

Press Release

BayCom Corp Reports 2017 First Quarter Earnings of \$1.4 Million

WALNUT CREEK, Calif.--(GLOBE NEWS WIRE)—BayCom Corp, “Company”, (OTCBB:BCML), announced quarterly earnings of \$1.4 million in the first quarter of 2017, compared to \$1.9 million in the fourth quarter of 2016 and \$1.3 million in the first quarter of 2016. Diluted earnings per share were \$0.26 in the first quarter 2017 compared to \$0.35 in the fourth quarter and to \$0.25 in the first quarter of 2016.

President and Chief Executive Officer, George J. Guarini stated, “A highlight of our first quarter 2017 financial performance has been to demonstrate our presence in the SBA lending market. In addition, we’ve been preparing for our upcoming merger which will augment our SBA program. Our fourth bank acquisition will increase our assets to over \$1.1 billion, extended market reach to 18 locations in 3 states, and provide a diverse package of products and services to offer our clients. It also gives us the opportunity to change the Bank’s name to United Business Bank which is a reflection of our broader market.”

The Bank also provided the following highlights on its operating and financial performance for the first quarter of 2017:

- Loans totaled \$535.5 million at March 31, 2017, compared to \$508.3 million at December 31, 2016 and \$493.9 million at March 31, 2016. New loan volume was approximately \$38.4 million in the first quarter of 2017 compared to \$24.3 million in the fourth quarter 2016.
- Deposits totaled \$610.0 million at March 31, 2017 compared to \$590.8 million at December 31, 2016 and \$552.9 million at March 31, 2016. As of March 31, 2017, non-interest bearing deposits represent 23.35% of total deposits and the cost of total deposits increased slightly to .68 %.
- Non-accrual loans represented 0.19% of total loans as of March 31, 2017 resulting in a Texas ratio of 2.44%. The provision for loan losses recorded in the first quarter 2017 totaled \$143 thousand.
- All capital ratios are well above regulatory requirements for a Well-capitalized institution. The total risk-based capital ratio was 14.64% at March 31, 2017 compared to 13.86% at December 31, 2016, and the tangible common equity to tangible assets ratio was 11.32% at March 31, 2017 compared to 11.45% at December 31, 2016.

Loans and Credit Quality

Loan originations in the first quarter of 2017 were spread throughout our markets with the majority focused in Solano County, Contra Costa County and San Mateo County. By loan type, owner-user real estate, investor real estate and residential real estate accounted for the majority of the new loan volume in the quarter.

Year-to-date loan originations of \$43.5 million are approx. \$1.5 million lower than compared to the same period in 2016. Payoffs of \$21.7 million in the quarter ended March 31, 2017 were primarily the result of property sales or planned events. Payoffs for the same period in 2016 were \$24.2 million.

Non-accrual loans totaled \$992 thousand, or 0.19% of the loan portfolio at March 31, 2017, compared to \$1.0 million, or 0.21%, at December 31, 2016 and \$334 thousand, or 0.07% a year ago. The increase in non-accrual loans from a year ago primarily relates to Agriculture related loans which have experienced some credit deterioration. Accruing loans past due 30 to 89 days were zero at March 31, 2017, compared to \$625 thousand at December 31, 2016 and \$174 thousand a year ago.

The provision for loan losses recorded in the first quarter of 2017 totaled \$143 thousand primarily to provide for loan growth. Recoveries net of charge-offs for the first quarter totaled \$7 thousand compared to net charge-offs of \$456 thousand in the fourth quarter 2016 and recoveries of \$4 thousand in the same quarter a year ago. The ratio of allowance for loan losses to loans totaled 0.73% at March 31, 2017 compared to 0.74% at December 31, 2016. As of March 31, 2017, acquired loans totaling \$72.6 million are covered by mark to market valuations.

Investments and Borrowings

The investment portfolio totaled \$24.7 million at March 31, 2017, a decline of \$1.7 million from December 31, 2016 mainly due to the maturity of investment securities. No borrowings were outstanding as of the end of the year.

