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**Bay Community Bancorp Earns $1.31 Million in Fourth Quarter 2023
and a Record $8.23 Million for the Year;
Declares Quarterly Cash Dividend of $0.05 Per Share**

OAKLAND, CA – February 5, 2024 -- Bay Community Bancorp, (OTCPink: CBOBA) (the "Company"), parent company of Community Bank of the Bay, (the "Bank") a San Francisco Bay Area commercial bank and California's first certified FDIC-insured Community Development Financial Institution ("CDFI") with full-service offices in Oakland, Danville, San Jose and San Mateo, today reported net income of $1.31 million for the fourth quarter of 2023, compared to $2.39 million for the fourth quarter of 2022. In the third quarter of 2023, the Company earned $3.12 million, which included a $2.48 million Equitable Recovery Program ("ERP") grant, as well as $437,000 Bank Enterprise Award ("BEA"). All financial results are unaudited.

For the year 2023, net income increased 2.1% to a record $8.23 million, compared to $8.06 million in 2022. The previously mentioned ERP grant, as well as the BEA contributed to record profitability for the year.

The Company's Board of Directors declared a quarterly cash dividend of $0.05 per share. The dividend is payable March 6, 2024, to shareholders of record on February 23, 2024. This marks the twelfth consecutive cash dividend payment since the Company initiated quarterly cash dividends on April 30, 2021.

"In 2023 we delivered record operating results as growth initiatives were more than offset by the Equitable Recovery Program grant that was recorded during the prior quarter. Unlike other CDFI Fund awards, such as the BEA, which we received for the twenty-second time in recognition of our annual lending and investment activities in low- and moderate-income communities, the ERP grant is a non-recurring award," stated William S. Keller, CEO. "The loss of five regional Bay Area competitors during 2023 created an unprecedented opportunity for us to invest this one-time award and leverage our abundant capital position, which is in the top three percent of our nationwide peer group, by opening a new full-service banking office in San Jose, expanding our San Mateo office and establishing a San Francisco Production Office. These offices, and more importantly the top-tier professionals who joined us, will be key contributors to our future success."

"With these investments in place and gaining momentum, we decided to lean into our capital position and improve our deposit mix by moving $60.0 million of our highest cost deposits off balance sheet near year end," Keller continued. "While this decision reduced total assets below $1 billion, it improved our deposit mix and we expect to see better net interest margins going forward. We are pleased with our progress in this area as deposits increased over $14.3 million in January, with all of the growth attributed to non-real estate service-related DDA account balances."

"We implemented the Current Expected Credit Losses standard on January 1, 2023, which replaced the former "incurred loss" model for recognizing credit losses with an "expected loss" model referred to as the CECL model. Utilizing CECL may have a more volatile impact on our allowance for credit losses going forward and may result in a lack of comparability between 2023 and 2022 quarterly periods," said Mukhtar Ali, President and Chief Credit Officer. "At December 31, 2023, our loan loss reserves represent 0.93% of total non-guaranteed loans, compared to 1.06% a year earlier."

"The commercial real estate loan portfolio continues to perform well," continued Ali. "Commercial real estate loans against office properties totaled $69.6 million at December 31, 2023 and represented 34.3% of capital. The non-owner occupied office segment consisted of 23 notes totaling $53.7 million and carried a weighted average loan-to-value of 40.8% at quarter end. All relationships in this category are performing as agreed."

