Golden Valley
BANK

ANNUAL REVIEW

2020

2020... What a Year!

We can all say, "2020 . . . what a year!" And what a year it was. While there was some uncertainty about the economy early last year, it was nothing like the havoc the government's response to the pandemic created. The squeeze the shutdowns put on the economy is something we've never seen, however, at the same time it created trillions in new money. The government's response has certainly produced winners and losers.

In March we had to do a serious pivot. When our customers needed us to get their SBA Paycheck Protection Program (PPP) loans funded, we responded – 478 times and with almost $96 million in loans. And we took their deposits, too, increasing those totals by almost $70 million in 2020. It was a tremendous and exemplary effort by our employees over a very short period of time. We again had our biggest mortgage year ever with so many of our customers getting all-time low rates when purchasing a new home or refinancing an existing one. The Bank contributed a total of over $325,000 to various local charities in 2020 (including our Foundation) and our Community Foundation distributed far more than that.

Our Total Assets grew to $406 million at the end of the year compared to $357 million at the end of 2019, a 14% increase.

Our Total Loans ended the year at $266 million, $82 million ahead of last year. Of that, about $65 million of PPP loans were still outstanding. Total Deposits ended the year at $363 million, $68 million, or 23%, ahead of 2019. We followed a great income year in 2019 with our pre-tax income 7% ahead of 2019. For the first time in our history, our net income after taxes was over $4 million.

Just to illustrate the notable progress we have made over the last few years, back in 2016 we projected the Bank's total assets to be $266 million at the end of 2020. Our actual assets at December 31, 2020 were over $406 million! We projected our deposits to be $224 million. Actual deposits were $363 million. We thought loans would be $170 million. Actual loans were $266 million. One more statistic - in 2018 we projected our assets at December 31, 2023 to be $400 million. $400 million! We achieved that mark more than three years early and less than two years after we made the projection!
And we have built a fortress of a balance sheet. This year we increased our loan loss reserve by more than 73% to protect us against future loan losses even though we didn't have a single loan that we consider "past due."

Our liquidity (access to cash when we need it) is at an all-time high and far above regulatory levels. Our net worth - the book value of our company - was up about 22% in 2020 alone.

The Bank, primarily through the Golden Valley Bank Community Foundation, has really stepped up over the last few years by distributing millions of dollars to local nonprofits helping with Camp Fire relief, COVID-19 financial assistance and many other local causes.

In 2021 we look forward to celebrating our 15th anniversary in business! To many of us, 2006 doesn't seem like all that long ago. We started this journey with a Vision to be the Best Bank in Town by providing Absolutely Outstanding Customer Service while being a force for good in our communities. I am very proud of what we have created and accomplished.
I hope you are, too.

Mark Francis, President & CEO

"In spite of the pandemic, 2020 was a good year for the Bank."

A BANK BUILT FOR BUSINESS

A New Sign for Our Redding Location

Our year started strong with the installation of our logo on the front of our building in Redding, CA. We worked with local business, Signarama to bring the sign to life as we featured them in our A Bank Built for Business commercial that aired in February 2020.

Learn more about how we are A Bank Built for Business and watch the commercial at *info.goldenvalley.bank/redding-a-bank-built-for-business*

Delivering an Experience Unlike Any Other

$96 million IN PPP LOANS

478 SMALL BUSINESSES

Our mission is to create a truly unique, local banking experience for our customers and communities. During the challenging times of the COVID-19 pandemic, our local businesses needed our support more than ever in getting funding through the SBA Paycheck Protection Program to keep their businesses running. Golden Valley Bank was one of the first banking institutions ready to help small business owners in Northern California apply for Paycheck Protection Program support.

Learn more at *info.goldenvalley.bank/sba-cares-act*

"I chose Golden Valley Bank for a PPP Loan because of all the experience that I've had with them in the past. Having that small group of people who really care whether you succeed or not is so valuable. I feel very fortunate that I had the Bank in our corner."

Mark Abouzeid, Owner of Chico Mazda

A BANK BUILT FOR COMMUNITY

COVID-19 Relief

$250,000 COMMITTED

16 ORGANIZATIONS SUPPORTED

Bear Fire Relief

$25,000 COMMITTED

Annual Nonprofit Recipient

STAFF SELECTED

$10,000 CHICO MEALS ON WHEELS

Along with assisting our local businesses secure PPP Loans, our communities as a whole needed support. That's why Golden Valley Bank committed $250,000 to COVID-19 relief efforts through the Golden Valley Bank Community Foundation.

When another terrible tragedy hit our Butte County communities, Golden Valley Bank stepped up to contribute $25,000 to the Foundation to support Bear Fire/North Complex West Zone Fire relief. Thanks to a matching grant from the Federal Home Loan Bank of San Francisco, we were able to donate a total of $40,000 to Rebuild Paradise Foundation and Oroville Rescue Mission.

