

AMERICAN RIVER BANKSHARES
Form PRE 14A
March 20, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No. _____)

Filed by the Registrant x
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Check the appropriate box:

- x Preliminary Proxy Statement
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- o Soliciting Material Pursuant to §240.14a-12

American River Bankshares

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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4) Date Filed:

AMERICAN RIVER BANKSHARES

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
May 21, 2009

TO THE SHAREHOLDERS OF AMERICAN RIVER BANKSHARES:

NOTICE IS HEREBY GIVEN that, pursuant to the call of its Board of Directors, the Annual Meeting of Shareholders (the Meeting) of American River Bankshares (the Company) will be held on Thursday, May 21, 2009 at 3:00 p.m., at 3100 Zinfandel Drive, Ste. 450, Rancho Cordova, CA 95670 for the following purposes:

1. **Election of Directors.** To elect nominees, Dorene C. Dominguez, Stephen H. Waks, Michael A. Ziegler, Charles D. Fite, Robert J. Fox, Philip A. Wright, and Roger J. Taylor, D.D.S. to serve until the 2010 Annual Meeting of Shareholders and until their successors are duly elected and qualified.
2. **Authorize the Issuance of Preferred Stock.** To approve the amendment of the Company s Articles of Incorporation to authorize the issuance of preferred stock.
3. **Ratification of Independent Registered Public Accounting Firm.** To ratify the selection of Perry-Smith LLP as the Company s independent registered public accounting firm for the 2009 fiscal year.
4. **Other Business.** To transact such other business as may properly come before the Meeting and any and all postponements or adjournments thereof.

Article III, Section 3.3 of the bylaws of the Company provides for the nomination of directors in the following manner:

Nominations for election of members of the board may be made by the board or by any holder of any outstanding class of capital stock of the corporation entitled to vote for the election of directors. Notice of intention to make any nominations (other than for persons named in the notice of the meeting called for the election of directors) shall be made in writing and shall be delivered or mailed to the president of the corporation by the later of: (i) the close of business twenty-one (21) days prior to any meeting of shareholders called for the election of directors; or (ii) ten (10) days after the date of mailing of notice of the meeting to shareholders. Such notification shall contain the following information to the extent known to the notifying shareholder: (a) the name and address of each proposed nominee; (b) the principal occupation of each proposed nominee; (c) the number of shares of capital stock of the corporation owned by each proposed nominee; (d) the name and residence address of the notifying shareholder; (e) the number of shares of capital stock of the corporation owned by the notifying shareholder; (f) the number of shares of capital stock of any bank, bank holding company, savings and loan association, or other depository institution owned beneficially by the nominee or by the notifying shareholder and the identities and locations of any such institutions; and (g) whether the proposed nominee has ever been convicted of or pleaded nolo contendere to any criminal offense involving dishonesty or breach of trust, filed a petition in bankruptcy or been adjudged bankrupt. The notification shall be signed by the nominating shareholder and by each nominee, and shall be accompanied by a written consent to be named as a nominee for election as a director from each proposed nominee. Nominations not made in accordance with these procedures shall be disregarded by the chairperson of the meeting, and upon his or her instructions, the inspectors of election shall disregard all votes cast for each such nominee. The foregoing requirements do not apply to the nomination of a person to replace a proposed nominee who has become unable to serve as a director between the last day for giving notice in accordance with this paragraph and the date of election of directors if the procedure called for in this paragraph was followed with respect to the nomination of the proposed nominee.

The Board of Directors has fixed the close of business on March 30, 2009 as the record date for determination of shareholders entitled to notice of, and to vote at, the Meeting and any and all postponements or adjournments thereof.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Stephen H. Waks

Stephen H. Waks
Corporate Secretary

Dated: April 10, 2009

PLEASE SIGN AND RETURN THE ENCLOSED PROXY CARD (PROXY) AS PROMPTLY AS POSSIBLE AND INDICATE IF YOU WILL ATTEND THE MEETING IN PERSON. ALTERNATIVELY, A SHAREHOLDER CAN CHOOSE TO VOTE BY TELEPHONE OR BY USING THE INTERNET AS INDICATED ON THE PROXY. IF YOU VOTE BY TELEPHONE OR ELECTRONICALLY THROUGH THE INTERNET, YOU DO NOT NEED TO RETURN THE PROXY. PLEASE REFER TO THE PROXY STATEMENT AND PROXY FOR A MORE COMPLETE DESCRIPTION OF THE PROCEDURES FOR TELEPHONE AND INTERNET VOTING.

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**AMERICAN RIVER BANKSHARES
PROXY STATEMENT
FOR
ANNUAL MEETING OF SHAREHOLDERS
May 21, 2009**

INTRODUCTION

This proxy statement is furnished in connection with the solicitation of proxies for use at the 2009 Annual Meeting of Shareholders (the Meeting) of American River Bankshares (the Company) to be held on Thursday, May 21, 2009, at 3:00 p.m., at the Company's Headquarters at 3100 Zinfandel Drive, Ste. 450, Rancho Cordova, CA 95670 and at any and all postponements or adjournments thereof. Only shareholders of record on March 30, 2009 (the Record Date) will be entitled to notice of the Meeting and to vote at the Meeting. At the close of business on the Record Date, the Company had outstanding and entitled to be voted 5,797,533 of the Company's no par value common stock. Directions to the Meeting can be found later in this proxy statement.

Revocability of Proxies

A proxy for voting your shares at the Meeting is enclosed. Any shareholder who executes and delivers such proxy has the right to and may revoke it at any time before it is exercised by filing with the Secretary of the Company an instrument revoking it or a duly executed proxy bearing a later date. In addition, a proxy will be revoked if the shareholder executing such proxy is in attendance at the Meeting and such shareholder votes in person. Subject to such revocation, all shares represented by a properly executed proxy received in time for the Meeting will be voted by the proxyholders in accordance with the instructions specified on the proxy.

Unless otherwise directed in the accompanying proxy, the shares represented by your executed proxy will be voted FOR the nominees for election of directors named herein, FOR the authorization to issue preferred stock, and FOR the ratification of the selection of Perry-Smith LLP as the Company's independent registered public accounting firm for the 2009 fiscal year. If any other business is properly presented at the Meeting and at any and all postponements or adjournments thereof, the proxy will be voted in accordance with the recommendations of management.

Solicitation of Proxies

This solicitation of proxies is being made by the Board of Directors of the Company. The expenses of preparing, assembling, printing, and mailing this proxy statement and the materials used in this solicitation of proxies will be borne by the Company. It is contemplated that proxies will be solicited principally through the use of the mail, but directors, officers, and employees of the Company may solicit proxies personally or by telephone, without receiving special compensation. The Company will reimburse banks, brokerage houses and other custodians, nominees and fiduciaries for their reasonable expenses in forwarding the proxy statement to shareholders whose stock in the Company is held of record by such entities. In addition, the Company may use the services of individuals or companies it does not regularly employ in connection with this solicitation of proxies, if management determines it is advisable.

Voting Securities

On any matter submitted to the vote of the shareholders, each holder of common stock will be entitled to one vote, in person or by proxy, for each share of common stock he or she held of record on the books of the Company as of the Record Date.

A majority of the shares entitled to vote, represented either in person or by a properly executed proxy, will constitute a quorum at the Meeting. If, by the time scheduled for the Meeting, a quorum of shareholders of the Company is not present or if a quorum is present but sufficient votes in favor of any of the proposals have not been received, the Meeting may be held for purposes of voting on those proposals for which sufficient votes have been received, and the persons named as proxyholders may propose one or more adjournments of the Meeting to permit further solicitation of proxies with respect to any of the proposals as to which sufficient votes have not been received.

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Votes cast will be counted by the Inspector of Election for the Meeting. The Inspector will treat abstentions and broker non-votes (shares held by brokers or nominees as to which instructions have not been received from the beneficial owners or persons entitled to vote and the broker or nominee does not have discretionary voting power under applicable rules of the stock exchange or other self-regulatory organization of which the broker or nominee is a member) as shares that are present and entitled to vote for purposes of determining the presence of a quorum. Abstentions and broker non-votes will not be counted as shares voted for purposes of determining the outcome of any matter as may properly come before the Meeting.

Any shareholder may choose to vote shares of common stock by telephone by calling the toll-free number (at no cost to the shareholder) indicated on the proxy. Telephone voting is available 24 hours per day. Easy to follow voice prompts allow a shareholder to vote shares and to confirm that instructions have been properly recorded. The Company's telephone voting procedures are designed to authenticate the identity of shareholders by utilizing individual control numbers. *If a shareholder votes by telephone, there is no need to return the proxy.*

Any shareholder may also choose to vote shares of common stock electronically by using the Internet, as indicated on the proxy. Internet voting procedures are designed to authenticate the identity of a shareholder and to confirm that instructions have been properly recorded. The Company believes these procedures are consistent with the requirements of applicable law. *If a shareholder votes electronically by using the Internet, there is no need to return the proxy.*

If you vote by telephone or Internet, your vote must be received by 1:00 a.m., Eastern Time, on May 21, 2009 to ensure that your vote is counted.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of the Record Date, March 30, 2009, no individual known to the Company owned more than five percent (5%) of the outstanding shares of its common stock.

The following table sets forth information as of March 30, 2009, concerning the equity ownership of the Company's directors, director-nominees, and the executive officers named in the Summary Compensation Table, and directors, director-nominees, and executive officers as a group. Unless otherwise indicated in the notes to the table, each person listed below possesses sole voting and sole investment power, or shared voting and investment power with a spouse, for the shares of the Company's common stock listed below. All of the shares shown in the following table are owned both of record and beneficially except as indicated in the notes to the table. The Company has only one class of shares outstanding, common stock. Management is not aware of any arrangements which may, at a subsequent date, result in a change of control of the Company.

Name and Address (1) of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (2)
Kevin B. Bender	29,191 (4)	0.5%
Amador S. Bustos	27,228 (5)	0.5%
Raymond F. Byrne	12,837 (6)	0.2%
Mitchell A. Derenzo	54,196 (7)	0.9%
Dorene C. Dominguez	5,344 (8)	0.1%
Charles D. Fite	156,702 (9)	2.7%
Robert J. Fox	20,014 (10)	0.3%
William A. Robotham	85,081 (11)	1.5%
David T. Taber	162,960 (12)	2.8%
Roger J. Taylor, D.D.S.	65,179 (13)	1.1%
Douglas E. Tow	23,253 (14)	0.4%
Stephen H. Waks	77,254 (15)	1.3%
Philip A. Wright (3)	56,421 (16)	1.0%
Michael A. Ziegler	20,410 (17)	0.4%
All directors, director-nominees, and executive officers as a group (14 persons)	796,070 (18)	13.3%

(1) The address for all persons listed is c/o American River Bankshares, 3100 Zinfandel Drive, Suite 450, Rancho Cordova, CA 95670.

(2) Includes shares of common stock subject to stock options exercisable within 60 days of the Record Date.

(3)

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Mr. Wright was appointed to the Board of Directors on March 18, 2009. The fees reported in the table represent fees earned as a director of the Company's subsidiary, American River Bank.

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- (4) Includes 14,580 shares which Mr. Bender has the right to acquire upon the exercise of stock options within 60 days of the Record Date.
- (5) Includes 6,571 shares which Mr. Bustos has the right to acquire upon the exercise of stock options within 60 days of the Record Date.
- (6) Includes 10,945 shares which Mr. Byrne has the right to acquire upon the exercise of stock options within 60 days of the Record Date.
- (7) Includes 15,634 shares which Mr. Derenzo has the right to acquire upon the exercise of stock options within 60 days of the Record Date.
- (8) Includes 418 shares which Ms. Dominguez has the right to acquire upon the exercise of stock options within 60 days of the Record Date.
- (9) Includes 8,538 shares which Mr. Fite has the right to acquire upon the exercise of stock options within 60 days of the Record Date.
- (10) Includes 7,240 shares which Mr. Fox has the right to acquire upon the exercise of stock options within 60 days of the Record Date.
- (11) Includes 7,240 shares which Mr. Robotham has the right to acquire upon the exercise of stock options within 60 days of the Record Date.
- (12) Includes 32,729 shares which Mr. Taber has the right to acquire upon the exercise of stock options within 60 days of the Record Date.
- (13) Includes 16,521 shares which Doctor Taylor has the right to acquire upon the exercise of stock options within 60 days of the Record Date.
- (14) Includes 15,634 shares which Mr. Tow has the right to acquire upon the exercise of stock options within 60 days of the Record Date.
- (15) Includes 16,521 shares which Mr. Waks has the right to acquire upon the exercise of stock options within 60 days of the Record Date.
- (16) Includes 315 shares which Mr. Wright has the right to acquire upon the exercise of stock options within 60 days of the Record Date.
- (17) Includes 13,736 shares which Mr. Ziegler has the right to acquire upon the exercise of stock options within 60 days of the Record Date.
- (18) Includes 166,622 stock options outstanding to purchase common stock exercisable within 60 days of the Record Date.

PROPOSAL NO. 1 ELECTION OF DIRECTORS

The Company's Bylaws provide that the number of directors of the Company shall not be less than eight (8) nor more than fifteen (15) until changed by an amendment to Article III, Section 3.2 of the Bylaws duly adopted by the vote or written consent of holders of a majority of the outstanding shares entitled to vote. The exact number of directors shall be fixed from time to time within the authorized range by, among other means, (i) a resolution duly adopted by the Board of Directors; or (ii) a bylaw or amendment thereof duly adopted by the vote of a majority of the shares entitled to vote represented at a duly held meeting at which a quorum is present, or by the written consent of the holders of a majority of the outstanding shares entitled to vote.

On March 18, 2009, the Board of Directors fixed the number in the authorized range at ten (10) and appointed Philip A. Wright as a director. Director Wright is included in management's slate of nominees for election as a director. In 2000, the Board of Directors deemed it to be appropriate and in the best interests of shareholders of the Company to classify the Board into three classes and shareholders approved such action at the meeting held on September 21, 2000. In 2008, the Board of Directors deemed it to be appropriate and in the best interests of shareholders of the Company to declassify the Board and shareholders approved such action at the meeting held on May 22, 2008, provided that directors would continue to serve their remaining term of office before converting to annual election. At the annual meeting of shareholders held in 2008, Directors Michael A. Ziegler, Stephen H. Waks and Dorene C. Dominguez were elected as directors to serve for a one-year term expiring at the 2009 annual meeting of shareholders. At the annual meeting of shareholders held in 2007, Directors Amador S. Bustos, William A. Robotham and David T. Taber were elected as directors to serve for a three-year term expiring at the 2010 annual meeting of shareholders. At the annual meeting of shareholders held in 2006, Directors Charles D. Fite, Robert J. Fox and Dr. Roger J. Taylor were elected as directors to serve for a three-year term expiring at the 2009 annual meeting of shareholders.

The following persons are the nominees of the Board of Directors for election to serve for a one-year term until the 2010 annual meeting of shareholders and until their successors are duly elected and qualified:

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Nominees for Election:

Name and Title Other than Director	Principal Occupation During the Last Five Years	Age	Year First Elected Director
Dorene C. Dominguez	President, Vanir Group of Companies, Inc. in Sacramento since 2004. Vice President of Vanir Construction Mgmt., Inc. in Sacramento from 1991 to 2004.	46	2007
Stephen H. Waks Corporate Secretary	Attorney-at-Law; Owner of Waks Law Corporation in Sacramento.	61	1986
Michael A. Ziegler	President and Chief Executive Officer of PRIDE Industries in Roseville, California.	64	2002
Charles D. Fite Chairman	President, Fite Development Company in Sacramento.	51	1993
Robert J. Fox	Partner, Gallina LLP, Certified Public Accountants in Sacramento.	64	2004
Roger J. Taylor, D.D.S. Vice Chairman	Dentist (Retired) and National Executive Director, Impax Health Prime and a real estate developer in Sacramento.	63	1983
Philip A. Wright	Real Estate Broker and Owner of Wright Investment Inc. dba Prudential California Real Estate in Windsor, California.	62	2009

All proxies will be voted for the election of the seven nominees recommended by the Board of Directors, unless authority to vote for the election of any director or all directors is withheld. All of the nominees are incumbent directors.

None of the nominees were subject to any legal proceedings involving violations of securities laws, convictions in a criminal proceeding (excluding traffic violations or minor offenses) or had a petition under bankruptcy laws filed against themselves or an affiliate within the last five years.

If any of the nominees should unexpectedly decline or be unable to serve as a director, the proxies may be voted for a substitute nominee to be designated by the Board of Directors. The Board of Directors has no reason to believe that any nominee will become unavailable and has no present intention to nominate persons in addition to or in lieu of those named above.

The following persons are the directors previously elected and who will continue in office to serve for a one-year term until the 2010 annual meeting of shareholders and until their successors are duly elected and qualified.

Directors, Continuing in Office:

Name and Title Other than Director	Principal Occupation During the Last Five Years	Age	Year First Elected Director
Amador S. Bustos	Chairman and Chief Executive Officer, Bustos Media LLC in Sacramento since 2004 and Managing Partner, Bustos Asset Management LLC in Sacramento since 1999.	58	2004
William A. Robotham	Executive Partner, Pisenti & Brinker LLP, Certified Public Accountants in Santa Rosa.	67	2004
David T. Taber President and CEO	President and CEO, American River Bankshares since 1995. CEO of American River Bank since 2004.	48	1989

None of the Company's directors, nominees for election as directors listed above, or executive officers listed on page 2, were selected pursuant to any arrangement or understanding other than with the directors and executive officers of the Company acting within their capacities

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as such. There are no family relationships between any two or more of the directors, nominees for director, or executive officers. No director, nominee for director, or executive officer serves as a director of (i) any company which has a class of securities registered under Section 12, or which is subject to the periodic reporting requirements of Section 15(d) of the Securities Exchange Act of 1934, or (ii) any company registered as an investment company under the Investment Company Act of 1940, except William A. Robotham, who is also a director of American TonerServ Corp, a Delaware corporation with an office in Santa Rosa. American TonerServ Corp is a national distributor of compatible printer toner cartridges and services printers and other office equipment.

