



Investing In Relationships.

# Quarterly Report

Fourth Quarter 2022 | February 2023

## Financial Highlights

### Fourth Quarter 2022

For the year ended December 31, 2022,  
compared to the year ended 2021:

Core earnings


**\$26,746,000 ▲ \$22,127,000**

Return on average equity

**14.25% ▲ 11.50%**

Net loans increased


**20.98%**  
**(\$215.9 MILLION)**

  
December 31, 2022  
compared to  
December 31, 2021

  
December 31, 2022  
compared to  
December 31, 2021


Average non-interest bearing demand  
deposit accounts (as a percentage of  
total average deposits) increased

**5.50%**

  
**54.51%**

#### EFFICIENCY RATIO

at year ended  
December 31, 2022  
(Compared to 57.16% at  
December 31, 2021)

  
Quarter ended December 31, 2022  
compared to  
Quarter ended December 31, 2021

Total average assets increased

**1.04%**  
**(\$25.06 MILLION)**

**\$0.12**  
**PER COMMON SHARE**  
**CASH DIVIDEND**

Payable on  
February 24, 2023  
to shareholders of  
record as of  
February 10, 2023

## 2022 Year In Review



Despite another year of economic uncertainty in 2022, Central Valley Community Bank ended the year with remarkable overall financial performance as reflected on page 3. For this, we can credit our clients and the exceptional service of our outstanding team of bankers.

Much like the previous year, 2022 presented numerous challenges requiring our prudent navigation. These included: record high inflation, increased interest rates, supply chain issues, a volatile stock market, a decline in home sales, the continued war in Ukraine and the ongoing threat of recession.

On the bright side, the COVID pandemic's decline enabled a rebound for the travel and tourism industries, and average wages and family income rose.

Below we reflect on the impact of 2022 within our nation, our state and our Company.

### 2022 in America

As the nation's consumer inflation rate hit a near 40-year high of 9.1% in 2022, the Federal Reserve attempted to slow its growth by raising interest rates 7 times for a total increase of 4.25% – the most aggressive pace since the early 1980s.

The supply chain disruptions from 2021 continued into 2022, but by year-end had begun to subside.

The U.S. stock market declined each quarter in 2022, seeing some of its lowest returns since the 1970s. The S&P alone fell 500 points or 19% of its total value, its worst decline since 2008.

On a positive note, the unemployment rate fell to a historic low of 3.5% by year-end 2022. Significant gains in healthcare, leisure, hospitality and construction jobs helped America's workforce recover from the high unemployment of the COVID pandemic.

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## 2022 Year In Review

### 2022 in California

In the Golden State, 2022 was a year marked by concerns over drought, inflation and other issues, all while continuing to recover from the effects of the pandemic.

Successfully re-elected for second term, Governor Newsom oversaw a statewide unemployment rate of 4.1% – an improvement over 2021's 5.8% rate, but with concerns over signs of weakness in the fourth quarter.

Sales of existing homes dropped more than 40% in November 2022 from the year prior, and median home prices declined, with additional reductions expected in both home building and home sales in 2023.

The year ended with California receiving 76% of its average rainfall, resulting in reduced water allocations being planned for Central Valley farmers. However, 2023's precipitation has already improved that outlook.

### 2022 – and Beyond – at CVCB

With assets of \$2.42 billion as of December 31, 2022, the Company experienced financial success in the key categories: earnings, loan growth, deposits, asset quality and liquidity.

This success is due, in no small part, to our exceptional team which also invested over 2,100 service hours supporting worthy nonprofit and civic organizations in our communities. We are grateful for their service through a volatile year, and also appreciate the support of our clients, shareholders and communities, all of which contributed to our success in 2022.

Plans were also announced in 2022 for expansion into Sacramento's Point West business district with a new full-service Banking Center and commercial lending team. The new location will open late in 2023.

Looking ahead, the Company will continue to advance our commitment to exceptional client service and impact by investing in both physical facilities and banking technologies. Plans are currently underway to relocate our Modesto and Visalia Downtown Banking Centers to new, modern facilities in 2023 to better serve our growing business clientele.

### Moving Forward with Gratitude

Looking back on 2022, it's clear that we have withstood another year of tremendous business challenges, and now face an economic outlook that is mixed. Yet in the midst of such volatility, one value remains consistent: our commitment to your relationship.

Thank you for standing alongside CVCB with your trust and support. For making us your Bank of Choice. And for the honor of being your financial advocate through seasons of both challenge and prosperity.

## Congratulations to Two Outstanding CFOs



**Shannon R. Avrett**  
Executive Vice President,  
Chief Financial Officer

**Dawn P. Crusinberry**  
Executive Vice President

### Welcome to CVCB, Shannon

Please join us in welcoming Shannon R. Avrett, CPA, as CVCB's Executive Vice President, Chief Financial Officer (CFO), effective February 2023. Shannon is a highly respected executive who will serve on the executive managing committee, participate in Company strategic planning and oversee the finance and accounting division.

Her experience is comprised of over 18 years of leadership in finance and accounting with financial institutions ranging in assets up to \$18 billion, including 10 years with Moss Adams LLP in corporate strategic planning, financial management, accounting, risk management, auditing and regulatory reporting. An active community steward, Shannon graduated from Stanford University with a degree in Economics.

"Shannon brings a wealth of expertise and financial acumen to the CFO role, and her shared values as a leader fit seamlessly into our Company's culture at the highest level," said James J. Kim, CVCB President and CEO. "Shannon strategically complements our executive management team and I'm confident that, together, we will lead our Company to its next level of success while remaining focused on our mission to exceed expectations for our team, clients, community and shareholders."

### Thankful for Your Leadership, Dawn

Dawn P. Crusinberry has served as Interim Executive Vice President, CFO, since fall 2022, and will continue with the Company through the completion of a smooth transition, after which she will retire.

