West Coast Community Bancorp Reports Strong Earnings for the First Quarter of 2025

Board Declares Increase in Quarterly Cash Dividend

SANTA CRUZ, Calif. – April 22, 2025: West Coast Community Bancorp ("Bancorp", OTCQX: SCZC), the parent company of West Coast Community Bank, formerly known as Santa Cruz County Bank (the "Bank"), today announced unaudited quarterly earnings of $11.7 million, or $1.10 per dilutive share, for the quarter ended March 31, 2025, compared to $3.8 million, or $0.36 per dilutive share, for the prior quarter and $9.3 million, or $1.10 per dilutive share, for the quarter ended March 31, 2024. Excluding after-tax charges related to the merger with 1st Capital Bancorp of $357 thousand and $10.2 million for the quarters ended March 31, 2025, and December 31, 2024, respectively, adjusted net income (non-GAAP[1]) would have been $12.0 million and $14.0 million for each of those quarters, respectively.

"Our strong results this quarter reflect continued earnings momentum generated by the efficient integration of our merger with 1st Capital Bancorp, sustained organic loan growth and disciplined expense management," said Krista Snelling, President and Chief Executive Officer of West Coast Community Bancorp. "Rebranding to West Coast Community Bank, effective April 1, also positions us for continued expansion and deeper community impact throughout our four-county region spanning the Central Coast and Silicon Valley."

On April 17, 2025, the Board of Directors of Bancorp declared a quarterly cash dividend of $0.20 per common share, an increase of $0.01 from the prior quarter, payable on May 6, 2025, to shareholders of record at the close of business on April 29, 2025.

"The Board's decision to increase the dividend again this quarter upholds our commitment to enhancing value for our shareholders, including those who joined us from 1st Capital Bancorp last fall," stated Stephen Pahl, Chairman of the Board of Directors. "The dividend increase also demonstrates our confidence in the financial strength, earnings potential and excellent client-focused bankers of West Coast Community Bank."

Financial Highlights

Performance highlights as of and for the quarter ended March 31, 2025, included the following:

- Gross loans, net of unaccreted purchase discount, totaled $2.1 billion at March 31, 2025, an increase of $60.0 million, or 3%, compared to December 31, 2024, and an increase of $726.5 million, or 53%, compared to March 31, 2024. Loan growth during the first quarter of 2025 was driven by organic originations primarily sourced by the new production team in Silicon Valley, who contributed to commercial and industrial ("C&I") and construction loan growth during the quarter of $18.8 million and $8.9 million, respectively. The strong growth in C&I loans allows the Bank to diversify its lending portfolio and build core deposit relationships. Besides organic growth, the increase in loans from March 31, 2024, was significantly bolstered by the merger with 1st Capital Bancorp, which added $603.1 million in acquired loans (net of fair value adjustments) as of October 1, 2024.
- Quarterly net income was $11.7 million, compared to $3.8 million for the prior quarter and $9.3 million for the quarter ended March 31, 2024. The increase in net income for this quarter was due to a decrease in after-tax charges related to the merger with 1st Capital Bancorp when compared to the quarter ended December 31, 2024. The increase over March 31, 2024, was mainly due to the merger with 1st Capital Bancorp as well as organic growth. Adjusted net income (non-GAAP[1]) for the quarter ended March 31, 2025, excluding after-tax charges related to the merger of $357 thousand, would have been $12.0 million. Adjusted net income (non-GAAP[1]) for the quarter ended December 31, 2024, would have been $14.0 million. The decrease in adjusted net income (non-GAAP[1]) in the first quarter of 2025 compared to the fourth quarter of 2024 was primarily driven by: 1) decline in accretion of purchase discount on acquired loans of $1.1 million, mainly due to less accelerated accretion of purchase discount from early loan pay-offs in the first quarter of 2025 compared to the prior quarter, combined with the seasoning effect of the acquired loan portfolio; and

[1]Non-GAAP measure. See Non-GAAP Financial Measures table for reconciliation to GAAP financial measures below.

2) the increase in provision for credit losses on originated loans of $1.1 million in the first quarter of 2025 compared to the fourth quarter of 2024, resulting from stronger organic loan growth in the first quarter of 2025.

- Basic and diluted earnings per share in the first quarter of 2025 and 2024 were $1.11 and $1.10, respectively. Basic and diluted earnings per share in the fourth quarter of 2024 were $0.37 and $0.36, respectively. Adjusted basic and diluted earnings per share (non-GAAP[1]) for the quarter ended March 31, 2025, excluding after-tax charges related to the merger with 1st Capital Bancorp, would have been $1.15 and $1.13, respectively. Adjusted basic and diluted earnings per share (non-GAAP[1]) for the quarter ended December 31, 2024, would have been $1.34 and $1.32, respectively.

