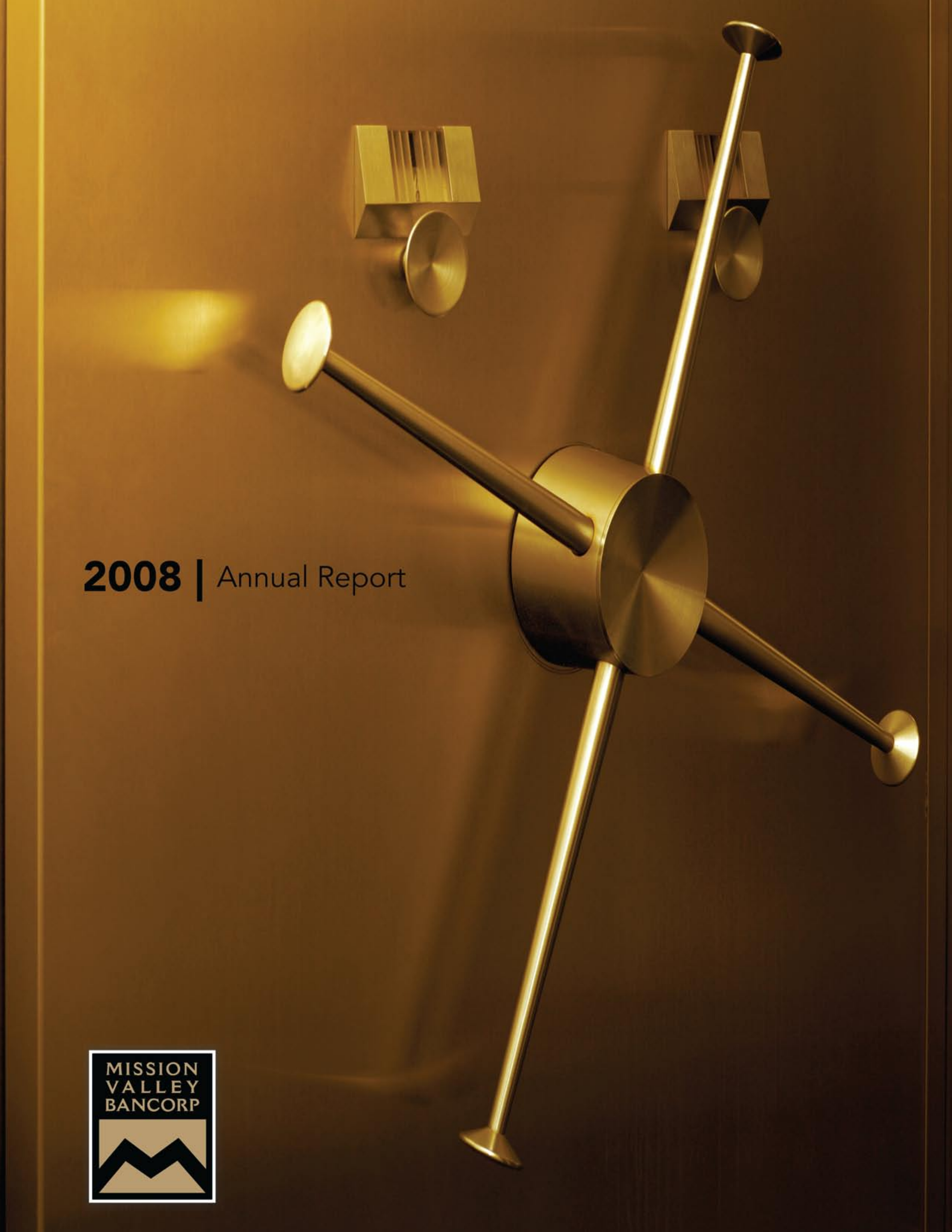


2008 | Annual Report

MISSION
VALLEY
BANCORP

Table of Contents

Mission Valley Bank

Financially Sound…

Strong Asset Base…

Carefully Managed…

Consistent Growth…

While these are all very important factors that help to differentiate Mission Valley Bank from others in our industry – what truly sets us apart is the Bank's overall *philosophy*. ***Our approach to business banking is different than most…***

When Mission Valley Bank opened its doors in 2001 it was with a vision of building a bank that was "***more about the client, and less about the bank***." Today that vision thrives as Mission Valley Bank continues to grow and provide our clients and our communities with innovative financial products, services, information and education.

As a financially sound, well run, well capitalized, community bank, we work to get to know our clients as well as truly understand their varied industries. Through this knowledge and understanding we are able to assist as trusted financial partners, helping our clients to make ***sound decisions for the growth and stability of their businesses***.

Despite the current financial climate, Mission Valley Bank remains committed to the success of our clients, the communities we serve and our Bank. We continue to lend and to develop and deliver innovative deposit products that meet our clients ever changing needs. Through all of this, Mission Valley Bank continues to be ***recognized for its growth and performance*** and remains among the highest rated banks in the Nation by the most respected private financial rating firms including ***Bauer Financial and Veribanc.***

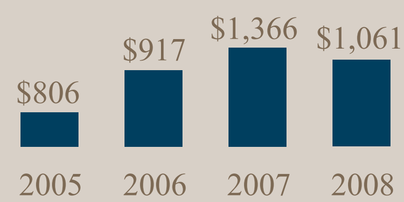
Financial Highlights

Total Assets
(IN MILLIONS)

Net Loans
(IN MILLIONS)

Total Deposits
(IN MILLIONS)

Net Income
(IN THOUSANDS)



Message to Shareholders

Our clients and shareholders know Mission Valley Bank is a full service, community based, business bank dedicated to true "Relationship Banking."

By any measure, 2008 was a year of historic events unlike any experienced in our lifetimes and that we expect will forever change the financial services industry. Despite the many challenges weathered over the past year, Mission Valley Bancorp was able to achieve another consecutive year of profitability, reporting net income for 2008 of $1,061,000. While these results are noticeably down from the previous year, the decline is far less than that experienced by the industry overall. It is important to note that, had it not been for decisions made prior to the severe economic downturn to expand the bank's infrastructure (and thus expenses) with additional facilities and operations, the Company's results would have surpassed the previous year—quite an accomplishment during such challenging times.

In spite of the continuing volatility of our Nation's economy and particularly the financial industry, the company's subsidiary, Mission Valley Bank, was able to achieve commendable growth in both loans and deposits at a time when the industry as a whole experienced declining growth. As many banks struggled through the year, Mission Valley Bank was able to grow total loans over $24 million, a 14% increase over year-end 2007, and at the same time increased deposits more than $29 million or 19%, to end the year at $180 million. As a result, the Company's total assets reached $239 million, up more than $33 million or 16% over the previous year. These results are significantly higher than the average growth rate in the overall industry. We believe that the Company's ability to produce such solid results, particularly in the current economic environment, supports its decision to grow infrastructure by adding another branch location and expanding its Specialized Lending operations. It will, however, take longer to recapture the expenses associated with the expansion as a result of the protracted downturn in the economy.

During 2008 interest rates continued to decline, causing total interest income to remain flat year over year in spite of the growth we experienced. However, the impact on total interest expense was positive, reflecting a 15% or $798,000 drop in interest expense for the year even as interest bearing liabilities grew. As noted earlier, total non interest expenses rose significantly, by 18% or $1.5 million, primarily due to the planned expansion. Increases in occupancy, furniture, fixtures and equipment collectively accounted for a significant portion of the total increase in non interest expenses. Another 29% of the increase resulted from the additional staff, computer and security expenses associated with the expansion. Total non interest income was up by 13% or $392,000 for the year due primarily to the growth in service charges and other income related to deposit growth. Deteriorating economic conditions caused the Bank to increase its provision for loan losses by over 100% to $1.1 million for the year (bringing our total reserves to $2,633,000 at year end 2008). Notwithstanding the significant increase in the reserve for loan losses, the Bank's delinquency ratio of 0.03% remains very low as compared to the industry. Steady profitability and strong, controlled growth allowed the Company to continue to augment capital while still enabling it to provide for appropriate increases in the loan loss reserve. Given the continuing uncertainties in the economy, increased reserves provide the Company with an additional cushion against potential future loan losses.

Reinforcing the significance of our performance, 2008 marked the fifth consecutive year that the Company's subsidiary Mission Valley Bank was named a Premier Performing Bank by the prestigious ***Findley Reports***. Additionally, the financial industry's most respected independent bank rating firms, Bauer Financial and Veribanc, continue to rank Mission Valley Bank among our Nation's safest financial institutions. During a time when the industry is experiencing a dramatic increase in bank failures and regulatory enforcement actions, it is important for shareholders and clients to have independent, up to date information, on how their financial institution is performing.

