

PREMIER VALLEY BANK

Dear Fellow Shareholders:

As predicted, 2010 continues to be a year of significant challenges for our industry, the economy and your Bank. The recently enacted Financial Regulatory Reform legislation represents the most wide-sweeping overhaul of the industry since the 1930's. And, although certain national economic indicators have shown signs of improvement, local economic conditions generally remain weak. Through all this, Premier Valley Bank continues to perform well as evidenced by our strong balance sheet, healthy capital position and consistent, sustainable earnings record. We are proud to stand as a pillar of strength "At Times Like These" (Barbara Mandrell).

Earnings for the second quarter of 2010 were \$775 thousand (\$.06 per share), up slightly from \$739 thousand (\$.06 per share) for the first quarter of 2010, and up 55% from \$500 thousand (\$.04 per share) for the quarter ended June 30, 2009. For the first half of 2010, net income was \$1.5 million (\$.12 per share), up 71% from \$875 thousand (\$.09 per share) reported for the first half of 2009. At June 30, 2010, total assets stood at \$489 million, compared to \$482 million at June 30, 2009. As of June 30, 2010, loans outstanding were \$367 million, compared to \$364 million at June 30, 2009, and deposits totaled \$414 million, compared to \$416 million at June 30, 2009. Shareholders equity at June 30, 2010 was more than \$62 million, representing a very strong capital ratio of almost 13% of total assets.

The Federal Reserve continues to suggest that the very low short-term interest rate environment will remain in place for some time. Likewise, the unsettling local economic conditions are expected to be around for some time, although not deteriorate. None the less, Premier Valley Bank continues to report solid pre-tax, pre-provisions earnings (PPE), stable net interest margins (NIM), and impressive efficiency ratios (ER), as follows:

	Quarter Ended				
	Jun 30, 2010	Mar 31, 2010	Dec 31, 2009	Sep 30, 2009	Jun 30, 2009
PPE	\$2,419	\$2,407	\$1,594	\$1,960	\$2,094
NIM	4.51%	4.85%	4.34%	4.33%	4.66%
ER	57%	59%	66%	62%	61%

In addition, in the recently published 1st Quarter 2010 California Bank Performance Report, the Financial Management Consulting Group ranked PVB the 25th overall best performing bank among California's 256 banks. And, in line with our focus on our shareholders' best interests, a 1% stock dividend was distributed on July 15, 2010 to shareholders of record as of June 30, 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, while at the same time 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 or call any time to discuss your banking needs. We appreciate your continued support.



J. Mike McGowan
President & Chief Executive Officer