

Bank of Commerce Holdings
Form DEF 14A
April 08, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934**

(AMENDMENT NO.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Bank of Commerce Holdings
(Name of Registrant as Specified in its Charter)

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- 3) Filing party:
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Bank of Commerce Holdings

Notice of 2015 Annual Meeting of Shareholders

And

Proxy Statement

April 8, 2015

Dear Shareholder:

It is my pleasure to invite you to the Bank of Commerce Holdings 2015 Annual Meeting of Shareholders.

We will hold the meeting on Tuesday, May 19, 2015 at 5:15 p.m. in the lobby of Redding Bank of Commerce located at 1951 Churn Creek Road, Redding, California 96002. In addition to the formal items of business, I will report on past performance and future prospects.

At the Annual Meeting, you will be asked to elect the slate of directors, to ratify the appointment of our independent registered public accounting firm for 2015, and to consider an advisory non-binding vote on the compensation of the Company's named executive officers. This mailing includes the formal notice of the Annual Meeting and the Proxy Statement. The Proxy Statement describes the business that will be conducted at the Annual Meeting. Financial results and information about Bank of Commerce Holdings and its subsidiaries can be found in our 2014 Form 10-K and Annual Report, which accompanies this Proxy Statement.

Please vote promptly by telephone, internet or mail regardless of whether or not you plan to attend the meeting. You may later decide to vote in person at the meeting if you are a shareholder of record, or you may revoke your proxy or voting instructions for any other reason before your shares are voted. Your vote is important.

We look forward to seeing you at the meeting.

Sincerely,

/s/ Randall S. Eslick

Randall S. Eslick

President and Chief Executive Officer

Bank of Commerce Holdings & Subsidiaries

This Proxy Statement and the accompanying form of proxy are first being mailed to shareholders on or about April 8, 2015.

Bank of Commerce Holdings

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Date: Tuesday, May 19, 2015

Time: 5:15 p.m.

Redding Bank of Commerce

Place: 1951 Churn Creek Road

Redding, California 96002

At our 2015 Annual Meeting, we will ask you to:

Elect the slate of nine (9) directors, each to serve for a term of one year;

Ratify the selection of Moss Adams, LLP as our independent registered public accounting firm for 2015;

To vote in an advisory (non-binding) capacity on a resolution approving named executive officer compensation; and

Transact any other business that may properly be presented at the Annual Meeting.

If you were a shareholder of record as of the close of business on Wednesday, March 25, 2015, you are entitled to notice of and to vote at the Annual Meeting and any adjournment thereof. This Proxy Statement and the accompanying form of proxy are first being mailed to shareholders on or about Wednesday, April 8, 2015.

Whether or not you plan to attend, please grant a proxy to vote your shares in one of three ways: via telephone, internet or mail. Instructions regarding telephone and internet voting are included on the proxy card. Have your proxy card in hand. If you choose to vote by mail, please mark, sign and date the proxy card and return it in the enclosed envelope. Your proxy may be revoked at any time before it is exercised as explained in the Proxy Statement. Returning your proxy card will not limit your rights to attend or vote at the Annual Meeting.

By Order of the Board of Directors,

/s/ David H. Scott

David H. Scott
Corporate Secretary, Bank of Commerce Holdings

Redding, California
Dated: April 8, 2015

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Bank of Commerce Holdings

**1901 Churn Creek Road
Redding, California 96002
(530) 722-3939**

INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

Notice of Internet Availability: The Bank of Commerce Holdings Proxy Statement for the 2015 Annual Meeting of Shareholders being held on Tuesday, May 19, 2015 and the Annual Report to Shareholders (which includes the Form 10-K for the fiscal year ended December 31, 2014) are available on the internet at www.edocumentview.com/BOCH.

Why did you send me this Proxy Statement?

The Board of Directors (the “Board”) of Bank of Commerce Holdings (the “Company”) is soliciting proxies from its shareholders to be used at the Annual Meeting of Shareholders on Tuesday, May 19, 2015 (the “Annual Meeting”). This Proxy Statement (the “Proxy Statement”) summarizes the information you need to know to cast an informed vote at the Annual Meeting. You do not need to attend the Annual Meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card or use the convenient telephone or internet voting method as described in the proxy card. In this Proxy Statement, “us,” “we” or “our” refer to the Company.

Along with this Proxy Statement, we are also sending you our Form 10-K for the fiscal year ended December 31, 2014 (“Form 10-K”) and our 2014 Annual Report (“Annual Report”).

Who is entitled to vote?

Shareholders of record at the close of business on Wednesday, March 25, 2015 (the “Record Date”) are entitled to notice of and to vote at the Annual Meeting. As of the close of business on the Record Date, the Company had 13,362,290 shares of common stock (“Common Stock”) outstanding and entitled to vote. The Company’s Senior Non-Cumulative Perpetual Preferred Stock, Series B issued to the U.S. Treasury in connection with the Small Business Lending Fund carries no voting rights with respect to any matter to be acted upon at the Annual Meeting.

There are two types of ownership of the Company's Common Stock. A significant percentage of the Company's shareholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own names. As summarized below, there are some differences between the two types of ownership.

Shareholders of Record. If your shares are registered directly in your name with the Company's transfer agent, Computershare, you are considered, with respect to those shares, the shareholder of record, and these proxy materials are being sent to you directly by us. As the shareholder of record, you have the right to grant your voting proxy directly to the Company or to vote in person at the Annual Meeting. We have enclosed a proxy card for you to use.

Beneficial Owner. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in "street name," and these proxy materials are being forwarded to you by your broker or nominee who is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote. Your broker or nominee has enclosed a voting instruction card for you to use in directing your broker or nominee as to how to vote your shares.

Brokers cannot vote on behalf of beneficial owners on "non-routine" proposals (known as broker non-votes). Generally, broker non-votes occur when shares held by a broker for a beneficial owner are not voted with respect to a particular proposal because (i) the broker has not received voting instructions from the beneficial owner and (ii) the broker lacks discretionary voting power to vote such shares.

If your shares are held in street name and you do not submit voting instructions to your broker, your broker may vote your shares at this meeting on the ratification of the appointment of the independent registered public accounting firm only. If no instructions are given with respect to the election of directors or approval of the (non-binding) resolution on executive compensation, your broker cannot vote your shares on these proposals.

What constitutes a quorum?

The presence in person or by proxy of the holders of a majority of the Company's outstanding shares of Common Stock constitutes a quorum for the transaction of business at the Annual Meeting. Abstentions and broker non-votes are each included in the determination of the number of shares present and voting for purposes of determining the presence of a quorum. A broker non-vote, however, is not counted as shares present and entitled to be voted with respect to the matter on which the broker has expressly not voted.

How many votes do I have?

Each share of the Company's Common Stock that you owned as of the Record Date entitles you to one vote except with respect to the election of directors. With respect to the election of directors, each holder of Common Stock may cumulate his, her, or its votes and is entitled to as many votes as shall equal the number of shares held by such shareholder multiplied by the number of directors to be elected. Such shareholder may cast all of his, her or its votes for a single candidate or may distribute such votes among any or all of the candidates. However, no shareholder shall be entitled to cumulate votes (in other words, cast for any candidate a number of votes greater than the number of shares of stock held by such shareholder) unless such candidates' names have been placed in nomination prior to the voting and the shareholder has given notice at the meeting prior to the voting of the shareholder's intention to cumulate votes. If any shareholder has given such notice, all shareholders may cumulate their votes for candidates in nomination. An opportunity will be given at the meeting prior to the voting for any shareholder who desires to do so to announce his, her or its intention to cumulate his, her or its votes. The proxy card indicates the number of votes that you have.

How do I vote?

By Telephone or Internet: You may cast your vote by telephone or internet (at no cost to you) as indicated on the proxy card. Telephone and internet voting are available 24 hours per day. If a shareholder votes by telephone or internet, there is no need to return the proxy card.

Have your proxy card in hand.

By Mail:

Whether or not you plan to attend the Annual Meeting, we urge you to complete, sign and date the enclosed proxy card and to return it promptly. Returning the proxy card will not affect your right to attend the Annual Meeting and vote.

Shares represented by properly executed proxies that are received prior to the deadline for submitting proxies and that are not revoked will be voted in accordance with the instructions indicated on the proxies. If no instructions are indicated, the persons named in the proxy will vote the shares represented by the proxy FOR the director nominees listed in this Proxy Statement, FOR the ratification of the appointment of the independent registered public accounting firm, and FOR the advisory (non-binding) resolution to approve the compensation of the Company's named executive officers (the "named executive officers"). Any proxy given by a shareholder may be revoked before its exercise by:

giving notice to us in writing;
delivering to us a subsequently dated proxy; or
notifying us at the Annual Meeting before the shareholder vote is taken.

In Person at the Annual Meeting:

Shareholders of Record. Shares held directly in your name as the shareholder of record may be voted in person at the Annual Meeting. If you choose to vote your shares in person at the Annual Meeting, please bring the enclosed proxy card and proof of identification. Even if you plan to attend the Annual Meeting, we recommend that you vote your shares in advance as described above so that your vote will be counted if you later decide not to attend the Annual Meeting.

Beneficial Owner. Shares held in street name may be voted in person by you only if you present a “Legal Proxy” at the Annual Meeting. A “Legal Proxy” may be obtained by contacting your broker in advance of the Annual Meeting.

How do I change my vote?

Only shareholders of record at the close of business on the Record Date will be entitled to vote at the Annual Meeting. If you vote by telephone or internet, you may change your vote until the telephone or internet polls close; the final vote is the one that will count. If you fill out and submit the proxy card, you may change your vote at any time before the vote is conducted at the Annual Meeting. You may notify the Company’s Corporate Secretary in writing before the Annual Meeting that you have revoked your proxy. You may also attend the Annual Meeting and vote in person.

Will my shares be voted if I do not sign and return my proxy card?

If your shares are registered in your name and you do not vote by telephone or internet, if you do not return your signed proxy card, or if you do not vote in person at the Annual Meeting, your shares will not be voted.

If your shares are held in street name and you do not submit voting instructions to your broker, your broker may vote your shares at this meeting on the ratification of the appointment of the independent registered public accounting firm only. If no instructions are given with respect to the election of directors or approval of the advisory (non-binding) resolution on executive compensation, your broker cannot vote your shares on these proposals.

It is very important that you vote on the proposals presented.

Your broker can only vote on Proposal 2 for you.

What vote is required to approve each proposal?

Proposal 1: Elect the Slate of Directors

The nominees for director who receive the most affirmative votes will be elected. If you do not vote for a particular nominee or you indicate “Withhold” to vote for a particular nominee on your proxy card, your vote will not count “For” or “Against” the nominee.

Proposal 2: Ratify the selection of Moss Adams, LLP as our independent registered public accounting firm for 2015

The affirmative vote of a majority of votes cast at the Annual Meeting on this proposal is required to ratify the selection of our independent registered public accounting firm. Abstentions will have no effect on the outcome of the proposal.

Proposal 3: Advisory (non-binding) Resolution on Executive Compensation

We are asking our shareholders to approve on an advisory (non-binding) basis the compensation of our named executive officers as disclosed in this Proxy Statement. Detailed information about the compensation of our named executive officers is included in the section entitled “Information on Director and Executive Compensation” and “Compensation Discussion and Analysis.”

In 2013, on an advisory basis, our shareholders voted to take advisory votes on executive compensation on an annual basis. We have followed the guidance of our shareholders and annually request the approval on an advisory (non-binding) basis of the compensation of our named executive officers.

Our executive compensation programs are designed (i) to attract and retain well-qualified executives, (ii) to link executive officer compensation to the Company's financial performance, and (iii) to reward executive officers for creating shareholder value. We believe our executive compensation programs achieve these objectives.

The affirmative vote of a majority of votes cast at the Annual Meeting on this proposal is required to approve the advisory (non-binding) resolution on the compensation of the Company's named executive officers. Our Board and Executive Compensation Committee ("Executive Compensation Committee") value the opinions of our shareholders and will consider the outcome of the vote when making future compensation decisions regarding our named executive officers. Abstentions and broker non-votes will have no effect on the outcome of the proposal.

What are the Board's recommendations?

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote as recommended by the Board. The Board recommends a vote:

"For" the election of all nominees for director;

"For" the ratification of the selection of Moss Adams, LLP as our independent registered public accounting firm for 2015; and

"For" the non-binding resolution approving named executive officer compensation as disclosed in this Proxy Statement.

If any other matter is presented, your proxy holder will vote in accordance with the recommendation of the Board or, if no recommendation is given, in accordance with his or her best judgment. At the time this Proxy Statement went to press, we knew of no matters to be acted upon at the Annual Meeting other than those discussed in this Proxy Statement.

What are the costs of soliciting these Proxies?

The expense of printing and mailing proxy materials, including this Proxy Statement, the Form 10-K and the Annual Report, will be borne by the Company. In addition to the solicitation of proxies by mail, certain directors, officers and other employees of the Company solicit proxies by personal interview, telephone, facsimile or email. No additional compensation will be paid to such persons for such solicitation. The Company will reimburse brokerage firms and others for their reasonable expenses in forwarding solicitation materials to beneficial owners of the Company's Common Stock. We have contracted with Computershare and Broadridge Financial Solutions, Inc. to assist us in the distribution of materials and tabulation of the results.

How do I obtain a Form 10-K and/or an Annual Report?

The Company's consolidated and audited balance sheets for the years ended December 31, 2014 and 2013 and audited statements of income and cash flows for the years ended December 31, 2014, 2013 and 2012 are part of the Company's Form 10-K which accompanies this Proxy Statement.

Additional copies of the Form 10-K and Annual Report may be obtained for no cost upon written request to Samuel D. Jimenez, Executive Vice President and Chief Operating Officer at the Company's administrative offices, 1901 Churn Creek Road, Redding, California 96002, and are also available on our website at www.bankofcommerceholdings.com.

The Securities and Exchange Commission (the "SEC") maintains an internet site at <http://www.sec.gov> that includes the Company's SEC filings. Access to the Company's Form 10-K, quarterly reports on Form 10-Q, Current Reports on Form 8-K, and Section 16 reports by Company insiders are available free of charge as soon as they are filed with the SEC.

Interests of directors, nominees and executive officers in matters to be voted upon

No directors, nominees, or executive officers of the Company have a personal interest in the matters to be voted upon in this election other than, for directors, their desire to continue serving as directors. The vote respecting approval of executive compensation is non-binding, and a vote denying approval would not directly affect executive compensation but would be considered in future compensation decisions by the Board and the Executive Compensation Committee.

VOTING SECURITIES AND OWNERSHIP OF CERTAIN BENEFICIAL HOLDERS

Shareholders of record at the close of business on Wednesday, March 25, 2015 (the “Record Date”) are entitled to notice of and to vote at the Annual Meeting. As of the close of business on the Record Date, the Company had 13,362,290 shares of common stock (“Common Stock”) outstanding and entitled to vote. The Company’s Senior Non-Cumulative Perpetual Preferred Stock, Series B issued to the U.S. Treasury in connection with the Small Business Lending Fund carries no voting rights with respect to any matter to be acted upon at the Annual Meeting.

Each share of the Company’s Common Stock that you owned as of the Record Date entitles you to one vote except with respect to the election of directors. With respect to the election of directors, each holder of Common Stock may cumulate his, her, or its votes and is entitled to as many votes as shall equal the number of shares held by such shareholder multiplied by the number of directors to be elected. Such shareholder may cast all of his, her or its votes for a single candidate or may distribute such votes among any or all of the candidates. However, no shareholder shall be entitled to cumulate votes (in other words, cast for any candidate a number of votes greater than the number of shares of stock held by such shareholder) unless such candidates’ names have been placed in nomination prior to the voting and the shareholder has given notice at the meeting prior to the voting of the shareholder’s intention to cumulate votes. If any shareholder has given such notice, all shareholders may cumulate their votes for candidates in nomination. An opportunity will be given at the meeting prior to the voting for any shareholder who desires to do so to announce his, her or its intention to cumulate his, her or its votes. The proxy card indicates the number of votes that you have.

