West Coast Community Bancorp, Parent Company of Santa Cruz County Bank, Reports Earnings for the Quarter Ended June 30, 2024

Board Declares Quarterly Cash Dividend

SANTA CRUZ, CA – July 23, 2024: West Coast Community Bancorp ("Bancorp", OTCQX: SCZC), the parent company of Santa Cruz County Bank (the "Bank"), announced unaudited earnings for the second quarter ended June 30, 2024. Net income for the quarter was $8.2 million, compared to $9.3 million in the prior quarter and $8.3 million in the quarter ended June 30, 2023. Net income for the first half of 2024 was $17.5 million, an increase of 2% from $17.2 million over the first half of the prior year.

President and CEO, Krista Snelling commented: "We are pleased to report continued strong financial results this quarter including net interest margin of 4.98% and return on average assets of 1.98% (excluding merger-related costs). Additionally, our diligent expense management continues with an efficiency ratio below 44% (also excluding merger-related costs). Our tangible book value per share continues to grow accordingly.

In May, we announced our agreement to merge with 1st Capital Bancorp, with an anticipated close in the fourth quarter of 2024, subject to regulatory and shareholder approvals. After we close the merger and move into 2025, our balance sheet will reposition and we expect to recognize the benefits of improved scale and efficiency, higher lending capacity and opportunities for new business due to an expanded geographic reach.

During the second quarter, we received two top national bank financial performance rankings. American Banker Magazine ranked us 50th in their Top 100 Best Performing Community Banks under $2 billion based upon three-year average ROAE. This marks our tenth year on the American Banker Best Performing Community Banks list. Additionally, we ranked 12th out of 25 banks in the nation with assets over $1 billion in the ICBA's Top-Performing Banks of 2024."

On July 18, 2024, the Board of Directors of Bancorp declared a quarterly cash dividend of $0.17 per common share, payable on August 12, 2024, to shareholders of record at the close of business on August 6, 2024.

Financial Highlights

Performance highlights as of and for the quarter ended June 30, 2024, included the following:

- Quarterly net income of $8.2 million decreased 12% from $9.3 million in the prior quarter, primarily due to the reversal of provision for credit losses of $1.0 million in the prior quarter and no provision in the current quarter. Net income decreased 1% from $8.3 million in the quarter ended June 30, 2023. Net income for the first half of 2024 was $17.5 million, an increase of 2% from the first half of the prior year.
- Basic and diluted earnings per share in the second quarter of 2024 were $0.98 and $0.97 and both decreased over the prior quarter by $0.13. Basic and diluted earnings per share in the second quarter of 2024 decreased over the prior year comparative quarter by $0.01. Merger expenses affected second quarter 2024 diluted earnings per share by $0.03. Basic and diluted earnings per share in the first half of 2024 both improved compared to 2023 by $0.05.
- Total assets were $1.71 billion as of June 30, 2024, a decrease of $800 thousand compared to March 31, 2024, and a decrease of $34.5 million or 2% compared to June 30, 2023.
- The Bank's liquidity position remains healthy. Primary liquidity ratio, defined as cash and equivalents, deposits held in other banks and unpledged available-for-sale ("AFS") securities as a percentage of total assets, was 11.7% at both June 30, 2024 and March 31, 2024.

