Sandberg Sheryl
Form 4
December 07, 2012

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Sandberg Sheryl

(Last) (First) (Middle)

C/O FACEBOOK, INC., 1601 WILLOW ROAD

(Street)

MENLO PARK, CA 94025

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
Facebook Inc [FB]

3. Date of Earliest Transaction (Month/Day/Year)
12/05/2012

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chief Operating Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Class A Common Stock	12/05/2012		S (1)		906,412	D	$ 27.678 (2)	16,825,074	D	
Class A Common Stock	12/05/2012		S (1)		40,176	D	$ 27.7403 (3)	1,825,246	I	By Sheryl K. Sandberg, Trustee of the Sheryl K. Sandberg 2008 Annuity Trust dated April 15, 2008 (4)
Class A Common Stock								7,780	I	By Sheryl K. Sandberg, Trustee of the

Sandberg-Goldberg Family Trust dated September 3, 2004 (5)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Sandberg Sheryl C/O FACEBOOK, INC. 1601 WILLOW ROAD MENLO PARK, CA 94025	X		Chief Operating Officer	

Signatures

/s/ Michael Johnson as attorney-in-fact for Sheryl K. Sandberg	12/07/2012
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The sales reported on this Form 4 were effected pursuant to a Rule 10b5-1 trading plan adopted by the holder.

(2) The reported price in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from $27.30 to $27.90 per share, inclusive. The reporting person undertakes to provide to the issuer, any security holder of the issuer, or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the range set forth in this footnote (2).

(3) The reported price in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from $27.51 to $27.90 per share, inclusive. The reporting person undertakes to provide to the issuer, any security holder of the issuer, or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the range set forth in this footnote (3).

(4) Shares held of record by Sheryl K. Sandberg, Trustee of the Sheryl K. Sandberg 2008 Annuity Trust dated April 15, 2008.

(5) Shares held of record by Sheryl K. Sandberg, Trustee of the Sandberg-Goldberg Family Trust dated September 3, 2004.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

% Avg. Assets
Annualized

Expense
2003

% Avg. Assets
Annualized

Advertising

$

100,000

0.11

%

$

99,000

0.13

%

Audit/Accounting

64,000

0.07

%

43,000

0.05

%

Data/Item processing

165,000

0.19

%

171,000

0.22

%

Director fees

52,000

0.06

%

47,000

0.06

%

Donations

16,000

0.02

%

32,000

0.04

%

Education/Training

7,000

0.01

%

15,000

0.02

%

General insurance

29,000

0.03

%

25,000

0.03

%

Legal fees

26,000

0.03

%

3,000

0.00

%

Postage

38,000

0.04

%

37,000

0.05

%

Stationery supplies

36,000

0.04

%

30,000

0.04

%

Telephone

25,000

0.03

%

27,000

0.03

%

Travel expense

7,000

0.01

%

7,000

0.01

%

Operating losses

27,000

0.03

%

7,000

0.01

%

Other

249,000

0.28

%

287,000

0.36

%

Total other non-interest expenses

$

841,000

0.96

%

$

830,000

1.06

%

INCOME TAXES

Income tax expense for the third quarter of 2004 was $544,000 compared to $420,000 for the same period of 2003. The Company s effective tax rate for the third quarter of 2004 was 35.9% compared to 29.5% for the third quarter of 2003. The increase in income tax expense is mainly due to benefits of the REIT taken in 2003. (Refer to Results of Operations for the First Nine Months of 2004 Compared to the First Nine Months of 2003, Income Taxes, for further discussion of the REIT.)

YEAR TO DATE AVERAGE BALANCES

The following table sets forth year to date average assets, liabilities, and shareholders equity; interest income earned and interest expense paid; and the average yield earned or rates paid thereon for the first nine months of 2004 and 2003. The year to date average balances reflect daily averages except non-accrual loans that were computed using month-end averages. Net interest margin is calculated by dividing annualized net interest income by year to date average interest earning assets and computed on a taxable equivalent basis.

