Santa Cruz County Bank Reports Earnings
For the Quarter Ended June 30, 2023

SANTA CRUZ, CA – July 25, 2023: Santa Cruz County Bank (the "Bank", **OTCQX: SCZC**), with assets of $1.75 billion, is a top-rated community bank headquartered in Santa Cruz County. Today, the Bank announced unaudited earnings for the quarter ended June 30, 2023. Net income for the Bank for the second quarter of 2023 was $8.3 million, an increase of 31% from $6.4 million over the second quarter in the prior year and down 6% from $8.9 million in the prior quarter. Basic and diluted earnings per share in the second quarter of 2023 both improved over the prior year comparative quarter by $0.24. Basic and diluted earnings per share in the second quarter of 2023 decreased over the prior quarter by $0.06 and $0.07, respectively. Decreases from the prior quarter primarily reflected pressure from the rising cost of funds.

Net income for the first half of 2023 was $17.2 million, an increase of 46% from $11.7 million over the first half of the prior year. Basic and diluted earnings per share in the first half of 2023 both improved over 2022 by $0.66.

Santa Cruz County Bank President and CEO Krista Snelling commented, "For the second quarter, the Bank's gross loans (excluding PPP) once again set a quarterly record. Our return on average assets of 1.94% and net interest margin of 4.93% remain strong, despite market interest rate pressure which drove the Bank's cost of funds higher by 40 basis points during the second quarter to 78 basis points. We remain focused on balancing profitability with credit quality and enterprise risk management while providing an exceptional and efficient client experience.

As the result of the ongoing strength of the Bank and its financial performance, in June we were again listed in American Banker Magazine's Top 200 Community Banks & Thrifts in the United States, based upon 3-year return on average equity for institutions under $2 billion in assets."

Financial Highlights

Performance highlights as of and for the quarter ended June 30, 2023, included the following:

- Quarterly net income of $8.3 million increased 31% from $6.4 million in the second quarter ended June 30, 2022, and down 6% from $8.9 million in the prior quarter. Net income for first half of 2023 was $17.2 million, an increase of 46% from $11.7 million over the first half of the prior year.
- Our liquidity position remains healthy, as our primary liquidity ratio (cash and equivalents, deposits held in other banks and unpledged available-for-sale ("AFS") securities as a percentage of total assets) was 15.3% and 16.1% at June 30 and March 31, 2023, respectively.
- Deposits totaled $1.47 billion at June 30, 2023, an increase of $5.4 million or 0.4%, compared to March 31, 2023. Relationship deposits, i.e. deposits gathered outside of wholesale channels, increased $18.5 million compared to March 31, 2023. Total uninsured deposits, excluding collateralized deposits, represent approximately 43% of total deposits at both June 30 and March 31, 2023.
- Total assets of $1.75 billion as of June 30, 2023, increased $19.0 million or 1%, compared to $1.73 billion as of March 31, 2023, and decreased $14.5 million or 1% compared to $1.76 billion as of June 30, 2022.
- Record gross loans (excluding PPP) of $1.34 billion, an increase of $21.7 million or 2%, compared to March 31, 2023, and an increase of $144.5 million or 12%, compared to June 30, 2022. The Bank continues to capitalize on lending opportunities in both the core Santa Cruz market and its expanded markets with a strong mix of loans serving our business community and the development of multifamily housing.
- Nonaccrual loans totaled $8.0 million, or 0.60% of gross loans, as of June 30, 2023, compared to $2.6 million, or 0.20% of total loans as of March 31, 2023. The increase during the second quarter is primarily due to the addition

of a $6.5 million commercial real estate loan that is well-secured by a medical office facility and is in the process of collection without loss expected.

