



Central Valley Community Bancorp

# Quarterly Report

Fourth Quarter 2012 • February 20, 2013

#### From The **President**

Central Valley Community Bancorp has achieved its highest earnings mark in the 32 years of operation for the full 2012 year. The fourth quarter of 2012 showed consistent earnings due to non-interest income increase from securities called/sold and from loan placement fees. This along with continued asset quality improvement highlights the safety, security and financial strength of our Company. Our stability was confirmed by recent achievements of our stock being listed as one of the "Top Investment Ideas" for 2013 by Sandler O'Neill + Partners, L.P., 5-Star Superior rating from Bauer Financial, Inc. and we were given an "Outperform" rating by Raymond James & Associates where the Company is expected to appreciate and outperform the S&P 500 through June of 2014.

For the year ended December 31, 2012, the Company reported unaudited consolidated net income of \$7,520,000 (\$0.75 per diluted share), compared to \$6,477,000 (\$0.63 per diluted share) for the same period in 2011. For the quarter ended, the Company reported unaudited consolidated net income of \$1,642,000 (\$0.16 per diluted share), compared to \$1,708,000 (\$0.17 per diluted share) for the same period in 2011. The decrease in net income during the fourth quarter 2012 compared to the same period in 2011 is primarily due to decreases in net interest income and an increase in non-interest expense, partially offset by an increase in non-interest income.

Total average assets for the year ended December 31, 2012 were \$853,078,000 compared to \$800,178,000, for the year ended December 31, 2011, an increase of \$52,900,000 or 6.61%. Total average loans were \$405,040,000 for the year 2012, compared to \$428,291,000 for the same period in 2011, representing a decrease of \$23,251,000 or 5.43%. Total average investments, including deposits in other banks and Federal funds sold, increased to \$368,818,000 for the year ended December 31, 2012, from \$299,935,000 for the year ended December 31, 2011, representing an increase of \$68,883,000 or 22.97%. Average deposits also increased \$41,812,000 or 6.17% to \$719,601,000 for the year ended December 31, 2011.

In December of 2012, the Company announced the very exciting merger between Central Valley Community Bank and our South Valley neighbor, Visalia Community Bank. A merger that once completed in mid-2013 is slated to bolster us over the \$1 billion asset mark. We believe by expanding our presence in the South Valley, adding professional employees and loyal customers to our current structure will provide a long-term benefit to the growth and profitability of our Company.

We sincerely thank our employees, customers and shareholders for their support as Central Valley Community Bank continues to build on our 33-year foundation of financial advocacy and strong, sound and secure banking.

Daniel J. Doyle President and Chief Executive Officer

# Merger Brings CVCB's Brand **To Tulare County**



Central Valley Community Bank is proud to announce plans to acquire Visalia Community Bank, a well-respected financial institution operating five offices in Tulare County. The merger is expected to be approved by regulators and shareholders by mid-2013.

The acquisition will allow Central Valley Community Bank to bring its unique brand of personal, professional service to individuals and businesses in the Visalia and Exeter regions.

"Both banking institutions are well-known for their excellent customer service and community advocacy, which will not change as a result of the merger," said Daniel J. Doyle, president and CEO of Central Valley Community Bancorp and Central Valley Community Bank.

Tom Beene, president and CEO of Visalia Community Bank, believes the merger is a good match. "While the nation has seen a trend in bank consolidations in recent years, few promise a better fit than the marriage between Visalia Community Bank and Central Valley Community Bancorp," he said.

In addition to providing Visalia Community Bank customers with more convenient locations throughout the San Joaquin Valley, they can expect to see familiar faces serving their banking needs. They will additionally benefit from a broader array of individual, commercial and agribusiness financial services.

The merger with Visalia Community Bank will be the third acquisition for Central Valley Community Bancorp, which acquired Bank of Madera County in 2005 and Service 1st Bank in 2008. More information on the merger will be provided in the months ahead.



Daniel J. Doyle President & CEO, Central Valley Community Bancorp, Central Valley Community Bank



**Tom Beene** President & CEO, Visalia Community Bank

# Personal Online Banking Is Easier & More Convenient Than Ever! Online Banking with Central Valley Community Bank offers convenient online services that are secure and easy to navigate for Banking Your Way!



Manage your money anytime, anywhere – from your mobile device







#### popmoney

Safely send or receive money electronically with your Personal Checking Account with this Person-to-Person payment service



#### **eSTATEMENTS**

Save time and paper with the convienence of green-friendly eStatements



#### **BILL PAY**

Pay your bills online anytime, anyplace, anywhere from your PC or mobile device

# Visit www.cvcb.com to view our demonstration videos and easily enroll today!

\*Must be enrolled in Personal Online Banking and Bill Pay service to use Popmoney. There is no fee for Personal Online Banking and Bill Pay service, fees apply to Popmoney services. \*\*Central Valley Community Bank Mobile Banking is a free service and only available with a Central Valley Community Bank Personal Online Banking Account. However, your mobile service provider may charge for text messages and/or web access, check your plan for details.

