

Valley Community Bank Stock Symbol is VCBC

VALLEY COMMUNITY BANK

BALANCE SHEETS

Dollar amounts in thousands, except per share data	Unaudited 9/30/2011	Unaudited 9/30/2010
ASSETS		
Cash & due from banks	23,575	19,168
Fed funds sold	<u>0</u>	<u>0</u>
Total Cash and Cash equivalents	23,575	19,168
Time deposits with other financial institutions	0	0
Securities available-for-sale	9,046	17,311
Securities held-to-maturity	122	261
Federal Home Loan Bank stock	931	934
Loans	149,618	166,676
Less allowance for loan losses	<u>(5,449)</u>	<u>(4,167)</u>
Net Loans	144,169	162,509
Bank premises and equipment, net	411	613
Cash surrender value of life insurance policies	2,811	2,714
Accrued interest receivable and other assets	<u>6,350</u>	<u>5,988</u>
TOTAL ASSETS	<u><u>187,415</u></u>	<u><u>209,498</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Non-interest bearing	40,387	36,594
Interest bearing	<u>115,144</u>	<u>141,374</u>
Total Deposits	155,531	177,968
Short Term Borrowings	6,000	4,105
Accrued interest payable and other liabilities	<u>2,032</u>	<u>2,565</u>
TOTAL LIABILITIES	<u><u>163,563</u></u>	<u><u>184,638</u></u>
Shareholders' equity		
Preferred Stock	5,651	5,596
Common Stock	16,602	16,602
Additional paid in Capital	467	451
Accumulated other comprehensive loss, net of tax	27	45
Retained Earnings	<u>1,105</u>	<u>2,166</u>
Total shareholders' equity	<u><u>23,852</u></u>	<u><u>24,860</u></u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>187,415</u></u>	<u><u>209,498</u></u>
Common Shares outstanding for each period:	1,878,866	1,878,866
Book value per Common share	\$9.69	\$10.25

VALLEY COMMUNITY BANK

INCOME STATEMENTS

Dollar amounts in thousands, except per share data	Unaudited 3 Mos. Ending 9/30/2011	Unaudited 3 Mos. Ending 9/30/2010	%	Unaudited 9 mos Ending 9/30/2011	Unaudited 9 mos Ending 9/30/2010	%
			change			change
Interest Income:						
Interest and fees on loans	2,118	2,700	-22%	6,912	8,374	-17%
Interest on federal funds sold	0	0	0%	0	0	0%
Interest on investment securities	38	74	-49%	152	221	-31%
Interest on deposit in banks	8	26	-69%	19	61	-69%
Total Interest Income	2,164	2,800	-23%	7,083	8,656	-18%
Interest Expense:						
Interest on deposits	253	431	-41%	804	1,417	-43%
Interest on short-term borrowings	11	19	-42%	40	65	-38%
Total Interest Expense	264	450	-41%	844	1,482	-43%
Net interest income before provision for loan loss	1,900	2,350	-19%	6,239	7,174	-13%
Provision for Loan Loss	1,100	725	52%	3,800	1,625	134%
Net interest income after provision for loan loss	800	1,625	-51%	2,439	5,549	-56%
Non-interest income:						
Service charges	67	74	-9%	201	248	-19%
Gain on sale of government guaranteed loans	304	477	-36%	2,025	597	239%
Loan servicing income	199	171	16%	497	426	17%
Other income	63	69	-9%	187	191	-2%
Total non-interest income	633	791	-20%	2,910	1,462	99%
Other expenses						
Salaries and employee benefits	931	967	-4%	2,834	3,229	-12%
Occupancy and equipment	230	324	-29%	694	708	-2%
Other	785	560	40%	2,009	1,659	21%
Total other expenses	1,946	1,851	5%	5,537	5,596	-1%
Income before provision for income taxes	(513)	565	-191%	(188)	1,415	-113%
Provision for income taxes	(125)	227	-155%	0	567	-100%
Net income (Loss)	(388)	338	-215%	(188)	848	-122%
Dividends and discount accretion on preferred stock	(41)	(89)	-54%	(143)	(267)	N/A
Net Income available to Common shareholders	(429)	249	-272%	(331)	581	-157%
Earnings Per Basic Share	\$ (0.23)	\$ 0.13		\$ (0.18)	\$ 0.31	
Earnings Per Diluted Share	\$ (0.23)	\$ 0.13		\$ (0.18)	\$ 0.31	

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