



COMMUNITY BANCORP OF SANTA MARIA

April 19, 2023

To Our Valued Shareholders,

We are pleased to share with you the following financial highlights from the first quarter ending 2023.

	<u>March 31, 2023</u>	<u>March 31, 2022</u>	<u>Percentage Change</u>
Net Income	\$ 1,086,255	\$ 458,123	137.1%
Net Loans	\$214,943,000	\$208,502,000	3.1%
Net Loans - Adjusted	\$214,893,000	\$202,317,000	6.2%
Total Deposits	\$373,433,000	\$378,248,000	-1.3%
Total Assets	\$406,118,000	\$411,390,000	-1.3%

We are pleased to report Net Income of \$1,086,255 for the first quarter 2023. This represents a 137% increase over the first quarter of 2022. Basic Earnings per Share for the same period increased from \$0.21 to \$0.50. Earnings growth is attributed largely to the growth in loans and investments in the current elevated interest rate environment. We are pleased to report a 6.2% growth in Net Loans - Adjusted. Net Loans – Adjusted is excluding Paycheck Protection Program 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 remain stable. While we did see a small decline in Total Deposits and Total Assets since March 31, 2022, we have seen an increase in the first quarter 2023. Since December 31, 2022, Total Deposits increased 1.2% and Total Assets increased 1.9%. As we reported last quarter, the bank has historically shown significant deposit growth. In fact, deposits have increased 59% since December 31, 2019. The recent leveling off is attributed to shifting customer behaviors in the current interest rate and economic environment. We are quite pleased to be able to report an increase in the first quarter given the number of banks experiencing significant deposit outflows. We attribute our growth during this period to the confidence the community has in the financial strength of the company. The company's management and position of liquidity are strong, and our capital ratios, Return on Average Assets, and Return on Average Equity are all increasing.

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 2022 "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 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>03/31/23¹</u>	<u>YEAR-END GOAL</u> <u>2023</u>
Return on Average Assets	1.08%	1.10%
Return on Average Equity	18.61%	15.00%

¹ Annualized