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Community Bank of the Bay Announces 2016 Fourth-Quarter and Year-End Results Strengthening Capital and Credit Quality

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 financial results for its quarter and year ending December 31, 2016.

2016 Fourth-Quarter and Year-End Financial Highlights

- Net income for the quarter ending December 31, 2016 totaled $357 thousand, an increase of $270 thousand, or 310.3 percent, from the same quarter a year ago, and a decrease of $94 thousand, or 20.8 percent, from the prior quarter. Earnings per common share totaled $0.08 in the fourth quarter of 2016, compared to $0.02 in the same quarter a year ago and $0.10 in the prior quarter. The increase from the same quarter a year ago is primarily due to a lower provision for loan losses, as credit quality continues to improve, partially offset by lower gains on sales of loans, due to fewer SBA loan sales. The decline from the prior quarter reflects year-end employee benefits expenses.
- 2016 net income totaled $1.8 million, an increase of $457 thousand, or 34.3 percent, over 2015. Earnings per share increased to $0.40 in 2016, up $0.10, or 33.8 percent, from $0.30 in 2015. 2016 benefitted by a decrease in the provision for loan losses due to strengthening credit quality, partially offset by proceeds from a 2015 BEA award that did not recur in 2016, lower service charges and gains on sale of loans, as well as higher professional fees incurred.
- Total assets at December 31, 2016 were $249 million, an increase of $8.0 million, or 3.3 percent, from a year ago, and a decline of $10.4 million, or 4.0 percent, from September 30, 2016. Average earning assets for the quarter reached $245.5 million, an increase of $10.0 million, or 4.3 percent, compared with the same quarter a year ago, and an increase of $5.4 million, or 2.2 percent, from the prior quarter.
- Deposits totaled $223.4 million at December 31, 2016 and were up $5.5 million, or 2.5 percent, from the prior year and down $10.8 million, or 4.6 percent, from the prior quarter.
- Loans totaled $187.2 million at December 31, 2016 and experienced a decline of $10.9 million or 5.5 percent, from the prior quarter, and a decrease of $13.1 million, or 6.5 percent, from the prior year, related to end-of-year payoffs of real estate and commercial and industrial loans.
- Non-performing assets decreased $650 thousand to $2.0 million in the fourth quarter and now represents 1.1 percent of total loans. Year-to-date, non-performing assets have been reduced by $1.8 million. The allowance for loan losses represents 1.70 percent of total loans at year end.
- Net interest margin for the fourth quarter remained relatively constant at 4.11 percent, compared with 4.12 percent for the prior quarter, and declined fifteen basis points from 4.26 percent in the same quarter a year ago, primarily due to a shift in the mix from higher-yielding loans to lower-yielding cash and equivalents, and to a lesser extent, a slightly higher cost of funds.
- Capital levels remain well above FDIC “Well Capitalized” standards. Total equity as of December 31, 2016 of $24.9 million increased $2.3 million, or 10.3 percent, from the prior year and resulted in a total capital ratio of 13.64 percent, a tier 1 capital ratio of 12.05 percent, and a common equity tier 1 capital ratio of 10.05 percent.
- Book value per common share increased to $4.79 as of December 31, 2016 from $4.37 at December 31, 2015, representing an increase in book value per common share of 9.6 percent.

"Although growth moderated in 2016, the Bank reported solid results in the fourth quarter and record pre-tax income for the year. Our plan for controlled growth and sustained profitability builds capital and enhances shareholder value." said William S. Keller, President, and Chief Executive Officer. "After a number of years of growth above our peers, in 2016 we focused on strengthening a number of key areas of the bank. We added expertise in credit, finance, operations and compliance. These investments will allow our relationship bankers to continue providing our clients with the high level of service they have come to expect from us. With continued economic strength in our target markets we look forward to a successful 2017."

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.