



## SANTA CRUZ COUNTY BANK REPORTS FOURTH QUARTER, YEAR END RESULTS

Deposits increase 23% over 2006  
Gross loans increase 44% over 2006  
Assets increase 21% over 2006

SANTA CRUZ, CA – January 31, 2008 -Santa Cruz County Bank, a locally owned and operated full-service community bank headquartered in Santa Cruz County, today announced financial results for the year and quarter ended December 31, 2007. Once again, the Bank achieved double-digit percentage increases on growth in deposits, gross loans, total assets and pre-tax net income.

For the Bank's year ended December 31, 2007 compared to prior year ended December 31, 2006:

- Total deposits increased by \$26 million, 23%, to \$139.0 million
- Gross loans increased by \$36.7 million, 44%, to \$119.2 million.
- Total assets increased by \$27.9 million, 21%, to \$160.2 million
- Pre-tax net income increased by \$231,820, 16%, to \$1.7 million
- Net interest income improved by \$1.3 million, 20%, to \$7.96 million

For the Bank's fourth quarter-ended December 31, 2007 compared to prior quarter ended September 30, 2007:

- Total deposits increased by \$6.6 million, 5%, to \$139.0 million
- Gross loans increased by \$14.7 million, 14%, to \$119.2 million
- Total assets increased by \$7.2 million, 5%, to \$160.2 million

The Bank reported pre-tax net income of \$505,824 for the quarter ended December 31, 2007, an increase of \$63,973, 14%, compared to \$441,851 reported for the quarter ended September 30, 2007. Net interest income of \$2,220,152 for the quarter ended December 31, 2007 represented a \$107,034 increase, 5%, from the \$2,113,118 reported for the quarter ended September 30, 2007.

"2007 was a year of continued significant growth for Santa Cruz County Bank. For three consecutive years we have registered double-digit percentage increases in deposits, loans, and assets on a year to year comparison basis. To expand our services we launched remote electronic deposit capture in midyear. This product, which allows our clients to make deposits directly from their place of business, has been very well received by our business clients. Additionally, we opened two new locations to better serve our clients and our community; a dedicated Business lending office and a full service banking office, both located in Capitola. These new facilities have enabled the Bank to expand its SBA department and provide even more convenience for our clients." commented David V. Heald, President and Chief Executive Officer.

Restatement of Fourth Quarter ended December 31, 2006 Results: The Bank's results for the fourth quarter ended December 31, 2006 have been restated based upon a recent review by the Bank's independent public accounting firm relative to the Bank's deferred tax asset balance. For the quarter and year ended December 31, 2006 the impact of the restatement reduced the previously reported deferred tax asset by \$130,000, with a concurrent decrease in reported net income and shareholders' equity of \$130,000. The restated results for both the quarter and year ended December 31, 2006 have been provided in the accompanying unaudited Selected Financial Data Summary.

Annual Meeting Notice: The Bank's Annual Meeting of Shareholders will be held on May 20, 2008 at the Inn at Pasatiempo in Santa Cruz, CA at 3:00 p.m.

Founded by local business people who share a common commitment to Santa Cruz County, Santa Cruz County Bank is a full service commercial bank and member of the FDIC. The Bank was founded to serve the banking needs of individuals and businesses throughout Santa Cruz County. The Bank operates four full-service banking offices, a Business Lending Office and two self-serve banking centers. The Bank's full-service banking offices are located in Capitola, Santa Cruz, Scotts Valley and Watsonville. The Bank first opened its doors for business on February 3, 2004 in Santa Cruz.

Santa Cruz County Bank's common stock is listed on the Over the Counter (OTC) Bulletin Board under the stock symbol SCZC. More information on the Bank may be obtained through its website: [www.sccountybank.com](http://www.sccountybank.com) or by calling (831) 457-5000.

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This release may contain forward-looking statements that are subject to risks and uncertainties. Such risks and uncertainties may include but are not necessarily limited to fluctuations in interest rates, inflation, government regulations and general economic conditions, and competition within the business areas in which the Bank is conducting its operations, including the real estate market in California and other factors beyond the Bank's control. Such risks and uncertainties could cause results for subsequent interim periods or for the entire year to differ materially from those indicated. Readers should not place undue reliance on the forward-looking statements, which reflect management's view only as of the date hereof. The Bank undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

Santa Cruz County Bank Selected Financial Data (unaudited)

	Change				Change						
	Quarter Ended 12/31/07	Quarter Ended 9/30/07 Restated	\$	%	Quarter Ended 12/31/06 Restated	\$	%				
<b>Balance Sheet</b>											
Total assets	\$ 160,239,027	\$ 153,034,797	\$ 7,204,230	5%	\$ 132,331,059	\$ 27,907,968	21%				
Gross loans	119,226,597	104,531,544	14,695,053	14%	82,538,994	36,687,603	44%				
Allowance for loan losses	1,788,000	1,614,679	173,321	11%	1,276,000	512,000	40%				
Non interest-bearing deposits	44,200,648	43,760,013	440,635	1%	33,693,998	10,506,650	31%				
Total deposits	139,008,868	132,421,782	6,587,086	5%	112,981,543	26,027,325	23%				
Shareholders' equity	18,971,750	18,411,654	560,096	3%	17,473,507	1,498,243	9%				
<b>Income Statement</b>											
									Change		
	Year-to-Date Period Ended 12/31/07	Year-to-Date Period Ended 12/31/06 Restated	\$	%		\$	%	\$	%		
Interest income	2,914,581	\$ 2,882,331	\$ 32,250	1%	\$ 2,402,180	\$ 512,401	21%	\$ 10,864,656	\$ 8,693,539	\$ 2,171,117	25%
Interest expense	694,429	769,213	(74,784)	-10%	613,527	80,902	13%	2,908,207	2,038,149	870,058	43%
Net interest income	2,220,152	2,113,118	107,034	5%	1,788,653	431,499	24%	7,956,449	6,655,390	1,301,059	20%
Provision for loan losses	166,000	159,000	7,000	4%	70,000	96,000	137%	512,000	436,000	76,000	17%
Non-interest income	321,659	297,854	23,805	8%	218,887	102,772	47%	1,130,279	771,146	359,133	47%
Non-interest expense	1,869,987	1,810,121	59,866	3%	1,452,483	417,504	29%	6,862,253	5,509,881	1,352,372	25%
Net income before taxes	505,824	441,851	63,973	14%	485,057	20,767	4%	1,712,475	1,480,655	231,820	16%
Income tax (credit)/ expense	217,361	178,507	38,854	22%	(557,817)	775,178	N/A	732,253	(557,017)	1,289,270	N/A
Net income after taxes	\$ 288,463	\$ 263,344	\$ 25,119	10%	\$ 1,042,874	\$ (754,411)	-72%	\$ 980,222	\$ 2,037,672	\$ (1,057,450)	-52%
<b>Ratios</b>											
Net interest margin	6.13%	5.96%			6.01%						
Equity capital-to-total assets	11.8%	12.1%			13.3%						