



# Bank

# LEDGER

QUARTERLY NEWSLETTER

## NOTE FROM THE PRESIDENT

By RICK LOUPE, PRESIDENT & CEO

We continue to provide high quality service to our customers in our branch offices. Not only do we know our customers, but we give them the opportunity to bank with us in a variety of ways. We offer sophisticated internet banking services designed for individuals and small businesses. We provide courier services to those who find it difficult to come to our banking offices, and we offer remote deposit services to those businesses that process a high volume of checks.

We also continue to provide a wide variety of credit products to our customers with experienced lenders in all of our banking offices. In addition, we have a highly successful SBA loan department staffed with SBA officers with over 30 years of experience in their field.

All of these products and services are designed to keep us in the forefront of community banking in our market areas, and we look forward to our continued success as well as that of our clients in the future.



## First Spotlight of 2011 VCB Advisory Board

See story on page 2

## VCB Receives 4-Star Rating

Valley Community Bank has once again received a 4-Star rating, issued December 2010, from BAUERFINANCIAL, INC. The rating is based on financial data compiled for U.S. banks and thrifts from call report data as reported to federal regulators.

All banks are subject to federal regulatory capital requirements, but those requirements vary among institutions and are dependent on many factors. In general, institutions are required to maintain a tangible capital ratio of at least 4%, a tier 1 risk-based capital ratio of at least 4% and a total risk-based capital ratio of at least 8%.

In addition to the capital ratio, other criteria are used to determine BAUERFINANCIAL's Star Rating. Some of these include profitability/loss trend, evaluating the level of delinquent loans and repossessed assets, the market versus book value of the investment portfolio, regulatory supervisory agreements, the community reinvestment rating (CRA), and liquidity.

*BAUERFINANCIAL has been providing the public with the knowledge it needs to make informed decisions regarding their banking relationships since 1983 and are the source for unbiased, independent bank star-ratings.*

Bernie Billen, Business Development Officer for Valley Community Bank, and Jim DeMersman, Executive Director at Museum on Main, inspect the Santa House on the Museum grounds in downtown Pleasanton. Valley Community Bank donated \$500 toward the building of the House which welcomed visitors for the first time during the recent holiday season. In addition to housing Santa each December, the House may be modified slightly for use during the Museum's annual Ghost Walk events and Brothels, Bar Rooms and Bandits fundraisers.

## Santa House



## Spotlight on VCB Advisory Board

During the eleven years of our history, Valley Community Bank has relied heavily on our customers' word-of-mouth to promote our name in the community as well to let us know how we were doing and how we could best serve the needs of the community.

Creating an Advisory Board of a wide variety of customers has enhanced our best efforts. It has served as a sounding board for our future plans, represented us in the community and insured that we were providing needed products and services. We are grateful to all the members, past and present, for their generous commitment of time and expertise.

The Advisory Board for 2011 includes:

**Aldrin A. Adamos, DDS, Pleasanton.** Dr. Adamos provides preventative and restorative dental services as well as cosmetic procedures and implants. (925) 846-2228, [aldrinadamos@gmail.com](mailto:aldrinadamos@gmail.com)

**Anne Anderson, COMPASS Product Design, Inc., Pleasanton.** COMPASS Design is a full-service design and development consultant for the medical device, telecommunications, sporting goods, business machine and consumer electronics industries. (925) 462-3116, [anne@compassdesign.com](mailto:anne@compassdesign.com), [www.compassdesign.com](http://www.compassdesign.com)

**Robert W. Cook, Cook Insurance Services, San Leandro.** Cook Insurance Services provides comprehensive insurance solutions for the business owner, individual or family. (510) 352-2731, [robcook@mcdermottcosta.com](mailto:robcook@mcdermottcosta.com), [www.mcdermottcosta.com](http://www.mcdermottcosta.com)

**Theresa R. Fitch, CPA, Hewitt, Jones & Fitch, San Ramon.** The firm specializes in estate planning, business and trust tax preparation, and tax consulting along with many other individualized services. (925) 820-4426, [trfitch@smallbizepas.com](mailto:trfitch@smallbizepas.com), [www.smallbizepas.com](http://www.smallbizepas.com)

