



Central Valley Community Bancorp

# Quarterly Report

Fourth Quarter • February 20, 2011

#### From The **President**

While the economic climate of 2010 was a challenge for the San Joaquin Valley and many of our business customers, Central Valley Community Bank continued to prove our strength by growing, increasing earnings and reducing problem assets compared to last year. With the uncertainty in the length of the current economic cycle, the Bank increased capital and built reserves over the past year, but also pursued growth, taking advantage of another bank exiting two northern Valley markets. In the fourth quarter we opened a new full service office in Modesto and relocated an existing office in Merced to an expanded location, adding staffing in both locations.

For the year ended December 31, 2010, the Company reported unaudited consolidated net income of \$3,279,000, or \$0.31 per diluted share, compared to \$2,588,000, or \$0.28 per diluted share, for the same period in 2009.

Total average assets for the year ended December 31, 2010, were \$758,852,000, compared to \$752,509,000 for the same period in 2009, an increase of 0.84%. Total average loans decreased by 5.62% to \$455,340,000 for the year ended December 31, 2010 from \$482,458,000 for the year ended December 31, 2009. Total average investments rose to \$231,761,000 for 2010 from \$199,425,000 for 2009, representing a 16.21% increase. Average deposits also increased by 0.62% to \$636,166,000 for the year ended December 31, 2010 compared to \$632,263,000 in 2009.

While profitable for each quarter in 2010 and ending the year with increased earnings over 2009, the fourth quarter of 2010 had some unplanned expense items that reduced our net income. The fourth quarter was affected by an Other-Than-Temporary Impairment charge to income and correction of a lease accounting issue. Non-performing assets, including OREO, improved during the current fourth quarter and in the year-over-year comparison.

We are proud that, once again, Sandler O'Neill + Partners, L.P. included Central Valley Community Bancorp in their "2011 Top Investment Ideas." In the report they noted, "Recently, CVCY made several hires and added or upgraded branches in a part of its market where a primary competitor failed in 2009. We think that these investments, along with a relatively healthy balance sheet, position the bank to capture market share while remaining profitable in 2011." The Company received a similar honor in 2010, and we believe this further demonstrates the strength and stability of the Bank and the long-term value to our stockholders.

It is encouraging to see certain business sectors such as agriculture holding up well in this economy, not to mention the stabilization of real estate values. In the coming year, as the economy begins to strengthen, we remain committed to finding more opportunities to meet the needs of the communities we serve and continuing to provide enhanced products and services that meet our customers' unique needs and lifestyle.

We sincerely thank our employees, customers and shareholders for their support as Central Valley Community Bank continues to build on our 31-year foundation of financial advocacy and strong, sound and secure banking.

Daniel J. Doyle President and Chief Executive Officer

# For More Local Businesses, **SBA Spells Success**



In 2003, a Fresno-area flooring contractor came to Central Valley Community Bank seeking an SBA loan to expand his business to a larger location. As the number-one SBA 504 lender in Fresno, Kings and Madera Counties for 8 of the past 11 years, the Bank was able to help the customer purchase a 5,000 square foot building, improving his competitive edge.

As the flooring company has succeeded over the past seven years, the Bank has kept pace, recently approving a Conventional & SBA Bridge Loan for the purchase of an new 18,000 square foot building that meets the demands of the growing business.

#### A Good Time For A Great Loan

The customer above is just one example of a local business owner who has found success through our commitment to SBA financing.

An SBA loan from Central Valley Community Bank enables business owners to receive long-term, fixed-rate financing, as well as shorter-term loans ideal for start-up, working capital, real estate, equipment, inventory and more. According to Central Valley Community Bank President and CEO Dan Doyle, more and more business owners are finding that the time is right for SBA financing.

"The current economic climate and recent changes to the SBA program have combined to create a unique opportunity for entrepreneurs and strong businesses, allowing them to be well-positioned for the future," Doyle said.

#### **Work With A Preferred Lender**

Central Valley Community Bank has earned SBA Preferred Lender status, meaning you can count on a smooth and efficient loan process. The Bank also offers over 30 years of SBA experience, personal service and proven performance.

If you are ready to help your business grow, modernize or compete more effectively, now is the perfect time to take advantage of historic low rates with an SBA loan from Central Valley Community Bank. To find out if an SBA loan is right for you, call Mari Kroigaard with the SBA Lending Department at (559) 323-3384.

## Open Your Door **To Possibilities**



And Let Your Home Pay For **Its Own Improvements** 

## With EquityFlex™ It's Easy & Affordable!

An EquityFlex™ Home Equity Line of Credit from Central Valley Community Bank can help your family add an extra room for work or play. Upgrade your kitchen for the family gourmet. Home theater? EquityFlex is just the ticket and it's as easy as writing a check!

Discover the security and flexibility of this convenient line of credit, a portion of which can be converted to a fixed-rate loan. All backed by the personal service, easy application and fast response you expect from Central Valley Community Bank!

**Apply Today!** Visit www.cvcb.com to learn more or visit your local branch for more details.

# Let ICA Help You Meet Your **New Year's Resolutions**

Many people have New Year's resolutions that include financial goals such as taking a closer look at your future retirement or simply talking to an expert who can help you form attainable financial goals.

Jerry Lawless and Robert Lowry with the Investment Centers of America (ICA) can help you reach these objectives. ICA offers all forms of retirement planning and you can open an account for as little as \$50 per month.

