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Pacific Valley Bancorp Announces Its Second Quarter 2022 Financial Results

Salinas, CA – July 28, 2022 – Pacific Valley Bancorp (OTC Pink: PVBK) announced its unaudited earnings results for the second quarter 2022. Net income for the quarter ended June 30, 2022, was \$1.5 million representing an increase of 36% or \$407 thousand over the quarter ended March 31, 2022. Earnings per share for the quarter were \$0.38 compared with \$0.28 prior quarter.

SECOND QUARTER HIGHLIGHTS:

- Core Loan growth, excluding PPP, from the second quarter of 2022 vs. second quarter 2021 was \$87.6 million or 30%.
- Non-Performing loans to total loans for the quarter ended June 30, 2022, was 0.06% compared to 0.29% as of June 30, 2021.
- Year to date net income as of June 30, 2022, was \$2.7 million. Basic earnings per share of \$0.67 for the six months ended June 30, 2022.
- Net income for the quarter ended June 30, 2022, was \$1.5 million representing an increase of 36% or \$407 thousand over the quarter ended March 31, 2022 and 39% or \$433 thousand increase from the second quarter ended June 30, 2021.
- Basic earnings per share of \$0.38 for the three months ended June 30, 2022, compared to \$0.28 for the prior quarter and \$0.28 for the same period in 2021.

Noting positive results for the quarter, Anker Fanoë, President and Chief Executive Officer, stated “An increase in interest earning assets of core loans and investments, along with PPP forgiveness in the second quarter, resulted in noteworthy net income in an unpredictable economic environment.”

As of June 30, 2022, total assets were \$502.9 million. Since March 31, 2022, total assets have increased \$20.6 million or 4.3%, and since June 30, 2021, total assets have increased by \$25.7 million or 5.4%.

Total gross loans outstanding were \$380 million as of June 30, 2022, which includes \$4.8 million in Paycheck Protection Program (PPP) loans. This exceeded gross loan balances at June 30, 2021 by \$17.3 million representing an increase of 4.8% year-over-year. In the second quarter, since March 31, 2022, the Bank’s core loan portfolio, excluding PPP, increased by \$27.5 million or 7.9%. “Positive core loan growth continues as our team works closely with clients. Credit quality remains strong and the Bank has continued strong deposit balances,” shared Sandi Eason, Executive Vice President and Chief Operating Officer.

As of June 30, 2022, total deposits were \$437.7 million compared with total deposits of \$418.8 million at March 31, 2022, representing an increase of \$18.8 million, or 4.5% during the

second quarter of 2022. Total deposits have increased by \$4.5 million or 1% compared to June 30 of the prior year.

Shareholder Equity was \$45.6 million at June 30, 2022, representing growth of \$4 million, or 9.7% over a year ago, related to increased retained earnings. The Company's subsidiary, Pacific Valley Bank equity increased to \$60.8 million at June 30, 2022 compared 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 \$4.9 million and \$4.0 million for the quarters ending June 30, 2022 and June 30, 2021, respectively. The annualized net interest margin for the second quarter 2022 equated to 4.37% compared with 3.65% for the second quarter of 2021. The Company 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 second quarter of 2022, the Bank recognized approximately \$1 million in deferred fees realized from forgiven PPP loans originated during the program.

For the three months ended June 30, 2022, the Provision for Loan Losses was \$0 compared with \$0 provision expense for the same period ending June 30, 2021. Allowance for Loan Losses is approximately 1.5% of total loans, excluding PPP, as of June 30, 2022. Credit quality has continued to improve, non-performing loans to total loans for the quarter ended June 30, 2022 was 0.06% compared to 0.29% as of June 30, 2021.

For the quarter ended June 30, 2022, Non-Interest Income was \$366 thousand compared with \$285 thousand for the same period of 2021, representing an increase of 28%, primarily related to service charges on deposit accounts.

Operating expenses were \$3.2 million for the second quarter of 2022, a decrease of \$135 thousand, or 4%, over the quarter ended March 31, 2022.

