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Pacific Valley Bancorp Announces Its First Quarter 2022 Financial Results

Salinas, CA – April 28, 2022 – Pacific Valley Bancorp (OTC Pink: PVBK) announced its unaudited earnings results for the first quarter 2022. Net income for the quarter ended March 31, 2022, was \$1.14 million representing an increase of 64% or \$445 thousand over the quarter ended December 31, 2021. Earnings per share for the quarter were \$0.28 compared with \$0.17 prior quarter.

FIRST QUARTER HIGHLIGHTS:

- Core Loan growth, excluding PPP, from the first quarter of 2022 vs. first quarter 2021 was \$78.25 million or 29%.
- Non-Performing loans to total loans for the quarter ended March 31, 2022 was 0.07% compared to 0.32% as of March 31, 2021.
- Net income for the quarter ended March 31, 2022, was \$1.14 million representing an increase of 64% or \$445 thousand over the quarter ended December 31, 2021 and 1% or \$9 thousand increase from the first quarter ended March 31, 2021
- Basic earnings per share of \$0.28 for the three months ended March 31, 2021, compared to \$0.17 for the prior quarter and \$0.28 for the same period in 2021.

On January 4, 2022, we completed the formation of Pacific Valley Bancorp as the bank holding company for Pacific Valley Bank. Upon completion of the formation and reorganization, the Bank's shareholders became shareholders of the new holding company essentially in the same proportion as each shareholder's interest in the Bank. On March 21, 2022, the Company issued \$17 million in subordinated debt and subsequently contributed \$15.3 million in capital to the Bank.

Anker Fanoë, President and CEO, commented, "We have hit the ground running in 2022. With the strengthened team that we put together in 2021, we have seen core loan growth of 5% in the first quarter. As PPP loans are forgiven, our focus is to strengthen our customer and community relationships to deploy the liquidity back into our marketplace. We are excited for the rest of the year and the continued success of the Company."

As of March 31, 2022, total assets were \$482.3 million. Since December 31, 2021, total assets have decreased \$17.3 million or 3.5%, and since March 31, 2021, total assets have increased by \$15.5 million or 3.3%.

Total gross loans outstanding were \$379.7 million as of March 31, 2022, which includes \$32 million in Paycheck Protection Program (PPP) loans. This exceeded gross loan balances at March 31, 2021, by \$4.5 million representing an increase of 1.2% year-over-year. Since December 31, 2021 the Bank's core loan portfolio, excluding PPP, increased by \$17.6 million or 5.33%.

As of March 31, 2022, total deposits were \$419 million compared with total deposits of \$454 million at December 31, 2021, representing a decrease of \$35 million, or 7.8% during the first quarter of 2022. Total deposits have decreased by \$5 million or 1.2% compared to prior year. Except for last year, where deposits balances included customer proceeds from PPP loans, the Bank experiences normal seasonality in deposits with an increase in December and a subsequent decrease in January.

Shareholder Equity was \$43.9 million at March 31, 2022, representing growth of \$3.6 million, or 8.9% over a year ago, related to retained earnings. As a result of the contribution of \$15.3 million to the Bank by the Company due to the issuance of \$17.0 million in subordinated debt, the Bank equity increased to \$59.16 million at March 31, 2022. The Bank is considered to be well capitalized and its Capital Ratios exceed regulatory minimums.

Net Interest Income was \$4.8 million and \$3.9 million for the quarters ending March 31, 2022 and March 31, 2021, respectively. The annualized net interest margin for the first quarter 2022 equated to 4.54% compared with 3.61% for 2021. The Bank has maintained consistent net interest margin over the past two years, in part due to the Bank's participation in the PPP Program which allowed 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 round during 2020 and the second round in 2021 have had a significant impact on the Bank's financial statements. During the first quarter of 2022, the Bank recognized approximately \$1 million in deferred fees realized from forgiven PPP loans originated during the program. Charlotte Radmilovic, EVP and Chief Financial Officer commented "In the first quarter of 2022, we had \$22 million in PPP loans forgiven for our customers. This forgiveness led to fee recognition in the quarter. We anticipate the remaining \$32 million of PPP loans will be forgiven in the second quarter and have an impact the Bank's profitability and NIM."