- Deposits totaled $1.43 billion at June 30, 2024, a decrease of $24.4 million or 2%, compared to March 31, 2024, and a decrease of $35.7 million or 2% compared to June 30, 2023. Brokered deposits decreased $10.1 million and relationship deposits, i.e. deposits gathered outside of wholesale channels, decreased $14.3 million compared to March 31, 2024. Consistent with industry trends, the Bank has continued to experience deposit runoff due to clients seeking higher rates of return. In addition, the decrease in the second quarter of 2024 reflected clients' tax payments, real estate investment, disbursement of business earnings to owners, and fluctuations from our large local agency depositors.
- Gross loans totaled $1.39 billion at June 30, 2024, an increase of $8.3 million or 1%, compared to March 31, 2024, and an increase of $49.4 million or 4%, compared to June 30, 2023. The increase in the loan portfolio during the second quarter of 2024 was bolstered by the funding of two large construction loans that totaled $10.4 million at June 30, 2024. Conventional lines of credit outstandings increased by $6.6 million, largely driven by advances from existing clients. Loan growth was partially offset by the early payoff of a $12.1 million asset-based commercial line of credit and successful resolution and payoff of a substandard $6.4 million commercial real estate loan.
- No loans were on non-accrual status as of June 30, 2024, compared to $90 thousand, or 0.01% of total loans as of March 31, 2024. Of the $90 thousand on non-accrual status at March 31, 2024, $46 thousand was paid off and $44 thousand was charged-off by the Bank during the second quarter.
- The allowance for credit losses ("ACL"), reflecting management's estimate of credit losses for the expected life of the loans in the portfolio, totaled $23.0 million, or 1.66% of total loans at June 30, 2024, compared to $23.0 million, or 1.67% at March 31, 2024. The slight decrease in the allowance as a percentage of total loans is primarily attributed to the adoption of a data-driven approach to adjust for qualitative factors and the strong credit quality of the portfolio as of the second quarter, resulting in an easing of these factors for most loan types.
- No provision for credit losses was made in the second quarter, including funded and unfunded credit commitments, due to the reasons discussed above. In comparison, a $1 million reversal was booked in the first quarter of 2024 and a $486 thousand provision was recognized in the second quarter in 2023. The reversal in the first quarter was due to a reduction in the size of the loan portfolio combined with a shorter estimated average life on the commercial real estate portfolio.
- Net interest margin was 4.98% in the second quarter of 2024, compared to 4.86% in the prior quarter and 4.93% for the second quarter in 2023. The increase from the prior quarter was largely due to the early payoff of two loans discussed earlier which resulted in approximately $292 thousand received in prepayment penalties and accelerated fee recognition. Net interest margin was 4.92% in the first half of 2024, compared to 5.01% in the first half of 2023. The decrease from the prior period was primarily driven by increased funding costs, partially offset by higher yields on interest-earning assets.
- For the quarters ended June 30, 2024 and March 31, 2024, return on average assets was 1.93% and 2.14%, respectively, return on average equity was 13.63% and 15.99%, respectively, and return on average tangible equity was 15.37% and 18.10%, respectively. For the six months ended June 30, 2024 and June 30, 2023, return on average assets was 2.04% and 2.01%, respectively, return on average equity was 14.79% and 16.96%, respectively, and return on average tangible equity was 16.71% and 19.62%, respectively. Please see "Merger with 1st Capital Bancorp" below for the impact of merger expenses.
- The efficiency ratio was 45.30% for the second quarter of 2024, as compared to 42.81% in the prior quarter and 41.52% in the second quarter of 2023. The efficiency ratio was 44.05% and 40.64% for the first half of 2024 and 2023, respectively. Merger facilitative costs impacted our efficiency ratio by 149 basis points in the second quarter of 2024 and 74 basis points year-to-date.
- All capital ratios were above regulatory requirements for a well-capitalized institution with a total risk-based capital ratio of 16.22% at June 30, 2024 compared to 15.87% at March 31, 2024. Tangible common equity to tangible asset ratio increased from 12.50% at March 31, 2024 to 13.00% at June 30, 2024.
- Tangible book value per share increased to $25.95 at June 30, 2024 from $25.05 at March 31, 2024 and $21.54 at June 30, 2023.

Merger with 1st Capital Bancorp

West Coast Community Bancorp's planned merger with 1st Capital Bancorp was announced during the second quarter of 2024. Regulatory applications have been submitted. The merger is anticipated to close during the fourth quarter of 2024, subject to regulatory and shareholder approvals and the satisfaction of all other closing conditions.

Expenses related to this pending merger totaled $317 thousand during the second quarter of 2024. These expenses negatively impacted return on average assets by five basis points quarter-to-date and three basis points year-to-date, and return on average equity by 37 basis points quarter-to-date and 19 basis points year-to-date.

