Endeavor Bancorp Contact Information:
(858) 230.5185
Dan Yates, CEO
dyates@bankendeavor.com

(858) 230.4243
Steve Sefton, President
ssefton@bankendeavor.com

Endeavor Bancorp Reports Net Income of $899,000 for the First Quarter of 2023; Results Highlighted by Core Deposit Growth

SAN DIEGO, CA -- (April 18, 2023) –Endeavor Bancorp (OTCQX: EDVR) (the "Company," or "Bancorp"), the holding company for Endeavor Bank (the "Bank"), today announced net income of $899,000 for the first quarter of 2023, compared to $764,000 for the fourth quarter of 2022, and $299,000 for the first quarter of 2022. The financial data presented in this release for the first quarter of 2023 and fourth quarter of 2022 are consolidated. The results presented in this press release for the first quarter of 2022 reflect Bank-only information. All results are unaudited.

First quarter 2023 results included a $291,500 provision for credit losses, compared to a $740,000 provision during the preceding quarter and a $420,000 provision in the first quarter of 2022. As PPP loan balances were down to only $2.17 million at quarter-end, the PPP fee income for the first quarter of 2023 was $16,000, compared to $41,000 in the preceding quarter, and $672,000 in the first quarter of 2022. Excluding PPP fee income and loan loss provisions, the Company's core pretax, pre-PPP, pre-provision earnings were $1.58 million in the first quarter of 2023, compared to $1.80 million in the preceding quarter and $655,000 in the first quarter a year ago. The Bank prides itself in the high quality of its loan portfolio, with zero loan defaults in its history.

"Our first quarter 2023 operating results were strong, highlighted by balance sheet expansion and substantial core deposit growth," said Dan Yates, CEO. "We benefited from exceptional growth in all deposit categories, and our goal is to fund continued balance sheet growth primarily through core deposits. During the quarter we had great success converting a significant amount of our potentially uninsured deposits through IntraFi Cash Services (ICS). As a result, we were able to reduce deposits over $250,000 down to 41.6% of total deposits at March 31, 2023, compared to 71.9% at December 31, 2022. Additionally, our balance sheet liquidity remains very stable, as we intentionally carry a very small bond portfolio (1.49% of total assets) compared to other banks our size. At March 31, 2023, we held over $130.25 million in cash balances, and we continue to maintain significant borrowing capability through the FHLB and Federal Reserve discount window. While the recent bank closures have caused uncertainty in the financial markets, we are well positioned with our healthy balance sheet mix, superb credit quality, strong capital position and excess liquidity to continue to grow our franchise in the year ahead."

The Company's annualized return on average equity for the first quarter of 2023 was 9.35% compared to 7.96% for the fourth quarter of 2022. The annualized return on average assets for the first quarter of 2023 was 0.73% compared to 0.66% for the prior quarter.

Net interest margin was 3.82% for the first quarter of 2023, compared to 3.87% for the fourth quarter of 2022. "Our net interest margin was impacted during the first quarter by higher funding costs due to the rapid rise in market interest rates," said Yates. "We anticipate that funding costs will continue to rise over the next quarter as we continue to increase rates to retain rate sensitive deposits, impacting our net interest margin in the near term."

The Company's first quarter earnings were also impacted by higher non-interest expense connected to $240,000 in annual board related stock compensation that is paid out one-time annually during the first quarter of each year. This compared to $185,000 in annual board related stock compensation during the first quarter of 2022.

Total assets increased $35.5 million, or 8.0%, during the first quarter to $516.0 million at March 31, 2023, compared to $480.4 million at December 31, 2022, and increased $133.0 million, or 34.7%, when compared to $383.0 million at March 31, 2022. Total loans, excluding PPP loans, decreased $3.6 million, or 1.0% during the first quarter to $374.7 million at March 31, 2023, compared to $378.0 million three months earlier, and increased $95.2 million, or 34.1% when compared to a year earlier. As of March 31, 2023, only $2.17 million PPP loans remain out of the $304.1 million originated.

The Bank grew deposits $34.0 million during the quarter to $456.9 million at March 31, 2023, compared to $422.9 million three months earlier. Compared to a year ago, deposits increased 45.8%. Noninterest bearing transaction accounts represented 30.2% of total deposits, interest bearing transaction accounts represented 26.7%, money market and savings accounts comprised 41.8% and time deposits represented 1.2% of the total deposit portfolio at March 31, 2023. While total deposits were up during the quarter, the deposit mix is shifting, as deposit retention remains competitive, and customers continue to seek higher yields. Average deposits were $437.9 million in the first quarter of 2023, compared to $393.5 million in the preceding quarter. Brokered deposits increased during the quarter to $127.68 million at March 31, 2023. The increase was due to the classification of IntraFi related deposits as brokered deposits and not due to the Bank adding traditional wholesale brokered deposits to its balance sheet. The Bank's IntraFi related deposits are relationship oriented and, in most cases, include rates below the cost of traditional brokered deposits.

"In an effort to strengthen our balance sheet liquidity, we strategically slowed loan growth during the second half of 2022, with a targeted 80% loan to deposit ratio," said Steve Sefton, President. "We are optimistic about our growth prospects ahead, with the expectation of growing the loan portfolio by $50 million over the next two quarters. During the first quarter we generated strong loan originations of $59.2 million, and a large amount of loan production included undisbursed loans that are expected to fund over the next several quarters. While utilization of credit lines remain near historical lows at 28%, we anticipate business clients to increase line utilization to invest in business expansion opportunities once interest rates stabilize and the economic outlook improves. We will continue to look for ways to grow the loan portfolio prudently while at the same time building a fortress balance sheet to take advantage of opportunities in this changing environment."

