

American River Bankshares

Condensed Consolidated Statements of Income (Unaudited)

(Dollars in thousands, except per share data)

	Fourth Quarter 2015	Fourth Quarter 2014	% Change	For the Twelve Months Ended December 31, 2015	2014	% Change
Interest income	\$ 5,325	\$ 4,936	7.9 %	\$ 20,968	\$ 19,965	5.0 %
Interest expense	229	286	(19.9) %	961	1,168	(17.7) %
Net interest income	<u>5,096</u>	<u>4,650</u>	9.6 %	<u>20,007</u>	<u>18,797</u>	6.4 %
Provision for loan and lease losses	-	(341)	nm %	-	(541)	nm %
Noninterest income:						
Service charges on deposit accounts	122	128	(4.7) %	498	562	(11.4) %
Gain on sale of securities	-	108	(100.0) %	251	208	20.7 %
Rental income from other real estate owned	87	75	16.0 %	335	365	(8.2) %
Other noninterest income	224	336	(33.3) %	931	1,042	(10.7) %
Total noninterest income	<u>433</u>	<u>647</u>	(33.1) %	<u>2,015</u>	<u>2,177</u>	(7.4) %
Noninterest expense:						
Salaries and employee benefits	2,028	2,297	(11.7) %	8,528	8,776	(2.8) %
Occupancy	295	290	1.7 %	1,183	1,188	(0.4) %
Furniture and equipment	163	168	(3.0) %	690	724	(4.7) %
Federal Deposit Insurance Corporation assessments	85	75	13.3 %	324	363	(10.7) %
Expenses related to other real estate owned	62	208	(70.2) %	322	364	(11.5) %
Other expense	787	810	(2.8) %	3,033	3,447	(12.0) %
Total noninterest expense	<u>3,420</u>	<u>3,848</u>	(11.1) %	<u>14,080</u>	<u>14,862</u>	(5.3) %
Income before provision for income taxes	<u>2,109</u>	<u>1,790</u>	17.8 %	<u>7,942</u>	<u>6,653</u>	19.4 %
Provision for income taxes	652	594	9.8 %	2,674	2,292	16.7 %
Net income	<u>\$ 1,457</u>	<u>\$ 1,196</u>	21.8 %	<u>\$ 5,268</u>	<u>\$ 4,361</u>	20.8 %
Basic earnings per share	\$ 0.20	\$ 0.15	33.3 %	\$ 0.70	\$ 0.54	29.6 %
Diluted earnings per share	\$ 0.20	\$ 0.15	33.3 %	\$ 0.70	\$ 0.54	29.6 %
Net interest margin as a percentage of average earning assets	3.63%	3.41%		3.63%	3.54%	
Average diluted shares outstanding	7,315,109	8,075,031		7,579,074	8,143,567	

Operating Ratios:					
Return on average assets	0.91%	0.76%		0.85%	0.72%
Return on average equity	6.71%	5.33%		6.03%	4.98%
Return on average tangible equity	8.28%	6.52%		7.42%	6.12%
Efficiency ratio (fully taxable equivalent)	60.72%	71.75%		62.87%	69.96%

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(Dollars in thousands, except per share data)

	Fourth Quarter 2015	Third Quarter 2015	Second Quarter 2015	First Quarter 2015	Fourth Quarter 2014
Interest income	\$ 5,325	\$ 5,458	\$ 5,283	\$ 4,902	\$ 4,936
Interest expense	229	240	244	248	286
Net interest income	5,096	5,218	5,039	4,654	4,650
Provision for loan and lease losses	-	-	-	-	(341)
Noninterest income:					
Service charges on deposit accounts	122	132	127	117	128
Gain on sale of securities	-	33	51	167	108
Rental income from other real estate owned	87	87	90	71	75
Other noninterest income	224	238	239	230	336
Total noninterest income	433	490	507	585	647
Noninterest expense:					
Salaries and employee benefits	2,028	2,185	2,045	2,270	2,297
Occupancy	295	294	301	293	290
Furniture and equipment	163	171	179	177	168
Federal Deposit Insurance Corporation assessments	85	83	76	80	75
Expenses related to other real estate owned	62	58	55	147	208
Other expense	787	641	759	846	810
Total noninterest expense	3,420	3,432	3,415	3,813	3,848
Income before provision for income taxes	2,109	2,276	2,131	1,426	1,790
Provision for income taxes	652	807	745	470	594
Net income	\$ 1,457	\$ 1,469	\$ 1,386	\$ 956	\$ 1,196
Basic earnings per share	\$ 0.20	\$ 0.20	\$ 0.18	\$ 0.12	\$ 0.15
Diluted earnings per share	\$ 0.20	\$ 0.20	\$ 0.18	\$ 0.12	\$ 0.15
Net interest margin as a percentage of average earning assets	3.63%	3.72%	3.69%	3.46%	3.41%
Average diluted shares outstanding	7,315,109	7,501,459	7,674,711	7,845,532	8,075,031
Shares outstanding-end of period	7,343,649	7,343,649	7,730,157	7,705,666	8,089,615
Operating Ratios (annualized):					
Return on average assets	0.91%	0.92%	0.90%	0.64%	0.76%
Return on average equity	6.71%	6.71%	6.31%	4.39%	5.33%
Return on average tangible equity	8.28%	8.27%	7.75%	5.39%	6.52%
Efficiency ratio (fully taxable equivalent)	60.72%	59.14%	60.45%	71.81%	71.75%