



Santa Cruz County Bank Reports Record Earnings For the Quarter and Year Ended December 31, 2022 *Twelfth Successive Year of Record Net Income*

SANTA CRUZ, CA – January 26, 2023: Santa Cruz County Bank (OTCQX: SCZC), with assets of \$1.74 billion, is a top-rated community bank headquartered in Santa Cruz County. Today, the Bank announced unaudited earnings for the fourth quarter and year ended December 31, 2022. Net income for the quarter was \$10.0 million, an increase of 9% compared to \$9.2 million in the prior quarter, and 114% compared to \$4.7 million in the same quarter in 2021. Net income for the year ended December 31, 2022 was a record \$30.9 million, \$9.7 million or 45% over 2021. Basic and diluted earnings per share improved over the prior quarter by \$0.10 and \$0.11, respectively. Basic and diluted earnings per share in 2022 both improved over 2021 by \$1.13. All share data for prior periods have been adjusted to reflect stock dividends and stock splits.

Santa Cruz County Bank President and CEO Krista Snelling commented, “I am honored to announce our 2022 financial results and to congratulate our team. For the twelfth consecutive year, the Bank reported record net income. In addition, we achieved record gross loans and record quarterly net income.

The Bank’s outstanding performance is the result of the ongoing discipline and focus of our team of dedicated employees, management team, and directors, who work daily to align operations to achieve strategic goals. Our record loan level indicates that we continue to be regarded as a reliable lender with a demonstrated ability to facilitate requests and successfully deliver borrowing solutions to our clients. The Bank’s well-regarded SBA Department continues to contribute to our loan growth and ranks in the Top 100 lenders for SBA 7a loan volume in the nation for the SBA’s 2022 fiscal year.

We begin the new year well-positioned for growth and opportunity with a broader geographic reach resulting from the opening of our Salinas branch, our second full-service banking office serving Monterey County. We look forward to continued development of new and existing business relationships and increased community partnerships and employee engagement activities in the communities we serve.”

Financial Highlights

Performance highlights as of and for the quarter ended December 31, 2022 included the following:

- Record quarterly net income of \$10.0 million increased 9% from \$9.2 million in the prior quarter, and 114% from \$4.7 million in the fourth quarter ended December 31, 2021.
- Total assets of \$1.74 billion as of December 31, 2022, a decrease of \$117.4 million or 6% compared to \$1.86 billion as of September 30, 2022, and an increase of \$43.2 million or 3%, compared to \$1.70 billion as of December 31, 2021.
- Record gross loans (excluding PPP) of \$1.26 billion, an increase of \$29.7 million or 2%, compared to September 30, 2022, and an increase of \$151.8 million or 14%, compared to December 31, 2021.
- Credit quality remains strong. Nonaccrual loans totaled \$3.2 million, or 0.25% of gross loans, as of December 31, 2022, compared to \$2.4 million, or 0.19% of total loans as of the prior quarter-end, and \$376 thousand, or 0.03% of total loans as of year-end 2021. The increase during the fourth quarter is primarily due to a delinquent home equity line of credit that is well-secured.
- Provision for loan losses was \$642 thousand in the fourth quarter of 2022 compared to a reversal of \$317 thousand for the third quarter of 2022 following the elimination of a qualitative factor related to the pandemic. Provision for loan losses was \$2.3 million for the fourth quarter in 2021. The provision in the fourth quarter of 2022 reflected organic loan growth, especially in construction loans and commercial loans, partially offset by the effect of the elimination of a qualitative factor in the construction loan segment.
- Deposits totaled \$1.53 billion at December 31, 2022, a decrease of \$125.5 million or 8%, compared to September 30, 2022, and an increase of \$34.4 million or 2%, compared to December 31, 2021.

