

American Riviera Bank Decides Not to Seek Bailout Money

Santa Barbara, California (December 18, 2008) – American Riviera Bank (OTC BB: ARBV.OB) today announced that its Board of Directors has decided it would not be in the best interests of the Company or its shareholders to apply for aid from the U.S. Treasury under its new capital assistance program. This conclusion was reached based on the Company's strong capital position relative to reasonably foreseeable needs, as well as the financial management restrictions that would accompany this governmental capital infusion.

American Riviera Bank had a total risk-based capital ratio of 21% at September 30, 2008, significantly greater than the 10% level required to be classified as "well-capitalized", the highest rating possible under FDIC and Federal Reserve Board guidelines.

It appears that American Riviera Bank would qualify for a capital injection of close to \$2.8 million from the Treasury, and with such funds included, our total risk-based capital ratio would have been 25% at September 30, 2008. In our opinion, this represents a level of capital that would typically be deemed excessive and inefficient unless immediately leveraged for loan growth, utilized to absorb loan losses, or earmarked for a potential acquisition. David Duarte, American Riviera Bank's Chief Operating Officer, remarked, "At this time our balance sheet provides adequate capacity for projected loan growth and we have no delinquent loans, no non-accrual loans and no loan charge-offs. Further, our strategic plan does not currently anticipate acquisitions in the short-term. Although the depth and duration of this economic recession cannot be predicted, we have projected our capital position under varying scenarios and are confident that the Company will remain well-capitalized even under severe conditions."

In addition to raising the Bank's capital ratios to inflated levels, the acceptance of capital from the Treasury places restrictions on the Company's ability to declare dividends and repurchase stock should we chose to do so in the future. Furthermore, the Treasury's capital purchase would be in the form of senior preferred stock that carries a mandatory dividend payment of 5% (close to 8% on a pre-tax equivalent basis), increasing to 9% (close to 14% pre-tax equivalent) after five years. The Treasury would also receive warrants to purchase common stock at the current market price equal to 15% of the preferred investment, which would be dilutive to existing common shareholders. The Treasury also would have the right to sell its ownership position in the Bank to a third party at any time for any reason. This program has been described as "cheap capital" if needed, but in reality equates to expensive debt if it cannot be quickly utilized.

Company Profile

American Riviera Bank is a full service community bank focused on serving the lending and deposit needs of businesses and consumers in our community. At September 30, 2008, total deposits were \$70.2 million, total loans were \$79.8 million and total assets were \$96.3 million. The Bank was founded in 2006 by over 400 local shareholders and has one branch located at 1033 Anacapa Street in downtown Santa Barbara.

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Statements concerning future performance, developments or events concerning expectations for growth and market forecasts, and any other guidance on future periods, constitute forward looking statements that are subject to a number of risks and uncertainties. Actual results may differ materially from stated expectations. Specific factors include, but are not limited to, effects of interest rate changes, ability to control costs and expenses, impact of consolidation in the banking industry, financial policies of the US government, and general economic conditions.