

# Press Release

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FOR IMMEDIATE RELEASE

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## **Valley Community Bancshares, Inc. Reports Record Earnings and a 13% Increase in Dividends for 2006**

**PUYALLUP**, Washington – January 22, 2007— Valley Community Bancshares, Inc., the holding company for Valley Bank (Puyallup WA), today reported record earnings for its fiscal year ended December 31, 2006. Earnings for the twelve months ended December 2006, increased 11 percent to \$2,259,000, or \$1.96 per diluted share compared to \$2,032,000 or \$1.76 per diluted share during the same period a year ago.

Valley Community Bancshares, Inc. also reported a 13 percent increase in its dividend payable to shareholders. The Company reported that the Board of Directors, at the January 2007 board meeting, approved a \$0.85 per share cash dividend to those shareholders of record on December 31, 2006.

Total assets increased eight percent to \$210 million at December 31, 2006 compared to \$195 million at December 31, 2005. Total loans and deposits both increased to \$136 million and \$184 million, respectively.

“During 2006, the Bank experienced a favorable loan environment, particularly in our Pierce County market,” stated Mr. David Brown, President and CEO. “The eight percent increase in loans, along with an improvement in the Bank’s net interest margin, increased earnings for 2006 to a record \$2,259,000 compared to last year’s earnings of \$2,032,000.” Mr. Brown further noted, “We are pleased to report a 13 percent increase in our cash dividend declared. The dividend represents the thirty-third 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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