COMMUNITIES FIRST FINANCIAL CORPORATION

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Profits Up 7.1% YTD 2016 for Communities First Financial Corporation, Fueled by Strong Revenue Growth of 15.8% and Improved Asset Quality

Fresno, CA – October 18, 2016 – Communities First Financial Corporation (the "Company") (OTCQX: CFST), Fresno, CA, the parent company of Fresno First Bank (the "Bank"), today reported earnings increased 3.9% to $705,000, or $0.26 per diluted share for the third quarter of 2016, compared to $679,000, or $0.25 per diluted share, for the third quarter a year ago. On a linked quarter basis, net income was $738,000, or $0.27 per diluted share. For the first nine months ended September 30, 2016, net income increased 7.1% to $2.1 million, or $0.78 per diluted share, from $2.0 million, or $0.74 per diluted share for the first nine months ended September 30, 2015.

"We posted solid financial results in the third quarter, delivering strong revenue and improving asset quality. While increasing revenue 22.5% from the third quarter of 2015 and 6.7% from the second quarter, we kept our overhead expense growth to 1.8% during the quarter and 3.6% year-over-year. Consequently, our efficiency ratio improved to 53.62% in the third quarter," said Steve Miller, President and Chief Executive Officer. "At the same time, we proactively charged off $1.96 million from a single $2.4 million nonperforming loan, leaving only $295,000 in nonaccrual loans."

Nonperforming assets to total assets fell to 0.09% and the allowance for loan losses to total loans dropped to 1.25%. "Government guarantees provide a high level of risk management for our loan portfolio. We have guarantees for both purchased and originated Small Business Administration (SBA) loans. In total, guarantees cover $49.3 million of our loan portfolio, which accounts for 22.8% of gross loans. Consequently, our reserves as a percentage of gross loans, net of government guarantees, is 1.62%," added Miller.

"Our strategic plan to expand our client base and increase business deposits continues to gain traction in Central California. We have seen disruptions in our local markets with the acquisition of two neighborhood banks and other national events in the banking market, and we are finding customers are very receptive to change. Deposits increased by $45.9 million, or 17.8%, during the quarter," continued Miller. "We are delighted to welcome these new customers into our franchise and look forward to tailoring our superior products and services to meet their continuing financial needs. As we go forward, we will continue to stay focused on the best revenue growth opportunities, while prudently controlling expenses."

Third quarter 2016 Highlights (as of, or for the quarter ended September 30, 2016, except where noted)

- Revenue (net interest income before provision for loan losses, plus non-interest income) grew 22.5% to $3.7 million, year-over-year.
- Net interest income increased 20.1% to $3.3 million for the third quarter of 2016, compared to $2.7 million for the third quarter a year ago, and grew 7.9% from $3.0 million for the preceding quarter. YTD, net interest income grew 15.6% to $9.1 million from $7.9 million for the first nine months of 2015.
- Non-interest income grew 42.8% to $442,000 for the third quarter of 2016, compared to $309,000 a year ago. In the second quarter of 2016, non-interest income was $448,000. For the first nine months of 2016, non-interest income was $1.3 million, up 17.4% from $1.1 million for the like period in 2015.