Recommendation of Management

The Board of Directors recommends a vote FOR each of the seven (7) nominees listed above.

Committees of the Board of Directors

Nominating Committee. The Nominating Committee, whose members are Charles D. Fite, Roger J. Taylor, D.D.S., Stephen H. Waks and Michael A. Ziegler (Chairman), has the responsibility to assist the Board of Directors by (a) establishing criteria for candidates and identifying, evaluating, and recommending candidates, including candidates proposed by shareholders, for election to the Board of Directors, and (b) periodically reviewing and making recommendations on the composition of the Board of Directors. The Nominating Committee met once in 2008. All members of the Nominating Committee are independent, as that term is defined under applicable NASDAQ listing rules. Candidates are selected in accordance with a Nominating Charter. The Nominating Charter includes a policy for consideration of candidates proposed by shareholders. Any recommendations by shareholders will be evaluated by the Board of Directors in the same manner as any other recommendation and in each case in accordance with the Nominating Charter.

Shareholders that desire to recommend candidates for consideration by the Company's Board of Directors should mail or deliver written recommendations to the Company addressed as follows: Board of Directors, American River Bankshares, 3100 Zinfandel Drive, Suite 450, Rancho Cordova, CA 95670. Each recommendation should include biographical information indicating the background and experience of the candidate that qualifies the candidate for consideration as a director for evaluation by the Board of Directors. In addition to minimum standards of independence for non-employee directors and financial literacy, the Board of Directors considers various other criteria including the candidate's experience and expertise, financial resources, ability to devote the time and effort necessary to fulfill the responsibilities of a director and involvement in community activities in the market areas served by the Company that may enhance the reputation of the Company.

The Company operates in a highly regulated industry and is subject to the supervision, regulation and periodic examination by state and federal banking regulatory authorities including the Board of Governors of the Federal Reserve System, California Commissioner of Financial Institutions and Federal Deposit Insurance Corporation. Directors of the Company are subject to certain rules and regulations and potential liabilities not otherwise applicable to directors of non-banking organizations. Consequently, evaluation of candidates by the Company's Board of Directors may include more extensive inquiries into personal background information including confirmation of the accuracy and completeness of background information by (a) requiring candidates to complete questionnaires to elicit information of the type required to be disclosed by the Company in reports filed with the Securities and Exchange Commission, NASDAQ, or such state and federal banking regulatory authorities, (b) conducting background investigations by qualified independent organizations experienced in conducting criminal and civil investigatory reviews, and (c) such other personal and financial reviews and analyses as the Board of Directors may deem appropriate in connection with the consideration of candidates.

Shareholders who wish to nominate a candidate for election to the Company's Board of Directors, as opposed to recommending a potential nominee for consideration by the Board of Directors, are required to comply with the advance notice and any other requirements of the Company's bylaws, applicable laws and regulations. The Board of Directors may elect to use third parties in the future to identify or evaluate candidates for consideration by the Board of Directors. The Nominating Charter adopted by the Board of Directors is attached to this proxy statement as ANNEX A. The Nominating Committee recommended the slate of Nominees for Election described on pages 3 and 4.

Compensation Committee. The Compensation Committee, whose members include Charles D. Fite, Amador S. Bustos (Chairman), Michael A. Ziegler and William A. Robotham, oversees the performance and reviews the compensation of the executive officers and the directors of the Company and American River Bank. The Compensation Committee met four (4) times during 2008. See the Compensation Discussion and Analysis on page 15 and the Compensation Committee Charter attached to this proxy statement as ANNEX B for additional information regarding the functions of the Compensation Committee.

Compensation Committee Interlocks and Insider Participation

The CEO is an invited guest to the Compensation Committee meetings and can be present at discussions regarding compensation matters relative to non-CEO executive officers or directors. The CEO cannot be present during deliberations or vote on CEO or non-CEO executive officer compensation matters.

The Board has determined that all members of the Compensation Committee are independent, as that term is defined under applicable NASDAQ listing rules including Director Fite from which the Company has leased one of its bank premises since 1985. The current lease terms and the Company's policy are disclosed beginning on page 30 of this proxy statement.

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Audit Committee. The Audit Committee, whose members are Amador S. Bustos, Robert J. Fox, William A. Robotham (Chairman), and Dorene C. Dominguez oversees the Company's independent registered public accounting firm, analyzes the results of internal and regulatory examinations and monitors the financial and accounting organization and reporting. Director Fox has been designated by the Board of Directors as an audit committee financial expert as defined under rules promulgated by the Securities and Exchange Commission pursuant to the Sarbanes-Oxley Act of 2002. The Audit Committee met four (4) times in 2008 and held two (2) executive sessions which only the non-employee directors attended, each of whom is independent as defined under applicable NASDAQ listing rules. In addition, each other member of the Audit Committee is financially literate as defined under applicable NASDAQ listing rules. See the Audit Committee Report on page 34 and the Audit Committee Charter attached to this proxy statement as ANNEX C for additional information regarding the functions of the Audit Committee.

Finance and Capital Committee. The Finance and Capital Committee, whose members include Roger J. Taylor, D.D.S., Stephen H. Waks (Chairman), Michael A. Ziegler and Dorene C. Dominguez, has the responsibility to (a) oversee asset liability management and the investment portfolio including recommending to the full Board of Directors the annual investment strategy; (b) recommend to the full Board of Directors the annual operating budget for the Company; and (c) review premises leases and capital expenditures over \$75,000 for recommendation to the full Board of Directors. The Finance and Capital Committee met six (6) times during 2008.

Executive Committee. The Executive Committee, whose members include Charles D. Fite (Chairman), David T. Taber, Amador S. Bustos, William A. Robotham and Stephen H. Waks oversees long range planning, formulates and recommends broad policy positions for the full Board of Directors to consider and is responsible for evaluating and recommending to the full Board of Directors matters pertaining to mergers and acquisitions. The Executive Committee met once during 2008.

Loan Committee of American River Bank. The Loan Committee has the responsibility for establishing loan policy, approving loans which exceed certain dollar limits and reviewing the outside loan review firm's examinations of the loan portfolios. The Loan Committee includes Charles D. Fite, Robert J. Fox (Chairman), Roger J. Taylor, D.D.S., Stephen H. Waks, and Philip A. Wright. David T. Taber serves as an alternate committee member. The Loan Committee met twenty-two (22) times during 2008.

During 2008, the Company's Board of Directors held twelve (12) regular meetings and three (3) special meetings via teleconference. In addition, the Company's Board of Directors held two (2) executive sessions which only the non-employee directors attended, each of whom is independent as defined under applicable NASDAQ listing rules. All directors attended at least 75% of the aggregate of the total number of meetings of the Board of Directors and the number of meetings of the committees on which they served, except Roger J. Taylor, D.D.S., who attended 73% of the Board meetings and 68% of the Loan Committee meetings.

Shareholder Communications

A majority of the members of the Board of Directors, each of whom is independent as defined under applicable NASDAQ listing rules, has established procedures for receipt and delivery of shareholder communications addressed to the Board of Directors. Any such shareholder communications, including communications by employees of the Company solely in their capacity as shareholders, should be mailed or delivered to the Company addressed as follows: Board of Directors, American River Bankshares, 3100 Zinfandel Drive, Suite 450, Rancho Cordova, CA 95670.

Annual Meeting Attendance

The Company requires members of its Board of Directors to attend the Company's annual meeting of shareholders each year. All directors attended the Company's annual meeting of shareholders held in 2008.

Director Compensation Program

The Compensation Committee of the Board of Directors (the Compensation Committee) oversees the Company's director compensation program. The compensation program includes elements that are designed specifically for the non-employee directors (excluding David Taber). Additionally, the Compensation Committee is charged with the review, and recommendation to the full Board of Directors, of all annual compensation decisions relating to the directors.

The Compensation Committee's compensation philosophy was developed to balance and align the interests of the directors and shareholders. The three primary elements of compensation for our directors are cash compensation, long-term equity-based incentives, and a Director Emeritus Plan.

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In 2006, the Compensation Committee retained The Balse Group, a compensation and benefits consulting firm. The Balse Group served as an independent compensation consultant to advise the Compensation Committee on all matters related to the Board compensation and general compensation programs. The Balse Group also provided guidance on industry best practices and assisted the Compensation Committee by providing comparative market data on compensation practices and programs based on an analysis of peer organizations.

For the analysis of the 2008 director compensation, the Compensation Committee selected a compensation peer group of companies consisting of eighteen publicly-traded, mid-to-high performing financial institutions within and around our geographic market (the Peer Group). The Peer Group is used to benchmark compensation levels against companies that are similar in breadth and scope to our Company. The following eighteen companies comprise the Peer Group for 2008: 1st Centennial Bancorp, Bank of Commerce Holdings, Bank of Marin Bancorp, Bridge Capital Holdings, Central Valley Community Bancorp, Community Valley Bancorp, Community West Bankshares, First Northern Community Bancorp, FNB Bancorp, Harrington West Financial Group, Heritage Commerce Bancorp, Heritage Oaks Bancorp, North Valley Bancorp, Pacific Premier Bancorp Inc., San Joaquin Bancorp, Sierra Bancorp, Tamalpais Bancorp, and United Security Bancshares. The Peer Group data was combined with other published survey information to create the Survey Data which the Compensation Committee reviewed.

The Company targets total compensation to be at or above the Peer Group average. The goal of the cash compensation is to be close to the Peer Group average, while long-term incentives and retirement benefits are targeted at or above the Peer Group averages. The decisions by the Board about its member's compensation are based on analysis of the Peer Group averages, the directors' completion of continuing education programs, attendance at Board and committee meetings and prompt responses to management's requests for information required to complete and timely file regulatory filings.

Overview of Director Compensation Elements

The Company's Director Compensation Program consists of several compensation elements, as illustrated in the table below.

Pay Element	What the Pay Element Rewards	Purpose of the Pay Element
Cash Compensation	Director contribution to the governance of the Company.	Provide fixed compensation based on competitive market practice.
Long-Term Incentives	<p><u>Stock Options:</u></p> <p>The Company's stock price performance; and</p> <p>Continued role with the Company during a five- year vesting period.</p>	<p>Maximize stock price performance;</p> <p>Increase director ownership in the Company; and</p> <p>Promote a long-term Company outlook.</p>
Retirement Benefits	<p>The Deferred Fee Plan is a nonqualified voluntary deferral program that allows the directors to tax-defer a portion of their cash compensation.</p> <p>The Director Emeritus Plan provides the director with retirement benefits for ongoing consulting.</p>	<p>Provides a tax-deferred retirement savings program. The Deferred Fee Plan is described in more detail on page 9 of this proxy statement.</p> <p>The Director Emeritus Plan makes available benefits for the directors to secure their consulting services following their retirement from the Company. The Director Emeritus Plan is described in more detail on page 9 of this proxy statement.</p>

The use of these compensation elements enables us to reinforce our pay for performance philosophy, as well as strengthen our ability to attract and retain highly qualified directors.

Detail of Director Compensation Elements

The Compensation Committee believes the total compensation and benefits program for the directors should consist of the following: cash compensation, long-term incentives and retirement benefits.

o **Cash Compensation**

The cash compensation paid to non-employee directors of American River Bankshares and American River Bank during 2008 did not change from 2007 and included a retainer of \$800 per month, a fee of \$400 for attendance at monthly board meetings, a fee of \$350 for attendance at each subsidiary board meeting, and a fee of \$300 for attendance at each committee meeting, other than the Loan Committee whose outside director members received a fee of \$400 for each meeting attended. In addition to the fees received as non-employee directors in connection with the attendance at Board and committee meetings, the Chairman of the Board of Directors received an additional retainer fee of \$700 per month, and the Chairman of the Audit Committee, the Chairman of the Finance and Capital Committee, the Chairman of the Compensation Committee, and the Chairman of the Loan Committee each received an additional retainer fee of \$300 per month. The fees paid in 2008 by American River Bankshares and American River Bank to all directors are disclosed in the Directors Compensation Table on page 9 of this proxy statement.

o **Long-Term Incentive**

The long-term incentive compensation element has historically been provided in the form of stock options that vest and become exercisable ratably over five years. The Compensation Committee has used stock options, rather than other forms of long-term incentives, because they create value for the director only if the shareholder value is increased through an increased stock price. The Compensation Committee believes that this creates strong alignment between the interests of the directors and shareholders.

In 2000, the Board of Directors approved the American River Bankshares 2000 Stock Option Plan (the Stock Option Plan) for performance-related awards for directors, executive officers and other key employees. Our shareholders approved the Stock Option Plan in September 2000. The compensation expense related to stock option grants to directors is shown in the Directors Compensation Table on page 9 of this proxy statement.

Options granted to the directors and executive officers are generally granted annually, at the same time as grants to the general eligible officer population. Option grant recommendations are made at Compensation Committee meetings scheduled in advance to meet appropriate deadlines for compensation related decisions. The Compensation Committee then recommends the grants to the full Board of Directors for their approval. Our practice is that the full Board of Directors approves all stock option grants at regularly scheduled meetings. The meetings are held after the close of the U.S. stock markets and the Board sets the exercise price for each stock option using the closing price of the Company's stock price on the date of grant.

There is a limited term in which the director can exercise stock options, known as the option term. The option term is generally ten years from the date of grant. At the end of the option term, the right to purchase any unexercised options expires. Option holders generally forfeit any unvested options upon separation with the Company. In certain instances, stock options may vest on an accelerated schedule. A change of control may trigger accelerated vesting. In this instance, all unvested options will vest as of the date of the change in control.

The director options are granted after review of their performance for the preceding calendar year. The targeted options are granted based on factors including: (a) attendance at Board and committee meetings (30% of option grant target), (b) completion of a specified number of continuing education hours (40% of option grant target), and (c) prompt responses to management's requests for information required to complete and timely file regulatory filings (30% of option grant target). On February 20, 2008, Directors Bustos, Fite, Fox, Robotham, Taylor, Waks and Ziegler were granted a nonstatutory stock option under the 2000 Plan to purchase 2,652 shares of American River Bankshares common stock at \$17.00 per share (converted to 2,785 shares at \$16.19 as adjusted for the 5% stock dividend declared in November 2008) and Director Dominguez was granted a nonstatutory stock option under the 2000 Plan to purchase 1,989 shares of American River Bankshares common stock at \$17.00 per share (converted to 2,088 shares at \$16.19 as adjusted for the 5% stock dividend declared in November 2008). On May 21, 2008, Director Wright was granted a nonstatutory stock option under the 2000 Plan to purchase 1,500 shares of American River Bankshares common stock at \$13.00 per share (converted to 1,575 shares at \$12.38 as adjusted for the 5% stock dividend declared in November 2008). See also the Director Compensation Table on page 9 and the Grants of Plan-Based Awards Table for Directors on page 10 of this proxy statement for more information regarding director options.

o **Retirement Benefits**

Effective December 20, 2001, a Deferred Fee Plan was established for the purpose of providing the directors an opportunity to defer tax on director fees. Participating directors may elect to defer a portion, up to 100%, of their monthly cash compensation. American River Bankshares bears the administration costs and pays interest on the deferred balances at a rate equal to the five-year U.S. Treasury Bond plus 4.0%, but does not make contributions to the deferred account balances. The amounts deferred and the earnings thereon are unfunded. During 2008, Directors Bustos and Ziegler participated in the Deferred Fee Plan and deferred \$18,900 and \$17,300, respectively.

In January 2003, the Board of Directors approved a Directors Retirement Plan and in June 2004, this Directors Retirement Plan was replaced with a Director Emeritus Program, whereby each non-employee director (excluding David Taber) is entitled, upon full retirement from the Company or an affiliate's Board of Directors, to receive installment payments over a 24 month period following retirement which are equal to the total Board of Director and committee fees received by a director for such service during the two full calendar years prior to retirement. To qualify for the payments, a director participating in the Director Emeritus Program must continue to support the Company by making himself/herself available for consultation with management and/or the Board, continue to be a referral source for business to the Company and attend Company functions such as annual meetings for a period of two years after retirement. The Director Emeritus Program contains a ten-year vesting component. A director vests 10% for each year of service on the Board of Directors of the Company or an affiliate Board of Directors. During 2008, there were no former directors participating in the Director Emeritus Program.

Director Compensation Table

The following table shows the compensation of the Company's Board of Directors during the fiscal year 2008.