- Net interest margin was 4.83% for the fourth quarter of 2022, as compared to 4.22% in the trailing quarter and 3.78% in the fourth quarter of 2021. Net interest margin was 4.19% in 2022, as compared to 3.99% in 2021.
- For the quarters ended December 31, 2022 and September 30, 2022, return on average assets was 2.22% and 2.01%, respectively, compared to 1.09% in the fourth quarter of 2021, and the return on average tangible equity was 24.04% and 22.38%, respectively, compared to 11.77% in the fourth quarter of 2021.
- The efficiency ratio was 31.75% for the fourth quarter of 2022, as compared to 36.17% in the trailing quarter and 45.41% in the same quarter of 2021.
- All capital ratios were above regulatory requirements for a well-capitalized institution with a total risk-based capital ratio of 14.94% as of December 31, 2022, as compared to 14.46% at the prior quarter end and 14.88% as of December 31, 2021.
- Book value per share after cash dividends increased to \$23.32 at December 31, 2022, compared to \$22.06 at September 30, 2022 and \$21.80 at December 31, 2021.

Interest Income / Interest Expense and Net Interest Margin

Net interest income is the major earnings component of the Bank. Net interest income of \$20.8 million in the fourth quarter of 2022 increased \$2.4 million or 13% from \$18.4 million for the quarter ended September 30, 2022, and improved over the 2021 fourth quarter by \$5.2 million or 33%. The increases are primarily due to the rise in market interest rates during 2022 and to a lesser degree, the organic loan growth during the quarter and the year ended December 31, 2022. The Bank's cost of funds increased slightly from 0.12% in the third quarter of 2022 to 0.16% in the fourth quarter of 2022. PPP loan fee income has been diminishing, with \$57 thousand in the current quarter, \$332 thousand in the prior quarter and \$1.9 million in the same quarter last year.

For the fourth quarter of 2022, net interest margin was 4.83%, compared to 4.22% in the trailing quarter and 3.78% for the corresponding quarter in 2021. The Bank's 2022 net interest margin has expanded to 4.19% from 3.99% in 2021, primarily due to improvement on yield from earning assets, favorably impacted by multiple rate increases in prime and other indices, despite the net interest margin for 2021 benefiting from a significantly greater amount of PPP fee income than 2022. The increase of \$13.7 million in interest on loans in 2022 compared to 2021, due to a higher interest rate environment in 2022, more than offset decrease in loan fees, mainly attributable to a decrease in \$8.0 million PPP fees as the PPP portfolio dwindled down during 2022.

As of or for the Quarter Ended

| | December 31, 2022 | | | September 30, 2022 | | |
|---------------------------------------|---------------------|--------------------------------|-----------------------|---------------------|--------------------------------|-----------------------|
| | Average Balance | Interest Income/ Expense | Avg Yield/ Cost | Average Balance | Interest Income/ Expense | Avg Yield/ Cost |
| <i>(Dollars in thousands)</i> | | | | | | |
| ASSETS | | | | | | |
| Interest-earning cash | \$ 131,829 | \$ 1,202 | 3.62% | \$ 182,298 | \$ 1,016 | 2.21% |
| Investments | 328,843 | 1,229 | 1.48% | 336,800 | 1,010 | 1.19% |
| Loans | 1,248,829 | 18,999 | 6.04% | 1,212,529 | 16,852 | 5.51% |
| Total interest-earning assets | 1,709,501 | 21,430 | 4.97% | 1,731,627 | 18,878 | 4.33% |
| Noninterest-earning assets | 83,980 | | | 78,666 | | |
| Total assets | <u>\$ 1,793,481</u> | | | <u>\$ 1,810,293</u> | | |
| LIABILITIES | | | | | | |
| Interest-bearing deposits | \$ 852,387 | 637 | 0.30% | \$ 865,192 | 469 | 0.22% |
| Borrowings | 104 | 1 | 4.83% | - | - | - |
| Total interest-bearing liabilities | 852,491 | 638 | 0.30% | 865,192 | 469 | 0.22% |
| Noninterest-bearing deposits | 730,335 | | | 737,924 | | |
| Other noninterest-bearing liabilities | 17,396 | | | 16,630 | | |
| Total liabilities | 1,600,222 | | | 1,619,746 | | |
| EQUITY | 193,259 | | | 190,547 | | |
| Total liabilities and equity | <u>\$ 1,793,481</u> | | | <u>\$ 1,810,293</u> | | |
| Net interest income /margin | | <u>\$ 20,792</u> | <u>4.83%</u> | | <u>\$ 18,409</u> | <u>4.22%</u> |
| Cost of funds | | | <u>0.16%</u> | | | <u>0.12%</u> |