Since its inception in 2001, Mission Valley Bank has always maintained its designation as well capitalized, steadily leveraging capital while consistently replenishing it through retained earnings, as well as a secondary offering in 2003 followed by the issuance of debt securities in 2005. In November 2008, Mission Valley Bancorp was presented with the opportunity, and subsequently received approval, to participate in the Department of the Treasury's Capital Purchase Program (CPP). In December of 2008 the Company received $5.5 million of capital in exchange for (non-voting) preferred stock issued to the Treasury Department. Though Bancorp and Bank were already well capitalized, we "opted in" to the CPP to further strengthen our capital and liquidity position while continuing to meet the growing loan demand in the communities we serve. Doing so enabled us to assume an even larger role in the stimulation of our local economy. These CPP funds, while secured by non-voting preferred stock in Mission Valley Bancorp, are in essence a 5 year loan at an interest rate of 5%. Over the next 5 years (if not sooner), Mission Valley Bancorp will repay this $5.5 million investment to the Treasury – with interest. It is expected that the Treasury Department (and taxpayers) will realize an overall return on the CPP investments of more than $40 billion upon repayment, making it a sound venture for our government. In the meantime, we are able to lend more funds, more quickly to qualified small business borrowers.

Beginning in 2007, stock values in the financial sector began a steady decline that significantly worsened throughout 2008, with the shares of some of our Nation's "financial giants" falling more than 90% over the course of the year. While not immune to these declines, Mission Valley Bancorp's stock (MVLY) has faired much better than the majority of the industry, experiencing limited fluctuations during the same time frame. Our stock has consistently traded at or above one and a half times its book value throughout this period, representing what we believe is a good value for our shareholders.

Regardless of what happens on Wall Street, we understand that our responsibility is to our clients and shareholders right here on Main Street. Our focus continues to be set on providing both with unmatched quality, service and value. We will remain committed to true relationship banking – establishing financial partnerships as trusted advisors with our clients and providing them with unparalleled service and creative solutions to meet their unique needs.

On behalf of everyone at Mission Valley Bancorp and Mission Valley Bank, please accept our sincere appreciation for your continued confidence and support.

Sincerely,

Earle S. Wasserman
Chairman of the Board
Mission Valley Bancorp
Mission Valley Bank

Tamara Gurney
President & CEO
Mission Valley Bancorp
Mission Valley Bank

Directors

From left to right, Mark Lefever, Marc J. Foulkrod, Darlynn Campbell Morgan, Earle S. Wasserman, Tamara G. Gurney, John Richardson, James Bagge, Jerold B. Neuman (Not Pictured)

Earle S. Wasserman
Chairman of the Board – Mission Valley Bancorp
Chairman of the Board – Mission Valley Bank
Chairman of the Board – Hallmark Group, Inc.

Tamara G. Gurney
President & CEO – Mission Valley Bancorp
President & CEO – Mission Valley Bank

James Bagge
Director – Mission Valley Bancorp
Director – Mission Valley Bank
President – Helicopter Accessory Service, Inc.

Darlynn Campbell Morgan
Director – Mission Valley Bancorp
Director – Mission Valley Bank
Attorney – The Morgan Law Group

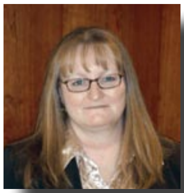
Jerold B. Neuman
Director – Mission Valley Bancorp
Director – Mission Valley Bank
Attorney – Allen, Matkins, Leck, Gamble & Mallory, LLC

John Richardson
Director – Mission Valley Bancorp
Director – Mission Valley Bank
Vice President & General Manager – Crown Disposal Co., Inc.
Community Recycling & Resource Recovery, Inc.

Marc J. Foulkrod
Director – Mission Valley Bancorp
CEO – Avjet Corporation

Mark Lefever
Director – Mission Valley Bancorp
President – Avjet Corporation

The Patrick Visciglia Spirit Award



The Patrick Visciglia Spirit Award was established in memoriam of one of our original founders and Directors. The award is presented annually to the individual within the Bank that most closely emulates Pat's dedication, passion and commitment to the Bank, fellow staff members and our clients.

The 2008 recipient of the Patrick Visciglia Spirit Award is Sandy Konish, Vice President and Administrative Operations Manager. Sandy was honored with this award in a vote cast by the entire staff of Mission Valley Bank.

Congratulations Sandy!

Annual Report
Financial Statements

MISSION
VALLEY
BANCORP

Consolidated Balance Sheet

DECEMBER 31, 2008 AND 2007

AS OF DECEMBER 31, 2008 AND 2007	2008	2007
ASSETS		
Cash and due from banks	$9,308,216	$11,286,426
Federal funds sold	3,195,000	755,000
Cash and cash equivalents	$12,503,216	$12,041,426
Interest-bearing deposits with banks	4,379,000	3,876,000
Securities available-for-sale	19,838,038	11,242,733
Common stock, substantially restricted	2,288,300	2,178,800
Loans, net	190,232,495	166,401,440
Premises and equipment, net	2,468,684	2,983,676
Deferred tax asset	275,553	148,074
Cash surrender value life insurance	5,000,216	4,805,721
Income tax receivable	-	302,855
Accrued interest receivable	962,591	929,793
Other assets	1,195,917	792,616
Total Assets	**$239,144,010**	**$205,703,134**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing demand	$58,313,609	$54,761,929
Interest-bearing demand	29,396,305	18,550,686
Savings	7,136,709	4,922,377
Time, under $100,000	21,215,593	20,888,014
Time, $100,000 and over	63,913,595	51,694,511
Total Deposits	**$179,975,811**	**$150,817,517**
Borrowings	32,000,000	35,065,000
Junior subordinated deferred interest debentures	6,186,000	6,186,000
Income taxes payable	131,532	-
Accrued interest payable and other liabilities	1,333,373	857,849
Total Liabilities	**$219,626,716**	**$192,926,366**
Commitments and contingencies (Note 13)		
Stockholders' Equity		
Preferred stock - 10,000,000 shares authorized; $1,000 par value, 5,500,000 shares outstanding in 2008.	5,500,000	-
Common stock - 10,000,000 shares authorized; no par value; 2,495,758 and 2,473,427 shares outstanding in 2008 and 2007.	$9,541,719	$9,451,519
Additional paid in capital	34,120	18,537
Retained earnings	4,394,495	3,365,232
Accumulated other comprehensive gain (loss), net of tax	46,960	(58,520)
Total Stockholders' Equity	**$19,517,294**	**$12,776,768**
Total Liabilities and Stockholders' Equity	**$239,144,010**	**$205,703,134**

***The accompanying notes are an integral part of these financial statements.**

Consolidated Statements of Income

DECEMBER 31, 2008 AND 2007

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007	2008	2007
Interest Income		
Interest and fees on loans	$12,428,880	$12,268,212
Interest on Federal funds sold	111,961	119,300
Interest on securities	791,994	800,161
Total Interest Income	**$13,332,835**	**$13,187,673**
Interest Expense		
Deposits	3,267,047	3,525,874
Federal funds purchased	3,323	45,348
Other borrowed funds	1,233,553	1,730,310
Total Interest Expense	4,503,923	5,301,532
Net interest income	8,828,912	7,886,141
Provision for Loan Losses	1,077,007	533,366
Net Interest Income After Provision for Loan Losses	**$7,751,905**	**$7,352,775**
Noninterest Income		
Service charges and other income	2,174,291	1,808,999
Interest earned on life insurance	194,495	189,248
Merchant discount income	387,252	419,610
Other income	691,291	637,572
Total Noninterest Income	**$3,447,329**	**$3,055,429**
Noninterest Expense		
Salaries and employee benefits	4,743,862	4,407,644
Occupancy	605,184	383,415
Furniture and equipment	1,214,670	859,213
Data processing	687,677	591,862
Advertising	377,752	305,872
Legal, professional, and consulting	540,455	467,717
Office supplies	119,323	115,132
Merchant discount expense	326,703	352,861
Bank security expense	189,053	133,982
Realized losses on the sale of securities	34,377	11,374
Other operating expenses	990,524	706,128
Share-based compensation expense	15,583	11,671
Total Noninterest Expense	**$9,845,163**	**$8,346,871**
Income From Operations	$1,354,071	$2,061,333
Provision for Income Taxes	293,000	695,544
Net Income	**$1,061,071**	**$1,365,789**
NET INCOME PER SHARE - BASIC	$0.43	$0.60
NET INCOME PER SHARE - DILUTED	$0.40	$0.54

