



River Valley Community Bancorp Announces 2nd Quarter Results (Unaudited)

Yuba City, California, July 21, 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 June 30, 2020.

Consolidated financial highlights:

- Total assets crossed the \$500 million threshold for the first time in the Bank’s history and totaled \$514.8 million as of June 30, 2020 compared to \$402.7 million as of June 30, 2019 and \$468.7 million as of March 31, 2020. Much of the second quarter growth was attributable to loans originated under the federal government’s Paycheck Protection Program (PPP).
- Net income for the quarter ended June 30, 2020 totaled \$652,000 or \$0.27 per diluted share compared to \$1.4 million or \$0.55 per diluted share for the quarter ended June 30, 2019 and \$748,000 or \$0.31 per diluted share for the quarter ended March 31, 2020. Net income for the quarter ended June 30, 2020 was negatively impacted by an increase in the provision for loan losses due to economic uncertainty surrounding the coronavirus pandemic.
- Net interest income totaled \$3.5 million for the quarter ended June 30, 2020 compared to \$3.1 million for the quarter ended June 30, 2019 and \$3.2 million for the quarter ended March 31, 2020.

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

	June 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019
Total investment securities	\$ 180,043	\$ 176,005	\$ 174,755	\$ 168,094	\$ 156,731
Total loans, gross	261,631	206,026	203,355	195,185	186,968
Allowance for loan losses	(3,518)	(2,768)	(2,546)	(2,425)	(2,322)
Total assets	514,768	468,714	442,310	419,308	402,663
Total deposits	387,378	342,172	337,129	314,091	271,932
Borrowings	80,000	85,000	65,000	65,000	85,000
Total shareholders' equity	43,195	39,047	37,797	38,042	36,108
Loan to deposit ratio	68%	60%	60%	62%	69%
Book value per common share	\$ 18.24	\$ 16.57	\$ 15.95	\$ 16.01	\$ 15.10
Subsidiary Bank's Tier 1 leverage ratio	7.35%	7.92%	8.20%	8.30%	8.44%

Total gross loans were \$261.6 million as of June 30, 2020, which represents an increase of \$74.7 million or 39.9% from \$187.0 million as of June 30, 2019. At quarter end, the Bank’s loan totals included \$54.7 million of PPP loans originated during the second quarter. When excluding PPP loans, the Bank experienced loan growth of 10.7% since June 30, 2019. Total deposits of \$387.4 million as of June 30, 2020 represent an increase of \$115.4 million or 42.5% from \$271.9 million as of June 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 June 30, 2020, the Bank had no non-performing assets. Although the Bank has not recognized any direct loan losses due to the pandemic, 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, which permitted them to defer contractually required principal and interest payments for a period of up to six months. These loans are being closely monitored by management to mitigate the risk of loss to the Bank.

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

	Six Months Ended		Variance	
	June 30,	June 30,	Amount	Percent
	2020	2019		
Total interest income	\$ 7,922	\$ 7,539	\$ 383	5.1%
Total interest expense	1,180	1,492	(312)	-20.9%
Net interest income	6,742	6,047	695	11.5%
Provision for loan losses	1,000	180	820	455.6%
Total noninterest income	1,321	904	417	46.1%
Total noninterest expense	5,181	3,738	1,442	38.6%
Net income	1,399	2,233	(834)	-37.3%
Earnings per share - basic	\$ 0.59	\$ 0.94	\$ (0.35)	-37.2%
Earnings per share - diluted	\$ 0.58	\$ 0.90	\$ (0.32)	-35.6%
Net interest margin	2.96%	3.27%	-0.31%	-9.6%
Net interest margin - tax equivalent	3.00%	3.34%	-0.34%	-10.1%
Efficiency ratio	73.75%	59.10%	14.65%	24.8%
Return on average assets	0.59%	1.14%	-0.55%	-48.5%
Return on average equity	7.01%	13.75%	-6.74%	-49.0%

	Quarter Ended				
	June 30,	Mar 31,	Dec 31,	Sep 30,	Jun 30,
	2020	2020	2019	2019	2019
Total interest income	\$ 3,945	\$ 3,977	\$ 4,031	\$ 3,991	\$ 3,878
Total interest expense	447	733	838	873	799
Net interest income	3,498	3,244	3,193	3,118	3,079
Provision for loan losses	750	250	105	100	55
Total noninterest income	131	1,189	240	153	675
Total noninterest expense	2,039	3,142	1,998	1,850	1,847
Net income	652	748	964	962	1,357
Earnings per share - basic	\$ 0.28	\$ 0.32	\$ 0.41	\$ 0.40	\$ 0.57
Earnings per share - diluted	\$ 0.27	\$ 0.31	\$ 0.39	\$ 0.39	\$ 0.55
Net interest margin	2.92%	3.00%	3.09%	3.19%	3.28%
Net interest margin - tax equivalent	2.97%	3.03%	3.12%	3.23%	3.35%
Efficiency ratio	56.17%	92.52%	59.49%	56.47%	57.24%
Return on average assets	0.52%	0.66%	0.89%	0.94%	1.37%
Return on average equity	6.45%	7.59%	9.99%	10.16%	15.94%

Net interest income of \$3.5 million for the quarter ended June 30, 2020 is an increase of \$419,000 or 13.6% from the quarter ended June 30, 2019 and an increase of \$254,000 or 7.8% (31.3% annualized) from the quarter ended March 31, 2020. A provision for loan losses of \$750,000 was recognized during the quarter ended June 30, 2020, which is primarily attributable to deteriorated economic conditions related to the coronavirus pandemic.

CFO Michael Finn commented, “Declining interest rates continue to put pressure on the Bank’s net interest margin, as earnings from variable rate loans and investment securities reprice at lower interest rates. While the investment securities portfolio has continued to experience slightly decreasing yields due to variable rate instruments, a substantial portion of the portfolio consists of investments with longer durations at above market yields, which have helped sustain portfolio income. The same investments are also experiencing significant price appreciation that is positively impacting the Bank’s book value per share. With respect to regulatory capital ratios, the decrease in the subsidiary bank’s Tier 1 leverage ratio during 2020 is primarily attributable to the addition of PPP loans that have temporarily elevated total assets balances. PPP loans are fully guaranteed by the Small Business Administration and have a 0% risk rating for regulatory capital purposes.”

CEO John M. Jelavich stated, “We are very pleased with the Bank’s year-over-year deposit, loan, and total asset growth. Notably with the PPP, our banking team demonstrated its commitment to our customers and communities by working many weekends and late nights to prepare and submit those loans for approval. We are proud that our team was able to process all eligible PPP loans submitted to the Bank. The adaptability and teamwork our bankers demonstrated during this time was instrumental in reinforcing the value of community banking by serving our existing customers while also driving meaningful new customer relationships to the Bank”.

Jelavich continued, “Looking forward, there remains considerable uncertainty around the duration and severity of the pandemic and its impact on the economy and our borrowers. We will remain engaged with our customers and will continue to take the appropriate actions to offer relief measures where hardships warrant. Other than the loans with deferred payments, the Bank’s credit portfolio has demonstrated limited signs of stress to date. However, it is possible that we may need to make further adjustment to our allowance reserve in future periods.”

“Lastly, we are scheduled to open our new Marysville branch in early August. We remain very encouraged by the feedback we have received relating to the opening of this branch, which will better position us to deliver a local banking solution to that community and drive long term value for our shareholders.” 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 (coming soon)

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.