- Net interest margin ("NIM") improved 22 basis points to 4.21% in the third quarter, compared to 3.99% for the third quarter a year ago, and contracted 4 basis points from 4.25% in the preceding quarter. For the first nine months of 2016, NIM was 4.15% compared to 4.17% for the first nine months of 2015.
- Efficiency ratio, which measures overhead cost to revenues, continued to improve, dropping to 53.62% in 3Q16, compared to 61.12% a year ago and 57.35% in 2Q16. YTD, the efficiency ratio was 56.49% compared to 60.61% for the first nine months of 2015.
- Return on average assets ("ROAA") was 0.89% and return on average equity ("ROAE") was 9.85%, for the quarter ended September 30, 2016. ROAA and ROAE were both negatively impacted by additional provision for loan losses during the quarter but remained well above the average of 0.80% and 8.01%, respectively, generated by the 604 banks in the SNL MicroCap U.S. Bank Index, at June 30, 2016. For the first nine months of 2016, ROAA and ROAE were 0.95% and 10.28% respectively.
- Total deposits grew 14.7% to $303.3 million at September 30, 2016, from $264.4 million a year ago.
- Total loans increased 19.8% to $214.8 million compared to $179.2 million a year earlier.
- The allowance for loan and lease losses ("ALLL") was 1.25% of total loans at September 30, 2016, compared to 1.98% a year earlier. Net of all government guarantees, the ALLL as a percentage of total loans was 1.62%.
- Capital ratios remain strong with a tangible shareholders' equity as a percentage of total assets ratio of 8.88% at September 30, 2016.
- Fresno First Bank, and Breakaway Funding LLC, a securities-based crowdfunding portal, last month introduced a hybrid crowdfunding process for business lending to the San Joaquin Central Valley. Fresno First Bank will make a $10 million loan portfolio commitment available to customers who are working with Breakaway Funding to reach their capitalization or financing needs. Breakaway Funding will work with potential customers to provide screening, counsel and an online portal, while delivering loan-ready businesses to the Bank.

<u>Results of Operations</u>

Primarily driven by strong loan growth, net interest income increased 20.1% to $3.3 million for the third quarter of 2016, compared to $2.7 million on for the third quarter a year ago, and grew 7.9% from $3.0 million on a linked quarter basis. For the first nine months of 2016, net interest income grew 15.6% to $9.1 million, from $7.9 million for the first nine months of 2015.

The provision for loan losses totaled $565,000 for the third quarter of 2016, compared to $315,000 for the second quarter of 2016. No provision for loan losses was taken in the third quarter a year ago. "We prudently added to our loan loss reserves driven by the growth in our loan portfolio and by the decision to charge off the majority of the of the $2.4 million single nonperforming loan in the portfolio," said Steve Canfield, Chief Financial Officer. "Although the building of reserves impacted the bottom line for the quarter, earnings were consistent and our balance sheet remains resilient."

Non-interest income increased 42.8% to $442,000 for the third quarter of 2016, compared to $309,000 for the third quarter of 2015. Although non-interest income increased in almost all categories year-over-year, the growth was primarily due to the increase in gain on sales of SBA loans, increased income from Merchant Services and fee income from deposits. Year-to-date, non-interest income increased 17.4% to $1.3 million from $1.1 million for the first nine months of 2015.

Net interest margin expanded 22 basis points to 4.21% for the third quarter of 2016, compared to 3.99% for the third quarter a year ago and contracted 4 basis points from 4.25% on a linked quarter basis. The improvement in the net interest margin compared to the third quarter of 2015 was primarily due to higher volumes of loans and investments which replaced lower yielding overnight funds. The minor contraction on the margin from the second quarter was a result of the growth in deposits in Q3 which increased overnight liquidity and shifted the mix of earning assets. "Our net interest margin remains well above the average of 3.55% generated by the SNL MicroCap U.S. Bank Index at June 30, 2016," said Canfield.

Total operating expenses grew slightly to $2.0 million for the third quarter of 2016, compared to $1.9 million for the second quarter of 2016 and $1.9 million for the third quarter of 2015. Noninterest expense for the first nine months of 2016, increased 6.8% to $5.8 million, compared to $5.5 million for the first nine months of 2015. The increase in operating expenses was primarily due to increased personnel expense reflecting the investment in additional talent to support growth. Additional data processing and software expense also contributed to the increase in operating expenses.

The efficiency ratio for the third quarter of 2016 improved to 53.62%, compared to 61.12% for the third quarter of 2015 and 57.35% for the second quarter of 2016. Year-to-date, the efficiency ratio improved to 56.49% compared to 60.61% for the first nine months of 2015. The SNL MicroCap Index averaged an efficiency ratio of 69.73%, at June 30, 2016.

