West Coast Community Bancorp Reports Growth in Earnings for the Second Quarter of 2025

Board Declares Increase in Quarterly Cash Dividend by $0.01 to $0.21 per Share

SANTA CRUZ, Calif. – July 22, 2025: West Coast Community Bancorp ("Bancorp," OTCQX: WCCB), the parent company of West Coast Community Bank ("the Bank"), announced unaudited earnings for the quarter ended June 30, 2025, of $12.9 million, an increase of $1.2 million, or 11%, from $11.7 million in the prior quarter and $4.7 million, or 57%, from $8.2 million reported for the quarter ended June 30, 2024. Year-to-date earnings for the six-month period ended June 30, 2025, were $24.6 million, an increase of $7.1 million, or 40%, from $17.5 million reported for the same period in 2024. Basic and diluted earnings per share ("EPS") for the quarter ended June 30, 2025, increased 11% to $1.23 and $1.22, respectively, from $1.11 and $1.10 in the first quarter of 2025. Basic and diluted EPS both increased $0.25, or 26%, from the same quarter last year.

"Our financial performance this quarter was strong, enhanced by our recent merger with 1st Capital Bancorp and demonstrating that we achieved our targeted EPS accretion of 16% in 2025 post-merger. This reflects continued momentum across our core banking franchise while also delivering exceptional service to our clients and deepening our impact in the communities we serve," said Krista Snelling, President and Chief Executive Officer. "Our strong net interest margin, healthy returns on both assets and equity and robust capital position underscore the resilience of our business model, especially during these uncertain market and economic conditions."

On July 17, 2025, the Bancorp Board of Directors declared a quarterly cash dividend of $0.21 per common share, payable on August 11, 2025, to shareholders of record at the close of business on August 5, 2025.

"Our attractive growth in tangible book value and stable liquidity reinforces our commitment to building long-term shareholder value," added Stephen Pahl, Chairman of the Board of Directors, "We are pleased to report that tangible book value per share of $27.51 at June 30, 2025, surpassing $27.20 at September 30, 2024, immediately prior to the merger."

Financial Highlights

Performance highlights as of and for the three- and six-month periods ended June 30, 2025, included the following:

- Net income for the quarter ended June 30, 2025, increased $1.2 million, or 10.6%, from the first quarter of 2025 due to a decrease in the provision for credit losses of $762 thousand (primarily attributable to less volume of loan growth in the second quarter compared to the first quarter of 2025), combined with an increase in net interest income of $462 thousand and an increase in noninterest income of $400 thousand. The increase over the quarter ended June 30, 2024, was mainly due to the merger with 1st Capital Bancorp on October 1, 2024, ("the Merger") as well as organic growth, partially offset by higher organic loan-growth-related provision for credit losses in 2025. Adjusted net income (non-GAAP[1]) would have been $13.1 million, $12.0 million and $8.5 million for the quarters ended June 30, 2025, March 31, 2025, and June 30, 2024, respectively. Adjusted net income (non-GAAP[1]) would have been $25.1 million and $17.8 million for the six-month periods ended June 30, 2025, and 2024.
- Basic and diluted EPS of $1.23 and $1.22 in the second quarter of 2025, respectively, both increased $0.12 per share, or 11%, from the first quarter of 2025. Basic and diluted EPS both increased $0.25 per share from $0.98 and $0.97, respectively, in the second quarter of 2024. Basic and diluted EPS of $2.34 and $2.31 for the six-month period ended June 30, 2025, respectively, increased $0.25 and $0.23 per share, respectively, from the previous year. Adjusted basic and diluted EPS (non-GAAP[1]) for the quarter ended June 30, 2025, excluding after-tax charges related to the Merger, would have been $1.25 and $1.23, respectively. Adjusted basic and diluted EPS (non-GAAP[1]) for the quarter ended March 31, 2025, would have been $1.15 and $1.13, respectively. Adjusted basic and diluted EPS (non-GAAP[1]) would have been $2.39 and $2.37 for the six-month period end June 30, 2025, an increase of $0.26 for both compared to basic and diluted EPS of $2.13 and $2.11 for the six-month period end June 30, 2024.

