pursuant to this chapter. The court in any action attacking the validity of the reorganization or short-form merger or to have the reorganization or short-form merger set aside or rescinded shall not restrain or enjoin the consummation of the transaction except upon 10 days' prior notice to the corporation and upon a determination by the court that clearly no other remedy will adequately protect the complaining shareholder or the class of shareholders of which such shareholder is a member.

(c) If one of the parties to a reorganization or short-form merger is directly or indirectly controlled by, or under common control with, another party to the reorganization or short-form merger, in any action to attack the validity of the reorganization or short-form merger or to have the reorganization or short-form merger set aside or rescinded, (1) a party to a reorganization or short-form merger which controls another party to the reorganization or short-form merger shall have the burden of proving that the transaction is just and reasonable as to the shareholders of the controlled party; and (2) a person who controls two or more parties to a reorganization shall have the burden of proving that the transaction is just and reasonable as to the shareholders of any party so controlled.

APPENDIX E

Opinion of The Hindley Group to Global Bancorp



The Findley Group

CONSULTANTS TO THE FINANCIAL INDUSTRY

May 12, 2011

**Members of the Board of Directors
Global Bancorp**
700 E. El Camino Real, Suite 110
Mountain View, California 94040

Members of the Board

You have requested our opinion as investment bankers as to the fairness, from a financial point of view, to the shareholders of Global Bancorp, Mountain View, California ("Company") of the terms of the proposed reorganization and merger of Company and its wholly owned subsidiary Global Trust Bank, Mountain View, California, ("GT Bank") and Bay Commercial Bank, Walnut Creek, California ("Bank"). It is proposed that Company and GT Bank will be merged with and into Bank with Bank as the surviving entity (the "Merger"). Under the proposed transaction Company shareholders will receive either shares of Bank Common Stock in accordance with the Exchange Ratio, cash equal to the Per Share Cash Consideration, or a combination thereof (the "Merger Consideration") in exchange for all of the outstanding shares of Company Common Stock as of the effective time of the Merger, as defined in the Agreement and Plan of Reorganization and Merger entered into as of May 12, 2011, (the "Agreement"). In the Agreement the Exchange Ratio is defined as 0.75678. In the Agreement the Per Share Cash Consideration is defined as \$7.25.

As part of its investment banking business, The Findley Group is continually engaged in the valuation, bank, bank holding company and thrift securities in connection with mergers and acquisitions nationwide.

In arriving at our opinion, we have reviewed and analyzed, among other things, the following: (i) the Agreement; (ii) certain publicly available financial and other data with respect to Company and Bank, including audited financial statements for recent years ending December 31, 2010 and the most recent unaudited financial statements for the quarter ending March 31, 2011; (iii) certain other publicly available financial and other information concerning Company and Bank and the trading markets for securities of both Company and Bank; (iv) publicly available information concerning other banks and bank holding companies, the trading markets for their securities and

- Accounting
- Business Valuation
- Company Reorganization & Restructuring
- Financial Modeling
- Investment Banking
- Capital Raising
- Off-Balance Sheet Activities
- Bank Holdings Analysis
- M&A Analysis
- Bank Valuation & Succession Planning
- Bank Mergers & Acquisitions
- Bank & Trust Company Operational Improvements
- Director Management Relations
- Management Studies
- Regulatory & Merger
- Regulatory & Accounting of Bank Reorganizations
- Revolving Credit
- Bank & Trust Company Valuation
- Bank & Trust Company Valuation
- Bank & Trust Company Valuation
- Bank & Trust Company Valuation
- Bank & Trust Company Valuation

the nature and terms of certain other merger transactions we believe relevant to our inquiry; and (v) other financial information concerning the businesses and operations of Company and Bank furnished to us by Company for purposes of our analysis. We have held discussions with senior management of Company concerning their past and current operations, financial condition and prospects.

We have reviewed with the senior management of Company earnings projections for Company, provided by Company as a stand-alone entity, assuming the Merger does not occur. We also reviewed with the senior management of Company the earnings projections for Bank that was provided by Bank, including projected cost savings prepared by the parties related to the Merger.

In conducting our review and in arriving at our opinion, we have relied upon and assumed the accuracy and completeness of the financial and other information provided to us or publicly available, and we have not assumed any responsibility for independent verification of the same. We have relied upon the management of Company and Bank as to the reasonableness of the financial and operating forecasts, projections and projected operating cost savings and earnings enhancement opportunities (and the assumptions and bases therefore) provided to us, and we have assumed that such forecasts, projections and projected operating cost savings and earnings enhancement opportunities reflect the best currently available estimates and judgments of Company and Bank management. We have also assumed, without assuming any responsibility for the independent verification of the same, that the aggregate allowance for loan losses for Company and Bank are adequate to cover such losses. We have not made or obtained any evaluations or appraisals of the property of either Company or Bank, nor have we examined any individual loan credit files. For purposes of this opinion, we have assumed that the Merger will have the tax, accounting and legal effects described in the Agreement and assumed the accuracy of the disclosures set forth in the Agreement. Our opinion as expressed herein is limited to the fairness, from a financial point of view, to the holders of the shares of Company Common Stock of the terms of the proposed merger and reorganization of Company with Bank, with Company shareholders receiving shares of Bank Common Stock and cash as set forth in the Agreement and does not address Company's underlying business decision to proceed with the Merger.

We have considered such financial and other factors as we have deemed appropriate under the circumstances, including among others the following: (i) the historical and current financial position and results of operations of Company and Bank, including interest income, interest expense, net interest income, net interest margin, provision for loan losses, non-interest income, non-interest expense, earnings, dividends, internal capital generation, book value, intangible assets, return on assets, return on shareholders' equity, capitalization, the amount and type of non-performing assets, loan losses and the reserve for loan losses, all as set forth in the financial statements for Company and Bank; (ii) the assets and liabilities of Company and Bank, including the loan and investment portfolios, deposits, other liabilities, historical and current liability sources and costs and liquidity; and (iii) the nature and terms of certain other merger transactions involving banks and bank holding companies. We have also taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience in securities valuation and our knowledge of the banking industry.

May 12, 2011

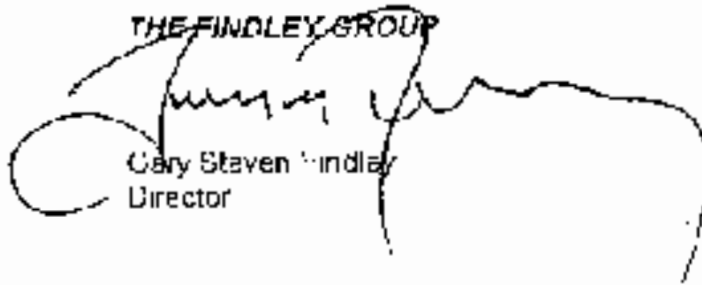
generally. Our opinion is necessarily based upon conditions as they exist and can be evaluated on the date hereof.

Based upon and subject to the foregoing, we are of the opinion as investment bankers that, as of the date hereof, the terms of the merger of Company with and into Bank, with Company shareholders receiving for each share of Company Common Stock the amount of cash and number of shares of Bank Common Stock, as set forth in the Agreement, are fair, from a financial point of view, to the holders of the shares of Company Common Stock.

This opinion may not be used or referred to by Company or quoted or disclosed to any person in any manner without our prior written consent, with the exception of submission to the regulatory agencies as part of the applications and included in the proxy materials provided to shareholders of Company in relation to approval of the Merger. This opinion is not intended to be a recommendation to any shareholder of Company as to how such shareholder should vote with respect to the Merger.

Respectfully submitted,

THE FINDLEY GROUP



Gary Steven Findley
Director

APPENDIX F

Opinion of Viking Sparks LLC LLP to Bay Commercial Bank



June 7, 2011

Board of Directors
Bay Commercial Bank
1280 Civic Drive, Suite 100
Walnut Creek, California 94596

Members of the Board:

You have requested our opinion as to the fairness, from a financial point of view, to the holders of the outstanding shares of common stock of Bay Commercial Bank, Walnut Creek, California ("BCB") of the consideration to be paid by BCB in the merger (the "Merger") of Global Bancorp, Mountain View, California ("Global Bancorp") and its wholly-owned subsidiary Global Trust Bank ("GT Bank") with and into BCB, pursuant to the Agreement and Plan of Reorganization and Merger by and between BCB, Global Bancorp and GT Bank (the "Agreement").

Pursuant to the terms of the Agreement, Global Bancorp will merge with and into GT Bank and subsequently, GT Bank will merge with and into BCB. Each share of Global Bancorp common stock outstanding shall become one share of GT Bank. Subsequently, each share of GT Bank shall be converted into the right to receive for each share of GT Bank common stock (i) one share of BCB common stock times the Exchange Ratio, and/or (ii) cash in accordance with the Per Share Cash Consideration, at the election of the holder of such share of GT Bank common stock up to the limit set forth in the Agreement. As defined in the Agreement, the Exchange Ratio means a factor of 0.75678 and the Per Share Cash Consideration means \$7.25 per share. All capitalized items used in this paragraph shall have the meanings ascribed to them in the Agreement. The terms of the Merger are more fully set forth in the Agreement.

Based on 2,115,001 shares of Global Bancorp common stock outstanding and Per Share Cash Consideration of \$7.25 per share, Global Bancorp will receive Merger consideration of \$15.3 million consisting of 20% cash and 80% BCB common stock.

For purposes of this opinion and in connection with our review of the proposed transaction, we have, among other things:

1. Reviewed the terms of the Agreement;

2. Reviewed certain publicly available financial statements, both audited (where available) and un-audited, and related financial information of BCB and Global Bancorp, including those included in their respective annual reports for the past three years and their respective quarterly reports for the past two years;
3. Reviewed certain internal financial information and financial forecasts relating to the business, earnings, cash flows, assets and prospects of each company furnished to us by BCB and Global Bancorp management;
4. Held discussions with members of executive and senior management of BCB and Global Bancorp concerning the past and current results of operations of BCB and Global Bancorp, their respective current financial condition and managements' opinion of their respective future prospects;
5. Reviewed reported market prices and historical trading activity of BCB and Global Bancorp common stock;
6. Compared the proposed financial terms of the Merger with the financial terms of certain other transactions that we deemed to be relevant;
7. Reviewed the potential pro forma impact of the Merger; and
8. Performed such other financial studies, analyses and investigations, as we considered appropriate under the circumstances.

In giving our opinion, we have assumed and relied, without independent verification, upon the accuracy and completeness of all of the financial and other information that has been provided to us by BCB and Global Bancorp, and their respective representatives, and of the publicly available information that was reviewed by us. We are not experts in the evaluation of allowances for loan losses and have not independently verified such allowances, and have relied on and assumed that the aggregate allowance for loan losses set forth in the balance sheets of BCB and Global Bancorp at March 31, 2011 was adequate to cover such losses and complied fully with applicable law, regulatory policy and sound banking practice as of the date of such financial statements. We were not retained to and we did not conduct a physical inspection of any of the properties or facilities of BCB or Global Bancorp, did not make any independent evaluation or appraisal of the assets, liabilities or prospects of BCB or Global Bancorp, were not furnished with any such evaluation or appraisal, and did not review any individual credit files. Our opinion is necessarily based on economic, market, and other conditions as in effect on, and the information made available to us as of, the date hereof. Accordingly, it is important to understand that although subsequent developments may affect its opinion, we do not have any

obligation to further update, revise, or reaffirm its opinion. We express no opinion on matters of a legal, regulatory, tax or accounting nature or the ability of the Merger, as set forth in the Agreement, to be consummated. No opinion is expressed as to whether any alternative transaction might be more favorable to holders of BCB's common stock than the Merger.

Vining Sparks IBG, L.P. ("Vining Sparks"), as part of its investment banking business, is regularly engaged in the valuation of banks and bank holding companies, thrifts and thrift holding companies, and various other financial services companies, in connection with mergers and acquisitions and valuations for other purposes. In rendering this fairness opinion, we have acted on behalf of the Board of Directors of BCB and will receive a fee for our services, which is payable upon delivery of this opinion.

Vining Sparks' opinion as expressed herein is limited to the fairness, from a financial point of view, of the Merger Consideration to be paid by BCB to the holders of Global Bancorp common stock in the Merger and does not address BCB's underlying business decision to proceed with the Merger. We have been retained on behalf of the Board of Directors of BCB, and our opinion does not constitute a recommendation to any director of BCB as to how such director should vote with respect to the Agreement. In rendering this opinion, we express no opinions with respect to the amount or nature of any compensation to any officers, directors, or employees of BCB or Global Bancorp, or any class of such persons relative to the consideration to be received by the holders of the common stock of Global Bancorp in the transaction or with respect to the fairness of any such compensation.

During the two years preceding the date of the opinion we have not had a material relationship with BCB or Global Bancorp where compensation was received or that we contemplate will be received after closing of the Merger.

Except as hereinafter provided, this opinion may not be disclosed, communicated, reproduced, disseminated, quoted or referred to at any time, to any third party or in any manner or for any purpose whatsoever without our prior written consent, which consent will not be unreasonably withheld, based upon review by us of the content of any such public reference, which shall be satisfactory to us in our reasonable judgment. This letter is addressed and directed to the Board of Directors of BCB in your consideration of the Merger and is not intended to be and does not constitute a recommendation to any shareholder as to how such shareholder should vote with respect to the Merger. The opinion herein expressed is intended solely for the benefit of the Board of Directors in connection with the matters addressed herein and may not be relied upon by any other person or entity, or for any other purpose without our written consent. This opinion was approved by the fairness opinion committee of Vining Sparks.

