

VALLEY REPUBLIC BANCORP

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News Release

Valley Republic Bancorp Reports 1st Quarter 2019 Financial Results

BAKERSFIELD, Calif., April 25, 2019:

Valley Republic Bancorp (the “Company”) (OTCQX: VLLX), the parent company of Valley Republic Bank (the “Bank”), today announced its financial results for the quarter ended March 31, 2019.

Highlights for the 1st Quarter of 2019 Compared to the 1st Quarter of 2018:

- **Net income increased 27%**
- **Net loans increased 20%**
- **Deposits increased 17%**
- **Total assets increased 20%**
- **Basic earnings per share increased 20% (\$0.72 vs. \$0.60)**
- **Book value per share increased 11% (\$17.08 vs. \$15.43)**

Financial Performance

Valley Republic Bancorp reported net income for the first quarter of 2019 of \$2,939,000 compared to \$2,315,000 in the same quarter of 2018, an increase of \$624,000 or 27%. Basic earnings per share for this quarter were \$0.72, compared to \$0.60 for the same quarter last year, an increase of 20%.

Geraud Smith, President and CEO stated, “The Company’s performance during the first quarter of this year has continued to be strong. With year-over-year loan growth of 20%, deposit growth of 17%, and net income growth of 27%, the Bank’s performance continues to demonstrate the value of our tightly focused approach to providing an uncommon level of service to our customers. This approach, in turn, continues to produce bottom line results.”

Growth

Total assets were \$820.6 million at the end of the first quarter of 2019. Compared to \$779.9 million at year-end 2018, this is an increase of \$40.8 million, or 5%. When compared to the end of the first quarter last year, this represents an increase of \$139.3 million, or 20%.

Total net loans were \$542.9 million at March 31, 2019. Compared to \$514.7 million at December 31, 2018, this is an increase of \$28.2 million, or 5%. Compared to the end of the first quarter of 2018, this is an increase of \$91.7 million, or 20%. At March 31, 2019, the Bank had no nonperforming loans.

Total deposits were \$718.0 million at March 31, 2019. This is an increase of \$14.4 million, or 2%, when compared to \$703.7 million at December 31, 2018. Compared to the end of the first quarter last year, this is an increase of \$102.5 million, or 17%.

Eugene Voiland, Chairman of the Board of Directors added, “The Board of Directors and I are proud of the accomplishments of the Bank during its first ten years of operation. We believe that the opportunities for continued growth are clear and our ability to capture a larger share of this market has never been better. We are also excited about our decision to establish a new Oil and Gas Division in the Bank. This will strategically place the Bank in an excellent position to serve this active Kern County market segment.”

Capital

During the 1st quarter of 2019, the Company issued \$20 million of fixed-to-floating rate subordinated notes, through a private placement. The notes have a ten year term and have a fixed rate of 6% for five years and then will have a floating rate of three month LIBOR + 3.52% until maturity. Of the resulting \$19.6 million in net proceeds, the Company contributed \$18 million to the Bank. For regulatory capital purposes, the notes will qualify as Tier 2 capital for the Company and the contribution to the Bank will qualify as Tier 1 capital for the Bank.

Total shareholders’ equity at March 31, 2019 was \$70.2 million. Compared to December 31, 2018, total shareholders’ equity has increased by \$3.1 million, or 5%, compared to \$67.2 million. Compared to the first quarter of last year, this is an increase of \$10.9 million, or 18%.

Geraud Smith concluded, “This is an exciting time for the Company and the Bank. We have accomplished much during the first ten years of operation, with new and greater opportunities continuing to develop. While we begin to work on these new opportunities, our commitment remains unwavering in our efforts to serve our customers and remain the premier community bank in Central California.”

About Valley Republic Bancorp and Valley Republic Bank

Valley Republic Bancorp is a bank holding company formed in 2016. Valley Republic Bank is a wholly-owned subsidiary of Valley Republic Bancorp, headquartered in Bakersfield, California. The Bancorp is subject to the regulatory oversight of the Federal Reserve Bank, and the Bank is subject to the regulatory oversight of the Federal Deposit Insurance Corporation and the California Department of Business Oversight. Valley Republic Bank is an insured, state-chartered, non-member bank of the Federal Reserve System. The Bank is in its eleventh year of operation, having been established in 2009. Valley Republic Bank is a full-service, community bank with three full-service banking offices in Bakersfield and one full-service banking office in Delano. Valley Republic Bank emphasizes professional, high quality banking services provided to a wide range of businesses and professionals. The Bank also provides a full complement of banking services that are available to individuals and non-profit organizations.

