

Press Release

BayCom Corp Reports 2017 Third Quarterly Earnings of \$3.2 Million

WALNUT CREEK, Calif.--(GLOBE NEWS WIRE)—BayCom Corp, “Company”, (OTCBB:BCML), and its wholly owned subsidiary, United Business Bank, “Bank”, announced quarterly earnings of \$3.2 million in the third quarter of 2017, compared to \$1.5 million in the second quarter of 2017 and \$1.4 million in the first quarter of 2017. Diluted earnings per share were \$0.47 in the third quarter, compared to \$0.27 in the prior quarter and \$0.22 in the same quarter a year ago. Year-to-date earnings of \$6.1 million compared to \$2.9 million for the same nine-month period a year ago. Diluted earnings per share were \$0.98 in the first nine months of 2017, an increase from \$0.74 for the same period in 2016. The higher earnings per share in the third quarter 2017 compared to the second quarter 2017 is attributed to lower operating expenses partially and non-recurring gains on payoff of purchase credit impaired loans partially offset by lower gains on sale of loans.

President and Chief Executive Officer, George J. Guarini stated, “We are pleased to report our third quarter 2017 financial performance as this is the first full quarter of on-going operating results without any non-recurring charges since our merger in April 2017. We are pleased with our continuing success in the SBA lending market and expect to see continuing growth in earnings from SBA.”

Mr. Guarini added, “With the UBB core processing conversion now behind us and our document imaging nearing completion, we are preparing to close our merger with Plaza Bank, Seattle, Washington. The closing on November 3rd will add to our Seattle market presence. We find ourselves in the familiar position of looking for new opportunities and anticipate that the M&A environment will allow us to improve scale, move toward a liquid security and significantly expand our geographical market reach.”

Company also provided the following highlights on its operating and financial performance for the third quarter of 2017:

- Loans totaled \$853.9 million at September 30, 2017, compared to \$859.3 million at June 30, 2017 and \$504.9 million at September 30, 2016. New loan volume was approximately \$49.2 million in the third quarter of 2017 compared to \$42.2 million in the second quarter.
- Deposits totaled \$1,054.5 million at September 30, 2017 compared to \$1,031.8 million at June 30, 2017 and \$535.7 million at September 30, 2016. Non-interest bearing deposits represent 29.1% of total deposits and the cost of total deposits decreased to 0.53%.
- Non-accrual loans represented 0.02% of total loans as of September 30, 2017 resulting in a Texas ratio of 0.41%. The provision for loan losses recorded in the quarter totaled \$57.8 thousand.
- All capital ratios are well above regulatory requirements for a well-capitalized institution. The Bank’s total risk-based capital ratio was 12.70% at September 30, 2017 compared to 12.15% at June 30, 2017, and tangible common equity to tangible assets increased to 8.70% at September 30, 2017 from 8.61% at June 30, 2017.

Loans and Credit Quality

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

Year-to-date loan 2017 originations of \$91.4 million are slightly lower compared to the same period in 2016 of \$92.5 million while year-to-date payoffs in 2017 are slightly lower than the same period in 2016. Payoffs totaling \$14.9 million in the quarter ended September 30, 2017 were primarily the result of property sales or planned events.

Non-accrual loans totaled \$186.6 thousand or 0.02% of the loan portfolio at September 30, 2017, compared to \$368 thousand, or 0.04%, at June 30, 2017 and \$1.5 million, or 0.29% a year ago. The decrease in non-accrual loans from a year ago primarily relates to repayment on delinquent loans. Accruing loans past due 30 to 89 days totaled zero at September 30, 2017, compared to \$654 thousand at June 30, 2017 and \$751 thousand a year ago.

The provision for loan losses recorded in the third quarter of 2017 totaled \$57.8 thousand as the quality of the loan portfolio did not warrant a higher provision. Net charge-offs for the third quarter totaled \$45.3 thousand compared to small recoveries in the prior quarter and in the same quarter a year ago. The ratio of loan loss reserve to loans totaled 0.48% at September 30, 2017 compared to 0.47% at June 30, 2017 and compared to 0.84% at September 30, 2016. As of September 30, 2017, acquired loans totaling \$372.3 million are covered by mark to market valuations totaling \$7.3 million.

Investments and Borrowings

The investment portfolio, including Bank Owned Life Insurance totaled \$66.3 million at September 30, 2017, an increase of \$4.4 million from June 30, 2017 mainly due to an increase in the Bank Owned Life Insurance investment and to a lesser extent the purchase of certain CRA qualifying investments.

