



CDCI ANNUAL USE OF CAPITAL SURVEY - 2017

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

COMMUNITY BANK OF THE BAY (CBB)

Person to be contacted regarding this report:	William S. Keller	RSSD: (For Bank Holding Companies)	
UST Sequence Number:	354	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	4,060,000	FDIC Certificate Number: (For Depository Institutions)	34210
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	January 16, 2009	City:	Oakland
Date Repaid ¹ :	N/A	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 12/31/2017 was \$238,452,037. That was an increase of 27.8% or \$51,928,799. With CDCI funds, the Tier 1 Leverage Ratio was a Well-Capitalized 12.63%. Without CDCI funds, it would have been only 11.24% which could have restricted our loan growth.
<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.).	Despite a slight decrease in 2016, CBB's loan growth has occurred in the six years subsequent to receipt of CDCI funds. Growth was at a compound annual rate of 19% up thru 2016 but, as noted above, at 27.8% for 2017 and centers on job-creating commercial and commercial real estate loans.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input checked="" type="checkbox"/>	Make other investments	CBB continues to invest in Certificates of Deposit of Community Development Credit Unions (CDCUs) for terms of three years at below market rate. Conversely, CBB pays above-market interest rates on deposits of fellow
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	CBB continues to maintain its reserves for Loan Loss Allowance to Total Loans at above recommended regulatory standards, which was 1.46% as of December 31, 2017.
<input checked="" type="checkbox"/>	Reduce borrowings	CBB did not have any outstanding borrowings at December 31, 2017.
<input checked="" type="checkbox"/>	Increase charge-offs	CBB continues to remain committed to maintaining credit quality and pro-actively reviews loan charge offs prior to the end of each quarter. Net Charge-offs to Average Loans was 0.01% as of December 31, 2017.
<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?

The CDCI investment capital continued to allow CBB, thru the recession, to maintain lending activities and associated employee growth at a level it could not afford without it, which reduced concerns about Capital constraints.

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

The CDCI investment did exactly what it was intended to do for CBB thru the recession. It provided additional safety during that period and, as the economy began to improve, it provided growth capital to fuel local businesses. In March of 2017, CBB obtained additional Capital and is now considering plans to redeem the CDCI shares without curtailing the community banking activities that it provides.

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

Because of its safe and sound financial condition, CBB has been able to continue increasing its community outreach. In 2009, cash donations to local non-profits were almost nonexistent. In the last three years [2015 - 2017], CBB donated \$212 thousand (4.9% of after-tax profit) to local charities.

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.