

# Section 1: 8-K (FORM 8-K)

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K  
CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934.

Date of Report: July 17, 2019  
(Date of earliest event reported)

Oak Valley Bancorp  
(Exact name of registrant as specified in its charter)

CA  
(State or other jurisdiction  
of incorporation)

001-34142  
(Commission File Number)

26-2326676  
(IRS Employer  
Identification Number)

125 N. Third Ave. Oakdale, CA  
(Address of principal executive offices)

95361  
(Zip Code)

(209) 848-2265  
(Registrant's telephone number, including area code)

Not Applicable  
(Former Name or Former Address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934. Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------|-------------------|---|
| Common Stock        | OVLV              | The Nasdaq Stock Market, LLC              |

**Item 2.02. Results of Operations and Financial Condition**

On July 17, 2019 Oak Valley Bancorp issued a press release, a copy of which is attached as Exhibit 99.1 and incorporated herein by reference. The press release announced the Company's operating results for the quarter and six months ended June 30, 2019.

The information in this Item 2.02 in this Form 8-K and the Exhibit 99.1 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference in such filing.

**Item 7.01. Regulation FD Disclosure.**

See "Item 2.02. Results of Operations and Financial Condition" which is incorporated by reference in this Item 7.01.

**Item 9.01. Financial Statements and Exhibits****(a) Financial statements:**

None

**(b) Pro forma financial information:**

None

**(c) Shell company transactions:**

None

**(d) Exhibits**

99.1 [Press Release of Oak Valley Bancorp dated July 17, 2019](#)

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: July 18, 2019

**OAK VALLEY BANCORP**

By: /s/ Jeffrey A. Gall \_\_\_\_\_

Jeffrey A. Gall  
Senior Vice President and Chief Financial Officer  
(Principal  
Financial Officer and duly authorized signatory)

| <u>Exhibit No.</u> | <u>Exhibit Index</u> | <u>Description</u>                                      |
|--------------------|----------------------|---|
| 99.1               |                      | Press Release of Oak Valley Bancorp dated July 17, 2019 |

[\(Back To Top\)](#)

## Section 2: EX-99.1 (EXHIBIT 99.1)

Exhibit 99.1

# PRESS RELEASE

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### For Immediate Release

**Date:** July 17, 2019  
**Contact:** Chris Courtney/Rick McCarty  
**Phone:** (209) 848-2265  
www.ovcb.com

## OAK VALLEY BANCORP REPORTS 2<sup>nd</sup> QUARTER RESULTS AND ANNOUNCES CASH DIVIDEND

OAKDALE, CA—Oak Valley Bancorp (NASDAQ: OVLY) (the “Company”), the bank holding company for Oak Valley Community Bank and their Eastern Sierra Community Bank division, recently reported unaudited consolidated financial results. For the three months ended June 30, 2019, consolidated net income was \$2,963,000, or \$0.37 per diluted share (EPS), compared to \$3,104,000, or \$0.38 EPS, for the prior quarter and \$2,591,000, or \$0.32 EPS, for the same period a year ago. The decrease of \$141,000 compared to the prior quarter is mainly due to loan loss provisions of \$95,000 resulting from loan growth of \$10.8 million during the second quarter, along with slightly higher operating costs. Compared to the second quarter of 2018, the net income increase of \$372,000 was driven by net interest margin expansion corresponding to loan growth.

Consolidated net income for the six months ended June 30, 2019 totaled \$6,067,000, or \$0.75 EPS, representing an increase of 12.5% compared to \$5,393,000, or \$0.67 EPS for the six months ended June 30, 2018. The Company has benefited from year-over-year loan growth and increased service fee income resulting from the expansion of our deposit and loan customer base, as the main contributors to the year-to-date net income increase of \$674,000.

Net interest income was \$10,128,000 for the three months ended June 30, 2019, compared to \$10,111,000 for the prior quarter and \$9,327,000 for the same period last year. The increase is attributable to the growth of average gross loans, combined with the positive impact that the 2018 FOMC rate hikes have had on the yield of our earning assets. As a result, the Company’s net interest margin for the three months ended June 30, 2019 increased to 4.23%, compared to 4.16% for the prior quarter, and 3.83% for the same period last year.

