



AMERICAN RIVIERA  
BANK

2009 Performance *(unaudited)*

As of December 31, 2009



## 2009 Actual Performance Quarterly Trend Balance Sheet

<i>(\$ in thousands)</i>	<u>March</u>	<u>June</u>	<u>Sept</u>	<u>Dec</u>
<b>Total Loans</b>	\$ 91,172	\$103,736	\$104,870	\$105,945
<b>Total Deposits</b>	\$105,167	\$103,881	\$109,222	\$105,619
<b>Loan to Deposit Ratio (LTD)</b>	90%	100%	96%	100%
<b>Total Liquidity*</b>	\$ 39,072	\$ 25,763	\$27,898	\$24,652
<b>Liquidity Ratio</b> (Total Liquidity/Total Assets)	35%	23%	24%	22%
<b>Net Interest Margin (NIM) – Quarterly average</b>	3.38%	3.95%	4.15%	4.35%
<b>Tier 1 Leverage Capital Ratio</b>	15%	15%	13%	13%

Loan funding in 2Q caught up with 1Q excess deposit liquidity; improving NIM significantly in 2Q. In 3Q, deposit growth outpaced loan growth and the LTD ratio dropped below 100%. However, as a result of a continued drop in the cost of funds, NIM continued to rise in 3Q. In 4Q, loans remained stable and deposits decreased slightly, as more expensive, rate sensitive deposits left the Bank and the Bank focused on increasing core, demand checking accounts. As a result, NIM continued to increase in 4Q. The Bank remained liquid and well capitalized.

\* Liquidity = Cash, CD's at other Institutions, Fed Funds Sold and Investments



## 2009 Actual Performance Quarterly Trend Net Interest Margin

	<u>1Q2009</u>	<u>2Q2009</u>	<u>3Q2009</u>	<u>4Q2009</u>
<b>Net Interest Margin</b>	3.38%	3.95%	4.15%	4.35%
<b>Avg. Loan Yield</b>	6.92%	6.91%	6.77%	6.76%
<b>Avg. Securities Yield</b>	4.23%	3.14%	3.15%	3.78%
<b>Cost of Funds</b>	2.79%	2.22%	1.73%	1.49%

Loan yield is stable and benefitting from interest rate floors. Slight decline in loan yield in 3Q due to \$6.4 million of loans migrating to non-accrual.

Yield on securities dropped in 2Q and 3Q as legacy investments were called or matured. The yield in 4Q increased as a result of the total investment portfolio balance declining, leaving only higher yielding, longer term securities in our portfolio. We are not chasing yield and committed to generally stay short with high quality issuers.

Active management of deposit pricing has benefited cost of funds; yet we still remain highly competitive in our market.



## 2009 Actual Performance Quarterly Trend Income Statement

<i>(\$ in thousands)</i>	<u>1Q2009</u>	<u>2Q2009</u>	<u>3Q2009</u>	<u>4Q2009</u>
<b>Net Income (Loss)</b>	\$ 7	(\$ 104)	(\$2,133)	\$328
‘Special’ 2Q FDIC Assessment	\$ 0	\$ 55	\$ 0	\$ 0
<b>Loan Charge-offs</b>	\$ 0	\$ 0	\$ 826	\$362
<b>Reduction in Fair Value of OREO</b>	\$ 0	\$ 0	\$ 312	\$ 70
<b>Loan Loss Provision (excluding c/o)</b>	<u>\$ 46</u>	<u>\$ 326</u>	<u>\$ 1,371</u>	<u>(\$226)</u>
<b>Adjusted Net Income</b>	<b>\$ 53</b>	<b>\$ 277</b>	<b>\$ 376</b>	<b>\$534</b>
<b>Efficiency Ratio*</b>	94%	82%	97%	67%

Net income adjusted for all loan loss provision, and non-recurring events such as charge-offs, reductions in the fair value of OREO (Other Real Estate Owned) and the “special” 2Q FDIC assessment shows an improving trend. Although it is useful for comparison purposes to add back all of the provision, not all loan loss provision is non-recurring as provisioning occurs for loan growth as well as for potential loss associated with specific loans. In 3Q, the Bank increased the general portion of the loan loss reserve by over \$1 million as consideration for the current economic conditions. As of 3Q and 4Q, 78% of the reserve for loan loss is general and unrelated to specific loans. The negative loan loss provision in 4Q is due to the charge off of certain amounts previously accounted for in the reserve for loan losses.

\* Efficiency ratio is before loan loss provision. A lower number is more efficient. Efficiency ratio = expense per \$1 earned