



# Investor Presentation

October 2023

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This investor presentation has been prepared to assist interested parties in making their own evaluation of the Company and does not purport to contain all of the information that may be relevant. In all cases, interested parties should conduct their own investigation and analysis of the Company and the data set forth in the investor presentation and other information provided by or on behalf of the Company.

## **Cautionary Statement Regarding Forward-Looking Information**

This communication may contain forward-looking statements that are subject to risks and uncertainties. Words such as “believe,” “expect,” “estimate,” “project,” “forecast,” “anticipate,” “intend,” “plan,” “may,” “will,” “could,” “should,” “predicts,” “continue,” and similar expressions are intended to identify such forward-looking statements; however, the absence of these words does not mean the statements are not forward-looking. Such risks and uncertainties may include but are not necessarily limited to fluctuations in interest rates, inflation, government regulations and general economic conditions, the effects of and changes in monetary and fiscal policies, including the interest rate policies of the Federal Reserve Board and their related effects on inflation risk, 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.

Actual results may differ materially from those contained in the forward-looking statements in this communication. 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



Community bank headquartered in Santa Cruz, CA  
Opened in 2004



About 150 employees  
Krista Snelling joined as CEO on March 1, 2021



\$1.8 billion in assets



8 branches  
Salinas branch (Monterey County) opened January 2023



West Coast Community Bancorp was established as  
SCCB's bank holding company in Q3 2023



Merged with Lighthouse Bank in Q4 2019



# Leadership Team



Krista Snelling  
*President & Chief Executive Officer*



Cecilia Situ  
*EVP Chief Financial Officer*



Jon P. Sisk  
*EVP Chief Banking Officer*



Angelo DeBernardo  
*EVP Chief Lending Officer*



Mary Anne Carson  
*EVP Chief Marketing Officer*



Shawn Lipman  
*EVP Chief Credit Officer*



Jaime Manriquez  
*EVP Chief Information Officer*



Maxwell Sinclair  
*EVP Chief Risk Officer*



Shamara van der Voort  
*EVP Chief Operations Officer*



Frederick L. Caiocca  
*EVP Regional Credit Executive*

# Q3 2023 Results

## Balance Sheet Strength

**\$1.773 Billion**

Total Assets

**\$1.375 Billion**

Record Total Loans (Excl. PPP)

**\$1.529 Billion**

Total Deposits

**\$190 Million**

Tangible Common Equity

## Consistent Profitability

**\$13.7 Million**

Q3 PTPP Earnings

**\$9.1 Million**

Q3 Net Income

**\$1.08**

Q3 Diluted Earnings Per Share

## Strong Earnings Metrics

**2.05%**

Q3 ROAA

**19.33%**

Q3 ROATCE

**4.92%**

Q3 Net Interest Margin

**38.23%**

Q3 Efficiency Ratio

## Continued Strong Credit Quality

**0.60%**

NPAs/Assets

**0.78%**

NPLs/Loans




**1.83%**

ACL/Non-PPP Loans

**0.10%**

Annualized YTD Net Charge-offs/Loans

# Attractive Markets

County	# of Branches	Deposit Market Share	Population	Median Household Income
 Santa Cruz County	5	15.5%	264K	\$96K
 Santa Clara County	1	0.06%	1.9M	\$140K
 Monterey County	2	0.78%	433K	\$82K

As of June 30, 2023.



# Financial Highlights

# Solid Liquidity Position (\$ in 000s)

As of September 30, 2023

	<b>Total available</b>	<b>Amount used</b>	<b>Net availability</b>
Cash and due from banks	\$ 37,751	\$ -	\$ 37,751
Unencumbered AFS securities	231,911	-	231,911
<b>Total internal sources</b>	<b>269,662</b>	<b>-</b>	<b>269,662</b>
FHLB	434,072	-	434,072
Lines at correspondents	80,000	-	80,000
<b>Total external sources</b>	<b>514,072</b>	<b>-</b>	<b>514,072</b>
<b>Total liquidity</b>	<b>\$ 783,734</b>	<b>\$ -</b>	<b>\$ 783,734</b>

Strong on balance sheet liquidity position coupled with available external liquidity of \$514MM

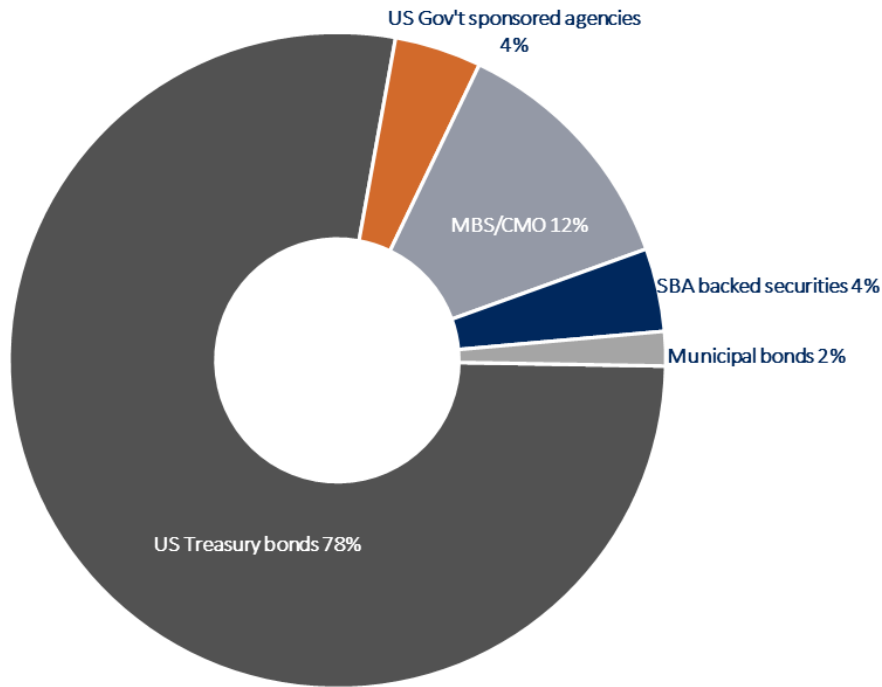
Total liquidity - 44% of assets

Coverage ratio on uninsured deposits of 114%

Access to brokered deposit networks as another source of contingency funding, such as IntraFi, not included in the table.