Throughout 2020, funds were also raised by our Employees after choosing Chico Meals on Wheels as their annual nonprofit recipient. The Golden Valley Bank Community Foundation matched the raised amount by $5,000.

Learn more at ***www.goldenvalley.blog/a-look-back-at-2020-community-foundation-efforts***

Golden Valley BANK
COMMUNITY FOUNDATION

Run for Food

We are thrilled to join The Jesus Center as Presenting Sponsor for the Run for Food for the next three years! We have been long time supporters of the Run and love the camaraderie, community and spirit of giving that this event fosters.

The Run for Food is a Chico tradition that brings families, friends, and neighbors on Thanksgiving Day to remember those in need and start the holiday with an expression of gratitude. While 2020 looked different due to COVID-19, the tradition continued and we had a lot fun being a part of it. We look forward to supporting this Chico tradition for years to come!

Watch the livestream recording and learn more at *www.runforfood.com.*

A BANK BUILT FOR YOU

Bank From Anywhere

In 2020, we saw a 19% increase in use of our Online and Mobile Banking products. We created videos and provided learning resources to educate our customers on how easy it is to bank from anywhere.

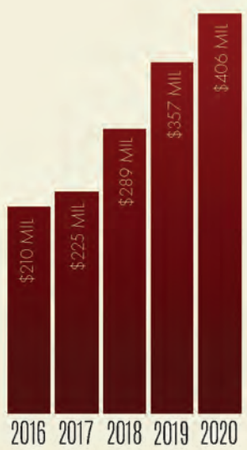
At Golden Valley Bank, we are more than a bank. We are a Bank Built for You - supporting financial growth and well-being, one business and one person at a time.

Learn more about how you can Bank from Anywhere at
info.goldenvalley.bank/bank-from-anywhere

Financial Highlights

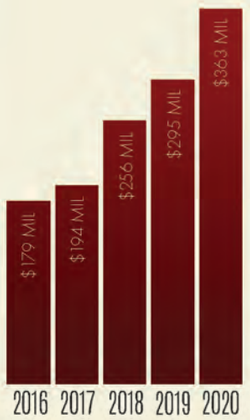
2020 was quite a year and we grew the Bank dramatically as government financial support from the pandemic poured into our economy. Our team took advantage of the opportunities provided and increased both our loans and deposits to record amounts.

Find detailed information at
www.goldenvalley.bank/Investor-Relations.aspx



TOTAL ASSETS

$406
Million

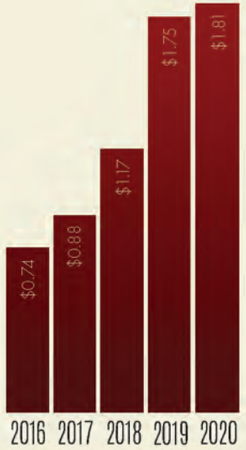


DEPOSITS

$363
Million

LOANS

$266
Million



EARNINGS PER SHARE

$1.81
Dollars

Board of Directors

Chairman
Mark Kimmelshue
GM/CEO
ARMCO

Vice Chairman
Matt Gallaway
Principal Architect Russell Gallaway Associates Inc.

Secretary
Syl Lucena
Owner
Collier Hardware

President & CEO
Mark Francis
President & CEO
Golden Valley Bank

James Doss
Chief Credit Officer
Golden Valley Bank

Marilyn Everett
Retired, K-Coe Isom Accountancy

Creasia Gale
Co-Owner
Bidwell Consulting Services

Douglas Guillon
President
Guillon Companies

Gary Katz
Katz Investments

ADVISORS

Michael Baird, MD
Oncologist

Bill Bales
Retired, Sierra Nevada Brewing Company

James Boice, MD
Pathology Sciences

Lewis Brogan
Retired Veterinarian

John L. Burghardt
Attorney

Dan Cargile
Retired Banker

Ken Grossman
Sierra Nevada Brewing Company

W. Howard Isom
Retired CPA

Norm Larson
Larson Ranch

Jeff Lobosky, MD
North State Neurosurgical Associates

Frank Sisco
Sisco Enterprises, Inc.

Jack Sterling
Madison Bear Garden

Dick Stein
H J Promotional Products

Brian Sweeney
Asset Management Group

Audrey Tennis
Rice Farmer

Glen Toney
Retired Aerospace Engineer

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Investor Relations

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Stock Listing

Golden Valley Bancshares Inc. common stock is listed on the Over The Counter Markets system under the symbol "GVYB". Go to www.otcmarkets.com to gain access. To inquire about purchase or sale, please contact your broker or Jessica (above).

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Golden Valley Bancshares Inc. is the parent company of Golden Valley Bank.

Member FDIC