

# VALLEY REPUBLIC BANCORP

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## *News Release*

### **Valley Republic Bancorp Reports 2<sup>nd</sup> Quarter 2019 Financial Results**

BAKERSFIELD, Calif., July 18, 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 June 30, 2019.

#### Highlights for the 2<sup>nd</sup> Quarter of 2019 Compared to the 2<sup>nd</sup> Quarter of 2018:

- **Net income increased 17%**
- **Net loans increased 24%**
- **Deposits increased 24%**
- **Total assets increased 27%**
- **Basic earnings per share increased 10% (\$0.57 vs. \$0.52)**
- **Book value per share increased 13% (\$17.76 vs. \$15.73)**

#### Financial Performance

Valley Republic Bancorp reported net income for the second quarter of 2019 of \$2,343,000 compared to \$2,008,000 in the same quarter of 2018, an increase of \$335,000 or 17%. Basic earnings per share for this quarter were \$0.57, compared to \$0.52 for the same quarter last year, an increase of 10%.

Geraud Smith, President and CEO stated, “The Company produced solid results for the first six months of 2019, with double digit year-over-year growth in net income, net loans, deposits, assets, and EPS. The growth was spread throughout the significant economic drivers of the communities we serve: agriculture, oil & gas, construction, commercial real estate, healthcare, and hospitality. This level of growth only occurs when you have a banking team that is steadfast in its commitment to living the Bank’s purpose of providing uncommon service coupled with the continued support from our loyal and growing customer base.”

#### Growth

Total assets were \$868.4 million at the end of the second quarter of 2019. Compared to \$779.9 million at year-end 2018, this is an increase of \$88.5 million, or 11%. When compared to the end of the same quarter last year, this represents an increase of \$185.3 million, or 27%.

Total net loans were \$572.4 million at June 30, 2019. Compared to \$514.7 million at December 31, 2018, this is an increase of \$57.7 million, or 11%. Compared to the end of the same quarter in 2018, this is an increase of \$112.2 million, or 24%. At June 30, 2019, the Bank had no nonperforming loans.

Total deposits were \$762.0 million at June 30, 2019. This is an increase of \$58.3 million, or 8%, when compared to \$703.7 million at December 31, 2018. Compared to the end of the same quarter last year, this is an increase of \$146.5 million, or 24%.

Eugene Voiland, Chairman of the Board of Directors added, “The Bank continues to do very well financially and operationally. The transition following the retirement of Valley Republic Bank Corporation founding CEO Bruce Jay to our new CEO Geraud Smith is also going well. Geraud has now been with the Bank for one year which has allowed him to understand the inner workings of the Bank.”

### Capital

Total shareholders’ equity at June 30, 2019 was \$73.5 million. Compared to December 31, 2018, total shareholders’ equity has increased by \$6.3 million, or 9%, compared to \$67.2 million. Compared to the same quarter of last year, this is an increase of \$12.2 million, or 20%.

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 to serve our customers and to continue to be the premier community bank in Central California remains unwavering”

### 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

<i>(Unaudited. Dollars in thousands, except per share data.)</i>	June 30, 2019	December 31, 2018
<b>ASSETS</b>		
Cash and Due From Banks	\$ 12,246	\$ 10,531
Federal Funds Sold & Interest-Bearing Deposits in Banks	89,845	64,291
Total Cash and Equivalents	102,091	74,822
Time Certificates of Deposit in Banks	16,368	24,800
Debt Securities	135,287	129,400
Loans, Net of Deferred Fees and Costs	580,003	521,628
Allowance for Loan losses	(7,603)	(6,931)
Net Loans	572,400	514,697
Premises and Equipment	7,874	2,048
Bank Owned Life Insurance	10,597	10,479
Interest Receivable and Other Assets	23,762	23,608
TOTAL ASSETS	\$ 868,379	\$ 779,854
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
<b>Deposits</b>		
Noninterest-Bearing	\$ 264,753	\$ 287,408
Interest-Bearing	497,228	416,250
Total Deposits	761,981	703,658
Long-Term Debt	20,000	
Accrued Interest Payable and Other Liabilities	12,917	9,043
Total Liabilities	794,898	712,701
<b>Shareholders' Equity</b>		
Common Stock, no Par Value	46,002	45,626
Additional Paid-in Capital	878	1,374
Retained Earnings	26,164	20,881
Accumulated Other Comprehensive Income (Loss)	437	(728)
Total Shareholders' Equity	73,481	67,153
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 868,379	\$ 779,854
Book Value per Share	\$ 17.76	\$ 16.88

## Valley Republic Bancorp and Subsidiary Income Statement

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

	Quarters Ended June 30,		Year to Date Ended June 30,	
	2019	2018	2019	2018
<b>INTEREST INCOME</b>				
Loans (Including Fees and Costs)	\$ 7,252	\$ 5,428	\$ 13,805	\$ 10,539
Investment Securities	773	609	1,517	1,087
Other	526	263	961	586
Total Interest Income	8,551	6,300	16,283	12,212
<b>INTEREST EXPENSE</b>				
Deposits	1,705	628	3,084	1,182
Other	300	-	310	-
Total Interest Expense	2,005	628	3,394	1,182
Net Interest Income	6,546	5,672	12,889	11,030
Provision For Loan Losses	369	202	666	404
Net Interest Income After Provision for Loan Losses	6,177	5,470	12,223	10,626
<b>NON-INTEREST INCOME</b>				
Service Charges and Fees on Deposits	111	126	215	256
Other Non-Interest Income	506	222	719	725
Gain (Loss) on Sale of Securities	251	(6)	273	(6)
Total Non-Interest Income	868	342	1,207	975
<b>NON-INTEREST EXPENSE</b>				
Salaries and Employee Benefits	2,442	1,888	5,076	3,878
Occupancy & Equipment	417	314	815	659
Other	1,114	929	2,090	1,854
Total Non-Interest Expense	3,973	3,131	7,981	6,391
Income Before Taxes	3,072	2,681	5,449	5,210
Income Taxes	729	673	167	887
NET INCOME	\$ 2,343	\$ 2,008	\$ 5,282	\$ 4,323
Basic Earnings per Share	\$ 0.57	\$ 0.52	\$ 1.28	\$ 1.12

## 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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