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

- Total assets were $2.7 billion at both June 30 and March 31, 2025, compared to $1.7 billion at June 30, 2024. The increase of $938.6 million, or 55%, over June 30, 2024, was largely the result of the Merger, which added $994.3 million in assets including $14.3 million of goodwill and $27.7 million of core deposit intangible assets on October 1, 2024.
- 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 11.7%, 11.8% and 11.7% at June 30, 2025, March 31, 2025, and June 30, 2024, respectively.
- Taxable equivalent net interest margin was 5.30%, 5.29% and 4.99% for the quarters ended June 30, 2025, March 31, 2025, and June 30, 2024, respectively. Taxable equivalent net interest margin for the six-month periods ended June 30, 2025, and 2024 was 5.30% and 4.93%, respectively. Net interest margin excluding the purchase discount accretion on the acquired loan portfolio and accelerated accretion on discount of partially redeemed subordinated debt (non-GAAP[1]) for the quarters ended June 30, 2025, and March 31, 2025, was 4.91% and 4.86%, respectively, and 4.88% for the six-month period ended June 30, 2025.
- The cost of funds was 1.41% in the second quarter of 2025 compared to 1.32% in the prior quarter and 1.54% in the second quarter of 2024. The cost of funds for the six-month periods ended June 30, 2025, and 2024 was 1.37% and 1.48%, respectively. The increase in the cost of funds in the second quarter of 2025 over the preceding quarter was driven by a greater utilization of higher cost borrowings in addition to $160 thousand in expense related to accelerated discount recognition from early redemption of $1 million in par value of Bancorp's subordinated debentures assumed in the Merger.
- For the quarters ended June 30, 2025, March 31, 2025, and June 30, 2024, return on average assets ("ROAA") was 1.95%, 1.78% and 1.93%, respectively, return on average equity ("ROAE") was 14.71%, 13.83% and 13.63%, respectively, and return on average tangible equity ("ROATE") was 18.14%, 17.23% and 15.37%, respectively. Excluding merger-related items for the quarters ended June 30, 2025, March 31, 2025, and June 30, 2024, adjusted ROAA (non-GAAP[1]) were 1.98%, 1.84% and 1.99%, respectively, adjusted ROAE (non-GAAP[1]) was 14.93%, 14.25% and 14.11%, respectively, and adjusted ROATE (non-GAAP[1]) was 18.41%, 17.76% and 15.90%, respectively.
- For the six-month periods ended June 30, 2025, and June 30, 2024, return on average assets ("ROAA") was 1.87% and 2.04%, respectively, return on average equity ("ROAE") was 14.28% and 14.79%, respectively, and return on average tangible equity ("ROATE") was 17.70% and 16.71%, respectively. Excluding merger-related items for the six-month periods ended June 30, 2025, and 2024, adjusted ROAA (non-GAAP[1]) was 1.91% and 2.07%, respectively, adjusted ROAE (non-GAAP[1]) was 14.60% and 15.03%, respectively, and adjusted ROATE (non-GAAP[1]) was 18.10% and 16.98%, respectively.
- The efficiency ratio was 45.16% for the second quarter of 2025 compared to 46.48% in the prior quarter and 45.30% in the second quarter of 2024. The efficiency ratio for the six-month periods ended June 30, 2025, and 2024 was 45.81% and 44.05%, respectively. Excluding merger-related items, the adjusted efficiency ratio (non-GAAP[1]) was 44.85% for the second quarter of 2025, 45.38% for the first quarter of 2025 and 43.80% for the second quarter of 2024. The adjusted efficiency ratio (non-GAAP[1]) was 45.11% and 43.30% for the six-month periods ended June 30, 2025, and 2024, respectively.
- All capital ratios were above regulatory requirements for a well-capitalized institution with a total risk-based capital ratio of 14.46%, 14.23% and 16.22% at June 30, 2025, March 31, 2025, and June 30, 2024, respectively. Tangible common equity to tangible asset ratio was 11.26%, 10.75% and 13.00% at June 30, 2025, March 31, 2025, and June 30, 2024, respectively.
- Tangible book value per share was $27.51 at June 30, 2025, compared to $26.32 at March 31, 2025, $25.95 at June 30, 2024, and $27.20 at September 30, 2024, immediately prior to the Merger. Increase in the second quarter of 2025 was driven by net income of $12.9 million during the second quarter.

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

Merger with 1st Capital Bancorp

The merger between West Coast Community Bancorp and 1st Capital Bancorp 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.

Interest Income, Interest Expense and Net Interest Margin

Net interest income of $32.8 million for the quarter ended June 30, 2025, increased $462 thousand from $32.3 million for the quarter ended March 31, 2025, and increased $12.6 million, or 62.2%, from $20.2 million for the quarter ended June 30, 2024. The quarter-over-quarter increase in 2025 was largely the result of one extra day of interest earned. Net interest income for the six-month periods ended June 30, 2025, and 2024 was $65.2 million and $40.5 million, respectively. The increase of $24.6 million, or 61%, from the six-month period ended June 30, 2024, was mainly due to the Merger as well as organic growth.

The cost of funds increased nine basis points from 1.32% in the first quarter of 2025 to 1.41% in the second quarter of 2025. The increase in the cost of funds was driven by greater reliance on short-term borrowings during the second quarter of 2025 compared to the preceding quarter. Additionally, during the second quarter of 2025, $1 million in par value of Bancorp's subordinated debentures assumed from the Merger were redeemed early, resulting in $160 thousand additional interest expense from accelerated accretion of the discount. The cost of funds decreased 13 basis points from 1.54% in the second quarter of 2024, as we benefit from the lower costing funding base of the deposit franchise from 1st Capital Bancorp. The cost of funds decreased 11 basis points from 1.48% in the six-month period ended June 30, 2024, to 1.37% in the six-month period ended June 30, 2025, primarily for the same reason.

