



COMMUNITY BANCORP OF SANTA MARIA

P.O. Box 5307, Santa Maria, CA 93456 • (805) 922-2900

July 11, 2023

To Our Valued Shareholders,

We are pleased to share with you the financial highlights for the Second Quarter, 2023.

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Percentage Change</u>
Net Income	\$ 1,989,548	\$ 1,320,272	50.7%
Net Loans	\$226,468,000	\$208,037,000	8.9%
Total Assets	\$405,552,000	\$419,105,000	-3.2%
Total Deposits	\$372,776,000	\$388,513,000	-4.0%

Net Income growth is largely attributed to increased interest income and loan growth in the current interest rate environment. We are especially happy to report positive loan growth given the elevated level of interest rates and ongoing economic uncertainty. The decline in Total Deposits did not find us unprepared. The bank experienced significant deposit growth (approximately \$154 million) between December 31, 2019 and June 30, 2022. While we captured additional market share during this period, we also recognized the surge in deposits was a flight to safety during a period of low rates and unpredictable economic conditions. We anticipated some deposit run-off would occur when rates increased and pandemic concerns subsided, and we positioned ourselves accordingly. As a result, we still have ample liquidity and are reporting strong financial performance. That said, we are happy to report a 1.0% increase in Total Deposits since December 31, 2022. Given the number of banks reporting significant deposit run-off these past two quarters, we are especially proud to report a gain.

As a result of these positive trends, as well as the confidence we have in the level of Capital and long-term earnings potential of the Company, our Board of Directors declared a \$0.25 cash dividend to all shareholders of record as of June 30, 2023, and paid on July 7, 2023. That is a 25% increase over the dividend paid last year.

Further, Community Bancorp and Community Bank of Santa Maria continue to receive accolades from various independent agencies. The Bank was recognized by Pacific Coast Business Times on their 2023 list of “Best Places to Work” in the tri-county area. Last quarter we announced The Findley Reports recognized us as a 2022 “Super Premier Performing” bank, and we celebrated another quarter with a “Five Star” rating from Bauer Financial. Additionally, American Banker recognized the Company in their “Top 200 Performing Public Banks under \$2 billion” category. That puts us in the top 20% of California banks under \$2 billion. We are committed to continuing this trend of high performance for our shareholders, staff, and community.

In closing, we want to thank you for your continued support. We value you as a shareholder, and ask that you please refer your family, friends, and business associates to *your* bank for all their banking needs.

Sincerely,

Janet Silveria
President
Chief Executive Officer

	<u>ACTUAL</u> <u>06/30/23¹</u>	<u>Year-end</u> <u>Goal</u> <u>2023</u>
Return on Average Assets	1.00%	1.10%
Return on Average Equity	16.38%	15.00%

¹ Annualized