Interest Income / Interest Expense and Net Interest Margin

Net interest income of $20.2 million in the second quarter of 2024 decreased $91 thousand from $20.3 million for the quarter ended March 31, 2024, due to the impact of continued upward pressure on funding costs partially offset by additional interest income from loan prepayment penalties. While the increase in asset yields was larger than the increase in the cost of funds, the decline in earning asset volumes caused the resulting interest income increase to be more than offset by additional interest expense. The Bank's cost of funds increased 11 basis points from the first quarter of 2024 of 1.43%, to 1.54% in the second quarter of 2024.

For the second quarter of 2024, net interest margin was 4.98%, compared to 4.86% in the first quarter of 2024 and 4.93% for the corresponding quarter in 2023. The increase from the prior quarter was largely due to the early payoff of an asset-based line of credit and a commercial real estate loan, resulting in approximately $292 thousand received in prepayment penalties and accelerated fee recognition in the current quarter. For the first half of 2024, net interest margin was 4.92%, compared to 5.01% for the corresponding period in 2023. The decrease from prior year reflected rising costs of funds, partially offset by the benefit from higher yields on interest-earning assets.

The following tables compare interest income, average interest-earning assets, interest expense, average interest-bearing liabilities, net interest income, net interest margin and cost of funds for each period reported.

	For the Quarter Ended					
	June 30, 2024			March 31, 2024		
(Dollars in thousands)	Average Balance	Interest Income/ Expense	Avg Yield/ Cost	Average Balance	Interest Income/ Expense	Avg Yield/ Cost
ASSETS						
Interest-earning due from banks	$ 18,747	$ 204	4.38%	$ 29,870	$ 212	2.85%
Investments	224,629	959	1.72%	253,054	1,064	1.69%
Loans	1,388,657	24,614	7.13%	1,397,298	24,381	7.02%
Total interest-earning assets	1,632,033	25,777	6.35%	1,680,222	25,657	6.14%
Noninterest-earning assets	82,547			71,198		
Total assets	$ 1,714,580			$ 1,751,420		
LIABILITIES						
Interest checking deposits	$ 201,446	500	1.00%	$ 213,075	447	0.84%
Money market deposits	417,622	2,887	2.78%	414,490	2,686	2.61%
Savings deposits	94,086	133	0.57%	99,202	116	0.47%
Time certificates of deposits	136,320	1,159	3.42%	139,731	1,144	3.29%
Brokered deposits	61,326	818	5.37%	66,790	883	5.32%
Borrowings	4,060	58	5.74%	4,797	68	5.74%
Total interest-bearing liabilities	914,860	5,555	2.44%	938,085	5,344	2.29%
Noninterest-bearing deposits	539,791			560,864		
Other noninterest-bearing liabilities	17,570			17,870		
Total liabilities	1,472,221			1,516,819		
EQUITY	242,359			234,601		
Total liabilities and equity	$ 1,714,580			$ 1,751,420		
Net interest income /margin		$ 20,222	4.98%		$ 20,313	4.86%
Cost of funds			1.54%			1.43%

	For the Six Months Ended					
	June 30, 2024			June 30, 2023		
(Dollars in thousands)	Average Balance	Interest Income/ Expense	Avg Yield/ Cost	Average Balance	Interest Income/ Expense	Avg Yield/ Cost
ASSETS						
Interest-earning due from banks	$ 24,309	$ 416	3.44%	$ 31,354	$ 504	3.24%
Investments*	238,842	2,022	1.70%	304,638	2,202	1.46%
Loans	1,392,977	48,996	7.07%	1,303,028	42,335	6.55%
Total interest-earning assets*	1,656,128	51,434	6.25%	1,639,020	45,041	5.54%
Noninterest-earning assets	76,872			84,731		
Total assets	$ 1,733,000			$ 1,723,751		
LIABILITIES						
Interest checking deposits	$ 207,261	947	0.92%	$ 222,042	171	0.16%
Money market deposits	416,056	5,574	2.69%	360,906	1,760	0.98%
Savings deposits	96,644	248	0.52%	122,577	150	0.25%
Time certificates of deposits	138,025	2,303	3.36%	126,963	1,205	1.91%
Brokered deposits	64,058	1,701	5.34%	17,594	436	5.00%
Borrowings	4,429	126	5.74%	23,565	592	5.07%
Total interest-bearing liabilities	926,473	10,899	2.37%	873,647	4,314	1.00%
Noninterest-bearing deposits	550,327			628,902		
Other noninterest-bearing liabilities	17,720			16,728		
Total liabilities	1,494,520			1,519,277		
EQUITY	238,480			204,474		
Total liabilities and equity	$ 1,733,000			$ 1,723,751		
Net interest income /margin		$ 40,535	4.92%		$ 40,727	5.01%
Cost of funds			1.48%			0.58%

*Effective January 1, 2024, dividends from non-marketable equity investments held by the Bank are reported as noninterest income instead of interest income. Therefore, those equity investments are excluded from earning assets in this table. Prior period figures have been restated for comparability.

