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416	—	331	19	Other:	Consumer	—	—	—	—	2		\$7,601	\$8,994	\$—	\$7,840	\$410			
an allowance recorded:					Commercial	\$—	\$—	\$—	\$—	\$—	Real								
estate:					Commercial	4,396	4,483	261	4,435	249	Multi-family	474	474	21	476	33	Residential	1,286	1,286
estate:					Commercial	10,070	10,390	261	10,136	530	Multi-family	474	474	21	476	33	Residential	1,615	1,615

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AMERICAN RIVER BANKSHARES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

7. ALLOWANCE FOR LOAN AND LEASE LOSSES (Continued)

	December 31, 2016			Average	Interest
	Recorded	Unpaid Principal	Related	Recorded	Income
	Investment	Balance	Allowance	Investment	Recognized
With no related allowance recorded:					
Commercial	\$—	\$—	\$ —	\$ —	\$ —
Real estate:					
Commercial	10,910	11,540	—	11,011	558
Multi-family	—	—	—	—	1
Residential	334	421	—	337	15
Other:					
Consumer	—	—	—	—	3
	\$11,244	\$11,961	\$ —	\$ 11,348	\$ 577
With an allowance recorded:					
Commercial	\$157	\$157	\$ 11	\$ 161	\$ 11
Real estate:					
Commercial	3,244	3,336	246	3,308	168
Multi-family	482	482	2	485	33
Residential	1,813	1,813	133	1,837	87
Other:					
Agriculture	357	357	29	364	21
Consumer	—	—	—	—	—
	\$6,053	\$6,145	\$ 421	\$ 6,155	\$ 320
Total:					
Commercial	\$157	\$157	\$ 11	\$ 161	\$ 11
Real estate:					
Commercial	14,154	14,876	246	14,319	726
Multi-family	482	482	2	485	34
Residential	2,147	2,234	133	2,174	102
Other:					
Agriculture	357	357	29	364	21
Consumer	—	—	—	—	3

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\$17,297 \$18,106 \$ 421 \$ 17,503 \$ 897

Interest income on non-accrual loans is generally recognized on a cash basis and was approximately \$43,000, \$2,000 and \$115,000 for the years ended December 31, 2018, 2017 and 2016.

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AMERICAN RIVER BANKSHARES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

7. ALLOWANCE FOR LOAN AND LEASE LOSSES (Continued)

Troubled Debt Restructurings

There was one modification made during the period ended December 31, 2018 and one modification made during the period ended December 31, 2017 that were considered as troubled debt restructurings. The modification of the terms of the loan in 2018 was a term out of a line of credit to an amortizing loan with a rate reduction. The loan had a pre-modification and post-modification outstanding recorded investment of \$18,000. The modification of the terms of the loan in 2017 included a reduction of the stated interest rate for eighteen months according to a bankruptcy court-order as part of a debtor-in-possession financing agreement. The loan had a pre-modification and post-modification outstanding recorded investment of \$2,692,000. In 2017, the balance of the loan was reduced by principal payments of \$57,000 and by a charge-off to the loan and lease allowance of \$1,073,000 resulting in a net balance of \$1,562,000. As of December 31, 2018 and 2017, the Company has a recorded investment in troubled debt restructurings of \$6,642,000 and \$8,403,000, respectively. The Company has allocated \$185,000 and \$72,000 of specific allowance for those loans at December 31, 2018 and 2017 and has not committed to lend additional amounts

The Company has not committed to lend additional amounts as of December 31, 2018 or December 31, 2017 to borrowers with outstanding loans that are classified as troubled debt restructurings.

There were no payment defaults on troubled debt restructurings within 12 months following the modification during the year ended December 31, 2018 and 2017 except for one payment default on the troubled debt restructuring made in 2017 with a loan balance of \$1,562,000. The loan was subsequently reduced \$213,000 through charge-off to the loan and lease allowance and sold for no further loss at \$1,349,000.

A loan is considered to be in payment default once it is 90 days contractually past due under the modified terms. In order to determine whether a borrower is experiencing financial difficulty, an evaluation is performed of the probability that the borrower will be in payment default on any of its debt in the foreseeable future without the modification. This evaluation is performed under the Company's internal underwriting policy.

8. PREMISES AND EQUIPMENT

Premises and equipment consisted of the following (dollars in thousands):

	December 31,	
	2018	2017
Land	\$206	\$206
Building and improvements	886	853
Furniture, fixtures and equipment	6,169	6,058
Leasehold improvements	1,721	1,690
	8,982	8,807
Less accumulated depreciation and amortization	(7,911)	(7,649)
	\$1,071	\$1,158

Depreciation and amortization included in occupancy and furniture and equipment expense totaled \$265,000, \$333,000 and \$420,000 for the years ended December 31, 2018, 2017 and 2016, respectively.

AMERICAN RIVER BANKSHARES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

9. INTEREST-BEARING DEPOSITS

Interest-bearing deposits consisted of the following (dollars in thousands):

	December 31,	
	2018	2017
Savings	\$72,522	\$66,130
Money market	145,831	130,032
NOW accounts	69,489	64,709
Time, \$250,000 or more	57,028	45,826
Other time	31,059	33,855
	\$375,929	\$340,552

The Company held \$29,000,000 in certificates of deposit for the State of California as of December 31, 2018 and 2017. This amount represents 4.9% of total deposit balances at December 31, 2018 and 5.2% at December 31, 2017.

Aggregate annual maturities of time deposits are as follows (dollars in thousands):

Year Ending December 31,	
2019	\$64,916
2020	5,923
2021	8,516
2022	3,640
2023	5,092
Thereafter	—
	\$88,087

Interest expense recognized on interest-bearing deposits consisted of the following (dollars in thousands):

	Year Ended December 31,		
	2018	2017	2016
Savings	\$ 26	\$ 22	\$ 19
Money market	257	123	128
NOW accounts	15	16	18
Time Deposits	1,061	694	565
	\$ 1,359	\$ 855	\$ 730

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AMERICAN RIVER BANKSHARES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

10. BORROWING ARRANGEMENTS

The Company has \$17,000,000 in unsecured short-term borrowing arrangements to purchase Federal funds with two of its correspondent banks. There were no advances under the borrowing arrangements as of December 31, 2018 and 2017.

In addition, the Company has a line of credit available with the FHLB which is secured by pledged mortgage loans (see Note 6) and investment securities (see Note 5). Borrowings may include overnight advances as well as loans with a term of up to thirty years. Advances totaling \$15,500,000 were outstanding from the FHLB at December 31, 2018, bearing fixed interest rates ranging from 1.18% to 3.17% and maturing between April 30, 2019 and November 24, 2023. Advances totaling \$15,500,000 were outstanding from the FHLB at December 31, 2017 bearing fixed interest rates ranging from 1.18% to 1.90% and maturing between July 20, 2018 and April 12, 2021. Amounts available under the borrowing arrangement with the FHLB at December 31, 2018 and 2017 totaled \$107,262,000 and \$117,546,000, respectively.

