AMERICAN RIVER BANKSHARES
Form DEF 14A
April 08, 2011

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 Filed by a Party other than the Registrant ¨

Check the appropriate box:

o Preliminary Proxy Statement

o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

x Definitive Proxy Statement

o Definitive Additional Materials

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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AMERICAN RIVER BANKSHARES

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
May 19, 2011

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 19, 2011 at 3:00 p.m., at the Sacramento Marriott Rancho Cordova, 11211 Point East Drive, Rancho Cordova, California 95742 for the following purposes:

1. Election of Directors. To elect nominees, Charles D. Fite, Robert J. Fox, William A. Robotham, David T. Taber, Roger J. Taylor, D.D.S., Stephen H. Waks, Philip A. Wright and Michael A. Ziegler to serve until the 2012 Annual Meeting of Shareholders and until their successors are duly elected and qualified;

2. 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 fiscal year ending December 31, 2011;

3. Executive Compensation: To hold an advisory (non-binding) vote on the Company's executive compensation ("Say-On-Pay");

4. Frequency of Vote: To hold an advisory (non-binding) vote on the frequency of future Say-On-Pay votes; and

5. 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 28, 2011 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

Stephen H. Waks
Corporate Secretary

Dated: April 8, 2011

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 19, 2011

INTRODUCTION

This proxy statement is furnished in connection with the solicitation of proxies for use at the 2011 Annual Meeting of Shareholders (the "Meeting") of American River Bankshares (the "Company") to be held on Thursday, May 19, 2011, at 3:00 p.m., at the Sacramento Marriott Rancho Cordova, 11211 Point East Drive, Rancho Cordova, California 95742 for the following purposes and at any and all postponements or adjournments thereof. Only shareholders of record on March 28, 2011 (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 9,874,867 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 ratification of the selection of Perry-Smith LLP as the Company's independent registered public accounting firm for the 2011 fiscal year, "FOR" approval on an advisory (non-binding) basis of the Company's executive compensation ("Say-On-Pay"), and "FOR" approval on an advisory (non-binding) basis of the frequency of future Say-On-Pay votes. 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.

Votes cast will be counted by the Inspector of Election for the Meeting. The Inspector will treat abstentions and "broker non-votes" as shares that are present and entitled to vote for purposes of determining the presence of a quorum, but they are not treated as shares voted on any proposal and therefore will have no effect upon the outcome of any proposal. Broker non-votes are 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. In the election of directors, the nominees receiving the highest number of votes will be elected. Approval of any proposal (other than the election of directors) requires the affirmative vote of a majority of the shares represented and voting at the Meeting (unless a greater number is required as described in a proposal), which also constitutes at least a majority of required quorum.

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 19, 2011 to ensure that your vote is counted.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of March 28, 2011, concerning the equity ownership of the Company's directors, director-nominees, and the executive officers named in the Summary Compensation Table, shareholders known to us to beneficially own more than 5% of our common stock, 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	39,420	(3)	0.4	%
Mitchell A. Derenzo	67,425	(4)	0.7	%
Charles D. Fite	173,674	(5)	1.8	%
Robert J. Fox	75,105	(6)	0.8	%
William A. Robotham	95,972	(7)	1.0	%
David T. Taber	188,129	(8)	1.9	%
Roger J. Taylor, D.D.S.	71,601	(9)	0.7	%
Douglas E. Tow	33,674	(10)	0.3	%
Stephen H. Waks	85,344	(11)	0.9	%
Philip A. Wright	63,058	(12)	0.6	%
Michael A. Ziegler	29,401	(13)	0.3	%
All directors, director-nominees, and executive officers as a group (11 persons)	922,803	(14)	9.1	%

5% or Greater Owners of Voting Securities Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership		Percent of Class	
Wellington Management Company LLP 75 State Street, Boston, MA 02109	771,139	(15)	7.8	%
Sandler O'Neill Asset Management LLC 780 Third Avenue, 5th Floor, New York, NY 10017	860,000	(16)	8.7	%
Endeavor Capital Advisors Inc. 289 Greenwich Avenue, 2nd Floor, Greenwich, CT 06830	638,770	(17)	6.5	%
The Banc Funds Company, LLC. 20 North Wacker Drive, Suite 3300 Chicago, IL 60606	566,348	(18)	5.7	%

(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 and restricted stock.

(3) Includes 22,810 shares which Mr. Bender has the right to acquire upon the exercise of stock options within 60 days of the Record Date and 1,999 restricted shares.

(4) Includes 23,864 shares which Mr. Derenzo has the right to acquire upon the exercise of stock options within 60 days of the Record Date and 1,999 restricted shares.

