



Central Valley Community Bancorp

# Quarterly Report

Fourth Quarter • February 20, 2010

## From The President

The year 2009 will be remembered for its challenging economy, yet in spite of it all, Central Valley Community Bank weathered the storm by showing a profit, having non-performing loans lower than many of our peers, growing by adding a new office in Merced, and generating \$8 million in capital through a private placement of Common and Preferred Stock. This performance demonstrates our 30-year foundation of strong and secure banking – a milestone celebrated as of January 10, 2010.

For the year ended December 31, 2009, the Company reported unaudited consolidated net income of \$2,588,000, or \$0.28 per diluted share, compared to \$5,139,000, or \$0.79 per diluted share, for the same period in 2008.

Total average assets for the year ended December 31, 2009, were \$752,509,000, compared to \$541,789,000 for the same period in 2008, an increase of 38.9%. Total average loans increased 31.5% to \$482,458,000 for the year ended December 31, 2009, from \$367,009,000 for the year ended December 31, 2008. Total average investments rose to \$199,425,000 for 2009 from \$125,932,000 for 2008, representing a 58.4% increase. Average deposits also increased by 42.0% to \$632,263,000 for the year ended December 31, 2009, compared to \$445,285,000 in 2008.

As asset quality continued to be a challenge for most banks in 2009, including the fourth quarter, we added over \$10 million to the provision for credit losses in 2009 to respond to the uncertainty in borrowers' ability to perform on loans, a trend that may continue in 2010 until borrowers' financial stress is lessened.

Despite the economic challenges of the past year, we are proud to have been included in the "Top Investment Ideas for 2010" report released January 2010 by the investment banking firm Sandler O'Neill + Partners, L.P. The report notes that our Company "has remained profitable by successfully navigating the economic downturn that has tended to result in high credit losses for many of its competitors." This honor is a testament to our steady, sensible growth and adherence to the long-term strategy of providing value to our stockholders.

As we enter a new year – and a new decade – we are pleased with the Company's performance and understandably proud of all we have accomplished since our founding 30 years ago. Add the capital we raised at the end of 2009, and it's clear the Company is well positioned to take advantage of growth opportunities that may present themselves in 2010 and beyond.

We sincerely thank our employees, customers and shareholders for their support in making Central Valley Community Bank who we are today - the region's model for strong, sound and secure banking.

Daniel J. Doyle  
President and Chief Executive Officer

Celebrating

30  
YEARS

Of Strong & Secure Banking



Daniel N. Cunningham  
Chairman of the Board,  
Central Valley Community Bancorp,  
Central Valley Community Bank

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

## Three Decades of Strength and Security

January marked the 30<sup>th</sup> anniversary of Central Valley Community Bank and our unique brand of customer service. Since our founding in 1980, Central Valley Community Bank has been built on local ownership, values and leadership. That foundation will never change, nor will our thanks for the customers, shareholders and employees who have believed in us and helped us grow into the strong, secure bank we are today.

While CVCB has enjoyed much industry recognition through the years, our proudest honor is earning the trust of our customers every day. They can trust our powerful FDIC protection, including the FDIC Transaction Account Guarantee Program which provides unlimited FDIC coverage for all non-interest bearing deposits through June 30, 2010. This is in addition to the FDIC's general deposit insurance.

Our customers also trust the strong, experienced leadership of the Bank, whose president and CEO, Dan Doyle, also serves as Chairman of the Board of the California Bankers Association, among many other organizations.

Our banking professionals live and work in their branch area and they have a deep understanding of the marketplace, as well as understand the unique financial needs of local businesses. Contrary to national media reports about the banking industry, CVCB is actively lending and is dedicated to helping local businesses thrive. As a result, Central Valley Community Bank has been ranked the #1 SBA 504 Lender for Fresno, Kings and Madera counties in 8 of the past 10 years.

Throughout our history, we have firmly believed in investing in the communities we serve with time, resources and financial contributions. Our management team alone serves in 80 different leadership roles covering civic, health, education, art and philanthropic organizations throughout the Valley.