CENTRAL VALLEY COMMUNITY BANCORP
SCHEDULE OF AVERAGE BALANCES AND AVERAGE YIELDS AND RATES
(DOLLARS IN THOUSANDS)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004			**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003**		
(Unaudited)	**Average Balance**	**Interest Income**	**Yield/ Rate**	**Average Balance**	**Interest Income**	**Yield/ Rate**
ASSETS						
Interest-earning deposits in other banks	$ 1,973	$ 23	1.55%	$ 500	$ 8	2.13%
Securities						
Taxable securities	77,796	1,803	3.09%	65,182	1,576	3.22%
Non-taxable securities (1)	18,666	948	6.78%	15,275	839	7.33%
Total investment securities	96,462	2,751	3.80%	80,457	2,415	4.00%
Federal funds sold	13,234	112	1.13%	17,449	143	1.09%
Total securities	109,696	2,863	3.48%	97,906	2,558	3.48%
Loans	191,874	9,530	6.62%	171,087	8,959	6.98%
Federal Home Loan Bank stock	1,128	27	3.19%	567	22	5.17%
Total interest-earning assets	304,671	12,443	5.45%	270,060	11,547	5.70%
Allowance for credit losses	(2,504)			(2,401)		
Non-accrual loans	48			618		
Cash and due from banks	24,391			17,332		
Premises	2,892			3,098		
Other non-earning assets	10,634			11,736		
Total average assets	$ 340,132	$ 12,443		$ 300,443	$ 11,547	
LIABILITIES AND SHAREHOLDERS EQUITY						
Interest-bearing liabilities:						
Savings and NOW accounts	$ 65,213	$ 85	0.17%	$ 56,145	$ 89	0.21%
Money market accounts	83,140	467	0.75%	71,118	511	0.96%
Time certificates of deposit, under $100,000	35,078	404	1.54%	36,171	546	2.01%
Time certificates of deposit, $100,000 and over	23,765	338	1.90%	24,495	399	2.17%
Total interest-bearing deposits	207,196	1,294	0.83%	187,929	1,545	1.10%
Other borrowed funds	7,562	149	2.63%	8,000	218	3.63%
Federal funds purchased	3					
Total interest-bearing liabilities	214,761	1,443	0.90%	195,929	1,763	1.20%

Non-interest bearing demand deposits		94,553					75,821			
Other liabilities		3,065					3,517			
Shareholders equity		27,753					25,176			
Total average liabilities and shareholders equity	$	340,132	$	1,443		$	300,443	$	1,763	
Interest income and rate earned on average earning assets			$	12,443	5.45%			$	11,547	5.70%
Interest expense and interest cost related to average interest-bearing liabilities				1,443	0.90%				1,763	1.20%
Net interest income and net interest margin			$	11,000	4.81%			$	9,784	4.83%

(1) Calculated on a fully tax equivalent basis, which includes Federal tax benefits relating to income earned on municipal bonds totaling $322 and $285 in 2004 and 2003, respectively.

(2) Loan fees totaling $552 and $530 for the nine month periods ended September 30, 2004 and 2003, respectively, are included in loan interest income.

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Results of Operations for the First Nine Months of 2004 Compared to the First Nine Months of 2003

Net income for the first nine months of 2004 was $2,654,000 compared to $2,609,000 for the first nine months of 2003, a 1.7% increase. The increase was mainly due to a $1,174,000 increase in net interest income which was partially offset by the $352,000 decrease in non-interest income, a $233,000 increase in non-interest expense, and a $544,000 increase in income tax expense. The increase in net interest income is mainly attributable to increased volume of average earning assets in the periods under review and the recent interest rate increases and a modest decreases in interest expense. The decrease in non-interest income is mainly due to decreases in loan placement fees, and rental income from equipment leased to others. The major contributor to the increase in non-interest expense was salary and benefit expense. The increase in income tax expense can be attributed to the affect of the REIT described in Income Taxes below.

INTEREST AND FEE INCOME FROM LOANS

Interest income and fees from loans increased 6.4% in the first nine months of 2004 compared to the first nine months of 2003, and average total loans increased 11.8% in the period under review. The competition in loan pricing from major and regional banks that have located in the Fresno/Clovis market in the past 2 years has been a significant challenge to the Bank s net interest margin. The effective yield on loans for the first nine months of 2004 was 6.62% compared to 6.98% for the first nine months of 2003, a 36 basis point decrease. As described above, in 2004 the Company reassessed costs associated with originating loans which resulted in an increase in origination costs deferred. Loan origination costs represent the Bank s expense to get a loan through approval to boarding and is an offset to salary expense. The effect was a reduction in the amount of loan fees that are amortized over the life of the loan, a reduction in yield on loans, and an increase in the loan origination costs that offset salary expenses. (Refer to Salary Expenses below.)

Average loan volume for the first nine months of 2004 was $191,922, 000 compared to $171,705,000 for the first nine months of 2003, a $20,217,000 increase. Due to increases in the Federal funds rate on June 30, 2004, August 17, 2004, and September 21, 2004, the Company s prime rate increased 75 basis points from 4.00% to 4.75%. The positive effect of the Company s asset sensitive position is evident in the $571,000 increase in interest income from loans in the periods under review.

INTEREST INCOME FROM INVESTMENTS

The portfolio is comprised of U.S. government agency securities, mortgage-backed securities, obligations of states and political subdivisions, mutual funds, and corporate debt instruments.

Interest income from investment securities, Federal funds sold, and interest-bearing deposits in other banks increased 12.4% in the first nine months of 2004 compared to the same period of 2003, mainly due to a 19.9% increase in total investment securities volumes. Interest income from investment securities is a significant contributor to income and represents 20.1% of total interest income.

