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AMERICAN RIVER HOLDINGS
Form DEF 14A
April 28, 2003

AMERICAN RIVER HOLDINGS

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
May 22, 2003

TO THE SHAREHOLDERS OF AMERICAN RIVER HOLDINGS:

NOTICE IS HEREBY GIVEN that, pursuant to the call of its Board of Directors, the Annual Meeting of Shareholders (the "Meeting") of American River Holdings (the "Company") will be held on Thursday, May 22, 2003 at 5:30 p.m., at the Corporate Offices of the Company, located at 1545 River Park Drive, Suite 107, Sacramento, California 95815, for the purpose of considering and voting upon the following matters:

1. Election of Directors. To elect the following nominees of the Board of Directors as Class III Directors to serve until the 2006 Annual Meeting of Shareholders and until their successors are elected and qualified:

M. Edgar Deas Charles D. Fite David T. Taber Stephen H. Waks
2. Ratification of Independent Public Accountants. To ratify the appointment of Perry-Smith LLP as independent public accountants for the 2003 fiscal year.
3. Other Business. To transact such other business as may properly come before the Meeting and any 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

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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 April 17, 2003 as the record date for determination of shareholders entitled to notice of, and to vote at, the Meeting and any postponements or adjournments thereof.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ MARJORIE G. TAYLOR

Marjorie G. Taylor
Corporate Secretary

Dated: April 28, 2003

PLEASE SIGN AND RETURN THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE AND INDICATE IF YOU WILL ATTEND THE MEETING IN PERSON.

AMERICAN RIVER HOLDINGS
PROXY STATEMENT
FOR
ANNUAL MEETING OF SHAREHOLDERS
May 22, 2003

INTRODUCTION

These Proxy materials are furnished in connection with the solicitation of Proxies for use at the 2003 Annual Meeting of Shareholders (the "Meeting") of American River Holdings (the "Company") to be held on Thursday, May 22, 2003 at 5:30 p.m., at the Corporate Offices of the Company located at 1545 River Park Drive, Suite 107, Sacramento, California 95815, and at any and all postponements or adjournments thereof. Only shareholders of record on April 17, 2002 (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 2,652,831 shares of the Company's no par value Common Stock.

It is expected that this Proxy Statement and the accompanying Notice, Proxy Card and Annual Report to Shareholders will be mailed on or about April 28, 2003 to shareholders eligible to receive notice of, and to vote at, the Meeting.

Revocability of Proxies

A Proxy Card 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 Card.

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Unless otherwise directed in the accompanying Proxy Card, the shares represented by your executed Proxy will be voted "FOR" the nominees for election of directors named herein, and "FOR" the ratification of Perry-Smith LLP as independent public accountants. If any other business is properly presented at the Meeting, 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 these Proxy materials 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 proxies 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 by proxy or in person at the Meeting will be counted by the Inspectors of Election for the Meeting. The Inspectors 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.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of the Record Date, April 17, 2003, no individual known to the Company owned more than five percent (5%) of the outstanding shares of its Common Stock, except as described below.

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Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (1)
Common Stock	Keefe Managers, LLC 375 Park Avenue, 23rd Floor New York, New York 10152	143,383	5.40%

(1) Percentage calculated based on 2,652,831 shares outstanding as of the Record Date.

The following table sets forth information as of April 17, 2003, concerning the equity ownership of the Company's directors, Class III Director nominees and the executive officers named in the Summary Compensation Table, and directors, Class III Director nominees and executive officers as a group. Unless otherwise indicated in the notes to the table, each director and executive officer listed below possesses sole voting power and sole investment power 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 table does not include James O. Burpo, who resigned his Board seat on September 18, 2002, or Kathryn A. Pinkard who resigned as President and Chief Executive Officer of North Coast Bank on January 27, 2003. 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)
M. Edgar Deas	31,491 (3)	1.2%
Mitchell A. Derenzo	29,527 (4)	1.1%
Charles D. Fite	67,585 (5)	2.5%
Sam J. Gallina	80,354 (6)	3.0%
Wayne C. Matthews, M.D.	67,684	2.6%
David T. Taber	89,042 (7)	3.3%
Marjorie J. Taylor	38,529	1.5%
Roger J. Taylor, D.D.S.	75,356 (8)	2.8%
Douglas E. Tow	16,548 (9)	0.6%
Stephen H. Waks	32,120 (10)	1.2%
Larry L. Wasem	41,292 (11)	1.6%
William L. Young	94,528 (12)	3.5%
Michael A. Ziegler	1,553	0.1%
All directors and executive officers as a group (13 persons)	665,609 (13)	23.0%

