

**July 15, 2014**

## **River Valley Community Bank Posts Strong Second Quarter Growth; 28<sup>th</sup> Consecutive Quarterly Profit**

Yuba City CA. River Valley Community Bank (OTC Markets: RVVY) headquartered in Yuba City, California, earned, after tax, \$277,805 or \$0.16 basic earnings per share for the quarter ending June 30, 2014. This compares to \$366,378 or \$0.21 earned in the corresponding quarter a year ago. This marks the 28th consecutive quarterly profit for the Bank which recently completed its eighth year of operations.

As of June 30th, total Assets and Deposits were \$182,104,285 and \$161,725,824 respectively; Assets increased 24% while Deposits rose 27% from a year earlier. Gross Loans grew 19% from June 30, 2013 to \$70,827,785. There were no past due or nonaccrual loans at quarter's end. The Allowance for Loan and Lease losses (ALLL) now stands at \$1,571,904 or 2.22% of Gross Loans.

Shareholder Equity increased to \$19,958,627 from \$19,384,460 at June 30, 2013. During the same period book value has increased from \$11.26 to \$11.49 per share. The increase is noteworthy considering the Special Dividend of \$607,766 that was paid in May 2014.

Net Interest Income for the second quarter of \$1,137,484 decreased 1% from \$1,145,265 in the quarter ended June 30, 2013. This slight decrease was primarily a function of the Bank's growth in earning assets, which was offset by lower yields earned on those assets. The Bank's earning asset yields are reflected in the Net Interest Margin (NIM) which had decreased in the quarter to 2.80% from 3.32% a year ago. While the NIM had declined year-over-year, the second quarter results were unchanged from 2.80% in the first quarter of 2014. Return on average shareholder equity and return on average assets were at 5.57% and .63% respectively at quarter's end.

John M. Jelavich, President and Chief Executive Officer commented, "I'm very pleased with the strong growth our team delivered during the second quarter. The growth in loans we experienced was a function of the solid pipeline we have built up over the past year and during the quarter we saw some of the fruits of that labor reflected in our increasing loan totals – and our credit performance continues to be excellent."

Jelavich continued, "On the deposit side, we have seen a significant increase in our new account activity compared to last year which we believe is a reflection of the positive customer experience we provide and the reputation for strength and stability we have established. Our deposits remain of exceptional quality, and notably, our Demand deposits of nearly \$67 million were up 68% from last June. I'm also very pleased that we continue to gain traction in the Grass Valley market with the relationship banking experience we deliver."

"While compressing interest margins have been an issue for our bank and the industry for several years now, I'm pleased that we saw stabilization in our Net Interest Margin during the second quarter compared to the first quarter of this year – and barring a faltering economic recovery, I believe it's likely that our margins are in the process of bottoming." Jelavich concluded.

River Valley Community Bank 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.*

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