For the Years Ended

| | December 31, 2022 | | | December 31, 2021 | | |
|---------------------------------------|---------------------|--------------------------------|-----------------------|---------------------|--------------------------------|-----------------------|
| | Average Balance | Interest Income/ Expense | Avg Yield/ Cost | Average Balance | Interest Income/ Expense | Avg Yield/ Cost |
| <i>(Dollars in thousands)</i> | | | | | | |
| ASSETS | | | | | | |
| Interest-earning cash | \$ 133,183 | \$ 2,520 | 1.89% | \$ 144,473 | \$ 599 | 0.41% |
| Investments | 331,958 | 3,797 | 1.14% | 138,902 | 1,661 | 1.20% |
| Loans | 1,212,425 | 65,744 | 5.42% | 1,252,294 | 61,090 | 4.88% |
| Total interest-earning assets | 1,677,566 | 72,061 | 4.30% | 1,535,669 | 63,350 | 4.13% |
| Noninterest-earning assets | 78,509 | | | 74,809 | | |
| Total assets | <u>\$ 1,756,075</u> | | | <u>\$ 1,610,478</u> | | |
| LIABILITIES | | | | | | |
| Interest-bearing deposits | \$ 833,443 | 1,850 | 0.22% | \$ 729,907 | 1,804 | 0.25% |
| Borrowings | 110 | 2 | 1.47% | 4,603 | 12 | 0.27% |
| Total interest-bearing liabilities | 833,553 | 1,852 | 0.22% | 734,510 | 1,816 | 0.25% |
| Noninterest-bearing deposits | 716,961 | | | 678,487 | | |
| Other noninterest-bearing liabilities | 16,338 | | | 17,849 | | |
| Total liabilities | 1,566,852 | | | 1,430,846 | | |
| EQUITY | 189,223 | | | 179,632 | | |
| Total liabilities and equity | <u>\$ 1,756,075</u> | | | <u>\$ 1,610,478</u> | | |
| Net interest income /margin | | <u>\$ 70,209</u> | <u>4.19%</u> | | <u>\$ 61,534</u> | <u>3.99%</u> |
| Cost of funds | | | <u>0.12%</u> | | | <u>0.13%</u> |

Noninterest Income / Expense

Noninterest income for the fourth quarter of 2022 was \$804 thousand compared to \$1.5 million for the trailing quarter and \$823 thousand in the fourth quarter of 2021. Gain on sale of Small Business Administration (“SBA”) loans was \$658 thousand in the third quarter in 2022. There were no SBA sales in either the fourth quarter of 2022 or 2021. The market premium on SBA loans declined in the fourth quarter of 2022 making it less favorable to sell SBA loans. Noninterest income in 2022 was \$4.5 million compared to \$4.8 million 2021.

Noninterest expense was \$6.9 million in the fourth quarter of 2022, compared to \$7.2 million for the quarter ended September 30, 2022, \$342 thousand or 5% less than prior quarter, and \$608 thousand, or 8% less than the same period last year. Decreases mainly reflected lower bonus expenses and reduction in split-dollar life insurance plans reflecting a higher discount rate in 2022, partially offset by higher furniture and equipment expenses related to the newly opened Salinas branch.

Assets

Total assets at December 31, 2022 increased by \$43.2 million or 3% compared to prior year from \$1.70 billion to \$1.74 billion. This was due primarily to organic growth including the Bank’s expansion into Monterey County. In addition, the Bank made approximately 35% of its PPP loan originations to new clients, creating the opportunity to expand the Bank’s business relationships in the tri-county market area. The Bank continues to capitalize on opportunities afforded by the PPP program into the current quarter.

