



## BAY COMMERCIAL BANK REPORTS THIRD QUARTER 2013 RESULTS

WALNUT CREEK, California – October 18, 2013 -- Bay Commercial Bank (OTCQB: BCML) (the “Bank”) today announced its third quarter 2013 operating results.

The Bank reported total assets as of September 30, 2013 of \$327.2 million including loans outstanding of \$252.7 million compared to September 30, 2012 total assets of \$316.5 million and total loans outstanding of \$235.5 million. At September 30, 2013, total deposits were \$268.3 million compared to total deposits of \$263.1 million at September 30, 2012. The Bank’s net operating income for the third quarter 2013 was \$634,000 or \$0.13 per share compared to net income for the same period in 2012 of \$742,000, or \$0.15 per share. The decrease in net operating income for the third quarter 2013 compared to the same period in 2013 was comprised primarily of higher operating costs.

For the first nine months of 2013, the Bank reported net income of \$1,901,000 compared to net income of \$1,531,000 for the same period in 2012. For the most recent nine month period, the net income to shareholders was \$0.39 per share, compared to \$0.32 per share for the same period of 2012. The increase in operating income for the nine month periods ended September 30, 2013 compared to the same periods in 2012 was primarily the result of lower provisions for loan losses partially offset by higher operating expenses in 2013 as compared to 2012. The lower provision is the result of improving credit quality and the higher operating expenses are related to the cost of certain operational enhancements implemented in 2013.

George J. Guarini, Chief Executive Officer of the Bank, stated “2013 has been a year of change at the Bank. We relocated our headquarter office and main branch, implemented certain data processing enhancements and enhanced our risk management process. We continue to be optimistic about the economic environment and improving credit quality, and I believe we are prepared to continue expanding our market share.”

Mr. Guarini added “We have regulatory approval of our stock repurchase program and will begin repurchasing up to 5% of the Bank’s outstanding common stock on Monday, October 21, 2013. This should improve the Bank’s book value and earnings per share.”

Bay Commercial Bank offers a full-range of loan, including SBA 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. Its full service branches in California are located at 500 Ygnacio Valley Road, Walnut Creek; 155 Grand Avenue, Oakland; 3895 E. Castro Valley Blvd, Castro Valley; 700 E. El Camino Mountain View; and 960 School Street, Napa. 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](http://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.

Contact:

Bay Commercial Bank, Walnut Creek, California

Keary Colwell, 925-476-1800

[kcolwell@bcb-ca.com](mailto:kcolwell@bcb-ca.com)

| <b>Selected Financial Data</b>  |            |            |            |            |            |  |
|---------------------------------|------------|------------|------------|------------|------------|--|
| <b>September 30, 2013</b>       |            |            |            |            |            |  |
|                                 | Quarter    | Quarter    | Year to    | Year to    | Year       |  |
|                                 | Ending     | Ending     | Date       | Date       | Ending     |  |
|                                 | 9/30/2012  | 9/30/2013  | 9/30/2012  | 9/30/2013  | 12/31/2012 |  |
| <b><i>Balance Sheet</i></b>     |            |            |            |            |            |  |
| (dollars in thousands)          |            |            |            |            |            |  |
| Total Assets                    | \$ 316,481 | \$ 327,181 | \$ 316,481 | \$ 327,181 | \$ 316,583 |  |
| Total Loans                     | 235,544    | 252,743    | 235,544    | 252,743    | 227,492    |  |
| Total Deposits                  | 263,080    | 268,348    | 263,080    | 268,348    | 261,204    |  |
| Shareholders' Equity            | 50,049     | 52,572     | 50,049     | 52,572     | 50,672     |  |
| <b><i>Operating Results</i></b> |            |            |            |            |            |  |
| (dollars in thousands)          |            |            |            |            |            |  |
| Interest income                 | \$ 3,893   | \$ 3,758   | \$ 11,050  | \$ 10,899  | \$ 14,727  |  |
| Interest expense                | 560        | 508        | 1,764      | 1,564      | 2,354      |  |
| Net interest income             | 3,333      | 3,250      | 9,286      | 9,335      | 12,373     |  |
| Provision for loan losses       | 262        | 112        | 1,120      | 258        | 1,483      |  |
| Non-interest income             | 251        | 154        | 549        | 483        | 738        |  |
| Non-interest expense            | 1,992      | 2,207      | 5,821      | 6,317      | 7,782      |  |
| Net Income before tax           | 1,330      | 1,085      | 2,894      | 3,243      | 3,846      |  |
| Income tax                      | 588        | 451        | 1,363      | 1,342      | 1,691      |  |
| Net Income                      | \$ 742     | \$ 634     | \$ 1,531   | \$ 1,901   | \$ 2,155   |  |
| <b><i>Ratios and Data</i></b>   |            |            |            |            |            |  |
| Net interest margin             | 4.95%      | 4.18%      | 4.56%      | 4.08%      | 4.34%      |  |
| Efficiency ratio                | 55.6%      | 64.8%      | 59.2%      | 64.3%      | 59.4%      |  |
| Leverage capital ratio          | 16.6%      | 16.8%      | 16.6%      | 16.8%      | 15.5%      |  |
| Income per share - basic        | \$ 0.15    | \$ 0.13    | \$ 0.32    | \$ 0.39    | \$ 0.45    |  |
| Common stock                    | 4,830,457  | 4,830,457  | 4,830,457  | 4,830,457  | 4,830,457  |  |
| Income per share - diluted      | \$ 0.15    | \$ 0.13    | \$ 0.32    | \$ 0.39    | \$ 0.45    |  |
| Common stock - diluted          | 4,830,457  | 4,830,457  | 4,830,457  | 4,830,457  | 4,839,457  |  |
| Book Value per share            | \$ 10.36   | \$ 10.88   | \$ 10.36   | \$ 10.88   | \$ 10.49   |  |

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