

AMERICAN RIVER BANKSHARES

Form 10-Q

November 05, 2014

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 September 30, 2014
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	68-0352144
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3100 Zinfandel Drive, Suite 450, Rancho Cordova, California	95670
(Address of principal executive offices)	(Zip Code)

(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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting 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 ☐

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 – 8,089,615 shares outstanding at November 5, 2014.

AMERICAN RIVER BANKSHARES

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FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

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PART I-FINANCIAL INFORMATION**Item 1. Financial Statements.**

AMERICAN RIVER BANKSHARES

CONSOLIDATED BALANCE SHEET

(Unaudited)

(dollars in thousands)	September 30, 2014	December 31, 2013
ASSETS		
Cash and due from banks	\$ 41,997	\$ 17,948
Interest-bearing deposits in banks	1,000	1,000
Investment securities:		
Available-for-sale, at fair value	276,912	272,791
Held-to-maturity, at amortized cost	935	1,185
Loans and leases, less allowance for loan and lease losses of \$5,460 at September 30, 2014 and \$5,346 at December 31, 2013	247,686	251,747
Premises and equipment, net	1,531	1,500
Federal Home Loan Bank stock	3,686	3,248
Goodwill and other intangible assets	16,321	16,321
Other real estate owned	5,201	6,621
Bank owned life insurance	14,238	12,686
Accrued interest receivable and other assets	6,099	7,706
	\$ 615,606	\$ 592,753

LIABILITIES AND SHAREHOLDERS' EQUITY

Deposits:		
Noninterest bearing	\$ 159,863	\$ 145,516
Interest-bearing	350,532	338,174
Total deposits	510,395	483,690
Short-term borrowings	3,500	8,000
Long-term borrowings	7,500	8,000
Accrued interest payable and other liabilities	6,032	6,043
Total liabilities	527,427	505,733

Commitments and contingencies

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Shareholders' equity:

Preferred stock, no par value; 20,000,000 shares authorized; none outstanding

Common stock, no par value; 20,000,000 shares authorized; issued and outstanding – 8,089,615 shares at September 30, 2014 and 8,489,247 shares at December 31, 2013	57,079	61,108
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Retained earnings	27,954	24,789
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Accumulated other comprehensive income, net of taxes	3,146	1,123
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Total shareholders' equity	88,179	87,020
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	\$ 615,606	\$ 592,753
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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 September 30,

Three months		Nine months	
2014	2013	2014	2013

Interest income:

Interest and fees on loans	\$3,355	\$3,541	\$10,330	\$10,699
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Interest on deposits in banks	1	1	3	2
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Interest and dividends on investment securities:

Taxable	1,406	1,004	4,084	2,597
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Exempt from Federal income taxes	198	210	600	652
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Dividends	6	1	12	9
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Total interest income	4,966	4,757	15,029	13,959
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Interest expense:

Interest on deposits	253	286	769	918
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Interest on borrowings	34	75	113	225
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Total interest expense	287	361	882	1,143
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Net interest income	4,679	4,396	14,147	12,816
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Provision for loan and lease losses	(200)	—	(200)	200
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Net interest income after provision for loan and lease losses	4,879	4,396	14,347	12,616
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Noninterest income:

Service charges on deposit accounts	129	140	434	438
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Gain on sale of securities	83	16	100	19
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Income from other real estate owned properties	78	79	290	242
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Other noninterest income	230	227	706	836
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Total noninterest income	520	462	1,530	1,535
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Noninterest expense:

Salaries and employee benefits	2,242	2,020	6,479	6,413
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Occupancy	295	301	898	897
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Furniture and equipment	190	194	556	579
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Federal Deposit Insurance Corporation assessments	94	109	288	220
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Expenses related to other real estate owned	34	137	156	637
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Other expense	807	775	2,637	2,404
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Total noninterest expense	3,662	3,536	11,014	11,150
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Income before provision for income taxes	1,737	1,322	4,863	3,001
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Provision for income taxes	613	429	1,698	834
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Net income	\$1,124	\$893	\$3,165	\$2,167
Basic earnings per share	\$0.14	\$0.10	\$0.39	\$0.24
Diluted earnings per share	\$0.14	\$0.10	\$0.39	\$0.24
Cash dividends per share	\$0.00	\$0.00	\$0.00	\$0.00

See notes to Unaudited Consolidated Financial Statements

AMERICAN RIVER BANKSHARES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

(dollars in thousands, except per share data)

For the periods ended September 30,

	Three months		Nine months	
	2014	2013	2014	2013
Net income	\$1,124	\$893	\$3,165	\$2,167
Other comprehensive (loss) income:				
Unrealized holding (losses) gains on investment securities arising during the period	(844)	666	3,472	(4,283)
Deferred tax benefit (expense)	338	(266)	(1,389)	1,713
Unrealized holding (losses) gains on investment securities arising during the period, net of tax	(506)	400	2,083	(2,570)
Reclassification adjustment for realized gains included in net income	(83)	(16)	(100)	(19)
Tax effect	33	6	40	8
Realized gains, net of tax	(50)	(10)	(60)	(11)
Total other comprehensive (loss) income	(556)	390	2,023	(2,581)
Comprehensive income (loss)	\$568	\$1,283	\$5,188	\$(414)

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 Other Comprehensive Income	Total Shareholders' Equity
	Shares	Amount			
Balance, January 1, 2013	9,327,203	67,977	21,732	4,285	93,994
Net income			3,057		3,057
Other comprehensive income, net of tax:					
Net change in unrealized gains on available-for-sale investment securities				(3,162)	(3,162)
Net restricted stock awarded and related compensation expense	11,448	111			111
Stock option compensation expense		20			20
Retirement of common stock	(849,404)	(7,000)			(7,000)
Balance, December 31, 2013	8,489,247	61,108	24,789	1,123	87,020