



NOTICE OF 2010 ANNUAL MEETING OF SHAREHOLDERS

To be Held April 22, 2010

TO THE SHAREHOLDERS OF PREMIER SERVICE BANK:

NOTICE IS HEREBY GIVEN that pursuant to its Bylaws and the call of its Board of Directors, the 2010 Annual Meeting of Shareholders (the "Meeting") of Premier Service Bank (the "Bank") will be held at the Bank's Main Office, 3637 Arlington Avenue, Suite B, Riverside, California on Thursday, April 22, 2010 at 6:00 p.m. for the purpose of considering and voting upon the following matters:

- 1. Election of Directors.** The election of 11 persons to serve as directors of the Bank until the 2011 Annual Meeting of Shareholders and until their successors are elected and have qualified.
- 2. Ratification of Appointment of Independent Public Accountant and Auditor.** The ratification of Vavrinek, Trine, Day & Co., LLP ("VTD") as independent public accountant and auditor for the Bank for the 2010 fiscal year.
- 3. Advisory (Non-Binding) Vote Approving Executive Compensation.** An advisory (non-binding) vote approving the Bank's executive compensation. This non-binding vote is a requirement of the TARP Capital Purchase Program.
- 4. Other Business.** The transaction of such other business as may properly come before the Meeting and any adjournment(s) thereof.

The names of the nominees intended to be presented by the Board of Directors for election as directors for the ensuing year are set forth in the accompanying Proxy Statement.

The Proxy Statement that accompanies this Notice contains additional information regarding the proposals to be considered at the meeting and shareholders are encouraged to read it in its entirety.

Pursuant to new rules promulgated by the Securities and Exchange Commission (the "SEC"), which are made applicable to the Bank as a result of the registration of the Bank's securities with the Federal Deposit Insurance Corporation (the "FDIC") under the Securities Exchange Act of 1934, and under the rules and regulations of the FDIC, we have elected to provide access to our proxy materials both by sending you the attached Proxy Statement and enclosed Proxy Card, and our fiscal 2009 Annual Report to Shareholders, and by notifying you of the availability of our Proxy Statement, our Proxy Card and our fiscal 2009 Annual Report to Shareholders at our website at www.premierservicebank.com under the tab "Investor Relations." Additionally, we maintain the proxy materials on our website in a manner that will not infringe on your anonymity if you access them.

The Board of Directors has fixed the close of business on February 26, 2010 as the record date for determination of shareholders entitled to notice of, and to vote at, the Meeting.

The Bylaws of the Bank provide for shareholder nominations of directors in the following manner:

“Section 2.11. Nomination of Directors.

Nominations for election of members of the board of directors may be made by the board of directors or by any shareholder of any outstanding class of capital stock of the corporation entitled to vote for the election of directors. Notice of intention to make any nominations (other than for persons named in the notice of the meeting at which such nomination is to be made) shall be made in writing and shall be delivered or mailed to the president of the corporation by the later of the close of business 21 days prior to any meeting of shareholders called for the election of directors or 10 days after the date of mailing of notice of the meeting to shareholders. Such notification shall contain the following information to support each nomination and provide sufficient information for the corporation to determine whether each proposed nominee is qualified under the requirements of Section 3.2 of these Bylaws to serve as a member of the Board of Directors of the corporation:

(a) the name and business and residence address, and business and residence telephone number of each proposed nominee; (b) the principal occupation of each proposed nominee and his current employer's name, address and telephone number; (c) the number of shares of capital stock of the corporation owned by each proposed nominee and his or her affiliates and related persons, identifying by name and address each such affiliate and related person and specifically showing the number of shares owned by each such person; (d) the name and residence address of the notifying shareholder; (e) the number of shares of capital stock of the corporation owned by the notifying shareholder and his or her affiliates and related persons, identifying by name and address each such affiliate and related person and specifically showing the number of shares owned by each such person; (f) with the written consent of the proposed nominee, a copy of which written consent shall be furnished with the notification, a statement as to whether the proposed nominee has ever been convicted of or pleaded nolo contendere to any criminal offense, and if so specific details and dates relating thereto including a description of the final disposition thereof, has ever filed a petition in bankruptcy, or been adjudged bankrupt, or been a member or manager or partner or officer or director or 5% shareholder of any entity which has ever filed a petition in bankruptcy, or been adjudged bankrupt, and if so in each case providing specific details and dates relating thereto, including a description of the final disposition thereof; (g) a signed statement from each proposed nominee representing to the Bank whether such proposed nominee has ever (i) lost real property to an insured financial institution through judicial or non-judicial foreclosure, (ii) defaulted on payment of a loan from an insured financial institution and failed to cure such default within 60 days, (iii) transferred property to an insured financial institution by deed in lieu of foreclosure, (iv) signed any consent orders with any regulatory agencies or been subject to any administrative order, memorandum or directive involving any securities, banking or financial activities, or (v) been a member, or manager or partner or officer or director or 5% shareholder of any entity which was involved in any of the foregoing items (i) through (iv); (h) the consent and authorization of each proposed nominee for the corporation to investigate the background of each proposed nominee and in connection therewith to run a credit check of each proposed nominee and his or her affiliates and related person, with such consent to include the social security number of the proposed nominee and the federal tax identification number of each affiliated entity; (i) a list of any litigation filed or threatened against the proposed nominee during the last 5 years; (j) a description of the specific financial or banking experience of the proposed nominee; (k) a description of any other banking affiliations the proposed nominee may have, or had within the past 2 years, as a director, officer, employee or 5% shareholder of another insured financial institution, wherever located; and (l) the names, addresses and business and residence telephone numbers of at least two references for each proposed nominee, which references shall have worked or resided in Riverside County, California, for at least 6 months prior to the date of the notice.

The notice shall be signed by the nominating shareholder and by the nominee. Nominations not made in accordance herewith shall be disregarded by the chairman of the meeting, and upon his instructions, the inspectors of election shall disregard all votes cast for each such nominee. The restrictions set forth in this paragraph shall not apply to nomination of a person to replace a proposed nominee who has died or otherwise become incapacitated to serve as a director between the last day for giving notice hereunder and the date of election of directors if the procedure called for in this paragraph was followed with respect to the nomination of the proposed nominee who has died or become incapacitated.

This Section 2.11 shall not apply to any nomination or appointment or election to the Board of a director appointed or elected by the holder or holders of the Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series A, or the Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series B (collectively, “Preferred Stock”). A copy of this Section 2.11 shall be set forth in the notice to shareholders of any meeting at which directors are to be elected.”

Dated: March 5, 2010

BY ORDER OF THE BOARD OF DIRECTORS



Jessica W. Lee, Secretary

PROXY STATEMENT
2010 ANNUAL MEETING OF SHAREHOLDERS
OF
PREMIER SERVICE BANK

INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the “Board of Directors” or the “Board”) of Premier Service Bank, a California banking corporation (the “Bank”, “we”, “our,” or “us”) to be used at our 2010 Annual Meeting of Shareholders (the “Meeting”) and at any postponements or adjournments thereof. The Meeting is scheduled to be held at the Bank’s Main Office at 6:00 p.m. on Thursday, April 22, 2010.

The address of our Main Office is 3637 Arlington Avenue, Suite B, Riverside, California, and our telephone number is (951) 274-2400.

Under new rules promulgated by the Securities and Exchange Commission, the Bank is providing access to its proxy materials both by sending you a full set of proxy materials and by notifying you of the availability of its proxy materials on the Internet. The notice below describes the availability of the proxy materials on the Internet. The web site described below does not have “cookies” that identify visitors to the site.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR
THE SHAREHOLDER MEETING TO BE HELD ON APRIL 22, 2010**

- **Notice of the 2010 Annual Meeting, the Proxy Statement, the Proxy Card and the 2009 Annual Report are available at www.premierservicebank.com under the tab “Investors Relations.”**
- **The date, time and location of the Meeting are contained in this Proxy Statement.**
- **Each of the matters to be acted upon and the Bank’s recommendations for each of the matters are contained in this Proxy Statement.**
- **The materials available at the specified web site are the Notice of 2010 Annual Meeting, the Proxy Statement, the Proxy Card for the Meeting, and the 2009 Annual Report.**
- **Information about attending the Meeting and voting in person is contained in this Proxy Statement.**

The mailing of this Proxy Statement and the form of proxy being solicited by our Board of Directors will commence on or about March 5, 2010.

The cost of solicitation of proxies will be borne by the Bank. In addition to the solicitation made hereby, certain directors, officers and regular employees of the Bank may solicit proxies by telephone and personal interview.

INFORMATION ABOUT THE MEETING AND VOTING

1. What is being voted on at the Meeting?

The matters to be considered and voted upon at the Meeting are:

- **Election of Directors.** The election of 11 persons to serve as Directors of the Bank until the 2011 Annual Meeting of Shareholders and until their successors are elected and have qualified.
- **Ratification of Appointment of Independent Public Accountant and Auditor.** The ratification of Vavrinek, Trine, Day & Co., LLP as the independent public accountant and auditor for the Bank for the 2010 fiscal year.
- **Advisory (Non-Binding) Vote Approving Executive Compensation.** An advisory (non-binding) vote approving the Bank's executive compensation. This non-binding vote is a requirement of the TARP Capital Purchase Program.
- **Other Business.** The transaction of such other business as may properly come before the Meeting and any adjournment(s) thereof.

2. Who is entitled to vote?

Only shareholders of record at the close of business on February 26, 2010 (the "Record Date") may vote at the Meeting. According to Computershare, our transfer agent, there were 1,261,281 shares of our common stock outstanding as of the Record Date. Each share you hold has voting rights, including shares:

- held directly in your name as shareholder of record (also referred to as "registered shareholder"); and
- held for you in an account with a broker or other nominee (shares held in "street name").

3. What constitutes a quorum?

The presence at the Meeting, in person or by proxy, of the holders of a plurality of the shares of common stock outstanding at the close of business on the Record Date will constitute a quorum for the transaction of business at the Meeting.

4. How many votes are required to approve each proposal? How many votes do I have?

The election of directors requires a plurality of the votes cast for the election of directors. Accordingly, the 11 directorships to be filled at the Meeting will be filled by the nominees receiving the highest number of votes. In the election of directors, votes may be cast in favor or withheld with respect to any or all nominees. Votes that are withheld will be excluded entirely from the vote and will have no effect on the outcome of the vote.

Each holder of our common stock is entitled to one vote for each share recorded in his or her name on the books of the Bank, as of the Record Date, on any matter submitted to the shareholders for a vote, except that shareholders may vote their shares cumulatively for the election of directors if certain conditions are met at the Meeting. Cumulative voting provides each shareholder with a number of votes

equal to the number of directors to be elected, multiplied by the number of shares held by such shareholder, which such shareholder can then vote in favor of one or more nominees. For example, if you held 100 shares as of the Record Date, you would be entitled to 1,100 votes which you could then distribute among one or more nominees. Cumulative voting may only be exercised at the Meeting if (i) the name of the candidate or candidates for whom such votes would be cast has been placed in nomination prior to the voting; and (ii) at least one shareholder has given notice at the Meeting prior to the voting of such shareholder's intention to cumulate his/her votes.

The affirmative vote of the holders of a majority of the outstanding shares of common stock, voting in person or by proxy and entitled to vote at the Meeting, is required to approve the ratification of the selection of the independent public accountant and auditor for the 2009 fiscal year, to approve the advisory (non-binding) vote approving executive compensation, and to approve any other matters properly brought before the Meeting. An abstention from voting will be treated as "present" for quorum purposes. However, since an abstention is not treated as a "vote" for or against the matter, it will not have any impact on the vote.

5. How are votes counted?

You may either vote "FOR" or "WITHHOLD" authority to vote for each nominee for election to the Board. You may vote "FOR" "AGAINST" or "ABSTAIN" on the other proposals. Abstentions will be counted as present for purposes of determining the existence of a quorum. If you abstain from voting on any of the proposals other than the election of directors, it has the same effect as a vote against the proposal. If you just sign and submit your proxy card without voting instructions, your shares will be voted "FOR" each director nominee and "FOR" or "AGAINST" the other proposals as recommended by the board.

6. What is a broker non-vote?

If shareholders do not give their brokers instructions as to how to vote shares held in street name, the brokers have discretionary authority to vote those shares on "routine" matters, such as the ratification of independent auditors. As a result, if you hold your shares in street name and do not provide voting instructions to your broker, your shares will be voted on the routine matter, Proposal 2 (ratification of independent accountant and auditor), but shall not be voted on the non-routine matters, Proposal 1 (election of directors) and Proposal 3 (non-binding vote approving the Bank's executive compensation) or any other matters which may be presented to the shareholders at the meeting. This is sometimes called a "broker non-vote". Shares held by brokers who do not have discretionary authority to vote on a particular matter and who have not received voting instructions from their customers will be counted as present for the purpose of determining whether there is a quorum at the Meeting, but will not be counted or deemed to be present in person or by proxy for the purpose of determining whether our shareholders have approved that matter.

7. How does the Board recommend that I vote?

The Board recommends that you vote your shares:

- "FOR" each of the nominees for election to the Board;
- "FOR" the ratification of the appointment of Vavrinek, Trine, Day & Co., LLP as our independent public accountant and auditor for the 2010 fiscal year; and
- "FOR" the advisory (non-binding) vote approving the Bank's executive compensation.

8. How do I vote my shares without attending the annual meeting of shareholders?

If you are a registered shareholder, you may vote without attending the Meeting by granting a proxy. This may be done by signing and dating the enclosed proxy card and mailing it in the envelope provided. You should sign your name exactly as it appears on the proxy card. If you are signing in a representative capacity (for example, as guardian, executor, trustee, custodian, attorney, or officer of a corporation), you should indicate your name and title or capacity. If your shares are jointly owned by two or more persons, your proxy card will be valid if it is signed by any of the joint owners, unless we receive written notice from another joint owner either objecting to the authority of the first joint owner to appoint a proxy or appointing a different proxy. Proxy cards in the accompanying form, which are properly signed, duly returned to an officer of the Bank and not revoked in the manner described below will be voted in the manner specified.

9. How do I vote my shares in person at the annual meeting of shareholders?

If you are a registered shareholder and prefer to vote your shares at the Meeting, bring the enclosed proxy card or proof of identification. You may vote shares held in street name only if you obtain a signed proxy from the record holder (broker or other nominee) giving you the right to vote the shares. Even if you plan to attend the Meeting, we encourage you to vote in advance by mail so that your vote will be counted if you later decide not to attend the Meeting. If you wish to vote in person at the Meeting and have previously submitted a proxy, you must deliver to an officer of the Bank a written notice of termination of the proxy's authority before the vote. Attendance at the Meeting will not itself revoke a previously granted proxy.

10. How to I change my vote?

You may revoke your proxy instructions at any time prior to the vote at the Meeting by delivering to an officer of the Bank a written notice of termination of the proxy's authority or a properly signed proxy bearing a later date.

11. What does it mean if I receive more than one proxy card?

It generally means you hold shares registered in more than one account. To ensure that all your shares are voted, sign and return each proxy card you receive.

12. Are the shares sold by the Bank to the U.S. Department of the Treasury in 2009 entitled to vote at the Meeting?

No. On February 20, 2009, the Bank completed the sale of 4,000 shares of Fixed-Rate Non-Cumulative Perpetual Preferred Stock, Series A (the "Series A Preferred Stock") to the U.S. Department of the Treasury (the "Treasury") under the Treasury's Capital Purchase Program (the "CPP"). Concurrent with the sale of the Series A Preferred Stock, the Bank issued the Treasury a warrant for the purchase of 200 shares of Warrant Preferred Stock. The warrant was exercised immediately upon close of the transaction. The 4,200 shares of Preferred Stock held by the Treasury as of the Record Date are only entitled to vote on certain limited matters described below.

If dividends payable on the shares of Preferred Stock have not been paid for an aggregate of six quarterly dividend periods or more, whether or not consecutive, the holders of the Preferred Stock shall

have the right, voting together as a class, to elect two directors at the Bank's next annual meeting of stockholders (or at a special meeting called for that purpose prior to such next annual meeting) and at each subsequent annual meeting of stockholders until full dividends have been paid on the Preferred Stock for at least four consecutive dividend periods, at which time such right shall terminate with respect to the Preferred Stock, except as otherwise required by law, subject to re-vesting in the event of each and every subsequent default of the character mentioned above which would affect the Preferred Stock, and are entitled to elect two directors only after the Bank has failed to pay six quarterly dividends. In addition to the possible election of two directors under the limited circumstances described above, the vote or written consent of the holders of at least 66-2/3% of the shares of Preferred Stock, voting as a separate class, is necessary for effecting (a) the authorization of any stock which has rights which are senior to the Preferred Stock, (b) amending the terms of the Preferred Stock, (c) share exchanges, classifications, mergers and consolidations, or (d) certain holding company transactions. Since the Bank is not delinquent in the payment of any dividends, and since none of the matters requiring the Treasury's vote will be presented at the meeting, the Treasury shall not be entitled to vote at the Meeting.

13. How do I get more information about the Bank?

With the Proxy Statement, we are also sending you our Annual Report for the fiscal year ended December 31, 2009, which includes our financial statements. If you did not receive our Annual Report and financial statements, we will send them to you without charge. Please write to Kerry L. Pendergast, President and CEO, Premier Service Bank, 3637 Arlington Avenue, Suite B, Riverside, California 92506. You may also send your request by facsimile to (951) 274-2410.

VOTING SECURITIES

The number of shares of the Bank's common stock outstanding and entitled to vote at the Meeting is 1,261,281. Only those shareholders of record at the close of business on February 26, 2010 will be entitled to notice of and to vote at the Meeting. The presence in person or by proxy of a majority of the outstanding shares of stock entitled to vote at the Meeting will constitute a quorum for the purpose of transacting business at the Meeting. Abstentions, shares as to which voting authority has been withheld from any nominee and "broker non-votes" (as defined below), will be counted for the purpose of determining the presence or absence of a quorum.

If shareholders do not give their brokers instructions as to how to vote shares held in street name, the brokers have discretionary authority to vote those shares on "routine" matters, such as the ratification of independent auditors. As a result, if you hold your shares in street name and do not provide voting instructions to your broker, your shares will be voted on the routine matter, Proposal 2 (ratification of independent accountant and auditor), but shall not be voted on the non-routine matters, Proposal 1 (election of directors) and Proposal 3 (non-binding vote approving the Bank's executive compensation) or any other matters which may be presented to the shareholders at the meeting. This is sometimes called a "broker non-vote". Shares held by brokers who do not have discretionary authority to vote on a particular matter and who have not received voting instructions from their customers will be counted as present for the purpose of determining whether there is a quorum at the Meeting, but will not be counted or deemed to be present in person or by proxy for the purpose of determining whether our shareholders have approved that matter.