Name	Fees Earned or Paid in Cash (\$)	Option Awards (\$) (1) (2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) (3)	Total (\$)
Charles D. Fite	\$ 36,800	\$ 6,980		\$ 43,780
Roger J. Taylor, D.D.S.	\$ 20,746	\$ 6,980		\$ 27,726
Amador S. Bustos (4)	\$ 18,900	\$ 11,006	\$ 1,414	\$ 31,320
Dorene C. Dominguez	\$ 14,700	\$ 760		\$ 15,460
Robert J. Fox	\$ 29,450	\$ 12,436		\$ 41,886
William A. Robotham (5)	\$ 24,600	\$ 12,436		\$ 37,036
Stephen H. Waks	\$ 30,600	\$ 6,980		\$ 37,580
Philip A. Wright (6)	\$ 12,200	\$ 273		\$ 12,473
Michael A. Ziegler (7)	\$ 21,150	\$ 13,019	\$ 1,592	\$ 35,761

- (1) The amount reported in this column is the dollar amount recognized for financial statement reporting purposes for 2008 in accordance with FAS 123(R). Options awarded on February 20, 2008 were valued at \$2.91/ share and options granted on May 21, 2008, were valued at \$2.08/share in accordance with FAS 123(R). The assumptions used to calculate FAS 123(R) fair value are described in footnote 2 to our consolidated financial statements included in our Annual Report on Form 10-K.
- (2) As of December 31, 2008, the aggregate number of unexercised stock options (vested and unvested) held by each director is as follows: Mr. Fite, 14,757; Dr. Taylor, 22,740; Mr. Bustos, 12,334; Ms. Dominquez, 2,088; Mr. Fox, 13,459; Mr. Robotham, 18,709; Mr. Waks, 22,740; Mr. Wright, 1,575, and Mr. Ziegler, 19,955.
- (3) Amount represents the preferential rate paid on amounts deferred under the Deferred Fee Plan. See page 9 of this proxy statement for discussion of Deferred Fee Plan.
- (4) Mr. Bustos deferred the entire \$18,900 earned in 2008 under the Deferred Fee Plan. See page 9 of this proxy statement for discussion of Deferred Fee Plan.
- (5)

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Includes \$750 for fees earned in connection with Mr. Robotham's role on the advisory Board for North Coast Bank, a division of American River Bank.

- (6) Includes \$750 for fees earned in connection with Mr. Wright's role on the advisory Board for North Coast Bank, a division of American River Bank.
- (7) Mr. Ziegler deferred \$17,300 of the total earned in 2008 under the Deferred Fee Plan. See page 9 of this proxy statement for discussion of Deferred Fee Plan.

Grants of Plan-Based Awards Table for Directors

The following table summarizes the stock options that were granted pursuant to the Company's 2000 Stock Option Plan (the "2000 Stock Option Plan") to the Company's non-employee directors (excluding David Taber) in the fiscal year ended December 31, 2008. Shareholders approved the 2000 Stock Option Plan on September 21, 2000. All of the grants were made on February 20, 2008, except those options granted to Mr. Wright, which were granted on May 21, 2008. All options vest ratably over a five-year period commencing one year after the grant date. Options may become exercisable in full in the event of a change of control as defined in the 2000 Stock Option Plan. The Company does not have any other equity based plans.

Name	Grant Date	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh) (1)	Grant Date Fair Value of Stock and Option Awards (\$) (2)
Charles D. Fite	2/20/2008	2,652	\$ 17.00	\$ 7,717
Roger J. Taylor, D.D.S.	2/20/2008	2,652	\$ 17.00	\$ 7,717
Amador S. Bustos	2/20/2008	2,652	\$ 17.00	\$ 7,717
Dorene C. Dominguez	2/20/2008	1,989	\$ 17.00	\$ 5,788
Robert J. Fox	2/20/2008	2,652	\$ 17.00	\$ 7,717
William A. Robotham	2/20/2008	2,652	\$ 17.00	\$ 7,717
Stephen H. Waks	2/20/2008	2,652	\$ 17.00	\$ 7,717
Philip A. Wright	5/21/2008	1,500	\$ 13.00	\$ 3,120
Michael A. Ziegler	2/20/2008	2,652	\$ 17.00	\$ 7,717

- (1) It is the Company's policy that the exercise price for each stock option is the market value as of the close of the market on the date of grant.
- (2) The Black-Scholes option-pricing model was used to estimate the grant date fair value of the options in this column. Use of this model should not be construed as an endorsement of its accuracy. All stock option pricing models require predictions about the future movement of the stock price. The assumptions used to develop the grant date valuations were: risk-free rate of return of ranged from 3.38% to 3.45%, dividend rate ranged from 3.23% to 4.62%, volatility rate ranged from 21.3% to 24.3%, quarterly reinvestment of dividends and an average term of 7 years. The real value of the options in this table will depend on the actual performance of the Company's common stock during the applicable period and the fair market value of the Company's common stock on the date the options are exercised.

PROPOSAL NO. 2

**APPROVAL OF AMENDMENT OF THE ARTICLES OF INCORPORATION
TO AUTHORIZE THE ISSUANCE OF PREFERRED STOCK**

Introduction

On March 18, 2009, the Board of Directors adopted an amendment to Article Three of the Company's Articles of Incorporation, which authorizes the issuance of up to 10,000,000 shares of preferred stock in one or more series with such rights, preferences, privileges and restrictions as may be determined by the Board of Directors (hereinafter referred to as the Preferred Stock). In order to be effective, this amendment must be approved by holders of a majority of the Company's outstanding shares of common stock. The Board believes that it is in the best interests of the Company and its shareholders to approve this amendment to provide the Company with maximum flexibility in regard to the capital structure of the Company. Article Three as currently in effect and as proposed to be amended to authorize the Preferred Stock is set forth in ANNEX D attached to this proxy statement.

Reasons for the Amendment

The Board of Directors believes that the continuing weak economic conditions and uncertainty regarding improvement in those conditions requires that the Company take all necessary actions to position the Company and American River Bank to remain properly capitalized in safe and sound condition throughout the remainder of the current economic crisis confronting the financial industry and as the Company and American River Bank continue to grow. In this regard, the Board of Directors believes that the Preferred Stock will provide greater flexibility with respect to future financing transactions. Preferred stock is commonly authorized under the articles of incorporation of publicly traded companies and is frequently used as a means of raising capital and making acquisitions. In some circumstances, companies may be required to use senior classes of securities to raise capital or to effect acquisitions. The Company currently lacks the ability to timely issue preferred stock in such circumstances and without such ability to issue preferred stock, the Company is limited to structuring future financing transactions by issuance of the Company's common stock or issuance of debt instruments. This limitation may preclude the Company from taking advantage of opportunities for future financing transactions requiring the use of senior classes of securities such as preferred stock or under circumstances in which the Board of Directors would determine that the use of preferred stock would be in the best interests of the Company and its shareholders compared to the issuance of common stock or debt instruments.

The Board of Directors believes the flexibility afforded by preferred stock enhances the Company's available financing alternatives in the event it becomes necessary to raise additional capital and in connection with any acquisition opportunities which may arise in the future. This flexibility includes the ability of the Board of Directors to respond quickly to changing capital markets conditions by setting the terms of and issuing preferred stock in capital financing transactions without incurring the delay and expense of calling a special shareholder meeting to obtain approval for particular issuances, if not otherwise required to do so under applicable law, or requirements of an exchange or quotation system upon which the Company's securities are then trading or quoted. The Company has no current agreement or intention to issue preferred stock.

Potential Anti-Takeover and Other Effects of Preferred Stock

The issuance of the Preferred Stock could have certain anti-takeover effects. For example, shares of the Preferred Stock could be issued in a transaction in such amounts and on such terms so as to make it more difficult or time consuming for a third party to acquire a majority of the Company's outstanding voting stock or otherwise effect a change of control. The issuance of the Preferred Stock could materially increase the total consideration required to be paid by a potential acquirer thereby adversely affecting a proposed acquisition transaction or have the effect of materially reducing the consideration to be paid to the holders of the Company's common Stock. The Board of Directors also could, although it has no present intention of doing so, issue shares of the Preferred Stock to persons who indicate that they would support the Board of Directors in opposing any unsolicited takeover proposal.

Although the issuance of shares of the Preferred Stock in certain instances may have the effect of forestalling a hostile takeover, the Board of Directors does not intend or view the authorization of the Preferred Stock as an anti-takeover measure. Notwithstanding the Board's intention, under California law in certain circumstances, holders of preferred shares, even if those shares are not granted voting rights, will have the right to vote in connection with certain fundamental corporate transactions such as a reorganization and under those circumstances, unless the requisite vote is obtained from holders of that class, the preferred shareholders may effectively be able to block transactions which are otherwise supported by the common shareholders. The Company is not aware of any proposed or contemplated transaction of this type, and this amendment to the Company's Articles is not being recommended in response to any specific effort of which the Company is aware to obtain control of the Company. Except as disclosed in this proxy statement, the Board of Directors does not believe the Articles or Bylaws of the Company currently contain any other provisions which should be viewed as anti-takeover devices.

The majority of publicly traded companies have authorized one or more classes or series of preferred stock. Preferred stock is generally defined to mean any class of equity securities which has a dividend and/or liquidation preference over common stock. Pursuant to the proposed amendment to the Company's Articles, the rights, preferences, privileges and restrictions of the Preferred Stock shall be determined by the Board of Directors. As a result, in the event that this proposed amendment to the Company's Articles is adopted by shareholders, the Board of Directors of the Company may authorize the issuance of the Preferred Stock or series of the Preferred Stock that have certain dividend and/or liquidation preferences over the Company's common stock without further shareholder approval. The authority of the Board of Directors in this regard would include, but not be limited to, the determination or fixing of the following with respect to shares of any series of preferred stock:

the division of the shares of the Preferred Stock into series and the designation and authorized number of shares (up to the number of shares authorized) in each series;

the dividend rate and whether dividends are to be cumulative;

whether the shares are to be redeemable, and, if so, whether redeemable for cash, property or rights;

the liquidation rights to which the holders of the shares will be entitled, and the preferences, if any;

whether the shares of the Preferred Stock will be subject to the operation of a sinking fund, and, if so, upon what conditions;

whether the shares of the Preferred Stock will be convertible into or exchangeable for shares of any other class or of any other series of any class of capital stock and the terms and conditions of the conversion or exchange;

the voting rights of the shares of the Preferred Stock, which may be full, limited or none, except as otherwise required by law;

the preemptive rights, if any, to which the holders of the shares of the Preferred Stock will be entitled and any limitations thereon;

whether the issuance of any additional shares of the Preferred Stock, or of any shares of any other series, will be subject to restrictions as to issuance, or as to the powers, preferences or rights of any of these other series; and

any other rights, preferences, privileges and restrictions.

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The actual effect of the issuance of any shares of the Preferred Stock upon the rights of holders of the Company's common stock cannot be known until the Board of Directors determines the specific terms of any shares of the Preferred Stock. However, the effects might include, among other things, restricting dividends on the common stock, diluting the voting power of the common stock, reducing the market value of the common stock or impairing the liquidation rights of the holders of the common stock.

Text of Article Three and Proposed Amendment

The full text of Article Three of the Company's Articles of Incorporation as currently in effect and as proposed to be amended is attached to this proxy statement as ANNEX D.

Required Approval and Effectiveness

Approval of the proposed amendment to Article Three of the Company's Articles of Incorporation requires that holders of a majority of the outstanding shares of common stock of the Company vote **FOR** Proposal No. 2. Abstentions and broker non-votes will have the effect of votes **AGAINST** Proposal No. 2.

If Proposal No. 2 is approved, the amendment will become effective upon the filing with the Secretary of State of the State of California of an amendment to Article Three of the Company's Articles of Incorporation substantially in the form of the amendment attached hereto as ANNEX D.

Recommendation of Management

The Board of Directors believes that Proposal No. 2 is in the best interests of the Company and its shareholders, and unanimously recommends a vote **FOR** its approval.

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EXECUTIVE OFFICERS

The executive officers of the Company during 2008 were the following persons:

NAME	AGE	OFFICER SINCE	PRINCIPAL OCCUPATION DURING THE PAST FIVE YEARS
David T. Taber	48	1985	President and Chief Executive Officer, American River Bankshares since 1995. Chief Executive Officer of American River Bank since 2004.
Mitchell A. Derenzo	47	1992	Executive Vice President and Chief Financial Officer of American River Bankshares since 1995. Chief Financial Officer of American River Bank since 1992.
Raymond F. Byrne	61	2000	President of North Coast Bank, a division of American River Bank, since 2003. Senior Vice President and Senior Lender of North Coast Bank from 2001 to 2003.
Larry D. Standing	66	2004	President of Bank of Amador, a division of American River Bank, since 2004. President of Bank of Amador from 1983 to 2004. Mr. Standing retired from the Company effective March 21, 2008.
Kevin B. Bender	45	1999	Executive Vice President and Chief Information Officer of American River Bankshares since 1999.
Douglas E. Tow	55	1994	Executive Vice President and Chief Credit Officer of American River Bankshares since 2003. Chief Credit Officer of American River Bank since 1994.

COMPENSATION DISCUSSION AND ANALYSIS

Oversight of Executive Compensation Program

The Compensation Committee of the Board of Directors (the Compensation Committee) oversees the Company's compensation programs. The compensation programs include elements that are designed specifically for the executive officers (the Executives or an Executive), which include the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the other Executives named in the Summary Compensation Table. Additionally, the Compensation Committee is charged with the review and recommendation to the full Board of Directors of all annual compensation decisions relating to the Executives.

The Compensation Committee is composed entirely of non-management members of the Board of Directors. The Board of Directors has determined that each member of the Compensation Committee is independent under applicable NASDAQ listing rules. No Compensation Committee member participates in any of the Company's employee compensation programs. Each year the Company's Audit Committee reviews any and all relationships that each director may have with the Company and the Board of Directors subsequently reviews the findings of the Audit Committee. The CEO of the Company was not present during the Compensation Committee voting or deliberations regarding his compensation.

Over the years, the Compensation Committee has taken the following actions to improve the links between Executive pay and performance including:

Established performance-based awards in the Company's incentive programs;

Retained independent compensation consultants to advise on executive compensation issues and help the Compensation Committee take a longer view of the multiple facets of its responsibility;

Designed and updated a more clearly defined competitive pay strategy which would be useful over multiple years and more strictly based on a shareholder benefit model; and

Reviewed and approved the industry specific Peer Group (as defined below) for more precise performance comparisons.

The responsibilities of the Compensation Committee, as stated in its charter, include the following:

Provide oversight to the Company's overall compensation strategy and objectives pursuant to the goals of the Company.

Review and recommend to the Board of Directors, changes to the structure and design of the compensation elements for the Executives including: annual base salary, annual cash incentives, long-term equity incentives, retirement plans (e.g., 401(k), deferred compensation, and salary continuation plans), and change in control benefits and severance.

Review and recommend to the Board of Directors, changes in the structure and design of the compensation elements for the Board of Directors of the Company and subsidiary(ies) and any committees thereof, including cash (e.g., meeting fees and retainers), long-term equity incentive plans and the Director Emeritus Program.

Review and recommend to the Board of Directors, the appropriate peer group to be used in benchmarking executive and board compensation.

Recommend annually to the Board of Directors, the compensation of the CEO, including base salary, annual cash incentive opportunity and changes to other compensation elements.

Recommend annually to the Board of Directors, the compensation of other executive officers based on the recommendation of the CEO including base salary, annual cash incentive opportunity and changes to other compensation elements.

Recommend to the Board of Directors the performance metrics and applicable weightings as required by the Company's Executive Annual Incentive Plan.

Recommend to the Board of Directors, changes to Company Board member and/or subsidiary Board member compensation.

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Recommend to the Board of Directors, annual equity grants to the Executives, board members and other key employees, pursuant to Board of Directors approved option granting methodology.

Recommend to the Board of Directors, additions to personnel covered by the Company's Deferred Compensation Plan.

Recommend to the Board of Directors, employment and/or severance agreements for the Executives.

Periodically review and recommend to the Board of Directors, changes to Executive retirement benefits, employment agreements, and change in control benefits and severance plans.

Periodically review the Company succession plans relating to positions held by the Executives and make recommendations to the Board of Directors regarding the process for selecting the individuals to fill these positions.

Evaluate the CEO's performance relative to the goals and objectives of the Company and discuss evaluations of other executive officers with the CEO.

Annually review and recommend changes deemed necessary to the Compensation Committee Charter.

Prepare and submit an appropriate Compensation Committee Report pursuant to applicable regulations of the Securities and Exchange Commission for inclusion in the management proxy statement for each annual meeting of shareholders, stating, among other matters, whether (i) the Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management, and (ii) the Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included in such proxy statement and the Company's Annual Report on Form 10-K.

Perform such other duties and responsibilities as may be required by the rules and regulations that govern the Company that are consistent with the purpose of the Compensation Committee, or as the Board of Directors may deem appropriate.

Overview of Compensation Philosophy

The Compensation Committee's compensation philosophy was developed to balance and align the interests of the Executives and shareholders. The philosophy is intended to attract, motivate, reward and retain the most qualified management talent required to achieve corporate objectives and increase shareholder value, while at the same time the compensation philosophy seeks to make the most efficient use of shareholder resources. To this end, the compensation philosophy emphasizes rewards for performance.

The three primary components of compensation for the Executives are base salary, annual cash incentive opportunity and long-term, equity-based incentive compensation. The Company also provides the Executives with retirement benefits that are earned over time.

To be effective, the compensation philosophy must reflect the corporate mission, culture, and long-term goals of the Company. In order to recruit and retain the most qualified and competent individuals as Executives, the Company strives to maintain a compensation program that is competitive in its peer industry labor market. The purpose of the compensation program is to reward individual performance tied to the achievement of Company objectives. The following objectives are considered in setting the compensation programs for the Executives:

reward performance which supports the Company's core values of performance, integrity, teamwork, and advancement opportunities;

provide a significant percentage of total compensation that is at-risk, or variable, based on predetermined performance criteria;

design competitive total compensation and rewards programs to enhance the Company's ability to attract and retain knowledgeable and experienced Executives; and

set compensation and incentive levels that reflect competitive market practices.

Compensation Consultant

In 2006, the Compensation Committee retained the Balser Group, a compensation and benefits-consulting firm. The Balser Group served as an independent compensation consultant to advise the Compensation Committee on all matters related to the Executives' compensation and general compensation programs. In 2006, The Balser Group assisted the Compensation Committee by providing comparative market data on compensation practices and programs for the Executives based on an analysis of peer competitors. The Balser Group also provided guidance on industry best practices. The Balser Group advised the Compensation Committee in (1) determining base salaries, (2) setting performance goals and award levels for the Company's Executive Incentive Plan (the Incentive Plan), (3) determining the appropriateness of individual grant levels for stock option grants, (4) evaluating the retirement plans and benefit amounts, (5) evaluating the perquisite program and allowances provided, and (6) determining the appropriateness of the change in control and termination benefits. In 2007, the Compensation Committee determined that the data provided by The Balser Group had long-term application and would be sufficient to determine if further changes would be required to the Executive compensation programs and therefore did not retain the services of The Balser Group, or any other compensation consultants, for 2007 or 2008.