# AFS Investments

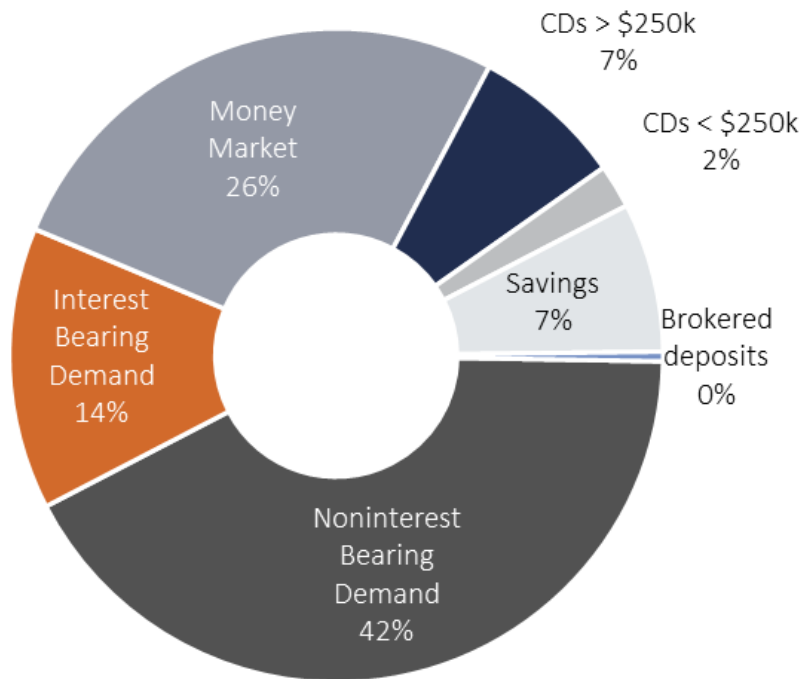


By market value as of September 30, 2023

Modified duration of 2.4 years.

98% of the carrying value of investment securities classified as available for sale (AFS)

# Attractive Deposit Mix



As of September 30, 2023

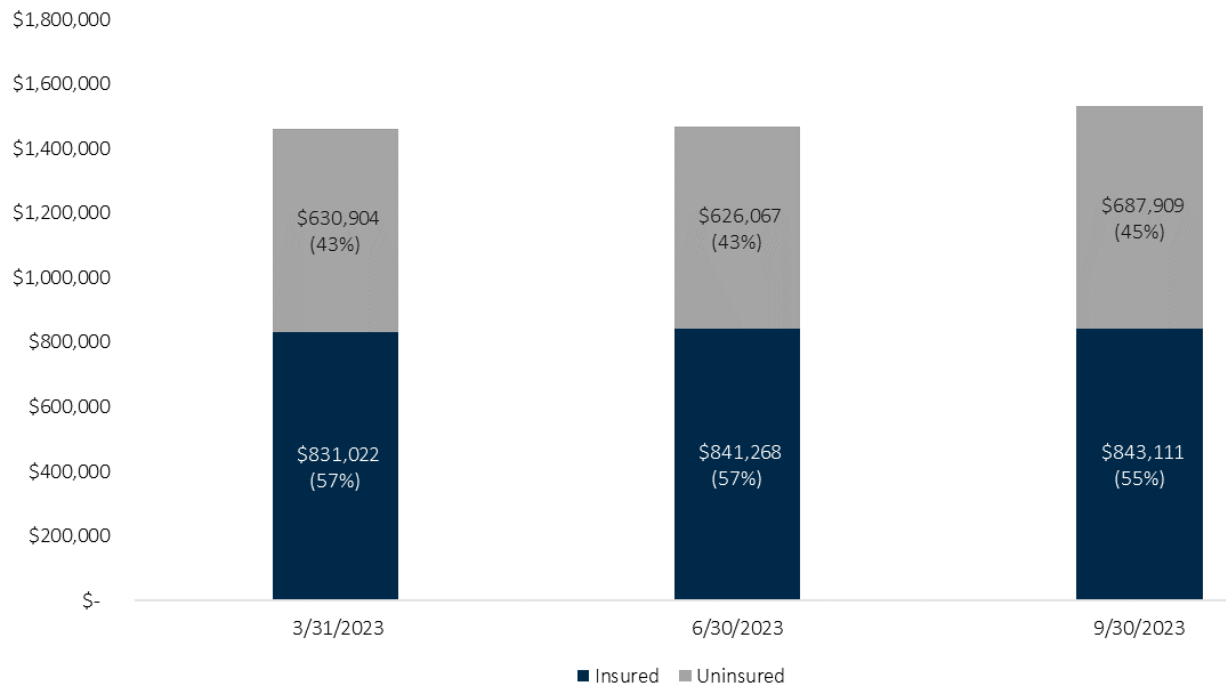
Top 10 deposit relationships (excluding government agency deposits that are fully collateralized) represent approximately 12% of total deposits. Several significant new commercial deposit relationships gained in 2023.

Growth opportunities include:

- New Salinas market
- Silicon Valley / Bay Area
- Local municipalities

New treasury products and dedicated team provide additional opportunity.

# Deposit Characteristics (\$ in thousands)



Insured deposits includes fully collateralized balances.

Migration of deposits into IntraFi reciprocal deposit network products to maximize depositors' FDIC insurance protection.

Increase in uninsured deposits in the third quarter reflected both several significant new commercial deposit relationships and cyclical fluctuation from our large depositors influenced by tourism and the agricultural harvest cycle.