In an effort to increase yields, without accepting unreasonable risk, a significant portion of the investment purchases have been in high quality mortgage-backed securities (MBS) and collateralized mortgage obligations (CMOs). At September 30, 2004, the Company held $45,605,000, or 51.0% of the total investment portfolio, in MBS and CMOs with an average yield of 3.08% compared to $56,854,000 at September 30, 2003, or 64.1% of the total investment portfolio, with an average yield of 2.84%. Historical low mortgage rates in the past two years created numerous refinancing opportunities for homeowners. As interest rates decreased, principal paydowns on MBS and CMOs increased as borrowers refinanced to take advantage of the lower rates. Principal paydowns on CMOs and MBS effect the yield on the investments. While a portion of the paydowns provided funding for loans, excess funds were generally reinvested at lower yields than those generated by the original investment. Additionally, the increased cashflows from principal prepayments created accelerated premium amortization which negatively affected yield and income. The recent rise in rates has slowed the prepayments on the MBS and CMOs, which is reflected in the increase in interest income, and increased effective yield on CMOs and MBS.

The Company recognizes the interest rate risks and prepayment risks associated with MBS and CMOs. In a declining rate environment, prepayments from MBS and CMOs would be expected to increase and the expected life of the investment would be expected to shorten. Conversely, if interest rates increase, prepayments would be expected to decline and the average life of the MBS and CMOs would be expected to extend. At September 30, 2004, the average weighted life of the investment portfolio was 3.6 years. The Company has purchased certain of these investments which are meant to perform well in an increasing rate environment and others that are meant to perform well in a declining rate environment, with the ultimate goal of a balanced portfolio.

A component of the Company s strategic plan has been to use its investment portfolio to offset, in part, its interest rate risk relating to variable rate loans. The Company recognized the market rate risk of the investment portfolio in an increasing rate environment. At September 30, 2004, the book value of the investment portfolio was $89,449,000, and the market value was $90,898,000, for an unrealized gain of $1,449,000. At September 30, 2004, the Company s market risk related to its investment portfolio was higher in an increasing rate environment versus a declining rate environment. At September 30, 2004 an immediate rate increase of 200 basis points would result in an estimated decrease in the market value of the Company s investment portfolio by approximately $5,728,000. Conversely, with an immediate rate decrease of 200 basis points, the estimated increase in the market value of the Company s investment portfolio would be approximately $3,844,000 at September 30, 2004.

The modeling environment assumes management would take no action during an immediate shock of 200 basis points. The likelihood of immediate changes of 200 basis points is contrary to expectation, as evidenced by the changes in interest rates in the past 3 months which were in 25 basis point increments. However, the Company uses those increments to measure its interest rate risk in accordance with regulatory requirements and to measure the possible future risk in the investment portfolio.

Management s review of all investments before purchase includes an analysis of how the security will perform under several interest rate scenarios to monitor whether investments are consistent with the Bank s investment policy. The policy addresses issues of average life, duration, and concentration guidelines, prohibited investments, impairment, and prohibited practices.

The amortized cost and estimated market value of available-for-sale investment securities at September 30, 2004 and September 30, 2003 consisted of the following:

September 30, 2004 (In Thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Government agencies	$ 20,556	$ 161	$ (126)	$ 20,591
Obligations of states and political subdivisions	18,742	815	(85)	19,472
U.S. Government agencies collateralized by mortgage obligations	45,605	737	(53)	46,289
Other securities	4,546			4,546
	$ 89,449	$ 1,713	$ (264)	$ 90,898

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September 30, 2003 (In Thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Estimated Market Value**
U.S. Government agencies	$ 7,200	$ 454	$ -0-	$ 7,654
Obligations of states and political subdivisions	18,304	848	(323)	18,829
U.S. Government agencies collateralized by mortgage obligations	56,854	984	(362)	57,476
Corporate bonds	979	122		1,101
Other securities	5,404			5,404
	$ 88,741	$ 2,408	$ (685)	$ 90,464

INTEREST EXPENSE FROM DEPOSITS

Interest expense for interest bearing deposits was $1,294,000 in the first nine months of 2004 compared to $1,545,000 for the same period of 2003, a 16.3% decrease even with the 10.3% growth in average interest bearing deposits over the same period. Average interest bearing deposits were $207,196,000 for the first nine months of 2004 compared to $187,929,000 for the first nine months of 2003. The Company has managed the rates paid on deposits through its management ALCO meetings, monitoring the competition, and general market while still continuing to attract new deposit relationships.