- Current Expected Credit Loss ("CECL") methodology was adopted January 1, 2023. The allowance for credit losses, which is based on estimating credit losses for the life of the loans in the portfolio, totaled $24.8 million, or 1.85% of total loans. In addition, the allowance on unfunded credit commitments, presented as part of other liabilities, increased $550 thousand in the second quarter of 2023 due to two significant multi-year construction commitments made during the quarter.
- Provision for credit losses, including funded and unfunded credit commitments, was $486 thousand in the second quarter, compared to $315 thousand for the first quarter of 2023 and $622 thousand for the same period in 2022. The provision was driven by growth in the portfolio, particularly the large credit commitments mentioned above.
- Net interest margin was 4.93% in the second quarter of 2023, compared to 5.08% in the prior quarter and 3.90% for the corresponding quarter in 2022. Net interest margin was 5.01% in the first half of 2023, compared to 3.83% in the first half of 2022. The Bank's large proportion of adjustable-rate loans benefited from the rising prime index rate. However, the Bank experienced the pressure from the rising cost of funds, particularly in 2023 following the failures of several high-profile banks who operated much differently than Santa Cruz County Bank. While the cause of failure was idiosyncratic in nature to those banks' business models, such failures accelerated a trend of bank depositors shifting to deposit networks for increased FDIC insurance coverage and to higher yielding investment opportunities, increasing funding pressure across the banking industry.
- For the quarters ended June 30, 2023 and March 31, 2023, return on average assets was 1.94% and 2.08%, respectively, and the return on average tangible equity was 18.42% and 20.90%, respectively. For the first half of 2023, return on average assets was 2.01%, compared to 1.39% in the first half of 2022; and return on average equity was 16.96%, compared to 12.70% in the first half of 2022.
- The efficiency ratio was 41.52% for the second quarter of 2023, as compared to 39.78% in the prior quarter and 44.48% in the second quarter of 2022. The efficiency ratio was 40.64% and 46.15% for the first half of 2023 and 2022, respectively.
- All capital ratios were above regulatory requirements for a well-capitalized institution with a total risk-based capital ratio of 14.57% at June 30, 2023 compared to 14.71% at March 31, 2023. Tangible common equity to tangible asset ratio increased from 10.39% at March 31, 2023 to 10.51% at June 30, 2023.
- Tangible book value per share increased to $21.54 at June 30, 2023 from $20.91 at March 31, 2023 and $18.45 at June 30, 2022.

Liquidity Position

Our liquidity position remains strong, as our primary liquidity ratio (cash and equivalents, deposits held in other banks and unpledged available-for-sale ("AFS") securities as a percentage of total assets) was 15.3% at June 30, 2023, compared to 16.1% at March 31, 2023. As of June 30, 2023, on-balance sheet liquidity including cash and equivalents, deposits held in other banks and unpledged available-for-sale securities totaled $267.4 million. This, combined with available borrowing capacity of $381.2 million, exceeded uninsured and uncollateralized deposits of $626.1 million, with a coverage ratio greater than 104%. SBA loans held for sale of $34.4 million at June 30, 2023 also provides additional liquidity.

U.S. Treasury bonds, securities issued by U.S. Government sponsored agencies and SBA accounted for 76%, 16% and 4% of the investment portfolio as of June 30, 2023, respectively, and thus presented minimal credit or liquidity risk. The investment portfolio of $288.9 million at June 30, 2023 has an average life of 2.8 years, and the Bank expects to receive principal, in full, when the investments mature. Net unrealized losses on AFS securities totaled $21.6 million ($15.2 million after-tax). Held-to-maturity securities totaled $8.7 million at June 30, 2023 with an insignificant amount of unrealized losses.

As of quarter-end, the Bank had no borrowings outstanding from the Federal Reserve's discount window or its new Bank Term Funding Program. Available secured borrowing capacity with the Federal Home Loan Bank of San Francisco totaled $301.2 million and $48 million overnight borrowing was outstanding as of June 30, 2023, compared to $43.5 million at March 31, 2023.