***The accompanying notes are an integral part of these financial statements.**

Consolidated Statements of Changes in Stockholders' Equity

DECEMBER 31, 2008 AND 2007

	Number Shares Outstanding	Amount	Preferred Stock	Comprehensive Income	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Loss/Gain	Total Stockholders' Equity
Balance, January 1, 2007	1,973,177	$9,426,519	$ -	$ -	$6,866	$1,999,443	$(170,913)	$11,261,915
Shares issued as a result of a 5:4 stock split	494,625	-	-	-	-	-	-	-
Proceeds from the exercise of stock options	5,625	25,000	-	-	-	-	-	25,000
Share-based compensation	-	-	-	-	11,671	-	-	11,671
Comprehensive Income								
Net income	-	-	-	1,365,789	-	1,365,789	-	1,365,789
Change in unrealized gains on available-for-sale securities, net of taxes $74,066	-	-	-	105,705	-	-	105,705	105,705
Realized gain on sale of available-for-sale securities, net taxes $4,686	-	-	-	6,688	-	-	6,688	6,688
Total Comprehensive Income	-	-	-	$1,478,182	-	-	-	-
Balance, December 31, 2007	2,473,427	$9,451,519	-	-	$18,537	$3,365,232	$(58,520)	$12,776,768
Proceeds from the exercise of stock options	22,331	90,200	-	-	-	-	-	90,200
Share-based compensation	-	-	-	-	15,583	-	-	15,583
Issuance of Perferred Shares	-	-	5,500,000	-	-	-	-	5,500,000
Adoption of EITF 06-4 Split Dollar Life Insurance	-	-	-	-	-	(26,633)	-	(26,633)
TARP Dividend	-	-	-	-	-	(5,175)	-	(5,175)
Comprehensive Income								
Net income	-	-	-	1,061,071	-	1,061,071	-	1,061,071
Change in unrealized gains on available-for-sale securities, net of taxes $59,743	-	-	-	85,266	-	-	85,266	85,266
Realized gain on sale of available-for-sale securities, net taxes $14,163	-	-	-	20,214	-	-	20,214	20,214
Total Comprehensive Income	-	-	-	$1,166,551	-	-	-	-
Balance, December 31, 2008	**2,495,758**	**$9,541,719**	**$5,500,000**		**$34,120**	**$4,394,495**	**$46,960**	**$19,517,294**

***The accompanying notes are an integral part of these financial statements.**

Consolidated Statements of Cash Flow

DECEMBER 31, 2008 AND 2007

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Cash Flows from Operating Activities	2008	2007
Net income	**$1,061,071**	**$1,365,789**
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	1,077,007	533,366
Depreciation and amortization	720,468	466,080
Share-based compensation	15,583	11,671
Net accretion of discount and amortization of premium	(5,417)	(461)
Loss realized on the sale of securities	34,377	11,374
Loss on disposal of premises and equipment	2,710	547
Federal Home Loan Bank dividends	(78,600)	(39,700)
Increase in cash surrender value life insurance, net of mortality costs	(194,495)	(189,248)
Increase in accrued interest receivable and other assets	(334,630)	(474,124)
Increase in accrued interest payable and other liabilities	448,892	168,944
Increase (decrease) in taxes payable	131,532	(79,010)
Net Cash Flows Provided by Operating Activities	**$2,878,498**	**$1,775,228**
Cash Flows from Investing Activities		
Change in interest bearing deposits with banks, net	(503,000)	2,246,570
Sale of FHLB Stock	520,200	-
Purchases of investment securities available-for-sale	(18,138,888)	-
Proceeds from the sale of investment securities available-for-sale	4,956,838	1,031,230
Maturities of investment securities available-for-sale	2,595,772	1,000,000
Paydowns of investment securities available-for-sale	2,141,399	1,452,414
Recoveries of previously charged off loans	16,842	71,247
Purchase of common stock, substantially restricted	(551,100)	(630,000)
Net increase in loans	(24,924,904)	(27,520,847)
Purchase of premises and equipment	(208,186)	(1,992,979)
Net Cash Flows Used by Investing Activities	**$(34,095,027)**	**$(24,342,365)**
Cash Flows from Financing Activities		
Net increase in deposits	29,158,294	12,167,021
(Decrease) increase in borrowings, net of repayments	(3,065,000)	13,175,000
Proceeds from the exercise of stock options	90,200	25,000
Dividends paid on TARP	(5,175)	-
Proceeds from the issuance of preferred stock	5,500,000	-
Net Cash Flows Provided by Financing Activities	**$31,678,319**	**$25,367,021**
Net Increase in Cash and Cash Equivalents	461,790	2,799,884
Cash and Cash Equivalents, Beginning of Year	12,041,426	9,241,542
Cash and Cash Equivalents, End of Year	**$12,503,216**	**$12,041,426**
Supplemental Disclosures of Cash Flow Information		
Interest payments	4,515,873	5,183,010
Income taxes paid	**$161,468**	**$774,554**

***The accompanying notes are an integral part of these financial statements.**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations
Mission Valley Bank (the Bank) was formed during 2001 and on May 24, 2005, the stockholders' of the Bank approved the exchange of common stock in Mission Valley Bank for common stock of a newly formed holding company, Mission Valley Bancorp (the Company). This transaction was consummated on August 30, 2005, and was accounted for at historical cost.

Nature of Banking Activities
Mission Valley Bancorp is a bank holding company, which provides a full range of banking services to individual and corporate customers through its principal subsidiary, Mission Valley Bank. The Bank has three branches, located in Sun Valley, Valencia and the Centre Pointe Area of Santa Clarita, California. The Company has been authorized by the Federal Reserve Bank of San Francisco to engage in lending activities separate from the Bank but to date has not done so. As a State chartered bank, the Bank is subject to regulation by the California Department of Financial Institutions ("DFI") and the Federal Deposit Insurance Corporation ("FDIC").

Consolidation and Basis of Presentation
The consolidated financial statements include the accounts of the Company and the accounts of its wholly owned subsidiary, Mission Valley Bank. All significant intercompany balances and transactions have been eliminated. Certain reclassifications have been made to prior years' balances to conform to classifications used in 2008. The accounting and reporting policies of the Company conform with accounting principles generally accepted in the United States of America and prevailing practices within the banking industry.

In 2005, the Company issued $6,186,000 of junior subordinated deferrable interest debentures through Mission Valley Statutory Trust I. Pursuant to Financial Accounting Standards Board ("FASB") Interpretation No. 46R (FIN 46R), *"Consolidation of Variable Interest Entities"*, issued December 2003, the activities of the Mission Valley Statutory Trust I were deconsolidated at December 31, 2005. As a result, the consolidated balance sheet includes $6,186,000 of long-term borrowings, reported as junior subordinated deferrable interest debentures. Also included in other assets on the consolidated balance sheet is $186,000 investment in Mission Valley Statutory Trust I. The overall effect on the Company's financial position and operating results of the deconsolidation is not material.

Use of Estimates in Preparation of Financial Statements
The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America and to prevailing practices within the banking industry. The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during reported periods. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term are the allowance for loan losses and the valuation of deferred tax assets.

Certain prior year amounts have been reclassified to conform to current year presentation, with no impact on stockholders' equity or net income as previously reported.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Concentration of Credit Risk
Assets and liabilities that subject the Company to concentrations of credit risk consist of interest-bearing deposits at other banks, investments, loans and deposits. Most of the Company's customers are located within Los Angeles County and the surrounding areas. As of December 31, 2008, there was no concentration of customer deposits.

The types of securities the Company invests in are discussed in Note 3 and the Company's primary lending products are discussed in Note 4.

Cash and Cash Equivalents
For the purposes of reporting cash flows, cash and cash equivalents includes cash due from banks and Federal funds sold that are purchased with an original maturity of less than ninety days.

Certificates of Deposits
Interest-bearing deposits in banks are purchased with an original maturity date greater than ninety days and are carried at cost. Interest-bearing deposits with banks include certificates of deposit in major financial institutions located throughout the United States of America. At times, these deposits exceed the Federal Deposit Insurance Corporation ("FDIC") insured amount of $250,000.

Securities
The Bank is required to specifically identify its securities as "held-to-maturity", "available-for-sale", or "trading". The Bank did not invest in securities that were classified as trading or held-to-maturity during the years ended December 31, 2008 and 2007.

Securities that are available-for-sale consist of securities not classified as trading securities or as held-to-maturity. Securities available-for-sale is carried at fair value. Fair values for these investment securities are based on quoted market prices. Unrealized holdings gains and losses, net of deferred income taxes, on available-for-sale securities are reported as other comprehensive income (loss) and carried as accumulated comprehensive income (loss) within stockholders' equity until realized.

Premiums and discounts on purchased securities are recognized in interest income using the effective interest method over the term of the securities. Declines in the fair value of held-to-maturity and available-for-sale securities below cost that are deemed to be other than temporary are reflected in earnings as realized losses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Federal Home Loan Bank (FHLB) and Pacific Coast Bankers' Bank Stock
The Bank, as a member of the Federal Home Loan Bank ("FHLB") of San Francisco, is required to purchase FHLB stock in accordance with its advances, securities, and deposit agreement. The stock may be redeemed at par value, however only in connection with the Bank surrendering its FHLB membership. The Bank also invests in the stock of Pacific Coast Bankers' Bank ("PCBB"), in connection with its correspondent banking arrangement with PCBB. These investments are carried at cost as of December 31, 2008 and 2007 and are included as common stock, substantially restricted on the balance sheet.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Loans
The Company, through the Bank, grants commercial real estate, commercial and consumer loans to customers. A substantial portion of the loan portfolio is secured by real estate throughout Los Angeles County and the surrounding areas. The ability of the Company's debtors to honor their contracts is dependent upon the real estate and general economic conditions in the area.

Loans that management has the intent and ability to hold for the foreseeable future, until maturity or until payoff, are reported at their outstanding unpaid principal balances adjusted for charge-offs, allowance for loan losses, and any deferred fees or costs recorded at the time of the loan origination. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the effective interest method.

