



2011
SECOND QUARTER REPORT
Local banking at its best.



TO OUR SHAREHOLDERS,

We are pleased to share with you the highlights of our second quarter of 2011. We reached milestones in our total assets and deposits for the quarter. Historically we experience an increase in second quarter deposits primarily due to the seasonality of our visitor serving businesses and over the last three years that growth has steadily increased.

Net income of \$534,966 for the second quarter of 2011 represents an increase of 45% over the second quarter of 2010. Basic earnings per share for the quarter ended June 30, 2011 were \$0.28 as compared to \$0.22 for the second quarter of 2010.

The financial data presented below provides a summary of key financial highlights for the second quarter ended June 30, 2011 as compared to March 31, 2011:

- Total deposits increased \$18.7 million, 7%, to \$270.9 million
- Gross loans increased \$5.3 million, 3%, to \$172.3 million
- Total assets increased \$19.0 million, 7%, to \$299.1 million
- Net income increased \$81,429, 18%, to \$534,966

On a quarter to quarter basis, comparing June 30, 2011 to June 30, 2010 the Bank's deposits increased \$17.6 million, 7%; gross loans increased \$5.7 million, 3%; and assets increased \$18.8 million, 7%. Comparing the six-months ended June 30, 2011 to the six-months ended June 30, 2010, after tax income increased 55% to \$988,504.

Shareholders' equity for the quarter ended June 30, 2011 increased by \$834,269 over the prior quarter to \$25.0 million and increased \$4.5 million when compared to the period ended June 30, 2010.

Comparing the quarter ended June 30, 2011 to June 30, 2010; the Bank's non-interest bearing deposits grew by \$12.2 million to \$97.6 million. Non-interest bearing deposits represented 36% of total deposits as of June 30, 2011.

During the second quarter, we received our eleventh consecutive 4-Star "excellent" rating from Bauer Financial Inc. based upon our

SELECTED FINANCIAL DATA (UNAUDITED)

BALANCE SHEET	QUARTER ENDED	QUARTER ENDED	Change		QUARTER ENDED	QUARTER ENDED	Change	
	06/30/11	03/31/11	\$	%	06/30/11	06/30/10	\$	%
TOTAL ASSETS	\$ 299,105,147	\$ 280,088,758	\$ 19,016,389	7%	\$ 299,105,147	\$ 280,305,318	\$ 18,799,829	7%
GROSS LOANS	172,349,451	167,010,330	5,339,121	3%	172,349,451	166,675,976	5,673,475	3%
ALLOWANCE FOR LOAN LOSSES	3,815,266	3,581,729	233,537	7%	3,815,266	3,296,516	518,750	16%
NON-INTEREST BEARING DEPOSITS	97,628,052	89,057,968	8,570,084	10%	97,628,052	85,476,928	12,151,124	14%
TOTAL DEPOSITS	270,885,162	252,172,712	18,712,450	7%	270,885,162	253,314,190	17,570,972	7%
SHAREHOLDERS' EQUITY	25,011,061	24,176,792	834,269	3%	25,011,061	20,464,265	4,546,796	22%
					SIX-MONTHS ENDED	SIX-MONTHS ENDED	Change	
					06/30/11	06/30/10	\$	%
INCOME STATEMENT								
INTEREST INCOME	3,227,189	3,172,337	54,852	2%	\$ 6,399,526	\$ 6,241,661	\$ 157,865	3%
INTEREST EXPENSE	147,329	154,686	(7,357)	-5%	302,015	559,100	(257,085)	-46%
NET INTEREST INCOME	3,079,860	3,017,651	62,209	2%	6,097,511	5,682,561	414,950	7%
PROVISION FOR LOAN LOSSES	300,000	582,500	(282,500)	-48%	882,500	551,099	331,401	60%
NON-INTEREST INCOME	766,276	882,225	(115,949)	-13%	1,648,501	1,080,563	567,938	53%
NON-INTEREST EXPENSE	2,666,764	2,590,056	76,708	3%	5,256,819	5,112,087	144,732	3%
NET INCOME BEFORE TAXES	879,372	727,320	152,052	21%	1,606,693	1,099,938	506,755	46%
INCOME TAX EXPENSE	344,406	273,783	70,623	26%	618,189	462,809	155,380	34%
NET INCOME AFTER TAXES	\$ 534,966	\$ 453,537	\$ 81,429	18%	\$ 988,504	\$ 637,129	\$ 351,375	55%
BASIC EARNINGS PER SHARE	\$ 0.28	\$ 0.24			\$ 0.52	\$ 0.38		
BOOK VALUE PER SHARE	\$ 13.10	\$ 12.67						
RATIOS								
NET INTEREST MARGIN	4.64%	4.65%			4.67%	4.55%		
EQUITY CAPITAL-TO-TOTAL ASSETS	8.4%	8.6%			8.3%	7.3%		