# Exceptional Credit Culture

## Nonperforming Loans

As of September 30, 2023

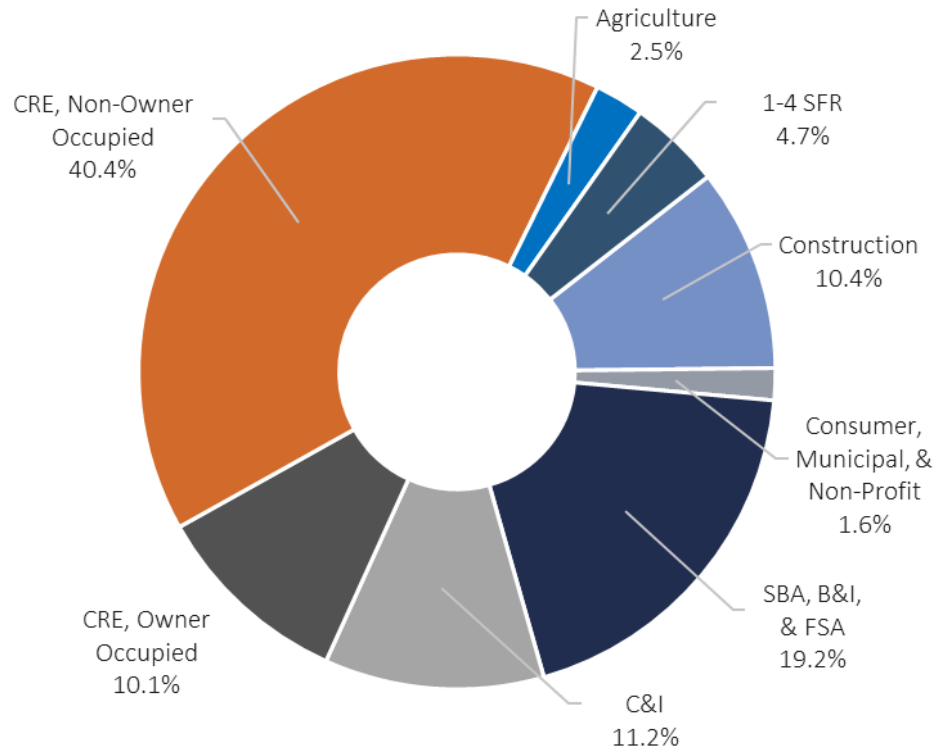
(\$000)	2018	2019	2020	2021	2022	2023Q1	2023Q2	2023Q3
<b>Nonaccrual Loans</b>								
1-4 Family	\$0	\$0	\$0	\$0	\$808	\$0	\$0	\$0
CRE & Multifamily	0	0	0	0	0	0	6,526	9,525
Construction	0	0	0	0	990	990	0	0
Consumer	0	0	31	60	0	0	0	0
Commercial	0	0	0	247	1,363	1,626	1,501	1,172
<b>Total Nonaccrual</b>	<b>\$0</b>	<b>\$0</b>	<b>\$31</b>	<b>\$307</b>	<b>\$3,161</b>	<b>\$2,616</b>	<b>\$8,027</b>	<b>\$10,697</b>
Accruing Restructured Loans	\$0	\$0	\$0	\$0	\$26	\$24	\$146	\$343
<b>Total Impaired Loans</b>	<b>\$0</b>	<b>\$0</b>	<b>\$31</b>	<b>\$307</b>	<b>\$3,187</b>	<b>\$2,640</b>	<b>\$8,173</b>	<b>\$11,040</b>
<b>Loan Loss Reserve</b>	<b>\$9,837</b>	<b>\$10,296</b>	<b>\$13,021</b>	<b>\$19,978</b>	<b>\$21,444</b>	<b>\$25,879</b>	<b>\$24,808</b>	<b>\$25,114</b>

Nonperforming loans (including 90+ days past due) to total loans of 0.78%.

Only three nonaccrual loans.

A \$3.0 million and a \$6.5 million commercial real estate loan were added to nonaccrual status during the third and second quarter of 2023, respectively. The loans were individually evaluated and determined to be well-secured by real estate and have no recorded reserve.

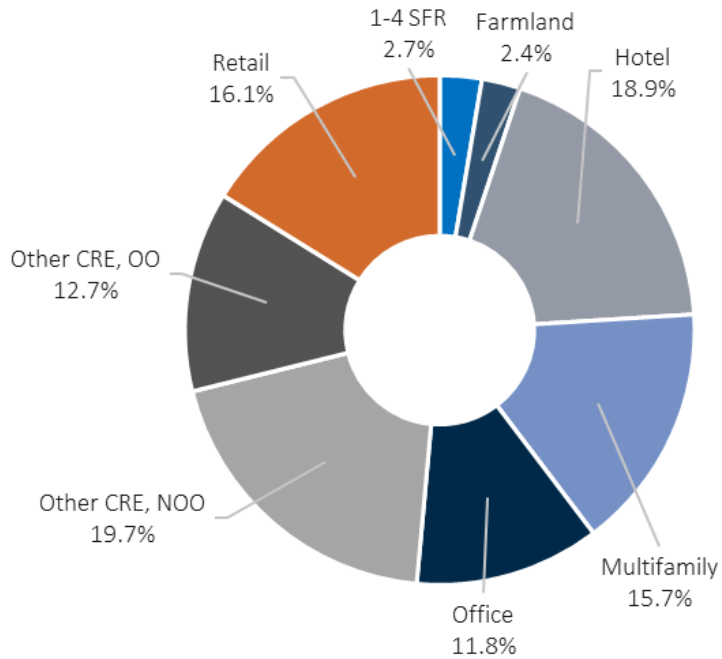
# Loans By Type



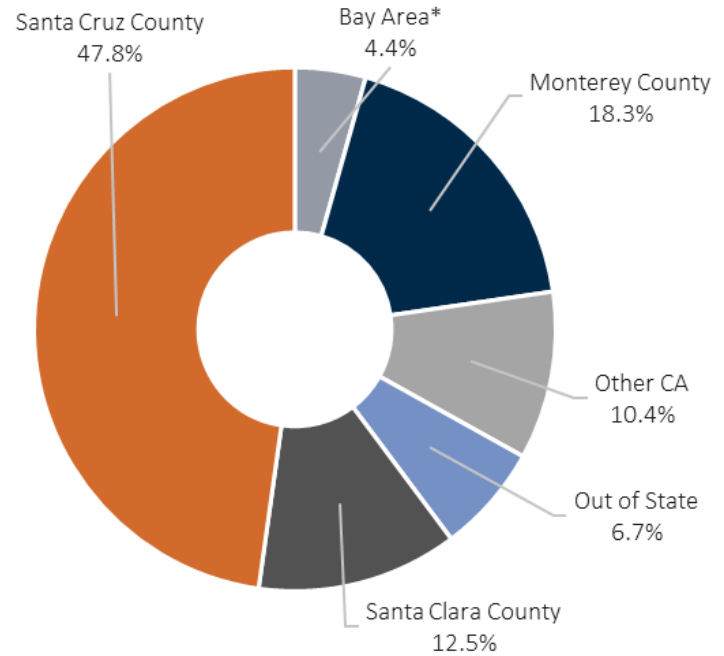
**Outstanding Loans as of  
September 30, 2023**

Q3 2023 loan yield of 6.66%, up 5 bps from 6.61% in Q2 2023.

