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Endeavor Bank Announces Pretax Income of \$1.74 Million for Third Quarter 2022 and \$3.98 Million for First Nine Months of 2022¹

Results Highlighted by Strong Core Loan and Net Interest Margin Expansion

SAN DIEGO, CA -- (November 4, 2022) –Endeavor Bancorp (OTC Pink: EDVR) (“Bancorp”), the holding company for Endeavor Bank (the “Bank”), today announced that strong core loan growth, excluding PPP loans, and net interest margin expansion contributed to profitability for the third quarter ending September 30, 2022. Endeavor Bank reported pretax net income of \$1.74 million for the third quarter of 2022, compared to \$1.33 million for the second quarter of 2022. On a consolidated basis, Bancorp reported pretax net income of \$1.48 million for the third quarter of 2022.

For the first nine months of 2022, the Bank’s pretax net income was \$3.98 million, compared to \$4.78 million in the first nine months of 2021. Earnings for the first nine months of 2022 included \$1.10 million from PPP fee income, compared to \$4.37 million from PPP fee income in the first nine months of 2021, as fewer PPP loans remain in the Bank’s loan portfolio. Excluding PPP fee income, the Bank’s core pretax earnings improved substantially to \$2.87 million in the first nine months of 2022, compared to \$413,000 in the nine-month period a year ago.

During the second quarter of 2022, the Bank recorded a \$2.51 million one-time deferred tax credit that increased net earnings. As a result, year-to-date net income for the Bank was \$5.30 million, compared to \$3.46 million in the same period one year earlier. Given the improvement in core earnings, it is anticipated that future earnings will be sufficient to recognize the benefit of the remaining net deferred tax assets.

“We continued to generate positive operating results during the current quarter, reflecting the dedicated effort put forth by all of our employees to meet the needs of our community,” said Dan Yates, CEO. “Our third quarter 2022 results included substantial loan growth, as our lending team is doing an excellent job of replacing PPP loans with higher yielding core loans. As interest rates are poised to continue to increase over the next few quarters, we expect to realize a further increase in our loan yields, especially as we continue to move through floors on variable rate loans. While we remain

¹ This press release includes both Bank only and Consolidated Bancorp results as noted.

cautious, as rising interest rates and recession concerns could slow down future growth, we are encouraged by our operating performance during the first nine months of 2022 and are focused on achieving continued profitability in the months ahead.”

The Bank’s net interest margin was 4.20% for the third quarter of 2022, compared to 4.32% for the second quarter of 2022 and 3.95% for the third quarter of 2021. “Both higher volumes of interest earning assets as well as higher yields on earning assets contributed to net interest margin expansion compared to the year ago quarter,” said Yates. “However, the net interest margin contracted compared to the preceding quarter in part due to higher cost of funds resulting from the recent Fed rate increases. We will continue to enhance our diversified deposit portfolio mix while maintaining a disciplined deposit pricing approach..” For the first nine months of 2022, the Bank’s net interest margin was 4.20%, compared to 3.43% for the first nine months of 2021.

Total assets for the Bank were \$428.8 million at September 30, 2022, compared to \$468.1 million three months earlier. Loan production continues to be strong, with total loans increasing \$20.4 million during the quarter. PPP loans declined by \$3.5 million during the quarter while core loans increased by \$23.9 million. As of September 30, 2022, only \$3.78 million PPP loans remain out of over \$300.0 million that the bank originated.

Bank Deposits totaled \$373.0 million at September 30, 2022, compared to \$410.4 million three months earlier. The decrease compared to the prior quarter end was primarily due to one short-term deposit relationship. Compared to a year ago, deposits increased 24.4%. Noninterest bearing checking accounts represented 59% of total deposits, interest bearing demand represented 10%, and money market and savings accounts comprised 31% of the total deposit portfolio at September 30, 2022. Average deposits were \$379.5 million in the third quarter of 2022, compared to \$313.4 million in the preceding quarter.

“In the coming year, we will remain focused on disciplined balance sheet growth, while delivering consistent operating results to our shareholders,” said Steve Sefton, President. “While there will be challenges in the local economy, we have the right team in place to grow during the remainder of the year and into 2023.”