- (1) The address for all persons listed is c/o American River Holdings, 1545 River Park Drive, Suite 107, California, 95815.
- (2) Includes shares of Common Stock subject to stock options exercisable within 60 days of the record date.
- (3) Includes 16,150 shares which Mr. Deas has the right to acquire upon the exercise of stock options within 60 days of the record date.
- (4) Includes 20,101 shares which Mr. Derenzo has the right to acquire upon the exercise of stock options within 60 days of the record date.
- (5) Includes 20,100 shares which Mr. Fite has the right to acquire upon the exercise of stock options within 60 days of the record date.

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- (6) Includes 20,100 shares which Mr. Gallina has the right to acquire upon the exercise of stock options within 60 days of the record date.
- (7) Includes 50,255 shares which Mr. Taber has the right to acquire upon the exercise of stock options within 60 days of the record date.
- (8) Includes 20,100 shares which Dr. Taylor has the right to acquire upon the exercise of stock options within 60 days of the record date.
- (9) Includes 13,903 shares which Mr. Tow has the right to acquire upon the exercise of stock options within 60 days of the record date.
- (10) Includes 12,061 shares which Mr. Waks has the right to acquire upon the exercise of stock options within 60 days of the record date.
- (11) Includes 17,544 shares which Mr. Wasem has the right to acquire upon the exercise of stock options within 60 days of the record date.
- (12) Includes 50,255 shares which Mr. Young has the right to acquire upon the exercise of stock options within 60 days of the record date.
- (13) Includes 240,569 stock options outstanding to purchase common stock exercisable within 60 days of the record date.

PROPOSAL NO. 1
ELECTION OF DIRECTORS

Nominees

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 the Articles of Incorporation or by a Bylaw amending Section 3.2 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 range specified in the Articles of Incorporation (i) by a resolution duly adopted by the Board; (ii) by 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; or (iii) by approval of the shareholders. The exact number of directors was fixed at eleven (11) at the Annual Meeting of Shareholders on September 21, 2000.

The Company has three groups of directors, each of whom is elected for a three-year term. Class III directors are nominated for election this year. Class I directors and Class II directors were elected to serve until 2004 and 2005, respectively, at the Annual Meetings of Shareholders on May 15, 2001, and May 23, 2002, respectively. If any nominee should become unable or unwilling to serve as a director, the proxies will be voted for such substitute nominee as shall be designated by the Board of Directors. The Board of Directors presently has no knowledge that any of the nominees will be unable or unwilling to serve.

The following persons are the nominees of the Board of Directors for election as Class III directors to serve for a three-year term until the 2006 Annual Meeting of Shareholders and until their successors are duly elected and qualified.

Nominees for Election as Class III Directors

Name and Title

Other than Director

Principal Occupation During the Last Five Years

M. Edgar Deas

President and Chief Executive Officer of E&M Electric in

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Healdsburg.	
Charles D. Fite Chairman	President, Fite Development Company in Sacramento.
David T. Taber President and CEO	President and CEO, American River Holdings.
Stephen H. Waks	Attorney-at-Law; owner of Stephen H. Waks, Inc. in Sacramento.

Class I Directors, Continuing in Office:

Name and Title Other than Director	Principal Occupation During the Last Five Years
Wayne C. Matthews, M.D.	Family Practitioner in Sacramento.
Marjorie G. Taylor Corporate Secretary	Property Manager (self-employed) in Sacramento.
William L. Young	President and CEO, American River Bank.

