Community Bank of the Bay

CBB RELIES ON A THREE TIER APPROACH FOR DEPOSIT GATHERING

1. (Relentless) Daily focus on deposit gathering.
2. “DAF’s” - Depositor Advised Funds.
3. CDFI Premium CD’s.

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>May ‘18 YTD</th>
<th>17 mo. Chg.</th>
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</thead>
<tbody>
<tr>
<td>Total Deposits</td>
<td>223,431</td>
<td>315,099</td>
<td>+ 91,669</td>
</tr>
<tr>
<td>Total DDA</td>
<td>76,176</td>
<td>130,984</td>
<td>+ 54,809</td>
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<tr>
<td>Total Cost of Funds</td>
<td>35 bp</td>
<td>51 bp</td>
<td>+ 16 bp</td>
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<tr>
<td>Int Bearing CofF</td>
<td>54 bp</td>
<td>76 bp</td>
<td>+ 22 bp</td>
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Instituted “Service Equals Sales” approach to allow everyone to participate.

- Low cost deposits are the cornerstone of our “everyone is eligible” bonus program.
  - Example – DDA pays 50 bp while high rate deposits or CRE loans pay 5 bp.
- Track – Report – Celebrate!
  - No deposit is too small to report.

Target the money!

- Deposits in other banks – client statements (don’t forget Tax Returns) tell us where the money is.
- Real Estate clients are constantly exchanging – we make their loans, we must insist on those deposits.
- Target similar entities as your best depositors.
2. DEPOSITOR ADVISED FUNDS

Directly link the concerns of your depositors with the use of “their” funds.

- “Purpose” driven deposits such as Bay Area Green Fund.
  - $22 million dedicated to environmental sustainability.
- Local municipalities and corporations – “joint effort” to accomplish “big things”
  - $4.2 million workforce housing project funded by a municipality.
  - Collateralized.
- Recent rule change re CDARs will be game changer.
  - We must convince larger local institutions that we are viable alternative for large balances.
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3. CDFI PREMIUM CERTIFICATES OF DEPOSIT

Install a CDFI Premium Deposit Program as a component of your liquidity management

• CDFI Banks have $13 billion in estimated liquidity (D-L+E) as of Q1.
• Pay a market premium to fellow CDFI’s for this marginal liquidity.
  • Fact - marginal liquidity is your highest cost funding.
  • By directing it to fellow CDFI’s you help meet both your and their Mission.
  • Establish this program as a core principal in relevant bank documents (strategic plan, board reporting, ALCO etc.) to avoid unfavorable regulatory treatment.
• Suggestion - Report the difference between “market” rate and CDFI rate as a form of mission accomplishment.
  • $1.1 million but has exceeded $6 million