

Press Release

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FOR IMMEDIATE RELEASE

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Valley Community Bancshares, Inc. Reports Earnings and an Increase in Cash Dividends for 2008

PUYALLUP, Washington – February 9, 2009— Valley Community Bancshares, Inc., parent company of Valley Bank (Puyallup WA) (the “Company”), today reported earnings of \$2.4 million, or \$2.10 per diluted share, for the year ended December 31, 2008 compared to \$2.5 million, or \$2.20 per diluted share, in the previous year.

The Company reported that the Board of Directors, at the January 2009 board meeting, approved a \$1.05 per share cash dividend to those shareholders of record on December 31, 2008. This is a 5% increase over the \$1.00 dividend paid in 2008. The dividend represents the 35th consecutive year of payment.

At December 31, 2008, total assets were \$220 million compared to \$208 million at December 31, 2007. Total loans and deposits at December 31, 2008 were \$137 million and \$190 million, respectively.

The Company is well-capitalized for regulatory purposes with a Tier 1 Capital, ratio of 11.4% at December 31, 2008. Book value per common share was \$24.04 at year end compared to \$22.59 a year ago. The Bank elected not to apply to participate in the U.S. Treasury Department’s Capital Purchase Program, the primary focus of which was to inject capital into undercapitalized financial institutions. The Company’s decision not to apply to participate in the Program was primarily due to the Company’s current financial strength and long history of stability.

“Earnings for the year ended December 31, 2008, decreased approximately 5% over last year. However, if the realized gain from the sale of the Bank’s South Hill Branch was excluded from 2007 earnings, the Bank would have reported a record year and a profit increase of approximately 16% in 2008,” stated David Brown, President and CEO. “Although the Bank did not experience any non-accrual loans in 2008, we are not immune to the credit challenges facing all banks as a result of the slowing economy.” Mr. Brown further noted, “We are, however, confident about the overall quality of our credit portfolio and we believe we are well-positioned to weather further challenges presented by the continued deterioration in the economy.”

Valley Bank serves the South King and Eastern Pierce County region of Washington State with eight full-service banking facilities and a drive-up facility.

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