- Total assets were $2.7 billion at March 31, 2025, a decrease of $22.2 million, or 1%, compared to December 31, 2024, and an increase of $945.6 million, or 55%, compared to March 31, 2024. Decrease over year-end 2024 was mainly driven by seasonal outflow of deposits of $54.2 million which contributed to the decrease in cash and cash equivalents of $39.7 million, combined with a strategic sale of investments of $20.2 million to fund loan growth, partially offset by an increase in net loans of $58.6 million. Increase over March 31, 2024, was largely the result of the merger with 1st Capital Bancorp, which added $994.3 million in assets including $14.3 million of goodwill and $27.7 million of core deposit intangible assets.

- 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, were 11.8%, 14.5% and 11.7% at March 31, 2025, December 31, 2024, and March 31, 2024, respectively.

- Deposits totaled $2.3 billion at March 31, 2025, a decrease of $54.2 million, or 2%, compared to December 31, 2024, and an increase of $800.3 million, or 55%, compared to March 31, 2024. There were no brokered deposits at March 31, 2025. The decrease in deposits during the first quarter of 2025 was mainly driven by seasonal outflows associated with agriculture and non-profit depositors. These decreases were partially offset by gains from new relationships and in the Bank's expanding market in Salinas. The increase over March 31, 2024, was largely the result of the merger with 1st Capital Bancorp.

- Nonaccrual loans totaled $2.3 million, or 0.11%, of gross loans at March 31, 2025, an increase of $1.6 million from December 31, 2024, and an increase of $2.2 million from March 31, 2024. The March 31, 2025, non-accrual loans primarily consist of two real estate secured loans: one $1.7 million loan secured by undeveloped land in the process of foreclosure with no anticipated loss, and another $504 thousand acquired loan secured by real estate with an adequate reserve established.

- The allowance for credit losses ("ACL"), reflecting management's reasonable estimate of credit losses for the expected life of the loans in the portfolio, totaled $33.1 million, or 1.57%, of total loans at March 31, 2025, compared to $31.6 million, or 1.55%, at December 31, 2024. The slight increase in the ACL to loans ratio during the first quarter of 2025 was primarily driven by strong net loan growth in commercial revolving lines and construction loans, which carry higher estimated loss reserve rates. Model assumptions remained stable, reflecting a consistent economic condition qualitative factor and minimal changes during the first quarter of 2025 under the discounted cash flow methodology. While recent stock market volatility and policy uncertainty prompted close review, key credit indicators remain stable and the broader economic condition has not shown measurable deterioration as of March 31, 2025, compared to December 31, 2024. Management continues to monitor economic outlook but did not deem the related qualitative risk factors warranted adjustment during the first quarter of 2025.

- The provision for credit losses was $1.4 million, consisting of $1.5 million provision for loan losses and a $100 thousand reversal for credit losses on unfunded credit commitments during the first quarter of 2025, compared to a $7.9 million provision during the fourth quarter of 2024 and a $1.0 million reversal in the first quarter of 2024. The provision expense in the first quarter of 2025 was primarily due to organic loan growth, with additional minor impacts from changes in loan portfolio mix and increase in specific reserves on individually evaluated loans. The provision during the fourth quarter of 2024 was primarily due to the provision for loans acquired during the merger with 1st Capital Bancorp.

- Taxable equivalent net interest margin was 5.29% in the first quarter of 2025, compared to 5.38% in the prior quarter and 4.87% for the first quarter of 2024. The decrease from prior quarter was the result of less purchase discount accretion on the acquired loan portfolio, partially offset by decreased cost of deposits. Net interest margin excluding the purchase discount accretion on the acquired loan portfolio was 4.86% in the first quarter of 2025, an increase of 0.07% over the preceding quarter driven by easing funding pressure.

[1]Non-GAAP measure. See Non-GAAP Financial Measures table for reconciliation to GAAP financial measures below.

- The Bank's cost of funds was 1.32% in the first quarter of 2025 compared to 1.37% in the prior quarter. The decrease of 5 basis points in cost of funds was primarily due to management's discretionary decrease in deposit rates on certain higher costing deposit accounts and a decreased reliance on wholesale deposits.
- For the quarters ended March 31, 2025, and December 31, 2024, return on average assets ("ROAA") was 1.78% and 0.57%, respectively, return on average equity ("ROAE") was 13.83% and 4.55%, respectively, and return on average tangible equity ("ROATE") was 17.23% and 5.72%, respectively. Excluding merger-related items for the quarter ended March 31, 2025, adjusted ROAA (non-GAAP[1]) was 1.84%, adjusted ROAE (non-GAAP[1]) was 14.25% and adjusted ROATE (non-GAAP[1]) was 17.76%. Excluding merger-related items for the quarter ended December 31, 2024, adjusted ROAA (non-GAAP[1]) was 2.08%, adjusted ROAE (non-GAAP[1]) was 16.65% and adjusted ROATE (non-GAAP[1]) was 20.94%.
- The efficiency ratio was 46.48% for the first quarter of 2025, compared to 61.62% in the prior quarter and 42.81% in the first quarter of 2024. Excluding merger-related items, adjusted efficiency ratio (non-GAAP[1]) was 45.38% for the first quarter of 2025 and 43.05% for the fourth quarter of 2024.
- All capital ratios were above regulatory requirements for a well-capitalized institution with a total risk-based capital ratio of 14.23% at March 31, 2025, compared to 14.00% at December 31, 2024. Tangible common equity to tangible asset ratio was 10.75% at March 31, 2025, compared to 10.14% at December 31, 2024.
- Tangible book value per share was $26.32 at March 31, 2025, compared to $25.09 at December 31, 2024, and $25.05 at March 31, 2024. Increase was driven by net income of $11.7 million during the first quarter combined with an improvement in after-tax accumulated other comprehensive losses of $2.7 million.

