

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.

(000’s)	<u>2016</u>	<u>May ‘18 YTD</u>	<u>17 mo. Chg.</u>
Total Deposits	223,431	315,099	+ 91,669
Total DDA	76,176	130,984	+ 54,809
Total Cost of Funds	35 bp	51 bp	+ 16 bp
Int Bearing Coff	54 bp	76 bp	+ 22 bp

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1. (RELENTLESS) DAILY FOCUS

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.

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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 PREMIER 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