



**Endeavor Bancorp Contact Information:**

(858) 230.5185

Dan Yates, CEO

[dyates@bankendeavor.com](mailto:dyates@bankendeavor.com)

(858) 230.4243

Steve Sefton, President

[ssefton@bankendeavor.com](mailto:ssefton@bankendeavor.com)

**Endeavor Bancorp Reports Pretax Income of \$1.1 million for the Second Quarter of 2024;  
Results Highlighted by Substantial Loan Growth and Net Interest Margin Expansion**

SAN DIEGO, CA -- (July 19 , 2024) –Endeavor Bancorp (OTCQX: EDVR) (the “Company,” or “Bancorp”), the holding company for Endeavor Bank (the “Bank”), today reported net income of \$760,000, or \$0.18 per diluted share, for the second quarter of 2024, compared to net income of \$407,000, or \$0.10 per diluted share, for the first quarter of 2024, and \$900,000, or \$0.22 per diluted share, for the second quarter of 2023. Pretax net income was \$1.1 million in the second quarter compared to \$591,000 in the preceding quarter. All financial results are unaudited.

Results for the second quarter of 2024 included a \$451,000 provision for credit losses, compared to a \$450,000 provision for credit losses in the first quarter of 2024, and a \$272,000 provision for credit losses in the second quarter of 2023. The increase in the provision for credit losses over the prior quarter and the year ago quarter was due to strong loan growth, and not due to any credit quality concerns. Also of note is the increase in interest expense on borrowings this quarter to \$492,000 compared to \$298,000 in the prior quarter, and \$201,000 in the second quarter of 2023. The additional interest expense is associated with the recent new subordinated debt late in the first quarter of 2024. Excluding taxes and loan loss provisions, the Company’s core pretax, pre-provision earnings were \$1.5 million in the second quarter of 2024, compared to \$1.0 million in the preceding quarter and \$1.5 million in the second quarter of 2023.

“We delivered strong second quarter 2024 results, highlighted by substantial quarterly loan production and continued broad-based loan demand from our customers throughout our Southern California markets,” stated Julie Glance, CFO. “Our earning assets yield also increased, up 10 basis points during the second quarter, which is contributing to net interest margin expansion. We continue to maintain strong credit fundamentals and our credit quality metrics continue to be pristine. As a result of loan growth, we strengthened our allowance for loan losses during the quarter by adding to our loan loss reserves. We operate in one of the highest growth markets in the nation, and while some of the larger institutions in our markets are scaling back their lending efforts, we are actively growing our loan portfolio.”

**Income Statement**

Strong core earnings were driven by loan growth and higher rates on earning assets. Total interest income on loans and bank deposits and investments was \$9.2 million, an increase of \$686,000 compared to the preceding quarter, while total interest expenses increased \$352,000 during the same timeframe. Net interest income was

\$5.4 million in the second quarter of 2024, which was an increase of \$334,000, or 6.6% compared to the preceding quarter and a 9.0% increase compared to the second quarter of 2023.

“A highlight of the quarter was the 2 basis point improvement in the net interest margin to 3.70% for the second quarter, compared to the preceding quarter, as the yield on interest-earning assets outpaced the increase in cost of funds,” said Dan Yates, CEO. “We believe our net interest margin will continue to increase as we leverage our new capital to support sustained growth in earning assets and grow our operations, eventually driving higher earnings over time.”

Net interest margin (NIM) increased 2 basis points to 3.70% in the second quarter of 2024 compared to 3.68% in the first quarter of 2024 and decreased 15 basis points compared to 3.85% in the second quarter of 2023. The yield on total earning assets increased 10 basis points during the second quarter of 2024 to 6.33%, compared to 6.23% in the preceding quarter. The cost of deposits rose in the second quarter as did the interest expense on borrowings, increasing the overall cost of funds by 8 basis points during the second quarter of 2024 to 2.84%, compared to 2.76% in the preceding quarter.

