



Press Release

For Immediate Release

Golden Valley Bancshares Reports Second Quarter 2023 Results (Unaudited)

CHICO, California – Golden Valley Bancshares (OTC Markets: [GVYB](#)), with its wholly owned subsidiary, Golden Valley Bank headquartered in Chico, California today reported June 30, 2023 quarterly financial results.

Financial highlights:

2023 second quarter net profit of \$863,758 and year to date net profit of \$1,854,554 compared to \$1,053,764 and \$2,222,730 for the same periods last year, respectively.

Total assets remained the same year over year at \$487 million but were up \$11.3 million from the quarter ending March 31, 2023.

Total loans increased \$7.5 million or 3.2% to \$238.3 million as of June 30, 2023, compared to \$230.8 million as of June 30, 2022.

Total deposits increased \$10.6 million to \$447.1 million compared to the quarter ending March 31, 2023 and were down just \$4.3 million from the same period last year.

Golden Valley Bancshares

Consolidated Financial Information

Unaudited (Dollars in Thousands)

	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022
Total investment securities	\$ 184,234	\$ 185,709	\$ 183,794	\$ 194,879	\$ 202,037
Total loans, net of unearned income	238,318	241,712	241,901	238,215	230,859
Allowance for credit losses	(3,936)	(3,935)	(3,955)	(4,576)	(4,578)
Total assets	487,327	475,996	478,091	503,987	487,164
Total deposits	447,135	436,493	443,164	470,942	451,408
Subordinated debentures	5,819	5,807	5,795	5,783	5,771
Total shareholders' equity	31,654	30,704	27,153	24,995	28,297
Loan to deposit ratio	53.30%	55.38	54.59%	50.58%	51.14%
Book value per share	\$ 14.19	\$ 13.76	\$ 12.15	\$ 11.15	\$ 12.63
Subsidiary Bank's Tier 1 leverage ratio	9.52%	9.44%	8.95%	8.68%	8.66%

While earnings were down year over year, they were ahead of the Bank's forecast. The difference in earnings was primarily attributed to higher interest expense on deposit accounts, a result of the increased interest rate environment.

Shareholder's Equity continues to improve and is up \$3.4 million from a year ago. The Bank continues to be well-capitalized and far exceeds minimum regulatory requirements with a 9.52% Tier 1 leverage ratio. Book value is up 12.4% from a year ago.

Asset quality continues to be excellent as there were no loans considered to be non-performing. By comparison, the average was 0.47% of total assets for the Bank's national peer group, based on data provided as of March 31, 2023 (the most recent data available). The company has set aside \$3.94 million in allowance for credit losses to protect it from future economic uncertainties, and just \$4,231 in the first half of 2023. Of the over 750 loans in the portfolio, none are 30 days or more past due.



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	Six months ended			
	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>\$ Change</u>	<u>%Change</u>
Interest income	\$ 9,177	\$ 7,820	\$ 1,357	17.4%
Interest expense	1,689	265	1,424	537.4%
Net interest income	7,488	7,556	(68)	-0.9%
Provision for credit losses	4	-	4	0.0%
Noninterest income	467	593	(126)	-21.2%
Noninterest expense	5,338	5,009	329	6.6%
Net income	1,855	2,223	(368)	-16.6%
Basic earnings per share	\$ 0.83	\$ 0.99	\$ (0.16)	-16.2%
Diluted earnings per share	\$ 0.82	\$ 0.96	\$ (0.14)	-14.6%
Return on average assets	0.78%	0.92%	-0.14%	-15.2%
Return on average equity	12.45%	13.01%	-0.56%	-4.3%
Net interest margin	3.17%	3.20%	-0.03%	-0.9%
Efficiency ratio	66.73%	61.12%	5.61%	9.2%



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	Quarterly Highlights				
	2nd Quarter 2023	1st Quarter 2023	4th Quarter 2022	3rd Quarter 2022	2nd Quarter 2022
Interest income	4,680	4,498	4,536	4,255	4,011
Interest expense	1,050	639	323	165	160
Net interest income	3,630	3,858	4,213	4,091	3,851
Provision for credit losses	4		(621)		
Noninterest income	245	222	(402)	222	238
Noninterest expense	2,652	2,687	2,791	2,619	2,601
Net income	864	991	1,160	1,197	1,054
Basic earnings per share	\$ 0.39	\$ 0.44	\$ 0.52	\$ 0.53	\$ 0.47
Diluted earnings per share	\$ 0.38	\$ 0.43	\$ 0.51	\$ 0.52	\$ 0.46
Return on average assets	0.72%	0.84%	0.93%	0.96%	0.87%
Return on average equity	11.09%	13.93%	18.02%	16.02%	13.42%
Net interest margin	3.04%	3.29%	3.41%	3.31%	3.22%
Efficiency ratio	68.04%	65.48%	62.60%	60.41%	63.25%

“We are pleased with our second quarter results, especially with the continued uncertainty in the economy,” said President and Chief Executive Officer Mark Francis, “we are doing better than we expected and are ready to respond to our customers’ loan and deposit needs. The rapid rise in interest rates certainly has been a challenge, however we are responding appropriately.

The Bank expects a soft opening of their new Oroville office in August as construction is completed. There has been significant interest from potential, new and existing customers in the Oroville area and the Bank is very optimistic about the office’s success.

Golden Valley Bancshares, a bank holding company with its wholly owned subsidiary, Golden Valley Bank is a locally owned and operated commercial bank serving the needs of individuals and businesses in northern California. The Bank has full service offices in Chico and Redding, California. For more information regarding the bank please call at (530) 894-1000 or visit goldenvalley.bank.

Forward-Looking Statements

Statements concerning future performance, developments or events, expectations for growth and income forecasts, and any other guidance on future periods, constitute forward-looking statements that are subject to a number of risks and uncertainties. Actual results are pre-fiscal year-end audit and may differ materially from stated expectations. Specific factors include, but are not limited to, loan production, balance sheet management, expanded net interest margin, the ability to control costs and expenses, interest rate changes, technological factors (including external fraud and cybersecurity threats), natural disasters, pandemics such as COVID-19 and financial policies of the United States government and general economic conditions. Golden Valley Bancshares disclaims any obligation to update any such factors.



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