



River Valley Community Bancorp Announces 2nd Quarter Results (Unaudited); Opens Roseville Loan Production Office

Yuba City, California, July 18, 2023 – River Valley Community Bancorp (OTC markets: RVCB) with its wholly owned subsidiary, River Valley Community Bank (collectively referred to as the “Bank”), today announced financial results for the quarter ended June 30, 2023.

Consolidated financial highlights:

- Net income for the quarter ended June 30, 2023, totaled \$1.4 million or \$0.45 per diluted share compared to \$1.9 million or \$0.61 per diluted share for the quarter ended March 31, 2023, and \$1.4 million or \$0.46 per diluted share for the quarter ended June 30, 2022.
- Net interest income totaled \$4.7 million for the quarter ended June 30, 2023, compared to \$5.2 million for the quarter ended March 31, 2023, and \$4.2 million for the quarter ended June 30, 2022.
- Total assets ended the quarter at \$580.1 million as of June 30, 2023, compared to \$583.6 million as of March 31, 2023, and \$582.0 million as of June 30, 2022.

Selected Consolidated Financial Information - Unaudited (dollar amounts in thousands, except per share data)

	As of				
	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022
Total investment securities	\$ 219,994	\$ 228,657	\$ 253,188	\$ 255,532	\$ 242,948
Total loans, gross	277,180	269,922	258,080	255,235	254,907
Allowance for loan losses	(4,010)	(3,846)	(3,513)	(3,513)	(3,513)
Total assets	580,124	583,556	630,276	646,210	582,037
Total deposits	534,430	538,971	591,358	609,936	542,119
Borrowings	-	-	-	-	-
Total shareholders' equity	41,083	40,852	36,620	33,976	37,393
Loan to deposit ratio	52%	50%	44%	42%	47%
Book value per common share	\$ 13.26	\$ 13.19	\$ 11.87	\$ 11.02	\$ 12.23
Subsidiary Bank's Tier 1 leverage ratio	9.63%	8.88%	8.24%	8.16%	8.23%

Total loans were \$277.2 million as of June 30, 2023, which represents an increase of \$7.3 million or 2.7% from \$269.9 million as of March 31, 2023, and an increase of \$22.3 million or 8.7% from \$254.9 million as of June 30, 2022. Total deposits of \$534.4 million as of June 30, 2023, represents a decrease of \$4.5 million or 0.8% from \$538.9 million as of March 31, 2023, and a decrease of \$7.7 million or 1.4% from \$542.1 million as of June 30, 2022. As of June 30, 2023, the Bank had one non-performing asset at \$29 thousand or 0.01% of the Bank's total loan portfolio.

Selected Consolidated Financial Information - Unaudited (continued)
(dollar amounts in thousands, except per share data)

	Six Months Ended		Variance	
	Jun 30,	Jun 30,	Amount	Percent
	2023	2022		
Total interest income	\$ 11,877	\$ 8,397	\$ 3,480	41.4%
Total interest expense	1,926	273	1,653	605.5%
Net interest income	9,951	8,124	1,827	22.5%
Provision for loan losses	314	-	314	100.0%
Total noninterest income	463	401	62	15.5%
Total noninterest expense	5,529	4,970	559	11.2%
Net income	3,351	2,588	763	29.5%
Earnings per share - basic	\$ 1.08	\$ 0.85	\$ 0.23	27.1%
Earnings per share - diluted	\$ 1.05	\$ 0.82	\$ 0.23	28.0%
Net interest margin	3.48%	2.95%	0.54%	18.2%
Net interest margin - tax equivalent	3.50%	2.99%	0.51%	17.1%
Efficiency ratio	54.72%	58.30%	-3.58%	-6.1%
Return on average assets	1.15%	0.89%	0.26%	28.8%
Return on average equity	16.85%	11.92%	4.93%	41.3%

Selected Consolidated Financial Information - Unaudited (continued)
(dollar amounts in thousands, except per share data)

