

**Santa Cruz County Bank Reports Record Earnings,
32% Increase in Net Income for the Year Ended December 31, 2014**
Assets, deposits and loans increase by double-digit percentages

SANTA CRUZ, CA – January 26, 2015: Santa Cruz County Bank (OTCQX:SCZC), a locally owned and operated full-service community bank headquartered in Santa Cruz County, today announced unaudited results for the fourth quarter and year ended December 31, 2014.

The Bank's pretax income increased 91% to a record \$2.1 million for the fourth quarter ended December 31, 2014 compared to fourth quarter of the prior year. For the same period, net income increased by 49% to a record \$1.3 million. Strong loan growth in the fourth quarter resulted in an \$18.9 million increase in gross loans over the prior quarter.

In addition to reporting record pretax net income of \$7.2 million for the year ended December 31, 2014, up 42%, the Bank reported record net income of \$4.4 million, up 32% compared to the prior year. Driven by a \$57.5 million, 22%, increase in gross loans, the Bank's net interest margin increased to 4.11% for the 12-month period.

Book value per share increased 10% to \$18.04 compared to \$16.40 the prior year and shareholders' equity increased by 18% to \$38.6 million over the prior year. Basic earnings per share for the year increased by 22% to \$2.05 as compared to \$1.68 for the year ended December 31, 2013.

FOURTH QUARTER: DECEMBER 31, 2014 COMPARED TO SEPTEMBER 30, 2014

Net income increased \$69.4 thousand, 6%, to \$1.3 million
Total deposits increased \$56.2 thousand, 0%, to \$414.0 million
Gross loans increased \$18.9 million, 6%, to \$315.6 million
Total assets increased \$2.1 million, 0%, to \$459.2 million

YEAR ENDED: DECEMBER 31, 2014 COMPARED TO DECEMBER 31, 2013

Net income increased \$1.1 million, 32%, to \$4.4 million
Total deposits increased \$53.7 million, 15%, to \$414.0 million
Gross loans increased \$57.5 million, 22%, to \$315.6 million
Total assets increased \$60.7 million, 15%, to \$459.2 million

President and CEO, David V. Heald commented, "Our Board of Directors and Management team are to be commended for their commitment to the successful execution of our strategic and financial goals for 2014, resulting in another outstanding year.

Key milestones achieved included surpassing \$450 million in assets, \$300 million in loans, \$400 million in deposits, and \$4 million in net income. In addition to accomplishing these financial landmarks, we maintained a high quality loan portfolio with no past due or non-performing assets at year end. We look forward to maintaining our strong community reinvestment and continuing to serve as the community's bank of choice."

2014 HIGHLIGHTS:

The Bank declared four quarterly \$0.05 cash dividends to shareholders.

The Bank received 4-Star “Excellent” ratings by Bauer Financial, Inc. for its financial performance each quarter in 2014.

As of June 30, 2014 FDIC data, the Bank ranked fifth largest in overall deposit market share in Santa Cruz County.

The Bank remained as the top SBA lender in Santa Cruz County and ranked 6th in the Silicon Valley for the 2014 SBA fiscal year.

The Bank ranked in the “Top Performing 200 Community Banks and Thrifts in the United States” out of 851 institutions with less than \$2 billion in assets, based upon three year average return on equity for the years ending December 31, 2011, 2012 and 2013.

The Bank was voted “Best Bank” in Santa Cruz County in the Good Times Readers poll and in the Santa Cruz Sentinel Readers Choice poll.

On January 9, 2015, Santa Cruz County Bank’s common stock commenced trading on the OTCQX marketplace.

GEOFF LOFTUS:

We are deeply saddened to announce the passing of our Chief Credit Officer, Geoff Loftus. Geoff joined the Bank’s executive management team in April of 2013. Under his guidance and oversight, the Bank’s asset quality improved and its non-performing loans decreased to 0% of total loans as of December 31, 2014. Geoff and his contributions to Santa Cruz County Bank will be forever remembered with fondness and appreciation.

