



# American River Bankshares

consistency **builds** value

David Taber -  
President & Chief Executive Officer

# Forward-Looking Statements

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Keefe, Bruyette & Woods

10<sup>th</sup> Annual Community Bank Investor Conference

July 29, 2009

Forward Looking Statements: Certain statements contained herein are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and subject to the safe harbor provisions of the of Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Actual results may differ materially from the results in these forward-looking statements. Factors that might cause such a difference include, among other matters, changes in interest rates, economic conditions, governmental regulation and legislation, credit quality, and competition affecting the Company's businesses generally; the risk of natural disasters and future catastrophic events including terrorist related incidents; and other factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2008, and in subsequent reports filed on Form 10-Q and Form 8-K. The Company does not undertake any obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or otherwise, except as required by law.



**American River Bankshares**

# Company Overview

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|                                |   |
|--------------------------------|---|
| <b>NASDAQ-GS Symbol</b>        | AMRB  |
| <b>Founded</b>                 | 1983  |
| <b>Headquarters</b>            | Rancho Cordova, CA<br><i>a Suburb of Sacramento</i> |
| <b>Total Assets</b>            | \$552 million                                       |
| <b>Market Capitalization</b>   | \$62 million  |
| <b>Average Volume</b>          | 2,433 shares per day                                |
| <b>Shares Outstanding</b>      | 5,797,533   |
| <b>Inside Ownership</b>        | 11%   |
| <b>Institutional Ownership</b> | 11%   |

2 \* As of June 30, 2009



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## Highlights

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- Profitable for First Half of 2009
- Strong Pre-Tax Pre-Provision Earnings
- Built ALLL to 1.91% of total loans and leases
- Built Risk Based Capital Ratio to 11.9%
- Careful with Overhead
- Continued Diligence on Credit

## Headwinds

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- Weak Economy
- Market Concern About CRE
- Higher Credit Costs
- Increased FDIC Premiums
- Negative Trend in Consumer Confidence



# Northern California Footprint

## American River Bank

- ① Bradshaw Plaza
- ② Capitol Mall
- ③ Fair Oaks Village
- ④ Point West
- ⑤ Roseville