Deposits

Deposits totaled \$1,054.5 million at September 30, 2017, compared to \$1,031.8 million at June 30, 2017 and \$568.7 million at September 30, 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 \$307.1million, or 29.1% of total deposits, compared to 30.2% at June 30, 2017 and 24.0% at September 30, 2016.

Earnings

Net interest income totaled \$31.3 million in the first nine months of 2017 compared to \$21.7 million for the same period of 2016. The increase of \$9.6 million was primarily due to a combination of an increase in average earning assets of \$307.7 million and an increase in gain on repayment of acquired loans.

Net interest income totaled \$13.1 million in the third quarter of 2017, compared to \$10.7 million in the prior quarter and \$7.1 million in the same quarter a year ago. Net interest income increased \$2.4 thousand in the third quarter compared to the prior quarter partially due to higher average earnings assets and higher gains on payoffs of Purchased Credit Impaired ("PCI") loans in the third quarter of 2017 compared to the second quarter of 2017.

The net interest margin was 4.05% in the third quarter of 2017, compared to 3.95% in the prior quarter and 4.14% in the same quarter a year ago. The increase from last quarter includes 19 basis points related to gain on 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 \$13.8 million, \$14.4 million, and \$8.9 million at September 30, 2017, June 30, 2017 and September 30, 2016, respectively.

Accretion and gains on payoffs of purchased loans recorded to interest income were \$1.5 million for the third quarter 2017 compared to \$663 thousand for the second quarter 2017 and \$2.7 million for the nine months ended 2017.

Non-interest income in the third quarter of 2017 totaled \$1.1 thousand, compared to \$1.6 million in the prior quarter and \$339 thousand in the same quarter a year ago. The decrease compared to the prior quarter primarily relates to a decline in gain on sale of loans in the third quarter of 2017 compared to the second quarter of 2017. The increase from the same quarter last year is primarily due to gain on sale of loans and higher servicing income.

Non-interest expense totaled \$7.5 million in the third quarter of 2017 down from the prior quarter but higher from the same quarter a year ago. The second quarter of 2017 was higher due to the one-time recognition of merger related expenses. The increase from the same quarter in 2016 was due to higher operating costs due to the merger including an increase in the number of employees, branch offices and data processing charges as a result of higher volume.

About BayCom Corp

The Bank 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. The Company is traded Over the Counter Bulletin Board under the symbol "BCML". For more information, go to www.unitedbusinessbank.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.

BAYCOM CORP
FINANCIAL HIGHLIGHTS

	<u>September 30, 2017</u>	<u>June 30, 2017</u>	<u>March 31, 2017</u>	<u>September 30, 2016</u>
<u>Quarter-To-Date</u>				
Net Income	\$ 3,181,703	\$ 1,501,413	\$ 1,416,266	\$ 1,206,950
Diluted Earnings Per Common Share	\$ 0.47	\$ 0.27	\$ 0.26	\$ 0.22
Return On Average Assets (ROA)	1.08%	0.60%	0.83%	0.77%
Return On Average Equity (ROE)	11.99%	6.24%	7.17%	6.52%
Efficiency Ratio	63.92%	73.91%	63.82%	63.87%
Net Interest Margin	4.24%	3.99%	3.91%	4.14%
Net Charge-Offs/(Recoveries)	\$ 57,031	\$ (5,250)	\$ (6,503)	\$ (4,173)
Net Charge-Offs/(Recoveries) To Average Loans	0.01%	0.00%	0.00%	0.00%
<u>Year-To-Date</u>				
Net Income	\$ 6,099,382	\$ 2,917,679	\$ 1,416,266	\$ 4,011,039
Diluted Earnings Per Common Share	\$ 0.98	\$ 0.53	\$ 0.26	\$ 0.74
Return On Average Assets (ROA)	0.85%	0.69%	0.83%	1.26%
Return On Average Equity (ROE)	8.63%	6.66%	7.17%	10.91%
Efficiency Ratio	65.23%	69.95%	63.82%	64.32%
Net Interest Margin	4.05%	3.95%	3.96%	4.14%
Net Charge-Offs/(Recoveries)	\$ 45,278	\$ (11,753)	\$ (6,503)	\$ (8,048)
Net Charge-Offs/(Recoveries) To Average Loans	0.01%	0.00%	0.00%	0.00%
<u>At Period End</u>				
Total Assets	\$ 1,185,520,515	\$ 1,155,943,167	\$ 697,397,629	\$ 641,773,583
Loans:				
Real Estate	\$ 753,227,054	\$ 761,120,570	\$ 461,299,207	\$ 443,545,296
Non-real estate	106,816,202	107,092,657	73,570,589	66,098,087
Loans Held for Sale	1,490,434	-	4,383,428	-
Non-accrual loans	186,551	367,795	991,755	1,909,952
Mark to market on acquired loans	(7,863,687)	(9,261,310)	(4,717,212)	(6,636,817)
Total Loans	\$ 853,856,554	\$ 859,319,712	\$ 535,527,767	\$ 504,916,518
Classified Assets (Graded Substandard and Doubtful)	\$ 6,639,265	\$ 7,164,099	\$ 8,644,709	\$ 9,150,090
Total Accruing Loans 30-89 Days Past Due	\$ -	\$ 654,483	\$ -	\$ 228,000
Loan Loss Reserve To Loans	0.48%	0.47%	0.73%	0.84%
Loan Loss Reserve to Non-accrual loans	2184.39%	1107.95%	395.76%	220.95%
Non-Accrual Loans To Total Loans	0.02%	0.04%	0.19%	0.38%
Texas Ratio	0.41%	0.59%	2.45%	2.42%
Total Deposits	\$ 1,054,482,651	\$ 1,031,780,780	\$ 609,952,562	\$ 535,660,525
Loan-To-Deposit Ratio	80.97%	83.29%	87.80%	95.50%
Stockholders' Equity	\$ 107,394,795	\$ 104,017,747	\$ 79,579,734	\$ 74,555,843
Book Value Per Share	\$ 15.63	\$ 15.20	\$ 14.50	\$ 13.71
Tangible Common Equity To Tangible Assets	8.74%	8.61%	11.32%	11.48%
Total Risk-Based Capital Ratio-Bank	12.70%	12.15%	13.99%	13.65%
Full-Time Equivalent Employees	148	152	105	106