### Our SBA and USDA Loans **Do What Other Loans Can't!**

Need financing to help your small or rural business, with real advantages for business owners? Take advantage of Central Valley Community Bank's full range of SBA and USDA loans, which can help you enhance your cash flow and conserve capital with lower payments and longer terms than other loans!



**SBA 7A:** For small entrepreneurs starting or expanding businesses

**SBA 504:** For acquiring commercial property quickly and easily

SBA Express: For easy access to working capital

**SBA Patriot Express:** For veterans and members of the military

SBA Small Loan Advantage: For helping underserved communities

**USDA B&I:** For rural businesses

As an SBA Preferred Lender, Central Valley Community Bank can provide faster funding through in-house approval, with the local authority and competitive rates that have made us the number one SBA 504 lender for 9 of the past 13 years in Fresno, Kings and Madera Counties.

Contact our SBA Lending Department at (559) 323-3384 for details, and take advantage of lower down payment options, competitive loan rates and more!

## Protect Your Business With **Custom Insurance Solutions**

Today, it's essential to protect your business from the growing range of potential setbacks. Talk to the experts at Central Valley Community Insurance Services, LLC (CVCIS).

At CVCIS, we have the experience and expertise to develop custom insurance solutions to protect you from financial disaster. From employee benefits to Workers Compensation, general liability to personal insurance, estate planning to casualty coverage, CVCIS offers the complete range of products and services you need to succeed in today's world. All with the personal, professional service the Bank is known for.

Learn more about CVCIS at www.cvcb.com under the Financial Resources tab. Call today to discuss your business's specific insurance needs.

Fresno, Madera, Merced and Stanislaus Counties Jorge Loya at (559) 323-3451

#### San Joaquin and Sacramento Counties

Jeff Gardenhire at (916) 631-6888

Although affiliated with Central Valley Community Bank, Central Valley Community Insurance Services, LLC, is a separate business organization and is not a bank. Insurance products offered through CVCIS LLC and insurance agencies are not deposits, are not obligations of Central Valley Community Bank or otherwise guaranteed by Central Valley Community Bank, are not insurance by the FDIC or any other Federal Government Agency. Central Valley Community Insurance Services, LLC CA License 0F44115.

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# **Consolidated Balance Sheets and Consolidated Statements of Income**

#### Condensed Consolidated Balance Sheets December 31, 2012 and 2011

(In thousands)

	( )			
(Unaudited)	2012			2011
Assets:				
Cash and cash equivalents	\$	52,956	\$	44,804
Investment securities		393,965		328,413
Loans		395,318		427,395
Less allowance for credit losses	_	(10,133)	_	(11,396)
Net loans		385,185		415,999
Premises and equipment, net		6,252		5,872
Goodwill		23,577		23,577
Accrued interest receivable,				
intangibles & other assets		28,293	_	30,358
Total assets	\$	890,228	\$	849,023

#### Liabilities and Shareholders' Equity:

Deposits:			
Non-interest bearing	\$ 240,169	\$	208,025
Interest bearing	 511,263		504,961
Total deposits	751,432		712,986
Borrowings	9,155		9,155
Accrued interest payable &			
other liabilities	 11,976		19,400
Total liabilities	 772,563	_	741,541
Total shareholders' equity	 117,665	_	107,482
Total liabilities and equity	\$ 890,228	\$	849,023

#### Condensed Consolidated Statements of Income For twelve months ended December 31, 2012 and 2011

(In thousands, except per share amounts)

(Unaudited)	2012			2011
Net interest income	\$	29,937	\$	31,357
Provision for credit losses		700		1,050
Net interest income after provision for credit losses		29,237		30,307
Total non-interest income		7,242		6,271
Total non-interest expense		27,274		28,240
Provision for income taxes	_	1,685		1,861
Net income	\$	7,520	\$	6,477
Basic earnings per common share	<u>\$</u>	0.75	\$	0.63
Diluted earnings per common share	\$	0.75	\$	0.63

# Central Valley Community Bancorp

#### March 1 Deadline Looming

#### **For Direct Deposit**

If you still receive a paper check for your Social Security or other federal benefit payments, the law requires that you switch to Direct Deposit by March 1, 2013.