Board of Directors
Bay Commercial Bank
June 7, 2011
Page 4

Subject to the foregoing and based on our experience as investment bankers, our activities as described above, and other factors we have deemed relevant, we are of the opinion as of the date hereof that the Merger Consideration to be paid by BCB to the holders of Global Bancorp common stock is fair to the holders of BCB common stock, from a financial point of view.

Sincerely,

Vining Sparks IBG, L.P.

VINING SPARKS IBG, L.P.

APPENDIX G

Bay Commercial Bank Financial Statements for the Years Ended
December 31, 2010 and 2009 and Independent Auditors Report



BAY COMMERCIAL BANK

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

AND

INDEPENDENT AUDITOR'S REPORT

MOSS ADAMS LLP

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors and Shareholders
Bay Commercial Bank

We have audited the accompanying statement of financial condition of Bay Commercial Bank (the Bank) as of December 31, 2010 and 2009, and the related statements of operations, changes in shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control over financial reporting. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial statements referred to above present fairly, in all material respects, the financial position of Bay Commercial Bank at December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Moss Adams LLP

Stockton, California
February 17, 2011

BAY COMMERCIAL BANK

STATEMENT OF FINANCIAL CONDITION

December 31, 2010 and 2009

ASSETS	2010	2009
Cash and due from banks	\$ 1,566,536	\$ 2,177,895
Federal funds sold	<u>33,483,702</u>	<u>7,445,000</u>
Cash and cash equivalents	35,046,238	9,967,895
Interest bearing deposits in banks	141,431	98,194
Investment securities available-for-sale	180,474	100,751
Federal Home Loan Bank stock, at par	552,200	155,500
Loans	\$ 116,194,799	\$ 131,819,766
Deferred fees, net	(112,313)	(196,857)
Allowance for loan losses	<u>(2,365,007)</u>	<u>(1,650,000)</u>
Loans, net	113,517,486	129,972,915
Premises and equipment, net	415,298	482,338
Other real estate owned	1,589,107	-
Deposit intangible	114,487	195,292
Interest receivable and other assets	2,379,965	2,035,234
Total Assets	<u>\$ 173,977,296</u>	<u>\$ 143,408,319</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Non-interest bearing deposits	\$ 17,152,670	\$ 19,426,201
Interest bearing deposits	<u>122,304,433</u>	<u>107,123,987</u>
Total deposits	139,457,103	126,550,190
Other borrowing	415,081	-
Interest payable and other liabilities	<u>608,661</u>	<u>823,277</u>
Total liabilities	140,480,845	127,373,467
Commitments and contingencies (Note 11)		
Shareholders' equity:		
Preferred stock - no par value; 10,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock - no par value; 100,000,000 shares authorized in 2010 and 10,000,000 shares authorized 2009; 1,549,794 shares issued and outstanding 2010 and 1,549,794 shares issued and outstanding 2009	32,327,940	15,497,940
Additional paid in capital	263,174	249,319
Retained earnings	902,813	282,286
Accumulated other comprehensive gains	<u>7,524</u>	<u>5,291</u>
Total shareholders' equity	33,496,451	16,034,856
Total Liabilities and Shareholders' Equity	<u>\$ 173,977,296</u>	<u>\$ 143,408,319</u>

The accompanying notes are an integral part of the financial statements.

BAY COMMERCIAL BANK
STATEMENT OF OPERATIONS

For the years ended December 31, 2010 and 2009

	2010	2009
Interest income:		
Loans	\$ 8,057,449	\$ 7,157,340
Federal funds sold	47,835	36,815
Investment securities and interest bearing deposits in banks	9,851	28,649
PHLB stock dividend	1,559	-
Total interest income	<u>8,126,694</u>	<u>7,224,804</u>
Interest expense:		
Deposits	1,775,169	2,328,916
Other borrowings	6,563	179,993
Total interest expense	<u>1,781,732</u>	<u>2,508,909</u>
Net interest income	<u>6,344,958</u>	<u>4,715,895</u>
Provision for loan losses	<u>1,436,926</u>	<u>440,000</u>
Net interest income after provision for loan losses	<u>4,914,032</u>	<u>4,285,895</u>
Non-interest income:		
Other income and fees	365,122	299,363
Total non-interest income	<u>365,122</u>	<u>299,363</u>
Non-interest expense:		
Salaries and related benefits	2,551,320	2,409,044
Occupancy and equipment	622,761	494,216
Data processing	290,403	306,273
Other	813,942	741,343
Total non-interest expense	<u>4,278,309</u>	<u>3,954,916</u>
Income before income taxes	<u>1,000,845</u>	<u>630,342</u>
Net expense for income taxes	<u>360,318</u>	<u>270,993</u>
Net income	<u>\$ 620,527</u>	<u>\$ 359,349</u>
Income per share:		
Basic:		
Net income	\$ 0.26	\$ 0.23
Weighted average shares outstanding	<u>2,344,313</u>	<u>1,549,794</u>
Diluted:		
Net income	\$ 0.26	\$ 0.23
Weighted average shares outstanding	<u>2,344,313</u>	<u>1,562,057</u>

The accompanying notes are an integral part of the financial statements.

BAY COMMERCIAL BANK

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2010 and 2009

	<u>Common Stock Amount</u>	<u>Additional Paid in Capital</u>	<u>Compre- hensive Income</u>	<u>Retained Earnings</u>	<u>Accum- ulated Other Compre- hensive (Loss)Gain</u>	<u>Total Shareholder' Equity</u>
Balance, December 31, 2008	\$ 11,497,940	\$ 207,056		\$ (77,063)	\$ 1,175	\$ 11,629,108
Comprehensive income:						
Net income			\$ 359,349	359,349		359,349
Other comprehensive income:						
Unrealized gain on available for sale of investment securities, net of tax			4,116		4,116	4,116
Total comprehensive income			<u>\$ 363,465</u>			
Stock based compensation expense		42,283				42,283
Balance, December 31, 2009	<u>15,497,940</u>	<u>249,349</u>		<u>282,286</u>	<u>5,291</u>	<u>16,014,856</u>
Issue 2,000,000 shares of common stock	18,000,000					18,000,000
Cost of issuing common stock	(1,110,000)					(1,170,000)
Net income			\$ 620,527	620,527		620,527
Other comprehensive income:						
Unrealized loss on available for sale of investment securities, net of tax			(2,767)		(2,767)	(2,767)
Total comprehensive income			<u>\$ 617,760</u>			
Stock based compensation expense		13,815				13,815
Balance, December 31, 2010	<u>\$ 32,327,940</u>	<u>\$ 263,174</u>		<u>\$ 903,813</u>	<u>\$ 2,524</u>	<u>\$ 33,496,451</u>

The accompanying notes are an integral part of the financial statements.

BAY COMMERCIAL BANK
STATEMENT OF CASH FLOWS

For the years ended December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Net income	\$ 420,427	\$ 339,349
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	1,430,926	430,000
Depreciation and amortization	162,731	127,557
Code deposit intangible amortization	80,810	47,138
Stock based compensation	13,835	42,281
Deferred loan origination fees, net	115,462	108,476
Increase in accrued interest receivable and other assets	(347,198)	(1,022,621)
(Decrease) increase in accrued interest payable and other liabilities	(214,612)	322,393
Net cash provided by operating activities	<u>1,862,181</u>	<u>444,325</u>
Cash flows from investing activities:		
(Purchase) maturity of interest bearing deposits in banks	(43,037)	1,105,325
Purchase of Federal Home Loan Bank stock	(196,700)	-
Principal repayment of mortgage-backed securities, net of change in market value	120,277	373,484
Net increase in loans	(6,263,600)	(17,284,209)
Purchase of furniture, fixtures and equipment	(135,691)	(153,771)
Net cash received from acquisition	-	36,012,827
Net cash (used in) provided by investing activities	<u>(6,520,751)</u>	<u>19,814,355</u>
Cash flows from financing activities:		
Net increase from issuance of common stock (net of cost to raise capital)	16,830,000	-
Net increase in demand, interest bearing and savings deposits	11,564,784	527,164
Decrease in time deposits	(2,657,871)	(14,510,766)
Payment of FHLB borrowing	-	(5,000,000)
Net cash provided by (used in) financing activities	<u>29,736,913</u>	<u>(18,983,602)</u>
Increase in cash and cash equivalents	<u>25,078,343</u>	<u>1,285,079</u>
Cash and cash equivalents at the beginning of the year	9,567,895	8,682,816
Cash and cash equivalents at end of the year	<u>\$ 35,046,238</u>	<u>\$ 9,967,895</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest expense	\$ 1,810,075	\$ 2,479,753
Income tax	1,110,000	137,377
Acquisition:		
Assets purchased	-	16,766,534
Liabilities assumed	-	52,779,361
Net cash received	<u>-</u>	<u>(36,012,827)</u>
Non-cash investing activities:		
Net change in unrealized gain on investment securities available-for-sale	(2,767)	4,116
Transfers of loans to other real estate owned	(1,174,641)	-
Assumption of lien on other real estate owned	413,081	-

The accompanying notes are an integral part of the financial statements.

BAY COMMERCIAL BANK

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Bay Commercial Bank (the "Bank") are in accordance with accounting principles generally accepted in the United States of America and prevailing practices within the banking industry. A summary of the significant accounting policies applied in preparation of the accompanying financial statements follows.

Organization

The state chartered Bank was incorporated under the laws of the State of California on March 24, 2004 and opened for business on July 20, 2004. The Bank offers traditional commercial banking products and services to businesses and individuals through two branches located in Contra Costa and Alameda Counties.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Significant accounting estimates reflected in the Bank's 2010 and 2009 financial statements include the allowance for loan losses, the valuation allowance for deferred tax assets, the fair value of stock options, the valuation of financial assets and the determination, recognition and measurement of impaired loans. Actual results could differ from these estimates.

Acquisition

The Bank acquired assets and assumed liabilities of a branch office from Community Banks of Northern California on May 15, 2009. The acquired assets and assumed liabilities were measured at estimated fair values, as required by the acquisition method of accounting for business combinations Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 805, Business Combinations. Management made significant estimates and exercised significant judgment in accounting for the acquisition. The Bank recorded an identifiable intangible asset representing the value of the core deposit customer base. The deposit intangible asset represents the value ascribed to the long-term deposit relationships acquired and is being amortized on a straight-line basis over an estimated average useful life of three years.

The Bank is required to expense acquisition related costs separately from the acquisition. It also requires that any restructuring costs be expensed separately from the business combination. The Bank applies these revised provisions when accounting for the branch acquisition.

Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments both readily convertible into known amounts of cash and so near maturity that there is insignificant risk of change in value because of changes in interest rates. Generally, only investments with maturities of three months or less at the time of purchase qualify as cash equivalents. Cash and cash equivalents include cash and due from banks, and federal funds sold. The Bank maintains the minimum required

BAY COMMERCIAL BANK

NOTES TO FINANCIAL STATEMENTS

(continued)

amount of funds on deposit with other federally insured financial institutions under correspondent banking agreements. At times throughout the year, balances can exceed FDIC insurance limits.

As of December 31, 2010 and 2009, the Bank has cash deposits at other financial institutions in excess of FDIC insured limits. However, as the Bank places these deposits with major financial institutions and monitors the financial condition of these institutions, management believes the risk of loss to be minimal.

Generally, banks are required to maintain non-interest bearing cash reserves equal to a percentage of certain deposits. For the years ended December 31, 2010 and 2009, \$381,000 and \$374,000 reserve balance were required, respectively.

Interest bearing deposits in banks

The Bank invests in interest bearing deposits in banks with terms of up to three years. At December 31, 2010 and 2009, the Bank held interest bearing deposits totaling \$141,471 and \$98,394 with a yield of 0.05% and 0.50%, and a weighted average term to maturity of less than three months and five months, respectively. Deposits totaling \$37,500 are security for performance letters of credit totaling \$37,500 issued by correspondent banks on the Bank's behalf and are restricted. The letters of credit have an original term of one year and expire in 2011.

Investment Securities

All of the investment securities held by the Bank are classified as available-for-sale securities. Investment securities include debt securities. Investment securities are carried at estimated fair value with unrealized gains and losses reported as a separate component of shareholders' equity, accumulated other comprehensive gain or loss, until realized. The estimated fair value is based on quoted market prices or third party dealer quotes. See additional discussion under Fair Value Measurement.

Any discounts or premiums are accreted or amortized to interest income over the expected term of the investment considering actual prepayments, if applicable. The premiums and discounts are adjusted periodically to reflect actual prepayment experience. The gain or loss on all investment securities sold is based on specific identification.

Federal Home Loan Bank Stock

As of December 31, 2010 and 2009, Federal Home Loan Bank of San Francisco (FHLB) stock totaling \$352,200 and \$355,500, respectively, is recorded at cost and is redeemable at par value.

Loans

Loans are stated at the principal amount outstanding, net of the allowance for loan losses, net deferral fees, and unearned discounts, if any. The Bank holds loans receivable primarily for investment purposes. The Bank purchases and sells interests in certain loans referred to as participations. The participations sold are sold without recourse.

In 2009, the Bank acquired loans in a business combination that are recorded at estimated fair value on their purchase date. The purchaser cannot carry-over the related allowance for loan losses. Purchased loans are accounted for under FASB ASC 310 30, Loans and Debt Securities

BAY COMMERCIAL BANK
NOTES TO FINANCIAL STATEMENTS
(continued)

with Deteriorated Credit Quality. As of the purchase date, none of the loans were on non-accrual or exhibited credit quality deterioration since origination. A significant portion of the Bank's loan portfolio is comprised of adjustable rate loans. Interest on loans is calculated and accrued daily using the simple interest method based on the daily amount of principal outstanding. The accrual of interest is discontinued and any accrued and unpaid interest is charged against current income when the payment of principal or interest is 90 days past due, unless the loan is well secured and in the process of collection.