Quarterly Earnings

Quarterly net income of $8.3 million increased 31% from $6.4 million in the second quarter ended June 30, 2022, and down $561 thousand or 6% from $8.9 million in the prior quarter. The decline from prior quarter reflected the pressure from rising interest expenses, which increased $1.5 million compared to the prior quarter due to the higher interest rate environment and intense competition for deposits, partially offset by $1.1 million higher interest income on loans. In addition, as mentioned earlier, provision for credit losses increased $171 thousand this quarter compared to the last quarter.

Net income for the first half of 2023 was $17.2 million, an increase of 46% from $11.7 million over the first half of the prior year due to rising rates, despite a diminishing amount of PPP loan fee recognition.

Interest Income / Interest Expense and Net Interest Margin

Net interest income of $20.2 million in the second quarter of 2023 improved over the same quarter last year by $4.3 million, or 27%, primarily due to the rise in market interest rates benefiting our loan interest income and to a lesser degree, the organic loan growth during 2023 and 2022, partially offset by higher cost of funds. A decrease of $557 thousand from $20.8 million for the quarter ended March 31, 2023, is primarily due to higher cost of funds in the second quarter, partially offset by the benefit of higher prime rate on loan yields. The Bank's cost of funds increased 40 basis points from the first quarter of 2023 of 0.38%, and 68 basis points from 0.10% in the second quarter of 2022 to 0.78% in the second quarter of 2023.

For the second quarter of 2023, net interest margin was 4.93%, compared to 5.08% in the first quarter and 3.90% for the corresponding quarter in 2022. The decrease from the prior quarter reflected that rising cost of funds outpaced the benefit from higher yields on the earning assets, and a shift from noninterest-bearing deposits to interest-bearing deposits. For the first half of 2023, net interest margin was 5.01%, compared to 3.83% for the corresponding period in 2022. The increase from prior year is attributed to an improvement on yield from earning assets, favorably impacted by multiple rate increases in prime and other indices, and increases in our cost of funds lagging behind the market rate increases during most of 2022.

For the Quarter Ended

(Dollars in thousands)	June 30, 2023 Average Balance	June 30, 2023 Interest Income/ Expense	June 30, 2023 Avg Yield/ Cost	March 31, 2023 Average Balance	March 31, 2023 Interest Income/ Expense	March 31, 2023 Avg Yield/ Cost
ASSETS						
Interest-earning due from banks	$ 24,158	$ 220	3.66%	$ 38,630	$ 283	2.98%
Investments	299,055	1,154	1.55%	327,856	1,232	1.52%
Loans	1,317,378	21,705	6.61%	1,288,518	20,631	6.49%
Total interest-earning assets	1,640,591	23,079	5.64%	1,655,004	22,146	5.43%
Noninterest-earning assets	75,402			76,589		
Total assets	$ 1,715,993			$ 1,731,593		
LIABILITIES						
Interest-bearing deposits	$ 857,260	2,588	1.21%	$ 842,824	1,134	0.55%
Borrowings	24,517	314	5.14%	22,603	278	4.99%
Total interest-bearing liabilities	881,777	2,902	1.32%	865,427	1,412	0.66%
Noninterest-bearing deposits	606,997			651,050		
Other noninterest-bearing liabilities	18,426			15,032		
Total liabilities	1,507,200			1,531,509		
EQUITY	208,793			200,084		
Total liabilities and equity	$ 1,715,993			$ 1,731,593		
Net interest income /margin		$ 20,177	4.93%		$ 20,734	5.08%
Cost of funds			0.78%			0.38%