# Real Estate Loan Detail



Total Weighted Average LTV: 47.15%

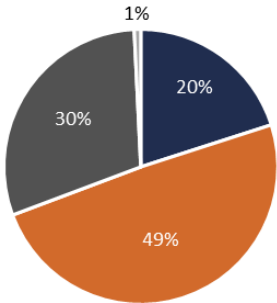


\*Alameda, San Francisco, San Mateo, Contra Costa, Sonoma, Solano, Napa, and Marin Counties

Total Real Estate Loans as of September 30, 2023

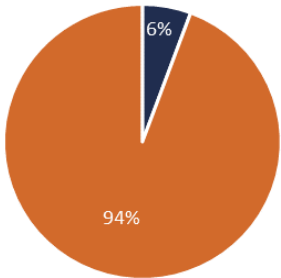
# FIXED vs. Variable Rate Loans and Repricing

Total Portfolio Makeup



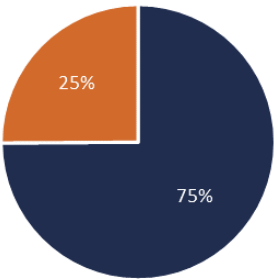
■ Fixed ■ Variable ■ At Floor ■ Nonaccrual

Fixed Rate Loans



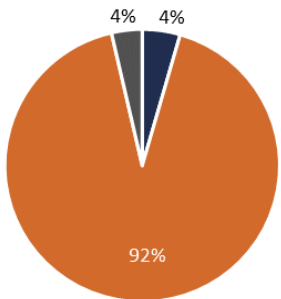
■ Mature in <= 12 months ■ Mature > 12 months

Variable Rate Loans (excluding loans on floor)



■ Reprice in <= 12 months ■ Reprice > 12 months

Loans on Floor

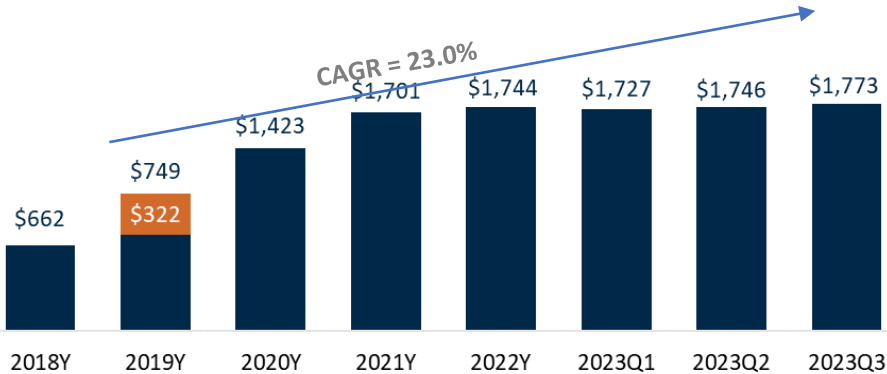


■ Will reprice off floor in <= 12 months  
 ■ Will reprice off floor in > 12 months  
 ■ Further market rate increases needed to float off floor

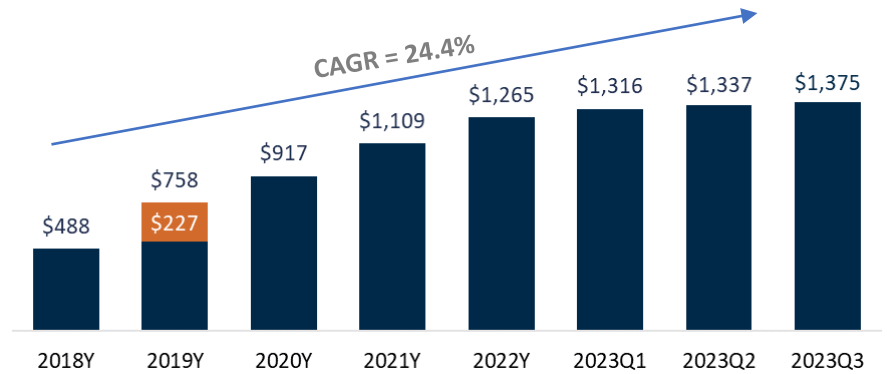
Outstanding Loans as of  
September 30, 2023

# Consistent Balance Sheet Growth

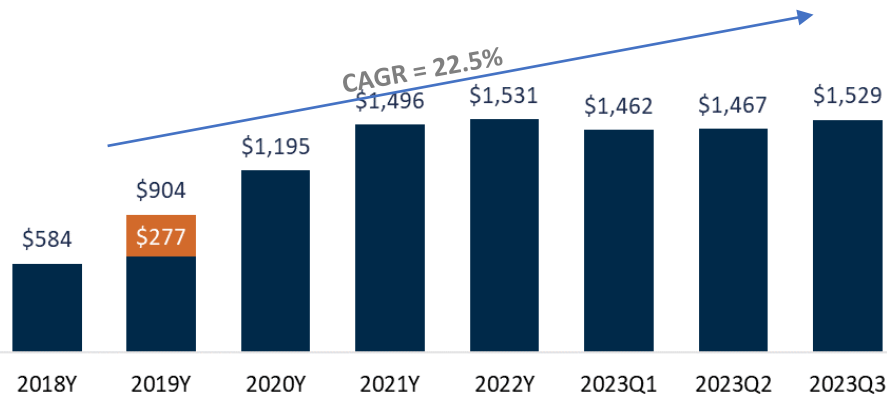
## Total Assets (\$MM)



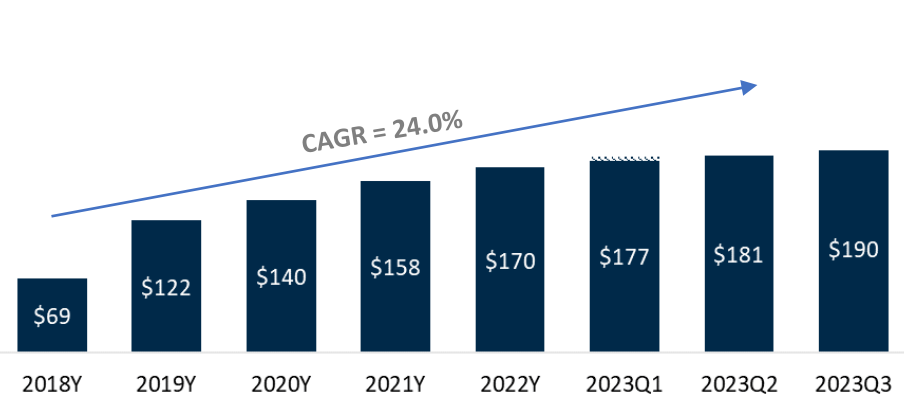
## Gross Loans Excl. PPP Incl. Deferred Fees (\$MM)