Merger with 1st Capital Bancorp

The merger between West Coast Community Bancorp and 1st Capital Bancorp (the "Merger") was closed on October 1, 2024, with the core system conversion completed in December 2024. At the effective time of the closing, each share of 1st Capital Bancorp common stock was converted into the right to receive 0.36 shares of common stock of Bancorp. As a result, 2,071,483 Bancorp shares were issued as of October 1, 2024. No significant expenses related to the merger of 1st Capital Bancorp are expected to incur beyond March 31, 2025, and the overhead cost savings resulting from the synergy of the merger has been in line with initial management estimates.

Interest Income, Interest Expense and Net Interest Margin

Net interest income of $32.3 million in the first quarter of 2025 decreased $1.8 million from $34.1 million for the quarter ended December 31, 2024. The quarter-over-quarter decrease was largely the result of a decline in purchase discount accretion on the acquired loan portfolio from $3.8 million in the fourth quarter of 2024, which was elevated due to early loan payoffs, to $2.6 million in the first quarter of 2025. The Bank's cost of funds decreased 5 basis points from 1.37% in the fourth quarter of 2024 to 1.32% in the first quarter of 2025. The decrease in the cost of funds was driven by reduction in deposit rates on selective deposit accounts and less reliance on high-cost wholesale funding sources during the first quarter of 2025 compared to the preceding quarter.

For the first quarter of 2025, taxable equivalent net interest margin was 5.29%, compared to 5.38% in the fourth quarter of 2024 and 4.87% for the corresponding quarter in 2024. The decline from the prior quarter was driven by the decrease in accretion of purchase discount on acquired loans as discussed above, partially offset by decreased funding costs. Excluding the accretion of purchase discounts on acquired loans would adjust the net interest margin (non-GAAP[1]) for the first quarter of 2025 to 4.86% and for the fourth quarter of 2024 to 4.79%.

[1]Non-GAAP measure. See Non-GAAP Financial Measures table for reconciliation to GAAP financial measures below.

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 Three Months Ended								
	March 31, 2025			December 31, 2024			March 31, 2024		
	Average Balance	Interest Income/ Expense	Avg Yield/ Cost	Average Balance	Interest Income/ Expense	Avg Yield/ Cost	Average Balance	Interest Income/ Expense	Avg Yield/ Cost
ASSETS									
Interest-earning due from banks	$ 26,732	$ 290	4.40%	$ 83,210	$ 928	4.44%	$ 29,870	$ 212	2.85%
Investments*	394,328	3,305	3.40%	421,681	3,519	3.32%	253,054	1,082	1.72%
Loans*	2,070,473	36,362	7.12%	2,023,902	37,845	7.44%	1,397,298	24,405	7.02%
Total interest-earning assets	2,491,533	39,957	6.50%	2,528,793	42,292	6.65%	1,680,222	25,699	6.15%
Noninterest-earning assets	163,239			164,421			71,198		
Total assets	$ 2,654,772			$ 2,693,214			$ 1,751,420		
LIABILITIES									
Interest checking deposits	$ 264,206	$ 642	0.99%	$ 356,531	$ 630	0.70%	$ 213,075	$ 447	0.84%
Money market deposits	709,186	4,864	2.78%	580,526	4,817	3.30%	414,490	2,686	2.61%
Savings deposits	176,889	341	0.78%	183,240	353	0.77%	99,202	116	0.47%
Time certificates of deposits	165,997	1,339	3.27%	180,334	1,643	3.62%	139,731	1,144	3.29%
Brokered deposits	-	-	-	28,284	380	5.34%	66,790	883	5.32%
Short-term borrowings	3,861	43	4.52%	-	3	4.90%	4,797	68	5.74%
Subordinated debt	11,638	238	8.30%	11,551	237	8.16%	-	-	0.00%
Total interest-bearing liabilities	1,331,777	7,467	2.27%	1,340,466	8,063	2.39%	938,085	5,344	2.29%
Noninterest-bearing deposits	956,204			994,214			560,864		
Other noninterest-bearing liabilities	24,242			22,827			17,870		
Total liabilities	2,312,223			2,357,507			1,516,819		
EQUITY	342,549			335,707			234,601		
Total liabilities and equity	$ 2,654,772			$ 2,693,214			$ 1,751,420		
Net interest income/margin-taxable equivalent adjusted		$ 32,490	5.29%		$ 34,229	5.38%		$ 20,355	4.87%
GAAP net interest income		$ 32,345			$ 34,076			$ 20,313	
Cost of funds			1.32%			1.37%			1.43%

**Interest income on investments and loans is reported as tax equivalent basis. Prior period figures have been restated for comparability.*

Noninterest Income and Expense

Noninterest income for the quarter ended March 31, 2025, was $999 thousand compared to $911 thousand for the previous quarter and $1.0 million in the first quarter of 2024. First quarter of 2025 results reflected a $257 thousand loss on the sale of investments while the fourth quarter of 2024 results reflected a $509 thousand loss on the sale of the Bank's Monterey branch building as a result of branch consolidation post-merger with 1st Capital Bancorp. Starting in December 2024, the Bank also temporarily waived monthly service and account analysis fees for business deposit clients from 1st Capital Bank, resulting in $87 thousand lower service charge income in the first quarter of 2025 compared to the fourth quarter of 2024.

