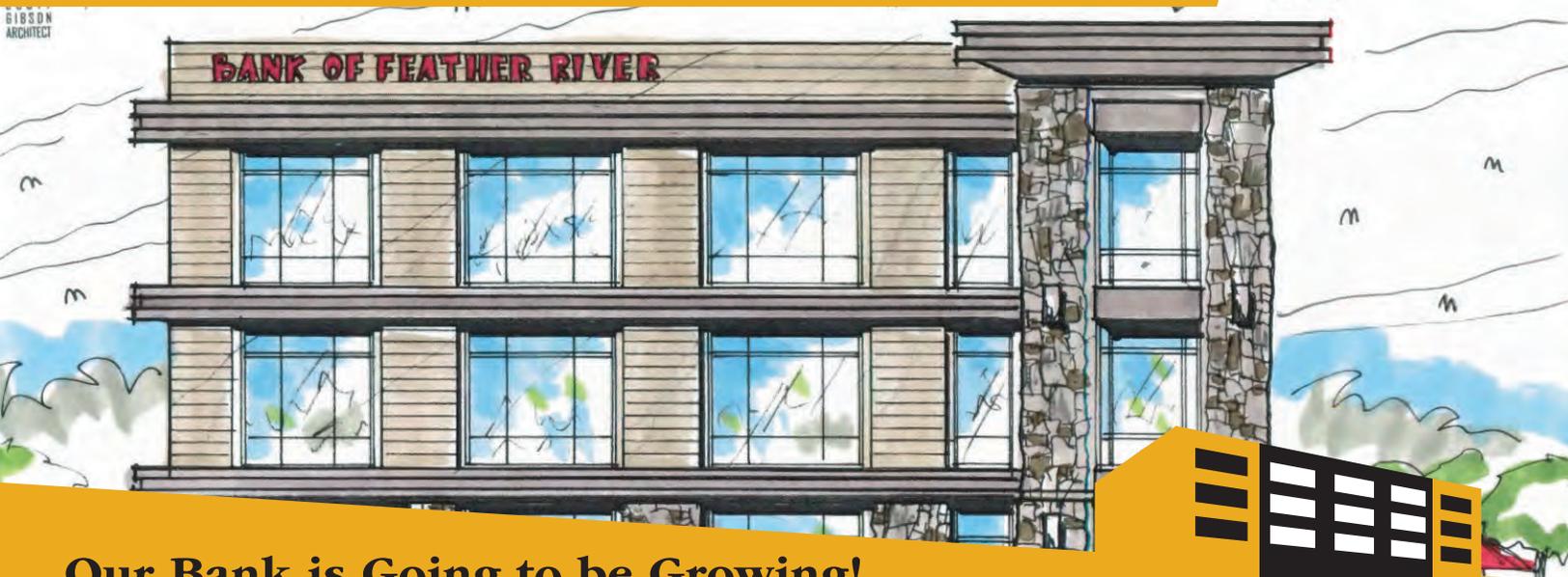


BOFR QUARTERLY

1ST QUARTER 2017 NEWS & UPDATES

A PUBLICATION FOR FRIENDS & SHAREHOLDERS



Our Bank is Going to be Growing!

See page three for more details.

855 Harter Pkwy #100,
Yuba City, CA 95993

Monday – Friday 9:00 AM until 5:00 PM
530.755.3700 | BOFR.bank

BANK OF
FEATHER RIVER





Dear Friends & Shareholders:

A Note from our President/CEO

Julie Morehead
President/CEO

April 28, 2017

It is hard to believe spring is here, especially with the on-and-off rains continuing and so much water still flowing through the rivers and streams. This past quarter for the first time in our Bank's history, we initiated our emergency evacuation plans as our area became concerned about the fate of the Oroville spillway. The Bank was closed for one full day, and even before the evacuation orders were lifted many of our dedicated staff members were here calling some of our customers to let them know we were in the Bank to assist them with their banking needs. Many of our Bank's customers are those business owners who stayed open, supplying our community members with food, gas, and other necessities; we felt it was important to make sure they could continue to operate.

It has been a tough transition to go from a multi-year drought to a year when we have excess water supplies; to say the least, we have definitely been on a roller coaster ride with our weather patterns. As I type this letter many of our farmers are still assessing the future of their farms, with many facing loss of trees, inability to plant crops and overall uncertainty about the quantity and quality of their crops. We continue to work closely with each of our farmers, staying abreast of their progress.

