

## PREMIER VALLEY BANK

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Dear Fellow Shareholders:

While we continue to believe that 2010 will be a year full of challenges for our industry and the economy, the early signs are encouraging. Indeed, many economic indicators, especially at the national level, continue to improve leading to cautious optimism that the worst of this recession may be behind us. Although these indicators seem to be lagging locally, Premier Valley Bank's financial results continue to trend positively. The initiatives undertaken over the last two years to fortify the balance sheet, enhance our capital position, and control growth have placed Premier Valley Bank in an opportunistic position as the economic recovery gains momentum. Just like Sugar Ray sings in "Rainbow", "If you wanna see the rainbow, you gotta sit through a little rain".

Earnings for the first quarter of 2010 were \$739 thousand (\$.06 per share), a 104% increase compared to \$362 thousand (\$.03 per share) for the fourth quarter of 2009, and up from \$606 thousand (\$.05 per share) for the quarter ended March 31, 2009. At March 31, 2010, total assets stood at \$493 million, up from \$475 million at March 31, 2009. As of March 31, 2010, loans outstanding were \$367 million, basically flat compared to \$369 million at March 31, 2009, and deposits totaled \$424 million, up from \$409 million at March 31, 2009. Shareholders equity at March 31, 2010 was approximately \$61 million, representing a very strong capital ratio of over 12% of total assets.

Federal Reserve Chairman Bernanke has repeatedly indicated that the very low short-term interest rate environment will continue for some time. Likewise, the unsettling local economic conditions are expected to remain in place for some time, although not deteriorate. Through all this, Premier Valley Bank has generated solid pre-tax, pre-provisions earnings (PPE), stable net interest margins (NIM), and impressive efficiency ratios (ER), as follows:

	Quarter Ended				
	Mar 31, 2010	Dec 31, 2009	Sep 30, 2009	Jun 30, 2009	Mar 31, 2009
PPE	\$2,407	\$1,594	\$1,960	\$2,094	\$2,297
NIM	4.85%	4.34%	4.33%	4.66%	4.68%
ER	59%	66%	62%	61%	57%

In addition, in the recently published 2009 California Bank Performance Report, the Financial Management Performance Group ranked PVB the 37th overall best performing bank among California's 265 banks. And, true to our focus on the best interests of our shareholders, a 1% stock dividend was distributed on April 15, 2010 to shareholders of record as of March 31, 2010.

In this political and economic environment, there are many reasons to do business with a community bank like Premier Valley Bank. Why not support an institution that focuses on the needs of local businesses and individuals, creates local jobs, and turns local deposits into local loans, all the while promoting the financial health of our community. At Premier Valley Bank, you are assured of an excellent customer experience delivered by banking 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. Thank you for your support.



J. Mike McGowan  
President & Chief Executive Officer