In addition, the Company entered into a secured borrowing agreement with the FRB in 2008. The borrowing arrangement is secured by pledging selected loans (see Note 6) and investment securities (see Note 5). There were no advances outstanding as of December 31, 2018 and 2017. Amounts available under the borrowing arrangement with the FRB at December 31, 2018 and 2017 totaled \$8,340,000 and \$9,085,000, respectively.

The following table summarizes these borrowings (dollars in thousands):

	December 31, 2018		2017			
	Amount	Weighted Average Rate	Amount	Weighted Average Rate		
Short-term portion of borrowings	\$5,000	1.32	% \$3,500	1.39	%	
Long-term borrowings	10,500	2.02	% 12,000	1.41	%	

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\$15,500 1.79 % \$15,500 1.41 %

Maturities on these borrowings are as follows (dollars in thousands):

Year Ending
December 31,

2019	\$5,000
2020	5,000
2021	2,000
2022	—
Thereafter	3,500
	\$15,500

AMERICAN RIVER BANKSHARES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

11. INCOME TAXES

The provision for income taxes for the years ended December 31, 2018, 2017 and 2016 consisted of the following (dollars in thousands):

	Federal	State	Total
<u>2018</u>			
Current	\$ 733	\$ 508	\$ 1,241
Deferred	205	128	333
Provision for income taxes	\$ 938	\$ 636	\$ 1,574
<u>2017</u>			
Current	\$ 1,397	\$ 608	\$ 2,005
Deferred	1,222	25	1,247
Provision for income taxes	\$ 2,619	\$ 633	\$ 3,252
<u>2016</u>			
Current	\$ 2,701	\$ 974	\$ 3,675
Deferred	(308)	25	(283)
Provision for income taxes	\$ 2,393	\$ 999	\$ 3,392

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AMERICAN RIVER BANKSHARES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

11. INCOME TAXES (Continued)

Deferred tax assets (liabilities) consisted of the following (dollars in thousands):

	December 31,	
	2018	2017
Deferred tax assets:		
Allowance for loan and lease losses	\$1,328	\$1,354
Unrealized gains on available-for-sale investment securities	787	135
Deferred compensation	1,695	1,807
Future state tax deduction	110	132
Other	48	100
 Total deferred tax assets	 3,968	 3,528
Deferred tax liabilities:		
Deferred loan costs	(291)	(136)
Federal Home Loan Bank stock dividends	(139)	(139)
Other real estate owned	(50)	(51)
Premises and equipment	(24)	(57)
 Total deferred tax liabilities	 (504)	 (383)
 Net deferred tax assets	 \$3,464	 \$3,145

The Company and its subsidiaries file income tax returns in the United States and California jurisdictions. There are currently no pending federal, state or local income tax examinations by tax. Furthermore, with few exceptions, the Company is no longer subject to the examination by federal taxing authorities for the years ended before December 31, 2015 and by state and local taxing authorities for years before December 31, 2014. There were no unrecognized tax benefits accrued by the Company as of December 31, 2018. The Company does not expect to have any unrecognized tax benefits in the next twelve months.

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The provision for income taxes differs from amounts computed by applying the statutory Federal income tax rate of 21% in 2018 and 34% in 2017 and 2016 to income before income taxes. The significant items comprising these differences consisted of the following:

	Year Ended December 31,		
	2018	2017	2016
Federal income tax statutory rate	21.0 %	34.0 %	34.0 %
State franchise tax, net of Federal tax effect	8.1 %	6.5 %	7.1 %
Effect of Federal rate reduction on deferred tax assets	—	19.0 %	—
Tax benefit of interest on loans to/investments in states and political subdivisions	(3.3)%	(6.1)%	(4.7)%
Tax-exempt income from life insurance policies	(1.0)%	(1.7)%	(1.1)%
Equity compensation expense	0.1 %	0.1 %	0.1 %
Other	(0.6)%	(1.4)%	(0.8)%
Effective tax rate	24.3 %	50.4 %	34.6 %

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AMERICAN RIVER BANKSHARES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

12. COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS OF CREDIT RISKLeases

The Company leases branch facilities, administrative offices and various equipment under noncancelable operating leases which expire on various dates through the year 2024. Certain of the leases have five year renewal options. One of the branch facilities is leased from a current member of the Company's Board of Directors (see Note 17).

Future minimum lease payments are as follows (dollars in thousands):

	Year Ending December 31,
2019	\$747
2020	689
2021	659
2022	633
2023	282
Thereafter	930
	\$3,940

Rental expense included in occupancy, furniture and equipment expense totaled \$753,000, \$755,000 and \$858,000 for the years ended December 31, 2018, 2017 and 2016, respectively.

Financial Instruments With Off-Balance-Sheet Risk

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The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business in order to meet the financing needs of its customers and to reduce its exposure to fluctuations in interest rates. These financial instruments consist of commitments to extend credit and standby letters of credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized on the consolidated balance sheet.

The Company's exposure to credit loss in the event of nonperformance by the other party for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and standby letters of credit as it does for loans included on the consolidated balance sheet. The following financial instruments represent off-balance-sheet credit risk (dollars in thousands):

	December 31,	
	2018	2017
Commitments to extend credit:		
Revolving lines of credit secured by 1-4 family residences	\$47	\$175
Commercial real estate, construction and land development commitments secured by real estate	21,185	3,565
Other unused commitments, principally commercial loans	13,044	7,183
	\$34,276	\$10,923
Standby letters of credit	\$361	\$121

At inception, real estate loan commitments are generally secured by property with a loan to value ratio of 55% to 75%. In addition, the majority of the Company's commitments have variable rates.

AMERICAN RIVER BANKSHARES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

12. COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS OF CREDIT RISK (Continued)

Financial Instruments With Off-Balance-Sheet Risk (Continued)

Commitments to extend credit are agreements to lend to a client as long as there is no violation of any conditions established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since some of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Each client's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation of the borrower. Collateral held varies but may include accounts receivable, inventory, equipment and deeds of trust on real estate and income-producing commercial properties.

Standby letters of credit are conditional commitments issued to guarantee the performance or financial obligation of a client to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to clients.

Significant Concentrations of Credit Risk

The Company grants real estate mortgage, real estate construction, commercial, agricultural and consumer loans to clients throughout Northern California.

In management's judgment, a concentration exists in real estate-related loans which represented approximately 87% and 91% of the Company's loan portfolio at December 31, 2018 and 2017, respectively. A continued substantial decline in the economy in general, or a continued decline in real estate values in the Company's primary market areas in particular, could have an adverse impact on collectability of these loans. However, personal and business income represents the primary source of repayment for a majority of these loans.