Noninterest expense was $15.5 million in the first quarter of 2025 compared to $21.6 million in the prior quarter and $9.1 million in the same quarter last year. The decrease from prior quarter is due to $250 thousand in merger-related expenses during the current quarter, compared to $6.3 million in the fourth quarter of 2024. The first quarter of 2025 reflected costs of $126 thousand related to the facilities the Bank exited that are not expected to continue in the remainder of 2025, in addition to $74 thousand of rebranding costs. The increase from the same quarter last year is also due to merger-related growth, particularly $3.1 million higher personnel expenses and $984 thousand higher amortization of core deposit intangibles.

Liquidity Position

The following table summarizes the Bank's liquidity as of March 31, 2025, and December 31, 2024:

	As of	
(Dollars in thousands)	3/31/2025	12/31/2024
Cash and due from banks	$ 45,350	$ 85,007
Unencumbered AFS securities	268,525	302,386
Total on-balance-sheet liquidity	313,875	387,393
Line of credit from the Federal Home Loan Bank of San Francisco – collateralized	639,607	645,716
Line of credit from the Federal Reserve Bank of San Francisco – collateralized	357,453	322,258
Lines at correspondent banks – unsecured	100,000	95,000
Total external contingency liquidity capacity	1,097,060	1,062,974
Less: short-term borrowings	(20,000)	-
Net available liquidity sources	$ 1,390,935	$ 1,450,367

As of March 31, 2025, net liquidity exceeded uninsured and uncollateralized deposits of $1.1 billion, with a coverage ratio of 131%.

Investment Portfolio

Securities issued by U.S. Government-sponsored agencies, U.S. Treasury bonds and SBA securities accounted for 38%, 28% and 2% of the investment portfolio as of March 31, 2025, respectively. These securities carry explicit or implicit credit guarantees from the U.S. government and thus present minimal credit or liquidity risk. Municipal bonds, corporate bonds, private-label collateralized mortgage obligations and asset-backed instruments represent 25%, 4%, 2% and 1% of the carrying value of the portfolio, respectively. The investment portfolio decreased from $407.7 million as of December 31, 2024, to $371.3 million as of March 31, 2025, primarily due to sales of $20.2 million and maturities of $16.6 million during the quarter. The investment portfolio had an average life of 5.6 years as of March 31, 2025, compared to 5.4 years as of December 31, 2024. Net unrealized losses on AFS securities totaled $14.9 million ($10.5 million after-tax) at March 31, 2025, compared to $18.8 million ($13.2 million after-tax) at December 31, 2024. Held-to-maturity securities totaled $6.6 million at March 31, 2025, with $455 thousand of pre-tax unrealized losses, compared to $469 thousand pre-tax unrealized losses at December 31, 2024.

Loans and Asset Quality

Gross loans, net of unaccreted purchase discount, increased $60.0 million, or 3%, from December 31, 2024, and increased $726.5 million, or 53%, compared to March 31, 2024. New loan commitments generated were $130.9 million during the first quarter of 2025. Loan growth during the first quarter of 2025 was driven by organic originations primarily sourced by the new production team in Silicon Valley, who contributed to C&I and construction loan growth during the quarter of $18.8 million and $8.9 million, respectively. The strong growth in C&I loans positions the Bank to diversify the Bank's lending portfolio, with $58.5 million in new lines of credit commitments booked in the first quarter of 2025. Alongside organic growth, the increase in loans from March 31, 2024, was significantly bolstered by the merger with 1st Capital Bancorp, which added $603.1 million in acquired loans net of fair value adjustment as of October 1, 2024.

Nonaccrual loans increased $1.6 million from December 31, 2024, and $2.2 million from March 31, 2024, to $2.3 million, or 0.11%, of gross loans. The March 31, 2025, balance primarily reflects two real estate secured loans, including one $1.7 million loan secured by undeveloped land in the process of foreclosure with no anticipated loss and another $504 thousand acquired loan secured by real estate that has been adequately reserved for by the Bank. Loans past due 30-89 days increased $6.8 million from December 31, 2024, and increased $7 million from March 31, 2024, to $7.2 million. The increase in past due loans is primarily due to SBA 7(a) loans secured by real estate, of which the total government guaranteed amount on these loans as of March 31, 2025, was $4.3 million.

