

American River Bankshares
Condensed Consolidated Balance Sheets (Unaudited)

(Dollars in thousands)

ASSETS	September 30, 2016	December 31, 2015	September 30, 2015
Cash and due from banks	\$ 43,094	\$ 23,727	\$ 21,638
Interest-bearing deposits in banks	999	750	1,000
Investment securities	254,010	274,442	267,414
Loans & leases:			
Real estate	278,594	251,818	253,888
Commercial	35,172	36,195	34,269
Lease financing	462	732	837
Other	4,305	5,553	5,948
Deferred loan and lease origination fees, net	(248)	(221)	(239)
Allowance for loan and lease losses	(4,983)	(4,975)	(4,929)
Loans and leases, net	313,302	289,102	289,774
Bank premises and equipment, net	1,259	1,407	1,435
Goodwill and intangible assets	16,321	16,321	16,321
Investment in Federal Home Loan Bank Stock	3,779	3,779	3,779
Other real estate owned, net	653	3,551	3,781
Accrued interest receivable and other assets	20,429	21,561	20,052
	\$ 653,846	\$ 634,640	\$ 625,194
LIABILITIES & SHAREHOLDERS' EQUITY			
Noninterest-bearing deposits	\$ 209,586	\$ 190,548	\$ 178,038
Interest checking	61,398	61,324	63,745
Money market	131,655	135,186	133,249
Savings	60,605	59,061	60,174
Time deposits	82,921	84,571	86,163
Total deposits	546,165	530,690	521,369
Short-term borrowings	5,000	3,500	3,500
Long-term borrowings	9,000	7,500	7,500
Accrued interest and other liabilities	9,015	6,875	6,547
Total liabilities	569,180	548,565	538,916
SHAREHOLDERS' EQUITY			
Common stock	\$ 42,402	\$ 49,554	\$ 49,483
Retained earnings	38,907	34,418	32,961
Accumulated other comprehensive income	3,357	2,103	3,834
Total shareholders' equity	84,666	86,075	86,278
	\$ 653,846	\$ 634,640	\$ 625,194
Ratios:			
Nonperforming loans and leases to total loans and leases	0.24%	0.56%	0.66%
Net (recoveries) charge-offs to average loans and leases (annualized)	-0.30%	0.12%	0.18%
Allowance for loan and lease losses to total loans and leases	1.57%	1.69%	1.67%
American River Bank Capital Ratios:			
Leverage Capital Ratio	10.62%	11.04%	10.89%
Common Equity Tier 1 Risk-Based Capital	18.15%	19.07%	18.75%
Tier 1 Risk-Based Capital Ratio	18.15%	19.07%	18.75%
Total Risk-Based Capital Ratio	19.40%	20.32%	20.00%
American River Bankshares Capital Ratios:			
Leverage Capital Ratio	10.56%	10.97%	10.82%
Tier 1 Risk-Based Capital Ratio	18.45%	19.34%	19.00%
Total Risk-Based Capital Ratio	19.70%	20.59%	20.25%

American River Bankshares
Condensed Consolidated Statements of Income (Unaudited)

(Dollars in thousands, except per share data)