## Bank of Amador

- ⑥ Buckhorn
- ⑦ Lone
- ⑧ Jackson

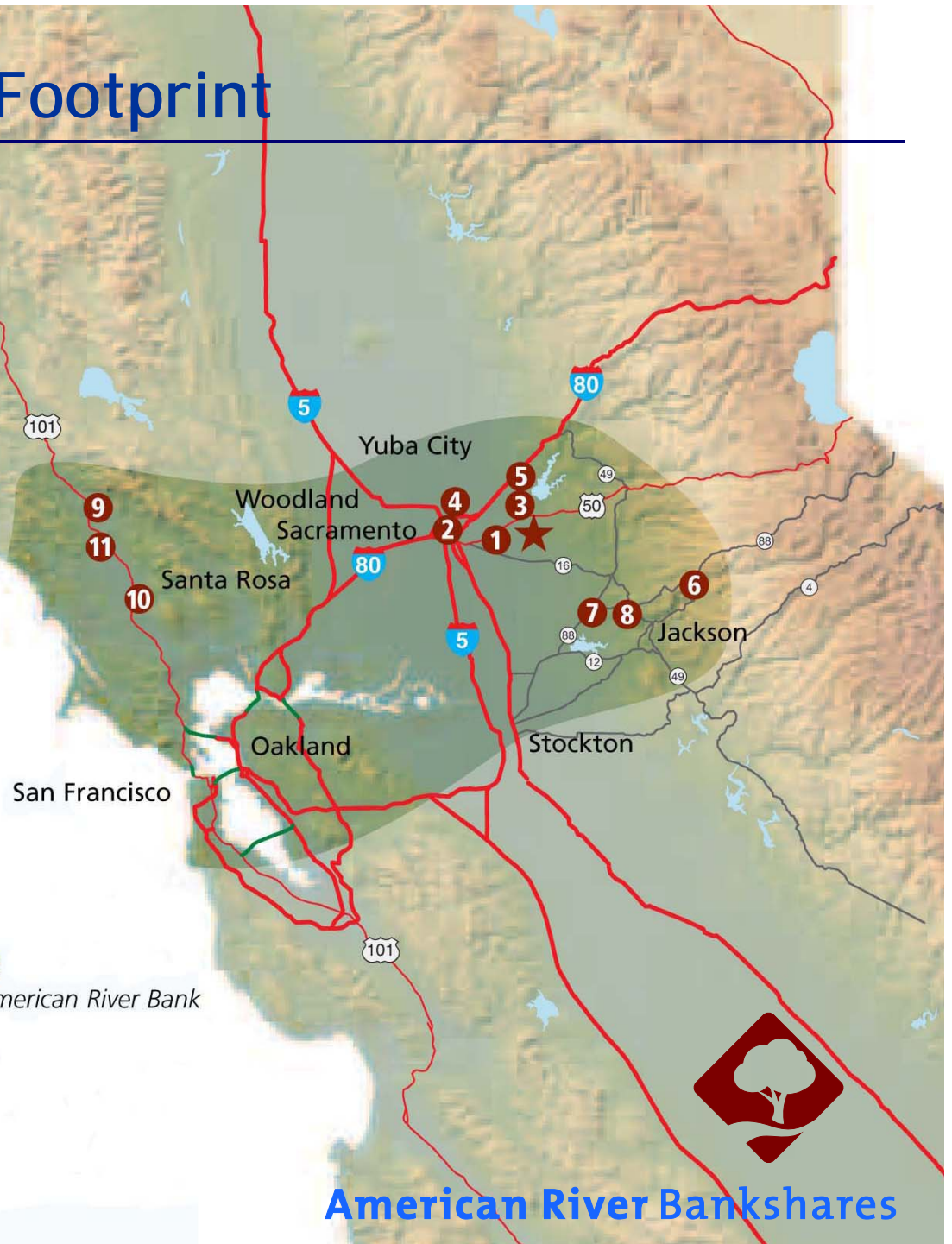
## North Coast Bank

- ⑨ Healdsburg
- ⑩ Santa Rosa
- ⑪ Windsor

## ★ American River Bankshares Headquarters

*This location also serves as a convenience branch for American River Bank*

Darker area on map indicates our service area.



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# Financial Metrics

## Balance Sheet

*Dollars in thousands*

| <b>Assets</b>                 | <b>12/31/04</b>  | <b>12/31/05</b>  | <b>12/31/06</b>  | <b>12/31/07</b>  | <b>12/31/08</b>  | <b>6/30/09</b>   |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Cash and investments          | \$200,456        | \$212,728        | \$181,614        | \$139,420        | \$111,039        | \$112,771        |
| Net Loans                     | \$352,467        | \$365,571        | \$382,993        | \$394,975        | \$412,356        | \$398,191        |
| Other                         | \$33,743         | \$34,464         | \$39,396         | \$39,290         | \$39,762         | \$40,848         |
| <b>Total</b>                  | <b>\$586,666</b> | <b>\$612,763</b> | <b>\$604,003</b> | <b>\$573,685</b> | <b>\$563,157</b> | <b>\$551,810</b> |
| <b>Liabilities and Equity</b> |                  |                  |                  |                  |                  |                  |
| Deposits                      | \$475,387        | \$500,706        | \$493,875        | \$455,645        | \$437,061        | \$449,609        |
| Borrowings                    | \$34,289         | \$43,656         | \$42,270         | \$51,603         | \$57,231         | \$36,000         |
| Other                         | \$18,000         | \$5,655          | \$5,487          | \$6,464          | \$5,418          | \$4,049          |
| Capital                       | \$58,990         | \$62,746         | \$62,371         | \$59,973         | \$63,447         | \$62,276         |
| <b>Total</b>                  | <b>\$586,666</b> | <b>\$612,763</b> | <b>\$604,003</b> | <b>\$573,685</b> | <b>\$563,157</b> | <b>\$551,810</b> |



