

Valley Community Bank Reports Third Quarter 2010 Results

PLEASANTON, CA -- (10/27//2010) – Valley Community Bank (OTC.BB: VCBC)

- Third quarter 2010 net income available to shareholders of \$249,000
- Year to date net income available to shareholders of \$581,000
- SBA loan production and non interest income gains from SBA loan sales remain strong and positive
- Cost of funds decreases 30% year over year.
- Liquidity position remains strong with over \$36.7 million in cash and marketable securities.

Valley Community Bank ("the Bank"), a full-service commercial bank serving businesses and their owners throughout Northern California, today announced results for the third quarter. Net gains from the sale of SBA loans totaled over \$477,000 for the quarter.

"While under stressful economic times, the Bank continues to produce quality net income even after larger provisions for loan losses. Our asset quality metrics continue to improve and the results are acceptable net earnings so far this year," said Richard P. Loupe, CEO. "While not off the charts, the Bank generated a return on common equity for our shareholders in the third quarter of over 5.17%. We are proud of these results, which are a direct reflection of the quality of our loyal customers."

The Bank reported net income available to common shareholders (unaudited) of \$.0.13 per common share for the third quarter of 2010, compared to \$0.22 per common share in the third quarter of 2009. For the quarter, the Bank's return on common equity was 5.17%.

Net interest income before provision for loan losses was \$2.35 million for the quarter, a slight 1% decrease compared to the third quarter of 2009. Compared to the first nine months of 2009, the Bank increased its loan loss provision / expense by \$625,000 or 63% for the first nine months of 2010. Total Allowance for Loan Losses stood at \$4.2 million or 2.50% of loans at September 30, 2010 compared to \$4.0 million or 2.19% of loans at September 30, 2009. Net interest margin was 4.38% for the quarter, compared to 4.24% for the same quarter of last year.

Total assets at September 30, 2010 were \$209.5 million, a decrease of 3.6 % or \$7.9 million compared to September 30, 2009. From September 2009 to September 2010, net loans decreased 9.5% to \$162.5 million at quarter end. Much of this decrease was the result of borrowers repaying or paying down revolving lines of credit. Even though loans decreased year over year, the Bank has established a significant number of new commercial and personal banking relationships in 2010.

Valley Community Bank continues to be well capitalized. As of September 30, 2010 the bank had a Tier 1 leverage capital ratio of 11.45% and a total risk based capital ratio of 14.73%. The Bank continues to maintain a very strong liquidity position with more than 17% of its assets in cash and short term AAA rated investments.

Valley Community Bank President & CEO Rick Loupe is available for interviews at (925) 621-7200. Contact information at www.vcb-ca.com