



River Valley Community Bancorp Announces 3rd Quarter Results (Unaudited)

Yuba City, California, October 20, 2020 – 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 September 30, 2020.

Consolidated financial highlights:

- Total assets grew to \$531.1 million as of September 30, 2020 compared to \$419.3 million as of September 30, 2019 and \$514.8 million as of June 30, 2020. Much of the growth during 2020 has been attributable to loans originated under the federal government’s Paycheck Protection Program (PPP), non PPP related growth in the Bank’s deposit base, and to a lesser degree, unrealized gains in the Bank’s investment securities portfolio. As of September 30, 2020, no PPP loans had been forgiven.
- Net income for the quarter ended September 30, 2020 totaled \$1.3 million or \$0.54 per diluted share compared to \$962,000 or \$0.39 per diluted share for the quarter ended September 30, 2019 and \$642,000 or \$0.27 per diluted share for the quarter ended June 30, 2020.
- Net interest income totaled \$3.6 million for the quarter ended September 30, 2020 compared to \$3.1 million for the quarter ended September 30, 2019 and \$3.5 million for the quarter ended June 30, 2020.

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

	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019
Total investment securities	\$ 181,460	\$ 180,043	\$ 176,005	\$ 174,755	\$ 168,094
Total loans, gross	263,621	261,631	206,026	203,355	195,185
Allowance for loan losses	(3,518)	(3,518)	(2,768)	(2,546)	(2,425)
Total assets	531,065	514,768	468,714	442,310	419,308
Total deposits	400,774	387,378	342,172	337,129	314,091
Borrowings	80,000	80,000	85,000	65,000	65,000
Total shareholders' equity	45,731	43,195	39,047	37,797	38,042
Loan to deposit ratio	66%	68%	60%	60%	62%
Book value per common share	\$ 19.16	\$ 18.24	\$ 16.57	\$ 15.95	\$ 16.01
Subsidiary Bank's Tier 1 leverage ratio	7.36%	7.35%	7.92%	8.20%	8.30%

Total gross loans were \$263.6 million as of September 30, 2020, which represents an increase of \$68.4 million or 35.1% from \$195.2 million as of September 30, 2019. At quarter end, the Bank’s loan totals included \$56.4 million of PPP loans originated during the second and third quarters of 2020. When excluding PPP loans, the Bank experienced loan growth of 6.2% since September 30, 2019. Total deposits of \$400.8 million as of September 30, 2020 represent an increase of \$86.7 million or 27.6% from \$314.1 million as of September 30, 2019. The growth in deposits is partially due to PPP loan funds being deposited with the Bank until utilized by the borrowers.

As of September 30, 2020, the Bank had a minimal amount of non-performing assets totaling \$284,000. A small number of borrowers with loans totaling approximately \$29 million (approximately \$28 million being real estate secured) 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 September 30, 2020, borrowers of approximately \$14 million of these loans 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. All remaining deferral periods will end in the coming months, and management is closely monitoring each loan relationship to mitigate the risk of loss to the Bank.

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

	Nine Months Ended		Variance	
	Sep 30,	Sep 30,	Amount	Percent
	2020	2019		
Total interest income	\$ 11,855	\$ 11,530	\$ 325	2.8%
Total interest expense	1,546	2,365	(819)	-34.6%
Net interest income	10,309	9,165	1,144	12.5%
Provision for loan losses	1,000	280	720	257.1%
Total noninterest income	1,643	1,057	586	55.5%
Total noninterest expense	7,262	5,588	1,673	29.9%
Net income	2,724	3,195	(471)	-14.7%
Earnings per share - basic	\$ 1.15	\$ 1.34	\$ (0.19)	-14.2%
Earnings per share - diluted	\$ 1.12	\$ 1.29	\$ (0.17)	-13.2%
Net interest margin	2.92%	3.24%	-0.32%	-10.0%
Net interest margin - tax equivalent	2.96%	3.30%	-0.34%	-10.2%
Efficiency ratio	66.54%	58.20%	8.33%	14.3%
Return on average assets	0.74%	1.07%	-0.33%	-31.0%
Return on average equity	8.71%	12.43%	-3.72%	-29.9%

	Quarter Ended				
	Sep 30,	Jun 30,	Mar 31,	Dec 31,	Sep 30,
	2020	2020	2020	2019	2019
Total interest income	\$ 3,933	\$ 3,945	\$ 3,977	\$ 4,031	\$ 3,991
Total interest expense	366	447	733	838	873
Net interest income	3,567	3,498	3,244	3,193	3,118
Provision for loan losses	-	750	250	105	100
Total noninterest income	322	131	1,189	240	153
Total noninterest expense	2,081	2,039	3,142	1,998	1,850
Net income	1,324	652	748	964	962
Earnings per share - basic	\$ 0.56	\$ 0.28	\$ 0.32	\$ 0.41	\$ 0.40
Earnings per share - diluted	\$ 0.54	\$ 0.27	\$ 0.31	\$ 0.39	\$ 0.39
Net interest margin	2.85%	2.92%	3.00%	3.09%	3.19%
Net interest margin - tax equivalent	2.90%	2.97%	3.03%	3.12%	3.23%
Efficiency ratio	53.51%	56.17%	92.52%	59.49%	56.47%
Return on average assets	1.02%	0.52%	0.66%	0.89%	0.94%
Return on average equity	11.69%	6.45%	7.59%	9.99%	10.16%

Net interest income of \$3.6 million for the quarter ended September 30, 2020 is an increase of \$449,000 or 14.4% from the quarter ended September 30, 2019 and an increase of \$68,000 or 2.0% (7.8% annualized) from the quarter ended June 30, 2020.

CFO Michael Finn commented, “The Bank experienced a strong quarter with a return on average tangible equity of 13.87% (excludes unrealized gains on investment securities). Management determined that a provision for loan losses was not necessary during the third quarter due to (1) large provisions recognized previously in 2020, (2) a modest improvement in key economic indicators quarter over quarter, and (3) a significant reduction in the amount of loans with deferred payments.”

CEO John M. Jelavich stated, “We continue to experience a strong appetite for relationship banking services in the markets we serve. We have built a solid foundation to meet those needs, and I am very proud of our team’s continued execution in serving existing customers and winning over new ones. As a result, the Bank experienced continued deposit market share growth over the past year in all four markets we serve based on the most recent FDIC Summary of Deposits reporting. We are pleased with these results and believe there is considerable runway left for the Bank to grow within our established footprint. ”

Jelavich continued, “Despite our Bank’s continued execution and the momentum we have established, there remain macro-economic uncertainties and headwinds for our industry. While credit performance to date has been solid given the pandemic related disruption, we remain cautious. Longer term, I believe the larger potential challenge is the low rate, flat yield curve environment we are currently experiencing and the duration to which it persists. Low rates, while good for borrowers, put downward pressure on Bank margins and earnings. Despite these challenges, I believe our bank remains well positioned with an amazing team and a strong balance sheet, which gives us considerable flexibility in addressing these challenges.”

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.