

American River Bankshares
Condensed Consolidated Statements of Income (Unaudited)

(Dollars in thousands, except per share data)

	Second Quarter 2017	Second Quarter 2016	%	For the Six Months Ended June 30,		%
			Change	2017	2016	Change
Interest income	\$ 5,121	\$ 5,229	(2.1) %	\$ 10,174	\$ 10,505	(3.2) %
Interest expense	252	221	14.0 %	494	455	8.6 %
Net interest income	4,869	5,008	(2.8) %	9,680	10,050	(3.7) %
Provision for loan and lease losses	-	-	-	-	-	-
Noninterest income:						
Service charges on deposit accounts	114	128	(10.9) %	231	257	(10.1) %
Gain (loss) on sale or impairment of securities	86	(1)	(8,700.0) %	142	281	(49.5) %
Rental income from other real estate owned	-	-	-	-	106	(100.0) %
Other noninterest income	239	236	1.3 %	485	473	2.5 %
Total noninterest income	439	363	20.9 %	858	1,117	(23.2) %
Noninterest expense:						
Salaries and employee benefits	2,064	2,101	(1.8) %	4,234	4,261	(0.6) %
Occupancy	262	292	(10.3) %	531	590	(10.0) %
Furniture and equipment	147	163	(9.8) %	298	328	(9.1) %
Federal Deposit Insurance Corporation assessments	52	76	(31.6) %	105	156	(32.7) %
Expenses related to other real estate owned	12	20	(40.0) %	32	360	(91.1) %
Other expense	831	763	8.9 %	1,598	1,511	5.8 %
Total noninterest expense	3,368	3,415	(1.4) %	6,798	7,206	(5.7) %
Income before provision for income taxes	1,940	1,956	(0.8) %	3,740	3,961	(5.6) %
Provision for income taxes	643	652	(1.4) %	1,259	1,285	(2.0) %
Net income	\$ 1,297	\$ 1,304	(0.5) %	\$ 2,481	\$ 2,676	(7.3) %
Basic earnings per share	\$ 0.20	\$ 0.19	5.3 %	\$ 0.38	\$ 0.39	(2.6) %
Diluted earnings per share	\$ 0.20	\$ 0.19	5.3 %	\$ 0.38	\$ 0.39	(2.6) %
Net interest margin as a percentage of average earning assets	3.41%	3.64%		3.43%	3.64%	
Average diluted shares outstanding	6,413,473	6,746,099		6,522,254	6,933,435	

Operating Ratios:					
Return on average assets	0.80%	0.84%		0.77%	0.85%
Return on average equity	6.35%	6.29%		6.05%	6.37%
Return on average tangible equity	7.94%	7.83%		7.53%	7.89%
Efficiency ratio (fully taxable equivalent)	62.27%	62.26%		63.31%	63.20%

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Condensed Consolidated Statements of Income (Unaudited)

(Dollars in thousands, except per share data)

	Second Quarter 2017	First Quarter 2017	Fourth Quarter 2016	Third Quarter 2016	Second Quarter 2016
Interest income	\$ 5,121	\$ 5,053	\$ 5,344	\$ 5,304	\$ 5,229
Interest expense	252	242	232	223	221
Net interest income	4,869	4,811	5,112	5,081	5,008
Provision for loan and lease losses	-	-	(676)	(668)	-
Noninterest income:					
Service charges on deposit accounts	114	117	121	124	128
Gain on sale of securities	86	56	-	33	(1)
Rental income from other real estate owned	-	-	173	-	-
Other noninterest income	239	246	235	242	236
Total noninterest income	439	419	529	399	363
Noninterest expense:					
Salaries and employee benefits	2,064	2,170	2,101	2,073	2,101
Occupancy	262	269	290	295	292
Furniture and equipment	147	151	159	165	163
Federal Deposit Insurance Corporation assessments	52	53	23	77	76
Expenses related to other real estate owned	12	20	(84)	(30)	20
Other expense	831	767	795	766	763
Total noninterest expense	3,368	3,430	3,284	3,346	3,415
Income before provision for income taxes	1,940	1,800	3,033	2,802	1,956
Provision for income taxes	643	616	1,118	989	652
Net income	\$ 1,297	\$ 1,184	\$ 1,915	\$ 1,813	\$ 1,304
Basic earnings per share	\$ 0.20	\$ 0.18	\$ 0.29	\$ 0.28	\$ 0.19
Diluted earnings per share	\$ 0.20	\$ 0.18	\$ 0.29	\$ 0.27	\$ 0.19
Net interest margin as a percentage of average earning assets	3.41%	3.44%	3.57%	3.65%	3.64%
Average diluted shares outstanding	6,413,473	6,640,592	6,647,926	6,621,640	6,746,099
Shares outstanding-end of period	6,357,767	6,545,959	6,661,726	6,656,594	6,655,980

Operating Ratios (annualized):

Return on average assets	0.80%	0.74%	1.16%	1.13%	0.84%
Return on average equity	6.35%	5.74%	9.04%	8.62%	6.29%
Return on average tangible equity	7.94%	7.13%	11.21%	10.70%	7.83%
Efficiency ratio (fully taxable equivalent)	62.27%	64.38%	56.98%	59.88%	62.26%