

FOR IMMEDIATE RELEASE

Contact

Anker Fanoë, Chief Executive Officer (831) 771-4384

Pacific Valley Bank Announces Its 2019 Financial Results; Total Assets Surpass \$350 Million

Salinas, CA – February 6, 2019 – Pacific Valley Bank (OTC Pink: PVBK) announced its unaudited fourth quarter 2019 Net Income of \$677 thousand or \$0.17 basic earnings per share. Net Income for the twelve months of 2019 was \$2,684,650 or \$0.67 basic earnings per share, compared to the twelve months of 2018 with a reported \$2,456,457 or \$0.62 basic earnings per share.

Fourth Quarter 2019 Financial Highlights (annualized)

Return on Average Assets (ROAA): 0.81%
Net Interest Margin (NIM): 3.94%
Efficiency Ratio: 68.83%
Total Assets were at a record high: \$351 million

Year to Date 2019 Financial Highlights (annualized)

Return on Average Assets (ROAA): 0.84%
Net Interest Margin (NIM): 3.92%
Efficiency Ratio: 69.58%

“In 2019 the Bank proudly celebrated its fifteenth year of operations and service to the community,” stated Anker Fanoë, President and CEO. “During these fifteen years, our employees have focused on providing exemplary service to our customers and exceeding expectations. In turn, Pacific Valley Bank’s strong financial performance exceeded our expectations in 2019. Additionally, the Bank continued its momentum of expansion in the loan portfolio and core deposits. We are pleased to embark upon our sixteenth year with strong loan quality, and are well capitalized, allowing for further growth.”

As of December 31, 2019, total assets were \$351.0 million. Since December 31, 2018, total assets have increased \$30.3 million, or 9%. Total assets increased \$10.6 million in the last quarter of 2019.

Total gross loans outstanding were \$270.7 million as of December 31, 2019, a record high for the Bank. This exceeded gross loan balances at December 31, 2018, by \$21.9 million, or 9%. The growth trajectory in total loans outstanding in 2019 was primarily centered in Commercial Real Estate balances which saw a \$20.2 million increase. The Bank had good asset quality in 2019, with non-accruing assets accounting for less than 1% of the Bank’s total assets at December 31, 2019.

As of December 31, 2019, total deposits reached a record \$313.8 million, representing growth of \$27.4 million, or 10% over a year ago. Core deposits, which represent a stable basis for lending, are deposits which exclude certificates of deposits exceeding FDIC insurance limits, were \$297.2 million at December 31, 2019. Core deposits grew \$32.2 million or 12% compared with December 31, 2018. Certificate of Deposit balances decreased \$15.1 million since December 31, 2018, as part of the Bank's strategy to manage its cost of funds.

Shareholder Equity was \$35.8 million at December 31, 2019, representing growth of \$2.8 million since December 31, 2018. This increase was the result of strong profitability. The Bank is considered to be well capitalized and its Capital Ratios well exceed regulatory minimums.

Capital Ratios as reported in the December 31, 2019 Call Report:

Leverage Ratio	10.67%
Tier 1 Capital Ratio	13.11%
Total Capital Ratio	14.37%

Net Interest Income, before the Provision for Loan Losses, was \$12.2 million for the year ending December 31, 2019. This exceeds the same period last year by \$1 million, representing a 9% increase. Total Interest Income for the year of 2019 was \$14.3, an increase \$2.1 million over 2018, attributable to a \$1.4 million increase in loan interest and fee income and \$713 thousand increase in investment income. Interest Expense on deposits increased \$1 million over 2018. The Provision for Loan Losses was \$75,000 in 2019, compared with \$250,000 in 2018. The decrease in provision expense reflects continued strong loan quality.

At December 31, 2019, Non-Interest Income was \$569 thousand, a decrease of \$468 thousand from year end 2018. This decrease is attributable to a sale of an OREO property which occurred in July 2018 and resulted in a pre-tax gain of \$492 thousand. Operating expenses were \$8.9 million for the year ended 2019, a slight increase of 4% compared to the same period in 2018.

