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Contact: Wayne D. Gale, President and CEO

Phone (760) 352-1889, mediarelations@yourcvb.com

**Community Valley Bank Reports 15th Consecutive Profitable Quarter
With Second Quarter 2014 Core Earnings**

El Centro, CA (July 17, 2014) Community Valley Bank (CVB) is pleased to report that earnings continue at a strong pace. For the second quarter of 2014 net income was \$288,000 resulting in the 15th consecutive quarter of profitability. Including a \$100,000 valuation allowance credit to taxes, net profit reported for the quarter was \$388,000. Year to date total net profit is \$778,000.

As of June 30, 2014 total assets were \$113 million. Loans grew \$8.6 million from year end, ending the second quarter at \$83.7 million. Deposits reached \$93.6 million, a slight decrease from last year end. Total Equity Capital was \$12.5 million with CVB's equity capital ratio at 11.06%. This is well above the regulatory ratio required to be considered a well-capitalized bank.

During this second quarter the bank reduced its outstanding preferred shares by 25%. On June 30, 2014 CVB repaid \$600,000 of the Small Business Lending Fund. "The bank has a capital plan that includes full repayment of the SBLF Preferred Shares by March 31, 2016," explains Wayne Gale, CVB President and CEO.

CVB continues to see strong SBA loan requests and, as a Preferred Lender, is able to provide fast underwriting approval and funding. This, along with CVB's array of business banking services, allows CVB to meet the banking needs of the communities served.

Midyear Allowance for Loan and Lease Losses (ALLL) ended at \$1.2 million or 1.41% of loans. Board and Management believe the ALLL is fully funded based on the midyear analysis. The bank's ratio is similar to CVB's peer bank average providing a strong reserve against potential future losses.

CVB is nearing its seven year anniversary of serving the financial needs of the Imperial and Coachella Valleys. CVB continues to lead the market in rates paid for CDs. It is pleased with the progress made in that time and remains excited about the future potential of the bank.

| | <u>June 30, 2014</u> | <u>December 31, 2013</u> | <u>June 30, 2013</u> |
|---|--------------------------|------------------------------|--------------------------|
| Consolidated Financial Condition Data | | | |
| Assets | | | |
| Loans receivable - net | \$ 82,551,000 | \$ 73,703,000 | \$ 69,688,000 |
| Cash and cash equivalents | 21,754,000 | 35,037,000 | 28,064,000 |
| Investment Securities | 1,332,000 | 1,466,000 | 787,000 |
| Federal Home Loan Bank Stock | 392,000 | 447,000 | 447,000 |
| Other Assets | 7,190,000 | 6,950,000 | 5,463,000 |
| Total Assets | <u>\$ 113,219,000</u> | <u>\$ 117,603,000</u> | <u>\$ 104,449,000</u> |
| Liabilities | | | |
| Deposits | 93,781,000 | 98,164,000 | 85,855,000 |
| Borrowings (FHLB) | 6,000,000 | 6,000,000 | 6,000,000 |
| Mortgage Indebtedness | 653,000 | 684,000 | 714,000 |
| Other Liabilities | 263,000 | 464,000 | 289,000 |
| Total Liabilities | <u>100,697,000</u> | <u>105,312,000</u> | <u>92,858,000</u> |
| Preferred Stock | 1,800,000 | 2,400,000 | 2,400,000 |
| Common Stock | 14,312,000 | 14,298,000 | 14,287,000 |
| Costs/Dividends | (13,000) | (100,000) | (57,000) |
| Surplus | 542,000 | 537,000 | 503,000 |
| Total Undivided Profits | <u>(4,049,000)</u> | <u>(4,727,000)</u> | <u>\$ (5,550,000)</u> |
| Unrealized Gain/Loss | (70,000) | (117,000) | 8,000 |
| Stockholder's Equity - net | 12,522,000 | 12,291,000 | 11,591,000 |
| Total Liabilities and Shareholder Equity | <u>\$ 113,219,000</u> | <u>\$ 117,603,000</u> | <u>104,449,000</u> |
| | <u>June 30, 2014</u> | <u>December 31, 2013</u> | <u>June 30, 2013</u> |
| Selected Consolidated Earnings Data | | | |
| Total interest income and fees | \$ 2,694,000 | \$ 5,420,000 | \$ 2,627,000 |
| Total interest expense | <u>(311,000)</u> | <u>(712,000)</u> | <u>(346,000)</u> |
| Net interest income | 2,383,000 | 4,708,000 | 2,281,000 |
| Provision of losses on loans | <u>0</u> | <u>(615,000)</u> | <u>(525,000)</u> |
| Net interest income after provision for losses on loans | 2,383,000 | 4,093,000 | 1,756,000 |
| Total other income (Noninterest income) | 216,000 | 910,000 | 741,000 |
| General administrative and other expenses | (2,021,000) | (4,163,000) | (2,049,000) |
| Income tax (expense) benefit | <u>200,000</u> | <u>400,000</u> | <u>0</u> |
| Net Profit/Loss | <u>\$ 778,000</u> | <u>\$ 1,240,000</u> | <u>\$ 448,000</u> |