

## PREMIER VALLEY BANK

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Dear Fellow Shareholders:

2011 will most certainly be another year full of challenges for the banking industry, the economy and Premier Valley Bank. However, every day more and more positive developments are reported leading to continued optimism that the worst of this "Great Recession" may be behind us. Although we haven't seen much improvement in local conditions, your Bank's financial results continue to trend positively, placing us in an enviable position as the economic recovery unfolds. We're feeling better - headed toward "Feeling Good", as Michael Buble would sing.

Earnings for the first quarter of 2011 were \$1.15 million, or \$.09 per share, up 12% from \$1.03 million, or \$.08 per share, for the fourth quarter of 2010, and up 56% from \$739 thousand, or \$.06 per share, for the first quarter of 2010. At March 31, 2011, total assets stood at \$493 million, compared to \$472 million at December 31, 2010 and \$493 million at March 31, 2010. As of the end of the first quarter of 2011, loans outstanding were \$341 million, compared to \$367 million at the end of the first quarter of 2010, and deposits totaled \$421 million, compared to \$424 million at March 31, 2010. Shareholders equity at March 31, 2011 was approximately \$63 million, representing a very strong capital ratio of approximately 13% of total assets.

During the first quarter, PVB distributed a cash dividend of \$.04 per share on January 15, 2011 and, on March 17, 2011, the Board of Directors authorized another cash dividend of \$.04 per share, which was distributed April 15, 2011. We hope the cash dividends contribute in some small way to the stimulation of our local economy. Importantly, through March 31, 2011, the Bank has repurchased approximately 374,000 of its outstanding shares for a total of approximately \$1,800,000 under its Stock Repurchase Plan. The Stock Repurchase Plan authorizes the purchase of the Bank's common stock on the open market or through privately negotiated transactions from time to time through September 21, 2011, up to a maximum amount of \$3,500,000.

In this political and economic environment, there are many reasons to do business with a community bank like Premier Valley Bank. Supporting a local institution that focuses on the needs of local businesses and individuals, creates local jobs, and turns local deposits into local loans, also promotes the financial health of our community. Specific examples of Premier Valley Bank's commitment include recognition for: 1) the #1 Small Business Administration lender in the Central Valley for 2010, approving almost twice the amount of SBA loans as any other lender 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.

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 appreciate your support.



J. Mike McGowan

President & Chief Executive Officer