

PREMIER VALLEY BANK

Dear Fellow Shareholders:

Remember when national economic pundits declared the “Great Recession” to be over as of June 2009? Reflecting on this very fact points out the continued disconnect between Wall Street/Capitol Hill and Main Street, considering most of us are not seeing much improvement in local economic conditions. Nonetheless, we at Premier Valley Bank want to reassure you that, even in the face of these challenging times, your Bank continues to perform very well. In fact, the second quarter of 2011 was the most profitable quarter in the history of the Bank. If you attended our recent Annual Meeting of Shareholders, you already know that, like Rocky to Survivor’s “Eye of the Tiger”, we are “Up To The Challenge”.

Earnings for the second quarter of 2011 were \$1.53 million, or \$.12 per share, up 33% from \$1.15 million, or \$.09 per share, for the first quarter of 2011, and up 97% from \$775 thousand, or \$.06 per share, for the second quarter of 2010. As of June 30, 2011, total assets stood at \$497 million, compared to \$472 million at December 31, 2010 and \$489 million at June 30, 2010. At the end of the second quarter of 2011, loans outstanding were \$345 million, compared to \$367 million at the end of the second quarter of 2010, and deposits totaled \$424 million, compared to \$414 million at June 30, 2010. Shareholders’ equity at June 30, 2011 was approximately \$64 million, representing a very strong capital ratio of approximately 13% of total assets.

During the second quarter, PVB paid a cash dividend of \$.04 per share on April 15, 2011 and, on June 16, 2011, the Board of Directors approved a 25% increase to the quarterly dividend up to \$.05 per share, which was distributed July 15, 2011. Another element of our capital management strategies is our Stock Repurchase Plan which authorizes the purchase of the Bank’s common stock on the open market or through privately negotiated transactions through September 21, 2011, up to a maximum amount of \$3,500,000. As of June 30, 2011, the Bank had repurchased approximately 515,000 of its outstanding shares for a total of approximately \$2,600,000 under this Plan.

Having recently celebrated our 10th Anniversary, we at Premier Valley Bank are proud of our growing tradition as a community bank focused on the needs of local businesses and individuals, supportive of creating local jobs and improving the financial health of our community, and committed to turning local deposits into local loans. Recent examples of PVB’s commitment include recognition for: 1) the #1 Small Business Administration lender in the Central Valley for all of 2010 and the first half of 2011 and 2) assisting the Fresno Rescue Mission in obtaining a \$1 million grant from the Federal Home Loan Bank, the largest such grant distributed in our area.

We appreciate your support as a shareholder and, if you are not already a customer, would welcome the opportunity to meet your banking needs. Visit any of our convenient locations, review our website at www.premiervalleybank.com or call anytime.



J. Mike McGowan

President & Chief Executive Officer