Non-Interest income jumped to \$390,000 in the second quarter, boosted by income from the sale of SBA loans. This represents an increase of \$239,000, or 158%, compared to the first quarter 2024.

“As planned, our focus on growth and market expansion led to a \$249,000 increase in salaries and benefits expense during the second quarter of 2024, compared to the prior quarter, and a \$564,000 increase over the second quarter of 2023,” said Glance. The Company’s total non-interest expense increased by only \$66,000, or 1.6% in the second quarter.

The Company’s annualized return on average equity for the second quarter of 2024 was 6.96%, compared to 3.79% in the first quarter of 2024 and 8.99% in the second quarter of 2023. The annualized return on average assets for the second quarter of 2024 was 0.52% compared to 0.29% in the first quarter of 2024 and 0.70% in the second quarter of 2023.

## **Balance Sheet**

Total assets increased \$27.9 million, or 4.9%, during the second quarter of 2024 to \$593.8 million at June 30, 2024, compared to \$565.9 million at March 31, 2024, and increased \$44.6 million, or 8.1%, compared to June 30, 2023. Balance sheet liquidity remains strong with cash balances of \$84.5 million, which represents 14.2% of total assets as of June 30, 2024. The Company’s bond portfolio increased \$4.78 million to \$18.2 million as of June 30, 2024, representing only 3.1% of total assets. Total available borrowing capacity through the Federal Home Loan Bank and the Federal Reserve discount window exceeded \$166.80 million as of quarter end.

“Loan growth continues to be solid, as we focus on lending opportunities in our market where many banks are pulling back and restricting lending,” said Steve Sefton, President. “We continue to remain selective on the loans we put on the books, adding only high quality credits to the balance sheet with disciplined loan pricing. As of quarter end, there were minimal office building loans in the portfolio, and 50% of the commercial real estate loans were owner-occupied.”

Total loans outstanding increased \$40.2 million, or 9.1%, during the second quarter of 2024 to \$483.4 million at June 30, 2024, compared to \$443.2 million three months earlier, and increased \$81.4 million, or 20.2%, when compared to \$402.0 million a year earlier. Total non-performing loans were only 0.06% of the total loan portfolio as of June 30, 2024, down from 0.07% compared to three months earlier. The Company had no net charge offs during the second quarter of 2024, the same as the prior quarter.

Total deposits increased \$26.1 million during the quarter to \$518.2 million at June 30, 2024, compared to \$492.2 million three months earlier. Compared to a year ago, deposits increased by \$29.0 million, up 5.9%. The loan to deposit ratio was 93.3% at June 30, 2024, compared to 90.1% at March 31, 2024.

As a result of its participation in a reciprocal deposit placement network, the Bank accepted “reciprocal” deposits from other institutions, enabling the Bank to offer customers FDIC insurance on accounts in excess of the typical \$250,000 FDIC insurance limit. Although the reciprocal deposit accounts maintained through the network are core deposits seeking FDIC insurance, the FDIC rules indicate that reciprocal deposits aggregating over 20% of total liabilities are classified as deposits obtained by or through a deposit broker. The total reciprocal deposits reported as brokered deposits were \$127.8 million at June 30, 2024, and \$126.7 million as of March 31, 2024.

Shareholders’ equity was \$44.1 million at June 30, 2024, compared to \$43.2 million at March 31, 2024, and \$40.4 million at June 30, 2023. Tangible book value per share increased to \$12.55 at June 30, 2024, compared to \$12.64 three months earlier and \$11.83 a year earlier.

### **Capital**

On March 5, the Company announced that it had completed the issuance of \$12.5 million in fixed-to-floating rate subordinated notes. The subordinated debt was structured such that it qualified as Tier 2 capital at the holding company with most of the new capital down streamed to the Bank as Tier 1 capital. “The additional capital provides us with the foundation to expand our team, increase our ability to profitably expand our client base regionally, and achieve much stronger returns over the next several years,” said Yates.

