



## BAY COMMERCIAL BANK REPORTS FOURTH QUARTER 2013 RESULTS

WALNUT CREEK, California – January 31, 2014 -- Bay Commercial Bank (OTCQB: BCML) (the “Bank”) today announced its fourth quarter and full year 2013 operating results.

The Bank reported total assets as of December 31, 2013 of \$342.3 million including loans outstanding of \$254.2 million compared to December 31, 2012 total assets of \$316.6 million and total loans outstanding of \$227.5 million. At December 31, 2013, total deposits were \$286.5 million compared to total deposits of \$261.2 million at December 31, 2012. The Bank’s net operating income for the fourth quarter 2013 was \$789,000 or \$0.17 per share compared to net income for the same period in 2012 of \$624,000, or \$0.13 per share. The increase in net operating income for the fourth quarter 2013 compared to the same period in 2012 was comprised primarily of higher net interest margin and lower loan loss provisions partially offset by higher operating costs. In addition, during the fourth quarter 2013, the Bank’s repurchase of 103,000 shares of common stock was accretive to earnings per share.

For the year ended 2013, the Bank reported net income of \$2,690,000, or \$0.54 per share, compared to net income of \$2,155,000, or \$0.45 per share, for 2012. The increase in operating income for 2013 compared to 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 “Our 2013 operating results are due to our continued commitment to ensuring asset quality, improving our operating processes, and keeping operating costs in check. We continue to be optimistic about the economic environment and improving credit quality. I believe we are prepared to continue expanding our market share as demonstrated by our announcement earlier this month to acquire Community Bank of San Joaquin. This will be our third acquisition.”

Mr. Guarini added “The financial metrics of the pending acquisition are projected to be immediately accretive due to a substantial bargain purchase gain partially offset by the related expense. In addition, we project immediate earnings accretion. The improvement in capital utilization should benefit the market value of our stock and give us more market capital to continue our strategic growth through both organic and external means.”

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)

**Selected Financial Data**

**December 31, 2013**

	Quarter Ending <u>12/31/2013</u>	Quarter Ending <u>12/31/2012</u>	Year Ending <u>12/31/2013</u>	Year Ending <u>12/31/2012</u>
<i><u>Balance Sheet</u></i>				
(dollars in thousands)				
Total Assets	\$ 342,304	\$ 316,583	\$ 342,304	\$ 316,583
Total Loans	254,178	227,492	254,178	227,492
Total Deposits	286,464	261,204	286,464	261,204
Shareholders' Equity	52,322	50,672	52,322	50,672

*Operating Results*

(dollars in thousands)				
Interest income	\$ 4,016	\$ 3,677	\$ 14,915	\$ 14,727
Interest expense	516	590	2,080	2,354
Net interest income	3,500	3,087	12,835	12,373
Provision for loan losses	90	363	348	1,483
Non-interest income	145	189	628	738
Non-interest expense	2,209	1,961	8,526	7,782
Net Income before tax	1,346	952	4,589	3,846
Income tax expense(benefit)	557	328	1,899	1,691
Net Income	\$ 789	\$ 624	\$ 2,690	\$ 2,155

*Ratios and Data*

Net interest margin	4.29%	3.92%	4.07%	4.34%
Efficiency ratio	60.6%	59.9%	63.3%	59.4%
Book value per shares outstanding \$	11.07	\$ 10.49	\$ 11.07	\$ 10.49
Leverage capital ratio	15.7%	15.5%	15.7%	15.5%
Income per share - basic	\$ 0.17	\$ 0.13	\$ 0.56	\$ 0.45
Common stock - weighted average	4,755,294	4,830,457	4,811,512	4,830,457
Income per share - diluted	\$ 0.16	\$ 0.13	\$ 0.54	\$ 0.45
Common stock - diluted weighted average	4,914,996	4,839,157	4,971,213	4,839,157

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