## Total Deposits (\$MM)



## Tangible Common Equity (\$MM)



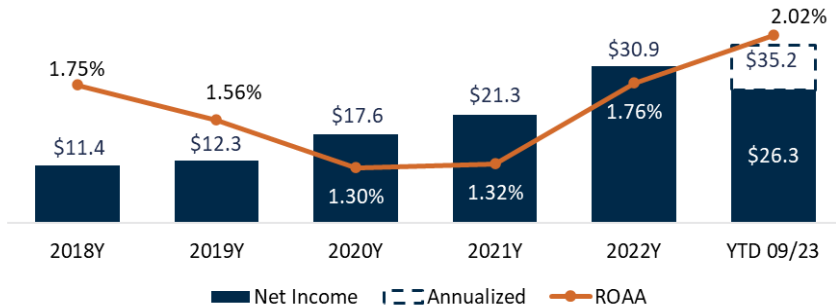
■ TCE (\$MM)    ▨ Impact of CECL Adoption

■ Denotes Lighthouse acquisition

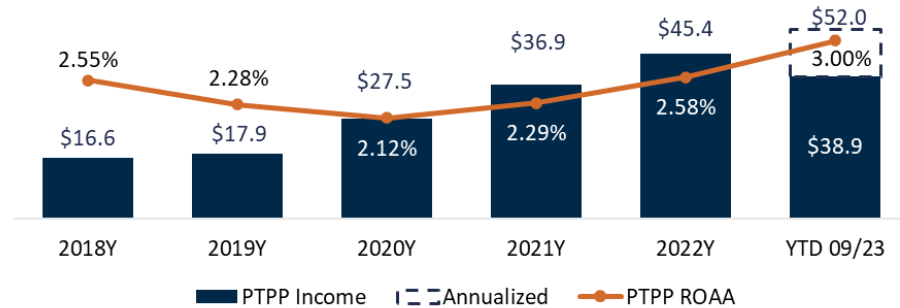


# Strong Profitability

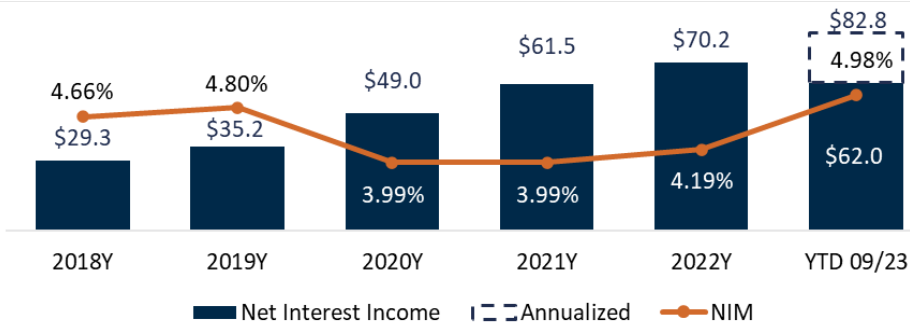
## Net Income (\$MM)



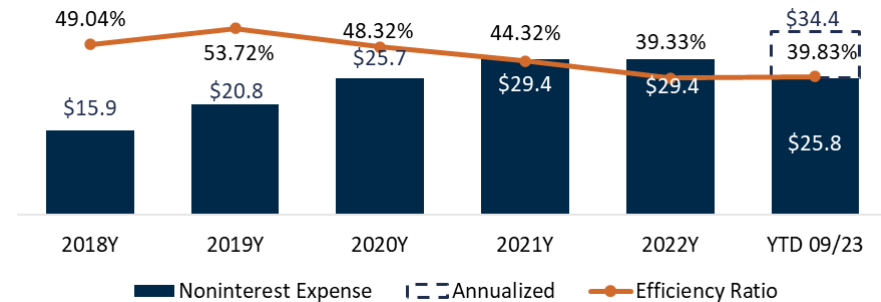
## Pre-Tax, Pre-Provision Net Income (\$MM)



## Net Interest Income (\$MM)



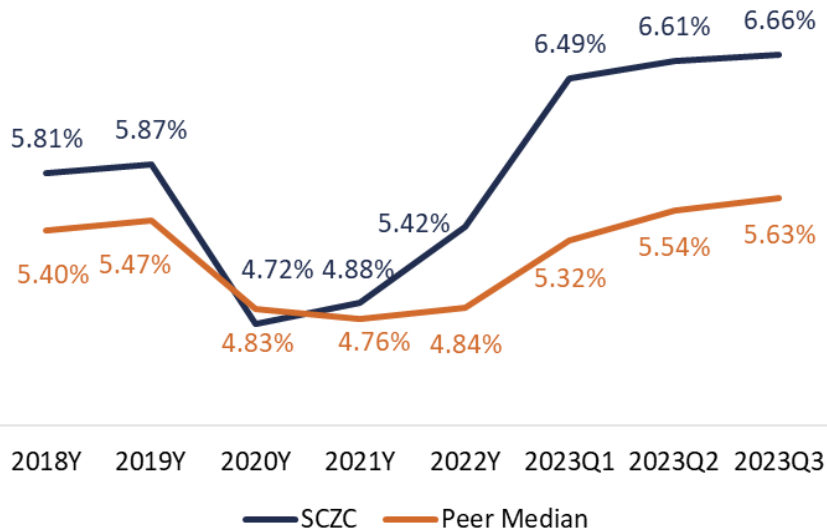
## Noninterest Expense (\$MM)