Peer Group and Benchmark Targets

The Compensation Committee maintained its basic compensation peer group, which was determined with the help of The Balser Group in 2006, consisting of publicly-traded, mid-to-high performing financial institutions within and around the Company's geographic market (the Peer Group). The Peer Group was used to benchmark executive compensation levels against companies that have executive positions with responsibilities similar in breadth and scope to the Company and that compete with the Company for executive talent.

The following companies comprise the Peer Group used for 2008: 1st Centennial Bancorp, Bank of Commerce Holdings, Bank of Marin Bancorp, Bridge Capital Holdings, Central Valley Community Bancorp, Community Valley Bancorp, Community West Bankshares, First Northern Community Bancorp, FNB Bancorp, Harrington West Financial Group, Heritage Commerce Bancorp, Heritage Oaks Bancorp, North Valley Bancorp, Pacific Premier Bancorp Inc., San Joaquin Bancorp, Sierra Bancorp, Tamalpais Bancorp, and United Security Bancshares. An analysis based on recent financial data shows that the Company ranked 2nd in Return on Average Assets and 2nd in Return on Tangible Equity compared with the Peer Group. The Compensation Committee reviews data obtained from various consultants at industry conferences and statistics related to the Peer Group obtained from the SEC's website (the Survey Data) to ensure that the total Executive compensation program continues to be fair to the shareholders and competitive for the Executives. Included in the Survey Data is a compilation of compensation and other published data, including, but not limited to, data obtained from the Watson Wyatt Financial Institutions Compensation Planning Report, the Mercer Long-Term Incentives and Equity Survey Report, and the California Bankers Association Compensation and Benefits Benchmark Survey.

Compensation Benchmarking Relative to Market

Using the Survey Data, the Compensation Committee considered market at the median of this data. The Compensation Committee targets total compensation above-market, tied to excellent Company and individual performance. Base compensation, long-term incentives, retirement and other benefits are targeted at close to market, while annual incentives are targeted at above-market levels.

Decisions by the Compensation Committee about the compensation elements are based on Survey Data as well as Company performance and the Executive's level of responsibility, skill level, experience and contributions to the Company.

Review of Executive Performance

The Compensation Committee reviews, on an annual basis, each compensation element for each Executive. In each case, the Compensation Committee takes into account the scope of responsibilities and years of experience and balances these against competitive salary levels. The Compensation Committee has the opportunity to interact with the Executives at various times during the year, which allows the Compensation Committee to form its own assessment of each individual's performance.

In addition, each year the CEO presents to the Compensation Committee an evaluation of each Executive, which includes a review of individual contribution, performance against specific targets, strengths and weaknesses, as well as a development plan. Following this presentation and a review of the Survey Data, the Compensation Committee makes its own assessments and approves the compensation for each Executive.

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In 2008, based on review of the Survey Data and the average cost of living salary increases granted by the Company to non-executive employees, the Compensation Committee, recommended to the Board of Directors that a cost of living base salary increase of a three percent (3.0%) was warranted. Based on the same review, the Compensation Committee also recommended that no changes to the long-term incentives or retirement benefits be granted nor that any modification be made to the percentage available to the Executives under the Company's Annual Cash Incentive Plan.

Overview of Executive Compensation Elements

The Company's compensation program for Executives consists of several compensation elements, as illustrated in the table below.

Pay Element	What the Pay Element Rewards	Purpose of the Pay Element
Base Salary	Core competence in the Executive's role relative to skills, years of experience and contributions to the Company.	Provide fixed compensation based on competitive market salary levels.
Annual Cash Incentives	Contributions toward the Company's achievement of specified profitability, growth, and credit quality.	Provides focus on meeting annual goals that lead to the long-term success of the Company; Stresses annual performance-based cash incentive compensation; and Motivates achievement of critical annual performance metrics.
Long-Term Incentives	<p><u>Stock Options:</u> The Company's stock price performance; and Continued employment with the Company during a five-year vesting period.</p>	<p>Maximize stock price performance; Increase Executive ownership in the Company; and</p> <p>Retention in a challenging business environment and competitive labor market.</p>
Retirement Benefits	<p>The Company's employee benefit plans are available to eligible employees, including the Executives; to reward long-term service to the Company, and include both tax-qualified and nonqualified retirement plans.</p> <p>The Company offers a qualified 401(k) program that the Executives are eligible to participate in.</p> <p>The Deferred Compensation Plan is a nonqualified voluntary deferral program that allows the Executives to defer a portion of their base salary and annual cash incentive. Deferred amounts and earnings are unfunded.</p> <p>The Salary Continuation Plans are nonqualified, noncontributory plans that provide the Executives with retirement benefits.</p>	<p>Encourages retention of Executives for the balance of his/her career.</p> <p>Provides a tax-deferred retirement savings plan subject to IRS limitations on qualified plans. The 401(k) Plan is described in more detail on page 22 of this proxy statement.</p> <p>Provides a tax-deferred retirement savings alternative for amounts exceeding IRS limitations on qualified programs. The tax deferred compensation plan is described in more detail on page 23 of this proxy statement.</p> <p>The Salary Continuation Plans make available retirement benefits for the Executives commensurate with those available to comparable peer executive officers. The Salary Continuation Plans are described in more detail on page 23 of this proxy statement.</p>
Health and Welfare Benefits	Executives participate in employee benefit plans generally available to all employees, including medical, health, life insurance, disability plans, and vacation and personal absence time.	These benefits are part of a broad-based, competitive total compensation program.

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**Additional
Benefits and
Perquisites**

Active participation in business promotional activities on behalf of the Company.

Certain Executives are provided the use of Company owned autos to promote Company business in the Company's market area and for incidental personal use. Club memberships have been approved for certain Executives for future implementation to promote the Company business.

**Change in
Control and
Termination
Benefits**

The change in control agreements provide severance benefits if an Executive's employment is terminated within two years after a change in control.

Change in control arrangements are designed to retain the Executives and provide continuity of management in the event of an actual or threatened change in control. The change in control agreements are described in more detail on page 24 of this proxy statement.

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The use of the above compensation elements enables the Company to reinforce its pay for performance philosophy, as well as strengthen the ability to attract and retain highly qualified executive officers. The Compensation Committee believes that this combination of the compensation elements provides an appropriate mix of fixed and variable pay, balances short-term operational performance with long-term shareholder value, and encourages recruitment and maximizes retention of the Executives.

Detail of Executive Compensation Elements

The Compensation Committee believes the total compensation and benefits program for the Executives should consist of the following: base salary, annual cash incentives, long-term incentives, retirement plans, health and welfare benefits, perquisite allowance payments and change in control benefits, as more fully described below.

Base Salary

Increases to base salaries, if any, are driven primarily by individual performance and comparative information from the Survey Data. Individual performance is evaluated by reviewing the Executive's success in achieving business results, promoting core values, focusing on the keys to business success and demonstrating leadership abilities.

In setting the base salary of the Executives for fiscal year 2008, the Compensation Committee reviewed the compensation Survey Data. The Compensation Committee also considered the Company's level of success in its short- and long-term goals to:

achieve specific profitability, growth and asset quality targets;

communicate strategy and financial results effectively; and

increase emphasis on employee satisfaction.

The Compensation Committee based its compensation decisions on the Company's performance related to the objectives listed above. The Compensation Committee does not rely solely on predetermined formulas or a limited set of criteria when it evaluates the performance of the Executives. The Compensation Committee reviews the Survey Data, general economic conditions and marketplace compensation trends. The Compensation Committee usually adjusts base salaries for Executives when:

the current compensation demonstrates a significant deviation from the market data;

recognizing outstanding individual performance; or

recognizing an increase in responsibility.

In line with the compensation philosophy outlined above, the Compensation Committee strives to reward the successful Company Executives with a total compensation package in which a majority of the incentive portion is based upon the variable portion of the compensation elements. The base salaries paid to the Executives during fiscal year 2008 are shown in the Summary Compensation Table on page 26.

Annual Cash Incentives

The annual cash incentives are administered under the Incentive Plan and provide Executives with the opportunity to earn cash incentives based on the achievement of specific Company-wide, division, and individual performance goals. The Compensation Committee designs the annual incentive component to align Executive compensation with annual (short-term) performance. Incentive payments are generally paid in cash in March of each year for the prior fiscal year's performance.

The Compensation Committee approves a target incentive payout as a percentage of the base salary earned during the incentive period for each Executive. These targets are based on competitive practices for each comparable position in the Survey Data. The incentive target percentage represents the Executive's annual incentive opportunity if the annual performance goals are achieved.

Messrs.	Taber	Derenzo	Tow	Bender	Standing	Byrne
Target Incentive Compensation (% of Base Salary)	60%	35%	35%	35%	30%	30%

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The Incentive Plan establishes a set of financial metrics. These metrics are selected to drive annual performance. Each metric has a weight within the Incentive Plan, and the sum of the weights is 100%. In 2008, financial metrics comprised 90% to 94% and the leadership metrics comprised 6% to 10% of the target incentive. In March 2008, Mr. Standing retired from and resigned his position with the Company and forfeited any cash incentive due to him under the Annual Cash Incentive Plan.

Several financial metrics are commonly referenced in defining Company performance for Executive compensation. These metrics are defined below and their use in the Incentive Plan is further described below.

Profitability Measures

o Return on Average Assets and Return on Average Tangible Equity

Overall profitability is a key measure of the Company's performance. The use of Return on Average Assets (ROA) and Return on Average Tangible Equity (ROTE) as metrics in the Incentive Plan allows the Company to reward Executives for meeting targets related to actual net income earned each year. Both the ROA and ROTE are based on how well the Company performs based on net income as compared to assets (the ROA) and tangible equity (the ROTE). The ROA measures how well the Company deploys its assets and the ROTE measures how well the Company utilizes its capital.

o Earnings Per Share

To ensure compensation is proportional to the return on investment earned by shareholders, we use earnings per share (EPS) as a metric in the Incentive Plan. EPS is defined as net income divided by the average number of shares outstanding (including the potential dilutive effect if stock options outstanding were exercised) during the Incentive Plan year.

Growth Measures

o Core Deposit and Net Loan Growth

To ensure long-term growth of the Company, growth in both core deposits and net loans is essential. The Incentive Plan metrics for growth are based upon how well the Company grows in both core deposits and net loans on an annual basis. The Company defines core deposits as total deposits excluding time deposits, also known as certificates of deposit.

Credit Quality Measures

o Classified Loans to Equity

The Company believes that the quality of its loans is a key to the Company's overall future success. Poor loan quality will deteriorate the Company's future earning capacity. The classified to equity metric of the Incentive Plan measures the amount of classified or problem loans as a percentage of the Company's equity capital.

Leadership Measures

o Leadership/Teamwork

The Compensation Committee recognizes that one of the important responsibilities of each Executive is to produce a strong and positive working culture throughout the entire organization. The Executives must design and implement practices that encourage employees to perform at their best. A committed employee base is a key to the long-term success of the Company. Effective leadership from the Executives will lead to a higher performing Company. The leadership/teamwork metric is part of the Incentive Plan. The metric is subjective and is based on the visible accomplishments of the individual's actions. The Compensation Committee rates the leadership and teamwork success of the CEO, while the remaining Executives are rated by the CEO and recommended to the Compensation Committee.

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Incentive Plan Weightings for 2008

The following chart indicates the weight of each metric as a percent of the total incentive opportunity.

Messrs.	Taber	Derenzo	Tow	Bender	Standing	Byrne
ROA, ROTE and EPS	54%	54%	54%	54%	58%	58%
Core Deposit and Net Loan Growth	30%	30%	30%	30%	27%	27%
Loan Quality	10%	10%	10%	10%	5%	5%
Leadership	6%	6%	6%	6%	10%	10%

The amount of incentive compensation paid to each Executive under the Incentive Plan is adjusted based on how well the Company performs against the stated performance goal of each metric, as reflected in the following table.

<i>Results Against Performance Goal:</i>	<i>Incentive Multiplied By:</i>
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120%	110.0%
115%	107.5%
110%	105.0%
105%	102.5%
100%	100.0%
95%	90.0%
90%	80.0%
85%	70.0%
Less than 85%	0%

For example, if the Company achieves 105% of the growth performance goal, Mr. Taber would be entitled to 102.5% of the available incentive for the growth metric. If the Company achieves 90% of the growth goal Mr. Taber would be entitled to 80% of the available incentive for the growth metric. The Incentive Plan establishes minimum funding thresholds. If performance on any metric falls below 85%, no incentive will be paid for that metric.

In March 2009, the Board of Directors approved the weight of each metric as a percent of the total incentive opportunity for the 2009 fiscal plan year as follows:

Messrs.	Taber	Derenzo	Tow	Bender	Byrne
ROA, ROTE and EPS	60%	60%	60%	60%	60%
Core Deposit and Net Loan Growth	20%	20%	20%	20%	20%
Loan Quality	20%	20%	20%	20%	20%

Long-Term Incentives

An important objective of the long-term incentive program is to strengthen the relationship between the long-term value of the Company's stock performance and the potential financial gain for employees. The long-term incentive component has historically been provided in the form of stock options that vest and become exercisable ratably over five years. The Compensation Committee has used stock options, rather than other forms of long-term incentives, because they create value for the Executives only if the shareholder value is increased through an increased stock price. The Compensation Committee believes that this creates strong alignment between the interests of the Executives and shareholders. The stock options help the Company attract and retain talented Executives.

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Stock options provide the Executives with the opportunity to purchase the Company's common stock at a price fixed on the grant date regardless of future market price. The Compensation Committee's objective is to provide Executives with awards that are consistent with the Survey Data and based on the Executive's individual performance. A stock option becomes valuable only if the Company's common stock price increases above the option exercise price and the holder of the option remains employed during the period required for the option to vest, which provides an incentive for the Executive to remain employed by the Company. In addition, stock options link a portion of the Executive compensation to shareholders' interests by providing an incentive to make decisions designed to increase the market price of the Company's common stock.

In 2000, the Board of Directors approved the American River Bankshares 2000 Stock Option Plan (the "Stock Option Plan") for performance-related awards for directors, Executives and other key employees. The Company's shareholders approved the Stock Option Plan in September 2000.

The exercise prices of the stock options granted to the Executives during fiscal year 2008 are shown in the Grants of Plan-Based Awards Table on page 27. Additional information on these grants, including the number of shares subject to each grant, also is shown in the Grants of Plan-Based Awards Table.

Options granted to the Executives and Directors generally are granted annually, at the same time as grants to eligible key employees. Option grant recommendations are made at Compensation Committee meetings scheduled in advance to meet appropriate deadlines for compensation related decisions. The Compensation Committee then recommends the grants to the full Board of Directors for their approval. The Company's practice is that the full Board of Directors approves all stock option grants at regularly scheduled meetings. The meetings are held after the close of the U.S. stock markets and the Board of Directors sets the exercise price for each stock option using the closing price of the Company's stock price on the date of grant.

There is a limited term in which the Executive can exercise stock options, known as the option term. The option term is generally ten years from the date of grant. At the end of the option term, the right to purchase any unexercised options expires. Option holders generally forfeit any unvested options if their employment with the Company terminates.

In certain instances, stock options may vest on an accelerated schedule. A change of control may trigger accelerated vesting. In this instance, all unvested options will vest as of the date of the change in control.

Retirement Benefits

The Company offers retirement programs that are intended to supplement the employee's personal savings and social security. The programs include the American River Bankshares 401(k) Plan ("401(k) Plan"), the American River Bankshares Deferred Compensation Plan ("Deferred Compensation Plan") and the Executives are covered under Salary Continuation Plans ("SCP"). All employees working at least twenty (20) hours per week, including the Executives, are generally eligible to participate in the 401(k) Plan. Only the Executives and a limited number of selected senior managers are eligible for the Deferred Compensation Plan. Only the Executives and one senior manager have entered into SCPs with the Company.

American River Bankshares 401(k) Plan

The Company adopted the 401(k) Plan to enable employees to save for retirement through a tax-advantaged combination of employee and Company contributions and to provide employees the opportunity to directly manage their retirement plan assets through a variety of investment options. The 401(k) Plan allows eligible employees, including the Executives, to elect to contribute from 1% to 100% of their eligible compensation to an investment trust. Eligible compensation generally means all wages, salaries and fees for services from the Company. Employee contributions are matched in cash by the Company at the rate of \$1.00 per \$1.00 employee contribution for the first 3% and \$0.50 per \$1.00 employee contribution for the next 2% of the employee's salary. Such contributions vest immediately. The 401(k) Plan provides for twenty-one (21) different investment options, for which the participant has sole discretion in determining how both the employer and employee contributions are invested. The 401(k) Plan does not provide the employees the option to invest directly in the Company's common stock. The 401(k) Plan offers in-service withdrawals in the form of loans, hardship distributions, after-tax account distributions and age 59.5 distributions. The 401(k) Plan benefits are payable pursuant to the participant's election in the form of a single lump sum.

American River Bankshares Deferred Compensation Plan

Effective May 1, 1998, the American River Bank Deferred Compensation Plan was established for the purpose of providing the Executives and selected senior managers, an opportunity to defer compensation. Participants may elect to defer annually a minimum of \$5,000 or up to a maximum of eighty percent of their base salary and all of their annual cash incentive. The Company bears all administration costs, but does not make contributions to the Deferred Compensation Plan. Effective December 20, 2000, the Deferred Compensation Plan was renamed the American River Bankshares Deferred Compensation Plan. The Deferred Compensation Plan requires the Company to pay interest on the deferred balances at a rate equal to the five-year U.S. Treasury Bond plus 4.0%. For 2008, the rate paid was 7.45%.