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# Financial Metrics

## Income Statement

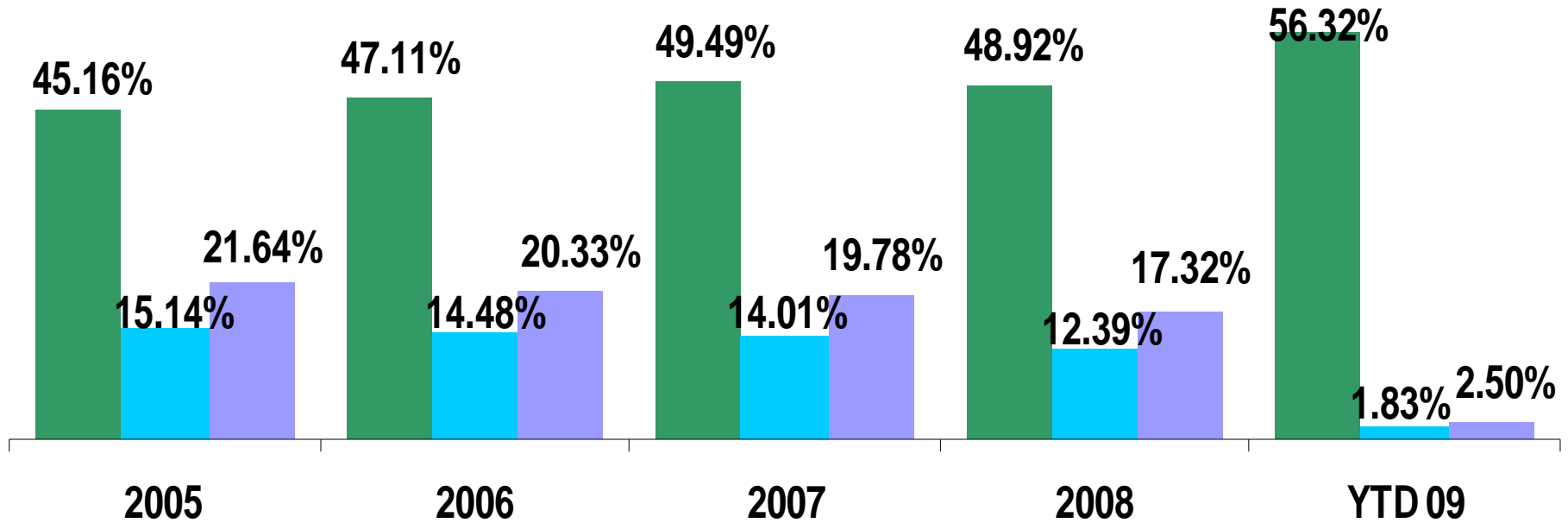
*Dollars in thousands*

|                                     | 12/31/04  | 12/31/05  | 12/31/06  | 12/31/07  | 12/31/08  | YTD 2009  |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Net interest margin                 | \$19,418  | \$ 26,462 | \$ 27,066 | \$ 26,402 | \$ 25,925 | \$ 12,357 |
| Non interest income                 | \$ 2,395  | \$ 2,329  | \$ 2,443  | \$ 2,599  | \$ 2,168  | \$ 1,159  |
| Non interest expense                | \$ 11,713 | \$ 13,493 | \$ 14,388 | \$ 14,833 | \$ 14,201 | \$ 7,840  |
| Allowance for loan and lease losses | \$ 895    | \$ 322    | \$ 320    | \$ 450    | \$ 1,743  | \$ 5,029  |
| Provision for taxes                 | \$ 3,378  | \$ 5,792  | \$ 5,739  | \$ 5,240  | \$ 4,578  | \$ 68     |
| Net Income                          | \$ 5,827  | \$ 9,184  | \$ 9,062  | \$ 8,478  | \$ 7,571  | \$ 579    |



