

PREMIER VALLEY BANK

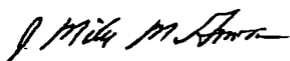
Dear Fellow Shareholders:

The good news is your Bank generated higher earnings during the first half of 2009 than for all of 2008. The other news is that the extremely stressful economic conditions continue. So far, the massive government intervention programs, maneuvers on the part of Congress and the Administration, and heightened scrutiny by regulatory authorities have yielded little positive results out here on Main Street. Unemployment statistics, state budget deficits, foreclosure and vacancy rates, and real estate devaluations continue to balloon, while short-term interest rates remain at unprecedented low levels. Yes, the challenges are many, but it is exactly times like these that create the best organizations of the future - better managed, better capitalized, better prepared. For PVB, and to quote General Douglas MacArthur, "(We) came through and (we) shall return".

Net income for the second quarter of 2009 totaled \$500 thousand (\$.04 per share), compared to \$606 thousand (\$.05 per share) for the first quarter of 2009 and \$875 thousand (\$.07 per share) for the quarter ended June 30, 2008. For the first half of 2009, net income was \$1.11 million (\$.09 per share), compared to \$1.89 million (\$.16 per share) reported for the first half of 2008. At June 30, 2009, total assets stood at \$482 million, compared to \$488 million at December 31, 2008 and \$492 million at June 30, 2008. As of June 30, 2009, deposits totaled \$416 million, compared to \$396 million at December 31, 2008 and \$428 million at June 30, 2008, while loans outstanding were \$364 million, compared to \$375 million at December 31, 2008 and \$350 million at June 30, 2008. Shareholders' equity at June 30, 2009 was approximately \$58 million, reflecting a very strong capital ratio of 12% of total assets.

The 2009 second quarter financial results are reflective of the troubled environment in which we operate, significantly impacted by unprecedented low short-term interest rates and continuing softness in local economic conditions, including real estate markets. However, the Bank's net interest margin has been markedly consistent through these challenging times while we continue to make improvements in our fundamental operations. We remain committed to helping our customers in every way we can, developing our outstanding team of professional bankers, and focusing on the best interests of our shareholders, as evidenced by the 1% stock dividend declared to shareholders of record on June 30, 2009. Premier Valley Bank remains very well positioned to take advantage of both short term opportunities which may arise due to issues facing many of our competitors and longer term prospects that will be available when this economic cycle reverses.

Shareholders are always encouraged to direct THEIR banking business to THEIR Bank. Visit any of our convenient locations, review our website at www.premiervalleybank.com or call anytime to discuss your banking needs. We appreciate your support.



J. Mike McGowan
President & Chief Executive Officer