Loans and Asset Quality

Non-PPP loans increased by \$151.8 million or 14% compared to the prior year, more than replacing the \$90.0 million year-over-year reduction in PPP loans. Non-PPP loans increased by \$29.7 million or 2% from the prior quarter. Growth in the non-PPP loan portfolio was driven by new loan originations in real estate, construction and commercial loans.

The allowance for loan losses was \$21.4 million at December 31, 2022, compared to \$20.8 million at September 30, 2022. The increase was primarily due to growth in the non-PPP portfolio which was partially offset by elimination of a qualitative factor related to the construction loan segment.

The allowance for loan losses includes a specific reserve in the amount of \$1.2 million for one impaired loan that is past due and on nonaccrual. Two additional loans for \$1.8 million are also past due and have been placed on nonaccrual, but are real estate secured and have no recorded impairment. The Bank’s total nonaccrual loans remained relatively low at \$3.2 million at 2022 year-end.

The following tables summarize the Bank’s loan mix and delinquent/nonperforming loans:

Loan Mix

| <i>(Dollars in thousands)</i> | <u>As of</u> | | |
|-------------------------------|---------------------|---------------------|---------------------|
| | <u>12/31/2022</u> | <u>09/30/2022</u> | <u>12/31/2021</u> |
| Loans held for sale | \$ 45,263 | \$ 56,915 | \$ 69,507 |
| SBA and B&I loans | 139,732 | 125,388 | 119,680 |
| PPP loans | 3,202 | 6,773 | 93,278 |
| Commercial loans | 111,591 | 112,943 | 91,425 |
| Revolving commercial lines | 126,439 | 115,243 | 102,534 |
| Asset-based lines of credit | 2,314 | 489 | -- |
| Construction loans | 154,070 | 146,674 | 142,827 |
| Real estate loans | 646,295 | 634,142 | 554,397 |
| Home equity lines of credit | 29,382 | 27,917 | 24,538 |
| Consumer and other loans | 6,480 | 12,170 | 4,895 |
| Total gross loans | <u>\$ 1,264,768</u> | <u>\$ 1,238,654</u> | <u>\$ 1,203,081</u> |

Delinquent and Nonperforming Loans

| | <u>As of or for the Quarter Ended</u> | | |
|---|--|--------------------------|--------------------------|
| <i>(Dollars in thousands)</i> | <u>12/31/2022</u> | <u>09/30/2022</u> | <u>12/31/2021</u> |
| Loans past due 30-89 days, excluding PPP loans | \$ 959 | \$ 1,351 | \$ 66 |
| PPP loans past due 30-89 days | 26 | 2,936 | -- |
| Delinquent loans (past due 90+ days still accruing) | 10 | 336 | 105 |
| Nonaccrual loans | 3,161 | 2,358 | 376 |
| Other real estate owned | -- | -- | -- |
| Nonperforming assets | 3,171 | 2,694 | 481 |
| Net loan charge-offs (recoveries) QTD | -- | 54 | (89) |
| Net loan charge-offs (recoveries) YTD | 126 | 126 | (99) |

Deposits

Deposits were \$1.53 billion at December 31, 2022, representing growth of 2% or \$34.4 million since last year-end, and included \$669.5 million in noninterest-bearing deposits. Year-over-year deposit growth was driven by organic expansion. Deposits decreased \$125.5 million during the fourth quarter of 2022, reflecting our large depositors' business cycle for their planned cash usage as well as deposit outflows when customers redeploy excess cash into higher yielding alternatives. Our liquidity position remains strong, as our primary liquidity ratio (cash and equivalent, deposits held in other banks and unpledged available-for-sale securities as a percentage of total assets) was 19.6% at December 31, 2022.

Santa Cruz County Bank ranked 4th in overall deposit market share in Santa Cruz County, 2nd in Santa Cruz, 2nd in Watsonville and 14th in the Silicon Valley, based upon FDIC data as of June 30, 2022.