The allowance for credit losses was $33.1 million at March 31, 2025, or 1.57% of total loans, and $31.6 million at December 31, 2024, or 1.55% of the total loans. The allowance for credit losses allocated to individually evaluated loans were $534 thousand and $235 thousand as of March 31, 2025, and December 31, 2024, respectively. The allowance on unfunded credit commitments, presented as part of other liabilities, as a percentage of unfunded credit commitments was 0.33% at March 31, 2025, a slight decrease from 0.35% at December 31, 2024. The slight increase in the ACL to loan ratio during the first quarter of 2025 was primarily driven by loan growth, particularly in commercial revolving lines and construction loans, which carry higher reserve rates. Model inputs remained stable, reflecting consistent economic conditions and minimal changes during the first quarter of 2025. While recent market volatility and tariff policy uncertainty prompted close review, key credit indicators remain stable and the broader economic outlook has not shown measurable deterioration.

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

	As of			Change % vs.	
(Dollars in thousands)	3/31/2025	12/31/2024	3/31/2024	12/31/2024	3/31/2024
Loans held for sale	$ -	$ -	$ 27,225	0%	-100%
SBA and B&I loans	183,743	183,240	140,915	0%	30%
Commercial term loans	130,559	121,238	105,309	8%	24%
Revolving commercial lines	174,810	148,336	111,420	18%	57%
Asset-based lines of credit	29,990	28,788	17,674	4%	70%
Construction loans	211,085	191,772	137,460	10%	54%
Commercial real estate loans	1,364,071	1,364,352	805,218	0%	69%
Home equity lines of credit	34,950	33,853	29,378	3%	19%
Consumer and other loans	1,779	2,125	2,064	-16%	-14%
Deferred loan expenses, net of fees	2,240	2,133	2,098	5%	7%
Total loans, net of deferred expenses/fees	2,133,227	2,075,837	1,378,761	3%	55%
Purchase discount on acquired loans	(27,980)	(30,622)	-	-9%	100%
Total loans, net of unaccreted purchase discount	$ 2,105,247	$ 2,045,215	$ 1,378,761	3%	53%

	As of or for the Quarter Ended		
(Dollars in thousands)	3/31/2025	12/31/2024	3/31/2024
Loans past due 30-89 days	$ 7,192	$ 387	$ 143
Delinquent loans (past due 90+ days still accruing)	-	-	-
Nonaccrual loans	2,259	618	90
Other real estate owned	-	-	-
Nonperforming assets	2,259	618	90
Net loan charge-offs QTD	5	-	-
Net loan charge-offs YTD	5	55	-

Deposits

Deposits totaled $2.3 billion at March 31, 2025, a decrease of $54.2 million, or 2%, compared to December 31, 2024, and an increase of $800.3 million, or 55%, compared to March 31, 2024. The decrease in deposits is attributed to the seasonality of large depositors in the agricultural sector, with the primary planting season on the Central Coast underway. Outflow from notable clients in the agriculture industry contributed to more than $40 million in deposit decreases in the first quarter. Additionally, $22.9 million in runoff was attributed to large non-for-profit clients that issued significant grants and donations through the first quarter. A $10 million time certificate of deposit issued to the State of California also matured in the first quarter and was not renewed at the Bank's discretion.

Decreases were partially offset by gains from new client relationships established in the first quarter, which totaled $23 million at March 31, 2024. Organic deposit growth in the Bank's expanding market in Salinas totaled $9.6 million. Noninterest-bearing deposits to total deposits decreased slightly from 43.9% at December 31, 2024, to 42.3% at March 31, 2025.

The 10 largest deposit relationships, excluding fully collateralized government agency deposits, represent approximately 11% of total deposits as of March 31, 2025, compared to 13% as of December 31, 2024, and 12% as of March 31, 2024.

The following table summarizes the Bank's deposit mix:

	As of			Change % vs.	
(Dollars in thousands)	3/31/2025	12/31/2024	3/31/2024	12/31/2024	3/31/2024
Noninterest-bearing demand	$ 954,663	$ 1,014,263	$ 564,595	-6%	69%
Interest-bearing demand	250,585	270,254	213,494	-7%	17%
Money markets	718,465	668,584	408,026	7%	76%
Savings	171,670	183,507	95,670	-6%	79%
Time certificates of deposit	160,866	173,875	137,251	-7%	17%
Brokered deposits	-	-	36,940	0%	-100%
Total deposits	$ 2,256,249	$ 2,310,483	$ 1,455,976	-2%	55%
Deposits – personal	776,856	794,990	515,499	-2%	51%
Deposits – business	1,479,393	1,515,493	903,537	-2%	64%
Deposits – brokered	-	-	36,940	0%	-100%
Total deposits	$ 2,256,249	$ 2,310,483	$ 1,455,976	-2%	55%

Shareholders' Equity

Total shareholders' equity was $345.7 million at March 31, 2025, a $12.7 million, or 4%, increase compared to December 31, 2024, and an increase of $107.6 million, or 45% compared to March 31, 2024. Increase over December 31, 2024, was primarily due to earnings of $11.7 million, as well as a decrease of $2.7 million in the after-tax accumulated other comprehensive losses ($9.8 million as of March 31, 2025, and $12.5 million as of December 31, 2024). Additionally, increase over March 31, 2024, was primarily due to the issuance of common stock of $80.8 million as part of the merger with 1st Capital Bancorp on October 1, 2024.