When the ability to fully collect non-accrual loan principal is in doubt, cash payments received are applied first to principal until such time as full collection of the remaining recorded balance is expected. Generally, loans with temporarily impaired values and loans to borrowers experiencing financial difficulties are placed on non-accrual even though the borrowers continue to repay the loans as scheduled. Interest received on such loans is restored to accrual basis when principal and interest payments are being paid currently and full payment of principal and interest is probable.

Loan Fees and Costs

Loan origination fees, commitment fees, direct loan origination costs and purchase premiums and discounts on loans are deferred and recognized as an adjustment of yield, to be amortized to interest income over the contractual term of the loan. Other loan fees and charges which represent income from delinquent payment charges, and miscellaneous loan or letter of credit services, are recognized as non-interest income when collected.

Salaries, employee benefits and other expenses totaling \$185,700 and \$258,200 are deferred as loan origination costs for the years ended December 31, 2010 and 2009, respectively.

Allowance for Loan Losses

The allowance for loan losses is evaluated on a regular basis by management. Periodically, the Bank charges current earnings with provisions for estimated probable losses of loans receivable.

The Bank records an adjustment to the allowance for loan loss if the total estimated allowance for loan losses exceeds the amount of estimated losses. The provision or adjustment takes into consideration the adequacy of the total allowance for loan losses giving due consideration to specifically identified problem loans, the financial condition of the borrowers, fair value of the underlying collateral, recourse provisions, prevailing economic conditions, and other factors. Additional consideration is given to the Bank's historical loan loss experience relative to the Bank's loan portfolio concentrations related to industry, collateral and geography. This evaluation is inherently subjective and requires estimates that are susceptible to significant change as additional or new information becomes available. In addition, regulatory examiners may require additional allowances based on their judgments of the information regarding problem loans and credit risk available to them at the time of their examinations. At December 31, 2010 and 2009, management believes the allowance for loan losses adequately reflects the credit risk in the loan portfolio.

Generally, the allowance for loan loss consists of various components including a component for specifically identified weaknesses as a result of individual loans being impaired, a component for general non-specific weakness related to historical experience, economic conditions and other factors that indicate probable loss in the loan portfolio, and an unallocated component that relates to the inherent imprecision in the use of estimates. Loans determined to be impaired are

HAY COMMERCIAL BANK

NOTES TO FINANCIAL STATEMENTS (continued)

individually evaluated by management for specific risk of loss.

Losses are recognized as charges to the allowance when the loan or portion of the loan is considered uncollectible or at the time of foreclosure. Recoveries on loans receivable previously charged off are credited to the allowance for loan losses.

Other Real Estate Owned

Other real estate owned ("OREO") acquired through, or in lieu of, foreclosure are held-for-sale and are initially recorded at the lower of cost or fair value less selling expenses. Any write-downs to fair value at the time of transfer are charged to the allowance for loan losses, subsequent to foreclosure.

The Bank obtains an appraisal or market valuation analysis on all OREO. If the periodic valuation indicates a decline in the fair value below recorded carrying value, an additional write-down or valuation allowance for OREO losses is established as a charge to earnings. Fair value is based on current market conditions, appraisals, and estimated sales values of similar properties. Operating expenses of such properties, net of related income, are included in other expenses. The Bank may make loans to facilitate the sale of OREO. Gains and losses on the disposition of OREO are included in non interest income. Gains and losses on financed sales are recorded in accordance with the appropriate accounting method, taking into consideration the buyers initial and continue investment in the property, potential subordination and transfer of ownership.

Premises and equipment

Bank premises and equipment are stated at historical cost less accumulated depreciation or amortization. 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 three 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 current income. The cost of maintenance and repairs is charged to expense as incurred.

Impairment of Assets

All assets are reviewed for impairment whenever events or changes indicate that the carrying value of the asset may not be recoverable. As of December 31, 2010 and 2009, the Bank determined that no events or changes occurred during 2010 and 2009 that would indicate that the carrying value of any long-lived assets may not be recoverable.

Declines in the fair value of available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers the length of time and the extent to which the fair value has been less than cost, the financial condition and near-term prospects of the issuer, and the intent and ability of the Bank to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

A loan may be considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due

DAY COMMERCIAL BANK

NOTES TO FINANCIAL STATEMENTS

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according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case by case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan by loan basis for commercial and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent. See additional discussion under Fair Value Measurement.

Transfers of financial assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when: (1) the assets have been isolated from the Bank, (2) the transferor obtains the right (free of conditions that contain a form taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Income Taxes

The Bank uses the asset and liability method to account for income taxes. Under such method, deferred tax assets and liabilities are recognized for the future tax consequences of differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis (temporary differences). Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in the period of enactment.

A valuation allowance is established to the extent that it is more than likely than not that the benefits associated with the deferred tax assets will not be realized. The determination, recognition, and measurement of deferred tax assets and the requirement for a related valuation allowance is based on estimated future taxable income.

The Bank recognizes interest accrued and penalties related to unrecognized tax benefits in tax expense. During the years ended December 31, 2010 and 2009, the Bank recognized \$1,000 and \$4,500, in interest and penalties, respectively.

The Bank files income tax returns in the U.S. federal jurisdiction and with the State of California. The Bank is subject to U.S. federal and state income tax examinations by tax authorities for years beginning 2007 and 2006, respectively. The Bank had no unrecognized tax benefits at December 31, 2010 or 2009.

Non-interest Income

Fees for other client services are recorded as income when the services are performed.

BAY COMMERCIAL BANK

NOTES TO FINANCIAL STATEMENTS (continued)

Stock Based Compensation

The Bank recognizes in the income statement the grant-date fair value of stock options and other equity-based forms of compensation issued to employees over the employees' requisite service period (generally the vesting period).

The fair value of each option is estimated on the date of grant using the Black-Scholes options pricing model. The fair value method includes an estimate of expected volatility based on the historical volatility of the price of similar bank stocks and an estimate of the expected option term, which is based on consideration of the vesting period and contractual term of the option. The Bank estimates the number of options expected to be forfeited based on historical forfeiture rates. The risk-free interest rates are equal to the U.S. Treasury yield at the time of grant and commensurate with the contractual term of the grant.

Income Per Share

Basic income per share (EPS) is computed by dividing the net income by the weighted average number of common shares outstanding for the year. Diluted EPS reflects the potential dilution that could occur if stock options or warrants were exercised. The treasury stock method is applied to determine the dilutive effect of stock options and warrants in computing diluted EPS. For the period ended December 31, 2010, all of the stock options and warrants were excluded from the diluted common shares because they were antidilutive. For the period ended December 31, 2009, 12,263 stock options were included in common shares because they were dilutive. There were no warrants outstanding as of December 31, 2009.

For the periods ended December 31, 2010 and 2009, total weighted average common shares outstanding are as follows:

	2010	2009
Common Stock	2,344,315	1,519,794
Diluted effect of warrants	-	-
Diluted effect of stock options	-	12,263
Total weight average diluted shares	<u>2,344,315</u>	<u>1,532,057</u>

Warrants

In 2010, the Bank issued 2,000,000 shares of common stock for \$9.00 per share for a total of \$18.0 million. Warrants to purchase 159,817 shares of common stock were issued to certain shareholders who acquired 1,598,140 shares of common stock in the offering. A total of 159,817 warrants to purchase common stock at \$9.00 per share were issued and outstanding as of December 31, 2010.

Comprehensive Income (Loss)

Comprehensive income (loss) includes disclosure of other comprehensive income or loss that historically has not been recognized in the calculation of net income or loss. Unrealized gains and losses on the Bank's available-for-sale investment securities are included in other comprehensive income or loss. Total comprehensive income or loss and the components of

BAY COMMERCIAL BANK

NOTES TO FINANCIAL STATEMENTS

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accumulated other comprehensive income are presented in the statement of changes in shareholders' equity.

Recent Accounting Pronouncements

FASB ASU No. 2011-01 Adoption of new accounting standards -- In January 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-01, Receivables (Topic 310): Deferral of the Effective Date of Disclosures about Troubled Debt Restructurings in Update No. 2010-20. The amendments in this Update temporarily delay the effective date for interim and annual reporting periods beginning on or after December 15, 2010. For nonpublic entities, the disclosures are effective for annual reporting periods ending on or after December 15, 2011. The amendments in this Update encourage, but do not require, comparative disclosures for earlier reporting periods that ended before initial adoption. However, an entity should provide comparative disclosures for those reporting periods ending after initial adoption. As this ASU is disclosure-related only, the adoption of this ASU did not impact the Bank's financial condition or results of operations.

FASB ASU NO. 2010-20 In July 2010, the FASB issued ASU No. 2010-20, Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses. This Update amends Topic 310 to improve the disclosures that an entity provides about the credit quality of its financing receivables and the related allowance for credit losses. As a result of these amendments, an entity is required to disaggregate by portfolio segment or class certain existing disclosures and provide certain new disclosures about its financing receivables and related allowance for credit losses. The amendments in this Update apply to all entities, both public and nonpublic. The amendments in this Update affect all entities with financing receivables, excluding short term trade accounts receivable or receivables measured at fair value or lower of cost or fair value. For public entities, the disclosures required by this Update as of the end of a reporting period are effective for interim and annual reporting periods ending on or after December 15, 2010. The disclosures about activity that occurs during a reporting period are effective for interim and annual reporting periods beginning on or after December 15, 2010. For nonpublic entities, the disclosures are effective for annual reporting periods ending on or after December 15, 2011. The amendments in this Update encourage, but do not require, comparative disclosures for earlier reporting periods that ended before initial adoption. However, an entity should provide comparative disclosures for those reporting periods ending after initial adoption. As this ASU is disclosure-related only, the adoption of this ASU did not impact the Bank's financial condition or results of operations.

FASB ASU No. 2010-18 In April 2010, the FASB issued ASU No. 2010-18, Receivables (Topic 310): Effect of a Loan Modification When the Loan is Part of a Pool That Is Accounted for as a Single Asset. This Update clarifies that modifications of loans that are accounted for within a pool under Subtopic 310-30, which provides guidance on accounting for acquired loans that have evidence of credit deterioration upon acquisition, do not result in the removal of those loans from the pool even if the modification would otherwise be considered a troubled debt restructuring. An entity will continue to be required to consider whether the pool of assets in which the loan is included is impaired if expected cash flows for the pool change. The amendments do not affect the accounting for loans under the scope of Subtopic 310-30 that are not accounted for within pools. Loans accounted for individually under Subtopic 310-30 continue to be subject to the troubled debt restructuring accounting provisions within Subtopic 310-40. The amendments in this Update affect any entity that acquires loans subject to Subtopic 310-30, that accounts for some or all of those loans within pools, and that subsequently modifies one or more of those loans

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after acquisition. The amendments in this Update are effective for modifications of loans accounted for within pools under Subtopic 310-30 occurring in the first interim or annual period ending on or after July 15, 2010. The amendments are to be applied prospectively. Early application is permitted. Upon initial adoption of the guidance in this Update, an entity may make a one-time election to terminate accounting for loans as a pool under Subtopic 310-30. This election may be applied on a pool-by-pool basis and does not preclude an entity from applying pool accounting to subsequent acquisitions of loans with credit deterioration. Adoption of this ASU did not have an impact on the Bank's financial statements.

FASB ASU No. 2010-06 In January 2010, the FASB issued ASU No. 2010-06, Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements. This Update requires: (1) disclosure of the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurement categories and the reasons for the transfers; and (2) separate presentation of purchases, sales, issuances, and settlements in the reconciliation for fair value measurements using significant unobservable inputs (Level 3). In addition, this Update clarifies the requirements of the following existing disclosures set forth in the Codification:

Subtopic 820-10: (1) For purposes of reporting fair value measurement for each class of assets and liabilities, a reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities; and (2) a reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and non-recurring fair value measurements. This Update is effective for interim and annual reporting periods beginning January 1, 2010, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements, which are effective for fiscal years beginning January 1, 2011, and for interim periods within those fiscal years. As this ASU is disclosure-related only, the adoption of this ASU did not impact the Bank's financial condition or results of operations.

Subsequent Events

Management has reviewed events occurring through February 17, 2011, the date the financial statements were issued.

Reclassifications

Certain prior year amounts may have been reclassified to conform with the current year presentation.

2. ACQUISITIONS

On May 15, 2009, the Bank acquired certain loans and deposits related to a branch office located in Castro Valley, California. The transaction was recorded as a business combination. The Bank acquired \$164 million in loans and assumed \$52.7 million in deposit liabilities. The Bank assumed the lease obligation related to the branch facility. The Bank paid a premium on transition deposit accounts totaling \$242,431. In 2009, the Bank recognized a total of \$65,000 in transaction related expenses.

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NOTES TO FINANCIAL STATEMENTS
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The following table summarizes the fair value of the assets acquired and liabilities assumed at the acquisition date:

	May 15, 2009
Fair value of assets acquired:	
Cash	\$ 35,012,827
Loans	16,442,103
Premises and equipment	29,091
Core deposit intangible	242,431
Other assets	52,909
Total fair value of assets acquired	52,779,361
Fair value of liabilities assumed:	
Deposits	
Demand	4,398,859
Interest-bearing demand and savings	8,568,626
Time certificates	39,255,765
Total deposits	52,223,250
Accrued interest	58,061
Total fair value of liabilities assumed	52,281,311
Goodwill	\$ -

The deposit intangible asset represents the value ascribed to the long term deposit relationships acquired and is being amortized on a straight-line basis over an estimated average useful life of three years. The core deposit intangible is estimated not to have a significant residual value. The carrying amount of the loans acquired and liabilities assumed were equal to fair value. No goodwill was recorded in the transaction. No impairment loss was recognized in connection with the core deposit intangible during 2010 or 2009.