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# Financial Metrics



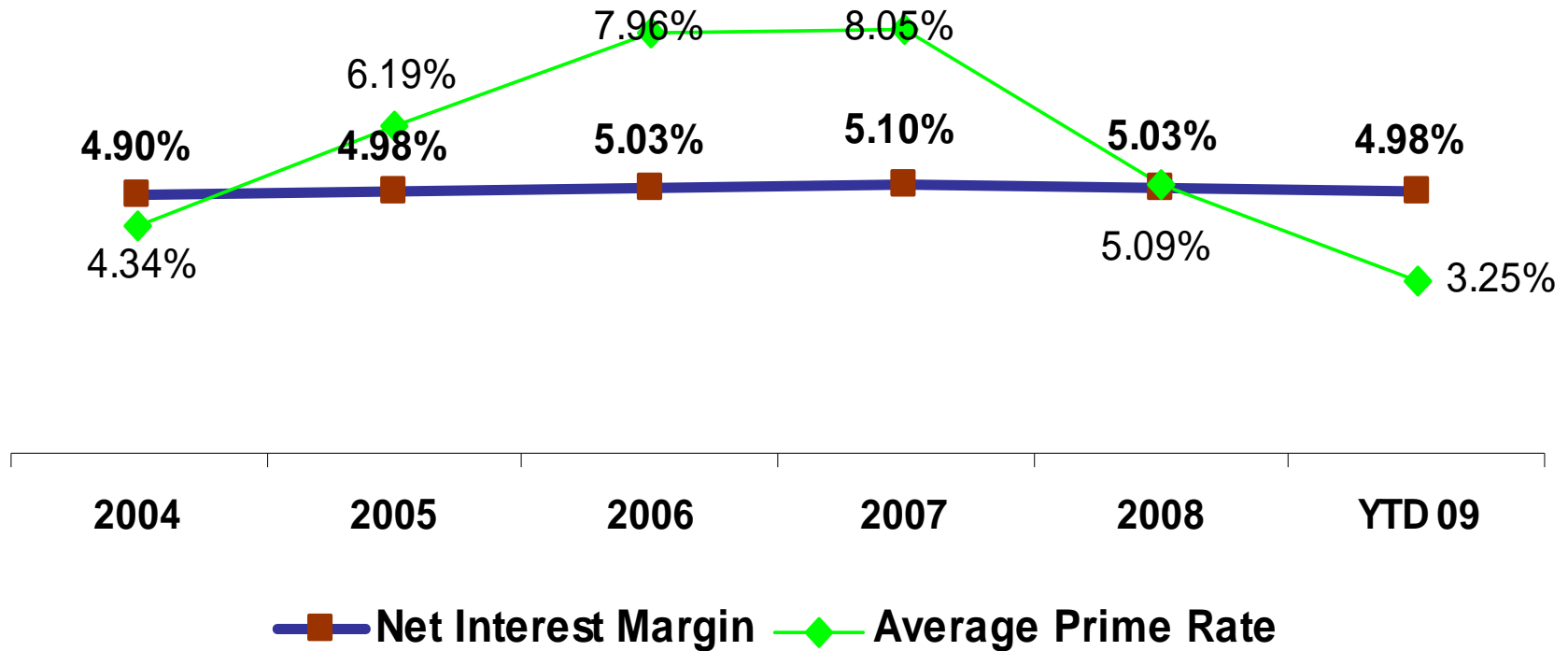
■ Efficiency Ratio ■ ROAE ■ ROTE



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# Financial Metrics

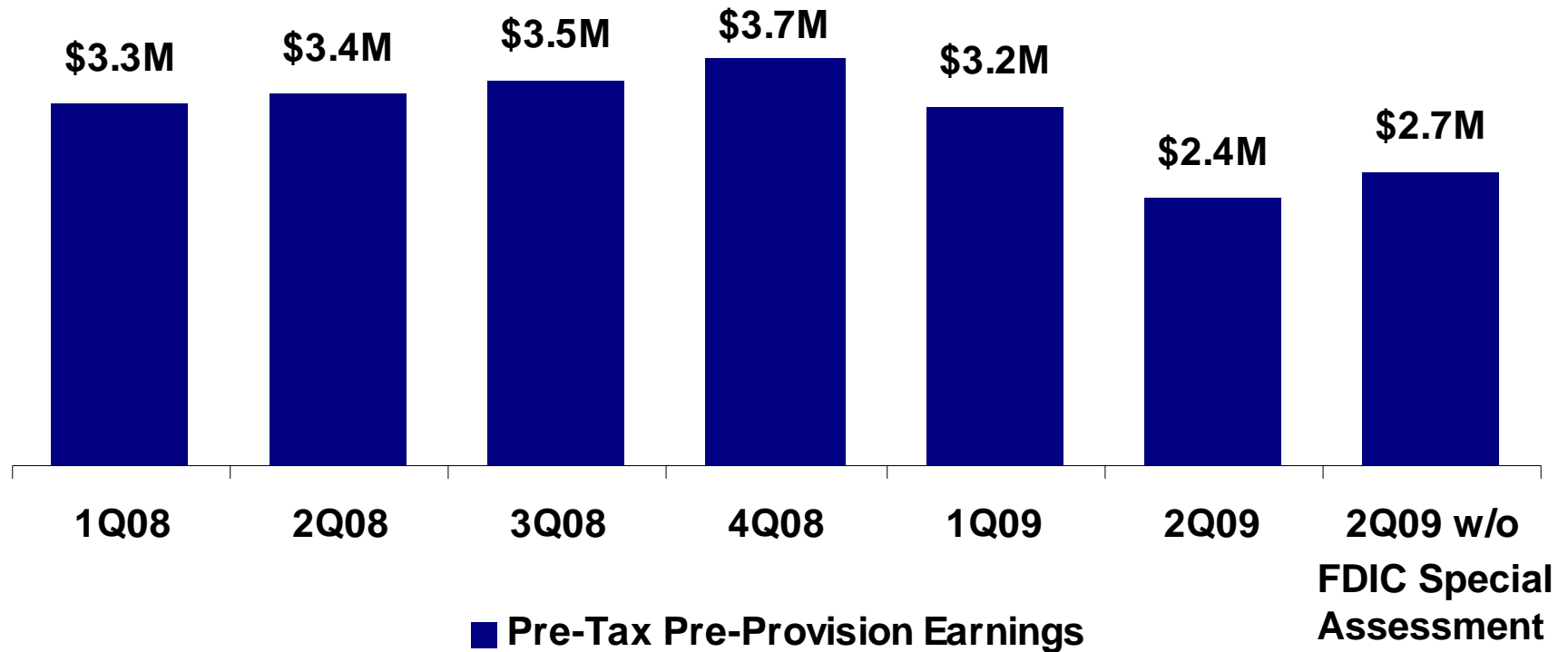
## Strong & Stable Interest Margin Through Rate Cycles