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Class II Directors, Continuing in Office:

Name and Title Other than Director	Principal Occupation During the Last Five Years
Sam J. Gallina	Retired Partner, S.J. Gallina & Co., Certified Public Accountants in Sacramento.
Roger J. Taylor, D.D.S. Vice-Chairman	Dentist (Retired) and National Executive Director Impax Health Prime and a real estate developer in Sacramento.
Larry L. Wasem	Real estate developer and partner of the Airport Business Center in Santa Rosa.
Michael A. Ziegler	President and Chief Executive Officer of PRIDE Industries in Sacramento.

None of the directors, nominees for Class III director listed above or executive officers(1) listed on page 6, 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 Class III director or executive officers, except that Marjorie G. Taylor was married to Roger J. Taylor's deceased father. No director, nominee for Class III 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

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of 1934, or (ii) any company registered as an investment company under the Investment Company Act of 1940.

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.

Committees of the Board of Directors

The Audit Committee, whose members are Sam J. Gallina (Chairman), Wayne C. Matthews, M.D., Marjorie G. Taylor and Larry Wasem, oversees American River Holdings and its subsidiaries' independent public accountants, analyzes the results of internal and regulatory examinations and monitors the financial and accounting organization and reporting. The Audit Committee met four (4) times in 2002. See the Audit Committee Report on Page 14 for additional information regarding the functions of the Audit Committee.

The Board of Directors has not established a nominating committee. The full Board of Directors performs the functions of a nominating committee with responsibility for considering appropriate candidates for election as directors.

The Compensation Committee, whose members include M. Edgar Deas, Charles D. Fite (Chairman), Sam J. Gallina and Roger J. Taylor, D.D.S., oversees the performance and reviews the compensation of the executive officers of American River Holdings and its subsidiaries. The Compensation Committee met three times during 2002.

The Finance and Capital Committee, whose members include Wayne C. Matthews, M.D., David T. Taber, Marjorie G. Taylor and Stephen Waks (Chairman), has the responsibility to oversee asset liability management and the investment portfolio including recommending to the full Board of Directors the annual investment strategy; and recommending to the full Board of Directors the annual operating budget for American River Holdings and its subsidiaries; and reviewing premises leases for recommendation to the full Board of Directors. The Finance and Capital Committee met five times during 2002.

The Executive Committee, whose members include M. Edgar Deas, Charles D. Fite (Chairman), Sam J. Gallina, David T. Taber, and Roger J. Taylor, D.D.S., oversees long range planning, and the Technology Strategic Plan and its implementation; formulates and recommends 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 thirteen times during 2002.

(1) As used in this Proxy Statement, the term "executive officer" of the Company includes the President and CEO of American River Holdings, the Executive Vice President and Chief Financial Officer of American River Holdings, the President and CEO of American River Bank, the Senior Vice President and Credit Administrator of American River Bank, and the President and CEO of North Coast Bank.

Each of the Subsidiary Banks have Loan Committees that have 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. American River Bank's Loan Committee includes James O.

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Burpo, Charles D. Fite, Sam J. Gallina, Roger J. Taylor, D.D.S. (Chairman) and Stephen H. Waks. American River Bank's Loan Committee met twenty-six times during 2002. North Coast Bank's Loan Committee includes Leo J. Becnel, O.D., M. Edgar Deas, Larry L. Wasem, (Chairman) and Philip A. Wright. North Coast Bank's Loan Committee met thirty-three (33) times during 2002.

During 2002, American River Holdings' Board of Directors held twelve (12) regular meetings. 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.