Non-GAAP Financial Measures[1]

In addition to evaluating the Bancorp's results of operations in accordance with generally accepted accounting principles ("GAAP") in the United States of America, certain non-GAAP financial measures are widely accepted by the institutional investor community. Non-GAAP measures provide the reader with additional perspectives on operating results, financial condition and performance trends, while facilitating comparisons with the performance of other financial institutions. Disclosing these non-GAAP measures is both usefully internally and is expected by our investors to understand the overall performance of the Bancorp.

Examples of non-GAAP financial measure include adjusted net income, efficiency ratio, adjusted tangible common equity and adjusted return on average tangible common equity:

- Adjusted net income excludes the impact of non-recurring activity. This financial measure is useful for evaluating the performance of a business consistently, whether acquired or developed internally.
- Efficiency ratio is a common comparable metric used by banks to understand the expense structure relative to total revenue. To improve the comparability of the ratio to our peers, non-recurring items are excluded.
- Adjusted tangible common equity measures exclude the impact of intangible assets, net of deferred taxes, and their related amortization. These financial measures are useful for evaluating the performance of a business consistently, whether acquired or developed internally.
- Adjusted return on average tangible common equity is used by management and readers of our financial statements to understand how efficiently the Bancorp is deploying its common equity. Companies that can demonstrate more efficient use of common equity are more likely to be viewed favorably by current and prospective investors.

A reconciliation of GAAP to non-GAAP financial measures and other performance ratios used by the Bancorp, as adjusted, is presented in the table at the end of this earnings release.

ABOUT WEST COAST COMMUNITY BANK AND WEST COAST COMMUNITY BANCORP

Founded in 2004, West Coast Community Bank (formerly Santa Cruz County Bank and its division, 1st Capital 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, Calif. with branches in Aptos, Capitola, Cupertino, King City, Monterey, Salinas, San Luis Obispo, Santa Cruz, Scotts Valley and Watsonville. West Coast Community 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, West Coast Community 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, West Coast Community Bank has supported regional well-being by actively participating in and donating to local nonprofit organizations. Visit wccb.com for more information.

NATIONAL, STATE AND LOCAL RATINGS AND AWARDS

- ***Newsweek* Magazine:** Named one of the 2025 Top 500 Regional Banks & Credit Unions in the U.S. (Based upon 3-year average equity for banks with fewer than $2 billion in assets. The Bank ranked #50 in the nation and #9 among the 18 California banks that made the rankings.).
- **S&P Global Market Intelligence:** Ranked #62 among top U.S. community banks under $3B in assets (for full-year 2024 financial performance).
- **Independent Community Bankers of America Top 25:** Ranked #12 for best-performing community banks with assets greater than $1 billion.
- **The Findley Reports, Inc.:** Super Premier Performing Bank rating for 15 consecutive years.
- **BauerFinancial:** Rated 5-star "Superior" for every quarter of 2024.
- **SBA Lending** (*for fiscal year ending June 30, 2024*):
  - California – Ranked #33 in 7(a) lending by total volume in loan approvals.
  - San Francisco District – Ranked #13 in 7(a) lending by total volume in loan approvals.
- ***American Banker* Magazine:** Ranked #50 among the top 100 best-performing community banks.
- ***Silicon Valley Business Journal***
  - Ranked #1 for Silicon Valley Banks with Fastest-growing Deposits for deposits as of December 31, 2024.
  - Ranked #13 among Top 20 Banks for deposits in Silicon Valley for the period October 1, 2023 to September 30, 2024.
- **Santa Cruz Area Chamber of Commerce**: 2025 Business of the Year.
- ***Good Times* "Best of Santa Cruz County" Readers' Poll:** Voted Best Local Bank for the thirteenth consecutive year.
- ***The Pajaronian* "2024 Best of the Pajaro Valley" Readers' Poll:** Voted Best Bank.
- ***The Press Banner* "2024 The Best of Scotts Valley" Readers' Poll:** Voted Best Local Bank.
- ***Santa Cruz Sentinel*, 2024 Readers' Choice Award**: Voted number one bank in Santa Cruz County 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 integration with 1st Capital Bancorp post-merger, achieving the targeted cost savings and synergies within expected time-frames or at all, retaining employees and clients, 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. In particular, rapid and large increases in interest rates in the past few years have driven core deposit intangible levels higher. Higher interest rates reflect a higher cost of wholesale borrowing from the market relative to the cost of maintaining cheaper core deposits, which has made the value of deposit relationships increased. When interest rates fall, banks may adjust deposit rates closer to falling market rates. This could reduce the value of core deposit intangible asset and result in future impairment charges. 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. Slides may be viewed online at: wccb.com/investor_relations.