Noninterest Income / Expense

Noninterest income for the quarters ended June 30, 2024 and March 31, 2024 was $1.0 million compared $975 thousand in the second quarter of 2023.

Noninterest expense was $9.6 million in the second quarter of 2024, $494 thousand or 5% more than prior quarter, primarily due to $317 thousand of expenses associated with the pending merger with 1st Capital Bancorp and annual board of director stock grants in May totaling $208 thousand. Noninterest expense increased $907 thousand, or 10% compared to the same quarter last year, largely due to merger expenses and increased personnel expenses. Merger and personnel expenses also contributed to the year-to-date noninterest expense increase of $1.5 million, or 9% compared to the same period last year, in addition to increased data processing costs due to the adoption of a new online banking platform in the fourth quarter of 2023.

Liquidity Position

The following table summarizes the Bank's liquidity as of June 30, 2024 and March 31, 2024:

	As of	
(Dollars in thousands)	**6/30/2024**	**3/31/2024**
Cash and due from banks	$ 36,127	$ 39,148
Unencumbered AFS securities	163,355	160,934
Total on-balance-sheet liquidity	199,482	200,082
Line of credit from the Federal Home Loan Bank of San Francisco - collateralized	461,794	452,866
Line of credit from the Federal Reserve Bank of San Francisco - collateralized	248,377	261,008
Lines at correspondent banks - unsecured	95,000	80,000
Total external contingency liquidity capacity	805,171	793,874
Less: overnight borrowings	(16,500)	--
Net available liquidity sources	$ 988,153	$ 993,956

As of June 30, 2024, net liquidity exceeded uninsured and uncollateralized deposits of $622.3 million, with a coverage ratio greater than 159%.

U.S. Treasury bonds, securities issued by U.S. Government sponsored agencies and SBA accounted for 72%, 18% and 4% of the investment portfolio's $219.5 million carrying value as of June 30, 2024, respectively, and thus presented minimal credit or liquidity risk. The investment portfolio has an average life of 2.6 years, and the Bank expects to receive principal, in full, when the investments mature. Net unrealized losses on AFS securities totaled $13.9 million ($9.8 million after-tax) at June 30, 2024. Held-to-maturity securities totaled $7.3 million at June 30, 2024 with $260 thousand of unrealized losses.

As of June 30, 2024, the Bank had no borrowings outstanding from the Federal Reserve's discount window or its Bank Term Funding Program. At June 30, 2024 there was $16.5 million outstanding under unsecured lines of credit from our correspondent banks, compared to no borrowings outstanding as of March 31, 2024.

Loans and Asset Quality

Gross loans increased $8.3 million or 1% from March 31, 2024 and increased $49.4 million or 4% compared to June 30, 2023. The increase in the loan portfolio during the second quarter of 2024 was bolstered by the origination and funding of two large construction loans that totaled $10.4 million at June 30, 2024. Conventional lines of credit increased by $6.6 million, largely driven by advances made by existing clients. Asset-based lines of credit decreased $7.8 million over the quarter due to the payoff of a $12.1 million participation credit. Trailing 12-month growth in the loan portfolio was driven by new originations in commercial real estate loans, including multifamily projects, and asset-based lending loans. Increase in delinquent loans at June 30, 2024 was primarily due a $2.4 million, well-collateralized commercial real estate loan.