**Robert J. Hayworth, CEO and Jim Fye, CFO, Baja Construction Co., Inc., Martinez.** The company specializes in financially smart solar carports and is the largest carport, RV & boat storage contractor in the U.S. (925) 229-0732, [bob@bajacarports.com](mailto:bob@bajacarports.com), [jim@bajacarports.com](mailto:jim@bajacarports.com), [www.bajacarports.com](http://www.bajacarports.com)

**Christine Hein, Merry Maids, Pleasanton and San Mateo.** The company provides customized home cleaning services and some office cleaning and is the nation's leader in its industry. (925) 462-0991, [heinsite1021@sbcglobal.net](mailto:heinsite1021@sbcglobal.net), [www.merrymaids.com](http://www.merrymaids.com)

**Brad Hirst, Equity Enterprises, Pleasanton.** Equity Enterprises, a commercial real estate developer, broker and consultant, was established in 1971. The firm is a specialist in city and county entitlements. (925) 484-3636, [brad@equity-enterprises.net](mailto:brad@equity-enterprises.net)

**Charles Huff, Charles Huff A.I.A. Architect, Pleasanton.** The firm provides architectural services from design through construction drawings for custom homes, remodels, tenant improvements and office buildings. (925) 462-9226, [huffaia@aol.com](mailto:huffaia@aol.com), [www.charleshuffarchitect.com](http://www.charleshuffarchitect.com)

**David W. Jimenez, President, Wright Williams & Kelly, Inc., Pleasanton.** WWK provides software products and consulting services that assist clients in making better business decisions that improve manufacturing productivity and reduce per-unit costs. (925) 399-6246, [david.jimenez@wwk.com](mailto:david.jimenez@wwk.com), [www.wwk.com](http://www.wwk.com)

**Gary Kirscher, President, Global Forest Products, Inc., Livermore.** Global Forest Products, Inc. distributes redwood, douglas fir appearance grade cedar, milling and custom woodworking. (925) 243-9663, [GaryKirsch@aol.com](mailto:GaryKirsch@aol.com)

**Shawn Lober, Shawn Lober Construction, Danville.** Representing more than 35 years of experience, Shawn Lober Construction lends an attentive ear to design ideas, has a "follow-through" attitude, and provides friendly professional installation specialists. (925) 838-4210, [www.shawnlober.com](http://www.shawnlober.com)

**Shelley Lober, Kitchens of Diablo, Danville.** Kitchens of Diablo opened in 2003 with the desire to showcase beautiful, high quality, yet affordable cabinets in the area. Its team includes not only Certified Designers but also a General Contractor with more than 35 years of experience. (925) 831-9500, [shelley@kitchensofdiablo.com](mailto:shelley@kitchensofdiablo.com), [www.kitchensofdiablo.com](http://www.kitchensofdiablo.com)

**Ken McCartney, CPA, Livermore.** Weaver and McCartney is a long established accounting firm in the Tri-Valley area. The firm provides accounting and tax services to individuals and businesses throughout the region. (925) 447-2010, [ken@wcmcpa.com](mailto:ken@wcmcpa.com), [www.wcmcpa.com](http://www.wcmcpa.com)

**Howard Miles, Positronics, Inc., Pleasanton.** Positronics develops customized software for industrial automation applications. (925) 931-0211 x152, [Howard.miles@posincorp.com](mailto:Howard.miles@posincorp.com), [www.posincorp.com](http://www.posincorp.com)

**David Rice, President, Tri-Valley Community Foundation, Pleasanton.** The Foundation is a public charity that raises funds to meet vital human needs and enrich community life by supporting diverse cultural and educational projects. (925) 734-9965, [drice@tvcfoundation.org](mailto:drice@tvcfoundation.org), [www.tvcfoundation.org](http://www.tvcfoundation.org)

**David Sanchez, Jr., B & S Hacienda Auto Body, Livermore.** Established in 1956, B&S Hacienda Auto Body has three locations in the Tri-Valley. B&S specializes in both foreign and domestic auto body repairs and is certified to repair BMW, Lexus, Mercedes Benz, and Audi. (925) 580-7892, [dsanch101@yahoo.com](mailto:dsanch101@yahoo.com), [www.bshacienda.com](http://www.bshacienda.com)