If interest rates were to decline, the Company could experience restraints on further decreases in the rates paid on deposit products. Additionally, interest rate risk could increase as depositors are reluctant to accept continued low deposit rates and search for higher yields in investment products other than those offered by the Company. Conversely, as interest rates increase, the Company could benefit from the immediate increase in loan rates without comparable immediate increases in deposit rates. However, due to the prolonged period of unchanged interest rates, deposit rates may not follow historical patterns as depositors demand higher paying yields on their deposits. On June 30, 2004, and August 17, 2004, and September 21, 2004, the FOMC announced a 25 basis point increase in the Federal Funds rate. The Federal funds rate at September 30, 2004 was 1.75%. The effective rates paid on interest bearing deposits was 0.83% for the first nine months of 2004 compared to 1.10% for the same period of 2003. The decrease in rates paid may also reflect the movement of deposited funds to shorter term deposit products as depositors anticipate rate increases. Average time certificates of deposits decreased $1,823,000 in the periods under review.

Non-interest bearing deposits provide fairly inexpensive funding for loans and offer the opportunity for the Company to enhance and strengthen its net interest margin. However with deposit rates at historical lows, the advantages of this funding source are not as significant as in times of higher market interest rates. Average non-interest bearing deposits increased $18,732,000 to $94,553,000, or 31.3% of total average deposits for the first nine months of 2004 compared to $75,821,000, or 28.7% of total average deposits for the first nine months of 2003. New business relationships and expansion of existing relationships were major contributors to this increase. Increased emphasis on a sales culture throughout the Company contributed to the increase in relationships.

INTEREST EXPENSE FROM OTHER LIABILITIES

Other interest expense decreased in the periods under review mainly due to a decrease in the rate paid on other borrowings. The Company utilizes its Federal Home Loan Bank (FHLB) credit line for short-term liquidity needs as well as to take advantage of opportunities to lock in low funding rates for increased loan growth. Borrowings from the FHLB were $7,000,000 at September 30, 2004 compared to $8,000,000 at September 30, 2003. The average maturities and weighted average rate of the FHLB borrowings at September 30, 2004 were 1.06 years and 2.32%, respectively, compared to weighted average maturity and weighted average rate of 0.53 years and 3.47%, respectively at September

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30, 2003. (Refer to the discussion on Liquidity for further information.) The Company will continue to analyze the advantages and disadvantages of borrowing funds versus selling investment securities as part of its ongoing funding analysis.

PROVISION FOR CREDIT LOSSES

The Company provides for possible credit losses by a charge to operating income based upon the composition of the loan portfolio, past delinquency levels, losses and non-performing assets, economic and environmental conditions and other factors which, in management s judgment, deserve recognition in estimating credit losses. Loans are charged off when they are considered uncollectible or of such little value that continuance as an active earning bank asset is not warranted.

The establishment of an adequate credit allowance is based on both an accurate risk rating system and loan portfolio management tools. The Board has established initial responsibility for the accuracy of credit risk grades with the individual credit officer. The grading is then submitted to the Chief Credit Administrator (CCA), who reviews the grades for accuracy. The risk grading and reserve allocation is analyzed annually by a third party credit reviewer and by various regulatory agencies.

The CCA sets the specific reserve for all adversely risk-graded credits quarterly. This process includes the utilization of loan delinquency reports, classified asset reports, and portfolio concentration reports to assist in accurately assessing credit risk and establishing appropriate reserves. Reserves are also allocated to credits that are not adversely graded. Historical loss experience within the portfolio along with peer bank loss experiences are used in determining the level of reserves held.

The allowance for credit losses is reviewed at least quarterly by the Board s Audit/Compliance Committee and by the Board of Directors. Reserves are allocated to loan portfolio categories using percentages which are based on both historical risk elements such as delinquencies and losses and predictive risk elements such as economic, competitive and environmental factors. The Company has adopted the specific reserve approach to allocate reserves to each adversely graded asset, as well as to each impaired asset for the purpose of estimating potential loss exposure. Although the allowance for credit losses is allocated to various portfolio categories, it is general in nature and available for the loan portfolio in its entirety. Additions may be required based on the results of independent loan portfolio examinations, regulatory agency examinations, or the Company s own internal review process. Additions are also required when, in management s judgment, the allowance does not properly reflect the portfolio s potential loss exposure.

Managing credits identified through the risk evaluation methodology includes developing a business strategy with the customer to mitigate the Company s potential losses. Management continues to monitor these credits with a view to identifying as early as possible when, and to what extent, additional provisions may be necessary.

The Company made no additions to the allowance for credit losses in the first nine months of 2004 and 2003, due mainly to improvements in the Company s historical net charge-off ratio, which reflects net charge-offs to beginning loan balances for the past three (3) years and recoveries on prior charged-off loans. The net charge-off ratio declined to 0.005% for 2003 compared to 0.031% for 2002 and 0.209% for 2001.