The allowance for credit losses was $23.0 million as of June 30, 2024 and March 31, 2024, or 1.66% and 1.67% of the total loans, respectively. The slight decrease in the allowance as a percentage of total loans is primarily attributed to the refinement in qualitative factors that are credit metric driven and the strong credit quality of the portfolio as of the second quarter, resulting in an easing of these factors for most loan types. The allowance for credit losses allocated to individually evaluated loans were zero and $64 thousand as of June 30, 2024 and March 31, 2024, respectively. The allowance on unfunded credit commitments, presented as part of other liabilities, remained unchanged over the second quarter at 0.35% of total unfunded credit commitments.

The following tables summarize the Bank's loan mix and delinquent/nonperforming loans:

(Dollars in thousands)	As of 6/30/2024	3/31/2024	6/30/2023*	Change % vs. 3/31/2024	6/30/2023
Loans held for sale	$ 23,347	$ 27,225	$ 34,354	-14%	-32%
SBA and B&I loans	143,209	140,915	146,875	2%	-2%
Commercial term loans	102,924	105,309	110,332	-2%	-7%
Revolving commercial lines	118,006	111,420	136,391	6%	-13%
Asset-based lines of credit	9,920	17,674	7,569	-44%	31%
Construction loans	152,878	137,460	134,655	11%	14%
Commercial real estate loans	802,196	805,218	733,024	0%	9%
Home equity lines of credit	29,779	29,378	28,753	1%	4%
Consumer and other loans	2,625	2,064	3,203	27%	-18%
Deferred loan expenses, net of fees	2,169	2,098	2,547	3%	-15%
Total gross loans	$ 1,387,053	$ 1,378,761	$ 1,337,703	1%	4%

*Prior to 2024, the loan mix schedule included a separate line item for non-accrual loans. Non-accrual loans are now reported within their respective loan types.

(Dollars in thousands)	As of or for the Quarter Ended 6/30/2024	3/31/2024	6/30/2023
Loans past due 30-89 days	$ 2,408	$ 143	$ 2,999
Delinquent loans (past due 90+ days still accruing)	--	--	--
Non-accrual loans	--	90	8,027
Other real estate owned	--	--	--
Nonperforming assets	--	90	8,027
Net loan charge-offs QTD	44	--	1,000
Net loan charge-offs YTD	44	--	1,000

Deposits

Deposits were $1.43 billion at June 30, 2024, reflecting a decrease of $24.4 million during the second quarter of 2024. Consistent with industry trends, the Bank has continued to experience deposit runoff due to clients seeking higher rates of return. Additionally, local agencies and some of the Bank's largest depositors experienced seasonal declines over the quarter, including tax payments and disbursement of business earnings to owners. Noninterest-bearing deposits to total deposits at June 30, 2024 decreased to 38%, from 39% at March 31, 2024.

The ten largest deposit relationships, excluding fully collateralized government agency deposits, represent approximately 12% of total deposits as of June 30, 2024. This is consistent with the ratio at March 31, 2024 and reflects an increase from 10% at June 30, 2023.

The following table summarizes the Bank's deposit mix:

	As of			Change % vs.	
(Dollars in thousands)	**6/30/2024**	**3/31/2024**	**6/30/2023**	**3/31/2024**	**6/30/2023**
Noninterest-bearing demand	$ 548,499	$ 564,595	$ 615,923	-3%	-11%
Interest-bearing demand	195,607	213,494	208,421	-8%	-6%
Money markets	431,509	408,026	368,282	6%	17%
Savings	91,884	95,670	114,946	-4%	-20%
Time certificates of deposit	137,286	137,251	144,486	0%	-5%
Brokered deposits	26,832	36,940	15,276	-27%	76%
Total deposits	$ 1,431,617	$ 1,455,976	$ 1,467,334	-2%	-2%
Deposits – personal	$ 524,824	$ 515,499	$ 553,330	2%	-5%
Deposits – business	879,961	903,537	898,728	-3%	-2%
Deposits – brokered	26,832	36,940	15,276	-27%	76%
Total deposits	$ 1,431,617	$ 1,455,976	$ 1,467,334	-2%	-2%

Shareholders' Equity

Total shareholders' equity was $246.2 million at June 30, 2024, an $8.1 million or 3% increase compared to March 31, 2024 and an increase of $38.0 million or 18% compared to June 30, 2023. Earnings of $8.2 million in the second quarter of 2024 contributed to the increase compared to last quarter-end. The after-tax unrealized losses on AFS securities decreased slightly from $10.5 million as of March 31, 2024 to $9.8 million as of June 30, 2024.

