



 **SANTA CRUZ  
COUNTY BANK**

# Investor Presentation

January 2024

# Disclaimer

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This investor presentation has been prepared to assist interested parties in making their own evaluation of the Company and does not purport to contain all of the information that may be relevant. In all cases, interested parties should conduct their own investigation and analysis of the Company and the data set forth in the investor presentation and other information provided by or on behalf of the Company.

## **Cautionary Statement Regarding Forward-Looking Information**

This communication may contain forward-looking statements that are subject to risks and uncertainties. Words such as "believe," "expect," "estimate," "project," "forecast," "anticipate," "intend," "plan," "may," "will," "could," "should," "predicts," "continue," and similar expressions are intended to identify such forward-looking statements; however, the absence of these words does not mean the statements are not forward-looking. Such risks and uncertainties may include but are not necessarily limited to fluctuations in interest rates, inflation, government regulations and general economic conditions, the effects of and changes in monetary and fiscal policies, including the interest rate policies of the Federal Reserve Board and their related effects on inflation risk, and competition within the business areas in which the Bank is conducting its operations, including the real estate market in California and other factors beyond the Bank's control. Such risks and uncertainties could cause results for subsequent interim periods or for the entire year to differ materially from those indicated.

Actual results may differ materially from those contained in the forward-looking statements in this communication. Readers should not place undue reliance on the forward-looking statements, which reflect management's view only as of the date hereof. The Bank undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

# Santa Cruz County Bank



Community bank headquartered in Santa Cruz, CA  
Opened in 2004



About 150 employees  
Krista Snelling joined as CEO on March 1, 2021



\$1.8 billion in assets



8 branches  
Salinas branch (Monterey County) opened January 2023



West Coast Community Bancorp was established as  
SCCB's bank holding company in Q3 2023



Merged with Lighthouse Bank in Q4 2019



# Leadership Team



**Krista Snelling**  
*President & Chief Executive Officer*  
Banking Experience: 17 years



**Cecilia Situ**  
*EVP Chief Financial Officer*  
Banking Experience: 16 years



**Jon P. Sisk**  
*EVP Chief Banking Officer*  
Banking Experience: 28 years



**Angelo DeBernardo, Jr.**  
*EVP Chief Lending Officer*  
Banking Experience: 34 years



**Mary Anne Carson**  
*EVP Chief Marketing Officer*  
Banking Experience: 34 years



**Shawn Lipman**  
*EVP Chief Credit Officer*  
Banking Experience: 30 years



**Jaime Manriquez**  
*EVP Chief Information Officer*  
Banking Experience: 25 years



**Maxwell Sinclair**  
*EVP Chief Risk Officer*  
Banking Experience: 34 years



**Shamara van der Voort**  
*EVP Chief Operations Officer*  
Banking Experience: 27 years



**Frederick L. Caiocca**  
*EVP Regional Credit Executive*  
Banking Experience: 46 years

# 2023 Results

## Balance Sheet Strength

**\$1.794 Billion**

Total Assets

**\$1.411 Billion**

Record Total Loans

**\$1.515 Billion**

Total Deposits

**\$203 Million**

Tangible Common Equity

## Consistent Profitability

**\$51.2 Million**

2023 PTPP Earnings

**\$35.2 Million**

2023 Net Income

**\$4.16**

2023 Diluted Earnings  
Per Share

## Strong Earnings Metrics

**2.02%**

2023 ROAA

**19.09%**

2023 ROATCE

**4.94%**

2023 Net Interest Margin

**40.72%**

2023 Efficiency Ratio

## Sound Credit Quality

**0.53%**

NPAs/Assets

**0.67%**

NPLs/Loans

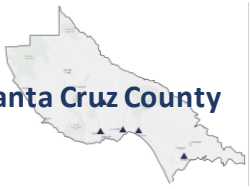


**1.70%**

ACL/Non-PPP Loans

**0.16%**

YTD Net Charge-offs/Loans

# Attractive Markets

County	# of Branches	Deposit Market Share*	Population**	Median Household Income**
 Santa Cruz County	5	15.5%	264K	\$104K
 Santa Clara County	1	0.06%	1.9M	\$154K
 Monterey County	2	0.78%	433K	\$91K

\*Per FDIC data as of June 30, 2023.

\*\* U.S. Census Bureau data 2018-2022



# Financial Highlights

# Solid Liquidity Position (\$ in 000s)

As of December 31, 2023

	<u>As of</u>	
	<u>12/31/2023</u>	<u>12/31/2022</u>
Cash and due from banks	\$ 44,395	\$ 77,383
Unencumbered AFS securities	198,876	263,615
Total on-balance-sheet liquidity	243,271	340,998
Line of credit from the Federal Home Loan Bank of San Francisco-collateralized	434,961	354,677
Line of credit from the Federal Reserve Bank of San Francisco-collateralized	251,641	--
Lines at correspondent banks-unsecured	80,000	71,000
Total external contingency liquidity capacity	766,602	425,677
Less: overnight borrowings	(32,500)	--
Net available liquidity sources	\$ 977,373	\$ 766,675

Strong on-balance-sheet liquidity position coupled with available external contingency liquidity capacity of \$734MM

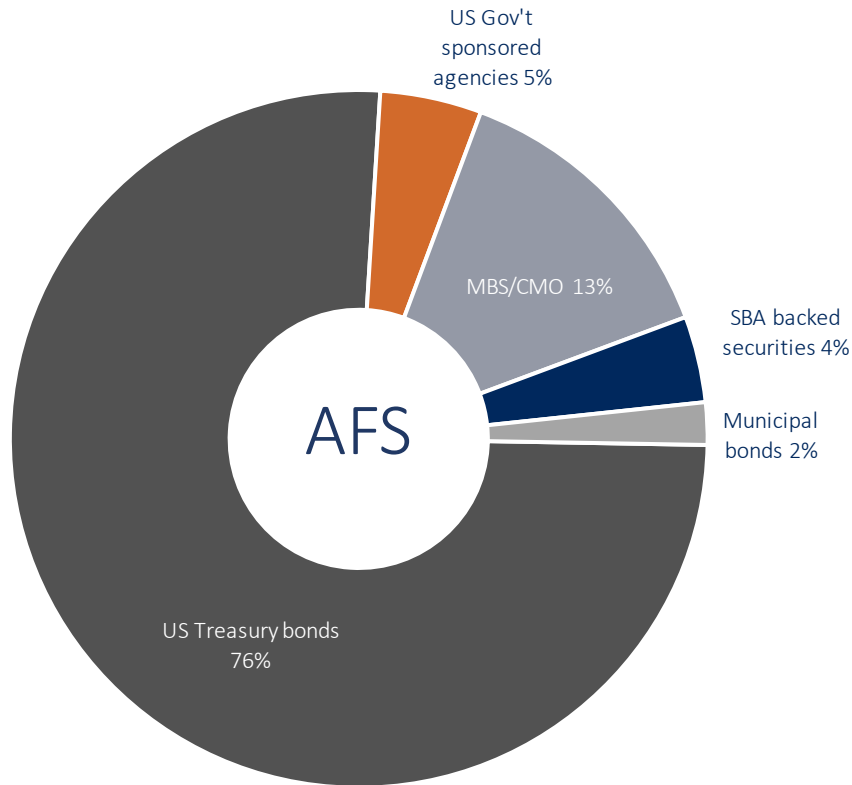
Net liquidity - 54% of assets

Coverage ratio on uninsured deposits of 147%

Access to brokered deposit networks as another source of contingency funding, such as IntraFi, not included in the table.



# Investment Portfolio Composition



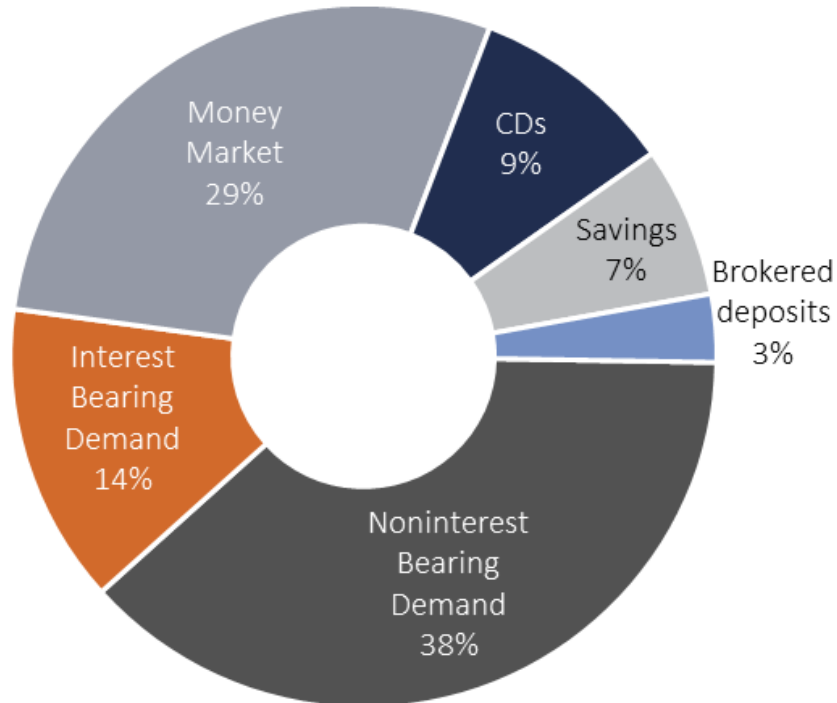
By market value as of December 31, 2023

AFS modified duration of 2.4 years.

