



**Desert
Commercial
Bank**

Dear Shareholder:

Desert Commercial Bank reached a significant milestone at year-end 2010, posting an annual profit for the first time in its brief, five-plus-year history. While \$106,000 in annual earnings may be modest, it is no small accomplishment considering the financial headwinds of today's economy.

Further underscoring how far Desert Commercial Bank has come, total earnings in 2010 improved by more than \$4 million. Growth in core deposits and loan activity, coupled with substantial reductions in non-interest expense and loan loss provisions aided the turnaround. The summary table below highlights the Bank's improved financial condition:

Fourth Quarter 2010
Financial Highlights
(in 000's)

	2010	2009	Variance
Assets	\$147,604	\$140,967	\$6,637
Loans	115,672	105,327	10,345
Deposits	130,878	123,576	7,302
Capital	16,256	16,048	208
Loan Loss Reserve	2,187	2,883	(696)
Non-Accrual Loans	11,040	1,204	9,820
Other Real Estate Owed	2,209	2,209	-----
Net Interest Spread	6,615	5,913	702
Loan Loss Provision	958	1,390	(432)
Non-Interest Expense	6,348	9,099	(2,751)
Net Income	106	(4,021)	4,127
Tier One Leverage	11.09	11.32	<.23>
Tier One Risk Based Capital	13.13	13.88	<.75>
Total Risk-Based Capital	14.39	15.15	<.76>

- more -

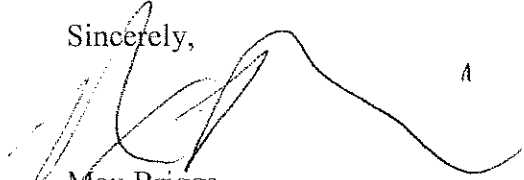
Despite the good news, persistent challenges remain, evidenced by the fact that at year-end 2010 non-accrual loans had increased \$9.8 Million from December 31, 2009. The total represents four credits from the Bank's complete portfolio, primarily legacy loans made prior to the economy's recessionary spiral.

Nevertheless, the figure is concerning and Management has taken a very proactive approach with borrowers to insure we address all issues with these loans. In the process, we continue to be diligent with respect to collateral values and maintaining a fully funded loan loss reserve.

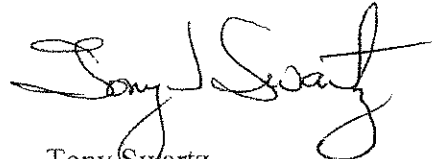
Deposits as of December 31, 2010 topped \$130 million. That's a \$7.3 million jump over the same period a year ago. More importantly, much of that growth has come in the form of core deposits, replacing higher-interest-bearing CD's. Point-to-point loan growth increased \$10.3 million during the year and, as a result, net interest spread for DCB for 2010 rose more than \$700,000, or nearly 12%. In addition, the Bank begins the new year with a well-developed loan pipeline, excellent net interest margin and remains well capitalized.

These accomplishments reflect dedicated efforts by the Bank's directors, management, and staff, as well as the continued loyalty of DCB customers. Our gratitude about that support cannot be overstated.

Sincerely,



Max Briggs
Chairman



Tony Swartz
President & CEO