Deposits

Deposits totaled \$610.0 million at March 31, 2017, compared to \$590.8 million at December 31, 2016 and \$552.9 million at March 31, 2016. While day-to-day volatility continues due to the normal business activity of our customers, the trend is upward in both average and ending balances. Non-interest bearing deposits totaled \$142.4 million, or 23.3 % of total deposits, compared to 21.7% at December 31, 2016 and 26.8% at March 31, 2016.

Earnings

Net interest income totaled \$6.4 million for the first quarter 2017 compared to \$6.3 million for the same period in 2016.

The tax-equivalent net interest margin was 3.96% in the first quarter of 2017, compared to 4.15% in the prior quarter and 4.15% in the same quarter a year ago. The decrease from last quarter includes 25 basis points related to the payoffs of PCI loans.

Loans acquired through the acquisition of other banks are classified as PCI or non-PCI loans and are recorded at fair value at acquisition date. For acquired loans not considered credit impaired, the level of accretion varies due to maturities and early payoffs. Accretion on PCI loans fluctuates based on changes in cash flows expected to be collected. Gains on payoffs of PCI loans are recorded as interest income when the payoff amounts exceed the recorded investment. PCI loans totaled \$8.1 million, \$7.4 million, and \$9.5 million at March 31, 2017, December 31, 2016, and March 31, 2016, respectively.

Accretion and gains on payoffs of purchased loans recorded to interest income were \$557 thousand for the first quarter 2017 compared to \$1.2 million for fourth quarter 2016, and \$809 thousand for the same period last year.

Non-interest income in the first quarter of 2017 totaled \$735 thousand, compared to \$371 thousand in the prior quarter and \$339 thousand in the same quarter a year ago. The increase compared to the prior

quarter primarily relates to gain on sale of loans totaling \$400 thousand in the first quarter of 2017 compared to none in the fourth quarter 2016 or the same period last year.

Non-interest expense totaled \$4.5 million in the first quarter of 2017 up slightly from \$3.9 million last quarter and \$4.3 million in the same quarter last year. The increase is in salaries and related expenses partially offset by lower professional fees.

About BayCom Corp

Through its wholly owned subsidiary, Bay Commercial Bank, the Company offers a full-range of loans, including SBA, FSA and USDA guaranteed loans, and deposit products and services to businesses and its affiliates throughout the Greater Bay Area. The Bank also offers business escrow services and facilitates tax free exchanges through its Bankers Exchange Division. The Bank is an Equal Housing Lender and member FDIC. It is traded Over the Counter Bulletin Board under the symbol "BCML". For more information, go to www.baycommercialbank.com.

Forward-Looking Statements

This release may contain certain forward-looking statements that are based on management's current expectations regarding economic, legislative, and regulatory issues that may impact Bank's earnings in future periods. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include the words "believe," "expect," "intend," "estimate" or words of similar meaning, or future or conditional verbs such as "will," "would," "should," "could" or "may." Factors that could cause future results to vary materially from current management expectations include, but are not limited to, general economic conditions, economic uncertainty in the United States and abroad, changes in interest rates, deposit flows, real estate values, costs or effects of future acquisitions, competition, changes in accounting principles, policies or guidelines, legislation or regulation, and other economic, competitive, governmental, regulatory and technological factors (including external fraud and cyber-security threats) affecting Bank's operations, pricing, products and services. These and other important factors are detailed in various securities law filings made periodically by Bank, copies of which are available from Bank without charge. The Bank undertakes no obligation to release publicly the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events.