97% of the carrying value of investment securities classified as available for sale ("AFS")

HTM securities totaled \$7.6mm.

# Attractive Deposit Mix



As of December 31, 2023

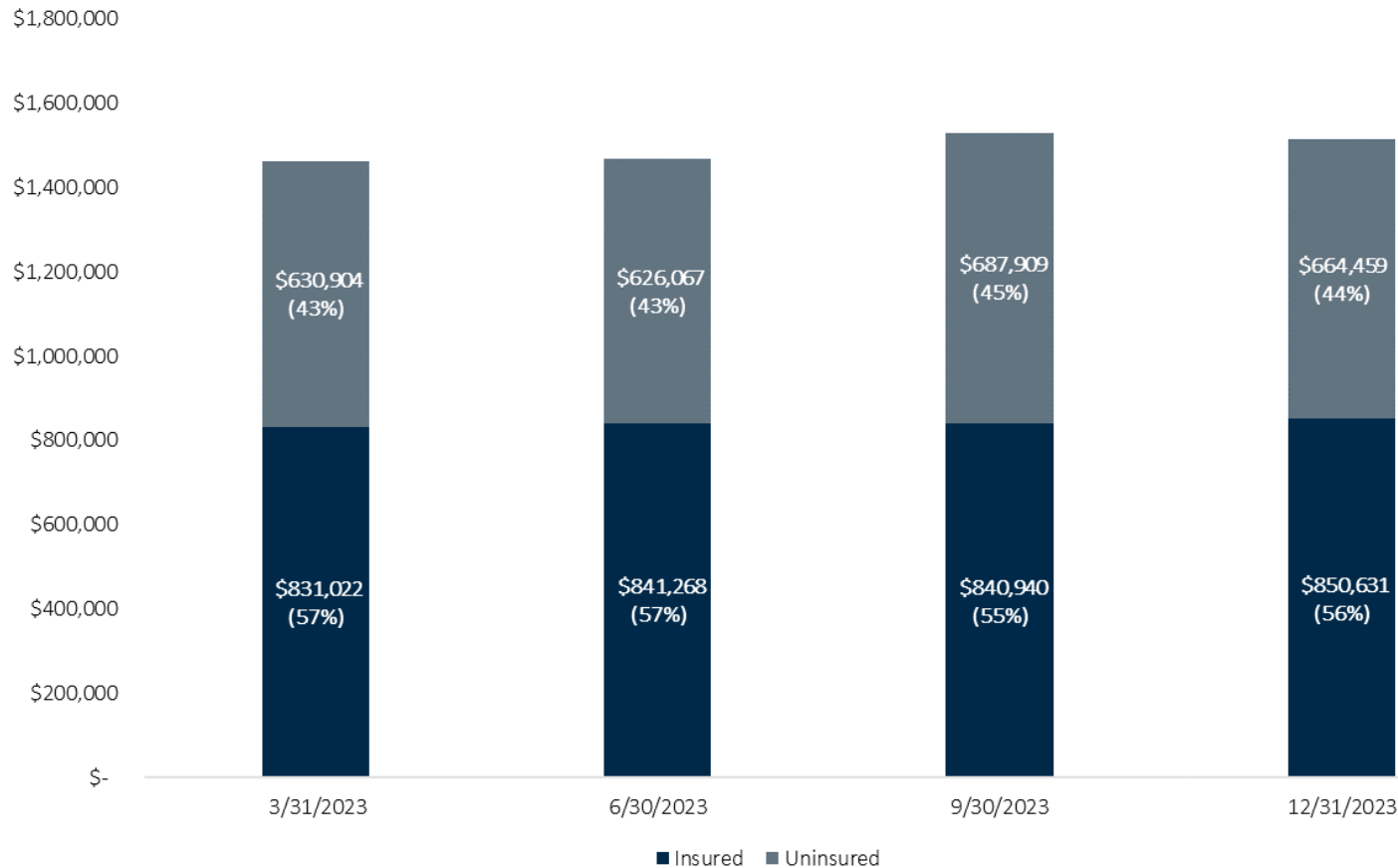
Top 10 deposit relationships (excluding government agency deposits that are fully collateralized) represent approximately 13% of total deposits. Several significant new commercial deposit relationships gained in 2023.

Growth opportunities include:

- New Salinas market
- Silicon Valley / Bay Area
- Local municipalities

New treasury products and dedicated team provide additional opportunity.

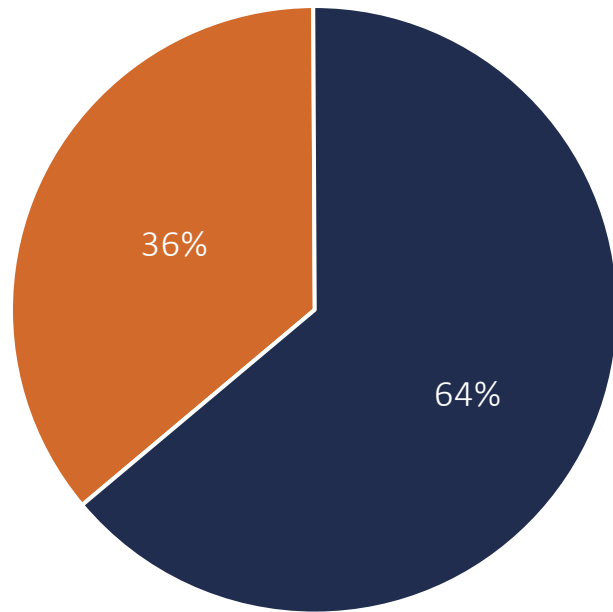
# Deposit Characteristics (\$ in thousands)



Insured deposits includes fully collateralized balances. Migration of deposits into IntraFi reciprocal deposit network products to maximize depositors' FDIC insurance protection.

# Strong Deposit Franchise

Granular Deposit Account Composition (\$ in thousands)



■ Personal ■ Business

As of December 31, 2023

<b>Total Personal Deposits</b>	\$	<b>545,920</b>
# of Accounts		11,573
Average Balance Per Account	\$	47
<b>Total Business Deposits</b>	\$	<b>969,170</b>
# of Accounts		5,827
Average Balance Per Account	\$	166