(5) Includes 14,200 shares which Mr. Fite has the right to acquire upon the exercise of stock options within 60 days of the Record Date and 1,430 restricted shares.
(6) Includes 12,901 shares which Mr. Fox has the right to acquire upon the exercise of stock options within 60 days of the Record Date and 1,430 restricted shares.
(7) Includes 12,901 shares which Mr. Robotham has the right to acquire upon the exercise of stock options within 60 days of the Record Date and 1,430 restricted shares.
(8) Includes 49,954 shares which Mr. Taber has the right to acquire upon the exercise of stock options within 60 days of the Record Date and 5,919 restricted shares.
(9) Includes 21,513 shares which Doctor Taylor has the right to acquire upon the exercise of stock options within 60 days of the Record Date and 1,430 restricted shares.
(10) Includes 23,041 shares which Mr. Tow has the right to acquire upon the exercise of stock options within 60 days of the Record Date and 1,999 restricted shares.
(11) Includes 22,181 shares which Mr. Waks has the right to acquire upon the exercise of stock options within 60 days of the Record Date and 1,430 restricted shares.
(12) Includes 2,059 shares which Mr. Wright has the right to acquire upon the exercise of stock options within 60 days of the Record Date and 1,430 restricted shares.

(13) Includes 19,397 shares which Mr. Ziegler has the right to acquire upon the exercise of stock options within 60 days of the Record Date and 1,430 restricted shares.

(14) Includes 224,821 shares subject to stock options exercisable within 60 days of the Record Date and 21,926 restricted shares.

(15) This information is taken from a Schedule 13G as of December 31, 2010, provided to the Company via certified mail, dated February 12, 2010. Under which Wellington Management, LLP, in its capacity as investment adviser, may be deemed to beneficially own all 771,139 shares. Additionally, Wellington Management, LLP, filed a Form 13F as of December 31, 2010, with the Securities and Exchange Commission on February 14, 2011 indicating the ownership of 771,139 shares.

(16) Sandler O'Neill Asset Management LLC filed Schedule 13D with the Securities and Exchange Commission on December 16, 2009, as of December 7, 2009. Based on the Schedule 13G/A, Malta Partners, L.P., a Delaware limited partnership, beneficially owns 17,000 shares; Malta Hedge Fund, L.P., a Delaware limited partnership, beneficially owns 55,500 shares; Malta Hedge Fund II, L.P., a Delaware limited partnership, beneficially owns 280,100; Malta Offshore, Ltd., a Cayman Islands company, beneficially owns 100,000 shares; and SOAM Capital Partners, a Delaware limited partnership, beneficially owns 300,000 shares. Additionally, Sandler O'Neill Asset Management LLC filed a Form 13F as of December 31, 2010, with the Securities and Exchange Commission on February 14, 2011, indicating the ownership of 860,000 shares.

(17) This information is taken from Schedule 13G/A as of December 31, 2010, filed with the Securities and Exchange Commission on February 9, 2011. Based on the Schedule 13G/A, the reporting person is controlled by Laurence M. Austin and Mitchell J. Katz, who may also be deemed to be the beneficial owners of 638,770 shares.

(18) This information is taken from Schedule 13G/A as of December 31, 2010, filed with the Securities and Exchange Commission on February 11, 2011. Based on the Schedule 13G/A, The Banc Funds Company, L.L.C., is an Illinois corporation whose principal shareholder is Charles J. Moore. Mr. Moore is the manager and has voting and disposition power over 566,348 shares.

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 (iii) by the written consent of the holders of a majority of the outstanding shares entitled to vote.

The Board of Directors fixed the number in the authorized range at eight (8). The Board of Directors has nominated the eight incumbent directors named below for election as directors of the Company and to apprise you of their qualifications to serve as directors, we include the information below concerning each of the director nominees, as of the Record Date, that each director has given us regarding age, current positions held, principal occupation and business experience for the past five years, and the names of other publicly-held companies of which the director currently serves as a director or has served as a director during the past five years. In addition to the information presented regarding each nominee's specific experience, qualifications, attributes and skills that led the Nominating Committee to recommend that our Board of Directors nominate these individuals, all of the nominees have a reputation for honesty, integrity and adherence to high ethical standards. The nominating committee also believes that the nominees possess the willingness to engage management and each other in a positive and collaborative fashion, and are prepared to make the significant commitment of time and energy to serve on our board and its committees.

The following persons are the nominees of the Board of Directors for election to serve for a one-year term until the 2012 annual meeting of shareholders and until their successors are duly elected and qualified:

CHARLES D. FITE Age: 53. Director since 1993; Principal Occupation: President, Fite Development Company in Sacramento since 1980. President, Fite Properties Inc. since 1999 and President, Fite Construction Inc. since 1999.

