

## **FOR IMMEDIATE RELEASE**

### **Contact**

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### **Pacific Valley Bank Announces Its Fourth Quarter 2021 Financial Results**

Salinas, CA – January 27, 2022 – Pacific Valley Bank (OTC Pink: PVBK) announced its unaudited earnings results for the fourth quarter 2021. Net income for the year ended December 31, 2021, was \$3.77 million representing an increase of 16% or \$518 thousand over the year ended December 31, 2020. Earnings per share for the year were \$0.94 compared with \$0.81 for the year 2020. For the three months ended December 31, 2021, net income was \$694 thousand.

#### **2021 HIGHLIGHTS:**

- Core Loan growth, excluding PPP, for the year 2021 was \$60.9 million or 22.7%.
- Total Assets increased by \$34.4 million in 2021, totaling \$499.2 million as of year-end.
- Net income for the year ended December 31, 2021, was \$3.77 million compared to \$3.25 million in 2020.
- Basic earnings per share of \$0.94 for the twelve months ended December 31, 2021, compared to \$0.81 for the same period in 2020.

As of December 31, 2021, total assets were \$499.2 million. Since September 30, 2021, total assets have increased \$25.8 million or 5.4%, and since December 31, 2020, total assets have increased by \$34.4 million or 7.4%.

Anker Fanoë, President and CEO, commented, “2021 was an exciting year for the Bank; we had never-before seen growth in both core loans and deposits. This growth reflects a team of professionals working together for the success of the company and the community. We strengthened our team through the promotion of dedicated staff and brought on new vibrant banking professionals at all levels who are bringing new ideas with a positive outlook. 2021 was celebration-worthy, and the Bank is positioned for a strong year in 2022 with continued growth.”

Total gross loans outstanding were \$384.7 million as of December 31, 2021, which includes \$54.6 million in Paycheck Protection Program (PPP) loans. This exceeded gross loan balances at December 31, 2020, by \$40.9 million representing an increase of 11.9% year-over-year. Since September 30, 2021 the Bank’s core loan portfolio, excluding PPP, increased by \$19.5 million or 6.3%. Byron Owings, EVP and Chief Credit Officer, stated, “While we have substantially increased the core loan portfolio this year, we have maintained credit quality; nonperforming assets remain minimal and have decreased from prior year. Additionally, our core loan growth has been accomplished without diminishing underwriting standards.”

As of December 31, 2021, total deposits were \$454 million compared with total deposits of \$428 million at September 30, 2021, representing an increase of \$26 million, or 6.1% during the fourth quarter of 2021. Total deposits have increased by \$30.8 million or 7.3% compared to prior year.

Shareholder Equity was \$42.9 million at December 31, 2021, representing growth of \$3.8 million, or 9.8% over a year ago. The Bank is considered to be well capitalized and its Capital Ratios exceed regulatory minimums.

Net Interest Income was \$15.9 million and \$14.1 million for the twelve months ending December 31, 2021 and December 31, 2020, respectively. The Bank's cost of funds decreased in 2021 compared to 2020 resulting in \$491 thousand less in interest expense, primarily due to the low interest rate environment for deposit products. The net interest margin in 2021 equated to 3.70% compared with 3.76% for 2020. 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 2021, the Bank recognized \$1.7 million in deferred fees in conjunction with PPP loans, of which \$1.0 million was realized from forgiven PPP loans originated during the first two rounds of the program. Charlotte Radmilovic, EVP and Chief Financial Officer commented "PPP has allowed us to expand and strengthen relationships in our community. We anticipate these PPP loans will continue to impact the Bank's profitability through mid-2022."

For the twelve months ended December 31, 2021, the Provision for Loan Losses was \$423 thousand compared with \$450 thousand provision expense for the same period ending December 31, 2020. The Provision is directly correlated to the Bank's core loan portfolio growth. Allowance for Loan Losses is approximately 1.44% of total loans as of December 31, 2021.

