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Endeavor Bank Announces 2021 First Quarter Financial Results

Strong Asset Growth from PPP Loan Originations Continues in First Quarter

SAN DIEGO, California (May 3, 2021) – As of March 31, 2021, the Bank’s total assets equaled almost \$512 million, reflecting growth from December 31, 2020 of nearly \$122 million, or 31%. Total deposits equaled almost \$278 million at the end of the first quarter, reflecting growth of \$31 million or 13% from yearend 2020, and total loans equaled \$386 million at March 31, 2021, reflecting growth of \$104 million or 37% during the quarter. The Bank continued to originate Paycheck Protection Program (PPP) loans throughout the first quarter of 2021, adding over 650 PPP loans totaling over \$115 million. At March 31, 2021, total PPP loan balances equaled \$200 million. Net income after tax for the quarter totaled \$294 thousand and continued to be positively impacted by the recognition of PPP fee income.

March 31, 2021 Financial Results (\$000)

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Total Assets	\$511,649	\$390,030
Total Loans	\$386,148	\$281,779
Total Deposits	\$277,698	\$246,478
Total Equity	\$27,948	\$26,843
Net Income After Tax (Quarter Ended)	\$294	\$1,151

The 2021 first quarter net profit is after non-recurring expenses for the issuance of stock options and restricted stock, which include expenses for options issued to certain Bank organizers in consideration for their early investment, which provided organizing seed money before the Bank was formed. The forty-six organizers who received a total of 131,250 stock options, resulting in expense of \$425,144 in the first quarter, include local business leaders, current Board members and executives. The number of stock options each such organizer received was based on a formula determined by the amount of seed money invested. Additional equity compensation

granted in the first quarter included 139,287 stock options granted to current non-management Board members, with a total cost of \$452,224, \$365,747 of which was recognized in the first quarter, and 14,829 restricted stock awards granted to certain bank executives and key performers, with a total cost of \$139,393, \$5,529 of which was recognized in the first quarter.

For the full detailed financial statements covering the Bank's operating results, please refer to the call report filed with the FDIC at <https://www7.fdic.gov/idasp/advSearchLanding.asp> (Enter Endeavor Bank name and click search).

President Steve Sefton commented, "We are proud to honor the intention we expressed to the organizers before the Bank formed by issuing their organizer stock options. Our organizers funded the seed money to start the Bank before we even had a business plan. At that time, they were investing only in our vision. More than three years later, we are proud to be able to carry out our intent."

Dan Yates, CEO, said, "We are hopeful that the worst of the pandemic is behind us as the first quarter of 2021 continues our fourth consecutive quarter of profitability. The key to consistent profitable operations has been credit quality and PPP fee income. Endeavor's strong credit culture and avoidance of COVID-19 impacted industry segments, as well as our consultative business model, which requires a close relationship with our clients, has been key to maintaining credit quality in terms of past due loans, charge offs, and other measurements of loan quality."

Sefton added, "The Endeavor team has generated over 1500 PPP loans totaling approximately \$290 million since the program began through the first quarter of 2021. The program expanded our balance sheet with PPP loans and related deposits during the program's tenure, which has been extended by Congress through May 31, 2021. As the program winds down over the balance of 2021 and beyond, we anticipate the balance sheet will contract as PPP loans are forgiven or repaid. So far, approximately half of the PPP loans Endeavor originated in 2020 have already been forgiven."

Yates further stated, "As the Bank continues to grow, our Board is also proposing to expand its size to oversee an expanding and more complex Bank. Vickie E. Turner has been nominated as a new Board member whose election will be proffered at the annual meeting on June 2, 2021. Shareholders are encouraged to attend the annual meeting virtually as a COVID-19 precaution. Instructions to attend and vote will be included with the proxy materials provided to all shareholders of record."

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.

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.

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