# Exceptional Credit Culture

## Nonperforming Loans

As of December 31, 2023

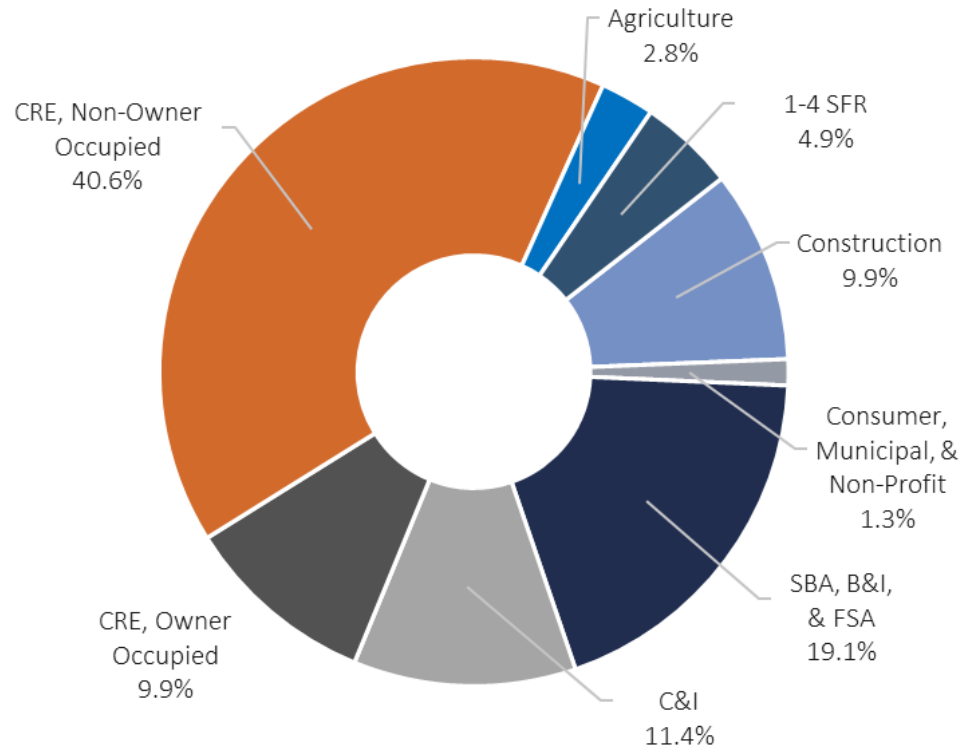
(\$000)	2018	2019	2020	2021	2022	2023
<b>Nonaccrual Loans</b>						
1-4 Family	\$0	\$0	\$0	\$0	\$808	\$0
CRE & Multifamily	0	0	0	0	0	6,526
Construction	0	0	0	0	990	0
Consumer	0	0	31	60	0	0
Commercial	0	0	0	247	1,363	0
<b>Total Nonaccrual</b>	<b>\$0</b>	<b>\$0</b>	<b>\$31</b>	<b>\$307</b>	<b>\$3,161</b>	<b>\$6,526</b>
Accruing Restructured Loans	\$0	\$0	\$0	\$0	\$26	\$320
<b>Total Impaired Loans</b>	<b>\$0</b>	<b>\$0</b>	<b>\$31</b>	<b>\$307</b>	<b>\$3,187</b>	<b>\$6,846</b>
<b>Loan Loss Reserve</b>	<b>\$9,837</b>	<b>\$10,296</b>	<b>\$13,021</b>	<b>\$19,978</b>	<b>\$21,444</b>	<b>\$23,943</b>

Nonperforming loans (including 90+ days past due) to total loans of 0.67%.

Only one nonaccrual loan.

A \$6.5 million commercial real estate loan was added to nonaccrual status during the second quarter of 2023. The loan was individually evaluated and determined to be well-secured by real estate with no reserve warranted.

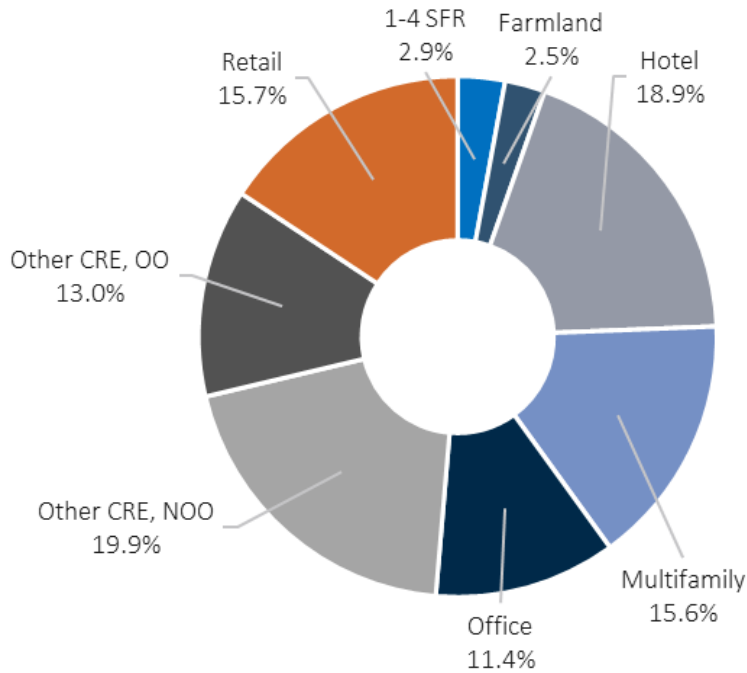
# Loans By Type



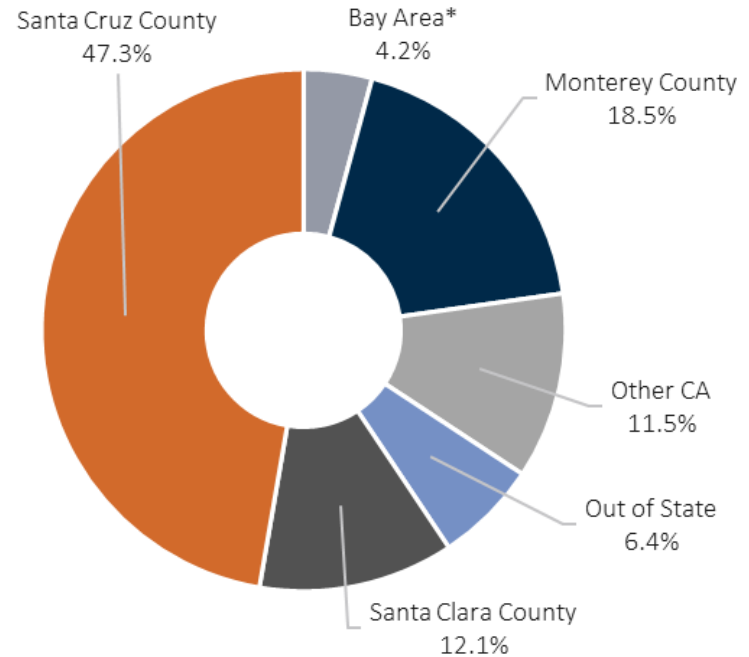
**Outstanding Loans as of  
December 31, 2023**

Q4 2023 loan yield of  
6.84%, up 18 bps from  
6.66% in Q3 2023.

# Real Estate Loan Detail



Total Weighted Average LTV: 47.31%



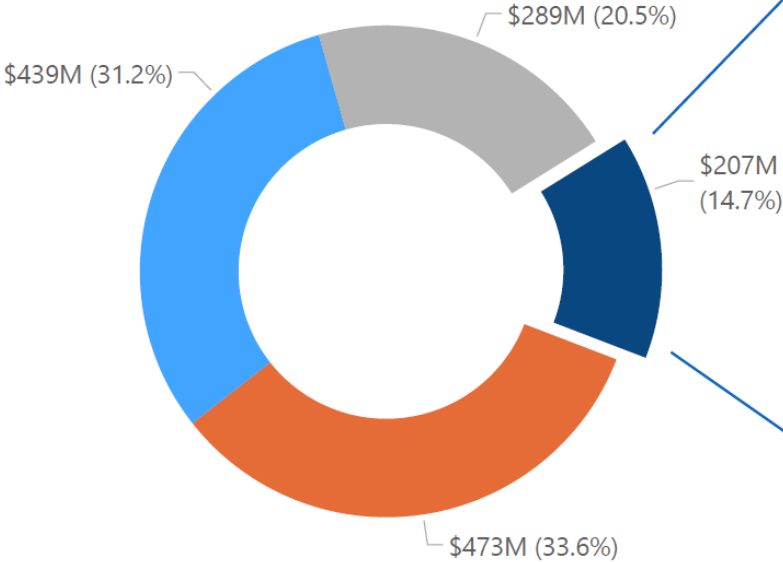
\*Alameda, San Francisco, San Mateo, Contra Costa, Sonoma, Solano, Napa, and Marin Counties

Total Real Estate Loans as of December 31, 2023

# Fixed vs. Variable Rate Loans and Repricing

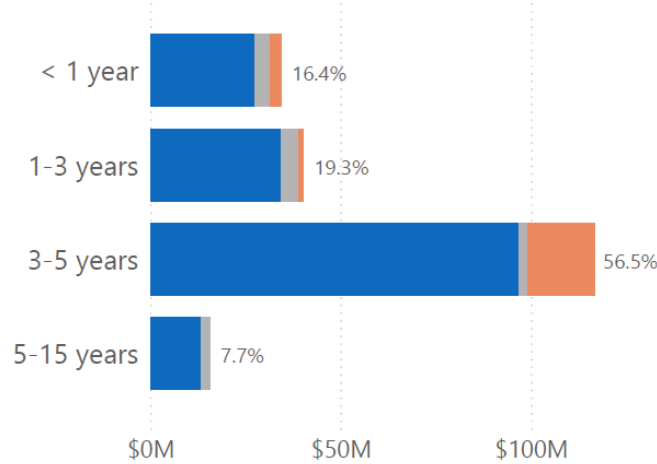
## Interest Rate Structure

● Floating/Instant<sup>1</sup> ● At Floor<sup>2</sup> ● Fixed Rate<sup>3</sup> ● Adjustable Rate



## Adjustable Rate Repricing Frequency

● CRE ● Other Loans ● SBA RE



1) Floating/Instant: WSJ Prime and SOFR based loans that reprice instantly or monthly based on their respective index.  
 2) Of the loans at their floor rate, 71% will remain at the floor for over 12 months  
 3) 93% of fixed rate loans have maturities beyond 12 months.

