

AMERICAN RIVER BANKSHARES

Form 10-Q

August 09, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2018
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 0-31525

AMERICAN RIVER BANKSHARES

(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction of incorporation or organization)

68-0352144
(I.R.S. Employer Identification No.)

3100 Zinfandel Drive, Suite 450, Rancho Cordova, California
(Address of principal executive offices)

95670
(Zip Code)

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(916) 851-0123

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

No par value Common Stock – 5,864,802 shares outstanding at August 9, 2018.

AMERICAN RIVER BANKSHARES

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FOR THE QUARTER ENDED JUNE 30, 2018**

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PART I-FINANCIAL INFORMATION**Item 1. Financial Statements.**AMERICAN RIVER BANKSHARES
CONSOLIDATED BALANCE SHEET

(Unaudited)

(dollars in thousands)	June 30, 2018	December 31, 2017
ASSETS		
Cash and due from banks	\$45,068	\$ 38,467
Federal funds sold	8,000	—
Total cash and cash equivalents	53,068	38,467
Interest-bearing deposits in banks	1,746	1,746
Investment securities:		
Available-for-sale, at fair value	281,660	262,322
Held-to-maturity, at amortized cost	330	378
Loans and leases, less allowance for loan and lease losses of \$4,492 at June 30, 2018 and \$4,478 at December 31, 2017	290,552	308,713
Premises and equipment, net	1,084	1,158
Federal Home Loan Bank stock	3,932	3,932
Goodwill and other intangible assets	16,321	16,321
Other real estate owned	961	961
Bank owned life insurance	15,273	15,122
Accrued interest receivable and other assets	10,329	6,502
	\$675,256	\$ 655,622
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Noninterest bearing	\$221,402	\$ 215,528
Interest-bearing	359,914	340,552
Total deposits	581,316	556,080
Short-term borrowings	6,500	3,500
Long-term borrowings	9,000	12,000
Accrued interest payable and other liabilities	6,547	7,121
Total liabilities	603,363	578,701
Commitments and contingencies		

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Shareholders' equity:

Preferred stock, no par value; 10,000,000 shares authorized; none outstanding	—	—
Common stock, no par value; 20,000,000 shares authorized; issued and outstanding – 5,864,802 shares at June 30, 2018 and 6,132,362 shares at December 31, 2017	30,082	34,463
Retained earnings	44,801	42,779
Accumulated other comprehensive loss, net of taxes	(2,990)	(321)
Total shareholders' equity	71,893	76,921
	\$675,256	\$ 655,622

See Notes to Unaudited Consolidated Financial Statements

AMERICAN RIVER BANKSHARES

CONSOLIDATED STATEMENT OF INCOME

(Unaudited)

(dollars in thousands, except per share data)

For the periods ended June 30,

	Three months		Six months	
	2018	2017	2018	2017
Interest income:				
Interest and fees on loans:				
Taxable	\$3,483	\$3,458	\$6,811	\$6,888
Exempt from Federal income taxes	128	133	256	266
Interest on Federal funds sold	98	—	148	—
Interest on deposits in banks	7	3	13	5
Interest and dividends on investment securities:				
Taxable	1,637	1,363	3,028	2,686
Exempt from Federal income taxes	145	159	308	316
Dividends	—	5	—	13
Total interest income	5,498	5,121	10,564	10,174
Interest expense:				
Interest on deposits	324	203	599	397
Interest on borrowings	54	49	108	97
Total interest expense	378	252	707	494
Net interest income	5,120	4,869	9,857	9,680
Provision for loan and lease losses	—	—	—	—
Net interest income after provision for loan and lease losses	5,120	4,869	9,857	9,680
Noninterest income:				
Service charges on deposit accounts	116	114	233	231
Gain on sale or call of investment securities	10	86	11	142
Other noninterest income	254	239	508	485
Total noninterest income	380	439	752	858
Noninterest expense:				
Salaries and employee benefits	2,517	2,064	4,723	4,234
Occupancy	262	262	524	531
Furniture and equipment	136	147	274	298
Federal Deposit Insurance Corporation assessments	53	52	106	105
Expenses related to other real estate owned	(3)	12	2	32
Other expense	863	831	1,549	1,598
Total noninterest expense	3,828	3,368	7,178	6,798
Income before provision for income taxes	1,672	1,940	3,431	3,740
Provision for income taxes	403	643	809	1,259

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Net income	\$1,269	\$1,297	\$2,622	\$2,481
Basic earnings per share	\$0.22	\$0.20	\$0.44	\$0.38
Diluted earnings per share	\$0.22	\$0.20	\$0.44	\$0.38
Cash dividends per share	\$0.05	\$0.05	\$0.10	\$0.10

See notes to Unaudited Consolidated Financial Statements

AMERICAN RIVER BANKSHARES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited)

(dollars in thousands, except per share data)

For the periods ended June 30,

	Three months		Six months	
	2018	2017	2018	2017
Net income	\$1,269	\$1,297	\$2,622	\$2,481
Other comprehensive income:				
(Decrease) increase in net unrealized gains on investment securities	(1,150)	412	(3,862)	873
Deferred tax benefit (expense)	367	(166)	1,200	(344)
Increase in net unrealized (losses) gains on investment securities, net of tax	(783)	246	(2,662)	529
Reclassification adjustment for realized gains included in net income	(10)	(86)	(11)	(142)
Tax effect	3	35	4	57
Realized gains, net of tax	(7)	(51)	(7)	(85)
Total other comprehensive (loss) gain income	(790)	195	(2,669)	444
Comprehensive income (loss)	\$479	\$1,492	\$(47)	\$2,925

See Notes to Unaudited Consolidated Financial Statements

AMERICAN RIVER BANKSHARES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

(dollars in thousands)	Common Stock		Retained Earnings	Accumulated	Total Shareholders' Equity
	Shares	Amount		Other Comprehensive Income (Loss)	
Balance, January 1, 2017	6,661,726	\$42,484	\$40,822	\$ 544	\$ 83,850
Net income			2,481		2,481
Other comprehensive income, net of tax				444	444
Cash dividends (\$0.10 per share)			(657)		(657)
Net restricted stock award activity and related compensation expense	22,032	181			181
Stock options exercised					