The following table shows, as of February 27, 2015, the amount of Company Common Stock directly owned (unless otherwise indicated) by:

each person or entity who is known by the Company to beneficially own more than five percent (5%) of the Company’s Common Stock,

each of the Company’s directors and nominees,

each of the named executive officers, and

all directors and named executive officers of the Company as a group.

We have determined beneficial ownership in accordance with the rules of the SEC which has defined beneficial ownership to mean more than ownership in the usual sense. In general, beneficial ownership includes (i) securities over which a director or executive officer is deemed to have voting or investment control, either directly or indirectly, and (ii) stock options or other rights that are exercisable currently or become exercisable within 60 days of February 27, 2015. Except as otherwise noted, we believe that the beneficial owners of the shares listed below, based on information furnished by such owners, have or share with a spouse voting and investment power with respect to the shares.

5% Shareholders

| Title of Class | Name and Address of Beneficial Owner | Amount and Nature of | Percent of |
|----------------|--|----------------------|------------|
| | | Beneficial Ownership | Class |
| Common Stock | Wellington Management Group LLP c/o Wellington Management Company LLP 280 Congress Street Boston, MA 02210 ⁽¹⁾ | 1,296,143 | 9.75% |

(1) According to the Schedule 13G/A filed on February 12, 2015.

Directors and Executive Officers

| Name and Address** of Beneficial Owner | Number of Shares of Common Stock Beneficially Owned | Percentage of Class | | |
|---|--|------------------------|---|--|
| Randall S. Eslick | 38,178 (5) | * | | |
| James A. Sundquist (1) | 7,116 (6) | * | | |
| Samuel D. Jimenez (2) | 59,646 (7) | * | | |
| Robert H. Muttera (3) | 65,831 (8) | * | | |
| Patrick J. Moty (4) | 116,433 (9) | * | | |
| Robert J. O'Neil. | 21,056 (10) | * | | |
| Orin N. Bennett | 76,264 (11) | * | | |
| Gary R. Burks | 9,132 (12) | * | | |
| Joseph Q. Gibson | 68,705 (13) | * | | |
| Jon W. Halfhide | 47,500 (14) | * | | |
| Linda J. Miles | 18,609 | * | | |
| David H. Scott | 101,975 (15) | * | | |
| Terence J. Street | 27,000 (16) | * | | |
| Lyle L. Tullis | 244,095 (17) | 1.83 | % | |
| All directors, named executive officers and beneficial owners as a group (14 persons) | 901,540 | 6.75 | % | |

*Represents less than 1% of outstanding common stock.

**The address for each Beneficial Owner except for Mr. Sundquist is 1901 Churn Creek Road, Redding, California 96002. Mr. Sundquist's address is 1430 Birchwood Lane, Sacramento, California 95822.

(1) Mr. Sundquist was appointed Executive Vice President and Chief Financial Officer effective December 1, 2014.

Mr. Jimenez served as Executive Vice President, Chief Operating Officer, and Chief Financial Officer from (2) December 19, 2013 to December 1, 2014. Effective December 1, 2014, Mr. Jimenez serves as Executive Vice President and Chief Operating Officer.

(3) Mr. Muttera was appointed Executive Vice President and Chief Credit Officer effective January 17, 2014.

(4) Mr. Moty retired effective December 31, 2014.

(5) Includes 18,000 options that could be exercised within 60 days from February 27, 2015.

(6) Includes 4,000 options that could be exercised within 60 days from February 27, 2015.

(7) Includes 15,500 options that could be exercised within 60 days from February 27, 2015.

(8) Includes 8,000 options that could be exercised within 60 days from February 27, 2015.

(9) Includes 36,000 options that could be exercised within 60 days from February 27, 2015.

(10) Includes 13,200 options that could be exercised within 60 days from February 27, 2015.

(11) Includes 58,264 shares held by the Bennett Family Revocable Trust, 2,000 shares held jointly with his spouse, and 16,000 options that could be exercised within 60 days from February 27, 2015.

(12) Includes 5,000 options that could be exercised within 60 days from February 27, 2015.

(13) Includes 900 options that could be exercised within 60 days from February 27, 2015.

(14) Includes 34,700 shares held by the Halfhide Family Trust of which Mr. Halfhide is co-trustee with his spouse and 12,800 options that could be exercised within 60 days from February 27, 2015.

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Includes 204 shares held individually by spouse, 7,711 shares in the Company's 401(k) retirement plan and (15) 16,819 shares in spouse's individual retirement account. Mr. Scott and his spouse pledged 76,041 shares of the Company's Common Stock to Umpqua Bank to secure a loan.

(16) Includes 2,000 shares held by Mr. Street's mother over which Mr. Street has power of attorney but for which he disclaims beneficial ownership.

(17) Includes 9,000 shares held individually by Mr. Tullis' spouse.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (“Exchange Act”), requires the Company’s directors and executive officers and persons who own more than ten percent of a registered class of the Company’s equity securities to file with the SEC initial reports of ownership and reports of changes of ownership of Common Stock and other equity securities of the Company. To the Company’s knowledge, based solely upon a review of such reports and written representations, the Company believes that all reports required by Section 16(a) of the Exchange Act to be filed by its executive officers and directors during the last fiscal year were filed in a timely manner.

INFORMATION ABOUT EXECUTIVE OFFICERS AND DIRECTORS

Executive Officers of the Company

The following table and narrative sets forth information with respect to the named executive officers of the Company, including their ages and employment history for the last five years.

| Name | Age | Position(s) |
|--------------------|-----|---|
| Randall S. Eslick | 57 | President and Chief Executive Officer |
| James A. Sundquist | 60 | Executive Vice President and Chief Financial Officer ⁽¹⁾ |
| Samuel D. Jimenez | 50 | Executive Vice President and Chief Operating Officer ⁽²⁾ |
| Robert H. Muttera | 61 | Executive Vice President and Chief Credit Officer ⁽³⁾ |
| Patrick J. Moty | 58 | Executive Vice President and Regional President, Redding Bank of Commerce ⁽⁴⁾ |
| Robert J. O’Neil | 59 | Senior Vice President and Regional President, Sacramento Bank of Commerce, a division of Redding Bank of Commerce |

(1) Mr. Sundquist was appointed Executive Vice President and Chief Financial Officer effective December 1, 2014.

Mr. Jimenez served as Executive Vice President, Chief Operating Officer, and Chief Financial Officer from

(2) December 19, 2013 to December 1, 2014. Effective December 1, 2014, Mr. Jimenez serves as Executive Vice President and Chief Operating Officer.

(3) Mr. Muttera was appointed Executive Vice President and Chief Credit Officer effective January 17, 2014.

(4) Mr. Moty retired effective December 31, 2014.

Randall S. Eslick, 57, has served as President and Chief Executive Officer of the Company since November 2013. Immediately prior, he served as Regional President of Roseville Bank of Commerce (now known as Sacramento Bank of Commerce, a division of Redding Bank of Commerce) from December 2005 to November 2013. From 2002 until December 2005, Mr. Eslick served as Senior Vice President and Regional Manager of Roseville Bank of Commerce. Mr. Eslick joined the Company in March 2001 as Senior Vice President and Commercial Loan Officer. Prior to joining the Company, Mr. Eslick served as Vice President and Commercial Loan Officer at another California independent financial institution. Mr. Eslick was appointed to the Board of the Company and to the board of directors of Redding Bank of Commerce in November 2013 when he assumed the role of President and Chief Executive Officer of the Company. As our Chief Executive Officer and a director, Mr. Eslick serves as the primary liaison between the Board and management and as the executive officer with overall responsibility for executing the Company's strategic plan.

James A. Sundquist, 60, has served as Executive Vice President, Chief Financial Officer and Principal Accounting Officer of the Company since December 1, 2014. Prior to joining the company, Mr. Sundquist had been retired since 2008. Mr. Sundquist has worked at several independent California financial institutions over the course of his career, and his title from 1998-2007 was Executive Vice President and Chief Financial Officer. From 1996-1998, he served as Executive Vice President and Chief Operating Officer, from 1984-1995 he served as Senior Vice President and Chief Financial Officer, and from 1979-1983 he served as Vice President and Controller. Prior to his bank service, Mr. Sundquist was a Certified Public Accountant from 1977-1979.

Samuel D. Jimenez, 50, has served as Executive Vice President and Chief Operating Officer of the Company since December 2013. Mr. Jimenez has served the Company in multiple capacities since 2003. He served as the Chief Financial Officer and Principal Accounting Officer of the Company from May 2009 to November 2014. He was promoted from Senior Vice President to Executive Vice President in March 2011, and in December 2013 was also appointed Chief Operating Officer. Prior to becoming Chief Financial Officer, he served as Vice President and Director of Risk Management of Redding Bank of Commerce beginning in September 2003 and was promoted from Vice President to Senior Vice President in February 2006. Mr. Jimenez was a Federal Deposit Insurance Corporation Examiner from 1992 to 2003. Mr. Jimenez is a Certified Public Accountant. Mr. Jimenez also serves as Assistant Corporate Secretary of the Company.

Robert H. Muttera, 61, has served as Executive Vice President and Chief Credit Officer of the Company since January 2014. Mr. Muttera served as Executive Vice President and Chief Credit Officer with several other California independent financial institutions from 2012-2013, 2000-2005 and from 1983-2000. He served as Senior Vice President at a commercial real estate advisory firm from 2006-2012, as Vice President and Senior Commercial Loan Officer of a California independent financial institution from 1979-1983, and as Senior Accountant and Certified Public Accountant of an international accounting firm from 1975-1979.

Patrick J. Moty, 58, served as Executive Vice President and Regional President of Redding Bank of Commerce, a position he held from November 2013 until his retirement effective December 31, 2014. Mr. Moty served as President and Chief Executive Officer of the Company from August 2007 to November 2013. Prior to becoming Chief Executive Officer, he served as Executive Vice President and Chief Credit Officer of the Company beginning in December 2005, as Senior Vice President and Chief Credit Officer of the Company beginning in 2000 and in various other roles beginning in 1985. Prior to joining the Company in 1985, Mr. Moty spent four years in lending at a large regional financial institution. Mr. Moty served as a director of the Company and Redding Bank of Commerce from 2007 to 2013 and as a director of Bank of Commerce Mortgage from 2009 to 2012.

Robert J. O'Neil, 59, has served as Senior Vice President and Regional President of Sacramento Bank of Commerce, a division of Redding Bank of Commerce, since December 2013. He served as Senior Vice President and Regional Credit Manager from 2008 to 2013 and as Vice President of Commercial Lending from 2002 to 2008. From 1986 to 2002, he served as a Senior Executive with another California independent financial institution, and from 1975 to 1986, he served in lending at a large regional financial institution.

Directors of the Company

Information regarding each of the current directors and director nominees is provided below, including each nominee's name, age as of the Record Date, the year first elected a director of the Company, principal occupation, and public company directorships and work history during the past five years. There are no family relationships among any of our directors or executive officers, nor are any of the corporations or organizations referenced in the biographical

information below a parent, subsidiary or affiliate of the Company. All directors of the Company currently serve as directors of Redding Bank of Commerce (“Redding Bank of Commerce”). Directors generally are appointed to serve on the Redding Bank of Commerce board for a one-year term prior to being eligible for election to the Company’s Board.

Orin N. Bennett

Mr. Bennett, 66, has been a director of Redding Bank of Commerce since September 2005 and of the Company since 2006.

Business Experience: Mr. Bennett is a registered Civil Engineer in California and Oregon. He formed a civil engineering business in 1995 that in 2008 became Bennett Engineering Services in Roseville, California which provides civil engineering services primarily in California. Mr. Bennett also is a partner in BD Properties, LLC, a real estate investment company. Mr. Bennett was employed by the international engineering firm of CH2M Hill prior to forming his own civil engineering business in 1979. Mr. Bennett’s knowledge of the Sacramento/Roseville market and his real estate experience provide valuable insight of the existing opportunities for a community bank to provide its services and operations and make his continued service to the Board a valuable asset.

Other Public Company Directorships: None.

Committees: Mr. Bennett serves on the Executive, Executive Compensation, Long-Range Planning, and Nominating and Corporate Governance committees of the Board. He also serves as Chairman of the Redding Bank of Commerce Loan Committee.

Gary R. Burks

Mr. Burks, 60, has been a director of Redding Bank of Commerce since June 2007 and of the Company since 2008.

Business Experience: Mr. Burks has been Vice President and General Manager of Foothill Distributing Company, Inc. (an Anheuser-Busch wholesale company) in Redding since October 1991 and has twenty years of experience on its board. He currently volunteers as a Loaned Executive for the Greater Redding Chamber of Commerce and serves on the Board of Directors of the Redding Colt 45s, a collegiate baseball team. He served as president of Redding Rotary from 1991 to 1992, and he was an Executive Board member of the Redding Chamber of Commerce from 1985 to 1991. Mr. Burks' experience in running a large-scale company and his involvement in many academic and community activities make him a valuable member of the Board.

Other Public Company Directorships: None.

Committees: Mr. Burks serves as Chairman of the Nominating and Corporate Governance Committee and also serves on the Audit, Executive Compensation and Long-Range Planning committees of the Board.

Randall S. Eslick

Mr. Eslick, 57, has been a director of the Company and Redding Bank of Commerce since November 2013.

Business Experience: Please see above in "Executive Officers of the Company." Mr. Eslick joined the Company in 2001. He serves on the board of directors of River Oak Center for Children and is its former president of the board. His experience with the Company, extensive career in banking, and reputation in the community make him a valuable

member of the Board.

Other Public Company Directorships: None.

Committees: Because Mr. Eslick is an employee of the Company and is therefore not independent, he is not a member of any Company committee. Mr. Eslick is an invited guest at all committee meetings; however, he does not participate in any portion of a meeting during which his compensation is discussed. Mr. Eslick presently serves on the ALCO, CRA, Loan and Long-Range Planning committees of Redding Bank of Commerce.

Joseph Q. Gibson

Mr. Gibson, 67, has been a director of Redding Bank of Commerce since November 2009 and of the Company since 2010.

Business Experience: Mr. Gibson has thirty-seven years of experience in business management. He was a teacher and administrator for Anderson Union High School from 1973 to 2003, and he has been an owner of SFI Insurance, Inc. since 1992. He currently serves on the Anderson Union High School Board, Shasta College Foundation Board, Shasta Trinity Regional Occupation Program Board, and Shasta Historical Society Board. He is past President of Riverview Golf and Country Club, and he was president of the Anderson Rotary from 2002 to 2003. Mr. Gibson's extensive experience in the insurance industry as well as his experience working with various organizations involved in academic and community activities make him a valuable member of the Board.

Other Public Company Directorships: None.

Committees: Mr. Gibson presently serves on the Long-Range Planning committee of the Board. He also serves the Redding Bank of Commerce board as Chairman of the CRA Committee and as a member of the ALCO Committee.

Jon W. Halfhide, CPA

Mr. Halfhide, 57, has been a director of Redding Bank of Commerce since July 2005 and of the Company since 2006. He was appointed Vice Chairman of the Board in February 2013.