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# Financial Metrics

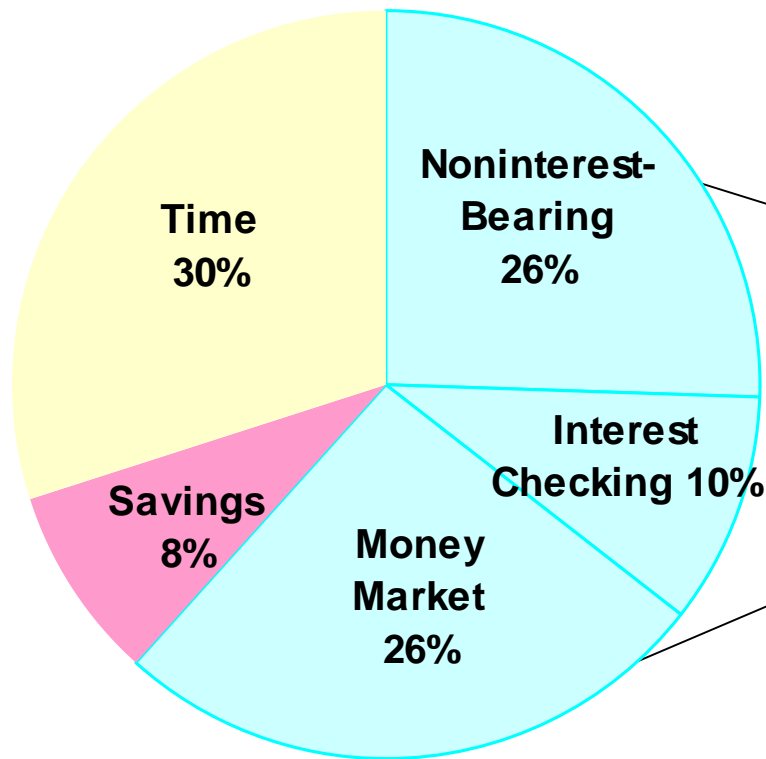
## Strong Pre-Tax Pre-Provision Earnings



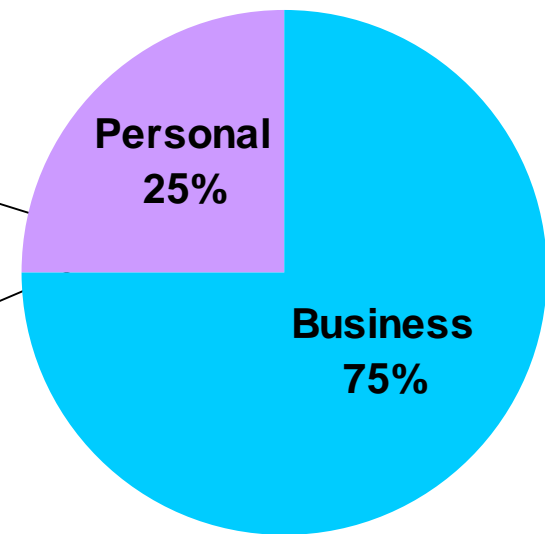
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# Excellent Core Deposit Base