Each holder of common stock is entitled to one vote for each share standing in his/her name on the books of the Bank, as of the record date, on any matter submitted to the vote of the shareholders, except that, in the election of directors, the shares may be voted cumulatively. Cumulative voting enables a shareholder, as to any candidate whose names are placed in nomination prior to voting, to give one nominee for director as many votes as is equal to the number of directors to be elected multiplied by the number of shares which such shareholder is voting or to distribute his/her votes on the same principle among two or more nominees, as he/she sees fit. However, cumulative voting will be dispensed with unless a shareholder gives notice at the meeting, prior to the voting, of his or her intention to cumulate votes. If any one shareholder gives notice at the meeting, prior to the voting, of the shareholder's intention to cumulate votes, then all shareholders may cumulate their votes for candidates in nomination.

In the election of directors, the 11 nominees receiving the highest number of votes will be elected. The affirmative vote of a majority of the outstanding shares of the Bank's common stock is required for the ratification of the appointment of Vavrinek, Trine, Day & Co., LLP as the Bank's independent public accountant and auditor for the 2010 fiscal year, and for an advisory (non-binding) vote approving the Bank's executive compensation.

**SECURITY OWNERSHIP
OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

Principal Shareholders

Management of the Bank knows of no person, other than Robert J. Norton, who beneficially owned five percent (5%) or more of the outstanding shares of the Bank’s common stock as of February 26, 2010 (the “Record Date”).

The following table sets forth the number and percentage of shares of the Bank’s Common Stock beneficially owned, directly or indirectly, by Robert J. Norton as of the Record Date. Unless otherwise indicated, each person or entity listed has sole investment and voting power with respect to the shares listed.

<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u> ^{1,2}	<u>Percent of Class</u> ³
Robert J. Norto 5520 Via Dos Cerros Riverside, California 92507	100,551 ⁴	8.0%

¹ Includes all shares beneficially owned, whether directly or indirectly, individually or together with associates. Includes any shares owned, whether jointly or as community property, with a spouse. Includes shares which may be purchased upon exercise of options within 60 days of the Record Date.

² Mr. Norton has indirect beneficial ownership of 2,900 shares. The remaining shares are held by him in his name directly.

³ This percentage is based on the total number of shares of Common Stock actually outstanding 1,261,281, plus 3,782 shares which may be purchased by Mr. Norton within 60 days of the Record Date pursuant to exercisable stock options, for a total of 1,265,063 shares deemed to be outstanding.

⁴ Includes 3,782 shares which may be acquired by Mr. Norton within 60 days of the Record Date pursuant to stock options.

The following table indicates the beneficial ownership of the Bank’s common stock as of February 26, 2010, by each of the current directors and director nominees, executive officers of the Bank and by all directors and executive officers of the Bank as a group, based on the Bank’s records and data supplied by each of the directors and executive officers. All shares are Bank common stock, the only class of equity outstanding. The shares “beneficially owned” are determined under Securities and Exchange Commission Rules, and do not necessarily indicate ownership for any other purpose. In general, beneficial ownership includes shares over which the director, named executive officer or principal shareholder has sole or shared voting or investment power and shares which such person has the right to acquire within 60 days of February 26, 2010. Unless otherwise indicated, the persons listed have sole voting and investment powers of the shares individually owned. Management is unaware of any arrangement which may, at a subsequent date, result in a change of control of the Bank.

<u>Name of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class(1)</u>
Robert D. Aust (2), Director and Director Nominee	35,000	2.8%
Donald J. Botic (3), Director and Director Nominee	20,410	1.6%
Iheanacho Emeruwa (4), Director and Director Nominee	20,007	1.6%
Carol Ann Flambures (5), Director and Director Nominee	20,055	1.6%
Robert I. Jaspan (6), Vice Chairman, Director and Director Nominee....	17,943	1.4%
Jessica W. Lee (7), Executive Officer	5,000	*
Gerald R. Luppino (8), Director and Director Nominee.....	21,597	1.7%
Robert J. Norton (9), Director and Director Nominee	100,551	8.0%
Kerry L. Pendergast (10), Executive Officer, Director and Director Nominee.....	58,390	4.5%
Kenneth B. Stream, Jr. (11), Chairman, Director and Director Nominee.....	49,817	3.9%
John R. Weiss (12), Director and Director Nominee.....	8,400	*
John D. Wyatt (13), Director and Director Nominee	16,254	1.3%
All Directors, Nominees and Executive Officers as a Group (12 in all) (14)(15)	373,424	27.3%

* Less than one percent (1.0%)

(1) Except as noted in this footnote with respect to options which are currently exercisable, the percentages of ownership are based on 1,261,281 shares issued and outstanding as of February 26, 2010 (the “Record Date”). Options to purchase shares of Common Stock held by directors and executive officers that were exercisable within 60 days after the Record Date (“currently exercisable”) are treated as outstanding for the purpose of computing the number and percentage of outstanding securities of the class owned by such persons, but not for the purpose of computing the percentage of the class owned by any other person.

Footnotes continue on the following page.

- (2) Mr. Aust has 1,000 stock options currently exercisable in the above numbers.
- (3) Dr. Botic has an indirect beneficial ownership in 1,750 shares included in the above total. There are also 6,660 stock options currently exercisable included in the above numbers.
- (4) Dr. Emeruwa has 6,307 stock options currently exercisable included in the above numbers.
- (5) Ms. Flambures has an indirect beneficial ownership in 13,678 shares in the above total. There are also 6,377 stock options currently exercisable included in the above numbers.
- (6) Dr. Jaspan has 5,944 stock options currently exercisable included in the above numbers.
- (7) Ms. Lee has 5,000 stock options currently exercisable included in the above numbers.
- (8) Mr. Luppino has an indirect beneficial ownership in 200 shares in the above total. There are also 7,797 stock options currently exercisable included in the above numbers.
- (9) Mr. Norton has an indirect beneficial ownership in 2,900 shares in the above total. There are also 3,782 stock options currently exercisable included in the above numbers.
- (10) Included in Mr. Pendergast's numbers are 42,500 stock options currently exercisable.
- (11) Mr. Stream has an indirect beneficial ownership in 7,663 shares. There are also 13,524 stock options currently exercisable in the above numbers.
- (12) Mr. Weiss has an indirect beneficial ownership in 2,400 shares in the above total.
- (13) Mr. Wyatt has an indirect beneficial ownership in 870 shares. There are also 6,254 stock options currently exercisable in the above numbers.
- (14) This percentage is based upon 1,261,281 outstanding shares, plus 105,145 shares subject to stock options which are currently exercisable, for a total of 1,366,426 shares deemed to be outstanding.
- (15) Gregory Savino joined the Bank as Executive Vice President and Chief Credit Officer on November 30, 2009, replacing Angela L. Rivers in that position. Ms. Rivers resigned effective October 9, 2009. Mr. Savino left the Bank on February 26, 2010, and the Bank is presently seeking another Chief Credit Officer to replace Mr. Savino. Until a new Chief Credit Officer is hired, Mr. Pendergast will assume the responsibilities of that position.

CORPORATE GOVERNANCE

Our Board of Directors believes that good governance requires not only an effective set of specific practices, but also a culture of responsibility throughout an organization, and governance at Premier Service Bank is intended to achieve both. The Board also believes that good governance ultimately depends on the quality of an organization's leadership, and it is committed to recruiting and retaining directors and officers of proven leadership ability and personal integrity.

Corporate Governance Guidelines

The Board has adopted governance guidelines which are designed to assist the Bank and the Board in implementing effective corporate governance practices. The governance guidelines, which are reviewed annually by the Nomination and Governance Committee, address, among other things:

- director responsibilities;
- composition and selection of the Board, including qualification standards and independence guidelines;
- majority voting for directors;
- the role of the Chairman of the Board;
- Board committee establishment, structure and guidelines;
- officer and director stock ownership requirements;
- executive sessions of non-employee directors;
- director orientation and continuing education;
- Board access to management and independent advisors;
- communication with directors;
- Board and committee self-evaluations;
- succession planning and management development reviews; and
- ethics and conflicts of interest.

We will provide a copy of the governance guidelines to shareholders upon request.

Independence of Nominees for Director

On November 4, 2003, the Securities and Exchange Commission ("SEC") approved listing standards proposed by the Nasdaq Stock Market, Inc. ("Nasdaq") relating to board composition and director independence. The Nasdaq listing standards affect the composition of the boards of directors and board committees of listed companies and impact the individual members of the board. While the securities of the Bank are not listed on Nasdaq, the Bank follows the rules and regulations of Nasdaq for corporate governance purposes.

Nasdaq requires that a majority of the board of directors of a listed company be “independent,” subject to certain exceptions which do not apply to the Bank. Companies with securities quoted on Nasdaq are required to have audit committees composed entirely of independent directors. The Bank has an audit committee which complies with the Nasdaq requirements. Although Nasdaq companies are not required to have nominating or compensation committees, the Bank has a Nomination and Governance Committee and a Personnel and Compensation Committee. The compensation payable to a Nasdaq company's chief executive officer and other executive officers must be approved either by a majority of the independent directors on the board or a compensation committee comprised solely of independent directors, subject to certain exceptions. The Personnel and Compensation Committee reviews and approves the compensation of the chief executive officer. Similarly, director nominations must be approved either by a majority of the independent directors on the board or a nominating committee composed solely of independent directors, subject to certain exceptions. The Nomination and Governance Committee of the Bank approves the director nominations.

Nasdaq's rules provide that an independent director is a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship that, in the opinion of the company's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The company is required to disclose in its annual proxy statement those directors that the board has determined to be independent under the rules. Ownership of company stock by itself does not preclude the board from concluding that such shareholder/director is independent.

Under the Nasdaq rules, the following persons are not considered independent:

- a director who is, or at any time during the past three years was, employed by the listed company or by any parent or subsidiary of the listed company
- a director who accepted or has a family member who accepted any payments from the listed company or any parent or subsidiary of the listed company in excess of \$60,000 during the current or any of the past three fiscal years, other than the following: (i) compensation for board or board committee service, (ii) payments arising solely from investments in the listed company's securities, (iii) compensation paid to a family member who is a non-executive employee of the listed company or a parent or subsidiary of the listed company, (iv) benefits under a tax-qualified retirement plan, or non-discretionary compensation or (v) loans permitted under Section 13(k) of the Securities Exchange Act of 1934
- a director who is a family member of an individual who is, or at any time during the past three years was, employed by the listed company or by any parent or subsidiary of the listed company as an executive officer
- a director who is, or has a family member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the listed company made, or from which the listed company received, payments for property or services in the current or any of the past three fiscal years that exceed 5 percent of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more, other than the following: (i) payments arising solely from investments in the listed company's securities or (ii) payments under non-discretionary charitable contribution matching programs
- a director who is, or has a family member who is, employed as an executive officer of another entity where at any time during the past three years any of the executive officers of the listed company have served on the compensation committee of such other entity

- a director who is, or has a family member who is, a current partner of the listed company's outside auditor, or was a partner or employee of the listed company's outside auditor who worked on the listed company's audit at any time during any of the past three years.

The Board has considered the independence of its members in light of these independence criteria. In connection with its independence considerations, the Board determined that the Bank does not have any relationships with organizations with which our directors are affiliated. Based on these considerations, the Board has determined that each of our directors, who are also our director nominees, other than Kerry L. Pendergast, our President and Chief Executive Officer, satisfies the criteria and is independent. These independent directors and director nominees are: Robert D. Aust, Donald J. Botic, Iheanacho Emeruwa, Carol Ann Flambures, Robert I. Jaspan, Gerald R. Luppino, Robert J. Norton, Kenneth B. Stream Jr., John R. Weiss and John D. Wyatt. As part of its determination of the independence of these directors, the Board of Directors has determined that none of them has any relationship that would interfere with the exercise by such person of independent judgment in the carrying out of his or her responsibilities as a director.

Each independent director is expected to notify the chair of the Nomination and Governance Committee, as soon as reasonably practicable, of changes in his or her personal circumstances that may affect the Board's evaluation of his or her independence.

Shareholder Communications with the Board of Directors

The Bank's shareholders may communicate with the Board or any of the individual directors by writing to them c/o Kerry L. Pendergast, President, Premier Service Bank, 3637 Arlington Avenue, Suite B, Riverside, California 92506. In addition, all communications that are received by the Bank's Chairman of the Board, Chief Credit Officer or Chief Financial Officer that are directed to the attention of the Board or any of its directors will be forwarded to the Board or the appropriate directors.

Attendance by Directors at Annual Meetings of Shareholders

We have no formal policy regarding attendance by directors at our annual shareholders meetings, although most of our directors have historically attended our annual meetings. Ten of our current 11 directors attended our 2009 Annual Meeting. John D. Wyatt was unable to attend the 2009 Annual Meeting. All members of the Board have been encouraged to attend the 2010 Annual Meeting and, at present, the Board is unaware of any member of the Board who will not be in attendance. Any shareholder who would like an opportunity to discuss issues directly with the Bank's directors should consider attending the Meeting described in this Proxy Statement.

The Board of Directors and Committees

During 2009, the Board of Directors held 11 regular meetings, one special meeting and one organizational meeting. In addition to meeting as a group to review the Bank's business, certain members of the Board of Directors also devoted their time and effort to certain standing committees. All incumbent directors attended at least 75 percent of the aggregate number of all meetings of the Board of Directors (held during the period for which he or she has been a director) and meetings held by all committees of the board on which he or she served (during the periods that he or she served). Ten of the 11 members of the Board of Directors who are standing for reelection were present at the 2009 Annual Meeting of Shareholders. John D. Wyatt was unable to attend the 2009 Annual Meeting.

Audit Committee

The Audit Committee of the Board of Directors is currently comprised of the following five directors: Robert D. Aust, Donald J. Botic, Iheanacho Emeruwa, Robert I. Jaspan and John R. Weiss (Chair). All of the current members of the Audit Committee are independent members as defined by the listing standards of the Nasdaq Stock Market, Inc. (“Nasdaq”), including the enhanced independence requirements for audit committee members contained in Rule 10A-3 under the Securities Exchange Act of 1934, as amended. The Board of Directors has determined that Mr. Weiss meets the definitions of “audit committee financial expert” adopted by the Securities and Exchange Commission (the “SEC”) and included in the Nasdaq’s rules for listed companies.

The purpose of the Audit Committee is:

- to review all internal and external examination reports
- to monitor the effectiveness of internal controls for financial reporting
- to establish and monitor procedures which will allow complaints regarding questionable accounting or audit practices to be handled judiciously, and
- to recommend to the Board of Directors the appointment of, and to be directly responsible for the compensation and oversight of the work of the Bank’s independent certified public accountant

The Board of Directors at its meeting on February 20, 2003 adopted a charter under which the Audit Committee operates. This charter has been amended by the Audit Committee, and ratified by the Board of Directors, several times since its original adoption. A copy of the Audit Committee Charter, as currently amended, is attached to this Proxy Statement as Exhibit A. The Committee held four meetings during 2009. The *Report of the Audit Committee of the Board of Directors* is attached to this Proxy Statement as Exhibit B.

Nomination and Governance Committee

The current members of the Nomination and Governance Committee are: Robert I. Jaspan, Chair, Robert D. Aust, Gerald R. Luppino, Kenneth B. Stream, Jr. and John R. Weiss. All five members of the Committee are independent, as defined by the Nasdaq’s rules for listed companies. The Committee operates under a charter, a copy of which is attached to this Proxy Statement as Exhibit C. The Committee held one meeting during 2009.

Among the general responsibilities that have been charged to the Nomination and Governance Committee is the duty to identify nominees for the Board based upon recommendations by the directors of the Bank and management. The Committee will also consider recommendations properly submitted by the shareholders of the Bank, in accordance with the procedure set forth in the Bank’s bylaws, as stated in the Notice of this Meeting and restated below. To date, the Bank has not received any such recommendation from its shareholders.

Nominations for election of members to the Board of Directors may be made by the Board of Directors or by any shareholder of any outstanding class of capital stock of the corporation entitled to vote for the election of directors. Notice of intention to make any nominations (other than for persons named in the notice of the meeting at which such nomination is to be made) shall be made in writing and shall be delivered or mailed to the president of the corporation by the later of the close of business 21

days prior to any meeting of shareholders called for the election of directors or 10 days after the date of mailing of notice of the meeting to shareholders. Such notification shall contain the following information to support each nomination and provide sufficient information for the corporation to determine whether each proposed nominee is qualified under the requirements of Section 3.2 of these Bylaws to serve as a member of the Board of Directors of the corporation:

(a) the name and business and residence address, and business and residence telephone number of each proposed nominee;

(b) the principal occupation of each proposed nominee and his current employer's name, address and telephone number;

(c) the number of shares of capital stock of the corporation owned by each proposed nominee and his or her affiliates and related persons, identifying by name and address each such affiliate and related person and specifically showing the number of shares owned by each such person;

(d) the name and residence address of the notifying shareholder;

(e) the number of shares of capital stock of the corporation owned by the notifying shareholder and his or her affiliates and related persons, identifying by name and address each such affiliate and related person and specifically showing the number of shares owned by each such person;

(f) with the written consent of the proposed nominee, a copy of which written consent shall be furnished with the notification, a statement as to whether the proposed nominee has ever been convicted of or pleaded nolo contendere to any criminal offense, and if so specific details and dates relating thereto including a description of the final disposition thereof, has ever filed a petition in bankruptcy, or been adjudged bankrupt, or been a member or manager or partner or officer or director or 5% shareholder of any entity which has ever filed a petition in bankruptcy, or been adjudged bankrupt, and if so in each case providing specific details and dates relating thereto, including a description of the final disposition thereof;

(g) a signed statement from each proposed nominee representing to the Bank whether such proposed nominee has ever (i) lost real property to an insured financial institution through judicial or non-judicial foreclosure, (ii) defaulted on payment of a loan from an insured financial institution and failed to cure such default within 60 days, (iii) transferred property to an insured financial institution by deed in lieu of foreclosure, (iv) signed any consent orders with any regulatory agencies or been subject to any administrative order, memorandum or directive involving any securities, banking or financial activities, or (v) been a member, or manager or partner or officer or director or 5% shareholder of any entity which was involved in any of the foregoing items (i) through (iv);

(h) the consent and authorization of each proposed nominee for the corporation to investigate the background of each proposed nominee and in connection therewith to run a credit check of each proposed nominee and his or her affiliates and related person, with such consent to include the social security number of the proposed nominee and the federal tax identification number of each affiliated entity;

(i) a list of any litigation filed or threatened against the proposed nominee during the last five years;

(j) a description of the specific financial or banking experience of the proposed nominee;

(k) a description of any other banking affiliations the proposed nominee may have, or had within the past two years, as a director, officer, employee or 5% shareholder of another insured financial institution, wherever located; and

(l) the names, addresses and business and residence telephone numbers of at least two references for each proposed nominee, which references shall have worked or resided in Riverside County, California, for at least six months prior to the date of the notice.