Mr. Fite is President of the Fite Development Company, founded in 1970 by D. Bruce Fite. As President, Mr. Fite is involved in all aspects of the company's operations including development, management, marketing and financing of both existing and proposed projects. Mr. Fite also oversees his company's newest projects and continues his family's tradition of hard work and honest commitment to well-planned business deals with exceptional civic-minded concern for the community as well. Presently, Mr. Fite serves on the Board of EMQ Families First Inc., a provider of foster family and mental health services for children and also serves as Chair of the American River Bankshares Foundation, a non-profit organization whose mission is to serve the needs of the most vulnerable women and children within our communities. Mr. Fite is a licensed real estate broker and has 30 years experience as a real estate developer. He has been the Chairman of the Board of American River Bankshares since 2001. Mr. Fite's qualifications to serve as Chairman of our Board include his business acumen, integrity, leadership and knowledge of the commercial real estate market as well as his community service.

ROBERT J. FOX Age: 66. Director since 2004; Principal Occupation: Partner, Gallina LLP, Certified Public Accountants in Sacramento since 1976.

Mr. Fox has been a Partner at S.J. Gallina & Co. LLP, Certified Public Accountants in Sacramento since 1974 and a Partner since 1976. Mr. Fox has been a practicing CPA for 42 years. He has planned, supervised and managed audits of privately held companies with revenue in excess of $100,000,000 and designed, implemented and evaluated internal and organizational controls. He serves as the financial expert of American River Bankshares Audit Committee and is the Chairman of American River Banks' Loan Committee. Mr. Fox's vast experience working with various organizations in many aspects of the financial process offers a valuable perspective to our Board.

WILLIAM A. ROBOTHAM Age: 69. Director since 2004; Principal Occupation: Executive Partner, Pisenti & Brinker LLP, Certified Public Accountants in Santa Rosa since 1996.

Mr. Robotham has been a Certified Public Accountant since 1967. He joined Pisenti & Brinker LLP in 1966, became a partner in 1969, managing partner in 1983 and executive partner in 1996. He has served as the partner-in-charge of the Auditing and Accounting department, the Tax department and the Management Advisory Services department. Mr. Robotham currently works in tax, general practice and management consulting for the firm. Mr. Robotham serves at the Chairman of the Audit Committee for American River Bankshares. Mr. Robotham was a Founder and a Director of North Coast Bank. He is also a director of American TonerServ Corp. (ASVP:OB), a Delaware corporation with an office in Santa Rosa that operates as a national distributor of compatible printer toner cartridges in the United States. The company also remanufactures compatible cartridges, as well as provides service and maintenance for office equipment. Mr. Robotham has been on the Board of American TonerServ Corp. since 2006 and also serves as its Audit Chairman. Mr. Robotham has also been the President of Randal Nutritional Products, Inc. ("Randal") since 2000. Randal is based in Santa Rosa and has been manufacturing nutritional products since 1947. Mr. Robotham is also a Founding Board Member of the American River Bankshares Foundation and serves as the Foundation's Vice Chairman. Mr. Robotham's experience in public and private business and his more than 40 years in the field of public accounting led us to conclude he should serve on our Board.

DAVID T. TABER Age: 50. Director since 1989; Principal Occupation: President and Chief Executive Officer of American River Bankshares since 1995.

Mr. Taber has been with American River Bankshares since 1985 serving in executive roles including Chief Financial Officer, Chief Operating Officer and currently President and Chief Executive Officer. Mr. Taber was first elected to the Board of American River Bank in 1989. Mr. Taber held a leadership role with the Western Independent Bankers serving as its Chairman for the 2009/2010 year. He also held leadership roles in the past with the California Bankers Association, California Community Bankers and served on the Community Bankers Council for the American Bankers Association. Mr. Taber is also a Founding Board Member of the American River Bankshares Foundation and serves as the Foundation's President. Mr. Taber's experience, including his more than fifteen years as Chief Executive Officer of American River Bankshares and his leadership role in transforming the Company into a NASDAQ listed public company qualify Mr. Taber to serve on our Board.

ROGER J. TAYLOR, D.D.S. Age: 65. Director since 1983; Principal Occupation: Dentist (Retired). Director of Taylor's Investment Company since 1994; National Executive Director, Impax Health Prime since 1994.

Dr. Taylor was a founding Board member of American River Bank in 1983 and is currently Vice Chairman of the Board of American River Bankshares. He is a retired dentist. Since 1994, Dr. Taylor has served as the National Executive Director for Impax Health Prime, Inc., a food supplement company. Dr. Taylor has been a director of Taylor's Investment Company, a family owned real estate company since 1994. Dr. Taylor also has served as a director for El Dorado Hills Community Vision, Inc. ("Community Vision") since 2005. Community Vision works through

Vision Coalition of El Dorado Hills to help mobilize the community of El Dorado Hills to adopt youth-friendly programs and policies, and to help prevent and reduce youth substance abuse and other teen health issues. Dr. Taylor's experience with our Company and understanding of our business strategies is reflected in his more than twenty-five years of service on our Board.

