



## **Bay Commercial Bank Announces Placement of Common Stock**

WALNUT CREEK, Calif., August 5, 2010 – Bay Commercial Bank (OTCBB: BCML), a community business bank with assets of \$141.8 million at June 30, 2010, today announced the completion of an offering of 2,000,000 shares of common stock at a price of \$9.00 per share that will be permanent capital with Jacobs Asset Management LLC, Commerce Street Financial GP Partners, LP, Starboard Funds and additional select institutional and other accredited investors. The Bank has also entered into binding agreements to sell 1,200,000 shares of common stock at \$10.00 per share in an offering that is contingent upon customary closing conditions and the Bank acquiring from the Federal Deposit Insurance Corporation the assets and liabilities of a bank or thrift that has been placed in receivership. The Bank intends to continue marketing the contingent shares of common stock, up to 3,500,000 shares to accredited investors until September 3, 2010, unless the offering is otherwise extended with the approval of the California Department of Financial Institutions.

As part of the offering, the Bank issued immediately exercisable five-year warrants to purchase an aggregate of 159,817 shares of common stock at an exercise price of \$9.00 per share in consideration for certain investors agreeing to be part of the Bank's "anchor group" of investors for purposes of the FDIC's Statement of Policy on Qualifications for Failed Bank Acquisitions. As a result of the Bank's compliance with the Statement, following completion of the offering at least one-third of the Bank's shares will be subject to restrictions on transfer prohibiting anchor group investors from selling their common stock until three years after the date of the latest of any FDIC-assisted transactions in which the Bank participates provided that (i) the Bank has consummated an FDIC-assisted transaction by August 5, 2011, and (ii) the anchor group members shall not be bound by this restriction with respect to any FDIC-assisted transaction consummated by the Bank after the first anniversary of the first FDIC-assisted transaction consummated by the Bank.

George Guarini, President and Chief Executive Officer, stated: "We are very pleased with this offering and appreciative of the support we received from long-term investors. This positions us to opportunistically pursue FDIC-assisted and unassisted whole bank transactions, as well as branch and deposit acquisitions in our markets, and otherwise supports our growth and financial strength."

The Bank plans to use the net proceeds of the offering to expand operations through FDIC-assisted transactions, privately negotiated acquisitions, branch acquisitions, organic growth, and other business opportunities.

The offering is being made only to accredited investors on a best-efforts basis through the exclusive placement agent, Sterne, Agee & Leach, Inc. Silver, Freedman & Taff, L.L.P. served as legal advisor to the Company. Kilpatrick Stockton LLP served as legal advisor to Sterne, Agee & Leach, Inc.

This press release does not constitute an offer to sell or the solicitation of an offer to buy shares of the Bank's common stock. Any offer will be made only by means of a private offering memorandum solely to accredited investors or qualified institutional buyers. This press release does not constitute an offer to purchase, or the solicitation of an offer to tender, any shares of the Bank's common stock.

## About Bay Commercial Bank

Visit the Bay Commercial Bank Web site at [www.baycommercialbank.com](http://www.baycommercialbank.com)

Bay Commercial Bank (OTCBB: BCML) incorporated in 2004 and licensed to operate as a commercial bank under the California Banking Law by the DFI. Through its headquarters office located in Walnut Creek and two branches located in Castro Valley and Oakland, California, it offers a full range of business banking services. As of June 30, 2010, the Bank had total assets of \$141.8 million, net loans of \$127.2 million, total deposits of \$124.7 million, and total shareholders' equity of \$16.5 million. The Bank offers a full line of business-related loan and deposit products and select related financial services to individuals, small and medium-sized businesses, entrepreneurs and professionals located in the service areas of its offices.

Certain matters discussed in this press release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, and are subject to the safe harbors created by the act. These forward-looking statements are subject to certain risks and uncertainties that could cause the actual results, performance, or achievements to differ materially from those expressed, suggested, or implied by the forward-looking statements. You should not place undue reliance on forward-looking statements and we undertake no obligation to update any such statements. In this press release we make forward-looking statements about our ability to raise capital, the amount of capital we intend to raise and our intended use of that capital. Specific risks that could cause results to differ from the forward-looking statements include, without limitation, negative reaction to our offering, unfavorable pricing of the offering and deterioration in the economy or our loan portfolio that could alter our intended use of the capital.

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