The notice shall be signed by the nominating shareholder and by the nominee. Nominations not made in accordance herewith shall be disregarded by the chairman of the meeting, and upon his instructions, the inspectors of election shall disregard all votes cast for each such nominee. The restrictions set forth in this paragraph shall not apply to nomination of a person to replace a proposed nominee who has died or otherwise become incapacitated to serve as a director between the last day for giving notice hereunder and the date of election of directors, if the procedure called for in this paragraph was followed with respect to the nomination of the proposed nominee who has died or become incapacitated.

In assessing and selecting Board candidates, the Nomination and Governance Committee may consider such factors, among others, as whether the candidate:

(a) has been a resident of Riverside County, California for at least six months prior to the date of the proposed appointment or election,

(b) is employed directly or indirectly by the same employer (other than the Bank) as any then existing member of the Board,

(c) is a member of the same family as any then existing member of the Board,

(d) owns not less than 10,000 shares of the common stock of the Bank,

(e) has ever been convicted of or pleaded nolo contendere to any criminal offense,

(f) has ever filed a petition in bankruptcy, or been adjudged bankrupt, or been a member or manager or partner or officer or director or 5% shareholder of any entity which has ever filed a petition in bankruptcy, or been adjudged bankrupt,

(g) has ever lost property to a financial institution through judicial or non-judicial foreclosure, or defaulted on payment of a loan from an insured financial institution and failed to cure such default within 60 days, transferred property to an insured financial institution by deed in lieu of foreclosure, signed any consent orders with any regulatory agencies,

(h) has a net worth of at least \$1 million, exclusive of residence,

(i) has any pending litigation filed or threatened which would have a material adverse effect on the candidate's financial condition,

(j) has financial or banking experience,

(k) serves on the board of any other financial institution, wherever located, and

(l) has references who have worked or resided in Riverside County, California for at least six months.

The Committee may also consider the candidate's independence, experience, knowledge, skills and expertise, as demonstrated by past employment and board experience; the candidate's reputation for integrity; and diversity on the Board. The Committee has not yet established a policy with regard to the consideration of diversity in identifying director nominees. The Committee shall consider such a policy during 2010 and shall disclose any such policy which may be adopted by the Committee in the proxy statement for the Bank's 2011 Annual Meeting of Shareholders. The Committee also considers the candidate's participation in local community activities and local, state, regional or national charitable organizations. When selecting a nominee from candidates recommended by the Board, management or by a shareholder, the Committee will attempt, time permitting, to conduct background inquiries of and interviews with the candidates the Committee members believe are best qualified to serve as directors. The Committee will consider a number of factors in making its selection of a nominee from among those candidates, including, among others, whether the candidate has any conflicts of interest or commitments that would interfere with the candidate's ability to fulfill the responsibilities of a director of the Bank, including membership on Board committees; whether the candidate's skills and experience would add to the overall competencies of the Board; whether the candidate has any special background or experience relevant to the banking and financial services business; and whether the candidate is a shareholder of the Bank or intends to become a shareholder and, if so, the level of ownership or proposed ownership.

In addition, with respect to an incumbent director whom the Nomination and Governance Committee is considering as a potential nominee for re-election, the Committee reviews and considers the incumbent director's service to the Bank during his or her term, including the number of meetings attended, level of participation, and overall contribution to the Bank. There are no differences in the manner in which the Committee evaluates nominees for director based on whether the nominee is recommended by the Board, management or a shareholder.

Notwithstanding the foregoing, the requirements for nominating directors and for considering their qualifications for election shall not apply to any nomination or appointment or election to the Board of a director appointed or elected by the holder or holders of the Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series A, or the Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series B (collectively, "Preferred Stock") of the Bank.

Loan Committee

The Loan Committee is currently comprised of the following five members of the Board of Directors: Carol Ann Flambures (Chair), Robert I. Jaspan, Robert J. Norton, Kerry L. Pendergast and Kenneth B. Stream, Jr. The purpose of the Loan Committee is to review and approve credit requests above the authorized limits granted by the full Board to management. The Loan Committee does not currently operate under a written charter. The Committee held 29 meetings during 2009.

Executive Committee

The Executive Committee is currently comprised of the following four members of the Board of Directors: Robert I. Jaspan, Gerald R. Luppino, Kerry L. Pendergast and Kenneth B. Stream, Jr. (Chair). The purpose of the Executive Committee is to address critical board related matters between regularly scheduled board meetings. The Executive Committee does not currently operate under a written charter. There was no Executive Committee meeting called during 2009.

Asset & Liability Management Committee

The Asset & Liability Management Committee is currently comprised of the following six members of the Board of Directors: Kerry L. Pendergast (Chair), Carol Ann Flambures, Gerald R. Luppino, Kenneth B. Stream, Jr., John R. Weiss and John D. Wyatt. The purpose of the Asset/Liability Management Committee is to review in depth the Bank's financial affairs, including all investment securities as well as the composition and duration of all assets and liabilities of the Bank. In performing this function, the Committee reviews and approves key asset and liability policies regarding interest rate sensitivity, deposit and loan mixes and concentrations, budget preparation and capital management. The Asset/Liability Management Committee does not currently operate under a written charter. The Committee held 12 meetings during 2009.

Marketing Committee

The Marketing Committee is currently comprised of the following six members of the Board of Directors: Iheanacho Emeruwa, Carol Ann Flambures, Gerald R. Luppino, Kerry L. Pendergast and John D. Wyatt (Chair). The purpose of the Marketing Committee is to review and approve the marketing and advertising efforts of both the Board and management. The Marketing Committee does not currently operate under a written charter. The Committee held six meetings during 2009.

Personnel and Compensation Committee

The Personnel and Compensation Committee is currently comprised of the following three members of the Board of Directors: Donald J. Botic (Chair), Iheanacho Emeruwa and Robert I. Jaspán. The purpose of the Committee is to review and approve Bank policies relating to personnel, human resources and compensation issues. The Committee is charged with the review of the overall executive compensation guidelines of the Bank, specifically as they relate to the Bank's named executive officers. A copy of the charter of the Personnel and Compensation Committee is attached as Exhibit D. The *Report of the Personnel and Compensation Committee* is attached to this Proxy Statement as Exhibit E. The Committee held two meetings during 2009.

Compensation Committee Interlocks and Insider Participation

No person who served as a member of the Personnel and Compensation Committee during the last completed fiscal year (a) was, during the fiscal year, an officer or employee of the Bank, (b) was formerly an officer of the Bank, or (c) had any direct or indirect material interest in any transaction, since the beginning of the Bank's last fiscal year, or any currently proposed transaction, in which the Bank was or is to be a participant and the amount involved exceeds \$120,000.

Technology Committee

The Technology Committee is currently comprised of the following four members of the Board of Directors: Robert D. Aust, Donald J. Botic (Chair), Robert J. Norton and John D. Wyatt. The purpose of the Technology Committee is to review and approve Bank policies that establish standards for information technology performance, operations, planning, security and management. The Technology Committee does not currently operate under a written charter. The Committee held four meetings during 2009.

Code of Ethics

The Bank has adopted a Code of Ethics that applies to all of the Bank's employees, including but not limited to, the Bank's chief executive officer and its principal financial and accounting officer. A copy of our Code of Ethics is available on our website at www.premierservicebank.com, under "Investor Relations." The Bank intends to post amendments to or waivers from its Code of Ethics (to the extent applicable to our chief executive officer, chief financial officer or principal accounting officer, or to our directors) on our website. Our website is not part of this Proxy Statement.

Director Nominations Process

The Nomination and Governance Committee is responsible for developing the general criteria, subject to approval by the full Board, for use in identifying, evaluating and selecting qualified candidates for election or re-election to the Board. The Nomination and Governance Committee periodically reviews with the Board the appropriate skills and characteristics required of Board members in the context of the current make up of the Board. Final approval of director candidates is determined by the full Board, and invitations to join the Board are extended by the Chairman of the Board on behalf of the entire Board.

The Nominating and Governance Committee, in accordance with the Board's governance guidelines, seeks to create a Board that is strong in its collective knowledge and has a diversity of skills and experience with respect to credit review and credit administration, accounting and finance, management and leadership, vision and strategy, banking operations, business judgment, banking industry knowledge, and corporate governance. When the Committee reviews a potential new candidate, the Committee looks specifically at the candidate's qualifications in light of the needs of the Board and the Company at that time, given the then current mix of director attributes.

The nominations process is described above under "Nomination and Governance Committee."

Executive Sessions

Non-employee directors meet in executive session, without members of management present, at each regularly scheduled Board meeting and at such other times as may be deemed appropriate. These executive sessions may include a discussion with the Chief Executive Officer.

Board Leadership Structure

Since the inception of the Bank, Kenneth B. Stream, Jr. has served as Chairman of the Board of Directors.

The Chairman of the Board provides leadership to the Board and works with the Board to define its structure and activities in the fulfillment of its responsibilities. In conjunction with the President and Chief Executive Officer, the Chairman of the Board sets the Board agendas with Board and management input, facilitates communication among directors, works with the President and Chief Executive to provide an appropriate information flow to the Board and presides at meetings of the Board of Directors and shareholders. The Chairman of the Board works with the President and Chief Executive Officer and other Board members to provide strong, independent oversight of the Bank's management and affairs. Among other things, the Chairman of the Board approves Board meeting agendas as well as the quality, quantity and timeliness of information sent to the Board, serves as the principal liaison between the President and Chief Executive Officer and the independent directors and chairs an executive session of the non-employee directors at each regularly scheduled Board meeting.

Risk Oversight

Our Board of Directors oversees a Bank-wide approach to risk management, designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance shareholder value. A fundamental part of risk management is not only understanding the risks a company faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the company. The involvement of the full Board of Directors in setting the Bank's business strategy is a key part of its assessment of management's appetite for risk and also a determination of what constitutes an appropriate level of risk for the Bank. The full Board of Directors participates in an annual risk management assessment. In this process, the Board evaluates its business activities within risk management guidelines, including the guidelines detailed by the federal bank regulatory agencies, which focus on a Bank's ability to manage the risks inherent in its business. The risk management assessment focuses on each of the primary areas of risk to the Bank: credit risk, market (price) risk, liquidity risk, transactional (operational) risk, compliance (legal) risk and reputation risk.

While the Board of Directors has the ultimate oversight responsibility for the risk management process, various committees of the Board also have responsibility for risk management. In particular, the Audit Committee focuses on compliance/legal risk, including internal controls, regulatory policies, and management oversight. In addition, in setting compensation for the Bank's executive officers, the Personnel and Compensation Committee strives to create incentives that encourage a level of risk-taking behavior consistent with the Bank's business strategy and safe and sound banking practices. Finally, the Bank's Nomination and Governance Committee conducts an annual assessment of the Bank's independent directors and Committees and reports its findings to the Board.

Transactions with Related Persons

Some of the directors and executive officers of the Bank and the companies with which they are associated are customers of, and have had Banking transactions with the Bank in the ordinary course of the Bank's business and the Bank expects to have Banking transactions with such persons in the future. In Management's opinion, all loans and commitments to lend included in such transactions were made in compliance with applicable laws on substantially the same terms including interest rates and collateral, as those prevailing for comparable transactions with other persons of similar creditworthiness and, in the opinion of Management, did not involve more than a normal risk of collectability or present other unfavorable features.

The highest aggregate amount of all such loans and credit extensions at any time during 2009 to all directors and executive officers, together with their associates, was approximately \$1,766,000 as of January 1, 2009, constituting approximately 13.37% of the Bank's total capital as of that date. As of December 31, 2009 the aggregate amount of all such loans and credit extension to all directors and executive officers, together with their associates, was approximately \$1,541,000, constituting approximately 9.39% of the Bank's total capital as of that date. There were no loans or extensions of credit to any one director or executive officer that exceeded 10% of the equity capital of the Bank at any time during 2009.

PROPOSALS

PROPOSAL 1: ELECTION OF DIRECTORS

Director Nominees

The Bylaws of the Bank provide that the authorized number of directors shall not be less than nine nor more than 17 with the exact number of directors to be fixed from time to time by resolution of a majority of the full Board of Directors or by resolution of the shareholders. The number is currently fixed by the Board at 11, and the Board is currently composed of 11 directors. All of the present directors were elected to serve in April 2009 at the 2009 Annual Meeting of the Shareholders of the Bank. Of the present 11 directors, all have been nominated by the Board to stand for election.

The persons named in the table on the next page will be nominated by the Board for election to serve as directors of the Bank until the 2011 Annual Meeting of Shareholders and until their successors have been elected and qualified. With respect to such election, absent any specific instruction in the proxies solicited by Management, the proxies will be voted in the sole discretion of the proxy holders to effect the election of all 11 of the Board's nominees, or as many thereof as possible under the rules of cumulative voting if any persons are nominated other than by the Board. In the event that any of the Board's nominees are unable to serve as directors, it is intended that the Proxy will be voted for the election of such substitute nominees, if any, as shall be designated by the Board of Directors. The Board has no reason to believe that any of the nominees will be unable to serve. Additional nominations can only be made by complying with the notice provision set forth in the Bylaws of the Bank, an extract of which is included in the Notice of Annual Meeting accompanying this Proxy Statement.

None of the Board's nominees have held any directorships during the past five years in any company with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or subject to the requirements of Section 15(d) of the Exchange Act or any company registered as an investment company under the Investment Company Act of 1940, as amended.

There are no family relationships between any director, executive officer, or person nominated or chosen by the Bank to become a director or executive officer.

The Bank did not pay any fee to any third party to identify or evaluate or assist in identifying or evaluating potential nominees for election to the Board at the 2010 Annual Meeting of Shareholders. The Bank did not receive, by November 6, 2009, which was the 120th calendar day before the first anniversary of the date (March 6, 2009) the Bank's 2009 Proxy Statement was released to shareholders in connection with the 2009 Annual Meeting of shareholders, any recommended nominee from a shareholder who beneficially owns more than 5% of the Bank's common stock, or from a group of shareholders who beneficially own, in the aggregate, more than 5% of the Bank's common stock, or from any shareholder.

During the past 10 years, none of the nominees named in the following table has been involved in any legal proceedings that are material to an evaluation of the ability or integrity of any director, person nominated to become a director or executive officer of the Bank.

Principal Occupations of Directors During the Past Five Years, Age, Year First Elected or Appointed Director and Positions Held During 2009 for all Director Nominees

<u>Name</u>	<u>Principal Occupation During the Past Five Years</u>	<u>Age</u>	<u>Year First Elected or Appointed Director</u>	<u>Positions Held During 2009</u>
Robert D. Aust	President and Sole Owner, Micromold, Inc., since 1980	68	2003	Director Member, Technology Committee Member, Nomination & Governance Committee Member, Audit Committee
Donald J. Botic	Executive Director, Children's Therapeutic Communities, since May 1986; Clinical Psychologist	56	2000	Director Chair, Personnel & Compensation Committee Member, Audit Committee Chair, Technology Committee
Iheanacho Emeruwa	Physician since 1980; Medical Director & CEO, Aspen Medical Group, Inc.,	56	2002	Director Member, Personnel & Compensation Committee Member, Marketing Committee Member, Audit Committee
Carol Ann Flambures	Retired	61	2000	Director Chair, Loan Committee Member, Marketing Committee Member, Asset & Liability Committee
Robert I. Jaspan	Orthopedic Surgeon since 1965; Orthopedic Medical Group of Riverside, Inc.	75	2000	Vice Chair, Board of Directors Chair, Nomination & Governance Committee Member, Executive Committee Member, Loan Committee Member, Audit Committee Member, Personnel & Compensation Committee

<u>Name</u>	<u>Principal Occupation During the Past Five Years</u>	<u>Age</u>	<u>Year First Elected or Appointed Director</u>	<u>Positions Held During 2009</u>
Gerald R. Luppino	President, Bud's Tire and Wheel, Inc. since January 1996	60	2000	Director Member, Executive Committee Member, Nomination & Governance Committee Member, Marketing Committee Member, Asset & Liability Committee
Robert J. Norton	President and Owner, Archive Management Service, Inc. since July 1993	63	2000	Director Member, Technology Committee Member, Loan Committee
Kerry L. Pendergast	President/CEO, Premier Service Bank since December 2000, active in the banking industry since 1969	62	2000	Director President/CEO Chair, Asset & Liability Committee Member, Executive Committee Member, Loan Committee Member, Marketing Committee
Kenneth B. Stream, Jr.	Attorney at Law, Gresham, Savage, Nolan & Tilden (formerly Stream & Werner, P.C.) since January 1976	65	2000	Chair, Board of Directors Chair, Executive Committee Member, Loan Committee Member, Asset & Liability Committee Member, Nomination & Governance Committee
John R. Weiss	President and Owner, Sylvan Learning Centers, Hemet, Moreno Valley, Redlands, Rialto, Riverside and San Marino since 2000	58	2006	Director Chair, Audit Committee Member, Asset & Liability Committee Member, Nomination & Governance Committee
John D. Wyatt	President, Strategic Connections, Inc. (formerly Strategic Communications) since January 1999	64	2000	Director Chair, Marketing Committee Member, Asset & Liability Committee Member, Technology Committee

Experience, Qualifications, Attributes and Skills of Director Nominees

The Nomination and Governance Committee, in determining to recommend to the Board of Directors that the persons listed in the table above be nominated for election to the Board at this Meeting, considered the experience, qualifications, attributes and skills of each of the director nominees, as described below.

KERRY L. PENDERGAST, our President, Chief Executive Officer and Director, joined the Bank in 2000, before the Bank opened for business. He has been a banker in the Riverside area for over 40 years. He has extensive administrative, operational and credit experience. From November 1996 to January 2000, when he joined the effort to organize the Bank, Mr. Pendergast served as Vice President and Business Banking Division Administrator for Provident Savings Bank in Riverside. Before joining Provident, Mr. Pendergast served as Executive Vice President and Branch Administrator for Inland Empire National Bank in Riverside from February 1993 to October 1996. From October 1970 to January 1993, Mr. Pendergast served in various capacities at Riverside National Bank, his last position at that bank being the Vice President and Manager of that bank's Riverside office. Mr. Pendergast lives in the Riverside area and is involved in numerous community organizations, including his current position as Chairman of the Board of the Corona Chamber of Commerce. With his years of managerial experience at the Bank, Mr. Pendergast brings to the Board of Directors demonstrated management ability, strong familiarity with the Bank's customers, years of credit experience, experience in dealing with the Bank's regulators, an understanding of banking industry rules and regulations, familiarity with all the Bank's policies and procedures, and insight as to the Bank's operations from his day-to-day involvement in the Bank's business.