Largely due to the subordinated debt capital raise completed during the first quarter of 2024, the Bank’s Tier 1 leverage ratio was 11.70% as of June 30, 2024, compared to 12.18% at March 31, 2024. The Tier 1 risk-based capital ratio was 11.84% as of June 30, 2024, compared to 12.49% on March 31, 2024, and the Total risk-based capital ratio was 13.04% compared to 13.69% three months earlier, all of which were well above regulatory minimums.

### **Stock Dividend**

On May 20, 2024, the Company distributed a 2% stock dividend to shareholders of record on May 10, 2024.

### **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 Symphony Towers building, the Bank also operates a loan production and executive administration office in Carlsbad and a 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. Endeavor Bancorp trades on the OTCQX® Best Market under the symbol “EDVR.” Visit [www.endeavor.bank](http://www.endeavor.bank) 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.*



**SELECTED FINANCIAL DATA**

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

Unaudited

	Three Months Ended					
	June 30, 2024		March 31, 2024		June 30, 2023	
	(Consolidated)		(Consolidated)		(Consolidated)	
<b>SUMMARY OF OPERATIONS</b>						
Interest income	\$	9,203	\$	8,516	\$	7,320
Interest expense		3,840		3,488		2,399
Net interest income		5,363		5,029		4,921
Provision for credit losses		451		450		272
Net interest income after loss provision		4,912		4,580		4,649
Non-interest income		390		151		181
Non-interest expense		4,205		4,139		3,562
Income before tax		1,097		591		1,268
Federal income tax expense		215		117		234
State income tax expense		121		66		134
Net income	\$	760	\$	407	\$	900
Core pretax earnings*	\$	1,548	\$	1,041	\$	1,529
*excludes taxes and provision for loan losses						
<b>PER COMMON SHARE DATA</b>						
Number of shares outstanding (000s)		3,493		3,422		3,394
Earnings per share, basic	\$	0.22	\$	0.12	\$	0.27
Earnings per share, diluted	\$	0.18	\$	0.10	\$	0.22
Book Value per share	\$	12.61	\$	12.62	\$	11.90
<b>BALANCE SHEET DATA</b>						
Assets	\$	593,803	\$	565,881	\$	549,203
Total loans, net of unearned income		483,411		443,213		402,027
Total deposits		518,230		492,169		489,213
Borrowings		26,648		27,090		16,115
Shareholders' equity		44,051		43,197		40,373
<b>AVERAGE BALANCE SHEET DATA</b>						
Average assets	\$	590,625	\$	557,691	\$	519,140
Average total loans, net of unearned income		461,476		434,999		387,678
Average total deposits		515,457		490,628		459,029
Average shareholders' equity		43,825		43,247		40,156
<b>ASSET QUALITY RATIOS</b>						
Net (charge-offs) recoveries	\$	-	\$	-	\$	-
Net (charge-offs) recoveries to average loans		0.00%		0.00%		0.00%
Non-performing loans as a % of loans		0.06%		0.07%		0.12%
Non-performing assets as a % of assets		0.05%		0.05%		0.09%
Allowance for loan losses as a % of total loans		1.42%		1.45%		1.57%
Allowance for loan losses as a % of non-performing loans		22.94%		21.44%		19.97%
<b>FINANCIAL RATIOS\STATISTICS</b>						
Annualized return on average equity		6.96%		3.79%		8.99%
Annualized return on average assets		0.52%		0.29%		0.70%
Net interest margin		3.70%		3.68%		3.85%
Efficiency ratio		75.75%		79.91%		69.83%
<b>CAPITAL RATIOS</b>						
Tier 1 leverage ratio -- Bank		11.70%		12.18%		10.56%
Common equity tier 1 ratio -- Bank		11.84%		12.49%		11.34%
Tier 1 risk-based capital ratio -- Bank		11.84%		12.49%		11.34%
Total risk-based capital ratio --Bank		13.04%		13.69%		12.59%
TCE/TA *		7.42%		7.63%		7.35%
Tangible Book Value per Share	\$	12.55	\$	12.64	\$	11.83

\*Non-GAAP financial measure.

Unaudited financials 2024