SANTA CRUZ COUNTY BANK

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Q2

2013 SECOND QUARTER REPORT

SANTA CRUZ COUNTY BANK

To Our Shareholders,

We are pleased to report continued strong earnings for the first six-months of 2013. During this period, the Bank's net income increased by 35%, to $1.6 million. In addition, assets grew 7% to a record of $380 million.

In May, we declared a $0.05 cash dividend as a result of our financial strength and seven consecutive years of annual profits. We are pleased to be able to reward you, our shareholders, for your long term support of Santa Cruz County Bank!

Our outstanding financial performance continues to set us apart from other financial institutions. The Bank's three-year average return on equity for the years ended 2010, 2011 and 2012 earned us the rank of 103rd in American Banker Magazine's annual "Top 200 Community Banks and Thrifts". The rating took into consideration the performance of 851 banks and thrifts throughout the United States. Also, the Bank received the "Super Premier Performing Bank" rating by Findley Reports, Inc. for our 2012 performance and received a 4-Star "Excellent" rating by Bauer Financial, Inc. for the quarter ended March 31, 2013.

Presented below is a summary of key financial highlights for the second quarter ended June 30, 2013 as compared to the second quarter ended June 30, 2012.

Net income increased $191.9 thousand, 30%, $825.1 thousand
Total deposits increased $34.8 million, 11%, to $344.9 million
Gross loans increased $34.4 million, 17%, to $237.8 million
Total assets increased $39.8 million, 12%, to $381.2 million

Basic earnings per share for the six-months ended June 30, 2013 were $0.83 compared to $0.63 for the six-months ended June 30, 2012. The book value per share of Santa Cruz County Bank's common stock at June 30, 2013 was $15.61, compared to $14.43 at June 30, 2012.

Shareholders' equity of $30.7 million as of June 30, 2013 represented a $3.0 million increase over June 30, 2012. Comparing the quarter ended June 30, 2013 to June 30, 2012; the Bank's non-interest bearing deposits grew by $29.8 million, 24%, to $153.6 million. Non-interest

SELECTED FINANCIAL DATA (UNAUDITED)

BALANCE SHEET	QUARTER ENDED 06/30/13	QUARTER ENDED 06/30/12	Change $	Change %	QUARTER ENDED 06/30/13	QUARTER ENDED 3/31/13	Change $	Change %
TOTAL ASSETS	$ 381,152,211	$ 341,348,260	$ 39,803,951	12%	$ 381,152,211	$ 366,909,124	$ 14,243,087	4%
GROSS LOANS	237,841,603	203,427,244	34,414,359	17%	237,841,603	230,510,408	7,331,195	3%
ALLOWANCE FOR LOAN LOSSES	5,430,183	4,599,602	830,581	18%	5,430,183	5,292,101	138,082	3%
NON-INTEREST BEARING DEPOSITS	153,643,037	123,890,923	29,752,114	24%	153,643,037	135,533,519	18,109,518	13%
TOTAL DEPOSITS	344,930,572	310,083,603	34,846,969	11%	344,930,572	331,655,396	13,275,176	4%
SHAREHOLDERS' EQUITY	30,724,547	27,769,566	2,954,981	11%	30,724,547	30,581,461	143,086	0%
BOOK VALUE PER SHARE	$ 15.61	$ 14.43			$ 15.61	$ 15.55		

INCOME STATEMENT					SIX-MONTHS ENDED 06/30/13	SIX-MONTHS ENDED 06/30/12	Change $	Change %
INTEREST INCOME	$ 3,722,718	$ 3,409,862	312,856	9%	$ 7,307,434	$ 6,776,978	$ 530,456	8%
INTEREST EXPENSE	105,812	120,303	(14,491)	-12%	214,033	241,199	(27,166)	-11%
NET INTEREST INCOME	3,616,906	3,289,559	327,347	10%	7,093,401	6,535,779	557,622	9%
PROVISION FOR LOAN LOSSES	150,000	300,000	(150,000)	-50%	300,000	600,000	(300,000)	-50%
NON-INTEREST INCOME	822,688	572,654	250,034	44%	1,643,928	1,099,523	544,405	50%
NON-INTEREST EXPENSE	2,966,070	2,566,367	399,703	16%	5,826,550	5,127,850	698,700	14%
NET INCOME BEFORE TAXES	1,323,524	995,846	327,678	33%	2,610,779	1,907,452	703,327	37%
INCOME TAX EXPENSE	498,472	362,643	135,829	37%	986,659	700,765	285,894	41%
NET INCOME AFTER TAXES	$ 825,052	$ 633,203	191,849	30%	$ 1,624,120	$ 1,206,687	$ 417,433	35%
BASIC EARNINGS PER SHARE	$ 0.42	$ 0.33			$ 0.83	$ 0.63		
RATIOS								
NET INTEREST MARGIN	4.17%	4.28%						
TIER 1 LEVERAGE RATIO	8.57%	8.42%						

bearing deposits represented 45% of total deposits as of June 30, 2013 compared to 40% at June 30, 2012.

As always, we welcome your comments and referrals, and thank you for your ongoing support of Santa Cruz County Bank.

George Gallucci
Chairman of the Board

David Heald
President & CEO

SECOND QUARTER HIGHLIGHTS

Santa Cruz County Bank was named a Super Premier Performing Bank by The Findley Reports, Inc., a well-regarded financial consulting firm, recognizing the performance of banking institutions in California for over forty years. Super Premier Performing is the highest rating.

Santa Cruz County Bank ranked 103rd in American Banker Magazine's "Top 200 Community Banks and Thrifts" based on three-year average return on equity.

SANTA CRUZ COUNTY BANK
Ranked in the United States'
"Top 200 Community Banks & Thrifts"

COMPANY INFORMATION

Our Board of Directors pictured outside the Santa Cruz Office

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
Harvey J. Nickelson, Retired Bank CEO and Community Volunteer

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:

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

The Bank's quarterly reports, 2012 Annual Report and stock quotes are available at www.sccountybank.com in the Investor Relations section.

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)

MEMBER FDIC

Preferred SBA Lender

EQUAL HOUSING LENDER

www.sccountybank.com

831.457.5000