Non-interest income for the three months ended June 30, 2019 totaled \$1,242,000, compared to \$1,275,000 during the prior quarter, and \$1,011,000 for the same period last year. The decrease compared to the prior quarter is due to a decline in gains recorded from called available-for-sale investment securities. The increase from the same period last year is primarily due to unrealized gains recorded on the fair value of equity investment securities. Additionally, the Company continues to recognize steady growth in service charge and transaction fee income, as a result of our growing core deposit base.

Non-interest expense for the three months ended June 30, 2019 totaled \$7,310,000, compared to \$7,233,000 during the prior quarter, and \$6,905,000 for the same period last year. The increase compared to prior periods corresponds to the expansion into Sacramento during the third quarter of 2018, and other lending and credit administration staff additions, combined with increased general operating costs related to servicing the growing loan and deposit portfolios.

Total assets were \$1.07 billion as of June 30, 2019, an increase of \$9.2 million over March 31, 2019 and a decrease of \$1.3 million over June 30, 2018. Gross loans were \$718.2 million as of June 30, 2019, an increase of \$10.8 million over March 31, 2019, and an increase of \$63.6 million over June 30, 2018. The Company's total deposits were \$949.1 million as of June 30, 2019, an increase of \$10.3 million over March 31, 2019 and a decrease of \$21.5 million over June 30, 2018, as a result of the bank electing not to match competitive offerings on certain high interest rate deposit accounts during the first quarter of 2019.

"The Bank is truly hitting on all cylinders, as evidenced by positive year-over-year trends in each of its key performance ratios. This is a tribute to the hard work and dedication our team puts forward in delivering a unique customer experience and their commitment to lending prudently to quality clients," stated Chris Courtney, President and CEO.

Non-performing assets as of June 30, 2019 were \$906,000, or 0.08% of total assets, compared to \$967,000 or 0.09% of total assets as of March 31, 2019, and \$1,310,000, or 0.12%, at June 30, 2018. The decrease from the same period a year ago is the result of collateral sales and subsequent payments received on non-performing loans. The allowance for loan losses to gross loans decreased to 1.22% at June 30, 2019, compared to 1.23% at March 31, 2019 and 1.25% at June 30, 2018. The Company recorded provision for loan losses of \$95,000 during the second quarter of 2019 due to the \$10.8 million loan growth, as loan loss reserves relative to gross loans remain at acceptable levels and credit quality remains strong.

The Board of Directors of Oak Valley Bancorp at their July 16, 2019 meeting, declared the payment of a cash dividend of \$0.135 per share of common stock to its shareholders of record at the close of business on July 29, 2019. The payment date will be August 9, 2019 and will amount to approximately \$1,108,000. This is the second dividend payment made by the Company in 2019.

Oak Valley Bancorp operates Oak Valley Community Bank and their Eastern Sierra Community Bank division, through which it offers a variety of loan and deposit products to individuals and small businesses. They currently operate through 17 conveniently located branches: Oakdale, Turlock, Stockton, Patterson, Ripon, Escalon, Manteca, Tracy, Sacramento, two branches in Sonora, three branches in Modesto, and three branches in their Eastern Sierra division, which includes Bridgeport, Mammoth Lakes and Bishop. The Sacramento – Capitol Mall Branch, which opened in 2018, is the latest addition to Oak Valley's network.

For more information, call 1-866-844-7500 or visit [www.ovcb.com](http://www.ovcb.com).

This press release includes forward-looking statements about the corporation for which the corporation claims the protection of safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995.