Correspondent Banking Agreements

The Company maintains funds on deposit with other federally insured financial institutions under correspondent banking agreements. The Company had \$9,175,000 in uninsured deposits at December 31, 2018. The Company had \$6,882,000 in uninsured deposits at December 31, 2017.

Contingencies

The Company is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to such actions will not materially affect the consolidated financial position or results of operations of the Company.

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AMERICAN RIVER BANKSHARES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

13.SHAREHOLDERS' EQUITYEarnings Per Share

A reconciliation of the numerators and denominators of the basic and diluted earnings per share computations is as follows (dollars and shares in thousands, except per share data):

For the Year Ended	Net Income	Weighted Average Number of Shares Outstanding	Per-Share Amount
<u>December 31, 2018</u>			
Basic earnings per share	\$4,900	5,871	\$ 0.83
Effect of dilutive stock-based compensation	—	38	
Diluted earnings per share	\$4,900	5,909	\$ 0.83
<u>December 31, 2017</u>			
Basic earnings per share	\$3,198	6,349	\$ 0.50
Effect of dilutive stock-based compensation	—	78	
Diluted earnings per share	\$3,198	6,427	\$ 0.50
<u>December 31, 2016</u>			
Basic earnings per share	\$6,404	6,747	\$ 0.95
Effect of dilutive stock-based compensation	—	36	

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Diluted earnings per share	\$6,404	6,783	\$ 0.94
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No shares were antidilutive for the year ended December 31, 2018. Stock options for 34,736 shares and 98,783 shares of common stock were not considered in computing diluted earnings per common share for the years ended December 31, 2017 and 2016, respectively, because they were antidilutive.

Stock Based Compensation

In 2000, the Board of Directors adopted and the Company's shareholders approved a stock option plan (the "2000 Plan"), under which 11,140 options remain outstanding at December 31, 2018. On March 17, 2010, the Board of Directors adopted the 2010 Equity Incentive Plan (the "2010 Plan"). The 2010 Plan was approved by the Company's shareholders on May 20, 2010. At December 31, 2018, the total number of authorized shares that are available for issuance under the 2010 Plan is 1,287,096. The 2010 Plan provides for the following types of stock-based awards: incentive stock options; nonqualified stock options; stock appreciation rights; restricted stock; restricted performance stock; unrestricted Company stock; and performance units. Remaining awards granted under the 2000 Plan are nonqualified stock options. The 2010 Plan and the 2000 Plan (collectively the "Plans"), under which equity incentives may be granted to employees and directors under incentive and nonstatutory agreements, require that the option price may not be less than the fair value of the stock at the date the option is granted. The option awards under the Plans expire on dates determined by the Board of Directors, but not later than ten years from the date of award.

AMERICAN RIVER BANKSHARES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

13. SHAREHOLDERS' EQUITY (Continued)

Stock Based Compensation (Continued)

The vesting period is generally five years; however, the vesting period can be modified at the discretion of the Company's Board of Directors. Outstanding option awards under the Plans are exercisable until their expiration; however, no new options will be awarded under the 2000 Plan. The Plans do not provide for the settlement of awards in cash and new shares are issued upon exercise of an option.

There were no options granted in 2016, 2017 or 2018 under either stock-based compensation plans.

A summary of the outstanding and nonvested stock option activity for the year ended December 31, 2018 is as follows:

	Outstanding		Nonvested	
	Shares	Weighted Average Exercise Price Per Share	Shares	Weighted Average Grant Date Fair Value Per Share
Balance, January 1, 2018	97,543	\$ 11.26	14,738	\$ 2.93
Options granted	—	\$ —	—	\$ —
Options vested	—	\$ —	(7,602)	\$ 2.92
Options exercised	(21,310)	\$ 8.89	—	\$ —
Options expired or canceled	(35,135)	\$ 15.68	—	\$ —
Balance, December 31, 2018	41,098	\$ 8.71	7,136	\$ 2.94

A summary of options as of December 31, 2018 is as follows:

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Nonvested:

Weighted average exercise price of nonvested stock options	\$9.29
Aggregate intrinsic value of nonvested stock options	\$33,238
Weighted average remaining contractual term in years of nonvested stock options	6.02

Vested:

Number of vested stock options	33,962
Number of options expected to vest	14,738
Weighted average exercise price per share	\$8.59
Aggregate intrinsic value	\$182,036

Weighted average remaining contractual term in years	3.54
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AMERICAN RIVER BANKSHARES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

13. SHAREHOLDERS' EQUITY (Continued)

Stock Based Compensation (Continued)

Range of Exercise Prices	Number of Options Outstanding December 31, 2018	Weighted Average Remaining Contractual Life	Number of Options Exercisable December 31, 2018
\$7.07- \$8.59	16,542	1.19 years	16,542
\$8.60- \$16.19	34,023	5.85 years	17,420
	41,098		33,962

Restricted Stock

Restricted stock awards are grants of shares of the Company's common stock that are subject to forfeiture until specific conditions or goals are met. Conditions may be based on continuing employment or service and/or achieving specified performance goals. During the period of restriction, Plan participants holding restricted share awards have voting and cash dividend rights. The restrictions lapse in accordance with a schedule or with other conditions determined by the Board of Directors as reflected in each award agreement. Upon the vesting of each restricted stock award, the Company issues the associated common shares from its inventory of authorized common shares. All outstanding awards under the Plan immediately vest in the event of a change of control of the Company. The shares associated with any awards that fail to vest become available for re-issuance under the Plan. The following is a summary of stock-based compensation information as of or for the years ended December 31, 2018, 2017 and 2016:

There were 22,514 shares of restricted stock awarded during 2018. Of the 22,514 restricted common shares, 8,535 will vest one year from the date of the award, 11,599 will vest 33% per year from the date of the award, and 2,380 will vest 20% per year from the date of the award. The weighted average contractual term over which the restricted stock will vest is 2.45 years. There were 32,315 shares of restricted stock awarded during 2017. Of the 32,315 restricted common shares, 7,862 will vest one year from the date of the award, 7,333 will vest 33% per year from the date of the

award, and 2,087 will vest 20% per year from the date of the award. The remaining 15,033 are considered performance based awards. The awards can be earned based upon the stock performance of the Company's common stock in relationship to the common stock of the Company's peer group. The number of shares can be adjusted by up to 150% of the award if outstanding performance is reached or can be forfeited if minimum performance is not reached. The 15,033 awards are related to the 2017-2018 performance period and were forfeited as the Company did not meet the minimum performance target or the employee was terminated prior to the end of the performance period. The weighted average contractual term over which the restricted stock will vest is 1.50 years.