ROBERT D. AUST was appointed to the Board in 2003. He has been the President and sole owner of Micromold, Inc. since 1980. Micromold, Inc. is headquartered in Riverside and specializes in small, intricate precision plastic and metal injection molding for a variety of applications spanning numerous industries. Mr. Aust serves on our Technology Committee, Nomination and Governance Committee and Audit Committee. Through the ownership of his own business, he understands the problems which face small businesses, has experience in dealing with human resources issues, understands the importance of budgets and strategic planning, has experience controlling expenses and preparing financial forecasts, has experience dealing with high-profile customers, vendors and regulators, and has experience dealing with accountants, auditors and financial statements. As a member of the Audit Committee, Mr. Aust has valuable experience dealing with accounting principles and overseeing the financial reporting process and internal controls of the Bank.

DONALD J. BOSIC was appointed to the Board of the Bank in 2000, before the Bank opened for business. He is a clinical psychologist and mental health care executive. Dr. Bosic is the Executive Director and co-founder, with his brother, William M. Bosic, who serves as the Chief Executive Officer, of Children's Therapeutic Communities, a residential health care facility in Riverside. Dr. Bosic has lived in the Riverside area for over 45 years, worked in the area for over 35 years, and has been involved in several community organizations. Dr. Bosic is Chairman of our Personnel and Compensation Committee, Chairman of our Technology Committee and a member of our Audit Committee. Through operating his own business, Dr. Bosic has extensive management experience, including expertise in dealing with personnel and human resources issues, which qualify him to serve as Chairman of our Personnel and Compensation Committee. His business experience and organizational skills have been important to the Bank's Technology Committee, and his understanding of financial issues and oversight responsibilities has made him an effective member of the Audit Committee. As Chairman of the Personnel and Compensation Committee and as a member of the

Audit Committee, Dr. Botic has played a significant role in the Board's oversight and evaluation of the Bank's senior management. He has also been helpful to the Board in evaluating the business needs of small businesses, especially health-related service entities.

IHEANACHO EMERUWA was appointed to the Board in 2002. He is a physician and serves as Medical Director and Chief Executive Officer of the Aspen Medical Group, Inc. in Riverside. He is a member of our Personnel and Compensation Committee, Marketing Committee and Audit Committee. He is an active participant in all Board discussions, and asks many questions of the Board and management to ensure a full understanding of issues by the Board. As a business owner, he has management experience, experience in dealing with personnel and human resources issues, financial reporting experience, and regulatory experience. His medical practice is well-known in the communities served by the Bank, offering him the opportunity to represent the Bank at many local functions. He offers a unique perspective to the Board as it evaluates banking products needed in the health-care industry, and his marketing expertise in his industry is very helpful to his role on the Marketing Committee. As a member of the Audit Committee, he has valuable experience dealing with accounting principles and overseeing the financial reporting process and internal controls of the Bank.

CAROL ANN FLAMBURES was appointed to the Board of the Bank in 2000, before the Bank opened for business. She is a retired business owner and is currently the only woman on our board. In 1980, Ms. Flambures and her husband purchased the Corona Printing Company in Corona, California. They successfully operated that business until February 1999, when the business was sold. She has served as Chairperson of our Loan Committee since the inception of the Bank and has a detailed knowledge of the credit approval process, underwriting requirements, regulatory issues in the areas of credit approvals and credit administration, and has extensive experience in providing oversight with respect to the Bank's credit function. She also serves as a member of the Marketing Committee and Asset & Liability Committee. She understands the complex issues involved in asset and liability management, and her marketing background from her ownership and operation of the Corona Printing Company has provided her with experience and expertise that have been invaluable to the Marketing Committee. Her leadership and hands-on involvement in the preparation of our Annual Report every year has also proven to be invaluable to the Bank. Ms. Flambures has been active in raising funds for several nonprofit foundations, including the Corona/Norco Cancer Society, the Corona Regional Hospital (Foundation Board) and the Corona Chamber of Commerce. Ms. Flambures lived in the Inland Empire for over 25 years and understands the credit and banking product needs of small businesses in the community.

ROBERT I. JASPAN was appointed to the Board of the Bank in 2000, before the Bank opened for business. He serves as Vice Chairman of the Board. Dr. Jaspan is an orthopedic surgeon and has been a partner in the Orthopedic Medical Group of Riverside, Inc. since 1967. He has been a practicing physician in California since 1965. He served on a Citizen Advisory Panel for Riverside National Bank for several years until the bank was sold in 1999. Dr. Jaspan serves as Chairman of our Nomination and Governance Committee, and is a member of the Executive Committee, Loan Committee, Audit Committee and Personnel and Compensation Committee. The respect the directors have for Dr. Jaspan's leadership and judgment resulted in his appointment to the position of Vice Chairman of the Board and as one of only three independent directors of the Executive Committee of the Board. That respect also allows him to conduct an evaluation annually, as Chairman of the Nomination and Governance Committee, of the efficiencies and performance of the Board and its individual members. As Chairman of the Nomination and Governance Committee, he has also developed the expertise in corporate governance practices, rules and regulations that are required for

that position. His years of experience in his medical practice have also provided him with insights that have been helpful to the Personnel and Compensation Committee. He has also been important to Board discussions about serving the medical communities in Riverside and Corona. Dr. Jaspan has a strong presence in the community, having participated in fund raising for Temple Bethel, the Jewish Community Fund and the UCR Foundation. He has been a member of the Board of Directors of the Riverside County Medical Association since 1981 and served as its president in 1982, a member of the board of the Foundation for Medical Care since 1980 (serving as president in 1983), a member of the board of Riverside Community Hospital since 1991, a member of the board of the Community Foundation of Riverside from 1987 to 1990 (president in 1990), and a member of the UCR Foundation Board of Trustees since 1997. Dr. Jaspan has lived and worked in the Riverside community for over 39 years.

GERALD R. LUPPINO was appointed to the Board of the Bank in 2000, before the Bank opened for business. Mr. Luppino is a business executive and since January 1996 has owned Bud's Tire and Wheel, a retail tire sales and automobile repair company in Riverside. From October 1983 to January 1996, he held various sales and marketing positions for Michelin Tires, including District Manager and Regional Manager. He has served on Tire Pro's Advisory Board and served as chairman of its marketing committee. Mr. Luppino is a member of the Executive Committee, the Nomination and Governance Committee, the Marketing Committee and the Asset & Liability Committee. His appointment to the Executive Committee recognizes his years of business experience. Mr. Luppino has strong experience and expertise in marketing from his current and prior business associations, and brings to the Board special hands-on expertise in that area which has been very helpful to the Marketing Committee. He has shown leadership on the Board by being an active participant in all Board and Committee meetings and discussions and by encouraging extensive discussion of issues when necessary or appropriate. As a business owner in Riverside, he understands the credit and banking service needs of local businesses, and his financial acumen has served him well on the Asset & Liability Committee. Mr. Luppino has lived and worked in the Riverside area since 1970, including seven years in the U.S Air Force at March Air Force Base.

ROBERT J. NORTON was appointed to the Board of the Bank in 2000, before the Bank opened for business. He is the largest individual shareholder of the Bank, with current ownership of 8% of the issued and outstanding shares of the Bank. He is the president, chief executive officer and owner of Archive Management Service, Inc., a Riverside company specializing in off-site storage and retrieval of business records. Mr. Norton is also an active real estate investor. Before starting his present business, he operated Norton's Business Service, an active tax preparation and bookkeeping service, from 1980 to 1992. Mr. Norton is presently a member of the Technology Committee and the Loan Committee. He is an active participant in all Board meetings and the Committee meetings he attends. He has extensive financial background and has expertise in financial reporting, budgeting, forecasting and analyzing financial statements. This background, together with his experience as the owner of a small business and his real estate investment experience and expertise, has been very helpful to the Loan Committee's review of proposed credit relationships. As the owner of a successful business in Riverside, he understands the banking needs of small businesses in our market area. His years of ownership of small businesses has provided him with extensive management experience, experience in dealing with personnel and human resources issues, experience in contract negotiations and in dealing with vendors, and financial reporting experience. His background and experience with emerging technologies, data base management and developing software and hardware technologies used in Archive Management, Inc. have provided him with strong qualifications for serving on our Technology Committee. Mr. Norton has lived and worked in the Riverside area for over 35 years.

KENNETH B. STREAM, JR. has served as our Chairman of the Board since 2000, before the Bank opened for business. Mr. Stream, with Mr. Pendergast, was an original founder of the Bank and largely responsible for assembling the Board. He is an attorney and currently practices law as a partner in the law firm of Gresham, Savage, Nolan & Tilden in Riverside. He was previously the principal owner of his own firms, most recently Stream & Werner, P.C., the successor to Stream & Stream, Inc., which he founded in Riverside in 1976 as Stream & Associates. He served as an Advisory Board Member of Inland Empire National Bank from 1994 to 1996 and his law firm has represented several banking institutions. Mr. Stream has experience as General Counsel and director in a publicly traded company. He also served on the audit committee of that company. Mr. Stream's legal background, intimate knowledge of banking rules and regulations, experience in dealing with regulators, and his public company experience, have proved invaluable to the Board. His background in most aspects of business law, including structuring transactions, working in merger and acquisition transactions, contract negotiations and preparation, and participation in high-level litigation strategies and analysis, provide him with the skills to effectively help the Bank in many ways. His leadership skills are evident in his re-election annually to the Chairman position by his fellow board members. He is actively involved in chairing all Board meetings, in his participation as Chairman of the Executive Committee, and as a member of the Loan Committee, Asset and Liability Committee and Nomination and Governance Committee. His legal background and extensive experience and expertise in dealing with small businesses, and his understanding of financial reporting and financial statement analysis have been critical to his contributions to all the Committees on which he serves. Mr. Stream is actively involved in strategic planning for the Bank and is the Board's liaison to management. While he does not represent the Bank as an attorney, his skills allow him to provide insights as to legal issues and matters, which he is then able to effectively communicate and explain to the Board. Mr. Stream is involved extensively in local community organizations and, with Mr. Pendergast, represents the Bank at many public functions. Mr. Stream has lived and worked in the Riverside area for over 30 years.

JOHN R. WEISS was appointed to the Board in 2006. He is president and owner of Sylvan Learning Centers, with facilities in Hemet, Redlands, Rialto, Riverside, Moreno Valley and San Marino. Before starting Sylvan in 2001, Mr. Weiss worked in manufacturing for 25 years for a Fortune 500 company (Fleetwood Enterprises, Inc.) as a Plant General Manager, National Director of Sales and Marketing, and eventually Vice President of the company's largest operating group, with revenues of \$1.2 billion. Mr. Weiss is Chairman of our Audit Committee, and a member of our Asset and Liability Committee and our Nomination and Governance Committee. He has made strong contributions to the Bank since joining the Board in 2006, both in Board discussions and his active Committee participation, especially as Chairman of the Audit Committee. He has extensive financial background and business experience, and has specific expertise in financial reporting, budgeting, forecasting and analyzing financial statements. This background, together with his current experience as the owner of a small business and his prior experience with Fleetwood, has provided strong leadership to the Audit Committee. As the owner of a growing business, he understands what practices are required to successfully manage a small business, the importance of controlling expenses and maximizing income through strategic initiatives, and the need for appropriate budgeting and forecasting. Mr. Weiss brings to the Board his extensive management experience, his years of experience in dealing with personnel and human resources issues, his experience in contract negotiations and in dealing with vendors, his background and experience in small business acquisitions, and his financial reporting and analysis skills. His operation of Sylvan Learning Centers has provided him with extensive experience with emerging technologies, data base management and developing software and hardware technologies used in his expansion of that business. He understands the importance of strategic planning and has provided leadership to the Board in that area.

JOHN D. WYATT was appointed to the Board of the Bank in 2000, before the Bank opened for business. Mr. Wyatt has served as President of Strategic Connections, Inc. (formerly Strategic Communications) since January 1999. He retired in 1999 from Southern California Edison, after serving that company since 1981 in various executive positions, most recently as Regional Director for Public Affairs in Redlands, California. In his position at Southern California Edison, Mr. Wyatt was responsible for directing and managing the company's operations and activities involving government relations, business, media and customer relations, throughout Imperial, Riverside and San Bernardino counties. He has served on the Board of Directors of the Inland Empire Economic Partnership, a public input group for the region's business attraction, development and retention, and has served as its chairman. He also served for three years (1978 to 1981) as Director of Marketing for Motivational Design & Marketing, Inc., a community merchandising firm. Mr. Wyatt is Chairman of our Marketing Committee and is a member of our Asset and Liability Committee and our Technology Committee. Mr. Wyatt has many skills he brings to the Board, including his extensive marketing background and experience, which provides the credentials needed to serve as Chairman of our very active and involved Marketing Committee. His management and leadership skills are evident at every Board meeting and Committee meeting he attends. He has extensive regulatory experience in his business which provides valuable insight to the Board in discussing general regulatory matters, as well as Board discussions of specific issues which may affect the Bank or its borrowers arising out of State, County and City statutes, regulations and practices. While not a member of the Loan Committee, he is often able to offer comments and present issues for the Board to consider involving regulations that affect real estate development in the Bank's market area and this insight often becomes an important part of our credit analysis and underwriting for real estate developer customers. Mr. Wyatt is extensively involved in community activities in the Corona area. He has lived in the Corona area for 18 years and worked in the Inland Empire for over 22 years.

EXECUTIVE OFFICERS

The following table sets forth certain information as to each of the executive officers of the Bank as of February 26, 2010.¹

<u>Name</u>	<u>Age</u>	<u>Business Experience During the Past Five Years</u>
Kerry L. Pendergast.....	62	President and Chief Executive Officer, Premier Service Bank, since the Bank's incorporation in December 2000; actively involved in all facets of community banking local to Premier's marketplace since 1969
Jessica W. Lee.....	49	Executive Vice President and Chief Financial Officer, Premier Service Bank, since April 2007; Executive Vice President and Chief Financial Officer, Guaranty Bank of California, from August 2004 to April 2007.

The business address of all executive officers is 3637 Arlington Avenue, Suite B, Riverside, California 92506.

¹ Gregory Savino joined the Bank as Executive Vice President and Chief Credit Officer on November 30, 2009, replacing Angela L. Rivers in that position. Ms. Rivers resigned effective October 9, 2009. Mr. Savino left the Bank on February 26, 2010, and the Bank is presently seeking another Chief Credit Officer to replace Mr. Savino. Until a new Chief Credit Officer is hired, Mr. Pendergast will assume the responsibilities of that position

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Philosophy and Objectives

Our executive compensation program is designed with one fundamental purpose: to support the Bank's core values and mission. Our mission is to serve our customers and our community in such a way that enables us to build a pre-eminent regional financial institution. We believe that by rendering superior service to our customers we will be able to achieve excellent operating results for our shareholders, while always adhering to our core values of integrity, loyalty and professionalism. Consistent with our core values and mission, our compensation philosophy embodies the following principles:

- the compensation program should align the interests of our management team with those of our shareholders;
- the compensation program should reward the achievement of the Bank's strategic initiatives and short- and long-term operating and financial goals;
- compensation should appropriately reflect differences in position and responsibility;
- compensation should be reasonable; and
- the compensation program should be understandable and transparent.

In structuring a compensation program that will responsibly implement these principles, we have developed the following objectives for our executive compensation program:

- overall compensation levels must be sufficiently competitive to attract and retain talented leaders with strong experience in the banking industry, and to motivate those leaders to achieve superior results;
- a portion of total compensation should be contingent on, and variable with, achievement of objective corporate performance goals, and that portion should increase as an executive's position and responsibility increases;
- total compensation should be higher for individuals with greater responsibility and greater ability to influence our achievement of operating goals and strategic initiatives;
- the number of different elements in our compensation program should be kept to a minimum, and those elements should be readily understandable by and easily communicated to executives, shareholders, and others; and
- executive compensation should be set at responsible levels to promote a sense of fairness and equity among all employees and appropriate stewardship of corporate resources among shareholders. Our compensation practices that have developed demonstrate our commitment to these principles and objectives.

To provide incentive to achieve our annual goals and increase shareholder value, we annually consider discretionary bonuses for our named executive officers (Mr. Pendergast and Ms. Lee).¹ We have

¹ Gregory Savino joined the Bank as Executive Vice President and Chief Credit Officer on November 30, 2009, replacing Angela L. Rivers in that position. Ms. Rivers resigned effective October 9, 2009. Mr. Savino left the Bank on February 26, 2010, and the Bank is presently seeking another Chief Credit Officer to replace Mr. Savino. Until a new Chief Credit Officer is hired, Mr. Pendergast will assume the responsibilities of that position.

entered into employment agreements with our named executive officers which include severance benefits upon termination without cause and upon a change in control of the Bank. A 3-year employment agreement for Mr. Pendergast was entered into as of January 1, 2008. Ms. Lee entered into a 3-year employment agreement as of April 16, 2007. As noted in the footnote on the prior page, Gregory Savino, who served as the Bank's Chief Credit Officer from November 30, 2009 to February 26, 2010, left the Bank on February 26, 2010, and his 1-year employment agreement, which was signed on January 22, 2010, to be effective November 30, 2009, was terminated on February 26, 2010. Under the terms of his employment agreement, Mr. Savino was paid severance in an amount equal to three months of his base salary.

Our long-term equity incentive plan provides only for the issuance of stock options, and does not permit discounted stock options, reload stock options, or the re-pricing of stock options. We do not provide perquisites or other personal benefits to our named executive officers, except for car allowances and certain insurance benefits, described below. Our only retirement plan is our 401(k) plan, which is available to all employees, and the benefit programs in which executives may participate are the same programs as those made available to our employees generally. We have purchased Bank Owned Life Insurance ("BOLI") which is intended to cover the cost of certain retirement and death benefits for Mr. Pendergast, Ms. Lee and former Executive Vice President and Chief Credit Officer, Angela Rivers, and to provide income to the Bank as well. We strive to make our compensation disclosures clear and concise, providing all of the information necessary to permit our shareholders to understand our compensation philosophy, our compensation-setting process, and how much our executives are paid.

All decisions regarding compensation of our named executive officers for fiscal 2009 were reviewed by the Personnel and Compensation Committee, which is composed entirely of independent directors, and ratified by our full Board, with Mr. Pendergast abstaining from the Board vote ratifying his compensation.

Elements of Executive Compensation

Our executive compensation program has three primary elements: base salary, annual performance-based cash bonuses, and the potential for long-term equity incentives. As noted above, these primary elements are supplemented by the opportunity to participate in retirement and death benefits under the BOLI program, and to participate in other benefit plans that are generally available to all of our employees. We believe these components work together to provide a reasonable total compensation package for our executive officers.