ABOUT SANTA CRUZ COUNTY BANK AND WEST COAST COMMUNITY BANCORP

Founded in 2004, Santa Cruz County Bank is the wholly owned subsidiary of West Coast Community Bancorp, a bank holding company. The Bank is a top-rated, locally operated, and full-service community bank headquartered in Santa Cruz, California with 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. 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 nonprofit organizations.

NATIONAL, STATE, AND LOCAL RATINGS AND AWARDS

- 2024 OTCQX Best 50: West Coast Community Bancorp “SCZC” stock ranked 37th for stock performance based on total return and growth in average daily dollar volume in 2023.
- American Banker Magazine Top 100 Community Banks: The Bank has ranked in the Top Community Banks list for 10 consecutive years based upon 3-year average equity for banks under $2 billion in assets. For 2023, the Bank ranked 50th in the nation.
- 2024 ICBA Top-Performing Community Banks: The Bank ranked 12 out of 25 top banks with assets over $1 billion.
- The Findley Reports, Inc.: The Bank has received the top ranking of Super Premier for 14 consecutive years.
- Bauer Financial Reports, Inc.: The Bank is rated 5-star "Superior" based upon its financial performance.
- Silicon Valley Business Journal: The Bank is the top ranked, #1 lender by number of SBA loans and #3 ranked by total dollar volume lent to Silicon Valley businesses from October 1, 2022 to September 30, 2023.
- Good Times, 2023 Best of Santa Cruz County Award, Voted "Best Bank" for 12 consecutive years.
- Santa Cruz Sentinel, 2023 Reader’s Choice Award, number one bank in Santa Cruz County as voted by Santa Cruz Sentinel readers for 10 years.

Forward-Looking Statements

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 the successful closing of the pending merger with 1st Capital Bancorp and successful integration thereafter, 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, health of the real estate market in California, Bancorp’s ability to effectively execute its business plans, and other factors beyond Bancorp and 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. Bancorp undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