To see how ICA can help you accomplish your financial goals, contact:

Jerry Lawless Fresno and Madera Counties (559) 297-6179

Robert Lowry
Merced, Stanislaus, San Joaquin
and Sacramento Counties
(209) 338-4544

Investment Centers of America, Inc. (ICA) Member FINRA, SIPC, a Registered Investment Adviser, is not affiliated with Central Valley Community Bank. Securities, advisory services and insurance products are offered through ICA and affiliated insurance agencies are not insured by the FDIC or any other federal government agency; not a deposit or other obligation of, or guaranteed by any bank or its affiliates, and; subject to investment risk, including the possible loss of principal amount invested. ICA does not provide legal advice.

# Nothing Fights Identity Theft Like **Document Shredding**



#### **Protect Your Identity... Shred Your Documents Free!**

Don't risk identity theft or allow your sensitive data to fall into the wrong hands. Just in time for tax season, you can shred unwanted papers safely and securely with CVCB's <u>free</u> shredding events to help keep your business and personal information from being compromised.

During the months of April and May, simply bring up to six banker boxes of documents to Central Valley Community Bank for free, on-site mobile shredding – a convenient and simple way to ensure your security. To find the date and location best for you, please visit www.cvcb.com.

#### A Strong Defense Against Identity Theft

For more ways to protect your identity, ask about our personal checking account identity protection features by calling Customer Service at (800) 298-1775 or visit your local office.

<sup>\* &</sup>quot;EquityFlex" is a product that allows you to convert any principal outstanding balance to a fixed-rate Flex Option loan during the "Draw Period" of the line of credit. Please see your loan officer for additional information. Minimum line of credit is \$10,000. Property hazard insurance is required. Flood insurance may be required. Lines are subject to verification of credit and available lending equity. Valid through 3/31/11.



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

# Condensed Consolidated Balance Sheets December 31, 2010 and 2009

(In thousands)

Unaudited)	2010	2009
Assets:		
Cash and cash equivalents	\$ 100,999	\$ 48,680
Investment securities	191,325	197,319
Loans	431,597	459,207
Less allowance for credit losses	(11,014)	(10,200)
Net loans	420,583	449,007
Premises and equipment, net	5,843	6,525
Goodwill	23,577	23,577
Accrued interest receivable, intangibles & other assets	35,267	40,380
Total assets	\$ 777,594	\$ 765,488

### Liabilities and Shareholders' Equity:

Deposits:		
Non-interest bearing	\$ 173,867	\$ 159,630
Interest bearing	476,628	480,537
Total deposits	650,495	640,167
Borrowings	19,155	24,155
Accrued interest payable &		
other liabilities	10,552	9,943
Total liabilities	680,202	674,265
Total shareholders' equity	97,392	91,223
Total liabilities and equity	\$ 777,594	\$ 765,488

# Condensed Consolidated Statements of Income For twelve months ended December 31, 2010 and 2009

(In thousands, except per share amounts)

(Unaudited)	2010	2009
Net interest income	\$ 31,730	\$ 34,107
Provision for credit losses	3,800	10,514
Net interest income after provision for credit losses	27,930	23,593
Total non-interest income	3,721	5,850
Total non-interest expense	28,741	27,531
Provision for income taxes	(369)	(676)
Net income	\$ 3,279	\$ 2,588
Basic earnings per common share	\$ 0.31	\$ 0.29
Diluted earnings per common share	\$ 0.31	\$ 0.28

# Central Valley Community Bancorp

# Enjoy The Next Generation Of **Online Banking**



# COMING SOON THIS SPRING

This Spring, Central Valley Community Bank will introduce the next generation of our Online Banking and Bill Pay services. This enhanced system will make it easier than ever for you to enjoy banking your way with more intuitive features that allow you to bank whenever and wherever you choose.

## Already an Online Banking Customer?

You're in for a treat as we make your experience even more convenient and user-friendly. Announcements and any needed information about the new enhanced system will be sent via mail.

#### Not yet signed up for Online Banking?

Our new, enhanced service is your perfect opportunity to experience user-friendly banking. For more information, call (800) 298-1775 or visit www.cvcb.com.

## News Briefs

## • CVCB Stock Named In 2011 Top Investment List By Sandler O'Neill

The investment banking firm Sandler O'Neill + Partners, L.P. has again listed the Company's stock in their Top Investment Ideas for 2011 report released on January 6, 2011. This is the second year in a row the Company has been recognized. A complete copy of the report is available by contacting Mark Fitzgibbon, (212) 466-7925 or Tim O'Brien, (415) 978-5033.

#### • New Cash Management Online Banking Demo

A demonstration of the new, enhanced Cash Management platform that will launch this Spring is now available for viewing at www.cvcb.com. This helpful tutorial shows the valuable features that make managing your business online easier than ever. Visit the Cash Management web page under Business Banking at www.cvcb.com to view the demo.

#### Central Valley Community Bancorp Stock Prices

The Company's common stock closing price was \$6.00 as of February 2, 2011. Inquiries on Central Valley Community Bancorp stock can be made by calling Troy Norlander with Stone & Youngberg at (800) 288-2811, John Cavender with Howe Barnes Hoefer & Arnett at (415) 538-5725, Jeffrey Mayer with Crowell, Weedon & Co. at (559) 375-7510, 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, or any licensed stockbroker.

#### 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 Merced, CA 95340 (209) 725-2820

#### **MODESTO**

300 Banner Court, Suite 2 Modesto, CA 95356 (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

