

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 Earnings and a Cash Dividend for 2009

PUYALLUP, Washington – February 4, 2010— Valley Community Bancshares, Inc., parent company of Valley Bank (Puyallup WA) (the “Company”), today reported earnings of \$2.1 million, or \$1.84 per diluted share, for the year ended December 31, 2009 compared to \$2.4 million, or \$2.10 per diluted share, in the previous year.

The Company also reported that the Board of Directors, at their January 2010 board meeting, approved a \$1.00 per share cash dividend to those shareholders of record on December 31, 2009. The dividend represents the 36th consecutive year of payment.

The Company continues to be well-capitalized for regulatory purposes at December 31, 2009 with a Tier 1 Capital ratio of 12.8% and a Total risk based capital ratio of 19.4%. Book value per common share was \$25.12 at year end compared to \$24.04 a year ago.

At December 31, 2009, total assets were \$219 million compared to \$220 million at December 31, 2008. Total loans and deposits at December 31, 2009 were \$135 million and \$188 million, respectively. Average total assets in 2009 increased approximately 3 percent over 2008.

Earnings in 2009, was impacted primarily by higher credit loss provisions and significantly higher FDIC insurance premiums. Although, nonperforming loans increased to \$2.8 million, at December 31, 2009 (2.1% of loans) it is comprised of two real estate loans. There were no other loans past due at December 31, 2009.

“Although the Bank, like other Washington banks, experienced an increase in nonperforming loans and related credit losses during 2009, we continue to be confident about the overall quality of our credit portfolio, our capital and liquidity position, and our earnings potential. We believe we are well-positioned to weather any further challenges presented by continued deterioration in the economy,” stated Mr. David Brown, President and CEO.

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.

Forward-Looking Statements

This document contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. Those factors include, but are not limited to: the impact of national and regional economic trends on small business loan demand in the Puget Sound area; loan delinquency rates; the Company's ability to continue to attract quality commercial business; interest rate movements; changes in the demographic make-up of the Company's market area; fluctuation in demand for the Company's products and services; the Company's ability to attract and retain qualified people, and other factors. These factors should be considered in evaluating the forward-looking statements and undue reliance should not be placed on such statements. The Company shall not be responsible to update any such forward-looking statements.

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