3. INVESTMENT SECURITIES

The amortized cost and estimated market value of available-for-sale investment securities by contractual maturity at December 31, 2010 and 2009 consisted of the following:

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Market Value
2010				
Fixed rate mortgage-backed securities:				
After one year through five years	\$ 176,184	\$ 4,290	\$ -	\$ 180,474
Total investment securities	\$ 176,184	\$ 4,290	\$ -	\$ 180,474
2009:				
Fixed rate mortgage-backed securities:				
After one year through five years	\$ 291,806	\$ 8,943	\$ -	\$ 300,751
Total investment securities	\$ 291,806	\$ 8,943	\$ -	\$ 300,751

Expected maturities will differ from contractual maturities because the underlying mortgages can

BAY COMMERCIAL BANK

NOTES TO FINANCIAL STATEMENTS

(continued)

be repaid with or without prepayment penalties. Factors such as prepayments and interest rates may affect the yield and carrying value of mortgage-backed securities. The weighted average yield on the investment securities is 4.21% and 4.13% for the years ended December 31, 2010 and 2009, respectively. As of December 31, 2010 and 2009, the investment securities had a weighted average maturity of less than two years, respectively.

Management periodically evaluates each investment security in an unrealized loss position to determine if the impairment is temporary or other-than-temporary. For the period ended December 31, 2010 and 2009, none of the investment securities were in a loss position and management has determined that no investment security is other than temporarily impaired.

Net unrealized gain on available-for-sale investment securities totaling \$2,524 is recorded as other comprehensive income within shareholders' equity at December 31, 2010 and a net unrealized gain totaling \$5,291 is recorded as other comprehensive income within shareholders' equity at December 31, 2009. The Bank recorded no gains or losses on the sale of investment securities during 2010 and 2009.

4. LOANS

The Bank's loan portfolio at December 31, 2010 and 2009 is summarized below:

	2010	2009
Commercial	\$ 39,251,679	\$ 48,157,565
Construction and land	13,280,581	12,170,575
Commercial real estate	72,918,951	63,728,135
Residential real estate	10,492,536	7,756,190
Consumer	231,056	7,300
Total loans	<u>\$ 136,194,799</u>	<u>\$ 131,819,765</u>

For the years ended December 31, 2010 and 2009, the Bank had \$1,911,000 and \$2,175,000, respectively, of impaired loans on nonaccrual. The average balance of nonaccrual loans and impaired loans was \$1,138,300 and \$1,126,200, respectively, for the periods ended December 31, 2010 and 2009. For the period ended December 31, 2010 and 2009, if interest had been accrued such income would have been approximately \$64,800 and \$96,683, respectively.

RAY COMMERCIAL BANK

NOTES TO FINANCIAL STATEMENTS

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As of December 31, 2010, all of the Bank's impaired and non-accrual loans have a related allowance for loss as follows:

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Accrued Investment	Interest Income Recognized
With an allowance recorded					
Commercial	\$ 1,821,603	\$ 1,821,803	\$ 500,000	\$ 2,052,473	\$ 160,303
Construction and land	-	-	-	-	-
Commercial real estate	-	-	-	-	-
Residential	108,843	100,043	75,000	140,859	3,026
Consumer	-	-	-	-	-
Total	<u>\$ 1,930,446</u>	<u>\$ 1,930,446</u>	<u>\$ 575,000</u>	<u>\$ 2,193,332</u>	<u>\$ 163,329</u>

As of December 31, 2010 and 2009, the Bank had no restructured loans and no loans 90 days delinquent and still accruing interest. As of December 31, 2010 and 2009, no loans and two loans totaling \$340,300, respectively, that are more than 30 days but less than 89 days past due are still accruing interest.

As of December 31, 2010 and 2009, fixed rate loans total \$8.6 million and \$16.2 million, respectively, and variable rate loans total \$127.6 million and \$115.6 million, respectively. As of December 31, 2010, variable rate loans with interest rate caps total \$34.9 million none of which have reached their caps, and a total of \$107.5 million have interest rate floors all of which are at their floors. More than 95% of the variable interest rate loans are tied to the Prime rate as reported by the Wall Street Journal and can adjust monthly based on changes in the Prime rate. At December 31, 2010 and 2009, a total of \$1.1 million and \$2.0 million, respectively, of variable rate loans are tied to the treasury constant maturity rate (CMT) as published by the Federal Reserve and adjust every two or five years.

Loans are made primarily for business, personal, and real estate purposes concentrated in Contra Costa and Alameda Counties. As of December 31, 2010, the Bank's loans outstanding comprised 54.6% term mortgage-type loans secured primarily by commercial real estate, 1.9% for the purpose of constructing commercial and residential property, 6.8% for the purpose of holding or acquiring unimproved land, 6.2% term mortgage-type loans secured by residential property, and 28.8% for general commercial uses including professional, retail, and small business. Less than 1% of Bank's loans are consumer loans.

As of December 31, 2010, the Bank's unsecured loans outstanding totaled 7.9% of total loans. Real estate loans are secured by real property. Secured commercial and other loans are secured by deposits, or business or personal assets. The Bank's policy for requiring collateral is based on analysis of the borrower, the borrower's industry and the economic environment in which the loan is granted. The loans are expected to be repaid from cash flows or proceeds from the sale of selected assets of the borrower.

As of December 31, 2010 and 2009, the single largest loan totaled \$7.0 million and \$4.1 million, respectively, and are secured by commercial real estate. As of December 31, 2010 and 2009, undisbursed commitments total \$22.4 million and \$22.4 million, respectively. As of December 31, 2010 and 2009, the Bank sold participations in loans totaling none and \$4.0 million, respectively. No gain or loss was recorded related to participations sold.

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NOTES TO FINANCIAL STATEMENTS (continued)

The Bank evaluates and assigns a risk grade to each loan based on certain criteria to assess the credit quality of each loan. The assignment of a risk rating is done for each individual loan. Loans are graded from inception and on a continuing basis until the debt is repaid. Any adverse or beneficial trends will trigger a review of the loan risk rating. Each loan is assigned a risk grade based on its characteristics. Loans with low to average credit risk are assigned a lower risk grade than those with higher credit risk as determined by the individual loan characteristics.

The Bank's pass loans includes loans with acceptable business or individual credit risk where the borrower's operations, cash flow or financial condition provides evidence of low to average levels of risk. Loans that are assigned higher risk grades are loans that exhibit the following characteristics:

A special mention asset has potential weaknesses that deserve close attention. If left uncorrected, these potential weaknesses may result in a deterioration of the repayment prospects for the asset or in the Bank's credit position at some future date. Special Mention assets are not adversely classified and do not expose the Bank to sufficient risk to warrant adverse classification. Loans in this category would be characterized by any of the following situations:

- ◆ Credit that is currently protected but is potentially a weak asset
- ◆ Credit that is difficult to manage because of an inadequate loan agreement, the condition of and/or control over collateral, failure to obtain proper documentation, or any other deviation from product lending practices.
- ◆ Adverse financial trends.

Special Mention should be a temporary rating, pending the occurrence of an event that would cause the risk rating to either improve or to be downgraded.

A substandard asset is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged. Assets so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. Assets are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected. The potential loss does not have to be recognizable on an individual credit for that credit to be risk rated substandard. A loan can be fully and adequately secured and still be considered substandard. Some characteristics of substandard loans are:

- ◆ Inability to service debt from ordinary and recurring cash flow.
- ◆ Chronic delinquency.
- ◆ Reliance upon alternative sources of repayment.
- ◆ Term loans that are granted on liberal terms because the borrower cannot service normal payments for that type of debt.
- ◆ Repayment dependent upon the liquidation of collateral.
- ◆ Inability to perform as agreed, but adequately protected by collateral.
- ◆ Necessity to renegotiate payments to a non-standard level to ensure performance.
- ◆ The borrower is bankrupt, or for any other reason, future repayment is dependent on court action.

Any asset classified doubtful has all the weaknesses inherent in one classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and value, highly questionable and improbable. Doubtful assets have a high probability of loss, yet certain important and reasonably specific pending

BAY COMMERCIAL BANK

NOTES TO FINANCIAL STATEMENTS
(continued)

factors may work toward the strengthening of the asset. The Bank had no assets classified as doubtful as of December 31, 2010.

Assets classified loss are considered uncollectible and of minimal value. Assets classified loss are charged off against the allowance for loan losses.

The following table summarizes the Bank's loan portfolio by credit quality and product and/or collateral type as of December 31, 2010:

	Pass	Special Mention	Substandard	Total
Commercial	\$ 35,353,916	\$ 1,770,169	\$ 2,627,588	\$ 39,751,673
Construction and land	13,280,583	-	-	13,280,583
Commercial real estate	72,938,951	-	-	72,938,951
Residential real estate	10,383,693	-	108,843	10,492,536
Consumer	231,056	-	-	231,056
Total	<u>\$ 132,188,199</u>	<u>\$ 1,270,169</u>	<u>\$ 2,736,431</u>	<u>\$ 136,194,799</u>

The following table provides an aging of the Bank's loans receivable as of December 31, 2010.

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable	Recorded Impairment > 90 Days and Accruing
Commercial	\$ 300,000	\$ 294,917	\$ 1,224,856	\$ 1,821,803	\$ 37,429,870	\$ 39,251,673	-
Construction and land	-	-	-	-	13,280,583	13,280,583	-
Commercial real estate	-	-	-	-	72,938,951	72,938,951	-
Residential	-	-	108,843	108,843	10,383,693	10,492,536	-
Consumer	-	-	-	-	231,056	231,056	-
Total	<u>\$ 300,000</u>	<u>\$ 294,917</u>	<u>\$ 1,224,856</u>	<u>\$ 1,930,646</u>	<u>\$ 134,264,123</u>	<u>\$ 136,194,799</u>	

5. ALLOWANCE FOR LOAN LOSSES

Changes in the Bank's allowance for loan losses for the years ended December 31, 2010 and 2009 is summarized below:

	2010	2009
Balance at the beginning of the year	\$ 1,650,000	\$ 1,220,000
Provision	1,420,926	430,000
Loans charged off	(116,359)	-
Recoveries	633	-
Balance at the end of the year	<u>\$ 2,363,000</u>	<u>\$ 1,650,000</u>

Impaired loans are loans for which it is probable that the Bank will not be able to collect all amounts due in accordance with the loan terms. Impaired loans totaled \$1,931,000 and \$2,173,000 at December 31, 2010 and 2009, respectively, and had related valuation allowances of

RAY COMMERCIAL BANK

NOTES TO FINANCIAL STATEMENTS
(continued)

\$575,000 and zero, respectively.

The following table summarizes the Bank's allowance for loan losses for the year ended December 31, 2010 by loan product and collateral type:

	Commercial	Construction and Land	Commercial Real Estate	Residential	Consumer	Unallocated	Total
Allowance for loan losses:							
Beginning balance	\$ 540,000	\$ 170,000	\$ 795,000	\$ 135,000	\$ -	\$ 10,000	\$ 1,650,000
Charge-offs	(496,559)	-	-	(220,000)	-	-	(716,559)
Recoveries	633	-	-	-	-	-	633
Provision	550,926	1,000	171,000	291,000	5,000	-	1,430,926
Ending balance	<u>\$ 595,000</u>	<u>\$ 175,000</u>	<u>\$ 970,000</u>	<u>\$ 210,000</u>	<u>\$ 5,000</u>	<u>\$ 10,000</u>	<u>\$ 2,365,000</u>
Ending balance:	<u>\$ 19,251,673</u>	<u>\$ 13,280,583</u>	<u>\$ 72,938,951</u>	<u>\$ 10,492,536</u>	<u>\$ 231,036</u>		<u>\$ 146,194,799</u>
Allowance for loan loss related to loans individually evaluated for impairment	<u>\$ 540,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 575,000</u>
Balance of loans individually evaluated for impairment	<u>\$ 1,821,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,840</u>	<u>\$ -</u>		<u>\$ 1,925,643</u>
Allowance for loan loss related to loans collectively evaluated for impairment	<u>\$ 455,000</u>	<u>\$ 175,000</u>	<u>\$ 970,000</u>	<u>\$ 135,000</u>	<u>\$ 5,000</u>	<u>\$ 10,000</u>	<u>\$ 1,750,000</u>
Balance of loans collectively evaluated for impairment	<u>\$ 37,429,870</u>	<u>\$ 13,280,583</u>	<u>\$ 72,938,951</u>	<u>\$ 10,388,696</u>	<u>\$ 231,036</u>		<u>\$ 124,269,150</u>

6. PREMISES AND EQUIPMENT

Premises and equipment consisted of the following at December 31, 2010 and 2009:

	2010	2009
Furniture, fixtures and equipment	\$ 400,221	\$ 765,768
Leasehold improvements	279,007	279,081
Less accumulated depreciation and amortization	(623,930)	(562,012)
Net premises and equipment, net	<u>\$ 455,298</u>	<u>\$ 482,837</u>

Depreciation and amortization included in occupancy and equipment expense total \$162,700 for the year ended December 31, 2010 and \$127,600 for the year ended December 31, 2009.

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NOTES TO FINANCIAL STATEMENTS

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The Bank leases its branches and administration offices under noncancelable operating leases. These leases expire on various dates through 2014. All leases have options to renew for five years. Future minimum lease payments are as follows:

Year Ending December 31,

2011	\$	161,438
2012		189,984
2013		288,537
2014		80,740
Thereafter		-
		<u>\$ 1,120,714</u>

Rental expense included in occupancy and equipment expense totals \$419,200 and \$337,900 for the years ended December 31, 2010 and 2009, respectively. As of December 31, 2010, a performance letter of credit totaling \$37,500 is outstanding for the benefit of one of the Bank's landlords. The letter of credit is secured by a time deposit totaling \$37,500.

