

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

VISALIA, Calif., Oct. 23, 2013 /PRNewswire/ -- Valley Commerce Bancorp, (OTCBB: VCBP), a bank holding company and the parent company of Valley Business Bank, today announced third quarter 2013 net income of \$905 thousand or \$0.32 per diluted share. This compared to earnings of \$839 thousand, or \$0.30 per diluted share, for the third quarter of 2012. For the nine months ended September 30, 2013, the Company reported net income of \$3.3 million, or \$1.16 per diluted share. This compared to earnings of \$2.6 million, or \$0.89 per diluted share, for the nine months ended September 30, 2012.

Allan W. Stone, President and Chief Executive Officer, remarked, "I am very pleased to report solid earnings for the third quarter of 2013 and that we are on track for record earnings in 2013. Our determined efforts to maintain high credit quality are evidenced by our continued reduction in classified loans, net recoveries of loans previously charged-off and the release of loan loss reserves. We anticipate that the overall quality of our loan portfolio will remain favorable which will enhance our ability to meet the many economic and regulatory challenges facing the community banking industry." Mr. Stone commented further, "As we commence our annual planning efforts, our team is already in high gear addressing these challenges. I am very confident in our team and believe that our bank will continue to demonstrate strong financial performance as it makes the changes needed to remain successful over the longer term."

Selected financial information is presented in the following table:

Nine Months ended September 30,

December 31,

2013

2012

2012*

ANNUALIZED KEY FINANCIAL RATIOS

Net income

\$

3,279,220

\$

2,590,606

\$

3,232,906

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

Return on average equity

11.29

%

9.04

%

8.47

%

Return on average assets

1.20

%

0.99

%

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

0.92

%

Net interest margin

4.20

%

4.49

%

4.50

%

Efficiency ratio

68.55

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

%

66.49

%

69.50

%

Loan to deposit ratio at period end

74.81

%

77.26

%

72.04

%

Tier 1 leverage ratio

11.7

%

11.2

%

11.3

%

Tier 1 risk based ratio

16.1

%

15.2

%

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

15.6

%

Total risk-based capital ratio

17.4

%

16.5

%

16.9

%

SHARE AND PER SHARE DATA

Basic earnings per common share

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

\$

1.17

\$

0.90

\$

1.13

Diluted earnings per common share

\$

1.16

\$

0.89

\$

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

1.12

Weighted average common shares outstanding

2,805,410

2,784,593

2,788,018

Weighted avg. diluted common shares outstanding

2,820,754

2,792,100

2,797,835

Book value per common share

\$

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

14.19

\$

13.35

\$

13.46

Total common shares outstanding

2,784,229

2,784,593

2,815,036

*For the year ended December 31, 2012

Loans

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

Net loans were \$232.6 million at September 30, 2013, an increase of \$5.4 million or 2% from the \$227.3 million at December 31, 2012. The increase occurred primarily in real estate-mortgage and construction loans. Average gross loans were \$230.0 million for the nine months ended September 30, 2013 and \$226.0 million for the nine months ended September 30, 2012, an increase of \$4.0 million or 2%.

Net loans at September 30, 2013, December 31, 2012, and September 30, 2012 are summarized in the following table:

September 30, 2013

December 31, 2012

September 30, 2012

Commercial

\$

38,460,805

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

16%

\$

41,270,395

18%

\$

39,976,678

17%

Real estate – mortgage

173,374,307

73

170,868,701

74

172,715,551

74

Real estate – construction

19,794,496

8

15,521,971

6

15,178,846

6

Agricultural

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

3,602,363

2

3,700,775

1

3,909,712

2

Consumer and other

1,593,826

1

1,508,824

1

1,999,533

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

1

Subtotal

236,825,797

100%

232,870,666

100%

233,780,320

100%

Deferred loan fees, net

(298,850)

(417,743)

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

(385,607)

Allowance for loan and lease losses

(3,893,357)

(5,192,436)

(5,193,852)

Total loans, net

\$

232,633,590

\$

227,260,487

\$

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

228,200,861

Average loans outstanding

\$

230,025,913

\$

227,979,257

\$

225,995,961

Investment Securities

Available-for-sale investment securities were \$65.7 million at September 30, 2013 compared to \$53.0 million at December 31, 2012, an increase of \$12.7 million or 24%. There were \$23.1 million

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

of investment securities purchased during the nine months ended September 30, 2013 which were offset by normal repayments, maturities, calls, and sales. Gain on sale of investment securities was \$126 thousand for the nine months of 2013 compared to \$152 thousand for the same period in 2012.

