



CDCI ANNUAL USE OF CAPITAL SURVEY - 2016

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Community Bank of the Bay

Person to be contacted regarding this report:	William S. Keller
UST Sequence Number:	354
CPP/CDCI Funds Received:	4,060,000
CPP/CDCI Funds Repaid to Date:	0
Date Funded (first funding):	Jan 16, 2009
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	34210
Credit Union Charter Number: (For Credit Unions)	
City:	Oakland
State:	California

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Total loans outstanding at 12/31/16 totaled \$187,157,264. While down slightly from 2015 the bank could not have maintained this level of loans without CDCI. With CDCI Tier 1 Leverage was a Well Capitalized 9.49%. Without CDCI it would have been 8.19%.
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	CBC's loan growth occurred in five years subsequent to receipt of CDCI when loans grew at a compound annual rate of 19%. Loan growth was centered in job creating commercial loans and commercial real estate.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input checked="" type="checkbox"/>	Make other investments	Bank continues to invest Certificate of Deposits in Community Development Credit Unions (CDCUs) for terms of three years at below market rate. Conversely bank pays above market interest rates on deposits of fellow CDFI's and other "mission-driven" organizations.
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Bank continues to maintain its reserve for Loan Loss Allowance to Total Loans at above recommended regulatory standards
<input type="checkbox"/>	Reduce borrowings	Bank did not have any outstanding borrowings at December 31, 2016.
<input type="checkbox"/>	Increase charge-offs	Bank remains committed to maintaining credit quality and pro-actively reviews loan charge offs prior to end of each quarter.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

As with prior reports, the CDCI investment capital allowed the Bank to maintain lending activities and the associated employee growth that accompanies it. Without CDCI, 2016 YE Leverage would have approached risky levels. Management and the Board would have been forced to curtail lending in order to maintain prudent leverage.

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The Bank is now prudently leveraging all of its capital including the CDCI. Without the CDCI Community Bank of the Bay would have to curtail deposit service, lending and community activities. CDCI did for our Bank exactly what it was intended to do. It first provided additional safety during the recession, and when the economy began improving it provided growth capital to fuel local businesses. Now that it has been efficiently deployed it is the bank's obligation and intention to seek alternate sources of capital and redeem the CDCI shares, without curtailing the community banking activities that we provide.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

Because of the bank's safe and sound financial condition, CBB has been able to increase community outreach. In 2009 cash donations to local non-profits was almost nonexistent. In 2015 and 2016 we donated \$153-thousand (4.9% of after tax profit) to local charities. Moreover, we engaged in important community education efforts, most notably our sponsorship of Thrive "n" Shine, a financial education game available as an "app" for mobile phones. CBB sponsored this app and distributed it throughout our target communities.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.