As far as our Bank's performance for the first quarter goes, we recognized good growth in loans and deposits over one year ago and over year end, with pre-tax net income exceeding the previous four quarters. We have included our financial highlights on page three of this newsletter.

The Bank held its annual meeting of shareholders recently and voted to adopt a reorganization agreement to facilitate the establishment of a Bank Holding Company structure that can provide several advantages over operating under our current structure. When approved by the regulators, all shareholders of the Bank will become shareholders of the new Holding Company-Feather River Bancorp. In the near future our shareholders will be asked to submit their current stock certificates to the Bank, we will in turn issue new stock certificates under the new company name-Feather River Bancorp. The Bank is not selling or merging with another bank, we are simply creating a structure that provides greater operating flexibility than is currently enjoyed by the Bank. If you were unable to attend our shareholder meeting where we discussed the Bank Holding Company in detail and held a Q&A session, please call me, I will gladly answer any questions you may have.

Also, at our recent Shareholder Meeting, we revealed the Bank's plans to relocate to a new location. Our current location has served us well thus far; however, as we began reviewing our options for what should happen at the end of our lease that expires in 2019, Management and the Board determined our growth potential would be enhanced if we were more centrally located on a major thoroughfare. We are working through the details and plan to build our own bank building at the corner of Highway 99 and Bridge Street in Yuba City. We are very excited about the opportunities this new location will create for our future. I will have more details for you in our next newsletter, and within the next few months we will post our progress in our lobby so you can follow along.

In this newsletter we are featuring some of our customers and shareholders who have spent the last month cramming to get tax returns completed; hopefully you were able get yours completed or at least file for an extension. I admire those individuals who help all of us keep our records straight and keep us up on all of the "forever changing" tax laws.

As I close, and referring back to the roller-coaster ride we have been on with our weather, before you know it the Yuba-Sutter Fair will be in full swing. I know the staff of the fair has already jumped into planning mode. Bank of Feather River is the official bank of the Yuba-Sutter Junior Live Stock Auction and we support their efforts to showcase the Yuba-Sutter area, providing something for the entire family. This quarter we are featuring the fair; please take time to read about the fair and more so consider supporting their efforts; a lot goes into putting on the Yuba-Sutter Fair.

As always, thanks for your support and we look forward to a great 2017. Please call on us if we can assist you in anyway with your financial needs; and we always appreciate your referrals.

Best wishes,

Julie Morehead
President/CEO



**BANK OF
FEATHER RIVER**



BOFR CUSTOMER SPOTLIGHT

Judy Creel, CEO - Yuba-Sutter Fair

In 2016 Bank of Feather River was proud to become the official bank for the Yuba-Sutter Fair & the Junior Livestock Auction. In order for the Bank to provide a custom package of products for the Fair we needed to learn more about how they operate. It has been incredibly eye-opening to learn all that goes on at the Fairgrounds. Judy Creel became the CEO of the Fair in 2014 and hit the ground running. She along with her staff and Board have made some significant improvements in a short time.

The staff at Bank of Feather River volunteered for the first time last year for the Junior Livestock Auction. We are looking forward to volunteering again this year. We hope to see you there August 5th.

Please enjoy learning more about the Fairgrounds from Judy.

Tell us a little about the Fair this year.

The 2017 Yuba-Sutter Fair theme is "Jam Packed with Excitement!" We are going to have all kinds of new FREE entertainment for kids including jugglers and unicyclers, a strolling dinosaur and Kid's Town Playland. Look for the new Farmer's Market with local products and become educated on canning and preserving your own food.

What are some of the challenges the Fairgrounds face?

Governor Brown cut funding to all CA Fairs back in 2012 and so it has been a real struggle to keep the fairgrounds operational. We now rely heavily on community Sponsorships, volunteers and the year-round rentals of our buildings to keep the doors open. For the Fair, again community sponsorships are a big part of our revenue as well as the over 46,000 patrons which attend each year.

What is something most people don't know about the fairground?

The Yuba-Sutter Fairgrounds provides facilities and assistance for over 140 events annually, other than the annual Fair. The Fairgrounds has 5 buildings to rent for any type of event such as weddings, birthday and retirement parties, fundraising dinners, meetings/workshops, as well as outside facilities.

The Junior Livestock auction draws a big crowd. Give us a few tips for anyone that wants to give bidding a try.