The accrual of interest on loans is discontinued at the time a loan becomes ninety-days delinquent unless the credit is well secured and in process of collection. In some cases, loans can be placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued, but not collected, for loans that are placed on nonaccrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until the loans qualify for return to accrual status. Loans are returned to accrual status when all the principal and interest amounts contractually due become current and future payments are reasonably assured.

Allowance for Loan Losses
The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the collectibility of loan principal becomes unlikely. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on an on-going basis by management and is based upon management's periodic review of the collectibility of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, changes in the estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as conditions change.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting future scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for commercial construction, and consumer term loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Premises and Equipment
Equipment, furniture, and fixtures are carried at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to five years. Leasehold improvements are amortized over the shorter of the term of the lease or the estimated useful lives of improvements. Maintenance and repairs are expensed as incurred while major improvements or additions are capitalized. Gains and losses on dispositions are included in current operations.

Advertising Costs
Advertising costs of $377,752 and $305,872 for the years ended December 31, 2008 and 2007, respectively, were expensed as incurred.

Financial Instruments
In the ordinary course of business, the Company has entered into off-balance sheet agreements consisting of commitments to extend credit, commitments under credit card arrangements, commercial letters of credit, and standby letters of credit. Such financial instruments are recorded in the financial statements when they are funded or related fees are incurred or received.

Income Taxes
The Company records its provision for income taxes under the asset and liability method. Deferred tax assets and liabilities are reflected at currently enacted income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. Deferred taxes result from temporary differences in the recognition of certain income and expense amounts between the Company's financial statements and its tax return. The principal items giving rise to these differences include the allowance for loan losses, unused net operating losses, accruals for interest income and expense and depreciation.

Share-Based Compensation
The Bank adopted SFAS No. 123(R) on January 1, 2006, using the "modified prospective method". Under this method compensation expense is recognized using the fair-value method for all stock option awards since 2006, as well as any existing awards that are modified repurchased or canceled after January 1, 2006, and prior periods are not restated. In addition, the unvested portion of previously awarded options outstanding prior to 2005 will vest over the requisite service period based on the fair value of those options as calculated at the grant date and continue to be disclosed under the pro-forma disclosure of SFAS No. 123. The fair value of each grant is estimated using the Black-Scholes option pricing model. For the years ended December 31, 2008 and 2007, the Bank recognized pre-tax stock-based compensation expense of $15,583 and $11,671, respectively.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Share-Based Compensation, ***continued***

Had compensation cost for the Bank's 2001 through 2004 stock option plans been determined based on the fair value at the grant dates for awards under those plans, consistent with the method of SFAS No. 123(R) and SFAS No. 123 for 2008 and 2007, respectively, the Bank's net income and income per share for 2008 and 2007 would have changed to the pro forma amounts indicated below:

Net Income:	2008	2007
As Reported	**$1,061,071**	**$1,365,789**
Stock-based compensation that would have been reported using the Fair Value Method of SFAS 123	(49,094)	(39,406)
Pro Forma	**$1,011,977**	**$1,326,383**

Per Share:	2008	2007
Net Income - Basic		
As Reported	$0.43	$0.60
Pro Forma	$0.41	$0.59
Net Income - Diluted		
As Reported	$0.40	$0.54
Pro Forma	$0.38	$0.52

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains, and losses be included in net income. Certain changes in stockholders' equity from non-owner sources, such as gains and losses on available-for-sale securities, are reported with net income as comprehensive income and shown as a separate component of the equity section of the balance sheet. For the years ended December 31, 2008 and 2007, holding gains (losses) on available-for-sale securities were the only items of comprehensive income (loss) other than net income for the respective period.

New Accounting Pronouncements

Statements of Financial Accounting Standards

In July 2006, the FASB issued FIN No. 48, *"Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109"*, which clarifies the accounting and disclosure for uncertainty in tax positions as defined. FIN No. 48 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. We adopted FIN No. 48 effective January 1, 2007, and have determined that as of December 31, 2008, all tax positions taken to date are highly certain and, accordingly, no accounting adjustment has been made to the financial statements. Interest and penalties related to uncertain tax positions are recorded as part of income tax expense.

The Company is subject to Federal income tax and income tax of the State of California. Federal returns for the years ended December 31, 2005, 2006 and 2007, are open to audit by the federal authorities. California state tax returns for the years ended December 31, 2004, 2005, 2006 and 2007, are open to audit by state authorities.

In December 2007, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 141(R), *"Business Combinations"*. This statement changes the accounting for business combinations including the measurement of acquirer shares issued in consideration for a business combination, the recognition of contingent consideration, the accounting for pre-acquisition gain and loss contingencies, the recognition of capitalized in process research and development, the accounting for acquisition-related restructuring cost accruals, the treatment of acquisition related transaction costs and the recognition of changes in the acquirer's income tax valuation allowance. The Company is required to adopt SFAS No. 141(R) no later than January 1, 2009 and does not expect the adoption to have a material effect on the financial position of the company.

In September 2006, the FASB issued SFAS No. 157, *"Fair Value Measurements"*, ("SFAS No. 157"). SFAS No. 157 enhances existing guidance for measuring assets and liabilities using fair value. Prior to the issuance of SFAS No. 157, guidance for applying fair value was incorporated in several accounting pronouncements. SFAS No. 157 provide a single definition of fair value, together with a framework for measuring it, and require additional disclosure about the use of fair value to measure assets and liabilities. SFAS No. 157 also emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. Under SFAS No. 157, fair value measurements are disclosed by level within that hierarchy. While SFAS No. 157 does not add any new fair value measurements, it does change current practice. Changes to practice include: (1) a requirement for an entity to include its own credit standing in the measurement of its liabilities; (2) a modification of the transaction price presumption; (3) a prohibition on the use of block discounts when valuing large blocks of securities for broker-dealers and investment companies; and (4) a requirement to adjust the value of restricted stock for the effect of the restriction even if the restriction lapses within one year. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The adoption of SFAS No. 157 did not have a material effect on the financial position of the Company.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

New Accounting Pronouncements, continued

In September 2006, the FASB issued SFAS No. 158, *"Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans (an amendment of FASB Statements No. 87, No. 88, No. 106, and No. 132R)* (SFAS No. 158). SFAS No. 158 requires an employer to: (a) recognize in its statement of financial position an asset for a plan's over funded status or a liability for a plan's under funded status; (b) measure a plan's assets and its obligations that determine its funded status as of the end of the employer's fiscal year (with limited exceptions); and (c) recognize changes in the funded status of a defined benefit postretirement plan in the year in which the changes occur. Those changes will be reported in comprehensive income of a business entity and in changes in net assets of a not-for-profit organization. The requirement by SFAS No. 158 to recognize the funded status of a benefit plan and the disclosure requirements of SFAS No. 158 are effective as of the end of the fiscal year ending after December 15, 2006, for entities with publicly traded equity securities. The requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position is effective for fiscal years ending after December 15, 2008. The Company's adoption of SFAS No. 158 did not have a material effect on the financial position of the Company.

In February 2007, the FASB issued SFAS No. 159, *"The Fair Value Option for Financial Assets and Financial Liabilities—including an amendment of FASB Statement No. 115"* (SFAS No. 159). SFAS No. 159 permits the measurement of many financial instruments and certain other balance sheet items at fair value, in order to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. Upon adoption, balance sheet items designated for fair value accounting are marked to market through equity, and the fair value option may also be selectively applied to items acquired after the adoption date. Unrealized gains and losses on all items so designated are reported in earnings at each subsequent reporting date. The fair value option may be applied instrument by instrument (with a few exceptions), and is applied only to entire instruments and not to portions thereof. SFAS No. 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007. Other than investments which are currently classified as available-for-sale and are thus reported at fair value in accordance with SFAS No. 115, the Company did not apply fair value accounting to any balance sheet item upon adoption of SFAS No. 159 on January 1, 2008.

In December 2007, the FASB issued SFAS No. 160, *"Non-Controlling Interests in Consolidated Financial Statements, an amendment of ARB No. 51"*. This statement changes the accounting for non-controlling (minority) interests in consolidated financial statements including the requirements to classify non-controlling interests as a component of consolidated stockholders' equity, and the elimination of "minority interest" accounting in results of operations with earnings attributable to non-controlling interests reported as part of consolidated earnings. Additionally, SFAS No. 160 revises the accounting for both increases and decreases in a parent's controlling ownership interest. The Company must adopt SFAS No. 160 no later than January 1, 2009, and does not expect the adoption to have a material effect on the financial position of the Company.

Emerging Issues Task Force Issues (EITF)

In September 2006, the FASB Emerging Issues Task Force (EITF) finalized Issue No. 06-4, *"Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements"*. This issue requires that a liability be recorded during the service period when a split-dollar life insurance agreement continues after participants' employment or retirement. The required accrued liability will be based on either the post-employment benefit cost for the continuing life insurance or based on the future death benefit depending on the contractual terms of the underlying agreement. This issue was effective January 1, 2008 and had an impact of $26,633 on retained earnings as of December 31, 2008.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Emerging Issues Task Force Issues (EITF), continued
In March 2008, the FASB issued SFAS No. 161, *"Disclosures about Derivative Instruments and Hedging Activities, an amendment of SFAS No. 133"*. SFAS No. 161 amends and expands the disclosure requirements of SFAS No. 133 for derivative instruments and hedging activities. SFAS No. 161 requires qualitative disclosure about objectives and strategies for using derivative and hedging instruments, quantitative disclosures about fair value amounts of the instruments and gains and losses on such instruments, as well as disclosures about credit-risk features in derivative agreements. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The adoption of SFAS No. 161 is not expected to have a material impact to the disclosures in the Company's consolidated financial statements.

