

NEWS RELEASE

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Community Bank of the Bay Announces Operating Results for Third Quarter 2016 Sets Date for Shareholder Meeting

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 September 30, 2016.

2016 Third Quarter Financial Highlights

-) Pre-tax operating income for the quarter ending September 30, 2016 totaled \$751 thousand, a decrease of \$14 thousand, or 1.8 percent, from \$765 thousand reported in the same period a year ago when the quarter benefited from a \$265 thousand Bank Enterprise Award. Net profit after tax totaled \$451 thousand, or \$0.10 earnings per common share, compared to \$446 thousand reported in 2015. Net of the Bank Enterprise Award, net profit after tax increased 50.2 percent.
-) Total assets at September 30, 2016 were \$260 million, an increase of \$3.8 million, or 1.5 percent from \$256 million at September 30, 2015. Average earning assets for the quarter reached \$240.2 million, an increase of \$3.5 million, or 1.5 percent, compared with \$236.7 million in 2015.
-) Deposits totaled \$234.2 million at September 30, 2016 and were unchanged from the prior quarter, and \$1.6 million, or a 0.7 percent increase from the prior year.
-) Loans totaled \$198.0 million at September 30, 2016 and represented a decrease of \$0.4 million or 0.2 percent from the prior quarter, and an increase of \$6.3 million, or 3.3 percent from the prior year.
-) Non-performing assets decreased \$333 thousand to \$2.7 million compared to the prior quarter and now represents 1.3 percent of total loans. Year-to-date non-performing assets have been reduced by \$1.2 million. Allowance for loan losses represents 1.61 percent of total loans.
-) Net interest margin for the third quarter decreased ten basis points to 4.12 percent, compared with 4.21 percent for the prior quarter, and increased seven basis points from 4.05 percent from the prior year same quarter.
-) Capital levels remain well above FDIC "Well Capitalized" standards. September 30, 2016 equity of \$24.5 million increased 9.0 percent from the prior year and resulted in a common equity tier 1 capital ratio of 9.27 percent, and a tier 1 capital and total capital ratio of 11.15 percent and 12.40 percent respectively.
-) Book value per common share increased to \$4.74 as of September 30, 2016 from \$4.35 at September 30, 2015, representing a twelve month increase in book value per common share of 8.9 percent.

"We are pleased to report record total assets for the third quarter of 2016. Quarterly earnings comparisons were impacted by a change in the US Treasury Department's processing of its annual Bank Enterprise Award granted to Community Development Financial Institutions who are actively engaged in their communities. Our bank has received this award in each of the last six years. Excluding award income, our year-to-date net profit after tax has increased \$551 thousand or 30 percent," said William S. Keller, President and Chief Executive Officer. "At our shareholders meeting on December 13, 2016, we look forward to discussing our progress, unveiling our new website, and celebrating the bank's 20th anniversary year by highlighting the success stories of many of our clients."

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)

INCOME STATEMENT	Three Months Ended				
	2016	2016	Qtr over Qtr	2015	Year over Year
	September 30	June 30	% Change	September 30	% Change
Interest income	\$ 2,694	\$ 2,678	0.6%	\$ 2,617	2.9%
Interest expense	208	188	10.6%	200	4.0%
Net interest income before provision	2,486	2,490	-0.2%	2,417	2.9%
Provision for Loan Loss Reserve	-	-	0.0%	50	-100.0%
Net interest income after provision	2,486	2,490	-0.2%	2,367	5.0%
Non-interest income	290	323	-10.2%	436	-33.5%
Non-interest expense	2,025	2,200	-8.0%	2,039	-0.7%
Income before provision for income taxes	751	613	22.5%	764	-1.7%
Provision for income taxes	300	245	22.4%	319	-6.0%
Net income	\$ 451	\$ 368	22.6%	\$ 445	1.3%
Less: preferred dividends	20	20	0.0%	20	0.0%
Net income available for common stockholders	\$ 431	\$ 348	23.9%	\$ 425	1.4%
Basic earnings per common share	\$ 0.10	\$ 0.08	23.6%	\$ 0.10	-0.7%
Common shares outstanding EP	4,322,491	4,314,858		4,232,435	
Return on average assets	0.66%	0.55%		0.67%	
Return on average common equity	8.54%	7.06%		9.38%	

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BALANCE SHEET	Three Months Ended				
	2016	2016	Qtr over Qtr	2015	Year over Year
	September 30	June 30	% Change	September 30	% Change
ASSETS					
Total cash and investments	\$ 56,630	\$ 55,568	1.9%	\$ 59,523	-4.9%
Loans, net of unearned income	198,018	198,443	-0.2%	191,736	3.3%
Loan loss reserve	(3,188)	(3,235)	-1.5%	(3,129)	1.9%
Other real estate owned	-	-	0.0%	-	-
Other assets	8,296	8,270	0.3%	7,836	5.9%
Total Assets	259,756	259,046	0.3%	255,966	1.5%
LIABILITIES AND SHAREHOLDERS EQUITY					
Non-interest bearing deposits	88,729	96,323	-7.9%	81,415	9.0%
Interest bearing deposits	145,496	137,914	5.5%	151,225	-3.8%
Total deposits	234,225	234,237	0.0%	232,640	0.7%
Total borrowings and other liabilities	1,035	824	25.6%	860	20.3%
Total Liabilities	\$ 235,260	\$ 235,061	0.1%	\$ 233,500	0.8%
Total equity	24,496	23,985	2.1%	22,466	9.0%
Total Liabilities and Total Equity	\$ 259,756	\$ 259,046	0.3%	\$ 255,966	1.5%
Book value per common share	\$ 4.73	\$ 4.62	2.4%	\$ 4.35	8.7%