An analysis of the changes in the allowance for credit losses for the nine-month periods ended September 30, 2004 and 2003 is as follows:

(Dollars in Thousands)	**For the Nine Months Ended September 30, 2004**	**For the Nine Months Ended September 30, 2003**
Balance, beginning of the year	$ 2,425	$ 2,433
Provision charged to operations	-0-	-0-
Losses charged to the allowance	(19)	(208)
Recoveries on loans previously charged off	144	148
Balance, end of period	$ 2,550	$ 2,373
Ratio of net credit recoveries (losses) to total average loans	0.07%	(0.03%)
Percentage allowance for credit losses to total loans	1.22%	1.29%

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Based on information currently available, management believes that the allowance for credit losses should be adequate to absorb potential risks in the portfolio. However, no assurance can be given that the Company may not sustain charge-offs which are in excess of the allowance in any given period.

NON-INTEREST INCOME

Non-interest income decreased $352,000, or 10.2%, to $3,085,000 in the first nine months of 2004 compared to $3,437,000 in the same period of 2003. The major contributors to the change were decreases in rental income from equipment leased to others and loan placement fees which were partially offset by increases in service charges and gains on sale of investment securities.

Service charges increased $145,000 or 9.0% in the periods under review. The continued success of the Company s Overdraft Protection Program, introduced in 2003, and increased customer relationships were the major contributors to the increase. The Company has focused increased emphasis on a sales culture and customer retention throughout the entire Company.

Loan placement fees decreased $166,000 or 40.8% in the first nine months of 2004 compared to the first nine months of 2003 mainly due to the increase in mortgage rates and less refinancing opportunities in the rates unchanged environment that existed in previous periods under review. The staffing for this area of the Company has not increased during the past two years and compensation is based on commissions, therefore salary expense decreases as volume decreases. (Refer to Non-Interest Expense, Salaries below.)

Income from equipment leased to others decreased $392,000 as the Company s strategy to exit this product has resulted in no operating leases on the balance sheet as of September 30, 2004. Refer to Non-Interest Expenses for discussion on depreciation of equipment leased to others.

Net realized gain on sales of investment securities increased $127,000 in the first nine months of 2004 compared to the first nine months of 2003. The Company has utilized its investment portfolio for interest income protection as interest rates decreased during the past several years. This strategy had resulted in significant market gains in the portfolio.

Other non-interest income decreased $66,000 in the periods under review. Contributors to the decrease were reductions in cash surrender income on Bank Owned Life Insurance which was partially offset by increases in merchant fees on Visa and MasterCard. The merchant fee increase can be attributed to a focused emphasis on the merchant Visa/MasterCard program. The decrease in cash surrender income reflects the reduction in rate paid on Bank Owned Life Insurance due to the low interest rate environment.

NON-INTEREST EXPENSE

Non-interest expenses for the first nine months of 2004 increased $233,000, or 2.5%, compared to the same period in 2003. The major components of the increase were increases in salaries, occupancy, and other non-interest expenses partially offset by the decrease in depreciation on equipment leased to others.

Salaries and employee benefits increased $275,000, or 5.1%, in the first nine months of 2004 compared to the first nine months of 2003. The increase can be mainly attributed to general salary and benefits increases that enable the Company to manage recent and projected growth and retain qualified personnel, and the addition of staff for the Company s future downtown Fresno branch. Benefit costs include performance incentives, salary deferral and profit sharing costs, group health insurance, and worker s compensation insurance. Also included in the salary expense are commissions paid to the personnel employed in the mortgage brokerage area. Commissions paid decreased $75,000 in the periods under review. Additionally, in 2004, the Company reassessed loan origination costs which resulted in an increase to the amount of direct salary costs deferred. Loan origination costs represent the bank s expense to get a loan through approval to boarding and is an offset to salary expense. Salaries and employee benefits adjusted for loan origination costs were $5,911,000 for the first nine months of 2004 compared to $5,572,000 for the same period of 2003, a $339,000, or 6.0% increase**.** (Refer to discussion of Loan Income above.) These increases were anticipated and correspond to the Company s overall strategic plan

Occupancy, furniture, fixtures, and equipment expense increased $25,000. This 2.1% increase can be attributed to increased depreciation costs related to remodeling of offices in the second half of 2003.

Depreciation expense and the provision for residual losses on equipment leased to others decreased $162,000, in the first nine months of 2004 compared to the same period of 2003. In the first nine months of 2003, the Company reversed $100,000 of its reserve for residual losses. As discussed above, the Company has successfully exited from this product. (Refer to Non-Interest Income above for discussion regarding income from rentals of equipment leased to others.)

Other non-interest expenses increased $95,000 in the periods under review. The following table describes significant components of other non-interest expense as a percentage of average assets (annualized) for the nine months ended September 30, 2004 and 2003.