In February 2008, FASB issued FASB Staff Position ("FSP") FAS 157-1, *"Application of FASB Statement No. 157 and Other Accounting Pronouncements that Address Fair Value Measurements for Purposes of Lease Classification or Measurement Under Statement 13",* and FSP FAS 157-2, *"Effective Date of FASB Statement No. 157"*. FSP FAS 157-1 removes leasing from the scope of SFAS No. 157, *"Fair Value Measurements"*. FSP FAS 157-2 delays the effective date of SFAS No. 157 from 2008 to 2009, for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The Company does not expect the implementation of FSP FAS 157-1 to have a material impact on its financial position, results of operations, or cash flows. Additionally, in accordance with FSP FAS 157-2 the Company will delay the application of SFAS No. 157 for non-financial assets and non-financial liabilities until January 1, 2009, and does not expect the application to have a material impact on the Company's financial position, results of operations, or cash flows.

In May 2008, the FASB issued SFAS No. 162, *"The Hierarchy of Generally Accepted Accounting Principles"*. SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of the financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles ("GAAP") in the Unites States. The FASB issued SFAS No. 162, because the current GAAP hierarchy, as set forth in the American Institute of Certified Public Accountants ("AICPA") Statement on Auditing Standards No. 69, *"The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles",* is directed to the auditor and not the entity, it is complex, and it ranks FASB Statements of Financial Accounting Concepts below industry practices that are widely recognized as generally accepted but that are not subject to due process. This statement is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board ("PCAOB") amendments to AU Section 411, *"The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles"*. The Company does not anticipate the adoption of SFAS No. 162 to have a material impact of its financial position, results of operations or cash flows.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Emerging Issues Task Force Issues (EITF), continued
In May 2008, the FASB issued SFAS No. 163, *"Accounting for Financial Guarantee Insurance Contracts, an interpretation of FASB Statement No. 60"*. SFAS No. 163 seeks to bring consistency in the recognition and measurement of claim liabilities. This statement also clarifies how SFAS No. 60 applies to financial guarantee contracts, including the recognition and measurement to be used to account for premium revenue and claim liabilities, increasing the comparability in financial reporting of financial guarantee contracts by insurance enterprises. The Company must adopt SFAS No. 163 no later than January 1, 2009. The Company does not anticipate the adoption of SFAS No. 163 to have a material impact on its financial position, results of operations or cash flows.

On October 10, 2008, the FASB issued Financial Accounting Standards Board Staff Position ("FSP") FSP FAS 157-3, *"Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active"*. The FSP clarifies the application of SFAS No. 157, *"Fair Value Measurements",* in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. The FSP is effective immediately, and includes prior periods for which financial statements have not been issued, and therefore the Company is subject to the provisions under the FSP effective September 30, 2008. The implementation of FSP FAS 157-3 did not affect the Company's fair value measurements as of December 31, 2008.

NOTE 2 – FAIR VALUE DISCLOSURES (SFAS NO. 157 DISCLOSURE)

Effective January 1, 2008, the Company determines the fair market values of certain financial Instruments based on the fair value hierarchy established In SFAS No. 157, *"Fair Value Measurements"*, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

The following provides a summary of the hierarchical levels, as defined by SFAS No. 157, used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 asset and liabilities may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities may include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and other instruments whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes U.S. Government and agency mortgage-backed debt securities, corporate debt securities, derivative contracts, residential mortgage, and loans held-for-sale.

NOTE 2 – FAIR VALUE DISCLOSURES (SFAS NO. 157 DISCLOSURE), *continued*

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private equity investments, retained residual interests in securitizations, residential MSRs, asset-backed securities (ABS), highly structured or long-term derivative contracts and certain collateralized debt obligations (CDO) where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

Fair Value Measurements

The Company used the following methods and significant assumptions to estimate fair value:

• **Securities**

The fair value of securities available-for-sale are determined by obtaining quoted prices on nationally recognized exchanges or matrix pricing which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather relying on the security's relationship to other benchmark quoted securities.

• **Impaired Loans**

A loan is considered impaired when it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan agreement. Impairment is measured based on the fair value of the underlying collateral or the discounted expected future cash flows. The Company measures impairment on all nonaccrual loans for which it has established specific reserves as part of the specific allocated allowance component of the allowance for loan losses. As such, the Company records impaired loans as non-recurring Level 2 when the fair value of the underlying collateral is based on an observable market price or current appraised value. When current market prices are not available or the Company determines that the fair value of the underlying collateral is further impaired below appraised values, the Company records impaired loans as non-recurring Level 3. At December 31, 2008, substantially all of the Company's impaired loans were evaluated based on the fair value of their underlying collateral based upon the most recent appraisal available to Management.

NOTE 2 – FAIR VALUE DISCLOSURES (SFAS NO. 157 DISCLOSURE), *continued*

The following table provides a summary of the financial instruments the Company measures at fair value on a recurring basis as of December 31, 2008:

	Level 1	Level 2	Level 3	Assets at Fair Value
Securities available-for-sale	$ -	$16,619,382	$ -	$16,619,382
Municipal bonds	-	1,711,322	-	1,711,322
Mutual funds	1,507,334	-	-	1,507,334
Total Assets Measured on a Recurring Basis	**$1,507,334**	**$18,330,704**	**$ -**	**$19,838,038**

The following table provides a summary of the financial instruments the Company measures at fair value on a recurring basis as of December 31, 2008:

Assets	Level 1	Level 2	Level 3	Assets at Fair Value
Impaired Loans	$ **-**	**$409,555**	$ **-**	**$409,555**

NOTE 3 - INVESTMENT SECURITIES

The amortized cost and fair values of investment securities available-for-sale December 31 were:

December 31, 2008	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mortgage and asset-backed securities	$16,404,756	$234,160	$(19,534)	$16,619,382
Municipal bonds	1,753,419	-	(42,097)	1,711,322
Mutual funds	1,600,000	-	(92,666)	1,507,334
Total Available-for-Sale	**$19,758,175**	**$234,160**	**$(154,297)**	**$19,838,038**

December 31, 2007	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mortgage and asset-backed securities	$5,630,300	$254	$(41,068)	$5,589,486
U.S. Government Agencies	3,111,357	-	(5,535)	3,105,822
Corporate bonds	1,000,599	-	(4,449)	996,150
Mutual funds	1,600,000	-	(48,725)	1,551,275
Total Available-for-Sale	**$11,342,256**	**$254**	**$(99,777)**	**$11,242,733**

The amortized cost and estimated fair value of available-for-sale securities at December 31, 2008, by contractual or expected maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. The maturities are as follows:

December 31, 2008	Amortized Cost	Fair Value
Due in one year or less	$9,706,805	$9,795,901
Due after one year through five years	4,700,257	4,816,655
Due after five years through ten years	1,997,694	2,006,825
Due after fifteen years	1,753,419	1,711,323
No stated maturity	1,600,000	1,507,334
Total	**$19,758,175**	**$19,838,038**

For the year ended December 31, 2008, proceeds from sales of securities available-for-sale amounted to $34,377.

The Company has securities pledged to secure public deposits or for other purposes required or permitted by law at December 31, 2008 and 2007.

NOTE 3 - INVESTMENT SECURITIES, *continued*

At December 31, 2008 and 2007, the Bank had 6 and 11 securities, respectively, with unrealized gross losses. The table below shows the Bank's investments' gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2008 and 2007:

	Less than 12 Months		12 Months or Greater		Total		
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	
Mortgage and asset-backed securities	$1,486,739	$(18,051)	$325,259	$(1,483)	$1,811,998	$(19,534)	2008
Municipal bonds	1,711,323	(42,097)	-	-	-	(42,097)	
Mutual funds	-	-	1,507,334	(92,666)	1,507,334	(92,666)	
Total	**$3,198,062**	**$(60,148)**	**$1,832,593**	**$(94,149)**	**$3,319,332**	**$(154,297)**	
Mortgage and asset-backed securities	-	-	$4,585,046	$(41,068)	$4,585,046	$(41,068)	2007
U.S. Government Agencies	-	-	3,105,822	(5,535)	3,105,822	(5,535)	
Corporate bonds	-	-	996,150	(4,449)	996,150	(4,449)	
Mutual Funds	-	-	1,551,275	(48,725)	1,551,275	(48,725)	
Total	**$ -**	**$ -**	**$10,238,293**	**$(99,777)**	**$10,238,293**	**$(99,777)**	

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

The Company believes that the primary reason for the decline in value of mutual funds is due to the volatility of interest rates. The Company does not believe that the decline in the net asset value of these securities has given rise to other-than-temporary-impairment and furthermore, it has the intent and ability to hold these securities for the foreseeable future, and therefore does not expect to realize a loss on the mutual fund investment. As such, the Company does not consider the impairment on this security to be other-than-temporary.