Outstanding Loans as of December 31, 2023



# Upcoming CRE Interest Rate Repricing

## 2024 Scheduled Interest Rate Repricing

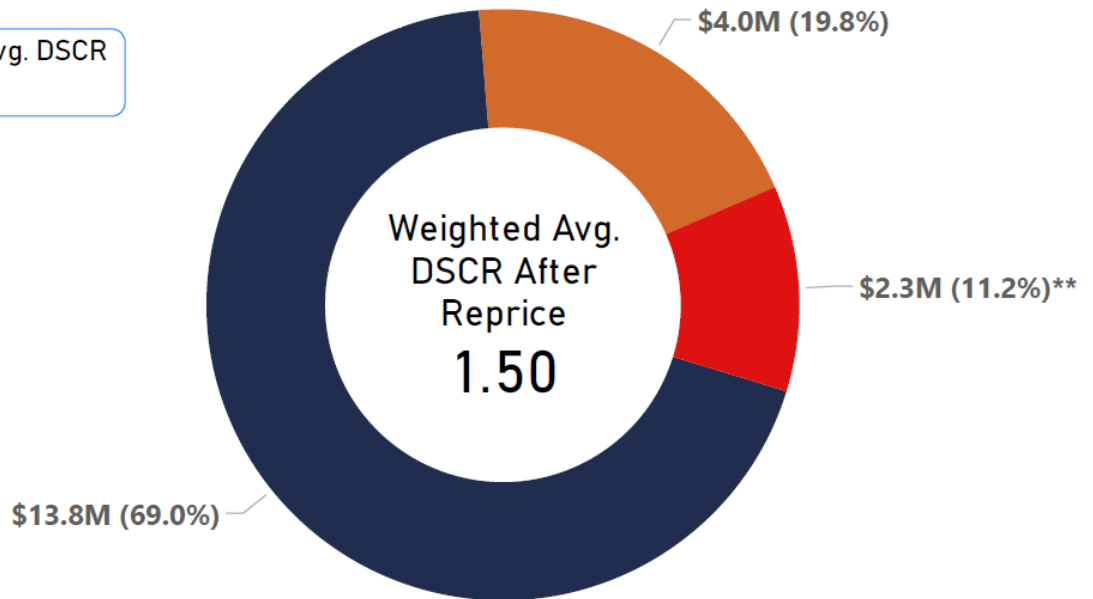
Non Owner Occupied CRE

Avg. Rate Change  
**1.97%**

Current Weighted Avg. DSCR  
**1.86**

### DSCR After Reprice\*

- >1.20
- 1.00-1.20
- <1.00



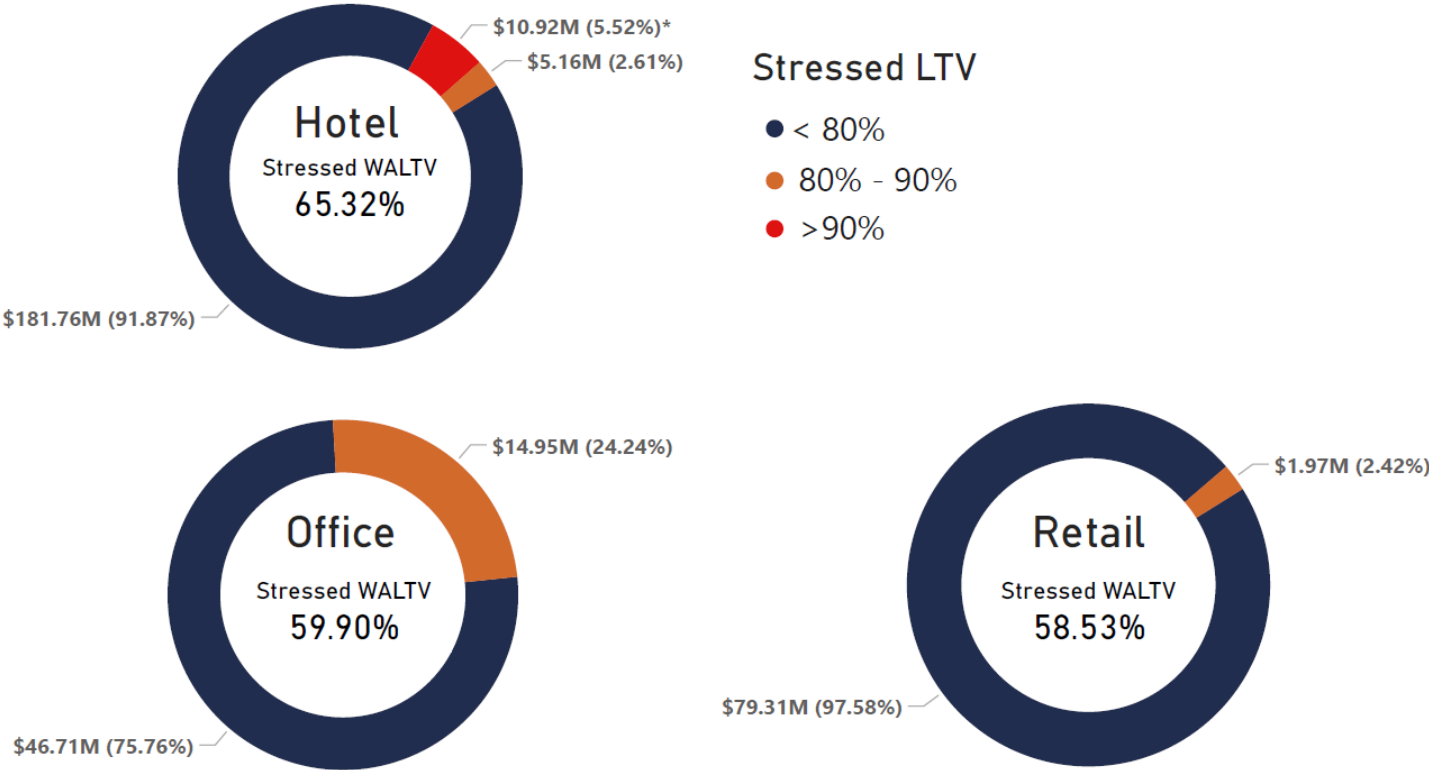
\*Using index rates as of 12/31/2023

\*\*Secured by a multitenant office/little industrial property at LTV of 43%, , guaranteed by a well established client's outside assets and supported by global cash flow. Loan payments are current as scheduled.

Outstanding Loans as of December 31, 2023

# Non-owner-occupied CRE Loans

## 25% Decline in Collateral Value Stress Test Results

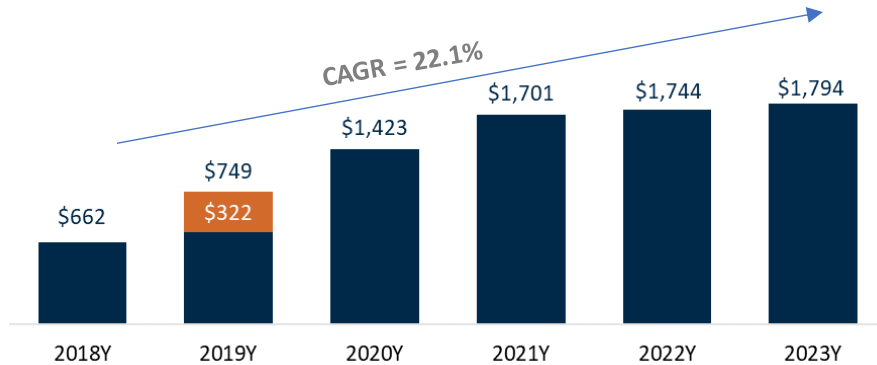


\*The only loan with a stressed LTV > 90% is a newly opened hotel in the stabilization period. Upon stabilization, the stressed LTV would be 83%, using the 2023 appraised value. The borrower is maintaining a years' worth of payments in deposits until stabilization is met and the loan is further supported by personal guarantees.