For the second quarter of 2025, taxable equivalent net interest margin was 5.30%, compared to 5.29% in the first quarter of 2025 and 4.99% for the corresponding quarter in 2024. For the six-month period ended June 30, 2025, taxable equivalent net interest margin was 5.30%, compared to 4.93% for the corresponding period in 2024. The earning asset yield for the second quarter of 2025 increased nine basis points over prior quarter due to a slight increase in the loan yield from growth in high yielding construction loan products in addition to a shift in the overall earning asset composition toward loans from lower yielding investments. The increase in the earning asset yield compared to prior quarter was largely offset by the cost of funds increases discussed above resulting in a relatively stable overall net interest margin quarter-over-quarter. Excluding the purchase discount accretion on the acquired loan portfolio and the acceleration of the discount related to the partial redemption of Bancorp's subordinated debentures would adjust the net interest margin (non-GAAP[1]) for the quarters ended June 30, 2025, and March 31, 2025, to 4.91% and 4.86%, respectively, and to 4.88% for the six-month period ended June 30, 2025.

[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 Quarters Ended								
	June 30, 2025			March 31, 2025			June 30, 2024		
(Dollars in thousands)	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	$ 14,990	$ 160	4.28%	$ 26,732	$ 290	4.40%	$ 18,747	$ 204	4.38%
Investments*	366,472	3,140	3.44%	394,328	3,305	3.40%	224,629	977	1.75%
Loans*	2,109,903	37,636	7.15%	2,070,473	36,362	7.12%	1,388,657	24,637	7.14%
Total interest-earning assets	2,491,365	40,936	6.59%	2,491,533	39,957	6.50%	1,632,033	25,818	6.36%
Noninterest-earning assets	161,517			163,239			82,547		
Total assets	$ 2,652,882			$ 2,654,772			$ 1,714,580		
LIABILITIES									
Interest checking deposits	$ 240,840	$ 644	1.07%	$ 264,206	$ 642	0.99%	$ 201,446	$ 500	1.00%
Money market deposits	714,038	5,009	2.81%	709,186	4,864	2.78%	417,622	2,887	2.78%
Savings deposits	165,924	345	0.83%	176,889	341	0.78%	94,086	133	0.57%
Time certificates of deposits	160,003	1,235	3.10%	165,997	1,339	3.27%	136,320	1,159	3.42%
Brokered deposits	-	-	0.00%	-	-	0.00%	61,326	818	5.36%
Short-term borrowings	33,133	369	4.47%	3,861	43	4.52%	4,060	58	5.74%
Subordinated debt	11,196	393	14.08%	11,638	238	8.29%	-	-	0.00%
Total interest-bearing liabilities	1,325,134	7,995	2.42%	1,331,777	7,467	2.27%	914,860	5,555	2.44%
Noninterest-bearing deposits	952,239			956,204			539,791		
Other noninterest-bearing liabilities	23,208			24,242			17,570		
Total liabilities	2,300,581			2,312,223			1,472,221		
EQUITY	352,301			342,549			242,359		
Total liabilities and equity	$ 2,652,882			$ 2,654,772			$ 1,714,580		
Net interest income/margin-taxable equivalent adjusted		$ 32,941	5.30%		$ 32,490	5.29%		$ 20,263	4.99%
GAAP net interest income		$ 32,807			$ 32,345			$ 20,222	
Cost of funds			1.41%			1.32%			1.54%

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

	For the Six Months Ended					
	June 30, 2025			June 30, 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	$ 20,829	$ 450	4.36%	$ 24,309	$ 416	3.44%
Investments*	380,323	6,445	3.42%	238,842	2,059	1.73%
Loans*	2,090,297	73,998	7.14%	1,392,977	49,043	7.08%
Total interest-earning assets	2,491,449	80,893	6.55%	1,656,128	51,518	6.26%
Noninterest-earning assets	162,364			76,872		
Total assets	$ 2,653,813			$ 1,733,000		
LIABILITIES						
Interest checking deposits	$ 252,459	$ 1,286	1.03%	$ 207,261	$ 947	0.92%
Money market deposits	711,626	9,873	2.80%	416,056	5,574	2.69%
Savings deposits	171,376	686	0.81%	96,644	248	0.52%
Time certificates of deposits	162,983	2,574	3.18%	138,025	2,303	3.36%
Brokered deposits	-	-	0.00%	64,058	1,701	5.34%
Borrowings excl. subordinated debt	18,578	412	4.47%	4,429	126	5.74%
Subordinated debt	11,416	631	11.16%	-	-	0.00%
Total interest-bearing liabilities	1,328,438	15,462	2.35%	926,473	10,899	2.37%
Noninterest-bearing deposits	954,211			550,327		
Other noninterest-bearing liabilities	23,722			17,720		
Total liabilities	2,306,371			1,494,520		
EQUITY	347,442			238,480		
Total liabilities and equity	$ 2,653,813			$ 1,733,000		
Net interest income/margin-taxable equivalent adjusted		$ 65,431	5.30%		$ 40,619	4.93%
GAAP net interest income		$ 65,152			$ 40,535	
Cost of funds			1.37%			1.48%

