

Media Contacts: William S. Keller, President & CEO, 510-433-5404 wkeller@BankCBB.com

Community Bank of the Bay Announces 2018 Third-Quarter Results

OAKLAND, CA - Community Bank of the Bay (CBYAA), a San Francisco Bay Area commercial bank with full service offices in Oakland, Danville and San Mateo, reported unaudited financial results for its quarter ending September 30, 2018.

2018 Third-Quarter Financial Highlights

- Net income for the quarter ending September 30, 2018 totaled \$525 thousand, a decrease of \$473 thousand from the prior quarter, and a decrease of \$39 thousand, or 6.9 percent, from the same quarter a year ago. Earnings per common share totaled \$0.08 in the third quarter of 2018, compared to \$0.15 in the prior quarter and \$.08 in the same quarter a year ago. Third quarter earnings included a \$300 thousand one-time operations loss, while both the prior and year ago quarters included a Bank Enterprise Award of \$233 and 227 thousand respectively that is granted annually by the Community Development Fund of the US Treasury.
- Total assets at September 30, 2018 were \$410 million, an increase of \$36.7 million, or 9.8 percent, from the prior quarter, and an increase of \$121.2 million, or 41.9 percent, from a year ago. Average earning assets for the quarter reached \$340.2 million, an increase of \$27 million, or 8.6 percent, compared with the prior quarter, and an increase of \$98.3 million, or 40.1 percent, from the same quarter a year ago.
- Deposits totaled \$354.5 million at September 30, 2018 and were up \$36.3 million, or 11.4 percent, from the prior quarter, and up \$104.3 million, or 41.7 percent, from a year ago. \$28 million of third quarter deposit growth was directly attributed to what the Bank considers seasonal, and therefore temporary in nature.
- Loans totaled \$303.3 million at September 30, 2018, an increase of \$8.1 million, or 2.8 percent, from the prior quarter, and an increase of \$87.1 million, or 40.3 percent, compared to the same quarter a year ago.
- Non-performing assets decreased \$941 thousand to \$1.3 million in the third quarter and now represent 0.43 percent of total loans. The allowance for loan losses represents 1.10 percent of total loans at quarter end.
- Net interest margin for the third quarter totaled 4.13 percent compared with 4.24 percent for the prior quarter and 4.37 percent in the same quarter a year ago. The decrease in margin from both the prior quarter and year primarily relates to an overall increase in deposit costs.
- Total equity as of September 30, 2018 of \$39.7 million increased \$461 thousand, or 1.2 percent, from the prior quarter. The Bank's capital levels are well above FDIC "Well Capitalized" standards as of September 30, 2018, with a total capital ratio of 13.75 percent, a tier 1 capital ratio of 12.66 percent, and a common equity tier 1 capital ratio of 11.37 percent. Total equity includes \$4.1 million of Preferred Stock that the Bank redeemed after the quarter as part of a previously announced \$11.5 million capital raise.
- Book value per common share totaled \$5.35 as of September 30, 2018, an increase of 5.9 percent from the same quarter one year ago.

"We are pleased with the bank's current position, said William S. Keller, President, and Chief Executive Officer. "Core pre-tax earnings, excluding the operations loss and Bank Enterprise Awards, increased 57% from the prior year. We are adding quality clients that are driving growth in both our loan and deposit portfolios, and the Bay Area markets we serve remain strong. These factors allowed us to raise \$11.5 million from institutional investors subsequent to the end of the quarter. After redeeming our Preferred Stock we recorded a net \$7.4 million increase in capital, and we continue to review our organization and personnel to ensure both can support the additional growth that the new capital makes possible."

About Community Bank of the Bay

Community Bank of the Bay (OTCBB: CBYAA) is headquartered in Oakland and 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, with full service offices in Oakland, Danville and San Mateo. It is also California's first FDIC-insured certified Community Development Financial Institution and one of only four now operating in the Northern California market. The bank is recognized for establishing the Bay Area Green Fund to provide dedicated 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.