STEPHEN H. WAKS Age: 64. Director since 1986; Principal Occupation: Attorney-at-Law; Owner of Waks Law Corporation since 1979.

Mr. Waks has been a practicing attorney for more than 35 years, including more than 32 years practicing law in Sacramento. His law practice has focused on real estate law, tax law and business law. In his law practice, Mr. Waks has developed expertise in dealing both on a business level and on a legal level with many banks and financial institutions. He has also represented many clients as they negotiated and documented business and real estate loans. His knowledge of the local real estate market and his experience has made him knowledgeable about the opportunities that exist for a community bank to improve its services and operations and makes his continued service to the Board a valuable asset.

PHILIP A. WRIGHT Age: 64. Director since 2009; Principal Occupation: Real Estate Broker and Owner of Wright Investment Inc. dba Prudential California Realty since 1984; Developer, Wright Investment since 1984 and President, Trowbridge & Wright Investment Inc. since 1976.

Mr. Wright was a founding member of North Coast Bank and was the first Chairman of the Board from 1990 to 1995. He remained on the North Coast Bank Board until 2003 and joined the American River Bank Board in 2004 when the two banks merged. Mr. Wright was named to the American River Bankshares Board in 2009. He attended the Anthony School of Real Estate where he received both his California Real Estate License and his California Real Estate Brokers License. He owned a mortgage company for four years and presently manages his own real estate business. Mr. Wright has been involved in subdividing and marketing land in Sonoma County since 1977, which included processing all governmental permits, project financing, budgets, construction bidding and overseeing construction of the final product. Mr. Wright's extensive experience in the real estate business as well as in the banking industry qualifies him to serve as a member of our Board.

MICHAEL A. ZIEGLER Age: 66. Director since 2002; Principal Occupation: President and Chief Executive Officer of Pride Industries in Roseville, California.

As President/CEO of PRIDE Industries, Mr. Ziegler oversees a company with over $160 million in sales and more than 4,000 part-time and full time employees working throughout the country. Mr. Ziegler attended the San Francisco State University and completed his MBA at the University of San Francisco. He was a graduate of the Stanford Small Business Executive Program and has an Honorary Ph.D. from the Golden Gate University. His entrepreneurial background revolves around business ownership, sales/marketing and leadership. He serves on the Board of Directors of California Chamber of Commerce, Teichert Inc., Sacramento Region Community Foundation, PRIDE Foundation, the Editorial Board of Comstock's Business Magazine, Sacramento Host Committee, and he is a Founding member of the board of directors and a Senior Fellow of the American Leadership Forum Mountain Valley Chapter. Mr. Ziegler's experience in running a large-scale company including his involvement in many academic and community activities makes him a valuable member of our Board.

All proxies will be voted for the election of the eight 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.

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.

None of the Company's directors, nominees for election as directors listed above, or executive officers listed on page 3, were selected pursuant to any arrangement or understanding other than with the directors and executive officers of the Company acting within their capacities as such. There are no family relationships between any two or more of the directors, nominees for director, or executive officers. Except as disclosed above, no director or officer of the Bank currently serves, or within the last five years has served, as a director of any public company, including any company which has a class of securities registered under, or which is subject to the periodic reporting requirements of, the Securities Exchange Act of 1934, or of any company registered as an investment company under the Investment Company Act of 1940. None of the nominees were subject to any legal, judicial or administrative proceedings involving or based on violations of federal or state securities, commodities, banking or insurance laws and regulations or settlements thereof, involvement in mail or wire fraud or fraud in connection with any business entity, any disciplinary sanctions or orders imposed by a stock, commodities or derivatives exchange or other self-regulatory organization, convictions in a criminal proceeding (excluding traffic violations and minor offenses) or had a petition under bankruptcy laws filed against themselves or an affiliate, in each case within the last ten years.

Recommendation of Management

The Board of Directors recommends a vote "FOR" each of the eight (8) nominees listed above.

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-employee 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.

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.

Leadership Structure

The positions of Board Chair and President and Chief Executive Officer are filled by different persons. Mr. Fite, an independent director, serves as Board Chairman, while Mr. Taber serves as President and Chief Executive Officer. The Board believes that separating the roles of Chairman and Chief Executive Officer ("CEO") is preferable and in the best interests of shareholders because it gives our independent directors a significant role in board direction and agenda setting and enhances the Board's ability to fulfill its oversight responsibilities, inclusive of senior management. Separating the positions also provides an independent viewpoint and focus at board meetings, and improves communication between management and the Board by giving our CEO a single initial source for board-level communication and input on significant decisions.

