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**Community Bank of the Bay  
Announces 2017 Third-Quarter Results  
Strong Earnings Growth and  
Employee Led Support for North Bay Fire Areas**

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 September 30, 2017 and recognizes the efforts of its employees.

As California's first certified Community Development Financial Institution, the Bank is actively seeking ways to assist the communities affected by the devastating fires that recently struck Sonoma, Napa and Solano counties. Our own community experienced a similar tragedy during the Oakland Hills Fire in 1991, and recall the tremendous support offered to those affected. Now, our organization has committed to helping the recovery process and actively participating in the rebuilding efforts. Our employees voted unanimously to contribute all of the funds budgeted for this year's annual employee appreciation event to North Bay Fire Relief efforts.

"While all of us look forward to the annual employee appreciation event, it didn't feel right when so many of our neighbors are being affected by this terrible tragedy," said Margie Perry Chief Customer Experience Officer. "We started talking among ourselves and found that the support for doing something positive was overwhelming. I'm so proud of the people I work with."

Continuing its long standing policies, the Bank is matching employee contributions and providing paid time off to work with non-profit organizations. Donations and in-kind contributions will be highlighted on the Bank's [social media](#) pages.

### **2017 Third-Quarter Financial Highlights**

Continued capital deployment and receipt of the [2016 Bank Enterprise Award](#) (BEA) drove significant improvement to earnings. Healthy growth in non-interest bearing deposits support loan growth and strengthened profitability.

- Net income for the quarter ending September 30, 2017 totaled \$565 thousand, an increase of \$157 thousand, or 38.5 percent, from the prior quarter, and an increase of \$114 thousand, or 25.3 percent, from the same quarter a year ago. Earnings per common share totaled \$0.08 in the third quarter of 2017, compared to \$0.06 in the prior quarter and \$0.10 in the same quarter a year ago. The improvement in net income in the third quarter of 2017 compared to the prior quarter primarily relates to a BEA Award of \$227 thousand, as well as higher interest income on loans as we continue to deploy excess liquidity. 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 lower gains on the sale of SBA loans and a higher provision for losses, as no provision was recorded in the third quarter of 2016.
- Total assets at September 30, 2017 were \$289 million, an increase of \$29.2 million, or 11.3 percent, from a year ago. Average earning assets for the quarter reached \$270 million, an increase of \$30.1 million, or 12.6 percent, compared with the same quarter a year ago.

- Deposits totaled \$250 million at September 30, 2017 and were up \$16.0 million, or 6.8 percent, from a year ago. The growth was concentrated in non-interest bearing demand accounts, which increased 24.5% from a year ago.
- Loans totaled \$216.4 million at September 30, 2017, an increase of \$15.7 million, or 7.8 percent, from the prior quarter, and were higher by \$19.0 million, or 9.6 percent, compared to the same quarter last year. Third quarter 2017 growth included \$8.7 million in net commercial loan originations and \$7.0 million in single family mortgage acquisitions. At quarter end the loan portfolio included \$5 million of SBA-guaranteed loans that could be sold in the secondary market.
- Non-performing assets were unchanged during the third quarter and totaled \$1.5 million at September 30, 2017, representing 0.7 percent of total loans. The allowance for loan losses represents 1.57 percent of total loans at quarter end.
- Net interest margin for the third quarter totaled 3.98 percent compared with 3.85 percent for the prior quarter and 4.12 percent in the same quarter a year ago. The improvement from the prior quarter primarily relates to the impact of the June 2017 increase in the Federal funds rate. 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, partially offset by a higher Federal funds rate.
- Total equity as of September 30, 2017 of \$37.6 million increased by \$616 thousand, or 1.7 percent, from the prior quarter, primarily reflecting third-quarter earnings. The increase in equity of \$13.1 million from a year ago primarily 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 September 30, 2017, with a total capital ratio of 17.76 percent, a tier 1 capital ratio of 16.51 percent, and a common equity tier 1 capital ratio of 14.71 percent.
- Book value per common share totaled \$5.05 as of September 30, 2017, up from \$4.96 at June 30, 2017, mainly reflecting earnings.

"We have enhanced our leadership team and added experienced personnel to target both loan and deposit growth. We are also making investments in marketing and technology to increase client engagement," said William S. Keller, President, and Chief Executive Officer. "As recognition of our continuing commitment to small and medium sized businesses and non-profit organizations, the 2016 Bank Enterprise Award that we received marks the seventh consecutive year where our Bank has earned the maximum Award granted by the US Treasury's CDFI Fund for positively impacting community development."

### **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	2017	Qtr over Qtr	2016	Qtr over Yr ago Qtr	
	September 30	June 30	%Change	September 30	%Change	
Interest income	\$ 2,930	\$ 2,770	5.8%	\$ 2,694	8.8%	
Interest expense	223	231	-3.5%	208	7.2%	
Net interest income before provision	2,707	2,539	6.6%	2,486	8.9%	
Provision for Loan Loss Reserve	100	75	50.0%	-	NM/V	
Net interest income after provision	2,607	2,464	5.8%	2,486	4.9%	
Non-interest income	353	148	138.5%	290	21.7%	
Non-interest expense	2,019	1,933	4.4%	2,025	-0.3%	
Income before provision for income taxes	941	679	38.6%	751	25.3%	
Provision for income taxes	376	271	38.7%	300	25.3%	
Net income	\$ 565	\$ 408	38.5%	\$ 451	25.3%	
Less: preferred dividends	21	20	5.0%	20	5.0%	
Net income available for common stockholders	\$ 544	\$ 388	40.2%	\$ 431	26.2%	
Basic earnings per common share	\$ 0.08	\$ 0.06	33.3%	\$ 0.10	-20.0%	
Weighted average common shares outstanding	6,635,179	6,634,306	0.0%	4,322,491	53.5%	
Return on average assets	0.80%	0.58%		0.66%		
Return on average common equity	6.53%	4.67%		8.54%		

COMMUNITY BANK OF THE BAY						
UNAUDITED SUMMARY FINANCIAL STATEMENTS						
(In thousands except earnings per share)						
BALANCE SHEET	At Period End					
	2017	2017	Qtr over Qtr	2016	Year over Year	
	September 30	June 30	%Change	September 30	%Change	
<b>ASSETS</b>						
Total cash and investments	\$ 67,096	\$ 80,977	-17.1%	\$ 56,630	18.5%	
Loans, net of unearned income	216,411	200,715	7.8%	197,379	9.6%	
Loan loss reserve	(3,403)	(3,065)	11.0%	(3,188)	6.7%	
Other assets	8,875	8,506	4.3%	8,935	-0.7%	
Total Assets	288,979	287,133	0.6%	259,756	11.3%	
<b>LIABILITIES AND SHAREHOLDER EQUITY</b>						
Non-interest bearing deposits	110,482	105,224	5.0%	88,729	24.5%	
Interest bearing deposits	139,716	144,061	-3.0%	145,496	-4.0%	
Total deposits	250,198	249,285	0.4%	234,225	6.8%	
Total borrowings and other liabilities	1,175	858	36.9%	1,035	13.5%	
Total Liabilities	\$ 251,373	\$ 250,143	0.5%	\$ 235,260	6.8%	
Total equity	37,606	36,990	1.7%	24,496	53.5%	
Total Liabilities and Total Equity	\$ 288,979	\$ 287,133	0.6%	\$ 259,756	11.3%	
Book value per common share	\$ 5.05	\$ 4.96	1.8%	\$ 4.73	6.8%	