BAYCOM CORP
STATEMENT OF CONDITION (UNAUDITED)
At September 30, 2017, June 30, 2017, March 31, 2017, and December 31, 2016

	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Assets				
Cash and due from banks	\$ 242,518,078	\$ 201,181,847	\$ 125,531,611	\$ 128,684,416
Investments, including Bank Owned Life Insurance policies	66,328,078	61,894,919	24,690,663	26,393,451
Loans, net of allowance for loan losses and deferred fees	841,132,083	854,640,346	531,441,926	504,264,026
Bank premises and equipment, net	8,549,480	8,527,362	1,008,798	1,106,030
Core deposit premium	4,664,166	4,941,677	719,372	802,436
Goodwill	9,125,500	9,125,500		
Interest receivable and other assets	13,203,130	15,631,516	14,005,259	14,048,162
Total assets	\$ 1,185,520,515	\$ 1,155,943,167	\$ 697,397,629	\$ 675,298,520
Liabilities and Stockholders' Equity				
Liabilities				
Deposits				
Non-interest bearing	\$ 307,107,386	\$ 311,522,277	\$ 142,436,582	\$ 128,696,712
Interest bearing				
MMA/NOW/SVG	387,663,055	376,952,820	125,059,037	128,970,967
Premium MM	154,741,721	146,783,810	178,197,667	171,947,166
Time Deposits	204,970,489	196,521,873	164,259,276	161,143,915
Total deposits	1,054,482,651	1,031,780,780	609,952,562	590,758,760
Other borrowings	6,000,000	6,000,000	-	-
Trust Preferred Subordinated Debentures, net	5,371,886	5,356,954	-	-
Interest payable and other liabilities	12,271,183	8,787,686	7,865,333	6,476,580
Total liabilities	1,078,125,720	1,051,925,420	617,817,895	597,235,340
Stockholders' Equity				
Common stock, no par value	69,524,425	69,393,816	47,632,398	47,540,808
Retained earnings	37,703,318	34,521,615	31,850,203	30,433,937
Accumulated other comprehensive income	167,052	102,316	97,133	88,434
Total stockholders' equity	107,394,795	104,017,747	79,579,734	78,063,179
Total liabilities and stockholders' equity	\$ 1,185,520,515	\$ 1,155,943,167	\$ 697,397,629	\$ 675,298,520