The amortized cost and estimated fair value of available-for-sale investment securities at the dates indicated consisted of the following:

September 30, 2013

Gross

Gross

Estimated

Amortized

Unrealized

Unrealized

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

Fair

Cost

Gains

Losses

Value

Debt securities:

U.S. Government sponsored entities and agencies

\$ 4,232,685

\$ 29,297

\$ (79,982)

\$ 4,182,000

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

Mortgage-backed securities:

U.S. Government sponsored entities and agencies

30,079,496

194,046

(568,542)

29,705,000

Small Business Administration

10,243,263

401,847

(110)

10,645,000

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

Obligations of states and political subdivisions

21,077,675

273,555

(150,230)

21,201,000

Total

\$ 65,633,119

\$ 898,745

\$ (798,864)

\$ 65,733,000

December 31, 2012

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

Gross

Gross

Estimated

Amortized

Unrealized

Unrealized

Fair

Cost

Gains

Losses

Value

Debt securities:

U.S. Government sponsored entities and agencies

\$ 5,544,809

\$ 192,191

\$ -

\$ 5,737,000

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

Mortgage-backed securities:

U.S. Government sponsored entities and agencies

16,413,277

380,508

(3,785)

16,790,000

Small Business Administration

10,547,108

353,892

-

10,901,000

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

Obligations of states and political subdivisions

18,696,003

898,613

(21,616)

19,573,000

Total

\$ 51,201,197

\$ 1,825,204

\$ (25,401)

\$ 53,001,000

Deposits

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

Total deposits decreased by \$4.5 million or 1%, from \$315.5 million at December 31, 2012 to \$311.0 million at September 30, 2013. The decrease resulted from management's decision to not renew approximately \$18 million in public funds deposit contracts for the purpose of managing deposit concentrations. However, these public funds were replaced by organic deposit growth in the areas of both time deposits and non-interest bearing deposits. Average total deposits were \$317.3 million for the nine months ended September 30, 2013, a \$13.6 million or 4% increase from the \$303.7 million in average total deposits for the nine months ended September 30, 2012.

Total deposits at September 30, 2013, December 31, 2012, and September 30, 2012 are summarized in the following table:

September 30, 2013

December 31, 2012

September 30, 2012

Non-interest bearing

\$

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

123,525,101

40%

\$

120,900,110

38%

\$

105,968,329

36%

Interest bearing

123,920,315

40

127,819,122

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

41

120,891,019

41

Time deposits

63,516,140

20

66,764,761

21

68,505,022

23

Total

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

\$

310,961,556

100%

\$

315,483,993

100%

\$

295,364,370

100%

Shareholders' Equity

Total shareholders' equity was \$39.5 million at September 30, 2013, an increase of \$2.4 million or 6%, from the

\$37

.9 million at December 31, 2012. The increase was due to earnings of \$3.3 million

offset by a reduction in accumulated other comprehensive income of \$1.0 million resulting from a decrease in the value of investment securities and to a lesser extent the repurchase of common stock and cash dividends paid. During the nine months ended September 30, 2013 and 2012 the Company paid common stock cash dividends totaling \$336 thousand or \$0.12 per share and \$222.8 thousand or \$0.08 per share, respectively. Common stock repurchases during the nine months ended September 30, 2013 totaled \$602 thousand , at an average of \$13.47 per share. There were no common stock repurchases during 2012.

Asset Quality

Nonperforming loans at September 30, 2013 were comprised of ten nonaccrual loans spread among six customer relationships with an aggregate balance of \$4.1 million compared with twelve nonaccrual loans spread among eight customer relationships at December 31, 2012 with an aggregate balance of \$4.4 million . The Company had no other real estate owned at December 31, 2012 or September 30, 2013 .

Impaired loans totaled \$7.6 million and \$8.0 million at September 30, 2013 and December 31, 2012 , respectively, and were comprised of the nonaccrual loans included in nonperforming assets and certain accruing loans whose terms have been modified from the original loan agreement.

