

## NEWS RELEASE

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## Community Bank of the Bay Announces 2017 Second-Quarter Results Increasing Earnings and Growing Deposits

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 ending June 30, 2017.

### 2017 Second-Quarter Financial Highlights

Capital deployment drives significant improvement to earnings. Solid growth in non-interest bearing deposits to support future loan growth and strengthened profitability.

- Net income for the quarter ending June 30, 2017 totaled \$408 thousand, an increase of \$201 thousand, or 97.1 percent, from the prior quarter, and an increase of \$40 thousand, or 10.9 percent, from the same quarter a year ago. Earnings per common share totaled \$0.06 in the second quarter of 2017, compared to \$0.04 in the prior quarter and \$0.08 in the same quarter a year ago. The improvement in net income in the second quarter of 2017 compared to the prior quarter primarily relates to higher interest income on loans, including a pool of multi-family real estate loans purchased in late March 2017. The improvement from the same quarter a year ago also reflects higher interest income on cash and investments, as well as lower personnel and other non-interest expenses, partially offset by a reduction in gains on the sale of SBA loans.
- Total assets at June 30, 2017 were \$287 million, an increase of \$12.9 million, or 4.7 percent, from the prior quarter, and an increase of \$28.1 million, or 10.8 percent, from a year ago. Average earning assets for the quarter reached \$265 million, an increase of \$14.6 million, or 5.8 percent, compared with the prior quarter, and an increase of \$27.6 million, or 11.6 percent, from the same quarter a year ago.
- Deposits totaled \$249 million at June 30, 2017 and were up \$13.7 million, or 5.8 percent, from the prior quarter and up \$15.0 million, or 6.4 percent, from a year ago. The growth was concentrated in non-interest bearing demand accounts, which increased 24.6% from the prior quarter and 9.2% from the same quarter a year ago.
- Loans totaled \$201 million at June 30, 2017, an increase of \$2.6 million, or 1.3 percent, from the prior quarter, and were higher by \$2.9 million, or 1.5 percent, compared to the same quarter last year.
- Non-performing assets decreased \$269 thousand to \$1.5 million in the second quarter and now represents 0.8 percent of total loans. The allowance for loan losses represents 1.53 percent of total loans at quarter end.
- Net interest margin for the second quarter totaled 3.85 percent compared with 3.70 percent for the prior quarter and 4.22 percent in the same quarter a year ago. The improvement from the prior quarter primarily relates to growth in average loan balances. The decline from the same quarter a year ago is 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.
- Total equity as of June 30, 2017 of \$37.0 million decreased slightly by \$165 thousand, or 0.4 percent, from the prior quarter, primarily due to the capitalization of costs associated with the first-quarter private placement, partially offset by earnings. The increase in capital from a year ago relates to the first-quarter 2017 issuance of 2,285,715 common shares totaling \$12 million. The Bank's capital levels remain well above FDIC "Well Capitalized" standards as of June 30, 2017, with a total capital ratio of 19.09 percent, a tier 1 capital ratio of 17.83 percent, and a common equity tier 1 capital ratio of 15.88 percent.
- Book value per common share totaled \$4.96 as of June 30, 2017, down slightly from \$4.99 at March 31, 2017, reflecting the capitalization of private placement costs, partially offset by earnings.
- "Management is focused on growing the Bank in a purposeful and profitable manner," said William S. Keller, President, and Chief Executive Officer. "We are selectively expanding our leadership and business development teams and have established strategies to raise client engagement, reduce non-interest expenses and deploy excess liquidity. We are already seeing the initial results of these initiatives and expect to see additional benefits in the coming months."

## 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](http://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					
	2017 June 30	2017 March 31	Qtr over Qtr % Change	2016 June 30	Year over Year % Change	
Interest income	\$ 2,770	\$ 2,519	10.0%	\$ 2,678	3.4%	
Interest expense	231	235	-1.7%	188	22.9%	
Net interest income before provision	2,539	2,284	11.2%	2,490	2.0%	
Provision for Loan Loss Reserve	75	50	50.0%	-	NMV	
Net interest income after provision	2,464	2,234	10.3%	2,490	-1.0%	
Non-interest income	148	139	6.5%	323	-54.2%	
Non-interest expense	1,933	2,028	-4.7%	2,200	-12.1%	
Income before provision for income taxes	679	345	96.8%	613	10.8%	
Provision for income taxes	271	138	96.4%	245	10.6%	
Net income	\$ 408	\$ 207	97.1%	\$ 368	10.9%	
Less: preferred dividends	20	20	0.0%	20	0.0%	
Net income available for common stockholders	\$ 388	\$ 187	107.5%	\$ 348	11.5%	
Basic earnings per common share	\$ 0.06	\$ 0.04	50.0%	\$ 0.08	-25.0%	
Common shares outstanding EP	6,634,306	4,898,819	35.4%	4,314,444	53.8%	
Return on average assets	0.58%	31.00%		0.59%		
Return on average common equity	4.67%	3.12%		7.07%		



COMMUNITY BANK OF THE BAY						
UNAUDITED SUMMARY FINANCIAL STATEMENTS						
(In thousands except earnings per share)						
BALANCE SHEET						
Three Months Ended						
ASSETS	2017 June 30	2017 March 31	Qtr over Qtr % Change	2016 June 30	Year over Year % Change	
Total cash and investments	\$ 80,977	\$ 69,917	15.8%	\$ 55,568	45.7%	
Loans, net of unearned income	200,715	198,071	1.3%	197,836	1.5%	
Loan loss reserve	(3,065)	(2,980)	2.9%	(3,235)	-5.3%	
Other assets	8,506	9,273	-8.3%	8,877	-4.2%	
Total Assets	287,133	274,281	4.7%	259,046	10.8%	
LIABILITIES AND SHAREHOLDERS EQUITY						
Non-interest bearing deposits	105,224	84,467	24.6%	96,323	9.2%	
Interest bearing deposits	144,061	151,139	-4.7%	137,914	4.5%	
Total deposits	249,285	235,606	5.8%	234,237	6.4%	
Total borrowings and other liabilities	858	1,520	-43.6%	824	4.1%	
Total Liabilities	\$ 250,143	\$ 237,126	5.5%	\$ 235,061	6.4%	
Total equity	36,990	37,155	-0.4%	23,985	54.2%	
Total Liabilities and Total Equity	\$ 287,133	\$ 274,281	4.7%	\$ 259,046	10.8%	
Book value per common share	\$ 4.96	\$ 4.99	-0.6%	\$ 4.62	7.4%	