Deposit Mix

| | <u>As of</u> | | |
|---|--------------------------|--------------------------|--------------------------|
| <i>(Dollars in thousands)</i> | <u>12/31/2022</u> | <u>09/30/2022</u> | <u>12/31/2021</u> |
| Noninterest-bearing demand | \$ 669,489 | \$ 773,527 | \$ 716,888 |
| Interest-bearing demand | 246,265 | 242,102 | 219,072 |
| Money markets | 363,092 | 384,845 | 314,541 |
| Time certificates of deposit \geq \$250,000 | 76,152 | 70,000 | 68,716 |
| Time certificates of deposit $<$ \$250,000 | 37,976 | 41,994 | 45,666 |
| Savings | 137,808 | 143,803 | 131,453 |
| Total deposits | <u>\$ 1,530,782</u> | <u>\$ 1,656,271</u> | <u>\$ 1,496,336</u> |
| Total deposits – personal | \$ 614,151 | \$ 636,234 | \$ 585,061 |
| Total deposits – business | \$ 916,631 | \$ 1,020,037 | \$ 911,275 |

Shareholders' Equity

Total shareholders' equity was \$197.7 million at December 31, 2022, a \$10.7 million or 6% increase over September 30, 2022 and an increase of \$11.6 million or 6% over prior year, primarily as a result of net income of \$10.0 million and \$30.9 million in the quarter and year ended December 31, respectively. Equity was reduced by other comprehensive income of \$14.1 million in 2022, mainly as a result of after-tax unrealized losses on available-for-sale securities ("AFS"), which is a component of equity (accumulated other comprehensive income/loss or "AOCI"). The declaration of cash dividends on common stock of \$1.3 million in the fourth quarter of 2022 at \$0.15 per share and \$4.0 million in 2022 also reduced total shareholders' equity.

The after-tax unrealized losses on AFS improved slightly from \$18.1 million as of September 30, 2022 to \$16.9 million as of December 31, 2022, as the interest rate environment moderated in the fourth quarter of 2022. U.S. Treasury bonds, securities issued by U.S. Government sponsored agencies and SBA accounted for 77%, 17% and 5% of the portfolio as of December 31, 2022, respectively, thus presented minimal credit risk. The investment portfolio has an average life of 2.7 years, and the Bank expects to receive principal, in full, when the investments mature.

For the quarter ended December 31, 2022, the Bank's return on average equity was 20.57% with a return on average tangible equity of 24.04%. Return on average assets was 2.22%. The book value per share of Santa Cruz County Bank's common stock, after cash dividends at December 31, 2022, was \$23.32 up \$1.52 from the same period in 2021.

Share Repurchase Program

On July 25, 2022, the Bank announced the launch of a \$5.0 million Share Repurchase Program which was the first in the Bank's history. The Bank's Board of Directors authorized the Share Repurchase Program and received the required approvals from the

California Department of Financial Protection and Innovation as well as the Federal Deposit Insurance Corporation. The Board's intent is to continuously align the Bank's strategic initiatives with increasing shareholder value. The Board's authorization of this Program was based upon the strength of the balance sheet, financial performance and continued growth. This Program further demonstrates the Bank's commitment to enhancing the value for all stockholders investing in Santa Cruz County Bank. The Stock Repurchase Program, which will expire on May 20, 2023, may be suspended, terminated, or modified at any time without notice. Shares purchased under the program will reduce the number of shares outstanding and will be returned to authorized but unissued status.

The timing and amount of common stock repurchases made pursuant to the Santa Cruz County Bank Share Repurchase Program are subject to various factors, including the Bank's capital position, liquidity, financial performance, alternative uses of capital, stock trading price, regulatory requirements and general market conditions. During 2022, 81 thousand shares were repurchased totaling \$2.0 million and were accounted for as a reduction in equity.