A summary of nonperforming assets is set forth below:

September 30,

2013

December 31,

2012

September 30,

2012

Nonperforming loans

\$ 4,062,127

\$ 4,422,050

\$ 4,590,963

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

Loans past due 90 days still accruing

-

-

-

Total nonperforming loans

\$ 4,062,127

\$ 4,422,050

\$ 4,590,963

Other real estate owned

\$ -

\$ -

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

\$ 1,140,547

Total nonperforming assets

\$ 4,062,127

\$ 4,422,050

\$ 5,731,510

Specific loss reserves on impaired loans

\$ 411,599

\$ 590,890

\$ 604,637

Nonperforming assets to total loans

1.71 %

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

1.90%

2.45%

Nonperforming loans to total loans

1.75 %

1.95%

2.01%

Nonperforming assets to total assets

1.13 %

1.23%

1.69%

Classified loans

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

\$ 14,325,970

\$ 16,360,586

\$ 20,490,696

30-89 Day Delinquent loans

\$ --

\$ 200,000

\$ --

A summary of troubled debt restructured loans outstanding as of the dates indicated are set forth below:

September 30, 2013

December 31, 2012

Specific

Specific

loan loss

No. of

loan loss

No. of

Amount

reserve

Loans

Amount

reserve

Loans

Nonperforming loans

\$

3,356,950

\$

41,935

9

\$

2,913,258

\$

59,765

7

Performing loans

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

1,839,993

131,658

6

1,676,136

425,632

6

Total troubled debt restructured loans

\$

5,196,943

\$

173,593

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

15

\$

4,589,394

\$

485,397

13

The following table summarizes the changes in the allowance for loan and lease losses (ALLL) for the periods indicated:

Nine Months Ended

September 30, 2013

Nine Months Ended

September 30, 2012

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

Year Ended

December 31, 2012

Balance at beginning of period

\$

5,192,436

\$

5,468,758

\$

5,468,758

Charge-offs:

Commercial and agricultural

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

-

-

-

Real estate mortgage

-

(318,777)

(318,877)

Real estate construction

-

-

-

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

Consumer

(1,021)

(97,106)

(100,523)

Total charge-offs

(1,021)

(415,983)

(419,400)

Recoveries:

Commercial and agricultural

201,942

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

141,077

143,078

Real estate mortgage

-

-

-

Real estate construction

-

-

-

Consumer

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

-

-

-

Total recoveries

201,942

141,077

143,078

Net recoveries (charge-offs)

200,941

(274,906)

(276,322)

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

Reversal of provision for loan losses

(1,500,000)

-

-

Balance at end of period

\$

3,893,357

\$

5,193,852

\$

5,192,436

Net recoveries (charge-offs) to average loans outstanding

0.087%

(0.122)%

(0.121)%

Ending allowance to total loans outstanding at end of period

1.64%

2.23%

2.23%

During the nine months ended September 30, 2013 we recorded a \$1.5 million reversal of provision for loan losses. The reversal was recorded during the second quarter. There was no loan loss provisioning in the third quarter of 2013 or for the year ended 2012. In determining the amount of ALLL required at

September 30, 2013

, management analyzed the composition and strength of the Company's loan portfolio, including borrower performance trends, the potential for losses in loans classified nonperforming, the potential for loan loss recoveries, and the results of recent internal credit reviews.

Net Interest Income and Net Interest Margin

The following table presents the Company's average balance sheet, including weighted average yields and rates on a taxable-equivalent basis, for the nine-month periods indicated:

Average balances and weighted average yields and costs

Nine months ended September 30,

2013

2012

Average

Balance

Interest

income/

Expense

Average

yield/

Cost

Average

Balance

Interest

income/

Expense

Average

yield/

Cost

(dollars in thousands)

ASSETS

Due from banks

\$

40,953

\$

83

0.27%

\$

30,543

\$

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

62

0.27%

Available-for-sale investment securities:

Taxable

36,038

460

1.71%

36,836

538

1.95%

Exempt from Federal income taxes (1)

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

18,394

512

5.64%

19,216

589

6.20%

Total securities (1)

54,432

972

3.04%

56,052

1,127

3.41%

Loans (2) (3)

229,681

9,495

5.55%

225,644

9,839

5.82%

Total interest-earning assets (1)

325,066

10,550

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

4.47%

312,239

11,028

4.85%

Noninterest-earning assets, net of allowance for loan losses

38,896

37,091

Total assets

\$

363,962

\$

349,330

LIABILITIES AND SHAREHOLDERS' EQUITY

Deposits:

Other interest bearing

\$

128,978

\$

295

0.31%

\$

124,219

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

\$

364

0.39%

Time deposits less than \$100,000

18,762

77

0.55%

20,555

108

0.70%

Time deposits \$100,000 or more

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

47,204

199

0.56%

49,343

266

0.72%

Total interest-bearing deposits

194,944

571

0.39%

194,117

738

0.51%

Long-term debt

-

-

-%

8

-

-%

Junior subordinated deferrable interest debentures

3,093

84

3.63%

3,093

90

3.89%

Total interest-bearing liabilities

198,037

655

0.44%

197,218

828

0.56%

Noninterest bearing deposits

122,336

109,565

Other liabilities

4,757

4,269

Total liabilities

325,130

311,052

Shareholders' equity

38,832

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

38,278

Total liabilities and shareholders' equity

\$

363,962

\$

349,330

Net interest income and margin (1)

\$ 9,895

4.20%

\$

10,200

4.49%

(1)

Interest income is not presented on a taxable equivalent basis, however, the average yield was calculated on a taxable equivalent basis by using a tax rate of 34%.

(2)

Nonaccrual loans are included in total loans. Interest income is included on nonaccrual loans only to the extent of cash payments received.

(3)

Interest income on loans includes amortized loan fees, net of costs, of \$395 thousand and \$362 thousand for the nine month periods ended September 30, 2013 and 2012, respectively.

Net interest income before provision for loan and lease losses for the nine month periods ended September 30, 2013 and 2012 was \$9.9 million and \$10.2 million, respectively, a decrease of \$306 thousand

or 3%. Net interest income decreased during the 2013 period due to a decrease in the average yields of loans and investment securities offset by reduced cost of interest-bearing liabilities.

The impact of decreasing loan yield was slightly offset by a \$4.0 million

or 2 percent increase in the average balance of loans.

Net interest margin was 4.20% and 4.49% for the periods ended September 30, 2013 and 2012, a 29 basis point (bps) decrease. Average loan yield was 5.55% and 5.82% for the nine months ended

September 30, 2013

and 2012, respectively, a decrease of 27 bps, which reflected the strongly competitive environment for high quality loan customers. This decrease was offset by a 12 bps decrease in the average rate paid on deposits and other interest-bearing liabilities that reflected weak competition for deposits as well as a reduction in the average balances of time deposits.

Average noninterest-bearing deposits increased by \$12.8 million or 12 percent. These funds were primarily deployed into low yielding overnight deposits which adversely impacted the net interest margin for the 2013 period but provided an overall beneficial contribution to the growth in net interest income and net income.

Non-Interest Income

The following table describes the components of non-interest income for the nine-month periods ended September 30, 2013 and 2012:

Non-interest income

Nine Months ended

September 30,

2013

2012

Increase (Decrease)

Service charges

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

\$

477,476

\$

523,808

\$

(46,332)

Gain on sale of available-for-sale investment securities

125,926

152,224

(26,298)

Gain on sale of other real estate

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

-

1,208

(1,208)

Mortgage loan brokerage fees

44,487

59,976

(15,489)

Earnings on cash surrender value of life insurance policies

233,524

249,009

(15,485)

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

Other

224,021

182,634

41,387

Total non-interest income

\$

1,105,434

\$

1,168,859

\$

(63,425)

For the period ended September 30, 2013, non-interest income totaled \$1.1 million, a decrease of \$63 thousand or 5% from the \$1.2 million recorded during the period ended September 30, 2012. Decreases in service charges, reduced gains on sales of investment securities, mortgage loan underwriting fees and cash surrender value of life insurance policies contributed to the decrease in non-interest income during the 2013 period, which were offset by an increase in FHLB stock dividends. Service charge income decreased due to fewer occurrences of non-sufficient funds charges.

Non-Interest Expense

The following table describes the components of non-interest expense for the nine-month periods ended September 30, 2013 and 2012:

	Non-interest expense
--	-----------------------------

Nine Months ended

September 30,

2013

2012

Increase (Decrease)

Salaries and employee benefits

\$

4,367,768

\$

4,488,822

\$

(121,054)

Occupancy and equipment

1,107,887

992,898

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

114,989

Other real estate owned

-

20,474

(20,474)

Data processing

388,730

479,443

(90,713)

Operations

242,241

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

258,338

(16,097)

Professional and legal

269,611

263,680

5,931

Advertising and business development

175,889

190,471

(14,582)

Telephone and postal

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

174,607

167,847

6,760

Supplies

157,315

126,153

31,162

Assessment and insurance

205,962

224,910

(18,948)

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

Other expenses

450,217

346,096

104,121

Total non-interest expense

\$

7,540,227

\$

7,559,132

\$

(18,905)

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

For the periods ended September 30, 2013 and 2012, non-interest expense was \$7.5 million and \$7.6 million a decrease of \$19 thousand or .03%. Occupancy and equipment expense increased by \$115 thousand or 12% due to contracted costs for new software applications, supplies increased by \$31 thousand or 25% due to timing of forms ordered, and other expenses increased by \$104 thousand or 30% due to increased training expense and sundry losses. These were offset by a \$121 thousand or 3% decrease in salaries and employee benefit expense due to staff reductions and reductions in stock option expense. In addition, FDIC insurance and assessment expense decreased by \$19 thousand or 8% due to more favorable methodology for calculating insurance premiums. There also was a \$91 thousand or 19% decrease in data processing costs due to renegotiation of data processing service contracts.