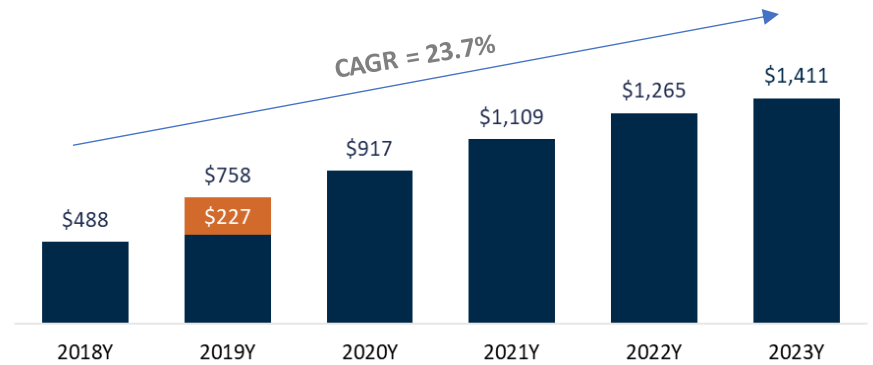
Outstanding Loans as of December 31, 2023

# Consistent Balance Sheet Growth

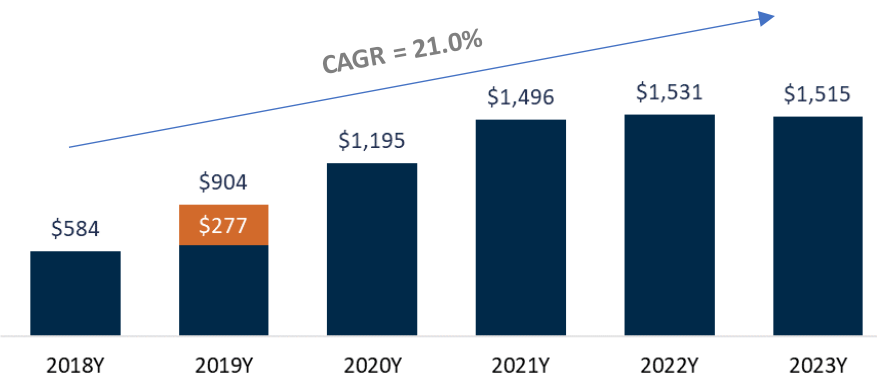
Total Assets (\$MM)



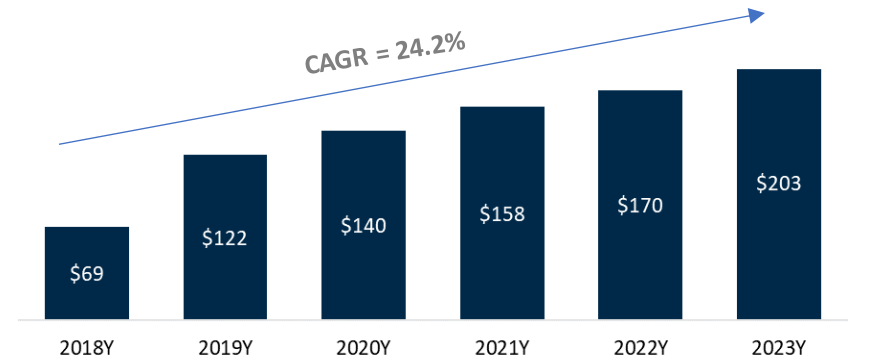
Gross Loans Excl. PPP Incl. Deferred Fees (\$MM)



Total Deposits (\$MM)

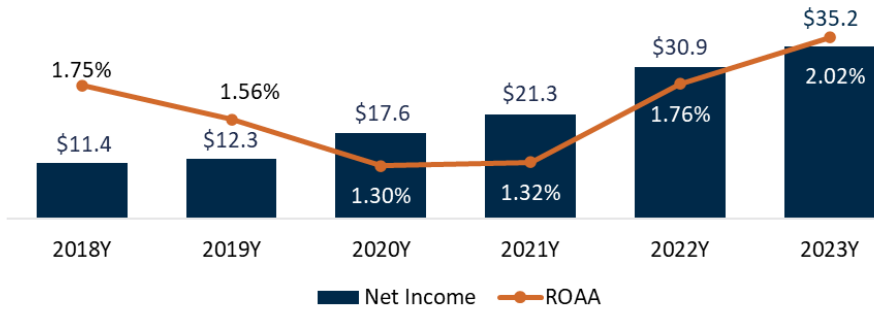


Tangible Common Equity (\$MM)

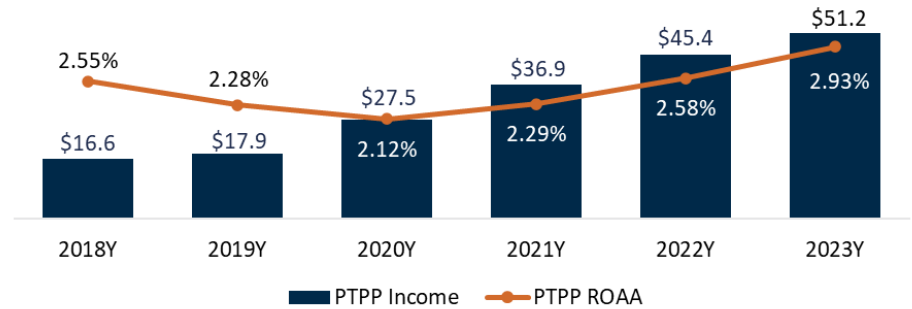


# Strong Profitability

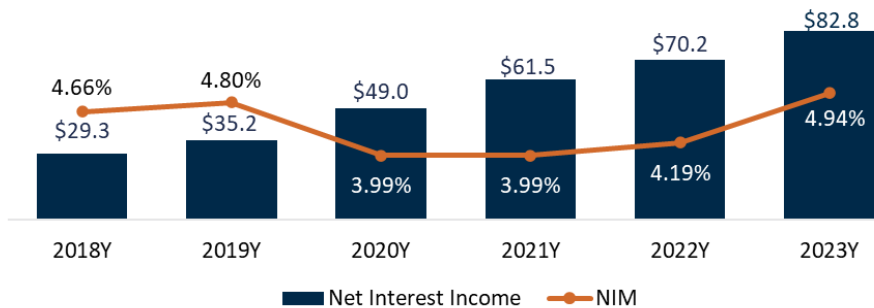
## Net Income (\$MM)



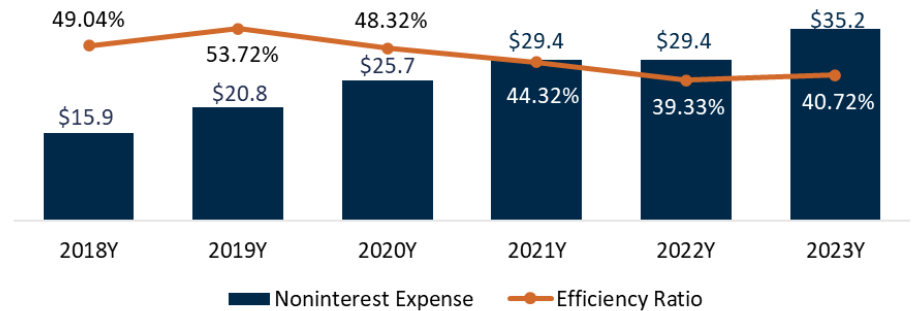
## Pre-Tax, Pre-Provision Net Income (\$MM)