Fourth Quarter 2023 Financial Highlights (at or for the period ended December 31, 2023)

- Net income was $1.31 million in the fourth quarter of 2023, compared to $2.39 million in the fourth quarter a year ago, and $3.12 million in the preceding quarter. Earnings per common share was $0.15 in the fourth quarter of 2023, compared to $0.28 in the fourth quarter a year ago, and $0.36 in the preceding quarter.
- Pre-tax, pre-provision, pre-CDFI grant income was $1.59 million in the fourth quarter of 2023, compared to $3.39 million in the year ago quarter, and $1.99 million in the third quarter of 2023.
- Total assets were $975.0 million at December 31, 2023, compared to $976.0 million a year earlier, and decreased $90.9 million, or 8.5%, compared to $1.07 billion three months earlier. Average assets for the quarter totaled $1.04 billion, an increase of $44.7 million, or 4.5%, from the fourth quarter a year ago and a decrease of $14.5 million, or 1.4%, compared with $1.06 billion the prior quarter.
- Net interest income, before the provision for credit losses, was $8.17 million in the fourth quarter of 2023, compared to $8.74 million in the fourth quarter a year ago, and $8.20 million in the preceding quarter. There was a $106,000 negative provision for credit losses recorded in the fourth quarter of 2023. This compared to no provision for loan losses in the fourth quarter of 2022, and a $626,000 provision for credit losses recorded for the preceding quarter.
- Noninterest income was $345,000 in the fourth quarter of 2023, compared to $253,000 in the fourth quarter of 2022. Due primarily to the $2.48 million Equity Recovery Program grant, and the $437,000 BEA award, noninterest income was $3.33 million in the third quarter of 2023.
- Operating revenue (net interest income before the provision for loan losses plus non-interest income) was $8.51 million in the fourth quarter of 2023, compared to $9.00 million in the fourth quarter a year ago, and $11.54 million in the third quarter of 2023.
- Net interest margin was 3.16% in the fourth quarter, compared to 3.15% in the preceding quarter, and 3.57% in the fourth quarter a year ago. The one basis point increase in net interest margin in the fourth quarter of 2023 was due to an improved deposit mix. The year-over-year contraction was due to an increase in deposit costs as well as a change in the earning asset mix, compared to the year ago quarter. The average interest yield on non-PPP loans in the fourth quarter of 2023 was 5.69%, compared to 5.25% in the year ago quarter and 5.74% in the prior quarter. The average cost of funds in the fourth quarter was 2.41%, a 125 basis point increase compared to the fourth quarter a year ago and a 6 basis point increase compared to the prior quarter.
- Noninterest expense was $6.84 million in the fourth quarter of 2023, compared to $5.48 million in the fourth quarter of 2022, and $6.46 million in the third quarter of 2023. Higher noninterest expense during the fourth quarter of 2023 reflected market expansion expenses. Also impacting expenses during the quarter was $322,000 of extraordinary charges associated with altered or otherwise unauthorized checks. The Company believes it has legal recourse against the bank of first deposit and is vigorously pursuing restitution.
- Loans, net of unearned income, increased $19.4 million, or 3.0%, to $670.2 million at December 31, 2023, compared to $650.8 million a year ago, and decreased $5.69 million compared to $675.8 million three months earlier. In addition, at December 31, 2023, the unused portion of credit commitments totaled $134.9 million compared to $141.0 million in the prior quarter and $150.8 million a year ago.

- Total deposits decreased $72.0 million, or 10.2%, to $633.9 million at December 31, 2023, compared to $705.9 million a year ago, and decreased $86.7 million, or 12.0%, compared to $720.6 million three months earlier. Noninterest bearing demand deposit accounts decreased 13.1% compared to a year ago and represented 27.8% of total deposits. Savings, NOW and money market accounts decreased 29.8% compared to a year ago and represented 39.3% of total deposits. Reflective of the rising interest rate environment, CDs increased 40.9% compared to a year ago and comprised 32.8% of the total deposit portfolio, at December 31, 2023. For the quarter, the overall cost of funds was 241 basis points compared to 235 basis points in the prior quarter, and 116 basis points in the fourth quarter a year ago.

- Asset quality remains strong with 1.056% nonperforming loans to gross loans at December 31, 2023. This compares to 1.057% of nonperforming loans to gross loans at September 30, 2023, and 0.046% of nonperforming loans to gross loans at December 31, 2022.