Yes, the Yuba-Sutter Fair Jr. Livestock Auction is a huge event and this year's date is Saturday, August 5, 2017. Last year the auction grossed over \$880,000, that's money supporting kids and going back into our community!

The Auction starts at 8:30 am and the auction runs until around 2 pm. The Mark Lemenager Scholarship Animal is sold at noon.

We make buying at the Fair fun and easy! Anyone interested in purchasing an animal during the 2017 Yuba-Sutter Fair should call the Fair office and sign-up early for a buyer's number. It can be done at the Fair on Saturday, August 5th, but you'll probably have to wait in line.

If you didn't end up working in the Fair industry what was your plan B?

Hmmmm... I have been involved the Fair Industry in some capacity for over 40 years! I showed Sheep and Cattle in 4-H and FFA, worked as an Agriculture Instructor/FFA Advisor for 6 years and have worked in the administration part of Fair's for 13 years.



At our recent Shareholder Meeting, we revealed the Bank's plans to relocate to a new location. We are working on the details and plan to build our own bank building at the corner of Highway 99 and Bridge Street in Yuba City. Read more about it in Julie's letter on page two.

FINANCIAL CORNER

1st Quarter Results

Total Assets grew to \$98,069,000, at March 31, 2017, a 26% increase over 12 months ago. Loans also rose to \$76,476,000 or 18% over March 31, 2016. Deposits ended the quarter at \$86,328,000 or 28% higher than March 2016.



Net Interest Income was \$1,079,000 for the first three months of the year, an increase over the \$931,000 earned for the first three months of 2016. Net income for the quarter was \$225,000; representing \$9.31 per share, an increase over \$8.57 per share at March 31, 2016.

Bank of Feather River Customers and Tax Professionals give their 2 Cents!



PATTI SPENGER
Patti's Tax Services

What do you wish your clients would do during the year to make a difference when tax time comes around?

Patti: "I wish my clients would keep better records of their expenses and activities throughout the year. Keep receipts and log mileage and activities.

It is too hard to remember a whole year when it comes to tax time. Proper planning equals dollars in your pocket. Organize and be prepared."



CAROL ELLIS
Ellis Financial Services

Carol: "I wish my clients understood better how withholding works and how being Married Filing Joint and combining incomes works. You cannot be married filing joint and have both spouses claim the same dependents. This is always a surprise when taxpayers get married. They also need to understand that the tax code is not fair to the "middle class" and never will be. Nothing in life ever is. They just need to be able to take the best advantage they can of the "code" and pay the least possible amount of tax they legally can."

Sandra: "I would love to meet with each one of my clients and talk, but there is not enough time. We can't always prepare returns in order of when they come in because farmers are due March 1st and corporations and partnerships are due March 15th. Sometimes we have to put those that are due first in front of others that are not due yet. There is nothing wrong with going on extension. Most importantly, I like and appreciate all of my clients."

Dennis: "Clients should more actively use their prior year's return to project the current year's tax situation. They can then better understand their tax situation and avoid surprises when filing tax returns."



SANDRA CARLOS
Sandra Carlos
Accountancy Corp.

What fun thing do you have planned to do after the filing deadline has passed?

Patti: "Right after the season I'm doing a wedding for my daughter and then I hope to sell Real Estate and golf more."

Carol: "After working 12-15 hours a day during tax season I plan on taking a trip to Oregon to see my brother, then travel on to Colorado Springs to see my Sister, then take the southern route back through Southern California to see my grandson who is attending college in Mission Viejo CA. I will then go North to Santa Paula to see another brother then north again back home. Hopefully this will take most of the month of May!!"

Sandra: "After tax season I like to get a good night sleep and get out of town! This year I have a trip to a spa/resort in Arizona. We'll either drive or take the Harley, depending on the weather."

Dennis: "I am leaving right after tax season on a trip to Denver/Ft Collins, CO to sample microbreweries and catch some Giants baseball."



DENNIS HINZ
Ten Haken, Hinz
& Company

Photos From Our Annual Shareholder Meeting

Held On April 20th



Bedo & Ajayab Dhaddey



Tony & Diane Bevacqua



Catered by Dancing
Tomato Café owned by
Kevin & Shar Katz



Chairman of the Board,
Dennis Hinz, EVP, Jeff
Cryer, & Satinder Davit



Board Members Sean
O'Neill & Denis Cook