

# Press Release

Contact: Mr. David Brown,  
President & CEO Valley Bank  
Telephone: 253-848-2316

FOR IMMEDIATE RELEASE

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## **Valley Community Bancshares, Inc. Reports 2004 Earnings and Dividends**

**PUYALLUP**, Washington – January 24, 2005—Valley Community Bancshares, Inc., the holding company for Valley Bank (Puyallup WA), today reported earnings for the fourth quarter of 2004. Earnings for the fourth quarter of 2004, totaled \$575,000, or \$0.47 per diluted share compared to \$487,000, or \$0.39 per diluted share during the same period a year ago. Earnings for the full year of 2004 totaled \$1,994,000, or \$1.61 per diluted share compared to \$2,049,000, or \$1.66 per diluted share during the twelve month period a year ago.

Valley Community Bancshares, Inc. also reported a dividend payable to its shareholders. The Company reported that the Board of Directors, at the December 2004 board meeting, approved a \$0.60 per share cash dividend to those shareholders of record on December 15, 2004.

Total assets increased 5 percent to \$191 million at December 31, 2004 compared to \$182 million at December 31, 2003. Loans and deposits increased 5 percent to \$120 million and \$165 million, respectively.

“We are pleased with the progress we’ve made during the year 2004,” stated Mr. David Brown, President and CEO. “Excluding a \$211,000 nonrecurring gain recorded in 2003, the Company’s earnings were approximately 4.4 percent higher than the earnings reported last year. This was in spite of softness in overall loan demand and a reduction in net interest margin resulting from the current low interest rate environment” Mr. Brown further noted, “We are pleased to report that the recent cash dividend declared represents the thirty-first consecutive year of payment which matches our 31<sup>st</sup> year of operation.”

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

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