ABOUT SANTA CRUZ COUNTY BANK

Santa Cruz County Bank, founded in 2004, is a locally owned and operated community bank with offices located in Aptos, Capitola, Santa Cruz, Scotts Valley and Watsonville. The Bank offers a variety of competitive deposit and lending solutions for businesses and individuals; including business loans, lines of credit, commercial real estate financing, agricultural loans, SBA and USDA government guaranteed loans, credit cards, merchant services, remote deposit capture, and online banking bill payment and cash management. For the past eight years, the Bank’s SBA Department has been recognized as a top SBA lender in Santa Cruz County for 7a and 504 loans. For more information about Santa Cruz County Bank visit: www.sccountybank.com.

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.

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Selected Financial Data (unaudited)

	Quarter ended		Change		Quarter ended		Change				
	12/31/14	12/31/13	\$	%	9/30/14	\$	%				
Balance Sheet											
Total assets	\$ 459,246,504	\$ 398,578,084	\$ 60,668,420	15%	\$ 457,158,173	\$ 2,088,331	0%				
Gross loans	315,621,461	258,128,446	57,493,015	22%	296,683,465	18,937,996	6%				
Allowance for loan losses	6,402,752	5,705,862	696,890	12%	6,213,113	189,639	3%				
Non interest-bearing deposits	191,789,387	166,021,518	25,767,869	16%	193,884,773	(2,095,386)	-1%				
Total deposits	413,986,333	360,239,748	53,746,585	15%	413,930,091	56,242	0%				
Shareholders' equity	38,629,400	32,776,304	5,853,096	18%	37,147,917	1,481,483	4%				
Income Statement											
								Change			
								\$ %			
Interest income	4,546,180	3,975,576	570,604	14%	4,457,467	88,713	2%	Year ended 12/31/14	Year ended 12/31/13		
Interest expense	<u>107,262</u>	<u>98,614</u>	8,648	9%	<u>107,368</u>	(106)	0%	17,670,588	15,106,756	\$ 2,563,832	17%
Net interest income	4,438,918	3,876,962	561,956	14%	4,350,099	88,819	2%	<u>416,296</u>	<u>413,766</u>	2,530	1%
								17,254,292	14,692,990	2,561,302	17%
Provision for loan losses	187,500	125,000	62,500	50%	187,500	-	0%	750,000	487,500	262,500	54%
Non-interest income	682,418	943,758	(261,340)	-28%	938,444	(256,026)	-27%	3,311,446	3,329,950	(18,504)	-1%
Non-interest expense	<u>2,819,782</u>	<u>3,591,711</u>	(771,929)	-21%	<u>3,126,210</u>	(306,428)	-10%	<u>12,661,064</u>	<u>12,486,931</u>	174,133	1%
Net income before taxes	2,114,054	1,104,009	1,010,045	91%	1,974,833	139,221	7%	7,154,674	5,048,509	2,106,165	42%
Income tax expense	<u>838,387</u>	<u>246,419</u>	591,968	240%	<u>768,520</u>	69,867	9%	<u>2,783,487</u>	<u>1,736,512</u>	1,046,975	60%
Net income after taxes	<u>\$ 1,275,667</u>	<u>\$ 857,590</u>	418,077	49%	<u>\$ 1,206,313</u>	69,354	6%	<u>\$ 4,371,187</u>	<u>\$ 3,311,997</u>	1,059,190	32%
BASIC EARNINGS PER SHARE	\$ 0.60	\$ 0.43			\$ 0.57			\$ 2.05	\$ 1.68		
BOOK VALUE PER SHARE	\$ 18.04	\$ 16.40			\$ 17.37			\$ 18.04	\$ 16.40		
Ratios											
Net interest margin	3.95%	4.00%			3.93%			4.11%	4.06%		
Tier 1 leverage ratio	8.39%	8.21%			8.26%						
% of non interest bearing to total deposits	46%	46%			47%						