



## Santa Cruz County Bank Reports Unaudited Results for the Fourth Quarter and the Year Ended December 31, 2011

*Bank records 33% increase in net income year to year*

**SANTA CRUZ, CA – January 24, 2012:** Santa Cruz County Bank, (**SCZC.OB**), a locally owned and operated full-service community bank headquartered in Santa Cruz County, today announced earnings for the fourth quarter and year ended December 31, 2011. For the twelve month period ended December 31, 2011, the bank reported a 33% increase in net income after tax to \$2.4 million compared to \$1.8 million for the same period ended December 31, 2010. Comparing the twelve month period ended December 31, 2011 to December 31, 2010, pretax income improved by \$1.0 million to \$4.0 million. Net interest income for the twelve month period ended December 31, 2011 improved by \$512 thousand over the prior year to \$12.2 million.

David Heald, President and CEO commented, “We continue to produce double digit growth in earning assets and non interest-bearing deposits while containing non-interest expenses. The bank’s strong liquidity, low cost funding, and high level of reserves, positions the bank to take advantage of an improving economy in 2012 and continues to build shareholder value.”

Shareholders’ equity for the year ended December 31, 2011 increased by \$2.7 million over the prior year ended December 31, 2010. Basic earnings per share increased by 17.6% to \$1.27 for the year ended December 31, 2011 compared to \$1.08 per share for the prior year ended December 31, 2010.

### **FOURTH QUARTER: DECEMBER 31, 2011 COMPARED TO SEPTEMBER 30, 2011**

Total deposits increased \$3.3 million, 1%, to \$288.2 million  
Gross loans increased \$14 million, 8%, to \$191.4 million  
Total assets increased \$6.3 million, 2%, to \$320.2 million  
Net income decreased \$93 thousand, -12%, to \$674 thousand

### **YEAR TO YEAR: DECEMBER 31, 2011 COMPARED TO DECEMBER 31, 2010**

Total deposits increased \$34.8 million, 14%, to \$288.2 million  
Gross loans increased \$9.9 million, 5%, to \$191.4 million  
Total assets increased \$35.3 million, 12%, to \$320.2 million  
Net income increased \$606.5 thousand, 33%, to \$2.4 million

The bank’s non-interest income increased \$802 thousand to \$3.6 million as of December 31, 2011 compared to the prior year.

Non-interest bearing deposits represented 39% of total deposits as of December 31, 2011.

David Heald, President and CEO stated, “In 2011 we surpassed \$190 million in gross loans, \$280 million in deposits and \$320 million in assets. Our milestones in 2011 highlight the community’s support of its local bank and our concentration on building our earning assets.”

## **ABOUT SANTA CRUZ COUNTY BANK**

Headquartered in Santa Cruz, Santa Cruz County Bank is a full service bank serving the banking needs of individuals and businesses throughout Santa Cruz County. The Bank operates five full-service banking offices and two self-serve banking centers. The Bank's full-service banking offices are located in Aptos, Capitola, Santa Cruz, Scotts Valley and Watsonville. The Bank commenced operations 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.

*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.*

## **CONTACTS:**

David V. Heald, President and Chief Executive Officer  
831.457.5003 ext. 2116 – [dheald@sccountybank.com](mailto:dheald@sccountybank.com)

Vic Davis, Senior Vice President and Chief Financial Officer  
831.457.5003 ext. 2217 – [vdavis@sccountybank.com](mailto:vdavis@sccountybank.com)



Selected Financial Data (unaudited)  
December 31, 2011

	Quarter ended	Quarter ended	Change		Year ended	Year ended	Change	
	12/31/11	9/30/11	\$	%	12/31/11	12/31/10	\$	%
<b>BALANCE SHEET</b>								
Total assets	\$ 320,165,655	\$ 313,850,937	\$ 6,314,718	2%	\$ 320,165,655	\$ 284,906,203	\$ 35,259,452	12%
Gross loans	191,369,556	177,249,886	14,119,670	8%	191,369,556	181,450,788	9,918,768	5%
Allowance for loan losses	4,305,290	4,013,614	291,676	7%	4,305,290	3,558,521	746,769	21%
Non interest-bearing deposits	113,014,682	109,682,502	3,332,180	3%	113,014,682	94,326,653	18,688,029	20%
Total deposits	288,206,914	284,906,192	3,300,722	1%	288,206,914	253,416,044	34,790,870	14%
Shareholders' equity	26,285,045	25,554,038	731,007	3%	26,285,045	23,570,352	2,714,693	12%
<b>INCOME STATEMENT</b>								
					Year-to-date	Year-to-date	Change	
					12/31/11	12/31/10	\$	%
Interest income	\$ 3,151,070	\$ 3,222,547	\$ (71,477)	-2%	\$ 12,773,143	\$ 12,653,202	\$ 119,941	1%
Interest expense	129,697	145,094	(15,397)	-11%	576,806	968,882	(392,076)	-40%
Net interest income	3,021,373	3,077,453	(56,080)	-2%	12,196,337	11,684,320	512,017	4%
Provision for loan losses	300,000	230,000	70,000	30%	1,412,500	1,200,000	212,500	18%
Non-interest income	838,435	1,079,556	(241,121)	-22%	3,566,492	2,764,689	801,803	29%
Non-interest expense	2,446,035	2,602,802	(156,767)	-6%	10,305,657	10,252,687	52,970	1%
Net income before taxes	1,113,773	1,324,207	(210,434)	-16%	4,044,672	2,996,322	1,048,350	35%
Income tax expense	439,688	557,593	(117,905)	-21%	1,615,470	1,173,626	441,844	38%
Net income after taxes	\$ 674,085	\$ 766,614	(92,529)	-12%	\$ 2,429,202	\$ 1,822,696	606,506	33%
BASIC EARNING PER SHARE	\$ 0.35	\$ 0.40			\$ 1.27	\$ 1.08		
BOOK VALUE PER SHARE	\$ 13.67	\$ 13.29			\$ 13.67	\$ 12.35		
<b>RATIOS</b>								
Net interest margin	4.01%	4.14%			4.36%	4.47%		
Equity capital-to-total assets	8.2%	8.1%			8.2%	8.3%		