Forward-looking statements are based on management's knowledge and belief as of today and include information concerning the corporation's possible or assumed future financial condition, and its results of operations and business. Forward-looking statements are subject to risks and uncertainties. A number of important factors could cause actual results to differ materially from those in the forward-looking statements. Those factors include fluctuations in interest rates, government policies and regulations (including monetary and fiscal policies), legislation, economic conditions, including increased energy costs in California, credit quality of borrowers, operational factors and competition in the geographic and business areas in which the company conducts its operations. All forward-looking statements included in this press release are based on information available at the time of the release, and the Company assumes no obligation to update any forward-looking statement.

###

**Oak Valley Bancorp**  
Financial Highlights (unaudited)

(\$ in thousands, except per share)

**Selected Quarterly Operating Data:**

|                                     | 2nd Quarter<br>2019 | 1st Quarter<br>2019 | 4th Quarter<br>2018 | 3rd Quarter<br>2018 | 2nd Quarter<br>2018 |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Net interest income                 | \$ 10,128           | \$ 10,111           | \$ 10,179           | \$ 9,944            | \$ 9,327            |
| Provision for loan losses           | 95                  | -                   | 555                 | -                   | -                   |
| Non-interest income                 | 1,242               | 1,275               | 1,232               | 1,137               | 1,011               |
| Non-interest expense                | 7,310               | 7,233               | 6,921               | 6,820               | 6,905               |
| Net income before income taxes      | 3,965               | 4,153               | 3,935               | 4,261               | 3,433               |
| Provision for income taxes          | 1,002               | 1,049               | 956                 | 1,096               | 842                 |
| Net income                          | <u>\$ 2,963</u>     | <u>\$ 3,104</u>     | <u>\$ 2,979</u>     | <u>\$ 3,165</u>     | <u>\$ 2,591</u>     |
| Earnings per common share - basic   | \$ 0.37             | \$ 0.38             | \$ 0.37             | \$ 0.39             | \$ 0.32             |
| Earnings per common share - diluted | \$ 0.37             | \$ 0.38             | \$ 0.37             | \$ 0.39             | \$ 0.32             |
| Dividends paid per common share     | \$ -                | \$ 0.135            | \$ -                | \$ 0.130            | \$ -                |
| Return on average common equity     | 11.39%              | 12.54%              | 12.16%              | 13.21%              | 11.18%              |
| Return on average assets            | 1.13%               | 1.17%               | 1.08%               | 1.17%               | 0.99%               |
| Net interest margin (1)             | 4.23%               | 4.16%               | 3.96%               | 3.97%               | 3.83%               |
| Efficiency ratio (2)                | 62.27%              | 62.20%              | 58.78%              | 59.50%              | 64.20%              |
| <b>Capital - Period End</b>         |                     |                     |                     |                     |                     |
| Book value per common share         | \$ 12.98            | \$ 12.45            | \$ 12.09            | \$ 11.67            | \$ 11.50            |
| <b>Credit Quality - Period End</b>  |                     |                     |                     |                     |                     |
| Nonperforming assets/ total assets  | 0.08%               | 0.09%               | 0.08%               | 0.09%               | 0.12%               |
| Loan loss reserve/ gross loans      | 1.22%               | 1.23%               | 1.22%               | 1.23%               | 1.25%               |
| <b>Period End Balance Sheet</b>     |                     |                     |                     |                     |                     |
| (\$ in thousands)                   |                     |                     |                     |                     |                     |
| Total assets                        | \$ 1,068,310        | \$ 1,059,130        | \$ 1,094,887        | \$ 1,075,805        | \$ 1,069,600        |
| Gross loans                         | 718,158             | 707,408             | 711,902             | 663,195             | 654,594             |
| Nonperforming assets                | 906                 | 967                 | 920                 | 920                 | 1,310               |
| Allowance for loan losses           | 8,770               | 8,677               | 8,685               | 8,135               | 8,162               |
| Deposits                            | 949,090             | 938,743             | 986,495             | 974,424             | 970,615             |
| Common equity                       | 106,583             | 102,218             | 99,038              | 95,666              | 94,145              |
| <b>Non-Financial Data</b>           |                     |                     |                     |                     |                     |
| Full-time equivalent staff          | 184                 | 180                 | 178                 | 176                 | 175                 |
| Number of banking offices           | 17                  | 17                  | 17                  | 17                  | 16                  |
| <b>Common Shares outstanding</b>    |                     |                     |                     |                     |                     |
| Period end                          | 8,208,853           | 8,209,750           | 8,194,805           | 8,194,255           | 8,183,005           |
| Period average - basic              | 8,102,565           | 8,093,106           | 8,086,748           | 8,083,927           | 8,080,134           |
| Period average - diluted            | 8,116,950           | 8,102,411           | 8,097,161           | 8,104,252           | 8,098,269           |
| <b>Market Ratios</b>                |                     |                     |                     |                     |                     |
| Stock Price                         | \$ 19.55            | \$ 17.64            | \$ 18.30            | \$ 19.65            | \$ 22.87            |
| Price/Earnings                      | 13.33               | 11.34               | 12.52               | 12.65               | 17.78               |
| Price/Book                          | 1.51                | 1.42                | 1.51                | 1.68                | 1.99                |