NOTE 4 - LOAN RECEIVABLES

The following is a summary of loan receivables:

December 31,	2008	2007
Loans:		
Real estate	$111,283,152	$90,080,721
Commercial	53,738,056	53,905,257
Consumer	4,354,903	2,182,090
SBA Loans	8,502,263	4,524,852
Leasing	9,017,732	10,965,639
Advanced Restaurant Finance (ARF)	5,614,661	3,642,858
Overdrafts	553,260	3,446,731
Gross loans	193,064,027	168,748,148
Less: Deferred loan fees, net of costs	(198,892)	(256,405)
Less: Allowance for loan losses	(2,632,640)	(2,090,303)
Net Loans	**$190,232,495**	**$166,401,440**

NOTE 5 - ALLOWANCE FOR POSSIBLE LOAN LOSSES

The following is a summary of the allowance for possible loan losses during the year ended December 31:

2008	Loans	Unfunded Commitments
Balance, as of the beginning of the year	$ 2,090,303	$59,980
Add: Provision for loan losses	1,077,007	14,907
Recovery	16,842	-
Less: Charge-offs	(551,512)	-
Balance, as of the end of the year	**$2,632,640**	**$74,887**

The following is a summary of the allowance for possible loan losses during the year ended December 31:

2007	Loans	Unfunded Commitments
Balance, as of the beginning of the year	$1,769,736	$55,630
Add: Provision for loan losses	533,366	4,350
Recovery	71,247	-
Less: Charge-offs	(284,046)	-
Balance, as of the end of the year	**$2,090,303**	**$59,980**

At December 31, 2008 and 2007, the Bank had loans specifically classified as impaired amounting to approximately $409,555 and $298,767, respectively, all of which are on a nonaccrual basis. The average balance of impaired loans amounted to approximately $394,277 and $277,615 for the years ended December 31, 2008 and 2007, respectively.

Interest income that would have been recognized on nonaccrual loans if they had performed in accordance with the terms of the loans was $25,596 and $13,813 for the years ended December 31, 2008 and 2007, respectively.

NOTE 6 - PROPERTY AND EQUIPMENT

The following is a summary of the property and equipment:

	December 31, 2008	December 31, 2007
Building improvements	$2,041,818	$2,034,653
Furniture and equipment	2,942,003	2,741,888
Construction in progress	-	22,824
	$4,983,821	**$4,799,365**
Less: Accumulated depreciation and amortization	(2,515,137)	(1,815,689)
Total	**$2,468,684**	**$2,983,676**

NOTE 7 - CERTIFICATES OF DEPOSIT

Certificates of deposit at December 31, 2008, had scheduled maturities as follows:

	Time Deposits	Time Deposits
Matures During	<$100,000	>$100,000
2009	$20,582,747	$50,986,163
2010	385,390	4,673,176
2011	90,918	7,251,960
2012	143,711	-
2013	12,827	1,002,296
Total	**$21,215,593**	**$63,913,595**

NOTE 8 - BORROWINGS

The Company has a line of credit available from the FHLB, which is secured by pledged loans. Borrowings may include overnight advances as well as loans with terms of up to 30 years. At December 31, 2008 and 2007 the Company had a fixed-rate borrowing of $32,000,000 and $34,300,000, respectively maturing at various dates through 2009 with an average annual rate of 2.94 percent and 4.53 percent, respectively.

The Company had $13,102,826 and $13,670,296 of unused borrowing capacity from FHLB at December 31, 2008 and 2007 respectively based upon loans and securities available to be pledged.

The Company has an unsecured revolving line of credit with PCBB providing for Federal fund purchases up to $7,500,000. Borrowings are payable on demand and interest on outstanding borrowings accrues at rates negotiated at the time of the borrowing. As of December 31, 2008 the Company did not have an outstanding balance against the line. At December 31, 2007, the Company had $765,000 outstanding against the line at an annual interest rate of 4.59 percent.

NOTE 9 - JUNIOR SUBORDINATED DEFERRABLE INTEREST DEBENTURES

The Mission Valley Statutory Trust I (the "Trust") was formed by the Company for the sole purpose of issuing trust preferred securities fully and unconditionally guaranteed by the Company. For financial reporting purposes, the Trust is not consolidated and the fixed rate junior subordinated deferrable interest debentures held by the Trust, issued and guaranteed by the Company, are reflected in the Company's consolidated balance sheet in accordance with the provisions of FIN 46.

On September 16, 2005, the Trust issued $6,000,000 fixed rate Capital Trust Pass-Through Securities ("TRUPS") with a liquidation value of $1,000 per security for gross proceeds of $6,000,000. The entire proceeds of the issuance were invested by the Trust in $6,186,000 of junior subordinated deferrable interest debentures issued by the Company with identical maturity, repricing, and payment terms as the TRUPS. These junior subordinated deferrable interest debentures represent the sole assets of the Trust. The junior subordinated deferrable interest debentures issued by the Trust mature on December 15, 2035, and bear interest at 5.972 percent on March 15, June 15, September 15, and December 15 of each year. The interest is deferrable, at the Company's option, for a period of up to twenty consecutive quarterly periods, but in any event not beyond September 16, 2035. The debentures are redeemable, in whole or in part, at the Company's option on any March 15, June 15, September 15, and December 15, on or after December 15, 2010.

NOTE 10 – TROUBLED ASSETS RELIEF PROGRAM (TARP) CAPITAL PURCHASE PROGRAM

On December 23, 2008, the Company in connection with TARP, entered into a Purchase Agreement with the United States Department of the Treasury (the Treasury), pursuant to which the Company agreed to issue and sell 5,500 shares of the Bank's Preferred Stock as Fixed Rate Non-cumulative Perpetual Preferred Stock, (Series A) for an aggregate purchase price of $5,500,000 in cash. The redemption of Series A Preferred Stock will be $5,500,000.

The Series A Preferred Stock will qualify as Tier 1 capital and pay non-cumulative dividends at a rate of five percent (5%) per annum for the first five years, and nine percent (9%) per annum thereafter. Series A stock may be redeemed by the Bank after three years. Prior to the end of three years, Series A stock may be redeemed only with the proceeds from the sale of qualifying equity securities of the Bank. For as long as any Preferred Stock is outstanding and held by the Treasury, no dividends may be declared on common shares.

In the Purchase Agreement, the Bank agreed that, until such time as the Treasury ceases to own any debt or equity securities of the Bank acquired pursuant to the Purchase Agreement, the Bank will take all necessary actions to ensure that its benefit plans, with respect to its senior executive officers, comply with Section 111(b) of the Emergency Economic Stabilization Act of 2008 (the EESA). As implemented by any guidance or regulation under the EESA that has been issued and is in effect as of the date of the issuance of the Preferred Stock, and has agreed to not adopt any benefit plans with respect to, or which covers, its senior executive officers that do not comply with the EESA, and the applicable executives have consented to the foregoing.

NOTE 11 - INCOME TAXES

For Federal and State income tax reporting purposes, the Bank is included in the consolidated Federal and combined State income tax returns of its parent company, Mission Valley Bancorp.

The provisions for income taxes for the year ended December 31, consisted of the following:

December 31	2008	2007
Current:		
Federal	$361,350	$374,062
State	133,037	119,552
	$494,387	$493,614

December 31	2008	2007
Deferred:		
Federal	$(147,961)	$148,742
State	(53,426)	53,188
	(201,387)	201,930
The provision for income taxes	**$293,000**	**$695,544**

NOTE 11 - INCOME TAXES, *continued*

The following summarizes the differences between the provision for income taxes for financial statement purposes and the Federal statutory rate of 34 percent for the years ended December 31, 2008 and 2007.

	2008	2007
Federal tax rate	34.0%	34.0%
State taxes, net of Federal tax benefits	4.4%	5.1%
Other	(16.8)%	(5.4)%
Net tax rate	**21.6%**	**33.7%**

The tax effects of each type of significant item that gave rise to deferred taxes are:

	2008	2007
Allowance for credit losses	$1,001,047	$824,254
Depreciation and amortization	54,635	(35,127)
Current State taxes	43,996	45,199
Certain prepaid assets	(98,078)	(195,661)
Unrealized loss on investment securities	(32,904)	41,004
Accruals for income and expense	(33,789)	(67,579)
Bank Enterprises Award (BEA)	(483,564)	(203,189)
Other, net	(175,790)	(260,827)
Net deferred tax asset	**$275,553**	**$148,074**

NOTE 12 - REGULATORY CAPITAL

The Company and the Bank are subject to various regulatory capital requirements administered by the Federal and State banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company must meet specific capital guidelines that involve quantitative measures of the Company's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices.

The Company's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Under existing regulatory capital guidelines, the Company is restricted in its ability to pay cash dividends.

Quantitative measures established by regulation to ensure capital adequacy require the Company to maintain minimum amounts and ratios (set forth in the following table) of total and Tier 1 capital to risk-weighted assets and of Tier 1 capital to average assets all of which are defined in the regulations.