Valley Republic Bancorp and Subsidiary Balance Sheet

(Unaudited. Dollars in thousands, except per share data.) March 31, 2019 December 31, 2018

ASSETS

Cash and Due From Banks	\$	34,759	\$	10,531
Federal Funds Sold & Interest-Bearing Deposits in Banks		53,067		64,291
Total Cash and Equivalents		87,826		74,822
Time Certificates of Deposit in Banks		21,080		24,800
Debt Securities:				
Available-for-Sale		75,180		76,912
Held-to-Maturity		52,122		52,488
Total Debt Securities		127,302		129,400
Loans, Net of Deferred Fees and Costs		550,158		521,628
Allowance for Loan losses		(7,231)		(6,931)
Net Loans		542,927		514,697
Premises and Equipment		8,003		2,048
Bank Owned Life Insurance		10,538		10,479
Interest Receivable and Other Assets		22,961		23,608
		820,637		779,854
TOTAL ASSETS	\$	820,637	\$	779,854

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities

Deposits				
Noninterest-Bearing	\$	288,373	\$	287,408
Interest-Bearing		429,660		416,250
Total Deposits		718,033		703,658
Accrued Interest Payable and Other Liabilities		32,394		9,043
Total Liabilities		750,427		712,701

Shareholders' Equity

Common Stock, no Par Value		45,747		45,626
Additional Paid-in Capital		769		1,374
Retained Earnings		23,821		20,881
Accumulated Other Comprehensive Income (Loss)		(127)		(728)
Total Shareholders' Equity		70,210		67,153

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$	820,637	\$	779,854
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Book Value per Share	\$	17.08	\$	16.88
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Valley Republic Bancorp and Subsidiary Income Statement

(Unaudited. Dollars in thousands, except per share data.)

	Quarters Ended March 31,	
	2019	2018
INTEREST INCOME		
Loans (Including Fees and Costs)	\$ 6,553	\$ 5,111
Investment Securities	744	478
Other	435	323
Total Interest Income	7,732	5,912
INTEREST EXPENSE		
Deposits	1,379	554
Other	10	-
Total Interest Expense	1,389	554
Net Interest Income	6,343	5,358
Provision For Loan Losses	297	202
Net Interest Income After Provision for Loan Losses	6,046	5,156
NON-INTEREST INCOME		
Service Charges and Fees on Deposits	104	130
Other Non-Interest Income	213	503
Gain (Loss) on Sale of Securities	22	-
Total Non-Interest Income	339	633
NON-INTEREST EXPENSE		
Salaries and Employee Benefits	2,634	1,990
Occupancy & Equipment	398	345
Other	976	925
Total Non-Interest Expense	4,008	3,260
Income Before Taxes	2,377	2,529
Income Taxes	(562)	214
NET INCOME	\$ 2,939	\$ 2,315
Basic Earnings per Share	\$ 0.72	\$ 0.60

Valley Republic Bancorp Contact Information

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Forward Looking Statements

This news release may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended and Valley Republic Bancorp and Valley Republic Bank (together, the "Company") intend for such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Future events are difficult to predict, and the expectations described above are necessarily subject to risk and uncertainty that may cause actual results to differ materially and adversely.

Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include the words "believe," "expect," "anticipate," "intend," "plan," "estimate," or words of similar meaning, or future or conditional verbs such as "will," "would," "should," "could," or "may." These forward-looking statements are not guarantees of future performance, nor should they be relied upon as representing management's views as of any subsequent date. Forward-looking statements involve significant risks and uncertainties and actual results may differ materially from those presented, either expressed or implied, in this news release. Factors that might cause such differences include, but are not limited to: the Company's ability to successfully execute its business plans and achieve its objectives; changes in general economic and financial market conditions, either nationally or locally, in areas in which the Company conducts its operations; changes in interest rates; continuing consolidation in the financial services industry; new litigation or changes in existing litigation; increased competitive challenges and expanding product and pricing pressures among financial institutions; legislation or regulatory changes which adversely affect the Company's operations or business; loss of key personnel; and changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other regulatory agencies.

The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

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