River City Bank Reports Net Income of $16.2 Million for the Third Quarter of 2024, Net Income of $52.1 Million Year to Date, and a Quarterly Cash Dividend

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River City Bank Reports Net Income for Third Quarter of 2024

SACRAMENTO, Calif. – River City Bank (the Bank) reported net income of $16.2 million, or $11.08 per diluted share, for the quarter ended September 30, 2024, compared to $16.3 million, or $10.94 per diluted share, for the same period in 2023. Net income was $52.1 million or $35.38 per diluted share for the nine months ended September 30, 2024, which compares favorably to the $43.6 million or $29.22 per diluted share for the nine months ended September 30, 2023. The Bank's earnings for the first nine months ended September 30, 2024, represented a healthy 15.7% return on equity. The Bank's book value per share rose to $324 as of September 30, 2024, from $276 per share as of September 30, 2023.

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

- Higher loan balances and yields – Average loan outstandings were $475 million higher than the prior year quarter, and loan yields increased to 4.48% for the current quarter, compared to 4.08% in the prior year quarter.
- Increased investment securities balances and yields – Average investment securities balances grew by $87 million and yields on investment securities increased from 2.67% during the same quarter a year ago to 4.57% in the current quarter.
- Deposit growth – Average deposits grew by $638 million compared to the same period a year earlier, supporting growth in the Bank's loans and liquid assets.
- The provision for credit losses for the current quarter was a reversal of $2.0 million compared to an addition of $4.6 million for the prior year quarter. The Bank did not experience any credit losses during the current quarter or for the nine months ended September 30, 2024, and the Bank's Allowance for Credit Losses for Loans was a robust 2.45% of Gross Loans as of September 30, 2024. For the nine months ended September 30, 2024, the provision for credit losses was $5.0 million compared to $12.5 million for the same period in 2023.
- The Bank recognized a $6.2 million loss related to free-standing interest rate swaps during the current quarter compared to $2.4 million gain in the prior year quarter. These swaps were previously designated as cash flow hedges for the purpose of hedging interest rate risk associated with rising deposit costs. The Bank maintains these swaps as part of the Bank's standard interest rate risk management program. For the nine months ended September 30, 2024, the Bank has recognized a $2.4 million gain related to these interest rate swaps.

"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 assets to over $5.1 billion as of September 30, 2024," said Steve Fleming, president and chief executive officer. "The Bank's balance sheet remains liquid with $283 million in cash and $720 million in high-quality short duration investments (investment portfolio effective duration of only one 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."

"Operational efficiency remains a core competency for the Bank, as evidenced by our 27 percent efficiency ratio for the nine months ended September 30, 2024," said Brian Killeen, chief financial officer of River City Bank. "The Bank's high-quality investment securities portfolio continues to perform well with relatively small unrealized losses of less than one percent and there are no investment securities categorized as held-to-maturity."

Shareholders' equity for River City Bank on September 30, 2024, increased $49 million to $467 million, when compared to the $418 million as of December 31, 2023. The Bank's capital ratios remain well above the regulatory definition for being Well Capitalized, with a Tier 1 Leverage Ratio of 8.8% as of September 30, 2024.

Additionally, Mr. 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 October 29, 2024, and payable on November 12, 2024.

About River City Bank