| (\$ in thousands, except per share) | SIX MONTHS ENDED JUNE 30, |              |
|-------------------------------------|---------------------------|--------------|
|                                     | 2019                      | 2018         |
| Net interest income                 | \$ 20,239                 | \$ 18,444    |
| Provision for loan losses           | 95                        | -            |
| Non-interest income                 | 2,517                     | 2,343        |
| Non-interest expense                | 14,543                    | 13,637       |
| Net income before income taxes      | 8,118                     | 7,150        |
| Provision for income taxes          | 2,051                     | 1,757        |
| Net income                          | \$ 6,067                  | \$ 5,393     |
| Earnings per common share - basic   | \$ 0.75                   | \$ 0.67      |
| Earnings per common share - diluted | \$ 0.75                   | \$ 0.67      |
| Dividends paid per common share     | \$ 0.135                  | \$ 0.13      |
| Return on average common equity     | 11.95%                    | 11.82%       |
| Return on average assets            | 1.15%                     | 1.03%        |
| Net interest margin (1)             | 4.19%                     | 3.82%        |
| Efficiency ratio (2)                | 62.24%                    | 63.80%       |
| <b>Capital - Period End</b>         |                           |              |
| Book value per common share         | \$ 12.98                  | \$ 11.50     |
| <b>Credit Quality - Period End</b>  |                           |              |
| Nonperforming assets/ total assets  | 0.08%                     | 0.12%        |
| Loan loss reserve/ gross loans      | 1.22%                     | 1.25%        |
| <b>Period End Balance Sheet</b>     |                           |              |
| (\$ in thousands)                   |                           |              |
| Total assets                        | \$ 1,068,310              | \$ 1,069,600 |
| Gross loans                         | 718,158                   | 654,594      |
| Nonperforming assets                | 906                       | 1,310        |
| Allowance for loan losses           | 8,770                     | 8,162        |
| Deposits                            | 949,090                   | 970,615      |
| Common equity                       | 106,583                   | 94,145       |
| <b>Non-Financial Data</b>           |                           |              |
| Full-time equivalent staff          | 184                       | 175          |
| Number of banking offices           | 17                        | 16           |
| <b>Common Shares outstanding</b>    |                           |              |
| Period end                          | 8,208,853                 | 8,183,005    |
| Period average - basic              | 8,097,862                 | 8,077,562    |
| Period average - diluted            | 8,109,721                 | 8,099,479    |
| <b>Market Ratios</b>                |                           |              |
| Stock Price                         | \$ 19.55                  | \$ 22.87     |
| Price/Earnings                      | 12.94                     | 16.99        |
| Price/Book                          | 1.51                      | 1.99         |

(1) Ratio computed on a fully tax equivalent basis using a marginal federal tax rate of 21%.

(2) Ratio computed on a fully tax equivalent basis using a marginal federal tax rate of 21%.

A marginal federal/state combined tax rate of 29.56%, was used for applicable revenue.

[\(Back To Top\)](#)