



COMMUNITY BANCORP OF SANTA MARIA

April 18, 2024

To Our Valued Shareholders,

We are pleased to share with you the following financial highlights from the first quarter ending 2024.

	<u>March 31, 2024</u>	<u>March 31, 2023</u>	<u>Percentage Change</u>
Net Income	\$ 831,141	\$ 1,086,255	-23.5%
Net Loans	\$239,543,000	\$214,943,000	11.4%
Total Deposits	\$343,332,000	\$373,433,000	-8.0%
Total Assets	\$386,565,000	\$406,118,000	-4.8%

We are reporting Net Income of \$831,141 (\$0.38 per share) for the first quarter of 2024. This represents a decrease from the \$1,086,255 (\$0.50 per share) earned in the same reporting period in the previous year. Earnings have been impacted by deposit costs that have been increasing to normalized levels in the current economic environment. Despite the decline quarter over quarter, earnings remain strong as they have increased 80.9% over a two-year period.

We are pleased to report a 11.4% growth in Net Loans. We are proud to report this loan growth in conjunction with the fact our credit quality remains strong, with no delinquencies, no loans on non-accrual, and no other real estate owned.

Total deposits were \$343.3 million as of March 31, 2024. This represents an 8.0% decline from the \$373.4 million reported as of March 31, 2023. The Bank experienced a significant surge in deposits during the pandemic years when interest rates were low, and the economic environment was uncertain. The Bank had anticipated deposit run-off when interest rates increased, and pandemic concerns receded. The Bank believes the decline in Total Deposits is attributed to shifting customer behaviors related to personal and business investment. As a result, the Bank still has ample liquidity and is maintaining a steady financial performance.

As confirmation of our attesting to the company's financial strength, we are excited to share with you that Community Bank of Santa Maria was named a 2023 "Super Premier Performing" bank by The Findley Companies, and we celebrated another quarter with a "Five Star" rating from Bauer Financial. These are the highest ratings possible from these independent rating agencies.

We wish to take this opportunity to mention proxy season is upon us, and we'd like to request your support. Please vote your proxy and our hope is you follow management's recommendations and vote 'yes' for all proposals. We're happy to answer any questions you may have, so please don't hesitate to reach out. It's important to remember that voting your proxy goes beyond having your voice heard as a shareholder. California law requires inactive assets be turned over to the State for safekeeping. For shareholders, cashing your dividend checks and voting your proxy serves to avoid this action on your CYSM shares.

In closing, we want to introduce our new quarterly insert "Community in our Community". Here we plan to highlight just a few of the many ways we support the community we serve beyond providing banking services. We hope you enjoy seeing this information on a quarterly basis. And as always, 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>03/31/24¹</u>	<u>YEAR-END GOAL</u> <u>2024</u>
Return on Average Assets	0.86%	0.98%
Return on Average Equity	11.54%	13.00%

¹ Annualized