Base Salary

We provide executive officers with base salary to provide them with a fixed base amount of compensation for services rendered during the fiscal year. We believe this is consistent with competitive practices in the banking industry and will help assure we retain qualified leadership with strong banking experience in those positions. Because of our directors' desire to include elements of compensation that are performance-based, our practice has generally been to set competitive base salary levels for each executive officer and to supplement that compensation with performance-based cash bonuses. In setting the salary levels for the individual named executives, we may consider the performance of the individual executive, historical compensation levels, and competitive pay practices at banks of similar size. We may also consider banking industry conditions, the Bank's performance versus a peer group of banks, and the overall effectiveness of our compensation program in achieving desired performance levels.

Our Personnel and Compensation Committee established, at its last meeting in fiscal 2008, the base salaries to be paid for 2009 to our named executive officers. Base salary for each named executive officer, including the chief executive officer, was determined with reference to comparisons to peer group

banks in Southern California of comparable size and term of operating history. The Board believes that, as a result of their potential individual bonuses and potential option awards, the interests of our named executive officers are and will remain closely aligned with the long-term interests of the Bank and our shareholders.

Based upon the evaluations made at the end of 2007 and 2008, salary increases were given to Mr. Pendergast, Ms. Rivers and Ms. Lee in fiscal years 2008 and 2009, as shown in the Summary Compensation Table in this Proxy Statement. Total salary paid in fiscal years 2008 and 2009 to the named executive officers is shown in the Summary Compensation Table. The table also shows the amount of the premium paid by the Bank in 2008 to purchase a split dollar life insurance policy on the life of Ms. Lee, which provides a death benefit for Ms. Lee and is also designed to reimburse the Bank for any deferred compensation payments made by the Bank to her during her lifetime.

The Committee did not consider any cost of living increase for 2008 for any of its named executive officers. The Committee considered the salary ranges for each of the named executive officers based upon their positions, and concluded that Mr. Pendergast's 2008 salary as the CEO and Ms. Lee's 2008 salary as the CFO of a bank with the size, location, years of operation, and performance of the Bank were within the acceptable range, and that Ms. Rivers was at the lower end of the range for her CCO position.

Based upon the Committee's analysis and study of peer banks and available regulatory information, the Committee determined that there would be no increase in Mr. Pendergast's base salary for 2008, leaving that salary at \$198,450 per year, and no increase in Ms. Lee's base salary for 2008, leaving that salary at \$155,000 per year. The Committee approved a 4.43% increase in Ms. Rivers' salary for 2008 to \$165,000 per year.

The Committee did not consider any cost of living increase for 2009 for any of its named executive officers. The Committee considered the salary ranges for each of the named executive officers based upon their positions, and concluded that Mr. Pendergast's 2008 salary as the CEO and Ms. Rivers' 2008 salary as the CCO of a bank with the size, location, years of operation, and performance of the Bank were within the acceptable range, and that Ms. Lee was at the lower end of the range for her CFO position.

Based upon the Committee's analysis and study of peer banks and available regulatory information, the Committee determined that there would be no increase in Mr. Pendergast's base salary for 2009, leaving that salary at \$198,450 per year, and no increase in Ms. Rivers' base salary for 2009, leaving that salary at \$165,000 per year. The Committee approved a 3.23% increase in Ms. Lee's salary for 2009 to \$160,000 per year. Mr. Pendergast's car allowance of \$500 per month, and Ms. Lee's and Ms. Rivers' car allowances of \$300 per month, were not changed for 2009.

The Summary Compensation Table does not include any compensation amounts to be paid in 2010. The Committee is still in the process of considering the compensation amounts for Mr. Pendergast, and Ms. Lee for 2010. As part of that process, the Committee is considering Mr. Pendergast's recommendations, the Bank's performance in 2009 and the budgeting requirements that will be required to return to profitability in 2010, the analysis and study of peer banks and regulatory information, and whether the existing salaries are competitive and fair in comparison to the amounts being paid to executive officers of other comparable banks. The compensation amounts for 2010 will be disclosed in the Proxy Statement for the 2011 Annual Meeting of Shareholders.

Bonuses

Our rationale behind performance-based cash incentive compensation is rooted in our desire to encourage achievement of consistent short-term and long-term financial and operating results and to reward our named executive officers for that consistent performance.

The Personnel and Compensation Committee did not establish any bonus plans for 2008 or 2009 for our named executive officers. The bonus plan for 2010, if any, will be disclosed in the Proxy Statement for the 2011 Annual Meeting of Shareholders.

Long-Term Equity Incentives

To date, the Bank has relied on stock option grants under its 2000 Stock Option Plan (the “Stock Option Plan”) to help retain employees and officers and align their interests with those of stockholders. Stock options have value to an employee only if the Bank’s stock price increases above the option exercise price and the employee remains employed by the Bank for the period required to exercise the stock options. Stock options thus provide an incentive to improve performance and remain employed by the Bank, and directly link a portion of compensation to stockholders’ interests by providing an incentive to maximize stockholder value. Stock options have always been a major component of the Bank’s compensation package for not only its named executive officers but for most of its officers, consistent with practices throughout the banking industry. The Personnel and Compensation Committee oversees the administration of the Stock Option Plan and specifically reviews and approves stock option grants to the Bank’s named executive officers. In determining the size of any option award, the Committee considers the officer’s past performance and potential, the position held by the individual and the officer’s annual base salary compensation.

Options were granted to Ms. Lee on April 19, 2007 to purchase 5,000 shares at \$19.00 per share, vesting ratably over a three-year period and remaining exercisable for 10 years.

Bank Owned Life Insurance

During fiscal year 2006, the Bank purchased split dollar life insurance policies on the lives of Mr. Pendergast and Ms. Rivers, in premium amounts of \$700,000 for Mr. Pendergast and \$210,000 for Ms. Rivers. During 2008, the Bank purchased a split dollar life insurance policy on the life of Ms. Lee, for a premium of \$300,000. These one-time premium payments purchased policies on the lives of Mr. Pendergast, Ms. Rivers and Ms. Lee, with death benefit amounts of \$1,501,441, \$918,671 and \$824,915, respectively. The policies are owned by the Bank, and the death benefit amounts will be split between the Bank and the beneficiaries of the named officers. The death benefit amounts to be paid to the beneficiaries of Mr. Pendergast and Ms. Lee are \$400,000 and \$310,000, respectively, or the Net Death Proceeds, whichever is greater, respectively. No death benefit will be paid to Ms. Rivers’ beneficiary as Ms. Rivers voluntarily terminated her employment relationship with the Bank prior to the Normal Retirement Age defined in the Split Dollar Agreement. The amount of the Net Death Proceeds for each policy is the amount of the total death proceeds of the policy minus the cash surrender value. The balance of the death benefits from the policies on the lives of Mr. Pendergast, Ms. Rivers and Ms. Lee, in the amounts of \$1,101,441, \$918,671 and \$514,915, respectively, or \$2,535,027 in the aggregate, will be paid to the Bank, and from those amounts the Bank will be reimbursed fully the amount of the premiums paid for the policies and the amounts of any deferred compensation retirement benefits paid to the named executive officers during their lifetimes, to the extent they qualify and receive such benefits. No premiums were paid by the Bank in 2008 and 2009 for the split dollar life insurance policies on the lives

of Mr. Pendergast and Ms. Rivers. The amount of the premium paid by the Bank in 2008 for the split dollar life insurance policy on the life of Ms. Lee is included in the Summary Compensation Table under “All Other Compensation.”

Premier Service Bank 401(k) Plan

The Board of Directors has established a 401(k) cash or deferred plan, which is named the Premier Service Bank 401(k) Plan (the “Plan”). The Plan was approved by the Board in May of 2004. The purpose of the Plan is to provide eligible employees with the ability to make voluntary contribution to his or her account in an amount up to 25% of his or her compensation (subject to annual permissible dollar limits) with such contributions vesting immediately. These contributions defer the taxability of such funds allowing the participant to save towards retirement. The participant may select from various investment options, including but not limited to savings and/or money market funds, stocks bonds and mutual funds. The Plan provides for a discretionary matching contribution by the Bank and is subject to a vesting schedule based upon years of service with initial vesting beginning at the end of the second year. Vesting occurs at a rate of 20% per year with full vesting completed by the end of the sixth year of service.

For 2008, the Directors of the Bank authorized a matching contribution to be paid to participants based upon compensation paid during the year. Participants received a dollar-for-dollar matching contribution for the first 3% placed into the Plan. No matching contribution was made to participants for the next 2% placed into the Plan. Accordingly, those participants who elected to set aside 3%, 4% or 5% of their annual compensation for 2008 received a 3% matching contribution from the Bank in early 2009. As the co-match is discretionary, the Directors of the Bank have the option of modifying co-matching percentages, if any.

For 2009, the Board of Directors of the Bank decided that no matching contribution would be made to the participants. As the co-match is discretionary, the Board has the option of modifying co-matching percentages, if any, from year to year.

The Plan trustees, consisting of members of the Bank’s executive management, administer the Plan.

Employment Contracts, Termination of Employment and Change-in-Control Arrangements

As of January 1, 2008, the Bank entered into a 3-year Employment Agreement with Kerry L. Pendergast. Pursuant to this Agreement, Mr. Pendergast continues to be employed as President and Chief Executive Officer of the Bank. The Agreement provides for:

- A minimum annual salary of \$198,450
- Discretionary bonuses upon the recommendation of the Board’s Compensation Committee
- An automobile allowance of \$500 per month with additional benefits related to the operation of the vehicle
- Four weeks of paid vacation annually
- Certain medical, life insurance and disability benefits
- Certain benefits based upon a termination without cause, including the continuation of his then existing base salary for twelve months
- Severance benefits upon termination of his employment as a result of a ‘change in control’ of the Bank, in an amount equal to his then existing base salary for 24 months

As of April 16, 2007, the Bank entered into a 3-year Employment Agreement with Jessica W. Lee. Pursuant to this Agreement, Ms. Lee was employed as Executive Vice President and Chief Financial Officer of the Bank. The Agreement provides for:

- A minimum annual salary of \$155,000, which was increased in 2009 to \$160,000
- Discretionary bonuses upon the recommendation of the Board's Compensation Committee
- An automobile allowance of \$300 per month with additional benefits related to the operation of the vehicle
- Four weeks of paid vacation annually
- Certain medical, life insurance and disability benefits
- Certain benefits based upon a 'change in control' or termination without cause, including the continuation of her then existing base salary for 12 months

As of January 22, 2010, the Bank entered into an Employment Agreement with Gregory Savino which was scheduled to expire on November 30, 2010. Pursuant to this Agreement, Mr. Savino was employed as Executive Vice President and Chief Credit Officer of the Bank. Mr. Savino left the Bank as of February 26, 2010 and his Agreement was terminated as of that date. His Agreement provided for:

- A minimum annual salary of \$160,000
- Discretionary bonuses upon the recommendation of the Board's Compensation Committee
- An automobile allowance of \$300 per month with additional benefits related to the operation of the vehicle
- Four weeks of paid vacation annually
- Certain medical, life insurance and disability benefits
- Certain benefits based upon a 'change in control' or termination without cause, including the continuation of his then existing base salary for 3 months

Management's Role in the Compensation-Setting Process

Management plays an important role in our compensation-setting process. The most significant aspects of management's role are evaluating employee performance, recommending business performance targets and objectives, and recommending salary levels and option awards.

During 2007, the Personnel and Compensation Committee assumed responsibility for determining the compensation amounts for all the named executive officers for 2008 and 2009. The Committee is currently working with our Chief Executive Officer to establish the agenda and discussion surrounding executive compensation for 2010.

Deductibility of Executive Compensation

The Bank is aware of the restrictions on compensation found in Section 162(m) of the Internal Revenue Code, which prohibits public companies from deducting certain executive remuneration in excess of \$1,000,000. The Bank does not expect that it will be required, any time in the foreseeable future, to approach such levels of compensation for its executive officers in order to attract and retain top-quality management.

Compensation Strategy

The Committee plans to review the Bank's entire executive compensation package during 2010 to determine if the mix between fixed and variable pay is appropriate and whether the balance between short-and long-term compensation is aligned with the shareholders' interests. The Committee intends to

consider many factors in its deliberations, including the expense of options to the Bank under applicable accounting rules, dilution of earnings per share, incentive value of various equity vehicles, the role of cash and equity, the role of bank owned life insurance (BOLI) benefits as part of an overall compensation package, and the need to retain key talent.

CEO Compensation

Kerry L. Pendergast has served as President and CEO and a director of the Bank since its incorporation on December 7, 2000. The Committee adheres to the same general compensation principles described above to determine Mr. Pendergast's compensation. The Bank and Mr. Pendergast entered into a new 3-year employment agreement on January 1, 2008, as described above.

Summary of Compensation

Set out in the following table is information with respect to the compensation of our executive officers for each of the last two fiscal years:

SUMMARY COMPENSATION TABLE

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>Stock Awards (\$)</u>	<u>Option Awards (\$)</u>	<u>Non-Equity Incentive Plan Compensation (\$)</u>	<u>Nonqualified Deferred Compensation Earnings (\$)</u>	<u>All Other Compensation (\$)</u>	<u>Total (\$)</u>
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Kerry L. Pendergast President and Chief Executive Officer	2008	212,952 (6)					47,907 (4)	17,522 (5)	278,381
	2009	198,450					53,906 (4)	12,658 (7)	265,014
Angela L. Rivers Former Executive Vice President and Chief Credit Officer (1)	2008	165,000					16,810 (4)	9,929 (8)	191,739
	2009	128,125					<731> (4)	8,584 (9)	135,978
Jessica W. Lee Executive Vice President and Chief Financial Officer	2008	155,000			13,350 (3)		6,520 (4)	310,208 (10)	485,078
	2009	160,000			13,350 (3)		13,356 (4)	12,067 (11)	198,773
Gregory Savino Executive Vice President and Chief Credit Officer (2)	2009	13,778 (12)						300 (13)	14,078

- (1) Ms. Rivers resigned as Executive Vice President and Chief Credit Officer of the Bank, effective October 9, 2009.
- (2) Gregory Savino joined the Bank as Executive Vice President and Chief Credit Officer on November 30, 2009, replacing Angela L. Rivers in that position. Mr. Savino left the Bank on February 26, 2010, and the Bank is presently seeking another Chief Credit Officer to replace Mr. Savino. Until a new Chief Credit Officer is hired, Mr. Pendergast will assume the responsibilities of that position. The compensation shown in this table for Mr. Savino is for 2009.

- (3) The assumptions made in this valuation are discussed in Note K of the Bank's financial statements for the year ended December 31, 2009.
- (4) This amount is the Bank's contribution under the Supplemental Retirement Benefit Plan for the named Executives.
- (5) This amount is the Bank's contribution towards automobile and insurance benefits for Mr. Pendergast in 2008.
- (6) Of the above salary, \$14,502 represents cash paid for accrued vacation time not taken due to business constraints.
- (7) This amount is the Bank's contribution towards automobile and insurance benefits for Mr. Pendergast in 2009.
- (8) This amount is the Bank's contribution toward automobile and insurance benefits paid for Ms. Rivers in 2008.
- (9) This amount is the Bank's contribution toward automobile and insurance benefits paid for Ms. Rivers in 2009.
- (10) Includes the Bank's contribution towards automobile and insurance benefits totaling \$10,208 for 2008 and the one-time premium of \$300,000 paid in 2008 for split-dollar life insurance (Bank Owned Life Insurance, or "BOLI") purchased by, and owned by the Bank, on the life of Ms. Lee. This one-time payment purchased a policy with a death benefit amount, as of December 31, 2008, of \$810,847. The death benefit amount will be split between the Bank and the beneficiaries of Ms. Lee. The death benefit amount to be paid to the beneficiaries of Ms. Lee is \$310,000. The balance of the death benefit from the policy, in the amount of \$500,847, will be paid to the Bank, and from that amount the Bank will be reimbursed fully the amount of the premiums paid for the policy and the amount of any deferred compensation retirement benefits paid to Ms. Lee during her lifetime, to the extent she qualifies and receives such benefits.
- (11) This amount is the Bank's contribution towards automobile and insurance benefits for Ms. Lee in 2009.
- (12) This amount is the salary paid to Mr. Savino in 2009, from November 30 through December 31, 2009.
- (13) This amount is the Bank's contribution toward automobile and insurance benefits paid for Mr. Savino in 2009.

Grant of Plan-Based Awards

The Personnel and Compensation Committee did not establish a bonus plan for 2008 or for 2009 for our executive officers. If the Committee establishes a bonus plan for 2010, the terms of that plan will be disclosed in the Proxy Statement for the 2011 Annual Meeting of Shareholders.

Outstanding Equity-Based Awards

Effective January 1, 2005, options were granted to the Mr. Pendergast, the Bank's President and Chief Executive Officer, and to former Executive Vice President and Chief Credit Officer Angela Rivers by the Personnel and Compensation Committee to purchase shares of the Bank's common stock at an option price of \$16.00 per share, which was the fair market value of the Bank's common stock as of the date of grant. Mr. Pendergast, received options to purchase 22,500 shares, and Ms. Rivers received options to purchase 15,000 shares. All the options were granted under the Stock Option Plan and are subject to the Plan's conditions and restrictions. Subject to earlier termination, the options generally expire 10 years after the date of the grant. Vesting on the options granted on January 1, 2005 occurs ratably over a 3-year period. The Bank previously granted options in 2001 to Mr. Pendergast and Ms. Rivers at \$10.00 per share, vesting over three years and expiring 10 years after the date of grant. The 2001 option grants were as follows: Pendergast (20,000 shares) and Rivers (7,500 shares). Ms. Rivers resigned from the Bank on October 9, 2009. As a result of her resignation, she was required to exercise all her outstanding options on or before January 9, 2010 or they would be forfeited. Since none of the options were exercised by Ms. Rivers before January 9, 2010, all of the options previously granted to her were forfeited as of that date.

Options were granted to Ms. Lee, the Bank's Executive Vice President and Chief Financial Officer on April 19, 2007 to purchase 5,000 shares at \$19.00 per share, vesting ratably over a 3-year period and remaining exercisable for 10 years.

The table on the following page shows the exercisable and unexercisable options outstanding at the end of the 2009 fiscal year for each of the named executive officers and for Ms. Rivers and Mr. Savino.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Options (#) Exercisable	Number of Securities Underlying Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Kerry L. Pendergast	20,000 22,500	—	—	10.00 16.00	10-25-11 01-01-15	—	—	—	—
Angela L. Rivers	7,500 15,000	—	—	10.00 16.00	01-09-10 01-09-10	—	—	—	—
Jessica W. Lee	3,333	1,667	—	19.00	04-15-17	—	—	—	—
Gregory Savino ¹	—	—	—	N/A	N/A	—	—	—	—

Option Exercises

Our named executive officers did not exercise any options in the 2009 fiscal year.