Compensation of Directors

The fees paid to non-employee directors of American River Holdings during 2002 included a retainer of \$250 per month, a base fee of \$250 per month for attendance at board meetings, and a fee of \$150 per month for attendance at committee meetings, other than the Directors Loan Committee of American River Bank whose outside director members received a fee of \$250 for each meeting attended and the Directors Loan Committee of North Coast Bank whose outside director members received a fee of \$100 for each meeting attended. Outside director members of the Executive Committee received an additional retainer fee of \$150 per month. In addition to the fees received as non-employee directors in connection with the meetings and matters described above, the Chairman of the Board of Directors also received a retainer fee of \$250 per month, and the Chairman of the Audit Committee and the Chairman of American River Bank's Directors Loan Committee also received a retainer fee of \$150 per month. The Chairman of North Coast Bank's Directors Loan Committee also received a retainer fee of \$100 per month and the Chairman of the Finance and Capital Committee also received a retainer fee of \$50 per month; and the Chairman of the Compensation Committee received a retainer fee of \$150 per year. In 2002, the total amount of fees paid by American River Holdings to all directors as a group was \$73,150. In addition, certain directors of American River Holdings also serve as directors and/or committee members for the subsidiaries. In 2002, the total amount of fees paid by the subsidiaries to directors of American River Holdings (in their capacities as directors and/or committee members for the subsidiaries) as a group was \$53,450.

On August 25, 1995, the Board of Directors authorized the grant to each outside director of a nonstatutory stock option to purchase 10,000 shares of American River Holdings common stock at \$10.50 per share (\$5.223 as adjusted for stock splits and stock dividends). During 2002, there were no stock options granted to any director of the Company.

On June 18, 1997, the Board of Directors approved a Gross-Up Plan (the "Plan") to compensate for the tax effects of the exercise of nonstatutory stock options. The Plan named Directors Fite, Gallina, Dr. Matthews, M. Taylor, Dr. R. Taylor and Waks as participants and applies only to those options granted on August 25, 1995. The Plan encourages participating optionees to retain shares acquired through the exercise of nonstatutory stock options by American River Holdings paying to the participating optionee an amount equal to the taxable income resulting from an exercise of a nonstatutory stock option multiplied by American River Holdings' effective tax rate, subject to the optionee's agreement to hold the shares acquired for a minimum of one (1) year. In the event that the shares acquired upon exercise are not held for at least one year from the date of acquisition, the optionee is required to reimburse the amount paid to the optionee under the Plan. During 2002, Director M. Taylor executed an agreement in return for payment of \$13,095.

Effective December 20, 2001, a Deferred Fee Plan was established for the purpose of providing the directors an opportunity to defer director fees. Participating directors may elect to defer a portion, up to 100%, of their monthly directors fees. American River Holdings bears the administration costs,

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but does not make contributions to the Plan. During 2002, two directors participated in the Plan and deferred \$13,050.

EXECUTIVE OFFICERS

The executive officers of the Company include David T. Taber, President and Chief Executive Officer of American River Holdings and William L. Young, President and Chief Executive Officer of American River Bank, about whom information is provided on pages 3 and 4, and the following persons:

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Name	Age	Officer Since	Principal Occupation During the Past Five Years
Mitchell A. Derenzo	41	1992	Executive Vice President and Chief Financial Officer of American River Holdings since 1995. Senior Vice President and Chief Financial Officer of American River Bank since 1992. Chief Financial Officer of First Source Capital and North Coast Bank since 1999 and 2000, respectively.
Kathryn A. Pinkard (Ms. Pinkard resigned January 27, 2003)	50	2000	Former Director, President and Chief Executive Officer of North Coast Bank since 1998. Formerly Executive Vice President and Chief Operating Officer, and Senior Vice President and Chief Financial Officer of North Coast Bank since September 1, 1997 and February 6, 1996, respectively.
Douglas E. Tow	49	1994	Senior Vice President and Credit Administrator of American River Bank since 1994. Chief Credit Officer of North Coast Bank since 2000.

Executive Compensation

Set forth below is the summary compensation paid during the three years ended December 31, 2002 to David T. Taber, Mitchell A. Derenzo, William L. Young, Kathryn A. Pinkard and Douglas E. Tow, the only executive officers of American River Holdings and its subsidiaries.