For the nine month period ending September 30		**Expense 2004**	**% Avg. Assets Annualized**		**Expense 2003**	**% Avg. Assets Annualized**
Advertising	$	269,000	0.11%	$	296,000	0.13%
Audit/Accounting		184,000	0.07%		171,000	0.08%
Data/Item Processing		506,000	0.20%		508,000	0.23%
Director fees		155,000	0.06%		141,000	0.06%
Donations		62,000	0.02%		79,000	0.04%
Education/Training		43,000	0.02%		46,000	0.02%
General Insurance		85,000	0.03%		67,000	0.03%
Legal fees		92,000	0.04%		52,000	0.02%
Postage		109,000	0.04%		102,000	0.05%
Stationery Supplies		118,000	0.05%		101,000	0.04%
Telephone		76,000	0.03%		73,000	0.03%
Travel Expense		37,000	0.01%		28,000	0.01%
Operating Losses		52,000	0.02%		44,000	0.02%
Provision for Overdraft Losses		-0-			45,000	0.02%
Other		834,000	0.31%		774,000	0.33%
Total other non-interest expenses	$	2,622,000	1.03%	$	2,527,000	1.12%

INCOME TAXES

Income tax expense was $1,575,000 for the first nine months of 2004 compared to $1,031,000 for the first nine months of 2003. During the first nine months of 2004 the Company recognized expense to reverse state tax benefits previously recognized in 2002 relating to its REIT. The total additional expense was $127,000 of which $116,000 was reflected in tax expenses for the first nine months of 2004 and $11,000 of which was charged to other expense. The Company s effective tax rate, excluding the additional REIT tax expense related to 2002, was 34.5% for the first nine months of 2004 compared to 28.3% for the first nine months of 2003. The Company formed a REIT as a means of generating capital. Additionally, management, based upon a tax opinion obtained from a nationally recognized accounting firm, believed the Company would be afforded certain favorable tax treatments available to REITs. In the

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fourth quarter of 2003, the Company reversed certain previously recognized state tax benefits recorded in the first three quarters of 2003 due to an announcement by the California Franchise Tax Board (FTB) which set forth the FTB interpretation of the taxation of REITs. Though management believed it had taken an appropriate position in its 2002 California tax filing, it determined that the Company would take advantage of a voluntary compliance initiative made available under recent California legislation. Accordingly, the Company amended its California 2002 tax return adding additional taxable income related to REIT earnings that was previously excluded. The Company elected this course of action because it limits its exposure to possible penalties and additional interest while reserving its right to appeal and claim a refund should an interpretation supporting the Company s initial position be made by the FTB or the state s courts.

EFFICIENCY RATIO

The Bank s efficiency ratio is calculated by dividing non-interest expense by the sum of net interest income and non-interest income. The ratio at September 30, 2004 was 69.9% compared to 72.6% at September 30, 2003. This means that for every dollar of income generated, the cost of that income was 70 cents in the first nine months of 2004 and 73 cents in the same period of 2003. The lower the ratio the more efficient the Company s operations. While reducing operating expenses can lower the ratio, the Company s low loan to deposit ratio, which reduces net interest income, also significantly affects this ratio. The Company s loan to deposit ratio of 65.5% at September 30, 2004 remains lower than the loan to deposit ratios of many of the Company s peers.

MARKET RISK

Market risk is the risk of loss from adverse changes in market prices and rates. The Company s market risk arises primarily from interest rate risk inherent in its loan and deposit functions. Management actively monitors and manages this interest rate risk exposure.

Fluctuations in market interest rates expose the Company to potential gains and losses. The primary objective of asset/liability management is to manage the balance between rate sensitive assets and rate sensitive liabilities being repriced in any given period in order to maximize net interest income during periods of fluctuating interest rates.

Rate sensitive assets are those which contain a provision to adjust the interest rate periodically (for example, a loan in which prime rate determines the basis of the rate charged on outstanding balances). Those assets include certain commercial, real estate mortgage and construction loans and certain investment securities, Federal funds sold and time deposits in other financial institutions. Rate sensitive liabilities are those which provide for periodic changes in interest rate and include interest-bearing transaction accounts, money market accounts and time certificates of deposit. Analysis has shown that because of time and volume influences, the repricing of assets and liabilities is not tied directly to the timing of changes in market interest rates. If repricing assets exceed repricing liabilities in a time period, the Company would be considered asset sensitive and have a positive gap . Conversely, if repricing liabilities exceed repricing assets in a time period, the Company would be considered liability sensitive and have a negative gap.