Business Experience: Mr. Halfhide is currently a health care consultant and serves on the board of directors and on the Investment and Audit Committees of Shasta Regional Community Foundation. From January 2000 to January 2013, Mr. Halfhide served as president of Dignity Healthcare North State Service Area and St. Elizabeth Community Hospital. He has over thirty years of management experience with Dignity Healthcare and has served in the capacity of Controller, Chief Financial Officer and Chief Executive Officer with Dignity Health North State. Mr. Halfhide also served on the non-profit board of directors of Mercy Foundation North and Catholic Healthcare West North State and the non-profit board of directors of the Tehama County Economic Development Corporation. Mr. Halfhide's vast experience as a certified public accountant, his knowledge of running a health care facility, his designation as an audit committee financial expert, and his involvement in community activities makes his continued service to the Board a valuable asset.

Other Public Company Directorships: None.

Committees: Mr. Halfhide serves as Chairman of the Executive Compensation Committee. He also serves on the Audit Committee and meets the criteria of an audit committee financial expert under the SEC rules. Mr. Halfhide serves on the Executive and Long-Range Planning committees of the Board and is Chairman of the Redding Bank of Commerce ALCO Committee.

Linda J. Miles

Ms. Miles, 61, has been a director of Redding Bank of Commerce since July 2013 and of the Company since May 2014.

Business Experience: Ms. Miles served as Executive Vice President and Chief Operating Officer of the Company and Redding Bank of Commerce from May 2009 until her retirement in February 2013. From January 1996 to April 2009, she served as Executive Vice President and Chief Financial Officer of the Company. From October 1989 to December 1995, she served as Senior Vice President and Chief Financial Officer of the Company. Before joining the Company, Ms. Miles was Senior Vice President and Chief Financial Officer at another California independent financial institution. Ms. Miles served as a director of Bank of Commerce Mortgage from May 2009 until the company was

sold in 2012. Ms. Miles' institutional knowledge, community banking experience and extensive history with the Company make her a valuable member of the Board.

Other Public Company Directorships: None.

Committees: As a director of Redding Bank of Commerce, Ms. Miles serves on the ALCO and CRA Committees.

David H. Scott, CPA

Mr. Scott, 71, has been a director of Redding Bank of Commerce since April 1997 and of the Company since May 1997.

Business Experience: Mr. Scott is the founding partner of D.H. Scott & Company, LLP, a public accounting firm, which is a position he has held since June 1986. He also serves on the non-profit Economic Development Corporation of Shasta County and the Shasta Historical Society. Mr. Scott's experience in public and private business, his extensive experience in the field of public accounting and his vast experience working with various organizations in many aspects of the financial process offers a valuable perspective to our Board.

Other Public Company Directorships: None.

Committees: Mr. Scott serves as Chairman of the Audit Committee and as a member of the Executive and Long-Range Planning committees of the Board. The Board has determined that Mr. Scott meets the criteria of an audit committee financial expert under SEC rules. Mr. Scott also serves as the Corporate Secretary of the Company. Mr. Scott is a member of the ALCO and Loan Committees of Redding Bank of Commerce.

Terence J. Street

Mr. Street, 60, has been a director of Redding Bank of Commerce since August 2012 and of the Company since May 2013.

Business Experience: Mr. Street is the general manager of the general contracting division of Clark Pacific and is the past President of Roebbelen Contracting, Inc. located in El Dorado Hills, California. Mr. Street serves as Chairman of the Board of United Labor Bank and serves on the non-profit board of directors of Mercy Foundation Sacramento and of Cristo Rey High School. He recently retired from the Catholic Foundation of the Sacramento Dioceses. He is also a past director of the Construction Employers' Association and is past Chairman of the Board of Trustees of Jesuit High School. Mr. Street's business acumen, integrity, leadership and knowledge of the Sacramento market as well as his community service make him a valuable member of the Board.

Other Public Company Directorships: None.

Committees: Mr. Street serves on the Audit, Long-Range Planning, and Nominating and Corporate Governance committees of the Board. He also serves on the Loan Committee of Redding Bank of Commerce.

Lyle L. Tullis

Mr. Tullis, 65, has been a director of Redding Bank of Commerce and the Company since May 2003. Mr. Tullis was appointed Chairman of the Board of the Company and Redding Bank of Commerce in February 2013.

Business Experience: Since February 1976, Mr. Tullis has served as president of Tullis Inc., a general engineering construction company. Mr. Tullis is the past District Chairman of the Eureka and Shasta Districts of the Associated General Contractors of California. Mr. Tullis' extensive business experience, which includes project financing, budgets, bidding and oversight of the final project, and his involvement in local community activities make him a valuable member of our Board.

Other Public Company Directorships: None.

Committees: Mr. Tullis serves as Chairman of the Executive Committee, Chairman of the Long-Range Planning Committee, and is a member of the Audit, Executive Compensation, and Nominating and Corporate Governance committees of the Board. He is also a member of the ALCO and Loan committees of Redding Bank of Commerce.

THE BOARD, BOARD COMMITTEES AND GOVERNANCE MATTERS

Corporate Governance Guidelines

The Board is committed to sound and effective corporate governance principles and practices. The Board has adopted corporate governance guidelines to provide the framework for the governance of the Company. These guidelines set forth director qualifications and standards of independence and mandate that at least a majority of the Board and all the members of the Audit, Executive Compensation and the Nominating and Corporate Governance committees meet the criteria for independence as discussed below.

Highlights of our corporate governance practices are described below. To fulfill its role, the Board, acting directly or through a Board committee, must perform the following primary functions:

Oversee the conduct of the Company's business to evaluate whether or not the Company is being properly managed;

Review and, where appropriate, approve the Company's major financial objectives, strategic plans and actions;

Review and, where appropriate, approve major changes in and determinations of other major issues respecting the appropriate auditing and accounting principles and practices to be used in the preparation of the Company's financial statements;

Assess major risk factors relating to the Company and its performance, and review measures to address and mitigate such risks;

Evaluate regularly the performance and approve the compensation of the Chief Executive Officer and, with the advice of the Chief Executive Officer, evaluate regularly the performance of principal senior executives; and

Plan for succession of the Chief Executive Officer and monitor management's succession planning for other key executives.

In discharging these obligations, directors are entitled to rely reasonably on the honesty and integrity of their fellow directors, the Company's executive officers, and the Company's outside advisors and auditors. Directors shall be entitled to reasonable directors' and officers' liability insurance obtained on their behalf, the benefits of indemnification to the fullest extent permitted by law under the Company's articles, bylaws and any indemnification agreements, and exculpation as provided by state law and the Company's articles.

Executive Officers

The Board recognizes that the actual management of the business and affairs of the Company are conducted by the Chief Executive Officer and other senior executives under his supervision and that, in performing the management function, the Chief Executive Officer and other senior executives are obliged to act in a manner that is consistent with the oversight functions and powers of the Board and the standards of the Company and to execute any specific plans, instructions or directions of the Board.

The Board is committed to maintaining an independent Board. To that end, it has been the practice of the Company to separate the duties of Chairman and Chief Executive Officer. At this time, the Board believes that the separation of duties of Chairman and Chief Executive Officer eliminates any inherent conflict of interest that may arise when the roles are combined and that an independent director who is not serving as an executive of the Company can best provide the necessary leadership and objectivity required as Chairman.

Code of Ethics and Corporate Governance Documents

The Board has adopted a Code of Ethics that applies to all of our directors, officers and staff including our principal executive officer and principal financial officer, or any person serving in that capacity. The Code of Ethics embodies our commitment to high standards of ethical and professional conduct. All directors, officers and staff are required to annually certify that they have read and complied with the Code of Ethics. The Code of Ethics consists of basic

standards of business practice as well as professional and personal conduct. You may access our Code of Ethics and the current charters of the Audit Committee, Executive Compensation Committee, and Nominating and Corporate Governance Committee, as well as our articles and bylaws, by visiting our corporate website at www.bankofcommerceholdings.com or by writing Bank of Commerce Holdings, Attention: Corporate Secretary, 1901 Churn Creek Road, Redding, California 96002.

Board Leadership Structure and Role in Risk Oversight

The Board is committed to maintaining an independent Board. To that end, it has been the practice of the Company to separate the duties of Chairman and Chief Executive Officer. At this time, the Board believes that the separation of duties of Chairman and Chief Executive Officer eliminates any inherent conflict of interest that may arise when the roles are combined and that a non-employee director who is not serving as an executive of the Company can best provide the necessary leadership and objectivity required as Chairman.

The Board has ultimate authority and responsibility for overseeing risk management of the Company. Some aspects of risk oversight are fulfilled at the full Board level. Additionally, the Board, or a committee of the Board, receives specific periodic reports from executive management on credit risk, liquidity risk, interest rate risk, capital risk, operational risk and economic risk. The Audit Committee oversees financial, accounting and internal control risk management. The head of the Company's internal audit function and the independent registered public accounting firm report directly to the Audit Committee. The Executive Compensation Committee oversees the management of risks that may be posed by the Company's compensation practices and programs.

Chairman of the Board

The Board appoints one of its members to serve as the Chairman of the Board. The offices of Chairman and Chief Executive Officer are not held by the same individual. The Chairman chairs all regular sessions of the Board and, with input from the Chief Executive Officer to the extent appropriate, sets the agenda for Board meetings, subject to the right of each board member to suggest agenda items.

Director Qualifications

The Board must consist of a majority of directors who meet the independence criteria under NASDAQ listing standards and as adopted by the Board.

Qualifications: A director should possess personal and professional integrity, have good business judgment, and relevant experience and skills to be an effective director in conjunction with the full Board in collectively serving the long-term interests of the Company's shareholders. Directors should be committed to devoting sufficient time and energy to diligently performing their duties as directors.

Size of Board: The exact number of directors shall be fixed from time to time by the Board within the requirements of the Company's articles and bylaws. In March 2015, the Board determined that the appropriate size of the Board would be nine (9) members.

Selection Process: In accordance with the policies and principles in its charter, the Nominating and Corporate Governance Committee (the "Nominating and Corporate Governance Committee") is responsible for identifying and recommending potential director nominees to the Board for its approval when there is a vacancy on the Board and for each annual meeting of shareholders. The Chairman of the Nominating and Corporate Governance Committee and the Chairman of the Board will extend an invitation to the potential director nominee to join the Board.

Resignation from the Board: An individual director should offer his or her resignation in the event the director's principal occupation or business association changes substantially from the position he or she held when originally invited to join the Board. The Board should consider the continued appropriateness of the director's membership on the Board under the changed circumstances, and then the Board should determine whether or not to accept the director's resignation. Also, a director should tender a resignation in the event there is a substantial conflict of interest between the director and the Company or the Board and such conflict cannot be resolved to the satisfaction of the Board.

Retirement from the Board: A director must retire from the Board upon reaching the age of seventy-two (72). At the discretion of the Board, terms may be extended once for a period of one year for specific business needs and in the interest of continuity.

Director Orientation and Continuing Education

All new directors participate in an orientation program during their first year as a director. As part of the orientation, each director receives a copy of the Directors Policy Manual and copies of the Company's articles and bylaws. Orientation also includes presentations by senior management to familiarize new directors with our strategic plans, significant financial, accounting and risk management issues, compliance programs, and conflict policies. Each director is required to review and sign the Company's Insider Trading Policy and the Code of Ethics. A new director will attend a meeting with the Chief Executive Officer and Chief Financial Officer to be briefed on Board reports, significant financial, accounting and risk management issues, and current and potential projects.

All directors receive annual director education in subjects relevant to the duties of a director, including the study of corporate governance best practices and ethics. The Board requires directors to participate in continuing education programs and reimburses directors for the expenses of such participation. All directors have successfully completed or are in the process of completing the Directors Certification Program sponsored by the California Bankers Association.

Board Attendance and Annual Meeting Policy

Directors are expected to attend each annual shareholders meeting, all Board meetings and all meetings of committees on which they serve. Directors are expected to devote an adequate amount of time and effort to properly discharge their responsibilities. Information and data are important to the Board's understanding of the business, and the Company distributes materials to the directors sufficiently in advance of each meeting to permit their review.

The Board held twelve (12) meetings during 2014. All directors attended at least seventy-five percent (75%) of the aggregate number of meetings of the Board and of the committees on which such director serves with the exception of Mr. Street who attended seventy-one percent (71%). All directors except Mr. Halfhide were present at the 2014 annual meeting.

**DIRECTOR INDEPENDENCE;
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Director Independence

The Nominating and Corporate Governance Committee has reviewed the applicable legal standards for Board and Board committee member independence and the criteria applied to determine audit committee financial expert status. The Nominating and Corporate Governance Committee has also reviewed a summary of the answers to annual questionnaires completed by each of the directors, which questionnaires include any potential director-affiliated transactions.

The Board has analyzed the independence of each director and nominee and has determined which nominees and members of the Board meet the standards regarding independence required by applicable law, NASDAQ listing standards, and SEC regulations and whether or not each such director nominee is free of relationships that would interfere with the individual exercise of independent judgment. In determining the independence of each director, the Board considered many factors, including any loans to the directors, each of which (i) were made in the ordinary course of business; (ii) were substantially made on the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with persons not related to the Company or the Company's bank subsidiaries; and (iii) did not involve more than the normal risk of collectability or present other unfavorable features. Such arrangements are discussed in detail in the section entitled "Certain Relationships and Related Transactions."

Based on these standards, the Board has determined that each of the following non-employee directors and director nominees is independent:

| | |
|----------------------|---------------------|
| Orin N. Bennett | David H. Scott, CPA |
| Gary R. Burks | Terence J. Street |
| Joseph Q. Gibson | Lyle L. Tullis |
| Jon W. Halfhide, CPA | |

Randall S. Eslick, who serves as the President and Chief Executive Officer of the Company, is not independent because he is currently an executive officer of the Company. Linda J. Miles is not independent because she was employed by the Company during the past three years.

All of the members of the Executive Compensation Committee, Nominating and Corporate Governance Committee, and Audit Committee are independent.

Compensation Committee Interlocks and Insider Participation

During 2014, our Executive Compensation Committee consisted of Jon W. Halfhide (chairman), Orin N. Bennett, Gary R. Burks and Lyle L. Tullis. During 2014, none of our executive officers served on the compensation committee (or equivalent body) or board of directors of another entity whose executive officers served on the Executive Compensation Committee of the Board.

Directors' Access to Officers, Employees and Independent Advisors

Directors are encouraged to keep themselves informed with regard to the Company and its operations. Directors have full and free access to Company officers and employees. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive Officer, Chief Financial Officer or directly by the director. Directors shall use their judgment to ensure that any such contact is not disruptive to the Company's business operations and shall, to the extent that it is appropriate, copy the Chief Executive Officer on any written communications between a director and a Company officer or employee.

Communications with the Board of Directors

The Board has established a process for shareholders and other interested parties to communicate with independent members of the Board or a specific committee. Parties may communicate with the Board by sending a letter to Bank of Commerce Holdings, Attention: Corporate Secretary, 1901 Churn Creek Road, Redding, California 96002.

Certain Relationships and Related Transactions

Policy and Procedures on Related Person Transactions

The Company adopted its Code of Ethics to promote a "tone at the top" of the highest ethical standards within the Company. The Code of Ethics requires all Company personnel to make immediate disclosure of situations that might create a conflict of interest, or the perception of a conflict of interest, which include transactions involving entities with which such personnel are associated. The Board recognizes that related-party transactions present a heightened risk of conflicts of interest and/or improper valuation, or the perception thereof. Such transactions, after full disclosure of the material terms to the Board, must be approved by the members of the Board who are not parties to the specific transaction. The Board shall determine whether or not the transactions are just and reasonable to the Company at the time of such approval, with those members of the Board, if any, who have an interest in the transaction abstaining. Such procedures are consistent with the terms of California corporate law. The Company has a Regulation O Policy relating to loans to insiders and other related-party transactions.

