

## PREMIER VALLEY BANK

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### To Our Shareholders:

Like many others, we are glad to close the books on 2009. But looking forward, although 2010 will most certainly have its own set of challenges, recent improving trends in certain national economic indicators signal that the worst of this recession may now be behind us. And, although it will likely take a while longer to see meaningful progress at the local level, Premier Valley Bank's financial results are already trending positively. The initiatives undertaken over the last two years, enhancing our capital position while controlling growth, have positioned Premier Valley Bank well as the economic recovery gains momentum. As the dark clouds of 2009 dissipate, perhaps we should look to 2010 the way the Beatles did when they recorded, "Here Comes The Sun".

Earnings for the fourth quarter of 2009 were \$362 thousand, or \$.03 per share, compared to \$332 thousand, or \$.03 per share, for the third quarter of 2009 and a loss of (\$1.75) million, or (\$.15) per share, for the quarter ended December 31, 2008. Net income for the year ended December 31, 2009 totaled \$1.8 million, or \$.15 per share, up 78% from the \$1.01 million, or \$.09 per share, reported for 2008. At December 31, 2009, total assets stood at \$474 million, compared to \$488 million at the end of 2008. As of year end 2009, loans outstanding were \$373 million, compared to \$375 million for 2008, and deposits totaled \$403 million, compared to \$396 million in 2008. Shareholders equity at December 31, 2009 was approximately \$60 million, representing a very strong capital ratio of 12.6% of total assets.

Although the extremely low short-term interest rate environment continued throughout 2009 and local economic conditions remained weak, Premier Valley Bank again produced solid pre-tax, pre-provisions income of \$7.9 million, compared to \$8.9 million for 2008 and \$9.0 million for 2007. This measure, along with stable net interest margins and consistent efficiency ratios, are indicative of the Bank's capacity to "weather the storm". In addition, we continue to build out our franchise and, as reflected by our strong financial ratios, fortify the balance sheet. Our focus on shareholder value was evidenced in 2009 by the four 1% stock dividends distributed during the year, which, in total, placed approximately 500,000 new shares in the hands of PVLY shareholders. Our optimism is gaining as we enter the early stages of an economic recovery.

There are many reasons to do business with a community bank, especially in the current political and economic environment. Why not support an institution that focuses on the needs of local businesses and individuals, turning local deposits into local loans while promoting the financial health of our community. At Premier Valley Bank, you can count on an excellent service experience delivered with a high level of expertise by responsive professionals that you know and trust. Visit any of our convenient locations, review our website at [www.premiervalleybank.com](http://www.premiervalleybank.com) or call anytime to discuss your banking needs. We greatly appreciate your support.



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