



**SANTA CRUZ
COUNTY BANK**

Put your money where your life is.



**2015
FIRST QUARTER
REPORT**



To our Shareholders,

As we enter our twelfth year of operations, we are pleased to share the results of our first quarter and significant ratings received as the result of our strong ongoing financial performance.

During the quarter, your Bank received the designation of Super Premier Performing Bank by the Findley Reports for a fifth consecutive year. Additionally, the Bank ranked 4th in overall performance among 202 California banks in 2014 by Financial Management Consulting Group and ranked 1st (lowest) in non-performing assets.

In January, Santa Cruz County Bank common stock began trading on the OTCQX, the top securities market for U.S. over the counter equities. To trade on the OTCQX, banks must meet high financial standards and be current with reporting to their bank regulator. We believe upgrading to the OTCQX market will have a long term positive impact on our stock.

During the first quarter, our Board of Directors declared a \$0.05 cash dividend to shareholders of record as of March 27, 2015, which was paid in April. The book value per share of Santa Cruz County Bank stock at March 31, 2015 was \$18.62, up from \$16.35 the prior year. Shareholders' equity of \$40.0 million at March 31, 2015 represented a \$5.1 million, 15% increase over the prior year.

The financial data, presented below, provides a summary of key financial highlights for the first quarter ended March 31, 2015 as compared to the first quarter ended March 31, 2014:

Net income increased \$381.6 thousand or 44% to \$1.25 million

Total deposits increased \$61.8 million or 17% to \$428.1 million

Gross loans increased \$51.1 million or 18% to \$329.2 million

Total assets increased \$67.3 million or 17% to \$474.5 million

As we celebrate our many achievements and performance ratings over the past 11 years, our thoughts turn to those who were instrumental in the visioning and organizational stages of our Bank. We are deeply saddened by the recent passing of the honorable Robert Yonts, who was one of our early supporters and a Founder of the Bank. He will be greatly missed by our Board of Directors and Founder group,

SELECTED FINANCIAL DATA (UNAUDITED)

BALANCE SHEET	QUARTER ENDED 3/31/15	QUARTER ENDED 3/31/14	CHANGE	
			\$	%
TOTAL ASSETS	\$ 474,535,002	\$ 407,261,570	\$ 67,273,432	17%
GROSS LOANS	329,220,953	278,164,942	51,056,011	18%
ALLOWANCE FOR LOAN LOSSES	6,560,060	5,827,129	732,931	13%
NON INTEREST-BEARING DEPOSITS	173,573,733	164,354,466	9,219,267	6%
TOTAL DEPOSITS	428,119,862	366,294,411	61,825,451	17%
SHAREHOLDERS' EQUITY	40,012,363	34,931,507	5,080,856	15%
BOOK VALUE PER SHARE	\$ 18.62	\$ 16.35		
INCOME STATEMENT				
INTEREST INCOME	4,706,672	4,213,273	493,399	12%
INTEREST EXPENSE	110,826	100,574	10,252	10%
NET INTEREST INCOME	4,595,846	4,112,699	483,147	12%
PROVISION FOR LOAN LOSSES	187,500	187,500	-	0%
NON-INTEREST INCOME	908,685	911,283	(2,598)	-0.3%
NON-INTEREST EXPENSE	3,290,381	3,432,396	(142,015)	-4%
NET INCOME BEFORE TAXES	2,026,650	1,404,086	622,564	44%
INCOME TAX EXPENSE	776,498	535,567	240,931	45%
NET INCOME AFTER TAXES	\$ 1,250,152	\$ 868,519	381,633	44%
BASIC EARNINGS PER SHARE	\$ 0.58	\$ 0.41		
RATIOS				
NET INTEREST MARGIN	4.17%	4.28%		
TIER 1 LEVERAGE RATIO	8.68%	8.70%		
RETURN ON AVERAGE EQUITY	12.78%	10.17%		
RETURN ON AVERAGE ASSETS	1.09%	0.86%		
EFFICIENCY RATIO	59.78%	68.32%		

our employees, and so many individuals in the community who were heartened by his friendship and generosity.

We hope to see you and look forward to sharing more of the Bank's accomplishments at our Annual Meeting of Shareholders on May 21st at Seascape Resort.



George Gallucci

George Gallucci
Chairman of the Board



David Heald

David Heald
President & CEO

FIRST QUARTER HIGHLIGHTS

My County MOBILE



In January we introduced My County Mobile Banking for our customers who enjoy the convenience of online banking through their tablets and smartphones. Making payments, transfers and managing accounts on the go is a breeze with My County Mobile, available on the App Store for iPhone and on Google Play for Android.



We were voted Best Bank in Santa Cruz in the 2015 Good Times Readers poll for a third consecutive year. The community's vote of confidence once again validates our mission to be the community's bank of choice.

December 27, 2013	January 10, 2014
June 25, 2014	July 10, 2014
December 30, 2014	January 12, 2015

BOARD OF DIRECTORS

Kenneth R. Chappell CPA, Partner-In-Charge, Hutchinson & Bloodgood, LLP

George R. Gallucci Retired Banker and Registered Investment Advisor

Thomas N. Griffin Director & President, Grunsky, Ebey, Farrar & Howell

Tila Guerrero President & CEO, Mas Mac Inc., McDonald's Restaurants

William J. Hansen President & CEO, Hansen Insurance Co.

David V. Heald President & CEO, Santa Cruz County Bank

Harvey J. Nickelson Retired Bank CEO and Community Volunteer

STOCK LISTING

Santa Cruz County Bank's common stock trades on OTCQX under the symbol SCZC.

SHAREHOLDER INFORMATION

Shareholders with questions regarding their stockholder account, stock transfer and registration, lost certificates or change of address should contact their broker, or if held directly, contact the Bank's stock transfer agent, Computershare Investor Services, at 800.962.4284 or www.computershare.com. For other assistance with stock related matters, shareholders may contact Mary Anne Carson, Shareholder Relations at 831.457.5000.

The Bank's quarterly reports, 2014 Annual Report and stock quotes are available at www.sccountybank.com in the Investor Relations section.





BANKING OFFICES:

APTOS

**7775 Soquel Drive
Aptos, CA 95003**

CAPITOLA

**819 Bay Avenue, Suite D
Capitola, CA 95010**

SANTA CRUZ

**720 Front Street
Santa Cruz, CA 95060**

SCOTTS VALLEY

**4604 Scotts Valley Drive
Scotts Valley, CA 95066**

WATSONVILLE

**595 Auto Center Drive
Watsonville, CA 95076**

ATM & NIGHT DEPOSITORY LOCATIONS:

SANTA CRUZ

**1555 Soquel Drive
Santa Cruz, CA 95062
(At Dominican Hospital Campus)**

APTOS

**783-25 Rio del Mar Blvd.
Aptos, CA 95003
(At Deluxe Foods of Aptos)**

**sccountybank.com
831.457.5000**