During the second quarter of 2022, shareholders approved the formation of Bancorp. In addition, the Bancorp board elected to downstream \$12 million in Tier 1 capital from Bancorp to the Bank, from proceeds of the sale of \$15 million of subordinated debt earlier in 2022. The infusion of capital will allow for additional growth in the months and years ahead. At September 30, 2022, the Bank’s Tier 1 risk based capital ratio was 11.30%, well above the regulatory well capitalized minimum capital ratio requirement of 6.00%.

September 30, 2022 Financial Results (\$000 omitted) –
Unaudited

September 30 and June 30, 2022, results are for Consolidated Endeavor Bancorp.
September 30, 2021, results are for Endeavor Bank only.

	At or for the Three Months Ending September 30, 2022 (Consolidated)	At or for the Three months Ending June 30, 2022 (Consolidated)	At or for the Three Months Ending September 30, 2021 (Bank Only)
Core Loan Balances	\$371,362	\$347,428	\$241,240
PPP Loan Balances	\$ 3,783	\$ 7,310	\$105,755
Total Gross Loan Balances	\$375,145	\$354,738	\$346,995
Total Assets	\$429,033	\$468,054	\$439,853
Total Deposits	\$371,139	\$408,032	\$299,812
Total Equity	\$ 37,327 ¹	\$ 36,170 ¹	\$ 31,222
Quarterly Pretax Net Income	\$ 1,478	\$ 909	\$ 2,086

¹Bancorp Total Equity does not include proceeds from the issuance of subordinated debt. Bank only Total Equity as of 9/30/2022 totaled \$49,811,000 and included \$12,000,000 in additional paid in capital contributed to the Bank by Bancorp from proceeds of the subordinated debt issuance.

For detailed financial statements covering the Bank's operating results, please refer to the call report filed with the FDIC located at <https://www.otcmartets.com/stock/EDVR/disclosure>.

About Endeavor Bancorp

Endeavor Bancorp, the holding company for Endeavor Bank, is primarily owned and operated by San Diegans for San Diego businesses and their owners. The bank's focus is local: local decision-making, local board, local founders, local owners, and relationships with local clients in the San Diego metropolitan marketplace and its surrounding areas.

Headquartered in downtown San Diego in the landmark Symphony Towers building, the Bank also operates a loan production and executive administration office in Carlsbad and La Mesa.

Endeavor Bank provides traditional business banking services across a broad spectrum of industries and specialties. Unique to the bank is its consultative banking approach that partners our business clients with Endeavor Bank's senior management. Together, we build strategies and provide resources that solve problems, plan for the future, and help clients' efforts to grow revenues and profits.

Visit www.bankendeavor.com for more information.

EDVR Shareholders

With many of our shareholders transferring their EDVR shares to their brokerage companies, along with ongoing trading taking place, Bancorp may not have the most current shareholder contact information. If you are an EDVR shareholder and would like to receive information via a more timely method, please complete the **Shareholder Communication Preference Form** on our website: <https://www.bankendeavor.com/investor-relations> so we can keep you updated on EDVR news, and invite you to various shareholder networking events throughout the year.

Forward-Looking Statements

This press release includes "forward-looking statements," as such term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on the current beliefs of Bancorp's directors and executive officers (collectively, "Management"), as well as assumptions made by and information currently available to Bancorp's Management. All statements regarding Bancorp's or the Bank's business strategy and plans and objectives of Management for future operations, are forward-looking statements. When used in this press release, the words "anticipate," "believe," "estimate," "expect" and "intend" and words or phrases of similar meaning, as they relate to Bancorp or Bancorp's Management, are intended to identify forward-looking statements. Although Bancorp believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. Important factors that could cause actual results to differ materially from Bancorp's expectations ("cautionary statements") are the effects of the COVID-19 pandemic and related government actions on the Bank and its customers, loan losses, changes in interest rates, loss of key personnel, lower lending limits and capital than competitors, regulatory restrictions and oversight of the Bank and Bancorp, the secure and effective implementation of technology, risks related to the local and national economy, Bancorp's implementation of its business plans and management of growth, loan performance, interest rates, and regulatory matters, the effects of trade, monetary and fiscal policies, inflation, and changes in accounting policies and practices. Based upon changing conditions, if any one or more of these risks or uncertainties materialize, or if any underlying assumptions prove incorrect, actual results may vary materially from those described as anticipated, believed, estimated, expected, or intended. Bancorp does not intend to update these forward-looking statements.

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