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Pacific Valley Bancorp Announces Its Fourth Quarter 2024 Financial Results

Salinas, CA – January 29, 2025 – Pacific Valley Bancorp (OTC Pink: PVBK) announced its unaudited financial results for the fourth quarter of 2024. Net income for the quarter ended December 31, 2024, was \$1.1 million, a decrease of 8.7% or \$101 thousand from the quarter ended December 31, 2023, primarily due to higher interest expense.

FINANCIAL HIGHLIGHTS:

- Net income for the quarter ended December 31, 2024, was \$1.1 million, a decrease of 6.1% or \$69 thousand from the quarter ended September 30, 2024. The decrease was primarily the result of lower Fed funds interest income and higher personnel expense from an increase in staff, partially offset by lower money market and certificate of deposit interest expense. Basic earnings per share for the quarter was \$0.22 compared to \$0.23 per share for the prior quarter.
- Net income for the year ended December 31, 2024 was \$4.4 million, a decrease of 8.7% or \$424 thousand from the year ended December 31, 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 quarter ended December 31, 2024 was 3.30%, compared with 3.69% for the same period in 2023. The decrease was the result of lower Fed funds interest income and higher personnel expense, partially offset by lower money market and certificate of deposit interest expense.
- Net interest margin for the year ended December 31, 2024 was 3.37% compared with 3.55% for the same period in 2023. The decrease is primarily the result of higher deposit interest expense and lower Fed funds interest income, partially offset by higher loan interest income.
- Gross loans outstanding grew by 7.4% or \$33.5 million from December 31, 2023 to December 31, 2024, primarily as a result of increased agricultural real estate and CRE loans.
- Non-Performing loans to gross loans for the year ended December 31, 2024, was 0.03% compared to 0.02% as of December 31, 2023.
- The Bank subsidiary's Community Bank Leverage Ratio has been consistently strong. As of December 31, 2024 the ratio was 13.33%, compared to 13.19% on September 30, 2024, and 13.02% on December 31, 2023. The regulatory requirement for this ratio is 9.00%.

“We are pleased to see our investments in loan and deposit production personnel make an impact, as loans increased \$16 million in the fourth quarter of 2024. Deposits dramatically increased due to a \$107 million agricultural deposit that came in at the end of December and left the Bank in mid-January. Deposits increased \$10 million excluding the short-term deposit. While the cost of deposits for the fourth quarter increased to 2.30% compared to 2.22% in the third quarter, the rate of increase has slowed and should reverse due to the recent interest rate cuts by the Federal Reserve,” said Anker Fanoë, 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. We recently hired a Market President and a Director of Treasury Management with deep experience in our markets. 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 markets change,” stated CEO Fanoë.

"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 24.7% on December 31, 2024, compared to 13.2% on September 30, 2024. As of December 31, 2024, on-balance sheet liquidity totaled \$162 million and contingent liquidity, which includes borrowing capacity with the Federal Home Loan Bank, the Federal Reserve Bank, correspondent banks and brokered deposits, was \$359 million. Our combined on-balance sheet liquidity and contingent liquidity amount to 146% of our uninsured deposits,” said Steve Leen, Executive Vice President and CFO.

As of December 31, 2024, total assets were \$655.6 million. Since December 31, 2023, total assets have increased \$69.7 million or 11.9%, primarily as a result of an increase in deposits. Since September 30, 2024, total assets have increased by \$104.8 million or 19.0%, primarily due to a large, \$107 million, seasonal agricultural deposit.

The investment securities portfolio totaled \$24.9 million as of December 31, 2024, \$27.0 million as of September 30, 2024, and \$26.9 million as of December 31, 2023; the unrealized losses in the portfolio were \$0.8 million, \$0.4 million, and \$1.1 million for the comparable periods, respectively. The securities portfolio made up 3.8% of total assets and the unrealized loss was 3.3% of the investment portfolio as of December 31, 2024.

Total gross loans outstanding were \$486.0 million as of December 31, 2024. Gross loans grew by 7.4% or \$33.5 million from December 31, 2023 to December 31, 2024. The Company’s loan portfolio increased by \$15.6 million or 3.3% during the quarter ended December 31, 2024. Increased agricultural real estate and CRE loans were the predominant growth component compared to prior year quarter, and were also the major growth factors in the current quarter change.

As of December 31, 2024, total deposits were \$579.5 million. Total deposits have increased by \$66.4 million or 12.9% compared to the prior year quarter. The increase resulted from higher money market and certificate of deposit accounts.

Shareholders' equity was \$56.4 million on December 31, 2024, representing growth of \$4.7 million or 9.1% over a year ago, primarily attributable to increased retained earnings from net income. For the Company's subsidiary, Pacific Valley Bank, equity increased to \$72.6 million on December 31, 2024 compared to \$72.1 million on September 30, 2024. The Bank is classified as well capitalized with a Community Bank Leverage Ratio of 13.33%, significantly above the regulatory minimum of 9.00%.

