

FOR IMMEDIATE RELEASE

Contact

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

Pacific Valley Bank Announces Its First Quarter 2020 Financial Results and Participation in the CARES Act Paycheck Protection Program

Salinas, CA – June 2, 2020 – Pacific Valley Bank (OTC Pink: PVBK) announced its unaudited first quarter 2020 Net Income of \$599 thousand or \$0.15 basic earnings per share. Net Income for the first three months of 2019 was \$548 thousand or \$0.14 basic earnings per share. Prudent with the uncertainty of the future impact of COVID-19, the Bank posted a \$75 thousand provision expense in the first quarter of 2020 to increase its Allowance for Loan and Lease Losses to \$4.75 million or 1.78% of outstanding loans. Assets increased 8% to \$334 million compared with a year ago.

First Quarter 2020 Financial Highlights (annualized)

Return on Average Assets (ROAA):	0.69%
Net Interest Margin (NIM):	3.86%
Efficiency Ratio:	72.05%

“The Bank fully participated in the Small Business Administration’s Paycheck Protection Program” stated Anker Fanoë, President and CEO. “Through the efforts of our exceptionally dedicated staff, we have provided over \$80 million in funding to 465 small businesses. We see this as an essential step toward facilitating the recovery of businesses in our community.” He continued, “Every person in every department in varying degrees served to ensure the success of our participation in the program in order to meet the needs of our community. I am proud of the extraordinary teamwork, time commitment, and heart of our staff who gave so much to make this happen.”

As of March 31, 2020, total assets were \$334.1 million. Since March 31, 2019, total assets have increased \$25.7 million, or 8%. The Bank’s Total Assets declined from year end, primarily in overnight investments due to a decline in in our agriculture sector deposits of approximately \$17 million. This fluctuation is typical in the seasonality of these deposits.

Total gross loans outstanding were \$267.2 million as of March 31, 2020. This exceeded gross loan balances at March 31, 2019, by \$23.5 million, or 10%. The Bank’s asset quality in 2020 was good, with non-accruing assets accounting for less than 1% of the Bank’s total assets at March 31, 2020, and no loans greater than 30 days past-due. “Our credit team continues to evaluate the economic conditions that may impact our borrowers and, in line with regulatory guidance, are granting short-term modifications to mitigate adverse impacts” stated Anker Fanoë.

As of March 31, 2020, total deposits were \$296.5 million, representing growth of \$23.2 million, or 8% over a year ago.

Shareholder Equity was \$36.5 million at March 31, 2020, representing growth of \$2.8 million over a year ago. This increase was the result of strong profitability. The Bank is considered to be well capitalized and its Capital Ratios well exceed regulatory minimums.

Net Interest Income, before the Provision for Loan Losses, was \$3.2 million for the three months ending March 31, 2020. This exceeds the same period last year by \$242 thousand or 8%. The increase is primarily due to an increase in earning assets resulting in an increase of \$127 thousand, offset by a significant reduction in interest expense associated with a lower cost of funds on the Bank's deposits. The Provision for Loan Losses was \$75,000 during the first quarter of 2020; there was no provision expense during the same period of 2019. The net interest margin in the first quarter of 2020 equated to 3.86% compared with 3.92% last quarter. Market rates, primarily Federal Funds Sold and the Prime rate dropped 1.50% in March 2020. Management expects the Bank's net interest margin will be negatively impacted the remainder of the year as a result of the lower rate environment.

For the three months ended March 31, 2020, Non-Interest Income of \$157 thousand increased 20% compared with the same period of 2019. Operating expenses were \$2.4 million for the first quarter 2020, an increase of 5% compared with the same period of 2020.

Pacific Valley Bank
Selected Financial Data – Unaudited
\$ in 000s, Except Share Data

Assets	3/31/2020	3/31/2019	Y-O-Y Change
Cash and Due From Banks	\$11,785	\$6,989	\$4,796
Interest Bearing Deposits at Other Banks	50,372	52,557	-2,185
Investment Securities	0	0	0
Loans Outstanding	267,256	243,762	23,494
Allowance for Loan Losses	(4,750)	(4,582)	(168)
Other Assets	9,474	9,675	(201)
Total Assets	\$334,137	\$308,401	\$25,736

Liabilities and Capital	3/31/2020	3/31/2019	Y-O-Y Change
Non-Interest Bearing Deposits	\$105,392	\$89,340	\$16,052
Interest Bearing Deposits	191,098	183,953	7,145
Borrowings	0	0	0
Other Liabilities	1,191	1,476	(285)
Equity	36,456	33,632	2,824
Total Liabilities and Capital	\$334,137	\$308,401	\$25,736

Three Months Ended

Income Statement	3/31/2020	3/31/2019	Q-O-Q Change
Interest Income	\$3,538	\$3,411	\$127
Interest Expense	382	497	(115)
Net Interest Income	<u>3,156</u>	<u>2,914</u>	<u>242</u>
Provision (Benefit) for Loan Losses	75	0	75
Non-Interest Income	157	131	26
Non-Interest Expense	2,387	2,275	112
Income Tax	252	222	30
Net Income	<u>\$599</u>	<u>\$548</u>	<u>\$51</u>

Ratios - YTD (Annualized)	3/31/2020	3/31/2019
Leverage Ratio	10.50%	11.10%
Return on Average Assets	0.69%	0.72%
Return on Average Equity	6.62%	6.57%
Earnings Per Share (Basic)	\$0.10	\$0.55
Book Value Per Share	\$9.13	\$8.50
Efficiency Ratio	72.05%	74.71%

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.