For the Six Months Ended

(Dollars in thousands)	June 30, 2023 Average Balance	June 30, 2023 Interest Income/ Expense	June 30, 2023 Avg Yield/ Cost	June 30, 2022 Average Balance	June 30, 2022 Interest Income/ Expense	June 30, 2022 Avg Yield/ Cost
ASSETS						
Interest-earning due from banks	$ 31,354	$ 504	3.24%	$ 111,755	$ 309	0.56%
Investments	313,376	2,386	1.54%	328,233	1,552	0.95%
Loans	1,303,028	42,335	6.55%	1,193,868	29,892	5.05%
Total interest-earning assets	1,647,758	45,225	5.53%	1,633,856	31,753	3.92%
Noninterest-earning assets	75,993			75,648		
Total assets	$ 1,723,751			$ 1,709,504		
LIABILITIES						
Interest-bearing deposits	$ 850,082	3,722	0.88%	$ 807,677	744	0.19%
Borrowings	23,565	592	5.07%	170	1	0.43%
Total interest-bearing liabilities	873,647	4,314	1.00%	807,847	745	0.19%
Noninterest-bearing deposits	628,902			699,508		
Other noninterest-bearing liabilities	16,728			15,650		
Total liabilities	1,519,277			1,523,005		
EQUITY	204,474			186,499		
Total liabilities and equity	$ 1,723,751			$ 1,709,504		
Net interest income /margin		$ 40,911	5.01%		$ 31,008	3.83%
Cost of funds			0.58%			0.10%

Noninterest Income / Expense

Noninterest income for the quarter ended June 30, 2023 was $839 thousand compared to $733 thousand for the trailing quarter and $1.45 million in the second quarter of 2022. There were no SBA sales in either of the first two quarters of 2023. Gains on SBA loan sales were $587 thousand in the second quarter of 2022. The market premium on SBA loans declined, making it less favorable to sell SBA loans in 2023.

Noninterest expense was $8.7 million in the second quarter of 2023, $173 thousand or 2% more than prior quarter, primarily due to less bonus expense in the first quarter of 2023. Noninterest expense increased $999 thousand, or 13% compared to the same quarter last year, primarily due to higher salaries and related expense from higher headcount to support the Bank's growth in footprint. Average full-time equivalent staff increased from 145 in the second quarter of 2022 to 149 in the second quarter of 2023.

Loans and Asset Quality

Non-PPP loans increased by $144.5 million or 12% compared to June 30, 2022, more than replacing the $22.1 million year-over-year reduction in PPP loans. Non-PPP loans increased by $21.7 million or 2% from the prior quarter. Growth in the non-PPP loan portfolio was driven by new originations in commercial real estate loans, including multifamily projects, and funding of commercial lines.

The allowance for credit losses was $24.8 million, or 1.85% of the total loans, at June 30, 2023, compared to $25.9 million, or 1.96% of the total loans, at March 31, 2023. The decrease in the allowance as a percent of total loans was due to a reduction in the expected average life of loans in the commercial real estate and commercial portfolios which in turn reduced the expected loss rates. To a lesser degree, the decrease was also due to a reversal of the qualitative reserve on the farmland and agriculture portfolio that was added in the first quarter of 2023, as anticipated losses from seasonal rain and flooding did not materialize in the second quarter. Additionally, there was a $1 million charge-off on an unsecured commercial loan that became a problem credit in the second quarter of 2023.

The allowance for credit losses includes specific reserves in the amount of $1.5 million as of both June 30, 2023 and March 31, 2023, for individually evaluated impaired commercial loans on nonaccrual status. 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 collateral dependent but is adequately secured by real estate and has no recorded reserve. The following tables summarize the Bank's loan mix and delinquent/nonperforming loans:

Loan Mix

		As of	
(Dollars in thousands)	06/30/2023	03/31/2023	06/30/2022
Loans held for sale	$ 34,354	$ 41,456	$ 63,874
SBA and B&I loans	146,875	144,709	121,499
PPP loans	397	3,079	22,460
Commercial term loans	110,076	115,579	94,939
Revolving commercial lines	135,148	119,075	113,874
Asset-based lines of credit	7,569	5,468	--
Construction loans	134,655	163,244	167,590
Real estate loans	726,477	688,519	600,323
Home equity lines of credit	28,753	28,687	27,658
Consumer and other loans	10,852	5,894	1,628
Deferred loan expenses, net of fees	2,547	3,017	1,458
Total gross loans	$ 1,337,703	$ 1,318,727	$ 1,215,303

