

PLEASANTON, Calif. – July 29, 2011. Valley Community Bank (the “Company”) (OTC Bulletin Board: VCBC), today reported a 2011 second quarter net profit of \$655,000, or \$0.35 per diluted common share, compared to a net profit of \$145,000, or \$0.08 per diluted common share, for the same period a year ago. Net income available to common shareholders, after preferred dividends and accretions, was a net profit of \$642,000, or \$0.34 per diluted share, compared to a net profit of \$56,000, or \$0.03 per diluted share, for the same period a year ago. As of June 30, 2011, total assets were \$195.7 million, down from \$218.5 million at June 30, 2010. Total loans and leases have decreased \$16.5 million to \$151.0 million at June 30, 2011 compared to \$167.5 million at June 30, 2010. Total deposits decreased to \$163.2 million at June 30, 2011 compared to \$193.9 million at June 30, 2010.

Richard P. Loupe, President and CEO stated “For the first six months of 2011, the Bank had good SBA loan production and associated sales of the guaranteed portion of those loans. The Bank had gross premium revenues from SBA loan sales of \$1.7 million for the six months ended June 30, 2011. However from this increase loan sale income, the Bank did have to set aside some additional loan reserves to adequately cover other types of problem loans which are mostly in the land and construction area. Our diligent loan collection efforts are beginning to show results which should accelerate into the second half of 2011.”

Total Risk-based Capital at June 30, 2011, was 15.64%, compared to 14.33% at June 30, 2010, placing it well above the regulatory threshold of 10.00% to be considered “well capitalized”. At June 30, 2011 the Bank had over \$33.9 million in cash and investments in AAA rated short term US GSE Agency bonds. This level represented a liquid asset position of over 17.3% of total assets.

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Valley Community Bank Stock Symbol is VCBC

VALLEY COMMUNITY BANK

BALANCE SHEETS

Dollar amounts in thousands, except per share data	Unaudited 6/30/2011	Unaudited 6/30/2010
ASSETS		
Cash & due from banks	\$ 19,638	\$ 22,812
Fed funds sold	0	0
Total Cash and Cash equivalents	<u>19,638</u>	<u>22,812</u>
Time deposits with other financial institutions	331	2,502
Securities available-for-sale	13,792	14,807
Securities held-to-maturity	148	507
Federal Home Loan Bank stock	930	934
Loans	156,166	172,435
Less allowance for loan losses	<u>(5,183)</u>	<u>(4,903)</u>
Net Loans	150,983	167,532
Bank premises and equipment, net	459	641
Cash surrender value of life insurance policies	2,787	2,690
Accrued interest receivable and other assets	<u>6,655</u>	<u>6,095</u>
TOTAL ASSETS	<u>\$ 195,723</u>	<u>\$ 218,520</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Non-interest bearing	\$ 41,282	\$ 32,088
Interest bearing	<u>121,876</u>	<u>152,529</u>
Total Deposits	163,158	184,617
Short Term Borrowings	6,000	7,000
Accrued interest payable and other liabilities	<u>2,343</u>	<u>2,308</u>
TOTAL LIABILITIES	<u>\$ 171,501</u>	<u>\$ 193,925</u>
Shareholders' equity		
Preferred Stock series A	\$ 5,500	\$ 5,500
Preferred Stock series B	137	82
Common Stock – no par value	16,602	16,602
Additional paid in Common Capital	450	450
Accumulated other comprehensive loss, net of tax	25	42
Retained Earnings	<u>1,508</u>	<u>1,919</u>
Total shareholders' equity	<u>24,222</u>	<u>24,595</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 195,723</u>	<u>\$ 218,520</u>

Common Shares outstanding for each period:	1,878,886	1,878,886
Book value per Common share	\$9.89	\$10.12

VALLEY COMMUNITY BANK

INCOME STATEMENTS

Dollar amounts in thousands, except per share data	Unaudited 3 Mos. Ending 6/30/2011	Unaudited 3 Mos. Ending 6/30/2010	%	Unaudited 6 Mos. Ending 6/30/2011	Unaudited 6 Mos. Ending 6/30/2010	%
			Change			Change
Interest Income:						
Interest and fees on loans	\$ 2,250	\$ 2,821	-20%	\$ 4,795	\$ 5,674	-15%
Interest on federal funds sold	-	-	0%	-	8	-100%
Interest on investment securities	53	77	-31%	114	147	-22%
Interest on deposit in banks	8	15	-47%	11	27	-59%
Total Interest Income	2,311	2,913	-21%	4,920	5,856	-16%
Interest Expense:						
Interest on deposits	256	486	-47%	551	986	-44%
Interest on short-term borrowings	10	24	-58%	29	46	-37%
Total Interest Expense	266	510	-48%	580	1,032	-44%
Net Interest Income Before Provision for Loan Loss	2,045	2,403	-15%	4,340	4,824	-10%
Provision for Loan Loss	600	600	0%	2,700	900	200%
Net Interest Income After Provision for Loan Losses	1,445	1,803	-20%	1,640	3,924	-58%
Non-interest income:						
Service Charges	64	86	-26%	134	174	-23%
Gain on sale of government guaranteed loans	937	120	681%	1,721	120	1334%
Loan servicing income	180	142	27%	297	255	16%
Other income	58	34	71%	124	122	2%
Total non-interest income	1,239	382	224%	2,276	671	239%
Other expenses						
Salaries and employee benefits	945	1,156	-18%	1,903	2,262	-16%
Occupancy and equipment	239	164	46%	464	384	21%
Other	604	627	-4%	1,224	1,099	11%
Total other expenses	1,788	1,947	-8%	3,591	3,745	-4%
Income before provision for income taxes	896	238	276%	325	850	-62%
Provision for income taxes	241	93	159%	125	340	-63%
Net income (Loss)	\$ 655	\$ 145	352%	\$ 200	\$ 510	-61%
Dividends and discount accretion on preferred stock	(13)	(89)	N/A	(102)	(177)	N/A
Net Income available to Common shareholders	\$ 642	\$ 56	1046%	\$ 98	\$ 333	-71%
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Earnings Per Basic Common Share	\$0.34	\$0.03		\$0.05	\$0.18	
Earnings Per Diluted Common Share	\$0.34	\$0.03		\$0.05	\$0.18	