

NEWS RELEASE

for Immediate Release – March 14, 2016



Media Contacts:

William S. Keller, President & CEO 510-433-5404 wkeller@BankCBB.com

Community Bank of the Bay Announces 2015 Fourth Quarter and Year-End Results

OAKLAND, CA - Community Bank of the Bay (CBYAA.OB), a San Francisco Bay Area commercial bank with full service offices in Oakland and Danville, and two business offices in the Silicon Valley, reported unaudited earnings results for its fourth quarter and year ended December 31, 2015.

2015 Financial Highlights

- Pre-tax operating income for the quarter ending December 31, 2015 totaled \$117 thousand, a decrease of \$502 thousand, or 81 percent, from \$619 thousand reported in 2014. Net profit after-tax for the quarter ended December 31, 2015 totaled \$87 thousand, or \$0.02 earnings per common share, compared to \$441 thousand reported in 2014. The decrease in quarterly earnings was attributed to a \$625 thousand increase in the provision for loan loss and a \$160 thousand increase in professional fees from the same period a year ago.
- 2015 pre-tax operating income totaled \$2.2 million, approximately even with 2014. 2015 income taxes of \$889 thousand resulted in after-tax net income of \$1.3 million, or \$0.30 earnings per common share, compared to 2014 after-tax earnings of \$1.7 million when income taxes were only \$500 thousand.
- Total assets at December 31, 2015 were \$241.3 million, an increase of \$16.7 million, or 7.5 percent from \$224.6 million at December 31, 2014. Average earning assets for the 2015 fourth quarter reached \$235.5 million, an increase of \$29.5 million, or 14.3 percent, compared with \$205.9 million in the same period in 2014.
- Deposits totaled \$218 million at year-end and represented a decrease of \$14.6 million or 6.3 percent from the third quarter and an increase of \$19.1 million, or 9.6 percent from the prior year.
- Loans totaled \$200.3 million at year-end and represented an increase of \$8.5 million, or 4.5 percent from the third quarter and \$25.2 million, or 14.4 percent from the prior year.
- Non-performing assets increased \$628 thousand to \$4 million in the fourth quarter.
- Net interest margin for the fourth quarter increased twenty basis points to 4.26 percent, compared with 4.05 percent for the third quarter and decreased fifteen basis points from 4.41 percent for the 2014 fourth quarter.
- Capital levels remain above FDIC “Well Capitalized” standards. December 31, 2015 equity of \$22.6 million increased 7.3 percent from the prior year and resulted in common equity tier 1 capital ratio of 8.2 percent, and tier 1 capital and total capital ratio of 10.02 percent and 11.28 percent, respectively.

"While remaining profitable in the fourth quarter, the Bank incurred certain expenses that negatively impacted performance, including \$153 thousand of one-time non-interest expenses associated with due diligence and related costs incurred in connection with consideration of various strategic opportunities. However, of greater impact were asset quality costs and professional fees attributed to one credit relationship. Management promptly took aggressive action regarding this credit resulting in fourth quarter loan charge-offs, related provisions and professional fees of approximately \$579 thousand, which contributed significantly to the fourth quarter's increase in non-performing assets," said William S. Keller, President and Chief Executive Officer. "We are working diligently with this credit and look forward to providing an update at the time of our first quarter earnings release."

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 offices in Danville, San Mateo and Campbell, CA. 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

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.

COMMUNITY BANK OF THE BAY						
UNAUDITED SUMMARY FINANCIAL STATEMENTS						
(In thousands except earnings per share)						
BALANCE SHEET		Three Months Ended				
		2015 Dec 31	2015 Sept 30	Qtr over Qtr % Change	2014 Dec 31	Year over Year % Change
ASSETS						
Total cash and investments		\$ 36,407	\$ 59,523	-38.8%	\$ 44,340	-17.9%
Loans, net of unearned income		200,271	191,736	4.5%	175,096	14.4%
Loan loss reserve		(3,488)	(3,129)	11.5%	(2,783)	25.3%
Other real estate owned		-	-	0.0%	971	-
Other assets		8,135	7,836	3.8%	6,947	17.1%
Total Assets		241,325	255,966	-5.7%	224,571	7.5%
LIABILITIES AND SHAREHOLDERS EQUITY						
Non-interest bearing deposits		72,390	81,415	-11.1%	54,964	31.7%
Interest bearing deposits		145,580	151,225	-3.7%	143,857	1.2%
Total deposits		217,970	232,640	-6.3%	198,821	9.6%
Total borrowings and other liabilities		785	860	-8.7%	4,714	-83.3%
Total Liabilities		\$ 218,755	\$ 233,500	-6.3%	\$ 203,535	7.5%
Total equity		22,570	22,466	0.5%	21,036	7.3%
Total Liabilities and Total Equity		\$ 241,325	\$ 255,966	-5.7%	\$ 224,571	7.5%
Book value per common share		\$ 4.37	\$ 4.35	0.6%	\$ 4.02	8.7%

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

INCOME STATEMENT	Three Months Ended					Year to Date		
	2015	2015	Qtr over Qtr	2014	Year over Year	2015	2014	Year over Year
	Dec 31	Sept 30	% Change	Dec 31	% Change	Dec 31	Dec 31	% Change
Interest income	\$ 2,725	\$ 2,617	4.1%	\$ 2,460	10.8%	\$ 10,543	\$ 8,676	21.5%
Interest expense	199	199	0.0%	174	14.4%	793	692	14.6%
Net interest income before provision	2,526	2,418	4.5%	2,286	10.5%	9,750	7,984	22.1%
Provision for Loan Loss Reserve	850	50	1600.0%	225	277.8%	1,250	425	194.1%
Net interest income after provision	1,676	2,368	-29.2%	2,061	-18.7%	8,500	7,559	12.4%
Non-interest income	591	436	35.6%	379	55.9%	1,887	1,652	14.2%
Non-interest expense	2,150	2,039	5.4%	1,822	18.0%	8,166	7,004	16.6%
Income before provision for income taxes	117	765	-84.7%	618	-81.1%	2,221	2,207	0.6%
Provision for income taxes	30	319	-90.6%	178	-83.1%	889	500	77.8%
Net income	\$ 87	\$ 446	-80.5%	\$ 440	-80.2%	\$ 1,332	\$ 1,707	-22.0%
Less: preferred dividends	20	20	0.0%	20	0.0%	81	81	0.0%
Net income available for common stockholders	\$ 67	\$ 426	-84.3%	\$ 420	-84.0%	\$ 1,251	\$ 1,626	-23.1%
Basic earnings per common share	0.02	0.10	-84.3%	\$ 0.10	-84.1%	\$ 0.30	\$ 0.39	-23.3%
Common shares outstanding EP	4,232,435	4,232,435		4,220,443		4,232,435	4,220,443	
Return on average assets	0.11%	0.67%		0.64%		0.54%	0.81%	
Return on average common equity	1.45%	9.40%		10.05%		7.05%	10.18%	