Salary Continuation Plans

In 2003, Salary Continuation Agreements were entered into to provide retirement benefits to Messrs. Taber, Derenzo, and Tow. The terms of the agreements include the amounts each Executive will receive upon the occurrence of certain specified events, including formal retirement on or after a specified age. The agreements generally provide for annual retirement benefit payments of One Hundred Thousand Dollars (\$100,000) to Mr. Taber and Fifty Thousand Dollars (\$50,000) each to Messrs. Derenzo and Tow. The annual retirement benefit amount is payable in equal monthly installments over a fifteen (15) year period. In the event of an Executive's death, all remaining amounts due are anticipated to be paid to the Executive's designated beneficiary over the remaining payout period. Other events which may alter when payment of the annual retirement benefit is to begin, or the amount which is to be paid, include termination following a change of control, in which case the employee is entitled to receive the annual benefit payment in equal monthly installments for fifteen (15) years beginning with the seventh (7th) month following the termination in connection with the change of control equal to Sixty-Four Thousand Nine Hundred and Seventy Dollars (\$64,970) for Mr. Taber and Thirty-Two Thousand Four Hundred and Eighty-Five Dollars (\$32,485) each for Messrs. Derenzo and Tow. In 2007, the Company modified these agreements to include an annual vesting provision whereby the annual benefit described above vests at a rate of 8% per year for Mr. Taber and 5% per year for Mr. Derenzo and Mr. Tow, effective January 1, 2007.

In 2003, Bank of Amador and Larry Standing entered into a Director Retirement Agreement. This agreement was assumed by the Company in conjunction with the Company's acquisition of Bank of Amador in December 2004, at which time Mr. Standing agreed to waive the acceleration provisions due him at the time of the merger. The agreement provides annual retirement benefits or service compensation in the amount of \$18,000 per year after Mr. Standing's retirement from the Company. Under the agreement, such benefits will also be accelerated and be paid upon a change of control of the Company. The annual retirement benefit amount is payable in equal monthly installments over a ten (10) year period. In the event Mr. Standing dies or is disabled, the agreement provides for the payment of benefits corresponding to specified amounts accrued for the retirement benefits described above. Effective March 21, 2008, Mr. Standing retired from the Company and in October 2008, Mr. Standing began receiving payments under his Director Retirement Agreement.

In 2004, Bank of Amador and Larry Standing entered into a Salary Continuation Agreement. This agreement was assumed by the Company in conjunction with the Company's acquisition of Bank of Amador in December 2004, at which time Mr. Standing agreed to waive the acceleration provisions due him at the time of the merger. The agreement provides annual retirement benefits or service compensation in the amount of \$32,000 per year after Mr. Standing's retirement from the Company. Under the agreement, such benefits will also be accelerated and be paid upon a change of control of the Company. The annual retirement benefit amount is payable in equal monthly installments over a ten (10) year period. In the event of Mr. Standing's death, amounts due are anticipated to be paid to the employee's designated beneficiary in a lump sum based on a split dollar agreement. Other events which may alter when payment of the annual retirement benefit is to begin, or the amount which is to be paid, include: (a) disability prior to retirement in which case the employee shall be entitled to a lesser benefit payment amount based upon the length of employment; and (b) termination following a change of control, in which case the employee is entitled to receive a lump sum benefit payment amount based upon the length of employment. Effective March 21, 2008, Mr. Standing retired from the Company and in October 2008, Mr. Standing began receiving payments under his Salary Continuation Agreement.

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In 2007, the Company and/or its banking subsidiary, American River Bank, entered Salary Continuation Agreements to provide retirement benefits to Messrs. Bender and Byrne. The terms of the agreements include the amounts each employee will receive upon the occurrence of certain specified events, including formal retirement on or after a specified age. The agreements generally provide for annual retirement benefit payments of Fifty Thousand Dollars (\$50,000) to Mr. Bender and Thirty Thousand Dollars (\$30,000) to Mr. Byrne. The annual retirement benefit amount is payable in equal monthly installments over a ten (10) year period. The annual benefit described above vests at a rate of 5% per year. In the event of an employee's death, all remaining amounts due are anticipated to be paid to the employee's designated beneficiary over the remaining payout period. Other events which may alter when payment of the annual retirement benefit is to begin, or the amount which is to be paid, include termination following a change of control, in which case the employee is entitled to receive the annual benefit payment in equal monthly installments for ten (10) years beginning with the seventh (7th) month following the termination in connection with the change of control equal to Thirty-Two Thousand Four Hundred and Eighty-Five Dollars (\$32,485) for Mr. Bender and Nineteen Thousand Four Hundred and Ninety-One Dollars (\$19,491) for Mr. Byrne.

Health and Welfare Benefits

The Company offers a variety of health and welfare programs to all eligible employees. The Executives generally are eligible for the same benefit programs on the same basis as the rest of the broad-based employees. The health and welfare programs are intended to protect employees against catastrophic loss and encourage a healthy lifestyle. The health and welfare programs include medical, pharmacy, dental, vision, life insurance, accidental death and disability, paid vacation and personal absence time. Coverage under the life and accidental death and disability programs offer benefit amounts specific to each Executive. The Company pays the premium for the health and welfare programs and the Executive reimburses the Company 30% of the cost through payroll deduction.

The Company offers a long-term disability program that provides income replacement to Executives and senior managers after a 180-day disability period at a rate of 66.67% of basic monthly earnings up to a maximum of \$7,500 until age 65 or recovery per the terms and conditions of the program. All other employees are eligible to receive 60% of basic monthly earnings to a maximum of \$6,000. The program is contributory and all employees, including Executives, reimburse the Company. The Executives reimburse 30% of the Long-term Disability premium cost.

Perquisites and Perquisite Allowance Payments

The Compensation Committee annually reviews the perquisite program and allowances provided to each Executive to determine if adjustments are appropriate. Messrs. Taber, Standing and Byrne are provided Company owned vehicles for their use to attend various events in the Company's market area and for business development purposes on behalf of the Company. These vehicles are for business use only with the exception of commuting to and from their homes. None of the perquisites exceed \$10,000 per year. Mr. Standing resigned his position with the Company in March 2008 at which time he forfeited the use of the Company owned vehicle.

Change in Control and Termination Benefits

In June 2006, the Company entered into an employment agreement with David T. Taber. The agreement provides for an original term of two years subject to automatic one-year extensions thereafter unless terminated in accordance with the terms of the agreement. The agreement provides for a base salary which is disclosed in the Summary Compensation Table on page 26. The agreement may be terminated with or without cause, but if the agreement is terminated without cause including, without limitation, automatic termination due to the occurrence of circumstances that make it impossible or impractical for the Company to conduct or continue its business, the loss by the Company of its legal capacity to contract or the Company's breach of the terms of the agreement, the employee is entitled to receive severance compensation equal to six (6) months of the existing base salary, less applicable withholding deductions (in addition to salary, incentive compensation, or other payments, if any, due the employee). The agreement further provides that in the event of a change in control as defined therein and within a period of two years following consummation of such change in control (i) the employee's employment is terminated; or (ii) any adverse change occurs in the nature and scope of the employee's salary or benefits; or (iii) any event occurs which reasonably constitutes a constructive termination of employment, by resignation or otherwise, then the employee will be entitled to receive severance compensation in an amount equal to eighteen (18) months of the employee's annual base salary, less applicable withholding deductions (in addition to salary, incentive compensation, or other payments, if any, due the employee).

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In June 2006, the Company's subsidiary, American River Bank, entered into an employment agreement with Larry D. Standing. The agreement provides for an original term of two years subject to automatic one-year extensions thereafter unless terminated in accordance with the terms of the agreement. The agreement provides for a base salary which is disclosed in the Summary Compensation Table on page 26. The agreement may be terminated with or without cause, but if the agreement is terminated without cause, including, without limitation, automatic termination due to the occurrence of circumstances that make it impossible or impractical for the Company to conduct or continue its business, the loss by the Company of its legal capacity to contract or the Company's breach of the terms of the agreement, the employee is entitled to receive severance compensation equal to six months of the existing base salary plus any incentive payment due. The agreement further provides that in the event of a change in control as defined therein and within a period of two years following consummation of such change in control (i) the employee's employment is terminated; or (ii) any adverse change occurs in the nature and scope of the employee's salary or benefits; or (iii) any event occurs which reasonably constitutes a constructive termination of employment, by resignation or otherwise, then the employee will be entitled to receive severance compensation in an amount equal to eighteen (18) months of the employee's annual base salary, less applicable withholding deductions (in addition to salary, incentive compensation, or other payments, if any, due the employee). Effective March 21, 2008, Mr. Standing retired from the Company at which time Mr. Standing forfeited any future benefits under his employment agreement, including any termination or change in control benefits.

In September 2006, the Company entered into employment agreements with Mitchell A. Derenzo, Douglas E. Tow and Kevin B. Bender and the Company's subsidiary, American River Bank entered into an employment agreement with Raymond F. Byrne. The agreements have no stated term and can be canceled at any time by the employer or the employee, with or without cause. The agreements provides for a base salary which is disclosed in the Summary Compensation Table on page 26. The agreements may be terminated with or without cause, but if an agreement is terminated without cause, including, without limitation, automatic termination due to the occurrence of circumstances that make it impossible or impractical for the Company to conduct or continue its business, the loss by the Company of its legal capacity to contract or the Company's breach of the terms of an agreement, the employee is entitled to receive severance compensation equal to six (6) months of the existing base salary. The agreements further provide that in the event of a change in control as defined therein and within a period of two years following consummation of such change in control (i) the employee's employment is terminated; or (ii) any adverse change occurs in the nature and scope of the employee's salary or benefits; or (iii) any event occurs which reasonably constitutes a constructive termination of employment, by resignation or otherwise, then the employee will be entitled to receive severance compensation in an amount equal to twelve (12) months of the employee's annual base salary, less applicable withholding deductions (in addition to salary, incentive compensation, or other payments, if any, due the employee), in the case of Messrs. Derenzo, Tow and Bender and nine (9) months of the employee's annual base salary, less applicable withholding deductions (in addition to salary, incentive compensation, or other payments, if any, due the employee) in the case of Mr. Byrne.

COMPENSATION COMMITTEE REPORT

NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN ANY OF THE COMPANY'S PREVIOUS OR FUTURE FILINGS UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES EXCHANGE ACT OF 1934 THAT MIGHT INCORPORATE THIS PROXY STATEMENT OR FUTURE FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION, IN WHOLE OR IN PART, THE FOLLOWING REPORT SHALL NOT BE DEEMED TO BE INCORPORATED BY REFERENCE INTO ANY SUCH FILING.

The Compensation Committee reviewed and discussed the Compensation Discussion and Analysis included in this proxy statement with management. Based on such review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and the Company's Annual Report on Form 10-K for filing with the Securities and Exchange Commission.

Submitted by the Compensation Committee of American River Bankshares Board of Directors:

/s/ Amador S. Bustos	/s/ Charles D. Fite	/s/ Michael A. Ziegler	/s/ William A. Robotham
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Amador S. Bustos Chairman	Charles D. Fite	Michael A. Ziegler	William A. Robotham
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EXECUTIVE COMPENSATION

The following table shows the cash and non-cash compensation for the last fiscal year awarded to or earned by individuals who served as our chief executive officer or chief financial officer and each of our three other most highly compensated executive officers during fiscal year 2008.

Summary Compensation Table

Name and Principal Position		Salary (\$ (1))	Incentive (\$)	Stock Awards (\$)	Option Awards (\$ (2))	Non-Equity Incentive Plan Compensation (\$ (3))	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$ (4))	All Other Compensation (\$ (5))	Total (\$)
David T. Taber	2008	\$ 275,834			\$ 37,812	\$ -0-	\$ 68,847	\$ 14,199	\$ 396,692
	2007	\$ 267,800			\$ 34,728	\$ 105,406	\$ 68,584	\$ 13,062	\$ 489,580
	2006	\$ 257,500			\$ 24,411	\$ 99,807	\$ 39,057	\$ 13,403	\$ 434,178
Mitchell A. Derenzo	2008	\$ 155,324			\$ 18,231	\$ -0-	\$ 13,192	\$ 7,339	\$ 194,086
	2007	\$ 150,800			\$ 16,757	\$ 34,624	\$ 12,171	\$ 7,343	\$ 221,696
	2006	\$ 145,000			\$ 11,787	\$ 32,785	\$ 8,307	\$ 7,467	\$ 205,346
Douglas E. Tow	2008	\$ 155,324			\$ 18,231	\$ -0-	\$ 24,969	\$ 7,598	\$ 206,122
	2007	\$ 150,800			\$ 16,757	\$ 34,624	\$ 22,036	\$ 7,343	\$ 231,561
	2006	\$ 145,000			\$ 11,787	\$ 32,785	\$ 17,789	\$ 7,458	\$ 214,819
Kevin B. Bender	2008	\$ 128,544			\$ 17,758	\$ -0-	\$ 6,795	\$ 6,288	\$ 159,385
	2007	\$ 124,800			\$ 16,392	\$ 28,654	\$ 6,049	\$ 6,077	\$ 181,973
	2006	\$ 120,000			\$ 11,422	\$ 27,132		\$ 6,047	\$ 164,601
Larry D. Standing (6)	2008	\$ 35,500			\$	\$ -0-	\$ 40,317	\$ 16,673	\$ 92,490
	2007	\$ 156,000			\$ 8,523	\$ 12,168	\$ 74,723	\$ 7,776	\$ 259,189
	2006	\$ 150,000			\$ 3,909	\$ 28,350	\$ 87,919	\$ 7,186	\$ 277,364
Raymond F. Byrne	2008	\$ 139,256			\$ 15,708	\$ -0-	\$ 31,708	\$ 7,586	\$ 194,258
	2007	\$ 135,200			\$ 14,995	\$ 23,281	\$ 24,446	\$ 7,829	\$ 205,752
	2006	\$ 130,000			\$ 10,381	\$ 32,273		\$ 7,863	\$ 180,517

- (1) Includes amounts deferred at the discretion of the Executive pursuant to the American River Bankshares 401(k) Plan and the American River Bankshares Deferred Compensation Plan, as applicable.
- (2) The amount reported in this column is the ratable portion of the value of grants made in 2003, 2004, 2005, 2006, 2007, and 2008 to the extent the vesting period for such grants fell in 2008. Options awarded on February 20, 2008 were valued at \$2.91/share in accordance with FAS 123(R). Please refer to footnote 2 to our audited financial statements for a discussion of the assumptions related to the calculation of such value.
- (3) Incentive compensation is listed in the year earned, although actually paid in following year.
- (4) The amounts in this column represent the increase in the actuarial net present value of all future retirement benefits under the individual's salary continuation plan and the above-market or preferential earnings on any nonqualified compensation. The above-market rate is determined by using the amount above 120% of the federal long-term rate. For the year, the interest rate paid was 7.45% and the market rate was determined to be 5.19%. The individuals may not be entitled to the benefit amounts included as the salary continuation plan is not fully vested (see description of the salary continuation plans on page 23) and the deferred compensation plan is not funded.
- (5) Amounts include 401(k) matching contributions and the use of a Company-owned vehicle. In Mr. Standing's case, it also includes vacation and personal absence time paid upon his retiring from the Company in the amount of \$15,221.

(6) Mr. Standing retired from the Company effective March 21, 2008.

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GRANTS OF PLAN-BASED AWARDS

The following table summarizes the stock options that were granted pursuant to the Company's 2000 Stock Option Plan (the "2000 Stock Option Plan") to the Company's executive officers in the fiscal year ended December 31, 2008. Shareholders approved the 2000 Stock Option Plan on September 21, 2000. All of the grants were made on February 20, 2008 based on achievement of 2007 corporate and personal performance objectives. All options vest ratably over a five-year period commencing one year after the grant date. Options may become exercisable in full in the event of a change of control as defined in the 2000 Stock Option Plan. The Company does not have any other equity based plans.

Grants of Plan-Based Awards Table

Name (3)	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh) (1)	Grant Date Fair Value of Stock and Option Awards (\$) (2)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
David T. Taber	2/20/2008							8,204	\$ 17.00	\$ 23,874	
Mitchell A. Derenzo	2/20/2008							3,920	\$ 17.00	\$ 11,407	
Douglas E. Tow	2/20/2008							3,920	\$ 17.00	\$ 11,407	
Kevin B. Bender	2/20/2008							3,920	\$ 17.00	\$ 11,407	
Raymond F. Byrne	2/20/2008							3,638	\$ 17.00	\$ 10,587	

- (1) It is the Company's policy that the exercise price for each stock option is the market value as of the close of the market on the date of grant.
- (2) The Black-Scholes option-pricing model was used to estimate the grant date fair value of the options in this column. Use of this model should not be construed as an endorsement of its accuracy. All stock option pricing models require predictions about the future movement of the stock price. The assumptions used to develop the grant date valuations were: risk-free rate of return of 3.45%, dividend rate of 3.53%, volatility rate of 21.3%, quarterly reinvestment of dividends and an average term of 7 years. The real value of the options in this table will depend on the actual performance of the Company's common stock during the applicable period and the fair market value of the Company's common stock on the date the options are exercised.
- (3) Mr. Standing retired from the Company effective March 21, 2008 and was not awarded any stock options in 2008.

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table shows the outstanding exercised stock options, invested restricted stock and other equity incentive plan awards held at the end of fiscal year 2008 by the executive officers named in the Summary Compensation Table.