Summary Compensation Table

(a)	(b)	(c)	Annual Compensation		(f)	(g)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
					Long-Term Compe	
					Awards	

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Name and Principal Position	Year	Salary (\$ (1))	Bonus (\$ (2))	Other Annual Compensation (\$ (3))	Restricted Stock Award(s) (\$)	Security Underlying Options/ (#) (4)
David T. Taber, President and Chief Executive Officer	2002	\$175,000	\$ 44,688	--	--	--
	2001	175,000	194,026	--	--	--
	2000	175,000	144,465	--	--	--
Mitchell A. Derenzo, Executive Vice President and Chief Financial Officer	2002	105,124	18,387	--	--	--
	2001	102,833	22,617	--	--	--
	2000	94,709	18,202	--	--	--
William L. Young, President and Chief Executive Officer, American River Bank	2002	150,000	28,239	--	--	--
	2001	150,000	160,345	--	--	--
	2000	150,000	144,465	--	--	--
Kathryn A. Pinkard (6) President and Chief Executive Officer, North Coast Bank	2002	105,892	2,286	--	--	--
	2001	105,949	20,611	--	--	--
	2000	104,500	2,500	--	--	--
Douglas E. Tow, Senior Vice President and Credit Administrator, American River Bank	2002	100,650	15,982	--	--	--
	2001	98,457	21,656	--	--	--
	2000	95,325	20,443	--	--	--

- (1) Amounts shown include cash compensation earned and received by executive officers as well as amounts earned but deferred at the election of those officers under the 401(k) Plan and the Deferred Compensation Plan.
- (2) Amounts indicated as bonus payments are listed in the year paid. The amounts listed as paid in 2002 were all earned in 2001. Additional amounts accrued in 2002 and paid in 2003 were \$137,617 to Mr. Taber; \$38,522 to Mr. Derenzo; \$98,082 to Mr. Young and \$41,389 to Mr. Tow.
- (3) No executive officer received perquisites or other personal benefits in excess of the lesser of \$50,000 or 10% of each such officer's total annual salary and bonus during 2002, 2001, and 2000.
- (4) Represents the number of shares granted as adjusted for stock splits and stock dividends. American River Holdings had a 1995 Stock Option Plan (the "1995 Plan") pursuant to which options could be granted to directors and key, full-time salaried officers and employees of American River Holdings

and its subsidiaries. The 1995 Plan was replaced with the Company's 2000 Stock Option Plan (the "2000 Plan"). Options granted under the 1995 Plan were either incentive options or nonstatutory options. Options granted under the 1995 Plan became exercisable in accordance with a vesting schedule established at the time of grant. Vesting could not extend beyond ten years from the date of grant. Upon a change in control of American River Holdings, all outstanding options under the 1995 Plan will become fully vested and exercisable. Options granted under the 1995 Plan are adjusted to protect against dilution in the event of certain changes in American River Holdings' capitalization, including stock splits and stock dividends. The 2000 Plan is substantially similar to the 1995 Plan regarding provisions related to option grants, vesting and dilution. All options granted to the named executive officers have an exercise price equal to the fair market value of the common stock on the date of grant. No stock options were granted to any of the named executive officers in 2002.

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- (5) Amounts shown for each named executive officer include 401(k) matching contributions, the use of an automobile owned by American River Bank, payments received as well as amounts deferred at the election of those executive officers under the Gross-Up Plan, earned but unpaid interest on amounts deferred under the Company's Deferred Compensation Plan and excess life insurance premiums paid by the Company. During 2002, no executive officers exercised stock options that qualified for payments under the Gross-Up Plan. There are no other nonstatutory stock options held by any of the executive officers that would qualify for a Gross-Up payment in the future.
- (6) Kathryn A. Pinkard resigned January 27, 2003.

The following table sets forth the number of shares of common stock acquired by each of the named executive officers upon the exercise of stock options during fiscal year 2002, the net value realized upon exercise, the number of shares of common stock represented by outstanding stock options held by each of the named executive officers as of December 31, 2002, the value of such options based on the closing price of American River Holdings common stock, and certain information concerning unexercised options under the 1995 and 2000 Stock Option Plans.