Net interest income was \$4.4 million for the quarter ended December 31, 2024, compared to \$4.7 million for the quarter ended December 31, 2023. Net interest income was impacted by increased interest expense of \$0.6 million partially offset by increased interest income of \$0.3 million. Net interest income was \$17.4 million for the year ended December 31, 2024, compared to \$18.0 million for the year ended December 31, 2023. Net interest income was impacted by increased interest expense of \$3.4 million partially offset by increased interest income of \$2.8 million.

No provision for credit losses was recorded in the years ended December 31, 2024 or December 31, 2023. The lack of provision in 2024 and 2023 reflects the quality of the Company's loan portfolio. The allowance for credit losses was 1.57% of gross loans as of December 31, 2024. Credit quality remains very strong; non-performing loans to gross loans as of December 31, 2024 was 0.03% compared to 0.02% as of December 31, 2023.

For the quarter ended December 31, 2024, non-interest income was \$337 thousand compared with \$372 thousand for the quarter ended December 31, 2023, and \$378 thousand for the quarter ended September 30, 2024. The decrease in comparison to both prior quarters was due to lower miscellaneous fee income.

For the year ended December 31, 2024, non-interest expense was \$12.6 million compared with \$12.7 million for the year ended December 31, 2023, a decrease of \$37 thousand, or 0.3%. The decrease was caused by lower marketing and professional services expenses, partially offset by higher data processing and personnel expenses. Non-interest expense was \$3.2 million for the fourth quarter of 2024, a decrease of \$171 thousand, or 5.1%, compared to the quarter ended December 31, 2023, primarily related to lower marketing expenses, partially offset by higher personnel expense from the increase in loan and deposit production staff.

Return on average assets was 0.78% and 0.83% for the three months and year ended December 31, 2024, versus 0.88% and 0.92% for the comparable periods of the prior year.

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

Assets	December 31, 2024	September 30, 2024	December 31, 2023
Cash and Due From Banks	\$136,959	\$45,491	\$97,395
Investment Securities	24,905	27,044	26,946
Gross Loans Outstanding	485,992	470,430	452,532
Allowance for Credit Losses	(7,619)	(7,576)	(7,512)
Other Assets	<u>15,410</u>	<u>15,425</u>	<u>16,634</u>
Total Assets	\$655,647	\$550,814	\$585,995

Liabilities and Capital	December 31, 2024	September 30, 2024	December 31, 2023
Non-Interest Bearing Deposits	\$260,062	\$156,285	\$259,712
Interest Bearing Deposits	319,458	316,682	253,374
Borrowings	<u>16,881</u>	<u>16,868</u>	<u>16,828</u>
Other Liabilities	2,867	5,334	4,404
Equity	<u>56,379</u>	<u>55,645</u>	<u>51,677</u>
Total Liabilities and Capital	\$655,647	\$550,814	\$585,995

Key Ratios:	December 31, 2024	September 30, 2024	December 31, 2023
Net Loan to Deposits	82.55%	97.86%	86.73%
Allowance for credit losses to gross loans	1.57%	1.61%	1.66%
Non-performing loans to gross loans	0.03%	0.24%	0.02%
Equity to Year-to-Date Average Assets	10.54%	10.51%	9.78%
Book Value per Share	\$11.43	\$11.31	\$11.60

Income Statement, Three Months Ended	December 31, 2024	September 30, 2024	December 31, 2023
Interest Income	<u>\$7,373</u>	<u>\$7,573</u>	<u>\$7,096</u>
Interest Expense	<u>2,970</u>	<u>3,199</u>	<u>2,389</u>
Net Interest Income	<u>4,403</u>	<u>4,374</u>	<u>4,707</u>
Provision for Credit Losses	<u>0</u>	<u>0</u>	<u>0</u>
Non-Interest Income	337	378	372
Non-Interest Expense	3,221	3,137	3,392
Income Tax	<u>450</u>	<u>477</u>	<u>516</u>
Net Income	\$1,069	\$1,138	\$1,170

Key Ratios, Three Months Ended:	December 31, 2024	September 30, 2024	December 31, 2023
Earnings per basic share	\$0.22	\$0.23	\$0.26
Net Interest Margin, annualized	3.30%	3.29%	3.69%
Quarter Efficiency Ratio	67.95%	66.01%	66.80%
Return on Average Assets, annualized	0.78%	0.83%	0.88%
Return on Average Equity, annualized	7.53%	8.20%	9.12%

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

Income Statement, Year Ended	December 31, 2024	December 31, 2023
Interest Income	\$28,782	\$26,015
Interest Expense	11,355	7,967
Net Interest Income	17,427	18,048
Provision for Credit Losses	0	0
Non-Interest Income	1,478	1,500
Non-Interest Expense	12,632	12,669
Income Tax	1,850	2,032
Net Income	\$4,423	\$4,847

Key Ratios, Year Ended	December 31, 2024	December 31, 2023
Earnings per basic share	\$0.90	\$1.09
Net Interest Margin, annualized	3.37%	3.55%
Efficiency Ratio	66.82%	64.81%
Return on Average Assets	0.83%	0.92%
Return on Average Equity	8.05%	9.82%

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.

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.