Risk Oversight

Risk management is the responsibility of management and risk oversight is the responsibility of the Board. The Board administers its risk oversight function principally through its division of responsibility within its committee structure, with each board committee being responsible for overseeing risk within its area of responsibility. For example, the Loan Committee of American River Bank (the "Loan Committee") plays an important role in overseeing our loan functions and monitoring related risks. Responsibilities of our various committees are discussed under each committee in this proxy statement. Significant risk oversight matters considered by the committees are reported to and considered by the Board. Some significant risk oversight matters are reported directly to the Board, including matters not falling within the area of the responsibility of any committee. Types of risks with the potential to adversely affect the Company include credit, interest rate, liquidity, and compliance risks, and risks relating to our operations and reputation.

Management regularly provides the Board and its various committees with a significant amount of information regarding a wide variety of matters affecting the Company. Matters presented to the Board and its committees generally include information with respect to risk. The Board and its committees consider the risk aspects of such information and often request additional information with respect to issues that involve risks to the Company. The Board and its committees also raise risk issues on their own initiative.

To assist the Company with respect to enterprise risk management, and to assist the Board and its committees with respect to risk oversight, the Company has an Enterprise Risk Management Committee made up of appropriate management personnel that works to identify and assess risks across all parts of the Company. The Enterprise Risk Management Committee reports to the Board and all of its members attend either Board and/or other committee meetings as needed.

The Company does not believe the Board's risk oversight function has had a significant effect on the Board's leadership structure, although a change in leadership structure could result in changes in the implementation of the risk oversight function.

Review of Risk Associated With Compensation Plans

The Company develops and implements compensation plans that provide strategic direction to the participant and engages them in the Company's success, which contributes to shareholder value. We believe our approach to goal setting, establishing targets with payouts at multiple levels of performance, evaluation of performance results and negative discretion in the payout of incentives help to mitigate excessive risk-taking that could harm Company value or reward poor judgment by our executives. Compensation policies and practices are determined by reviewing compensation analyses including industry/market benchmarking reports to determine competitive pay packages. The Company's variable pay programs are designed to reward outstanding individual and team performance while mitigating risk taking behavior that might affect financial results. Performance incentive rewards for all plans continue to be focused on results that possibly impact earnings, profitability, credit quality, loan growth, deposit growth, sound operations and compliance, sustainable culture, and leadership excellence. Incentive plans, which are reviewed and revised on an annual basis, have defined terms and conditions which enable the Company to adjust the final scoring and payments under the plans. Generally, there is more oversight of plans that have a higher degree of risk, larger payouts, and that could have the greatest negative impact on the Company and Bank's safety and soundness, such as credit related risks. Plan reviews and approvals increase before any payments are made as the risks associated with a plan increase.

The Compensation Committee met with senior management officers, including the Human Resources Officer, of the Company to review the 2010 incentive compensation plans and concluded that, based on the controls described above and elsewhere in this proxy statement, those plans do not present risks that are reasonably likely to have a material adverse effect on the Company.

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 regulations 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, 2010, the Company believes all such filing requirements applicable to its directors, executive officers and ten percent shareholders were met.

Committees of the Board of Directors

Nominating Committee. The Nominating Committee, whose members are Charles D. Fite, 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 2010. 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 provisions of our Nominating Committee Charter regarding diversity, as a matter of practice, may seek or favor a candidate with particular areas of expertise that complement our existing Board composition or satisfy legal requirements. In general, we seek a board that includes a diversity of perspectives and a broad range of experiences and includes individuals that possess the background, skills, expertise, and commitment necessary to make a significant contribution to our Company. Qualified candidates are considered without regard to race, color, religion, sex, ancestry, national origin, disability, or any other factor that qualifies the candidate as a member of a protected class under applicable law.

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 4 through 6.

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 2010. See the Compensation Discussion and Analysis on page 17 and the Compensation Committee Charter attached to this proxy statement as ANNEX B for additional information regarding the functions of the Compensation Committee. Mr. Bustos resigned from the Board effective April 20, 2011. Mr. Ziegler was named the Chairman of the Compensation Committee in 2011.

Compensation Committee Interlocks and Insider Participation

The CEO is a non-voting 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 on CEO 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 whom the Company has leased one of its bank premises since 1985. The current lease terms and the Company's policy are disclosed on page 33 of this proxy statement.

Audit Committee. The Audit Committee, whose members are Amador S. Bustos, Robert J. Fox, William A. Robotham (Chairman), Dorene C. Dominguez and Roger J. Taylor, D.D.S., 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 five (5) times in 2010 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 36 and the Audit Committee Charter attached to this proxy statement as ANNEX C for additional information regarding the functions of the Audit Committee. Mr. Bustos resigned from the Board effective April 20, 2011 and Ms. Dominguez resigned from the Board effective May 18, 2011.

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 five (5) times during 2010. Ms. Dominguez resigned from the Board effective May 18, 2011.

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 2010. Mr. Bustos resigned from the Board effective April 20, 2011.