Aggregated Option/SAR Exercises In Last Fiscal Year And
FY-End Option/SAR Values

Name (a)	Shares Acquired on Exercise (#) (b)	Value Realized (\$) (c)	Number of Securities Underlying Unexercised Options/SARs at Fiscal Year-End (#) Exercisable/ Unexercisable (d)	Val Unexe in-th Optio at Fiscal Exer Unexe (e)
David T. Taber	--	--	50,255 / --	\$935,077
Mitchell A. Derenzo	--	--	20,101 / --	\$294,007
William L. Young	--	--	50,255 / --	\$935,077
Kathryn A. Pinkard	3,000	47,142	15,516 / 4,966	\$252,289
Douglas E. Tow	1,212	14,966	13,903 / 1,823	\$187,004

- (1) The aggregate value has been determined based upon the closing price for American River Holdings common stock at year-end, minus the exercise price.
- (2) Kathryn A. Pinkard resigned January 27, 2003.

Employment Contracts and Termination of Employment and Change in Control Arrangements

On August 17, 2000, American River Holdings entered into an employment agreement with David T. Taber and American River Bank entered into an employment agreement with William L. Young. The agreements provide for an original term of two years subject to automatic extensions of two years following expiration of the original term and one-year extensions thereafter unless terminated in

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accordance with the terms of the agreements. The agreements provide for a base salary which is disclosed in the Summary Compensation Table on page 6. The base salary under each agreement is reviewed annually and is subject to adjustment at the discretion of the Board of Directors. Additionally, the agreements provide for, among other things (i) an annual incentive bonus based upon American River Holdings' achievement of certain profitability, growth and asset quality standards as set forth in the agreements; (ii) in the event of disability, payment of base salary reduced by the amounts received from state disability insurance or workers' compensation or other similar insurance benefits through policies provided by American River Holdings and/or American River Bank; (iii) stock option grants in the discretion of the Board of Directors under American

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River Holdings' stock option plan; (iv) four weeks annual paid vacation leave; (v) use of an automobile; and (vi) reimbursement for ordinary and necessary expenses incurred in connection with employment.

The agreements may be terminated with or without cause, but if the agreements are terminated without cause due to the occurrence of circumstances that make it impossible or impractical for American River Holdings and/or American River Bank to conduct or continue its business, the loss by American River Holdings and/or American River Bank of its legal capacity to contract or American River Holdings and/or American River Bank'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 bonus due. 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 position, responsibilities, duties, salary, benefits or location of employment; or (iii) any event occurs which reasonably constitutes a demotion, significant diminution or constructive termination of employment, then the employee will be entitled to receive severance compensation in an amount equal to one and one-half times the employee's average annual compensation for the five years immediately preceding the change in control.

On March 18, 1998, American River Bank adopted the American River Bank Employee Severance Policy. The Policy allows for certain named employees to receive severance payments equal to six times their monthly base pay should these named employees be terminated within one year of a "change in control." The Board of Directors has designated executive officers, Mitchell A. Derenzo and Douglas E. Tow to be covered under the Policy.

EQUITY COMPENSATION PLAN INFORMATION

The chart below summarizes share information about American River Holdings' equity compensation plans including the 1995 Stock Option Plan and the 2000 Stock Option Plan as of December 31, 2002. Both of these plans have been approved by our 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 Corporation's common stock.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under compensation arrangements (excluding securities
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	(a)	(b)	reflected in col (c)
Equity compensation plans approved by security holders	416,445 (1)	\$7.47	314,419
Equity compensation plans not approved by security holders	-0-	-0-	-0-
Total	416,445	\$7.47	314,419

- (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.

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BOARD COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The compensation of the executive officers of American River Holdings and its subsidiaries is reviewed and approved annually by the Board of Directors on recommendation by the Compensation Committee. During 2002, M. Edgar Deas, Charles D. Fite (Chairman), Sam J. Gallina and Roger J. Taylor, D.D.S., served as members of the Committee. Executive officers of American River Holdings and/or its subsidiaries during 2002 were David T. Taber, Mitchell A. Derenzo, William L. Young, Kathryn A. Pinkard and Douglas E. Tow.

The Compensation Committee's philosophy is that compensation should be designed to reflect the value created for shareholders while supporting American River Holdings' strategic goals. The Compensation Committee reviews annually the compensation of the executive officers to insure that American River Holdings' compensation programs are related to financial performance and consistent generally with employers of comparable size in the industry. Annual compensation for American River Holdings' executive officers includes the following components:

Base salary is related to the individual executive officer's level of responsibility and comparison with comparable employers in the industry.

