



River Valley Community Bancorp Announces 4th Quarter and Annual Results (Unaudited)

Yuba City, California, January 19, 2021 – 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 and year ended December 31, 2020.

Consolidated financial highlights:

- Total assets ended the year at \$496.5 million as of December 31, 2020 compared to \$442.3 million as of December 31, 2019 and \$531.1 million as of September 30, 2020. Much of the growth during 2020 was attributable to (1) loans originated under the federal government’s Paycheck Protection Program (PPP) and (2) non-PPP related growth in the Bank’s deposit base, which were partially offset by a reduction in borrowings.
- Net income for the quarter ended December 31, 2020 totaled \$1.4 million or \$0.57 per diluted share compared to \$964,000 or \$0.39 per diluted share for the quarter ended December 31, 2019 and \$1.3 million or \$0.54 per diluted share for the quarter ended September 30, 2020.
- Net interest income totaled \$3.9 million for the quarter ended December 31, 2020 compared to \$3.2 million for the quarter ended December 31, 2019 and \$3.6 million for the quarter ended September 30, 2020.

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

	As of				
	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019
Total investment securities	\$ 168,939	\$ 181,460	\$ 180,043	\$ 176,005	\$ 174,755
Total loans, gross	257,740	263,621	261,631	206,026	203,355
Allowance for loan losses	(3,470)	(3,518)	(3,518)	(2,768)	(2,546)
Total assets	496,487	531,065	514,768	468,714	442,310
Total deposits	445,162	400,774	387,378	342,172	337,129
Borrowings	-	80,000	80,000	85,000	65,000
Total shareholders' equity	46,782	45,731	43,195	39,047	37,797
Loan to deposit ratio	58%	66%	68%	60%	60%
Book value per common share	\$ 19.60	\$ 19.16	\$ 18.24	\$ 16.57	\$ 15.95
Subsidiary Bank's Tier 1 leverage ratio	8.01%	7.36%	7.35%	7.92%	8.20%

Total gross loans were \$257.7 million as of December 31, 2020, which represents an increase of \$54.4 million or 26.7% from \$203.4 million as of December 31, 2019. When excluding PPP loans, the Bank experienced loan growth of 4.5% since December 31, 2019. As of December 31, 2020, \$11.1 million of the \$56.4 million originated PPP loans had been forgiven with full payments received from the Small Business Administration. Total deposits of \$445.2 million as of December 31, 2020 represent an increase of \$108.0 million or 32.0% from \$337.1 million as of December 31, 2019. The growth in deposits is partially due to PPP loan funds being deposited with the Bank until utilized by the borrowers, but organic deposit growth was also strong during 2020.

As of December 31, 2020, the Bank’s non-performing assets totaled \$235,000. Borrowers with loans totaling approximately \$29 million elected to utilize the Bank’s payment deferral program during the second quarter, which

permitted them to defer contractually required principal and interest payments for a period of up to six months. As of December 31, 2020, all such borrowers have either (1) continued to make payments during the deferral period or (2) have resumed making payments following the end of their deferral period. In both cases, the borrowers are current with respect to contractually required principal and interest payments.

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

	For the Year Ended		Variance	
	Dec 31,	Dec 31,	Amount	Percent
	2020	2019		
Total interest income	\$ 15,942	\$ 15,561	\$ 381	2.5%
Total interest expense	1,775	3,204	(1,429)	-44.6%
Net interest income	14,167	12,357	1,810	14.6%
Provision for loan losses	1,000	385	615	159.7%
Total noninterest income	3,260	1,297	1,963	151.4%
Total noninterest expense	10,814	7,587	3,227	42.5%
Net income	4,129	4,159	(30)	-0.7%
Earnings per share - basic	\$ 1.74	\$ 1.75	\$ (0.01)	-0.6%
Earnings per share - diluted	\$ 1.69	\$ 1.68	\$ 0.01	0.6%
Net interest margin	3.00%	3.20%	-0.20%	-6.3%
Net interest margin - tax equivalent	3.05%	3.25%	-0.21%	-6.3%
Efficiency ratio	72.27%	58.54%	13.73%	23.5%
Return on average assets	0.84%	1.02%	-0.19%	-18.1%
Return on average equity	9.64%	11.77%	-2.12%	-18.0%