**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 June 30, 2025, was $1.4 million compared to $999 thousand for the previous quarter and $1.0 million in the second quarter of 2024. Noninterest income for the six-month period ended June 30, 2025, was $2.4 million compared to $2.1 million for the six-month period ended June 30, 2024. Second quarter of 2025 results reflected a $21 thousand loss on sale of investments compared to $257 thousand in the first quarter of 2025 and no sale of investments in the second quarter of 2024.

Noninterest expense was $15.5 million in both the first and second quarters of 2025 compared to $9.6 million in the second quarter of 2024. While total noninterest expense did not change significantly from the first quarter to the second quarter of 2025, it reflected decreases in occupancy, furniture and equipment expenses of $307 thousand post-merger facility consolidation, which occurred in the first quarter of 2025, and other acquisition-related expenses of $153 thousand, offset by second quarter expenses including annual director stock grants of $368 thousand, re-branding costs of $236 thousand, and professional expenses of $138 thousand incurred in preparation for becoming an SEC registrant. The $5.8 million, or 60.4%, increase over the second quarter of 2024 was mainly due to the Merger, annual merit increases and inflationary effects, investment in our expansion of the Silicon Valley team and specific expenses in the second quarter of 2025 mentioned earlier. Excluding these additional expenses as well as the $1.1 million quarterly core deposit intangible amortization, we have achieved the overhead cost saving target of $11.2 million that Management had modeled related to the Merger. Noninterest expense for the six-month period ended June 30, 2025, totaled $30.9 million, an increase of $12.2 million, or 64.9%, when compared to $18.8 million for the six-month period ended June 30, 2024.

Liquidity Position

The following table summarizes the Bank's liquidity as of June 30, 2025, March 31, 2025, and June 30, 2024:

	As of		
(Dollars in thousands)	June 30, 2025	March 31, 2025	June 30, 2024
Cash and due from banks	$ 40,397	$ 45,350	$ 36,127
Unencumbered AFS securities	270,805	268,525	163,355
Total on-balance-sheet liquidity	311,202	313,875	199,482
Line of credit from the Federal Home Loan Bank of San Francisco – collateralized	664,525	639,607	461,794
Line of credit from the Federal Reserve Bank of San Francisco – collateralized	370,532	357,453	248,377
Lines at correspondent banks – unsecured	100,000	100,000	95,000
Total external contingency liquidity capacity	1,135,057	1,097,060	805,171
Less: short-term borrowings	(4,100)	(20,000)	(16,500)
Net available liquidity sources	$ 1,442,159	$ 1,390,935	$ 988,153

As of June 30, 2025, net liquidity exceeded uninsured and uncollateralized deposits of $1.1 billion, with a coverage ratio of 134%.

Investment Portfolio

Securities issued by U.S. Government-sponsored agencies, U.S. Treasury bonds and SBA securities accounted for 38%, 29% and 2% of the investment portfolio as of June 30, 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 24%, 4%, 2% and 1% of the carrying value of the portfolio, respectively.

The investment portfolio decreased from $371.3 million at March 31, 2025, to $365.6 million as of June 30, 2025, primarily due to paydowns of $4.7 million and sales of $2.7 million during the quarter. The investment portfolio increased from $219.5 million at June 30, 2024, mainly due to the Merger. The investment portfolio had an average life of 5.5 years as of June 30, 2025, compared to 5.6 years as of March 31, 2025, and 2.6 years at June 30, 2024.

Net unrealized losses on AFS securities totaled $13.8 million ($9.7 million after-tax) at June 30, 2025, compared to $14.9 million ($10.5 million after-tax) at March 31, 2025, and $13.9 million ($9.8 million after-tax) at June 30, 2024.

Loans and Asset Quality

Gross loans, net of unaccreted purchase discount, increased $4.7 million from March 31, 2025, and increased $722.9 million, or 52%, compared to June 30, 2024. Loan growth during the second quarter of 2025 was led by construction, which grew by $14.4 million from new originations and advances for projects that originated in the first quarter. Alongside organic growth, the increase in loans from June 30, 2024, was significantly bolstered by the Merger, which added $603.1 million in acquired loans net of fair value adjustment as of October 1, 2024.

New loan commitments generated were $150.8 million during the second quarter of 2025, driven by $60.4 million in new construction commitments and $47.8 million in new commercial and industrial loans ("C&I") commitments. The Asset Based Lending ("ABL") Division originated $6.8 million in new loan commitments and funded balances increased $4.1 million or 14% in the second quarter of 2025. We believe that strong growth in ABL, construction, and C&I loans positions the Bank to diversify the lending portfolio.

