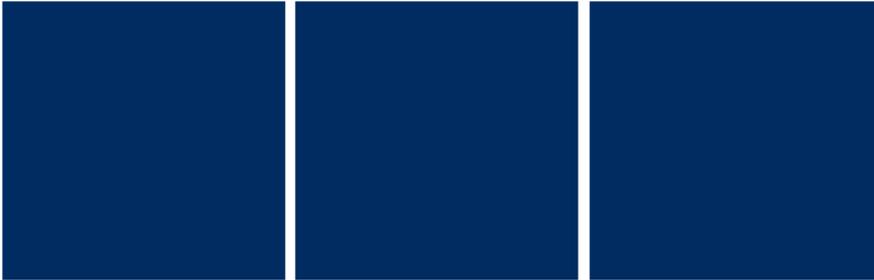




**SANTA CRUZ
COUNTY BANK**

Put your money where your life is.



**2015
SECOND QUARTER
REPORT**



Dear Shareholders,

Santa Cruz County Bank surpassed the \$500 million mark in total assets in the second quarter of 2015. This accomplishment and significant milestone in our history demonstrates our commitment to increase shareholder value through consistent growth in assets and earnings.

Our mission to be the community's bank of choice, is realized on a daily basis. We serve local individuals, business owners and not-for-profit organizations who view the Bank as a resource for lending and other financial services. Through the community's continual support and word of mouth referrals, the Bank's deposits grew by \$54 million or 14%, and loans grew by \$44 million or 15% to \$337 million comparing June 30, 2015 to June 30, 2014. Asset quality remains exceptional with zero nonperforming loans.

The financial data presented below provides a summary of key financial highlights for the six-months ended June 30, 2015 as compared to the six-months ended June 30, 2014:

Net income increased \$711.6 thousand or 38% to \$2.6 million
Total deposits increased \$54.1 million or 14% to \$452.4 million
Gross loans increased \$44.0 million or 15% to \$337.0 million
Total assets increased \$60.5 million or 14% to \$500.5 million

Basic earnings per share of \$1.21 for the first six-months of 2015 represents a \$0.32 or 36% increase over the same period in 2014. Improvement in net income and earnings per share resulted from an increase in net interest income and growth in non-interest income which more than offset the increase in non-interest expense.

Building shareholder value has remained a top priority since the Bank's inception. Shareholders' equity grew to \$41 million at June 30, 2015, a \$5.4 million or 15% increase over the prior year.

Rewarding shareholders on a quarterly basis through the payment of cash dividends commenced in July 2013. During the second quarter of 2015, we declared a ninth \$0.05 cash dividend to shareholders. The book value per share of Santa Cruz County Bank stock of \$19.18 at June 30, 2015 continued its upward trend, compared to

SELECTED FINANCIAL DATA (UNAUDITED)

BALANCE SHEET	QUARTER ENDED	QUARTER ENDED	CHANGE		QUARTER ENDED	QUARTER ENDED	CHANGE	
	6/30/15	6/30/14	\$	%	6/30/15	3/31/15	\$	%
TOTAL ASSETS	\$ 500,494,009	\$ 439,992,414	\$ 60,501,595	14%	\$ 500,494,009	\$ 474,535,002	\$ 25,959,007	5%
GROSS LOANS	336,999,353	293,033,660	43,965,693	15%	336,999,353	329,220,953	7,778,400	2%
ALLOWANCE FOR LOAN LOSSES	6,812,866	6,025,201	787,665	13%	6,812,866	6,560,060	252,806	4%
NON-INTEREST BEARING DEPOSITS	193,775,744	181,035,204	12,740,540	7%	193,775,744	173,573,733	20,202,011	12%
TOTAL DEPOSITS	452,438,802	398,369,869	54,068,933	14%	452,438,802	428,119,862	24,318,940	6%
SHAREHOLDERS' EQUITY	41,225,768	35,869,952	5,355,816	15%	41,225,768	40,012,363	1,213,405	3%
BOOK VALUE PER SHARE	\$ 19.18	\$ 16.79			\$ 19.18	\$ 18.62		
					SIX-MONTHS ENDED	SIX-MONTHS ENDED	CHANGE	
					6/30/15	6/30/14	\$	%
INCOME STATEMENT								
INTEREST INCOME	\$ 5,047,939	\$ 4,453,668	\$ 594,271	13%	\$ 9,754,611	\$ 8,666,941	\$ 1,087,670	13%
INTEREST EXPENSE	114,424	101,092	13,332	13%	225,250	201,666	23,584	12%
NET INTEREST INCOME	4,933,515	4,352,576	580,939	13%	9,529,361	8,465,275	1,064,086	13%
PROVISION FOR LOAN LOSSES	187,500	187,500	-	0%	375,000	375,000	-	0%
NON-INTEREST INCOME	1,050,029	779,301	270,728	35%	1,958,714	1,690,584	268,130	16%
NON-INTEREST EXPENSE	3,525,802	3,282,676	243,126	7%	6,816,183	6,715,072	101,111	2%
NET INCOME BEFORE TAXES	2,270,242	1,661,701	608,541	37%	4,296,892	3,065,787	1,231,105	40%
INCOME TAX EXPENSE	919,618	641,013	278,605	43%	1,696,116	1,176,580	519,536	44%
NET INCOME AFTER TAXES	\$ 1,350,624	\$ 1,020,688	\$ 329,936	32%	\$ 2,600,776	\$ 1,889,207	\$ 711,569	38%
BASIC EARNINGS PER SHARE	\$ 0.63	\$ 0.48			\$ 1.21	\$ 0.89		
RATIOS								
NET INTEREST MARGIN	4.26%	4.31%						
TIER 1 LEVERAGE RATIO	8.61%	8.62%						
RETURN ON AVERAGE ASSETS	1.12%	0.97%						
RETURN ON AVERAGE EQUITY	13.22%	11.48%						
EFFICIENCY RATIO	58.92%	63.97%						

\$16.79 the prior year. In the last twelve months, we have added \$2.39 in book value per share.

We appreciate your ongoing confidence and welcome your referrals which support our growth and your investment in Santa Cruz County Bank.



George Gallucci

George Gallucci
Chairman of the Board



David Heald

David Heald
President & CEO

WELCOME GEORGE HARRISON

George Harrison joined the Bank in June as Senior Vice President and Chief Credit Officer. Mr. Harrison has an extensive education and professional background in finance, lending, credit administration and credit review. For the past three years, he was Chief Credit Officer for Community Bank of the Bay. We are pleased to welcome him to our Management team and look forward to his contributions in the years ahead.



SCZC CASH DIVIDEND HISTORY	
Record Date	Payable Date
June 28, 2013	July 10, 2013
September 27, 2013	October 10, 2013
December 27, 2013	January 10, 2014
March 27, 2014	April 10, 2014
June 25, 2014	July 10, 2014
September 25, 2014	October 10, 2014
December 30, 2014	January 12, 2015
March 27, 2015	April 10, 2015
July 1, 2015	July 14, 2015
All \$0.05 cash dividends	

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, Ebay, 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**