

## PREMIER VALLEY BANK

---

Dear Fellow Shareholders:

While publishing the last few shareholders' letters, we have referred to terms such as "extreme distress", "turbulent", "unprecedented" and "massive intervention". We did not know then, nor do we know now, the extent of this severe economic downturn. But we continue to know that we must remain resolved to weather these tough conditions. You see, we may not all be in the same boat, but we are all in the same storm. As Tony Bennett so artfully recorded, "Keep the Faith, Baby".

Net income for the first quarter of 2009 totaled \$606 thousand (\$.05 per share), a 41% decrease compared to \$1.02 million (\$.09 per share) for the quarter ended March 31, 2008. At March 31, 2009, total assets stood at \$475 million, down from \$488 million at December 31, 2008 and from \$485 million at March 31, 2008. As of March 31, 2009, deposits totaled \$409 million, basically flat compared to March 31, 2008, while loans outstanding were \$369 million, a 9% improvement over the last twelve months. Shareholders' equity at March 31, 2009 was approximately \$57 million, reflecting a very strong capital ratio of 12% of total assets.

As previously announced, the Bank has revised its previously-reported unaudited consolidated financial position and results of operations for the year ended December 31, 2008, including filing an amended Consolidated Reports of Condition and Income as of December 31, 2008. The effect of the revision is presented in the attachment to this first quarter 2009 report and is more fully discussed in the accompanying 2008 Financial Commentary.

The 2009 first quarter financial results are clearly reflective of the current environment in which we operate, significantly impacted by unprecedented low short-term interest rates and continuing softness in local economic conditions, including real estate markets. However, we remain committed to our fundamentals of helping our customers in every way we can, developing our outstanding team of professional bankers and focusing on the best interests of our shareholders, as evidenced by the \$.05 per share cash dividend distributed on January 15, 2009 and the 1% stock dividend declared to shareholders of record on March 31, 2009. Accordingly, we have adjusted our business plan, refocused on the basics, and remain committed to being in a position to take advantage of the opportunities that will be available when this economic cycle turns.

As always, you are encouraged to direct YOUR banking business to YOUR Bank. 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.



J. Mike McGowan  
President & Chief Executive Officer