Nonaccrual loans of $2.9 million accounted for 0.14% of gross loans at June 30, 2025, and increased $666 thousand from March 31, 2025. The balance at June 30, 2025, primarily reflects two real estate secured loans, including a $1.7 million construction loan that was subsequently paid off in July 2025 and a $504 thousand acquired loan secured by real estate that has been adequately reserved for by the Bank. The remaining $754 thousand of nonaccrual loans are SBA loans, which have a government guarantee of $184 thousand. Loans past due 30-89 days that are still accruing decreased $5.8 million from March 31, 2025, and decreased $1.0 million from June 30, 2024, to $1.4 million. Loans over 90 days past due that are still accruing as of June 30, 2025, increased $1.4 million in the second quarter due to a single real estate secured loan that is pending renewal.

The allowance for credit losses ("ACL") was $33.6 million at June 30, 2025, or 1.59% of total loans, $33.1 million at March 31, 2025, or 1.57% of total loans, and $23.0 million, or 1.66% of total loans at June 30, 2024. The allowance allocated to individually evaluated loans was $556 thousand, $534 thousand and $0 as of June 30, 2025, March 31, 2025, and June 30, 2024, respectively. The allowance on unfunded credit commitments, presented as part of other liabilities, as a percentage of unfunded credit commitments was 0.34% at June 30, 2025, a slight increase from 0.33% at March 31, 2025, and a slight decrease from 0.35% at June 30, 2024.

The slight increase in the ACL to loan ratio during the second quarter of 2025 was primarily driven by the growth in construction loans, which carry a higher estimated credit reserve factor than the rest of the portfolio. The increase also reflects worsening economic forecasts published by the Federal Open Market Committee in June 2025. Other qualitative factors have remained relatively stable compared to last quarter.

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

	As of			Change % vs.	
(Dollars in thousands)	June 30, 2025	March 31, 2025	June 30, 2024	March 31, 2025	June 30, 2024
Loans held for sale	$ -	$ -	$ 23,347	0%	-100%
SBA and B&I loans	177,854	183,743	143,209	-3%	24%
Commercial term loans	135,984	130,559	102,924	4%	32%
Revolving commercial lines	166,225	174,810	118,006	-5%	41%
Asset-based lines of credit	34,136	29,990	9,920	14%	244%
Construction loans	225,528	211,085	152,878	7%	48%
Commercial real estate loans	1,355,565	1,364,071	802,196	-1%	69%
Home equity lines of credit	35,807	34,950	29,779	2%	20%
Consumer and other loans	1,888	1,779	2,625	6%	-28%
Deferred loan expenses, net of fees	2,311	2,240	2,169	3%	7%
Total loans, net of deferred expenses/fees	2,135,298	2,133,227	1,387,053	0%	54%
Purchase discount on acquired loans	(25,372)	(27,980)	-	-9%	100%
Total loans, net of unaccreted purchase discount	$ 2,109,926	$ 2,105,247	$ 1,387,053	0%	52%

	As of or for the Quarter Ended		
(Dollars in thousands)	June 30, 2025	March 31, 2025	June 30, 2024
Loans past due 30-89 days still accruing	$ 1,386	$ 7,192	$ 2,408
Delinquent loans (past due 90+ days still accruing)	$ 1,400	$ -	$ -
Nonaccrual loans	2,925	2,259	-
Other real estate owned	-	-	-
Nonperforming assets	$ 4,325	$ 2,259	$ -
Net loan charge-offs QTD	$ (28)	$ 5	$ 44
Net loan charge-offs YTD	$ 23	$ 5	$ 44

Deposits

Deposits totaled $2.3 billion at June 30, 2025, an increase of $3.8 million compared to March 31, 2025, and an increase of $828.4 million, or 58%, compared to June 30, 2024. The increase in deposits in the second quarter of 2025 is attributed to the seasonality of large depositors in the agricultural sector, who are responsible for more than $9 million in deposit growth in the second quarter. Deposit growth from newly established relationships over the second quarter was $15.3 million. Deposit growth in the second quarter of 2025 was partially offset by outflow of deposits of large depositors in the public and nonprofit sectors, who accounted for more than $9.6 million in deposit decreases in the second quarter as they invested their cash in local projects.

Noninterest-bearing deposits to total deposits increased from 38% at June 30, 2024, to 42% at March 31, 2025, and to 43% at June 30, 2025. The increase in deposits since June 30, 2024, was primarily the result of the Merger, which increased deposits by $893.2 million.

The 10 largest deposit relationships, excluding fully collateralized government agency deposits, represent approximately 11% of total deposits as of both June 30, 2025, and March 31, 2025, compared to 12% as of June 30, 2024.

