



Central Valley Community Bancorp

Quarterly Report

Second Quarter • August 10, 2010

From The President

This quarter, Central Valley Community Bancorp continues to serve our customers with the strength and stability they have come to count on for over 30 years. That trust is reflected in our performance for the three months ending June 30, 2010, as the Company reported net income of \$504,000 or \$0.04 per diluted share, compared to \$464,000 or \$0.04 per diluted share for the same period last year.

We are also happy to report an improvement in the reduction and direction of non-performing assets, as well as a reduction in charge-offs from prior periods. However, we have chosen to increase the Allowance for Credit Losses due to continuing uncertainties about the overall economy and the potential impact it could have on our customers and – by extension – the Bank, as we work through this economic cycle.

While net earnings have increased from comparable quarters in 2009, the earnings are still well below our target and expectations. The charge to earnings in the current quarter of \$700,000 related to our investment portfolio, the addition of \$1,000,000 to the provision for credit losses and the reduction of average loans were significant reasons for the impact to earnings. However, the reduction in net charge-offs, a strong net interest margin and non-interest cost control were beneficial.

Total average loans decreased \$34,649,000 or 7.07%, for the second quarter of 2010, compared to the same period in 2009. Total average deposits increased 0.50% to \$620,224,000 for the quarter ending June 30, 2010, compared to \$617,122,000 for the same period in 2009.

The Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law in July. Key provisions of this legislation long supported by the banking industry include making permanent the \$250,000 FDIC Insurance per account, creating a new systemic regulatory body, ending the “too-big-to-fail” concept, increasing consumer protection and adding controls on non-banks (or the “shadow banking” system).

Unfortunately, the bill does not address some of the major culprits in the nation’s economic collapse, such as Fannie Mae and Freddie Mac, yet it includes new rules and restrictions impacting segments of the banking industry that had nothing to do with the collapse. Many of the new regulations are not specific, so following the establishment of the new Consumer Protection Bureau, it will likely take several years to determine the meaning of these rules.

Many of these new regulations will impact you, our valued customers, so we will strive to keep you informed as the new rules shape our business. We are committed to providing you with the highest level of customer service, and continuing to be the Bank you can count on for strength and security, just as we have been for over 30 years.

Daniel J. Doyle
President and Chief Executive Officer

Ag Financing From The Bank Farmers Trust



Experience You Can Grow With.

Founded in the heart of the world’s most important agricultural region, Central Valley Community Bank has a deep understanding of agriculture and a real appreciation for farmers. We also know the challenges faced by those in the agricultural industry, all of which makes CVCB the ideal place to secure the ag financing you need.

CVCB Loan Today, A Bumper Crop Tomorrow.

From production loans to equipment financing, Central Valley Community Bank offers the products and services you need, at rates and terms that are decidedly farm-friendly.

Among our specialties is crop production financing, which farmers have long relied on to make the most of their fields, vineyards and orchards. We offer both revolving and non-revolving credit lines for financing annual crop production.

Your Choice For Farm-Friendly Loans.

Another popular option is the Farmer Mac real estate loan program, which gives full- and part-time farmers flexible loan terms, competitive fixed and variable rates and a helpful choice of lender. The result? Low-cost loans for agriculture real estate, facility financing and rural housing mortgages, all with favorable rates and terms.

And since all farmers need equipment to stay competitive, Central Valley Community Bank offers financing for new and used equipment, always with competitive rates and terms to match your cash flow requirements. Many family farming businesses find this helpful, as each new generation takes over and begins to modernize.



Terry Crawford
Vice President,
Agricultural Lending
Group Manager

You can trust the experienced ag lending professionals at Central Valley Community Bank to help you meet all of your specialized financing needs. For more information on our ag loan products or to schedule an appointment at your location, call Terry Crawford, Vice President, Agribusiness Manager, at (559) 323-3493 or visit him at our River Park office in Fresno.

Financing That Keeps Your Business Responsive & Competitive!

Central Valley Community Bank offers **Quick Business CreditSM** – fast, efficient financing options that allow you to respond immediately to your changing business needs. Whether you need a new piece of equipment, a business vehicle or additional inventory, it's the financing you need with the fast response you demand.

Business Vehicle



Inventory Purchases



Equipment Financing

Working Capital

► **QuickLineSM**

Up to \$250,000 for your ongoing and temporary financial needs, with easy advances by check and phone.

► **QuickLoanSM**

Up to 85% financing on equipment and other fixed assets, with fully amortized monthly payments and flexible terms of 2 to 5 years.

**Call Our Small Business Lending Team
For Fast, Efficient Financing Today
at (800) 298-1775!**

Investing In Our Community In More Ways Than One

At Central Valley Community Bank, we strive to invest deeply in the places we call home. That means providing more than our special brand of banking service, but also “giving back” by consistently supporting worthwhile community civic, health, education, arts and philanthropic organizations.

As a part of this commitment, the Bank recently contributed to “Tip Your Heart,” a foundation supporting such San Joaquin County children’s and women’s charities as Lodi Cancer Kids, Hope Harbor, Children’s Home of Stockton and WOW Science Museum.