NOTE 12 - REGULATORY CAPITAL, *continued*

To be categorized as adequately capitalized, the Company must maintain minimum total risk-based, Tier 1 risk based, and Tier 1 leverage ratios as set forth in the table below. Management believes, as of December 31, 2008 and 2007, that the Company met all the capital adequacy requirements to which it is subject.

As of December 31, 2008, the most recent notification from the FDIC categorized the Company as "well capitalized" under the regulatory framework for prompt corrective action. To be categorized as well capitalized, an institution must maintain a minimum total risk based, Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the following table. There are no conditions or events since that notification that management believes have changed the Company's category.

The Company's required and accrual capital amounts and ratios are as follows:

			Amount of Capital Required			
As of December 31, 2008	Actual Capital		To Be Adequately Capitalized		To Be Well Capitalized	
Total capital to risk-weighted assets	Amount	Ratio	Amount	Ratio	Amount	Ratio
Mission Valley Bancorp	$28,117,294	12.99%	$17,318,737	8.00%	$21,648,422	10.00%
Mission Valley Bank	$26,893,000	12.45%	$17,287,280	8.00%	$21,609,100	10.00%
Tier 1 capital to risk-weighted assets						
Mission Valley Bancorp	$25,416,294	11.74%	$8,659,369	4.00%	$12,989,053	6.00%
Mission Valley Bank	$24,192,000	11.20%	$8,643,640	4.00%	$12,965,460	6.00%
Tier 1 capital to average assets						
Mission Valley Bancorp	$25,416,294	12.48%	$8,143,412	4.00%	$10,179,265	5.00%
Mission Valley Bank	$24,192,000	10.33%	$9,363,520	4.00%	$11,704,400	5.00%
As of December 31, 2007						
Total capital to risk-weighted assets						
Mission Valley Bancorp	$20,955,768	10.98%	$15,272,324	8.00%	$19,090,405	10.00%
Mission Valley Bank	$20,133,000	10.57%	$15,244,800	8.00%	$19,056,000	10.00%
Tier 1 capital to risk-weighted assets						
Mission Valley Bancorp	$18,805,768	9.85%	$7,636,162	4.00%	$11,454,243	6.00%
Mission Valley Bank	$17,983,000	9.44%	$7,297,041	4.00%	$11,433,600	6.00%
Tier 1 capital to average assets						
Mission Valley Bancorp	$18,805,768	10.25%	$7,336,565	4.00%	$9,170,706	5.00%
Mission Valley Bank	$17,983,000	9.86%	$7,297,041	4.00%	$9,121,302	5.00%

NOTE 13 - COMMITMENTS AND CONTINGENCIES

The Company currently leases its administrative offices and the Sun Valley branch facility from a stockholder of the Company. The Company leases all of its facilities under non-cancelable operating leases expiring in 2008 through 2015. Rent expense for the years ended December 31, 2008 and 2007 was $451,158 and $281,831, respectively.

Minimum payments required under non-cancelable operating leases with terms in excess of one year are as follows for future years ending December 31:

Year Ending	
2009	$511,895
2010	$511,895
2011	$511,895
2012	$402,869
2013	$359,186
Thereafter	$795,292
Total	$3,093,032

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit, standby letters of credit, and financial guarantees. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet. The contract or notional amounts of those instruments reflect the extent of the Company's involvement in particular classes of financial instruments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instruments for commitments to extend credit, standby letters of credit, and financial guarantees written is represented by the contractual notional amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on balance sheet instruments.

At December 31, 2008, the following financial instruments were outstanding whose contract amounts represent credit risk:

	2008	2007
Unfunded commitments under revolving and non-revolving lines of credit	$28,846,000	$19,988,000
Unfunded commitments under letters of credit	$490,000	$377,000

NOTE 13 - COMMITMENTS AND CONTINGENCIES, *continued*

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the Contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public and private borrowing arrangements. All standby letters of credit issued by the Company expire within one year of issuance. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company generally holds collateral supporting those commitments, if deemed necessary.

NOTE 14 - RELATED PARTY TRANSACTIONS

The Company grants loans to and accepts deposits from directors, officers, and employees as well as to entities with which these individuals are associated. Management believes these transactions were made in the ordinary course of business under substantially the same terms and conditions, including interest rates and collateral requirements, as comparable transactions with other customers, and did not involve more than normal credit risk or present other unfavorable features. Loan balances outstanding at December 31, 2008 and 2007 were approximately $1,979,423 and $1,477,519, respectively. During 2008 and 2007, new loans made to such related parties amounted to approximately $1,142,529 and $471,075 respectively; and payments amounted to approximately $640,625 and $195,657, respectively. Deposits from related parties held by the Company at December 31, 2008 and 2007 were $13,377,360 and $29,001,505, respectively.

NOTE 15 - STOCK OPTION PLAN

The Company has an Employee Stock Option Plan (hereinafter the "Plan"). The Plan provides for options to purchase 547,027 shares of common stock at a price not less than 100% of the fair market value of the stock on the date of grant. Stock options expire no later than ten years from the date of the grant and generally vest over five years. The Plan provides for accelerated vesting if there is a change of control, as defined in the Plan. The Company recognized stock-based compensation cost of $15,583 and $11,671 for the years ended December 31, 2008 and 2007, respectively. The Company also recognized income tax benefits related to stock based compensation of $2,567 and $5,084 for the years ended December 31, 2008 and 2007, respectively.

NOTE 15 - STOCK OPTION PLAN, *continued*

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions presented below:

	2008	2007
Vesting period	5 years	5 years
Risk-free interest rate	3.58	3.10
Dividend yield rate	0%	0%
Price volatility	25.40%	25.40%
Weighted average expected life of options	5 years	5 years

Since the Bank has a limited amount of historical stock activity the expected volatility is based on the historical volatility of similar banks that have a longer trading history. The expected term represents the estimated average period of time that the options remain outstanding. Since the Bank does not have sufficient historical data on the exercise of stock options, the expected term is based on the "simplified" method that measures the expected term as the average of the vesting period and the contractual term. The risk free rate of return reflects the grant date interest rate offered for zero coupon U.S. Treasury bonds over the expected term of the options.

A summary of the status of the Company's stock option plan as of December 31, 2008 and changes during the year ending thereon is presented below:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value in Thousands
Outstanding at Beginning of Year	388,245	$4.60		
Granted	8,500	6.60		
Exercised	(22,331)	3.56		
Forfeited or Expired	(6,924)	4.00		
Outstanding at End of Year	367,490	$3.77	4.46 Years	$585,813
Options Exercisable	323,855	$3.28	3.98 Years	$1,302,970

The total intrinsic value of options exercised during the year ended December 31, 2008 and 2007 was $95,586 and $36,113, respectively. As of December 31, 2008 and 2007, there was $108,289 and $151,234, respectively, of total unrecognized compensation cost related to the outstanding stock options that will be recognized over a weighted average period of 4.46 years.

NOTE 15 - STOCK OPTION PLAN, *continued*

A summary of the status of the Company's stock option plan as of December 31, 2007 and changes during the year ending thereon is presented below:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value in Thousands
Outstanding at Beginning of Year	382,970	$4.52		
Granted	14,500	10.80		
Exercised	(5,625)	4.44		
Forfeited or Expired	(3,600)	5.56		
Outstanding at End of Year	388,245	$4.60	4.60 Years	$2,524,816
Options Exercisable	326,985	$3.80	4.09 Years	$2,309,167

NOTE 16 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments is the amount at which an asset or obligation could be exchanged in a current transaction between willing parties, other than in a forced liquidation. Fair value estimates are made at a specific point in time based on the type of financial instrument and relevant market information.

Because no quoted market price exists for a significant portion of the Company's financial instruments, the fair values of such financial instruments are derived based on the amount and timing of future cash flows, estimated discount rates, as well as management's best judgment with respect to current economic conditions. Many of these estimates involve uncertainties and matters of significant judgment and cannot be determined with precision.

The fair value information provided is indicative of the estimated fair values of those financial instruments and should not be interpreted as an estimate of the fair market value of the Company taken as a whole. The disclosures do not address the value of recognized and unrecognized non-financial assets and liabilities or the value of future anticipated business. In addition, tax implications related to the realization of the unrealized gains and losses could have a substantial impact on these fair value estimates and have not been incorporated into any of the estimates.

The following methods and assumptions were used to estimate the fair values of significant financial instruments at December 31, 2008 and 2007:

Cash and short-term investments - The carrying amounts of cash and short-term investments approximate their fair value.

Interest-bearing deposits in banks - Interest-bearing deposits in banks are reported at their fair values based on quoted market prices.

NOTE 16 - FAIR VALUE OF FINANCIAL INSTRUMENTS, *continued*

Investment securities, available-for-sale - Investment securities, available-for-sale, are reported at their fair values based on quoted market prices, pricing models, discounted cash flows or other similar techniques.

Common stock, substantially restricted - The carrying amounts of common stock, substantially restricted, which include FHLB stock and PCBB stock, are considered to reasonably estimate their fair value.