ABOUT SANTA CRUZ COUNTY BANK

Santa Cruz County Bank was founded in 2004. It is a top-rated, locally owned and operated, full-service community bank headquartered in Santa Cruz, California. The Bank has branches in Aptos, Capitola, Cupertino, Monterey, Salinas, Santa Cruz, Scotts Valley and Watsonville. Santa Cruz County Bank is distinguished from "big banks" by its relationship-based service, problem-solving focus and direct access to decision makers. The Bank is a leading SBA lender in Santa Cruz County and Silicon Valley and a top USDA lender in the state of California. As a full-service bank, Santa Cruz County Bank offers competitive deposit and lending solutions for businesses and individuals; including business loans, lines of credit, commercial real estate financing, construction lending, agricultural loans, SBA and USDA government guaranteed loans, asset-based lending, credit cards, merchant services, remote deposit capture, mobile and online banking, bill payment and treasury management. True to its community roots, Santa Cruz County Bank has supported regional well-being by actively participating in and donating to local not-for-profit organizations.

Santa Cruz County Bank stock is publicly traded on the OTCQX U.S. Premier marketplace under the symbol SCZC. Stock purchase orders may be placed online, through a brokerage firm, or through Market Makers listed in the Investor Relations section of the bank's website. For more information about Santa Cruz County Bank, visit www.sccountybank.com.

NATIONAL, STATE, AND LOCAL RATINGS AND AWARDS

- The Findley Reports, Inc.: The Bank has received the top ranking of Super Premier by Findley for 12 consecutive years.
- Bauer Financial Reports, Inc.: The Bank is rated 5-star "Superior" based upon its financial performance.
- U.S. Small Business Administration: The Bank is in the Top 100 most active SBA 7(a) lenders in the nation.
- Silicon Valley Business Journal: The Bank is ranked 15th in volume of SBA loans lent to Silicon Valley businesses from October 1, 2021 to September 1, 2022.
- Good Times, 2022 Best of Santa Cruz County Award, Voted "Best Bank" for 10 consecutive years.
- Santa Cruz Sentinel, 2022 Reader's Choice Award, number one bank in Santa Cruz County as voted by Santa Cruz Sentinel readers for 8 years.
- Second Harvest Food Bank, Big Step and Platinum Level Awards for the 2021 Holiday Food & Fund Drive.
- Santa Cruz County Chamber of Commerce: Business of the Year, 2021 and 2018.

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.

