



BAY COMMERCIAL BANK REPORTS SECOND QUARTER 2016 RESULTS

WALNUT CREEK, California – July 20, 2016 -- Bay Commercial Bank (OTCBB:BCML) (the “Bank”) today announced its second quarter 2016 operating results.

The Bank reported total assets as of June 30, 2016 of \$641.8 million including loans outstanding of \$505.0 million compared to June 30, 2015 total assets of \$606.0 million and total loans outstanding of \$400.2 million. At June 30, 2016, total deposits were \$535.7 million compared to total deposits of \$524.3 million at June 30, 2015. The Bank’s net income for the second quarter 2016 was \$1,455,000 or basic income per share of \$0.27 compared to net operating income for the same period in 2015 of \$1,888,000, or \$0.34 per basic share. At June 30, 2016 and 2015, our book value per share was \$13.71 and \$13.23, respectively.

Net income in the second quarter of 2015 was higher than the same period in 2016 primarily due to merger related revenue. Excluding merger related revenue from 2015 results, net operating income in 2016 is higher than in 2015 by \$0.09 per share. This increase is primarily due to higher net interest income and lower operating expenses.

For the first six months of 2016, the Bank’s net income decreased by \$4.5 million as compared to the same period in 2015 primarily due to the recognition of a total bargain purchase gain of \$7.4 million in 2015 as compared to none in 2016. This decrease is offset by higher net interest income of \$2.4 million for the first six months of 2016 when compared to the same period in 2015 as a result of an increase in earning assets. In addition, operating expenses (excluding nonrecurring merger related expenses recorded in 2015) declined by \$355,000. The effective tax rate and therefore tax expense was lower in 2015 as certain merger related revenues and expenses are not subject to tax.

George J. Guarini, Chief Executive Officer of the Bank, stated “Our performance in 2016 shows that our organic platform is effective. Our organic growth to date indicates that we know how to build market share in the new markets gained as a result of mergers in 2014 and 2015. In the coming quarters, we plan to increase our investment in resources to expand our reach in Agricultural and SBA lending. Expanding these business lines will add diversification to our revenue stream and enhance our management of loan concentration risks.”

Guarini continued “With our strong capital position and growing earnings we are in an excellent position to expand both organically and through mergers.”

Bay Commercial Bank offers a full-range of loans, including SBA, FSA and USDA guaranteed loans, and deposit products and services to businesses and their affiliates throughout the Greater Bay Area. Bay Commercial Bank also offers business escrow services and facilitates tax free exchanges through its Bankers Exchange Division. Bay Commercial Bank is a member of FDIC and is an Equal Housing Lender. It is traded on the Over the Counter Bulletin Board under the symbol BCML. The Bank can be found on the web at www.baycommercialbank.com.

The Bank has made forward-looking statements in this Press Release that are subject to risks and uncertainties. Forward-looking statements include information concerning the Bank’s possible or assumed future results of operations. Also, when the Bank uses such words as “believe,” “expect,” “anticipate,” “plan,” “could,” “intend,” or similar expressions, it is making forward-looking statements. Readers should not place undue reliance on the forward-looking statements, which reflect management’s view only as of the date hereof. The Bank’s actual results could

differ materially from those expressed in any forward-looking statements as a result of certain factors, including (1) changes in interest rates, (2) significant changes in banking laws or regulations, (3) increased competition in the markets served by the entities, (4) other-than-expected credit losses due to adverse changes in the economy, (5) earthquake or other natural disasters impacting the condition of real estate collateral, (6) unexpected difficulties in the post-merger integration, and (7) legal, tax and accounting changes. The Bank undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

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Selected Financial Data

June 30, 2016

	Quarter Ending <u>6/30/2016</u>	Quarter Ending <u>6/30/2015</u>	Year to Date Ending <u>6/30/2016</u>	Year to Date Ending <u>6/30/2015</u>	Year Ending <u>12/31/2015</u>
<i><u>Balance Sheet</u></i>					
(dollars in thousands)					
Total Assets	\$ 641,774	\$ 606,021	\$ 641,774	\$ 606,021	\$ 623,304
Total Loans	504,997	400,223	504,997	400,223	464,400
Total Deposits	535,661	524,283	535,661	524,283	543,304
Shareholders' Equity	74,556	74,034	74,556	74,034	72,380

Operating Results

(dollars in thousands)

Interest income	\$ 7,466	\$ 6,418	\$ 14,609	12,097	\$ 25,715
Interest expense	817	803	1,612	1,527	3,140
Net interest income	6,649	5,615	12,997	10,570	22,575
Provision for loan losses	366	278	362	700	1,412
Non-interest income	308	1,626	648	8,164	6,902
Non-interest expense	4,045	4,654	8,376	10,431	18,902
Net Income before tax	2,546	2,309	4,907	7,603	9,163
Income tax	1,091	421	2,103	326	1,711
Net Income	\$ 1,455	\$ 1,888	\$ 2,804	\$ 7,277	\$ 7,452

Ratios and Data

Net interest margin	4.38%	3.93%	4.27%	3.84%	3.91%
Efficiency ratio	58.1%	64.3%	61.4%	55.7%	64.1%
Book value per share - period end	\$ 13.71	\$ 13.23	\$ 13.71	\$ 13.23	\$ 13.18
Common shares outstanding	5,439,095	5,594,187	5,439,095	5,594,187	5,493,209
Leverage capital ratio	11.0%	11.3%	11.0%	11.3%	10.6%
Income per share - basic	\$ 0.27	\$ 0.34	\$ 0.52	\$ 1.30	\$ 1.37
Common stock - weighted average	5,448,028	5,507,508	5,461,928	5,394,504	5,437,790
Income per share - diluted	\$ 0.27	\$ 0.33	\$ 0.52	\$ 1.31	\$ 1.36
Common stock - diluted					
- weighted average	5,409,741	5,709,526	5,429,664	5,536,000	5,493,398

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