- The allowance for credit losses on loans was $6.21 million, or 0.92% of gross loans at December 31, 2023, compared to $6.89 million, or 1.05% of total loans at December 31, 2022. The allowance, as a percentage of non-guaranteed loans, was 0.93% at December 31, 2023, compared to 1.06% a year ago. The allowance for credit losses reflects management's assessment of the current economic environment.

- Primarily due to retained earnings, total equity increased 4.3% to $192.9 million as of December 31, 2023, compared to $184.9 million a year ago. The Bank's capital levels remained well above FDIC "Well Capitalized" standards as of December 31, 2023, with a Tier 1 capital ratio of 27.51%; Common Equity Tier 1 capital ratio of 10.78%; Total capital ratio of 28.45%; and Leverage ratio of 18.81%.

- Book value per common share increased 14.13% to $8.56 as of December 31, 2023, compared to $7.50 per common share a year ago.

- Declared a quarterly cash dividend of $0.05 per share. The dividend is payable March 6, 2024 to shareholders of record on February 23, 2024.

On October 23, 2023, the Company announced that its board of directors adopted a share repurchase program authorizing the Company to repurchase up to 436,440 shares of the Company's outstanding shares of Series A common stock. As of December 31, 2023, the Company had repurchased 206,750 outstanding shares of Series A common stock and 229,690 shares remain available under the repurchase program ending September 30, 2024.

On June 7, 2022, the Company completed a $119.4 million investment from the US Treasury Department. Treasury's investment, made under the Emergency Capital Investment Program ("ECIP"), is in the form of non-cumulative Senior Perpetual Preferred Stock. For the first two years from the date of issuance of the Senior Perpetual Preferred Stock the dividend rate shall be zero percent (0%) per annum, and thereafter dividend payments begin accruing with a maximum dividend rate of two percent (2%) and the dividend rate may be reduced to one half percent (0.5%) based on the level of increased qualified lending undertaken by the Bank.

While the ECIP investment was a transformative event brought on by the Federal response to the pandemic, the Bank has maintained a long and important relationship with the US Treasury's CDFI Fund. Since its founding, the Bank has received 22 Bank Enterprise Awards totaling $9.2 million, plus miscellaneous other grants such as this quarter's Equitable Recovery Grant totaling $4.3 million. All of these awards and grants, plus any future opportunities that may become available to us, such as our planned participation in the Clean Communities Investment Accelerator program that is being financed by the Environmental Protection Agency's Greenhouse Gas Reduction Fund, support our lending and investment activities in low- and moderate-income communities.

For additional information on the US Treasury's ECIP Program please visit
https://home.treasury.gov/policy-issues/coronavirus/assistance-for-small-businesses/emergency-capital-investment-program

For additional information on the CDFI Fund's Rapid Response Program please visit
https://www.cdfifund.gov/programs-training/programs/rrp

For additional information on the CDFI Fund's Equitable Recovery Program please visit
https://www.cdfifund.gov/programs-training/programs/erp

For additional information on the EPA's Clean Communities Investment Accelerator Program please visit
https://www.epa.gov/greenhouse-gas-reduction-fund/clean-communities-investment-accelerator

About Bay Community Bancorp

Bay Community Bancorp (OTCPink: CBOBA) is the parent company of Community Bank of the Bay, a San Francisco Bay Area commercial bank with full-service offices in Oakland, Danville, San Mateo and San Jose. Community Bank of the Bay 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, and is California's first FDIC-insured certified Community Development Financial Institution. 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

This release may contain forward-looking statements, such as, among others, statements about plans, expectations and goals concerning growth and improvement. Forward-looking statements are subject to risks and uncertainties. Such risks and uncertainties may include but are not necessarily limited to fluctuations in interest rates, inflation, government regulations and general economic conditions, including the real estate market in California and other factors beyond the Bank's control. Such risks and uncertainties could cause results for subsequent interim periods or for the entire year to differ materially from those indicated. Readers should not place undue reliance on the forward-looking statements, which reflect management's view only as of the date hereof. The Bank does not undertake, and specifically disclaims, any obligation to update or revise any forward-looking statements, whether to reflect new information, future events, or otherwise, except as required by law.

