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Pacific Valley Bank Announces Fourth Quarter and Year End 2020 Earnings Results. Earnings up 21% and Growth up 32% Year over Year.

Salinas, CA – February 8, 2021 – Pacific Valley Bank (OTC Pink: PVBK) announced its unaudited earnings results for 2020. Net Income for the twelve months ended December 31, 2020, was \$3.25 million representing an increase of 21% compared with the same period of 2019. Earnings per share for the year 2020 were \$0.81 compared with \$0.67 for the year 2019. Net Income for the fourth quarter was \$939 thousand or \$0.24 basic earnings per share. This represents a decrease of 4.09% compared to the prior quarter (\$979 thousand for the three months ended September 30, 2020) and a 39% increase compared to the same period of the prior year (\$677 thousand at December 31, 2019).

As of December 31, 2020, total assets were \$464.9 million. Since September 30, 2020, total assets have increased \$44.7 million or 11%, and since December 31, 2019, total assets have increased by \$113.9 million or 32%. Anker Fanoë, President and CEO, commented, “Pacific Valley Bank was able to post record earnings for 2020 despite the extraordinary economic circumstances faced throughout the year.” Fanoë continued, “Our staff rose to the challenge of supporting our community and our clients by providing outstanding customer service and responsiveness at a time when it was needed most.”

Byron Owings, the Bank’s Senior Vice President and Credit Administrator was promoted to Executive Vice President and Chief Credit Officer at the end of the third quarter of 2020 when incumbent Carol Corsetti left to pursue other opportunities and interests. Owings has more than ten years of management experience in credit administration, ALLL preparation and analysis, special asset management and has been with the Bank since 2015. Prior to his role as Credit Administrator, Owings spent nearly a decade performing Loan Reviews and Due Diligence work for various commercial banks located throughout the Western United States. According to CEO Fanoë, “the effective execution of the financial and managerial responsibilities of our Chief Credit Officer is absolutely essential to this institution’s sustainable growth and success. Byron has significant experience in commercial banking with a proven track record of performance and leadership. We look forward to leveraging his knowledge and expertise to continue to grow our company.”

As of December 31, 2020, total deposits were \$423.4 million compared with total deposits of \$380.4 million at September 30, 2020, representing an increase of \$43 million, or 23% during the fourth quarter of 2020, and total deposits have increased by \$109.6 million or 35% compared to a year ago.

Total gross loans outstanding were \$338.7 million as of December 31, 2020, which includes \$73.2 million in Paycheck Protection Program (PPP) loans. This exceeded gross loan balances at December 31, 2019, by \$72.7 million representing an increase of 27% year-over-year; however, gross loans net of PPP loans decreased slightly when compared to December 31, 2019. According

to Owings, “While our loan quality remains strong it will be a priority to keep a close watch on our portfolio, ensuring our customers have the tools they need to not only survive, but succeed. We are proud of the way we took on an ever-demanding 2020 and are ready to show that same commitment to our customers, our community, and our shareholders in 2021 and beyond.” The Bank posted a \$300 thousand provision for the loan loss allowance during the fourth quarter of 2020 due to continued economic uncertainties surrounding the COVID-19 pandemic.

Shareholder Equity was \$39.2 million at December 31, 2020, representing growth of \$3.3 million, or 9.3% over a year ago. 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 \$3.9 million, \$3.6 million and \$3.2 million for the three months ending December 31, 2020, September 30, 2020, and December 31, 2019, respectively. Net Interest Income for 2020 was \$14.1 million, an increase of \$1.8 million, or 23%, year-over-year. The Bank’s cost of funds decreased compared to the same period last year resulting in \$1.04 million less in interest expense. The net interest margin in the fourth quarter of 2020 equated to 3.73% compared with 3.56% last quarter, and 3.94% for the fourth quarter of 2019. Market rates, primarily Federal Funds Sold and the Prime Rate, dropped 1.50% in March 2020 and remained stable over the past three quarters.