The following table summarizes the Bank's deposit mix:

	As of			Change % vs.	
(Dollars in thousands)	June 30, 2025	March 31, 2025	June 30, 2024	March 31, 2025	June 30, 2024
Noninterest-bearing demand	$ 960,749	$ 954,663	$ 548,499	1%	75%
Interest-bearing demand	236,281	250,585	195,607	-6%	21%
Money markets	733,658	718,465	431,509	2%	70%
Savings	171,350	171,670	91,884	0%	86%
Time certificates of deposit	158,019	160,866	137,286	-2%	15%
Brokered deposits	-	-	26,832	0%	-100%
Total deposits	$ 2,260,057	$ 2,256,249	$ 1,431,617	0%	58%
Deposits – personal	$ 759,357	$ 776,856	$ 524,824	-2%	45%
Deposits – business	1,500,700	1,479,393	879,961	1%	71%
Deposits – brokered	-	-	26,832	0%	-100%
Total deposits	$ 2,260,057	$ 2,256,249	$ 1,431,617	0%	58%

Shareholders' Equity

Total shareholders' equity was $356.9 million at June 30, 2025, an $11.2 million, or 3%, increase compared to March 31, 2025, and a $110.7 million, or 45%, increase compared to June 30, 2024. Increase over March 31, 2025, was primarily due to quarterly earnings of $12.9 million, partially offset by quarterly dividends paid of $2.1 million as well as $998 thousand of share repurchases made in June 2025 as part of the new Share Repurchase Program noted below. The increase over June 30, 2024, was primarily due to the issuance of common stock of $80.8 million as part of the Merger in addition to the earnings accumulation over the past 12 months of $36.6 million, partially offset by dividends paid over the past 12 months of $7.4 million as well as the $998 thousand of shares repurchased in June 2025.

Share Repurchase Program

On May 6, 2025, Bancorp announced the launch of a new Share Repurchase Program approved by its Board of Directors to repurchase up to $10 million of common stock in the open market or through privately negotiated transactions as market conditions warrant. Bancorp intends to fund repurchases with dividends from the Bank, as needed, and to execute repurchases in compliance with applicable federal and state securities laws and bank regulations including Rules 10b-18 and 10b5-1 as promulgated under the Securities Exchange Act of 1934. The stock repurchase program may be suspended, terminated or modified at any time and will expire on June 30, 2026. The timing and amount of common stock repurchases made pursuant to the Share Repurchase Program are subject to various factors, including Bancorp's capital position, liquidity, financial performance, alternative uses of capital, stock trading price, regulatory requirements and general market conditions. Stock repurchases are accounted for as a reduction in equity. As of June 30, 2025, 25,600 shares had been repurchased at a weighted average share price of $39.00 for a total of $998 thousand.

Non-GAAP Financial Measures[1]

In addition to evaluating 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 useful internally and is expected by our investors to understand the overall performance of Bancorp.

Examples of non-GAAP financial measures include adjusted net income, adjusted 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.
- Adjusted 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 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 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.
- **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 first quarter of 2025 and every quarter of 2024.
- **SBA Lending** (*for fiscal year ended September 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 #59 among top U.S. community banks with $2-$10B in assets (for full-year 2024 financial performance).
- **Bank Performance Report:** Ranked #16 of 117 California banks for overall performance for the first quarter of 2025.
- ***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 as of June 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 achieving the intended synergies with 1st Capital Bancorp post-merger, retaining employees and clients, fluctuations in interest rates (including but not limited to changes in depositor behavior and/or impacts on our core deposit intangible 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. Slides may be viewed online at: wccb.com/investor_relations.

Balance Sheet

(Dollars in thousands)	As of June 30, 2025	As of March 31, 2025	As of June 30, 2024
ASSETS			
Cash and cash equivalents	$ 40,148	$ 45,101	$ 27,615
Interest-bearing deposits in other financial institutions	249	249	8,512
Debt securities available for sale (amortized cost $372,805, $379,580 and $226,058 at June 30, 2025, March 31, 2025, and June 30, 2024, respectively, net of allowance of credit losses of $0)	359,043	364,666	212,146
Debt securities held to maturity, net of allowance for credit losses of $0 (fair value $6,150, $6,164, and $7,063 at June 30, 2025, March 31, 2025, and June 30, 2024, respectively)	6,596	6,620	7,321
Loans held for sale	-	-	23,347
Loans held for investment	2,109,926	2,105,247	1,363,706
Less: Allowance for credit losses on loans	(33,551)	(33,102)	(22,999)
Loans, net of allowance	2,076,375	2,072,145	1,340,707
Non-marketable equity investments, at cost	15,355	15,355	9,154
Premises and equipment, net	9,599	9,418	10,468
Goodwill	40,054	40,054	25,762
Core deposit intangible asset, net	25,917	26,984	1,505
Bank-owned life insurance	27,911	27,727	18,301
Accrued interest receivable and other assets	49,189	49,939	27,006
Total assets	$ 2,650,436	$ 2,658,258	$ 1,711,844
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits			
Noninterest-bearing	$ 960,749	$ 954,663	$ 548,499
Interest-bearing	1,299,308	1,301,586	883,118
Total deposits	2,260,057	2,256,249	1,431,617
Federal Home Loan Bank advances and other borrowings	4,100	20,000	16,500
Subordinated debentures	11,003	11,696	-
Accrued interest payable and other liabilities	18,354	24,628	17,503
Total liabilities	2,293,514	2,312,573	1,465,620
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; 10,576,882, 10,586,179 and 8,437,816 outstanding for the periods ended at June 30, 2025, March 31, 2025, and June 30, 2024, respectively	204,761	205,122	123,357
Retained earnings	161,150	150,346	131,957
Accumulated other comprehensive loss, net of taxes	(8,989)	(9,783)	(9,090)
Total shareholders' equity	356,922	345,685	246,224
Total liabilities and shareholders' equity	$ 2,650,436	$ 2,658,258	$ 1,711,844