# Disciplined Pricing Drives NIM

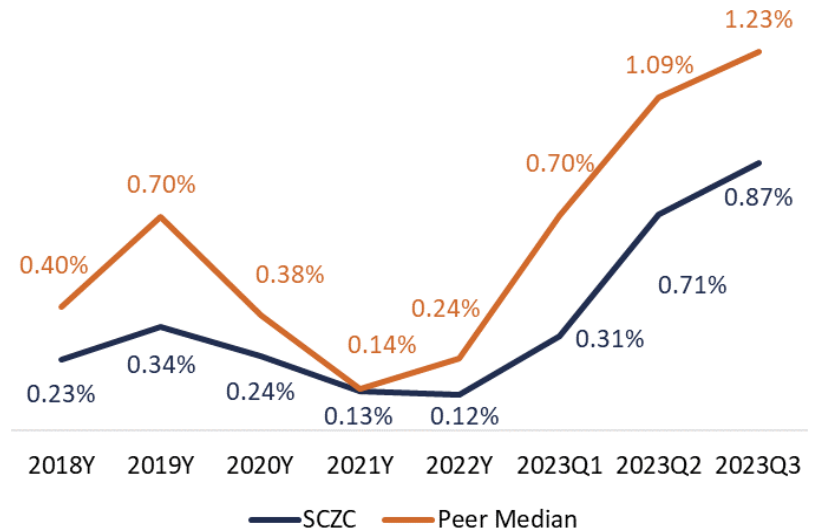
## Yield on Loans

High yielding loan portfolio with excellent credit quality



## Cost of Deposits

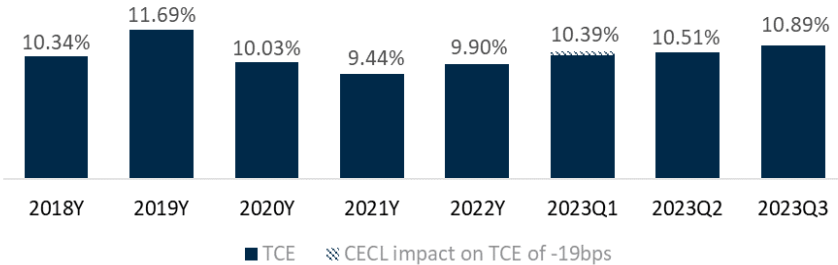
Low-cost deposit base



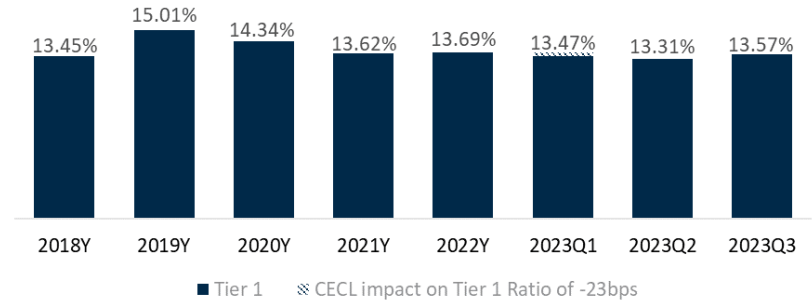
Peers include all publicly listed banks headquartered in California with total assets \$1 billion to \$5 billion as of 12/31/22.  
The Bancorp's total cost of funds was 0.87% for Q3 2023.