Delinquent and Nonperforming Loans

	As of or for the Quarter Ended		
(Dollars in thousands)	06/30/2023	03/31/2023	06/30/2022
Loans past due 30-89 days, excluding PPP loans	$ 2,999	$ 1,041	$ 2,283
PPP loans past due 30-89 days	--	1,168	1,426
Delinquent loans (past due 90+ days still accruing)	--	--	298
Nonaccrual loans	8,027	2,616	25
Other real estate owned	--	--	--
Nonperforming assets	8,027	2,616	333
Net loan charge-offs (recoveries) QTD	1,000	--	3
Net loan charge-offs (recoveries) YTD	1,000	--	72

Deposits

Deposits were $1.47 billion at June 30, 2023, reflecting a decrease of 5.7% or $87.9 million since June 30, 2022, and 42% of deposits were noninterest-bearing. Deposits increased $5.4 million during the second quarter of 2023. The ten largest depositors, excluding fully collateralized government agency deposits, represent approximately 10% of total deposits as of June 30, 2023.

Deposit Mix

		As of	
(Dollars in thousands)	06/30/2023	03/31/2023	06/30/2022
Noninterest-bearing demand	$ 615,923	$ 619,178	$ 703,949
Interest-bearing demand	208,421	217,270	217,534
Money markets	368,282	346,074	373,970
Savings	114,946	122,261	146,549
Time certificates of deposit ≥ $250,000	108,269	91,649	67,789
Time certificates of deposit < $250,000	36,217	37,106	45,441
Brokered deposits	15,276	28,388	--
Total deposits	$ 1,467,334	$ 1,461,926	$ 1,555,232
Total deposits – personal	$ 599,902	$ 566,573	$ 636,288
Total deposits – business	$ 867,432	$ 895,353	$ 918,944

Shareholders’ Equity

Total shareholders’ equity was $208.2 million at June 30, 2023, a $4.0 million or 2% increase over March 31, 2023 and an increase of $22.7 million or 12% over June 30, 2022. Earnings of $8.3 million in the second quarter of 2023 contributed to the increase over last quarter-end. The repurchases of $1.6 million of stock and declaration of cash dividends on common stock at $0.15 per share which amounted to $1.3 million reduced total shareholders’ equity in the quarter.

The after-tax unrealized losses on AFS increased slightly from $13.9 million as of March 31, 2023 to $15.2 million as of June 30, 2023, as the interest rate environment has continued to rise.

For the quarter ended June 30, 2023, the Bank’s return on average equity was 15.98% with a return on average tangible equity of 18.42%. Return on average assets was 1.94%. The book value per share of Santa Cruz County Bank’s common stock, after cash dividends at June 30, 2023, was $24.83, up $0.64 from March 31, 2023.

Share Repurchase Program

On July 25, 2022, the Bank announced the launch of a $5 million Share Repurchase Program which was the first in the Bank’s history. The Bank's Board of Directors authorized the Share Repurchase Program and received the required approvals from the California Department of Financial Protection and Innovation as well as the Federal Deposit Insurance Corporation. The Board's authorization of this Program was based upon the strength of the Bank’s balance sheet, financial performance and to align the Bank's strategic initiatives with increasing shareholder value. The Stock Repurchase Program ended on June 30, 2023, and shares purchased under the program reduced the number of shares outstanding and were returned to authorized but unissued status. As of June 30, 2023, 202,079 shares were repurchased at an average price of $24.74, totaling $5 million and were accounted for as a reduction in equity.