Managing interest rate risk is important to the Company as its net interest margin can be affected by the repricing of assets and liabilities. Management uses several different tools to monitor its interest rate risk, including gap analysis. Additionally, the Company utilizes an asset/liability computer model which provides a detailed quarterly analysis of the Company s financial reports, to include a ratio analysis of liquidity, equity, strategic free capital, volatile liability coverage, and maturity of the investment portfolio. In addition, a trend analysis is generated which provides a projection of the Company s asset and liability sensitivity position over a one-year period. Exposure to interest rate changes is calculated within the program to ascertain interest rate risk in actual dollar exposure resulting from incremental changes in market interest rates. The incremental changes are generally referred to as shocks . These shocks measure the effect of sudden and significant rate changes on the Company s net interest income. Assets may not reprice in the same way as liabilities and adjustments are made to the model to reflect these differences. For example, the time between when the Company changes its rate on deposits may lag behind the time the Company changes the rate it charges on loans. Additionally, the interest rate change may not be in the same proportion for assets and liabilities. Interest rates on deposits may not decrease in the same proportion as a decrease in interest rates charged on loans. Conversely, interest rates on deposits may not be increased in the same proportion as rates charged on loans.

At December 31, 2004, the Company was considered asset sensitive and would be expected to benefit from rising interest rates. The $571,000 increase in interest income from loans in the first nine months of 2004 is partially reflective of that asset sensitive position as prime rate has increased 75 basis points in the first nine months of 2004, providing a rising rates scenario as described above.

CAPITAL RESOURCES

Capital serves as a source of funds and helps protect depositors and shareholders against potential losses. The primary source of capital for the Company has been internally generated capital through retained earnings.

The Company has historically maintained substantial levels of capital. The assessment of capital adequacy is dependent on several factors including asset quality, earnings trends, liquidity and economic conditions. Maintenance of adequate capital levels is integral to providing stability to the Company. The Company needs to maintain substantial levels of regulatory capital to give it maximum flexibility in the changing regulatory environment and to respond to changes in the market and economic conditions.

The following table presents the Company s and the Bank s capital ratios as of September 30, 2004 and December 31, 2003.

	September 30, 2004			December 31, 2003		
	Amount		Ratio	Amount		Ratio
			(Dollars in thousands)			
Tier 1 Leverage Ratio						
Central Valley Community Bancorp and Subsidiary	$	28,212	8.0%	$	25,595	7.8%
Central Valley Community Bank	$	27,061	7.7%	$	24,509	7.5%
Minimum requirement for Well-Capitalized institution	$	17,552	5.0%	$	16,314	5.0%
Minimum regulatory requirement	$	14,042	4.0%	$	13,020	4.0%
Tier 1 Risk-Based Capital Ratio						
Central Valley Community Bancorp and Subsidiary	$	28,212	11.4%	$	25,595	11.7%
Central Valley Community Bank	$	27,061	10.9%	$	24,509	11.2%
Minimum requirement for Well-Capitalized institution	$	14,889	6.0%	$	13,101	6.0%
Minimum regulatory requirement	$	9,926	4.0%	$	8,713	4.0%
Total Risk-Based Capital Ratio						
Central Valley Community Bancorp and Subsidiary	$	30,762	12.4%	$	28,020	12.8%
Central Valley Community Bank	$	29,611	12.0%	$	26,934	12.3%
Minimum requirement for Well-Capitalized institution	$	24,815	10.0%	$	21,834	10.0%

Minimum regulatory requirement	$	19,852	8.0%	$	17,426	8.0%

LIQUIDITY MANAGEMENT

The objective of our liquidity management is to maintain the Company s ability to meet the day-to-day cash flow requirements of our clients who either wish to withdraw funds or require funds to meet their credit needs. The liquidity position must be managed to allow the Company to meet the needs of its clients while maintaining an appropriate balance between assets and liabilities to maximize the return on investment expectation for its shareholders. Sources

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and uses of funds are monitored on a daily basis to maintain an acceptable liquidity position assessing historical information such as seasonal demand, local economic cycles, and the economy in general. In addition to liquidity from core deposits and repayments/maturities of loans and investments, the Company has the ability to sell securities, obtain Federal Home Loan Bank (FHLB) advances or purchase overnight Federal Funds. Additionally, current ratios, management goals, and unique characteristics of the Company are considered. Management accomplishes these objectives through the selection of asset and liability maturity mixes that it believes will meet the Company s needs.

The Company reviews its liquidity position regularly based upon its current position and expected trends of loans and deposits. Liquidity is provided by the Bank s core deposit base, shareholders equity, and reductions in assets which can be immediately converted to cash at minimal cost. Liquid assets, which consist of cash, deposits in other financial institutions, Federal funds sold, available for sale investment securities (less pledged securities) averaged $104,470,000 for the first nine months of 2004, or 30.7% of average assets compared to $88,382,000, or 29.4% of average assets for the first nine months of 2003. The ratio of average liquid assets to average non-interest bearing demand deposits was 110.5% for the first nine months of 2004 compared to 116.6% for same period of 2003. These ratios suggest the Company had sufficient liquidity to fund unexpected deposit runoff or support increased loan activity. The Company s loan to deposit ratio at September 30, 2004 was 65.5%.