And we didn’t forget our “hometown” of Clovis, where the Bank was born back in 1980. We recently donated to Community Medical Foundation to aid the expansion of Clovis Community Hospital, and gave a gift to the Foundation for Clovis Schools which will fund a variety of grants for schools, classrooms and new teachers.

We are committed to making the Central Valley a better place to live, work and raise families – a commitment that began 30 years ago when the Bank was founded, and remains stronger than ever today.

New Security Enhancements Bring Protection & Peace Of Mind



Central Valley Community Bank takes your privacy and security seriously. So much so, that we recently added significant security enhancements to our debit cards.

We have long provided fraud and security monitoring for Central Valley Community Bank debit cards, but on June 21, we took that protection to the next level.

Now, debit card activity is monitored 24 hours a day in our Fraud Detection Center. Any unusual debit card activity will be followed by an automated phone call to the card holder to verify the activity on your account.

If you receive such a call from CVCB’s Fraud Detection Center, you will be asked to verify your account and the questionable activity, but you will not be asked to provide any identifying personal or financial information.

Thank you for your continued trust in CVCB as we continue to work to enhance our methods to better serve and protect you. If you have any questions regarding security upgrades, please visit the Customer Safety page at www.cvcb.com or contact Customer Service at (800) 298-1775.

Condensed Consolidated Balance Sheets
June 30, 2010 and 2009

	(In thousands)	
(Unaudited)	2010	2009
<i>Assets:</i>		
Cash and cash equivalents	\$ 44,164	\$ 27,026
Investment securities	186,436	169,343
Loans	468,652	492,098
Less allowance for credit losses	<u>(11,468)</u>	<u>(8,592)</u>
Net loans	457,184	483,506
Premises and equipment, net	6,038	6,566
Goodwill	23,577	23,577
Accrued interest receivable, intangibles & other assets	<u>38,590</u>	<u>37,605</u>
Total assets	<u>\$ 755,989</u>	<u>\$ 747,623</u>
<i>Liabilities and Shareholders' Equity:</i>		
Deposits:		
Non-interest bearing	\$ 143,556	\$ 143,416
Interest bearing	<u>487,753</u>	<u>478,303</u>
Total deposits	631,309	621,719
Borrowings	19,155	34,155
Accrued interest payable & other liabilities	<u>10,074</u>	<u>10,996</u>
Total liabilities	<u>660,538</u>	<u>666,870</u>
Total shareholders' equity	<u>95,451</u>	<u>80,753</u>
Total liabilities and equity	<u>\$ 755,989</u>	<u>\$ 747,623</u>

Condensed Consolidated Statements of Income
For six months ended June 30, 2010 and 2009

	(In thousands, except per share amounts)	
(Unaudited)	2010	2009
Net interest income	\$ 15,916	\$ 17,233
Provision for credit losses	<u>1,600</u>	<u>4,417</u>
Net interest income after provision for credit losses	14,316	12,816
Total non-interest income	2,081	3,139
Total non-interest expense	14,346	13,969
Provision for income taxes	<u>255</u>	<u>263</u>
Net income	<u>\$ 1,796</u>	<u>\$ 1,723</u>
Basic earnings per common share	<u>\$ 0.18</u>	<u>\$ 0.20</u>
Diluted earnings per common share	<u>\$ 0.17</u>	<u>\$ 0.20</u>

Goodbye TT&L Coupons, Hello Free Electronic Payment!

If you're an employer who uses Treasury Tax & Loan (TT&L) payment coupons, the IRS has made a rule change you should know about. Under this change, financial institutions – including Central Valley Community Bank – will no longer accept TT&L payment coupons. Instead, you will need to mail a check with your tax return or pay the Department of the Treasury electronically through their online system. To prepare for this change, CVCB will stop accepting TT&L payments as of November 1, 2010.

To help you make this transition, the US Department of the Treasury offers the Electronic Federal Tax Payment System (EFTPS) for free. With this system, you can make all Federal tax payments electronically online or by phone, 24 hours a day, 7 days a week. Additionally, EFTPS allows you to schedule payments up to 120 days in advance and offers the highest level of security.

To enroll in EFTPS or obtain more information, visit www.eftps.gov, call (800) 555-4477 (businesses) or (800) 316-6541 (individuals), or visit your local Central Valley Community Bank branch for assistance.

News Briefs

• Cash Management Upgrade

This fall, Central Valley Community Bank will launch a new Cash Management product for our business banking customers. In addition to enhanced security features, the upgrade will give customers the convenience of a single online login to access Cash Management, Remote Deposit, Bill Pay and Positive Pay. Stay tuned for details!

• Overdraft Opt-In

Due to regulation changes, beginning August 15, 2010, Central Valley Community Bank will no longer pay for overdrafts resulting from ATM withdrawals or one-time debit card transactions made at stores, online or by telephone, unless you opt-in. For information on how to opt-in and other information about changes in overdraft coverage, visit www.cvcb.com, stop by your local office or contact customer service at (800) 298-1775

• Central Valley Community Bancorp Stock Prices:

The Company's common stock closing price was \$6.15 as of July 22, 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, Regan Harold with Keefe Bruyette & Woods at (212) 887-8942, 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. 10th Street
Tracy, CA 95376
(209) 830-6995

www.cvcb.com

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