AMERICAN RIVER BANKSHARES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

13.SHAREHOLDERS' EQUITY (Continued)

Restricted Stock (Continued)

Restricted Stock	Shares	Weighted Average Grant Date Fair Value
Nonvested at January 1, 2018	49,053	\$ 12.27
Awarded	22,514	\$ 15.44
Vested	(27,899)	\$ 13.26
Cancelled	(11,140)	\$ 14.54
Nonvested at December 31, 2018	32,528	\$ 14.60

The shares awarded to employees and directors under the restricted stock agreements vest on applicable vesting dates only to the extent the recipient of the shares is then an employee or a director of the Company or one of its subsidiaries, and each recipient will forfeit all of the shares that have not vested on the date his or her employment or service is terminated. New shares are issued upon vesting of the restricted common stock.

	2018	2017	2016
	(Dollars in thousands)		
Total intrinsic value of options exercised	\$ 137	\$ 235	\$ 3
Aggregate cash received for option exercises	\$ 189	\$ 351	\$ 13
Total fair value of options vested	\$ 14	\$ 57	\$ 41
Total compensation cost, options and restricted stock	\$ 227	\$ 273	\$ 331
Tax benefit recognized	\$ 53	\$ 99	\$ 116
Net compensation cost, options and restricted stock	\$ 171	\$ 174	\$ 215
Total compensation cost for nonvested option awards not yet recognized	\$ 17	\$ 47	\$ 99
Weighted average years for compensation cost for nonvested options to be recognized	1.0	1.0	1.3
Total compensation cost for restricted stock not yet recognized	\$ 318	\$ 284	\$ 376

Weighted average years for compensation cost for restricted stock to be recognized	0.8	1.1	1.6
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Stock Repurchase Program

On January 25, 2017, the Company approved and authorized a stock repurchase program for 2017 (the “2016 Program”). The 2017 Program authorized the repurchase during 2017 of up to 5% of the outstanding shares of the Company’s common stock. In addition, on October 18, 2017, the Company approved and authorized an additional amount of 5% to be purchased under the 2017 Program. During 2017, the Company repurchased 574,748 shares of its common stock at an average price of \$14.99 per share. On January 24, 2018, the Company approved and authorized a stock repurchase program for 2018

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AMERICAN RIVER BANKSHARES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

13. SHAREHOLDERS' EQUITY (Continued)

Stock Repurchase Program (Continued)

(the "2018 Program"). The 2018 Program authorized the repurchase during 2018 of up to 5% of the outstanding shares of the Company's common stock. During 2018, the Company repurchased 308,618 shares of its common stock at an average price of \$15.52 per share.

14. REGULATORY MATTERS

Dividends

Upon declaration by the Board of Directors of the Company, all shareholders of record will be entitled to receive dividends. Beginning in January of 2017, the Company reinstated paying quarterly cash dividends on its common stock. In 2018 and 2017, the Company declared cash dividends in the amount of \$0.05 per common share for each quarter, totaling \$0.20 per common share for the years ended December 31, 2018 and 2017. There is no assurance, however, that any dividends will be paid in the future since they are subject to regulatory restrictions, and dependent upon earnings, financial condition and capital requirements of the Company and its subsidiaries. There were no cash dividends declared or paid in 2016.

As a California corporation, the Company's ability to pay cash dividends is subject to restrictions set forth in the California General Corporation Law (the "Corporation Law"). The Corporation Law provides that neither a corporation nor any of its subsidiaries shall make a distribution to the corporation's shareholders unless the board of directors has determined in good faith either of the following: (1) the amount of retained earnings of the corporation immediately prior to the distribution equals or exceeds the sum of (A) the amount of the proposed distribution plus (B) the preferential dividends arrears amount; or (2) immediately after the distribution, the value of the corporation's assets would equal or exceed the sum of its total liabilities plus the preferential rights amount. The good faith determination of the board of directors may be based upon (1) financial statements prepared on the basis of reasonable accounting practices and principles, (2) a fair valuation, or (3) any other method reasonable under the circumstances; provided, that a distribution may not be made if the corporation or subsidiary making the distribution is, or is likely to be, unable

to meet its liabilities (except those whose payment is otherwise adequately provided for) as they mature. The term “preferential dividends arrears amount” means the amount, if any, of cumulative dividends in arrears on all shares having a preference with respect to payment of dividends over the class or series to which the applicable distribution is being made, provided that if the articles of incorporation provide that a distribution can be made without regard to preferential dividends arrears amount, then the preferential dividends arrears amount shall be zero. The term “preferential rights amount” means the amount that would be needed if the corporation were to be dissolved at the time of the distribution to satisfy the preferential rights, including accrued but unpaid dividends, of other shareholders upon dissolution that are superior to the rights of the shareholders receiving the distribution, provided that if the articles of incorporation provide that a distribution can be made without regard to any preferential rights, then the preferential rights amount shall be zero.

AMERICAN RIVER BANKSHARES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

14. REGULATORY MATTERS (Continued)

Dividends (Continued)

In addition, the California Financial Code restricts the total dividend payment of any state banking corporation in any calendar year to the lesser of (1) the bank's retained earnings or (2) the bank's net income for its last three fiscal years, less distributions made to shareholders during the same three-year period. In addition, subject to prior regulatory approval, any state banking corporation may request an exception to this restriction.

Regulatory Capital

The Company and ARB are subject to certain regulatory capital requirements administered by the Board of Governors of the Federal Reserve System and the FDIC. Failure to meet these minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements.

Under capital adequacy guidelines and the regulatory framework for prompt corrective action, banks must meet specific capital guidelines that involve quantitative measures of their assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company's and American River Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. As of December 31, 2018 and 2017, the most recent regulatory notification categorized American River Bank as well capitalized under the regulatory framework for prompt corrective action plan. There are no conditions or events since that notification that management believes have changed the Bank's categories.

Effective January 1, 2015, bank holding companies with consolidated assets of \$1 Billion or more (\$3 Billion or more effective August 30, 2018) and banks like American River Bank must comply with new minimum capital ratio requirements to be phased-in between January 1, 2015 and January 1, 2019, which would consist of the following: (i) a new common equity Tier 1 capital to total risk weighted assets ratio of 4.5%; (ii) a Tier 1 capital to total risk weighted assets ratio of 6% (increased from 4%); (iii) a total capital to total risk weighted assets ratio of 8%

(unchanged from current rules); and (iv) a Tier 1 capital to adjusted average total assets (“leverage”) ratio of 4%.

