



# COMMUNITY BANCORP OF SANTA MARIA

January 23, 2023

To Our Valued Shareholders,

We are pleased to share with you the following 2022 year-end financial highlights.

|                    | <u>December 31, 2022</u> | <u>December 31, 2021</u> | <u>Percentage Change</u> |
|--------------------|--------------------------|--------------------------|--------------------------|
| Net Income         | \$ 3,599,000             | \$ 2,850,000             | 26.3%                    |
| Net Loans          | \$218,474,000            | \$211,402,000            | 3.3%                     |
| Net Loans-Adjusted | \$218,417,000            | \$201,871,000            | 8.2%                     |
| Total Deposits     | \$369,150,000            | \$378,237,000            | -2.4%                    |
| Total Assets       | \$398,705,000            | \$415,006,000            | -3.9%                    |

We are pleased to report Net Income of \$3,599,000 as of December 31, 2022. This represents a 26% increase from prior year, which is attributed to our growth in loans and investments in the current elevated interest rate environment. Basic Earnings Per Share increased, from \$1.32 in 2021 to \$1.66 in 2022.

The bank experienced 8.2% growth in loans in 2022 and maintained strong credit quality with no other real estate owned, no loans 90 days or more past due, and no loans on non-accrual status. We continue to provide two loan growth numbers for comparison purposes. