



**SANTA CRUZ  
COUNTY BANK**

*Put your money where your life is.*



**2015  
THIRD QUARTER  
REPORT**



To our Shareholders,

It is our pleasure to share with you our current financial statement which demonstrates continued increases in value and shareholder equity.

The financial data presented below and to the right summarizes the results of our third quarter of 2015. Comparing the nine-months ended September 30, 2015 to the nine-months ended September 30, 2014:

Net income increased \$885 thousand, 29% to \$3.9 million

Total deposits increased \$60 million, 14% to \$474 million

Gross loans increased \$46 million, 16% to \$343 million

Total assets increased \$67 million, 15% to \$524 million

One of the cornerstones of the Bank's financial mission is to build shareholder value. This component drives our daily decision making and is reflected in our financial performance. Basic earnings per share of \$1.85 for the first nine-months of 2015 represents a \$0.39 or 27% increase over the same period in 2014.

Our tenth cash dividend was paid to shareholders in October resulting in a total of \$1.0 million paid to shareholders since July 2013. Shareholders' equity grew to \$42.6 million at September 30, 2015, a \$5.4 million, 15% increase over the prior year.

The book value per share of Santa Cruz County Bank stock of \$19.81 at September 30, 2015 continued its upward trend, compared to \$17.37 the prior year. In the last twelve months, we have added \$2.44 in book value per share to your investment, a 14% increase.

As we approach the holiday season, we wish you and yours sustained health, goodwill and happiness. Over the next two months our employees, management members and Board of Directors, who remain actively engaged in volunteerism and fundraising year-round, will focus on several holiday projects that aim to provide nutrition, gifts, and most importantly, hope to those with the greatest need in our community. We invite you to help us fill Holiday Food Drive barrels

## SELECTED FINANCIAL DATA (UNAUDITED)

BALANCE SHEET	QUARTER ENDED	QUARTER ENDED	CHANGE		QUARTER ENDED	QUARTER ENDED	CHANGE	
	9/30/15	9/30/14	\$	%	9/30/15	6/30/15	\$	%
TOTAL ASSETS	\$ 523,665,738	\$ 457,158,173	\$ 66,507,565	15%	\$ 523,665,738	\$ 500,494,009	\$ 23,171,729	5%
GROSS LOANS	343,091,423	296,683,465	46,407,958	16%	343,091,423	336,999,353	6,092,070	2%
ALLOWANCE FOR LOAN LOSSES	7,003,638	6,213,113	790,525	13%	7,003,638	6,812,866	190,772	3%
NON-INTEREST BEARING DEPOSITS	228,422,322	193,884,773	34,537,549	18%	228,422,322	193,775,744	34,646,578	18%
TOTAL DEPOSITS	473,897,222	413,930,091	59,967,131	14%	473,897,222	452,438,802	21,458,420	5%
SHAREHOLDERS' EQUITY	42,591,628	37,147,917	5,443,711	15%	42,591,628	41,225,768	1,365,860	3%
BOOK VALUE PER SHARE	\$ 19.81	\$ 17.37			\$ 19.81	\$ 19.18		
INCOME STATEMENT					NINE-MONTHS ENDED	NINE-MONTHS ENDED	CHANGE	
					9/30/15	9/30/14	\$	%
INTEREST INCOME	\$ 5,057,717	\$ 4,457,467	\$ 600,250	13%	\$ 14,812,328	\$ 13,124,408	\$ 1,687,920	13%
INTEREST EXPENSE	116,119	107,368	8,751	8%	341,370	309,034	32,336	10%
NET INTEREST INCOME	4,941,598	4,350,099	591,499	14%	14,470,958	12,815,374	1,655,584	13%
PROVISION FOR LOAN LOSSES	187,500	187,500	-	0%	562,500	562,500	-	0%
NON-INTEREST INCOME	570,876	938,444	(367,568)	-39%	2,529,590	2,629,028	(99,438)	-4%
NON-INTEREST EXPENSE	3,045,384	3,126,210	(80,826)	-3%	9,861,567	9,841,282	20,285	0.2%
NET INCOME BEFORE TAXES	2,279,590	1,974,833	304,757	15%	6,576,481	5,040,620	1,535,861	30%
INCOME TAX EXPENSE	900,017	768,520	131,497	17%	2,596,133	1,945,100	651,033	33%
NET INCOME AFTER TAXES	\$ 1,379,573	\$ 1,206,313	\$ 173,260	14%	\$ 3,980,348	\$ 3,095,520	\$ 884,828	29%
BASIC EARNINGS PER SHARE	\$ 0.64	\$ 0.57			\$ 1.85	\$ 1.46		
RATIOS								
NET INTEREST MARGIN	3.91%	3.93%						
TIER 1 LEVERAGE RATIO	8.23%	8.26%						
RETURN ON AVERAGE ASSETS	1.05%	1.05%						
RETURN ON AVERAGE EQUITY	12.94%	13.01%						
EFFICIENCY RATIO	55.20%	59.00%						

at any of our five locations to make the holidays brighter for our entire community.

As always, we thank you for your investment in Santa Cruz County Bank.



*George Gallucci*

George Gallucci  
Chairman of the Board



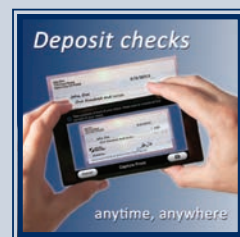
*David Heald*

David Heald  
President & CEO

## INTRODUCING MOBILE DEPOSIT

Our new Mobile Deposit is as simple as taking a picture with your phone. My County Mobile app users now have the convenience of depositing checks anytime from anywhere. There is no need for deposit slips or making a trip to the Bank –

we've got you covered. Through the My County Mobile app, users have access to view deposit history, transactions and images of checks deposited through Mobile Deposit.



## SCZC CASH DIVIDEND HISTORY

Record Date	Payable Date
June 28, 2013	July 10, 2013
September 27, 2013	October 10, 2013
December 27, 2013	January 10, 2014
March 27, 2014	April 10, 2014
June 25, 2014	July 10, 2014
September 25, 2014	October 10, 2014
December 30, 2014	January 12, 2015
March 27, 2015	April 10, 2015
July 1, 2015	July 14, 2015
September 30, 2015	October 15, 2015

**All \$0.05 cash dividends**

## BOARD OF DIRECTORS

**Kenneth R. Chappell** CPA, Partner-In-Charge, Hutchinson & Bloodgood, LLP

**George R. Gallucci** Retired Banker and Registered Investment Advisor

**Thomas N. Griffin** Director & President, Grunsky, Ebay, Farrar & Howell

**Tila Guerrero** President & CEO, Mas Mac Inc., McDonald's Restaurants

**William J. Hansen** 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 trades on OTCQX under the 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, Computershare Investor Services, at 800.962.4284 or [www.computershare.com](http://www.computershare.com). For other assistance with stock related matters, shareholders may contact Mary Anne Carson, Shareholder Relations at 831.457.5000.

The Bank's quarterly reports, 2014 Annual Report and stock quotes are available at [www.sccountybank.com](http://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**

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## **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)**

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**[sccountybank.com](http://sccountybank.com)  
831.457.5000**