## Core Deposit Mix



**Overall Cost of Deposits**  
0.90%



Average non-interest checking account: \$17,000

Average interest checking: \$17,000

Average money market account: \$111,000

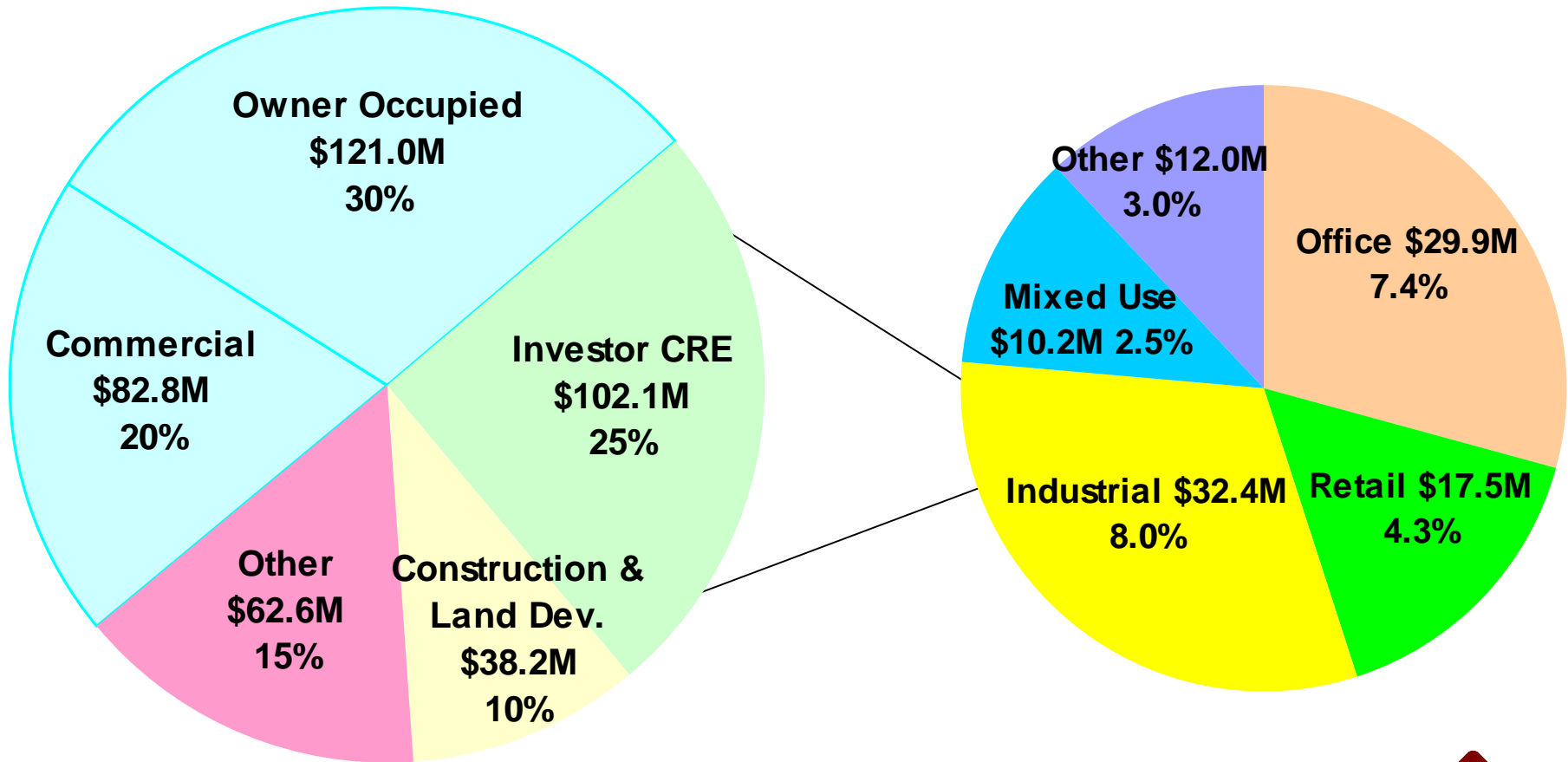
10 \* As of June 30, 2009



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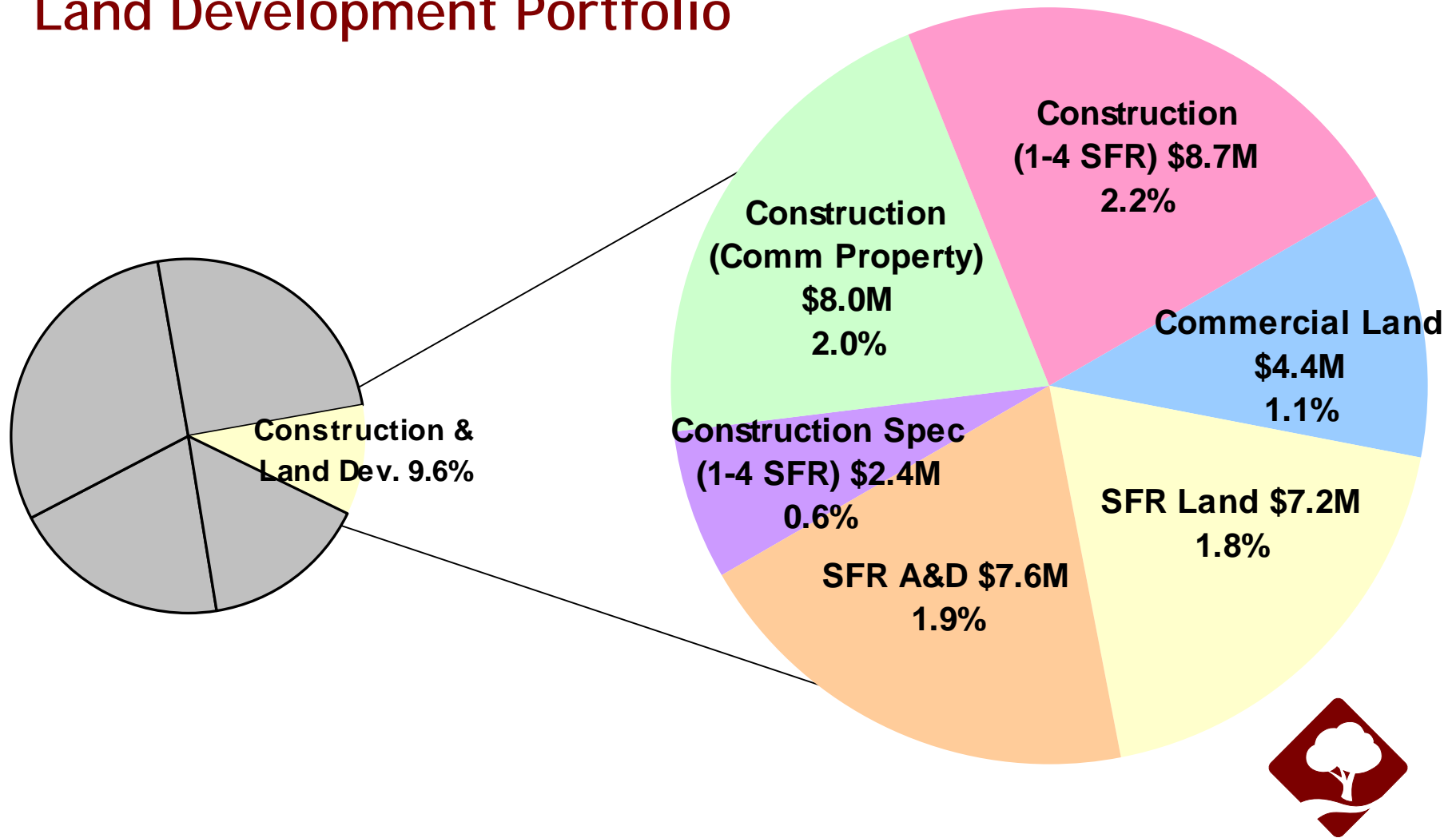
# Diversified Loan Portfolio