In addition, a “capital conservation buffer,” is established which when fully phased-in will require maintenance of a minimum of 2.5% of common equity Tier 1 capital to total risk weighted assets in excess of the regulatory minimum capital ratio requirements described above. The 2.5% buffer will increase the minimum capital ratios to (i) a common equity Tier 1 capital ratio of 7.0%, (ii) a Tier 1 capital ratio of 8.5%, and (iii) a total capital ratio of 10.5%. The new buffer requirement will be phased-in between January 1, 2016 and January 1, 2019. If the capital ratio levels of a banking organization fall below the capital conservation buffer amount, the organization will be subject to limitations on (i) the payment of dividends; (ii) discretionary bonus payments; (iii) discretionary payments under Tier 1 instruments; and (iv) engaging in share repurchases.

To be categorized as well capitalized, ARB must maintain minimum total risk-based, Tier 1 risk-based, common equity Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table below.

Management believes that the Company and ARB met all their capital adequacy requirements as of December 31, 2018 and 2017.

AMERICAN RIVER BANKSHARES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

14. REGULATORY MATTERS (Continued)Regulatory Capital (Continued)

	December 31,			
	2018		2017	
	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)			
<u>Leverage Ratio</u>				
American River Bankshares and Subsidiaries	\$60,276	8.9 %	\$60,921	9.5 %
American River Bank	\$60,704	9.0 %	\$60,041	9.3 %
Minimum requirement for "Well-Capitalized" institution	\$33,700	5.0 %	\$32,215	5.0 %
Minimum regulatory requirement*	\$39,597	5.9 %	\$33,826	5.3 %
<u>Common Equity Tier 1 Risk-Based Capital Ratio</u>				
American River Bank	\$60,704	16.2 %	\$60,041	17.7 %
Minimum requirement for "Well-Capitalized" institution	\$24,307	6.5 %	\$22,038	6.5 %
Minimum regulatory requirement*	\$23,839	6.4 %	\$19,495	5.8 %
<u>Tier 1 Risk-Based Capital Ratio</u>				
American River Bankshares and Subsidiaries	\$60,276	16.1 %	\$60,921	18.1 %
American River Bank	\$60,704	16.2 %	\$60,041	17.7 %
Minimum requirement for "Well-Capitalized" institution	\$29,916	8.0 %	\$27,123	8.0 %
Minimum regulatory requirement*	\$29,449	7.9 %	\$24,581	7.3 %
<u>Total Risk-Based Capital Ratio</u>				
American River Bankshares and Subsidiaries	\$64,668	17.3 %	\$65,135	19.3 %
American River Bank	\$65,096	17.4 %	\$64,282	19.0 %
Minimum requirement for "Well-Capitalized" institution	\$37,395	10.0 %	\$33,928	10.0 %
Minimum regulatory requirement*	\$36,928	9.9 %	\$31,383	9.3 %

* Ratio for regulatory requirement includes the capital conservation buffer of 1.875% as of December 31, 2018 and 1.25% as of December 31, 2017.

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AMERICAN RIVER BANKSHARES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

15. OTHER NONINTEREST INCOME AND EXPENSE

Other noninterest income consisted of the following (dollars in thousands):

	Year Ended December 31,		
	2018	2017	2016
Merchant fee income	\$ 422	\$ 411	\$ 377
Increase in cash surrender value of life insurance policies (Note 16)	307	317	322
Other	277	242	251
	\$ 1,006	\$ 970	\$ 950

Other noninterest expense consisted of the following (dollars in thousands):

	Year Ended December 31,		
	2018	2017	2016
Professional fees	\$ 1,158	\$ 1,140	\$ 995
Outsourced item processing	315	319	366
Directors' expense	514	427	417
Telephone and postage	409	360	357
Stationery and supplies	140	135	141
Advertising and promotion	480	175	129
Other operating expenses	388	610	595
	\$ 3,404	\$ 3,166	\$ 3,000

16. EMPLOYEE BENEFIT PLANSAmerican River Bankshares 401(k) Plan

The American River Bankshares 401(k) Plan has been in place since January 1, 1993 and is available to all employees. Under the plan, the Company will match 100% of each participant's contribution up to 3% of annual compensation plus 50% of the next 2% of annual compensation. Employer Safe Harbor matching contributions are 100% vested upon entering the plan. The Company's contributions totaled \$230,000, \$196,000 and \$195,000 for the years ended December 31, 2018, 2017 and 2016, respectively.

Employee Stock Purchase Plan

The Company contracts with an administrator for an Employee Stock Purchase Plan which allows employees to purchase the Company's stock at fair market value as of the date of purchase. The Company bears all costs of administering the Plan, including broker's fees, commissions, postage and other costs actually incurred.

AMERICAN RIVER BANKSHARES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

16.EMPLOYEE BENEFIT PLANS (Continued)

American River Bankshares Deferred Compensation Plan

The Company has established a Deferred Compensation Plan for certain members of the management team and a Deferred Fee Agreement for Non-Employee Directors for the purpose of providing the opportunity for participants to defer compensation. Participants of the management team, who are selected by a committee designated by the Board of Directors, may elect to defer annually a minimum of \$5,000 or a maximum of eighty percent of their base salary and all of their cash bonus. Directors may also elect to defer up to one hundred percent of their monthly fees. The Company bears all administration costs and accrues interest on the participants' deferred balances at a rate based on U.S. Government Treasury rates plus 4.0%. This rate was 6.20% and 5.93% for 2018 and 2017, respectively. Deferred compensation, including interest earned, totaled \$3,211,000 and \$3,216,000 at December 31, 2018 and 2017, respectively. The expense recognized under this plan totaled \$199,000, \$183,000 and \$168,000 for the years ended December 31, 2018, 2017 and 2016, respectively.

Salary Continuation Plan

The Company has agreements to provide certain current executives, or their designated beneficiaries, with annual benefits for up to 15 years after retirement or death. These benefits are substantially equivalent to those available under life insurance policies purchased by the Company on the lives of the executives. The Company accrues for these future benefits from the effective date of the agreements until the executives' expected final payment dates in a systematic and rational manner. As of December 31, 2018 and 2017, the Company had accrued \$1,402,000 and \$1,474,000, respectively, for potential benefits payable. This payable approximates the then present value of the benefits expected to be provided at retirement and is included in accrued interest payable and other liabilities on the consolidated balance sheet. The expense recognized under this plan totaled \$85,000, \$234,000 and \$178,000 for the years ended December 31, 2018, 2017 and 2016, respectively.

In connection with these current and former plans, the Company invested in single premium life insurance policies with cash surrender values totaling \$15,429,000 and \$15,122,000 at December 31, 2018 and 2017, respectively. Tax-exempt income on these policies, net of expense, totaled approximately \$307,000, \$317,000 and \$322,000 for the years ended December 31, 2018, 2017 and 2016, respectively.

AMERICAN RIVER BANKSHARES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

17. RELATED PARTY TRANSACTIONS

During the normal course of business, the Company enters into transactions with related parties, including Directors and affiliates. The following is a summary of the aggregate activity involving related party borrowers during 2018 (dollars in thousands):

Balance, January 1, 2018	\$ 708
Disbursements	—
Amounts repaid	(32)
Balance, December 31, 2018	\$ 676

There are no undisbursed commitments to related parties as of December 31, 2018.