Balance Sheet Review

Total assets increased 14.4% to$333.5 million at September 30, 2016, compared to $291.6 million a year earlier and were up 14.1% from $292.3 million at June 30, 2016. The total loan portfolio, excluding loans held for sale, increased 19.8% to $214.8 million at September 30, 2016, compared to $179.2 million at September 30, 2015, and increased 3.4% compared to $207.8 million three months earlier.

The commercial and industrial (C&I) portfolio, an area of specialty for Fresno First Bank, totaled $86.1 million and represented 40.1% of the total loans at September 30, 2016. Commercial real estate (CRE) loans totaled $73.7 million and comprise 34.3% of loans. Agriculture and land loans totaled $22.7 million represented 10.6% of loans, residential home loans were $14.7 million, or 6.8% of loans and, real estate construction and land development loans were $17.4 million, or 8.1% of loans.

"We actively offer small business loans through the SBA loan program. In fact, we have been the largest Community Bank SBA lender by volume in California's Central Valley for four consecutive years. In addition, we purchase SBA loans on the secondary market as an investment alternative." said Miller. "Approximately $49.3 million of our loans have a guarantee from the U.S. Government either through the SBA, USDA or FSA. These guarantees substantially reduce the credit risk on a significant portion of our loan portfolio and are a factor when determining our overall reserve levels. See chart below:

Reserve for Loan Loss as a % of Loan Portfolio
(Dollar Values in Thousands)

	Reserve for Loan Losses	$ 2,685	
		Sept. 30, 2016	**Reserve as a %**
1	Gross loans	$ 214,795	1.25%
	Less purchased government guaranteed loans	24,650	
2	Loans net of purchased government guaranteed	190,145	1.41%
	Less SBA guaranteed loans originated	24,626	
3	Loans net of all government guarantees	$ 165,519	1.62%

Total deposits increased 14.7% reaching $303.3 million at September 30, 2016, compared to $264.4 million from a year earlier. "Total deposits grew 17.8% on a linked quarter basis, fostered by our strong marketing efforts, opportunities generated by market disruptions and partially due to normal seasonal effects of our deposit stream," added Canfield.

Non-interest bearing demand deposits increased 22.5% to $147.1 million, representing 48.5% of total deposits, compared to $120.1 million, or 45.4% of deposits a year ago. The ratio of loans to deposits was 70.81% at September 30, 2016, compared to 67.79% at September 30, 2015 and 80.72% at June 30, 2016.

Total stockholder equity was $29.6 million at September 30, 2016, compared to $26.6 million a year ago. Book value per common share was $10.86 at September 30, 2016, compared to $10.02 a year ago.

Asset Quality

Nonperforming assets were $295,000 at September 30, 2016, compared with $2.4 million for both the year ago and linked quarter periods. The ratio of nonperforming assets to total assets was 0.09% at September 30, compared to 0.82% at September 30, 2015, and 0.81% on a linked quarter basis. The substantial improvement in nonperforming assets on a year-over-year and on a linked quarter basis was primarily driven by the charge-off of $1.96 million from the $2.4 million isolated nonperforming asset that has remained in nonaccrual loans since the second quarter of 2015. Net of all government guarantees, the ALLL as a percentage of total loans was 1.62%.

About Communities First Financial Corporation

Communities First Financial Corporation, a bank holding company established in 2014, is the parent company of Fresno First Bank, founded in 2005 in Fresno, California. Fresno First Bank is a leading SBA Bank Lender in California's Central Valley. The Bank was named by Forbes as one of the Best 25 Small Businesses in America for 2016, and received the All-Star Performance Award from the Great Game of Business in 2015. Additional information is available from the Company's website at www.fresnofirstbank.com or call 559-439-0200.

