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Community Bank of the Bay
Announces 2018 First-Quarter Results
155% Increase in Earnings Driven by Loan and Deposit Growth

OAKLAND, CA - Community Bank of the Bay (CBYAA), a San Francisco Bay Area commercial bank with full service offices in Oakland, Danville and San Mateo, reported unaudited financial results for its quarter ending March 31, 2018.

2018 First-Quarter Financial Highlights

- Net income for the quarter ending March 31, 2018 totaled $529 thousand, an increase of $481 thousand from the prior quarter when earnings were negatively affected by a one-time tax adjustment, and an increase of $321 thousand, or 154.9 percent, from the same quarter a year ago. Earnings per common share totaled $0.08 in the first quarter of 2018, compared to $0.00 effectively, in the prior quarter and $0.04 in the same quarter a year ago. The improvement in net income in the first quarter of 2018 compared to the same quarter a year ago reflects a $732 thousand or 32.3 percent increase in net interest income offset by a $341 thousand or 16.8 percent increase in non interest expenses. Neither quarter included gains or losses on the sale of SBA loans.
- Total assets at March 31, 2018 were $332 million, an increase of $36.8 million, a 12.4 percent increase, from the prior quarter, and an increase of $58.2 million, or 21.2 percent, from a year ago. Average earning assets for the quarter reached $301 million, an increase of $16.9 million, or 5.9 percent, compared with the prior quarter, and an increase of $51.4 million, or 20.5 percent, from the same quarter a year ago.
- Deposits totaled $283 million at March 31, 2018 and were up $26.2 million, or 10.2 percent, from the prior quarter, up $47.8 million, or 20.3 percent, from a year ago. Deposit growth from the prior quarter was concentrated in interest bearing demand and money market accounts, as depositors become more sensitive to the interest rate environment, while deposit growth from the same quarter a year ago featured a 22.8 percent increase in non-interest bearing demand deposits.
- Loans totaled $261 million at March 31, 2018, an increase of $22.2 million, or 9.3 percent, from the prior quarter, an increase of $62.6 million, or 31.6 percent, compared to the same quarter a year ago. 63.8 percent of the loan growth over the last twelve months has been in categories other than commercial real estate and construction.
- Non-performing assets increased $295 thousand to $1.7 million in the first quarter and now represents 0.65 percent of total loans. The allowance for loan losses represents 1.34 percent of total loans at quarter end.
- Net interest margin for the first quarter totaled 4.03 percent compared with 3.94 percent for the prior quarter and 3.67 percent in the same quarter a year ago. Improvement from the prior quarter primarily relates to growth in average loan balances and yields on excess funds, while improvement from the same quarter a year ago is primarily due to the increase in earning assets.
- Total equity as of March 31, 2018 of $38.2 million increased $477 thousand, or 1.3 percent, from the prior quarter. The Bank's capital levels are well above FDIC "Well Capitalized" standards as of March 31, 2018, with a total capital ratio of 15.49 percent, a tier 1 capital ratio of 14.24 percent, and a common equity tier 1 capital ratio of 12.72 percent. Total equity includes $4.1 million of Preferred Stock that the Bank expects to redeem in the coming year. If Preferred Stock were to have been redeemed at quarter end the total capital ratio would have been approximately 13.97 percent.
- Book value per common share totaled $5.14 as of March 31, 2018, an increase of 1.6 percent from the same quarter one year ago.

“The Bank’s growth is a direct reflection of the economic strength of all our local markets and our clients’ preference to work with a local relationship oriented financial partner. While ‘the numbers’ are certainly important, our relationships are built on more than numbers and we are gratified to have been named Best Local Bank by the readers of the East Bay Times for the second year in a row,” said William S. Keller, President, and Chief Executive Officer. “We want to thank our clients and investors who support us, and assure them that we will continue to work hard to make our Bank the best it can be. We are excited about the opportunities that lie ahead as we enter the second quarter with loans outstanding of over $12 million greater than the first quarter average, and the May 2018 conversion of our San Mateo office to a full service branch, the roll out of new and improved online banking products, and new marketing materials that highlight many of our clients’ wonderful success stories.”

