

VALLEY REPUBLIC BANCORP

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News Release

Valley Republic Bancorp Announces Closing of Subordinated Notes Offering of \$20 Million

BAKERSFIELD, Calif., August 27, 2020

Valley Republic Bancorp (the “Company”) (OTCQX: VLLX), the parent company of Valley Republic Bank (the “Bank”), completed the issuance, through a private placement, of \$20,000,000 aggregate principal amount of Fixed-to-Floating Rate Subordinated Notes due September 30, 2035 (the “Notes”) to certain institutional and private accredited investors.

The Notes were issued at a price equal to 100% of the principal amount, resulting in net proceeds to the Company of \$19.6 million. The Company intends to use the net proceeds from the offering to support its growth and for general corporate purposes. The Notes are intended to qualify as Tier 2 capital for Company regulatory purposes, and the portion that the Company contributes to the Bank will qualify as Tier 1 capital for the Bank.

The Notes bear a fixed interest rate of 5.00% per annum until (but excluding) September 30, 2025, payable quarterly in arrears. From September 30, 2025, the Notes will bear a floating rate of interest equal to 3-Month SOFR + 4.90% until the Notes mature on September 30, 2035, or such earlier redemption date, payable quarterly in arrears. The Notes will be redeemable by the Company, in whole or in part, on or after August 27, 2025, upon proper notice being given by the Company to the Note holders. Any redemption will be at a redemption price equal to 100% of the principal amount of Notes being redeemed, plus accrued and unpaid interest. The Notes are not subject to redemption at the option of the holders. The Notes were assigned an investment grade rating of BBB+ by Egan-Jones Ratings Company.

Geraud Smith, President & CEO, stated, “Although our organization continues to perform at a high level, I view this capital as an inexpensive insurance policy, which will provide protection for our shareholders and ensure Valley Republic has capacity to support our customers and the communities we serve during these uncertain times.”

Performance Trust Capital Partners, LLC served as the sole placement agent and as financial advisor, Manatt, Phelps & Phillips, LLP, San Francisco, California served as legal counsel for Performance Trust Capital Partners, LLC, and Duane Morris LLP, Los Angeles, California, served as legal counsel to Valley Republic Bancorp.

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 Company 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 twelfth 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, and a loan production office in Fresno. 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 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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