ABOUT SANTA CRUZ COUNTY BANK

Santa Cruz County Bank was founded in 2004. It is a top-rated, locally-owned and operated, full-service community bank headquartered in Santa Cruz, California. The bank has branches in Aptos, Capitola, Cupertino, Monterey, Salinas, Santa Cruz, Scotts Valley, and Watsonville. Santa Cruz County Bank is distinguished from "big banks" by its relationship-based service, problem-solving focus, and direct access to decision makers. The bank is a leading SBA lender in Santa Cruz County and Silicon Valley and a top USDA lender in the state of California. As a full-service bank, Santa Cruz County Bank offers competitive deposit and lending solutions for businesses and individuals; including business loans, lines of credit, commercial real estate financing, construction lending, asset-based lending, agricultural loans, SBA and USDA government guaranteed loans, credit cards, merchant services, remote deposit capture, mobile and online banking, bill payment, and treasury management. True to its community roots, Santa Cruz County Bank has supported regional well-being by actively participating in and donating to local not-for-profit organizations.

NATIONAL, STATE, AND LOCAL RATINGS AND AWARDS

- American Banker Magazine: The Bank is ranked #89 in the Top 200 Community Banks list based upon 3-year average equity for banks under $2 billion in assets and ranked #13 out of 21 California banks.
- S&P Global Market Intelligence: The Bank is ranked #6 in the Top 100 banks nationwide for 2022 performance for banks under $3 billion in assets and ranked #3 for the best-performing community banks in the Western U.S. with assets under $10 billion.
- The Findley Reports, Inc.: The Bank has received the top ranking of Super Premier by Findley for 13 consecutive years.
- Bauer Financial Reports, Inc.: The Bank is rated 5-star "Superior" based upon its financial performance.
- U.S. Small Business Administration: The Bank is in the Top 100 most active SBA 7(a) lenders in the nation.
- Silicon Valley Business Journal: The Bank is ranked 15th in volume of SBA loans lent to Silicon Valley businesses from October 1, 2021 to September 1, 2022.
- Good Times, 2023 Best of Santa Cruz County Award, Voted "Best Bank" for 11 consecutive years.
- Santa Cruz Sentinel, 2022 Reader’s Choice Award, number one bank in Santa Cruz County as voted by Santa Cruz Sentinel readers for 8 years.

This release may contain forward-looking statements that are subject to risks and uncertainties. Such risks and uncertainties may include but are not necessarily limited to fluctuations in interest rates (including but not limited to changes in depositor behavior in relation thereto), inflation, government regulations and general economic conditions, 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. 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.

Concurrent with this earnings release, the Bank issued presentation slides providing supplemental information, intended to be reviewed together with this release and can be found online at: https://www.sccountybank.com/investor_relations.cfm

