



#### 2012 Highlights:

- Pre tax income of \$1,751,188, representing a 46.9% increase over 2011
- Assets up \$17.6 million or 15.9% from 2011 now total \$128,264,608
- Deposits up \$17 million or 18.2% from 2011 now total \$110,155,380
- Loans up \$10.6 million or 14.6% from 2011 now total \$83,685,886
- Continued success in deploying excess capital with the repurchase of 45,822 shares during 2012

Earnings for the year were 46.9% greater on a pre tax basis than last year. This comparison is made on a pre tax basis because in 2012 the Bank recognized full income taxes whereas in 2011 the Bank recognized only partial income taxes. The net interest margin for the year was 4.37% compared to 4.59% during 2011. Although the margin has been compressed due to loan rate pricing and lower rates obtained on investment securities, net interest income was up \$312,061 from last year. Fee income from mortgage activity and well managed operating expenses helped to further support the positive 2012 results. Net income after tax was \$1,075,188 or 18.6% greater than the \$906,311 2011 net income.

The Bank's return on average assets (ROAA) improved from .85% in 2011 to .89% in 2012 and the return on average equity (ROAE) improved from 5.69% in 2011 to 6.29% in 2012.

Asset quality continues to be excellent as only .38% of total assets are considered to be non-performing. By comparison, the industry average was 2.61% of total assets for the Bank's national peer group, based on data provided as of September 30, 2012 (the most recent data available). The company has set aside over \$1.6 million in loan loss reserves to protect it from future economic uncertainties. Golden Valley continues to be a well capitalized bank and far exceeds minimum regulatory requirements.

Golden Valley Bank is a locally owned and operated commercial bank serving the needs of individuals and businesses in northern California. The Bank has a full service office in Chico, California and a Loan Production Office in Redding, California. For more information regarding the Bank please call at (530) 894-1000 or visit [www.goldenvalleybank.com](http://www.goldenvalleybank.com).

#### *Forward-Looking Statements*

*Statements concerning future performance, developments or events, expectations for growth and income forecasts, and any other guidance on future periods, constitute forward-looking statements that are subject to a number of risks and uncertainties. Actual results are pre-fiscal year-end audit and may differ materially from stated expectations. Specific factors include, but are not limited to, loan production, balance sheet management, expanded net interest margin, the ability to control costs and expenses, interest rate changes and financial policies of the United States government and general economic conditions. The Bank disclaims any obligation to update any such factors.*

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## Balance Sheet

### Consolidated

	Actual Dec 2012	Actual Dec 2011	\$ Change	% Change
<b>Assets</b>				
Cash and due from banks	4,699,216	2,958,020	1,741,196	58.9
Interest bearing deposits with banks	22,163,020	16,245,553	5,917,467	36.4
Investment Securities - Taxable	10,567,383	15,698,953	-5,131,570	-32.7
Investment Securities - Tax-exempt	5,138,176	1,065,029	4,073,148	382.4
Loans, net of unearned income	83,685,886	73,051,183	10,634,704	14.6
Less: Allowance for loan losses	-1,617,483	-1,488,809	-128,675	-8.6
Premises and equipment, net	677,889	763,694	-85,806	-11.2
Accrued interest receivable	400,769	310,322	90,447	29.1
Other real estate	256,633	324,000	-67,367	-20.8
Other assets	2,293,119	1,766,746	526,373	29.8
<b>Total Assets</b>	<b>128,264,608</b>	<b>110,694,691</b>	<b>17,569,916</b>	<b>15.9</b>
<b>Liabilities</b>				
Non-Interest Bearing Deposits	32,288,018	24,243,751	8,044,267	33.2
Interest bearing demand deposits	14,804,783	12,285,204	2,519,579	20.5
Savings and Money Market Deposits	46,550,580	39,851,586	6,698,995	16.8
Time Deposits - Retail	16,511,999	16,815,281	-303,283	-1.8
<b>Total Deposits</b>	<b>110,155,380</b>	<b>93,195,821</b>	<b>16,959,559</b>	<b>18.2</b>
Accrued expenses and other liabilities	801,783	947,079	-145,297	-15.3
<b>Total Liabilities</b>	<b>110,957,162</b>	<b>94,142,900</b>	<b>16,814,262</b>	<b>17.9</b>
<b>Equity</b>				
Common stock	15,457,389	15,447,804	9,584	0.1
Capital surplus	565,721	884,210	-318,490	-36
Retained earnings	20,523	-885,788	906,311	102.3
Accumulated other comprehensive income (loss)	188,625	199,253	-10,628	-5.3
Net Income	1,075,188	906,311	168,876	18.6
<b>Total Equity</b>	<b>17,307,445</b>	<b>16,551,791</b>	<b>755,654</b>	<b>4.6</b>
<b>Total Liabilities &amp; Equity</b>	<b>128,264,608</b>	<b>110,694,691</b>	<b>17,569,916</b>	<b>15.9</b>



## Income Statement

### Consolidated

	YTD Actual Dec 2012	YTD Actual Dec 2011	\$ Change	% Change
<b>Interest Income</b>				
Interest and fees on loans	4,762,246	4,465,319	296,927	6.6
Interest on deposits with banks	120,549	128,267	-7,718	-6
Investment Securities - Taxable	289,349	425,586	-136,236	-32
Investment Securities - Tax-exempt	78,975	37,496	41,479	110.6
Total Interest Income	<b>5,251,119</b>	<b>5,056,668</b>	<b>194,452</b>	<b>3.8</b>
<b>Interest Expense</b>				
Interest bearing demand deposits	16,248	14,659	1,589	10.8
Savings and Money Market Deposits	132,697	188,874	-56,177	-29.7
Time Deposits - Retail	86,694	149,718	-63,024	-42.1
Total Interest Expense on Deposits	235,639	353,251	-117,612	-33.3
Interest on other borrowings	135	133	2	1.8
Total Interest Expense	235,774	353,383	-117,610	-33.3
<b>Net Interest Income</b>	<b>5,015,346</b>	<b>4,703,284</b>	<b>312,061</b>	<b>6.6</b>
Provision for loan losses	232,766	310,300	-77,534	-25
<b>Net In. Inc. After Prov. for Loan Losses</b>	<b>4,782,580</b>	<b>4,392,984</b>	<b>389,596</b>	<b>8.9</b>
<b>Non Interest Income</b>				
Service charges and fees	117,906	108,845	9,061	8.3
Securities gains (losses), net	111,178	1,122	110,056	9812.7
Other noninterest income	459,143	265,593	193,550	72.9
Total Non Interest Income	688,227	375,560	312,667	83.3
<b>Non Interest Expense</b>				
Salaries and employee benefits	2,070,981	2,108,426	-37,445	-1.8
Occupancy	364,107	338,077	26,030	7.7
Other noninterest expense	1,284,531	1,129,730	154,801	13.7
Total Non Interest Expense	3,719,619	3,576,232	143,386	4
<b>Income Before Taxes</b>	<b>1,751,188</b>	<b>1,192,311</b>	<b>558,876</b>	<b>46.9</b>
Income taxes	676,000	286,000	390,000	136.4
<b>Net Income</b>	<b>1,075,188</b>	<b>906,311</b>	<b>168,876</b>	<b>18.6</b>