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

Assets	June 30, 2022 Pacific Valley Bancorp*	March 31, 2022 Pacific Valley Bancorp**	June 30, 2021 Pacific Valley Bank**
Cash and Due From Banks	\$89,956	\$86,497	\$107,436
Investment Securities	26,228	10,396	0
Loans Outstanding	380,011	379,732	362,748
Allowance for Loan Losses	(5,726)	(5,726)	(5,126)
Other Assets	12,480	11,385	12,174
Total Assets	<u>\$502,949</u>	<u>\$482,284</u>	<u>\$477,232</u>

Liabilities and Capital	June 30, 2022 Pacific Valley Bancorp*	March 31, 2022 Pacific Valley Bancorp**	June 30, 2021 Pacific Valley Bank**
Non-Interest Bearing Deposits	\$214,675	\$202,634	\$212,644
Interest Bearing Deposits	223,044	216,240	220,587
Borrowings	16,749	17,000	0
Other Liabilities	3,035	2,510	2,554
Equity	45,446	43,900	41,447
Total Liabilities and Capital	<u>\$502,949</u>	<u>\$482,284</u>	<u>\$477,232</u>

Key Ratios:	June 30, 2022 Pacific Valley Bancorp*	March 31, 2022 Pacific Valley Bancorp**	June 30, 2021 Pacific Valley Bank**
Net Loan to Deposits	85.51%	89.29%	82.55%
Allowance for loan losses to total loans ⁽¹⁾	1.53%	1.65%	1.78%
Non-performing loans to total loans ⁽¹⁾	0.06%	0.07%	0.29%
Equity Leverage Ratio	9.40%	9.24%	8.88%
Book Value	\$11.28	\$10.90	\$10.48

(1) excluding PPP loans

Income Statement, Three Months Ended	June 30, 2022 Pacific Valley Bancorp*	March 31, 2022 Pacific Valley Bancorp**	June 30, 2021 Pacific Valley Bank**
Interest Income	\$5,265	\$4,985	\$4,198
Interest Expense	342	144	137
Net Interest Income	<u>4,923</u>	<u>4,841</u>	<u>4,061</u>
Provision (Benefit) for Loan Losses	0	177	0
Non-Interest Income	366	314	285
Non-Interest Expense	3,153	3,288	2,769
Income Tax	591	551	464
Net Income	<u>\$1,546</u>	<u>\$1,139</u>	<u>\$1,113</u>

Key Ratios:	June 30, 2022 Pacific Valley Bancorp*	March 31, 2022 Pacific Valley Bancorp**	June 30, 2021 Pacific Valley Bank**
Earnings per basic share	\$0.38	\$0.28	\$0.28
Net Interest Margin, annualized	4.37%	4.54%	3.65%
Efficiency Ratio	59.60%	63.78%	63.71%
Return on Average Assets, annualized	1.28%	0.96%	0.95%
Return on Average Equity, annualized	13.79%	10.36%	10.86%

* June 30, 2022 and March 31, 2022 financial information is presented for the consolidated company, Pacific Valley Bancorp

** June 30, 2021 financial information is presented for Pacific Valley Bank

Income Statement, Six Months Ended	June 30, 2022 Pacific Valley Bancorp*	June 30, 2021 Pacific Valley Bank**
Interest Income	\$10,250	\$8,329
Interest Expense	486	303
Net Interest Income	9,764	8,026
Provision (Benefit) for Loan Losses	177	0
Non-Interest Income	680	522
Non-Interest Expense	6,441	5,371
Income Tax	1,142	934
Net Income	\$2,685	\$2,243

Key Ratios:	June 30, 2022 Pacific Valley Bancorp*	June 30, 2021 Pacific Valley Bank**
Earnings per basic share	\$0.67	\$0.57
Net Interest Margin, annualized	4.37%	3.63%
Efficiency Ratio	61.67%	62.83%
Return on Average Assets, annualized	1.11%	0.96%
Return on Average Equity, annualized	12.09%	11.10%

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.