



FOR IMMEDIATE RELEASE

The Victory Bancorp, Inc.

2023 Fourth Quarter Earnings

Fourth Quarter Highlights

- **Book value per common share increased to \$14.18**
- **\$1.7 million increase in stockholders' equity since December 31, 2022**
- **\$0.065 per share cash dividend paid to shareholders**

Limerick, Pennsylvania – February 9, 2024 – The Victory Bancorp, Inc. (OTCQX: VTYB) reported net income of \$475 thousand, or \$0.23 per share (diluted), for the fourth quarter ended December 31, 2023. Net income for the year ended December 31, 2023, was \$2.1 million, or \$1.06 per share (diluted).

Book value per common share climbed to \$14.18 in December 2023.

Bank Leader, Joseph W. Major, stated, “Total bank assets increased nicely, from \$419 million at the end of the third quarter to \$442 million at year end. As the direct result of unprecedented interest rate increases, funding costs at the bank increased sharply all year, and the net interest margin declined. Despite these difficult operating conditions, our team was able to continue to attract valuable clients to the bank and build our loan portfolio to record levels along with record numbers of deposit accounts.” Mr. Major continued, “The bank’s loan “pipeline” remains quite strong, and we are pleased to recognize a noteworthy expansion in total net loans, which surged by 11.3% or \$36.9 million during the year ended December 31, 2023, reaching \$364.3 million at December 31, 2023, compared to \$327.4 million at December 31, 2022. This success has continued as the bank grew loans 3.5% quarter over quarter, from \$351.9 million at September 2023 to \$364.3 million at December 2023. We express our gratitude for the dedicated and hardworking efforts of our team, which significantly contribute to our ongoing success.”

Interest income increased \$5.1 million or 26.0%, from \$19.6 million for the year ended December 31, 2022, to \$24.7 million for the year ended December 31, 2023, while interest expense increased from \$3.7 million in 2022 to \$11.2 million in 2023. As a result, despite record loan balances, net interest income declined from \$15.9 million in 2022 to \$13.5 million in 2023.

Based on continued loan growth, the bank increased the allowance for loan loss from \$3.3 million at December 31, 2022, to \$3.5 million at December 31, 2023; the allowance for loan loss approximated 0.96% of total loans at December 31, 2023. Non-performing assets increased during the quarter, increasing from \$0 at September 30, 2023, to \$2.2 million at December 31, 2023 consisting mainly of two real estate related credits for which the Bank is well secured. \$1.5 million of these non-performing credits were repaid in early 2024.

Operating expenses remained well controlled, with non-interest expenses declining from \$11.2 million in 2022 to \$11.1 million in 2023, and the bank's total negative mark on its available for sale investment portfolio (AOCI), dropped to just below \$2 million at year end 2023.

Consolidated pre-tax income for the year ended December 31, 2023, was \$2.7 million, compared with pre-tax income of \$4.6 million for 2022. The decrease in net income is primarily the result of a significant increase in funding costs during the year as the FOMC increased market rates eleven times during 2022 and 2023 resulting in Prime Rate increase of 5.25% during that time period.

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	December 31, 2023	September 30, 2023	December 31, 2022
Investment securities	\$ 47,931	\$ 47,335	\$ 51,766
Loans, net of allowance for loan losses	364,305	351,926	327,366
Total assets	442,208	418,843	423,854
Deposits	364,032	358,207	379,944
Borrowings	36,200	19,750	3,750
Subordinated debt	12,830	12,824	12,804
Stockholders' equity	\$ 27,948	\$ 26,548	\$ 26,199
Book value per common share	\$ 14.18	\$ 13.47	\$ 13.29
Allowance/loans	0.96%	0.94%	0.99%
Nonperforming assets/total assets	0.49%	0.01%	0.02%

Selected Operations Data	3 Months Ended		
	December 31, 2023	September 30, 2023	December 31, 2022
Interest income	\$ 6,680	\$ 6,298	\$ 5,428
Interest expense	3,337	2,955	1,527
Net interest income	3,343	3,343	3,901
Provision for loan losses	170	75	(203)
Other income	210	143	(467)
Other expense	2,748	2,826	2,868
Income before income taxes	635	585	769
Income taxes	(160)	(39)	(167)
Net income	\$ 475	\$ 546	\$ 602
Earnings per common share (basic)	\$ 0.24	\$ 0.28	\$ 0.31
Earnings per common share (diluted)	\$ 0.23	\$ 0.26	\$ 0.29
Return on average assets (annualized)	0.45%	0.53%	0.57%
Return on average equity (annualized)	6.97%	8.05%	9.30%
Net charge-offs(recoveries)/average loans	0.00%	0.00%	0.19%