Retirement Benefits

In 2006 the Bank entered into the Executive Supplemental Compensation Agreements with Mr. Pendergast and Ms. Rivers. Pursuant to these agreements, the Bank is obligated to pay Mr. Pendergast and Ms. Rivers, upon their retirement, annual benefits of \$50,000 and \$40,000, respectively, for 10 years. The Bank is a beneficiary of life insurance policies (BOLI) that have been purchased as a means of providing the funds required to pay the benefits under the agreements. See “*Bank Owned Life Insurance*,” above. Ms. Rivers resigned from the Bank on October 9, 2009, and as a result of her resignation the Bank, in satisfaction of its obligation under her Executive Supplemental Compensation Agreement, is only obligated to pay Ms. Rivers the amount of \$35,682, which was the Accrued Liability Balance as of December 31, 2008, not earlier than May 9, 2010.

¹ Gregory Savino joined the Bank as Executive Vice President and Chief Credit Officer on November 30, 2009, replacing Angela L. Rivers in that position. Ms. Rivers resigned effective October 9, 2009. Mr. Savino left the Bank on February 26, 2010, and the Bank is presently seeking another Chief Credit Officer to replace Mr. Savino. Until a new Chief Credit Officer is hired, Mr. Pendergast will assume the responsibilities of that position.

In 2008 the Bank entered into an Executive Supplemental Compensation Agreement with Ms. Lee. Pursuant to this agreement, the Bank is obligated to pay Ms. Lee, upon her retirement, an annual benefit of \$40,000 for 10 years. The Bank is a beneficiary of a life insurance policy (BOLI) on the life of Ms. Lee that has been purchased as a means of providing the funds required to pay the benefits under her agreement. See “*Bank Owned Life Insurance*,” above.

Mr. Pendergast and Ms. Lee are also entitled to be paid certain benefits under their respective Employment Agreements upon a termination of their employment without cause, as defined in those agreements, or upon a change in control of the Bank. See “*Employment Contracts, Termination of Employment and Change-in-Control Arrangements*,” above.

Compensation of Directors

The Bank’s directors are paid \$750 for each Board meeting and \$150 for each committee meeting attended. Additional compensation is paid to the Chairman of the Board as well as to the chairs of other selected committees. Directors are also reimbursed for any out-of-pocket expenses that are associated with performing their duties as directors.

The total fees paid to directors during 2008 were \$146,320. The total fees paid to directors during 2009 were \$125,043.

In addition to the cash fees paid to the Bank’s directors, each current director (other than Mr. Weiss, who joined the Board in 2006) was granted 1,000 non-qualified stock options at \$16.25 on March 17, 2005, vesting immediately. The options period is for the earlier of either 24 months following the director’s cessation of service or March 17, 2015. The aforementioned options were in addition to the following non-qualified options granted in 2001 to the current non-officer directors of the Bank in their role as organizers (which did not include Mr. Aust or Mr. Weiss, who joined the Board after 2001):

<u>Optionee</u>	<u>Options Granted</u>
Donald J. Bosic	5,660
Iheanacho Emeruwa	5,307
Carol Ann Flambures	5,377
Robert I. Jaspan	4,944
Gerald R. Luppino	6,797
Robert J. Norton	6,417
Kenneth B. Stream, Jr.	12,524
John D. Wyatt	<u>5,254</u>
Total	52,280

All of the above options were granted on November 15, 2001 at an option price of \$10.00 per share. The options are for a 10-year period with one-third of the options vesting annually over a 3-year period with the first vesting occurring one year from the date of grant. Mr. Norton exercised a portion of his option and purchased 3,635 shares in May 2007. As of the Record Date, he had 2,782 of these original options remaining, plus the 1,000 options granted to him on March 17, 2005, as described above.

Set out in the following table is information with respect to the compensation for fiscal 2009 of the persons who served as directors in 2009, in their capacity as directors, other than our chief executive officer. Our Chief Executive Officer’s compensation, in his capacity as a director and officer of the Bank, is set out in the Summary Compensation Table above.

DIRECTOR COMPENSATION

Name	Fees Earned Or Paid in Cash (\$) ¹	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Robert D. Aust	9,750	—	—	—	—	—	9,750
Donald J. Bosic	10,600 ²	—	—	—	—	—	10,600
Iheanacho Emeruwa	9,150	—	—	—	—	—	9,150
Carol Ann Flambures	18,500 ³	—	—	—	—	1,193 ⁴	19,693
Robert I. Jaspan	13,900 ⁵	—	—	—	—	—	13,900
Gerald R. Luppino	11,400	—	—	—	—	—	11,400
Robert J. Norton	12,750	—	—	—	—	—	12,750
Kenneth B. Stream, Jr.	17,300 ⁶	—	—	—	—	—	17,300
John R. Weiss	10,750 ⁷	—	—	—	—	—	10,750
John D. Wyatt	9,750 ⁸	—	—	—	—	—	9,750
Total							125,043

¹ Amounts paid in cash in 2009.

² Chair, Personnel and Compensation Committee, and Chair, Technology Committee

³ Chair, Loan Committee

⁴ Gasoline reimbursement for Loan Committee Chair

⁵ Vice Chairman of the Board, and Chair, Nomination and Governance Committee

⁶ Chairman of the Board, and Chair, Executive Committee

⁷ Chair, Audit Committee

⁸ Chair, Marketing Committee

Section 16(a) Beneficial Ownership Reporting Compliance

Part 335 of the FDIC Rules and Regulations requires the Bank's directors, executive officers and shareholders who own 10% or more of the Bank's common stock to file with the FDIC initial reports of ownership (Form 3's) and reports of changes in ownership of the Bank's common stock (Form 4's). Officers, directors and shareholders who beneficially own 10% or more of the Bank's common stock are required by the FDIC to furnish the Bank with copies of all Part 335 forms they file.

Any shareholder who beneficially acquires more than 5% of the Bank's common stock is required to file a Schedule 13D with the FDIC within 10 days after the acquisition. If a person who has filed a Schedule 13D subsequently purchases or sells 1% or more of the Bank's outstanding shares of common stock, or purchases or disposes of a lesser amount which is material depending upon the facts and circumstances, such person must file an amendment disclosing the change. The only shareholder known to the Bank who has filed a Schedule 13D is Robert J. Norton, who filed a Schedule 13D with the FDIC reporting that on November 2, 2007 he beneficially owned 5.2% of the Bank's outstanding shares. Since that date, Mr. Norton has filed 14 amended Schedule 13D's reporting increases in his ownership position. The last amended Schedule 13D was filed with the FDIC on November 2, 2009, and reported that his ownership had increased to 8% as of that date.

To the Bank's knowledge, based solely on review of the copies of such reports furnished to the Bank and written representations that no other reports were required, during the fiscal year ended December 31, 2009 all Part 335 filing requirements applicable to the officers, directors and principal shareholders (of which there are none) of the Bank appear to have been satisfied, except that Greg Savino, who was then Executive Vice President and Chief Credit Officer of the Bank, failed to file a Form 3 on or before December 10, 2009, the date which was 10 days after his employment commenced on November 30, 2009. Mr. Savino filed his Form 3 on January 25, 2010 when the error was discovered. It was erroneously believed that a Form 3 was not required to be filed by Mr. Savino because he beneficially owned no stock of the Bank. The Bank has now established procedures to ensure that each new director and executive officer of the Bank is advised of the Form 3 requirement at the time he or she joins the Bank, and is advised that a Form 3 is required whether or not the new director or executive officer owns any stock of the Bank.

Recommendation of the Board of Directors for Proposal 1

The Board of Directors recommends a vote "FOR" each of the nominees for election to the Board, as described above in this Proposal 1.

PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT PUBLIC ACCOUNTANT

The Bank has engaged Vavrinek, Trine, Day & Co., LLP. (“VTD”) to render audit and non-audit services for the fiscal year ending December 31, 2010. Before such engagement was made, the engagement was approved by the Audit Committee of the Bank. VTD audited the Bank’s financial statements for the fiscal years ended December 31, 2008 and 2009 and has been the Bank’s accountant since its incorporation. All professional services rendered by VTD concerning the fiscal year ended December 31, 2009 were furnished at customary rates and terms. The Audit Committee of the Board of Directors has reviewed the non-audit services rendered by VTD and believes that such services were compatible with maintaining independence. It is anticipated that a representative of VTD will be present at the Meeting, will have the opportunity to make a statement if he or she desires to do so, and will be available to respond to appropriate questions.

The Audit Committee has established, as part of its Audit Policy, the requirement that the Committee pre-approve all services to be performed by the Bank’s independent public accountants. Each proposed service must be described by the accountants in detail in a written proposal, which must be submitted to the Committee in advance of the performance of such service. The Committee, at a meeting or by unanimous written consent, must pre-approve the engagement of the accountants for such service and the estimated fees for such service. Such pre-approval responsibility may not be delegated by the Committee to management and may not be waived.

Fee Disclosure

Audit Fees

The aggregate fees billed by VTD for professional services rendered for the audit of the Bank’s annual financial statements for the fiscal year ended December 31, 2009 and December 31, 2008 and for the reviews of the financial statements included in the Bank’s Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q for each of these fiscal years were \$52,000 and \$50,000, respectively.

Audit-Related Fees

VTD did not bill the Bank for any audit-related fees during the last two fiscal years.

Tax Fees

Fees for tax-related services were billed by VTD to the Bank in the amount of \$7,000 for the fiscal year ended December 31, 2009 and \$6,000 for the fiscal year ended December 31, 2008.

All Other Fees

VTD did not bill the Bank for any fees related to products or services during 2009 or 2008 other than those described above.

Recommendation of the Board of Directors

The Board of Directors recommends a vote “FOR” Proposal 2.

PROPOSAL 3: ADVISORY (NON-BINDING) VOTE APPROVING EXECUTIVE COMPENSATION

On February 17, 2009, the American Recovery and Reinvestment Act of 2009 (the “ARRA”) was enacted. The ARRA imposes a number of requirements on financial institutions that received an investment from the U.S. Department of the Treasury (the “Treasury”) under the Capital Purchase Program (“CPP”) of the Treasury’s Troubled Asset Relief Program (“TARP”). One of the requirements is that at each annual meeting of shareholders during the period in which any obligation arising from CPP remains outstanding, the CPP recipient shall permit a separate non-binding “say-on-pay” shareholder vote to approve the compensation of executives. Since the Bank continued during 2009 as a participant in CPP, the resolution set forth below is presented for approval by the Bank’s shareholders.

We believe that our compensation policies and procedures are competitive, are focused on pay for performance principles and are strongly aligned with the long-term interests of our shareholders. The Personnel and Compensation Committee, which is comprised entirely of independent directors, oversees our executive compensation program and monitors our policies to ensure they continue to emphasize programs that reward executives for results that are consistent with shareholder interests.

The following resolution gives you as a shareholder the opportunity to endorse or not endorse the compensation we pay to our named executive officers by voting to approve or not approve such compensation as described in this Proxy Statement:

“RESOLVED, that the shareholders of Premier Service Bank (the “Bank”) hereby approve the compensation of the Bank’s executives named in the Summary Compensation Table of the Bank’s Proxy Statement for the 2010 Annual Meeting of Shareholders (the “Proxy Statement”), including the Executive Compensation tables and the related disclosures contained in pages 20 through 31 of the Proxy Statement.”

The ARRA provides that because your vote is advisory, it will not be binding upon the Board of Directors and may not be construed as overruling any decision by the Board. However, the Personnel and Compensation Committee may, in its sole discretion, take into account the outcome of the vote when considering future executive compensation arrangements.

Our Board of Directors and our Personnel and Compensation Committee believe that our commitment to responsible compensation practices as described in this Proxy Statement justifies a vote by shareholders FOR the resolution approving the compensation of our executives as disclosed in this Proxy Statement.

We encourage you to closely review our Executive Compensation discussion and the tabular disclosures which are included on pages 20 through 31 of this Proxy Statement, including the footnotes and narratives which accompany each table, as they describe our compensation policies and procedures and the components and amounts comprising the compensation paid to our named executive officers.

Recommendation of the Board of Directors

The Board of Directors recommends a vote “FOR” Proposal 3.

PROPOSAL 4: OTHER MATTERS

Management does not know of any matters to be presented at the Meeting other than those set forth above. However, if other matters come before the Meeting, it is the intention of the persons named in the accompanying Proxy to vote said Proxy in accordance with the recommendations of Management on such matters, and discretionary authority to do so is included in the Proxy.

Shareholder Proposals

If a shareholder intends to present any proposal for consideration at the 2011 Annual Meeting of Shareholders and wishes for that proposal to be included in the proxy and Proxy Statement to be prepared by the Bank, the proposal must be received by the Bank at its corporate office not later than November 15, 2010. In addition, if the Bank receives a shareholder proposal for the 2010 Annual Meeting less than 45 days before the date on which this proxy statement is mailed to shareholders, then the persons named as proxies for such Annual Meeting will have discretionary authority to vote on such matters.

ANNUAL REPORT TO SHAREHOLDERS, ANNUAL DISCLOSURE STATEMENT AND FORM 10-K

Our Annual Report to Shareholders containing audited financial statements is included in this mailing to shareholders. Copies of the Bank's Annual Report on Form 10-K will be made available to shareholders upon request once the report has been filed with the FDIC. The Bank's annual disclosure statement under Part 350 of FDIC rules is also available upon written request to the Corporate Secretary, Premier Service Bank, 3637 Arlington Avenue, Suite B, Riverside, CA 92506.

By Order of the Board of Directors



Kenneth B. Stream, Jr.
Chairman of the Board

Dated: March 5, 2010

IT IS VERY IMPORTANT THAT EVERY SHAREHOLDER VOTE. WE URGE YOU TO SIGN AND RETURN THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON. THE ENCLOSED PROXY IS SOLICITED BY THE BANK'S BOARD OF DIRECTORS. ANY SHAREHOLDER GIVING A PROXY MAY REVOKE IT PRIOR TO THE TIME IT IS VOTED BY FILING WITH THE SECRETARY OF THE BANK AN INSTRUMENT REVOKING IT OR A DULY EXECUTED PROXY BEARING A LATER DATE, OR BY ATTENDING THE MEETING AND VOTING IN PERSON.

PLEASE INDICATE ON THE PROXY WHETHER YOU EXPECT TO ATTEND THE MEETING SO THAT WE CAN ARRANGE ADEQUATE ACCOMMODATIONS.

Exhibit A: Audit Committee Charter

Exhibit B: Audit Committee Report

Exhibit C: Charter of Nomination and Governance Committee

Exhibit D: Charter of Personnel and Compensation Committee

 Exhibit E: Report of the Personnel and Compensation Committee

EXHIBIT A

AUDIT COMMITTEE CHARTER

- I. Composition of the Audit Committee and Independence: The Audit Committee shall be comprised of at least three directors, each of whom shall be independent, as determined by the criteria set forth in Section 10A (m)(3)(B) of the Securities Exchange Act of 1934. Pursuant to that criteria, a member of the Audit Committee may not, other than in his or her capacity as a member of the Audit Committee, the Board of Directors, or a Board committee – (i) accept any consulting, advisory, or other compensatory fee from the issuer; or (ii) be an affiliated person of the Bank or any subsidiary thereof. In addition, a member of the Audit Committee shall have no relationship to the Bank that may interfere with the exercise of his or her independence from Executive Management and the Bank and shall otherwise satisfy the applicable membership requirements under the rules of the National Association of Security Dealers, Inc. as such requirements are interpreted by the Board of Directors in its business judgment.
- II. Purpose of the Audit Committee: The Audit Committee of the Bank, in its capacity as a committee of the Board of Directors, shall be directly responsible for the appointment, compensation, and oversight of the work of the Bank’s accounting firm and all firms performing internal or external audits of the operations and business of the Bank (including resolution of disagreements between Executive Management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work, and each such auditing firm shall report directly to the Audit Committee.

The Audit Committee shall also establish procedures for (i) the receipt, retention, and treatment of complaints received by the Bank regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Bank of concerns regarding questionable accounting or auditing matters.

The additional purposes of the Audit Committee are to assist the Board of Directors:

1. in its oversight of the Bank’s accounting and financial reporting principles and policies and internal audit controls and procedures;
2. in its oversight of the Bank’s financial statements and the independent audit thereof;
3. in selecting, evaluating and, where deemed appropriate, replacing the outside auditors; and
4. in evaluating the independence of the outside auditors.

The principal function of the Audit Committee is oversight. Executive Management of the Bank is responsible for the preparation, presentation and integrity of the Bank’s financial statements. Executive Management and the appropriate department are responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The outside auditors are responsible for planning and carrying out a proper audit of the Bank’s annual financial statements and the review of the Bank’s quarterly financial statements prior to the filing of each quarterly report on Form 10-Q, and other procedures. In fulfilling their responsibilities hereunder, it is recognized that

members of the Audit Committee are not full-time employees of the Bank and are not, except as otherwise provided in periodic reports filed by the Bank with the FDIC, or except as described in the minutes of the meetings of the Audit Committee, relating to the recognition by the Bank and the Committee that one or more of its members qualifies as an Audit Committee Financial Expert, and do not represent themselves to be, accountants or auditors by profession or experts in the fields of accounting or auditing including in respect of auditor independence.

As such, it is not the duty or responsibility of the Audit Committee or its members to conduct “field work” or other types of auditing or accounting reviews or procedures or to set auditor independence standards, and each member of the Audit Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Bank from which it receives information, (ii) the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board of Directors) and (iii) representations made by Executive Management as to any information technology, internal audit and other non-audit services provided by the auditors to the Bank.

