



FOR IMMEDIATE RELEASE

Limerick, Pennsylvania – November 7, 2023

THE VICTORY BANCORP, INC., ANNOUNCES 2023 THIRD QUARTER EARNINGS

The Victory Bancorp, Inc. (OTCQX: VTYB), the holding company for The Victory Bank, announced unaudited results for the quarter ended September 30, 2023.

Joseph W. Major, Bank Leader and Chief Executive Officer, stated, “Market conditions have been unusually volatile during 2023 as rates and funding costs moved sharply upwards and overall bank funding declined rapidly. The unprecedented and severe increases to interest rates have squeezed net interest income and non-interest income for most banking companies, and The Victory Bank is no exception. As a result of these external forces, the bank’s balance sheet has shrunk modestly as deposits have declined and investments have gradually run off. Expenses have remained controlled, increasing from 2.35% to 2.65%, primarily because the balance sheet is somewhat smaller.”

Major concluded, “Despite these pressures and the possibility of a slowing national economy, the bank has continued to build the loan pipeline and experienced significant loan growth during the quarter, and I am pleased to report that the bank’s overall credit picture has remained strong, with reductions in both nonaccrual loans and non-performing assets. The bank has seamlessly implemented the CECL Expected Loss accounting methodology and is holding approximately 94 bps of reserves against its historically clean loan portfolio, with very little exposure to office building loans. The bank also continues to build its base of deposit accounts, increasing them by approximately 20% over the past 12 months, and we have increased stockholders’ equity by \$1.0 million dollars during that same timeframe.”

Third Quarter 2023 Highlights

- Net Loans increased 12.8% to \$352 million from \$312 million at September 30, 2022
- Interest income has increased from 4.09% to 5.80% over the past 12 months
- \$0.065 per share cash dividend paid to shareholders
- Net interest margin at the Bank remains solid at 3.52%
- Net income of \$546 thousand, totaling approximately \$0.26 per common share fully diluted
- Book value per share as of September 30, 2023, of \$13.47
- Total assets decreased by \$20 million to \$419 million as of September 30, 2023
- Credit quality remained stable with zero net losses during the quarter
- \$1.0 million increase in stockholders’ equity since September 30, 2022
- Non-interest expenses remain controlled at 2.65%

Capital Insights and Credit Quality:

- Nonaccrual loans remain low, falling from \$189 thousand in the linked quarter to \$0 in the current quarter.
- Non-performing assets to total assets decreased slightly from 0.09% in the linked quarter to 0.01% in the current quarter.
- Delinquencies greater than 30 days increased from \$266 thousand in the linked quarter to \$1.1 million representing 0.32% of net loans as of September 30, 2023, up from 0.06% as of December 31, 2022.
- The Allowance for Credit Losses (ACL) was reported under CECL for the first time in 1Q23.
- The bank's allowance was .94% as of September 30, 2023, down slightly from the ACL-to-total loans ratio of .99% as of December 31, 2022. The September 30, 2023, ACL covered non-performing loans over 58.8 times.
- The implementation of CECL did not require an audit adjustment. While future recessionary concerns are influencing the CECL qualitative adjustments, the ACL is heavily weighted on historical losses which have been minimal for a number of years.
- The bank remains well capitalized.

Victory Bancorp, Inc. is traded on the OTCQX market under the symbol VTYB (<https://www.otcmarkets.com>) and is the parent company of The Victory Bank, a Pennsylvania state-chartered commercial bank headquartered in Limerick, Pennsylvania, which is located just outside the Philadelphia market in Montgomery County. The Victory Bank was established in 2008 as a specialized business lender that provides high-quality banking services to small and mid-sized businesses and professionals through its three offices located in Montgomery and Berks Counties, Pennsylvania. Additional information about Victory Bancorp is available on its website, VictoryBank.com.

This presentation may contain forward-looking statements (within the meaning of Private Securities Litigation Reform Act of 1995). Actual results may differ materially from the results discussed in these forward-looking statements. Factors that might cause such a difference include, but are not limited to, general economic conditions, changes in interest rates, deposit flows, loan demand, real estate values, and competition; changes in accounting principles, policies, or guidelines; changes in legislation or regulation; and other economic, competitive, governmental, regulatory, and technological factors affecting the Company's operations, pricing, products, and services.

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CONSOLIDATED FINANCIAL HIGHLIGHTS (unaudited)

(dollars in thousands, except per share data)

| Selected Financial Data | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|---|-------------------------------|------------------------------|-------------------------------|
| Investment securities | \$ 47,335 | \$ 51,766 | \$ 73,509 |
| Loans, net of allowance for loan losses | 351,926 | 327,366 | 312,100 |
| Total assets | 418,843 | 423,854 | 437,493 |
| Deposits | 358,207 | 379,944 | 393,985 |
| Borrowings | 19,750 | 3,750 | 3,750 |
| Subordinated debt | 12,824 | 12,804 | 12,797 |
| Stockholders' equity | \$ 26,548 | \$ 26,199 | \$ 25,588 |
| Book value per common share | \$ 13.47 | \$ 13.29 | \$ 12.98 |
| Allowance/loans | 0.94% | 0.99% | 1.11% |
| Nonperforming assets/total assets | 0.01% | 0.02% | 0.03% |

| Selected Operations Data | 3 Months Ended | | |
|---|-------------------------------|------------------------------|-------------------------------|
| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
| Interest income | \$ 6,298 | \$ 5,428 | \$ 5,201 |
| Interest expense | 2,955 | 1,527 | 942 |
| Net interest income | 3,343 | 3,901 | 4,259 |
| Provision for loan losses | 75 | (203) | 43 |
| Other income | 143 | (467) | 140 |
| Other expense | 2,826 | 2,868 | 2,914 |
| Income before income taxes | 585 | 769 | 1,442 |
| Income taxes | (39) | (167) | (291) |
| Net income | \$ 546 | \$ 602 | \$ 1,151 |
| Earnings per common share (basic) | \$ 0.28 | \$ 0.31 | \$ 0.59 |
| Earnings per common share (diluted) | \$ 0.26 | \$ 0.29 | \$ 0.56 |
| Return on average assets (annualized) | 0.53% | 0.57% | 1.02% |
| Return on average equity (annualized) | 8.05% | 9.30% | 17.91% |
| Net charge-offs(recoveries)/average loans | 0.00% | 0.19% | 0.17% |