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Community Bank of the Bay Announces Operating Results for Second Quarter 2016

OAKLAND, CA - Community Bank of the Bay (CBYAA), 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 quarter ending June 30, 2016.

2016 Second Quarter Financial Highlights

- Pre-tax operating income for the quarter ending June 30, 2016 totaled \$614 thousand, an increase of \$42 thousand, or 7.4 percent, from \$571 thousand reported in the same period a year ago. Net profit after tax totaled \$368 thousand, or \$0.08 earnings per common share, compared to \$340 thousand reported in 2015.
- Total assets at June 30, 2016 were \$259 million, an increase of \$5.8 million, or 2.3 percent from \$253.2 million at June 30, 2015. Average earning assets for the quarter reached \$237.7 million, an increase of \$7.8 million, or 3.4 percent, compared with \$229.9 million in 2015.
- Deposits totaled \$234.2 million at June 30, 2016 and represented an increase of \$11.2 million or 5 percent from the prior quarter, and \$7.5 million, or a 3.3 percent increase from the prior year.
- Loans totaled \$198.4 million at June 30, 2016 and represented an increase of \$3.2 million or 1.6 percent from the prior quarter, and an increase of \$18.9 million, or 10.6 percent from the prior year.
- Non-performing assets increased \$215 thousand to \$3.0 million compared to the prior quarter and now represent 1.5 percent of total loans. Allowance for loan losses represents 1.63 percent of Total Loans.
- Net interest margin for the first quarter decreased thirteen basis points to 4.21 percent, compared with 4.34 percent for the prior quarter and decreased eight basis points from 4.29 percent in the year ago quarter.
- Capital levels remain well above FDIC “Well Capitalized” standards. June 30, 2016 equity of \$24.0 million increased 9.5 percent from the prior year and resulted in a common equity tier 1 capital ratio of 8.88 percent, and a tier 1 capital and total capital ratio of 10.72 percent and 11.97 percent respectively.
- Book value per common share increased to \$4.62 as of June 30, 2016 from \$4.52 at March 31, 2016 and \$4.23 at June 30, 2015. The twelve month increase in book value per common share was 9.3 percent.

"We are pleased to report record total assets and deposits for the second quarter of 2016. While quarterly earnings were off somewhat from last quarter's record earnings, due to one-time non-interest expenses and delays in recognizing SBA premium income, year to date after-tax earnings of just under \$1-million is certainly the best first half performance in the bank's history," said William S. Keller, President and Chief Executive Officer. "With the traditionally strong second half of the year ahead of us, we are working hard to make our 20th anniversary year a record for both financial results and community impact. Record earnings, deposits, and loans would be a fitting goal for such a milestone year."

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.

Financial Tables Q2 2016

INCOME STATEMENT	Three Months Ended					
	2016	2016	Qtr over Qtr	2015	Year over Year	
	June 30	March 31	% Change	June 30	% Change	
Interest income	\$ 2,678	\$ 2,719	-1.5%	\$ 2,664	0.5%	
Interest expense	188	196	-4.1%	205	-8.3%	
Net interest income before provision	2,490	2,523	-1.3%	2,459	1.3%	
Provision for Loan Loss Reserve	-	-	0.0%	150	-100.0%	
Net interest income after provision	2,490	2,523	-1.3%	2,309	7.8%	
Non-interest income	323	477	-32.3%	305	5.9%	
Non-interest expense	2,200	1,975	11.4%	2,042	7.7%	
Income before provision for income taxes	613	1,025	-40.2%	572	7.2%	
Provision for income taxes	245	412	-40.5%	231	6.1%	
Net income	\$ 368	\$ 613	-40.0%	\$ 341	7.9%	
Less: preferred dividends	20	20	0.0%	20	0.0%	
Net income available for common stockholders	\$ 348	\$ 593	-41.3%	\$ 321	8.4%	
Basic earnings per common share	\$ 0.08	\$ 0.14	-41.3%	\$ 0.08	6.0%	
Common shares outstanding EP	4,314,858	4,314,858		4,220,795		
Return on average assets	0.55%	0.97%		0.52%		
Return on average common equity	7.06%	12.48%		7.27%		

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

BALANCE SHEET	Three Months Ended					
	2016 June 30	2016 March 31	Qtr over Qtr % Change	2015 June 30	Year over Year % Change	
ASSETS						
Total cash and investments	\$ 55,568	\$ 47,872	16.1%	\$ 69,240	-19.7%	
Loans, net of unearned income	198,443	195,240	1.6%	179,480	10.6%	
Loan loss reserve	(3,235)	(3,308)	-2.2%	(3,000)	7.8%	
Other real estate owned	-	-	0.0%		-	
Other assets	<u>8,270</u>	<u>7,859</u>	5.2%	7,522	9.9%	
Total Assets	259,046	247,663	4.6%	253,242	2.3%	
LIABILITIES AND SHAREHOLDERS EQUITY						
Non-interest bearing deposits	96,323	80,236	20.0%	81,314	18.5%	
Interest bearing deposits	<u>137,914</u>	<u>142,809</u>	-3.4%	145,472	-5.2%	
Total deposits	234,237	223,045	5.0%	226,786	3.3%	
Total borrowings and other liabilities	<u>824</u>	<u>1,064</u>	-22.6%	4,560	-81.9%	
Total Liabilities	\$ 235,061	\$ 224,109	4.9%	\$ 231,346	1.6%	
Total equity	<u>23,985</u>	<u>23,554</u>	1.8%	21,896	9.5%	
Total Liabilities and Total Equity	\$ 259,046	\$ 247,663	4.6%	\$ 253,242	2.3%	
Book value per common share	\$ 4.62	\$ 4.52	2.2%	\$ 4.23	9.3%	