Thank you for the past 30 years of trusting Central Valley Community Bank for your business and personal banking. We will work hard to continue to earn that trust today and everyday.

# CVCIS: Your Source For Personalized Business Insurance Solutions

Protect your business and provide for your future with the expertise of Central Valley Community Insurance Services, LLC (CVCIS). Our professional team of consultants is committed to providing customized insurance solutions for your business and your employees.

**Contact us for a FREE evaluation of how our full range of insurance services will benefit your business:**

Employee Benefits  
Property & Casualty  
General Liability  
Workers Compensation  
Estate Planning  
Personal Insurance  
Business Consultation  
Buy-Sell Agreements

Contact:  
Fresno, Madera, Merced,  
Stanislaus Counties  
(559) 323-3451

San Joaquin and  
Sacramento Counties  
(916) 631-6888

## See what satisfied customers are saying about CVCIS:

Fresno-based, multi-disciplined engineering and testing firm Moore Twining Associates, Inc. says, "CVCIS provides exceptional and responsive customer-oriented service. Their team of qualified professionals consistently has gone above and beyond to make sure our employee benefits program runs smoothly."

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 and are not insured by the FDIC or any other Federal Government Agency. Central Valley Community Insurance Services, LLC CA Lic. 0F44115

## Same Reliable Oakhurst Team, New Convenient Location



**From Left to Right:** Vicki Nino, Janet Abdo, Shelle Abbot, Leslie Bullard, Teri Margrey and Sundee Snyder

The newly constructed Oakhurst office conveniently located at 40004 Highway 41, Suite 101 successfully opened December 14<sup>th</sup>, 2009. Managed by Shelle Abbott, the familiar banking team knows the region and understands the unique needs of the mountain community.

Visit our new office and learn about our business banking services, cash management, construction loans and the full array of personal banking products. Contact Shelle Abbott at (559) 642-2265 for more information.

## Our Customer Service Made The Grade



Excellent communication has always been a cornerstone of Central Valley Community Bank. It's one of the reasons we attract such high-quality employees and were honored as one of 2009's top four "Best Companies To Work For" by The Business Journal among firms of our size in Central California.

Part of that commitment to communication means checking with our customers to see how we're doing. So we conducted a Customer Service Survey, enabling customers to respond with their opinions on surveys that were available in our branches, online and by mail.

### Serving Customers With Excellence

Based on the feedback we received in the survey, over 92% of our customers say their experience with the Bank is "excellent" overall. In particular, many people expressed their appreciation for our unique brand of customer service in key areas such as appearance, friendliness, professionalism, product knowledge and timeliness of service.

All responses were reviewed by the Bank's Senior Management to ensure that our products and services are keeping pace with the changing needs of our customers. Thank you for your suggestions for Online Banking. You will be happy to hear our new Online Banking and BillPay products will soon be upgraded to better meet your needs.

### We Want To Hear From You

The Bank wishes to thank those customers who participated in our survey and whose candid responses are helping us be the best bank we can be!

It's not too late to voice your opinion – surveys are always available in every branch, as well as online at [cvcb.com](http://cvcb.com). You may also share any honest answers and helpful suggestions with a Customer Service Representative in any branch.

## Shred Your Documents This Tax Season

At Central Valley Community Bank, we're continuing our annual tax time tradition: FREE shredding of your old documents and confidential files!

In this era of identity theft and other security challenges, you can't afford to let your sensitive data fall into the wrong hands. Shredding is the safest way to keep your business and personal information from being copied, stolen or compromised.

Enjoy the convenience and security of on-site mobile shredding of up to six banker boxes of documents, compliments of Central Valley Community Bank this April and May. Find the most convenient location on [www.cvcb.com](http://www.cvcb.com)!