Lending and Other Ordinary Business Transactions

During 2014, almost all of our directors, as well as some of their respective family members and/or affiliated entities, engaged in loan transactions and/or had other extensions of credit in the ordinary course of business with our banking subsidiary. All of these transactions were on substantially the same terms, including interest rates, collateral and repayment and other terms, as those available at the time for similar transactions with unrelated parties. None of these loans or credit transactions involves more than the normal risk of collectability or presents other unfavorable features.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board has established, among others, a standing Audit and Qualified Legal Compliance Committee (the “Audit Committee”), an Executive Compensation Committee, and a Nominating and Corporate Governance Committee. All members of these three committees meet the applicable standards of independence defined by the NASDAQ listing standards and SEC regulations. In addition, the members of the Executive Compensation Committee meet the applicable standards of independence defined by IRS regulations. All directors participate in the long-range planning of the Company.

You may access the current charters of the Audit Committee, Executive Compensation Committee, and Nominating and Corporate Governance Committee, as well as our articles and bylaws, by visiting our corporate website at www.bankofcommerceholdings.com or by writing Bank of Commerce Holdings, Attention: Corporate Secretary, 1901 Churn Creek Road, Redding, California 96002.

Information about each of these three committees of the Board, its members who served during 2014, the committee’s purpose, and the number of meetings held in 2014 follows.

Audit Committee

Members: David H. Scott, Chairman Terence J. Street
Gary R. Burks Lyle L. Tullis
Jon W. Halfhide

Purpose: To assist the Board in fulfilling its responsibilities to oversee management activities related to accounting and financial reporting policies, internal controls, auditing practices, and legal and regulatory compliance; to review and discuss the integrity of the Company's financial statements and the adequacy and reliability of disclosures to shareholders; to review the qualifications and independence of the outside accountants and the performance of internal and external accountants; to prepare the committee report included in the Company's annual proxy statement in accordance with SEC rules; to act as the qualified legal compliance committee of the Company in accordance with its charter; and to perform the audit committee and fiduciary audit committee functions on behalf of the Company in accordance with federal banking regulations. The Board has determined that David H. Scott, CPA, and Jon W. Halfhide, CPA, are "audit committee financial experts" as defined by SEC rules and the NASDAQ listing standards and are independent as defined by the SEC rules and NASDAQ listing standards.

Number of meetings in 2014: 10

Executive Compensation

Committee

Members: Jon W. Halfhide, Chairman Gary R. Burks
Orin N. Bennett Lyle L. Tullis

Purpose: To discharge the Board's responsibilities relating to compensation of the Company's executive officers, including a review of the impact of the compensation policies on the Company's risk exposure; to review the

Compensation Discussion and Analysis and to recommend inclusion of such disclosure in the Company's annual proxy statement; to conduct the annual chief executive officer performance evaluation process; to evaluate and approve compensation plans, policies, and programs of the Company applicable to executive officers; and to oversee management and director succession planning.

Number of meetings in 2014: 6

Nominating and Corporate

Governance Committee

Members: Gary R. Burks, Chairman Terence J. Street
Orin N. Bennett Lyle L. Tullis

Purpose: To assist the Board by identifying individuals qualified to become Board members and to recommend to the Board nominees for director and director nominees for each committee; to recommend to the Board the corporate governance guidelines of the Company and to oversee an annual review of the Board's performance; to recommend to the Board a determination of each non-management director's independence under applicable rules and guidelines.

Number of meetings in 2014: 2

THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE AND NOMINATIONS FOR DIRECTOR

The Nominating and Corporate Governance Committee of the Board has been delegated the responsibility to identify, evaluate, and recommend for nomination candidates for election as directors. Each of the members of the Nominating and Corporate Governance Committee has been determined to be independent as defined by the SEC rules and NASDAQ listing standards.

The goal of the Nominating and Corporate Governance Committee's nominating process is to assist the Company in attracting competent individuals with the requisite management, financial and other expertise who will serve as directors and act in the best interests of the Company and all its shareholders. The Nominating and Corporate Governance Committee consults with other Board members, the Company's Chief Executive Officer, and other Company personnel in this process. The Nominating and Corporate Governance Committee will consider an individual recommended by a shareholder for nomination as a director provided the shareholder making the recommendation follows the procedures for submitting a proposed nominee's name and provides the required information described below.

Director Qualifications and the Nomination Process

The Nominating and Corporate Governance Committee regularly reviews the composition of the Board in light of its understanding of the backgrounds, industry, and professional experience, and the various communities, both geographic and demographic, represented by the current members. It also monitors the expected service dates of Board members, any planned retirement dates, and other anticipated events that may affect a director's continued ability to serve. The Nominating and Corporate Governance Committee periodically reviews Board self evaluations and information with respect to the business and professional expertise represented by current directors in order to identify any specific skills desirable for future Board members.

The Board has approved certain minimum standards for first-time director candidates, and the Nominating and Corporate Governance Committee has developed a process for identifying and evaluating first-time nominees in light of these standards and other such factors as the Nominating and Corporate Governance Committee deems appropriate. These standards, and the Nominating and Corporate Governance Committee's evaluation process, apply to all first-time director nominees, including those nominees recommended by shareholders. This process is based on the Nominating and Corporate Governance Committee's familiarity with the composition of the current Board, its awareness of anticipated openings, and its assessments of desirable talents or expertise.

The Board has approved the following minimum qualifications for first-time nominees for director, including nominees recommended by shareholders, for election to the Company's Board: (i) a demonstrated breadth and depth of management and/or leadership experience, preferably in a senior leadership role (i.e. chief executive officer, managing partner, president, chief financial officer); (ii) financial literacy or other professional or business experience relevant to an understanding of the Company and its business; and (iii) a demonstrated ability to think and act independently and work constructively in a group environment. The Nominating and Corporate Governance Committee will determine, in its sole discretion, whether or not a nominee meets these minimum qualifications. The Nominating and Corporate Governance Committee does not assign specific weights to particular criteria, and no particular criterion is necessarily applicable to all prospective nominees. The Company believes that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities. Nominees are not discriminated against on the basis of race, religion, national origin, sexual orientation, disability or any other basis proscribed by law.

The Nominating and Corporate Governance Committee also will consider if such candidate meets the independence standards defined by NASDAQ, the SEC rules, and any additional requirements imposed by law or regulation on the members of the Audit, Executive Compensation, and the Nominating and Corporate Governance Committees of the Board.

Following the initial review, the Nominating and Corporate Governance Committee arranges an introductory meeting with the candidate and the Company's Chief Executive Officer, Chairman of the Board, and in some cases with additional directors, to determine the candidate's interest in serving on the Board.

The Nominating and Corporate Governance Committee, together with several members of the Board and the Chief Executive Officer, then conducts a comprehensive interview with the candidate. The individual will be asked to provide the information required to be disclosed in the Company's proxy statement.

Assuming a satisfactory conclusion to the process outlined above, the Nominating and Corporate Governance Committee then presents the candidate's name to the Board for election as a director.

Director Nominations by Shareholders

A shareholder who wishes to submit an individual's name for consideration by the Nominating and Corporate Governance Committee for nomination as a director of the Company at the 2016 annual meeting must deliver such nomination to the Company's Secretary no later than December 2, 2015 and provide (i) the shareholder's name, address and the number of shares of the Company's Common Stock beneficially owned by the shareholder; (ii) the name of the proposed nominee and the number of shares of the Company's Common Stock beneficially owned by the nominee; (iii) sufficient information about the nominee's experience and qualifications for the Nominating and Corporate Governance Committee to make a determination about whether or not the individual would meet the minimum qualifications for directors; and (iv) such individual's written consent to serve as a director of the Company, if elected. The Nominating and Corporate Governance Committee has the right to request, and the shareholder will be required to provide, such additional information with respect to the shareholder nominee as the Nominating and Corporate Governance Committee may deem appropriate or desirable to evaluate the proposed nominee in accordance with the nomination process described above, including the information about the proposed nominee that is required to be disclosed by the Company in its proxy statement under Regulation 14A of the Exchange Act.

INFORMATION ON DIRECTOR AND EXECUTIVE COMPENSATION

Executive Compensation

Compensation Discussion and Analysis

This Compensation Discussion and Analysis describes our executive compensation philosophy and objectives. The tables that follow present the compensation paid in 2014 to our named executive officers. When we refer to the named executive officers, we mean the following six individuals:

Randall S. Eslick, President and Chief Executive Officer (our Principal Executive Officer)

James A. Sundquist, Executive Vice President and Chief Financial Officer (our Principal Financial and Accounting Officer) ⁽¹⁾

Samuel D. Jimenez, Executive Vice President and Chief Operating Officer ⁽²⁾

Robert H. Muttera, Executive Vice President and Chief Credit Officer ⁽³⁾

Patrick J. Moty, Executive Vice President and Regional President, Redding Bank of Commerce ⁽⁴⁾

Robert J. O'Neil, Senior Vice President and Regional President, Sacramento Bank of Commerce, a division of Redding Bank of Commerce

(1) Mr. Sundquist was appointed Executive Vice President and Chief Financial Officer effective December 1, 2014.

(2) Mr. Jimenez served as Executive Vice President, Chief Operating Officer, and Chief Financial Officer from December 19, 2013 to December 1, 2014. Effective December 1, 2014, Mr. Jimenez serves as Executive Vice President and Chief Operating Officer.

(3) Mr. Muttera was appointed Executive Vice President and Chief Credit Officer effective January 17, 2014.

(4) Mr. Moty retired effective December 31, 2014.

Please see the section titled "Information about Executive Officers and Directors – Executive Officers of the Company" for a full explanation regarding the named executive officers and the effective dates of their respective positions.

Strategic Role of Executive Compensation

In 2013, on an advisory basis, our shareholders voted to take advisory votes on executive compensation on an annual basis. We have followed the guidance of our shareholders and annually request the approval on an advisory (non-binding) basis of the compensation of our named executive officers.

The Executive Compensation Committee evaluates the Company's executive compensation programs in light of market conditions, shareholder views, and governance considerations and makes changes as appropriate. As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act, we held an advisory vote on the compensation of our executive officers (the "say-on-pay proposal") at the 2014 annual shareholders meeting. Our shareholders overwhelmingly approved the compensation of our named executive officers, with 88.39% of shareholder votes cast in favor of the say-on-pay proposal. As the Executive Compensation Committee evaluated the Company's compensation programs in 2014, it took into account our shareholders' vote of confidence in our executive compensation program as described below to ensure a continued link of pay to performance.

The Board of the Company strives to ensure that its compensation programs and practices are consistent with the strategic goals and objectives of the Company and that they maintain the Company's high standards of effective corporate governance. The Board has appointed the Executive Compensation Committee to play a central role in formulating our compensation philosophy and programs and in making pay decisions for our executive officers. The compensation programs include elements that are designed specifically for the executive officers, which include the Chief Executive Officer, Chief Financial Officer and other executives who are or who may become "named executive officers" as defined by Item 402(a) of Regulation S-K.

The Company's executive compensation philosophy and programs play an important role in achieving the objective of long-term growth in shareholder value. As a guiding principle, we design our compensation programs to reward our executive officers for recent performance and to motivate them to achieve strong future performance for the Company and long-term value for our shareholders. All material executive compensation actions taken by the Executive Compensation Committee are ratified by the full Board.

In keeping with our long-term Company goal and our efforts to increase shareholder value and align executive compensation with performance, the Executive Compensation Committee has taken certain actions over the years including:

Developed the Company's executive compensation philosophy of "pay for performance" that is competitive in the market place, while keeping compensation opportunities and payouts reasonable and not excessive;

Established performance-based awards in the Company's annual Variable Incentive Award Program ("Variable Incentive Award Program");
Retained independent compensation consultants to advise on executive compensation issues and assist the Executive Compensation Committee in developing appropriate programs;
Reviewed and approved industry-specific Peer Group information for more thorough performance comparisons; and
Designed and updated a clearly defined competitive pay strategy aligning goals with shareholder value.

It is the responsibility of the Executive Compensation Committee to:

Establish and semi-annually review and approve policies regarding executive compensation programs and practices;
Establish and administer annual and long-term incentive compensation plans for the executive officers;
Recommend to the Board for its approval, and submission to the Company's shareholders when appropriate, incentive compensation plans and equity-based plans;
Review and approve all executive officer employment, compensation and retirement agreements;
Recommend to the Board for its approval changes to executive officer compensation policies and programs; and
Exercise appropriate oversight regarding compliance with the provisions of the applicable governing laws and regulations.

Executive Compensation Objectives

To attract and retain talented management with proven skills and experience, the Company must offer a compensation program that compares favorably with those offered by other peer financial and non-financial companies with which we compete for a limited pool of highly qualified executive talent. To sustain our financial performance, the Company believes that we should closely link compensation to our long-term performance and, for those executive officers responsible for business divisions, to the performance of their division.

Based on the Company's philosophy to link compensation to Company, business, and individual performance, our compensation programs for our executive officers are built upon three objectives:

1. To compete favorably with our peers in attracting and retaining qualified individuals as executive officers by offering competitive pay.

2. To "pay for performance" by compensating our executive officers based upon:

a) The Company's performance compared to Peer Group performance; and

b) The division performance for those executive officers who manage divisions.

3. To align the interests of our shareholders and our executive officers by generally using stock awards for long-term compensation so our executive officers benefit only if our stock price rises and our shareholders are similarly rewarded.

Executive Compensation Components

Executive officer compensation for 2014 included the following elements:

| <u>Pay Element</u> | <u>What the Pay Element Rewards</u> | <u>Description of and Purpose of the Pay Element</u> |
|---------------------------|--|--|
| Base Salary | Core competence in the executive's role relative to skills, years of experience and contributions to the | Provides for fixed compensation based on competitive market salary levels. |

| | | |
|-----------------------------|--|--|
| Annual Cash | Company. Contributions toward the Company's achievement of specified | Provides focus on meeting annual goals that lead to the long-term success of the Company; stresses annual |
| Incentives | profitability, growth, and credit quality. | performance-based cash incentive compensation and motivates achievement of critical annual performance metrics. |
| Long-Term Incentives | The Company's stock performance and continued employment with the Company during a five-year vesting period. | Stock Options/Restricted Stock: Increase executive ownership in the Company and retention in a challenging business environment and competitive labor market. Emphasizes positive long-term performance. |
| | | The Company's employee benefit plans are available to eligible employees, including the executives, to reward long-term service to the Company and include both tax-qualified and nonqualified retirement plans. |
| | Encourages retention of executives for the balance of his/her career. | |
| Retirement | | The Company offers a qualified 401(k) program that the executives are eligible to participate in. |
| Benefits | The SERP is a nonqualified, noncontributory plan that provides the executives with retirement | |
| | benefits. | Provides a tax-deferred retirement savings plan subject to IRS limitations on qualified plans. |
| | | The SERP provides retirement benefits for the executives commensurate with those available to comparable peer executives. |

| | | |
|--|---|---|
| <p>Health and Welfare Benefits</p> | <p>Executives participate in employee benefit plans generally available to all employees, including disability plans, time off for vacation and personal absences, and medical, health, and life insurance.</p> | <p>These benefits are part of a broad-based competitive total compensation program.</p> |
| <p>Additional Benefits and Perquisites</p> | <p>Active participation in business promotional activities on behalf of the Company.</p> | <p>Certain executives are provided an auto allowance to promote Company business in the Company's market. Club memberships have been approved for certain executives to promote the Company's business.</p> |
| <p>Change-in-Control and Termination Benefits</p> | <p>Certain agreements between the Company and certain employees provide severance benefits if an executive's employment is terminated after a change in control.</p> | <p>Change-in-control severance benefits are designed to retain the executives and provide continuity of management in the event of an actual or threatened change in control.</p> |

Overview of Compensation and Process

Base salaries are set for our executive officers annually at the regularly scheduled meetings of the Executive Compensation Committee between the months of December and April.

At those meetings, the Executive Compensation Committee also reviews and recommends the Variable Incentive Award Program award opportunities for the new fiscal year and recommends stock awards for the Company's executive officers and certain other eligible employees.