Outstanding Equity Awards at Fiscal Year-End Table

Name	Option Awards				Stock Awards				
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, or Other Rights That Have Not Vested (\$)
David T. Taber									
	8,613 (1)	(1)		\$ 11.67	3/19/2013				
	6,890 (2)	1,723 (2)		\$ 16.79	4/21/2014				
	5,168 (3)	3,445 (3)		\$ 18.23	9/21/2015				
	3,444 (4)	5,168 (4)		\$ 24.02	3/15/2016				
	1,723 (5)	6,890 (5)		\$ 23.40	2/21/2017				
	(6)	8,614 (6)		\$ 16.19	2/20/2018				
Mitchell A. Derenzo									
	4,114 (1)	(1)		\$ 11.68	3/19/2013				
	3,291 (2)	823 (2)		\$ 16.79	4/21/2014				
	2,468 (3)	1,646 (3)		\$ 18.24	9/21/2015				
	1,646 (4)	2,468 (4)		\$ 24.02	3/15/2016				
	823 (5)	3,292 (5)		\$ 23.40	2/21/2017				
	(6)	4,116 (6)		\$ 16.19	2/20/2018				
Douglas E. Tow									
	4,114 (1)	(1)		\$ 11.68	3/19/2013				
	3,291 (2)	823 (2)		\$ 16.79	4/21/2014				
	2,468 (3)	1,646 (3)		\$ 18.24	9/21/2015				
	1,646 (4)	2,468 (4)		\$ 24.02	3/15/2016				

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	823 (5)	3,292 (5)		\$ 23.40	2/21/2017
	(6)	4,116 (6)		\$ 16.19	2/20/2018

Kevin B.

Bender	3,347 (1)	(1)		\$ 11.68	3/19/2013
	3,062 (2)	765 (2)		\$ 16.79	4/21/2014
	2,468 (3)	1,646 (3)		\$ 18.24	9/21/2015
	1,646 (4)	2,468 (4)		\$ 24.02	3/15/2016
	823 (5)	3,292 (5)		\$ 23.40	2/21/2017
	(6)	4,116 (6)		\$ 16.19	2/20/2018

Larry D.

Standing

(7)

Raymond

F. Byrne	238 (1)	(1)		\$ 11.71	3/19/2013
	3,062 (2)	765 (2)		\$ 16.79	4/21/2014
	2,296 (3)	1,531 (3)		\$ 18.24	9/21/2015
	1,528 (4)	2,292 (4)		\$ 24.02	3/15/2016
	764 (5)	3,056 (5)		\$ 23.40	2/21/2017
	(6)	3,820 (6)		\$ 16.19	2/20/2018

- (1) These stock options vest at a rate of 20% per year; 100% were vested as of March 19, 2008.
- (2) These stock options vest at a rate of 20% per year; 80% were vested as of April 21, 2008 with the remaining vesting to occur on April 21, 2009.
- (3) These stock options vest at a rate of 20% per year; 60% were vested as of September 21, 2008 with the remaining vesting to occur on September 21, 2009 and 2010.
- (4) These stock options vest at a rate of 20% per year; 40% were vested as of March 15, 2008 with the remaining vesting to occur on March 15, 2009, 2010 and 2011.
- (5) These stock options vest at a rate of 20% per year; 20% were vested as of February 21, 2008 with the remaining vesting to occur on February 21, 2009, 2010, 2011 and 2012.
- (6) These stock options vest at a rate of 20% per year; with vesting dates of February 20, 2009, 2010, 2011, 2012 and 2013.
- (7) Mr. Standing retired from the Company effective March 21, 2008 and at that time he forfeited all unvested options.

OPTION EXERCISES AND STOCK VESTED

The following table summarizes information with respect to stock option awards exercised and restricted stock and restricted stock unit awards vested during fiscal year 2008 for each of the executive officers named in the Summary Compensation Table.

Option Exercises and Stock Vested Table

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
David T. Taber				
Mitchell A. Derenzo				
Douglas E. Tow	4,632	\$ 15,342		
Kevin B. Bender	5,712	\$ 36,927		
Larry D. Standing				
Raymond F. Byrne	910	\$ 3,858		

PENSION BENEFITS

The following table summarizes information with respect to each plan that provides for payments or other benefits at, following, or in connection with the retirement of any of the executive officers named in the Summary Compensation Table.

Pension Benefits Table

Name	Plan Name (1)	Number of Years Credited Service (#) (2)	Present Value of Accumulated Benefit (\$ (3)	Payments During Last Fiscal Year (\$)
David T. Taber	Salary Continuation Plan	4.4	\$ 120,324	
Mitchell A. Derenzo	Salary Continuation Plan	4.4	\$ 35,072	
Douglas E. Tow	Salary Continuation Plan	4.4	\$ 81,643	
Kevin B. Bender	Salary Continuation Plan	2.0	\$ 12,844	
Larry D. Standing (4)	Director Retirement Plan	5.4	\$ 128,178	
	Salary Continuation Plan	4.8	\$ 227,871	
Raymond F. Byrne	Salary Continuation Plan	2.0	\$ 56,154	

- (1) The salary continuation and director retirement plans are more fully described on Page 23 of this proxy statement.
- (2) Years of credited service represents the number of years the executive officer has participated in the pension benefit plan. Normal retirement age is 65.
- (3) Includes amounts which the executive officer may not be currently entitled to receive because the salary continuation plans are only partially vested.
- (4) Mr. Standing retired from the Company effective March 21, 2008 and began receiving benefits under his Director Retirement Plan and his Salary Continuation Plan in October 2008.

NONQUALIFIED DEFERRED COMPENSATION

The Deferred Compensation Plan was established for the purpose of providing the executive officers and selected senior managers, an opportunity to defer compensation. Participants may elect to defer annually, a minimum of \$5,000 or a maximum of eighty percent of their base salary and all of their annual cash incentives.

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The following table summarizes information with respect to participation of the executive officers named in the Summary Compensation Table in the Deferred Compensation Plan, the Company's only nonqualified deferred compensation plan.

Nonqualified Deferred Compensation Table

Name	Executive Contributions in Last Fiscal Year (\$)	Registrant Contributions in Last Fiscal Year (\$)	Aggregate Earnings in Last Fiscal Year (\$) (1)	Aggregate Withdrawals / Distributions (\$)	Aggregate Balance at Last Fiscal Year-End (\$ (2)
David T. Taber	\$ 45,006		\$ 90,690		\$ 1,285,502
Mitchell A. Derenzo	\$ 28,000		\$ 12,352		\$ 183,600
Douglas E. Tow	\$ 38,361		\$ 15,334		\$ 223,800
Kevin B. Bender					
Larry D. Standing					
Raymond F. Byrne					

- (1) Earnings credited to the accounts are based upon the terms of Deferred Compensation Plan, which is equal to the five-year U.S. Treasury Note plus 4.0%. The rate credited for 2008 was 7.45%
- (2) The Deferred Compensation Plan is an unfunded plan. For more information on the Deferred Compensation Plan, please see page 23.

EQUITY COMPENSATION PLAN INFORMATION

The chart below summarizes information under which shares of the Company's common stock are authorized for the issuance through equity compensation plans including the 2000 Stock Option Plan as of December 31, 2008. The 2000 Stock Option Plan was approved by the Company's shareholders. The Company has no other equity compensation plan and there are no warrants or other rights outstanding that would result in the issuance of shares of the Company's common stock.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	338,324 (1)	\$ 18.67	264,730
Equity compensation plans not approved by security holders			
Total	338,324	\$ 18.67	264,730

- (1) Shares reserved but unissued shall remain available for grant during any subsequent calendar year. Awards that expire or are cancelled, forfeited or terminated before being exercised shall again become available for future awards under the Plan.

TRANSACTIONS WITH RELATED PERSONS

The Company has a policy that it does not enter into any transactions covered under Item 404 of Regulation S-K with the exception of loans made by the Company's subsidiary, American River Bank, (see Indebtedness of Management immediately following this section) and a lease transaction that was entered into in 1985, and subsequently renewed, with Bradshaw Plaza, Associates, Inc., a California corporation doing business as Bradshaw Plaza, which is owned in part by Charles D. Fite, a director of the Company, in addition to ownership by other family members. American River Bank leases the premises at 9750 Business Park Drive, Sacramento, California and uses the premises for one of its branch locations. The lease term is 10 years and expires on November 30, 2016, subject to extension for one five-year option term. The premises consist of 3,711 square feet on the ground floor. The current monthly rent is \$7,236. The approximate aggregate rental payments for the period from January 1, 2009 through the lease term expiring on November 30, 2016 will be \$742,571. As part of the lease renewal in 2006, the Company negotiated a tenant improvement allowance from the landlord to offset a portion of the costs associated with a branch remodel. A portion of the construction costs related to this remodel was performed by Fite Construction Inc., which is also owned in part by Charles D. Fite. The construction was completed in 2008 and the tenant improvement allowance exceeded the payments to Fite Construction Inc. The Board of Directors has evaluated this transaction and the lease relationship and has determined that it does not impair the independence of Mr. Fite, as defined under applicable NASDAQ listing rules. The Board of Directors also determined that they would not expand the existing lease

relationship nor would they enter into any new leases for any location other than the current location with Mr. Fite or any of his related companies.

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Other than the lease transaction with Director Fite, there have been no transactions, or series of similar transactions, during 2008, or any currently proposed transaction, or series of similar transactions, to which American River Bankshares or American River Bank was or is to be a party, in which the amount involved exceeded or will exceed \$120,000 and in which any director, director-nominee or executive officer of American River Bankshares or American River Bank, any shareholder owning of record or beneficially 5% or more of American River Bankshares common stock, or any member of the immediate family of any of the foregoing persons, had, or will have, a direct or indirect material interest.

Indebtedness of Management

American River Bankshares, through American River Bank, has had, and expects in the future to have banking transactions in the ordinary course of its business with many of American River Bankshares' directors and officers and their associates, including transactions with corporations of which such persons are directors, officers or controlling shareholders, on substantially the same terms (including interest rates and collateral) as those prevailing for comparable transactions with unrelated persons. Management believes that in 2008 such transactions comprising loans did not involve more than the normal risk of collectability or present other unfavorable features. Loans to executive officers of American River Bankshares and American River Bank are subject to limitations as to amount and purposes prescribed in part by the Federal Reserve Act, as amended, and the regulations of the Federal Deposit Insurance Corporation.

CORPORATE GOVERNANCE

Our Board of Directors and management are dedicated to exemplary corporate governance. Good corporate governance is vital to the continued success of the Company. The Board annually reviews and updates the charters of the Board committees in response to evolving best practices and the results of changes in the regulatory environment.

Director Independence

Our Board of Directors has determined that each of our non-employees directors (excluding David Taber) is independent. Each of our Audit, Nominating and Compensation Committees is composed only of independent directors.

Our Board has adopted certain standards to assist it in assessing the independence of each of our directors. A director who otherwise meets the definition of independence under applicable NASDAQ listing standards may be deemed independent by the Board of Directors after consideration of all of the relationships between the Company and the director, or any of his or her immediate family members (as defined in the NASDAQ listing rules), or any entity with which the director or any of his or her immediate family members is affiliated by reason of being a partner, officer or a significant shareholder thereof. However, ordinary banking relationships (such as depository, lending, and other services readily available from other financial institutions) are not considered by the Board of Directors in determining a director's independence, as the Board of Directors considers these relationships to be immaterial. A banking relationship is considered ordinary if:

the relationship is on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated persons;

with respect to an extension of credit, it has been made in compliance with applicable law, including Regulation O of the Board of Governors of the Federal Reserve and Section 13(k) of the Securities Exchange Act of 1934;

no event of default has occurred and is continuing beyond any period of cure; and

the relationship has no other extraordinary characteristics.

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In assessing the independence of our directors, our full Board of Directors carefully considered all of the business relationships between the Company and our directors or their affiliated companies, other than ordinary banking relationships. This review was based primarily on responses of the directors to questions in a directors' and officers' questionnaire regarding employment, business, familial, compensation and other relationships with the Company and our management. Where business relationships other than ordinary banking relationships existed, the Board of Directors determined that, except in the case of Mr. Taber, none of the relationships between the Company and the directors or the directors' affiliated companies impair the directors' independence because the amounts involved are immaterial to the directors or to those companies when compared to their annual income or gross revenues. The Board of Directors also determined for all of the relationships between the Company and our directors or the directors' affiliated companies, that none of the relationships had unique characteristics that could influence the director's impartial judgment as a director of the Company.

Code of Ethics

The Company has adopted a Code of Ethics that complies with the rules promulgated by the Securities and Exchange Commission pursuant to the Sarbanes-Oxley Act of 2002 and applicable NASDAQ listing rules. The Code of Ethics requires that the Company's directors, officers (including the principal executive, financial and accounting officers, or controller and persons performing similar functions) and employees conduct business in accordance with the highest ethical standards and in compliance with all laws, rules and regulations applicable to the Company. The Code of Ethics is intended to supplement the provisions of any other personnel policies of the Company or codes of conduct, which may establish additional standards of ethical behavior applicable to the Company's directors, officers and employees.

The Code of Ethics was filed as Exhibit 14.1 to the Company's 2003 Annual Report on Form 10-K and may be accessed through the Company's website by following the instructions for accessing reports filed with the Securities and Exchange Commission hereafter in this proxy statement under the heading "Website" or is available, free of charge, upon written request to Mitchell A. Derenzo, American River Bankshares, 3100 Zinfandel Drive, Suite 450, Rancho Cordova, CA 95670.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors, executive officers and any persons beneficially owning ten percent or more of the Company's common stock to timely file initial reports of ownership and reports of changes in that ownership with the Securities and Exchange Commission. Such persons are required by Securities and Exchange Commission regulation to send copies of such reports to the Company. To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the fiscal year ended December 31, 2008, the Company believes all such filing requirements applicable to its directors, executive officers and ten percent shareholders were met, except for one Form 4 filed late by executive officer Kevin B. Bender.

PROPOSAL NO. 3**RATIFICATION OF THE SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The accounting firm of Perry-Smith LLP, certified public accountants, served the Company as its independent registered public accountants and auditors for the 2008 fiscal year at the direction of the Audit Committee and the Board of Directors of the Company. Perry-Smith LLP has no interests, financial or otherwise, in the Company. The services rendered by Perry-Smith LLP during the 2008 fiscal year were audit services, consultation in connection with various accounting matters, and preparation of the Company's income tax returns.

The table below summarizes the services rendered to the Company by Perry-Smith LLP during and for the 2008 and 2007 fiscal years.

	2008	2007
Audit Fees (1)	\$ 175,100	\$ 169,500
Audit-Related Fees (2)	\$ 12,250	\$ 14,000
Tax Fees (3)	\$ 20,430	\$ 22,600
All Other Fees		
Total Accounting Fees	\$ 207,780	\$ 206,100

- (1) Audit fees consisted of services rendered by Perry-Smith LLP for the audit of the Company's consolidated financial statements included in the Annual Report on Form 10-K and for reviews of the financial statements included in the Company's quarterly reports on Form 10-Q for fiscal years 2008 and 2007.
- (2) Audit-related fees represent fees for professional services in connection with the audit of the Company's 401(k) plan.
- (3) Tax fees consisted principally of services rendered by Perry-Smith LLP for assistance relating to tax compliance and reporting for fiscal years 2008 and 2007.

The Audit Committee approved each professional service rendered by Perry-Smith LLP during the 2008 and 2007 fiscal years and considered whether the provision of such services is compatible with Perry-Smith LLP maintaining its independence. The approval of such professional services included pre-approval of all audit and permissible non-audit services provided by Perry-Smith LLP. These services included audit, tax and other services described above. The Audit Committee Charter attached as ANNEX C includes a policy of pre-approval of all services provided by the Company's independent registered public accountants. The Audit Committee approved one hundred percent (100%) of all such professional services provided by Perry-Smith LLP during the 2008 and 2007 fiscal years. It is anticipated that one or more representatives of Perry-Smith LLP will be present at the Meeting and will be able to make a statement if they so desire and answer appropriate questions.

The ratification of the selection of Perry-Smith LLP as the Company's independent registered public accountants requires approval of a majority of the total number of shares voting at the Meeting. In the event such selection is not ratified, the adverse vote will be deemed to be an indication to the Board of Directors that it should consider selecting other independent registered public accountants for 2009. Because of the difficulty and expense of making any substitution of accounting firms after the beginning of the current year, it is the intention of the Board of Directors that the selection of Perry-Smith LLP for the year 2009 will remain in effect; however, the Board of Directors also retains the power to select another independent registered public accounting firm to replace the accountants ratified by the shareholders in the event the Board of Directors determines that the interests of the Company and its shareholders require such a change.

Recommendation of Management

The Board of Directors has selected Perry-Smith LLP to serve as the Company's independent registered public accounting firm for the year 2009 and recommends that shareholders vote **FOR** the ratification of the selection of Perry-Smith LLP.

AUDIT COMMITTEE REPORT

NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN ANY OF THE COMPANY'S PREVIOUS OR FUTURE FILINGS UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES EXCHANGE ACT OF 1934 THAT MIGHT INCORPORATE THIS PROXY STATEMENT OR FUTURE FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION, IN WHOLE OR IN PART, THE FOLLOWING REPORT SHALL NOT BE DEEMED TO BE INCORPORATED BY REFERENCE INTO ANY SUCH FILING.

The Audit Committee consists of the following members of the Company's Board of Directors: Amador A. Bustos, Robert J. Fox (Audit Committee Financial Expert), and William A. Robotham (Chairman). Each such member of the Audit Committee is independent as defined under applicable NASDAQ listing rules.

