

## **FOR IMMEDIATE RELEASE**

### **Contact**

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### **Pacific Valley Bancorp Announces Its Third Quarter 2024 Financial Results**

Salinas, CA – October 25, 2024 – Pacific Valley Bancorp (OTC Pink: PVBK) announced its unaudited financial results for the third quarter of 2024. Net income for the quarter ended September 30, 2024, was \$1.1 million, a decrease of 9.3% or \$117 thousand from the quarter ended September 30, 2023, primarily due to higher interest expense.

#### **FINANCIAL HIGHLIGHTS:**

- Net income for the quarter ended September 30, 2024, was \$1.1 million, an increase of 12.2% or \$124 thousand from the quarter ended June 30, 2024. The increase was primarily the result of higher loan and Fed funds interest income, partially offset by higher money market and certificate of deposit interest expense. Basic earnings per share for the quarter was \$0.23 compared to \$0.21 per share for the prior quarter.
- Net income for the nine months ended September 30, 2024 was \$3.4 million, a decrease of 8.8% or \$323 thousand from the nine months ended September 30, 2023. The decrease was the result of higher deposit interest expense and lower Fed funds interest income, partially offset by higher loan interest income.
- Net interest margin for the third quarter September 30, 2024 was 3.29% compared with 3.42% for the same period in 2023. The decrease resulted from higher deposit interest expense and lower Fed funds interest income, partially offset by higher loan interest income.
- Net interest margin for the nine months ended September 30, 2024 was 3.39% compared with 3.51% for the same period in 2023. The decrease is primarily the result of higher deposit interest expense and lower Fed funds interest income.
- Gross loans outstanding grew by 9.8% or \$42.2 million from September 30, 2023 to September 30, 2024, primarily as a result of increased CRE loans.
- Non-Performing loans to gross loans for the quarter ended September 30, 2024, was 0.24% compared to 0.23% as of September 30, 2023.
- The Bank subsidiary's Community Bank Leverage Ratio has been consistently strong. As of September 30, 2024 the ratio was 13.19%, compared to 13.75% on June 30, 2024, and 12.39% on September 30, 2023. The regulatory requirement for this ratio is 9.00%.

“We are pleased to see our investments in loan and deposit production personnel are starting to bear fruit, as loans increased \$15 million in the third quarter of 2024 while deposits increased by \$13 million. While the cost of deposits for the third quarter increased to 2.30% compared to 2.22% in the second quarter, the rate of increase has slowed and should reverse due to the recent interest rate cut by the Federal Reserve,” said Anker Fanoë, President and CEO.

“Changes in our market resulting from the acquisitions of competitor banks present opportunities for growth. As mentioned, we have increased loan and deposit production and support personnel to take advantage of these opportunities, and will also be increasing our spending on marketing. These investments will reduce current net income, but we believe they will lead to greater profitability in the long term. I am excited about the Company’s prospects as our market changes,” stated CEO Fanoe.

"Our liquidity position remains strong, as our primary liquidity ratio (cash, deposits held in other banks, and securities as a percentage of total assets) was 13.2% on September 30, 2024, compared to 12.9% on June 30, 2024. As of September 30, 2024, on-balance sheet liquidity totaled \$73 million and contingent liquidity, which includes borrowing capacity with the Federal Home Loan Bank, the Federal Reserve Bank, correspondent banks and brokered deposits, was \$351 million. Our combined on-balance sheet liquidity and contingent liquidity amount to 182% of our uninsured deposits," said Steve Leen, Executive Vice President and CFO.

As of September 30, 2024, total assets were \$550.8 million. Since September 30, 2023, total assets have decreased \$3.7 million or 0.7%, primarily as a result of a drop in deposits. Since June 30, 2024, total assets have increased by \$17.0 million or 3.2%, primarily due to an increase in money market account deposits used to fund loan growth.

The investment securities portfolio totaled \$27.0 million as of September 30, 2024, \$27.0 million as of June 30, 2024, and \$28.6 million as of September 30, 2023; the unrealized losses in the portfolio were \$0.4 million, \$1.1 million, and \$1.7 million for the comparable periods, respectively. The securities portfolio made up 4.9% of total assets and the unrealized loss was 1.3% of the investment portfolio as of September 30, 2024.

Total gross loans outstanding were \$470.4 million as of September 30, 2024. Gross loans grew by 9.8% or \$42.2 million from September 30, 2023 to September 30, 2024. The Company’s loan portfolio increased by \$14.6 million or 3.2% during the quarter ended September 30, 2024. Increased commercial real estate loans were the predominant growth component compared to prior year quarter, and agricultural real estate and C&I loans were the major growth factors in the current quarter change.

As of September 30, 2024, total deposits were \$473.0 million. Total deposits have decreased by \$11.8 million or 2.4% compared to the prior year quarter. The decrease resulted from lower checking and money market accounts, partially offset by higher certificates of deposit.

Shareholders' equity was \$55.6 million on September 30, 2024, representing growth of \$6.1 million or 12.3% over a year ago, primarily attributable to increased retained earnings. For the Company’s subsidiary, Pacific Valley Bank, equity increased to \$72.1 million on September 30, 2024 compared to \$70.2 million on June 30, 2024. The Bank is classified as well capitalized with a Community Bank Leverage Ratio of 13.19%, significantly above the regulatory minimum of 9.00%.