FRESNO, CA Update:

"Fresno's turnaround reminds us that when we fall on hard times, we come together to solve problems and overcome challenges. This principle has helped sustain our nation through the depths of the Great Recession, and it's with this principle that we'll continue to build a stronger economy for Fresno and for the nation as a whole."
OMB Director Shaun Donovan and Fresno Mayor Ashley Swearengin
https://www.whitehouse.gov/blog/2016/10/05/economic-recovery-spotlight-fresno

Forward Looking Statement Disclaimer

This earnings release may contain forward-looking statements. Forward-looking statements provide current expectations or forecasts of future events and are not guarantees of future performance, nor should they be relied upon as representing management's views as of any subsequent date. The forward-looking statements are based on management's expectations and are subject to a number of risks and uncertainties. Although management believes that the expectations reflected in such forward-looking statements are reasonable, actual results may differ materially from those expressed or implied in such statements. Risks and uncertainties that could cause actual results to differ materially include, without limitation, the Company's ability to effectively execute its business plans; changes in general economic and financial market conditions; changes in interest rates; changes in the competitive environment; continuing consolidation in the financial services industry; new litigation or changes in existing litigation; losses, customer bankruptcy, claims and assessments; changes in banking regulations or other regulatory or legislative requirements affecting the Company's business; international developments; and changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other regulatory agencies. The Company undertakes no obligation to release publicly the results of any revisions to the forward-looking statements included herein to reflect events or circumstances after today, or to reflect the occurrence of unanticipated events. The Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

Quarterly Select Financial Information					
	Three Months Ended				
($ in thousands, except per share data)	**Sept. 30, 2016**	**June 30, 2016**	**Three Month % Change**	**Sept. 30, 2015**	**Over Year % Change**
STATEMENT OF INCOME					
Interest Income					
Loan interest income	$ 2,964	$ 2,710	9.4%	$ 2,414	22.8%
Investment income	310	319	-2.9%	331	-6.4%
Interest on fed funds sold & CDs in other banks	69	57	20.7%	41	70.4%
Dividends from non-marketable equity	25	36	-29.9%	25	-0.4%
Interest income	3,368	3,123	7.9%	2,811	19.8%
Total interest expense	116	109	7.0%	104	11.7%
Net interest income	3,252	3,014	7.9%	2,707	20.1%
Provision for loan losses	565	315	79.4%	-	
Net interest income after provision	2,687	2,699	-0.4%	2,707	-0.7%
Non-Interest Income:					
Total deposit fee income	76	66	15.7%	64	19.5%
Debit / credit card interchange income	27	25	5.6%	24	8.6%
Merchant services income	121	110	10.6%	86	40.2%
Gain on sale of loans	166	191	-12.7%	90	84.9%
Other operating income	51	57	-9.9%	45	15.0%
Non-interest income	442	448	-1.4%	309	42.8%
Non-Interest Expense:					
Salaries & employee benefits	1,175	1,157	1.6%	997	17.8%
Occupancy expense	132	123	7.6%	158	-16.1%
Other operating expense	673	666	1.0%	756	-11.0%
Non-interest expense	1,980	1,946	1.8%	1,911	3.6%
Net income before tax	1,148	1,201	-4.4%	1,105	3.9%
Tax provision	443	464	-4.4%	427	3.9%
Net income after tax	$ 705	$ 738	-4.4%	$ 679	3.9%
SHARE DATA:					
Earnings per share:					
Fully diluted earnings per share	$ 0.26	$ 0.27	-4.4%	$ 0.25	2.6%
Book value per common share	$ 10.86	$ 10.57	2.7%	$ 10.02	8.4%
Common shares outstanding	2,727,019	2,727,019		2,649,030	
Fully diluted shares	2,746,867	2,746,090		2,724,491	
CFST - Stock price	9.91	9.86		10.50	
SELECTED RATIOS:					
Return on average assets	0.89%	1.01%		0.98%	
Return on average equity	9.85%	10.63%		10.52%	
Equity to assets	8.88%	9.86%		9.11%	
Net interest margin	4.21%	4.25%		3.99%	
Efficiency ratio	53.62%	57.35%		61.12%	