Balance Sheet

(Dollars in thousands)	As of March 31, 2025	As of December 31, 2024	As of March 31, 2024
ASSETS			
Cash and cash equivalents	$ 45,101	$ 84,758	$ 28,944
Interest-bearing deposits in other financial institutions	249	249	10,204
Debt securities available-for-sale (amortized cost $379,580, $419,237 and $236,486 at March 31, 2025, December 31, 2024, and March 31, 2024, respectively, net of allowance of credit losses of $0)	364,666	400,473	219,727
Debt securities held-to-maturity, net of allowance for credit losses of $0 (fair value $6,164, $6,805 and $7,097 at March 31, 2025, December 31, 2024, and March 31, 2024, respectively)	6,620	7,273	7,346
Loans held for sale	-	-	27,224
Loans	2,105,247	2,045,215	1,351,537
Less: Allowance for credit losses on loans	(33,102)	(31,622)	(23,043)
Loans, net of allowance	2,072,145	2,013,593	1,328,494
Non-marketable equity investments, at cost	15,355	15,355	8,897
Premises and equipment, net	9,418	9,397	10,646
Goodwill	40,054	40,054	25,762
Core deposit intangible asset, net	26,984	28,051	1,588
Bank-owned life insurance	27,727	27,550	18,179
Accrued interest receivable and other assets	49,939	53,675	25,633
Total assets	$ 2,658,258	$ 2,680,428	$ 1,712,644
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits			
Noninterest-bearing	$ 954,663	$ 1,014,263	$ 564,595
Interest-bearing	1,301,586	1,296,220	891,381
Total deposits	2,256,249	2,310,483	1,455,976
Short-term borrowings	20,000	-	-
Subordinated debentures	11,696	11,608	-
Accrued interest payable and other liabilities	24,628	25,356	18,579
Total liabilities	2,312,573	2,347,447	1,474,555
Shareholders' equity			
Preferred stock, no par value; 10,000,000 shares authorized; no shares issued or outstanding	-	-	-
Common stock, no par value; 30,000,000 shares authorized; 10,586,179, 10,556,467 and 8,413,913 for the periods ended March 31, 2025, December 31, 2024, and March 31, 2024, respectively	205,122	204,787	122,719
Retained earnings	150,346	140,672	125,170
Accumulated other comprehensive loss, net of taxes	(9,783)	(12,478)	(9,800)
Total shareholders' equity	345,685	332,981	238,089
Total liabilities and shareholder's equity	$ 2,658,258	$ 2,680,428	$ 1,712,644

Income Statement

(Dollars in thousands, except share data)	Three months ended March 31, 2025	December 31, 2024	March 31, 2024
Interest income			
Loans, including fees	$ 36,340	$ 37,822	$ 24,382
Interest-bearing deposits in other financial institutions	290	928	212
Taxable securities	2,572	2,729	976
Tax-exempt securities	610	660	87
Total interest income	39,812	42,139	25,657
Interest expense			
Deposits	7,186	7,823	5,276
Subordinated debentures	238	237	-
Federal Home Loan Bank advances and other borrowings	43	3	68
Total interest expense	7,467	8,063	5,344
Net interest income before provision for credit losses	32,345	34,076	20,313
Provision (reversal) for credit losses on loans	1,482	7,729	(900)
(Reversal) provision for credit losses on unfunded loan commitments	(100)	210	(100)
Net interest income after provision (reversal) for credit losses	30,963	26,137	21,313
Noninterest income			
Service charges on deposits	170	257	138
Loan servicing fees	141	127	160
ATM fee income	273	237	202
Earnings on bank-owned life insurance	178	181	119
Dividends on non-marketable equity securities	290	302	179
Loss on sale of assets	(233)	(509)	-
Other	180	316	236
Total noninterest income	999	911	1,034
Noninterest expense			
Salaries and employee benefits	8,481	8,312	5,362
Occupancy	918	967	590
Furniture and equipment	1,004	1,022	570
Marketing, business development and shareholder-related expense	362	277	161
Data and item processing	716	761	469
Regulatory assessments, including federal deposit insurance	421	350	241
Amortization of core deposit intangibles	1,067	1,072	83
Professional fees	254	530	230
Acquisition-related expense	250	6,278	-
Other	2,024	1,990	1,432
Total noninterest expense	15,497	21,559	9,138
Income before income taxes	16,465	5,489	13,209
Income tax expense	4,787	1,649	3,885
Net income	$ 11,678	$ 3,840	$ 9,324
Earnings per share			
Basic	$ 1.11	$ 0.37	$ 1.11
Diluted	$ 1.10	$ 0.36	$ 1.10