7. OTHER REAL ESTATE OWNED

Other real estate owned as of December 31, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Residential	\$ 1,589,722	\$ -
Allowance for loss	-	-
Total	<u>\$ 1,589,722</u>	<u>\$ -</u>

8. DEPOSITS

Deposits consisted of the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Demand deposits	\$ 17,152,670	\$ 19,426,203
NOW accounts and Savings	7,686,437	6,943,518
Money market	47,259,961	30,164,363
Time - less than \$100,000	17,627,635	41,692,844
Time - \$100,000 or more	49,730,400	23,123,062
Total deposits	<u>\$ 139,457,103</u>	<u>\$ 126,350,190</u>

At December 31, 2010 and 2009, the weighted average stated rate is 1.15% and 1.30%, respectively. At December 31, 2010, approximately \$22.5 million, or 16.1%, of the Bank's deposits are derived from nine (9) depositors. At December 31, 2009, approximately \$22.5 million, or 17.8%, of the Bank's deposits are derived from ten depositors.

The Bank accepts deposits related to real estate transactions qualifying under the Internal Revenue Code Section 1031, Tax Deferred Exchanges. These deposits fluctuate as the sellers of the real estate have up to six months to invest in replacement real estate to defer the income tax on the property sold. Deposits related to this activity total \$30.3 million and \$2.6 million at December 31, 2010 and 2009, respectively. Average deposit balances for this activity totaled \$2.6 million and \$3.0 million during 2010 and 2009, respectively.

BAY COMMERCIAL BANK

NOTES TO FINANCIAL STATEMENTS
(continued)

At December 31, 2010, aggregate annual maturities of time deposits are as follows:

Year Ending, December 31,

2011	\$ 11,076,239
2012 and after	<u>14,281,796</u>
Total time deposits	<u>\$ 25,358,035</u>

Interest expense, net of early withdrawal penalty, recognized on interest-bearing deposits for the years ended December 31, 2010 and 2009 consists of the following:

	<u>2010</u>	<u>2009</u>
NOW accounts and Savings	\$ 20,795	\$ 12,231
Money market	482,821	486,031
Time - less than \$100,000	752,621	951,615
Time - \$100,000 or more	918,431	898,039
Total interest expense	<u>\$ 1,775,169</u>	<u>\$ 2,328,016</u>

9. OTHER BORROWINGS

Other borrowings for the period ending and as of December 31, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Outstanding balance	\$ 415,081	\$ -
Interest rate	6.50%	0.00%
Average balance	\$ 103,770	\$ 4,520,548
Average interest rate	6.50%	3.95%
Maximum balance	\$ 415,081	\$ 5,000,000

In 2010, the Bank assumed the senior lien on one of its CREO properties. The Bank intends to repay this lien in 2011.

The Bank has an approved secured borrowing facility with the FHLB for up to 25% of total assets for a term not to exceed five years under a blanket lien of certain types of loans. As of December 31, 2010, the total principal balance of such loans totals \$83.7 million and the total principal balance of investment securities pledged is \$176,184. There were no borrowings outstanding under this facility at December 31, 2010 and 2009.

The Bank has two Federal Funds lines with available balances totaling \$9.0 million with two correspondent banks. There are no amounts outstanding under these facilities at December 31, 2010 and 2009.

BAY COMMERCIAL BANK

NOTES TO FINANCIAL STATEMENTS

(continued)

10. INCOME TAXES

Income taxes expense for the years ended December 31, 2010 and 2009 are as follows:

	2010	2009
Current income taxes	\$ 746,235	\$ 987,407
Deferred income taxes, net	(366,017)	(126,414)
Total provision for income taxes	\$ 380,218	\$ 270,993

The provision for income tax differs from the amounts computed by applying the statutory Federal and State income tax rates. The significant items comprising these differences for the years ended December 31, 2010 and 2009 consist of the following:

	2010		2009	
	Amount	Rate %	Amount	Rate %
Federal statutory tax rate	\$ 340,287	34.00%	\$ 214,316	34.00%
State statutory tax rate, net of				
Federal effective tax rate	71,604	7.15%	45,097	7.15%
Stock based compensation	3,360	0.35%	4,990	0.79%
Other	(35,122)	-3.51%	6,590	1.03%
Total income tax expense	\$ 380,218	38.00%	\$ 270,993	42.99%

Deferred tax assets at December 31, 2010 and 2009, included as a component of other assets in the Statement of Financial Condition, consisted of the following:

	2010	2009
Deferred tax assets, net of liabilities:		
Allowance for loan losses	\$ 856,188	\$ 585,389
Deferred loan fees net of costs	128,531	81,019
Stock based compensation	33,324	31,191
FHLB stock dividend	(12,717)	(12,717)
Other	2,340	(40,277)
Total deferred tax assets	\$ 1,010,666	\$ 644,615

As of December 31, 2010 and 2009, there is no valuation allowance based on management's estimate that the Bank will more likely than not be able to utilize all of the deferred tax assets. As of December 31, 2010 and 2009, the Bank has no federal or state net operating loss carryforwards.

The Bank files income tax returns in the U.S. federal jurisdiction and in California. The Bank is no longer subject to income tax examinations by taxing authorities for years before 2007 for its Federal filings and 2006 for its California filings. The Bank's policy is to recognize penalties and interest as income tax expense.

11. COMMITMENTS AND CONTINGENCIES

Lending and Letter of Credit Commitments

In the normal course of business, the Bank enters into various commitments to extend credit which are not reflected in the financial statements. These commitments consist of the undischarged balance on personal and commercial lines of credit and of undisbursed funds on

BAY COMMERCIAL BANK

NOTES TO FINANCIAL STATEMENTS (continued)

construction and development loans. At December 31, 2010 and 2009, undisbursed commitments total \$22,386,000 and \$22,434,000, respectively. In addition, at December 31, 2010 and 2009, the Bank issued letters of credit totaling \$483,000 and \$360,000, respectively, which represent guarantees of obligations of Bank clients. As of December 31, 2010 and 2009, the Bank pledged a time deposit totaling \$37,500 and none, respectively, to a correspondent bank as security related to one of its branch offices.

The actual liquidity needs or the credit risk that the Bank will experience will be lower than the contractual amount of commitments to extend credit because a significant portion of these commitments are expected to expire without being drawn upon. The Bank's outstanding loan commitments are made using the same underwriting standards as comparable outstanding loans. As of December 31, 2010 and 2009, the reserve associated with these commitments is zero.

Local Agency Deposits

In the normal course of business, the Bank accepts deposits from local agencies. The Bank is required to provide collateral for certain local agency deposits. As of December 31, 2010 and 2009, the FHLB issued a letter of credit on behalf of the Bank totaling \$4,250,000 and \$3,650,000, respectively, as collateral for local agency deposits.

12. EMPLOYEE BENEFIT PLANS

Effective January 1, 2005, the Bank adopted a qualified 401(k) profit sharing plan (401(k) Plan) that covers substantially all full-time employees. The 401(k) Plan permits voluntary contributions by participants and provides for voluntary matching contributions by the Bank. For the years ended December 31, 2010 and 2009 the Bank made contributions to the plan of \$33,500 and \$12,000, respectively.

See Note 13, Stock Option Plan for discussion of the Bank's stock option plan.

13. STOCK OPTION PLAN

In 2004, the Board of Directors adopted the 2004 Stock Option Plan (Plan) subject to shareholder approval. The shareholders approved the Plan at the 2005 Annual Meeting. 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. Upon grant, options vest ratably over a three or four year period.

As of December 31, 2010, pursuant to the Plan, 354,979 shares of common stock are reserved for issuance to employees, organizers and Directors under incentive and nonstatutory agreements. To date options to acquire 9,794 shares of common stock have been exercised.

BAY COMMERCIAL BANK

NOTES TO FINANCIAL STATEMENTS

(continued)

No options were granted in 2010. The following are the weighted average assumptions used to estimate the fair value of stock options granted during 2009:

	<u>2009</u>
Expected dividend yield	0.0%
Risk-free interest rate	1.74%
Expected volatility factor	26.3%
Expected term	4.5 years
Weighted average exercise price	\$ 7.38
Weighted average fair value	1.79
Number of options granted	15,000
Fair value of options granted	\$ 26,850

The following table provides the stock option activity for the year ending December 31, 2010:

	<u>2010</u>	
	<u>Number of</u>	<u>Weighted</u>
	<u>Shares</u>	<u>Average</u>
		<u>Exercise</u>
		<u>Price</u>
Balance at beginning of the year	346,852	\$ 10.32
Granted	-	-
Exercised	-	-
Expired	(5,000)	9.98
Balance at end of the year	<u>341,852</u>	<u>\$ 10.32</u>

The following table provides the weighted-average fair and intrinsic values, and the weighted average remaining contractual life for stock option activity as of and for the years ending December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Weighted-average fair value of options granted during the year	\$ -	\$ 1.79
Intrinsic value of options exercised	-	-
Options exercisable at year end:	329,352	316,685
Weighted-average exercise price	\$ 10.37	\$ 11.70
Intrinsic value	-	-
Weighted-average remaining contractual life	3.5 years	4.5 years
Options outstanding at year end:	341,852	346,852
Weighted-average exercise price	\$ 10.32	\$ 10.32
Intrinsic value	-	-
Weighted-average remaining contractual life	3.6 years	4.6 years

BAY COMMERCIAL BANK

NOTES TO FINANCIAL STATEMENTS

(continued)

As of December 31, 2010, 211,200 incentive stock options and 130,632 non-qualified stock options are outstanding. As of December 31, 2010, there is \$9,100 of total unrecognized compensation cost related to non-vested stock options which is expected to be recognized over a weighted average period of two years. No stock options were exercised in 2010 and 2009. A total of \$2,133 and none, respectively, of tax benefits related to non-qualified stock options were recorded during 2010 and 2009.

14. REGULATORY MATTERS

Dividends

The California Financial Code restricts the total dividend payment of any state banking association in any calendar year to the lesser of the Bank's retained earnings or the Bank's net income for its last three fiscal years, less distributions made to shareholders during the same three-year period. At December 31, 2010, \$902,811 is free from such restrictions.

Regulatory Capital

The Bank is subject to certain regulatory capital requirements administered by federal and state banking agencies. Failure to meet these minimum capital requirements may initiate certain mandatory and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Bank's 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 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 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. As of December 31, 2010 and 2009, management believes that the Bank meets all its capital adequacy requirements. The Bank received notification from the FDIC categorizing the Bank as Well Capitalized under the framework of prompt corrective action regulations.

BAY COMMERCIAL BANK

NOTES TO FINANCIAL STATEMENTS (continued)

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.

<u>Leverage Ratio</u>	2010		2009	
	Dollars	Ratio	Dollars	Ratio
<u>Day Commercial Bank</u>	\$ 33,379	20.2%	\$ 15,833	10.4%
Minimum requirement for "Well-Capitalized"	8,247	5.0%	7,633	5.0%
Minimum regulatory requirement	6,397	4.0%	6,108	4.0%
<u>Tier 1 Risk-Based Capital Ratio</u>				
Day Commercial Bank	\$ 33,379	23.7%	\$ 15,833	11.4%
Minimum requirement for "Well-Capitalized"	8,448	6.0%	8,151	6.0%
Minimum regulatory requirement	5,632	4.0%	5,368	4.0%
<u>Total Risk-Based Capital Ratio</u>				
Day Commercial Bank	\$ 35,155	25.0%	\$ 17,485	12.6%
Minimum requirement for "Well-Capitalized"	14,080	10.0%	13,219	10.6%
Minimum regulatory requirement	11,264	8.0%	11,115	8.0%

15. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Bank may enter into transactions with related parties, including Directors, shareholders, officers and their associates. These transactions include borrowings from the Bank with substantially the same terms, including rates and collateral, as loans to unrelated parties and do not involve more than normal risk of collection.

The following is a summary of the aggregate loan activity involving related party borrowers for the years ending December 31, 2010 and 2009:

	2010	2009
Balance, beginning	\$ 3,249,496	\$ 4,846,832
Disbursements	1,251,657	11,262
Amounts repaid	(1,024,621)	(1,603,594)
Balance, ending	\$ 3,476,532	\$ 3,249,496
Unfulfilled commitments to related parties	\$ 3,094,221	\$ 2,463,402
Letters of credit issued for related parties	\$ 14,482	\$ 14,482

At December 31, 2010 and 2009, the Bank's deposits included deposits from related parties which total approximately \$6.0 million and \$5.3 million, respectively.

BAY COMMERCIAL BANK

NOTES TO FINANCIAL STATEMENTS
(continued)

16 OTHER EXPENSES

For the years ended December 31, 2010 and 2009, respectively, other expenses consist of the following:

	2010	2009
Insurance including FDIC Premiums	\$ 191,911	\$ 272,384
Professional fees	231,203	131,913
Stationery and supplies	35,726	100,261
Marketing and promotions	73,387	55,740
Communication and postage	50,017	45,749
Bank service charges	39,264	38,009
Director fees	36,000	36,000
Courier Expense	19,404	24,202
Loan default related expenses	24,873	
Other	42,161	35,143
Total other expenses	<u>\$ 813,912</u>	<u>\$ 740,343</u>

The Bank expenses marketing and promotions costs as they are incurred. Advertising expense, included in marketing and promotions, total \$71,413 and \$11,831 for the years ended December 31, 2010 and 2009, respectively.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Measurement

Accounting guidance clarifies the definition of fair value, describes methods used to appropriately measure fair value in accordance with generally accepted accounting principles and expands fair value disclosure requirements. This guidance applies whenever other accounting pronouncements require or permit fair value measurements.

