

CENTRAL VALLEY COMMUNITY BANCORP  
Form 10QSB  
November 13, 2001

## UNITED STATES

## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

### FORM 10-QSB

(Mark One)

- QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED September 30, 2001**
- TRANSITION REPORT UNDER SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_**

COMMISSION FILE NUMBER: 000 31977

## CENTRAL VALLEY COMMUNITY BANCORP

(Name of small business issuer in its charter)

**California**

(State or other jurisdiction of incorporation or organization)

**77-0539125**

(I.R.S. Employer Identification No.)

**600 Pollasky Avenue, Clovis, California**

(Address of principal executive offices)

**93612**

(Zip code)

Issuer's telephone number (559) 298-1775

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Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15 (d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

State the number of shares outstanding of each of the issuer's classes of common equity, as of November 7, 2001. 1,285,357 shares

Transitional Small business Disclosure Format (check one)

Yes  No

CENTRAL VALLEY COMMUNITY BANCORP

CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 2001 AND DECEMBER 31, 2000

(In Thousands Except Share Amounts)  
Sept. 30, 2001      Dec. 31, 2000  
(Unaudited)      (Audited)

ASSETS



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Cash and due from banks	\$	16,823	\$	18,448
Interest bearing deposits with other banks		100		100
Federal funds sold		6,345		4,528
Available for sale investment securities (book value of \$64,199 at September 30, 2001 and \$73,142 at December 31, 2000)		67,095		74,561
Loans less allowance for credit losses of \$2,346 at September 30, 2001 and \$2,047 at December 31, 2000		118,725		93,973
Equipment leased to others, net		1,574		2,626
Bank premises and equipment, net		1,827		1,879
Accrued interest receivable and other assets		6,399		6,052
Total assets	\$	218,888	\$	202,167

LIABILITIES AND SHAREHOLDERS' EQUITY

Deposits:

Non-interest bearing	\$	51,066	\$	46,189
Interest bearing		143,424		134,763
Total deposits		194,490		180,952
Notes payable		-		36
Accrued interest payable and other liabilities		3,347		2,508
Total liabilities		197,837		183,496

Shareholders' equity:

Preferred stock, no par value: 10,000,000 shares authorized, no shares issued or outstanding

Common stock, no par value; 20,000,000 shares authorized, 1,291,857 and 1,303,459 shares issued and outstanding at Sept. 30, 2001 and December 31, 2000		6,188		6,466
Retained earnings		13,125		11,354
Accumulated other comprehensive income		1,738		851
Total shareholders' equity		21,051		18,671
Total liabilities and shareholders' equity	\$	218,888	\$	202,167

See notes to consolidated financial statements.

## CENTRAL VALLEY COMMUNITY BANCORP

## CONSOLIDATED STATEMENTS OF OPERATIONS

For the Three and Nine Month Periods Ended September 30, 2001 and 2000

(In thousands except earnings per share amounts) (Unaudited)	For the Three Months Ended Sep 30		For the Nine Months Ended Sep 30	
	2001	2000	2001	2000
<b>INTEREST INCOME:</b>				
Interest and fees on loans	\$ 2,647	\$ 2,350	\$ 7,740	\$ 6,531
Interest on Federal funds sold	67	164	207	443
Interest and dividends on investment securities:				
Taxable	800	903	2,693	2,439
Exempt from Federal income taxes	120	121	356	363
Interest on deposits with other banks	1	13	4	16
Total interest income	3,635	3,551	11,000	9,792
<b>INTEREST EXPENSE:</b>				
Interest on deposits	989	1,071	3,309	2,879
Other	1	21	11	126
Total interest expense	990	1,092	3,320	3,005
Net interest income before provision for credit losses	2,645	2,459	7,680	6,787
<b>PROVISION FOR CREDIT LOSSES</b>	50	-	547	50
Net interest income after provision for credit losses	2,595	2,459	7,133	6,737
<b>NON-INTEREST INCOME:</b>				
Service charges	279	283	844	819
Rentals from equipment leased to others	396	404	1,085	1,180
Loan placement fees	48	34	144	107
Net realized gain on sales of investment securities	1	-	372	-
Other income	163	253	1,227	519
Total non-interest income	887	974	3,672	2,625
<b>NON-INTEREST EXPENSES:</b>				
Salaries and employee benefits	1,328	1,193	3,915	3,520
Occupancy and equipment	222	260	673	667
Depreciation and provision for losses on equipment leased to others	309	367	1,061	1,093
Other expense	782	831	2,387	2,256
Total non-interest expenses	2,641	2,651	8,036	7,536
Income from continuing operations before income taxes	841	782	2,769	1,826
<b>INCOME TAX EXPENSE</b>	292	271	966	603
Income from continuing operations after income taxes	549	511	1,803	1,223
<b>DISCONTINUED OPERATIONS:</b>				
Income (Loss) from operations of Clovest less applicable income tax expense (benefit) of \$1 and \$(2) for the quarters ended Sept. 30, 2001 and 2000, respectively and \$(21) and \$(9) for the nine months	1	(3)	(32)	(14)

