## River Valley Community Bank Celebrates 6<sup>th</sup> Anniversary with Record Quarterly Earnings (Unaudited)

River Valley Community Bank (OTC Markets: RVVY) headquartered in Yuba City, California, earned after tax, \$395,648 or \$0.23 basic earnings per share for the quarter ending June 30, 2012. This represents an 11% increase over the \$358,047 and \$0.21 per share posted in the second quarter of 2011. This marks the 20<sup>th</sup> consecutive quarterly profit for the Bank.

Total Assets and Deposits were \$141,507,854 and \$121,323,962; assets increased 2% while deposits rose 1% respectively from the previous year. Gross loans grew 25% from June 30, 2011 to \$52,902,422. Again, there were no loans past due 30 days or more at the end of the quarter, and there were no loans on nonaccrual status. During the quarter the Bank wrote down its only OREO property by \$32,616 to bring it in line with the current appraisal valuation. The Allowance for Loan and Lease Losses (ALLL) now stands at \$1,563,170 or 2.95% of gross loans.

Shareholder equity increased by 10% over June 30, 2011 to \$19,119,937. Again, the increase was driven by retained earnings and to a lesser degree, by the unrealized gains in the investment portfolio. Book value per share increased from \$10.14 per share at June 30, 2011 to \$11.14 at the end of the recent quarter. Shareholder equity and book value per share have shown steady and consistent gains over the past several calendar quarters. Return on average shareholder equity and return on average assets were at 8.42% and 1.10% respectively at quarter's end.

John I. Jelavich, President and Chief Executive Officer commented, "We are very pleased with our overall results for the quarter. We continue to grow our loans steadily while we have reduced our reliance on the investment portfolio that has served us well during the prolonged recessionary period. During the quarter we sold securities in the approximate amount of \$2.6 million and booked a gain of \$136,174 to fund pending loans. At quarter's end, the investment portfolio totaled \$69,291,675 and reflected a mark-to-market gain of \$2,130,248."

"Continued Net Interest Margin compression remains a concern. At 3.48% for the quarter, it is at the lowest level since we began operations. Deposit rates on interest bearing accounts can't move much lower and as we book new earning assets, they are generally at lower interest rate levels than those that have paid down. The margin compression is not uncommon to the industry today. The slowing economy, the recent Federal Reserve monetary easing policy, and the competition for quality earning assets all contribute to the situation. We strongly believe that current margin compression could persist for some time, but our pricing power will return at some point. For financially sound community banks such as River Valley Community Bank, the future does indeed look bright," Jelavich concluded.

River Valley Community Bank is located at 1629 Colusa Avenue, Yuba City, California. For more information please contact John Jelavich at 530-821-2460 or visit our website at: <a href="https://www.rivervalleycommunitybank.com">www.rivervalleycommunitybank.com</a>.

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.