For the twelve months ended December 31, 2021, Non-Interest Income was \$1.18 million compared with \$780 thousand for the same period of 2020, representing an increase of 51%, primarily related to increased service charges on deposit accounts.

Operating expenses were \$11.2 million for 2021, an increase of \$1.44 million, or 14.7%, over the twelve months ended December 31, 2020, primarily related to increased personnel costs.

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

<b>Assets</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Cash and Due From Banks	\$13,415	\$16,605	\$9,188
Interest Bearing Deposits At Other Banks	83,990	78,673	105,183
Investment Securities	10,934	0	0
Loans Outstanding	384,754	371,623	343,865
Allowance for Loan Losses	(5,549)	(5,265)	(5,126)
Other Assets	11,775	11,748	11,814
<b>Total Assets</b>	<b>\$499,319</b>	<b>\$473,384</b>	<b>\$464,924</b>

<b>Liabilities and Capital</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Non-Interest Bearing Deposits	\$244,044	\$212,015	\$201,410
Interest Bearing Deposits	210,105	216,260	221,945
Borrowings	0	0	0
Other Liabilities	2,180	2,809	2,404
Equity	42,990	42,300	39,165
<b>Total Liabilities and Capital</b>	<b>\$499,319</b>	<b>\$473,384</b>	<b>\$464,924</b>

<b>Key Ratios:</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Net Loan to Deposits	83.50%	85.54%	80.01%
Allowance for loan losses to total loans <sup>(1)</sup>	1.79%	1.78%	1.89%
Non-performing loans to total loans <sup>(1)</sup>	0.27%	0.29%	0.33%
Community Bank Leverage Ratio	9.21%	9.06%	9.00%
Book Value	\$10.77	\$10.60	\$9.82

(1) excluding PPP loans

<b>Income Statement, Three Months Ended</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Interest Income	\$4,094	\$4,077	\$4,083
Interest Expense	124	127	171
Net Interest Income	3,970	3,950	3,912
Provision (Benefit) for Loan Losses	284	139	300
Non-Interest Income	322	331	225
Non-Interest Expense	2,970	2,901	2,509
Income Tax	344	408	389
<b>Net Income</b>	<b>\$694</b>	<b>\$833</b>	<b>\$939</b>

<b>Key Ratios:</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Earnings per basic share	\$0.17	\$0.21	\$0.24
Net Interest Margin	3.59%	3.59%	3.73%
Efficiency Ratio	69.20%	67.76%	60.65%
Return on Average Assets, annualized	0.59%	0.71%	0.86%
Return on Average Equity, annualized	6.77%	8.13%	9.67%

<b>Income Statement, Twelve Months Ended</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Interest Income	\$16,500	\$15,117
Interest Expense	554	1,046
Net Interest Income	15,946	14,071
Provision (Benefit) for Loan Losses	423	450
Non-Interest Income	1,175	779
Non-Interest Expense	11,242	9,800
Income Tax	1,686	1,348
<b>Net Income</b>	<b>\$3,770</b>	<b>\$3,252</b>

<b>Key Ratios:</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Earnings per basic share	\$0.94	\$0.82
Net Interest Margin	3.56%	3.68%
Efficiency Ratio	65.66%	65.99%
Return on Average Assets, annualized	0.81%	0.75%
Return on Average Equity, annualized	9.33%	8.69%

## **FORMATION OF BANK HOLDING COMPANY**

On January 4, 2022, we completed the formation of a bank holding company, Pacific Valley Bancorp. Upon formation, the Bank's shareholders became shareholders of the new holding company essentially in the same proportion as each shareholder's interest in the Bank. We filed all of the necessary regulatory applications, received approval of the Written Consent Statement for formation of the holding company from our shareholders, received a permit from the Division of Corporations of the California Department of Financial Protection & Innovation, (the "Department"), and approvals from the Federal Reserve Bank, FDIC, the Division of Financial Institutions of the Department, and FINRA. We expect to use the new holding company to assist the Bank in the raising of capital for the Bank, for any potential acquisitions, and for other projects and transactions.

### **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.*