	Third Quarter 2016	Third Quarter 2015	%	For the Nine Months Ended September 30,		%
			Change	2016	2015	Change
Interest income	\$ 5,304	\$ 5,458	(2.8) %	\$ 15,809	\$ 15,643	1.1 %
Interest expense	223	240	(7.1) %	678	732	(7.4) %
Net interest income	5,081	5,218	(2.6) %	15,131	14,911	1.5 %
Provision for loan and lease losses	(668)	-	-	(668)	-	-
Noninterest income:						
Service charges on deposit accounts	124	132	(6.1) %	381	376	1.3 %
Gain on sale or impairment of securities, net	33	33	-	314	251	25.1 %
Rental income from other real estate owned	-	87	(100.0) %	106	248	(57.3) %
Other noninterest income	242	238	1.7 %	715	707	1.1 %
Total noninterest income	399	490	(18.6) %	1,516	1,582	(4.2) %
Noninterest expense:						
Salaries and employee benefits	2,073	2,185	(5.1) %	6,334	6,500	(2.6) %
Occupancy	295	294	0.3 %	885	888	(0.3) %
Furniture and equipment	165	171	(3.5) %	493	527	(6.5) %
Federal Deposit Insurance Corporation assessments	77	83	(7.2) %	233	239	(2.5) %
Expenses related to other real estate owned	(30)	58	(151.7) %	330	260	26.9 %
Other expense	766	641	19.5 %	2,277	2,246	1.4 %
Total noninterest expense	3,346	3,432	(2.5) %	10,552	10,660	(1.0) %
Income before provision for income taxes	2,802	2,276	23.1 %	6,763	5,833	15.9 %
Provision for income taxes	989	807	22.6 %	2,274	2,022	12.5 %
Net income	\$ 1,813	\$ 1,469	23.4 %	\$ 4,489	\$ 3,811	17.8 %
Basic earnings per share	\$ 0.28	\$ 0.20	40.0 %	\$ 0.66	\$ 0.50	32.0 %
Diluted earnings per share	\$ 0.27	\$ 0.20	35.0 %	\$ 0.66	\$ 0.50	32.0 %
Net interest margin as a percentage of average earning assets	3.65%	3.72%		3.64%	3.62%	
Average diluted shares outstanding	6,621,276	7,501,459		6,828,124	7,667,987	

Operating Ratios:

Return on average assets	1.13%	0.92%	0.95%	0.82%
Return on average equity	8.62%	6.71%	7.12%	5.81%
Return on average tangible equity	10.70%	8.27%	8.83%	7.14%
Efficiency ratio (fully taxable equivalent)	59.88%	59.14%	62.11%	63.60%

American River Bankshares
Condensed Consolidated Statements of Income (Unaudited)

(Dollars in thousands, except per share data)

	Third Quarter 2016	Second Quarter 2016	First Quarter 2016	Fourth Quarter 2015	Third Quarter 2015
Interest income	\$ 5,304	\$ 5,229	\$ 5,276	\$ 5,325	\$ 5,458
Interest expense	223	221	234	229	240
Net interest income	5,081	5,008	5,042	5,096	5,218
Provision for loan and lease losses	(668)	-	-	-	-
Noninterest income:					
Service charges on deposit accounts	124	128	129	122	132
Gain (loss) on sale or impairment of securities	33	(1)	282	-	33
Rental income from other real estate owned	-	-	106	87	87
Other noninterest income	242	236	237	224	238
Total noninterest income	399	363	754	433	490
Noninterest expense:					
Salaries and employee benefits	2,073	2,101	2,160	2,028	2,185
Occupancy	295	292	298	295	294
Furniture and equipment	165	163	165	163	171
Federal Deposit Insurance Corporation assessments	77	76	80	85	83
Expenses related to other real estate owned	(30)	20	340	62	58
Other expense	766	763	748	787	641
Total noninterest expense	3,346	3,415	3,791	3,420	3,432
Income before provision for income taxes	2,802	1,956	2,005	2,109	2,276
Provision for income taxes	989	652	633	652	807
Net income	\$ 1,813	\$ 1,304	\$ 1,372	\$ 1,457	\$ 1,469
Basic earnings per share	\$ 0.28	\$ 0.19	\$ 0.19	\$ 0.20	\$ 0.20
Diluted earnings per share	\$ 0.27	\$ 0.19	\$ 0.19	\$ 0.20	\$ 0.20
Net interest margin as a percentage of average earning assets	3.65%	3.64%	3.63%	3.63%	3.72%
Average diluted shares outstanding	6,621,271	6,746,099	7,130,444	7,315,109	7,501,459
Shares outstanding-end of period	6,656,594	6,655,980	6,994,300	7,343,649	7,343,649
Operating Ratios (annualized):					
Return on average assets	1.13%	0.84%	0.87%	0.91%	0.92%
Return on average equity	8.62%	6.29%	6.44%	6.71%	6.71%
Return on average tangible equity	10.70%	7.83%	7.95%	8.28%	8.27%
Efficiency ratio (fully taxable equivalent)	59.88%	62.26%	64.07%	60.72%	59.14%