Selected Unaudited Financial Information

(Dollars in thousands, except per share amounts)	As of or for the Quarter Ended June 30, 2023	2022	Change $	Change %	As of or for the Quarter Ended March 31, 2023	Change $	Change %
Balance Sheet							
Assets							
Cash and due from banks	$ 47,928	$ 148,259	$ (100,331)	-68%	$ 37,006	$ 10,922	30%
Securities – AFS	280,273	325,080	(44,807)	-14%	298,960	(18,687)	-6%
Securities – HTM	8,665	3,005	5,660	188%	2,780	5,885	212%
Gross loans, excluding PPP	1,337,306	1,192,843	144,463	12%	1,315,648	21,658	2%
SBA PPP loans	397	22,460	(22,063)	-98%	3,079	(2,682)	-87%
Allowance for credit losses	(24,808)	(21,171)	(3,637)	17%	(25,879)	1,071	-4%
Goodwill and other intangibles	27,614	27,998	(384)	-1%	27,705	(91)	0%
Other assets	69,002	62,399	6,603	11%	68,115	887	1%
Total assets	$ 1,746,377	$ 1,760,873	$ (14,496)	0.8%	$ 1,727,414	$ 18,963	1%
Liabilities and Equity							
Noninterest-bearing deposits	$ 615,923	$ 703,949	$ (88,026)	-13%	$ 619,178	$ (3,255)	-1%
Interest-bearing non-brokered deposits	836,135	851,284	(15,149)	-2%	814,360	21,775	3%
Brokered deposits	15,276	--	15,276	N/A	28,388	(13,112)	-46%
Borrowings	48,000	--	48,000	N/A	43,500	4,500	10%
Other liabilities	22,842	20,105	2,737	14%	17,748	5,094	29%
Shareholders' equity	208,201	185,535	22,666	12%	204,240	3,961	2%
Total liabilities and equity	$1,746,377	$ 1,760,873	$ (14,496)	-1%	$ 1,727,414	$ 18,963	1%
Income Statement							
Interest income	$ 23,079	$ 16,294	$ 6,785	42%	$ 22,146	$ 933	4%
Interest expense	2,902	375	2,527	674%	1,412	1,490	106%
Net interest income	20,177	15,919	4,258	27%	20,734	(557)	-3%
Provision for credit losses	486	622	(136)	-22%	315	171	54%
Noninterest income	839	1,452	(613)	-42%	733	106	14%
Noninterest expense	8,725	7,726	999	13%	8,552	173	2%
Net income before taxes	11,805	9,023	2,782	31%	12,600	(795)	-6%
Income tax expense	3,487	2,656	831	31%	3,721	(234)	-6%
Net income after taxes	$ 8,318	$ 6,367	$ 1,951	31%	$ 8,879	$ (561)	-6%
Basic earnings per share	$ 0.99	$ 0.75	$ 0.24	32%	$ 1.05	$ (0.06)	-6%
Diluted earnings per share	$ 0.98	$ 0.74	$ 0.24	32%	$ 1.05	$ (0.07)	-7%
Book value per share	$ 24.83	$ 21.73	$ 3.10	14%	$ 24.19	$ 0.64	3%
Tangible book value per share	$ 21.54	$ 18.45	$ 3.09	17%	$ 20.91	$ 0.63	3%
Shares outstanding	8,384,461	8,536,924			8,442,240		
Ratios							
Net interest margin	4.93%	3.90%			5.08%		
Cost of funds	0.78%	0.10%			0.38%		
Efficiency ratio	41.52%	44.48%			39.78%		
Return on:							
Average assets	1.94%	1.49%			2.08%		
Average equity	15.98%	13.77%			18.00%		
Average tangible equity	18.42%	16.23%			20.90%		
Tier 1 leverage ratio	11.43%	10.00%			10.99%		
Total risk-based capital ratio	14.57%	14.48%			14.71%		
Tangible common equity ratio	10.51%	9.09%			10.39%		
ACL / Non-PPP loans	1.86%	1.77%			1.97%		
Noninterest-bearing to total deposits	41.98%	45.26%			42.35%		

Selected Unaudited Financial Information

(Dollars in thousands, except per share amounts)	For the Six Months Ended June 30, 2023	2022	Change $	Change %
Income Statement				
Interest income	$ 45,225	$ 31,753	$ 13,472	42%
Interest expense	4,314	745	3,569	479%
Net interest income	40,911	31,008	9,903	32%
Provision for loan losses	801	1,267	(466)	-37%
Noninterest income	1,572	2,241	(669)	-30%
Noninterest expense	17,277	15,344	1,933	13%
Net income before taxes	24,405	16,638	7,767	47%
Income tax expense	7,208	4,888	2,320	47%
Net income after taxes	$ 17,197	$ 11,750	$ 5,447	46%
Basic earnings per share *	$ 2.04	$ 1.38	$ 0.66	48%
Diluted earnings per share *	$ 2.03	$ 1.37	$ 0.66	48%
Ratios				
Net interest margin	5.01%	3.83%		
Cost of funds	0.58%	0.10%		
Efficiency ratio	40.64%	46.15%		
Return on average assets	2.01%	1.39%		
Return on average equity	16.96%	12.70%		
Return on average tangible equity	19.62%	14.95%		

* Share data for prior periods has been adjusted to reflect stock split in March 2022