The Audit Committee operates under a written charter adopted by the Board of Directors, which among other matters, delineates the responsibilities of the Audit Committee. The Audit Committee's responsibilities include responsibility for the appointment, compensation, retention and oversight of the work of the Company's independent registered public accountants engaged (including resolution of disagreements between management and the independent registered public accountants regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The Company's independent registered public accountants report directly to the Audit Committee. The written Audit Committee charter adopted by the Board of Directors is attached to this proxy statement as ANNEX C.

The Audit Committee has reviewed and discussed the audited financial statements of the Company for the fiscal year ended December 31, 2008 with management and Perry-Smith LLP, the Company's independent registered public accountants. The Audit Committee has also discussed with Perry-Smith LLP, the matters required to be discussed by Statement on Auditing Standards No. 61 (Codification of Statements on Auditing Standards) as may be modified or supplemented. The Audit Committee has also received the written disclosures and the letter from Perry-Smith LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent public accountants' communications with the Audit Committee concerning independence and the Audit Committee has discussed the independence of Perry-Smith LLP with that firm.

Based on the Audit Committee's review and discussions noted above, the Audit Committee recommended to the Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 for filing with the Securities and Exchange Commission.

/s/ Amador S. Bustos

/s/ Robert J. Fox

/s/ Dorene C. Dominguez

/s/ William A. Robotham

Amador S. Bustos

Robert J. Fox

Dorene C. Dominguez

William A. Robotham

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ANNUAL REPORT

The Annual Report of the Company containing audited financial statements for the fiscal year ended December 31, 2008 is being made available to shareholders simultaneously with this proxy statement.

ANNUAL DISCLOSURE STATEMENT

American River Bank has prepared an Annual Disclosure Statement as required by FDIC regulations, a copy of which may be obtained upon written request to Stephen H. Waks, Secretary, American River Bankshares, 3100 Zinfandel Drive, Suite 450, Rancho Cordova, CA 95670.

FORM 10-K

A COPY OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K FILED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, IS AVAILABLE TO SHAREHOLDERS WITHOUT CHARGE UPON WRITTEN REQUEST TO STEPHEN H. WAKS, SECRETARY, AMERICAN RIVER BANKSHARES, 3100 ZINFANDEL DRIVE, SUITE 450, RANCHO CORDOVA, CA 95670.

WEBSITE

Information regarding the Company may be obtained from the Company's website at www.amrb.com. Copies of the Company's Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and Section 16 reports by Company insiders, including exhibits and amendments thereto, are available free of charge on the Company's website as soon as they are published by the Securities and Exchange Commission through a link to the reporting system maintained by the Securities and Exchange Commission. To access Company filings, select the "SEC Filings" menu item on the Company website, then select either "SEC Filings" to view or download copies of reports including Form 10-K, 10-Q or 8-K, or "Section 16 Reports" to view or download reports on Forms 3, 4 or 5 of insider transactions in Company securities.

SHAREHOLDERS PROPOSALS

Next year's Annual Meeting of Shareholders will be held on May 20, 2010. The deadline for shareholders to submit proposals for inclusion in the proxy statement and form of proxy for the 2010 Annual Meeting of Shareholders is December 21, 2009. Management of the Company will have discretionary authority to vote proxies obtained by it in connection with any shareholder proposal not submitted on or before the December 21, 2009 deadline. All proposals should be submitted by Certified Mail - Return Receipt Requested, to Stephen H. Waks, Secretary, American River Bankshares, 3100 Zinfandel Drive, Suite 450, Rancho Cordova, CA 95670.

OTHER MATTERS

The Board of Directors knows of no other matters, which will be brought before the Meeting, but if such matters are properly presented to the Meeting, proxies solicited hereby will be voted in accordance with the discretion of the persons holding such proxies. All shares represented by duly executed proxies will be voted at the Meeting in accordance with the terms of such proxies.

Dated: April 10, 2009

AMERICAN RIVER BANKSHARES

By: /s/ Stephen H. Waks

Stephen H. Waks
Corporate Secretary

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AMERICAN RIVER BANKSHARES**BOARD OF DIRECTORS****NOMINATING COMMITTEE CHARTER****I. Membership**

The Board of Directors of American River Bankshares (the Company), upon recommendation of the Chair of the Company, shall appoint a Nominating Committee of at least three (3) members and shall designate one member as chairperson. The members of the Nominating Committee shall serve at the discretion of the Board of Directors. The members of the Nominating Committee must be independent directors and their independence shall be determined in accordance with applicable rules of the Securities and Exchange Commission and the NASDAQ Marketplace rules.

II. Purpose

The purpose of the Nominating Committee is to assist the Board of Directors by (a) establishing criteria for candidates and identifying, evaluating and recommending candidates, including candidates proposed by shareholders, for election to the Board of Directors, and (b) periodically reviewing and making recommendations on the composition of the Board of Directors.

III. Nomination Process

1. Candidates shall be evaluated based on the criteria established by the Nominating Committee which may include (a) satisfactory results of any background investigation, (b) experience and expertise, (c) financial resources, (d) time availability, (e) community involvement, and (f) such other criteria as the Nominating Committee may determine to be relevant. Candidates selected for consideration as nominees must meet with the Nominating Committee and thereafter with the Board of Directors.
2. Any candidate nominated for election to the Board of Directors must (a) be recommended to the Board of Directors by the unanimous vote of approval of the members of the Nominating Committee and (b) receive a majority of votes in favor of nomination from independent members of the Board of Directors. Directors who are not independent shall not vote, but may be present.
3. Each candidate recommended by the Nominating Committee shall be required to complete one or more questionnaires and provide such additional information as the Nominating Committee shall deem necessary or appropriate. Such information shall include a personal financial statement and a background investigation using an outside firm which shall, among other matters, (a) verify the accuracy of information provided by the candidate including that the name and social security number is consistent with other information provided, (b) conduct a review of criminal history records, and (c) verify addresses associated with the applicant and identification of persons with whom the applicant has shared addresses.
4. Each existing member of the Board of Directors whose term is ending must be reviewed for recommendation for re-election by the Nominating Committee. This review will include review of attendance, participation, continuing education, investment in shares, business development and community involvement. In lieu of the information required to be provided by new candidates for election to the Board of Directors described above in paragraph 3, the Nominating Committee may rely upon the information contained in the most recent annual Directors and Officers Questionnaire completed by the existing member of the Board of Directors, subject to such updated information as the Nominating Committee may deem appropriate.
5. Nominations for existing members of the Board of Directors must receive a majority of votes in favor of nomination from the other independent directors.

IV. Frequency of Meetings

The Nominating Committee shall meet at such times as it may deem appropriate, but not less frequently than annually.

V. Conflicts

Any conflicts between the provisions of this Charter and the provisions of the Company's bylaws shall be resolved in favor of the bylaw provisions and nothing contained herein shall be construed as an amendment of the Company's bylaws.

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AMERICAN RIVER BANKSHARES

COMPENSATION COMMITTEE CHARTER

1. Membership. The Board of Directors of American River Bankshares (the Company), upon recommendation of the Chair of the Company, shall appoint a Compensation Committee of at least three (3) members, consisting entirely of independent directors, and shall designate one member as chairperson. The members of the Compensation Committee shall serve at the discretion of the Board of Directors. For purposes hereof, an independent director is a director who qualifies as independent under the definition of independence contained in applicable rules promulgated by the Securities and Exchange Commission pursuant to the Sarbanes-Oxley Act of 2002 and the NASDAQ listing rules.

2. Purposes, Duties and Responsibilities. The purpose of the Compensation Committee is to discharge the responsibilities of the Board of Directors relating to compensation of the Company's executive officers (the Executives) and directors, and in the case of stock options, this would include other key employees. It is also its responsibility to review and approve the annual report on compensation for inclusion in the Company's proxy statement for the annual meeting of shareholders under the caption, Compensation Committee Report. The duties and responsibilities of the Compensation Committee are to:

- A. Provide oversight to the Company's overall compensation strategy and objectives pursuant to the goals of the Company.
- B. Review and recommend to the Board of Directors, changes to the structure and design of the compensation elements for the Executives including: annual base salary, annual cash incentives, long-term equity incentives, retirement plans (401(k), deferred compensation, and salary continuation plans), and change in control benefits and severance.
- C. Review and recommend to the Board of Directors, changes in the structure and design of the compensation elements for the Board of Directors of the Company and subsidiary(ies) and any committees thereof, including cash (meeting fees, retainers), long-term equity incentive plans and the Director Emeritus Program.
- D. Review and recommend to the Board of Directors, the appropriate peer group to be used in benchmarking executive and board compensation.
- E. Recommend annually to the Board of Directors, the compensation of the Chief Executive Officer (CEO), including base salary, annual cash incentive opportunity and changes to other compensation elements.
- F. Recommend annually to the Board of Directors, the compensation of other executive officers based on the recommendation of the CEO including base salary, annual cash incentive opportunity and changes to other compensation elements.
- G. Recommend to the Board of Directors the performance metrics and weights of each as required by the Company's Executive Annual Incentive Plan.
- H. Recommend to the Board of Directors, changes to Company Board member and/or subsidiary Board member compensation.
- I. Recommend to the Board of Directors, annual equity grants to the Executives, board members and other key employees, pursuant to Board of Directors approved option granting methodology.
- J. Recommend to the Board of Directors, additions to personnel covered by the Company's Deferred Compensation Plan.

- K. Recommend to the Board of Directors, employment and/or severance agreements for the Executives.
 - L. Periodically review and recommend to the Board of Directors, changes to Executive retirement benefits, employment agreements, and change in control benefits and severance plans.
 - M. Periodically review the Company succession plans relating to positions held by the Executives and make recommendations to the Board of Directors regarding the process for selecting the individuals to fill these positions.
 - N. Evaluate the CEO's performance relative to the goals and objectives of the Company and discuss evaluations of other executive officers with the CEO.
 - O. Annually review and recommend changes deemed necessary to the Compensation Committee Charter.
 - P. Prepare and submit an appropriate Compensation Committee Report pursuant to applicable regulations of the Securities and Exchange Commission for inclusion in the management proxy statement for each annual meeting of shareholders, stating, among other matters, whether (i) the Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management, and (ii) the Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included in such proxy statement and the Company's Annual Report on Form 10-K.
 - Q. Perform such other duties and responsibilities as it may be required by the rules and regulations that govern the Company that are consistent with the purpose of the Compensation Committee, or as the Board of Directors may deem appropriate.
3. **Subcommittees.** The Compensation Committee may delegate any of the foregoing duties and responsibilities to a subcommittee of the Compensation Committee consisting of not less than two (2) members of the Compensation Committee.
4. **Advisors and Consultants.** The Compensation Committee, subject to prior approval of the Board, will have the authority to retain, at the expense of the Company, such outside legal, accounting, consultants, and other experts and advisors, as it determines would be appropriate, to assist the Compensation Committee in the full performance of its functions. The Compensation Committee shall have full delegated authority to retain and terminate any compensation consultant used to assist the Committee in the evaluation of the directors, Chief Executive Officer or other executives, and to approve the consultant's fees and the terms and conditions applicable to the services of the consultant.
5. **Meetings.** The Compensation Committee will meet as often as may be deemed necessary or appropriate, in the judgment of its Chairperson, either in person or telephonically, and at such times and places as the Compensation Committee determines, but in no event less frequently than three times per year. A majority of the members of the Compensation Committee shall constitute a quorum for all purposes. The CEO is an invited guest to the Compensation Committee meetings and can be present at discussions regarding compensation matters relative to non-CEO executive officers or directors. The CEO cannot be present during deliberations or vote on CEO or non-CEO executive officer compensation matters.

The Compensation Committee Chairperson may also invite consultants or other members of management to attend any meeting and provide pertinent information as necessary. The Compensation Committee will report regularly to the full Board with respect to the meetings and activities of the Compensation Committee described in this Charter.

AMERICAN RIVER BANKSHARES

AUDIT COMMITTEE CHARTER

PURPOSE

The Audit Committee (Committee) is appointed by the Board of Directors to assist the Board of Directors, among other matters, in monitoring the following:

1. The integrity of the Company's financial statements, financial reporting processes and internal controls regarding finance, accounting, regulatory and legal compliance;
2. The independence, qualifications and performance of the Company's Independent Registered Public Accounting Firm (independent public accountants);
3. The performance of the Company's independent internal control auditors;
4. Communications among the independent public accountants, management, independent internal control auditors, and the Board of Directors; and
5. Procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters.

COMMITTEE MEMBERSHIP

The Committee shall be comprised of at least three directors. Each member of the Committee shall have the following attributes, subject to permissible exceptions:

1. Independence, as defined in applicable rules promulgated by the Securities and Exchange Commission pursuant to the Sarbanes-Oxley Act of 2002, and applicable NASDAQ listing rules, including that a member shall not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years; and
2. The ability to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement.

At least one member of the Committee shall be an Audit Committee Financial Expert as defined in the rules promulgated by the Securities and Exchange Commission, or in the event that no member of the Committee qualifies as an Audit Committee Financial Expert, at least one member of the Committee shall be financially sophisticated as defined in applicable NASDAQ listing rules. The members of the Committee shall be appointed by the Board of Directors and serve at the pleasure of the Board of Directors.

MEETINGS

The Committee shall meet as often as it determines necessary, but not less frequently than quarterly each fiscal year. The Committee shall meet periodically with the Company's management, independent public accountants and independent internal control auditor.

The Committee may request any officer or employee of the Company, or the Company's counsel, or independent public accountants, or independent internal control auditors, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee.

COMMITTEE AUTHORITY AND RESPONSIBILITIES

The Committee, in its capacity as a committee of the Board of Directors, shall be directly responsible for the appointment of the independent public accountants (subject, if applicable, to shareholder ratification) and for the retention, compensation and oversight of the work of the independent public accountants (including resolution of disagreements between management and the independent public accountants regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The independent public accountant shall report directly to the Committee.

The Committee shall pre-approve all audit services and permissible non-audit services to be performed for the Company by the independent public accountants, subject to any permitted exceptions for pre-approval of non-audit services pursuant to rules and regulations of the Securities and Exchange Commission and/or NASDAQ.

The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent public accountants for the purpose of preparing or issuing an audit report or performing other audit, review or attest services and to any other advisors employed by the Committee.

The Committee shall establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters.

The Committee shall make regular reports to the Board of Directors. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board of Directors for approval.

The Committee, to the extent required by applicable rules or regulations of the Securities and Exchange Commission and/or NASDAQ, or as the Committee deems necessary or appropriate, shall perform the following:

1. Financial Statement and Disclosure Matters

(a) Review with management and the independent public accountants the annual audited financial statements, including disclosures made in the Company's Annual Report on Form 10-K.

(b) Review with management, the independent public accountants, the independent internal control auditors and Company counsel any certification provided by management related to the Company's financial statements. Review with management, the independent public accountants, and the independent internal control auditors management's assertion regarding the design effectiveness and operation efficiency of the Company's internal controls over financial reporting and compliance with the applicable laws and regulations.

(c) Review with management and the independent public accountants significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any material issues as to the adequacy of the Company's internal controls and any actions taken or adopted in light of material control deficiencies.

(d) Review a report by the independent public accountants concerning (i) all critical accounting policies and practices to be used; (ii) alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent public accountants; and (iii) any other material written communications between the independent public accountants and the Company's management.

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(e) Review with management and the independent public accountants the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.

(f) Review with management the Company's major financial risk exposures and the actions management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

(g) Review with the independent public accountants (i) the matters required to be discussed by the Statement on Auditing Standards No. 61 (Codification of Statements on Auditing Standards), as modified or supplemented; (ii) the letter from the independent public accountants required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), as modified or supplemented, and the independence of the independent public accountants related thereto; and (iii) matters relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

(h) Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

2. Independent Public Accountant Oversight

(a) Review the length of time the lead and concurring partner of the independent public accountants team has been engaged to audit the Company.

(b) On an annual basis, the Committee shall review and discuss with the independent public accountants (i) all relationships they have with the Company that could impair the independent public accountant's independence, (ii) the independent public accountant's internal quality control procedures, and (iii) any material issues raised by the most recent internal quality control review or peer review of the independent public accountant's firm or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent public accountant's firm, and the steps taken to deal with those issues.

(c) Ensure the rotation of the lead audit partner of the independent public accountants having primary responsibility for the Company's audit and the audit partner responsible for reviewing the audit to the extent required by applicable law or regulation.

(d) Prohibit, to the extent required by applicable law or regulation, the hiring of any employee of the independent public accountants who was engaged on the Company's account and who would be employed by the Company in a financial reporting oversight role.

(e) Meet with the independent public accountants prior to the Company's audit to discuss the planning and staffing of the audit.

3. Internal Audit Oversight

(a) Approve the appointment and replacement of the independent firm of independent internal control auditors; including the independence and authority of the auditors' reporting obligations.

(b) Review significant reports to management prepared by the auditors and management's responses.

(c) Review with the auditors and management the auditors' responsibilities, budget and staffing and any recommended changes in the planned scope of the independent internal control audit.

(d) Review the audit scope and audit staffing plan and discuss the completeness of coverage and effective use of audit resources with both the auditors and the independent public accountants.

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(e) Review with the auditors a progress report on the internal audit plan and any significant changes with explanations for any changes from the original plan.

(f) Receive confirmation from both the auditors and the independent public accountants that no limitations have been placed on the scope or nature of their audit process or procedures.

4. Compliance and Internal Control Oversight

(a) Review reports and disclosures of insider and affiliated party transactions.

(b) Review with management and the independent public accountants any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's internal controls, financial statements or accounting policies.

(c) Review legal matters that may have a material impact on the financial statements or the Company's compliance policies with the Company's counsel.

(d) Review the adequacy and effectiveness of the Company's internal controls and security matters with management, the independent internal control auditors and the independent public accountants.