BAYCOM CORP
STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Three months ended			Nine months ended		Year Ended
	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	December 31, 2016
Interest income						
Interest - Non RE loans	\$ 1,400,645	\$ 1,304,685	\$ 892,219	\$ 3,679,128	\$ 2,704,743	\$ 3,542,281
Interest - RE loans	9,224,331	8,130,506	5,520,245	22,829,478	16,099,695	21,496,827
Interest on investment securities	242,329	480,813	150,635	407,404	579,127	809,398
Interest on Federal funds sold and other bank deposits	774,897	137,908	119,092	1,624,148	282,603	422,510
Mark to market accretion and FAS 91 Fee amortization	1,489,191	663,306	438,906	2,709,995	2,063,693	3,354,471
Total interest income	\$ 13,131,393	\$ 10,717,218	\$ 7,121,097	\$ 31,250,153	\$ 21,729,861	\$ 29,625,487
Interest expense						
Interest on transaction accounts	457,976	466,358	392,029	1,375,481	1,134,176	1,597,440
Interest on time deposits	530,131	504,618	366,532	1,501,873	1,026,771	1,476,134
Premium on core deposits	277,511	212,696	105,000	573,270	315,000	398,064
Interest on borrowings and subordinated debentures	151,432	100,955	-	252,386	-	-
Total interest expense	\$ 1,417,050	\$ 1,284,627	\$ 863,561	\$ 3,703,010	\$ 2,475,947	\$ 3,471,638
Net interest income	11,714,343	9,432,591	6,257,536	27,547,143	19,253,914	26,153,849
Provision for loan losses	57,832	143,949	255,801	345,278	617,754	598,463
Net interest income after provision for loan losses	\$ 11,656,511	\$ 9,288,642	\$ 6,001,735	\$ 27,201,865	\$ 18,636,160	\$ 25,555,386
Non-interest income						
Loan fee income	150,044	252,777	109,232	459,743	251,926	331,336
Service charge income	76,944	60,006	52,788	184,918	169,700	227,904
Other fees & service charges	302,806	238,967	88,865	636,322	278,814	379,132
Gain on sale of loans	436,483	875,434	-	1,711,917	-	-
Other income	117,120	201,823	88,412	455,046	286,618	420,166
Total non-interest income	\$ 1,083,397	\$ 1,629,007	\$ 339,297	\$ 3,447,946	\$ 987,058	\$ 1,358,538
Non-interest expense						
Salaries and benefits	4,685,663	3,946,848	2,676,450	11,714,767	8,083,638	10,610,511
Occupancy	931,229	790,103	518,447	2,290,723	1,600,340	2,147,472
Professional	157,835	461,219	187,086	749,026	602,041	773,073
Insurance	156,774	121,626	115,490	356,428	313,538	349,072
Data processing	813,767	2,073,766	352,171	3,247,429	1,031,213	1,386,115
Office	334,710	310,137	173,641	811,594	500,008	670,759
Marketing	206,660	156,373	68,035	418,026	182,759	269,576
Net Loan expenses	40,378	127,219	64,782	218,590	100,782	118,630
Other miscellaneous	161,089	188,045	57,380	410,897	174,758	241,279
Total non-interest expense	\$ 7,488,105	\$ 8,175,336	\$ 4,213,482	\$ 20,217,480	\$ 12,589,077	\$ 16,566,487
Income before provision for income taxes	5,251,803	2,742,313	2,127,550	10,432,331	7,034,141	10,347,437
Provision for income taxes	2,070,100	1,240,900	920,600	4,332,950	3,023,100	4,435,500
Net income	\$ 3,181,703	\$ 1,501,413	\$ 1,206,950	\$ 6,099,382	\$ 4,011,039	\$ 5,911,936
Net income per common share:						
	Basic \$ 0.47	\$ 0.27	\$ 0.23	\$ 0.99	\$ 0.75	\$ 1.10
	Diluted \$ 0.47	\$ 0.27	\$ 0.22	\$ 0.98	\$ 0.73	1.09
Weighted average shares used to compute net income per common share:						
	Basic 6,790,001	5,572,643	5,359,762	6,187,178	5,359,762	5,392,597
	Diluted 6,800,956	5,625,756	5,377,257	6,197,577	5,377,257	5,433,719
Comprehensive income:						
Net income	\$ 3,181,703	\$ 1,501,413	\$ 1,206,950	\$ 6,099,382	\$ 4,011,039	\$ 5,911,936
Other comprehensive income						
Change in net unrealized gain (loss) on available-for-sale securities	110,002	8,807	(26,982)	124,605	87,553	(231,687)
Deferred tax expense (benefit)	(45,266)	(3,624)	2,959	(45,987)	(44,573)	198,493
Other comprehensive income (loss), net of tax	64,736	5,183	(24,023)	78,618	42,980	(33,194)
Comprehensive income	\$ 3,246,439	\$ 1,506,596	\$ 1,182,927	\$ 6,178,000	\$ 4,054,019	\$ 5,878,742

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