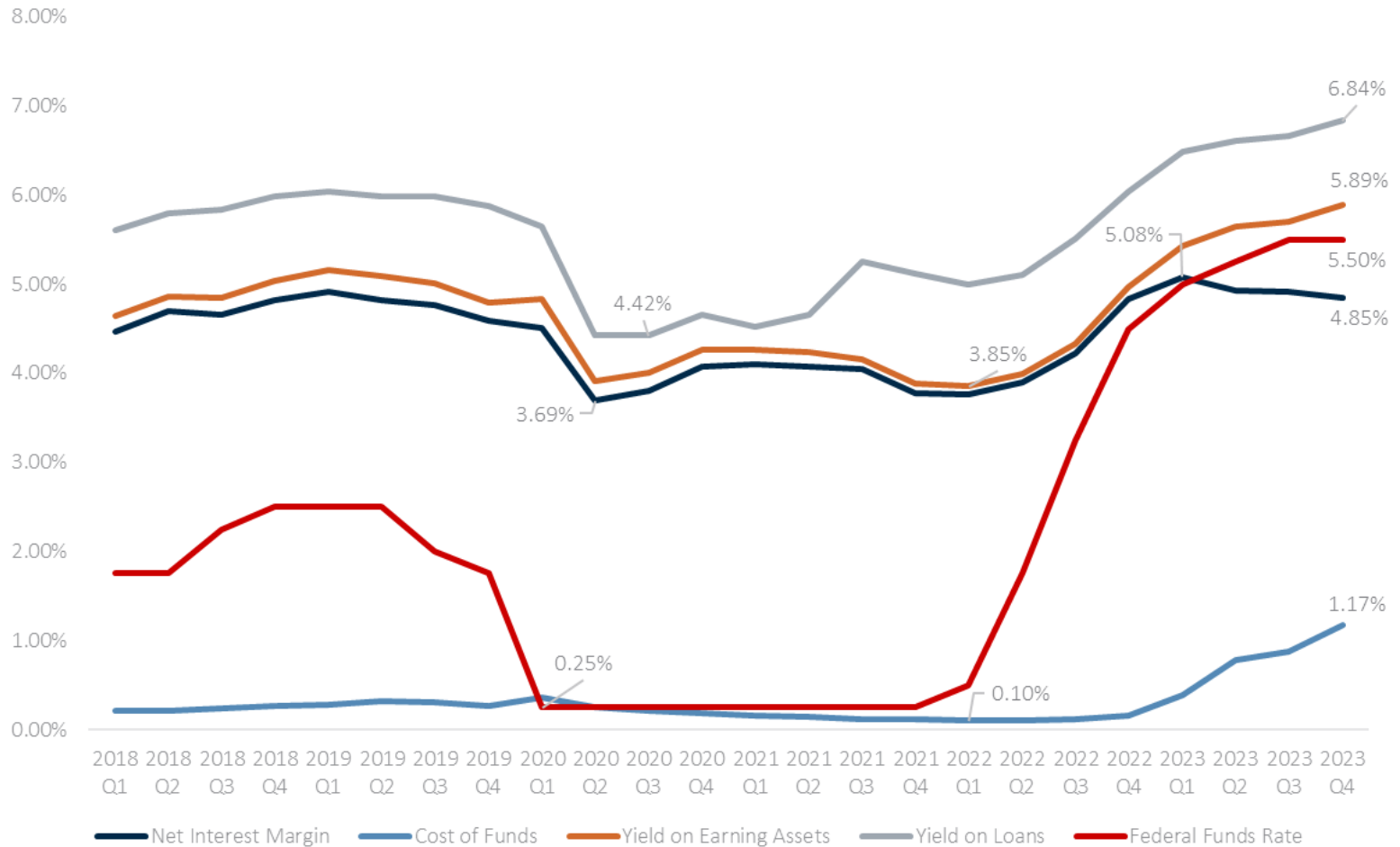
## Net Interest Income (\$MM)



## Noninterest Expense (\$MM)



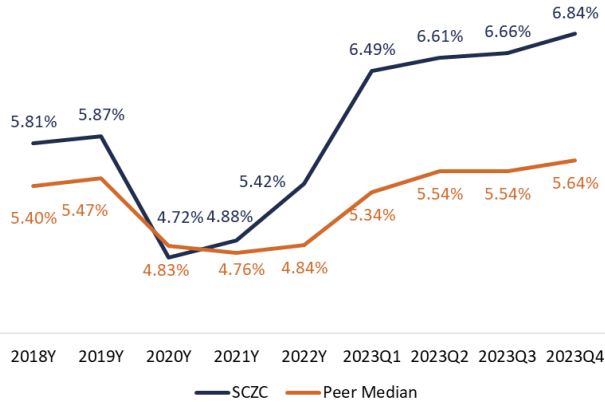
# Disciplined Pricing Drives NIM



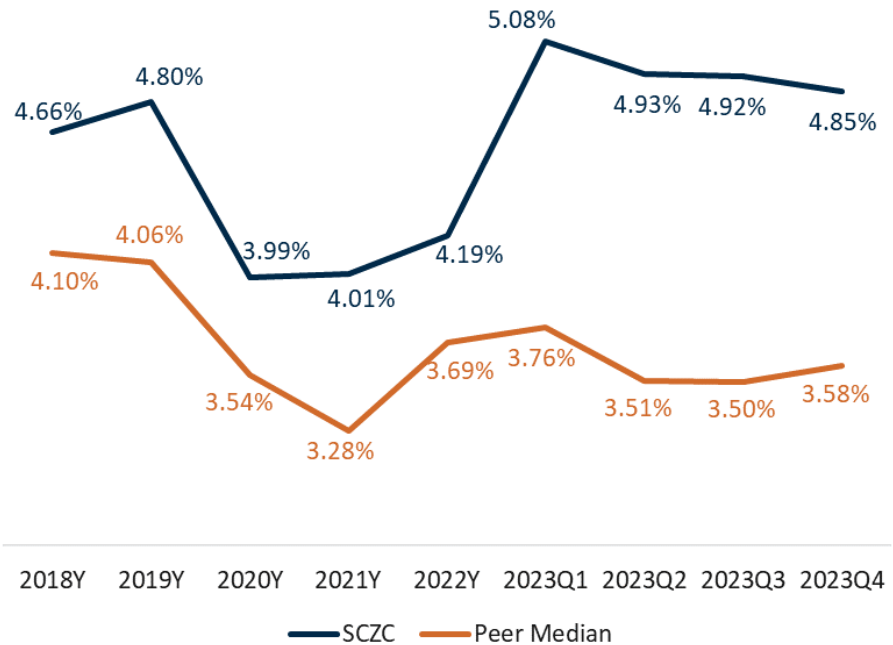
# Disciplined Pricing Drives NIM

## Yield on Loans

High yielding loan portfolio with excellent credit quality

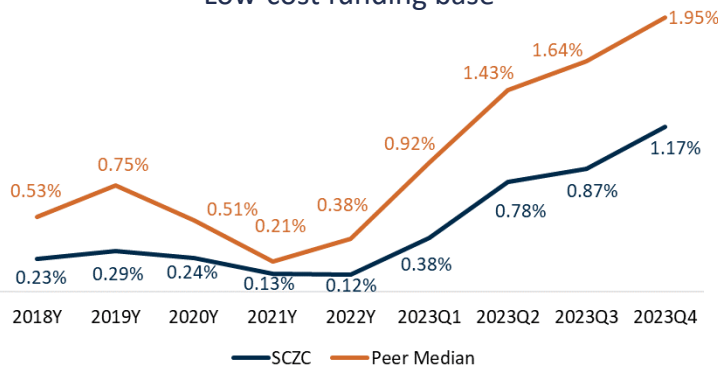


## Net Interest Margin



## Cost of Funds

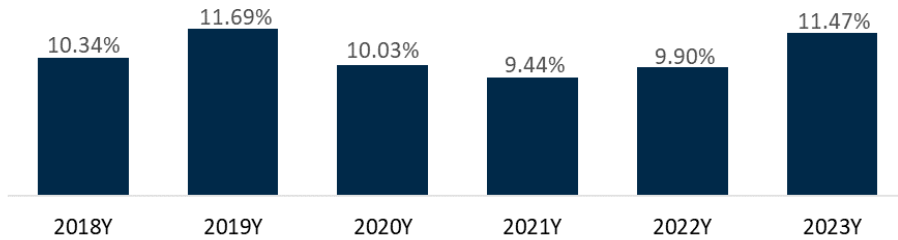
Low-cost funding base



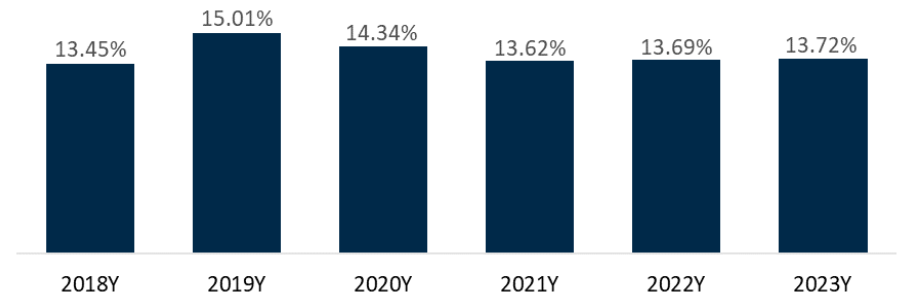
Peers include all publicly listed banks headquartered in California with total assets \$1 billion to \$5 billion as of 12/31/23.