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 eighteen (18) times during 2010.

During 2010, the Company's Board of Directors held twelve (12) regular meetings. In addition, the Company's Board of Directors held four (4) "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 for Dorene C. Dominguez who attended 60% of the Finance & Capital Committee Meetings in 2010.

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 2010.

DIRECTOR COMPENSATION

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.

The Compensation Committee, upon approval of the Board of Directors, retained Amalfi Consulting, LLC (“Amalfi”), a compensation and benefits consulting firm. Amalfi served as an independent compensation consultant to advise the Compensation Committee on all matters related to the Board compensation and general compensation programs. Amalfi 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. At the recommendation of the Compensation Committee, Amalfi’s analysis focused on long-term incentive compensation. Based on Amalfi’s analysis, the Compensation Committee did not recommend nor did the Board of Directors approve any increase in cash compensation for directors in 2010. Based on the recommendation from Amalfi, the equity portion of director’s compensation was targeted at a dollar value of $10,000 per director per year.

For the analysis of the 2010 director compensation, the Compensation Committee, with the help of Amalfi, selected a compensation peer group of companies consisting of eighteen publicly traded banking companies headquartered on the West Coast with assets between $300 million and $1 billion (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 2010: Bank of Commerce Holdings, California United Bank, Central Valley Community Bancorp, Community Valley Bancorp, Community West Bankshares, FNB Bancorp, First Northern Community Bancorp, Heritage Oaks Bancorp, North Valley Bancorp, Northwest Bancorporation, Inc., Oak Valley Bancorp, Pacific Premier Bancorp, Inc., San Joaquin Bancorp, Sonoma Valley Bancorp, Summit State Bank, Tamalpais Bancorp, Valley Commerce Bancorp, and Washington Banking Company.

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	Stock Options: The Company's stock price performance; and Continued role with the Company during a five-year vesting period. Restricted Stock: The Company's stock price performance; and Continued role with the Company during the vesting period.	Maximize stock price performance; Increase director ownership in the Company; and Promote a long-term Company outlook.
Retirement Benefits	The Deferred Fee Plan is a nonqualified voluntary deferral program that allows the directors to tax-defer a portion of their cash compensation. The Director Emeritus Plan provides the director with retirement benefits for ongoing consulting.	Provides a tax-deferred retirement savings program. The Deferred Fee Plan is described in more detail on page 14 of this proxy statement. 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 14 of this proxy statement.

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 during 2010 did not change from 2009 and included a retainer of $800 per month, a fee of $400 for attendance at monthly board meetings, 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. The fee for attendance at each American River Bank board meeting was $275. 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 2010 by American River Bankshares and American River Bank to all directors are disclosed in the Director Compensation Table on page 15 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. In 2010, restricted stock was added as another form of long-term incentive compensation. The Compensation Committee believes the use of stock options and restricted stock, rather than other forms of long-term incentives, 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.

On March 17, 2010, the Board of Directors adopted the 2010 Equity Incentive Plan (the "2010 Plan"). The 2010 Plan was approved by the Company's shareholders on May 20, 2010. In 2000, the Board of Directors approved the American River Bankshares 2000 Stock Option Plan (the "2000 Stock Option Plan"). The 2000 Stock Option Plan was approved by the shareholders in September 2000. Both plans allow for performance-related awards for directors, executive officers and other key employees. The fair value related to stock option and restricted stock awards to directors is shown in the Director Compensation Table on page 15 of this proxy statement.

Awards to the directors and executive officers are generally made annually, at the same time as awards to the general eligible officer population. Award recommendations are made at Compensation Committee meetings scheduled in advance to meet appropriate deadlines for compensation related decisions. The Compensation Committee then recommends the awards to the full Board of Directors for their approval. The full Board of Directors approves all awards of equity compensation 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, or in the case of restricted stock, the total value of the award, using the closing price of the Company's stock price on the date of the award.

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 award. 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. Restricted stock awarded to the director will fully vest after a one-year term. A change of control may trigger accelerated vesting. In this instance, all unvested options and restricted stock will vest as of the date of the change in control.

Director equity awards are made after review of their performance for the preceding calendar year. The targeted awards are made based on factors including: (a) attendance at Board and committee meetings (30% of award target), (b) completion of a specified number of continuing education hours (40% of award target), and (c) prompt responses to management's requests for information required to complete and timely file regulatory filings (30% of award target). On July 21, 2010, Directors Bustos, Dominguez, Fite, Fox, Robotham, Taylor, Waks, Wright and Ziegler were awarded restricted stock with a value of $9,996 under the 2010 Plan. Based on the closing stock price on July 21, 2010 of $6.99 per share, each director received an award of 1,430 restricted shares of American River Bankshares common stock. See also the Director Compensation Table on page 15 and the Grants of Plan-Based Awards Table for Directors on page 16 of this proxy statement for more information regarding director equity awards.

