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<https://www.bizjournals.com/sacramento/news/2018/04/20/first-local-branch-may-be-beachhead-for-oak-valley.html>

First local branch may be beachhead for Oak Valley Community Bank's Sacramento expansion

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Even as Oak Valley Community Bank is still seeking approval to open its first branch in Sacramento, its executives are considering other branch locations in the Sacramento market.

The \$1 billion asset, Oakdale-based institution is currently seeking approval to open a branch on Capitol Mall in Sacramento.

Chris Courtney, CEO of Oak Valley Community Bank and its holding company Oak Valley Bancorp (Nasdaq: OVLY), said the downtown branch is a beachhead for Oak Valley, which could see a need for three more branches in communities such as Rancho Cordova or eastern Sacramento County.



MARK ANDERSON | SACRAMENTO BUSINESS JOURNAL
Oak Valley Community Bank has applied to open a branch at 455 Capitol Mall in downtown Sacramento.

The need, he said, is driven by the consolidation in recent years of Sacramento's homegrown community banks. Four local banks in the Sacramento region have been bought in the past two years, and that is creating an opening for a community bank that focuses on customer relationships, Courtney said.

"What we are really after is the quality relationship. What we strive for is the style of really understanding the customer. That's what we are looking to do, and we think there is a market for that," he said.

Founded in 1990, Oak Valley Community Bank has 16 branches from Oakdale to Stockton, including two branches in Sonora and three in Modesto. It also has an Eastern Sierra division, which has branches in Bridgeport, Mammoth Lakes and Bishop.

The bank has considered expanding into Sacramento for about a decade, Courtney said. "We've looked at it for years, but we haven't seen the right opportunity."

With recent mergers, Sacramento is now a market filled with opportunities, he said.

Sacramento will be Oak Valley's largest market. Oakdale is about 75 miles south of Sacramento, but many of the bank's executives are familiar with the city, Courtney said. Courtney earned his undergraduate degree in finance at California State University Sacramento, where he also earned his Master of Business Administration.

Oak Valley does all kinds lending, from retail accounts such as home loans to commercial lending and Small Business Administration lending. It also is an agricultural lender for real estate and production loans.

"We are a blend of a retail and commercial bank," Courtney said. "This is atypical these days for a bank our size, and I think it is our special sauce."

Oak Valley's Nasdaq-traded shares have risen 55 percent over the past year as the bank's earnings and assets have grown. Oak Valley reported \$2.8 million in net income in the first quarter, up from \$2.21 million in the year-earlier quarter. The bank's assets grew by 6.4 percent to \$1.05 billion.

While he is interested in adding more branches in the Sacramento area, Courtney said he isn't in a hurry. "We're going to be thoughtful about it and take it slow."

The new branch office is proposed for 455 Capitol Mall, Suite 115, a space that had previously been a branch of Comerica Bank. Dallas-based Comerica exited the Sacramento market in 2016.

The Sacramento market, which includes Sacramento, Placer, El Dorado and Yolo counties, had 39 different banks operating in it, as of June 30, 2017, according to the Federal Deposit Insurance Corp. That is down from 41 different banks serving the market a year earlier. In 2009, 47 different banks served the same market.

Consolidation has taken down the number of banks and branches in the region. In the past two years, four local community banks have agreed to be acquired, including Sierra Vista Bank and Folsom Lake Bank, both of Folsom, Community 1st Bank in Auburn and Community Business Bank of West Sacramento.

Mark Anderson

Staff Writer

Sacramento Business Journal

