

Community Bank



2012 Annual Report



Corporate Headquarters
649 Lincoln Way, Auburn, California 95603

Dear Shareholders, Customers, Employees and Friends,

As 2012 began, Community 1st Bank “reset our course.” We wanted to put 2011 behind us; to move forward with renewed energy and commitment in a new direction.

Our 2012 objectives were straight forward: increase loan and deposit balances, decrease expenses and non-performing assets, and most importantly, remove the obstacles that had been holding back our progress. We achieved success in all.

In addition, and perhaps more gratifying, we retired our TARP obligation, replacing it with preferred shares purchased by local investors. This action relieved us of burdensome reporting requirements, negative press and public criticism.

The recession created problems throughout our country, state, counties, cities, Wall Street and Main Street. It affected every household budget, retirement plan, and lifestyle. It has been a very troubling time.

I began our Board of Directors’ planning session with the opening line from author Jim Collins’ book, Great by Choice: “We can’t predict the future but we can create it.” Collins’ book has been a timely read for me.

As I mentioned during my comments at last year’s Shareholder meeting: “Changes in the banking industry created opportunity for us.” The moratorium on new bank charters; the failure of two local community banks; and the megabank cost-cutting measure of branch closures has benefited Community 1st Bank. We have been making loans in markets not previously considered and acquired “seasoned” Business Development personnel seeking new opportunity.

In November, Peter Raffetto, retired lifelong Sacramento banker, was added to our Board. Peter told us he wanted to “remain involved in the industry and be associated with a successful community bank.” Peter’s comments and commitment symbolize what I have been feeling. We are succeeding and people are noticing.

The best year in the history of Community 1st Bank was 2012! We had a “winning streak” of 12 consecutive profitable months. The “streak” continues in 2013. Our team is enthusiastic, the barriers are down, and we are focused on our tasks and the opportunities they represent.

The Board of Directors, management and staff are pleased with what we have accomplished and are committed to our future.

Thank you for your involvement and support.

Sincerely,

A handwritten signature in black ink that reads "Robert C. Haydon". The signature is written in a cursive style with a large initial "R".

Robert C. Haydon, President & CEO



Dedicated To Serving Our Clients



Service is Our Top Priority

“My goal working at Community 1st Bank is to provide customer service to our clients that will enhance the way that they run their business and take the hassle out of day to day banking transactions. We truly appreciate each and every Community 1st Bank customer and enjoy being their community bankers.”

Jennifer Robie – *Operations Supervisor*

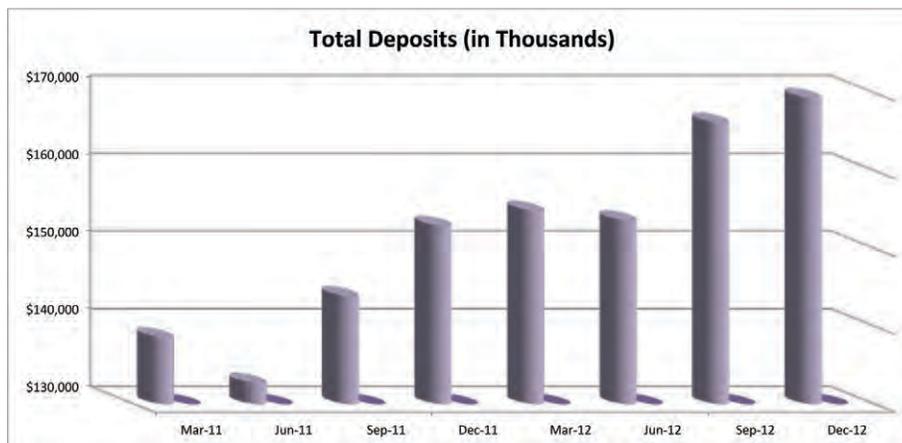
Understanding Our Customers and Their Needs

“Having worked for a large bank, I realize the difference at Community 1st Bank. It’s important to be able to take the time to get to know our customers and their banking needs.”

Nicholas Guarcello – *Merchant Services Specialist*



Clients Trust Us with Their Deposits



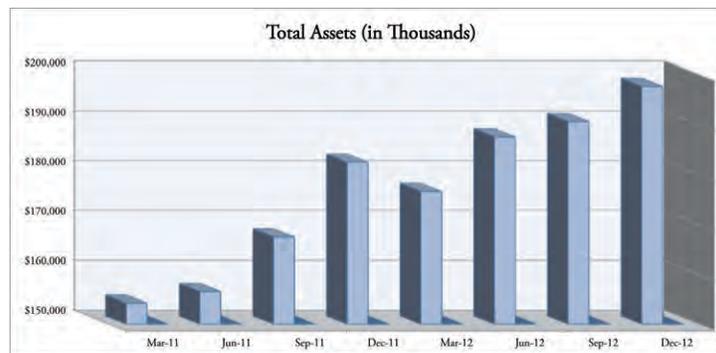
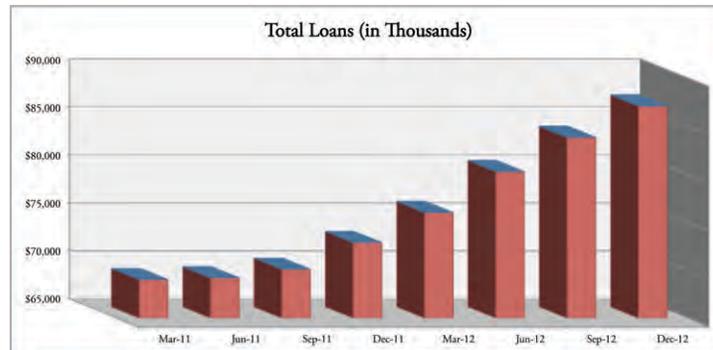