- III. Prohibited Activities by Outside Auditor: Except as provided in Section IV below, no outside auditing firm that performs any audit of the financial statements of the Bank, or any audit required by the FDIC or by the rules of the Public Company Accounting Oversight Board (the “Oversight Board”) established under Section 101 of the Sarbanes-Oxley Act of 2002 (the “outside financial auditing firm”), shall provide to the Bank, contemporaneously with the audit of the financial statements of the Bank, any non-audit service, including – (1) bookkeeping or other services related to the accounting records or financial statements of the Bank; (2) financial information systems design and implementation; (3) appraisal or valuation services, fairness opinions, or contribution-in-kind reports; (4) actuarial services; (5) internal audit outsourcing services; (6) management functions or human resources; (7) broker or dealer, investment adviser, or investment banking services; (8) legal services and expert services unrelated to the audit; and (9) any other service that the Oversight Board determines, by regulation, is impermissible.
- IV. Pre-approval Required for Non-Audit Services: The Bank’s outside financial auditing firm may engage in any non-audit service for the Bank, including tax services, that is not described in Section III above, only if the activity is approved in advance by the Audit Committee in accordance with the pre-approval requirements described in Section V below.
- V. Pre-approval Requirements: All auditing services (which may entail providing comfort letters in connection with securities underwritings or statutory audits required for insurance companies for purposes of State law) and non-audit services, other than as provided in the next sentence, provided to the Bank by its outside financial auditing firm shall be pre-approved by the Audit Committee. The pre-approval requirement set forth herein is waived with respect to the provision of non-audit services for the Bank, if (i) the aggregate amount of all such non-audit services provided to the Bank constitutes not more than 5 percent of the total amount of revenues paid by the Bank to its outside financial auditing firm during the fiscal year in which the non-audit services are provided; (ii) such services were not recognized by the Bank at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Audit Committee and approved prior to the completion of the audit by the Audit Committee or by one or more members of the Board of Directors to whom authority to grant such approvals has been delegated by the Audit Committee.

Approval by the Audit Committee of a non-audit service to be performed by the Bank's outside financial auditing firm shall be disclosed in periodic reports filed by the Bank with the FDIC.

The Audit Committee may delegate to one or more designated members of the Audit Committee who are independent directors of the Board of Directors, the authority to grant pre-approvals required by this Section V. The decisions of any member to whom authority is delegated under this Section V to pre-approve an activity shall be presented to the full Audit Committee at each of its next scheduled meeting for ratification by the full Committee.

In carrying out its duties hereunder, if the Audit Committee approves an audit service within the scope of the engagement of the Bank's outside financial auditing firm, such audit services shall be deemed to have been pre-approved for purposes of this Section V.

- VI. Reports from Outside Financial Auditing Firm: The Audit Committee shall require the Bank's outside financial auditing firm to timely report to the Audit Committee (1) all critical accounting policies and practices to be used; (2) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with Executive Management officials of the Bank, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the outside financial auditing firm; and (3) other material written communications between the outside financial auditing firm and the management of the Bank, such as any Executive Management letter or schedule of unadjusted differences.

In addition, the outside financial auditing firm shall submit to the Audit Committee annually (1) a formal written statement delineating all relationships between the outside financial auditing firm and the Bank ("Statement as to Independence"), addressing each non-audit service provided to the Bank, and (2) a formal written statement of the fees billed for each of the following categories of services rendered by the outside financial auditing firm: (i) the audit of the Bank's annual financial statements for the most recent fiscal year and the reviews of the financial statements included in the Bank's Quarterly Reports on Form 10-QSB for that fiscal year; (ii) information technology consulting services for the most recent fiscal year, in the aggregate and by each service (and separately identifying fees for such services relating to financial information systems design and implementation); and (iii) all other services rendered by the outside financial auditing firm for the most recent fiscal year, in the aggregate and by each service.

- VII. Audit Partner Rotation: The Audit Committee shall require the Bank's outside financial auditing firm to cause its lead (or coordinating) audit partner (having primary responsibility for the audit), or the audit partner responsible for reviewing the audit, to rotate at least every 5 fiscal years.

- VIII. Meetings of the Audit Committee: The Audit Committee shall meet four times annually, or more frequently if circumstances dictate, to discuss with Executive Management the annual audited financial statements and quarterly financial statements and quarterly financial results. External audits, internal audits and self-assessments, including findings and management responses, will be reported to the Audit Committee. At the conclusion of each Audit Committee meeting, Executive Management will be excused and the director of internal audit, compliance officer or designated Bank employee plus a representative from the Bank's accounting firm will be invited to participate in an Executive Session. In addition to such meetings of the Audit Committee as may be required to discuss such matters, the Audit

Committee shall meet separately at least annually with Executive Management, the director of internal auditing (or designated employee) and the outside auditors to discuss any matters the Audit Committee or any of these persons or firms believe should be discussed privately. The Audit Committee may request any officer or employee of the Bank or the Bank's outside counsel or outside auditors to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. Members of the Audit Committee may participate in a meeting of the Audit Committee by means of conference call or similar communication equipment by means of which all persons participating in the meeting can hear each other.

IX. Duties and Powers of the Audit Committee: To carry out its purposes, the Audit Committee shall have the following duties and powers:

1. with respect to all outside auditors, including the outside financial auditing firm:
 - (i) to select, appoint, compensate, evaluate or replace outside auditors;
 - (ii) to approve the fees charged by the outside auditors for audit and non-audit services, prior to payment by the Bank;
 - (iii) to ensure the outside auditors prepare and deliver annually a Statement as to Independence (it being understood that the outside auditors are responsible for the accuracy and completeness of this Statement), to discuss with the outside auditors any relationships or services disclosed in this Statement that may impact the objectivity and independence of the Bank's outside auditors and to recommend that the Board of Directors take appropriate action in response to this Statement to satisfy itself of the outside auditors' independence;
 - (iv) if applicable, to consider whether the outside auditors' provision of (a) information technology consulting services relating to financial information systems design and implementation and (b) other non-audit service to the Bank is compatible with maintaining the independence of the outside auditors; and
 - (v) to instruct the outside auditors that the outside auditors are ultimately accountable to the Board of Directors and Audit Committee;
2. with respect to the internal auditing function:
 - (vi) to review the appointment and replacement of the director of the internal auditing department (or designated employee)(the director of the auditing department may refer to a principal of an outside firm engaged to perform the internal audit function for the Bank); and
 - (vii) to advise the director of the internal auditing department (or designated employee) that he or she is expected to provide to the Audit Committee summaries of and, as appropriate, the significant reports to Executive Management prepared by the internal auditing department (or designated employee) and department manager's responses thereto;

3. with respect to internal controls and compliance with SOX (Sarbanes-Oxley Act) requirements:

- (viii) to report as to the effectiveness of the Bank's internal controls;
- (ix) to review internal testing of internal controls;
- (x) to review the Bank's compliance position with the requirements of the Sarbanes-Oxley Act;

4. with respect to financial reporting principles and policies and internal audit controls and procedures,

- (xi) to advise Executive Management, the internal auditing department (or designated department) and the outside auditors that they are expected to provide to the Audit Committee a timely analysis of significant financial reporting issues and practices;
- (xii) to consider any reports or communications (and Executive Management's and/or the internal audit department's (or designated department) responses thereto) submitted to the Audit Committee by the outside auditors required by or referred to in SAS 61 (as codified by AU Section 380), as may be modified or supplemented, including reports and communications related to:
 - deficiencies noted in the audit in the design or operation of internal controls;
 - considerations of fraud in a financial statement audit;
 - detection of illegal acts;
 - the outside auditor's responsibility under generally accepted auditing standards;
 - significant accounting policies;
 - Executive Management judgments and accounting estimates;
 - adjustments arising from the audit;
 - the responsibility of the outside auditor for other information in documents containing audited financial statements;
 - disagreements with Executive Management;
 - consultation by Executive Management with other accountants;
 - major issues discussed with Executive Management prior to retention of the outside auditor;

- difficulties encountered with Executive Management in performing the audit;
- the outside auditor's judgments about the quality of the entity's accounting principles; and
- reviews of interim financial information conducted by the outside auditor;

IX. Authority to Engage Advisers: The Audit Committee shall have the authority to engage independent counsel and other advisers, as it determines necessary to carry out its duties. The Bank shall provide for appropriate funding, as determined by the Audit Committee, in its capacity as a committee of the Board of Directors, for payment of compensation to the outside auditors and to any advisers employed by the Audit Committee.

EXHIBIT B

PREMIER SERVICE BANK

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee is responsible for reviewing the financial information that will be provided to shareholders and others, monitoring the Bank's system of internal accounting controls, making recommendations to the Board of Directors regarding the selection of independent auditors providing to the Board of Directors such additional information and materials as the Committee may deem necessary to make the Board of Directors aware of significant financial matters which require the Board of Directors' attention. The Board of Directors believes that all of the members of the Audit Committee are "independent directors" as defined by NASD listing standards.

The Audit Committee has reviewed and discussed the audited financial statements of the Bank for the fiscal year ended December 31, 2009 with management, and Vavrinek, Trine, Day & Co., LLP (VTD). In addition, the Audit Committee has discussed with VTD, the Bank's independent auditors, the matters required to be discussed by Statement of Auditing Standards No. 114 (Communications with Audit Committee). The Audit Committee also has received the written disclosures and the letter from VTD as required by the Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and the Audit Committee has discussed the independence of VTD with that firm. The Audit Committee also has considered the non-audit services provided by VTD and determined that the services provided are compatible with maintaining VTD's independence.

While financial expertise exists among the members of the Audit Committee, not all of the members of the Audit Committee are professionally engaged in the practice of auditing or accounting nor are they all experts in the fields of accounting or auditing, including determination of auditors independence. Members of the Committee rely, without independent verification, on the information provided to them and on the representations made by management and the independent auditors. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations and discussions referred to above do not assure that the audit of the Bank's financial statements has been carried out in accordance with auditing standards generally accepted in the United States of America, that the financial statements are presented in accordance with accounting principles generally accepted in the United States of America or that the Bank's auditors are in fact "independent" as that term is defined in applicable rules.

Based on the Audit Committee's review of the matters noted above and its discussions with the Bank's independent auditors and the Bank's management, the Audit Committee recommends to the Board of Directors that the financial statements be included in the Bank's Annual Report on Form 10-K.

Dated: February 25, 2010

Audit Committee of the Board of Directors

John R. Weiss, Chair

Robert D. Aust

Donald J. Botic

Iheanacho Emeruwa

Robert I. Jaspán

EXHIBIT C

PREMIER SERVICE BANK

CHARTER OF NOMINATION AND GOVERNANCE COMMITTEE

February 25, 2010

Mission. The Nomination and Governance Committee (the “Committee”) is responsible for identifying individuals qualified to become Board members and recommending to the Board the director nominees for the next annual meeting of shareholders. It leads the Board in its annual review of the Board’s performance and recommends to the Board director candidates for each committee for appointment by the Board.

The Committee takes a leadership role in shaping corporate governance policies and practices, including recommending to the Board the Corporate Governance Guidelines applicable to the Company and monitoring Company compliance with said policies and Guidelines.

The goal of the Committee is to insure that the Board of Directors possesses a variety of perspectives and skills derived from high-quality business and professional experience. The Committee seeks to achieve a balance of knowledge, experience and capability on the Board. To this end, the Committee seeks nominees with the highest professional and personal ethics and values, and understanding of the banking business and industry, diversity of business experience and expertise, broad-based business acumen, and the ability to think strategically.

Membership. The members of the Committee shall meet the independence requirements of the National Association of Security Dealers, Inc. corporate governance rules and all other applicable laws, rules and regulations governing director independence, as determined by the Board. Members of the Committee and the Committee Chair shall be appointed by and may be removed by the Board on the recommendation of the Committee.

Duties and Responsibilities. The Committee shall have the following duties and responsibilities:

- Review and assess the adequacy of the Company’s policies and practices on corporate governance including the Corporate Governance Guidelines of the Company and recommend any proposed changes to the Board for approval.
- Review and assess the adequacy of the Company’s Code of Conduct, the Code of Ethics for Financial Professionals and other internal policies and guidelines and monitor that the principles described therein are being incorporated into the Company’s culture and business practices.
- Review the Company’s business practices, particularly as they relate to preserving the good reputation of the Company. The Company’s internal auditors and named management shall provide regular reports to the Committee or to the Board. Internal auditors and named management personnel shall be invited to attend meetings of the Committee, at the request of the Chair of the Committee.

- Review the appropriateness of the size of the Board relative to its various responsibilities. Review the overall composition of the Board, taking into consideration such factors as business experience and specific areas of expertise of each Board member, and make recommendations to the Board as necessary.
- Develop appropriate criteria and make recommendations to the Board regarding the independence of directors and nominees.
- Recommend to the Board the number, identity and responsibilities of Board committees and the Chair and members of each committee. This shall include advising the Board on committee appointments and removal from committees or from the Board, rotation of committee members and Chairs and committee structure and operations.
- Review the adequacy of the charters adopted by each committee of the Board, and recommend changes as necessary.
- Assist the Board in developing criteria for identifying and selecting qualified individuals who may be nominated for election to the Board, which shall reflect at a minimum all applicable laws, rules, regulations and listing standards.
- Recommend to the Board the slate of nominees for election to the Board at the Company's annual meeting of the stockholders.
- As the need arises to fill vacancies, actively seek individuals qualified to become Board members for recommendation to the Board.
- Review and implement the procedures required to be followed by shareholders to submit nominees, and to consider nominations for Board membership properly recommended by shareholders in accordance with such procedures.
- Periodically review and recommend to the Board the compensation structure for non-employee directors for Board and committee service.
- Periodically assess the effectiveness of the Board of Directors in meeting its responsibilities, representing the long-term interests of shareholders.
- Report annually to the Board with an assessment of the Board's performance.
- Review adherence by directors to corporate guidelines regarding transactions with the Company.
- Monitor the orientation and continuing education programs for directors.
- Conduct an annual review of the Committee's performance and report the results to the Board. Periodically assess the adequacy of its charter and recommend changes to the Board as needed.
- Regularly report to the Board on the Committee's activities.

- Obtain advice and assistance, as needed, from internal or external legal counsel, accounting firms, search firms or other advisors, with the sole authority to retain, terminate and negotiate the terms and conditions of the assignment.
- If necessary or appropriate delegate responsibility to subcommittees of the Committee.
- Perform any other duties or responsibilities expressly delegated to the Committee by the Board.
- Assure that appropriate responses are made to shareholder communications directed to the attention of the Board or any of its directors, as provided in the Corporate Governance Guidelines.

EXHIBIT D

PREMIER SERVICE BANK

CHARTER OF PERSONNEL AND COMPENSATION COMMITTEE

February 25, 2010

Purpose

The Personnel and Compensation Committee (the “Committee”) of Premier Service Bank (the “Company”) is responsible for determining the compensation of the Company’s Chief Executive Officer (“CEO”) and “senior officers” (i.e., officers who are “executive officers” as defined in applicable laws and regulations, or who have the title of Executive Vice President or above), as well as considering and making recommendations to the Board concerning compensation and/or benefit plans for the Company’s personnel. During the period of the Company’s participation in the Federal TARP Capital Purchase Program (the “TARP CPP”), the Committee shall also be responsible for compliance with any compensation-related laws, rules and regulations related to the TARP CPP. The Committee shall also monitor the performance of the Company’s senior officers in relation to applicable corporate goals and strategies, and use its best efforts to ensure that compensation and benefits are at levels that enable the Company to attract and retain the high quality employees it needs.

Committee Composition and Meetings

The Committee shall consist of no fewer than three directors of the Company, each of whom shall (i) meet the independence requirements of the Nasdaq Stock Market, Inc.; (ii) qualify as “non-employee directors” as defined in Section 16 of the Securities Exchange Act of 1934 (the “Exchange Act”); and (iii) qualify as “outside directors” under Section 162(m) of the Internal Revenue Code (the “Code”).

The Committee shall meet at least twice annually, or more often as circumstances warrant.

Committee Powers, Authority, Duties and Responsibilities

1. The Committee shall review and approve the corporate goals and objectives relevant to the compensation of our CEO, evaluate the CEO’s performance in light of these goals and objectives, and determine and approve any discretionary elements of the CEO’s compensation based on this evaluation.
2. The Committee shall annually approve the compensation arrangements for all senior officers, including (a) annual base salary amounts; (b) annual bonus arrangements, if any; (c) any long-term incentive compensation; and (d) any perquisites, special or supplemental benefits; and approve or modify the CEO’s recommendations concerning such compensation arrangements.
3. The Committee shall monitor compensation trends, solicit independent advice where appropriate, and ensure that executive compensation plans are sufficient to attract and retain high quality executives.

4. The Committee shall review and approve the selection, retention, and/or termination of all senior officers as defined above. In connection with any new hire of any such officers, the Committee shall review and approve the same categories of employment and compensation arrangements listed in item 2 above.
5. The Committee shall review and approve any employment agreements, salary continuation agreements or other contractual arrangements with any officers, including any material modifications of same.
6. The Committee shall annually review the compensation paid to non-employee directors and make recommendations to the Board regarding such compensation. In its review, the Compensation Committee will seek to ensure that the compensation is fair and reasonably commensurate to the amount of work required both from the individual directors and from the Board in the aggregate. No member of the Committee will act to fix his or her own compensation except for uniform compensation paid to directors for their services as a director.
7. The Committee shall review executive officer compensation for compliance with applicable laws and regulations, including Section 16 of the Exchange Act and Section 162(m) of the Code and related regulations. During the period of the Company's participation in the TARP CPP, the Committee shall take necessary actions to comply with any applicable compensation-related restrictions and requirements related to the TARP CPP, including, without limitation, (i) conducting, in consultation with senior risk officers of the Company, the required annual review of the Company's incentive compensation arrangements for "senior executive officers," as defined for purposes of the TARP CPP (currently identical to the Company's "named executive officers" for proxy disclosure purposes) making reasonable efforts to ensure that such arrangements do not encourage such officers to take unnecessary and excessive risks that threaten the value of the Company, and (ii) certifying that the Compensation Committee has completed this risk assessment and including this certification in the Compensation Discussion and Analysis.
8. The Committee shall consider and make recommendations to the Board of Directors concerning the Company's equity-based compensation plans, including any proposed new plans or changes to existing plans.
9. To the extent authorized by the Board, the Committee shall administer the Company's equity compensation plans, including, but not limited to, (a) approving option grants or any other type of authorized awards to the Company's "Named Executive Officers" as that term is defined in applicable SEC regulations; (b) modifying or canceling existing grants or awards to Named Executive Officers; (c) imposing limitations, restrictions and conditions upon any such grant or award as the Committee deems necessary or advisable; and (d) reviewing and making recommendations to the Board concerning the interpretation of and applicable rules and regulations relating to the plans.
10. The Committee shall review and make recommendations to the Board concerning personnel policies and any similar documents relating to personnel matters which require Board approval.
11. The Committee shall have the authority to retain and terminate any compensation consultant to be used to assist in the evaluation of the CEO, other executive officers, and director compensation, including the sole authority to approve the consultant's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or outside legal, accounting, or other advisors as it deems necessary to carry out its duties. Fees will be borne by the Company.