Financial Highlights

(Dollars in thousands, except share data)	As of or for the three months ended March 31, 2025	December 31, 2024	March 31, 2024
Ratios			
Net interest margin, tax equivalent [a]	5.29%	5.38%	4.87%
Cost of funds [b]	1.32%	1.37%	1.43%
Efficiency ratio [c]	46.48%	61.62%	42.81%
Return on:			
Average assets	1.78%	0.57%	2.14%
Average equity	13.83%	4.55%	15.99%
Average tangible equity [d]	17.23%	5.72%	18.10%
ACL/Gross loans	1.57%	1.55%	1.67%
Noninterest-bearing deposits to total deposits	42.31%	43.90%	38.78%
Gross loans to deposits	93.31%	88.52%	94.70%
Capital Ratios			
Tier 1 leverage ratio	11.08%	10.51%	12.68%
Common equity tier 1 risk-based capital ratio	12.47%	12.24%	14.62%
Tier 1 risk-based capital ratio	12.47%	12.24%	14.62%
Total risk-based capital ratio	14.23%	14.00%	15.87%
Tangible common equity ratio [e]	10.75%	10.14%	12.50%
Per Share Data			
Book value per share	$ 32.65	$ 31.54	$ 28.30
Tangible book value per share [f]	$ 26.32	$ 25.09	$ 25.05
Shares outstanding	10,586,179	10,556,467	8,413,913

[a] Net interest margin is calculated by dividing annualized taxable equivalent net interest income by period average interest-earning assets. Interest income on tax-exempt securities and loans are presented on a taxable-equivalent basis using the Federal statutory rate of 21 percent.

[b] Cost of funds is computed by dividing annualized interest expense by the sum of period average deposits and borrowings.

[c] Efficiency ratio equals total noninterest expenses divided by the sum of net interest income and noninterest income.

[d] 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 [f] below.

[e] Tangible common equity ratio is calculated by dividing tangible shareholders' equity as defined in note [f] below by assets less goodwill and other intangible assets.

[f] 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

[1] Non-GAAP Financial Measures

	As of or for the three months ended		
(Dollars in thousands, except share data)	March 31, 2025	December 31, 2024	March 31, 2024
Non-interest expense reported per GAAP	$ 15,497	$ 21,559	$ 9,138
Less: merger expense – non-deductible	-	97	-
Less: merger expense – deductible	250	6,180	-
Adjusted non-interest expense (non-GAAP)	$ 15,247	$ 15,282	$ 9,138
Net interest income, taxable equivalent (TE)	$ 32,490	$ 34,229	$ 20,355
Less: accretion of purchase discount of acquired loans	2,641	3,783	-
Adjusted net interest income (non-GAAP)	$ 29,849	$ 30,446	$ 20,355
Average interest earning assets	$ 2,491,533	$ 2,528,793	$ 1,693,931
Adjusted loan yield without purchase discount accretion (non-GAAP)	6.61%	6.70%	7.02%
Net interest margin, taxable equivalent	5.29%	5.38%	4.87%
Adjusted net interest margin (TE) (non-GAAP)	4.86%	4.79%	4.87%
Non-interest income reported per GAAP	$ 999	$ 911	$ 1,034
Add: net loss on sale of Monterey branch facility	-	509	-
Add: net loss on sale of investments	257	-	-
Adjusted non-interest income (non-GAAP)	1,256	1,420	1,034
Net interest income plus adjusted non-interest income (non-GAAP)	33,601	35,496	21,347
Efficiency ratio (non-GAAP)	46.48%	61.62%	42.81%
Adjusted efficiency ratio (non-GAAP)	45.38%	43.05%	42.81%
Net income reported per GAAP	$ 11,678	$ 3,840	$ 9,324
Add: Day 1 provision for credit losses on acquired non-PCD loans	-	7,667	-
Add: net loss on sale of Monterey branch facility	-	509	-
Add: net loss on sale of investments	257	-	-
Add: merger expense – non-deductible	-	97	-
Add: merger expense – deductible	250	6,180	-
Adjusted non-recurring items	507	14,453	-
Tax effected non-recurring items	357	10,209	-
Adjusted net income (non-GAAP)	$ 12,035	$ 14,049	$ 9,324
GAAP basic earnings per share	$ 1.11	$ 0.37	$ 1.11
Adjusted basic earnings per share (non-GAAP)	$ 1.15	$ 1.34	$ 1.11
GAAP diluted earnings per share	$ 1.10	$ 0.36	$ 1.10
Adjusted diluted earnings per share (non-GAAP)	$ 1.13	$ 1.32	$ 1.10
Adjusted non-GAAP ROAA	1.84%	2.08%	2.14%
Adjusted non-GAAP ROAE	14.25%	16.65%	15.99%
Adjusted non-GAAP ROATE	17.76%	20.94%	18.10%
Total shareholders' equity	$ 345,685	$ 332,981	$ 238,089
Less: goodwill and other intangibles	67,038	68,105	27,350
Tangible common equity (non-GAAP)	$ 278,647	$ 264,876	$ 210,739
Common shares outstanding at period end	10,586,179	10,556,467	8,413,913
Book value per common share	$ 32.65	$ 31.54	$ 28.30
Tangible book value per common share (non-GAAP)	$ 26.32	$ 25.09	$ 25.05
Total assets	$ 2,658,258	$ 2,680,428	$ 1,712,644
Less: goodwill and other intangibles	67,038	68,105	27,350
Tangible assets	$ 2,591,220	$ 2,612,323	$ 1,685,294
Total shareholders' equity to total assets	13.00%	12.42%	13.90%
Tangible equity to tangible assets (non-GAAP)	10.75%	10.14%	12.50%