The fair value hierarchy under ASC 820-10-05 prioritizes the inputs to valuation techniques used to measure fair value into three broad levels (Level 1, Level 2, and Level 3).

Level 1 - Inputs are unadjusted quoted prices in active markets (as defined) for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 - Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs are unobservable inputs for the asset or liability, and reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

Investment securities available-for-sale - Securities classified as available-for-sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss

MAY COMMERCIAL BANK

NOTES TO FINANCIAL STATEMENTS
(continued)

assumptions. The recorded amount of securities measured at fair value on a recurring basis as of December 31, 2010 and 2009 are as follows:

2010	Total	Level 1	Level 2	Level 3
Fixed rate mortgage-backed securities	\$ 180,474	\$ -	\$ 180,474	\$ -
Total assets measured at fair value	<u>\$ 180,474</u>	<u>\$ -</u>	<u>\$ 180,474</u>	<u>\$ -</u>
2009	Total	Level 1	Level 2	Level 3
Fixed rate mortgage-backed securities	\$ 100,751	\$ -	\$ 300,751	\$ -
Total assets measured at fair value	<u>\$ 100,751</u>	<u>\$ -</u>	<u>\$ 300,751</u>	<u>\$ -</u>

Impaired Loans - The Bank does not record loans at fair value on a recurring basis. However, from time to time, a loan may be considered impaired and an allowance for loan losses is established. Loans for which it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan agreement are considered impaired. Once a loan is identified as individually impaired, management measures impairment in accordance with "Accounting by Creditors for Impairment of a Loan" (ASC 310-10). The fair value of impaired loans is estimated using one of several methods, including collateral value, market value of similar debt, enterprise value, liquidation value and discounted cash flows. Those impaired loans not requiring an allowance represent loans for which the fair value of the expected repayments or collateral exceed the recorded investments in such loans. When the fair value of the collateral is based on an observable market price or a current appraised value which uses substantially observable data, the Bank records the impaired loan as non-recurring Level 2. When an appraised value is not available or management determines the fair value of the collateral is further impaired below the appraised value, or the appraised value contains a significant assumption, and there is no observable market price, the Bank records the impaired loan as non-recurring Level 3.

Other Real Estate Owned - The Bank records OREO at fair value on a non-recurring basis. The recorded amount of impaired loans measured at fair value on a non-recurring basis as of December 31, 2010 is as follows:

2010	Total	Level 1	Level 2	Level 3
OREO	\$ 1,589,772	\$ -	\$ -	\$ 1,589,772
Specific reserve	-	-	-	-
Total assets measured at fair value	<u>\$ 1,589,772</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,589,772</u>

The Bank had no OREO as of December 31, 2009.

BAY COMMERCIAL BANK

NOTES TO FINANCIAL STATEMENTS
(continued)

The carrying amounts and fair values of the Bank's financial instruments at December 31, 2010 and 2009 are presented below.

	2010		2009	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Financial assets:				
Cash and cash equivalents	\$ 35,187,669	\$ 35,187,669	\$ 10,066,289	\$ 10,066,289
Investments	732,674	732,674	656,251	656,251
Loans, net	133,517,486	133,700,000	129,972,915	129,983,070
Accrued interest receivable	445,191	445,191	497,948	497,948
Financial liabilities:				
Deposits	139,452,105	139,791,000	126,550,190	126,777,000
Other borrowings	415,081	415,081	-	-
Accrued interest payable	92,495	92,495	120,788	120,788
Commitments	-	-	-	-

The following methods and assumptions were used to estimate the fair value of each class of financial instruments (ASC 825-10-50).

Cash and Cash Equivalents - Cash and cash equivalents include cash and due from banks, interest bearing deposits in banks, and Fed funds sold, and are valued at their carrying amounts because of the short-term nature of these instruments.

Investments - Investment securities are valued at the quoted market prices. See Note 1 for further analysis. The carrying value of the FHLB stock approximates the fair value because the stock is redeemable at par.

Loans - Loans with variable interest rates are valued at the current carrying value, because these loans are regularly adjusted to market rates. The fair value of fixed rate with remaining maturities in excess of one year is estimated by discounting the future cash flows using current rates at which similar loans would be made to borrowers with similar credit ratings for the same remaining maturities.

Accrued Interest Receivable and Payable - The accrued interest receivable and payable balance approximates its fair value.

Deposits - The fair value of non-interest bearing deposits, interest bearing transaction accounts and savings accounts is the amount payable on demand at the reporting date. The fair value of time deposits is estimated by discounting the future cash flows using current rates offered for deposits of similar remaining maturities.

Other Borrowings - The fair value is estimated by discounting the future cash flows using current rates offered for similar borrowings.

Commitments - The fair value of commitments represents the carrying amount of the related unamortized loan fees and is not material.

APPENDIX H

Global Bancorp and Subsidiary

Report of Independent Auditors and Consolidated Financial Statements

as of and for the two years ended December 31, 2010

Report of Independent Auditors
and Consolidated Financial Statements

**Global Bancorp
and Subsidiary**

December 31, 2010 and 2009

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MOSS ADAMS LLP
Certified Public Accountants

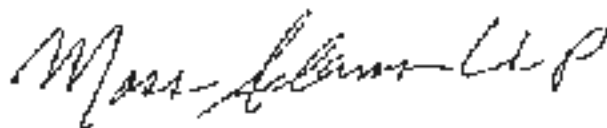
REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders
Global Bancorp and Subsidiary

We have audited the accompanying consolidated balance sheets of Global Bancorp and subsidiary (the Company) as of December 31, 2010 and 2009, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for the years ended December 31, 2010 and 2009. 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 audit.

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 our 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 consolidated 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 Global Bancorp and subsidiary as of December 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years ended December 31, 2010 and 2009, in conformity with accounting principles generally accepted in the United States of America.



Stockton, California
March 24, 2011

GLOBAL BANCORP AND SUBSIDIARY

**GLOBAL BANCORP AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS**

ASSETS

	DECEMBER 31,	
	2010	2009
Cash and due from banks	\$ 3,640,814	\$ 5,046,549
Federal funds sold	4,610,000	3,530,000
	<u>8,250,814</u>	<u>8,576,549</u>
Cash and cash equivalents	8,250,814	8,576,549
Interest bearing deposits in banks	19,798,000	18,478,000
Loans, net	36,604,734	23,259,256
Premises and equipment, net	513,657	729,946
Interest in real estate and other assets	413,160	581,122
	<u>\$ 65,580,373</u>	<u>\$ 51,624,873</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Deposits	\$ 49,239,356	\$ 33,772,306
Interest payable and other liabilities	196,966	261,523
	<u>49,436,322</u>	<u>34,033,829</u>
Commitments and Contingencies (Notes B and 10)		
Shareholders' equity		
Common stock, \$0.1 par value, 20,000,000 shares authorized; 2,115,001 shares issued and outstanding at December 31, 2010 and 2009	21,150	21,150
Additional paid-in capital	71,764,660	21,583,960
Accumulated deficit	<u>(5,581,759)</u>	<u>(9,014,066)</u>
Total shareholders' equity	<u>16,144,051</u>	<u>12,591,044</u>
	<u>\$ 65,580,373</u>	<u>\$ 51,624,873</u>

GLOBAL BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS

	YEARS ENDED DECEMBER 31,	
	2010	2009
INTEREST INCOME		
Interest and fees on loans	\$ 1,900,935	\$ 790,635
Interest on federal funds sold	3,259	6,820
Interest on interest bearing deposits in banks	409,918	216,548
	<u>2,402,152</u>	<u>964,003</u>
INTEREST EXPENSE		
Interest expense on deposits	575,244	297,324
Interest expense on borrowings	106,193	-
	<u>681,437</u>	<u>297,324</u>
Net interest income	1,770,715	666,679
PROVISION FOR LOAN LOSSES	299,035	475,150
Net interest income after provision for loan losses	<u>1,421,680</u>	<u>191,529</u>
NON-INTEREST INCOME		
Gain on sale of loans	349,801	522,709
Service charges on deposits	16,885	1,843
Other non-interest income	20,799	-
	<u>395,485</u>	<u>524,552</u>
NON-INTEREST EXPENSES		
Salaries and employee benefits	2,080,375	1,776,973
Occupancy expense	130,329	469,480
Professional fees	251,072	262,394
Data processing fees	279,810	262,299
Business development expense	80,080	120,939
Insurance and assessment expense	91,956	74,280
Supplies expense	23,655	44,177
Other operating expenses	137,281	81,279
	<u>3,383,258</u>	<u>3,091,821</u>
Loss before income taxes	(1,566,093)	(2,375,740)
Provision for income taxes	1,603	1,600
Net loss	<u>\$ (1,567,693)</u>	<u>\$ (2,377,340)</u>
NET LOSS PER SHARE - BASIC	<u>\$ (0.74)</u>	<u>\$ (1.12)</u>
WEIGHTED AVERAGE SHARES OUTSTANDING	<u>2,115,001</u>	<u>2,115,001</u>

See accompanying notes

GLOBAL BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	Amount			
Balances at December 31, 2008	2,115,001	\$ 21,150	\$ 21,453,304	\$ (1,635,726)	\$ 19,837,726
Stock-based compensation:	-	-	130,656	-	130,656
Net loss	-	-	-	(2,377,340)	(2,377,340)
Balances at December 31, 2009	2,115,001	21,150	21,583,960	(5,013,066)	17,591,044
Stock-based compensation:	-	-	120,700	-	120,700
Net loss	-	-	-	(1,567,693)	(1,567,693)
Balances at December 31, 2010	<u>2,115,001</u>	<u>\$ 21,150</u>	<u>\$ 21,704,660</u>	<u>\$ (5,581,759)</u>	<u>\$ 16,144,051</u>

GLOBAL BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (1,567,693)	\$ (2,377,340)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization of premises and equipment	219,463	217,071
Provision for loan losses	299,036	475,350
Stock-based compensation	120,700	130,656
Increase in deferred loan fees	33,924	279,929
Gain on sale of loans	(349,601)	(522,709)
Proceeds from sales of loans	3,868,601	10,001,948
Loans originated for sale	(5,516,600)	(9,213,177)
(Decrease) increase in interest payable and other liabilities	(64,557)	193,360
Decrease (increase) in interest receivable and other assets	167,554	(361,482)
Net cash from operating activities	<u>(791,174)</u>	<u>(1,166,594)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net increase in loans	(13,678,437)	(77,711,490)
Net increase in interest bearing deposits in banks	(1,320,000)	(834,000)
Purchase of premises and equipment	(3,174)	(134,339)
Net cash from investing activities	<u>(15,001,611)</u>	<u>(23,679,829)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in demand deposits and savings accounts	4,591,511	2,736,892
Net increase in money market accounts	8,193,523	14,948,180
Net increase in time deposits	2,682,016	16,762,635
Repayment of loan from organizers	-	(250,000)
Net cash from financing activities	<u>15,467,050</u>	<u>32,197,707</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(325,735)	7,351,284
CASH AND CASH EQUIVALENTS, beginning of year	<u>8,576,549</u>	<u>1,225,265</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 8,250,814</u>	<u>\$ 8,576,549</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	\$ 691,831	\$ 286,050
Income taxes	\$ 1,600	\$ 1,600

GLOBAL BANCORP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Global Bancorp and Subsidiary (the Company) is a bank holding company incorporated under the laws of the state of California on May 3, 2007, to organize and serve as the holding company for Global Trust Bank (the Bank). In conjunction with the incorporation of the Company, a total of 20,000,000 shares of common stock were authorized with a \$.01 par value. The authorized shares of common stock were further divided into 10,000,000 shares of voting common stock and 10,000,000 shares of non-voting common stock. At December 31, 2010 and 2009, no shares of non-voting common stock had been issued.

On June 4, 2008, the California Commissioner of Financial Institutions approved the Bank's application for organization. The Bank also received approval of an application that it filed for insurance of bank deposit accounts with the Federal Deposit Insurance Corporation (FDIC) on December 2, 2008. The state-chartered bank was incorporated under the laws of the state of California on July 21, 2008, and opened for business on December 3, 2008. The Bank offers traditional commercial banking products and services to businesses and individuals through one branch located in Santa Clara County. The Bank's target market is focused toward small to medium-sized, privately-held business customers, with an emphasis on serving the South Asian community of Indian-American individuals, professionals, and small business owners.

The consolidated financial statements include the accounts of Global Bancorp and its wholly-owned subsidiary, Global Trust Bank. There is minimal activity at the holding company level as the investment in the Bank is the only significant asset of the holding company. Intercompany accounts and transactions have been eliminated in consolidation. References to the Company are references to Global Bancorp, including the holding company and the Bank.

The accounting and reporting policies of the Company conform with generally accepted accounting principles and general practices within the banking industry. A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements follows.

Estimates – In preparing the consolidated financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates.

GLOBAL BANCORP AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Estimates (continued) - The allowance for loan losses is the most significant accounting estimate reflected in the Company's consolidated financial statements. The allowance for loan losses includes charges to reduce the recorded balances of loans receivable to their estimated net realizable value, as appropriate. The allowance is based on estimates, and ultimate losses may vary from current estimates. These estimates for losses are based on individual assets and their related cash flow forecasts, sales values, independent appraisals, the volatility of certain real estate markets, and concern for disposing of real estate in distressed markets. Although management of the Company believes the estimates underlying the calculation of specific allowances are reasonable, there can be no assurance that the Company could ultimately realize these values. In addition to providing valuation allowances on specific assets where a decline in value has been identified, the Company establishes general valuation allowances for losses based on the overall portfolio composition, general market conditions, concentrations, and prior loss experience.