C-4

**ARTICLE THREE
OF THE ARTICLES OF INCORPORATION
OF
AMERICAN RIVER BANKSHARES**

Article Three currently in effect reads as follows:

Three: Authorized Stock.

The corporation is authorized to issue only one class of shares of stock, Common Stock, and the total number of shares which the corporation is authorized to issue is 20,000,000.

Article Three as proposed to be amended would read as follows:

Three: Authorized Stock.

The corporation is authorized to issue two classes of shares designated Common Stock, and Preferred Stock, respectively. The number of shares of Common Stock authorized to be issued is 20,000,000, and the number of shares of Preferred Stock authorized to be issued is 10,000,000. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is authorized to fix the number of shares of any series of Preferred Stock and to determine the designation of any such series. The Board of Directors is also authorized to determine or alter the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock, and, within the limits and restrictions stated in any resolution or resolutions of the Board of Directors originally fixing the number of shares constituting any series, to increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any such series subsequent to the issue of shares of that series.

D-1

DIRECTIONS TO ANNUAL MEETINGS OF SHAREHOLDERS

Thursday, May 21, 2009 - 3:00 p.m.

**American River Bankshares Headquarters
3100 Zinfandel Drive, Suite 450
Rancho Cordova, CA**

Directions:

East

HWY 50 East
Exit Zinfandel Drive
Turn Right at Zinfandel Drive
Destination will be on the right after White Rock Road

West

HWY 50 West
Exit Zinfandel Drive
Turn Left at Zinfandel Drive
Destination will be on the right after White Rock Road

***** Exercise Your *Right* to Vote *****
IMPORTANT NOTICE Regarding the Availability of Proxy Materials

**AMERICAN RIVER
BANKSHARES**

**BROKER
LOGO
HERE**

Return Address Line 1
Return Address Line 2

Return Address Line 3
51 MERCEDES WAY
EDGEWOOD NY 11717

Investor Address Line 1
Investor Address Line 2

Investor Address Line 3
Investor Address Line 4
Investor Address Line 5

John Sample
1234 ANYWHERE STREET
ANY CITY, ON A1A 1A1

Meeting Information

Meeting Type: Annual Meeting
For holders as of: March 30, 2009

Date: May 21, 2009 **Time:** 3:00 PM PDT

Location: American River Bankshares
3100 Zinfandel Drive,
Suite 450
Rancho Cordova, CA 95670

**B
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D
E**

You are receiving this communication because you hold shares in the above named company.

This is not a ballot. You cannot use this notice to vote these shares. This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. You may view the proxy materials online at www.proxyvote.com or easily request a paper copy (see reverse side).

We encourage you to access and review all of the important information contained in the proxy materials before voting.

See the reverse side of this notice to obtain proxy materials and voting instructions.

Broadridge Internal Use Only

Job #
Envelope #
Sequence #
of # Sequence

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Before You Vote

How to Access the Proxy Materials

Proxy Materials Available to VIEW or RECEIVE:

1. Annual Report
2. Notice & Proxy Statement

How to View Online:

Have the 12-Digit Control Number available (located on the following page) and visit: www.proxyvote.com.

How to Request and Receive a PAPER or E-MAIL Copy:

If you want to receive a paper or e-mail copy of these documents, you must request one. There is NO charge for requesting a copy. Please choose one of the following methods to make your request:

- 1) *BY INTERNET:* www.proxyvote.com
- 2) *BY TELEPHONE:* 1-800-579-1639
- 3) *BY E-MAIL*:* sendmaterial@proxyvote.com

* If requesting materials by e-mail, please send a blank e-mail with the 12-Digit Control Number (located on the following page) in the subject line.

Requests, instructions and other inquiries sent to this e-mail address will NOT be forwarded to your investment advisor. Please make the request as instructed above on or before May 14, 2009 to facilitate timely delivery.

How To Vote

Please Choose One of The Following Voting Methods

Vote In Person: If you choose to vote these shares in person at the meeting, you must request a *legal proxy*. To do so, please follow the instructions at www.proxyvote.com or request a paper copy of the materials, which will contain the appropriate instructions. Many shareholder meetings have attendance requirements including, but not limited to, the possession of an attendance ticket issued by the entity holding the meeting. Please check the meeting materials for any special requirements for meeting attendance.

Vote By Internet: To vote now by Internet, go to www.proxyvote.com. Have the 12 Digit Control Number available and follow the instructions.

Vote By Mail: You can vote by mail by requesting a paper copy of the materials, which will include a voting instruction form.

Internal Use
Only

0000016139_2 R2.09.03.15

Voting items

The Board of Directors recommends that you vote For the following.

1. Election of Directors

Nominees

01 Dorene C. Dominguez 02 Stephen H. Waks 03 Michael A. Ziegler 04 Charles D. Fite 05 Robert J. Fox
06 Philip A. Wright 07 Roger J. Taylor, DDS

The Board of Directors recommends you vote FOR the following proposal(s).

- 2. Authorize the Issuance of Preferred Stock. To approve the amendment to the Company's Articles of Incorporation to authorize the issuance of preferred stock.
- 3. Ratification of Independent Registered Public Accounting Firm. To ratify the selection of Perry-Smith LLP as the Company's independent registered public accounting firm for the 2009 fiscal year.

NOTE: Such other business as may properly come before the meeting or any adjournment thereof.

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Reserved for Broadridge Internal Control Information

Voting Instructions

THIS SPACE RESERVED FOR LANGUAGE PERTAINING TO
BANKS AND BROKERS
AS REQUIRED BY THE NEW YORK STOCK EXCHANGE

Broadridge Internal Use Only

THIS SPACE RESERVED FOR SIGNATURES IF APPLICABLE

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of # Sequence

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AMERICAN RIVER BANKSHARES

MR ANDREW SAMPLE
1234 AMERICA DRIVE
ANYWHERE, IL 60661

+

C 1234567890

**IMPORTANT ANNUAL SHAREHOLDERS MEETING
INFORMATION YOUR VOTE COUNTS!**

Shareholder Meeting Notice

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C0123456789

12345

**Important Notice Regarding the Availability of Proxy Materials for the
American River Bankshares Shareholder Meeting to be Held on May 21, 2009**

Under new Securities and Exchange Commission rules, you are receiving this notice that the proxy materials for the annual shareholders meeting are available on the Internet. Follow the instructions below to view the materials and vote online or request a copy. The items to be voted on and location of the annual meeting are on the reverse side. Your vote is important!

This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. We encourage you to access and review all of the important information contained in the proxy materials before voting. The proxy statement and annual report to shareholders are available at:

www.envisionreports.com/AMRB

Easy Online Access A Convenient Way to View Proxy Materials and Vote

When you go online to view materials, you can also vote your shares.

Step 1: Go to www.envisionreports.com/AMRB to view the materials.

Step 2: Click on **Cast Your Vote or Request Materials**.

Step 3: Follow the instructions on the screen to log in.

Step 4: Make your selection as instructed on each screen to select delivery preferences and vote.

When you go online, you can also help the environment by consenting to receive electronic delivery of future materials.

Obtaining a Copy of the Proxy Materials If you want to receive a paper or e-mail copy of these documents, you must request one. There is no charge to you for requesting a copy. Please make your request for a copy as instructed on the reverse side on or before May 11, 2009 at 5:00 p.m. PST to facilitate timely delivery.



C O Y



<STOCK#>

0112TB

Shareholder Meeting Notice

American River Bankshares Annual Meeting of Shareholders will be held on May 21, 2009 at 3100 Zinfandel Drive, Suite 450, Rancho Cordova, CA 95670 at 3:00 p.m. Pacific Time.

Proposals to be voted on at the meeting are listed below along with the Board of Directors' recommendations.

The Board of Directors recommends that you vote FOR the following proposals:

1. Election of Directors: Dorene C. Dominguez, Stephen H. Waks, Michael A. Ziegler, Charles D. Fite, Robert J. Fox, Philip A. Wright, Roger J. Taylor, D.D.S.
2. Authorize the Issuance of Preferred Stock.
3. Ratify selection of Independent Registered Public Accounting Firm.

OTHER BUSINESS: To transact such other business as may properly come before the Meeting and any and all postponements or adjournments thereof

PLEASE NOTE YOU CANNOT VOTE BY RETURNING THIS NOTICE. To vote your shares you must vote online or request a paper copy of the proxy materials to receive a proxy card, which will also provide instruction on how to vote by telephone. If you wish to attend and vote at the meeting, please bring this notice with you.

Directions to the American River Bankshares 2009 Annual Meeting

East

HWY 50 East
Exit Zinfandel Drive
Turn Right at Zinfandel Drive
Destination will be on the right after White Rock Road

West

HWY 50 West
Exit Zinfandel Drive
Turn Left at Zinfandel Drive
Destination will be on the right after White Rock Road

Here's how to order a copy of the proxy materials and select a future delivery preference:

Paper copies: Current and future paper delivery requests can be submitted via the telephone, Internet or email options below.

Email copies: Current and future email delivery requests must be submitted via the Internet following the instructions below. If you request an email copy of current materials you will receive an email with a link to the materials.

PLEASE NOTE: You must use the numbers in the shaded bar on the reverse side when requesting a set of proxy materials.

Internet Go to www.envisionreports.com/AMRB. Click Cast Your Vote or Request Materials. Follow the instructions to log in and order a paper or email copy of the current meeting materials and submit your preference for email or paper delivery of future meeting materials.

Telephone Call us free of charge at 1-866-641-4276 using a touch-tone phone and follow the instructions to log in and order a paper copy of the materials by mail for the current meeting. You can also submit a preference to receive a paper copy for future meetings.

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Email Send email to investorvote@computershare.com with Proxy Materials AMRB in the subject line. Include in the message your full name and address, plus the three numbers located in the shaded bar on the reverse, and state in the email that you want a paper copy of current meeting materials. You can also state your preference to receive a paper copy for future meetings.

To facilitate timely delivery, all requests for a paper copy of the proxy materials must be received by May 11, 2009 at 5:00 p.m. PST.

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AMERICAN RIVER BANKSHARES

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas. **X**

Annual Meeting Proxy Card

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

A Proposals The Board of Directors recommends a vote **FOR** all the nominees listed and **FOR** Proposals 2 and 3.

1. To elect as Directors the nominees set forth below to serve until the 2010 Annual Meeting of Shareholders and until their successors are elected and qualified. The proxy holders named on the other side are hereby granted discretionary authority to cumulate votes represented by the shares covered by this proxy in the election of Directors.

01 - Dorene C. Dominguez	02 - Stephen H. Waks	03 - Michael A. Ziegler	04 - Charles D. Fite	+
05 - Robert J. Fox	06 - Philip A. Wright	07 - Roger J. Taylor, D.D.S.		

Mark here to vote **FOR** all nominees

Mark here to **WITHHOLD** vote from all nominees

For All EXCEPT - To withhold a vote for one or more nominees, mark the box to the left and the corresponding numbered box(es) to the right.

	01	02	03	04	05	06	07
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. To approve the amendment of the Company's articles of incorporation to authorize the issuance of preferred stock.

For	Against	Abstain
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. To ratify the selection of Perry-Smith LLP as the Company's independent registered public accounting firm for the 2009 fiscal year.

For	Against	Abstain
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. Other Business. To transact such other business as may properly come before the Meeting and any and all postponements or adjournments thereof.

B Authorized Signatures This section must be completed for your vote to be counted. **Date and Sign Below**

Please date and sign exactly as your name(s) appear(s) on your stock certificate(s). When signing as attorney, executor, conservator, administrator, trustee, guardian, officer, or in a similar representative capacity, please give full title as such. If a corporation, please sign the full corporate name by the president or other authorized officer. If a partnership, please sign the full partnership name by an authorized partner. If more than one trustee, all should sign. All joint owners should sign.

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Date (mm/dd/yyyy)
print date below.

/ /

Please

Signature 1 Please keep
signature within the box.

Signature 2 Please keep
signature within the box.



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0112SB

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

Proxy AMERICAN RIVER BANKSHARES

PROXY FOR THE 2009 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD MAY 21, 2009

The undersigned holder of common stock of American River Bankshares acknowledges receipt of a copy of the Notice of 2009 Annual Meeting of Shareholders of American River Bankshares and the accompanying Proxy Statement dated April 10, 2009 and revoking any Proxy heretofore given, hereby constitutes and appoints David T. Taber and Mitchell A. Derenzo, and each of them, with full power of substitution, as attorneys and proxies to appear and vote all of the shares of common stock of American River Bankshares standing in the name of the undersigned which the undersigned could vote if personally present and acting at the 2009 Annual Meeting of Shareholders of American River Bankshares to be held at 3100 Zinfandel Drive, Ste. 450, Rancho Cordova, California on May 21, 2009 at 3:00 p.m. or at any postponements or adjournments thereof, upon the items listed on the reverse side as set forth in the Notice of Meeting and Proxy Statement and to vote according to their discretion on all other matters which may be properly presented for action at the meeting or any and all postponements or adjournments thereof.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE PROPOSALS. THE PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED. IF NO DIRECTION IS MADE, IT WILL BE VOTED FOR EACH OF THE PROPOSALS.

THIS PROXY IS SOLICITED BY, AND ON BEHALF OF, THE BOARD OF DIRECTORS AND MAY BE REVOKED PRIOR TO ITS EXERCISE.

PLEASE SIGN AND DATE ON REVERSE SIDE

AMERICAN RIVER BANKSHARES

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MR A SAMPLE
DESIGNATION (IF ANY)
ADD 1
ADD 2
ADD 3
ADD 4
ADD 5
ADD 6

Electronic Voting Instructions

You can vote by Internet or telephone!
Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 1:00 a.m., Eastern Time, on May 21, 2009.

Vote by Internet

Log on to the Internet and go to www.envisionreports.com/AMRB

Follow the steps outlined on the secured website.

Vote by telephone

Call toll free 1-800-652-VOTE (8683) within the United States, Canada & Puerto Rico any time on a touch tone telephone. There is **NO CHARGE** to you for the call.

Follow the instructions provided by the recorded message.

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas. **X**

Annual Meeting Proxy Card

C0123456789 12345

123456

IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

A Proposals The Board of Directors recommends a vote **FOR** all the nominees listed and **FOR** Proposals 2 and 3.

- 1. To elect as Directors the nominees set forth below to serve until the 2010 Annual Meeting of Shareholders and until their successors are elected and qualified. The proxy holders named on the other side are hereby granted discretionary authority to cumulate votes represented by the shares covered by this proxy in the election of Directors.

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01 - Dorene C. Dominguez 02 - Stephen H. Waks 03 - Michael A. Ziegler 04 - Charles D. Fite
 05 - Robert J. Fox 06 - Philip A. Wright 07 - Roger J. Taylor, D.D.S.

Mark here to vote **FOR** all nominees

Mark here to **WITHHOLD** vote from all nominees

For All **EXCEPT** - To withhold a vote for one or more nominees, mark the box to the left and the corresponding numbered box(es) to the right.

01	02	03	04	05	06	07
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	For	Against	Abstain
2. To approve the amendment of the Company's articles of incorporation to authorize the issuance of preferred stock.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	For	Against	Abstain
3. To ratify the selection of Perry-Smith LLP as the Company's independent registered public accounting firm for the 2009 fiscal year.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. Other Business. To transact such other business as may properly come before the Meeting and any and all postponements or adjournments thereof.

B Non-Voting Items

Change of Address Please print new address below.

Meeting Attendance Mark box to the right if you plan to attend the Annual Meeting.

C Authorized Signatures This section must be completed for your vote to be counted. Date and Sign Below

Please date and sign exactly as your name(s) appear(s) on your stock certificate(s). When signing as attorney, executor, conservator, administrator, trustee, guardian, officer, or in a similar representative capacity, please give full title as such. If a corporation, please sign the full corporate name by the president or other authorized officer. If a partnership, please sign the full partnership name by an authorized partner. If more than one trustee, all should sign. All joint owners should sign.

Date (mm/dd/yyyy)	Please	Signature 1	Please keep	Signature 2	Please keep
	print date below.		signature within the box.		signature within the box.

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ELECTRONIC DELIVERY OF FUTURE SHAREHOLDER COMMUNICATIONS

If you would like to reduce the costs incurred by American River Bankshares in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports to shareholders electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access shareholder communications electronically in future years

IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

Proxy AMERICAN RIVER BANKSHARES

**PROXY FOR THE 2009 ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 21, 2009**

The undersigned holder of common stock of American River Bankshares acknowledges receipt of a copy of the Notice of 2009 Annual Meeting of Shareholders of American River Bankshares and the accompanying Proxy Statement dated April 10, 2009 and revoking any Proxy heretofore given, hereby constitutes and appoints David T. Taber and Mitchell A. Derenzo, and each of them, with full power of substitution, as attorneys and proxies to appear and vote all of the shares of common stock of American River Bankshares standing in the name of the undersigned which the undersigned could vote if personally present and acting at the 2009 Annual Meeting of Shareholders of American River Bankshares to be held at 3100 Zinfandel Drive, Ste. 450, Rancho Cordova, California on May 21, 2009 at 3:00 p.m. or at any postponements or adjournments thereof, upon the items listed on the reverse side as set forth in the Notice of Meeting and Proxy Statement and to vote according to their discretion on all other matters which may be properly presented for action at the meeting or any and all postponements or adjournments thereof.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE PROPOSALS. THE PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED. IF NO DIRECTION IS MADE, IT WILL BE VOTED FOR EACH OF THE PROPOSALS.

THIS PROXY IS SOLICITED BY, AND ON BEHALF OF, THE BOARD OF DIRECTORS AND MAY BE REVOKED PRIOR TO ITS EXERCISE.

PLEASE SIGN AND DATE ON REVERSE SIDE