American River Bankshares
Analysis of Net Interest Margin on Earning Assets (Unaudited)
(Taxable Equivalent Basis)

(Dollars in thousands)

Three months ended September 30,	2016			2015		
ASSETS	Avg Balance	Interest	Avg Yield	Avg Balance	Interest	Avg Yield
Taxable loans and leases	\$ 289,795	\$ 3,617	4.97%	\$ 275,313	\$ 3,534	5.09%
Tax-exempt loans and leases	17,529	254	5.76%	11,601	130	4.45%
Taxable investment securities	232,858	1,340	2.29%	252,760	1,633	2.56%
Tax-exempt investment securities	23,811	199	3.32%	25,965	254	3.88%
Corporate stock	78	-	0.00%	83	-	0.00%
Interest-bearing deposits in banks	999	2	0.80%	1,000	2	0.79%
Total earning assets	565,070	5,412	3.81%	566,722	5,553	3.89%
Cash & due from banks	37,343			29,465		
Other assets	38,618			40,010		
Allowance for loan & lease losses	(5,470)			(5,493)		
	\$ 635,561			\$ 630,704		
LIABILITIES & SHAREHOLDERS'						
EQUITY						
Interest checking and money market	\$ 188,292	\$ 35	0.07%	\$ 196,395	\$ 61	0.12%
Savings	60,925	4	0.03%	58,579	6	0.04%
Time deposits	82,771	140	0.67%	86,684	135	0.62%
Other borrowings	15,185	44	1.15%	18,228	38	0.83%
Total interest bearing liabilities	347,173	223	0.26%	359,886	240	0.26%
Noninterest bearing demand deposits	198,655			177,737		
Other liabilities	6,031			6,253		
Total liabilities	551,859			543,876		
Shareholders' equity	83,702			86,828		
	\$ 635,561			\$ 630,704		
Net interest income & margin		\$ 5,189	3.65%		\$ 5,313	3.72%

Nine months ended September 30,	2016			2015		
ASSETS	Avg Balance	Interest	Avg Yield	Avg Balance	Interest	Avg Yield
Taxable loans and leases	\$ 284,782	\$ 10,424	4.89%	\$ 267,256	\$ 10,130	5.07%
Tax-exempt loans and leases	16,863	716	5.67%	8,310	297	4.78%
Taxable investment securities	241,129	4,333	2.40%	257,103	4,706	2.45%
Tax-exempt investment securities	24,233	660	3.64%	26,196	763	3.89%
Corporate stock	74	14	25.27%	78	12	20.57%
Interest-bearing deposits in banks	994	5	0.67%	993	4	0.54%
Total earning assets	568,075	16,152	3.80%	559,936	15,912	3.80%
Cash & due from banks	31,209			24,347		
Other assets	38,027			39,650		
Allowance for loan & lease losses	(5,191)			(5,382)		
	\$ 632,120			\$ 618,551		
LIABILITIES & SHAREHOLDERS'						
EQUITY						
Interest checking and money market	\$ 188,405	\$ 110	0.08%	\$ 195,563	\$ 192	0.13%
Savings	59,940	14	0.03%	58,464	23	0.05%
Time deposits	83,222	421	0.68%	87,495	409	0.62%
Other borrowings	17,936	133	0.99%	14,606	108	0.99%
Total interest bearing liabilities	349,503	678	0.26%	356,128	732	0.27%
Noninterest bearing demand deposits	192,103			168,546		
Other liabilities	6,262			6,157		
Total liabilities	547,868			530,831		
Shareholders' equity	84,252			87,720		
	\$ 632,120			\$ 618,551		
Net interest income & margin		\$ 15,474	3.64%		\$ 15,180	3.62%