It is the practice of the Executive Compensation Committee to periodically review the history of all the elements of each executive officer's total compensation over previous years and compare the compensation of the executive officers with that of the executive officers in an appropriate market place and peer group.

In May 2012, the Executive Compensation Committee contracted with McLagan, a leading performance/reward consulting firm for the financial services industry. The Executive Compensation Committee engaged McLagan to review compensation for eight officers at the Company and to review director fee compensation so that total cash compensation would be at or above the 50th percentile of the Peer Group when target performance goals are achieved and at or above the 75th percentile when maximum performance goals are achieved. Compared to the proxy data, salaries for the top six officers as a group are 8% below the market median. In comparison to our Peer Group, profitability (ROAA, ROAE and efficiency ratio) is at or near the 75th percentile. Net interest margin and core EPS growth are near the 25th percentile. A summary of the findings indicate that, overall, (i) salaries are within a market competitive range, (ii) cash incentive opportunities at target are generally in line with market practices, and (iii) the Company's current practice of granting equity incentives lag the Peer Group.

The Peer Group for compensation and performance purposes was selected primarily based on total assets relative to the Company's total assets as of December 31, 2011 of \$940.7 million and consists of the following financial services companies located in California, Oregon and Washington (the "Peer Group"):

| | | |
|----------------------------------|--------------------------------|----------------------------|
| American River Bankshares | Heritage Commerce Corp | Pacific Continental Corp |
| Bank of Marin Bancorp | Heritage Financial Corp | Pacific Financial Corp |
| Bridge Capital Holdings | Heritage Oaks Bancorp | Pacific Mercantile Bancorp |
| California United Bank | Kaiser Federal Financial Group | Pacific Premier Bancorp |
| Central Valley Community Bancorp | North Valley Bancorp | Sierra Bancorp |
| First California Financial Group | Oak Valley Bancorp | Washington Banking Co. |
| First Northern Community Bancorp | | |

In November 2014, the Executive Compensation Committee again retained the services of McLagan as an independent outside compensation consultant; however, since the engagement occurred in late 2014, the updated findings and suggestions were not used for purposes of 2014 executive compensation analysis.

Compensation Objectives

In order to set competitive benchmarks for 2014 annual and long-term compensation for the executive officers, the Executive Compensation Committee reviewed data compiled in the 2012 McLagan report. This data presented Peer Group annual cash, long-term incentive, and total compensation amounts as reported in the 2012 annual survey for those companies' executive officers whose positions and responsibilities most closely match those of our executive officers. For each executive officer position covered by this Proxy Statement, this compensation data was examined for the 25th, 50th and 75th percentile. The Executive Compensation Committee used this information to help determine competitive benchmarks for the 2014 salary and annual cash incentive awards and long-term compensation awards for the executive officers.

Typically, the Chief Executive Officer makes compensation recommendations to the Executive Compensation Committee with respect to the executive officers who report to him. Such executive officers are not present at the time of these deliberations. The Chairman of the Board then makes compensation recommendations to the Executive Compensation Committee with respect to the Chief Executive Officer, who is absent from that portion of the meeting. The Executive Compensation Committee may accept or adjust such recommendations.

Company and Division Performance

At the end of the fiscal year, as part of its evaluation of the Company's annual performance and its determination of the annual incentive awards to our executive officers, the Executive Compensation Committee reviews the Company's and each division's financial performance by comparing financial results to the Peer Group using all or a part of the quantitative performance measures listed below:

Net Income, EPS Growth;
Return on Average Assets;
Return on Average Equity;
Revenue Growth;
Core Deposit Growth;
Deposit Market Share Growth;
Loan Growth;
Classified Assets Ratio;
Efficiency Ratio; and
Investment Portfolio Performance.

Review of Executive Performance

The Executive Compensation Committee reviews, on an annual basis, each compensation element for each executive officer. The Executive Compensation Committee takes into account the responsibilities and years of experience of each executive officer in comparison to competitive salary levels. In addition to the Company financial goals, the Executive Compensation Committee establishes individual objectives for our executive officers. These objectives include individual financial performance goals as well as compliance with Company policies on information security, regulatory compliance, risk management, team building, and other directives mandated by the Board.

The Executive Compensation Committee may adjust or eliminate incentive compensation awards, regardless of achieving financial performance goals, if the Executive Compensation Committee determines that an executive officer has failed to comply with our Code of Ethics or policies on information security, regulatory compliance and risk management.

Executive Officer Compensation

The components of executive compensation are intended to work together to compensate the executive officer fairly for services, reward the executive officer based upon the Company's overall performance and, depending on the position, his or her own performance during the year. In assessing the executive officer's total rewards, the Executive Compensation Committee reviews each component of an executive officer's compensation and considers and evaluates pay mix, the competitive market, and the value of total pay, benefits and perquisites. The Executive Compensation Committee further takes into consideration the shareholder voting results on named executive compensation, which for the last three years has indicated a high level of support.

Base Salary

It is the goal of the Executive Compensation Committee to establish salary compensation for its executive officers based on the Company's operating performance relative to the comparable Peer Group over a three- to five-year period, along with compensation recommendations from the Chief Executive Officer.

Base salary is generally established by an individual's performance, competent and effective execution of strategic objectives, potential, level of responsibilities, and promotions, with total cash compensation targeted at or above the 50th percentile when performance goals are achieved and at a higher level (75th percentile or above) when maximum performance results are achieved. In setting the base salaries of the executive officers for fiscal year 2014, the Executive Compensation Committee considered the Company's level of success in its short- and long-term goals in relation to:

Achievement of specific profitability, loan growth, deposit growth and asset quality targets;
Performance results to Peer Group;
Short- and long-term strategic goals; and
Overall financial performance of the Company.

Cash and Equity Incentive Compensation

The Company's Variable Incentive Award Program provides the executive officers an opportunity to earn cash and equity incentives based upon the achievement of specific Company-wide and individual performance goals.

The Variable Incentive Award Program is designed to reward the Company's executive officers for achieving short-term financial goals, including increases in performance against peer banks, short- and long-term strategic goals, and for the overall financial performance of the Company.

The Executive Compensation Committee approves a target incentive payout as a percentage of the base salary earned during the incentive period for each executive officer. These targets are based on competitive practices for each comparable position. The incentive target percentage represents the executive officer's annual incentive opportunity if the annual performance goals are achieved.

We developed targets covering all of the executive officers as a means of driving and assessing their performance against critical goals and to provide a reference for the Executive Compensation Committee to use in determining 2014 cash and equity incentive awards.

The table below reflects the incentive compensation target as a percentage of base salary and the target amount that could be earned by each eligible named executive officer for 2014 under the Variable Incentive Award Program.

| Named Executive Officer | Target Incentive Compensation (% of Base Salary) | Target Incentive Compensation (\$ Amount) |
|---|--|--|
| Randall S. Eslick; President and Chief Executive Officer | 60% | \$ 159,000 |
| James A. Sundquist; Executive Vice President and Chief Financial Officer ⁽¹⁾ | N/A | N/A |
| Samuel D. Jimenez; Executive Vice President and Chief Operating Officer | 50% | 125,000 |
| Robert H. Muttera; Executive Vice President and Chief Credit Officer | 50% | 112,500 |
| Patrick J. Moty; Executive Vice President and Regional President, Redding Bank of Commerce | 40% | 96,000 |
| Robert J. O'Neil; Senior Vice President and Regional President, Sacramento Bank of Commerce, a division of Redding Bank of Commerce | 40% | 76,000 |

(1) Mr. Sundquist was appointed Executive Vice President and Chief Financial Officer effective December 1, 2014; therefore, no target was set for Mr. Sundquist.

The Variable Incentive Award Program establishes a set of financial metrics which is intended to drive performance. Each metric has a weight within the Variable Incentive Award Program, and the sum of the weights equal 100%. These metrics include (i) net income; (ii) loan growth, which is critical to achieving earnings and asset quality targets; (iii) core deposit growth, which is essential to ensure the long-term growth and includes checking, savings and money market deposits; and (iv) classified ratio, which measures the quality of loans within the portfolio and is vital to the Company's overall success and which also tracks the amount of classified or problem loans as a percentage of the Company's equity capital.

| Metrics | Weight of Each Metric |
|---------------------|--|
| Net Income | 65% |
| Loan Growth | 10% |
| Core Deposit Growth | 15% |
| Classified Ratio | 10% |

The amount of incentive award paid to each executive officer under the Variable Incentive Award Program is adjusted based on how well the Company meets its budgeted goals. All awards under both short-term and long-term components of the Variable Incentive Award Program are subject to the discretion of the Executive Compensation Committee and the Board.

A threshold of 85% of budgeted net income is required to qualify for any award under the Variable Incentive Award Program, and the maximum incentive payout is capped at 116.5% of incentive opportunity.

For 2014, the Company's actual results compared to target are as follows:

| Metric | Result |
|---------------------|---------------------------|
| Net Income | Met 81% of budgeted goal |
| Loan Growth | Met 67% of budgeted goal |
| Core Deposit Growth | Met 213% of budgeted goal |
| Classified Ratio | Met 102% of budgeted goal |

The Company did not meet its net income goal for 2014, and, therefore, the Company did not pay incentives under the Variable Incentive Award Program. However, because the Company's net income was impacted by certain one-time events, the Executive Compensation Committee awarded discretionary bonuses based on the 2014 accomplishments

of the management team, which included asset quality improvement, management and departmental reorganization and increased efficiencies, and achievement of certain strategic objectives. The discretionary cash amounts earned by the eligible named executive officers were as follows: Mr. Eslick, \$64,925; Mr. Jimenez, \$52,500; Mr. Muttera, \$47,250; and Mr. O'Neil, \$33,250. Mr. Moty retired effective December 31, 2014 and Mr. Sundquist joined the Company on December 1, 2014; therefore, neither Mr. Moty nor Mr. Sundquist earned any 2014 cash incentive payments.

Use of Long-Term Compensation to Align the Interests of our Executive Officers and Shareholders

The Company has historically maintained a stock option plan that provides for the grant of incentive stock options and non-qualified stock options to employees, and in the case of directors provides for the grant of non-qualified stock options. The Executive Compensation Committee believes that stock awards are the most effective form of equity-based compensation to reward our executive officers for their contributions to the Company's long-term performance. Because a primary interest of our shareholders is increased share value, stock awards which produce value as compensation only if the Company's stock price increases most directly aligns our executive officers' interests with our shareholders' interests to increase stock value over the long term.

The Company's current 2010 Equity Plan provides for the grant of incentive stock options, non-qualified stock options, restricted stock, and restricted stock units. Executive officers are eligible for discretionary stock awards based on a percentage of their base salary. The Executive Compensation Committee has discretion to choose whether or not to award an equity grant and decides the level of the award in light of all relevant factors.

Awards are granted at the discretion of the Executive Compensation Committee. However, in granting awards to employees, other than grants to the Chief Executive Officer, the Executive Compensation Committee consults with the Chief Executive Officer and then, in consideration of his recommendation, the Executive Compensation Committee presents its recommendation to the entire Board for approval. The Executive Compensation Committee has discretion to choose whether or not to award a stock grant and decides on the actual level of the award in light of all relevant factors after completion of the applicable fiscal year.

Perquisites and Other Benefits

The Executive Compensation Committee believes that offering certain perquisites helps in the operation of the business as well as assists the Company to recruit and retain key executive officers. In some cases, an automobile allowance and a country club membership are offered to our executive officers. The Company's executive officers may participate in the same benefit programs available to all employees. These programs include health, life and disability insurance and participation in non-qualified 401(k) plans.

Post-Retirement Arrangements

The Company maintains a Supplemental Executive Retirement Plan ("SERP") and has entered into employment agreements with its executive officers which contain a change-in-control provision providing for certain payments following the termination of employment. The payments under the SERP are fixed pursuant to individual Salary Continuation Agreements and do not depend on years of credited service. The Company makes contributions to segregated accounts for the executive officers under the individual Salary Continuation Agreements.

A discussion of the terms of the individual SERP, employment agreement and change-in-control agreements with each of the named executive officers is set forth under "Post-Employment and Termination Benefits" below.

In consulting with its benefit plan consultant Equias Alliance, the Company determined that it would be more cost effective for the Company to acquire prepaid policies of insurance to fund these anticipated future obligations under the SERP rather than pay annual premiums. The Company, as a result of acquiring the prepaid policies, will have cash values in the policies in excess of the amount paid for those policies.

Role and Relationship of the Compensation Consultant

The Executive Compensation Committee has the sole authority to retain and terminate a compensation consultant and to approve the consultant's fees and all other terms of the engagement. The Executive Compensation Committee has direct access to outside advisors and consultants throughout the year.

In May 2012, the Executive Compensation Committee retained the services of McLagan, an Aon Hewitt company, as an independent outside compensation consultant. McLagan's services include conducting peer group analysis and

benchmarking studies, establishing compensation guidelines, assisting with the design of incentive programs, and providing insight on emerging regulations and best practices. The Executive Compensation Committee was provided with a comprehensive report summarizing McLagan's findings and suggestions. McLagan was engaged directly by the Executive Compensation Committee and reports directly to the Executive Compensation Committee.

In November 2014, the Executive Compensation Committee again retained the services of McLagan as an independent outside compensation consultant; however, since the engagement occurred in late 2014, the updated findings and suggestions were not used for purposes of 2014 executive compensation analysis.

The Executive Compensation Committee considered the independence of McLagan in light of SEC rules and NASDAQ listing standards. The Executive Compensation Committee requested and received a report from McLagan addressing the independence of McLagan and the senior advisors involved in the engagement, which considers the following factors: (i) other services provided to us by McLagan; (ii) fees paid by us as a percentage of McLagan's total revenue; (iii) policies or procedures maintained by McLagan that are designed to prevent a conflict of interest; (iv) any business or personal relationships between the senior advisors and a member of the Executive Compensation Committee; (v) any company stock owned by the senior advisors; and (vi) any business or personal relationships between our executive officers and the senior advisors. The Executive Compensation Committee discussed these considerations and concluded that the work performed by McLagan and the senior advisors involved in the engagement did not raise any conflict of interest.

Commitment to Quality Governance

The Executive Compensation Committee has adopted the following procedures intended to ensure quality governance of the Company's "pay for performance" philosophy:

Only independent members of the Board may serve on the Executive Compensation Committee;

The Executive Compensation Committee meets on a regular basis as needed throughout the year. Generally, the Executive Compensation Committee will review year-to-date financial performance versus budget, year-to-date and multi-year performance versus competitor group performance (Uniform Bank Performance Report), executive officer stock ownership levels, each executive officer's target total compensation for the year, and other topics as appropriate;

At least once a year, the Executive Compensation Committee reviews each executive officer's total compensation package, including base salary, cash and stock incentive awards, qualified and non-qualified retirement, deferred compensation benefit packages and perquisites, and compares it to the Peer Group;

The Executive Compensation Committee utilizes independent compensation reports to assist in the analysis of compensation packages;

At least once a year, the Executive Compensation Committee reviews and reassesses its charter and recommends any proposed changes to the Board for approval. The Executive Compensation Committee also conducts an annual review of its own performance; and

The Executive Compensation Committee reports on its meetings to the full Board. The independent members of the Board, after a review of the Company's performance, ratify the total compensation awards for the executive officers each year.

Summary Compensation Table

The following table sets forth certain summary information concerning compensation earned or awarded to the Company's named executive officers for the last three years. Disclosure shall be provided for (i) all individuals serving as the Company's principal executive officer; (ii) all individuals serving as the Company's principal financial officer; (iii) the Company's three most highly compensated executive officers other than the principal executive officer and principal financial officer; and (iv) up to two additional individuals for whom disclosure would have been provided but for the fact that they were not serving as executive officers at the end of the last completed fiscal year.

