

Golden Valley

BANK

A BANK BUILT FOR BUSINESS



ANNUAL REVIEW 2022

President's Message

2022 was another year in what is becoming a long line of years with unexpected events and unpredictable economic outcomes.

In 2017, the Oroville Dam Spillway collapse resulted in over \$1 billion pouring into Butte County for repairs. In 2018, the Carr and Camp Fires changed our lives and in 2019 billions of dollars poured into Shasta and Butte Counties for fire relief. In 2020, the Pandemic hit and over the next two years billions of dollars poured into our local economies in stimulus monies. In 2022, despite the "experts" predictions, inflation was not transitory and rates weren't going to stay very low for several more years.

Generally speaking, rising interest rates are good for banks. However the manner in which they increased – short term rates rising at twice the rate of longer term rates, is an exception.

We projected 2022 to be a more "normal" year. The early, more modest, rises in interest rates, increased our margins and our net income finished \$1 million over our expectations. However, in the fourth quarter we did see some of our longer term deposits leave for higher interest rates, and our assets were up just marginally for the year. In addition, the last of our Paycheck Protection Program (PPP) loans were forgiven in 2022 causing our loan totals to decline from the prior year. However, net of PPP, our loans were up slightly, primarily effected by rapidly increasing interest rates in the last half of the year halting many new construction projects.

Considering the last several years and the current economic environment, I recognize that 2023 could be a challenging year for local business. The Federal Reserve is going to raise short term interest rates until they see inflation declining, and they are confident it is heading toward their target of 2.5%.

How long that will take is anybody's guess. There is a very good chance there will be an over-correction causing a recession.

We anticipate the Oroville office remodel project to be completed and opened mid-2023. We have the staff on board and they will be well trained in the ways of Golden Valley Bank by their Grand Opening. The promise of opening the office has already brought many new Oroville area customers to us! We are very optimistic about our future in that community.

In 2022, we said goodbye to some familiar faces that have been with the Bank for over 15 years. Diann Carman, SVP Director of Business Development, joined us in 2006 with her unmatched enthusiasm and great passion to make Golden Valley the Best Bank in Town. Our Chief Credit Officer, Jim Doss, retired after serving us since 2007. We are very fortunate that Jim remains serving as a Director for the Bank. Our former Credit Administrator, Quinn Velasquez, has taken over for Jim.

We have a great group of committed and dedicated staff and we all recognize that our shareholders are our best customers and supporters – many of you for more than 17 years. We come to work every day to provide Absolutely Outstanding Customer Service and our Vision is to be the Best Bank in Town in every town we serve. You help us do that and we sincerely appreciate it!

Thank you for your continued support!



Mark Francis
President & CEO

Chico



Redding



Coming Soon | Oroville



Making a Difference



Golden Valley Bank Employees working hard on Make a Difference Day 2022



Supporting Our Communities

Our Community Foundation continues to keep a pulse on the needs in the community by partnering with non-profit organizations in our footprint. In 2022, we have had a strong focus on the continued need for sustainable housing since the devastating Camp Fire and others that followed. Through the fires and the recent pandemic, Golden Valley Bank Community Foundation is standing with our business partners and neighbors to support those organizations on the front lines.

In the future we will be looking to proactively raise funds for unforeseen events or needs that arise. Our focus will be on partner ing where there are other community members involved and where matching fund opportunities will bring the greatest impact to those in need. Staying present and being an active part of making a difference is important to our entire team at Golden Valley Bank.

Major Contributions in 2022

- \$101,500** Camp Fire Long Term Recovery Group/Unmet Needs Roundtable
- \$10,000** Paradise Stronger Community Kitchen Project
- \$5,000** Valley Contractors Exchange Tiny Home Project
- \$5,000** Boys & Girls Club of Paradise
- \$5,000** Butte County Local Food Network
- \$5,000** Youth on the Ridge Community Foundation

The result is \$131,500 distributed from these funds in 2022.



Annual Nonprofit Recipients

During 2022 our Chico employees raised money for Youth for Change. With matching funds from our Golden Valley Bank Community Foundation, we presented a check for \$10,000.

Our Redding office employees worked throughout the year and they were able to present a check for \$3,170 to Blue Line Outdoors.



Run for Food

Golden Valley Bank is proud to be returning as the presenting sponsor of Run for Food. We have been long time supporters of the run, and we love the community and spirit of giving that this event fosters.

The Run for Food is a Chico tradition that brings families, friends and neighbors out to Bidwell Park on Thanksgiving Day. It's a day to remember those in need and to start the holiday with an expression of gratitude.

To learn more about the Run, visit runforfood.com

Watch Video:



Always Improving

In October Golden Valley Bank invested in our Employees by committing a day for personal and professional development at the Barn in Meriam Park.

The program was facilitated by Odyssey Teams. It was a day filled with comraderie and learning experiences. Part of the day was dedicated to building and designing skateboards for children from a local school.





A Bank Built for Business

At Golden Valley Bank, we believe in shining light on our local business community. For our August 2022 Bank Built for Business Campaign, we featured Live Life Juice Co. You may have seen our television commercial and matching billboards around town.

“Throughout the last 7+ years, now serving Chico from 2 locations and 2 farmers markets, Golden Valley Bank has been with us the whole way. Whatever the task, the team was there with guidance and support .”

- Abigail, Co-Owner of Live Life Juice Co.