	For the Quarter Ended				
	Dec 31,	Sep 30,	Jun 30,	Mar 31,	Dec 31,
	2020	2020	2020	2020	2019
Total interest income	\$ 4,087	\$ 3,933	\$ 3,945	\$ 3,977	\$ 4,031
Total interest expense	228	366	447	733	838
Net interest income	3,859	3,567	3,497	3,244	3,192
Provision for loan losses	-	-	750	250	105
Total noninterest income	1,617	322	131	1,189	240
Total noninterest expense	3,553	2,081	2,039	3,142	1,998
Net income	1,405	1,324	652	748	964
Earnings per share - basic	\$ 0.59	\$ 0.56	\$ 0.28	\$ 0.32	\$ 0.41
Earnings per share - diluted	\$ 0.57	\$ 0.54	\$ 0.27	\$ 0.31	\$ 0.39
Net interest margin	3.24%	2.85%	2.92%	3.00%	3.09%
Net interest margin - tax equivalent	3.29%	2.90%	2.97%	3.03%	3.12%
Efficiency ratio	87.72%	53.51%	56.18%	92.52%	59.49%
Return on average assets	1.13%	1.02%	0.52%	0.66%	0.89%
Return on average equity	12.18%	11.69%	6.45%	7.59%	9.99%

Net interest income of \$3.9 million for the quarter ended December 31, 2020 is an increase of \$667,000 or 20.9% from the quarter ended December 31, 2019 and an increase of \$292,000 or 8.2% (32.7% annualized) from the quarter ended September 30, 2020. The quarter-over-quarter increase is primarily attributable to loan fees recognized upon the forgiveness of PPP loans during the quarter ended December 31, 2020. An expense of \$1.4 million was recognized during the quarter ended December 31, 2020 for costs related to the early repayment of outstanding borrowings, which was offset by a comparable gain from the sale of \$9 million of corporate investment securities.

CFO Michael Finn commented, “With stronger than expected deposit growth during 2020 and the resulting impact on the Bank’s capital ratios, during the quarter ended December 31, 2020, management elected to use excess cash balances to repay \$80 million of FHLB borrowings. As a result of this transaction, the Bank’s Tier 1 leverage ratio improved to 8.01% as of December 31, 2020. Additionally, we anticipate improved net interest income going forward (all else remaining equal), as previous borrowing costs exceeded the earnings from the cash and investment securities used in the transaction. While the debt restructurings that occurred during 2020 improved earnings in the current and future years, the related prepayment penalties incurred caused a temporary increase in the Bank’s efficiency ratio for the year 2020, which would have been 56.70% if not for the debt restructurings.”

CEO John M. Jelavich stated, “After experiencing considerable uncertainty in the first half of 2020 related to the ongoing COVID-19 pandemic, we were encouraged to see stabilization in the second half of the year, as businesses quickly adapted to the environment and government stimulus measures provided support. While we increased our allowance for loan losses as a precaution during the first half of the year, we saw no meaningful deterioration in our credit portfolio as we concluded 2020. That said, the pandemic is still present, and we remain attentive to our borrowers and stand ready to take mitigating action if needed.”

Jelavich continued, “The bank also demonstrated its adaptability by not only serving our communities during this challenging year, but we also successfully opened our fourth branch in Marysville in August, which is off to a strong start. Further, our Auburn branch, which opened in late 2018, achieved stand-alone profitability in 2020, of which we are very proud.”

“We enter 2021 well positioned in all four of our markets and carry good momentum into the new year. I am encouraged by recent developments in the bond markets, as moderately increasing rates and a steepening of the yield curve are a reflection of a recovering economy and could provide further wind in our sails in 2021.” Jelavich concluded.

The Bank remains highly rated with BauerFinancial, Depositaccounts.com and Bankrate 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

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.