Local Loans, Local Decision Making

“Our loan approval process is hands-on, flexible and fast. Our clients have direct access to decision makers, allowing us to be competitive and able to meet their needs.”

Lucas Parnell – *Senior Vice President/
Commercial Loan Officer*

Partnering with Our Clients



Personal Touch of a Small Bank

“Assisting customers with all of their needs in one place, without having to transfer them to another person, is what I consider a community bank.

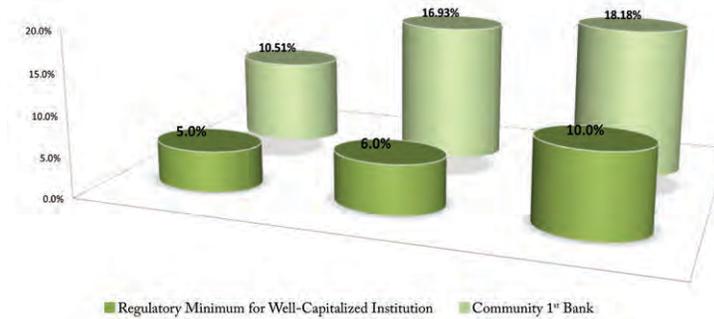
This is what makes me proud to be a part of the

Community 1st Bank family.”

Sarah Dzioba – *Central Operations Specialist*



Growing Stronger in Our Community



Community 1st Bank's Capital Ratios Exceed Minimums Required To Be Considered Well-Capitalized

Regulators use three ratios to examine the capital levels of banks.

On each – leverage ratio, Tier 1 Risk-Based Capital and Total Risk-Based Capital – Community 1st Bank far exceeds the regulatory requirements to be considered well-capitalized.

Investing in Our Community

“Community 1st Bank provides all the products that a large bank offers, but delivers the personal service that our customers deserve. We are committed to making a difference in the communities that we serve through our volunteerism and monetary support.”

Carol Garcia – *Senior Vice President / Marketing Manager*



Giving Back

We are proud to support many organizations that provide vital services in the communities we serve. Below is just a sampling of the organizations Community 1st Bank supported in 2012.

Roseville Arts
The Gathering Inn
Sierra College Foundation
Auburn Chamber of Commerce
Placer Care Coalition
KidsFirst
Boys & Girls Club of Placer County
Placer Community Foundation
Rotary Club of Roseville Foundation
St. John's Shelter
Placer County Law Enforcement

Chaplaincy
Placer Arts
Sutter Auburn Faith Hospital
Foundation
Placer Breast Cancer Endowment Fund
The Salvation Army
Folsom Lake Rotary Foundation
Placer Land Trust
Foresthill Divide Little League
Friends of the Roseville Public Library
Auburn Interfaith Food Closet



Board of Directors



The Community 1st Bank Board of Directors includes (back row left to right): Lori Bluett, Robert Sinclair, Peter Raffetto, Michael Wilson, (front row left to right): Gregory Gersack, Russell Baldo, Robert Haydon, Jeremy Zhu

Board of Directors

Russell Baldo – *Chairman of the Board*, Partner, Sinclair, Wilson, Baldo & Chamberlain

Lori Bluett – Owner of Bluett & Associates, Inc.

Greg Gersack – Managing Principal, Head of Institutional Sales/Capital Markets of FIG partners

Robert Haydon – President & CEO, Community 1st Bank

Peter Raffetto – Former President of River City Bank and Calnet Business Bank

Robert Sinclair – *Vice Chairman of the Board*, Partner, Sinclair, Wilson, Baldo & Chamberlain

Michael Wilson – President and Managing CPA for Wilson, Wilson & Taylor

Jeremy Zhu – Founder and Managing Director of Wedbush Opportunity Capital, LLC

Bank Officers

Robert Haydon – President, Chief Executive Officer

James Kim – Executive Vice President, Chief Operating Officer, Chief Financial Officer

Jeff Moore – Executive Vice President, Chief Credit Officer



Mission Statement

Community 1st Bank is recognized as an outstanding corporate citizen in the communities we serve. We embrace relationships, responsiveness, and flexibility, understanding that these characteristics represent key advantages for our community bank. We consistently deliver outstanding personal service, supported by a well-developed platform of technology-based products. Community 1st Bank is experiencing dynamic growth and prosperity in the Placer County / Sacramento Region.



Community 1st Bank

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Member FDIC