"Our sincere congratulations to Dawn for over two decades of CVCB leadership managing the finance and accounting division," said Kim. "We have long been blessed with Dawn's exemplary work ethic and unwavering focus on our mission, making her a valued asset to the team and Company."

CVCB Board Chair, Dan Doyle, shared, "On behalf of the Board, we thank Dawn for her service and the many contributions she makes toward our Company's success. She is a shining example of leadership excellence for our team and we congratulate her on her upcoming and well-deserved retirement."



For 2022 Fourth Quarter Results  
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# Consolidated Balance Sheets and Consolidated Statements of Income

## Fourth Quarter 2022

### Condensed Consolidated Balance Sheets

	(In thousands)	
(Unaudited)	Dec. 31, 2022	Dec. 31, 2021
<i>Assets:</i>		
Cash and cash equivalents	\$ 31,170	\$ 163,467
Investment securities	960,490	1,116,624
Loans, net	1,245,456	1,029,511
Premises and equipment, net	7,987	8,380
Goodwill	53,777	53,777
Accrued interest receivable, intangibles & other assets	<u>123,639</u>	<u>78,380</u>
<b>Total assets</b>	<b><u>\$ 2,422,519</u></b>	<b><u>\$ 2,450,139</u></b>
<i>Liabilities and Shareholders' Equity:</i>		
<b>Deposits:</b>		
Non-interest bearing	\$ 1,056,567	\$ 963,584
Interest bearing	<u>1,043,082</u>	<u>1,159,213</u>
<b>Total deposits</b>	<b>2,099,649</b>	<b>2,122,797</b>
Subordinated debentures & borrowings	115,599	39,454
Accrued interest payable & other liabilities	<u>32,611</u>	<u>40,043</u>
<b>Total liabilities</b>	<b><u>2,247,859</u></b>	<b><u>2,202,294</u></b>
<b>Total shareholders' equity</b>	<b><u>174,660</u></b>	<b><u>247,845</u></b>
<b>Total liabilities and equity</b>	<b><u>\$ 2,422,519</u></b>	<b><u>\$ 2,450,139</u></b>

### Condensed Consolidated Statements of Income For twelve months ended December 31, 2022 and 2021

	(In thousands, except per share amounts)	
(Unaudited)	2022	2021
Net interest income	\$ 79,566	\$ 72,554
Provision for (Reversal of) credit losses	<u>1,000</u>	<u>(4,300)</u>
Net interest income after provision for credit losses	78,566	76,854
Total non-interest income	5,054	9,005
Total non-interest expense	48,479	47,842
Provision for income taxes	<u>8,496</u>	<u>9,616</u>
<b>Net income</b>	<b><u>\$ 26,645</u></b>	<b><u>\$ 28,401</u></b>
<b>Basic earnings per common share</b>	<b><u>\$ 2.27</u></b>	<b><u>\$ 2.23</u></b>
<b>Diluted earnings per common share</b>	<b><u>\$ 2.27</u></b>	<b><u>\$ 2.31</u></b>
<b>Cash dividends paid per share</b>	<b><u>\$ 0.48</u></b>	<b><u>\$ 0.47</u></b>

## PRIVATE BUSINESS BANKING



### Take control of complex business finances with help from our experts.

In today's economy, it's essential to **manage your complex business finances** to maximize both your cashflow and your efficiency. CVCB's Private Business Banking specialists are here to help, with strategic solutions, unmatched responsive service and proven success for businesses of every category and size.

**Partner with our team – the trusted choice for achieving your financial goals.**

#### Cathy Chatoian

Senior Vice President  
Private Business Banking  
(559) 323-3358  
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\*Qualifications and restrictions apply.

## Investing in Relationships: The CVCB Difference

Investment is essential for growth. But not all investments are alike. At CVCB, our most important investment is in our relationship with you: the individuals, businesses and communities we've served for over 40 years. It's a distinction we call the "CVCB Difference."

### To deliver that difference every day, we are...

- Guided by our values and driven by our mission to exceed expectations
- Deeply committed to our communities
- Dedicated to being your trusted business partners
- Leading by example as business advocates
- Composed of knowledgeable problem-solvers
- Providing customized solutions from proven financial specialists

**Refer your friends & business associates so they can experience the CVCB Difference, too!**



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## News Briefs

### 5-Star Bauer Rating

CVCB once again earned Bauer Financial's highest distinction: the 5-Star Superior rating, based on 2022 third quarter financial results. This rating signifies that CVCB is among the nation's strongest financial institutions and is safe, financially sound and operating above its regulatory capital requirements.

### Best of Central Valley Business Awards Recognition

For the 9th consecutive year, CVCB was named Best Business Bank in The Business Journal's Best of Central Valley Business Awards! We are honored to be recognized by the business community as one of the Valley's best. To all who gave CVCB their vote of confidence: thank you!

### Stock Prices

The Company's common stock closing price was \$25.55 as of February 27, 2023. Inquiries on Central Valley Community Bancorp stock can be made by calling any licensed stockbroker.

## Locations and Hours

Visit [www.cvcb.com](http://www.cvcb.com) for a listing of our Locations and Hours.

## Board of Directors

*Central Valley Community Bancorp and Central Valley Community Bank*

**Daniel J. Doyle**  
*Chairman*

**Daniel N. Cunningham**  
*Vice Chairman*

**James J. Kim**  
*President & CEO*

**F.T. "Tommy" Elliott, IV**

**Robert J. Flautt**

**Gary D. Gall**

**Andriana D. Majarian**

**Steven D. McDonald**

**Louis C. McMurray**

**Karen A. Musson**

**Dorothea D. Silva**

**William S. Smittcamp**



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