OTHER INFORMATION: Valley Commerce Bancorp stock trades on NASDAQ's Over the Counter Bulletin Board under the symbol VCBP. Valley Business Bank, the wholly owned subsidiary of Valley Commerce Bancorp, is a commercial bank that commenced operations in 1996. Valley Business Bank operates through Business Banking Centers in Visalia, Tulare, and Fresno, California and has branch offices in Woodlake and Tipton, California. Additional information about Valley Business Bank is available from the Bank's website at <http://www.valleybusinessbank.net>.

FORWARD-LOOKING STATEMENTS: In addition to historical information, this release includes forward-looking statements, which reflect management's current expectations for Valley Commerce Bancorp's future financial results, business prospects and business developments. Management's expectations for Valley Commerce Bancorp's future necessarily

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

involve assumptions, estimates and the evaluation of risks and uncertainties. Various factors could cause actual events or results to differ materially from those expectations. The forward-looking statements contained herein represent management's expectations as of the date of this release. Valley Commerce Bancorp undertakes no obligation to release publicly the results of any revisions to the forward-looking statements included herein to reflect events or circumstances after today, or to reflect the occurrence of unanticipated events. For those statements, the Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

VALLEY COMMERCE BANCORP

CONDENSED CONSOLIDATED BALANCE SHEET

(UNAUDITED)

September 30,

2013

December 31,

2012

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

September 30,

2012

Assets

Cash and due from banks

\$

37,792,907

\$

57,573,424

\$

31,843,399

Available-for-sale investment securities, at fair value

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

65,733,000

53,001,000

55,831,000

Loans, net of deferred fees

236,526,947

232,452,923

233,394,713

Less: allowance for loan and lease losses

3,893,357

5,192,436

5,193,852

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

Net Loans

232,633,590

227,260,487

228,200,861

Bank premises and equipment, net

7,819,063

7,995,072

7,918,597

Cash surrender value of bank-owned life insurance

8,202,185

7,992,697

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

7,921,419

Other real estate owned

-

-

1,140,547

Accrued interest receivable and other assets

5,942,915

7,056,100

7,092,505

Total assets

\$

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

358,123,660

\$

360,878,780

\$

339,948,328

Liabilities and Shareholders' Equity

Deposits:

Noninterest-bearing

\$

123,525,101

\$

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

120,900,110

\$

105,968,329

Interest-bearing

187,436,455

194,583,883

189,396,041

Total deposits

310,961,556

315,483,993

295,364,370

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

Accrued interest payable and other liabilities

4,559,647

4,398,621

4,327,420

Junior subordinated deferrable interest debentures

3,093,000

3,093,000

3,093,000

Total liabilities

318,614,203

322,975,614

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

302,784,790

Commitments and contingencies

Shareholders' equity:

Common stock

27,905,468

28,080,655

27,704,938

Retained earnings

11,545,209

8,763,327

8,346,229

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

Accumulated other comprehensive income, net of taxes

58,780

1,059,184

1,112,371

Total shareholders' equity

39,509,457

37,903,166

37,163,538

Total liabilities and shareholders' equity

\$

358,123,660

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

\$

360,878,780

\$

339,948,328

CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the Three Months

For the Nine Months

Ended September 30,

Ended September, 30

2013

2012

2013

2012

Interest Income:

Interest and fees on loans

\$

3,190,213

\$

3,265,028

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

\$

9,494,359

\$

9,838,590

Interest on investment securities:

Taxable

201,398

165,654

460,267

538,509

Exempt from Federal income taxes

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

176,866

180,863

512,107

589,526

Interest on deposits in banks

20,889

16,913

82,887

61,822

Total interest income

3,589,366

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

3,628,458

10,549,620

11,028,447

Interest Expense:

