

## **FOR IMMEDIATE RELEASE**

### **Contact**

Anker Fanoë, Chief Executive Officer (831) 771-4384

### **Pacific Valley Bancorp Announces Record Earnings in 2022 Financial Results**

Salinas, CA – January 31, 2023 – Pacific Valley Bancorp (OTC Pink: PVBK) announced its unaudited earnings results for the fourth quarter 2022. Net income for the year ended December 31, 2022, was \$5.2 million representing an increase of 38% or \$1.4 million over the year ended December 31, 2021. Earnings per share for the year were \$1.28 compared with \$0.95 for the year 2021.

#### **FOURTH QUARTER HIGHLIGHTS:**

- Net income for the quarter ended December 31, 2022, was \$1.2 million representing a 79% or \$551 thousand increase from the fourth quarter ended December 31, 2021.
- The net interest margin for 2022 equated to 3.67% compared with 3.36% for 2021.
- Basic earnings per share of \$0.31 for the three months ended December 31, 2022, compared to \$0.17 for the same period in 2021.
- Non-Performing loans to total loans for the quarter ended December 31, 2022, was 0.05% compared to 0.24% as of December 31, 2021.
- Core Loans, excluding PPP, grew by 22.5% or \$74.8 million from December 31, 2021 to December 31, 2022.

“The Company has experienced sustained income and asset growth over the past few years. The Company has built a strong equity position and is poised for growth. In view of the Company’s financial performance, the Board of Directors approved a 10% stock dividend to shareholders of record as of the close of business on December 30, 2022. The dividend was issued on January 20, 2023. While there may be challenges with the uncertain economic environment, I am excited for the coming year,” said Anker Fanoë, President and CEO.

As of December 31, 2022, total assets were \$559 million. Since December 31, 2021, total assets have increased \$59.7 million or 12%, and since September 30, 2022, total assets have increased by \$74.6 million or 15.4%.

Total gross loans outstanding were \$409.3 million as of December 31, 2022. Core Loans, excluding PPP, grew by 22.5% or \$74.8 million from December 31, 2021 to December 31, 2022. In the fourth quarter, since September 30, 2022, the Company’s core loan portfolio, excluding PPP, increased by \$8 million or 2%.

As of December 31, 2022, total deposits were \$492.5 million. Total deposits have increased by \$38 million or 8.4% compared to prior year. The Company experiences normal seasonality in deposits with an increase in December and a subsequent decrease in January.

Shareholder Equity was \$47.4 million at December 31, 2022, representing growth of \$4.4 million, or 10.3% over a year ago, directly attributable to increased retained earnings. The Company's subsidiary, Pacific Valley Bank equity increased to \$63.1 million at December 31, 2022 compared to \$61.5 million at September 30, 2022. The Bank is considered to be well capitalized with a Community Bank Leverage Ratio of 12.68%, exceeding regulatory minimums.

Net Interest Income was \$21 million for the year ended December 31, 2022 compared to \$16.5 million for the year ended December 31, 2021. Net interest margin for the 2022 year equated to 3.67% compared with 3.36% for 2021.

Provision for Loan Losses totaled \$591 thousand compared with \$423 thousand provision expense for December 31, 2022 and 2021, respectively. 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 December 31, 2022. Credit quality has continued to improve; non-performing loans to total loans as of December 31, 2022 was 0.05% compared to 0.24% as of December 31, 2021.

For the year ended December 31, 2022, Non-Interest Income was \$1.5 million compared with \$1.2 million for 2021, representing an increase of 27.7%, with such increase primarily related to service charges on deposit accounts. Operating expenses were \$12.8 million for the 2022 year, an increase of \$1.5 million, or 14%, over the prior year.

Net income for the year ended December 31, 2022, was \$5.2 million representing an increase of 38% or \$1.4 million over the year ended December 31, 2021. Earnings per share for the year were \$1.28 compared with \$0.95 for the year 2021. Net income for the quarter ended December 31, 2022, was \$1.2 million representing a 79% or \$551 thousand increase from the fourth quarter ended December 31, 2021.

“In 2022, the Company continued to receive interest income related to PPP loan forgiveness. This was primarily exhausted by the end of the second quarter. Fourth quarter earnings relate almost entirely to core products. The core loan growth provided for a complete replacement of the PPP income enjoyed in the first half of the year,” said Charlotte Radmilovic, Executive Vice President and CFO.