At March 31, 2023, the Bank's Tier 1 leverage ratio was 10.82%, the Tier 1 risk-based capital ratio was 11.58%, and the Total risk-based capital ratio was 12.83%, all of which were well above regulatory minimums. During the second quarter of 2022, 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. An additional $2.0 million was down streamed in the first quarter of 2023. The infusions of capital will allow for additional growth in the months and years ahead.

Earlier this month, the Company celebrated the opening of a new Endeavor Bank full-service regional banking office, located at 9400 Grossmont Summit Drive in La Mesa, California. "We are excited to expand our community presence by bringing our consultative model of business banking to East County cities, including La Mesa, El Cajon, Lemon Grove and Santee, as well as nearby unincorporated areas," said Sefton. "The business community at large has responded well to our consultative style of business banking. We show up for our clients for in-person business consultations, and having one more office to support them will enable us to serve East County business owners at the high level they deserve."

On January 1, 2023, Endeavor Bancorp implemented the Current Expected Credit Losses ("CECL") accounting standard.

About Endeavor Bancorp

Endeavor Bancorp, the holding company for Endeavor Bank, is primarily owned and operated by Southern Californians for Southern California 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 Southern California.

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 a new branch office in 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. On December 7, 2022, Endeavor Bancorp began trading on the OTCQX® Best Market under the symbol "EDVR." 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 the Company's directors and executive officers (collectively, "Management"), as well as assumptions made by and information currently available to the Company's Management. All statements regarding the Company's business strategy and plans and objectives of Management of the Company 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 Company or the Company's Management, are intended to identify forward-looking statements. Although the Company 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 Company's expectations ("cautionary statements") are loan losses, rapid and unanticipated deposit withdrawals, unavailability of sources of liquidity, additional regulatory requirements that may be imposed on community banks or banks generally, changes in interest rates, loss of key personnel, lower lending limits and capital than competitors, regulatory restrictions and *oversight of the Company, the secure and effective implementation of technology, risks related to the local and national economy, changes in real estate values, the Company'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 Company does not intend to update these forward-looking statements.*

Endeavor Bancorp

SELECTED FINANCIAL DATA
(In thousands of dollars, except for ratios and per share amounts)

Unaudited

	Three Months Ended		
	March 31, 2023 (Consolidate	December 31, 2022 (Consolidated)	March 31, 2022
SUMMARY OF OPERATIONS			
Interest income	$ 6,567	$ 5,886	$ 4,016
Interest expense	1,942	1,302	73
Net interest income	4,625	4,584	3,943
Provision for credit losses	292	740	420
Net interest income after loss provision	4,333	3,844	3,523
Non-interest income	287	157	101
Non-interest expense	3,315	2,905	2,717
Income before tax	1,305	1,096	907
Federal income tax expense	258	212	443
State income tax expense	148	120	165
Net income	$ 899	$ 764	$ 299
Core pretax earnings*	$ 1,578	$ 1,795	$ 655
*excludes PPP fee income and provision for loan losses			
PER COMMON SHARE DATA			
Number of shares outstanding (000s)			
Earnings per share, basic			
Earnings per share, diluted			
Book Value per share			
BALANCE SHEET DATA			
Assets	$ 515,951	$ 480,434	$ 382,938
Investments securities	7,675	7,681	5,690
Total loans, net of unearned income	376,820	380,452	332,058
Total loans, excluding PPP loans	374,654	377,998	314,232
Total deposits	456,902	422,920	313,485
Borrowings	16,127	16,318	32,854
Shareholders' equity	39,450	38,202	32,885
AVERAGE BALANCE SHEET DATA			
Average assets	$ 496,733	$ 456,972	$ 392,411
Average total loans, net of unearned income	377,563	377,571	326,069
Average total deposits	437,896	393,536	319,741
Average shareholders' equity	38,962	38,098	33,336
ASSET QUALITY RATIOS			
Net (charge-offs) recoveries	$ -	$ -	
Net (charge-offs) recoveries to average loans	0.00%	0.00%	0.00%
Non-performing loans as a % of loans	0.14%	0.15%	0.12%
Non-performing assets as a % of assets	0.12%	0.12%	0.11%
Allowance for loan losses as a % of total loans	1.60%	1.52%	1.35%
Allowance for loan losses as a % of non-performing loans	8.80%	10.06%	9.10%
FINANCIAL RATIOS\STATISTICS			
Annualized return on average equity	9.35%	7.96%	13.96%
Annualized return on average assets	0.73%	0.66%	0.31%
Net interest margin	3.82%	4.02%	4.07%
Efficiency ratio	67.50%	61.27%	68.09%
CAPITAL RATIOS			
Tier 1 leverage ratio -- Bank	10.82%	11.20%	8.71%
Common equity tier 1 ratio -- Bank	11.58%	11.41%	8.87%
Tier 1 risk-based capital ratio -- Bank	11.58%	11.41%	8.87%
Total risk-based capital ratio --Bank	12.83%	12.66%	13.96%