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RIVER CITY BANK REPORTS NET INCOME OF $4.1 MILLION FOR THE THIRD QUARTER OF 2016 AND $10.2 MILLION YEAR TO DATE

SACRAMENTO, Calif., October 20, 2016—River City Bank (the Bank) reported net income of $4.1 million, or $2.86 per diluted share, for the three months ending September 30, 2016, which compares to the $2.3 million, or $1.62 per diluted share, for the three months ending September 30, 2015. Net income was $10.2 million, or $7.07 per diluted share, for the nine months ending September 30, 2016, which was $1.6 million more than the $8.6 million, or $5.99 per diluted share, for the nine months ending September 30, 2015.

"Our team of highly talented bankers continues to expand the Bank's relationships with existing clients and add high quality new clients to the Bank," stated Steve Fleming, president and chief executive officer of River City Bank. "While maintaining our strong market position and brand in the Sacramento area, the Bay Area and Southern California commercial real estate markets continue to provide excellent opportunities for loan growth."

This expansion of market share manifested in an increase in total gross loans of $169 million, or 17 percent, and $246 million, or 27 percent, for the nine and twelve months ending September 30, 2016, to $1.1 billion as of September 30, 2016. Loan growth propelled net interest income $6.4 million higher for the first nine months of 2016 versus the same period in 2015. In addition, it should be noted that year-to-date net interest income included a $596,000 interest recovery from a nonaccrual loan which paid off during the first quarter of 2016. This superior loan growth has been essential to the Bank's improved level of profitability as it has, largely, mitigated the negative impact of the continued decline in long-term interest rates. In fact, the Bank's net interest margin remained unchanged at 2.97 percent for the nine-month periods ending September 30, 2016 and 2015, after adjusting for the non-recurring interest recovery noted above.

Asset quality continues to be a high priority for the Bank, with nonperforming loans to total gross loans declining from an already low 0.39 percent as of September 30, 2015 to 0.16 percent as of September 30, 2016. Other real estate owned (i.e. real estate obtained by the Bank via foreclosure) as of September 30, 2016 was only $3 million.

In addition to the accelerated loan growth, the second-largest factor affecting the performance for the three and nine months ending September 30, 2016 pertains to the mark to market (MTM) of the Bank's interest rate swap contracts (swaps). Due to declines in long-term interest rates during the nine months ending September 30, 2016, the Bank incurred a MTM loss of $1.9 million, compared to a $1.1 million MTM loss for the same prior year period. As long-term interest rates partially rebounded in the third quarter of 2016, the Bank recorded a MTM gain on swaps of $480,000. In the prior year quarter, long-term rates declined, thus causing a $1.5 million MTM loss for the three months ending September 30, 2015. The Bank entered these swaps to hedge the interest rate risk associated with its ongoing origination of long-term fixed rate commercial real estate loans. Because these swaps were not designed to receive hedge accounting treatment, they must be carried on the balance sheet at their fair market value with any changes in value recorded in the income statement. It should also be noted that the decline in interest rates caused a mark to market increase in the Bank's securities fair value resulting in a $1.6 million increase (net of taxes) from December 31, 2015 to September 30, 2016 in the Accumulated Other Comprehensive Income in the equity section of the Bank's balance sheet.

"Our efficiency ratio declined from 55 percent for the nine months ending September 30, 2015 to 51 percent for the same period in 2016, demonstrating our continued vigilance in managing our expenses," stated Anker Christensen, chief financial officer of River City Bank. "Managing expenses is a necessity in this historically low interest rate environment which continues to pressure our revenues. After excluding the mark to market loss on the interest rate swap contracts, our efficiency ratio would have been less than 48 percent for the nine months ending September 30, 2016."

Shareholders' equity for River City Bank on September 30, 2016 increased almost $10.5 million to $168 million, when compared to the $158 million as of December 31, 2015. The increase was driven by retained earnings and the previously noted increase in Accumulated Other Comprehensive Income. The Bank's capital ratios remain well above the regulatory definitions for being Well Capitalized. Tier 1 Leverage, Common Equity Tier 1, and Total Risk-Based Capital Ratios were 10.1 percent, 12.2 percent, and 14.2 percent, respectively, as of September 30, 2016.

ABOUT RIVER CITY BANK:

River City Bank is the largest bank based in Sacramento and the Sacramento region's premier business bank with assets over $1.6 billion. River City Bank offers a comprehensive suite of banking services, including loans, deposits and cash management tools to the business, consumer and commercial real estate sectors. With tailored, executive-level service and a five star "Superior" financial rating from the nation's leading independent bank-rating firm, Bauer Financial, River City Bank redefines the banking experience and every touch point that surrounds it. River City Bank is the largest, independent, locally-owned bank in the Sacramento region with an office in the San Francisco Bay Area and a presence in Southern California. For additional information, please visit www.rivercitybank.com or call (916) 567-2600. Member FDIC. Equal Housing Lender.

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