

# VALLEY REPUBLIC BANCORP

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## *News Release*

### **Valley Republic Bancorp Reports Record Third Quarter 2018 Financial Results**

BAKERSFIELD, Calif., October 18, 2018:

Valley Republic Bancorp (OTCQX: VLLX) today announced its financial results for the quarter ended September 30, 2018.

Highlights for the 3<sup>rd</sup> Quarter of 2018 Compared to the 3<sup>rd</sup> Quarter of 2017:

- **Net income: up 45%**
- **Pretax income: up 29%**
- **Net loans: up 8%**
- **Deposits: up 17%**
- **Total assets: up 17%**
- **Basic earnings per share increased from \$0.44 to \$0.61 (up 39%)**
- **Book value per share: up \$1.22 (\$16.16 vs. \$14.94)**

#### Financial Performance

Valley Republic Bancorp reported record net income for the third quarter of 2018 of \$2,374,000 compared to \$1,632,000 in the same quarter of 2017, an increase of \$742,000, or 45%. Basic earnings per share for this quarter were \$0.61, compared to \$0.44 for the same quarter last year, an increase of 39%.

As of September 30, 2018, year to date net income was \$6,697,000, compared to \$4,292,000 for the same period in the prior year. This represents an increase of \$2,405,000 or 56%, year over year. Basic year to date earnings per share were \$1.72 compared to \$1.15 in the prior year, an increase of \$0.57 or 50%.

Bruce Jay, President/CEO stated, “Valley Republic Bank, a wholly owned subsidiary of Valley Republic Bancorp, continues to report record earnings and impressive growth which, in turn, are the key performance drivers for the Company. Third quarter earnings represent a record for the Bank. Net loan growth of approximately \$35 million and core (local) deposit growth of over \$105 million during the first nine months of 2018 have been exceptional. Both contributed significantly to the profitability of the Bank. Increases in market interest rates and lower corporate tax rates beginning in 2018, have reduced year over year income tax expense. Also, the exercise of stock options, which were granted to directors and founders upon the successful opening of the Bank in 2009, has also contributed to reduced income tax expense during 2018.”

#### Growth

Eugene Voiland, Chairman of the Board of Directors stated, “We are very pleased with the performance of Valley Republic Bancorp and Valley Republic Bank. The Bank has achieved significant growth during 2018. Our vision and execution strategy have not changed since the inception of the Bank. Our

entire team lives in the communities we serve. This local knowledge provides the opportunity for relationship-based banking with our focused service. Our team provides this consistency every day.”

Total assets were \$778.7 million at the end of the third quarter of 2018. Compared to the end of the third quarter last year, this represents an increase of \$109.2 million, or 16%. When compared to \$667.6 million at year-end 2017, this is an increase of \$111.1 million, or 17%.

Total deposits were \$708.8 million at September 30, 2018. Compared to the end of the second quarter last year, this is an increase of \$103.1 million, or 17%. This is an increase of \$105.5 million, or 17%, when compared to \$603.3 million at December 31, 2017.

Total net loans were \$476.4 million at September 30, 2018. Compared to the end of the third quarter of 2017, this is an increase of \$41.7 million, or 10%. Compared to \$441.7 million at December 31, 2017, this is an increase of \$34.7 million, or 8%. At September 30, 2018, the Bank had no nonperforming loans or loan payments that were more than 30 days delinquent.

### Capital

Total shareholders' equity at September 30, 2018 was \$63.8 million. Compared to September 30, 2017, total shareholders' equity has increased by \$8.2 million, or 15%. Total shareholders' equity increased by \$7.3 million, or 13%, compared to \$56.4 million at December 31, 2017.

### 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 tenth 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>	September 30, 2018	December 31, 2017
<b>ASSETS</b>		
Cash and Due From Banks	\$ 12,058	\$ 9,039
Federal Funds Sold & Interest-Bearing Deposits in Banks	107,494	50,730
Total Cash and Equivalents	119,552	59,769
Time Certificates of Deposit in Banks	27,528	30,952
Investment Securities:		
Available-for-Sale	68,580	51,064
Held-to-Maturity	53,604	52,435
Total Investment Securities	122,184	103,499
Loans, Net of Deferred Fees and Costs	483,168	447,859
Allowance for Loan losses	(6,729)	(6,116)
Net Loans	476,439	441,743
Premises and Equipment	1,898	1,538
Bank Owned Life Insurance	10,419	10,235
Interest Receivable and Other Assets	20,718	19,889
<b>TOTAL ASSETS</b>	<b>\$ 778,738</b>	<b>\$ 667,625</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Deposits		
Noninterest-Bearing	\$ 299,480	\$ 245,892
Interest-Bearing	409,292	357,378
Total Deposits	708,772	603,270
Accrued Interest Payable and Other Liabilities	6,209	7,928
Total Liabilities	714,981	611,198
<b>Shareholders' Equity</b>		
Common Stock, no Par Value	45,106	43,167
Additional Paid-in Capital	1,386	1,745
Retained Earnings	18,625	11,928
Accumulated Other Comprehensive Income (Loss)	(1,360)	(413)
Total Shareholders' Equity	63,757	56,427
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 778,738</b>	<b>\$ 667,625</b>
Book Value per Share	\$ 16.16	\$ 14.94

## Valley Republic Bancorp and Subsidiary Income Statement

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

	Quarters Ended September 30,		Year to Date Ended September 30,	
	2018	2017	2018	2017
<b>INTEREST INCOME</b>				
Loans (Including Fees and Costs)	\$ 5,800	\$ 4,878	\$ 16,339	\$ 13,541
Investment Securities	587	499	1,674	1,406
Other	404	234	990	608
<b>Total Interest Income</b>	<b>6,791</b>	<b>5,611</b>	<b>19,003</b>	<b>15,555</b>
<b>INTEREST EXPENSE</b>				
Deposits	937	352	2,119	951
<b>Total Interest Expense</b>	<b>937</b>	<b>352</b>	<b>2,119</b>	<b>951</b>
Net Interest Income	5,854	5,259	16,884	14,604
Provision For Loan Losses	199	267	603	718
<b>Net Interest Income After Provision for Loan Losses</b>	<b>5,655</b>	<b>4,992</b>	<b>16,281</b>	<b>13,886</b>
<b>NON-INTEREST INCOME</b>				
Service Charges and Fees on Deposits	114	126	370	349
Other Non-Interest Income	529	444	1,254	1,148
Gain (Loss) on Sale of Securities	-	-	(6)	9
<b>Total Non-Interest Income</b>	<b>643</b>	<b>570</b>	<b>1,618</b>	<b>1,506</b>
<b>NON-INTEREST EXPENSE</b>				
Salaries and Employee Benefits	2,022	1,853	5,900	5,626
Occupancy & Equipment	417	332	1,076	907
Other	814	856	2,668	2,475
<b>Total Non-Interest Expense</b>	<b>3,253</b>	<b>3,041</b>	<b>9,644</b>	<b>9,008</b>
Income Before Taxes	3,045	2,521	8,255	6,384
Income Taxes	671	889	1,558	2,092
<b>NET INCOME</b>	<b>\$ 2,374</b>	<b>\$ 1,632</b>	<b>\$ 6,697</b>	<b>\$ 4,292</b>
<b>Basic Earnings per Share</b>	<b>\$ 0.61</b>	<b>\$ 0.44</b>	<b>\$ 1.72</b>	<b>\$ 1.15</b>

## 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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