This list below includes the Company's principal executive officer, two individuals who served as the principal financial officer, and the next three most highly compensated executive officers.

| Name and Principal Position | Year | Salary (\$) ⁽¹⁾ | Bonus (\$) ⁽²⁾ | Stock Awards (\$) ⁽³⁾ | Option Awards (\$) ⁽⁴⁾ | Non-Equity Incentive Plan Compensation (\$) ⁽⁵⁾ | Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) ⁽⁶⁾ | All Other Compensation (\$) ⁽⁷⁾ | Total (\$) |
|---|------|----------------------------|---------------------------|----------------------------------|-----------------------------------|--|---|--|------------|
| Randall S. Eslick, President and Chief Executive Officer | 2014 | \$ 265,000 | \$0 | \$ 54,190 | \$ 0 | \$ 64,925 | \$ 92,131 | \$ 22,105 | \$ 498,351 |
| | 2013 | 203,000 | 0 | 17,148 | 0 | 51,443 | 38,131 | 17,938 | 327,660 |
| | 2012 | 188,000 | 0 | 0 | 14,684 | 48,692 | 22,217 | 53,196 | 326,789 |
| James A. Sundquist, * Executive Vice President and Chief Financial Officer | 2014 | 18,750 | 0 | 0 | 0 | 0 | 0 | 600 | 19,350 |
| Samuel D. Jimenez, Executive Vice President and Chief Operating Officer | 2014 | 250,000 | 0 | 40,902 | 0 | 52,500 | 32,393 | 30,053 | 405,848 |
| | 2013 | 213,583 | 0 | 18,643 | 0 | 55,928 | 16,280 | 29,757 | 334,191 |
| | 2012 | 200,000 | 0 | 0 | 14,684 | 51,800 | 7,428 | 33,268 | 307,180 |
| | 2014 | 215,625 | 65,000 | 36,812 | 28,680 | 47,250 | 99,915 | 15,797 | 509,079 |

Robert H.
Muttera, **

Executive Vice
President and
Chief Credit
Officer

| | | | | | | | | | |
|---------------------|------|---------|---|---|---|---|---------|--------|---------|
| Patrick J. Moty,*** | 2014 | 240,000 | 0 | 0 | 0 | 0 | 154,002 | 65,990 | 459,992 |
|---------------------|------|---------|---|---|---|---|---------|--------|---------|

| | | | | | | | | | |
|--------------------------|------|---------|---|--------|---|---------|--------|--------|---------|
| Executive Vice President | 2013 | 322,400 | 0 | 36,451 | 0 | 109,354 | 82,761 | 35,781 | 586,747 |
|--------------------------|------|---------|---|--------|---|---------|--------|--------|---------|

| | | | | | | | | | |
|-------------------------|------|---------|---|---|--------|---------|--------|--------|---------|
| and Regional President, | 2012 | 310,000 | 0 | 0 | 26,431 | 103,230 | 59,518 | 94,621 | 593,800 |
|-------------------------|------|---------|---|---|--------|---------|--------|--------|---------|

Redding Bank
of Commerce

| | | | | | | | | | |
|-----------------------|------|---------|----|--------|----|--------|--------|--------|---------|
| Robert J. O'Neil,**** | 2014 | 190,000 | 00 | 23,311 | 00 | 33,250 | 89,484 | 22,457 | 358,502 |
|-----------------------|------|---------|----|--------|----|--------|--------|--------|---------|

Senior Vice
President and
Regional
President,

| | | | | | | | | | |
|--------------------|------|---------|---|--------|---|--------|--------|--------|---------|
| Sacramento Bank of | 2013 | 168,917 | 0 | 11,156 | 0 | 33,467 | 25,857 | 18,156 | 257,553 |
|--------------------|------|---------|---|--------|---|--------|--------|--------|---------|

Commerce, a
division of
Redding Bank
of Commerce

* Mr. Sundquist became Executive Vice President and Chief Financial Officer effective December 1, 2014.

** Mr. Muttera became Executive Vice President and Chief Credit Officer effective January 17, 2014.

*** Mr. Moty retired effective December 31, 2014.

**** Mr. O'Neil became Senior Vice President and Regional President effective December 17, 2013.

(1) Base salaries include 401(k) contributions made by the named executive officers of approximately \$92,184 during 2014. The amounts (rounded to the nearest whole dollar) contributed by each named executive officer were as follows: Mr. Eslick, \$15,900; Mr. Sundquist, \$0; Mr. Jimenez, \$18,319; Mr. Muttera, \$15,120; Mr. Moty, \$23,500; and Mr. O'Neil, \$19,345.

(2) Amount reflects a signing bonus.

Amount represents the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 of equity incentive compensation earned under the Company's Variable Incentive Award Program, the material terms of which are described in the section "Executive Compensation – Compensation Discussion and Analysis – Cash and Equity Incentive Compensation." The stock underlying such awards was issued on January 6, 2014 and January 20, 2015.

(4) The value of the stock option award is computed based upon the grant date fair value, consistent with FASB ASC Topic 718. Assumptions used to calculate these amounts are set forth in the notes to the Company's consolidated financial statements for the fiscal years ended 2012 and 2014, included in the Company's accompanying Form 10-K. No options were granted during 2013.

(5) Amount represents cash incentive compensation earned under the Company's Variable Incentive Award Program, the material terms of which are described in the section "Executive Compensation – Compensation Discussion and Analysis – Cash and Equity Incentive Compensation." Such amounts were paid in January 2015, January 2014, and

January 2013.

Amount represents contributions by the Company and interest earned on segregated accounts under the named (6) executive officer's SERP, the material terms of which are described below under "Post-Employment and Termination Benefits."

Amounts reported for 2012, 2013 and 2014 that represent "All Other Compensation" for each of the named executive (7) officers are described in the table below captioned "Details of 'All Other Compensation' in the Summary Compensation Table."

Details of “All Other Compensation” in the Summary Compensation Table

| Name | Year | Automobile Allowance (\$) ⁽¹⁾ | Club Membership (\$) ⁽²⁾ | Vacation Payout (\$) ⁽³⁾ | SERP Contributions (\$) ⁽⁴⁾ | 401(k) Plan Match (\$) | Severance (\$) ⁽⁵⁾ | Total (\$) |
|--------------------|---------------------|--|-------------------------------------|-------------------------------------|--|------------------------|-------------------------------|------------|
| | 2014 | \$6,418 | \$5,810 | \$8,154 | \$-- | \$8,142 | \$-- | \$28,524 |
| Randall S. Eslick | 2013 ⁽⁶⁾ | -- | 5,232 | 4,586 | -- | 8,120 | -- | 17,938 |
| | 2012 | -- | 5,068 | -- | 34,344 | 7,480 | -- | 46,892 |
| James A. Sundquist | 2014 | 600 | -- | -- | -- | -- | -- | 600 |
| | 2014 | 11,700 | 4,260 | 6,130 | -- | 7,963 | -- | 30,053 |
| Samuel D. Jimenez | 2013 ⁽⁶⁾ | 11,700 | 4,160 | 5,769 | -- | 8,128 | -- | 29,757 |
| | 2012 | 11,700 | 3,960 | 3,846 | 14,508 | 8,401 | -- | 42,415 |
| Robert H. Muttera | 2014 | 7,401 | 7,894 | -- | -- | 4,903 | -- | 20,198 |
| | 2014 | 12,936 | 3,680 | 12,000 | -- | 4,374 | 33,000 | 65,990 |
| Patrick J. Moty | 2013 ⁽⁶⁾ | 14,255 | 4,460 | 12,399 | -- | 4,667 | -- | 35,781 |
| | 2012 | 13,775 | 3,615 | 8,346 | 73,161 | 4,185 | -- | 103,082 |
| Robert J. O’Neil | 2014 | 7,200 | 6,030 | -- | -- | 9,227 | -- | 22,457 |
| | 2013 | 4,800 | 5,209 | -- | -- | 8,147 | -- | 18,156 |

(1) Represents a car allowance or an automobile for business use. The officers may have derived some personal benefit from the use of such automobiles.

(2) Represents membership expenses in connection with the use of a private club for business purposes, particularly for the purpose of entertaining customers. The officers may have derived some personal benefit from the use of such membership.

(3) Represents vacation payout of time accrued and unused at year end.

(4) Represents contributions to the SERP plans. Note that for 2013 and 2014, such contributions are reflected in the “Change in Pension Value and Nonqualified Deferred Compensation Earnings” column of the “Summary Compensation Table” above.

(5) The details of Mr. Moty’s severance arrangement are described below in the section titled “Patrick J. Moty Severance and Release Agreement.”

(6) Results have been adjusted based on a review of 2012 data.

Equity Incentive Plan

The Company has historically maintained a stock option plan that provides for the grant of incentive stock options and non-qualified stock options to employees, and in the case of directors provides for the grant of non-qualified stock options. At the 2010 annual meeting, shareholders approved the 2010 Equity Plan which provides for the grant of incentive stock options, non-qualified stock options, restricted stock, and restricted stock units. The 2010 Equity Plan has a term of ten years. All eligible employees may participate in the 2010 Equity Plan. As of December 31, 2014, 250,100 shares have been granted but are unexercised and 565,208 shares remain available for future grant.

Grants of Plan-Based Awards

The following table presents certain information with respect to incentive awards granted to the named executive officers for 2014. The Executive Compensation Committee granted these awards based on the 2014 accomplishments of the management team.

| Name | Grant Date | All Other Stock Awards; Number of Shares of Stock or Units (#) | Grant Date Fair Value of Stock and Option Awards |
|--------------------|------------|---|---|
| Randall S. Eslick | 01/20/2015 | 9,408 | \$54,190 |
| James A. Sundquist | N/A | -- | -- |
| Samuel D. Jimenez | 01/20/2015 | 7,101 | 40,902 |
| Robert H. Muttera | 01/20/2015 | 6,391 | 36,812 |
| Patrick J. Moty | N/A | -- | -- |
| Robert J. O'Neil | 01/20/2015 | 4,047 | 23,311 |

Outstanding Equity Awards at Fiscal Year End

The following table presents certain information concerning the outstanding stock awards held as of December 31, 2014 by each named executive officer of the Company.

| Name | Option Awards | | Option Exercise Price (\$) | Option Expiration Date | Stock Awards | |
|---------------------------|---|---|----------------------------|------------------------|--|--|
| | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | | | Number of Shares or Units of Stock that Have Not Vested (#) ⁽¹⁾ | Market Value of Shares or Units of Stock that Have Not Vested (\$) |
| Randall S. Eslick | 2,000 | 0 | \$ 6.50 | 10/14/2018 | | |
| | 12,000 | 8,000 (2) | 4.05 | 03/01/2022 | 6,272 | \$ 36,127 |
| James A. Sundquist (3) | -- | -- | -- | -- | | |
| Samuel D. Jimenez | 3,500 | 0 | 6.50 | 10/14/2018 | | |
| | 8,000 | 8,000 (4) | 4.05 | 03/01/2022 | 4,734 | 27,268 |
| Robert H. Muttera | 4,000 | 16,000 (5) | 6.39 | 01/17/2024 | 4,261 | 24,541 |
| Patrick J. Moty | 36,000 (6) | 0 | 4.05 | 03/31/2015 | | |
| Robert J. O'Neil | 2,000 | 0 | 6.50 | 10/14/2018 | | |
| | 8,400 | 5,600 (2) | 4.05 | 03/01/2022 | 2,698 | 15,540 |

Represents the unvested portion of the restricted stock awards granted January 20, 2015. Shares vest in equal (1) annual installments over a three-year period beginning January 20, 2015 with shares becoming fully vested on January 20, 2017. The full amounts of the awards are reflected in "Grants of Plan-Based Awards" above.

(2) Shares vest 20% annually beginning March 1, 2012 with shares becoming fully vested March 1, 2016.

(3) Mr. Sundquist's stock options were granted January 15, 2015 and therefore are not reflected in this table.

(4) Shares vest 20% annually beginning March 1, 2012 with shares becoming fully vested March 1, 2016. 4,000 options subject to this award have vested and been exercised.

(5) Shares vest 20% annually beginning January 17, 2014 with shares becoming fully vested January 17, 2018.

(6) Mr. Moty's options fully vested upon his retirement effective December 31, 2014.

Option Exercises and Stock Vested

The following table presents certain information concerning the exercise of options by each of our named executive officers during the fiscal year ended December 31, 2014, including the value of gains on exercise and the value of the stock awards.

| Name | Option Awards | | Stock Awards | |
|--------------------|---|---------------------|--|---------------------|
| | Number of Shares Acquired on Exercise (#) | Value Realized (\$) | Number of Shares Acquired on Vesting (#) | Value Realized (\$) |
| Randall S. Eslick | 0 | 0 | 1,486 | 8,871 |
| James A. Sundquist | 0 | 0 | 0 | 0 |
| Samuel D. Jimenez | 0 | 0 | 1,928 | 11,510 |
| Robert H. Muttera | 0 | 0 | 0 | 0 |
| Patrick J. Moty | 0 | 0 | 2,587 | 15,444 |
| Robert J. O'Neil | 0 | 0 | 1,004 | 5,994 |

The following table illustrates the approximate annual retirement income that may become payable to a named executive officer assuming benefits commence at age sixty-five (65) for each of Messrs. Eslick, Jimenez, Moty, and O'Neil and age sixty-seven (67) for Mr. Muttera. The benefits for Messrs. Eslick, Jimenez, Muttera, and O'Neil are payable over a period of ten (10) years. Mr. Moty's benefits are payable over his lifetime or as otherwise provide for in his SERP.

Pension Benefits

| Name | Plan Name ⁽¹⁾ | Number of Years Credited Service (#) | Present Value of Accumulated Benefit (\$) | Payments During Last Fiscal Year (\$) |
|-----------------------------------|--------------------------|---|--|---|
| Randall S. Eslick | SERP | 9 | \$ 322,068 | \$ 0 |
| James A. Sundquist ⁽²⁾ | N/A | N/A | N/A | N/A |
| Samuel D. Jimenez | SERP | 6 | 118,711 | 0 |
| Robert H. Muttera | SERP | 1 | 99,915 | 0 |
| Patrick J. Moty | SERP | 8 | 729,001 | 0 |
| Robert J. O'Neil | SERP | 6 | 214,023 | 0 |

(1) The terms of the SERP are described below.

(2) Mr. Sundquist does not have a SERP Agreement.

Nonqualified Deferred Compensation

As noted below in the "Director Compensation" section, Directors may participate in the 2013 Directors' Deferred Compensation Plan; however, no such plan or benefit exists for named executive officers.

Post-Employment and Termination Benefits

The following is a discussion regarding the post-employment and termination arrangements currently in place for the named executive officers. The amounts are based on the maximum amounts that could be paid under these arrangements.

Supplemental Executive Retirement Plan. In April 2001, the Board approved the implementation of the SERP and approved amending the SERP on December 31, 2006, September 30, 2007, and October 14, 2008. The SERP is a non-qualified executive benefit plan through which the Company agrees to pay the executive officer additional benefits in the future in return for continued satisfactory performance by the executive officer.

The terms and payments under the SERP are determined by individual Salary Continuation Agreements with the executive officers and are not based on years of credited service. Benefits under the SERP include income generally payable commencing upon a qualifying termination of employment and a death benefit for the participants' designated beneficiaries.

The Salary Continuation Agreements provide for five general classes of benefits for the executive officers, and the Board acts as administrator of the plan. Mr. Sundquist does not have a SERP and therefore is not included in the discussion below.

