

# PRESS RELEASE

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## For Immediate Release

**Date:** August 27, 2015  
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## **OAK VALLEY BANCORP AND MOTHER LODER BANK ANNOUNCE SIGNING OF DEFINITIVE MERGER AGREEMENT**

**OAKDALE, CA – Oak Valley Bancorp** (NASDAQ: OVLY), the bank holding company for Oak Valley Community Bank and Eastern Sierra Community Bank, announced the signing of a definitive agreement to acquire **Mother Lode Bank** (OTC: MOLB) of Sonora, California.

“Mother Lode Bank is a natural fit for Oak Valley Community Bank’s service culture,” stated Chris Courtney, President and CEO. “We are committed to serving Sonora and the surrounding foothill communities and we intend to continue to serve Mother Lode’s customers from Oak Valley’s branch network, including our new Sonora branch which is scheduled to open in December 2015,” Courtney said.

“This is an attractive opportunity for Oak Valley to deploy capital and supplement our organic growth strategy. We anticipate there will be meaningful synergies from the acquisition and we expect to recapture Mother Lode’s deferred tax assets,” Courtney concluded.

The merger agreement was approved unanimously by the boards of directors of each company. The transaction is expected to close at the end of the fourth quarter of 2015, subject to regulatory approvals, the approval of Mother Lode shareholders and other customary closing conditions. Each member of the Board of Directors of Mother Lode Bank has agreed to vote all of his shares of common stock in favor of the transaction and to recommend that all other shareholders of Mother Lode Bank also vote in favor of the transaction. Under the terms of the merger agreement Oak Valley Bancorp will acquire all of the outstanding common stock of Mother Lode Bank in exchange for \$7.3 million in cash consideration, or \$1.65 per share of common stock, subject to certain potential adjustments stipulated in the merger agreement. It is anticipated the transaction will be accretive to Oak Valley’s earnings per share beginning in 2016.

Upon completion of the transaction, Mother Lode Bank will merge with and into Oak Valley Bancorp. H. Randolph Holder, a current director of Mother Lode Bank, is expected to join the

Board of Directors for Oak Valley Bancorp and Oak Valley Community Bank upon closing. Oak Valley will continue to deliver the high-level of personal service that Mother Lode customers are accustomed to, with an expanded branch network and a broad range of products and services.

“Our annual strategic planning process included a review of the current banking environment and opportunities for enhancement of shareholder value, which resulted in consideration of a potential business combination with a partner that has demonstrated a commitment to delivering premier customer service and a proven track record of community support. Oak Valley certainly fit the bill on both counts,” stated Pete Kerns, Chairman of the Board of Mother Lode Bank.

D.A. Davidson & Co. served as financial advisor to Oak Valley Bancorp and Squire Patton Boggs (US) LLP served as legal counsel to Oak Valley Bancorp. MJ Capital Partners, LLC served as financial advisor to Mother Lode Bank and Dodd Mason George LLP served as legal counsel to Mother Lode Bank.

### **About Oak Valley Bancorp**

Oak Valley Bancorp currently operates through 15 branch offices in Oakdale, Sonora, Turlock, Stockton, Patterson, Ripon, Escalon, Manteca, Tracy, three branches in Modesto, and three branches in their Eastern Sierra Division, which includes Bridgeport, Mammoth Lakes, and Bishop.

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

### **About Mother Lode Bank**

Mother Lode Bank currently operates 2 branch offices in Sonora, California. As of June 30, 2015, Mother Lode had \$70.7 million in assets, \$49.1 million in loans, and \$65.3 million in deposits.

### **Forward-Looking Statements**

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 any problems related to the acquisition and integration of Mother Lode Bank, 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.

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