Other significant management judgments and accounting estimates reflected in the Company's 2010 consolidated financial statements include:

- Decisions regarding the timing and placement of loans on non-accrual;
- Determination, recognition, and measurement of impaired loans; and
- Determination and evaluation of deferred tax assets and liabilities.

Concentrations of credit risk - Assets and liabilities that subject the Company to concentrations of credit risk consist of interest-bearing deposits at other banks, customer loans, and customer deposits. Most of the Company's customers are located within Santa Clara County and the surrounding areas. The Company's primary lending products are discussed in Note 3 to the consolidated financial statements. The Company did not have any significant concentrations in its business with any one customer or industry. The Company obtains what it believes to be sufficient collateral to secure the carrying value of loans. The extent and value of collateral varies based on the details underlying each loan agreement.

As of December 31, 2010, the Company does not have cash deposits at other financial institutions in excess of FDIC insured limits. However, the Company places these deposits with major financial institutions and monitors the financial condition of these institutions. Management believes the risk of loss to be minimal.

Cash and cash equivalents - Cash and cash equivalents include cash on hand, amounts due from banks, money market funds, and federal funds sold. Generally, federal funds are sold for one-day periods. The Company maintains the minimum required amount of funds on deposit with other federally insured financial institutions under correspondent banking agreements. Generally, banks are required to maintain non-interest bearing cash reserves equal to a percentage of certain deposits. At times throughout the year, balances can exceed FDIC insurance limits. At December 31, 2010 and 2009, the Company was required to maintain a \$100,000 minimum balance with its correspondent banks.

GLOBAL BANCORP AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Interest bearing deposits in banks – The Company holds certificates of deposit with other financial institutions. The certificates have an original maturity date greater than 90 days and are carried at cost, which approximates fair value.

Loans and allowance for loan losses – Loans are reported at the principal amount outstanding, net of deferred loan fees and costs and the allowance for loan losses. Unearned discounts on installment loans are recognized as income over the terms of the loans. Interest on other loans is calculated by using the simple interest method on the daily balance of the principal amount outstanding.

Loan fees, net of certain direct costs of origination, are deferred and amortized over the contractual term of the loan as an adjustment to the interest yield. During the years ended December 31, 2010 and 2009, salaries, employee benefits, and other expenses totaling \$189,766 and \$175,418, respectively, were deferred as loan origination costs.

Loans on which the accrual of interest has been discontinued are designated as non-accrual loans. Accrual of interest on loans is discontinued either when reasonable doubt exists as to the full and timely collection of interest or principal or when a loan becomes contractually past due by 90 days or more with respect to interest or principal. When a loan is placed on non-accrual status, all interest previously accrued, but not collected, is reversed against current period interest income. Income on such loans is then recognized only to the extent that cash is received and where the future collection of principal is probable. Interest accruals are resumed on such loans only when they are brought fully current with respect to interest and principal and when, in the judgment of management, the loans are estimated to be fully collectible as to both principal and interest.

The allowance for loan losses is established through a provision for loan losses charged to operations. Loans are charged against the allowance for loan losses when management believes that the collectability of the principal is unlikely. Subsequent recoveries of previously charged off amounts, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based on management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of specific, general, and unallocated components. The specific component relates to loans that are classified as impaired. Impaired loans, as defined, are measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent. The general component relates to non-impaired loans and is based on historical loss experience adjusted for qualitative factors. An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

GLOBAL BANCORP AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Loans and allowance for loan losses (continued) – The Company considers a loan impaired when it is probable that all amounts of principal and interest due, according to the contractual terms of the loan agreement, will not be collected, which is the same criteria used for the transfer of loans to non-accrual status. Interest income is recognized on impaired loans in the same manner as non-accrual loans. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case by case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

Premises and equipment – Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. The estimated lives used in determining depreciation are:

Furniture, fixtures, and equipment	5 - 10 years
Computer software and equipment	3 years
Leasehold improvements	5 years

Leasehold improvements are amortized over the lesser of the useful life of the asset or the term of the lease. The straight-line method of depreciation is followed for all assets for financial reporting purposes, but accelerated methods are used for tax purposes. Deferred income taxes have been provided for the resulting temporary differences.

Income taxes – The Company uses the liability method to account for income taxes. Under such method, deferred tax assets and liabilities are recognized for the future tax consequences of differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis (temporary differences). Deferred tax assets and liabilities are reflected at currently enacted income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes in the period of enactment.

A valuation allowance is established to the extent that it is more likely than not that the benefits associated with the deferred tax assets will not be fully realized.

In accordance with accounting standards, the Company has assessed its tax positions and has concluded that there are no unrecognized tax benefits at December 31, 2010 and 2009.

GLOBAL BANCORP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes (continued) – The Company recognizes interest accrued and penalties related to unrecognized tax benefits in tax expense. During the years ended December 31, 2010 and 2009, the Company recognized no interest and penalties.

The Company files income tax returns in the U.S. federal jurisdiction and with the state of California. The Company is subject to U.S. federal or state income tax examinations by tax authorities for the years beginning with 2007.

Net loss per common share – Basic net loss per share amounts are computed by dividing net loss available to shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per share 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 that share in the earnings of the Company. The Treasury stock method is applied to determine the dilutive effect of stock options when computing diluted earnings per share. However, dilutive earnings per share amounts are not presented when a net loss occurs because the conversion of potential common stock is antidilutive.

Stock-based compensation – The Company accounts for its stock based compensation by recognizing in the income statement the grant-date fair value of stock options and other equity-based forms of compensation issued to employees and directors over the requisite service period (generally the vesting period).

The fair value of each option grant is estimated as of the grant date using the Black-Scholes option pricing model. The assumptions used in this model include an estimate of expected volatility, which is based on the historical volatility of the price of similar bank stocks, and an estimate of the expected option term, which is based on consideration of the vesting period and contractual term of the option. In addition, the Company estimates the number of options expected to be forfeited based on historical forfeiture rates. The risk-free interest rates are equal to the US Treasury yield at the time of the grant and commensurate with the expected term of the grant. There were no stock option grants during the year ended December 31, 2010. The weighted average assumptions used to estimate the value of stock options granted during the year ended December 31, 2009 included the following: dividend yield of 0.00%, expected volatility of 20.00%, risk-free interest rate of 1.55%, and expected option term of 5.03 years.

Transfers of financial assets – The Company has entered into certain loan participation agreements with other organizations and accounts for these transfers of financial assets as sales when control over the transferred financial assets has been surrendered. Control over transferred assets is deemed to be surrendered when: (1) the assets have been isolated from the Bank, (2) the transferee obtains the right (free of conditions that contain it from taking advantage of that right) to pledge or exchange the transferred assets (or beneficial interests), and (3) the Bank does not maintain effective control over the transferred assets or third-party beneficial interests related to those transferred assets. No gain or loss has been recognized on the sale of these participation interests for the years ended December 31, 2010 and 2009.

**GLOBAL BANCORP AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Transfers of financial assets (continued) – The Company has sold the guaranteed portion of certain Small Business Administration (SBA) and United States Department of Agriculture (USDA) loans (with servicing retained) for cash proceeds equal to the principal amount of loans, as adjusted to yield interest to the investor based upon the current market rates. The Company accounts for these transfers of financial assets at sales when control over the transferred financial assets has been surrendered and any warranty period or recourse provision expires. The warranty period associated with the loan sales typically extends for 90 days from the date of the sale and requires the Company to reimburse the purchaser for certain fees paid to the Company if the underlying borrower prepays or defaults on the loan. During the warranty period, the Company does not derecognize the loan from its consolidated balance sheets. The loans are reported as a component of loans held for sale on the consolidated balance sheets. The proceeds received in the sale are reflected as secured borrowings on the consolidated balance sheets and any gain or loss to be realized on the sale is deferred. The Company records interest income on the retained loan and interest expense on the secured borrowing. Upon the expiration of the warranty period, the sale is recognized by the Company, the loan subject to the sale and the related secured borrowing are derecognized from the balance sheets, and any deferred gain or loss is recognized in the consolidated statements of operations. At December 31, 2010, no loan sales were in process and accounted for as secured borrowings.

When the loan sale is recorded, the carrying value of a sold loan is allocated between the guaranteed portion of the loan and the non-guaranteed portion of the loan, based on their relative fair values. The unguaranteed portion typically generates a loan discount that is amortized as an adjustment of the yield over the life of the loan. The cost of performing the servicing approximates the servicing income received. Accordingly, no servicing asset is recorded related to these loan sales with servicing retained.

Advertising costs – The Company expenses marketing costs as they are incurred. Advertising expense was \$31,098 and \$49,060 for the years ended December 31, 2010 and 2009, respectively.

Loans held for sale – The Company originates SBA and USDA loans with the intent to sell. Accordingly, cash flows resulting from these loan sales are reflected as a component of operating activities on the consolidated statements of cash flows. Loans held for sale are reported at the lower of cost or fair value. Cost generally approximates fair value, given the short duration of these assets. Gains or losses on the sale of loans that are held for sale are recognized at the time of the sale and determined by the difference between net sale proceeds and the net book value of the loans, net of discount related to the unguaranteed portion, less the estimated fair value of any retained mortgage servicing rights. There were no loans held for sale at December 31, 2010 or 2009.

Reclassifications – Certain reclassifications have been made to the 2009 consolidated financial statements to conform to the classifications used in 2010.

GLOBAL BANCORP AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Impact of new financial accounting standards - In January 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-01, *Receivables (Topic 310): Deferral of the Effective Date of Disclosures about Troubled Debt Restructurings in Update No. 2010-20*. The amendments in this Update temporarily delay the effective date of the disclosures about troubled debt restructurings in ASU No. 2010-20, *Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses* for public entities. The delay is intended to allow the Board time to complete its deliberations on what constitutes a troubled debt restructuring. The effective date of the new disclosures about troubled debt restructurings for public entities and the guidance for determining what constitutes a troubled debt restructuring will then be coordinated. Currently, the guidance is anticipated to be effective for interim and annual periods ending after June 15, 2011. The amendments in this update apply to all public-entity creditors that modify financing receivables within the scope of the disclosure requirements about troubled debt restructurings in Update 2010-20. The amendments in this update do not affect non-public entities. As this ASU is disclosure-related only, our adoption of this ASU in 2011 will not impact our financial condition or results of operations.

In July 2010, the FASB issued ASU No. 2010-20, *Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*. This Update amends Topic 310 to improve the disclosures that an entity provides about the credit quality of its financing receivables and the related allowance for credit losses. As a result of these amendments, an entity is required to disaggregate by portfolio segment or class certain existing disclosures and provide certain new disclosures about its financing receivables and related allowance for credit losses. The amendments in this Update apply to all entities, both public and non-public. The amendments in this update affect all entities with financing receivables, excluding short-term trade accounts receivable or receivables measured at fair value or lower of cost or fair value. For public entities, the disclosures required by this update as of the end of a reporting period are effective for interim and annual reporting periods ending on or after December 15, 2010. The disclosures about activity that occurs during a reporting period are effective for interim and annual reporting periods beginning on or after December 15, 2010. For non-public entities, the disclosures are effective for annual reporting periods ending on or after December 15, 2011. The amendments in this update encourage, but do not require, comparative disclosures for earlier reporting periods that ended before initial adoption. However, an entity should provide comparative disclosures for those reporting periods ending after initial adoption. As this ASU is disclosure-related only, our planned adoption of this ASU during 2011 will not impact our financial condition or results of operations.

GLOBAL BANCORP AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Impact of new financial accounting standards (continued) – In April 2010, the FASB issued ASU No. 2010-10, *Receivables (Topic 310): Effect of a Loan Modification When the Loan is Part of a Pool That is Accounted for as a Single Asset*. This update clarified that modifications of loans that are accounted for within a pool under Subtopic 310-30, which provides guidance on accounting for acquired loans that have evidence of credit deterioration upon acquisition, do not result in the removal of those loans from the pool even if the modification would otherwise be considered a troubled debt restructuring. An entity will continue to be required to consider whether the pool of assets in which the loan is included is impaired if expected cash flows for the pool change. The amendments do not affect the accounting for loans under the scope of Subtopic 310-30 that are not accounted for within pools. Loans accounted for individually under Subtopic 310-30 continue to be subject to the troubled debt restructuring accounting provisions within Subtopic 310-40. The amendments in this update affect any entity that acquires loans subject to Subtopic 310-30, that accounts for some or all of those loans within pools, and that subsequently modifies one or more of those loans after acquisition. The amendments in this update are effective for modifications of loans accounted for within pools under Subtopic 310-30 occurring in the first interim or annual period ending on or after July 15, 2010. The amendments are to be applied prospectively. Early application is permitted. Upon initial adoption of the guidance in this update, an entity may make a one-time election to terminate accounting for loans as a pool under Subtopic 310-30. This election may be applied on a pool-by-pool basis and does not preclude an entity from applying pool accounting to subsequent acquisitions of loans with credit deterioration. Adoption of this ASU did not have an impact on our financial condition or results of operations.

In January 2010, the FASB issued ASU No. 2010-06, *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements*. This update requires: (1) disclosure of the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurement categories and the reasons for the transfers; and (2) separate presentation of purchases, sales, issuances, and settlements in the reconciling for fair value measurements using significant unobservable inputs (Level 3). In addition, this update clarifies the requirements of the following existing disclosures set forth in the Codification Subtopic 820-10: (1) for purposes of reporting fair value measurement for each class of assets and liabilities, a reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities; and (2) a reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and non-recurring fair value measurements. This update is effective for interim and annual reporting periods beginning January 1, 2010, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements, which are effective for fiscal years beginning January 1, 2011, and for interim periods within those fiscal years. As this ASU is disclosure-related only, our adoption of this ASU did not impact our financial condition or results of operations.