Year to Year Financial Information					
	Nine Months Ended				
($ in thousands, except per share data)	Sept. 30, 2016		Sept. 30, 2015		% Change
STATEMENT OF INCOME					
Interest Income					
Loan interest income	$	8,239	$	7,045	17.0%
Investment income		926		942	-1.6%
Interest on fed funds sold & CDs in other banks		206		99	106.8%
Dividends from non-marketable equity		91		122	-25.2%
Interest income		9,462		8,208	15.3%
Total Interest expense		335		310	8.0%
Net interest income		9,127		7,897	15.6%
Provision for loan losses		1,090		270	303.7%
Net interest income after provision		8,037		7,627	5.4%
Non-Interest Income:					
Total deposit fee income		209		222	-5.7%
Debit / credit card interchange income		85		70	21.1%
Merchant services income		335		235	42.6%
Gain on sale of loans		492		385	28.0%
Other operating income		158		179	-11.5%
Non-interest income		1,280		1,091	17.4%
Non-Interest Expense:					
Salaries & employee benefits		3,411		2,997	13.8%
Occupancy expense		390		440	-11.5%
Other operating expense		2,025		2,020	0.2%
Non-interest expense		5,826		5,458	6.8%
Net income before tax		3,491		3,260	7.1%
Tax provision		1,347		1,259	7.1%
Net income after tax	$	2,143	$	2,002	7.1%
SHARE DATA:					
Earnings per share:					
Fully diluted earnings per share	$	0.78	$	0.74	6.2%
SELECTED RATIOS:					
Return on average assets		0.95%		1.02%	
Return on average equity		10.28%		10.58%	
Net interest margin		4.15%		4.17%	
Efficiency ratio		56.49%		60.61%	

Year to Year Financial Information				
		Nine Months Ended		
($ in thousands, except per share data)		Sept. 30, 2016	Sept. 30, 2015	% Change
STATEMENT OF INCOME				
Interest Income				
	Loan interest income	$ 8,239	$ 7,045	17.0%
	Investment income	926	942	-1.6%
	Interest on fed funds sold & CDs in other banks	206	99	106.8%
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Operating Expense				
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Non-Interest Expense:				
	Salaries & employee benefits	3,411	2,997	13.8%
	Occupancy expense	390	440	-11.5%
	Other operating expense	2,025	2,020	0.2%
	Non-interest expense	5,826	5,458	6.8%
	Net income before tax	3,491	3,260	7.1%
	Tax provision (benefit)	1,347	1,259	7.1%
	Net income after tax	$ 2,143	$ 2,002	7.1%
SHARE DATA:				
	Earnings per share:			
	Fully diluted earnings per share	$ 0.78	$ 0.74	6.2%
SELECTED RATIOS:				
	Return on average assets	0.95%	1.02%	
	Return on average equity	10.28%	10.58%	
	Net interest margin	4.15%	4.17%	
	Efficiency eatio	56.49%	60.61%	

