

# Valley Financial Corporation ▲

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**FOR RELEASE 4:00 p.m. December 12, 2008**

VALLEY FINANCIAL CORPORATION

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For Further Information Contact:

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## **Valley Financial Corporation Completes \$16 Million Investment Under Capital Purchase Program**

ROANOKE, VIRGINIA. December 12, 2008 –Roanoke-based Valley Financial Corporation (Nasdaq Capital Market-VYFC), parent of Valley Bank, announced today that it has completed the issuance and sale of approximately \$16 million in fixed-rate cumulative perpetual preferred stock to the U.S. Treasury Department as part of its capital purchase program, representing 3% of the Company's risk-weighted assets as of September 30, 2008.

The Company issued to the Treasury 16,019 shares of its fixed-rate cumulative preferred stock, series A, and a related 10-year warrant to purchase 344,742 shares of its common stock, with an exercise price of \$6.97 per share. Following the capital investment by the Treasury, the Company expects its total risk-based capital ratio of 12.02% at September 30, 2008 to increase to approximately 15.03%.

Mr. Ellis L. Gutshall, President and CEO stated, "We are extremely proud that the U.S. Treasury chose to make an investment in Valley Financial Corporation and are pleased to be among the initial group of Virginia banks to complete the transaction. The capital purchase program was established by the U.S. Treasury to attract participation by healthy financial institutions to help stabilize the financial system and increase lending for the benefit of the U.S. economy."

### About Valley Financial Corporation

Valley Financial Corporation is the holding company for Valley Bank, which opened in 1995 and engages in a general commercial and retail banking business in the Roanoke Valley, emphasizing the needs of small businesses, professional concerns and individuals. Valley Bank currently operates from eight full-service offices at 36 Church Avenue, 110 McClanahan Street, 1518 Hershberger Road, 3850 Keagy Road, and 1327 Grandin Road in Roanoke City, 4467 Starkey Road in Roanoke County, 8 East Main Street in the City of Salem, and 1003 Hardy Road in the Town of Vinton. Additionally, the Bank operates its wealth management subsidiary, Valley Wealth Management Services, Inc. at 36 Church Avenue in Roanoke City. The Bank's Internet site at [www.myvalleybank.com](http://www.myvalleybank.com) is available for online banking and extensive investor information.

The Common Stock of Valley Financial Corporation is traded on the NASDAQ Capital Market under the symbol VYFC.