**Tom Vargas, First American Title, Pleasanton.** First American Title is the industry leader providing new home subdivision title and escrow services in Northern California. Its Homebuilder Services Division offers services from initial contract for the land acquisition to culmination of the project with new home escrow closings. (925) 225-2631, [tvargas@firstam.com](mailto:tvargas@firstam.com), [www.homebuilders.firstam.com](http://www.homebuilders.firstam.com)

**Steve Winter, Park Place Appraisal, Pleasanton.** With over 20 years experience, Park Place provides Real Estate Appraisal services for estate planning and finance transactions, for single family, condominium, multi-family (1-4) units, and vacant land, in the San Francisco Bay Area, San Joaquin and Stanislaus Counties. (925) 426-1774, [karen@parkplaceappraisals.com](mailto:karen@parkplaceappraisals.com), [www.parkplaceappraisals.com](http://www.parkplaceappraisals.com)

**David Wolkenhauer, President, Planned Environments, Inc., Concord.** Planned Environments, Inc. is an award winning landscape services group serving the greater Bay Area. In 2010, Planned Environments started a new Sports Field Management Division in association with Clay Wood, Oakland A's head groundskeeper. (925) 382-7805, [davidw@plannedenvironments.com](mailto:davidw@plannedenvironments.com), [www.plannedenvironments.com](http://www.plannedenvironments.com)

# Valley Community Bank

## BALANCE SHEETS

### BALANCE SHEET

Dollar amounts in thousands, except per share data	Unaudited 09/30/2010	Unaudited 09/30/2009
<b>ASSETS</b>		
Cash & due from banks	\$ 19,168	\$ 20,507
Fed funds sold	0	0
Total Cash and Cash equivalents	19,168	20,507
Time deposits with other financial institutions	0	0
Securities available-for-sale	17,311	7,880
Securities held-to-maturity	261	1,061
Federal Home Loan Bank stock	934	966
Loans	166,676	183,750
Less allowance for loan losses	(4,167)	(4,021)
Net Loans	162,509	179,729
Bank premises and equipment, net	613	422
Cash surrender value of life insurance policies	2,714	2,612
Accrued interest receivable & other assets	5,988	4,253
<b>TOTAL ASSETS</b>	<b>\$209,498</b>	<b>\$217,430</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		
Deposits - Non-Interest Bearing	\$36,594	\$37,983
Deposits - Interest Bearing	141,374	146,112
Total Deposits	177,968	184,095
Short Term Borrowings	4,105	7,000
Accrued interest payable and other liabilities	2,565	1,534
<b>TOTAL LIABILITIES</b>	<b>\$184,638</b>	<b>\$192,629</b>
Shareholders' equity		
Preferred Stock	\$5,596	\$5,541
Common Stock	16,602	16,602
Additional paid in Capital	451	425
Accumulated other comprehensive loss, net of tax	45	18
Retained Earnings	2,166	2,215
Total shareholders' equity	24,860	24,801
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>\$209,498</b>	<b>\$217,430</b>
Common Shares outstanding for each period:	1,878,866	1,878,866
Book value per Common share	\$10.25	\$10.25

### INCOME STATEMENTS

Dollar amounts in thousands, except per share data	Unaudited 3 Mos. Ending 09/30/2010	Unaudited 3 Mos. Ending 09/30/2009	%Change
<b>Interest Income:</b>			
Interest and fees on loans	\$ 2,700	\$ 2,904	-7%
Interest on federal funds sold	-	7	-100%
Interest on investment securities	74	59	25%
Interest on deposit in banks	26	4	550%
Total Interest Income	2,800	2,974	-6%
<b>Interest Expense:</b>			
Interest on deposits	431	523	-18%
Interest on short-term borrowings	19	69	-72%
Total Interest Expense	450	592	24%
Net Interest Income Before Provision for Loan Loss	2,350	2,382	-1%
Provision for Loan Loss	725	300	142%
Net Interest Income After Provision for Loan Losses	1,625	2,082	-22%
<b>Non-Interest Income:</b>			
Service charges	74	85	-13%
Gain on sale of government guaranteed loans	477	313	52%
Loan servicing income	171	113	51%
Other income	69	61	13%
Total non-interest income	791	572	38%
<b>Other expenses:</b>			
Salaries and employee benefits	967	1,071	-10%
Occupancy and equipment	324	232	40%
Other	560	458	22%
Total other expenses	1,851	1,761	5%
Income before provision for income taxes	565	893	-37%
Provision for income taxes	227	389	-42%
Net income (Loss)	\$ 338	\$ 504	-33%
Dividends and discount accretion on preferred stock	(89)	(89)	0%
Net Income available to Common shareholders	\$ 249	\$ 415	-40%
Earnings Per Basic Common Share	\$0.13	\$0.22	
Earnings Per Diluted Common Share	\$0.13	\$0.22	