BALANCE SHEET DATA: ($ in thousands)	**Sept. 30, 2016**	**June 30, 2016**	**Three Month % Change**	**Sept. 30, 2015**	**One Year % Change**
ASSETS - PERIOD END BALANCES:					
Cash and due from banks	$ 10,394	$ 7,716	34.7%	$ 8,798	18.1%
Fed funds sold and deposits in banks	34,800	4,516	670.5%	35,288	-1.4%
CDs in other banks	5,447	5,695	-4.4%	5,449	0.0%
Investment securities	66,707	66,369	0.5%	62,280	7.1%
Total loans outstanding:					
RE constr & land development	17,406	15,693	10.9%	13,396	29.9%
Residential RE 1-4 Family	14,673	13,701	7.1%	14,745	-0.5%
Commercial Real Estate	73,700	68,424	7.7%	59,088	24.7%
Agriculture	22,674	23,026	-1.5%	19,290	17.5%
Commercial and Industrial	86,148	86,813	-0.8%	72,648	18.6%
Consumer and Other	194	128	52.2%	73	166.3%
Total Loans	214,795	207,785	3.4%	179,240	19.8%
Deferred fees & discounts	(476)	(319)	49.1%	(279)	70.7%
Allowance for loan losses	(2,685)	(4,081)	-34.2%	(3,553)	-24.4%
Loans, net	211,634	203,384	4.1%	175,408	20.7%
Non-marketable equity investments	1,808	1,808	0.0%	1,649	9.6%
Accrued interest and other assets	2,674	2,829	-5.5%	2,736	-2.3%
Total assets	$ 333,463	$ 292,317	14.1%	$ 291,608	14.4%
LIABILITIES AND EQUITY					
Non-interest bearing deposits	$ 147,068	$ 117,984	24.7%	$ 120,067	22.5%
Interest checking	9,479	7,828	21.1%	6,884	37.7%
Savings	35,384	34,780	1.7%	40,403	-12.4%
Money Market	66,807	55,436	20.5%	62,576	6.8%
Certificates of Deposit	44,581	41,397	7.7%	34,489	29.3%
Total deposits	303,319	257,425	17.8%	264,418	14.7%
Borrowings	0	5,538	-100.0%	0	0.0%
Other liabilities	522	520	0.3%	639	-18.3%
Total liabilities	303,841	263,483	15.3%	265,057	14.6%
Common, preferred & paid in capital	27,019	26,980	0.1%	26,884	0.5%
Retained earnings (deficit)	1,843	1,138	62.0%	(838)	-320.0%
Total equity	28,861	28,117	2.6%	26,046	10.8%
Accumulated other comprehensive income	760	717	6.1%	505	50.6%
Shareholders equity, net	29,621	28,834	2.7%	26,551	11.6%
Total Liabilities and shareholders' equity	$ 333,463	$ 292,317	14.1%	$ 291,608	14.4%
BALANCE SHEET DATA - AVERAGES:					
Total assets	317,130	292,852	8.3%	277,197	14.4%
Total loans	211,215	199,996	5.6%	177,918	18.7%
Investment securities	66,232	66,164	0.1%	59,191	11.9%
Deposits	287,149	263,555	9.0%	250,220	14.8%
Shareholders equity, net	29,410	28,373	3.7%	26,214	12.2%

ASSET QUALITY ($ in thousands)	Sept. 30, 2016	June 30, 2016	Sept. 30, 2015
Delinquent accruing loans 30 - 60 days	$ 0	$ 0	$ 37
Delinquent accruing loans 60 - 90 days	0	118	0
Delinquent accruing loans 90+ days	0	0	0
Total delinquent accruing Loans	0	118	37
Loans on Non Accrual	295	2,360	2,377
Other real estate owned	0	0	0
Nonperforming Assets	295	2,360	2,377
Performing restructured loans	$ 31	$ 31	$ 374
Delinquent accruing 30-60 / Total loans	.00%	.00%	.02%
Delinquent accruing 60-90 / Total loans	.00%	.06%	.00%
Delinquent accruing 90+ / Total loans	.00%	.00%	.00%
Total delinquent accruing / Total loans	.00%	.06%	.02%
Non Accrual / Total loans	.14%	1.14%	1.33%
Nonperforming assets to total assets	.09%	.81%	.82%
Charge-offs	$ 1,961	$ 0	$ 0
Recoveries	0	0	14
Net charge-offs	$ 1,961	$ 0	$ (14)
Net loan losses (recoveries) to average loans	.93%	.00%	-.01%
Loan loss reserve			
LLR / Total loans	1.25%	1.96%	1.98%
LLR / Total assets	.81%	1.40%	1.22%

Transmitted on Globenewswire on October 18, 2016 at 1:00 p.m. PDT.