Normal Retirement Benefits. The normal retirement benefit is calculated to provide a target annual benefit of up to seventy-five percent (75%) of the executive officer's compensation at the time of retirement, which is age 1. sixty-five (65) in the case of Messrs. Eslick, Jimenez, Moty, and O'Neil, and age sixty-seven (67) in the case of Mr. Muttera, and shall be paid in twelve (12) equal monthly installments (i) for a period of ten (10) years in the case of Messrs. Eslick, Jimenez, Muttera, and O'Neil and (ii) for life in the case of Mr. Moty.

Early Termination Benefit. The early termination benefit is the accrual balance, as such term is defined in the Salary Continuation Agreement, determined as of the end of the plan year preceding termination of employment and shall be paid in one hundred twenty (120) equal monthly installments in the case of Messrs. Eslick, Jimenez, Muttera, and O'Neil. For Mr. Moty, the early termination benefit is (i) an amount as described in his Salary Continuation Agreement or (ii) the amount accrued in the deferred compensation account, as such term is defined in his Salary Continuation Agreement. The benefit shall be paid as a lump sum or in sixty (60) equal monthly installments, at his election.

Disability Benefit. The disability benefit is the accrual balance, as such term is defined in the Salary Continuation Agreement, determined as of the end of the plan year preceding termination of employment and shall be paid in one hundred twenty (120) equal monthly installments in the case of Messrs. Eslick, Jimenez, Muttera, and O'Neil. For Mr. Moty, the disability benefit is the greater of (i) an amount as described in his Salary Continuation Agreement or (ii) an annuity with the value of the amount accrued in the deferred compensation account, as such term is defined in his Salary Continuation Agreement. The benefit shall be paid in twelve (12) equal monthly installments for life.

Death Benefit. The death during active service benefit is the Normal Retirement Benefit and shall be paid in twelve (12) equal monthly installments for a period of (i) ten (10) years in the case of Messrs. Eslick, Jimenez, Muttera, and O'Neil and (ii) twenty (20) years in the case of Mr. Moty. Should an executive officer (i) die after 4. benefits have commenced under the Salary Continuation Agreement but before receiving all such distributions or (ii) die prior to the date benefits would commence, any remaining benefits shall be distributed to the executive officer's beneficiary in the same manner as they would have been distributed to the executive officer.

Change-in-Control Benefit. In the event there is a change in control followed within twenty-four (24) months by a termination of employment, the Company shall pay the accrual balance, as such term is defined in the Salary 5. Continuation Agreement, determined as of the end of the plan year preceding termination of employment in one hundred twenty (120) equal monthly installments in the case of Messrs. Eslick, Jimenez, Muttera, and O'Neil. For Mr. Moty, the change-in-control benefit is an amount as described in his Salary Continuation Agreement and shall be paid in twelve (12) equal monthly installments for life. Payments commence after normal retirement age.

Key-man life insurance policies were purchased as an investment to offset the Company's contractual obligation to pay pre-retirement death benefits and to recover the Company's cost of providing benefits. The executive officer is the insured under the policy, while the Company is the owner and beneficiary. The insured executive officer has no claim on the insurance policy, its cash value or the proceeds thereof.

Registrant Contributions to SERP

The retirement benefit is derived from accruals to a benefit account during the participant's employment. At the end of the executive officer's period of service, the aggregate amount accrued should equal the then-present value of the benefits expected to be paid to the executive officer. The participant is entitled to all vested benefits in the case of termination without cause; however, if a participant voluntarily resigns prior to reaching normal retirement age, his or her retirement benefits are reduced by accrual amounts not yet funded. In the event there is a change in control and in the event of diminution in salary or job duties, the participant is entitled to the full retirement benefit.

Potential Payments upon Termination or Change in Control

The following table shows the maximum amounts that would have been payable to the named executive officers at December 31, 2014, presuming that the payments were made as a lump sum: (1) in the event of termination or in the event of diminution in salary or job duties in connection with a change in control, and (2) as a result of termination other than termination arising from a change in control.

| Payments Upon a | Termination Other Than |
|-----------------|------------------------|
|-----------------|------------------------|

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| Name | Change in Control | | Change in Control | |
|--------------------------------|---|--|---|--|
| | Payments under employment agreements | Payments under Supplemental Executive agreements | Payments under employment agreements | Payments under Supplemental Executive agreements |
| | Retirement Plan | Retirement Plan | Retirement Plan | Retirement Plan |
| | (\$) ⁽¹⁾ | (\$) ⁽¹⁾ | (\$) ⁽¹⁾ | (\$) ⁽¹⁾ |
| Randall S. Eslick | \$810,833 | \$ 322,068 | \$446,782 | \$ 322,068 |
| James A. Sundquist | 457,783 | -- | 232,783 | -- |
| Samuel D. Jimenez | 596,695 | 118,711 | 366,838 | 118,711 |
| Robert H. Muttera | 534,060 | 99,915 | 309,060 | 99,915 |
| Patrick J. Moty ⁽⁴⁾ | -- | -- | -- | -- |
| Robert J. O'Neil | 251,035 | 214,023 | 263,880 | 214,023 |

Amount shown for Mr. Eslick includes \$530,000 for two years of total salary, \$187,709 for two years' profit sharing, \$64,406 for two years of health insurance benefits, \$17,099 for two years of auto allowance, and \$11,619 for two years of country club dues; amount shown for Mr. Sundquist includes \$450,000 for two years of total salary, \$0 for one years' profit sharing, and \$7,783 for one year of health insurance benefits; amount shown for Mr. Jimenez includes \$500,000 for two years of total salary, \$73,257 for one years' profit sharing, and \$23,438 for one (1) year of health insurance benefits; amount shown for Mr. Muttera includes \$450,000 for two years of total salary and \$84,060 for one years' profit sharing (Mr. Muttera currently does not participate in the Company's benefit plan); and amount shown for Mr. O'Neil includes \$190,000 for one year of total salary, \$43,718 for one years' profit sharing, and \$17,317 of health insurance benefits. For Messrs. Sundquist, Jimenez, Muttera, and O'Neil, the amount of profit sharing is computed as the average profit sharing received by the respective executive for the three prior years.

SERP payments are limited under IRS Section 280G to 2.99 times the average total compensation package. (2) Amounts shown for each of Messrs. Eslick, Jimenez, Muttera, and O'Neil represent their respective accrual balances.

Amount shown for Mr. Eslick includes \$265,000 for one year of total compensation, \$119,118 for one years' profit sharing, \$48,305 for 18 months of health insurance benefits, \$8,549 for one year of auto allowance, and \$5,810 for one year of country club dues; amount shown for Mr. Sundquist includes \$225,000 for one year of salary, \$0 for one years' profit sharing, and \$7,783 for one year of health insurance; amount shown for Mr. Jimenez includes (3) \$250,000 for one year of total salary, \$93,400 for one years' profit sharing, and \$23,438 for one year of health insurance; amount shown for Mr. Muttera includes \$225,000 for one year of total salary and \$84,060 for one years' profit sharing; and amount shown for Mr. O'Neil includes \$190,000 for one year of total salary, \$56,563 for one years' profit sharing, and \$17,317 for one year of health insurance.

(4) The details of Mr. Moty's severance arrangement are described below in the section titled "Patrick J. Moty Severance and Release Agreement."

Executive Officer Employment Agreements

The Company has entered into separate Employment Agreements with Messrs. Eslick, Sundquist, Jimenez, Muttera, and O'Neil. A summary of the agreements is set forth below. Upon Mr. Moty's retirement December 31, 2014, the Company and Mr. Moty entered into a Severance and Release Agreement, the terms of which are summarized below.

Randall S. Eslick Employment Agreement. The employment agreement with Mr. Eslick who serves as President and Chief Executive Officer, effective November 19, 2013, is for a term of three years and shall automatically extend for a one-year period, subject to prior termination as provided within the agreement. The employment agreement provides that in the event of termination for specified reasons, Mr. Eslick will receive six months of total compensation plus

accrued vacation calculated as of the date of his termination, payable in one lump sum. If Mr. Eslick is terminated other than for those specified reasons, he will receive 12 months of total compensation plus accrued vacation calculated as of the date of his termination, payable in one lump sum. In either case, Mr. Eslick's health insurance benefits shall continue for 18 months. The employment agreement also provides that in the event of a change in control (as defined therein) pursuant to which Mr. Eslick's duties are diminished in any capacity, Mr. Eslick is entitled to terminate the employment agreement and will be paid severance pay equal to two years' total compensation. In the event of termination, other than a change in control, Mr. Eslick is prohibited from soliciting Redding Bank of Commerce's customers or clients for a period of one year.

James A. Sundquist Employment Agreement. The employment agreement with Mr. Sundquist who serves as Executive Vice President and Chief Financial Officer, effective December 1, 2014, is for a term of three years and shall automatically extend for a one-year period, subject to prior termination as provided within the agreement. The employment agreement provides that in the event of termination for specified reasons, Mr. Sundquist will only be paid accrued salary plus accrued vacation calculated as of the date of his termination, payable in one lump sum. If Mr. Sundquist is terminated other than for those specified reasons, he will receive 12 months of total compensation plus accrued vacation calculated as of the date of his termination, payable in one lump sum. The employment agreement also provides that in the event of a change in control (as defined therein) pursuant to which Mr. Sundquist's salary or duties are diminished in any capacity, Mr. Sundquist will be paid, in one lump sum, a severance package equal to two years' salary and one years' profit sharing, each calculated according to the terms of the employment agreement, and his health insurance benefits shall continue for 12 months. In the event of termination, other than a change in control, Mr. Sundquist is prohibited from soliciting Redding Bank of Commerce's customers or clients for a period of one year.

Samuel D. Jimenez Employment Agreement. The employment agreement with Mr. Jimenez, effective December 17, 2013, is for a term of three years and shall automatically extend for a one-year period, subject to prior termination as provided within the agreement. The employment agreement provides that Mr. Jimenez will serve as Executive Vice President, Chief Operating Officer / Chief Financial Officer. As of December 1, 2014, Mr. Jimenez has served as Executive Vice President and Chief Operating Officer. The Company did not amend the employment agreement because the terms of the agreement have not changed, only Mr. Jimenez's title. The employment agreement provides that in the event of termination for specified reasons, Mr. Jimenez will only be paid accrued salary plus accrued vacation calculated as of the date of his termination, payable in one lump sum. If Mr. Jimenez is terminated other than for those specified reasons, he will receive 12 months of total compensation plus accrued vacation calculated as of the date of his termination, payable in one lump sum. The employment agreement also provides that in the event of a change in control (as defined therein) pursuant to which Mr. Jimenez's salary or duties are diminished in any capacity, Mr. Jimenez will be paid, in one lump sum, a severance package including two years' salary and one years' profit sharing, each calculated according to the terms of the employment agreement, and his health insurance benefits shall continue for 12 months. In the event of termination, other than a change in control, Mr. Jimenez is prohibited from soliciting Redding Bank of Commerce's customers or clients for a period of one year.

Robert H. Muttera Employment Agreement. The employment agreement with Mr. Muttera who serves as Executive Vice President and Chief Credit Officer, effective January 17, 2014, is for a term of three years and shall automatically extend for a one-year period, subject to prior termination as provided within the agreement. The employment agreement provides that in the event of termination for specified reasons, Mr. Muttera will only be paid accrued salary plus accrued vacation calculated as of the date of his termination, payable in one lump sum. If Mr. Muttera is terminated other than for those specified reasons, he will receive 12 months of total compensation plus accrued vacation calculated as of the date of his termination, payable in one lump sum. The employment agreement also provides that in the event of a change in control (as defined therein) pursuant to which Mr. Muttera's salary or duties are diminished in any capacity, Mr. Muttera will be paid, in one lump sum, a severance package equal to two years' salary and one years' profit sharing, each calculated according to the terms of the employment agreement, and his health insurance benefits shall continue for 12 months. In the event of termination, other than a change in control, Mr. Muttera is prohibited from soliciting Redding Bank of Commerce's customers or clients for a period of one year.

Patrick J. Moty Severance and Release Agreement. Mr. Moty retired effective December 31, 2014. Prior to his retirement, he served as Executive Vice President and Regional President of Redding Bank of Commerce pursuant to an employment agreement effective November 19, 2013. In connection with his retirement, on December 16, 2014, the Company and Mr. Moty entered into a severance and release agreement (the "Separation Agreement"). The Separation Agreement provides the gross sum of one million twenty-three thousand dollars (\$1,023,000) as consideration for non-competition and non-solicitation obligations to the Company and the non-revocation of a full release of all claims related to Mr. Moty's employment with the Company within seven days of his execution thereof (the "consideration"). The consideration shall be subject to all applicable state and federal withholdings. The first thirty-three thousand dollars (\$33,000) was paid upon the effective date of the Separation Agreement. The balance of the consideration will be paid in the gross amounts (subject to federal and state withholdings) as follows: (i) one hundred twenty-five thousand dollars (\$125,000) will be paid on July 1, 2015; (ii) two thousand five hundred dollars (\$2,500) will be paid on July 15, 2015 and on the 15th day of each month thereafter through December 15, 2019; and (iii) seven hundred thirty thousand dollars (\$730,000) will be paid in fifty-nine (59) equal monthly installments of twelve thousand one hundred sixty-six dollars and sixty-six cents (\$12,166.66) on the 15th day of each month beginning January 15, 2020 and continuing through November 15, 2024 with the final payment of twelve thousand

one hundred sixty-seven dollars and six cents (\$12,167.06) due and payable on December 15, 2024. The Separation Agreement also provides that Mr. Moty shall not compete with or solicit business or employees from the Company from January 1, 2015 to March 31, 2016. In addition, the Company agreed to accelerate the vesting of Mr. Moty's outstanding options to purchase 36,000 shares of the Company's common stock.

Robert J. O'Neil Employment Agreement. The employment agreement with Mr. O'Neil who serves as Senior Vice President and Regional President of Sacramento Bank of Commerce, a division of Redding Bank of Commerce, effective December 17, 2013, is for a term of three years and shall automatically extend for a one-year period, subject to prior termination as provided within the agreement. The employment agreement provides that in the event of termination for specified reasons, Mr. O'Neil will only be paid accrued salary plus accrued vacation calculated as of the date of his termination, payable in one lump sum. If Mr. O'Neil is terminated other than for those specified reasons, he will receive 12 months of total compensation plus accrued vacation calculated as of the date of his termination, payable in one lump sum. The employment agreement also provides that in the event of a change in control (as defined therein) pursuant to which Mr. O'Neil's salary or duties are diminished in any capacity, Mr. O'Neil will be paid, in one lump sum, a severance package including one years' salary and one years' profit sharing, each calculated according to the terms of the employment agreement, and his health insurance benefits shall continue for 12 months. In the event of termination, other than a change in control, Mr. O'Neil is prohibited from soliciting Redding Bank of Commerce's customers or clients for a period of one year.

Director Compensation

The following is a summary of the compensation earned by the non-employee members of the Company's Board during the fiscal year ended December 31, 2014.

2014 Director Compensation Table

| Name | Fees Earned or Paid in Cash (\$) | All Other Compensation (\$) | Total (\$) |
|-------------------------------|---|-----------------------------------|---------------|
| Orin N. Bennett | \$60,250 | \$ 19,054 | \$79,304 |
| Gary R. Burks | 27,950 | -- | 27,950 |
| Joseph Q. Gibson | 26,725 | 7,052 | 33,777 |
| Jon W. Halfhide | 39,650 | 11,876 | 51,526 |
| Linda J. Miles ⁽¹⁾ | 24,400 | 368 | 24,768 |
| David H. Scott | 62,950 | 23,272 | 86,222 |
| Terence J. Street | 37,150 | 1,761 | 38,911 |
| Lyle L. Tullis | 69,275 | 26,902 | 96,177 |

⁽¹⁾ Reflects (i) director fees paid to Ms. Miles as a director of Redding Bank of Commerce prior to her election to the Company's Board and (ii) director fees paid to Ms. Miles as a member of the Company's Board.

