



Oak Valley Bancorp (OVLY)

Updated October 25th, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	\$28	5 Year Annual Expected Total Return:	11.9%	Market Cap:	\$229.1 M
Fair Value Price:	\$31	5 Year Growth Estimate:	8.0%	Ex-Dividend Date:	02/03/2026 ¹
% Fair Value:	91%	5 Year Valuation Multiple Estimate:	1.9%	Dividend Payment Date:	02/13/2026
Dividend Yield:	2.2%	5 Year Price Target	\$45	Years Of Dividend Growth:	12
Dividend Risk Score:	A	Sector:	Financials	Rating:	Buy

Overview & Current Events

Oak Valley Bancorp is a regional banking holding company based in Oakdale, California, operating through its subsidiary, Oak Valley Community Bank. It provides a range of financial services including commercial and consumer loans, deposit accounts, and investment services. Recently, Oak Valley Bancorp has been active in expanding its market presence; it completed the acquisition of Sonora Bank in early 2024, enhancing its footprint in the Central Valley region and broadening its customer base. The company generated \$70.0 million in net interest income last year.

On October 22nd, 2025, Oak Valley posted its Q3 results for the period ending September 30th, 2025. For the period, net interest income came in at \$19.2 million, compared to \$18.2 million in the previous quarter and \$17.7 million last year. The sequential increase was driven by earning asset growth and higher loan yields, while the year-over-year improvement reflected both expanding loan balances and a lower average cost of funds.

The net interest margin for the quarter was 4.16%, up from 4.11% in Q2-2025 and 4.04% in Q3-2024. For the quarter, EPS was \$0.81, up fourteen cents compared to the prior quarter but down eight cents from last year. For FY2025, we continue to expect EPS of about \$3.05.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$0.61	\$0.95	\$1.13	\$1.43	\$1.54	\$1.68	\$2.01	\$2.80	\$3.76	\$3.04	\$3.05	\$4.48
DPS	\$0.23	\$0.25	\$0.26	\$0.27	\$0.28	\$0.29	\$0.30	\$0.31	\$0.39	\$0.53	\$0.60	\$0.88
Shares²	8.0	8.0	8.1	8.1	8.1	8.1	8.1	8.2	8.2	8.3	8.3	8.4

Over the past decade, Oak Valley Bancorp has demonstrated rather impressive growth, reflected in its 19.5% CAGR in EPS. Key milestones that have contributed to its growth include several acquisitions and other expansion efforts.

For instance, in 2014, the acquisition of FNB Bancorp notably expanded its presence into Modesto, enhancing its branch network and customer base. This move was followed by the 2017 acquisition of National Bank of the Redwoods, which enabled Oak Valley to enter the North Bay market and diversify its geographic footprint. Also, by opening new branches in 2021, such as those in Turlock and Tracy, Oak Valley has tapped into emerging markets and strengthened its footprint.

Besides acquisitions, the company has focused on growing organically as well. For instance in 2018, Oak Valley invested in upgrading its loan origination systems, which improved the efficiency of its lending processes and contributed to a steady increase in loan volumes. This investment seems to have paid off as net interest income has grown consistently.

Looking ahead, Oak Valley will likely maintain its dual growth strategy, pursuing strategic acquisitions to expand its geographic and service footprint while also focusing on organic growth through branch reinvestment and efficiency improvements. Therefore, we've applied an 8% expected growth rate in our EPS estimates through 2030.

¹ Estimated dates based on past dividend dates.

² Share count is in millions.

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Regarding the dividend, Oak Valley has grown it for 12 consecutive years. The dividend was reinstated in early 2014, following the dividend cut that took place during the Great Financial Crisis, when most banks, including regional ones like Oak Valley similarly paused or reduced their payouts. The company pays its dividends semi-annually.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	16.3	10.5	11.8	13.5	12.1	9.4	8.3	6.5	6.2	8.6	9.1	10.0
Avg. Yld.	2.3%	2.5%	2.0%	1.4%	1.5%	1.8%	1.8%	1.7%	1.7%	2.0%	2.2%	2.0%

Oak Valley Bancorp’s stock valuation over the years has been influenced by various factors, such as its earnings growth, net interest margin, and asset quality. All these core elements have proven robust over the past decade. For this reason, we believe that the stock is undervalued at 9.1 times this year’s expected EPS. We have set our fair multiple at 10 times EPS estimates, which we feel better reflects the company’s earnings growth prospects and overall ability to compound its equity. Further, while the dividend doesn’t provide a substantial yield, payouts are likely to keep growing.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	38%	26%	23%	19%	18%	17%	15%	11%	10%	17%	20%	20%

