

CDCI ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

COMMUNITY BANK OF THE BAY

Point of Contact:	Brian Garrett	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	354	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:		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).

Increase lending or reduce lending less than otherwise would have occurred.

CBB was able to deploy CPP/CDCI capital by expanding its loan portfolio. In 2010, CBB's loan portfolio grew 43.9% (to \$84.2MM from \$58.5MM) over 2009. Additional capital enabled CBB to safely leverage greater deposits to fuel loan growth.

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.).

\$12.4MM in new SBA loans were closed in 2010. The SBA's San Francisco District Office reported that CBB's Fiscal 2010 7-a loan volume by dollar amount (\$9.7MM) was the 4th largest in this SBA District. Job creation and job retention have been a major component of these SBA loans.

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Increase securities purchased (ABS, MBS, etc.).

Empty response box for 'Increase securities purchased (ABS, MBS, etc.).'

Make other investments.

Empty response box for 'Make other investments.'

Increase reserves for non-performing assets.

Our total allowance for loan loss ended at \$1,258K in 2009 versus \$2,092K in 2010.

Response box for 'Increase reserves for non-performing assets.' containing the text: 'Our total allowance for loan loss ended at \$1,258K in 2009 versus \$2,092K in 2010.'

Reduce borrowings.

Empty response box for 'Reduce borrowings.'

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Increase charge-offs.

Purchase another financial institution or purchase assets from another financial institution.

Held as non-leveraged increase to total capital.

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

CDCI funds, and equity capital raised in the public equity market, enabled CBB to simultaneously grow its loan portfolio and aggressively manage its problem loans. Without these combined capital resources, CBB would have reserved capital to manage problem loans. Additional capital enabled CBB to avoid curtailing loan growth.

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

CBB was able to continue its strategic goal to grow its loan portfolio. In October 2009 and January 2010, CBB opened loan production offices ("LPO") in Danville, CA and in San Jose, CA. These LPOs, and the staff working in each office, were key strategic resources required to implement CBB's strategic growth goals. Because other commercial bankers were capital constrained and were focused on problem loan resolution, CBB was able to: (a) offer loans when other lenders could not; and (b) underwrite and structure loans without competitive pressures that might ultimately weaken or compromise credit quality.

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

Since "wrap text" feature does not work in this box, please see comments in attachment "A".

A large, empty rectangular box with a black border, intended for the respondent to describe actions taken with the capital infusion of CPP/CDCI funds. The box is currently blank.