The Company also leases one of its branch facilities from a current member of the Company's Board of Directors. Rental payments to the Director totaled \$76,000, \$76,000 and \$110,000 for the years ended December 31, 2018, 2017 and 2016, respectively.

AMERICAN RIVER BANKSHARES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

18. PARENT ONLY CONDENSED FINANCIAL STATEMENTS

CONDENSED BALANCE SHEETS

December 31, 2018 and 2017

(Dollars in thousands)

	2018	2017
ASSETS		
Cash and due from banks	\$261	\$1,605
Investment in subsidiaries	75,149	76,040
Other assets	172	264
	\$75,582	\$77,909
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Other liabilities	\$861	\$988
Total liabilities	861	988
Shareholders' equity:		
Common stock	30,103	34,463
Retained earnings	46,494	42,779
Accumulated other comprehensive loss, net of taxes	(1,876)	(321)
Total shareholders' equity	74,721	76,921
	\$75,582	\$77,909

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AMERICAN RIVER BANKSHARES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

18. PARENT ONLY CONDENSED FINANCIAL STATEMENTS (Continued)

CONDENSED STATEMENTS OF INCOME

For the Years Ended December 31, 2018, 2017 and 2016

(Dollars in thousands)

	2018	2017	2016
Income:			
Dividends declared by subsidiaries – eliminated in consolidation	\$4,845	\$11,118	\$7,675
Total income	4,845	11,118	7,675
Expenses:			
Professional fees	155	142	91
Directors' expense	361	282	285
Other expenses	218	226	203
Total expenses	734	650	579
Income before equity in undistributed income of subsidiaries	4,111	10,468	7,096
Equity in undistributed (dividends in excess of) income of subsidiaries	562	(7,554)	(930)
Income before income taxes	4,673	2,914	6,166
Income tax benefit	227	284	238
Net income	\$4,900	\$3,198	\$6,404

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AMERICAN RIVER BANKSHARES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

18. PARENT ONLY CONDENSED FINANCIAL STATEMENTS (Continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2018, 2017 and 2016

(Dollars in thousands)

	2018	2017	2016
Cash flows from operating activities:			
Net income	\$4,900	\$3,198	\$6,404
Adjustments to reconcile net income to net cash provided by operating activities:			
(Equity in undistributed) dividends in excess of income of subsidiaries	(562)	7,554	930
Equity-based compensation expense	227	273	331
Increase in other assets	(10)	(95)	(235)
(Decrease) increase in other liabilities	(127)	(1)	39
Net cash provided by operating activities	4,428	10,929	7,469
Cash flows from financing activities:			
Proceeds from exercised options	189	351	13
Cash dividends paid	(1,188)	(1,293)	—
Cash paid to repurchase common stock	(4,773)	(8,641)	(7,414)
Net cash used in financing activities	(5,772)	(9,583)	(7,401)
Net (decrease) increase in cash and cash equivalents	(1,344)	1,346	68
Cash and cash equivalents at beginning of year	1,605	259	191
Cash and cash equivalents at end of year	\$261	\$1,605	\$259

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Selected Quarterly Information (Unaudited)

(In thousands, except per share and price range of common stock)

	March 31,	June 30,	September 30,	December 31,
<u>2018</u>				
Interest income	\$5,066	\$5,498	\$5,666	\$6,012
Net interest income	4,737	5,120	5,257	5,532
Provision for loan and lease losses	—	—	50	125
Noninterest income	372	380	377	384
Noninterest expense	3,350	3,828	4,003	4,329
Income before taxes	1,759	1,672	1,581	1,462
Net income	1,353	1,269	1,153	1,125
Basic earnings per share	\$0.23	\$0.22	\$0.20	\$0.19
Diluted earnings per share	0.22	0.22	0.20	0.19
Cash dividends per share	0.05	0.05	0.05	0.05
Price range, common stock	\$12.21-16.48	\$14.95-17.50	\$14.90-17.48	\$10.50-15.65
<u>2017</u>				
Interest income	\$5,053	\$5,121	\$5,082	\$5,158
Net interest income	4,811	4,869	4,803	4,870
Provision for loan and lease losses	—	—	300	150
Noninterest income	419	439	377	361
Noninterest expense	3,430	3,368	3,312	3,939
Income before taxes	1,800	1,940	1,568	1,142
Net income (loss) (1)	1,184	1,297	1,109	(392)
Basic earnings (loss) per share	\$0.18	\$0.20	\$0.18	\$(0.06)
Diluted earnings (loss) per share	0.18	0.20	0.17	(0.06)
Cash dividends per share	0.05	0.05	0.05	0.05
Price range, common stock	\$13.09-15.90	\$13.46-15.20	\$12.97-14.55	\$13.95-15.69

The net loss in the fourth quarter of 2017 results from the increased expenses related to management changes and (1) tax related expenses as the Company was required to write-down a portion of its deferred tax assets to comply with “H.R.1” commonly referred to as the Tax Cuts and Jobs Act.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

There have been no disagreements with such independent registered public accountants during the last two fiscal years ended December 31, 2018, on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

Item 9A. Controls and Procedures.

Effectiveness of Disclosure Controls and Procedures

The Company, under the supervision and with the participation of its management, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of December 31, 2018. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective.

During the quarter ended December 31, 2018, there have been no changes in the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, these controls.

Report of Management on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting for the Company (as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended).

The Company's management, including the Chief Executive Officer and Chief Financial Officer, has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2018, presented in conformity with accounting principles generally accepted in the United States of America. In making this assessment, management used the criteria applicable to the Company as set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the 2013 *Internal Control—Integrated Framework*. Based upon such assessment, management believes that, as of December 31, 2018, the Company's internal control over financial reporting is effective based upon those criteria.

The Company's independent registered public accounting firm that audited the Company's financial statements included in this Form 10-K has issued an audit report on the Company's internal control over financial reporting.

/s/ DAVID E. RITCHIE, JR.	/s/ MITCHELL A. DERENZO
David E. Ritchie, Jr.	Mitchell A. Derenzo
President and Chief Executive Officer	Executive Vice President and Chief Financial Officer

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by Item 10 of Form 10-K is incorporated by reference to the information contained in the Company's Proxy Statement for the 2019 Annual Meeting of Shareholders which will be filed pursuant to Regulation 14A.

Item 11. Executive Compensation.

The information required by Item 11 of Form 10-K is incorporated by reference to the information contained in the Company's Proxy Statement for the 2019 Annual Meeting of Shareholders which will be filed pursuant to Regulation 14A.

