

## **FOR IMMEDIATE RELEASE**

### **Contact**

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### **Pacific Valley Bancorp Announces Its Third Quarter 2022 Financial Results**

Salinas, CA – October 31, 2022 – Pacific Valley Bancorp (OTC Pink: PVBK) announced its unaudited earnings results for the third quarter 2022. Net income for the quarter ended September 30, 2022, was \$1.2 million. Earnings per share for the quarter were \$0.30.

#### **THIRD QUARTER HIGHLIGHTS:**

- Year to date net income as of September 30, 2022, was \$3.9 million. Basic earnings per share of \$0.98 for the nine months ended September 30, 2022.
- Net income for the quarter ended September 30, 2022, was \$1.2 million representing a 47% or \$395 thousand increase from the third quarter ended September 30, 2021.
- The annualized net interest margin for the third quarter 2022 equated to 3.90% compared with 3.59% for the third quarter of 2021.
- Basic earnings per share of \$0.30 for the three months ended September 30, 2022, compared to \$0.21 for the same period in 2021.
- Non-Performing loans to total loans for the quarter ended September 30, 2022, was 0.05% compared to 0.29% as of September 30, 2021.
- Core Loan growth, excluding PPP, from the third quarter of 2022 vs. third quarter 2021 was \$101.5 million or 34.2%.

“The Company continues to have solid performance. Core loan growth in the last year has been over 34%. Loan demand has been strong through the third quarter, increasing over 6% since June 30, 2022, building on the Company’s interest earning assets,” stated Anker Fanoë, President and Chief Executive Officer.

As of September 30, 2022, total assets were \$484.3 million. Since June 30, 2022, total assets have decreased \$18.6 million or 3.7%, and since September 30, 2021, total assets have increased by \$10.9 million or 2.3%.

Total gross loans outstanding were \$401 million as of September 30, 2022, which includes \$3.2 million in Paycheck Protection Program (PPP) loans. This exceeded core loan balances at September 30, 2021 by \$101.5 million representing an increase of 34.2% year-over-year. In the third quarter, since June 30, 2022, the Company’s core loan portfolio, excluding PPP, increased by \$22.8 million or 6.1%.

As of September 30, 2022, total deposits were \$418.5 million. Total deposits have decreased by \$9.8 million or 2.3% compared to September 30 of the prior year. In the third quarter, since June 30, 2022, total deposits have decreased by \$19.2 million or 8.8%.

Shareholder Equity was \$45.8 million at September 30, 2022, representing growth of \$3.5 million, or 8.5% over a year ago, directly attributable to increased retained earnings. The Company's subsidiary, Pacific Valley Bank equity increased to \$61.5 million at September 30, 2022 compared to \$60.8 million at June 30, 2022. The Bank is considered to be well capitalized with a Community Bank Leverage Ratio of 12.83%, exceeding regulatory minimums.

Net Interest Income was \$4.7 million and \$4.0 million for the quarters ending September 30, 2022 and September 30, 2021, respectively. The annualized net interest margin for the third quarter 2022 equated to 3.90% compared with 3.59% for the third quarter of 2021.

For the three months ended September 30, 2022, the Provision for Loan Losses was \$218 thousand compared with \$139 thousand provision expense for the same period ending September 30, 2021. The increase is directly related to the Company's loan growth. Allowance for Loan Losses is approximately 1.5% of total loans, excluding PPP, as of September 30, 2022. Credit quality has continued to improve, non-performing loans to total loans for the quarter ended September 30, 2022 was 0.05% compared to 0.22% as of September 30, 2021. "The quality of the overall credit portfolio has improved since a year ago. The Bank's underwriting standards have remained constant through increased loan demand and core loan growth," noted Byron Owings, Executive Vice President and Chief Credit Officer.

For the quarter ended September 30, 2022, Non-Interest Income was \$416 thousand compared with \$331 thousand for the same period of 2021, representing an increase of 25.8%, with such increase primarily related to service charges on deposit accounts.

Operating expenses were \$3.1 million for the third quarter of 2022, a decrease of \$63 thousand, or 2%, over the quarter ended June 30, 2022 and an increase of \$189 thousand for the same period of 2021, representing an increase of 6.5%.

