

## **FOR IMMEDIATE RELEASE**

### **Contact**

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### **Pacific Valley Bank Announces its First Quarter 2021 Financial Results and Continued Participation in the CARES Act Paycheck Protection Program.**

Salinas, CA – May 3, 2021 – Pacific Valley Bank (OTC Pink: PVBK) announced its unaudited earnings results for the first quarter 2021. Net income for the three months ended March 31, 2021 was \$1.13 million, representing an increase of 89% compared with the same period of 2020. Earnings per share for the first quarter 2021 were \$0.28 compared with \$0.15 for the first quarter 2020.

As of March 31, 2021, total assets were \$466.8 million. Since December 31, 2020, total assets have increased \$1.9 million or 0.41%, and since March 31, 2020, total assets have increased by \$132.7 million or 40%. Anker Fanoë, President and CEO, commented, “Economic circumstances continue to improve in Monterey County as companies work toward returning to pre-pandemic operations. Every day we see more people returning to work as businesses navigate the COVID restrictions and create healthy environments for both employees and clients. Our local economy and our clients continue to see significant growth in liquidity. We anticipate that as the economy recovers, we will see more of that liquidity put to work by our clients and the Bank.”

As of March 31, 2021, total deposits were \$424.1 million compared with total deposits of \$423.4 million at December 31, 2020, representing an increase of \$700 thousand, or 0.4% during the first quarter of 2021. Total deposits have increased by \$127.6 million or 43% compared to a year ago.

Total gross loans outstanding were \$370.1 million as of March 31, 2021, which includes \$105.8 million in Paycheck Protection Program (PPP) loans. Total gross loans exceeded gross loan balances at March 31, 2020 by \$108.0 million, representing an increase of 40% year-over-year. However, gross loans net of PPP loans increased only slightly when compared to March 31, 2020. Sandi Eason, EVP and Chief Operating Officer, commented that, “The Bank continues to support our community with involvement in the current round of PPP that opened in January. The Bank is pleased to have the opportunity to help so many in the community and keep doors open for small businesses and non-profit clients as they recover from the impacts of the pandemic. These new PPP loans contributed to loan growth for the quarter, additional deferred fees to be recognized in future quarters, and new opportunities to expand our commercial client base.”

Shareholder Equity was \$40.3 million at March 31, 2021, representing growth of \$3.9 million, or 10.6% over a year ago. The Bank is considered to be well capitalized and its Capital Ratios exceed regulatory minimums.

Net Interest Income was \$4.0 million, \$3.9 million and \$3.2 million for the three months ending March 31, 2021, December 31, 2020, and March 31, 2020, respectively. The Bank’s cost of funds decreased compared to the first quarter of last year resulting in \$216 thousand less in interest expense, primarily due to certificate of deposit maturities. The net interest margin in the first quarter of 2021 equated to 3.61% compared with 3.73% last quarter, and 3.56% for the first quarter

of 2020. The gradual decrease in net interest margin over the past several quarters is due primarily to the Bank's participation in the PPP Program which allows for short-term forgivable loans with an interest rate of 1.00%. While the origination of PPP loans has applied downward pressure to net interest margin, the PPP loans originated in the first and second rounds during 2020, and from the third round in 2021, have had a significant impact on the Bank's financial statements. During the first quarter of 2021, the Bank recognized \$792 thousand in deferred fees in conjunction with PPP loans of which \$450 thousand from forgiven PPP loans originated during the first two rounds of the program. These PPP loans along with any additional PPP loans that fund through the end of the program will continue to impact the Bank's profitability going forward.

For the three months ended March 31, 2021, Non-Interest Income was \$237 thousand compared with December 31, 2020, at \$225 thousand, and \$157 thousand for the same period of 2020, representing increases of 5% and 51%, respectively.

Operating expenses were \$2.6 million for the first quarter 2021, an increase of \$93 thousand, or 4% compared with the fourth quarter of 2020, and an increase of \$215 thousand, or 9%, over the three months ended March 31, 2020.

In March 2021, Charlotte Radmilovic joined the bank as EVP and Chief Financial Officer when incumbent Lee-Ann Cimino retired. Charlotte is a seasoned financial professional with many years of experience in the banking industry and in finance. Charlotte was most recently the Director of Finance for Summit Funding Inc. where she was responsible for overall management and oversight of the accounting/finance department for all entities owned by the primary shareholder. Prior to this she was the Chief Accounting Officer for Rabobank, N.A., responsible for overall management and oversight of the accounting/finance department. Prior to Rabobank, Radmilovic held various key roles in the industry. "I am so proud to join the talented Pacific Valley Bank team," said Charlotte. "I was inspired to join the Bank because of the strong commitment to the community and partnership mindset with its clients. The Bank has strong growth potential and I am very excited for the opportunity."

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

<b>Assets</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Cash and Due From Banks	\$14,694	\$9,188	\$11,785
Interest Bearing Deposits At Other Banks	70,850	105,183	50,372
Investment Securities	0	0	0
Loans Outstanding	375,280	343,865	267,256
Allowance for Loan Losses	(5,126)	(5,126)	(4,750)
Other Assets	11,136	11,814	9,474
<b>Total Assets</b>	<b>\$466,834</b>	<b>\$464,924</b>	<b>\$334,137</b>
<b>Liabilities and Capital</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Non-Interest Bearing Deposits	\$181,930	\$201,410	\$105,392
Interest Bearing Deposits	242,126	221,945	191,098
Borrowings	0	0	0
Other Liabilities	2,465	2,404	1,191
Equity	40,313	39,165	36,456

<b>Total Liabilities and Capital</b>	<b>\$466,834</b>	<b>\$464,924</b>	<b>\$334,137</b>
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<b>Key Ratios:</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Net Loan to Deposits	87.29%	80.01%	88.54%
Allowance for loan losses to total loans (1)	1.90%	1.89%	1.78%
Non-performing loans to total loans (1)	0.32%	0.33%	0.36%
Community Bank Leverage Ratio	8.83%	9.00%	10.50%
Book Value	\$10.11	\$9.82	\$9.13

(1) excluding PPP loans

<b>Income Statement, Three Months Ended</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Interest Income	\$4,131	\$4,083	\$3,538
Interest Expense	166	171	382
Net Interest Income	3,965	3,912	3,156
Provision (Benefit) for Loan Losses	0	300	75
Non-Interest Income	237	225	157
Non-Interest Expense	2,602	2,509	2,387
Income Tax	470	389	252
<b>Net Income</b>	<b>\$1,130</b>	<b>\$939</b>	<b>\$599</b>

<b>Key Ratios:</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Earnings per basic share	\$0.28	\$0.24	\$0.15
Net Interest Margin	3.61%	3.73%	3.56%
Efficiency Ratio	61.92%	60.65%	72.05%
Return on Average Assets, annualized	0.99%	0.86%	0.69%
Return on Average Equity, annualized	11.35%	9.67%	6.62%

<b>Income Statement, Twelve Months Ended</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Interest Income	\$4,131	\$3,538
Interest Expense	166	382
Net Interest Income	3,965	3,156
Provision (Benefit) for Loan Losses	0	75
Non-Interest Income	237	157
Non-Interest Expense	2,602	2,387
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<b>Net Income</b>	<b>\$1,130</b>	<b>\$599</b>

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Earnings per basic share	\$0.28	\$0.15
Net Interest Margin	3.61%	3.86%
Efficiency Ratio	61.92%	72.05%
Return on Average Assets, annualized	0.99%	0.69%
Return on Average Equity, annualized	11.35%	6.62%

## **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](http://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.*