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Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by Item 12 of Form 10-K is incorporated by reference to the information contained in the Company's Proxy Statement for the 2019 Annual Meeting of Shareholders which will be filed pursuant to Regulation 14A.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by Item 13 of Form 10-K is incorporated by reference to the information contained in the Company's Proxy Statement for the 2019 Annual Meeting of Shareholders which will be filed pursuant to Regulation 14A.

Item 14. Principal Accounting Fees and Services.

The information required by Item 14 of Form 10-K is incorporated by reference to the information contained in the Company's Proxy Statement for the 2019 Annual Meeting of Shareholders which will be filed pursuant to Regulation 14A.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a)(1) Financial Statements. Listed and included in Part II, Item 8.

(2) Financial Statement Schedules. Not applicable.

(3) Exhibits.

<u>Exhibit Number</u>	<u>Document Description</u>
(3.1)	<u>Articles of Incorporation, as amended, incorporated by reference from Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2011, filed with the Commission on May 10, 2011.</u>
(3.2)	<u>Bylaws, as amended, incorporated by reference from Exhibit 3.2 to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2013, filed with the Commission on May 9, 2013.</u>

Specimen of the Registrant's common stock certificate, incorporated by reference from Exhibit 4.1 to the
(4.1) Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2004, filed with the Commission on August 11, 2004.

Lease agreement between American River Bank and Spieker Properties, L.P., a California limited partnership, dated April 1, 2000, related to 1545 River Park Drive, Suite 107, Sacramento, California, incorporated by reference to Registrant's Registration Statement on Form S-4 (No. 333-36326) filed with the Commission on
(10.1) May 5, 2000, and the Second Amendment thereto dated August 27, 2010, with HINES VAF II SACRAMENTO PROPERTIES, L.P., a Delaware limited partnership, the successor to Spieker Properties, L.P., incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on August 30, 2010.

Lease agreement between American River Bank and Bradshaw Plaza Associates, Inc. dated November 27, 2006, related to 9750 Business Park Drive, Sacramento, California, incorporated by reference from Exhibit 99.1
(10.2) to the Registrant's Current Report on Form 8-K, filed with the Commission on November 28, 2006 and the First Amendment thereto dated July 1, 2016, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on July 6, 2016.

Registrant's Deferred Compensation Plan, incorporated by reference from Exhibit 99.1 to the Registrant's
*(10.3) Current Report on Form 8-K, filed with the Commission on January 3, 2012 and first amendment thereto dated January 21, 2015, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 23, 2015.

Registrant's Deferred Fee Plan, incorporated by reference from Exhibit 99.2 to the Registrant's Current Report
*(10.4) on Form 8-K, filed with the Commission on January 3, 2012.

Salary Continuation Agreement, as amended on December 31, 2012, between American River Bank and
*(10.5) Mitchell A. Derenzo, incorporated by reference from Exhibit 99.3 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 2, 2013.

Salary Continuation Agreement, as amended on December 31, 2012, between the Registrant and David T.
*(10.6) Taber, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 2, 2013.

- Salary Continuation Agreement, as amended on February 21, 2008, between American River Bank and Douglas E. Tow, incorporated by reference from Exhibit 99.2 to the Registrant's Current Report on Form 8-K, filed with the Commission on February 22, 2008.
- Registrant's 2000 Stock Option Plan with forms of Nonqualified Stock Option Agreement and Incentive Stock Option Agreement incorporated by reference to Registrant's Registration Statement on Form S-4 (No. 333-36326) filed with the Commission on May 5, 2000.
- Registrant's 401(k) Plan dated December 23, 2008, incorporated by reference from Exhibit 99.1 to the Current Report on Form 8-K, filed with the Commission on December 24, 2008.
- Lease agreement between American River Bank, and the United States Postal Service, dated July 13, 2017, related to 424 Sutter Street, Jackson, California, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on July 14, 2017.
- Item Processing Agreement between American River Bank and Fidelity Information Services, Inc., dated April 30, 2012, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on May 4, 2012.
- Lease agreement between Registrant and MSCP Capital Investors, LLC (successor to PGOCC, LLC and One Capital Center), a Delaware limited partnership, dated May 17, 2005, related to 3100 Zinfandel Drive, Rancho Cordova, California, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on May 18, 2005 and the First and Second Amendments thereto dated April 22, 2010, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on April 23, 2010, and the Third Amendment thereto dated June 28, 2016, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on July 1, 2016.
- Managed Services Agreement between American River Bankshares and Fidelity Information Services, LLC successor to ProNet Solutions, Inc., dated June 25, 2012, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on June 27, 2012 and the First Amendment thereto, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 14, 2015.
- American River Bankshares 2005 Executive Incentive Plan, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on October 27, 2005; the First Amendment thereto, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on March 17, 2006; the Second Amendment thereto, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on March 23, 2007; the Third Amendment thereto, incorporated by reference to the Registrant's Current Report on Form 8-K, filed with the Commission on February 22, 2008; the Fourth Amendment thereto, incorporated by reference to the Registrant's Current Report on Form 8-K, filed with the Commission on March 20, 2009; the Fifth Amendment thereto, incorporated by reference to the Registrant's Current Report on Form 8-K, filed with the Commission on March 18, 2010; the Sixth Amendment thereto, incorporated by reference to the Registrant's Current Report on Form 8-K, filed with the Commission on March 17, 2011; the Seventh Amendment thereto, incorporated by reference to the Registrant's Current Report on Form 8-K, filed with the Commission on February 17, 2012; the Eighth Amendment thereto, incorporated by reference from the Registrant's Current Report on Form 8-K, filed with the Commission on January 31, 2013; the Ninth Amendment thereto, incorporated by reference from the Registrant's Current Report on Form 8-K, filed with the Commission on January 16, 2014; the Tenth Amendment thereto, incorporated by reference from the Registrant's Current Report on Form 8-K, filed with the Commission on January 27, 2015; the Eleventh Amendment thereto, incorporated by reference from the Registrant's Current Report on Form 8-K, filed with the Commission on January 22, 2016; the Twelfth Amendment thereto, incorporated by reference from the Registrant's Current Report on Form 8-K, filed with the Commission on December 22, 2016 and the

Thirteenth Amendment thereto, incorporated by reference from the Registrant's Current Report on Form 8-K, filed with the Commission on January 19, 2018.

*(10.15) American River Bankshares Director Emeritus Program, incorporated by reference from Exhibit 10.34 to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2006, filed with the Commission on August 8, 2006.

*(10.16) Employment Agreement dated September 20, 2006, between American River Bankshares and Mitchell A. Derenzo, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on September 20, 2006.