12. The Committee shall produce an annual report on executive compensation, and in this connection shall review and approve the Company's Compensation Discussion and Analysis for inclusion in the Company's annual proxy statement, in accordance with all applicable rules and regulations. During the period of the Company's participation in the TARP CPP, this report shall include the certification discussed above concerning the risk assessment requirements related to the TARP CPP.
13. The Committee shall have the ultimate responsibility for determining matters of interpretation with respect to the non-audit and accounting related portions of the Company's Code of Conduct, and for making all final decisions concerning any disciplinary actions relating to those portions of the Code.
14. The Committee shall review with the CEO, at least annually, the Company's management succession plan.
15. The Committee may request that any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.
16. The Committee shall make reports to the Board at the next regularly scheduled meeting following the meeting of the Committee.
17. The Committee shall review and reassess the adequacy of the Charter annually and recommend any proposed changes to the Board for approval.
18. The Committee shall annually review its own performance.
19. The Committee shall have such other authority and responsibilities as may be assigned to it from time to time by the Board.

EXHIBIT E

PREMIER SERVICE BANK

REPORT OF THE PERSONNEL AND COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

The Personnel and Compensation Committee of the Board of Directors is composed entirely of non-employee directors who are independent, as defined under Section 301 of the Sarbanes-Oxley Act of 2002 and as defined in applicable Nasdaq rules and regulations. The members of the Committee during the most recently completed fiscal year were Donald J. Busic, Chair, Iheanacho Emeruwa and Robert I. Jaspán.

During fiscal year 2009, the Committee met two times. This report discusses the Committee's overall objectives in designing the Bank's executive compensation program. It also reviews the Committee's compensation determinations in 2009 for the chief executive officer and the Bank's other executive officers (collectively the chief executive officer and the Bank's two other executive officers are referred to herein as the "named executive officers") named in the Summary Compensation Table under the heading "Executive Compensation" in this Proxy Statement (the "Summary Compensation Table").

During fiscal year 2009, the Committee met to review and approve the "Compensation Discussion and Analysis" section (pages 28 through 38) of the Proxy Statement for the 2010 Annual Meeting of Shareholders. This Report is attached as Exhibit D to that Proxy Statement. The conclusions of our review of the "Executive Compensation" portion of the Proxy Statement are provided at the end of this Report.

Executive Compensation Strategy

Compensation Philosophy and Objectives

Our executive compensation program is designed with one fundamental purpose: to support the Bank's core values and mission. Our mission is to serve our customers and our community in such a way that enables us to build a pre-eminent regional financial institution. We believe that by rendering superior service to our customers we will be able to achieve excellent operating results for our shareholders, while always adhering to our core values of integrity, loyalty and professionalism. Consistent with our core values and mission, our compensation philosophy embodies the following principles:

- the compensation program should align the interests of our management team with those of our shareholders;
- the compensation program should reward the achievement of the Bank's strategic initiatives and short- and long-term operating and financial goals;
- compensation should appropriately reflect differences in position and responsibility;
- compensation should be reasonable; and
- the compensation program should be understandable and transparent.

In structuring a compensation program that will responsibly implement these principles, we have developed the following objectives for our executive compensation program:

- overall compensation levels must be sufficiently competitive to attract and retain talented leaders with strong experience in the banking industry, and to motivate those leaders to achieve superior results;
- a portion of total compensation should be contingent on, and variable with, achievement of objective corporate performance goals, and that portion should increase as an executive's position and responsibility increases;
- total compensation should be higher for individuals with greater responsibility and greater ability to influence our achievement of operating goals and strategic initiatives;
- the number of different elements in our compensation program should be kept to a minimum, and those elements should be readily understandable by and easily communicated to executives, shareholders, and others; and
- executive compensation should be set at responsible levels to promote a sense of fairness and equity among all employees and appropriate stewardship of corporate resources among shareholders. Our compensation practices that have developed demonstrate our commitment to these principles and objectives.

To provide incentive to achieve our annual goals and increase shareholder value, we annually consider discretionary bonuses for our named executive officers (Mr. Pendergast and Ms. Lee). We have entered into employment agreements with our named executive officers which include severance benefits upon termination without cause and upon a change in control of the Bank. A 3-year employment agreement for Mr. Pendergast was entered into as of January 1, 2008. Ms. Lee entered into a 3-year employment agreement as of April 16, 2007. Gregory Savino, who served as the Bank's Chief Credit Officer from November 30, 2009 to February 26, 2010, left the Bank on February 26, 2010, and his 1-year employment agreement, which was signed on January 22, 2010, to be effective November 30, 2009, was terminated on February 26, 2010. Under the terms of his employment agreement, Mr. Savino was paid severance in an amount equal to three months of his base salary.

Our long-term equity incentive plan provides only for the issuance of stock options, and does not permit discounted stock options, reload stock options, or the re-pricing of stock options. We do not provide perquisites or other personal benefits to our named executive officers, except for car allowances and certain insurance benefits, described below. Our only retirement plan is our 401(k) plan, which is available to all employees, and the benefit programs in which executives may participate are the same programs as those made available to our employees generally. We have purchased Bank Owned Life Insurance ("BOLI") which is intended to cover the cost of certain retirement and death benefits for Mr. Pendergast, Ms. Lee and former Executive Vice President and Chief Credit Officer, Angela Rivers, and to provide income to the Bank as well. We strive to make our compensation disclosures clear and concise, providing all of the information necessary to permit our shareholders to understand our compensation philosophy, our compensation-setting process, and how much our executives are paid.

All decisions regarding compensation of our named executive officers for fiscal 2009 were reviewed by the Personnel and Compensation Committee, which is composed entirely of independent directors, and ratified by our full Board, with Mr. Pendergast abstaining from the Board vote ratifying his compensation.

Elements of Executive Compensation

Our executive compensation program has three primary elements: base salary, annual performance-based cash bonuses, and the potential for long-term equity incentives. As noted above, these primary elements are supplemented by the opportunity to participate in retirement and death benefits

under the BOLI program, and to participate in other benefit plans that are generally available to all of our employees. We believe these components work together to provide a reasonable total compensation package for our executive officers.

Base Salary

We provide executive officers with base salary to provide them with a fixed base amount of compensation for services rendered during the fiscal year. We believe this is consistent with competitive practices in the banking industry and will help assure we retain qualified leadership with strong banking experience in those positions. Because of our directors' desire to include elements of compensation that are performance-based, our practice has generally been to set competitive base salary levels for each executive officer and to supplement that compensation with performance-based cash bonuses. In setting the salary levels for the individual named executives, we may consider the performance of the individual executive, historical compensation levels, and competitive pay practices at banks of similar size. We may also consider banking industry conditions, the Bank's performance versus a peer group of banks, and the overall effectiveness of our compensation program in achieving desired performance levels.

Our Personnel and Compensation Committee established, at its last meeting in fiscal 2008, the base salaries to be paid for 2009 to our named executive officers. Base salary for each named executive officer, including the chief executive officer, was determined with reference to comparisons to peer group banks in Southern California of comparable size and term of operating history. The Board believes that, as a result of their potential individual bonuses and potential option awards, the interests of our named executive officers are and will remain closely aligned with the long-term interests of the Bank and our shareholders.

Based upon the evaluations made at the end of 2007 and 2008, salary increases were given to Mr. Pendergast, Ms. Rivers and Ms. Lee in fiscal years 2008 and 2009, as shown in the Summary Compensation Table in this Proxy Statement. Total salary paid in fiscal years 2008 and 2009 to the named executive officers is shown in the Summary Compensation Table. The table also shows the amount of the premium paid by the Bank in 2008 to purchase a split dollar life insurance policy on the life of Ms. Lee, which provides a death benefit for Ms. Lee and is also designed to reimburse the Bank for any deferred compensation payments made by the Bank to her during her lifetime.

The Committee did not consider any cost of living increase for 2008 for any of its named executive officers. The Committee considered the salary ranges for each of the named executive officers based upon their positions, and concluded that Mr. Pendergast's 2008 salary as the CEO and Ms. Lee's 2008 salary as the CFO of a bank with the size, location, years of operation, and performance of the Bank were within the acceptable range, and that Ms. Rivers was at the lower end of the range for her CCO position.

Based upon the Committee's analysis and study of peer banks and available regulatory information, the Committee determined that there would be no increase in Mr. Pendergast's base salary for 2008, leaving that salary at \$198,450 per year, and no increase in Ms. Lee's base salary for 2008, leaving that salary at \$155,000 per year. The Committee approved a 4.43% increase in Ms. Rivers' salary for 2008 to \$165,000 per year.

The Committee did not consider any cost of living increase for 2009 for any of its named executive officers. The Committee considered the salary ranges for each of the named executive officers based upon their positions, and concluded that Mr. Pendergast's 2008 salary as the CEO and Ms. Rivers' 2008 salary as the CCO of a bank with the size, location, years of operation, and performance of the Bank were within the acceptable range, and that Ms. Lee was at the lower end of the range for her CFO position.

Based upon the Committee's analysis and study of peer banks and available regulatory information, the Committee determined that there would be no increase in Mr. Pendergast's base salary for 2009, leaving that salary at \$198,450 per year, and no increase in Ms. Rivers' base salary for 2009, leaving that salary at \$165,000 per year. The Committee approved a 3.23% increase in Ms. Lee's salary for 2009 to \$160,000 per year. Mr. Pendergast's car allowance of \$500 per month, and Ms. Lee's and Ms. Rivers' car allowances of \$300 per month, were not changed for 2009.

The Summary Compensation Table does not include any compensation amounts to be paid in 2010. The Committee is still in the process of considering the compensation amounts for Mr. Pendergast, and Ms. Lee for 2010. As part of that process, the Committee is considering Mr. Pendergast's recommendations, the Bank's performance in 2009 and the budgeting requirements that will be required to return to profitability in 2010, the analysis and study of peer banks and regulatory information, and whether the existing salaries are competitive and fair in comparison to the amounts being paid to executive officers of other comparable banks. The compensation amounts for 2010 will be disclosed in the Proxy Statement for the 2011 Annual Meeting of Shareholders.

Bonuses

Our rationale behind performance-based cash incentive compensation is rooted in our desire to encourage achievement of consistent short-term and long-term financial and operating results and to reward our named executive officers for that consistent performance.

The Personnel and Compensation Committee did not establish any bonus plans for 2008 or 2009 for our named executive officers. The bonus plan for 2010, if any, will be disclosed in the Proxy Statement for the 2011 Annual Meeting of Shareholders.

Long-Term Equity Incentives

To date, the Bank has relied on stock option grants under its 2000 Stock Option Plan (the "Stock Option Plan") to help retain employees and officers and align their interests with those of stockholders. Stock options have value to an employee only if the Bank's stock price increases above the option exercise price and the employee remains employed by the Bank for the period required to exercise the stock options. Stock options thus provide an incentive to improve performance and remain employed by the Bank, and directly link a portion of compensation to stockholders' interests by providing an incentive to maximize stockholder value. Stock options have always been a major component of the Bank's compensation package for not only its named executive officers but for most of its officers, consistent with practices throughout the banking industry. The Personnel and Compensation Committee oversees the administration of the Stock Option Plan and specifically reviews and approves stock option grants to the Bank's named executive officers. In determining the size of any option award, the Committee considers the officer's past performance and potential, the position held by the individual and the officer's annual base salary compensation.

Options were granted to Ms. Lee on April 19, 2007 to purchase 5,000 shares at \$19.00 per share, vesting ratably over a three-year period and remaining exercisable for 10 years.

Bank Owned Life Insurance

During fiscal year 2006, the Bank purchased split dollar life insurance policies on the lives of Mr. Pendergast and Ms. Rivers, in premium amounts of \$700,000 for Mr. Pendergast and \$210,000 for Ms. Rivers. During 2008, the Bank purchased a split dollar life insurance policy on the life of Ms. Lee, for a

premium of \$300,000. These one-time premium payments purchased policies on the lives of Mr. Pendergast, Ms. Rivers and Ms. Lee, with death benefit amounts of \$1,501,441, \$918,671 and \$824,915, respectively. The policies are owned by the Bank, and the death benefit amounts will be split between the Bank and the beneficiaries of the named officers. The death benefit amounts to be paid to the beneficiaries of Mr. Pendergast and Ms. Lee are \$400,000 and \$310,000, respectively, or the Net Death Proceeds, whichever is greater, respectively. No death benefit will be paid to Ms. Rivers' beneficiary as Ms. Rivers voluntarily terminated her employment relationship with the Bank prior to the Normal Retirement Age defined in the Split Dollar Agreement. The amount of the Net Death Proceeds for each policy is the amount of the total death proceeds of the policy minus the cash surrender value. The balance of the death benefits from the policies on the lives of Mr. Pendergast, Ms. Rivers and Ms. Lee, in the amounts of \$1,101,441, \$918,671 and \$514,915, respectively, or \$2,535,027 in the aggregate, will be paid to the Bank, and from those amounts the Bank will be reimbursed fully the amount of the premiums paid for the policies and the amounts of any deferred compensation retirement benefits paid to the named executive officers during their lifetimes, to the extent they qualify and receive such benefits. No premiums were paid by the Bank in 2008 and 2009 for the split dollar life insurance policies on the lives of Mr. Pendergast and Ms. Rivers. The amount of the premium paid by the Bank in 2008 for the split dollar life insurance policy on the life of Ms. Lee is included in the Summary Compensation Table under "All Other Compensation."

Premier Service Bank 401(k) Plan

The Board of Directors has established a 401(k) cash or deferred plan, which is named the Premier Service Bank 401(k) Plan (the "Plan"). The Plan was approved by the Board in May of 2004. The purpose of the Plan is to provide eligible employees with the ability to make voluntary contribution to his or her account in an amount up to 25% of his or her compensation (subject to annual permissible dollar limits) with such contributions vesting immediately. These contributions defer the taxability of such funds allowing the participant to save towards retirement. The participant may select from various investment options, including but not limited to savings and/or money market funds, stocks bonds and mutual funds. The Plan provides for a discretionary matching contribution by the Bank and is subject to a vesting schedule based upon years of service with initial vesting beginning at the end of the second year. Vesting occurs at a rate of 20% per year with full vesting completed by the end of the sixth year of service.

For 2008, the Directors of the Bank authorized a matching contribution to be paid to participants based upon compensation paid during the year. Participants received a dollar-for-dollar matching contribution for the first 3% placed into the Plan. No matching contribution was made to participants for the next 2% placed into the Plan. Accordingly, those participants who elected to set aside 3%, 4% or 5% of their annual compensation for 2008 received a 3% matching contribution from the Bank in early 2009. As the co-match is discretionary, the Directors of the Bank have the option of modifying co-matching percentages, if any.

For 2009, the Board of Directors of the Bank decided that no matching contribution would be made to the participants. As the co-match is discretionary, the Board has the option of modifying co-matching percentages, if any, from year to year.

The Plan trustees, consisting of members of the Bank's executive management, administer the Plan.

Employment Contracts, Termination of Employment and Change-in-Control Arrangements

As of January 1, 2008, the Bank entered into a 3-year Employment Agreement with Kerry L. Pendergast. Pursuant to this Agreement, Mr. Pendergast continues to be employed as President and Chief Executive Officer of the Bank. The Agreement provides for:

- A minimum annual salary of \$198,450
- Discretionary bonuses upon the recommendation of the Board's Compensation Committee
- An automobile allowance of \$500 per month with additional benefits related to the operation of the vehicle
- Four weeks of paid vacation annually
- Certain medical, life insurance and disability benefits
- Certain benefits based upon a termination without cause, including the continuation of his then existing base salary for twelve months
- Severance benefits upon termination of his employment as a result of a 'change in control' of the Bank, in an amount equal to his then existing base salary for 24 months

As of April 16, 2007, the Bank entered into a 3-year Employment Agreement with Jessica W. Lee. Pursuant to this Agreement, Ms. Lee was employed as Executive Vice President and Chief Financial Officer of the Bank. The Agreement provides for:

- A minimum annual salary of \$155,000, which was increased in 2009 to \$160,000
- Discretionary bonuses upon the recommendation of the Board's Compensation Committee
- An automobile allowance of \$300 per month with additional benefits related to the operation of the vehicle
- Four weeks of paid vacation annually
- Certain medical, life insurance and disability benefits
- Certain benefits based upon a 'change in control' or termination without cause, including the continuation of her then existing base salary for 12 months

As of January 22, 2010, the Bank entered into an Employment Agreement with Gregory Savino which was scheduled to expire on November 30, 2010. Pursuant to this Agreement, Mr. Savino was employed as Executive Vice President and Chief Credit Officer of the Bank. Mr. Savino left the Bank as of February 26, 2010 and his Agreement was terminated as of that date. His Agreement provided for:

- A minimum annual salary of \$160,000
- Discretionary bonuses upon the recommendation of the Board's Compensation Committee
- An automobile allowance of \$300 per month with additional benefits related to the operation of the vehicle
- Four weeks of paid vacation annually
- Certain medical, life insurance and disability benefits
- Certain benefits based upon a 'change in control' or termination without cause, including the continuation of his then existing base salary for 3 months

Management's Role in the Compensation-Setting Process

Management plays an important role in our compensation-setting process. The most significant aspects of management's role are evaluating employee performance, recommending business performance targets and objectives, and recommending salary levels and option awards.

During 2007, the Personnel and Compensation Committee assumed responsibility for determining the compensation amounts for all the named executive officers for 2008 and 2009. The

Committee is currently working with our Chief Executive Officer to establish the agenda and discussion surrounding executive compensation for 2010.

Deductibility of Executive Compensation

The Bank is aware of the restrictions on compensation found in Section 162(m) of the Internal Revenue Code, which prohibits public companies from deducting certain executive remuneration in excess of \$1,000,000. The Bank does not expect that it will be required, any time in the foreseeable future, to approach such levels of compensation for its executive officers in order to attract and retain top-quality management.

Compensation Strategy

The Committee plans to review the Bank's entire executive compensation package during 2010 to determine if the mix between fixed and variable pay is appropriate and whether the balance between short-and long-term compensation is aligned with the shareholders' interests. The Committee intends to consider many factors in its deliberations, including the expense of options to the Bank under applicable accounting rules, dilution of earnings per share, incentive value of various equity vehicles, the role of cash and equity, the role of bank owned life insurance (BOLI) benefits as part of an overall compensation package, and the need to retain key talent.

CEO Compensation

Kerry L. Pendergast has served as President and CEO and a director of the Bank since its incorporation on December 7, 2000. The Committee adheres to the same general compensation principles described above to determine Mr. Pendergast's compensation. The Bank and Mr. Pendergast entered into a new 3-year employment agreement on January 1, 2008, as described above.

Compensation Committee Report

The Committee has reviewed and discussed the "Compensation Discussion and Analysis" section (pages 28 through 38) of the Proxy Statement for the 2010 Annual Meeting of Shareholders with the management of the Bank, and based on that review and discussion, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Bank's annual report on Form 10-K, and Proxy Statement.

Dated: February 25, 2010

The Personnel and Compensation Committee

Donald J. Botic - Chair

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Robert I. Jaspan

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PREMIER  SERVICE

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