Income Statement

(Dollars in thousands, except share data)	Three months ended June 30, 2025	Three months ended March 31, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Interest income					
Loans, including fees	$ 37,614	$ 36,340	$ 24,614	$ 73,954	$ 48,996
Interest-bearing deposits in other financial institutions	160	290	204	450	416
Taxable securities	2,460	2,572	872	5,032	1,848
Tax-exempt securities	568	610	87	1,178	174
Total interest income	40,802	39,812	25,777	80,614	51,434
Interest expense					
Deposits	7,233	7,186	5,497	14,419	10,773
Subordinated debentures	393	238	-	631	-
Federal Home Loan Bank advances and other borrowings	369	43	58	412	126
Total interest expense	7,995	7,467	5,555	15,462	10,899
Net interest income before provision for credit losses	32,807	32,345	20,222	65,152	40,535
Provision (reversal) for credit losses on loans	420	1,482	-	1,902	(900)
Provision (reversal) for credit losses on unfunded loan commitments	200	(100)	-	100	(100)
Net interest income after provision (reversal) for credit losses	32,187	30,963	20,222	63,150	41,535
Noninterest income					
Service charges on deposits	168	170	142	338	280
Loan servicing fees	127	141	147	268	307
ATM fee income	282	273	221	555	423
Earnings on bank-owned life insurance	184	178	122	362	241
Dividends on non-marketable equity securities	285	290	177	575	356
Loss on sale of assets	(46)	(233)	-	(279)	-
Other	399	180	234	579	470
Total noninterest income	1,399	999	1,043	2,398	2,077
Noninterest expense					
Salaries and employee benefits	8,757	8,481	5,455	17,238	10,817
Occupancy	802	918	563	1,720	1,153
Furniture and equipment	813	1,004	530	1,817	1,100
Marketing, business development and shareholder-related expense	559	362	246	921	407
Data and item processing	655	716	480	1,371	949
Regulatory assessments, including federal deposit insurance	370	421	231	791	472
Amortization of core deposit intangibles	1,067	1,067	83	2,134	166
Professional fees	475	254	226	729	456
Acquisition-related expense	97	250	317	347	317
Other	1,853	2,024	1,501	3,877	2,933
Total noninterest expense	15,448	15,497	9,632	30,945	18,770
Income before income taxes	18,138	16,465	11,633	34,603	24,842
Income tax expense	5,220	4,787	3,417	10,007	7,302
Net income	$ 12,918	$ 11,678	$ 8,216	$ 24,596	$ 17,540
Earnings per share					
Basic	$ 1.23	$ 1.11	$ 0.98	$ 2.34	$ 2.09
Diluted	$ 1.22	$ 1.10	$ 0.97	$ 2.31	$ 2.08

Financial Highlights

(Dollars in thousands, except share data)	As of or for the three months ended June 30, 2025	March 31, 2025	June 30, 2024	For the six months ended June 30, 2025	June 30, 2024
Ratios					
Net interest margin, tax equivalent [a]	5.30%	5.29%	4.99%	5.30%	4.93%
Cost of funds [b]	1.41%	1.32%	1.54%	1.37%	1.48%
Efficiency ratio [c]	45.16%	46.48%	45.30%	45.81%	44.05%
Return on:					
Average assets	1.95%	1.78%	1.93%	1.87%	2.04%
Average equity	14.71%	13.83%	13.63%	14.28%	14.79%
Average tangible equity [d]	18.14%	17.23%	15.37%	17.70%	16.71%
ACL/Gross loans	1.59%	1.57%	1.66%		
Noninterest-bearing deposits to total deposits	42.51%	42.31%	38.31%		
Gross loans to deposits	93.36%	93.31%	96.89%		
Capital Ratios					
Tier 1 leverage ratio	11.53%	11.08%	13.40%		
Common equity tier 1 risk-based capital ratio	12.74%	12.47%	14.97%		
Tier 1 risk-based capital ratio	12.74%	12.47%	14.97%		
Total risk-based capital ratio	14.46%	14.23%	16.22%		
Tangible common equity ratio [e]	11.26%	10.75%	13.00%		
Per Share Data					
Book value per share	$ 33.75	$ 32.65	$ 29.18		
Tangible book value per share [f]	$ 27.51	$ 26.32	$ 25.95		
Shares outstanding	10,576,882	10,586,179	8,437,816		

[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%.