About Community Bank of the Bay

Community Bank of the Bay (OTCBB: CBYAA) serves the financial needs of closely held businesses and professional service firms, as well as their owner-operators and non-profit organizations throughout the San Francisco Bay Area. Community Bank of the Bay is a member of the FDIC, an SBA Preferred Lender, and a CDARS depository institution, headquartered in Oakland, with branches in Danville and San Mateo. It is also California’s first FDIC-insured certified Community Development Financial Institution and one of only three operating in the Northern California market. The bank is recognized for establishing the Bay Area Green Fund to provide financing to sustainable businesses and projects and supports environmentally responsible values. Additional information on the bank is available online at www.BankCBB.com.

Forward-Looking Statements

COMMUNITY BANK OF THE BAY
UNAUDITED SUMMARY FINANCIAL STATEMENTS
(Dollars in thousands, except earnings per share)

INCOME STATEMENT	Three Months Ended				
	2018 March 31	2017 December 31	Qtr over Qtr % Change	2017 March 31	Qtr over Yr Ago Qtr % Change
Interest income	$ 3,294	$ 3,085	6.8%	$ 2,499	31.8%
Interest expense	298	247	20.6%	235	26.8%
Net interest income before provision	2,996	2,838	5.6%	2,264	32.3%
Provision for Loan Losses	-	100	-100.0%	50	-100.0%
Net interest income after provision	2,996	2,738	9.4%	2,214	35.3%
Non-interest income	144	401	-64.1%	160	-10.0%
Non-interest expense	2,369	2,129	11.3%	2,028	16.8%
Income before provision for income taxes	771	1,010	-23.7%	346	122.8%
Provision for income taxes	242	962	-74.8%	138	75.4%
Net income	$ 529	$ 48	1002.1%	$ 208	154.3%
Less: preferred dividends	20	20	0.0%	20	0.0%
Net income available for common stockholders	$ 509	$ 28	1717.9%	$ 188	170.7%
Basic earnings per common share	$ 0.08	$ 0.00	1715.2%	$ 0.04	91.4%
Weighted average common shares outstanding	6,639,718	6,639,631		4,898,819	
Return on average assets	0.67%	0.06%		0.31%	
Return on average common equity	6.06%	0.32%		3.12%	

COMMUNITY BANK OF THE BAY
UNAUDITED SUMMARY FINANCIAL STATEMENTS
(Dollars in thousands, except book value per share)

BALANCE SHEET	At Period End				
ASSETS	2018 March 31	2017 December 31	Qtr over Qtr % Change	2017 March 31	Year over Year % Change
Total cash and investments	$ 67,086	$ 52,525	27.7%	$ 69,917	-24.9%
Loans, net of unearned income	260,674	238,452	9.3%	198,071	20.4%
Loan loss reserve	(3,505)	(3,474)	0.9%	(2,980)	16.6%
Other assets	8,194	8,186	0.1%	9,273	-11.7%
Total Assets	332,449	295,689	12.4%	274,281	7.8%
LIABILITIES AND SHAREHOLDERS EQUITY					
Non-interest bearing demand deposits	103,755	100,671	3.1%	84,467	19.2%
Interest bearing deposits	179,618	156,534	14.7%	151,139	3.6%
Total deposits	283,373	257,205	10.2%	235,606	9.2%
Total borrowings and other liabilities	10,900	784	1290.3%	1,520	-48.4%
Total Liabilities	$ 294,273	$ 257,989	14.1%	$ 237,126	8.8%
Total equity	38,176	37,700	1.3%	37,155	1.5%
Total Liabilities and Total Equity	$ 332,449	$ 295,689	12.4%	$ 274,281	7.8%
Book value per common share	$ 5.14	$ 5.07	1.3%	$ 4.99	1.6%