Selected Unaudited Financial Information

| <i>(Dollars in thousands, except per share amounts)</i> | <u>As of or for the Quarter Ended</u> | | | | <u>As of or for the</u> | | |
|---|---------------------------------------|--------------|------------------|-----------------|-------------------------|------------------|-----------------|
| | <u>December 31,</u> | | | | <u>Quarter Ended</u> | | |
| | <u>2022</u> | <u>2021</u> | <u>Change \$</u> | <u>Change %</u> | <u>2022</u> | <u>Change \$</u> | <u>Change %</u> |
| Balance Sheet | | | | | | | |
| Total assets | \$ 1,744,487 | \$ 1,701,250 | \$ 43,237 | 3% | \$ 1,861,928 | \$ (117,441) | -6% |
| Gross loans, excluding PPP loans | 1,261,566 | 1,109,804 | 151,762 | 14% | 1,231,881 | 29,685 | 2% |
| SBA PPP loans | 3,202 | 93,278 | (90,076) | -97% | 6,773 | (3,571) | -53% |
| Allowance for loan losses | 21,444 | 19,978 | 1,466 | 7% | 20,802 | 642 | 3% |
| Noninterest-bearing deposits | 669,489 | 716,888 | (47,399) | -7% | 773,527 | (104,038) | -13% |
| Total deposits | 1,530,782 | 1,496,336 | 34,446 | 2% | 1,656,271 | (125,489) | -8% |
| Shareholders' equity | 197,676 | 186,090 | 11,586 | 6% | 187,026 | 10,650 | 6% |
| Income Statement | | | | | | | |
| Interest income | \$ 21,430 | \$ 16,019 | \$ 5,411 | 34% | \$ 18,878 | \$ 2,552 | 14% |
| Interest expense | 638 | 401 | 237 | 59% | 469 | 169 | 36% |
| Net interest income | 20,792 | 15,618 | 5,174 | 33% | 18,409 | 2,383 | 13% |
| Provision for loan losses | 642 | 2,333 | (1,691) | -72% | (317) | 959 | -303% |
| Noninterest income | 804 | 823 | (19) | -2% | 1,499 | (695) | -46% |
| Noninterest expense | 6,858 | 7,466 | (608) | -8% | 7,200 | (342) | -5% |
| Net income before taxes | 14,096 | 6,642 | 7,454 | 112% | 13,025 | 1,071 | 8% |
| Income tax expense | 4,075 | 1,949 | 2,126 | 109% | 3,852 | 223 | 6% |
| Net income after taxes | \$ 10,021 | \$ 4,693 | \$ 5,328 | 114% | \$ 9,173 | \$ 848 | 9% |
| Basic earnings per share * | \$ 1.18 | \$ 0.55 | \$ 0.63 | 115% | \$ 1.08 | \$ 0.10 | 9% |
| Diluted earnings per share * | \$ 1.18 | \$ 0.55 | \$ 0.63 | 115% | \$ 1.07 | \$ 0.11 | 10% |
| Book value per share * | \$ 23.32 | \$ 21.80 | \$ 1.52 | 7% | \$ 22.06 | \$ 1.26 | 6% |
| Tangible book value per share * | \$ 20.04 | \$ 18.50 | \$ 1.54 | 8% | \$ 18.77 | \$ 1.27 | 7% |
| Shares outstanding * | 8,477,272 | 8,536,000 | | | 8,478,622 | | |
| Ratios | | | | | | | |
| Net interest margin | 4.83% | 3.78% | | | 4.22% | | |
| Cost of funds | 0.16% | 0.11% | | | 0.12% | | |
| Efficiency ratio | 31.75% | 45.41% | | | 36.17% | | |
| Return on average assets | 2.22% | 1.09% | | | 2.01% | | |
| Return on average equity | 20.57% | 9.98% | | | 19.10% | | |
| Return on average tangible equity | 24.04% | 11.77% | | | 22.38% | | |
| Tier 1 leverage ratio | 10.39% | 9.50% | | | 9.84% | | |
| ALLL / Non-PPP loans | 1.70% | 1.80% | | | 1.69% | | |
| % of noninterest-bearing to total deposits | 43.74% | 47.91% | | | 46.70% | | |

* Share data for prior periods has been adjusted to reflect stock dividends and stock splits.

Selected Unaudited Financial Information*(Dollars in thousands,
except per share amounts)***As of or for the Years Ended
December 31,**

| | 2022 | 2021 | Change \$ | Change % |
|-------------------------------------|-------------|-------------|------------------|-----------------|
| Income Statement | | | | |
| Interest income | \$ 72,061 | \$ 63,351 | \$ 8,710 | 14% |
| Interest expense | 1,852 | 1,816 | 36 | 2% |
| Net interest income | 70,209 | 61,535 | 8,674 | 14% |
| Provision for loan losses | 1,592 | 6,858 | (5,266) | -77% |
| Noninterest income | 4,544 | 4,776 | (232) | -5% |
| Noninterest expense | 29,402 | 29,388 | 14 | 0% |
| Net income before taxes | 43,759 | 30,065 | 13,694 | 46% |
| Income tax expense | 12,815 | 8,791 | 4,024 | 46% |
| Net income after taxes | \$ 30,944 | \$ 21,274 | \$ 9,670 | 45% |
| Basic earnings per share * | | | | |
| Basic earnings per share * | \$ 3.63 | \$ 2.50 | \$ 1.13 | 45% |
| Diluted earnings per share * | | | | |
| Diluted earnings per share * | \$ 3.62 | \$ 2.49 | \$ 1.13 | 45% |
| Ratios | | | | |
| Net interest margin | 4.19% | 3.99% | | |
| Cost of funds | 0.12% | 0.13% | | |
| Efficiency ratio | 39.33% | 44.32% | | |
| Return on average assets | 1.76% | 1.32% | | |
| Return on average equity | 16.35% | 11.84% | | |
| Return on average tangible equity | 19.19% | 14.07% | | |

* Share data for prior periods has been adjusted to reflect stock dividends and stock splits.