[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

(Dollars in thousands, except share data)	As of or for the three months ended June 30, 2025	March 31, 2025	June 30, 2024	As of or for the six months ended June 30, 2025	June 30, 2024
Non-interest expense reported per GAAP	$ 15,448	$ 15,497	$ 9,632	$ 30,945	$ 18,770
Less: merger expense	97	250	317	347	317
Adjusted non-interest expense (non-GAAP)	$ 15,351	$ 15,247	$ 9,315	$ 30,598	$ 18,453
Net interest income, taxable equivalent (TE)	$ 32,941	$ 32,490	$ 20,263	$ 65,431	$ 40,619
Less: accretion of purchase discount of acquired loans	(2,609)	(2,641)	-	(5,250)	-
Add: accelerated accretion on discount of partially redeemed subordinated debt	160	-	-	160	-
Adjusted net interest income (non-GAAP)	$ 30,492	$ 29,849	$ 20,263	$ 60,341	$ 40,619
Average interest earning assets	$ 2,491,365	$ 2,491,533	$ 1,632,033	$ 2,491,449	$ 1,656,128
Adjusted loan yield without purchase discount accretion (non-GAAP)	6.66%	6.61%	7.14%	6.63%	7.08%
Net interest margin, taxable equivalent	5.30%	5.29%	4.99%	5.30%	4.93%
Adjusted net interest margin (TE) (non-GAAP)	4.91%	4.86%	4.99%	4.88%	4.93%
Non-interest income reported per GAAP	$ 1,399	$ 999	$ 1,043	$ 2,398	$ 2,077
Add: net loss on sale of investments	21	257	-	278	-
Adjusted non-interest income (non-GAAP)	$ 1,420	$ 1,256	$ 1,043	$ 2,676	$ 2,077
Net interest income plus adjusted non-interest income (non-GAAP)	$ 34,227	$ 33,601	$ 21,265	$ 67,829	$ 42,612
Efficiency ratio (non-GAAP)	45.16%	46.48%	45.30%	45.81%	44.05%
Adjusted efficiency ratio (non-GAAP)	44.85%	45.38%	43.80%	45.11%	43.30%
Net income reported per GAAP	$ 12,918	$ 11,678	$ 8,216	$ 24,596	$ 17,540
Add: accelerated accretion on discount of partially redeemed subordinated debt	160	-	-	160	-
Add: net loss on sale of investments	21	257	-	278	-
Add: merger expense	97	250	317	347	317
Adjusted non-recurring items	278	507	317	785	317
Tax effected non-recurring items	196	357	287	553	287
Adjusted net income (non-GAAP)	$ 13,114	$ 12,035	$ 8,503	$ 25,149	$ 17,827
GAAP basic earnings per share	$ 1.23	$ 1.11	$ 0.98	$ 2.34	$ 2.09
Adjusted basic earnings per share (non-GAAP)	$ 1.25	$ 1.15	$ 1.01	$ 2.39	$ 2.13
GAAP diluted earnings per share	$ 1.22	$ 1.10	$ 0.97	$ 2.31	$ 2.08
Adjusted diluted earnings per share (non-GAAP)	$ 1.23	$ 1.13	$ 1.00	$ 2.37	$ 2.11
Adjusted non-GAAP ROAA	1.98%	1.84%	1.99%	1.91%	2.07%
Adjusted non-GAAP ROAE	14.93%	14.25%	14.11%	14.60%	15.03%
Adjusted non-GAAP ROATE	18.41%	17.76%	15.90%	18.10%	16.98%
Total shareholders' equity	$ 356,922	$ 345,685	$ 246,224	$ 356,922	$ 246,224
Less: goodwill and other intangibles	65,971	67,038	27,267	65,971	27,267
Tangible common equity (non-GAAP)	$ 290,951	$ 278,647	$ 218,957	$ 290,951	$ 218,957
Common shares outstanding at period end	10,576,882	10,586,179	8,437,816	10,576,882	8,437,816
Book value per common share	$ 33.75	$ 32.65	$ 29.18	$ 33.75	$ 29.18
Tangible book value per common share (non-GAAP)	$ 27.51	$ 26.32	$ 25.95	$ 27.51	$ 25.95
Total assets	$ 2,650,436	$ 2,658,258	$ 1,711,844	$ 2,650,436	$ 1,711,844
Less: goodwill and other intangibles	65,971	67,038	27,267	65,971	27,267
Tangible assets	$ 2,584,465	$ 2,591,220	$ 1,684,577	$ 2,584,465	$ 1,684,577
Total shareholders' equity to total assets	13.47%	13.00%	14.38%	13.47%	14.38%
Tangible equity to tangible assets (non-GAAP)	11.26%	10.75%	13.00%	11.26%	13.00%