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

Assets	Dec 31, 2022 Pacific Valley Bancorp*	Sep 30, 2022 Pacific Valley Bancorp*	Dec 31, 2021 Pacific Valley Bank**
Cash and Due From Banks	\$115,394	\$48,888	\$97,405
Investment Securities	27,650	27,415	10,934
Loans Outstanding	409,321	401,328	384,754
Allowance for Loan Losses	(6,141)	(5,944)	(5,549)
Other Assets	12,805	12,727	11,775
<b>Total Assets</b>	<b><u>\$559,029</u></b>	<b><u>\$484,414</u></b>	<b><u>\$499,319</u></b>

Liabilities and Capital	Dec 31, 2022 Pacific Valley Bancorp*	Sep 30, 2022 Pacific Valley Bancorp*	Dec 31, 2021 Pacific Valley Bank**
Non-Interest Bearing Deposits	\$252,802	\$205,749	\$244,044
Interest Bearing Deposits	239,694	212,796	210,105
Borrowings	16,775	16,762	0
Other Liabilities	2,360	3,221	2,180
Equity	47,398	45,886	42,990
<b>Total Liabilities and Capital</b>	<b><u>\$559,029</u></b>	<b><u>\$484,414</u></b>	<b><u>\$499,319</u></b>

Key Ratios:	Dec 31, 2022 Pacific Valley Bancorp*	Sep 30, 2022 Pacific Valley Bancorp*	Dec 31, 2021 Pacific Valley Bank**
Net Loan to Deposits	81.86%	94.47%	83.50%
Allowance for loan losses to total loans <sup>(1)</sup>	1.51%	1.49%	1.67%
Non-performing loans to total loans <sup>(1)</sup>	0.05%	0.05%	0.24%
Equity Leverage Ratio	9.65%	9.44%	9.13%
Book Value	\$11.68	\$11.39	\$10.78

(1) excluding PPP loans

Income Statement, Three Months Ended	Dec 31, 2022 Pacific Valley Bancorp*	Sep 30, 2022 Pacific Valley Bancorp*	Dec 31, 2021 Pacific Valley Bank**
Interest Income	\$5,655	\$5,107	\$4,094
Interest Expense	783	386	124
Net Interest Income	<u>4,872</u>	<u>4,721</u>	<u>3,970</u>
Provision (Benefit) for Loan Losses	196	218	284
Non-Interest Income	405	415	322
Non-Interest Expense	3,334	3,039	2,970
Income Tax	502	601	344
<b>Net Income</b>	<b><u>\$1,245</u></b>	<b><u>\$1,278</u></b>	<b><u>\$694</u></b>

Key Ratios, Three Months Ended:	Dec 31, 2022 Pacific Valley Bancorp*	Sep 30, 2022 Pacific Valley Bancorp*	Dec 31, 2021 Pacific Valley Bank**
Earnings per basic share	\$0.31	\$0.32	\$0.17
Net Interest Margin, annualized	3.70%	4.14%	3.35%
Quarter Efficiency Ratio	63.18%	59.17%	69.20%
Return on Average Assets, annualized	1.01%	1.05%	0.59%
Return on Average Equity, annualized	10.66%	10.92%	6.47%

\* December 31, 2022 and September 30, 2022 financial information is presented for the consolidated company, Pacific Valley Bancorp

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

Income Statement, Twelve Months Ended	Dec 31, 2022 Pacific Valley Bancorp*	Dec 31, 2021 Pacific Valley Bank**
Interest Income	\$21,010	\$16,501
Interest Expense	1,654	555
Net Interest Income	19,356	15,946
Provision (Benefit) for Loan Losses	591	423
Non-Interest Income	1,501	1,175
Non-Interest Expense	12,814	11,242
Income Tax	2,245	1,686
<b>Net Income</b>	<b>\$5,207</b>	<b>\$3,770</b>

Key Ratios, Twelve Months Ended:	Dec 31, 2022 Pacific Valley Bancorp*	Dec 31, 2021 Pacific Valley Bank**
Earnings per basic share	\$1.28	\$0.95
Net Interest Margin	3.67%	3.36%
Efficiency Ratio	61.44%	65.66%
Return on Average Assets	1.06%	0.80%
Return on Average Equity	11.42%	9.09%

\* December 31, 2022 and September 30, 2022 financial information is presented for the consolidated company, Pacific Valley Bancorp

\*\* December 31, 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.*