# Robust Capital Position

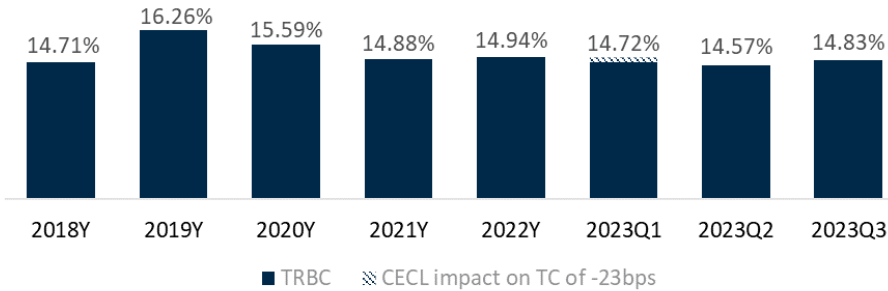
## TCE Ratio



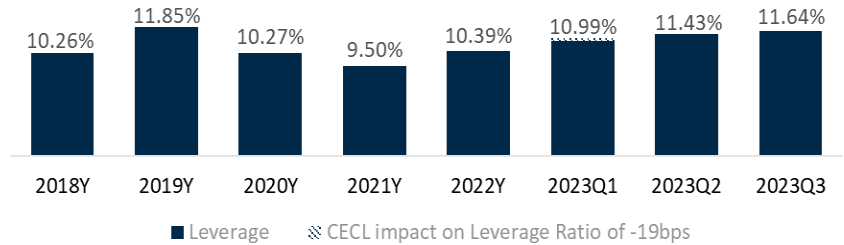
## Tier 1 Ratio



## Total Capital Ratio

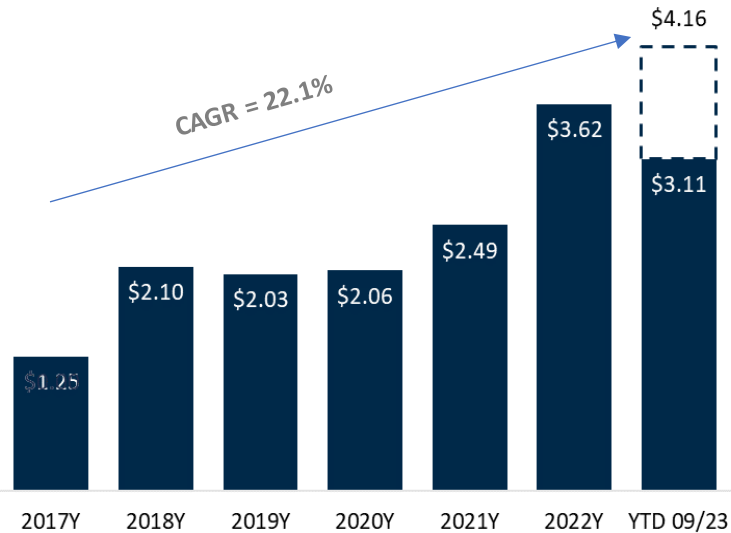


## Leverage Ratio

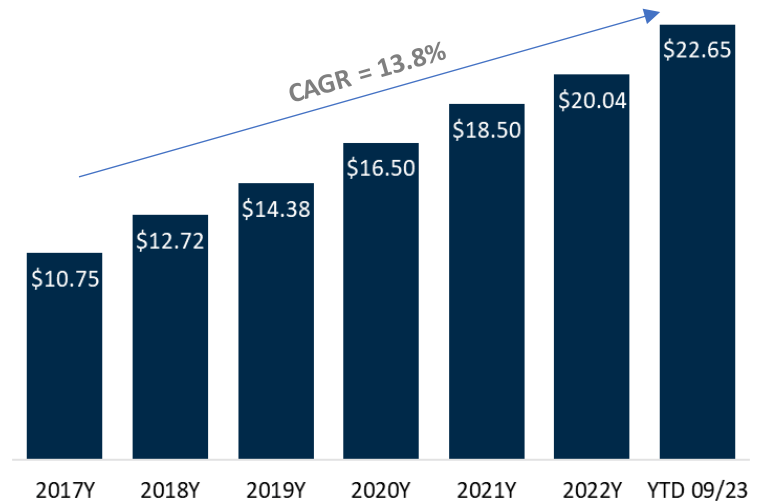


# Per Share Data

## Earnings per Share (EPS)



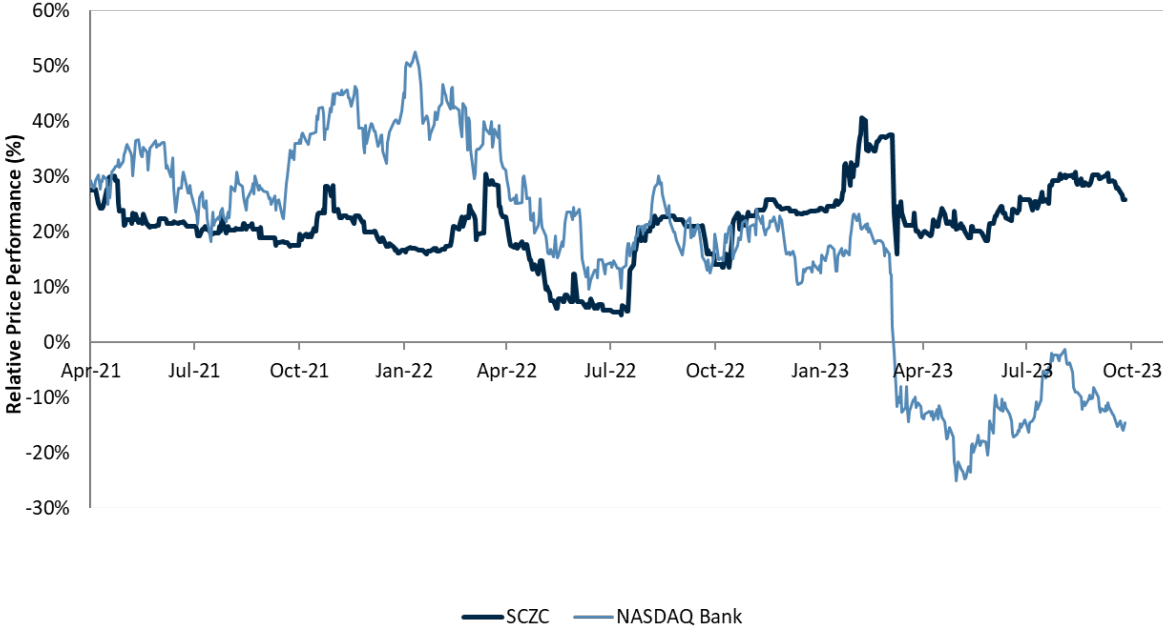
## Tangible Book Value per Share (TBVPS)



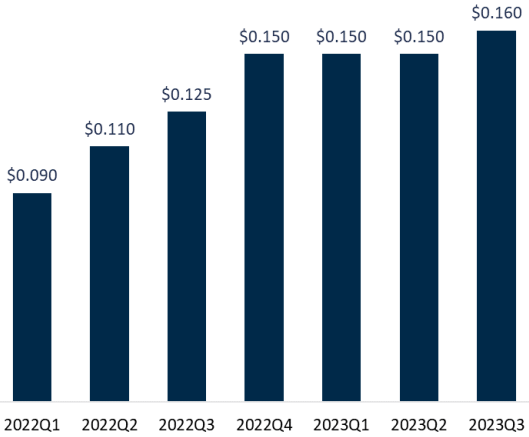
\*Dotted line represents annualized quarterly figure

# Shareholder Focused

## Superior Price Performance



## Cash Dividend



Adjusted for stock dividends and splits

# Community Reinvestment

## 2,400+ Hours of Community Service in 2022 and 1,500+ Hours through Q3 2023 Outstanding CRA Rating – Corporate Leadership

Through volunteerism and service on boards and committees, we reinvest our time and financials into the communities we serve by supporting local non-profits, service clubs, chambers and charitable organizations. Our directors, management team, and employees are involved in hundreds of activities, and generously give their time, energy, and talent.

We offer our employees participation in a Community Service Program which supports activities that enhance and serve the communities in which we live and work. This program allows full-time employees to donate up to 40 hours per calendar year toward a 501(c)(3) charitable organization of their choice.



*Second Harvest Food Bank – Holiday Food & Fund Drive*



*CASA of Santa Cruz County – Holiday Fundraising*



*Habitat for Humanity, Women Build Day*

# Rankings and Recognition

## National



### S&P GLOBAL

Ranked 6<sup>th</sup> in the nation in performance, for banks under \$3 billion in assets



### BAUER FINANCIAL, INC

Rated 5-Star Superior for every quarter



### INDEPENDENT COMMUNITY BANKERS OF AMERICA

Ranked 7<sup>th</sup> in the 2021 Top Commercial Lenders in the nation for community banks over \$1 billion in assets.



### AMERICAN BANKER MAGAZINE

Ranked 83<sup>rd</sup> in the Top 200 Community Banks in the nation and 13<sup>th</sup> out of 22 California banks. This is the Bank's 8<sup>th</sup> consecutive year in the Top 200.

## California



### FINANCIAL MANAGEMENT CONSULTING (FMC) GROUP

Ranked 13<sup>th</sup> out of 127 Banks in California for 2022 overall financial performance.



### THE FINDLEY REPORTS INC.

Top ranking of Super Premier Performing Bank for 13 consecutive years.