financial performance for the first quarter of 2011.

As always, we welcome your questions and appreciate your ongoing support and confidence in Santa Cruz County Bank. We enjoyed seeing many of you at our Annual Meeting in May.



George Gallucci

George Gallucci
Chairman of the Board



David Heald

David Heald
President & CEO

SANTA CRUZ COUNTY BANK STOCK: SCZC

What's the best way to look up our stock? Santa Cruz County Bank stock, ticker SCZC, is listed on the Over the Counter Bulletin Board.

For the most accurate reporting and current trading prices, we recommend you bookmark this url to look up our stock: <http://www.otcm markets.com/stock/SCZC/quote>



COMPANY INFORMATION



Santa Cruz Office, 720 Front Street

BOARD OF DIRECTORS

Kenneth R. Chappell, CPA, Partner-In-Charge, Hutchinson & Bloodgood, LLP
George R. Gallucci, (Chairman), Director of Client Relations, Scharf Investments
Thomas N. Griffin, Director & President, Grunsky, Ebey, Farrar & Howell
Tila Guerrero, President & CEO, Mas Mac Inc., McDonald's Restaurants
William J. Hansen, (Vice-Chairman), President & CEO, Hansen Insurance Co.
David V. Heald, President & CEO, Santa Cruz County Bank
Steven G. John, President, Ocean Speedway
Gary A. Reece, President, The Development Group

STOCK LISTING

Santa Cruz County Bank's common stock is listed on the Over the Counter Bulletin Board under the ticker symbol SCZC.

SHAREHOLDER INFORMATION

Shareholders with questions regarding their stockholder account, stock transfer and registration, lost certificates or change of address should contact their broker, or if held directly, contact the Bank's stock transfer agent listed below:

Computershare Investor Services
350 Indiana Street, Suite 800
Golden, CO 80401
800.962.4284
www.computershare.com

For other assistance with stock related matters, shareholders may contact the bank:

Mary Anne Carson, Shareholder Relations
Santa Cruz County Bank
740 Front Street, Suite 220
Santa Cruz, CA 95060
831.457.5000

Detailed information on the Bank's quarterly reports, 2010 Annual Report, Bank stock quotes and recent press releases are available at www.sccountybank.com.

Put your money where your life is.

BANKING OFFICES:

APTOS

7775 Soquel Drive
Aptos, CA 95003

CAPITOLA

819 Bay Avenue, Suite D
Capitola, CA 95010

SANTA CRUZ

720 Front Street
Santa Cruz, CA 95060

SCOTTS VALLEY

4604 Scotts Valley Drive
Scotts Valley, CA 95066

WATSONVILLE

595 Auto Center Drive
Watsonville, CA 95076

ATM & NIGHT DEPOSITORY LOCATIONS:

SANTA CRUZ

1555 Soquel Drive
Santa Cruz, CA 95062
(At Dominican Hospital Campus)

APTOS

783-25 Rio Del Mar Blvd.
Aptos, CA 95003
(At Deluxe Foods of Aptos)

www.sccountybank.com

831.457.5000

MEMBER
FDIC



All Locations are Green Business Certified