FINANCIAL TABLES TO FOLLOW:

Bay Community Bancorp

Quarterly Financial Summary (Unaudited)
(Dollars in thousands, except per share data)

	Three Months Ended				
Earnings and dividends:	**Dec. 31, 2023**	**Sep. 30, 2023**	**Jun. 30, 2023**	**Mar. 31, 2023**	**Dec. 31, 2022**
Interest income	$ 13,297	$ 13,268	$ 12,278	$ 11,442	$ 11,099
Interest expense	5,130	5,064	4,473	3,790	2,354
Net interest income	8,167	8,204	7,805	7,652	8,745
Provision for credit losses, loans	(106)	626	(96)	39	-
Noninterest income	345	3,332	234	248	253
Noninterest expense	6,844	6,464	5,495	5,134	5,609
Provision for income taxes	462	1,322	786	784	1,001
Net income	1,312	3,124	1,854	1,943	2,388
Share data:					
Basic earnings per common share	$ 0.15	$ 0.36	$ 0.21	$ 0.22	$ 0.28
Dividends declared per common share	0.050	0.050	0.050	0.050	0.045
Book value per common share	8.56	8.14	7.92	7.86	7.50
Common shares outstanding, 30,000,000 authorized	8,580,956	8,771,302	8,728,802	8,728,802	8,728,802
Average common shares outstanding	8,684,272	8,756,981	8,728,802	8,728,802	8,664,401
Balance sheet - average balances:					
Loans receivable, net	$ 667,896	$ 673,313	$ 662,470	$ 653,181	$ 627,608
PPP loans	394	453	500	595	1,215
Earning assets	1,024,733	1,032,794	980,094	945,121	979,165
Total assets	1,043,990	1,058,475	1,021,564	987,071	999,316
Deposits	704,643	716,450	684,328	668,397	764,127
Borrowings	140,000	140,000	139,940	122,278	42,652
Preferred equity (ECIP)	119,413	119,413	119,413	119,413	119,413
Shareholders' common equity	69,889	68,947	68,088	65,676	63,038
Ratios:					
Return on average assets	0.50%	1.17%	0.73%	0.80%	0.95%
Return on average common equity	7.45%	17.98%	10.92%	12.00%	15.03%
Yield on earning assets	5.15%	5.10%	5.03%	4.91%	4.53%
Cost of interest-bearing deposits	2.91%	2.86%	2.61%	2.25%	1.49%
Cost of funds	2.41%	2.35%	2.18%	1.94%	1.16%
Net interest margin	3.16%	3.15%	3.19%	3.28%	3.57%
Efficiency ratio	81.03%	76.15%	68.10%	64.99%	62.34%
Asset quality:					
Net loan (charge-offs) recoveries to average loans	-0.009%	-0.085%	0.004%	-0.023%	-0.003%
Nonperforming loans to gross loans	1.056%	1.057%	1.131%	0.021%	0.046%
Nonperforming assets to total assets	0.732%	0.677%	0.725%	0.014%	0.031%
Allowance for credit losses to gross loans	0.92%	0.93%	0.92%	0.95%	1.05%

Bay Community Bancorp

Consolidated Balance Sheets (Unaudited)

(Dollars in thousands, except per share data)