GLOBAL BANCORP AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – CASH AND DUE FROM BANKS

Cash and due from banks includes balances with the Federal Reserve Bank and other correspondent banks. The Company is required to maintain specified reserves by the Federal Reserve Bank. The average reserve requirements are based on a percentage of the Company's deposit liabilities.

NOTE 3 – LOANS

Major classifications of loans are as follows:

	<u>DECEMBER 31,</u>	
	<u>2010</u>	<u>2009</u>
Land and construction	\$ 2,478,895	\$.
Residential real estate	1,901,134	
Commercial real estate	14,110,650	10,732,165
Commercial	15,872,121	10,318,126
Consumer and other	<u>3,349,822</u>	<u>2,983,694</u>
	37,712,622	24,034,185
Allowance for loan losses	(794,635)	(495,000)
Deferred loan fees and costs, net	<u>(313,853)</u>	<u>(279,925)</u>
Loans, net	<u>\$ 36,604,134</u>	<u>\$ 23,259,256</u>

The Company's customers are primarily located in Santa Clara and San Jose Counties. Approximately 37% of the Bank's loans are commercial real estate loans. Approximately 42% of the Bank's loans are other commercial loans. The remaining 21% are in agricultural production, land and construction, residential real estate, and consumer loans. Generally, real estate loans are collateralized by real property while commercial and other loans are collateralized by funds on deposit, business, or personal assets. Repayment is generally expected from the proceeds of the sales of property for real estate construction loans and from cash flows of the borrower for other loans.

GLOBAL BANCORP AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – LOANS (CONTINUED)

Changes in the allowance for loan losses are as follows:

	DECEMBER 31,	
	2010	2009
Balance, beginning of period	\$ 495,000	\$ 19,850
Provision for loan losses	299,035	475,150
Loans charged off	-	-
Recoveries of loans previously charged off	-	-
	\$ 794,035	\$ 495,000

There were no impaired loans, including troubled debt restructures, at or during the years ended December 31, 2010 or 2009. There were no loans placed on non accrual status and no loans were past due greater than 90 days and still accruing interest at December 31, 2010 or 2009.

NOTE 4 – PREMISES AND EQUIPMENT

Premises and equipment consists of the following:

	DECEMBER 31,	
	2010	2009
Furniture, fixtures, and equipment	\$ 177,683	\$ 177,694
Computer software and equipment	359,181	356,356
Leasehold improvements	429,242	429,242
	966,106	963,292
Less accumulated depreciation and amortization	(452,749)	(233,286)
	\$ 513,657	\$ 729,946

Depreciation and amortization expense totaled \$219,463 and \$217,071 for the years ended December 31, 2010 and 2009, respectively.

GLOBAL BANCORP AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 – INTEREST RECEIVABLE AND OTHER ASSETS

Interest receivable and other assets are as follows.

	DECEMBER 31,	
	2010	2009
Interest receivable - loans	\$ 109,195	\$ 73,386
Interest receivable - interest bearing deposits in banks	16,004	19,566
Prepaid FDIC assessment	10,382	101,357
Prepaid expenses and other assets	277,586	186,835
	<u>\$ 413,167</u>	<u>\$ 381,144</u>

NOTE 6 – DEPOSITS

Customer deposits outstanding are as follows.

	DECEMBER 31,	
	2010	2009
Demand, non-interest bearing	\$ 4,990,322	\$ 2,750,573
NOW	2,750,077	407,941
Savings	20,968	11,392
Money market	21,717,538	13,524,015
Time - less than \$100,000	2,012,293	1,275,273
Time - greater than \$100,000	17,748,158	15,803,162
	<u>\$ 49,239,356</u>	<u>\$ 33,772,306</u>

Time deposit issued and their remaining maturities are as follows:

Years ending December 31,

2011	\$ 9,961,396
2012	9,192,702
2013	<u>306,353</u>
	<u>\$ 19,460,451</u>

GLOBAL BANCORP AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – DEPOSITS (CONTINUED)

Interest expense, net of early withdrawal penalty recognized on interest bearing deposits, consisted of the following:

	YEARS ENDED DECEMBER 31,	
	2010	2009
NOW	\$ 3,956	\$ 666
Savings	75	30
Money market	219,111	102,443
Time - less than \$100,000	24,278	21,752
Time - greater than \$100,000	327,824	172,433
	<u>\$ 575,744</u>	<u>\$ 297,324</u>
Total interest expense on deposits	<u>\$ 575,744</u>	<u>\$ 297,324</u>

NOTE 7 – INCOME TAXES

The provision for income taxes for the years ended December 31, 2010 and 2009 was \$1,600.

Deferred tax assets at December 31, 2010 and 2009, consisted of the following:

	DECEMBER 31,	
	2010	2009
Deferred tax assets:		
Net operating losses	\$ 1,360,000	\$ 903,000
Organization and start-up costs	385,000	415,000
Accrual to cash	-	11,000
Allowance for loan loss	297,000	181,000
Charitable contributions	4,000	2,000
Stock-based compensation	194,000	175,000
Other	2,000	-
	<u>2,250,000</u>	<u>1,687,000</u>
Deferred tax liabilities:		
Accumulated depreciation	-	(53,000)
Accrual to cash	(5,000)	-
	<u>(5,000)</u>	<u>(53,000)</u>
Valuation allowance	(2,245,000)	(1,634,000)
Net deferred income tax asset	<u>\$ -</u>	<u>\$ -</u>

GLOBAL BANCORP AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 – INCOME TAXES (CONTINUED)

As of December 31, 2010, a valuation allowance equal to the amount of realizable deferred tax assets was recorded based on the determination that the Company is more likely than not unable to utilize the deferred tax assets. At December 31, 2010 and 2009, the Company had federal and state net operating loss carryforwards totaling approximately \$3,344,000 and \$2,223,000 and \$3,227,000 and \$465,000, respectively. These net operating loss carryforwards will begin to expire in 2028 for federal income tax purposes and in 2018 for state income tax purposes if not previously utilized. Utilization of the net operating loss may be subject to substantial annual limitation due to ownership change limitations provided by the Internal Revenue Code and similar state provisions. Such an annual limitation could result in the expiration of net operating loss carryforwards before utilization.

The valuation allowance was increased by approximately \$611,000 and \$963,000, respectively, during the years ended December 31, 2010 and 2009.

NOTE 8 – FINANCIAL INSTRUMENTS

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit in the form of loans or through standby letters of credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheet.

The Company's exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

	Contract Amount
Financial instruments whose contract amounts represent credit risk:	
Undisbursed loan commitments	<u>\$ 4,291,390</u>

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 many 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. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment, and income-producing commercial properties.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance 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.

GLOBAL BANCORP AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 – RELATED PARTY TRANSACTIONS

The Company, in the normal course of business, makes loans to and receives deposits from its directors, officers, principal shareholders, and their associates. In management's opinion, these transactions are on substantially the same terms as comparable transactions with other customers of the Company.

The Company's related party loan activity is summarized below:

	DECEMBER 31,	
	2010	2009
Aggregate amount outstanding, beginning of the year	\$ 2,389,902	\$ -
New loans or advances during the year	795,000	2,550,000
Repayments during the year	(692,963)	(160,998)
Aggregate amount outstanding, end of year	\$ 2,491,939	\$ 2,389,002
Loan commitments	\$ 255,000	\$ 420,000

Related party deposits amounted to \$1,142,125 and \$725,162 as of December 31, 2010 and 2009, respectively.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

The Company is obligated for rental payments under certain operating lease agreements, some of which contain renewal options and escalation clauses that provide for increased rentals. The Company's lease agreements expire in 2013. Total rental expenses for the years ended December 31, 2010 and 2009, was \$170,018 and \$205,203, respectively.

As of December 31, 2010, the future minimum rental payments under non-cancelable operating leases are as follows:

Years ending December 31,

2011	\$ 214,011
2012	218,291
2013	186,509
	\$ 618,811

The Company has an unsecured federal funds line totaling \$2 million with its correspondent bank, Pacific Coast Bankers' Bank. There were no amounts outstanding under these facilities at December 31, 2010 and 2009.

GLOBAL BANCORP AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 – REGULATORY MATTERS

The Company and the Bank are subject to various regulatory capital requirements administered by federal and state banking agencies. Failure to meet 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 Company and the Bank must meet specific capital guidelines that involve quantitative measures of the Company's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company'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 Bank to maintain minimum amounts and ratios (set forth in the table on the following page) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital (as defined) to average assets (as defined). The capital guidelines do not apply to the Company on a consolidated basis because its consolidated total assets are less than \$500 million and it is not engaged in significant non-banking activities and does not conduct significant off-balance sheet activities. Management believes, as of December 31, 2010, that the Bank met all capital adequacy requirements to which it is subject.

As of December 31, 2010, the most recent notification from the FDIC categorized the Company and 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 I risk based, and Tier I leverage ratios as set forth in the table on the following page. There are no conditions or events since that notification that management believes have changed the Bank's category.

GLOBAL BANCORP AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11- REGULATORY MATTERS (CONTINUED)

The Bank's actual capital amounts and ratios are presented in the following table. The Company's actual capital amounts and ratios are substantially the same as the Bank's.

	Actual		For capital adequacy purposes		To be well capitalized under prompt corrective action provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(dollars in thousands)						
As of December 31, 2010.						
Total Capital (to Risk-Weighted Assets)	\$ 16,547	39%	\$ 3,374	≥ 10%	\$ 4,218	≥ 10.0%
Tier I Capital (to Risk-Weighted Assets)	\$ 16,017	38%	\$ 1,687	≥ 4.0%	\$ 2,593	≥ 6.0%
Tier I Capital (to Average Assets)	\$ 16,017	25%	\$ 2,538	≥ 4.0%	\$ 3,173	≥ 5.0%
As of December 31, 2009.						
Total Capital (to Risk-Weighted Assets)	\$ 17,779	54%	\$ 2,623	≥ 10%	\$ 3,279	≥ 10.0%
Tier I Capital (to Risk-Weighted Assets)	\$ 17,457	53%	\$ 1,911	≥ 4.0%	\$ 1,967	≥ 6.0%
Tier I Capital (to Average Assets)	\$ 17,457	42%	\$ 1,679	≥ 4.0%	\$ 2,099	≥ 5.0%

The California Financial Code restricts the total dividend payment of any state banking association in any calendar year to the lesser of the Bank's retained earnings or the Bank's net income for its last three fiscal years, less distributions made to shareholders during the same three-year period. At December 31, 2010, no amounts were available for dividend distributions.

GLOBAL BANCORP AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 – STOCK OPTION PLAN

During 2008, the Company's Board of Directors approved a fixed stock option plan (the Plan) under which incentive and non-qualified stock options may be granted to key employees, directors, and organizers to purchase up to 495,000 shares of the authorized and unissued common stock of the Company at a price equal to the fair market value on the date of grant. The Plan provides that the incentive options are exercisable in equal increments over a three-year period from the date of the grant or over any other schedule approved by the Board of Directors. In addition, the Plan provides that all non-qualified stock options issued to the Company's organizers are fully vested upon issuance. Non-qualified stock option grants made to the Company's Board of Directors and employees are exercisable in equal increments over a three-year period from the date of grant. All incentive and non-qualified stock options expire no later than ten years from the date of grant. The Plan was ratified by the shareholders as part of the approval of the private placement memorandum.

A summary of the status of the Company's fixed stock option during the year ended December 31, 2010 and 2009, including changes during the year ended December 31, 2010, are presented below.

	2010	
	Shares	Weighted-Average Exercise Price
Outstanding beginning of year	357,500	\$ 10.00
Granted	-	\$ -
Expired	-	\$ -
Forfeited	(30,000)	\$ 10.00
Outstanding end of year	<u>327,500</u>	<u>\$ 10.00</u>
	2010	2009
Weighted average fair value of options granted during the period	\$ -	\$ 2.11
Intrinsic value of options exercised	-	-
Options exercisable at year end:	258,167	202,167
Weighted-average exercise price	\$ 10.00	\$ 10.00
Intrinsic value	-	-
Weighted-average remaining contractual life	7.94 years	8.97 years
Options outstanding at year end:	327,500	357,500
Weighted-average exercise price	\$ 10.00	\$ 10.00
Intrinsic value	-	-
Weighted-average remaining contractual life	7.96 years	8.97 years
Compensation expense to be recorded related to non-vested stock options	\$ 146,375	\$ 296,275
Weighted average period of time remaining compensation expense will be recognized	1.07 years	2.05 years

**GLOBAL BANCORP AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 13 - FAIR VALUE MEASUREMENTS

The Company adopted the fair value measurement accounting standard related to its financial and non-financial assets and liabilities. The accounting standard clarifies the definition of fair value, describes methods generally used to appropriately measure fair value in accordance with generally accepted accounting principles, and expands fair value disclosure requirements. Fair value is defined in the accounting standard as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The statement applies whenever other accounting pronouncements require or permit fair value measurements.

The fair value hierarchy under the fair value measurement accounting standard prioritizes the inputs to valuation techniques used to measure fair value into three broad levels (Level 1, Level 2, and Level 3). Level 1 inputs are unadjusted quoted prices in active markets (as defined) for identical assets or liabilities that the Company has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability, and reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) in a principal market.

None of the Company's assets or liabilities are measured and recorded at fair value on a recurring or non-recurring basis at December 31, 2010 and 2009.

NOTE 14 - SUBSEQUENT EVENTS

The Bank has evaluated the effects of subsequent events that have occurred after the period ending December 31, 2010 and through March 24, 2011, which is the date the consolidated financial statements were issued.