Watch Video:



Financial Highlights

Our strong financial statements are a direct result of our dedication to providing Absolutely Outstanding Customer Service and our dedication to building strong business relationships. We have the technology and talent in place to weather the continuing economic uncertainty in 2023.

BOARD OF DIRECTORS



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GM/CEO, ARMCO

Matt Gallaway
Vice Chairman
Principal Architect, Russell
Galloway Associates Inc.

Syl Lucena
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Sierra Grossman
Vice President
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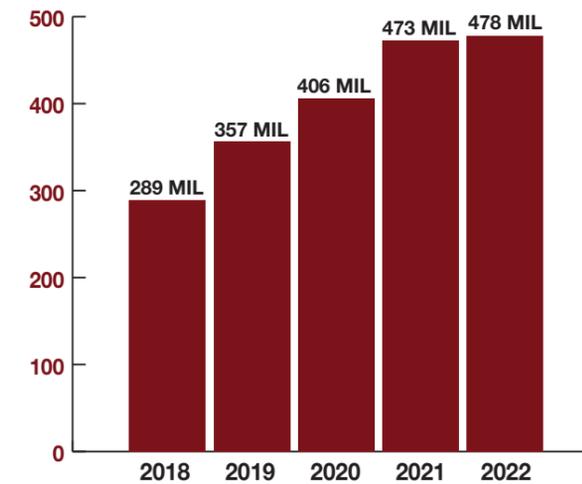
Michael Phulps
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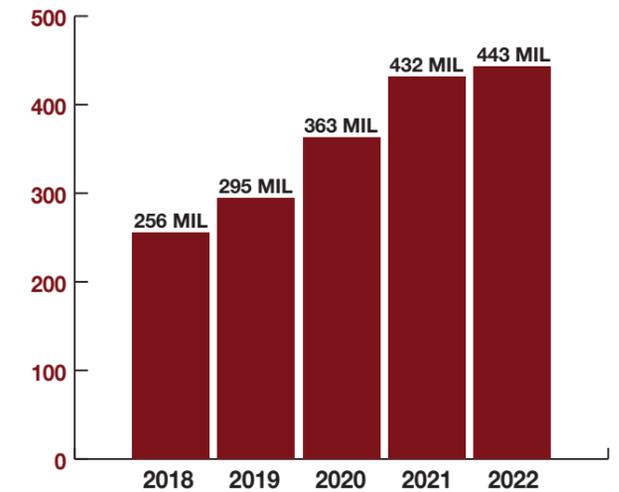
Douglas Guillon
President
Guillon Companies

ADVISORS

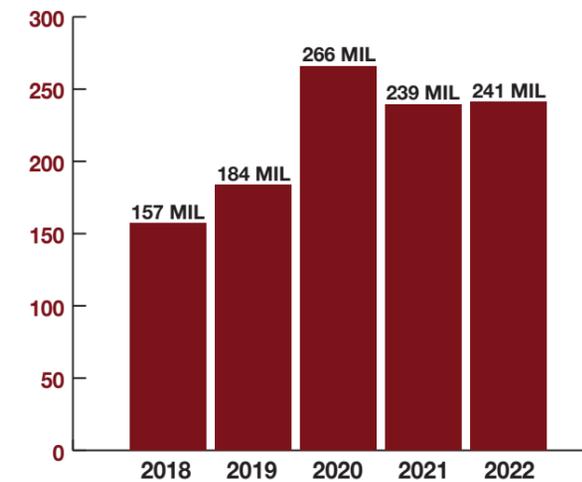
Bill Bales Retired, Sierra Nevada Brewing Company	James Boice, MD Pathology Sciences	John L. Burghardt Attorney	Dan Cargile Retired Banker
Ken Grossman Sierra Nevada Brewing Company	Norm Larson Larson Ranch	Jeff Lobosky, MD Retired Physician	Jack Sterling Madison Bear Garden
Dick Stein H J Promotional Products	Brian Sweeney Asset Management Group	Audrey Tennis Rice Farmer	



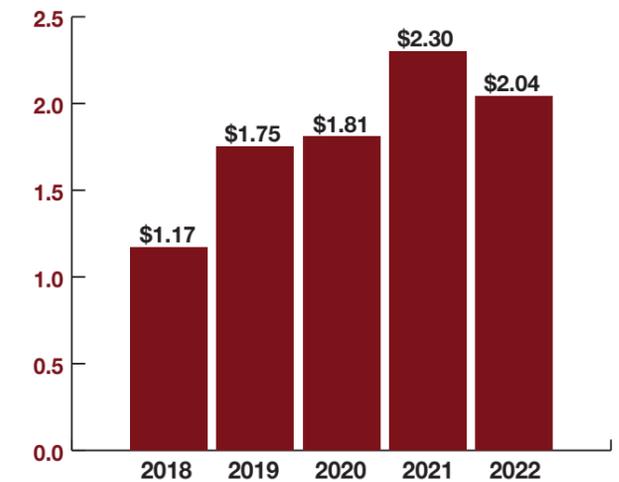
TOTAL ASSETS
\$478 Million



DEPOSITS
\$443 Million



LOANS
\$241 Million



EARNINGS PER SHARE
\$2.04

For more financial information visit:
<https://goldenvally.bank/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.otcm Markets.com to gain access. To inquire about purchase or sale, please contact your broker or Jessica Shepherd.

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