Assets	Dec. 31, 2023	Sep. 30, 2023	Dec. 31, 2022
Cash and due from	$ 51,128	$ 147,847	$ 40,934
Interest bearing deposits	9,926	10,923	11,165
Available-for-sale securities	185,739	165,093	209,763
Held-to-maturity securities	34,500	34,500	34,500
Allowance for credit losses, investments	(96)	(155)	-
Commercial	62,628	57,837	128,221
PPP	379	428	666
CRE (Owner occupied)	144,468	148,860	113,450
CRE (Non-owner occupied)	336,361	341,181	327,478
Construction and land	76,904	80,588	51,731
Consumer and other	57,433	55,169	37,990
Unearned fees, net	(1,755)	(1,853)	(1,857)
Allowance for credit losses, loans	(6,207)	(6,313)	(6,889)
Net Loans	670,210	675,897	650,790
Premises and equipment	1,145	1,086	1,046
Life insurance assets	8,001	7,944	7,785
Accrued interest receivable and other assets	14,472	22,742	20,050
Total assets	$ 975,025	$ 1,065,877	$ 976,033
Liabilities and Shareholders' Equity			
Liabilities			
Deposits			
Demand	$ 176,515	$ 194,929	$ 203,014
Saving, NOW and money market	249,331	289,824	355,282
Time	208,020	235,857	147,613
Total deposits	633,866	720,610	705,909
FHLB Advances	140,000	140,000	74,500
Interest payable and other liabilities	8,297	14,453	10,750
Total liabilities	782,163	875,063	791,159
Shareholders' Equity			
Preferred stock, $1,000 par value	119,413	119,413	119,413
Common stock, without par value	54,518	55,865	51,264
Retained earnings	24,299	23,426	22,001
Accumulated other comprehensive income (expense)	(5,368)	(7,890)	(7,804)
Total shareholders' equity	192,862	190,814	184,874
Total liabilities and shareholders' equity	$ 975,025	$ 1,065,877	$ 976,033

Bay Community Bancorp

Consolidated Statements of Income (Unaudited)
(Dollars in thousands, except per share data)

	Three Months Ended		
Interest Income	**Dec. 31, 2023**	**Sep. 30, 2023**	**Dec. 31, 2022**
Loans	$ 9,670	$ 9,724	$ 8,375
Securities	2,014	1,718	1,877
Federal funds sold and deposits in banks	1,613	1,826	847
Total interest income	13,297	13,268	11,099
Interest Expense			
Deposits	3,723	3,658	2,027
Borrowings	1,406	1,406	328
Total interest expense	5,129	5,064	2,355
Net Interest Income	8,168	8,204	8,744
Provision for Loan Losses	(106)	626	-
Net Interest Income After Provision for Loan Losses	8,274	7,578	8,744
Noninterest income			
Service charges	36	52	49
Gains on sale of loans	75	163	-
Government grants	-	2,916	-
Other	234	201	204
Total noninterest income	345	3,332	253
Noninterest Expense			
Salaries and employee benefits	3,727	3,518	3,046
Net occupancy and equipment expense	572	462	345
Software and data processing fees	808	808	642
Professional fees	312	312	270
Marketing and business development	235	235	240
FDIC insurance premiums	149	149	62
Other	1,034	980	871
Total noninterest expense	6,837	6,464	5,476
Income before Income Tax	1,782	4,446	3,521
Provision for Income Taxes	470	1,322	1,133
Net Income	$ 1,312	$ 3,124	$ 2,388
Basic Earnings Per Share	$ 0.15	$ 0.36	$ 0.28

Bay Community Bancorp

Additional Financial Information

(Dollars in thousands except per share amounts)(Unaudited)

Asset Quality Ratios and Data:

	Dec. 31, 2023	Sep. 30, 2023	Dec. 31, 2022
Nonaccrual loans (excluding restructured loans)	$ 7,141	$ 7,212	$ 301
Nonaccrual restructured loans	-	-	-
Loans past due 90 days and still accruing	-	-	-
Total non-performing loans	7,141	7,212	301
OREO and other non-performing assets	-	-	-
Total non-performing assets	$ 7,141	$ 7,212	$ 301
Nonperforming loans to gross loans	1.056%	1.057%	0.046%
Nonperforming assets to total assets	0.732%	0.677%	0.031%
Allowance for loan losses to gross loans	0.92%	0.93%	1.05%
Performing restructured loans (RC-C)	$ 119	$ 120	$ 125
Net (charge-offs) recoveries quarter ending	$ (60)	$ (571)	$ (21)

Transmitted on Globe Newswire on February 5, 2024 at 6:00 a.m. PT.