#### We're doing our part to make it easy!

You can sign up for Direct Deposit at any Central Valley Community Bank branch, online at the U.S. Department of the Treasury's Go Direct® website (www.GoDirect.org) or by calling the U.S. Treasury Electronic Payment Solution Center at (800) 333-1795.

#### Please have the following information ready:

- Your 12-digit federal benefit check number
- The amount of your most recent federal benefit check
- The CVCB routing transit number
- Your CVCB account number

If you have not switched to Direct Deposit by the March 1 deadline, you will be issued a Direct Express® Debit MasterCard® and may not receive your benefit payment on time. Don't delay! Please contact your local branch with any questions.

#### **News Briefs**

 Coming Soon: 2013 Document Shredding Campaign Just in time for tax season, Central Valley Community Bank's annual free on-site shredding service returns to our local branches! Go to www.cvcb.com for the date and location best for you, and

bring up to 6 banker boxes of old or unwanted documents to be securely shredded at no charge.

 Bank Earns Top Rating Central Valley Community Bank recently received the highest distinction from Bauer Financial – its 5-Star Superior rating – based on 2012 third quarter financials. The rating takes into account such criteria as: capital ratios, profitability/loss trend, loan quality, investment portfolio value, regulatory supervisory agreements, community investment rating, historical data and liquidity. The 5-Star Superior rating demonstrates that the Bank is safe, financially sound and operating above its regulatory

#### Stock Prices

capital requirements.

The Company's common stock closing price was \$8.92 as of January 31, 2013. Inquiries on Central Valley Community Bancorp stock can be made by calling any licensed stockbroker or by calling:

Michael Hedri with Fig Partners, LLC at (212) 899-5217 Troy Norlander with Crowell, Weedon & Co. at (800) 288-2811 John Cavender with Raymond James at (415) 616-8935 Joey Warmenhoven with McAdams Wright Ragen, Inc. at (866) 662-0351 Troy Carlson with Keefe Bruyette & Woods at (212) 887-8901 Richard Levenson with Western Financial Corporation at (800) 488-5990 Lisa Gallo with Wedbush Morgan Securities at (866) 491-7228

#### Locations

#### **BUSINESS LENDING**

(559) 298-1775 (800) 298-1775

#### **SBA Lending**

(559) 323-3384

#### **Agribusiness Lending**

(559) 323-3493

#### **Real Estate Lending**

(559) 323-3365

#### **CLOVIS**

#### **Clovis Main**

600 Pollasky Avenue Clovis, CA 93612 (559) 323-3480

#### **Herndon & Fowler**

1795 Herndon Avenue, Suite 101 Clovis, CA 93611 (559) 323-2200

#### **FRESNO**

#### Fig Garden Village

5180 N. Palm, Suite 105 Fresno, CA 93704 (559) 221-2760

#### **Financial Drive**

7100 N. Financial Drive, Suite 101 Fresno, CA 93720 (559) 298-1775

#### **Fresno Downtown**

2404 Tulare Street Fresno, CA 93721 (559) 268-6806

#### **River Park**

8375 N. Fresno Street Fresno, CA 93720 (559) 447-3350

#### Sunnyside

570 S. Clovis Avenue, Suite 101 Fresno, CA 93727 (559) 323-3400

#### **KERMAN**

360 S. Madera Avenue Kerman, CA 93630 (559) 842-2265

#### LODI

1901 W. Kettleman Lane, Suite 100 Lodi, CA 95242 (209) 333-5000

#### **MADERA**

1919 Howard Road Madera, CA 93637 (559) 673-0395

#### **MERCED**

3337 G Street, Suite B Merced, CA 95340 (209) 725-2820

#### **MODESTO**

2020 Standiford Avenue, Suite H Modesto, CA 95350 (209) 576-1402

#### **OAKHURST**

40004 Highway 41, Suite 101 Oakhurst, CA 93644 (559) 642-2265

#### **PRATHER**

29430 Auberry Road Prather, CA 93651 (559) 855-4100

#### **SACRAMENTO**

2339 Gold Meadow Way, Suite 100 Gold River, CA 95670 (916) 859-2550

#### **STOCKTON**

2800 W. March Lane, Suite 120 Stockton, CA 95219 (209) 956-7800

#### **TRACY**

60 W. 10th Street Tracy, CA 95376 (209) 830-6995

www.cvcb.com

#### Board of **Directors**

Central Valley Community Bancorp and Central Valley Community Bank:

Daniel N. Cunningham Chairman of the Board

Sidney B. Cox

Edwin S. Darden, Jr.

Daniel J. Doyle President & CEO





Steven D. McDonald

Louis McMurray

William Smittcamp

Joseph B. Weirick

Wanda L. Rogers Director Emeritus