## Total Loan Portfolio



# Diversified Loan Portfolio

## R/E Construction & Land Development Portfolio



12 \* As of June 30, 2009

# Asset Quality

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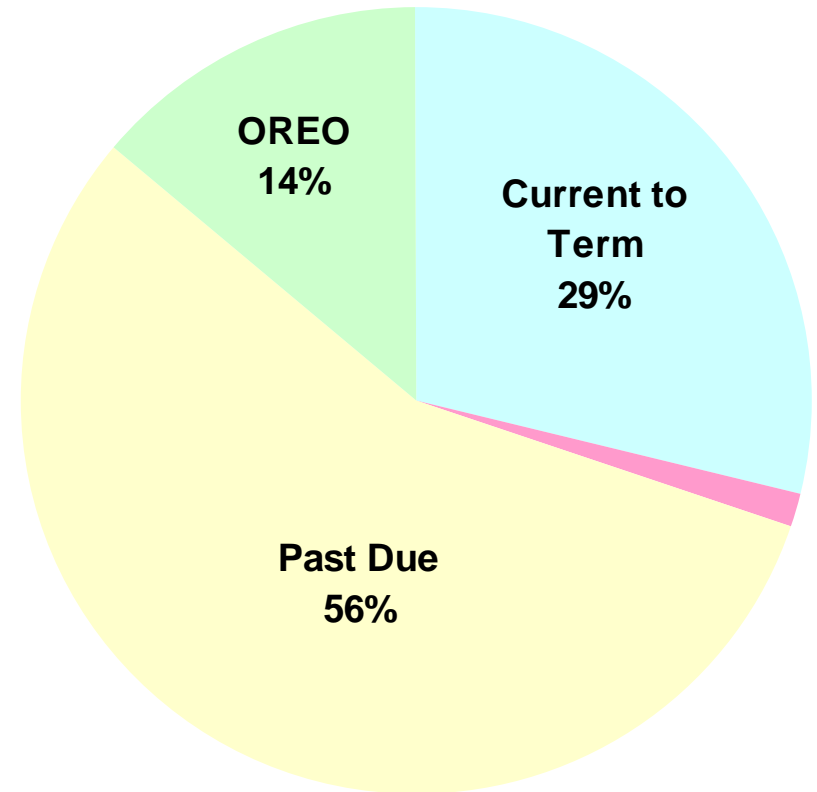
|  | 2005  | 2006  | 2007  | 2008  | YTD 09 |
|--|-------|-------|-------|-------|--------|
| Net chargeoffs to average loans and leases               | 0.04% | 0.03% | 0.11% | 0.42% | 1.55%  |
| Nonperforming loans and leases to total loans and leases | 0.02% | 0.02% | 1.86% | 1.49% | 5.16%  |
| Nonperforming assets to total assets                     | 0.01% | 0.01% | 1.31% | 1.49% | 4.40%  |
| Allowance for loan and lease losses                      | 1.53% | 1.51% | 1.47% | 1.41% | 1.91%  |



