



## River Valley Community Bancorp Announces Record Earnings for Second Consecutive Quarter (Unaudited)

Yuba City, California, October 17, 2017 – 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, 2017.

Consolidated financial highlights:

- Net income for the quarter ended September 30, 2017 reached a record level of \$720,000 or \$0.29 per diluted share, compared to \$562,000 or \$0.23 per diluted share for the quarter ended September 30, 2016 and \$711,000 or \$0.29 per diluted share for the quarter ended June 30, 2017.
- Total assets as of September 30, 2017 were \$337.1 million compared to \$278.2 million as of September 30, 2016 and \$321.2 million as of December 31, 2016.
- Net interest income reached a record level of \$2,297,000 for the quarter ended September 30, 2017 compared to \$1,858,000 for the quarter ended September 30, 2016 and \$2,186,000 for the quarter ended June 30, 2017.
- The Bank’s book value per share reached a record level of \$11.74 per common share as of September 30, 2017 compared to \$10.62 as of September 30, 2016 and \$10.60 as of December 31, 2016.

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

	<u>Sep 30,</u> <u>2017</u>	<u>Jun 30,</u> <u>2017</u>	<u>Mar 31,</u> <u>2017</u>	<u>Dec 31,</u> <u>2016</u>	<u>Sep 30,</u> <u>2016</u>
Total investment securities	\$ 145,424	\$ 149,189	\$ 150,226	\$ 143,633	\$ 108,321
Total loans, gross	139,554	136,041	131,440	125,036	120,890
Allowance for loan losses	(2,058)	(2,056)	(1,999)	(1,926)	(1,874)
Total assets	337,085	321,567	319,380	321,189	278,203
Total deposits	237,108	233,318	242,119	243,950	230,323
Borrowings	71,000	60,000	50,000	50,000	20,000
Total shareholders' equity	28,132	27,597	26,170	25,301	25,330
Loan to deposit ratio	59%	58%	54%	51%	53%
Book value per common share	\$ 11.74	\$ 11.55	\$ 10.96	\$ 10.60	\$ 10.62
Subsidiary Bank's Tier 1 leverage ratio	8.33%	8.19%	8.08%	8.48%	9.78%

Total gross loans reached a record level of \$139.6 million as of September 30, 2017, which represents an increase of \$18.7 million or 15.4% from \$120.9 million as of September 30, 2016 and an increase of \$14.5 million or 10.7% (annualized growth rate of 14.2%) from \$125.0 million as of December 31, 2016. Total deposits of \$237.1 million as of September 30, 2017 represent an increase of \$6.8 million or 2.9% from \$230.3 million as of September 30, 2016 and a decrease of \$6.8 million or 2.9% from \$244.0 million as of December 31, 2016.

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

	<b>Sep 30, 2017</b>	<b>Jun 30, 2017</b>	<b>Mar 31, 2017</b>	<b>Dec 31, 2016</b>	<b>Sep 30, 2016</b>
Net interest income	\$ 2,297	\$ 2,186	\$ 2,123	\$ 2,058	\$ 1,858
Provision for loan losses	-	55	70	51	44
Net income	720	711	629	648	562
Earnings per share - basic	\$ 0.30	\$ 0.30	\$ 0.26	\$ 0.28	\$ 0.23
Earnings per share - diluted	\$ 0.29	\$ 0.29	\$ 0.26	\$ 0.28	\$ 0.23
Net interest margin	2.88%	2.81%	2.80%	2.86%	3.10%
Net interest margin - tax equivalent	2.96%	2.90%	2.91%	2.97%	3.24%
Efficiency ratio	53.71%	51.26%	54.20%	50.53%	54.10%
Return on average assets	0.87%	0.87%	0.79%	0.86%	0.89%
Return on average equity	10.23%	10.62%	9.90%	10.05%	8.87%

Net interest income of \$2.3 million for the quarter ended September 30, 2017 represents an increase of \$439,000 or 23.6% from \$1.9 million for the quarter ended September 30, 2016. The primary contributors to this increase were growth in average loans and management's strategy to better leverage the Bank's excess capital through purchases of investment securities using excess liquidity and Federal Home Loan Bank ("FHLB") borrowings. The Bank's net interest margin was 2.88% for the quarter ended September 30, 2017, down from 3.10% for the same quarter a year ago. The decrease is attributable to a significant increase in floating rate investment securities purchased during the past year using FHLB borrowings. Although the margin on these additional investments is lower than that of the Bank's other earning assets, the leveraging strategy improves the Bank's net income and return on average equity.

The Bank remains well capitalized as of September 30, 2017 with a Tier 1 leverage ratio of 8.33%.

CFO Michael Finn stated, "So far in 2017, management's leveraging strategy has contributed significantly to the Bank's net interest income, helping to raise the return on average equity to over 10% in the two most recent quarters. Borrowings increased during the third quarter to supplement the seasonal outflow of deposits that have historically returned later in the year. As new loans are added and replace investment securities and funding from new deposits is used to repay FHLB borrowings, our margins will continue to improve and further increase earnings."

CEO John M. Jelavich commented, "The Bank continues to demonstrate strong earnings and growth reflected in both our top and bottom line figures. Our loan pipeline remains solid, which is a reflection of our strong service and a good indicator of regional economic health and business confidence. We are making strides in establishing our permanent branch location in Grass Valley with initial ground work commencing in September. Our expectation is for the new office to be complete and the relocation to occur in the third quarter of next year. We remain encouraged by the positive feedback we receive on our plans and believe our new facility will enhance our ability to serve that market."

The Bank is rated "5-Star Superior" by Bauer Financial and serves its customer base through its offices located at:

- 1629 Colusa Avenue, Yuba City, CA
- 426 Sutton Way, Grass Valley, 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](http://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.*