Loans - For variable-rate loans that reprice frequently and have no significant change in credit risk, fair values are based on carrying values. The fair values for other loans (e.g., real estate construction and mortgage, commercial and installment loans) are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality.

Accrued interest - The carrying amounts of accrued interest approximate their fair value.

Deposits - The fair values of demand deposits, savings deposits, and money market accounts were the amounts payable on demand at December 31, 2008 and 2007. The fair value of time deposits was based on the discounted value of contractual cash flows. The discount rate was estimated utilizing the rates currently offered for deposits of similar remaining maturities.

Short-term borrowings - For such short-term borrowings, the carrying amount was considered to be a reasonable estimate of fair value.

	2008		2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets				
Cash and cash equivalents	$12,503,216	$12,503,216	$12,041,426	$12,041,426
Interest-bearing deposits in other banks	4,379,000	4,390,000	3,876,000	3,872,000
Common stock, substantially restricted	2,288,300	2,288,300	2,178,800	2,178,800
Investment securities, available-for-sale	19,838,038	19,838,038	11,242,733	11,242,733
Loans, net	190,232,495	193,218,000	166,401,440	169,121,000
Accrued interest receivable	962,591	962,591	929,793	929,793
Liabilities				
Deposits	$179,975,811	$175,376,000	$150,817,517	$142,662,000
Borrowings	32,000,000	32,255,000	35,065,000	34,998,000
Accrued interest payable	226,540	226,540	238,490	238,490

	2008		2007	
	Notional Amount	Cost to Cede	Notional Amount	Cost to Cede
Off-balance Sheet Instruments:				
Commitment to extend credit and standby letter of credit	$29,336,000	$293,360	$20,365,000	$203,650

NOTE 17 - PARENT COMPANY INFORMATION

The following financial information presents the condensed balance sheet of the Company on a parent-only basis as of December 31, 2008 and 2007, and the related statements of income and cash flows for the years then ended.

	2008	2007
ASSETS		
Cash and due from banks	$220,126	$68,942
Federal funds sold	1,005,000	755,000
Cash and cash equivalents	1,225,126	823,942
Investment in bank	24,292,841	17,954,079
Accrued interest receivable and other assets	206,105	198,939
Total Assets	**$25,724,072**	**$18,976,960**
LIABILITIES		
Junior subordinated deferrable interest debentures	6,186,000	6,186,000
Accrued interest payable and other liabilities	20,778	14,192
Total Liabilities	$6,206,778	$6,200,192
STOCKHOLDERS' EQUITY		
Preferred stock	5,500,000	-
Common stock	9,541,719	9,451,519
Retained earnings	4,394,495	3,372,088
Additional paid in capital	34,120	11,681
Accumulated other comprehensive loss	46,960	(58,520)
Total Stockholders' Equity	$19,517,294	$12,776,768
Total Liabilities and Stockholders' Equity	$25,724,072	$18,976,960
STATEMENTS OF INCOME		
Interest Income	26,035	49,092
Interest Expense	369,428	369,428
NET INTEREST LOSS	$(343,393)	$(320,336)
NON-INTEREST INCOME		
Income from subsidiary	1,533,211	1,805,654
NON-INTEREST EXPENSE		
Salaries and employee benefits	60,597	58,721
Occupancy	3,674	4,694
Furniture and equipment	3,000	3,000
Legal, professional, and consulting	40,994	35,099
Share based compensation	15,583	11,671
Other operating	4,899	6,344
Total Non-interest Expense	$128,747	$119,529
NET INCOME	**$1,061,071**	**$1,365,789**

NOTE 17 - PARENT COMPANY INFORMATION, *Continued*

CASH FLOWS FROM OPERATING ACTIVITIES	2008	2007
Net income	$1,061,071	$1,365,789
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation	15,583	11,671
Other	(579)	579
Net Cash Flows Provided by Operating Activities	$1,076,075	$1,378,039
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Infusion to Subsidiary	(5,000,000)	-
Increase in Investment in Subsidiary	(1,533,211)	(1,805,654)
Net Cash Flows Used by Investing Activities	$(6,533,211)	$(1,805,654)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of preferred stock	5,500,000	-
Dividends paid on trust perferred securities	358,320	358,320
Net Cash Flows Provided by Financing Activities	$5,858,320	$358,320
Net Increase (Decrease) in Cash and Cash Equivalents	401,184	(69,295)
Cash and Cash Equivalents, Beginning of Year	823,942	893,237
Cash and Cash Equivalents, End of Year	$1,225,126	$823,942
Proceeds from the excercise of stock options	$90,200	$25,000
Dividends paid on TARP	$(5,175)	$ -

Independent Auditors' Report

DECEMBER 31, 2008 AND 2007

Board of Directors and Stockholders
Mission Valley Bancorp and Subsidiary
Sun Valley, California

We have audited the accompanying consolidated balance sheets of Mission Valley Bancorp and Subsidiary (the Company), as of December 31, 2008 and 2007, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with accounting principles generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mission Valley Bancorp and Subsidiary, as of December 31, 2008 and 2007, and the results of its operations, changes in its stockholders' equity, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
March 18, 2009

Management & Officers

Executive Officers:

Tamara G. Gurney
President & CEO

Marianne L. Cederlind
Senior Vice President

Jim Hackbarth
Senior Vice President
Chief Credit Officer

Linda Rousseau
Senior Vice President

Administration:

Vanessa Acosta
Vice President / Cash Management Manager

Cindy Albers
Vice President / Compliance Manager

Carrie Burrell
Vice President / Marketing Manager

Raul Carrion
Vice President / Information Technology Manager

Jane Chen
Chief Financial Officer

Carlos Jones
Vice President / Loan Analyst

Sandra Kay
Vice President / Loan Servicing Manager

Sandy Konish
Vice President / Operations Administration

Frankie Powell
Senior Vice President,
Human Resources Manager

Specialized Lending Division:

Vladimir Victorio
Senior Vice President, Manager

Cynthia Brown
Vice President / Loan Operations

Janet Shinkle
Vice President / Accounts Receivable
Financing Manager

Sun Valley Office:

Jahun Smith
Vice President / Manager

Carol Dignard
Vice President / Assistant Manager

Lola Forbis
Vice President / Relationship Manager

Soledad Gamez
Vice President / Operations Manager

Julian Sandoval
Vice President / Relationship Manager

Valencia Office:

Willie Pleitez
Vice President / Manager

Jeff Bennett
Vice President / Operations Manager

Art Lugo
Vice President / Relationship Manager

Centre Pointe Office:

Marti Heinbaugh
Vice President / Manager

Pat McMillian
Vice President / Operations Manager

Investor Information

Common Stock:

Effective September 1, 2005, Mission Valley Bancorp's stock began trading on the Bulletin Board in the over-the-counter market with our new symbol "MVLY." As of December 31, 2008 there were approximately 250 shareholders of record and 2,473,427 shares of common stock issued and outstanding.

Stock Information:

Stone & Youngberg, LLC
Troy K. Norlander, Managing Director
Michael R. Natzic, Senior Vice President
(909) 584-4500
(800) 288-2811

Wedbush Morgan Securities
Joey Warmenhoven
Senior Vice President, Community Bank Specialist
(866) 662-0351
(503) 922-4888

Hoefer & Arnett
Dave Bonaccorso
(415) 538-5723
FAX (415) 398-4875

Stock Transfer Agent:
Shareholders with inquiries about accounts, lost stock certificates, or changes of address, may contact either Mary Ann Hagler, Corporate Secretary of Mission Valley Bancorp at (818) 394-2382 or Computershare by calling (800) 962-4284 or (303) 262-0600 between 9:00 a.m. and 5:00 p.m. Mountain Standard Time. Written correspondence may be sent to:

Computershare
1745 Gardena Avenue
Glendale, CA 91204

Summary of Banking Services

"Your Success is Our Mission"

At Mission Valley Bank, we've developed a comprehensive selection of convenient and dependable financial products, tools, and services designed to meet the banking needs of each of our clients.

Complete Business & Personal Banking Services, including...

Business & Personal Checking Accounts
Commercial Real Estate Acquisition
SBA Financing
Construction Loans
Business Financing
Personal Financing
Lines of Credit
Equipment Financing
Apartment Financing
On-Site Teller/ Remote Deposit Programs
Leasing
Home Equity Loans
Letters of Credit
Cash Management Solutions
Merchant Bankcard Services
Payroll Services
Online Banking
Savings Products
Retirement Products
Credit—Debit & ATM Cards
Overdraft Protection
Online Bill Payment
Time Deposits
Notary Services
Courier Services
Safe Deposit Services

Banking Services

www.MissionValleyBank.com

Safe and Secure

MISSION VALLEY BANCORP

Sun Valley Office
9116 Sunland Boulevard
Sun Valley, CA 91352
(818) 394-2300

Centre Pointe Branch &
Business Banking Office
26415 Carl Boyer Dr.
Santa Clarita, CA 91350
(661) 253-9500

Valencia Office
25060 West Avenue Stanford
Valencia, CA 91355
(661) 775-4100