# Asset Quality

## Non-performing Assets

|   | <b>Balance</b>      |
|---|---------------------|
| Non-performing loans that are current to term* (6)          | \$7,040,000         |
| Non-performing loans paid off subsequent to quarter end (1) | \$294,000           |
| Non-performing loans that are past due (26)                 | \$13,563,000        |
| Loans past due 90 or more days and still accruing (2)       | \$49,000            |
| Other real estate owned (net)(12)                           | \$3,347,000         |
|   | <b>\$24,293,000</b> |

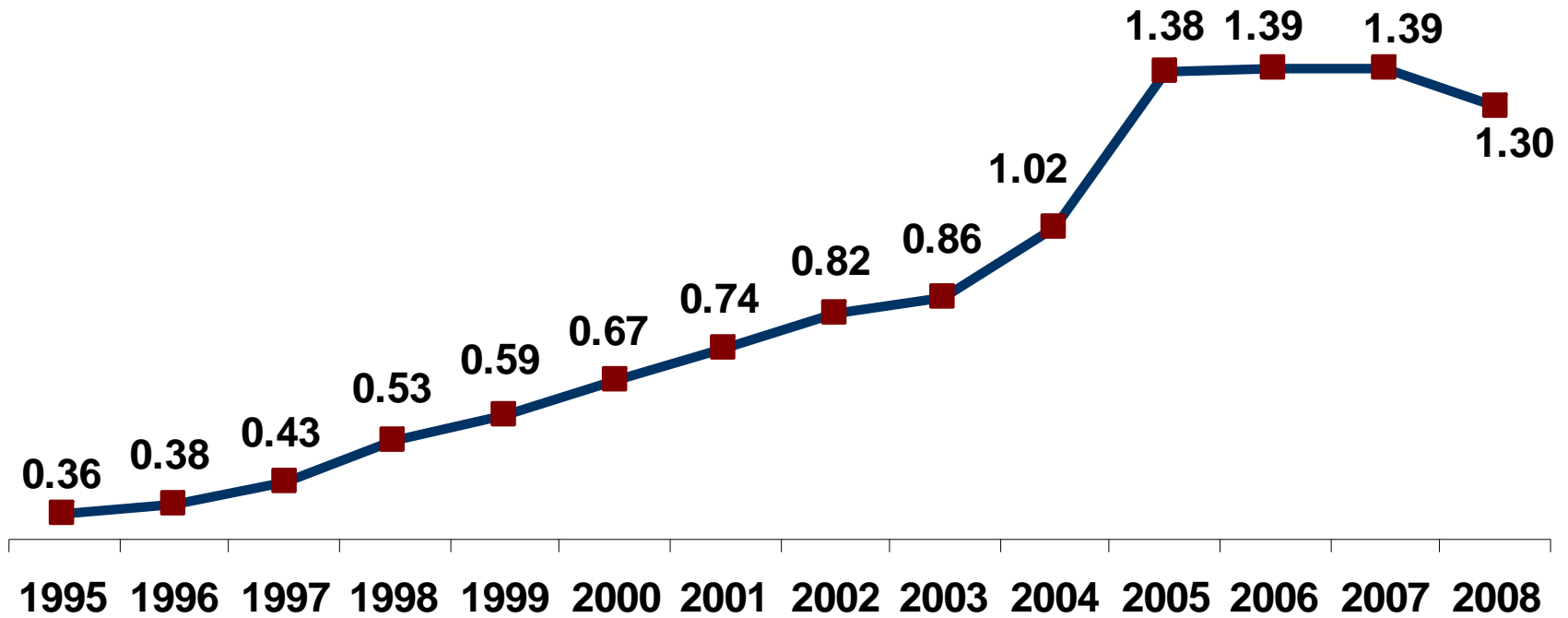


\* loans that are current (less than 30 days past due) pursuant to original or modified terms



# Strong Performance Over Time

## Diluted EPS History



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# Experience Matters

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## American River Bankshares Executive Management Team

**David Taber, President & CEO**

25 years in the banking industry

**Mitchell Derenzo, EVP & Chief Financial Officer**

22 years in the banking industry

**Doug Tow, EVP & Chief Credit Officer**

31 years in the banking industry

**Kevin Bender, EVP & Chief Information Officer**

24 years in the banking industry



**American River Bankshares**

# Strategic Direction

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## Organic Growth in Markets We Currently Serve

- Outwork Competition
- Engaged Employees
- Emphasize Business Banking
- Low-Cost Core Deposits
- Focus on Credit Quality
- Common Sense Real Estate Lending
- Managing Overhead
- Capital Management



# Thank You

## Questions & Answers

**consistency builds value**

David Taber -

President & Chief Executive Officer



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