For the three months ended March 31, 2022, the Provision for Loan Losses was \$177 thousand compared with \$0 provision expense for the same period ending March 31, 2021. The Provision is directly correlated to the Bank's core loan portfolio growth. Allowance for Loan Losses is approximately 1.65% of total loans, excluding PPP, as of March 31, 2022.

For the quarter ended March 31, 2022, Non-Interest Income was \$314 thousand compared with \$237 thousand for the same period of 2021, representing an increase of 32%, primarily related to service charges on deposit accounts.

Operating expenses were \$3.3 million for the first quarter of 2022, an increase of \$318 thousand, or 10%, over the quarter ended December 31, 2021, primarily related to increased personnel costs and data processing costs.

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

Assets	March 31, 2022 Pacific Valley Bancorp*	December 31, 2021 Pacific Valley Bank**	March 31, 2021 Pacific Valley Bank**
Cash and Due From Banks	\$86,497	\$97,405	\$85,544
Investment Securities	10,396	10,934	0
Loans Outstanding	379,732	384,754	375,280
Allowance for Loan Losses	(5,726)	(5,549)	(5,126)
Other Assets	11,386	12,076	11,136
Total Assets	\$482,284	\$499,620	\$466,834

Liabilities and Capital	March 31, 2022 Pacific Valley Bancorp*	December 31, 2021 Pacific Valley Bank**	March 31, 2021 Pacific Valley Bank**
Non-Interest Bearing Deposits	\$202,631	\$244,044	\$181,930
Interest Bearing Deposits	216,240	210,105	242,126
Borrowings	17,000	0	0
Other Liabilities	2,513	2,480	2,465
Equity	43,900	42,991	40,313
Total Liabilities and Capital	\$482,284	\$499,620	\$466,834

Key Ratios:	March 31, 2022 Pacific Valley Bancorp*	December 31, 2021 Pacific Valley Bank**	March 31, 2021 Pacific Valley Bank**
Net Loan to Deposits	89.29%	83.50%	87.29%
Allowance for loan losses to total loans ⁽¹⁾	1.65%	1.79%	1.90%
Non-performing loans to total loans ⁽¹⁾	0.07%	0.26%	0.32%
Equity Leverage Ratio	9.24%	9.21%	8.83%
Book Value	\$10.90	\$10.77	\$10.11

(1) excluding PPP loans

Income Statement, Three Months Ended	March 31, 2022 Pacific Valley Bancorp*	December 31, 2021 Pacific Valley Bank**	March 31, 2021 Pacific Valley Bank**
Interest Income	\$4,985	\$4,094	\$4,131
Interest Expense	144	124	166
Net Interest Income	4,841	3,970	3,965
Provision (Benefit) for Loan Losses	177	284	0
Non-Interest Income	314	322	237
Non-Interest Expense	3,288	2,970	2,602
Income Tax	551	344	470
Net Income	\$1,139	\$694	\$1,130

Key Ratios:	March 31, 2022 Pacific Valley Bancorp*	December 31, 2021 Pacific Valley Bank**	March 31, 2021 Pacific Valley Bank**
Earnings per basic share	\$0.28	\$0.17	\$0.28
Net Interest Margin, annualized	4.54%	3.59%	3.61%
Efficiency Ratio	63.79%	69.20%	61.92%
Return on Average Assets, annualized	0.96%	0.59%	0.99%
Return on Average Equity, annualized	10.36%	6.77%	11.35%

* March 31, 2022 financial information is presented for the consolidated company, Pacific Valley Bancorp

** December 31, 2021 and March 31, 2021 financial information is presented for Pacific Valley Bank

ABOUT PACIFIC VALLEY BANK:

Pacific Valley Bancorp completed its formation and reorganization as a bank holding company for Pacific Valley Bank on January 4, 2022. The Company is a registered bank holding company with the Federal Reserve Bank, but it has not registered its securities under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, and it therefore does not file periodic reports with the Securities and Exchange Commission.

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 Company 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 Company's control. These forward-looking statements, which reflect management's views, are as of the date of this release. Pacific Valley Bancorp has no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.