FINANCIAL HIGHLIGHTS

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
<u>Quarter-To-Date</u>			
Net Income	\$ 1,418,916	\$ 1,900,897	\$ 1,348,754
Diluted Earnings Per Common Share	\$ 0.26	\$ 0.35	\$ 0.25
Return On Average Assets (ROA)	0.83%	1.10%	0.84%
Return On Average Equity (ROE)	7.19%	9.82%	7.39%
Efficiency Ratio	63.82%	54.70%	64.75%
Net Interest Margin	3.91%	4.15%	4.15%
Net Charge-Offs/(Recoveries)	\$ (6,503)	\$ 455,709	\$ (4,172)
Net Charge-Offs/(Recoveries) To Average Loans	0.00%	0.09%	0.00%
<u>Year-To-Date</u>			
Net Income	\$ 1,418,916	\$ 5,911,936	\$ 1,348,754
Diluted Earnings Per Common Share	\$ 0.26	\$ 1.09	\$ 0.25
Return On Average Assets (ROA)	0.83%	0.91%	0.84%
Return On Average Equity (ROE)	7.19%	7.88%	7.39%
Efficiency Ratio	63.82%	60.21%	64.75%
Net Interest Margin	3.96%	4.12%	4.16%
Net Charge-Offs/(Recoveries)	\$ (6,503)	\$ 673,463	\$ (4,172)
Net Charge-Offs/(Recoveries) To Average Loans	0.00%	0.14%	0.00%
<u>At Period End</u>			
Total Assets	\$ 697,395,780	\$ 675,298,520	\$ 632,975,577
Loans:			
Real Estate	\$ 461,299,207	\$ 440,261,309	\$ 429,483,371
Non-real estate	73,570,589	72,310,938	70,955,885
Loans Held for Sale	4,383,428	-	-
Non-accrual loans	991,755	1,090,007	333,676
Mark to market on acquired loans	(4,717,212)	(5,312,008)	(6,810,830)
Total Loans	\$ 535,527,767	\$ 508,350,246	\$ 493,962,102
Classified Assets (Graded Substandard and Doubtful)	\$ 8,644,709	\$ 8,376,365	\$ 8,159,128
Total Accruing Loans 30-89 Days Past Due	\$ -	\$ 624,865	\$ 174,000
Loan Loss Reserve To Loans	0.73%	0.74%	0.78%
Loan Loss Reserve to Non-accrual loans	395.76%	346.33%	1153.81%
Non-Accrual Loans To Total Loans	0.19%	0.21%	0.07%
Texas Ratio	2.45%	2.28%	0.43%
Total Deposits	\$ 609,952,562	\$ 590,758,760	\$ 552,935,627
Loan-To-Deposit Ratio	87.80%	86.05%	89.33%
Stockholders' Equity	\$ 79,579,734	\$ 78,063,179	\$ 73,214,928
Book Value Per Share	\$ 14.50	\$ 14.26	\$ 13.41
Tangible Common Equity To Tangible Assets	11.32%	11.45%	11.41%
Total Risk-Based Capital Ratio-Bank	14.64%	13.86%	13.57%
Full-Time Equivalent Employees	105	110	103

BAYCOM CORP
STATEMENT OF CONDITION (UNAUDITED)
At March 31, 2017, December 31, 2016, and March 31, 2016

	March 31, 2017	December 31, 2016	March 31, 2016
Assets			
Cash and due from banks	\$ 125,531,611	\$ 128,684,416	\$ 91,660,648
Investments	24,690,663	26,393,451	34,352,659
Loans, net of allowance for loan losses and deferred fees	531,441,926	504,264,026	490,235,878
Bank premises and equipment, net	1,008,798	1,106,030	1,209,327
Core Deposit Premium	719,372	802,436	1,095,500
Interest receivable and other assets	14,005,259	14,048,162	14,421,565
Total assets	\$ 697,397,629	\$ 675,298,520	\$ 632,975,577
Liabilities and Stockholders' Equity			
Liabilities			
Deposits			
Non-interest bearing	\$ 142,436,582	\$ 128,696,712	\$ 148,676,442
Interest bearing			
MMA/NOW/SVG	125,059,037	128,970,967	149,101,077
Premium MM	178,197,667	171,947,166	127,608,116
Time Deposits	164,259,276	161,143,915	127,549,992
Total deposits	\$ 609,952,562	\$ 590,758,760	\$ 552,935,627
Federal Home Loan Bank (FHLB) and other borrowings	-	-	-
Interest payable and other liabilities	7,865,333	6,476,580	6,825,022
Total liabilities	\$ 617,817,895	\$ 597,235,340	\$ 559,760,649
Stockholders' Equity			
Common Stock, no par value	\$ 47,632,398	\$ 47,540,808	\$ 47,344,174
Retained earnings	30,433,937	24,522,001	24,522,001
Accumulated other comprehensive income	1,513,399	6,000,370	1,348,753
Total stockholders' equity	79,579,734	78,063,179	73,214,928
Total liabilities and stockholders' equity	\$ 697,397,629	\$ 675,298,520	\$ 632,975,577