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 2010, Directors Bustos and Ziegler participated in the Deferred Fee Plan and deferred $20,600 and $17,000, 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's 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 2010, 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 2010.

Name	Fees Earned or Paid in Cash ($)		Stock Awards ($) (1)	Option Awards ($) (2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (3)	Total ($)
Charles D. Fite	$ 34,025		$ 9,996	—	—	$ 44,021
Roger J. Taylor, D.D.S.	$ 21,125		$ 9,996	—	—	$ 31,121
Amador S. Bustos	$ 23,625	(4)	$ 9,996	—	$ 2,321	$ 35,942
Dorene C. Dominguez	$ 18,075	(5)	$ 9,996	—	—	$ 28,071
Robert J. Fox	$ 27,025		$ 9,996	—	—	$ 37,021
William A. Robotham	$ 24,375	(6)	$ 9,996	—	—	$ 34,371
Stephen H. Waks	$ 27,125		$ 9,996	—	—	$ 37,121
Philip A. Wright	$ 24,425	(7)	$ 9,996	—	—	$ 34,421
Michael A. Ziegler	$ 20,025	(8)	$ 9,996	—	$ 2,358	$ 32,379

(1) The amount reported in this column represents the fair value of restricted stock awarded during the years shown in accordance with FASB ASC Topic 718. Please refer to footnote 2 to our audited financial statements included in our annual report to shareholders for the year ended December 31, 2010 for a discussion of the assumptions related to the calculation of such value. 1,430 shares of restricted stock were awarded to each director on July 21, 2010.

(2) There were no stock options awarded during 2010. As of December 31, 2010, the aggregate number of unexercised stock options (vested and unvested) held by each director is as follows: Mr. Fite, 17,542; Dr. Taylor, 23,852; Mr. Bustos, 15,129; Ms. Dominquez, 4,873; Mr. Fox, 26,243; Mr. Robotham, 16,243; Mr. Waks, 25,523; Mr. Wright, 4,360, and Mr. Ziegler, 22,739.

(3) Amount represents the preferential rate paid on amounts deferred under the Deferred Fee Plan. See page 14 of this proxy statement for discussion of Deferred Fee Plan.

(4) Mr. Bustos deferred $20,600 of the total earned in 2010 under the Deferred Fee Plan. See page 14 of this proxy statement for discussion of Deferred Fee Plan. Mr. Bustos resigned from the Board effective April 20, 2011.

(5) Ms. Dominguez resigned from the Board effective May 18, 2011.

(6) 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.

(7) Includes $1,000 for fees earned in connection with Mr. Wright's role on the advisory Board for North Coast Bank, a division of American River Bank.

(8) Mr. Ziegler deferred $17,000 of the total earned in 2010 under the Deferred Fee Plan. See page 14 of this proxy statement for discussion of Deferred Fee Plan.

Grants of Plan-Based Awards Table for Directors

The following table summarizes the restricted stock awards pursuant to the Company's 2010 Plan to the Company's non-employee directors (excluding David Taber) in the fiscal year ended December 31, 2010. Shareholders approved the 2010 Plan on May 20, 2010. All of the awards were made on July 21, 2010. All restricted stock awarded to the directors fully vest one year after the award date. Restricted stock may become vested in full in the event of a change of control as defined in the 2010 Plan. There were no awards made during 2010 under the Company's 2000 Stock Option Plan.

Name	Grant Date	All Other 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	7/21/2010	1,430	$ —	$ 9,996
Roger J. Taylor, D.D.S.	7/21/2010	1,430	$ —	$ 9,996
Amador S. Bustos	7/21/2010	1,430	$ —	$ 9,996
Dorene C. Dominguez	7/21/2010	1,430	$ —	$ 9,996
Robert J. Fox	7/21/2010	1,430	$ —	$ 9,996
William A. Robotham	7/21/2010	1,430	$ —	$ 9,996
Stephen H. Waks	7/21/2010	1,430	$ —	$ 9,996
Philip A. Wright	7/21/2010	1,430	$ —	$ 9,996
Michael A. Ziegler	7/21/2010	1,430	$ —	$ 9,996

(1) It is the Company's policy that the award price for each restricted share is the market value as of the close of the market on the date of award. There is no dollar amount of consideration paid by the Director on the award or vesting date of a restricted stock award.

(2) The amount reported in this column represents the fair value of restricted stock awarded during the years shown in accordance with FASB ASC Topic 718. Please refer to footnote 2 to our audited financial statements included in our annual report to shareholders for the year ended December 31, 2010 for a discussion of the assumptions related to the calculation of such value. Fair value is based on the closing price of $6.99 per share on July 21, 2010.