# Robust Capital Position

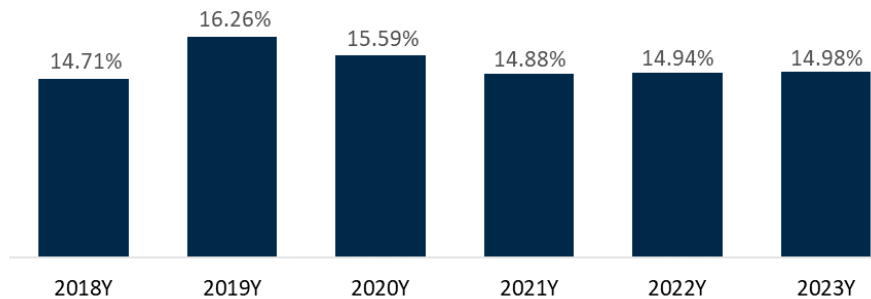
## TCE Ratio



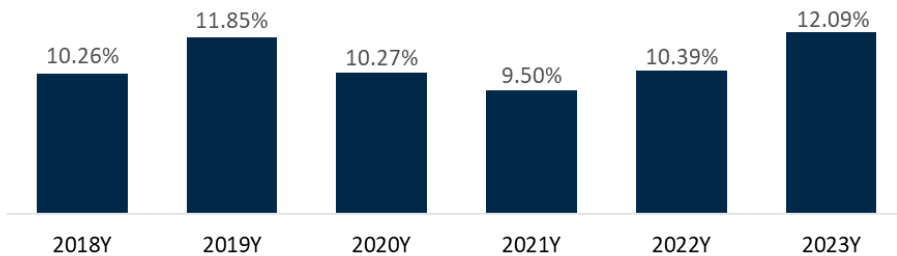
## Tier 1 Ratio



## Total Capital Ratio

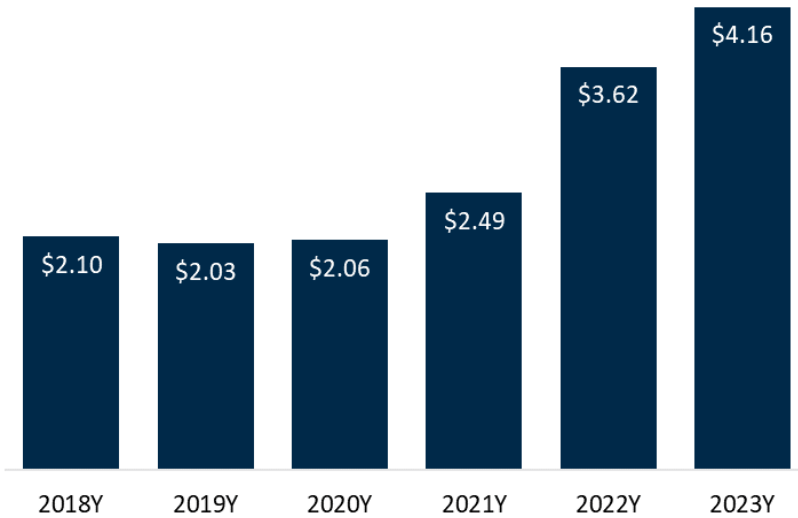


## Leverage Ratio

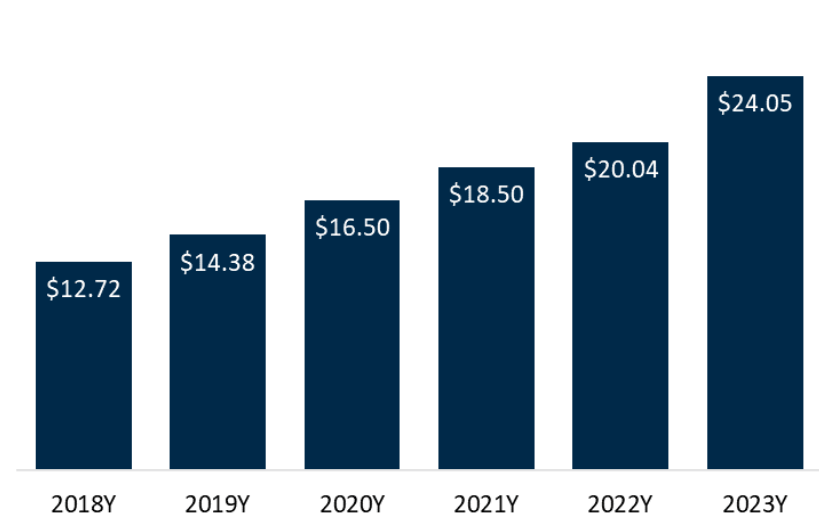


# Per Share Data

Earnings per Share (EPS)



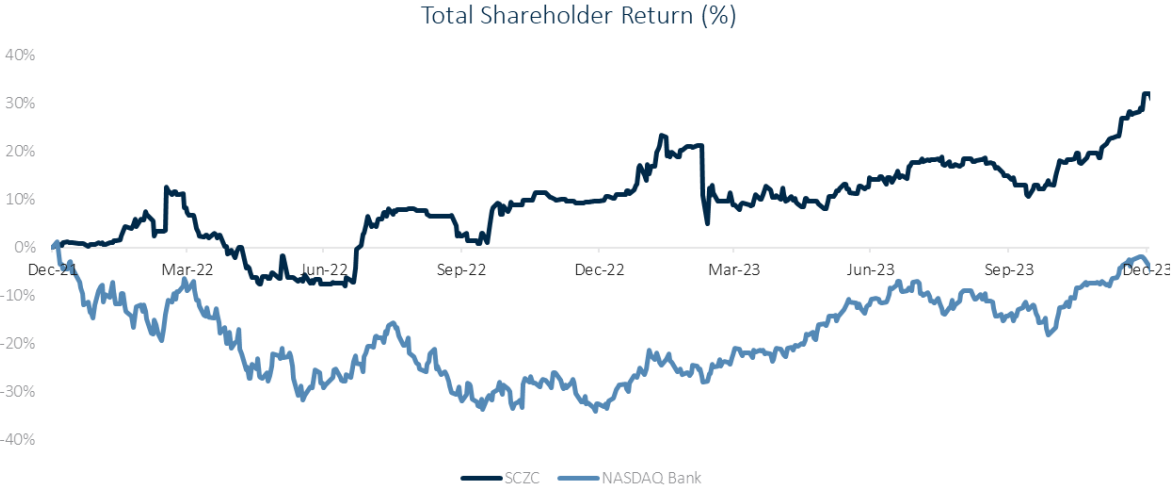
Tangible Book Value per Share (TBVPS)





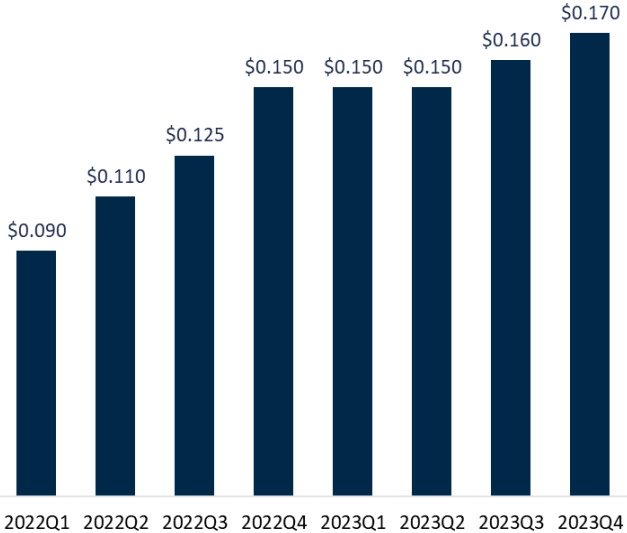
# Shareholder Focused

## Superior Price Performance



Total shareholder return includes the price appreciation of the underlying equity in addition to the dividends paid.

## Cash Dividend



Adjusted for stock dividends and splits

# Community Reinvestment

## 2,700+ Hours of Community Service in 2023 Outstanding CRA Rating – Corporate Leadership

Through volunteerism and service on boards and committees, we reinvest our time and financials into the communities we serve by supporting local non-profits, service clubs, chambers and charitable organizations. Our directors, management team, and employees are involved in hundreds of activities, and generously give their time, energy, and talent.

We offer our employees participation in a Community Service Program which supports activities that enhance and serve the communities in which we live and work. This program allows full-time employees to donate up to 40 hours per calendar year toward a 501(c)(3) charitable organization of their choice.



*Second Harvest Food Bank – Holiday Food & Fund Drive*



*CASA of Santa Cruz County – Holiday Fundraising*



*Habitat for Humanity, Women Build Day*

# Rankings and Recognition

## National



### S&P GLOBAL

Ranked 6<sup>th</sup> in the nation in performance, for banks under \$3 billion in assets



### BAUER FINANCIAL, INC

Rated 5-Star Superior for every quarter



### INDEPENDENT COMMUNITY BANKERS OF AMERICA

Ranked 7<sup>th</sup> in the 2021 Top Commercial Lenders in the nation for community banks over \$1 billion in assets.



### AMERICAN BANKER MAGAZINE

Ranked 83<sup>rd</sup> in the Top 200 Community Banks in the nation and 13<sup>th</sup> out of 22 California banks. This is the Bank's 8<sup>th</sup> consecutive year in the Top 200.



