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Community Bank of the Bay Announces 2018 Fourth Quarter and Year-End 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 fourth quarter and year ending December 31, 2018.

2018 Fourth Quarter Financial Highlights

- Net income for the quarter ending December 31, 2018 totaled \$775 thousand, compared to \$525 thousand in the prior quarter, and \$48 thousand in the same quarter a year ago when earnings were adversely effected by a one-time deferred tax asset write down. Earnings per share for the quarter were \$0.10 verse \$0.08 in the prior quarter and effectively nil a year ago.
- Total assets at December 31, 2018 were \$391 million, an increase of \$95.0 million, or 32.1 percent, from a year ago. Average earning assets for the quarter reached \$357.9 million, an increase of \$98.9 million, or 38.2 percent, compared with the same quarter a year ago.
- Deposits totaled \$326.4 million at December 31, 2018 and were up \$69.1 million, or 26.9 percent, from a year ago. The growth was concentrated in interest bearing demand and money market accounts, which increased 49.0% from a year ago.
- Loans totaled \$315.4 million at December 31, 2018, an increase of \$77.4 million, or 32.5 percent, from the same quarter last year.
- Non-performing assets decreased \$302.0 thousand during the fourth quarter and totaled \$949.0 thousand at December 31, 2018, representing 0.3 percent of total loans. The allowance for loan losses represents 1.08 percent of total loans at quarter end.
- Net interest margin for the fourth quarter totaled 4.29 percent compared with 4.13 percent for the prior quarter and 4.27 percent in the same quarter a year ago. The slight improvement in the margin from the same quarter a year ago is primarily due to a 50 bp increase in the Loan and Fee yield offset by a 49 bp increase in the Cost of Funds.
- Total equity as of December 31, 2018 of \$47.7 million increased by \$8.0 million, or 20.2 percent, from the prior quarter, primarily reflecting the previously announced fourth-quarter \$11.5 million capital raise, offset by the redemption of \$4.1 million of Preferred Stock. In addition to the effect of the aforementioned capital changes the increase in equity of \$10.0 million from a year ago primarily relates to earnings. The Bank's capital levels remain well above FDIC "Well Capitalized" standards as of December 31, 2018, with a total capital ratio of 15.07 percent, a tier 1 capital ratio of 14.04 percent, and a common equity tier 1 capital ratio of 14.04 percent.
- Book value per common share totaled \$5.82 as of December 31, 2018, up 14.9 percent from \$5.07 at December 31, 2017.

"The fourth quarter included a successful \$11.5 million capital raise and the redemption of \$4 million of Preferred Stock held by the US Treasury as part of its 2010 Community Development Capital Initiative program. We were also awarded our fourteenth consecutive Bank Enterprise Award by the US Treasury's Community Development Financial Institutions Fund for our work in generating economic growth and opportunity in low and moderate income communities. This award marks the eighteenth time that our Bank has been recognized by the Fund in our twenty-one year existence," said William S. Keller, President, and Chief Executive Officer. "Importantly, overall operating performance continues to improve with scale. 2018 pre-tax operating income increased 40 percent from the prior year, and \$12 million of fourth quarter

loan growth positions us to enter 2019 with outstanding loans \$33 million above their 2018 average. This higher level of earning assets should provide for continued revenue growth going forward.”

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 full service offices in Danville and San Mateo, 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.