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- Employment Agreement dated September 20, 2006, between American River Bankshares and Kevin B. Bender, incorporated by reference from Exhibit 99.3 to the Registrant's Current Report on Form 8-K, filed with the Commission on September 20, 2006.
- (10.17) *Salary Continuation Agreement, as amended on December 31, 2012, between American River Bank and Kevin B. Bender, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 2, 2013.
- (10.18) *Salary Continuation Agreement, as amended on February 21, 2008, between American River Bank and Raymond F. Byrne, incorporated by reference from Exhibit 99.7 to the Registrant's Current Report on Form 8-K, filed with the Commission on February 22, 2008.
- (10.19) *Lease agreement dated May 23, 2007 between Bank of Amador, a division of American River Bank, and Joseph Bellamy, Trustee of the Joseph T. Bellamy 2005 Trust, related to 26395 Buckhorn Ridge Road, Pioneer, California, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on May 24, 2007, the First Amendment thereto, dated October 15, 2007, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on October 16, 2007, and the Second Amendment thereto, dated October 16, 2017, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on October 17, 2017.
- (10.20) *Lease agreement dated December 23, 2008, between North Coast Bank, a division of American River Bank, and 90 E Street LLC, related to 90 E Street, Santa Rosa, California, incorporated by reference from Exhibit 99.3 to the Registrant's Current Report on Form 8-K, filed with the Commission on December 24, 2008 and First Amendment to lease agreement, between American River Bank, successor to North Coast Bank, a division of American River Bank and 90 E. Street SR. LLC successor to 90 E Street LLC, related to 90 E Street, Santa Rosa, California incorporated by reference herein from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on September 18, 2018.
- (10.21) *Customer Service Agreement dated January 4, 2010, between American River Bankshares and TriNet HR Corporation, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 5, 2010.
- (10.22) *Form of Indemnification Agreement for directors and executive officers of the Registrant, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 22, 2010.
- (10.23) *Form of Indemnification Agreement for directors and executive officers of American River Bank, incorporated by reference from Exhibit 99.2 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 22, 2010.
- (10.24) *Registrant's 2010 Equity Incentive Plan, incorporated by reference from the Registrant's Definitive Proxy Statement for its 2010 Annual Meeting of Shareholders, filed with the Commission on April 9, 2010 and form of restricted stock award agreement incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on March 20, 2015.
- (10.25) *Subscription and Services Agreement between American River Bank and Postilion, Inc., dated June 19, 2012, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on June 21, 2012, and the amended agreement dated March 6, 2015 with ACI Worldwide Corp., successor to Postilion, Inc., incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on March 12, 2015.
- (10.26) *Salary Continuation Agreement between American River Bank and Robert H. Muttera, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on February 4, 2013.
- (10.27) *
(10.28)

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Lease agreement dated February 6, 2014, between American River Bank and Gold River Village Associates, a California Limited Partnership, related to 11220 Gold River Express Drive, Gold River, California, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on February 10, 2014.

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- (10.29) Lease agreement dated February 12, 2014, between American River Bank and 520 Capitol Mall Inc., a Delaware corporation, related to 520 Capitol Mall, Suite 200, Sacramento, California, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on February 18, 2014.
- *(10.30) Salary Continuation Agreement between American River Bank and Loren E. Hunter, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on July 11, 2014.
- *(10.31) Registrant's Performance Based Restricted Stock Awards Program, incorporated by reference from the Registrant's Current Report on Form 8-K, filed with the Commission on March 20, 2015.
- (10.32) Lease agreement dated July 11, 2016, between American River Bank and DDS Properties, a California General Partnership, related to 2510 Douglas Blvd., Roseville, California, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on July 12, 2016.
- *(10.33) Separation and Release Agreement dated October 27, 2017, between the Registrant and David T. Taber, incorporated by reference from Exhibit 10.37 to the Registrant's Current Report on Form 8-K, filed with the Commission on October 27, 2017.
- *(10.34) Employment Agreement dated October 27, 2017, between the Registrant and David E. Ritchie, Jr., incorporated by reference from Exhibit 10.38 to the Registrant's Current Report on Form 8-K, filed with the Commission on October 27, 2017.
- *(10.35) Employment Agreement dated December 11, 2017, between the Registrant and Dennis F. Raymond, Jr., incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on December 12, 2017.
- *(10.36) Employment Agreement dated May 15, 2018, between the Registrant and Dan C. McGregor, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on June 1, 2018.
- *(10.37) American River Bankshares Executive Annual Incentive Plan Document, incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on December 21, 2018.
- (14.1) Registrant's Code of Ethics, incorporated by reference from Exhibit 14.1 to the Registrant's Annual Report on Form 10-K for the period ended December 31, 2003, filed with the Commission on March 19, 2004.
- (23.1) Consent of Crowe Horwath LLP.**
- (31.1) Certifications of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**
- (31.2) Certifications of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**
- (32.1) Certification of American River Bankshares by its Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**

101.SCHXBRL Taxonomy Extension Schema**
101.CALXBRL Taxonomy Extension Calculation**
101.DEF XBRL Taxonomy Extension Definition**
101.LAB XBRL Taxonomy Extension Label**
101.PRE XBRL Taxonomy Extension Presentation**

*Denotes management contracts, compensatory plans or arrangements.

**Filed herewith.

Item 16. Form 10-K Summary.

Not applicable.

An Annual Report for the fiscal year ended December 31, 2018 and Notice of Annual Meeting and Proxy Statement for the Company's 2019 Annual Meeting will be mailed to security holders subsequent to the date of filing this Report. Copies of said materials will be furnished to the Commission in accordance with the Commission's Rules and Regulations.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERICAN RIVER BANKSHARES

February 21, 2019 By: /s/ DAVID E. RITCHIE, JR.

David E. Ritchie, Jr.
Chief Executive Officer
(Principal Executive Officer)

February 21, 2019 By: /s/ MITCHELL A. DERENZO

Mitchell A. Derenzo
Chief Financial Officer
(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ NICOLAS C. ANDERSON Nicolas C. Anderson	Director	2/21/19
/s/ KIMBERLY A. BOX Kimberly A. Box	Director	2/21/19
/s/ CHARLES D. FITE Charles D. Fite	Director, Chairman	2/21/19
/s/ JEFFERY OWENSBY Jeffery Owensby	Director	2/21/19
/s/ DAVID E. RITCHIE, JR. David E. Ritchie, Jr.	Director, Chief Executive Officer (Principal Executive Officer)	2/21/19
/s/ WILLIAM A. ROBOTHAM William A. Robotham	Director, Vice Chairman	2/21/19
/s/ STEPHEN H. WAKS Stephen H. Waks	Director	2/21/19
/s/ PHILIP A. WRIGHT Philip A. Wright	Director	2/21/19
/s/ MICHAEL A. ZIEGLER Michael A. Ziegler	Director	2/21/19

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Michael A. Ziegler

/s/ MITCHELL A. DERENZO Chief Financial Officer 2/21/19
Mitchell A. Derenzo (Principal Financial and Accounting Officer)
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