Pacific Valley Bank

Selected Financial Data – Unaudited

000's

Assets	12/31/2019	12/31/2018	Y-O-Y Change
Cash and Due From Banks	\$6,569	\$5,679	\$890
Interest Bearing Deposits At Other Banks	68,645	61,332	7,313
Investment Securities	0	0	0
Loans Outstanding	270,672	248,718	21,954
Allowance for Loan Losses	(4,675)	(4,576)	(99)
Other Assets	9,789	9,518	271
Total Assets	\$351,000	\$320,671	\$30,329

Liabilities and Capital	12/31/2019	12/31/2018	Y-O-Y Change
--------------------------------	-------------------	-------------------	-------------------------

Non-Interest Bearing Deposits	\$131,717	\$113,785	\$17,932
Interest Bearing Deposits	182,084	172,581	9,503
Borrowings	0	0	0
Other Liabilities	1,362	1,230	132
Equity	35,837	33,076	2,762
Total Liabilities and Capital	\$351,000	\$320,671	\$30,329

Three Months Ended

Income Statement	12/31/2019	12/31/2018	Q-O-Q Change
Interest Income	\$3,723	\$3,574	\$149
Interest Expense	532	393	139
Net Interest Income	3,191	3,182	10
Provision (Benefit) for Loan Losses	75	250	(175)
Non-Interest Income	139	132	7
Non-Interest Expense	2,292	2,357	(64)
Income Tax	286	204	82
Net Income	\$677	\$503	\$176

Twelve Months Ended

	12/31/2019	12/31/2018	Y-O-Y Change
Interest Income	\$14,312	\$12,256	\$2,056
Interest Expense	2,086	1,041	1,045
Net Interest Income	12,226	11,215	1,011
Provision (Benefit) for Loan Losses	75	250	(175)
Non-Interest Income	569	1,037	(468)
Non-Interest Expense	8,903	8,552	351
Income Tax	1,132	994	138
Net Income	\$2,685	\$2,456	\$229

Ratios - YTD (Annualized)	12/31/2019	12/31/2018
Leverage Ratio	10.67%	11.13%
Return on Average Assets	0.84%	0.90%
Return on Average Equity	7.80%	7.75%
Earnings Per Share (Basic)	\$0.67	\$0.62
Book Value Per Share	\$8.97	\$8.36
Efficiency Ratio	69.58%	69.80%

ABOUT PACIFIC VALLEY BANK:

Pacific Valley Bank is a full service business bank that commenced operations in September 2004 to provide exceptional service to customers in Monterey County. Pacific Valley Bank operates business at three locations; administrative headquarters and branch offices in Salinas, King City and Monterey, California. The Bank offers a broad range of banking products and services, including credit and deposit services to small and medium sized businesses, agriculture related businesses, non-profit organizations, professional service providers and individuals. For more information, visit www.pacificvalleybank.com.

This release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that could cause actual results,

performance and/or achievements to differ materially from those projected. Accordingly, readers should not place undue reliance on these forward-looking statements. These risks and uncertainties include, but are not limited to, economic conditions in all areas in which the Bank conducts business, including the competitive environment for attracting loans and deposits; supply and demand for real estate and periodic deterioration in real estate prices and/or values in California or other states where we lend; changes in the financial performance and/or condition of our borrowers, depositors, key vendors or counterparties; changes in our levels of delinquent loans, nonperforming assets, allowance for loan losses and charge-offs; the effect of changes in laws and regulations, including accounting practices; changes in estimates of future reserve requirements and minimum capital requirements based upon periodic review thereof under relevant regulatory and accounting requirements; fluctuations in the interest rate and market environment; cyber-security threats, including the loss of system functionality, theft, loss of customer data or money; technological changes and the expanding use of technology in banking; the costs and effects of legal, compliance and regulatory actions; acts of war or terrorism, or natural disasters; and other factors beyond the Bank's control. These forward-looking statements, which reflect management's views, are as of the date of this release. Pacific Valley Bank has no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.