

Press Release

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FOR IMMEDIATE RELEASE

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Valley Community Bancshares, Inc. Reports Increased 2005 Earnings and Dividends

PUYALLUP, Washington – January 24, 2006—Valley Community Bancshares, Inc., the holding company for Valley Bank (Puyallup WA), today reported increased earnings for its fiscal year ended December 31, 2005. Earnings for the twelve months ended December 2005, increase to \$2,032,000, or \$1.76 per diluted share compared to \$1,994,000 or \$1.61 per diluted share during the same period a year ago.

Valley Community Bancshares, Inc. also reported an increase in its dividend payable to shareholders. The Company reported that the Board of Directors, at the January 2006 board meeting, approved a \$0.75 per share cash dividend to those shareholders of record on December 31, 2005.

Total loans increased 7 percent to \$128 million at December 31, 2005 compared to \$120 million at December 31, 2004. Total assets and deposits increased to \$195 million and \$170 million, respectively.

“During the summer of 2005 the Bank opened a new facility in Kent,” stated Mr. David Brown, President and CEO. “As a result we were able to increase loan volume approximately 7 percent to \$128 million. The loan increase helped improved 2005 earnings to \$2,032,000 compared to last year’s earnings of \$1,994,000. “Mr. Brown further noted, “We are pleased to report a 25 percent increase in our cash dividend declared. The dividend represents the thirty-second consecutive year of payment.”

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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