	For the Quarter Ended				
	Jun 30,	Mar 31,	Dec 31,	Sep 30,	Jun 30,
	2023	2023	2022	2022	2022
Total interest income	\$ 5,908	\$ 5,968	\$ 5,984	\$ 5,055	\$ 4,308
Total interest expense	1,174	752	545	222	133
Net interest income	4,734	5,216	5,439	4,833	4,175
Provision for loan losses	314	-	-	-	-
Total noninterest income	239	225	264	223	201
Total noninterest expense	2,708	2,821	2,408	2,498	2,403
Net income	1,428	1,923	2,384	1,885	1,446
Earnings per share - basic	\$ 0.46	\$ 0.62	\$ 0.77	\$ 0.62	\$ 0.47
Earnings per share - diluted	\$ 0.45	\$ 0.61	\$ 0.75	\$ 0.60	\$ 0.46
Net interest margin	3.39%	3.71%	3.60%	3.36%	3.05%
Net interest margin - tax equivalent	3.40%	3.74%	3.64%	3.40%	3.09%
Efficiency ratio	58.16%	51.77%	42.23%	49.41%	54.91%
Return on average assets	1.00%	1.29%	1.49%	1.24%	1.00%
Return on average equity	13.71%	20.30%	27.44%	19.52%	14.50%

Net interest income of \$4.7 million for the quarter ended June 30, 2023, is a decrease of \$482,000 or 9.2% from the quarter ended March 31, 2023, and an increase of \$559,000 or 13.4% from the quarter ended June 30, 2022. The decrease in net interest income from the quarter ended March 31, 2023, is primarily due to an increase in the cost of deposits.

Concurrent with the announcement of second quarter earnings, the Company's Board of Directors is pleased to announce the opening of a loan production office in Roseville, CA. The office was staffed and opened for business effective June 2023.

CFO Kevin S. Reynolds stated, "During the quarter the Company recorded a provision for credit losses of \$314,000. The increase in allowance was a result of growth in the loan portfolio which was primarily influenced by construction to permanent loans. Overall, our loan portfolio continues to perform well, and we have experienced no material adverse developments to date."

"During the quarter we experienced net interest margin compression primarily due to higher deposit costs. We anticipate this trend will continue in the intermediate term. However, over the next 3 years we expect nearly half of our earning assets to reprice or mature. As this happens, we expect it will have an accretive impact on our earnings as assets are repriced to higher market rates." Reynolds concluded.

CEO John M. Jelavich stated, "Despite the challenges associated with the Fed's aggressive interest rate policy over the past 15 months, we are pleased with the performance and the financial positioning of our Bank. During the second quarter, we saw our interest expense increase as a function of market rates and competition from non-bank investment alternatives."

Jelavich continued, "We also believe that with strong capital and liquidity levels, our bank is well positioned for new strategic opportunities and longer-term growth. Along these lines, the opening of our Roseville loan production office complements our existing footprint allowing us to expand our customer base of small to medium-sized businesses who desire the relationship brand of banking we offer. It also expands our commitment to the Placer County market and enables us to assess full-service branch expansion."

"While challenges in the banking industry have evolved rapidly over the past year, our talented banking team, loyal customer base, and strong balance sheet, position us well for this environment. We continue to believe that the relationship-oriented service we offer contrasts significantly with that of the larger banks and this continues to be reinforced by existing and new customers alike." Jelavich concluded.

The Bank remains highly rated with BauerFinancial, and Depositaccounts.com and serves its customer base through its offices located at:

- 1629 Colusa Avenue, Yuba City, CA
- 580 Brunswick Rd, Grass Valley, CA
- 905 Lincoln Way, Auburn, CA
- 904 B Street, Marysville, CA
- 401 Ryland Street, Ste. 205, Reno, NV (Loan Production Office)
- 1508 Eureka Rd., Ste. 100, Roseville, CA (Loan Production Office)

The Bank offers a full suite of competitive products, services, and banking technology. For more information please visit our website at www.myrvcb.com or contact John M. Jelavich at (530) 821-2469.

Forward Looking Statements: This document may contain comments and information that constitute forward-looking statements. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. Forward-looking statements speak only as to the date

they are made. The Bank does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.