Executive officers are eligible to participate in the American River Holdings Incentive Compensation Plan (the "Incentive Plan"). The Incentive Plan outlines minimum financial performance standards which include performance, growth, efficiency and asset quality minimums which must be achieved prior to any payout. If the performance standards are met, the pool amount available for payment to all employees of the Company is set at a predetermined rate by the Compensation Committee. The incentive pool for 2002 was set at 18% of net income prior to incentive accruals and adjusted for taxes. The actual amounts accrued in 2002 to be paid in 2003 represented 18% of net income prior to incentive accruals and adjusted for taxes. The incentive pool also includes 401(k) matching funds.

Stock option grants are intended to increase the executive officers' interest in American River Holdings' long-term success and link interests of the executive officer with those of shareholders as measured by American River Holdings' share price. Stock options are granted at the discretion of the Board

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of Directors and at the prevailing market value of American River Holdings common stock. Consequently, the value of the options is directly connected to the increase in value of American River Holdings' stock price. There were no stock options granted to any of the executive officers in 2002.

American River Holdings matches salary deferred by employees participating in its 401(k) Plan at a rate equal to 50% of the participant's contribution up to a maximum of 6% of such participant's annual compensation. Executive officers are eligible to participate in the 401(k) plan.

Effective May 1, 1998, the American River Bank Deferred Compensation Plan was established for the purpose of providing certain highly compensated individuals, which includes the executive officers, an opportunity to defer compensation. Participants, who are selected by a committee designated by the Board of Directors, may elect to defer annually a minimum of \$5,000 or a maximum of eighty percent of their base salary and all of their cash bonus. American River Bank bears all administration costs, but does not make contributions to the plan. Effective December 20, 2000, the Deferred Compensation Plan was renamed the American River Holdings Deferred Compensation Plan and beginning January 1, 2001, American River Holdings now bears the administration costs for participants that are employed by American River Holdings and each subsidiary bears the costs for participants that are employed by the subsidiary.

American River Holdings purchased an additional life insurance policy on the life of David T. Taber and American River Bank purchased an additional life insurance policy on the life of William L. Young. Mr. Taber's policy is a 10-year, \$1,000,000 level-term life insurance policy with American River Holdings as the owner and sole beneficiary. The annual premium cost for the policy on Mr. Taber is approximately \$700. Two policies were purchased on the life of Mr. Young in the amount of \$250,000 each. Each term life insurance policy consists of two 5-year step rates with American River Holdings as the owner and sole beneficiary. The annual premium cost for the policies on Mr. Young is approximately \$5,000 for the first 5-year period and \$8,000 for the second 5-year period.

/s/ M. EDGAR DEAS	/s/ CHARLES D. FITE	/s/ SAM J. GALLINA
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M. Edgar Deas	Charles D. Fite	Sam J. Gallina
/s/ ROGER J. TAYLOR		

Roger J. Taylor, D.D.S.		

COMPARISON OF AMERICAN RIVER HOLDINGS SHAREHOLDERS RETURN

Set forth below is a line graph comparing the annual percentage change in the cumulative total return on American River Holdings common stock with the cumulative total return of the SNL Securities Index of National Peer Banks (asset size of less than \$500 million) and the S&P 500 Index as of the end of each of American River Holdings' last five fiscal years.

The following table assumes that \$100.00 was invested on December 31, 1997 in American River Holdings common stock and each index, and that all dividends were reinvested. Returns have been adjusted for any stock dividends and stock splits declared by American River Holdings. Shareholder returns over the indicated period should not be considered indicative of future shareholder returns.

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American River Holdings

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Total Return Performance

[GRAPHIC CHART OMITTED]

Index	Period Ending					
	12/31/97	12/31/98	12/31/99	12/31/00	12/31/01	12/31/02
American River Holdings	100.00	95.35	86.45	87.67	107.01	171.67
S&P 500	100.00	128.55	155.60	141.42	124.63	96.95
SNL						