As mentioned above, unpledged investment securities may also provide liquidity through principal paydowns, maturities, or by selling the investment. At September 30, 2004, $58,732,000 in unpledged securities was available as collateral for borrowing or for sale. The market value of these unpledged securities was $59,308,000.

The following table reflects the Company s credit lines, balances outstanding, and collateral pledgings at September 30, 2004 and 2003:

Credit Lines	**September 30, 2004**		**Balance at September 30, 2004**	**September 30, 2003**		**Balance at September 30, 2003**
Unsecured Credit Lines (interest rate varies with market)	$10,100,000	$	-0-	$8,000,000	$	-0-
Federal Home Loan Bank (interest rate at prevailing interest rate)	Collateral pledged $10,095,000 Market Value of Collateral $10,339,000	$	7,000,000	Collateral pledged $8,981,000 Market Value of Collateral $9,360,000	$	8,000,000
Federal Reserve Bank (interest rate at prevailing discount interest rate)	Collateral pledged $3,529,000 Market Value of Collateral $3,505,000	$	-0-	Collateral pledged $1,146,000 Market Value of Collateral $1,216,000	$	-0-

Management believes that the Company maintains adequate amounts of liquid assets to meet its liquidity needs. The Company s liquidity might be insufficient if deposits or withdrawals were to exceed anticipated levels. Deposit withdrawals can increase if a company experiences financial difficulties or receives adverse publicity for other reasons, or if its pricing of products or services is not competitive with those offered by other financial institutions.

Management believes that the Company s current mix of assets and liabilities provide a reasonable level of risk related to significant fluctuations in net interest income or the result of volatility of the Company s earning base.

INFLATION

The impact of inflation on a financial institution differs significantly from that exerted on other industries primarily because the assets and liabilities of financial institutions consist largely of monetary items. However, financial institutions are affected by inflation in part through non-interest expenses, such as salaries and occupancy expenses, and to some extent by changes in interest rates.

At September 30, 2004, the Company does not believe that inflation has a material impact on its consolidated financial position or results of operations. However, if the inflation concerns cause short term rates to rise in the near future, the Company may benefit by immediate repricing of a majority of its loan portfolio. Refer to *Market Risk* for further discussion.

CRITICAL ACCOUNTING POLICIES

There have been no changes to the Company s critical accounting policies from those discussed in the Company s annual report for the year ended December 31, 2003.

ITEM 3. CONTROLS AND PROCEDURES

(a) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Based on their evaluation as of the end of the period covered by this Quarterly Report on Form 10-QSB, the Registrant s principal executive officer and principal financial officer have concluded that the Registrant s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the Exchange Act) are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

(b) CHANGES IN INTERNAL CONTROLS

There were no changes in the Registrant s internal control over financial reporting identified in connection with the evaluation described in paragraph (a) above that occurred during the Registrant s last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant s internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES

SMALL BUSINESS ISSUER PURCHASES OF EQUITY SECURITIES

A summary of the repurchase activity for the Company s third quarter of 2004 follows.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan (1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under Current Plan
07/01/2004 - 07/31/2004				$ 287,600
08/01/2004 - 08/31/2004				$ 287,600
09/01/2004 - 09/30/2004				$ 287,600
Total				$ 287,600

(1) The Company approved a stock repurchase program effective January 21, 2004 and ending December 31, 2004 with the intent to purchase shares for an aggregate amount of $500,000. The Company has suspended the repurchase program during the pendency of the merger with Bank of Madera County. Consequently for the quarter ended September 30, 2004, the Company did not repurchase any shares.

(2) All share repurchases were effected in accordance with the safe harbor provisions of Rule 10b-18 of the Securities Exchange Act.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit 31.1 Rule 13a-14(a) [Section 302] Certification of Principal Executive Officer.

Exhibit 31.2 Rule 13a-14(a) [Section 302] Certification of Principal Financial Officer.

Exhibit 32.1 Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.2 Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

On July 13, 2004, the Company filed a Current Report on Form 8-K reporting under Items 7 and 12 the issuance of a press release announcing unaudited financial information and related matters. The Current Report included as an exhibit, a press release, dated July 12, 2004, containing certain unaudited financial information of the Company and a discussion of changes for the three and nine month periods ending September 30 2004 compared to the comparable period for the preceding year.

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CENTRAL VALLEY COMMUNITY BANCORP

Date: November 02, 2004	By:	/s/ Daniel J. Doyle Daniel J. Doyle President and Chief Executive Officer
Date: November 02, 2004	By:	/s/G. Graham G. Graham, Chief Financial Officer

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