River City Bank Reports Strong Net Income of $17.2 Million for Q2 2024, Record Net Income of $35.9 Million Year to Date, Crossing the $5 Billion Asset Threshold, and Quarterly Cash Dividend

July 17, 2024

SACRAMENTO, Calif. – River City Bank (the Bank) reported net income of $17.2 million, or $11.66 per diluted share, for the quarter ended June 30, 2024, which compares favorably to the $14.4 million, or $9.65 per diluted share, for the same period in 2023. Net income was $35.9 million or $24.29 per diluted share for the six months ended June 30, 2024, which compares favorably to the $27.3 million, or $18.28 per diluted share, for the six months ended June 30, 2023. The Bank's earnings for the first six months ended June 30, 2024 represented a healthy 16.6% return on equity capital and 1.41% return on assets. The Bank's book value per share rose to $310 as of June 30, 2024 from $261 per share as of June 30, 2023.

Significant items impacting quarterly net income for June 30, 2024 and the same period in 2023 include the following:

- Higher loan balances – Average loan outstandings in the current quarter were $520 million higher than the prior year quarter, helping to increase net interest income by $5.0 million over the same period in 2023 despite rising deposit costs.
- Increased cash and investment balances – Average cash balances grew by $331 million and average investments balances grew by $118 million, when compared to the same period in 2023. The increased balances, at higher yields, provided a $9.7 million increase in income from cash and investments versus the prior year quarter.
- Deposit growth – Average deposits grew by $946 million compared to the same period a year earlier, supporting the Bank's loan growth while reducing higher cost borrowings and increasing liquid assets.
- The provision for credit losses on loans for the current quarter of $3.0 million was lower than the $6.5 million that was recorded for the prior year quarter. The Bank continues to add provision for credit losses as the loan portfolio grows. During the quarter ended June 30, 2024, the Bank did not experience any actual credit losses and the Bank's Allowance for Credit Losses for Loans was a robust 2.60% of Gross Loans as of June 30, 2024.

"The Bank crossed an important milestone in our history as we ended the quarter with over $5 billion in total assets. Our customers continue to appreciate the value the Bank provides with over 50 years of consistently exceptional service as evidenced by our significant growth in total deposits from $3.6 billion at June 30, 2023 to $4.5 billion as of June 30, 2024," said Steve Fleming, president and chief executive officer. "The Bank's balance sheet remains highly liquid with $377 million in cash and $726 million in high-quality short duration investments (investment portfolio effective duration of only 1 year). At the same time, our loan quality remains pristine with virtually no delinquencies or non-performing loans. We believe we can continue to grow our commercial real estate loan portfolio as we focus on loans secured by multi-family, retail, and industrial properties, as well as expanding our geographic footprint to other western states outside of California. We will remain diligent with our monitoring of potential impacts to the office segment of our commercial real estate loan portfolio from the reduction in demand as employers continue to provide work-from-home opportunities for their employees."

"The Bank's high-quality investment securities portfolio continues to perform well with relatively small unrealized losses of 1.7 percent and there are no investment securities categorized as held-to-maturity," said Brian Killeen, chief financial officer of River City Bank. "Operational efficiency remains a core competency for the Bank, as evidenced by our 26 percent efficiency ratio for the six months ended June 30, 2024."

Shareholders' equity for River City Bank on June 30, 2024, increased $29 million to $447 million, when compared to the $418 million as of Dec. 31, 2023. The increase was driven by growth of the current year's retained earnings. The Bank's capital ratios remain well above the regulatory definition for being Well Capitalized with a Tier 1 Leverage Ratio of 8.7% as of June 30, 2024.

Additionally, Steve Fleming announced that the Bank's board of directors has approved a cash dividend of $0.37 per common share to shareholders of record as of July 25, 2024, and payable on Aug. 8, 2024.

About River City Bank

As a leading boutique commercial bank with assets over $6 billion, River City Bank is the largest, independent, locally owned and managed bank in the Sacramento region, with an office in San Francisco and a presence in Southern California. River City Bank offers a comprehensive suite of banking services with a tailored, concierge-like level of service, to redefine the banking experience. Please visit www.rivercitybank.com or call (916) 567-2600. Member FDIC. Equal Housing Lender.