## Local



### BUSINESS OF THE YEAR

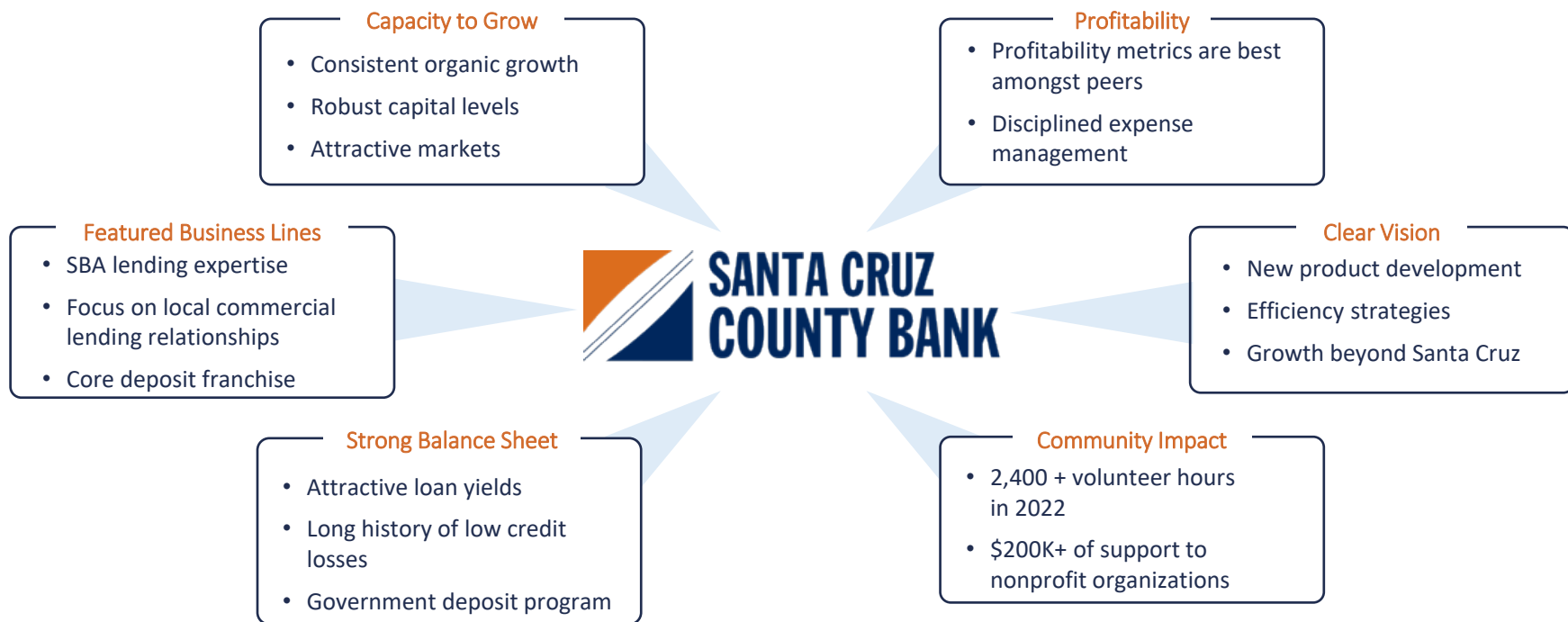
The Santa Cruz County Chamber of Commerce recognized the Bank's PPP support during the pandemic – \$574 MM, 4,204 PPP loan applications and 50,000 jobs saved. The Bank previously received recognition as Business of the Year in 2018.



### BEST BANK SENTINEL & GOOD TIMES

Voted **Best Bank** for the eighth year by Santa Cruz County Sentinel readers and eleven years in a row by Good Times readers.

# Investment Highlights







# Appendix

# Non-GAAP Reconciliation

Tangible common equity to tangible assets (the "tangible common equity ratio") and tangible book value per share are non-U.S. GAAP financial measures derived from U.S. GAAP-based amounts. We calculate the tangible common equity ratio by excluding the balance of intangible assets from common stockholders' equity and dividing by tangible assets. We calculate tangible book value per share by dividing tangible common equity by common shares outstanding, as compared to book value per common share, which we calculate by dividing common stockholders' equity by common shares outstanding. We believe that this information is consistent with the treatment by bank regulatory agencies, which exclude intangible assets from the calculation of risk-based capital ratios. Accordingly, we believe that these non-U.S. GAAP financial measures provide information that is important to investors and that is useful in understanding our capital position and ratios. However, these non-U.S. GAAP financial measures are supplemental and are not a substitute for an analysis based on U.S. GAAP measures. As other companies may use different calculations for these measures, this presentation may not be comparable to other similarly titled measures reported by other companies. A reconciliation of the non-U.S. GAAP measure of tangible common equity ratio to the U.S. GAAP measure of common equity ratio and tangible book value per share to the U.S. GAAP measure of book value per share are set forth below.

<i>All dollars in thousands, except per share data</i>						As of September
	2018	2019	2020	2021	2022	30, 2023
Total Stockholders' Equity	\$68,523	\$151,098	\$168,486	\$186,090	\$197,676	\$217,673
Less: Intangible Assets	0	29,331	28,688	28,202	27,796	27,523
<b>Tangible Common Equity</b>	<b>\$68,523</b>	<b>\$121,767</b>	<b>\$139,798</b>	<b>\$157,888</b>	<b>\$169,880</b>	<b>\$190,150</b>
Total Assets	\$662,408	\$1,070,983	\$1,422,872	\$1,701,249	\$1,744,487	\$1,773,245
Less: Intangible Assets	0	29,331	28,688	28,202	27,796	27,523
<b>Tangible Assets</b>	<b>\$662,408</b>	<b>\$1,041,652</b>	<b>\$1,394,184</b>	<b>\$1,673,047</b>	<b>\$1,716,691</b>	<b>\$1,745,722</b>
<b>Tangible Common Equity Ratio</b>	<b>10.3%</b>	<b>11.7%</b>	<b>10.0%</b>	<b>9.4%</b>	<b>9.9%</b>	<b>10.9%</b>
Basic Shares Outstanding	5,386,906	8,469,650	8,475,024	8,536,000	8,477,272	8,394,725
Book Value per Share	\$12.72	\$17.84	\$19.88	\$21.80	\$23.32	\$25.93
Less: Intangible Book Value per Share	0.00	3.46	3.39	3.30	3.28	3.28
<b>Tangible Book Value per Share</b>	<b>\$12.72</b>	<b>\$14.38</b>	<b>\$16.50</b>	<b>\$18.50</b>	<b>\$20.04</b>	<b>\$22.65</b>

# Non-GAAP Reconciliation

Pre-tax, pre-provision net income is a non-U.S. GAAP financial measure derived from U.S. GAAP-based amounts. We calculate pre-tax, pre-provision net income by excluding income tax and provision for credit losses from net income. Management believes that the exclusion of such items from this financial measure provides useful information to gain an understanding of the operating results of our core business. This non-U.S. GAAP financial measure is supplemental and is not a substitute for an analysis based on U.S. GAAP measures. As companies may use different calculations for this measure, this presentation may not be comparable to other similarly titled measures reported by other companies. A calculation of the non-U.S. GAAP measure of pre-provision net income is set forth below.

<i>All dollars in thousands</i>						As of September 30,
	2018	2019	2020	2021	2022	2023
						2023Q3
Net Income	\$11,380	\$12,275	\$17,550	\$21,274	\$30,944	\$26,309
Plus: Provision for Income Taxes	4,486	5,153	7,128	8,791	12,815	10,952
Plus: Provision for Loan Losses	688	450	2,816	6,858	1,592	1,659
<b>Pre-Tax, Pre-Provision Net Income</b>	<b>\$16,554</b>	<b>\$17,878</b>	<b>\$27,494</b>	<b>\$36,923</b>	<b>\$45,351</b>	<b>\$38,920</b>
Average Assets	\$649,653	\$784,586	\$1,294,813	\$1,610,478	\$1,756,075	\$1,737,373
PTPP Net Income / Avg. Assets	2.55%	2.28%	2.12%	2.29%	2.58%	2.24%
PTPP Net Income / Avg. Assets (Annualized)	2.55%	2.28%	2.12%	2.29%	2.58%	3.00%