Net interest income was \$4.4 million for the quarter ended September 30, 2024, compared to \$4.5 million for the quarter ended September 30, 2023. Net interest income was impacted by increased interest expense of \$0.9 million partially offset by increased interest income of \$0.8 million. Net interest income was \$13.0 million for the nine months ended September 30, 2024, compared to \$13.3 million for the nine months ended September 30, 2023. Net interest income was impacted by increased interest expense of \$2.8 million partially offset by increased interest income of \$2.5 million.

No provision for credit losses was recorded in the third quarter of 2024 or in the third quarter of the prior year. The lack of provision in 2024 and 2023 reflects the quality of the Company's loan portfolio. The allowance for credit losses was 1.61% of gross loans as of September 30, 2024. Credit quality remains very strong; non-performing loans to gross loans as of September 30, 2024 was 0.24% compared to 0.23% as of September 30, 2023.

For the quarter ended September 30, 2024, non-interest income was \$378 thousand compared with \$361 thousand for the quarter ended September 30, 2023, and \$412 thousand for the quarter ended June 30, 2024. The increase over the prior year quarter was due to higher miscellaneous fee income and deposit service charges, while the decrease in the current quarter was due to declines in both of those categories.

Non-interest expense was \$3.1 million for the third quarter of 2024, an increase of \$67 thousand, or 2.2%, compared to the quarter ended September 30, 2023, primarily related to higher personnel expense from the increase in loan and deposit production staff.

Return on average assets was 0.83% and 0.84% for the three months and nine months ended September 30, 2024, versus 0.93% for each of the comparable periods of the prior year.

**Pacific Valley Bancorp**  
**Selected Financial Data - Unaudited**  
**\$ In thousands, Except per Share Data**

Assets	September 30, 2024	June 30, 2024	September 30, 2023
Cash and Due From Banks	\$45,491	\$41,735	\$90,279
Investment Securities	27,044	26,966	28,614
Gross Loans Outstanding	470,430	455,811	428,279
Allowance for Credit Losses	(7,576)	(7,544)	(7,512)
Other Assets	15,425	16,823	14,875
<b>Total Assets</b>	<b>\$550,814</b>	<b>\$533,791</b>	<b>\$554,535</b>

Liabilities and Capital	September 30, 2024	June 30, 2024	September 30, 2023
Non-Interest Bearing Deposits	\$156,285	\$173,783	\$197,715
Interest Bearing Deposits	316,682	285,856	287,044
Borrowings	16,868	16,855	16,815
Other Liabilities	5,334	3,398	3,413
Equity	55,645	53,899	49,548
<b>Total Liabilities and Capital</b>	<b>\$550,814</b>	<b>\$533,791</b>	<b>\$554,535</b>

Key Ratios:	September 30, 2024	June 30, 2024	September 30, 2023
Net Loan to Deposits	97.86%	97.53%	86.80%
Allowance for credit losses to gross loans	1.61%	1.66%	1.75%
Non-performing loans to gross loans	0.24%	0.22%	0.23%
Equity to Year-to-Date Average Assets	10.51%	10.37%	9.39%
Book Value per Share	\$11.31	\$10.95	\$11.12

Income Statement, Three Months Ended	September 30, 2024	June 30, 2024	September 30, 2023
Interest Income	\$7,573	\$6,854	\$6,790
Interest Expense	3,199	2,699	2,310
Net Interest Income	4,374	4,155	4,480
Provision for Credit Losses	0	0	0
Non-Interest Income	378	412	361
Non-Interest Expense	3,137	3,133	3,070
Income Tax	477	420	516
<b>Net Income</b>	<b>\$1,138</b>	<b>\$1,014</b>	<b>\$1,255</b>

Key Ratios, Three Months Ended:	September 30, 2024	June 30, 2024	September 30, 2023
Earnings per basic share	\$0.23	\$0.21	\$0.28
Net Interest Margin, annualized	3.29%	3.32%	3.42%
Quarter Efficiency Ratio	66.01%	68.60%	63.42%
Return on Average Assets, annualized	0.83%	0.78%	0.93%
Return on Average Equity, annualized	8.20%	7.40%	10.21%

**Pacific Valley Bancorp**  
**Selected Financial Data - Unaudited**  
**\$ In thousands, Except per Share Data**

Income Statement, Nine Months Ended	September 30, 2024	September 30, 2023
Interest Income	\$21,409	\$18,919
Interest Expense	8,385	5,578
Net Interest Income	<u>13,024</u>	<u>13,341</u>
Provision for Credit Losses	0	0
Non-Interest Income	1,141	1,128
Non-Interest Expense	9,411	9,276
Income Tax	<u>1,400</u>	<u>1,516</u>
<b>Net Income</b>	<b><u>\$3,354</u></b>	<b><u>\$3,677</u></b>

Key Ratios, Nine Months Ended	September 30, 2024	September 30, 2023
Earnings per basic share	\$0.68	\$0.83
Net Interest Margin, annualized	3.39%	3.51%
Efficiency Ratio	66.44%	64.11%
Return on Average Assets	0.84%	0.93%
Return on Average Equity	8.24%	10.07%

**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.*