# Upcoming Events

- Jan 17 Martin Luther King's Birthday  
Bank Closed - All locations
  
- Jan 29- The Look of Jazz exhibit  
Feb 23 Harrington Gallery  
Firehouse Arts Center, Pleasanton
  
- Feb 12 36<sup>th</sup> Annual Campana Jazz Festival  
Amador Valley High School,  
Pleasanton
  
- Feb 14 Valentine's Day
  
- Feb 21 Presidents' Day  
Bank Closed - All locations



## Meet Beverly Brinker

As Vice President and Compliance Officer, Beverly Brinker contributes to the smooth operation of Valley Community Bank by ensuring the bank is in regulatory compliance with federal and state law. She is responsible for instituting policies and procedures for each regulation

so that employees perform according to law. In addition, Beverly reports to the Board's audit committee about new regulations, the status of the compliance program and the results of reviews. Her extensive experience in community banking enables her to carry out her duties with ease and efficiency.

Beverly's banking career began with a position as bookkeeper at Shasta County Bank in Burney, California where she attended high school. After three years there, she went to Central Bank in Oroville and, during the next ten years, held positions of increasing responsibility.

From 1990 until coming to Valley Community Bank, Beverly rose to administrative vice president at Butte Community Bank in Oroville and Chico, California. When the bank closed on August 20, 2010, a colleague told her about the opening at Valley Community Bank, knowing her broad range of experience in community banking would be an asset there. "The bank was very welcoming and graciously agreed to allow me to work from home most of the week, coming to the Pleasanton executive offices on Tuesdays and for special meetings," Beverly said.

"I believe very strongly in the value of community banking and the good it does when money goes right back into the community," she continued. "It is such a gratifying experience to work for a bank that helps people realize their dreams."

Beverly attended American Bankers Association's National Compliance School in 1993 and has continued her education through Bankers Compliance Group seminars while working as compliance/CRA officer and audit-compliance manager. Active in her home community of Oroville, Beverly is currently serving as president of the Fraternal Order of Eagles, Ladies Auxiliary, for the 2010-2011 term.

Beverly and her husband have a high school-age daughter. They enjoy camping, hunting and fishing, as well as football and NASCAR. They are eagerly awaiting the first crop from 100 Mandarin trees on their property, expected in two or three years.



**VALLEY**  
COMMUNITY BANK



### OFFICES

- 465 Main Street, Pleasanton CA 94566 • (925) 484-5400
- 2300 First Street, Suite 100, Livermore CA 94550 • (925) 243-9600
- 1150 S. Bascom Ave., Suite 29, San Jose CA 95128 • (408) 275-7150
- 740 Front Street, Suite 310, Santa Cruz, CA 95060 • (831) 421-0236

### DIRECTORS

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| <ul style="list-style-type: none"> <li>Phillip R. Boyce <i>Private Investor</i></li> <li>Jerome W. Carlson <i>Private Investor, Management Consultant</i></li> <li>William M. Eames <i>William M. Eames &amp; Associates</i></li> <li>Richard A. Lewis <i>Diversified Capital Funding</i></li> </ul> | <ul style="list-style-type: none"> <li>Richard P. Loupe <i>President, CEO &amp; Secretary of the Board</i></li> <li>Peter MacDonald <i>Attorney at Law</i></li> <li>Dean L. Schenone <i>FloraTech Companies</i></li> <li>Anelli P. Stamm <i>Silver Oak Health Care Services, Inc.</i></li> </ul> |
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