BAYCOM CORP
STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Three months ended			Years Ended
	March 31, 2017	December 31, 2016	March 31, 2016	December 31, 2016
Interest income				
Interest Income - Non RE	\$ 973,798	\$ 837,538	\$ 939,074	\$ 3,542,281
Interest Income - RE	5,474,641	5,397,132	5,092,414	21,496,827
Interest on investment securities	278,113	230,271	241,268	809,398
Interest on Federal funds sold and other bank deposits	117,492	139,907	60,664	422,510
Mark to market accretion and FAS 91 Fee amortization	557,497	1,290,778	809,653	3,354,471
Total interest income	\$ 7,401,541	\$ 7,895,626	\$ 7,143,073	\$ 29,625,487
Interest expense				
Interest on transaction accounts	451,147	463,264	374,435	1,597,440
Interest on time deposits	467,125	449,363	315,794	1,476,134
Premium on core deposits	83,064	83,064	105,000	398,064
Total interest expense	\$ 1,001,336	\$ 995,691	\$ 795,229	\$ 3,471,638
Net interest income	6,400,205	6,899,935	6,347,844	26,153,849
Provision for loan losses	143,497	(19,291)	(3,875)	598,463
Net interest income after provision for loan losses	\$ 6,256,708	\$ 6,919,226	\$ 6,351,719	\$ 25,555,386
Non-interest income				
Loan Fee Income	56,922	79,410	68,023	331,336
Service Charge Income	47,968	58,204	63,602	227,904
Other Fees & Service Charges	94,549	100,318	95,816	379,132
Other Income	536,102	133,548	111,979	420,166
Total non-interest income	\$ 735,541	\$ 371,480	\$ 339,420	\$ 1,358,538
Non-interest expense				
Salaries and Benefits	3,082,253	2,526,873	2,832,004	10,610,511
Occupancy	569,389	547,132	537,227	2,147,472
Professional	129,971	171,032	239,481	773,073
Insurance	78,028	35,534	91,173	349,072
Data processing	359,895	354,902	323,091	1,386,115
Office	166,746	170,751	163,385	670,759
Marketing	54,993	86,817	59,313	269,576
Net Loan	50,993	17,848	24,389	118,630
Other Miscellaneous	61,766	66,521	60,218	241,279
Total non-interest expense	\$ 4,554,034	\$ 3,977,410	\$ 4,330,281	\$ 16,566,487
Income before provision for income taxes	2,438,215	3,313,296	2,360,856	10,347,437
Provision for income taxes	1,021,950	1,412,400	1,012,100	4,435,500
Net income	\$ 1,416,266	\$ 1,900,897	\$ 1,348,754	\$ 5,911,936
Net income per common share:				
Basic	\$ 0.26	\$ 0.35	\$ 0.25	\$ 1.10
Diluted	0.26	0.35	0.25	1.09
Weighted average shares used to compute net income per common share:				
Basic	5,397,930	5,403,024	5,471,072	5,392,597
Diluted	5,411,554	5,437,679	5,491,366	5,430,345
Comprehensive income:				
Net income	\$ 1,416,266	\$ 1,900,897	\$ 1,348,754	\$ 5,911,936
Other comprehensive income				
Change in net unrealized gain (loss) on available-for-sale securities	5,796	(136,207)	31,802	(231,687)
Deferred tax expense (benefit)	2,903	60,033	(13,199)	198,493
Other comprehensive income (loss), net of tax	8,699	(76,174)	18,603	(33,194)
Comprehensive income	\$ 1,424,965	\$ 1,824,723	\$ 1,367,357	\$ 5,878,742

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