Interest on deposits

172,911

235,920

570,525

738,026

Interest on short-term debt

-

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

5

-

173

Interest on junior subordinated deferrable interest debentures

28,209

29,688

84,082

89,369

Total interest expense

201,120

265,613

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

654,607

827,528

Net interest income before reversal of provision for loan losses

3,388,246

3,362,845

9,895,013

10,200,879

Reversal of provision for loan losses

-

-

(1,500,000)

-

Net interest income after reversal of provision for loan losses

3,388,246

3,362,845

11,395,013

10,200,879

Non-Interest Income:

Service charges

164,122

170,141

477,476

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

523,808

Gain on sale of available-for-sale investment securities, net

-

-

125,926

152,224

Gain on sale of other real estate

-

1,208

-

1,208

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

Mortgage loan brokerage fees

14,370

38,974

44,487

59,976

Earnings on cash surrender value of life insurance policies

78,046

81,365

233,524

249,009

Other

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

90,700

57,228

224,021

182,634

Total non-interest income

347,238

348,916

1,105,434

1,168,859

Non-Interest Expense:

Salaries and employee benefits

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

1,420,927

1,461,406

4,367,768

4,488,822

Occupancy and equipment

382,388

354,921

1,107,887

992,898

Other

641,290

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

683,082

2,064,572

2,077,412

Total non-interest expense

2,444,605

2,499,409

7,540,227

7,559,132

Income before provision for income taxes

1,290,879

1,212,352

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

4,960,220

3,810,606

Provision for income taxes

386,000

373,000

1,681,000

1,220,000

Net income

\$

904,879

\$

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

839,352

\$

3,279,220

\$

2,590,606

Dividends accrued on shares discount accreted on preferred

-

-

-

93,209

Net income available to common shareholders

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

\$

904,879

\$

839,352

\$

3,279,220

\$

2,497,397

Basic earnings per share

\$

0.32

\$

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

0.30

\$

1.17

\$

0.90

Diluted earnings per share

\$

0.32

\$

0.30

\$

1.16

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

\$

0.89

Cash dividends paid per common share

\$

0.06

\$

0.04

\$

0.12

\$

0.08

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(UNAUDITED)

For the Years Ended December 31, 2011 and 2012 and Nine Months Ended September 30, 2013

Accumulated

Other

Comprehensive

Income (Loss)

(Net of Taxes)

Total

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

Share	holders'
-------	----------

Equity

Preferred Stock

Common Stock

Retained

Earnings

Shares

Amount

Shares

Amount

Balance, January 1, 2011

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

8,085

\$

7,821,800

2,630,480

\$

26,137,158

\$

4,831,883

\$

(41,149)

\$

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

38,749,692

Net income

3,103,979

3,103,979

Other comprehensive income

855,670

855,670

Dividend and accretion on preferred stock

77,000

(494,346)

(417,346)

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

Stock dividend

131,243

1,181,187

(1,181,187)

Cash paid for fractional shares

(2,529)

-

(2,529)

Restricted stock grant

2,927

Stock options exercised and related

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

19,943

117,000

117,000

Stock-based compensation expense

98,946

98,946

Balance, December 31, 2011

8,085

\$ 7,898,800

2,784,593

\$ 27,534,291

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

\$ 6,257,800

\$ 814,521

\$ 42,505,412

Net income

Other comprehensive income

3,232,906

244,663

3,232,906

244,663

Dividend and accretion on preferred stock

186,200

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

(279,409)

(93,209)

Preferred stock repurchased

(8,085)

(8,085,000)

(8,085,000)

Cash dividends \$0.16 per common share

(447,970)

(447,970)

Stock options exercised and related

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

30,443

272,248

272,248

Stock-based compensation expense

274,116

274,116

Balance, December 31, 2012

-

\$ -

2,815,036

\$ 28,080,655

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

\$ 8,763,327

\$ 1,059,184

\$ 37,903,166

Net income

3,279,220

3,279,220

Other comprehensive loss

(1,000,404)

(1,000,404)

Cash dividends \$0.12 per Common share

(335,694)

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

(335,694)

Common stock repurchased

(44,700)

(440,636)

(161,644)

(602,280)

Stock options exercised and related tax benefit

13,893

153,576

153,576

Stock-based compensation expense

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

111,873

111,873

Balance, September 30, 2013

-

\$ -

2,784,229

\$ 27,905,468

\$ 11,545,209

\$ 58,780

\$ 39,509,457

Valley Commerce Bancorp Reports Solid Earnings For Third Quarter 2013

Written by Australian Business

SOURCE Valley Commerce Bancorp

RELATED LINKS <http://www.valleybusinessbank.net>