For the three months ended December 31, 2020, Non-Interest Income was \$225 thousand compared with September 30, 2020, at \$218 thousand, and \$139 thousand for the same period of 2019, representing increases of 3% and 62%, respectively. Non-Interest Income for 2020 of \$779 thousand increased 37% compared with 2019.

Operating expenses were \$2.5 million for the fourth quarter 2020, an increase of \$66 thousand, or 3% compared with the third quarter of 2020, and an increase of \$217 thousand, or 9%, over the three months ended December 31, 2019. Non-Interest Expense year-to-date was \$9.8 million representing an increase of \$897 thousand, 10% higher compared with the same twelve months of 2019. Increases in operating expenses year-over-year were primarily in personnel costs associated with funding PPP loans.

Pacific Valley Bank
Selected Financial Data - Unaudited
\$ in 000, Except Per Share Data

Assets	December 31, 2020	September 30, 2020	December 31, 2019
Cash and Due From Banks	\$9,188	\$10,669	\$6,569
Interest Bearing Deposits At Other Banks	105,183	57,624	68,645
Investment Securities	0	0	0
Loans Outstanding	343,865	346,128	270,672
Allowance for Loan Losses	(5,126)	(4,826)	(4,675)
Other Assets	11,814	10,594	9,789
Total Assets	\$464,924	\$420,189	\$351,000
Liabilities and Capital	December 31, 2020	September 30, 2020	December 31, 2019
Non-Interest Bearing Deposits	\$201,410	\$176,597	\$131,717

Interest Bearing Deposits	221,945	203,752	182,084
Borrowings	0	0	0
Other Liabilities	2,404	1,628	1,362
Equity	39,165	38,212	35,837
Total Liabilities and Capital	\$464,924	\$420,189	\$351,000

Key Ratios:	December 31, 2020	September 30, 2020	December 31, 2019
Net Loan to Deposits	80.01%	89.73%	84.77%
Allowance for loan losses to total loans (1)	1.89%	1.85%	1.73%
Non-performing loans to total loans (1)	0.33%	0.35%	0.36%
Community Bank Leverage Ratio	9.00%	9.11%	10.67%
Book Value	\$9.82	\$9.57	\$8.97

(1) excluding PPP loans

Income Statement, Three Months Ended	December 31, 2020	September 30, 2020	December 31, 2019
Interest Income	\$4,083	\$3,828	\$3,723
Interest Expense	171	217	532
Net Interest Income	3,912	3,611	3,191
Provision (Benefit) for Loan Losses	300	0	75
Non-Interest Income	225	218	139
Non-Interest Expense	2,509	2,443	2,292
Income Tax	389	407	286
Net Income	\$939	\$979	\$677

Key Ratios:	December 31, 2020	September 30, 2020	December 31, 2019
Earnings per basic share	\$0.24	\$0.25	\$0.17
Net Interest Margin	3.73%	3.56%	3.94%
Efficiency Ratio	60.65%	63.80%	68.83%
Return on Average Assets, annualized	0.86%	0.93%	0.81%
Return on Average Equity, annualized	9.67%	10.37%	7.61%

Income Statement, Twelve Months Ended	December 31, 2020	December 31, 2019
Interest Income	\$15,117	\$14,312
Interest Expense	1,046	2,086
Net Interest Income	14,071	12,226
Provision (Benefit) for Loan Losses	450	75
Non-Interest Income	779	569
Non-Interest Expense	9,800	8,903
Income Tax	1,348	1,132
Net Income	\$3,252	\$2,685

Key Ratios:	December 31, 2020	December 31, 2019
Earnings per basic share	\$0.82	\$0.67
Net Interest Margin	3.68%	3.92%
Efficiency Ratio	65.99%	69.58%
Return on Average Assets, annualized	0.75%	0.80%
Return on Average Equity, annualized	8.69%	7.80%

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.