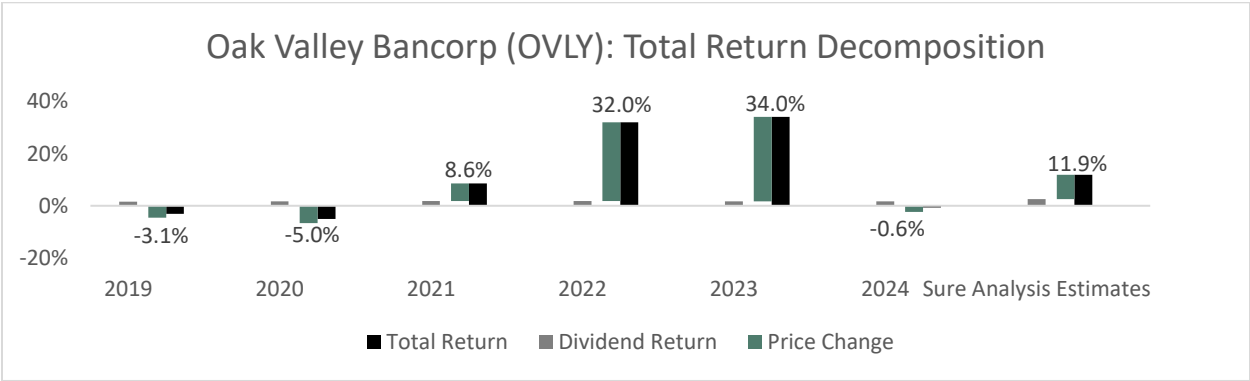
Oak Valley Bancorp stands out for its notable regional presence and consistent earnings growth, supported by accretive acquisitions like those of FNB Bancorp and National Bank of the Redwoods, which have expanded its market reach. The bank's strengths are evident in its strong net interest margin, which has hovered between 3.5% and 4.0%. In turn, this has been driven by prudent lending practices and effective reinvestment strategies.

However, as a regional bank, Oak Valley faces inherent competitive pressures from larger players in the space and other regional banks with similar offerings. Generally, its performance can be impacted by local economic fluctuations and credit risks, making it less insulated from future recessions compared to larger, more diversified banks. In any case, we believe the company’s dividend remains well covered, and is unlikely to be cut unless catastrophic events take place. Note that the stock is highly illiquid, with roughly 13K shares traded, on average, on a daily basis.

Final Thoughts & Recommendation

Oak Valley Bancorp has delivered substantial returns lately. The company maintained high net interest income margins during the rising-rates environment of past few years, which resulted in notable earnings growth. While we believe that the company lacks any notable competitive advantages and its risk profile is increased as a regional bank, we believe the stock can achieve an annualized total return of 11.9% over the medium-term. This is to be powered by strong earnings growth prospects, the dividend, and the possibility of a valuation tailwind. Consequently, shares earn a buy rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	30	36	40	43	46	50	54	66	82	77
SG&A Exp.	12	14	14	16	17	18	20	23	26	29
D&A	1	1	1	1	1	1	1	1	1	1
Net Profit	5	8	9	12	12	14	16	23	31	25
Net Margin	16.6%	21.3%	22.6%	26.7%	27.1%	27.5%	30.1%	34.9%	37.4%	32.5%
Free Cash Flow	3	9	7	13	16	18	10	22	31	24
Income Tax	2	3	6	4	4	4	5	7	9	7

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	897	1,002	1,035	1,095	1,148	1,511	1,964	1,968	1,842	1,901
Cash & Equivalents	175	179	143	116	134	194	735	416	180	138
Acct. Recv.	1	2	2	2	2	4	2	2	3	3.3
Goodwill	4	4	4	4	4	4	4	4	3	3.4
Total Liabilities	819	920	944	996	1,035	1,382	1,822	1,842	1,676	1,717
Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Shareholder's Equity	78	82	91	99	113	130	143	127	166	183
LTD/E Ratio	-	-	-	-	-	-	-	-	-	-

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.6%	0.8%	0.9%	1.1%	1.1%	1.0%	0.9%	1.2%	1.6%	1.3%
Return on Equity	6.4%	9.5%	10.5%	12.2%	11.8%	11.3%	12.0%	17.0%	21.1%	14.3%
ROIC	6.4%	9.5%	10.5%	12.2%	11.8%	11.3%	12.0%	17.0%	21.1%	14.3%
Shares Out.	8	8	8.1	8.1	8.1	8.1	8.1	8.2	8.2	8.3
Revenue/Share	3.67	4.45	4.97	5.34	5.68	6.12	6.63	8.00	10.02	9.27
FCF/Share	0.36	1.14	0.89	1.58	1.95	2.15	1.25	2.63	3.79	2.89

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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