Annual Compensation

Compensation paid to non-employee directors consists of cash (in the form of a monthly retainer and meeting fees) and, when authorized, equity (in the form of stock option grants). Directors may also participate in the 2013 Directors' Deferred Compensation Plan.

The Executive Compensation Committee is responsible for all matters related to directors' compensation in connection with reviewing and establishing or recommending non-employee director compensation to the Board. Generally, the

Executive Compensation Committee will review the amount of director compensation at least annually. For purposes of establishing director compensation, the Executive Compensation Committee evaluated directors' compensation as compared to detailed public company information provided by McLagan, which is a leading marketer for benchmarking executive and director compensation for financial services companies.

A director who is an officer/employee of the Company or of a subsidiary is not compensated for his or her membership on the Board.

Monthly Retainer and Meeting Fees

During 2014, each independent director and Ms. Miles will receive \$800 for each Board meeting attended and \$800 for a monthly retainer. Committee meetings will be paid at a rate of \$400 for each meeting attended. Committee chairpersons will be paid an additional \$375 per meeting. The Chairman of the Board is paid an additional \$1,200 per month, and the Chairman of the Audit Committee is paid an additional \$1,000 per month.

Equity Compensation

Non-employee directors have historically been eligible to participate in the Company's stock option plan, and in the past, have received grants of non-qualified stock options. Several non-employee directors were issued stock option grants under the Company's 1998 Stock Option Plan (the "1998 Plan"), which expired in 2008. In 2008, the Company adopted the 2008 Stock Option Plan, which was amended and restated in 2010 and is now known as the 2010 Equity Incentive Plan (the "2010 Equity Plan"). As was the case with the 1998 Plan, the 2010 Equity Plan allows for the grant of non-qualified stock options to directors. The Executive Compensation Committee believes that, as part of director compensation, directors should have an opportunity to receive grants of equity awards; therefore, non-employee directors are eligible to receive awards under the Company's 2010 Equity Plan.

Directors' Deferred Compensation Plan

The directors' deferred compensation plan adopted by the Board in 1993 (the "1993 Directors' Deferred Plan") is a non-qualified director benefit plan in which the eligible director voluntarily elects to defer some or all of his or her current fees in exchange for the Company's promise to pay a deferred benefit. The deferred fees are credited with interest under the plan, and the accrued liability is paid to the director at retirement. The current interest rate on the plan is Wall Street Journal prime plus three percent (3%), with an option to change to ten percent (10%) fixed immediately preceding retirement. As a non-qualified plan, the plan is only available to independent directors without regard to nondiscrimination requirements of qualified plans. The account is segregated from other assets owned by Redding Bank of Commerce only by way of its identification on the books of Redding Bank of Commerce as a liability of Redding Bank of Commerce to the Director. The account is subject to claims of general creditors of Redding Bank of Commerce, and the account shall be a general unsecured creditor of Redding Bank of Commerce.

No deferred compensation shall be payable to a director until the death, disability, resignation, retirement or removal from office of such director. All such compensation, together with interest thereon, shall be provided to such director, or his beneficiary, within thirty (30) days from the date of death, disability, retirement or resignation. If the director has designated an optional installment payment method, the first installment shall be paid six months after his or her normal retirement date.

Upon the death of a director, distribution of compensation deferred, together with interest, shall be made either in one lump sum or as installments, depending on the election of each director prior to death, to his or her designated beneficiary.

Deferred compensation by reason of resignation or retirement may, at the option of the director, be payable in approximately equal monthly installments over a period not to exceed fifteen (15) years, provided however, that on any such installment method of distribution, interest shall continue to be credited on the undistributed sums.

As of December 31, 2014, the Company's accrued obligations under the 1993 Directors' Deferred Plan were \$3,362,461. The accrued obligations under the 1993 Directors' Deferred Plan will continue to accrue interest; however, as of December 31, 2013, no additional deferrals will be made under the 1993 Directors' Deferred Plan.

The Company's Board adopted a new directors' deferred compensation plan in December 2013 (the "2013 Directors' Deferred Plan"), to be effective beginning January 2014. The terms of the 2013 Directors' Deferred Plan are virtually identical to the 1993 Directors' Deferred Plan, with the following exceptions: (i) the interest rate shall be adjusted annually and shall mean the Bloomberg 20-year Investment Grade Financial Institutions index rate in effect on the immediately preceding December 31, plus two percent (2%); (ii) no deferred compensation shall be payable to a

director until a separation from service has occurred, which means that the director ceases for any reason to provide services to the Company as a member of the Board; and (iii) the director may elect to receive payments in a lump sum (payable within thirty (30) days following the separation from service) or in approximately equal monthly installments over a period not to exceed ten (10) years. As of December 31, 2014, the Company's accrued obligations under the 2013 Directors' Deferred Plan were \$192,463.

REPORT OF THE EXECUTIVE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

The Executive Compensation Committee of the Board of Directors makes the following report which, notwithstanding anything to the contrary set forth in any of the Company's filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, will not be incorporated by reference into any such filings and will not otherwise be deemed to be proxy soliciting materials or to be filed under such Acts.

The Executive Compensation Committee of the Board met and discussed with management the Compensation Discussion and Analysis ("CD&A") required by Item 402(b) of Regulation S-K, and based on that review and discussion, the Executive Compensation Committee recommended to the Board that the CD&A be included as part of this Proxy Statement and the 2014 Annual Report on Form 10-K.

In addition, the Executive Compensation Committee determined that no general employee compensation plan links the potential for any material payout to the Company's reported earnings, and so no such plan can reasonably be viewed as encouraging the manipulation of reported earnings to enhance the compensation of any employee.

Members of the Executive Compensation Committee

Jon W. Halfhide, Chairman
Orin N. Bennett
Gary R. Burks

Lyle L. Tullis

REPORT OF THE AUDIT AND QUALIFIED LEGAL COMPLIANCE COMMITTEE

The Audit and Qualified Legal Compliance Committee ("Audit Committee") of the Board of Directors makes the following report which, notwithstanding anything to the contrary set forth in any of the Company's filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, will not be incorporated by reference into any such filings and will not otherwise be deemed to be proxy soliciting materials or to be filed under such Acts.

The Audit Committee consists of the directors listed below. The Board has determined that the members of the Audit Committee meet the independence requirements as defined under the NASDAQ listing standards and SEC rules.

Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. The Audit Committee is responsible for overseeing the Company's financial reporting processes on behalf of the Board. With respect to fiscal 2014, the Audit Committee has:

- (1) reviewed and discussed the audited financial statements with management, and management represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles;
- (2) discussed with the independent accountants the matters required to be discussed by AS 16 (Communication with Audit Committees);

- received from Moss Adams, LLP the written disclosures and letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountants' communications with the
- (3) Audit Committee concerning independence, and the Audit Committee discussed with Moss Adams, LLP that firm's independence;
- (4) discussed with the Company's internal and independent accountants the overall scope and plans for their respective audits; and
- (5) met with the internal and independent auditors, with and without management present, to discuss the results of their examinations, the evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting.

Based on the review and discussions referred to in items (1) through (5) above, the Audit Committee has recommended to the Company's Board that the audited financial statements be included in the Company's Form 10-K for the fiscal year ended December 31, 2014 for filing with the SEC.

All fees paid to Moss Adams, LLP during 2014 were pre-approved by the Audit Committee.

Respectfully submitted by the members of the Audit Committee,

David H. Scott, CPA; Chairman Audit Committee

Gary R. Burks

Jon W. Halfhide, CPA

Terence J. Street

Lyle L. Tullis

Fees Paid to Independent Registered Public Accounting Firm

Moss Adams, LLP was selected by the Company to serve as the Company's independent registered public accounting firm for the 2014 fiscal year, and the shareholders of the Company ratified the selection at the 2014 annual meeting of shareholders in May 2014. The Company has selected Moss Adams, LLP to serve as the Company's independent registered public accounting firm for the 2015 fiscal year, and the shareholders of the Company are being asked to ratify the selection at the 2015 Annual Meeting.

A representative from Moss Adams, LLP is expected to attend the 2015 Annual Meeting and will be available to answer questions, although the representative is not likely to make a formal statement.

Audit Fees. Consists of fees billed to the Company for professional services rendered by Moss Adams, LLP in connection with the audit of our financial statements included in the Company's Form 10-Ks and review of financial statements included in the Company's Form 10-Qs.

The following table sets forth the aggregate fees charged to the Company by Moss Adams, LLP for audit services rendered in connection with the audited consolidated financial statements and reports for the 2014 and 2013 fiscal years and for other services rendered during the 2014 and 2013 fiscal years.

| Fee Category | Fiscal 2014 | % of Total | Fiscal 2013 | % of Total |
|---------------------|------------------------|-----------------------|------------------------|-----------------------|
| Audit Fees | \$263,342 | 94 % | \$301,108 | 96 % |
| Audit-Related Fees | 0 | 0 % | 0 | 0 % |
| Tax Fees | 0 | 0 % | 0 | 0 % |
| All Other Fees | 15,889 | 6 % | 12,224 | 4 % |
| Total Fees | \$279,231 | 100 % | \$313,332 | 100 % |

Audit-Related Fees. Moss Adams, LLP did not render any professional services for other audit-related services, such as information technology services relating to financial information systems design and implementation.

Tax Fees. Moss Adams, LLP did not render any professional services for tax compliance, tax advice, or tax planning during 2013 or 2014. Tax fees paid in 2014 of \$57,724 but not included above consist of preparation of income tax returns and tax planning services provided by Brown, Fink, Boyce and Astle for fiscal year 2014. Tax fees paid in

2013 of \$51,177 but not included above consist of preparation of income tax returns and tax planning services provided by Brown, Fink, Boyce and Astle for fiscal year 2013.

All Other Fees. Other fees totaling \$15,889 were billed by Moss Adams, LLP in the fiscal year 2014 and related to accounting consultations. Other fees totaling \$12,224 were billed by Moss Adams, LLP in the fiscal year 2013 and related to accounting consultations.

In considering the nature of the services provided by Moss Adams, LLP, the Audit Committee determined that such services are compatible with the provision of independent audit services. The Audit Committee discussed these services with Moss Adams, LLP and Company management to determine that the services are permitted under the rules and regulations concerning auditor independence promulgated by the SEC to implement the Sarbanes-Oxley Act of 2002, as well as by standards of the Public Company Accounting Oversight Board (PCAOB).

In discharging its oversight responsibility with respect to the audit process, the Audit Committee of the Board (i) obtained from the independent accountants a formal written statement describing all relationships between the accountants and the Company that might bear on the accountants' independence consistent with Rule 3526, "Communication with Audit Committees Concerning Independence,"; (ii) discussed with the accountants any relationships that may impact their objectivity and independence; and (iii) satisfied itself as to the accountants' independence. The Audit Committee also discussed with management and the independent accountants the quality and adequacy of the Company's internal controls and the outsourced audit functions, responsibilities, budgeting and staffing. The Audit Committee reviewed with the independent accountants their audit plans, audit scope and identification of audit risks.

Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

Under the Audit Committee's pre-approval policies and procedures, the Audit Committee is required to pre-approve the audit and non-audit services performed by the Company's independent registered public accounting firm. The Audit Committee may pre-approve a list of services that may be provided by the independent registered public accounting firm without obtaining specific pre-approval from the Audit Committee.

This list of services includes audit services, audit-related services, tax services and all other services. The Audit Committee sets pre-approved fee levels for each of these listed services. Any type of service that is not included on the list of pre-approved services must be specifically approved by the Audit Committee. Any proposed service that falls outside of the pre-approved fee levels requires specific pre-approval by the Audit Committee.

**shareholder proposals RECOMMENDED BY
THE BOARD OF DIRECTORS**

PROPOSAL NO. 1: Election of Directors

In accordance with the Company's articles and bylaws, the Board has set the number of directors for election to the Board at the 2015 Annual Meeting at nine (9) and has nominated the persons identified in the section entitled "Information About Executive Officers and Directors – Directors of the Company" for election at the Annual Meeting. If you elect the nominees presented, they will hold office until the election of their successors at the annual meeting in 2016 or until their earlier resignation.

We know of no reason why any nominee may be unable to serve as a director. If any nominee is unable to serve, your proxy holder may vote for another nominee proposed by the Board. If for any reason these nominees prove unable or unwilling to stand for election, the Board will nominate alternatives. The Board has no reason to believe that its nominees would prove unable to serve if elected.

The Board recommends a vote FOR the election of each of the nominees for director.

PROPOSAL NO. 2: Ratify the selection of Moss Adams, LLP as our independent registered public accounting firm for 2015

The affirmative vote of a majority of votes cast at the Annual Meeting on this proposal is required to ratify the selection of the independent registered public accounting firm. If you abstain from voting, it has no effect on the outcome of this proposal.

The Board recommends a vote FOR the ratification of the selection of Moss Adams, LLP as our independent registered public accounting firm for 2015.

PROPOSAL NO. 3: Advisory (Non-Binding) Resolution on Executive Compensation

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, we are required to submit to the shareholders a non-binding vote on the compensation of the Company's named executive officers, as described in the Compensation Discussion and Analysis, the tabular disclosure regarding named executive officer compensation, and the accompanying narrative disclosure in this Proxy Statement.

This proposal, commonly known as a “say-on-pay” proposal, gives the Company’s shareholders the opportunity to endorse or not endorse the Company’s executive pay program and policies through the following resolution:

“Resolved, that the compensation paid to the company’s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables, and narrative discussion is hereby APPROVED.”

This vote shall not be binding on the Board and will not be construed as overruling a decision by the Board, nor shall the vote create or imply any additional fiduciary duty by the Board. However, the Executive Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements.

This matter will be decided by the affirmative vote of a majority of the votes cast at the Annual Meeting. On this matter, abstentions will have no effect on the voting.

The Board recommends a vote FOR the adoption of the non-binding advisory resolution approving the compensation of the named executive officers.

OTHER BUSINESS

Proposals by shareholders to transact business at the Company’s 2016 annual meeting must be delivered to the Company at its principal administrative office located at 1901 Churn Creek Road, Redding, California 96002 no later than December 2, 2015 in order to be considered for inclusion in our proxy statement and proxy card. Such proposals will also need to comply with the SEC’s regulations regarding the inclusion of shareholder proposals in the Company’s sponsored proxy materials.

Notice of any business item proposed to be brought from the floor before an annual meeting by a shareholder, including the nomination of directors, must be received by the Secretary of the Company no earlier than February 12, 2016 and no later than March 11, 2016 and must include a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and certain information regarding the proposal. If the Company does not receive timely notice, such proposal will not be considered a business item at the annual meeting. The Chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedures. If the Chairman of the meeting acknowledges the nomination of a person not made in compliance with the foregoing procedures, the persons named as proxies in the proxy materials relating to

that meeting will use their discretion in voting the proxies when the nomination is made at the meeting.

Shareholders may contact an individual director, the Board as a group, or a specified committee or group by sending a written communication to the Company's headquarters address. Each communication should specify the applicable addressee or addressees to be contacted as well as the general topic of the communication.

The Company will initially receive and process communications before forwarding them to the addressee. The Company generally will not forward to the directors a shareholder communication that it determines to be primarily commercial in nature, that relates to an improper or irrelevant topic, or that requests general information about the Company.

The Company knows of no other business that will be presented at the Annual Meeting. If any other business is properly brought before the Annual Meeting, it is intended that proxies submitted on the enclosed form will be voted in accordance with the judgment of the persons voting the proxies. Whether or not you intend to be present at the Annual Meeting, we request that you return your signed proxy promptly.

By Order of the Board of Directors

/s/ David H. Scott

David H. Scott
Corporate Secretary

Redding, California
April 8, 2015