EXECUTIVE OFFICERS

The executive officers of the Company during 2010 were the following persons:

NAME	AGE	OFFICER SINCE	PRINCIPAL OCCUPATION DURING THE PAST FIVE YEARS
David T. Taber	50	1985	President and Chief Executive Officer, American River Bankshares since 1995. Chief Executive Officer of American River Bank since 2004.
Mitchell A. Derenzo	49	1992	Executive Vice President and Chief Financial Officer of American River Bankshares since 1995. Chief Financial Officer of American River Bank since 1992.
Kevin B. Bender	47	1999	Executive Vice President and Chief Operating Officer since September 14, 2009. Executive Vice President and Chief Information Officer of American River Bankshares from 2005 to 2009.
Douglas E. Tow	56	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.

Recommend to the Board of Directors, annual equity awards to the Executives, board members and other key employees, pursuant to Board of Directors approved option award 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 2009, the Compensation Committee retained Amalfi Consulting, LLC, ("Amalfi") a compensation and benefits-consulting firm. Amalfi served as an independent compensation consultant to advise the Compensation Committee on all matters related to the Executives' compensation and general compensation programs (including the American River Bankshares 2010 Equity Incentive Plan) for 2010. Amalfi also provided guidance on industry best practices. Amalfi 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 award levels for stock based compensation, (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.

Other than compensation related consulting described above, Amalfi did not provide any other services. The Board of Directors and management do not believe the services provided by Amalfi create a conflict of interest. No services performed by Amalfi exceeded in the aggregate, more than $120,000 in the last fiscal year.

Peer Group and Benchmark Targets

The Compensation Committee maintained its basic compensation peer group, which was determined with the help of Amalfi in 2010, consisting of eighteen publicly traded banking companies headquartered on the West Coast with assets between $300 million and $1 billion (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 2010: Bank of Commerce Holdings, California United Bank, Central Valley Community Bancorp, Community Valley Bancorp, Community West Bankshares, FNB Bancorp, First Northern Community Bancorp, Heritage Oaks Bancorp, North Valley Bancorp, Northwest Bancorporation, Inc., Oak Valley Bancorp, Pacific Premier Bancorp, Inc., San Joaquin Bancorp, Sonoma Valley Bancorp, Summit State Bank, Tamalpais Bancorp, Valley Commerce Bancorp, and Washington Banking Company. An analysis based on trailing twelve month data as of June 30, 2009 shows that the Company ranked 1st in Return on Average Assets and 2nd in Return on Equity compared with the Peer Group.

Compensation Benchmarking Relative to Market

Using the data from the Peer Group and other industry sources (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, and strengths and weaknesses. Following this presentation and a review of the Survey Data, the Compensation Committee makes its own assessments and approves the compensation for each Executive.

In 2010, based on review of the Survey Data, the Compensation Committee recommended to the Board of Directors that an increase to base salary was not warranted, with the exception of Kevin Bender. Mr. Bender's salary was increased in 2010, as a result of his promotion to Chief Operating Officer in September 2009. The Compensation Committee also recommended adjusting the annual incentive plan target for the Chief Executive Officer from 60% to 50% with the range potential of 25% to 75% of base salary. The Compensation Committee also recommended that Messrs. Derenzo, Tow and Bender's incentive compensation targets be changed from 35% to 30% with the potential range from 15% to 45% of their base salary. The Compensation Committee also recommended that long-term equity incentives be awarded at 60% of target for 2010 based on the Company not meeting its financial objectives in 2009 yet recognizing the progress made to improve the Company. In July of 2010, restricted stock awards were made to the Executives.

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	Stock Options and Restricted Stock:	Maximize stock price performance;
	The Company's stock price performance; and	Increase Executive ownership in the Company; and
	Continued employment with the Company during a five-year vesting period.	Retention in a challenging business environment and competitive labor market.
Retirement Benefits	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.	Encourages retention of Executives for the balance of his/her career.
	The Company offers a qualified 401(k) program that the Executives are eligible to participate in.	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 25 of this proxy statement.
	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.	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 31 of this proxy statement.
	The Salary Continuation Plans are nonqualified, noncontributory plans that provide the Executives with retirement benefits.	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 26 of this proxy statement.

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.
Additional Benefits and Perquisites	Active participation in business promotional activities on behalf of the Company.	The Chief Executive Officer is provided the use of Company owned autos to promote Company business in the Company's market area and for incidental personal use. A club membership has also been approved for the Chief Executive Officer for future implementation to promote the Company business.
Change in Control and Termination Benefits	The employment agreements provide severance benefits if an Executive's employment is terminated within two years after a change in control.	Change in control severance benefits are designed to retain the Executives and provide continuity of management in the event of an actual or threatened change in control. The employment agreements are described in more detail on page 27 of this proxy statement.

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 2010, 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 2010 are shown in the Summary Compensation Table on page 29.

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 earned 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.