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ended Sept. 30, 2001 and 2000, respectively

Net income	\$	550	\$	508	\$	1,771	\$	1,209
Basic earnings per share from continuing operations	\$	0.42	\$	0.39	\$	1.38	\$	0.94
Diluted earnings per share from continuing operations	\$	0.40	\$	0.39	\$	1.34	\$	0.93
Basic earnings per share	\$	0.42	\$	0.39	\$	1.36	\$	0.93
Diluted earnings per share	\$	0.40	\$	0.39	\$	1.32	\$	0.92

See notes to consolidated financial statements

CENTRAL VALLEY COMMUNITY BANCORP  
CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended September 30, 2001 and 2000

(In Thousands) (Unaudited)

	2001	2000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$1,771	\$1,209
Adjustments to reconcile net income to net cash provided by operating activities from continuing operations:		
Net loss from discontinued operations	32	14
Provision for credit losses	547	50
Allowance for residual losses on equipment leased to others	100	65
Gain on sale of equipment and other real estate owned	(1)	(102)
Depreciation, amortization and accretion, net	1,440	1,561
Net increase (decrease) in deferred loan fees	148	(53)
Net realized gain on available-for-sale investment securities	(372)	-
Increase in cash surrender value of life insurance	(137)	(75)
Net decrease in accrued interest receivable and other assets	240	703
Net increase in accrued interest payable and other liabilities	857	493
Deferred income tax benefit	(436)	-
Net cash provided by operating activities of continuing operations	4,189	3,865
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of available-for-sale investment securities	(19,035)	(23,348)
Proceeds from principal repayments and matured available-for-sale investment securities	12,721	4,598
Proceeds from sales of available-for-sale investment securities	15,307	-
Net increase in loans and leases	(25,447)	(5,722)
Purchase of premises and equipment	(231)	(676)
Proceeds from sale of equipment and other real estate	-	141
Purchase of equipment leased to others	(181)	(1,616)
Proceeds from sale of equipment leased to others	51	-
Deposits on single premium cash surrender value life insurance policies	(327)	(1,523)
Net cash used in investing activities of continuing operations	(17,142)	(28,146)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net increase in demand, interest bearing and savings deposits	14,940	13,295
Net (decrease) increase in time deposits	(1,403)	5,829
Payments on notes payable for equipment leased to others	(36)	(199)
Payments for stock purchased through Stock Repurchase Plan	(360)	-
Proceeds from exercise of stock options	65	-
Cash dividends paid	-	(130)
Net cash provided by financing activities of continuing operations	13,206	18,795

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<b>CASH (USED IN) PROVIDED BY DISCONTINUED OPERATIONS</b>	(62)	608
Increase (decrease) in cash and cash equivalents	191	(4,878)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	23,077	23,009
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	\$23,268	\$18,131
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid during the period for:		
Interest expense	\$4,005	\$2,916
Income taxes	\$200	\$194
<b>NON-CASH INVESTING ACTIVITIES:</b>		
Net change in unrealized gain on available-for-sale securities	\$1,477	\$859



## CENTRAL VALLEY COMMUNITY BANCORP

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

For the periods ended September 30, 2001 and 2000

(Unaudited) (Amounts in thousands except share amounts)

	Common Stock		Retained Earnings	Accumulated Other Comprehensive (Loss)Income	Shareholders Equity	Comprehensive Income
	Shares	Amount				
Balance, January 1, 2000	1,303,459	\$ 6,466	\$ 9,737	\$ (387)	\$ 15,816	
Comprehensive income:						
Net income			1,209		1,209	\$ 1,209
Other comprehensive income net of tax:						
Unrealized gain on available-for-sale investment securities				518	518	518
Total comprehensive income						\$ 1,727
Cash dividend \$0.10 per share			(130)		(130)	
Balance, September 30, 2000	1,303,459	\$ 6,466	\$ 10,816	\$ 131	\$ 17,413	
Balance, January 1, 2001	1,303,459	\$ 6,466	\$ 11,354	\$ 851	\$ 18,671	
Comprehensive income:						
Net income			1,771		1,771	\$ 1,771
Other comprehensive income, net of tax:						
Unrealized gain on available-for-sale investment securities				887	887	887
Total comprehensive income						