

**American River Bankshares**  
**Condensed Consolidated Statements of Income (Unaudited)**

(Dollars in thousands, except per share data)

	Fourth Quarter 2018	Fourth Quarter 2017	%	For the Twelve Months Ended December 31,		%
			Change	2018	2017	Change
Interest income	\$ 6,012	\$ 5,158	16.6 %	\$ 22,242	\$ 20,414	9.0 %
Interest expense	480	288	66.7 %	1,596	1,061	50.4 %
Net interest income	5,532	4,870	13.6 %	20,646	19,353	6.7 %
Provision for loan and lease losses	125	150	(16.7) %	175	450	(61.1) %
Noninterest income:						
Service charges on deposit accounts	124	117	6.0 %	476	465	2.4 %
Gain on sale of securities	12	-	- %	31	161	(80.7) %
Other noninterest income	248	244	1.6 %	1,006	970	3.7 %
Total noninterest income	384	361	6.4 %	1,513	1,596	(5.2) %
Noninterest expense:						
Salaries and employee benefits	2,929	2,584	13.4 %	10,203	8,920	14.4 %
Occupancy	259	260	(0.4) %	1,050	1,053	(0.3) %
Furniture and equipment	138	147	(6.1) %	553	586	(5.6) %
Federal Deposit Insurance Corporation assessments	44	50	(12.0) %	202	206	(1.9) %
Expenses related to other real estate owned	8	8	- %	20	44	(54.5) %
Other expense	951	890	6.9 %	3,482	3,240	7.5 %
Total noninterest expense	4,329	3,939	9.9 %	15,510	14,049	10.4 %
Income before provision for income taxes	1,462	1,142	28.0 %	6,474	6,450	0.4 %
Provision for income taxes	337	1,534	(78.0) %	1,574	3,252	(51.6) %
Net income (loss)	\$ 1,125	\$ (392)	---	\$ 4,900	\$ 3,198	53.2 %
Basic earnings (loss) per share	\$ 0.19	\$ -0.06	---	\$ 0.83	\$ 0.50	66.0 %
Diluted earnings (loss) per share	\$ 0.19	\$ -0.06	---	\$ 0.83	\$ 0.50	66.0 %
Net interest margin as a percentage of average earning assets	3.54%	3.39%		3.41%	3.39%	
Average diluted shares outstanding	5,858,615	6,253,475		5,908,660	6,427,123	

**Operating Ratios:**

Return on average assets	0.65%	-0.24%	0.72%	0.49%
Return on average equity	6.22%	-1.95%	6.77%	3.91%
Return on average tangible equity	8.05%	-2.45%	8.74%	4.88%
Efficiency ratio (fully taxable equivalent)	72.59%	73.99%	69.35%	65.84%

**American River Bankshares**

**Condensed Consolidated Statements of Income (Unaudited)**

(Dollars in thousands, except per share data)

	<b>Fourth Quarter 2018</b>	<b>Third Quarter 2018</b>	<b>Second Quarter 2018</b>	<b>First Quarter 2018</b>	<b>Fourth Quarter 2017</b>
Interest income	\$ 6,012	\$ 5,666	\$ 5,498	\$ 5,066	\$ 5,158
Interest expense	480	409	378	329	288
Net interest income	5,532	5,257	5,120	4,737	4,870
Provision for loan and lease losses	125	50	-	-	150
Noninterest income:					
Service charges on deposit accounts	124	119	116	117	117
Gain on sale of securities	12	8	10	1	-
Other noninterest income	248	250	254	254	244
Total noninterest income	384	377	380	372	361
Noninterest expense:					
Salaries and employee benefits	2,929	2,551	2,517	2,206	2,584
Occupancy	259	267	262	262	260
Furniture and equipment	138	141	136	138	147
Federal Deposit Insurance Corporation assessments	44	52	53	53	50
Expenses related to other real estate owned	8	10	(3)	5	8
Other expense	951	982	863	686	890
Total noninterest expense	4,329	4,003	3,828	3,350	3,939
Income before provision for income taxes	1,462	1,581	1,672	1,759	1,142
Provision for income taxes	337	428	403	406	1,534
Net (loss) income	\$ 1,125	\$ 1,153	\$ 1,269	\$ 1,353	\$ (392)
Basic (loss) earnings per share	\$ 0.19	\$ 0.20	\$ 0.22	\$ 0.23	\$ -0.06
Diluted (loss) earnings per share	\$ 0.19	\$ 0.20	\$ 0.22	\$ 0.22	\$ -0.06
Net interest margin as a percentage of average earning assets	3.54%	3.44%	3.36%	3.29%	3.39%
Average diluted shares outstanding	5,858,615	5,864,827	5,882,914	6,032,787	6,253,475
Shares outstanding-end of period	5,858,428	5,864,802	5,864,802	5,882,214	6,132,362

<b>Operating Ratios (annualized):</b>					
Return on average assets	0.65%	0.68%	0.75%	0.80%	-0.24%
Return on average equity	6.22%	6.37%	7.09%	7.39%	-1.95%
Return on average tangible equity	8.05%	8.24%	9.18%	9.47%	-2.45%
Efficiency ratio (fully taxable equivalent)	72.59%	70.49%	68.91%	64.81%	73.99%

**Reconciliation of Non-GAAP Financial Measures (Unaudited)**

The following table sets forth a reconciliation of adjusted net income and diluted earnings per share excluding the impact of the Tax Act and expenses related to the leadership change for each of the dates indicated:

	<b>Fourth Quarter 2018</b>	<b>Third Quarter 2017</b>	<b>Second Quarter 2017</b>	<b>First Quarter 2017</b>	<b>Fourth Quarter 2016</b>
Reported net income (loss)	\$ 1,125	\$ 1,153	\$ 1,269	\$ 1,353	\$ (392)
Impact of Tax Act	-	-	-	-	1,220
Expense related to leadership change	-	-	-	-	676
Tax effect on leadership expenses	-	-	-	-	304
Adjusted net income	\$ 1,125	\$ 1,153	\$ 1,269	\$ 1,353	\$ 1,200
Reported diluted earnings (loss) per share	\$ 0.19	\$ 0.20	\$ 0.22	\$ 0.22	\$ -0.06
Adjusted diluted earnings per share	\$ 0.19	\$ 0.20	\$ 0.22	\$ 0.22	\$ 0.19