Condensed Consolidated Balance Sheets  
December 31, 2009 and 2008

	(In thousands)	
(Unaudited)	2009	2008
<i>Assets:</i>		
Cash and cash equivalents	\$ 48,680	\$ 19,518
Investment securities	197,319	192,758
Loans	459,207	484,238
Less allowance for credit losses	(10,200)	(7,223)
<b>Net loans</b>	<b>449,007</b>	<b>477,015</b>
Premises and equipment, net	6,525	6,900
Federal Home Loan Bank Stock	3,140	3,140
Goodwill	23,577	23,773
Accrued interest receivable, intangibles & other assets	37,240	29,609
<b>Total assets</b>	<b>\$ 765,488</b>	<b>\$ 752,713</b>
<i>Liabilities and Shareholders' Equity:</i>		
<b>Deposits:</b>		
Non-interest bearing	\$ 159,630	\$ 162,106
Interest bearing	480,537	472,952
<b>Total deposits</b>	<b>640,167</b>	<b>635,058</b>
Borrowings	19,000	25,368
Accrued interest payable & other liabilities	15,098	16,912
<b>Total liabilities</b>	<b>674,265</b>	<b>677,338</b>
<b>Total shareholders' equity</b>	<b>91,223</b>	<b>75,375</b>
<b>Total liabilities and equity</b>	<b>\$ 765,488</b>	<b>\$ 752,713</b>

Condensed Consolidated Statements of Income  
For twelve months ended December 31, 2009 and 2008

	(In thousands, except per share amounts)	
(Unaudited)	2009	2008
Net interest income	\$ 34,107	\$ 24,567
Provision for credit losses	10,514	1,290
Net interest income after provision for credit losses	23,593	23,277
Total non-interest income	5,850	5,190
Total non-interest expense	27,531	20,976
Provision for income taxes	(676)	2,352
<b>Net income</b>	<b>\$ 2,588</b>	<b>\$ 5,139</b>
<b>Basic earnings per common share</b>	<b>\$ 0.29</b>	<b>\$ 0.83</b>
<b>Diluted earnings per common share</b>	<b>\$ 0.28</b>	<b>\$ 0.79</b>

# Protect Your Business Against ACH Fraud

At CVCB, we take your banking security seriously, so we want to help make sure you are equipped against cyber-thieves who may attempt ACH Fraud to withdraw funds from your account. Small businesses are frequently targeted because they have the ability to do fund transfers, but often have fewer resources to defend their information.

This can happen by opening an email that appears to be from a credible source that is reporting a rejected ACH transaction. After clicking on the link in the email for the report, the recipient is taken to a fake website that downloads malware, which gathers passwords as they are entered at the financial institution's website.

## Small Businesses Can Better Protect Themselves By:

- Using dual-control to initiate ACH and wire transfers
- Updating anti-virus and security software for all computers used for online banking and payments
- Avoiding web browsing and social networking on a workstation used for online banking
- Monitoring and reconciling accounts daily to recognize fraudulent activity quickly and report unusual transaction activity

Source: [www.nacha.org](http://www.nacha.org)

For more information on fraud protection, visit [www.cvcb.com](http://www.cvcb.com) and click on Customer Safety.

## News Briefs

### • CVCB Stock Makes Sandler O'Neill's Top Investment List for 2010

Investment banking firm Sandler O'Neill + Partners, L.P. has listed the Company's stock in their Top Investment Ideas for 2010 report released on January 7, 2010. A complete copy of the report is available by contacting Mark Fitzgibbon, 212-466-7925 or Tim O'Brien, 415-978-5033.

### • CVCB Named Best Company To Work For

The Bank was honored as one of 2009's top four "Best Companies To Work For" by the Business Journal among companies with 100 or more employees throughout a 6 county area of Central California. CVCB was the only financial institution and publicly traded company honored in the large-sized business category.

### • Central Valley Community Bancorp Stock Prices:

The Company's common stock closing price was \$5.75 as of February 5, 2010. 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 Hoefler & 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, Dave Bonaccorso with Keefe Bruyette & Woods at (415) 591-5063, 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**

2832 North G Street  
Merced, CA 95340  
(209) 725-2820

### **MODESTO**

3340 Tully Road, Suite C-3  
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. 10<sup>th</sup> Street  
Tracy, CA 95376  
(209) 830-6995

[www.cvcb.com](http://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*