### OTCQX BEST 50

West Coast Community Bancorp, holding company for SCCB (OTCQX: SCZC) has been named to the 2024 OTCQX<sup>®</sup> Best 50, a ranking of top performing companies traded on the OTCQX Best Market, based upon total return and growth in average daily dollar volume in 2023.

## California



### BANK PERFORMANCE REPORT (formerly FMC)

Ranked 24<sup>th</sup> in overall performance for Q3 2023.



### THE FINDLEY REPORTS INC.

Top ranking of Super Premier Performing Bank for 13 consecutive years.

## Local



### BUSINESS OF THE YEAR

The Santa Cruz County Chamber of Commerce recognized the Bank's PPP support during the pandemic—\$574 MM, 4,204 PPP loan applications and 50,000 jobs saved. The Bank previously received recognition as Business of the Year in 2018.

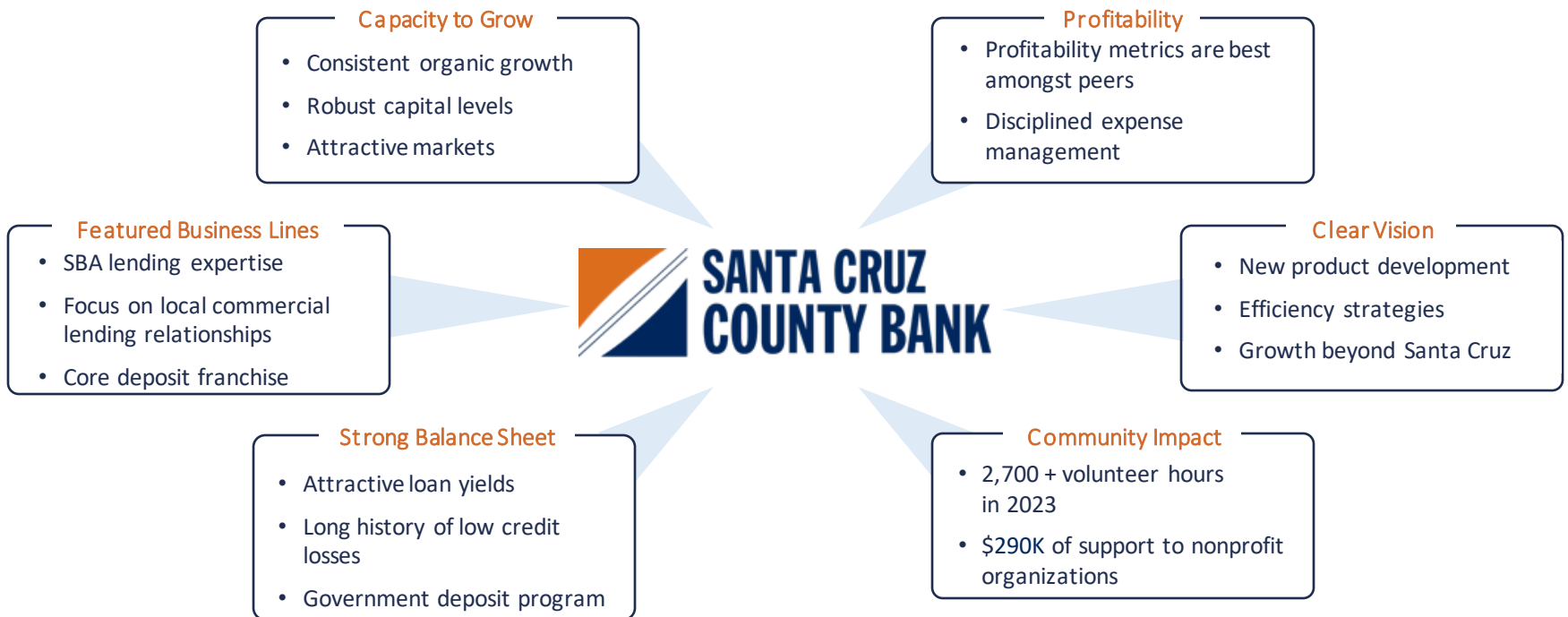


### BEST BANK SENTINEL & GOOD TIMES

Voted *Best Bank* for the ninth year by Santa Cruz County Sentinel readers and eleven years in a row by Good Times readers.

# Appendix

# Highlights



# Non-GAAP Reconciliation

Tangible common equity to tangible assets (the "tangible common equity ratio") and tangible book value per share are non-U.S. GAAP financial measures derived from U.S. GAAP-based amounts. We calculate the tangible common equity ratio by excluding the balance of intangible assets from common stockholders' equity and dividing by tangible assets. We calculate tangible book value per share by dividing tangible common equity by common shares outstanding, as compared to book value per common share, which we calculate by dividing common stockholders' equity by common shares outstanding. We believe that this information is consistent with the treatment by bank regulatory agencies, which exclude intangible assets from the calculation of risk-based capital ratios. Accordingly, we believe that these non-U.S. GAAP financial measures provide information that is important to investors and that is useful in understanding our capital position and ratios. However, these non-U.S. GAAP financial measures are supplemental and are not a substitute for an analysis based on U.S. GAAP measures. As other companies may use different calculations for these measures, this presentation may not be comparable to other similarly titled measures reported by other companies. A reconciliation of the non-U.S. GAAP measure of tangible common equity ratio to the U.S. GAAP measure of common equity ratio and tangible book value per share to the U.S. GAAP measure of book value per share are set forth below.

*All dollars in thousands, except per share data*

	2018	2019	2020	2021	2022	2023
Total Stockholders' Equity	\$68,523	\$151,098	\$168,486	\$186,090	\$197,676	\$230,036
Less: Intangible Assets	0	29,331	28,688	28,202	27,796	27,433
<b>Tangible Common Equity</b>	<b>\$68,523</b>	<b>\$121,767</b>	<b>\$139,798</b>	<b>\$157,888</b>	<b>\$169,880</b>	<b>\$202,603</b>
Total Assets	\$662,408	\$1,070,983	\$1,422,872	\$1,701,249	\$1,744,487	\$1,794,362
Less: Intangible Assets	0	29,331	28,688	28,202	27,796	27,433
<b>Tangible Assets</b>	<b>\$662,408</b>	<b>\$1,041,652</b>	<b>\$1,394,184</b>	<b>\$1,673,047</b>	<b>\$1,716,691</b>	<b>\$1,766,929</b>
<b>Tangible Common Equity Ratio</b>	<b>10.3%</b>	<b>11.7%</b>	<b>10.0%</b>	<b>9.4%</b>	<b>9.9%</b>	<b>11.5%</b>
Basic Shares Outstanding	5,386,906	8,469,650	8,475,024	8,536,000	8,477,272	8,425,180
Book Value per Share	\$12.72	\$17.84	\$19.88	\$21.80	\$23.32	\$27.30
Less: Intangible Book Value per Share	0.00	3.46	3.39	3.30	3.28	3.26
<b>Tangible Book Value per Share</b>	<b>\$12.72</b>	<b>\$14.38</b>	<b>\$16.50</b>	<b>\$18.50</b>	<b>\$20.04</b>	<b>\$24.05</b>

# Non-GAAP Reconciliation

Pre-tax, pre-provision net income is a non-U.S. GAAP financial measure derived from U.S. GAAP-based amounts. We calculate pre-tax, pre-provision net income by excluding income tax and provision for credit losses from net income. Management believes that the exclusion of such items from this financial measure provides useful information to gain an understanding of the operating results of our core business. This non-U.S. GAAP financial measure is supplemental and is not a substitute for an analysis based on U.S. GAAP measures. As companies may use different calculations for this measure, this presentation may not be comparable to other similarly titled measures reported by other companies. A calculation of the non-U.S. GAAP measure of pre-provision net income is set forth below.

<i>All dollars in thousands</i>						
	2018	2019	2020	2021	2022	2023
Net Income	\$11,380	\$12,275	\$17,550	\$21,274	\$30,944	\$35,150
Plus: Provision for Income Taxes	4,486	5,153	7,128	8,791	12,815	14,619
Plus: Provision for Loan Losses	688	450	2,816	6,858	1,592	1,413
<b>Pre-Tax, Pre-Provision Net Income</b>	<b>\$16,554</b>	<b>\$17,878</b>	<b>\$27,494</b>	<b>\$36,923</b>	<b>\$45,351</b>	<b>\$51,182</b>
Average Assets	\$649,653	\$784,586	\$1,294,813	\$1,610,478	\$1,756,075	\$1,744,178
PTPP Net Income / Avg. Assets	2.55%	2.28%	2.12%	2.29%	2.58%	2.93%