



Endeavor Bank Contact Information:

Dan C. Yates, CEO
(858) 230-5185
dyates@bankendeavor.com

Steven D. Sefton, President
(858) 230-4243
ssefton@bankendeavor.com

Endeavor Bank Announces 2021 Fourth Quarter Financial Results
Record Earnings and Strong Core Loan and Deposit Growth

SAN DIEGO, California (January 13, 2022) – Endeavor Bank, San Diego's local business-focused banking partner, announces results for the year ended 2021. The Bank continued its consultative banking focus for business clients resulting in core loan and deposit growth which contributed to the Bank's record earnings for FY 2021.

The Bank's long-term plan is to build core loan and core deposit business relationships, and in 2021 it achieved this result. In fiscal 2021 core loans increased by almost \$114 million, or 69%, and total deposits increased by nearly \$93 million, or 38%. The increase in core loans coupled with the net income associated with PPP loans recognized during the year fueled record earnings of \$5.024 million compared to earnings of \$1.416 million in fiscal 2020.

The Bank's 2021 net interest margin improved to 3.65% compared to 3.31% as of the prior year end which is primarily attributed to the decrease in the Bank's PPP loan portfolio. PPP loans accrue interest at the rate of 1% and are largely funded by an associated government program that results in a PPP funding cost of 0.35%. As the Bank's core loan portfolio increased substantially in 2021, while PPP loans were forgiven, the net effect resulted in an improvement in the Bank's loan interest income as expected. Core borrowers and depositors are the Bank's typical business clients, excluding PPP.

As expected, the Bank's PPP loan portfolio continues to contract as PPP borrowers request forgiveness and their PPP loans are paid off. In fiscal year 2020 the Bank originated \$177 million in PPP loans, while in fiscal year 2021 another \$127 million in PPP loans were originated, for a total of over \$304 million. The Bank's participation in the PPP program will eventually result in net fees earned of more than \$10 million once all the PPP loans have been fully forgiven and paid off. Thus far, the Bank earned \$3 million in net PPP fees in fiscal 2020, \$5.9 million in net PPP fees in fiscal 2021, and the remaining portion of net PPP fees, \$1.2 million, has been deferred and is expected to be substantially recognized in fiscal year 2022 when the remaining \$52,583,000 in PPP loans on the Bank's balance sheet are expected to be forgiven by the SBA.

Chief Executive Officer Dan Yates, commenting on the year end results, stated “Our annualized growth in core loans and deposits are what will create value for our shareholders and continue to fuel the Bank’s positive impact accelerating economic growth in San Diego. In addition, the fee income from the Bank’s participation in the PPP program added significant capital and created a boost to earnings while serving to support our local business community at a time of great need.”

Yates added, “While non-recurring PPP fees were one of the significant drivers of FY 2021 net earnings, it should be noted that even when the impact of net PPP income is excluded, the Bank achieved a healthy \$610,000 pretax net income from its core business operations for the fourth quarter of 2021. Earnings associated with the Bank’s core business are projected to continue to increase in 2022. However, as PPP fees decline in 2022, as the program sunsets, the net impact is likely to result in a decrease in overall net earnings next fiscal year compared to fiscal 2021. Management is largely focused on the steady increase in earnings associated with its core business relationships which increased substantially in 2021. Earnings generated from the Bank’s core business relationships will benefit from rising rates in 2022 if the Fed raises short terms rates as is widely anticipated.”

President Steve Sefton, commented about core loan growth stating, “Lending demand was strong in the fourth quarter. We saw a \$38 million increase in core loan balances during the last quarter of the year, and for the entire year we originated over 200 loans which resulted in core loan growth of over \$113 million funded out of over \$171 million in core loan commitments originated. Our lending pipeline remains strong going into 2022 with loans in various stages of approval and underwriting.”

In addition to the year-end results the Bank is also pleased to share that the board of directors of Endeavor Bank has approved the formation of Endeavor Bancorp. Endeavor Bancorp is expected to become the bank holding company for the Bank, subject to receipt of shareholder and regulatory approvals. Shareholders of the Bank would receive shares of Endeavor Bancorp in exchange for their shares of the Bank on a one-for-one basis. Endeavor Bancorp would be wholly-owned by the existing shareholders of the Bank.

December 31, 2021 Financial Results (\$000 omitted) – Unaudited

	Dec 31, 2021	Sept 30, 2021	Dec 31, 2020
Core Loan Balances	\$279,521	\$241,240	\$165,721
PPP Loan Balances	\$52,583	\$105,755	\$116,058
Total Net Loan Balances	\$332,104	\$346,995	\$281,779
Total Assets	\$429,253	\$439,853	\$390,030
Total Deposits	\$339,347	\$299,812	\$246,478
Total Equity	\$32,705	\$31,222	\$26,843
Quarterly Pretax Core Net Income (excluding PPP net income)	\$610	\$104	<\$791>
Actual Quarterly Net Income After Taxes (Including PPP net income)	\$1,563	\$1,425	\$1,151

For detailed financial statements covering the Bank's operating results, please refer to the call Report, which will be filed with the FDIC by January 30, 2022, located at <https://www.otcmarkets.com/stock/EDVR/disclosure>.

About Endeavor Bank

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. 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 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, the Bank 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 the Bank’s directors and executive officers (collectively, “Management”), as well as assumptions made by and information currently available to the Bank’s Management. All statements regarding the Bank’s business strategy and plans and objectives of Management of the Bank 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 the Bank or the Bank’s Management, are intended to identify forward-looking statements. Although the Bank 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 the Bank’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, the secure and effective implementation of technology, risks related to the local and national economy, the Bank’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. The Bank does not intend to update these forward-looking statements.

###