Concurrent with this earnings release, Bancorp 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,**				**As of or for the Quarter Ended March 31,**		
	2024	**2023**	**Change $**	**Change %**	**2024**	**Change $**	**Change %**
Balance Sheet							
Assets							
Cash and due from banks	$ 36,127	$ 47,928	$ (11,801)	-25%	$ 39,148	$ (3,021)	-8%
Securities – AFS	212,146	280,273	(68,127)	-24%	219,727	(7,581)	-3%
Securities – HTM	7,321	8,665	(1,344)	-16%	7,346	(25)	0%
Gross loans	1,387,053	1,337,703	49,350	4%	1,378,761	8,292	1%
Allowance for credit losses	(22,999)	(24,808)	1,809	-7%	(23,043)	44	0%
Goodwill and other intangibles	27,267	27,614	(347)	-1%	27,350	(83)	0%
Other assets	64,929	69,002	(4,073)	-6%	63,355	1,574	2%
Total assets	$ 1,711,844	$ 1,746,377	$ (34,533)	-2%	$ 1,712,644	$ (800)	0%
Liabilities and Equity							
Noninterest-bearing deposits	$ 548,499	$ 615,923	$ (67,424)	-11%	$ 564,595	$ (16,096)	-3%
Interest-bearing non-brokered deposits	856,286	836,135	20,151	2%	854,441	1,845	0%
Brokered deposits	26,832	15,276	11,556	76%	36,940	(10,108)	-27%
Total deposits	1,431,617	1,467,334	(35,717)	-2%	1,455,976	(24,359)	-2%
Borrowings	16,500	48,000	(31,500)	-66%	--	16,500	0%
Other liabilities	17,503	22,842	(5,339)	-23%	18,579	(1,076)	-6%
Shareholders' equity	246,224	208,201	38,023	18%	238,089	8,135	3%
Total liabilities and equity	$ 1,711,844	$ 1,746,377	$ (34,533)	-2%	$ 1,712,644	$ (800)	0%
Income Statement							
Interest income	$ 25,777	$ 22,943	$ 2,834	12%	$ 25,657	$ 120	0%
Interest expense	5,555	2,902	2,653	91%	5,344	211	4%
Net interest income	20,222	20,041	181	1%	20,313	(91)	0%
(Reversal of) provision for credit losses	--	486	(486)	-100%	(1,000)	1,000	-100%
Noninterest income	1,043	975	68	7%	1,034	9	1%
Noninterest expense	9,632	8,725	907	10%	9,138	494	5%
Net income before taxes	11,633	11,805	(172)	-1%	13,209	(1,576)	-12%
Income tax expense	3,417	3,487	(70)	-2%	3,885	(468)	-12%
Net income after taxes	$ 8,216	$ 8,318	$ (102)	-1%	$ 9,324	$ (1,108)	-12%
Basic earnings per share	$ 0.98	$ 0.99	$ (0.01)	-1%	$ 1.11	$ (0.13)	-12%
Diluted earnings per share	$ 0.97	$ 0.98	$ (0.01)	-1%	$ 1.10	$ (0.13)	-12%
Book value per share	$ 29.18	$ 24.83	$ 4.35	18%	$ 28.30	$ 0.88	3%
Tangible book value per share(1)	$ 25.95	$ 21.54	$ 4.41	20%	$ 25.05	$ 0.90	4%
Shares outstanding	8,437,816	8,384,461			8,413,913		
Ratios							
Net interest margin(2)	4.98%	4.93%			4.86%		
Cost of funds(3)	1.54%	0.78%			1.43%		
Efficiency ratio(4)	45.30%	41.52%			42.81%		
Return on:							
Average assets	1.93%	1.94%			2.14%		
Average equity	13.63%	15.98%			15.99%		
Average tangible equity(5)	15.37%	18.42%			18.10%		
Tier 1 leverage ratio	13.40%	11.43%			12.68%		
Total risk-based capital ratio	16.22%	14.57%			15.87%		
Tangible common equity ratio(6)	13.00%	10.51%			12.50%		
ACL /Gross loans	1.66%	1.85%			1.67%		
Noninterest-bearing deposits to total deposits	38.31%	41.98%			38.78%		
Gross loans to deposits	96.89%	91.17%			94.70%		

Selected Unaudited Financial Information

(Dollars in thousands, except per share amounts)	For the Six Months Ended June 30, 2024	2023	Change $	Change %
Income Statement				
Interest income	$ 51,434	$ 45,041	$ 6,393	14%
Interest expense	10,899	4,314	6,585	153%
Net interest income	40,535	40,727	(192)	0%
Provision for loan losses	(1,000)	801	(1,801)	-225%
Noninterest income	2,077	1,756	321	18%
Noninterest expense	18,770	17,277	1,493	9%
Net income before taxes	24,842	24,405	437	2%
Income tax expense	7,302	7,208	94	1%
Net income after taxes	$ 17,540	$ 17,197	$ 343	2%
Basic earnings per share	$ 2.09	$ 2.04	$ 0.05	2%
Diluted earnings per share	$ 2.08	$ 2.03	$ 0.05	2%
Ratios				
Net interest margin(2)	4.92%	5.01%		
Cost of funds(3)	1.48%	0.58%		
Efficiency ratio(4)	44.05%	40.64%		
Return on:				
Average assets	2.04%	2.01%		
Average equity	14.79%	16.96%		
Average tangible equity(5)	16.71%	19.62%		

(1) Tangible equity equals total shareholders' equity less goodwill and other intangible assets. Tangible book value per share divides tangible equity by period ending shares outstanding.

(2) Net interest margin is calculated by dividing annualized net interest income by period average interest-earning assets.

(3) Cost of funds is computed by dividing annualized interest expense by the sum of period average deposits and borrowings.

(4) Efficiency ratio equals total noninterest expenses divided by the sum of net interest income and noninterest income.

(5) Return on average tangible equity is calculated by dividing annualized net income by period average tangible shareholders' equity. Tangible shareholders' equity is defined in note (1) above.

(6) Tangible common equity ratio is calculated by dividing tangible shareholders' equity as defined in note (1) above by assets less goodwill and other intangible assets.