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

Assets	Sept 30, 2022 Pacific Valley Bancorp*	June 30, 2022 Pacific Valley Bancorp*	Sept 30, 2021 Pacific Valley Bank**
Cash and Due From Banks	\$48,861	\$89,956	\$95,278
Investment Securities	27,417	26,228	0
Loans Outstanding	401,328	380,011	371,623
Allowance for Loan Losses	(5,944)	(5,726)	(5,265)
Other Assets	12,645	12,480	11,748
<b>Total Assets</b>	<b><u>\$484,307</u></b>	<b><u>\$502,949</u></b>	<b><u>\$473,384</u></b>

Liabilities and Capital	Sept 30, 2022 Pacific Valley Bancorp*	June 30, 2022 Pacific Valley Bancorp*	Sept 30, 2021 Pacific Valley Bank**
Non-Interest Bearing Deposits	\$205,723	\$214,675	\$212,015
Interest Bearing Deposits	212,766	223,044	216,260
Borrowings	16,762	16,749	0
Other Liabilities	3,170	3,035	2,809
Equity	45,885	45,446	42,300
<b>Total Liabilities and Capital</b>	<b><u>\$484,307</u></b>	<b><u>\$502,949</u></b>	<b><u>\$473,384</u></b>

Key Ratios:	Sept 30, 2022 Pacific Valley Bancorp*	June 30, 2022 Pacific Valley Bancorp*	Sept 30, 2021 Pacific Valley Bank**
Net Loan to Deposits	94.48%	85.51%	85.54%
Allowance for loan losses to total loans <sup>(1)</sup>	1.49%	1.53%	1.78%
Non-performing loans to total loans <sup>(1)</sup>	0.05%	0.06%	0.29%
Equity Leverage Ratio	9.36%	9.40%	9.06%
Book Value	\$11.39	\$11.28	\$10.69

(1) excluding PPP loans

Income Statement, Three Months Ended	Sept 30, 2022 Pacific Valley Bancorp*	June 30, 2022 Pacific Valley Bancorp*	Sept 30, 2021 Pacific Valley Bank**
Interest Income	\$5,105	\$5,265	\$4,077
Interest Expense	384	342	127
Net Interest Income	<u>4,721</u>	<u>4,923</u>	<u>3,950</u>
Provision (Benefit) for Loan Losses	218	0	139
Non-Interest Income	416	366	331
Non-Interest Expense	3,090	3,153	2,901
Income Tax	601	591	408
<b>Net Income</b>	<b><u>\$1,228</u></b>	<b><u>\$1,545</u></b>	<b><u>\$833</u></b>

Key Ratios:	Sept 30, 2022 Pacific Valley Bancorp*	June 30, 2022 Pacific Valley Bancorp*	Sept 30, 2021 Pacific Valley Bank**
Earnings per basic share	\$0.30	\$0.38	\$0.21
Net Interest Margin, annualized	3.90%	4.54%	3.59%
Efficiency Ratio	60.15%	59.61%	67.76%
Return on Average Assets, annualized	1.00%	0.96%	0.71%
Return on Average Equity, annualized	10.50%	13.78%	8.13%

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

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

Income Statement, Nine Months Ended	Sept 30, 2022 Pacific Valley Bancorp*	Sept 30, 2021 Pacific Valley Bank**
Interest Income	\$15,355	\$12,406
Interest Expense	870	430
Net Interest Income	<u>14,485</u>	<u>11,976</u>
Provision (Benefit) for Loan Losses	395	139
Non-Interest Income	1,096	853
Non-Interest Expense	9,481	8,272
Income Tax	1,743	1,342
<b>Net Income</b>	<b><u>\$3,963</u></b>	<b><u>\$3,076</u></b>

Key Ratios:	Sept 30, 2022 Pacific Valley Bancorp*	Sept 30, 2021 Pacific Valley Bank**
Earnings per basic share	\$0.98	\$0.78
Net Interest Margin, annualized	3.90%	3.56%
Efficiency Ratio	60.85%	64.48%
Return on Average Assets, annualized	1.08%	0.88%
Return on Average Equity, annualized	11.69%	10.15%

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

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

## **ABOUT PACIFIC VALLEY BANCORP:**

*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](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 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.*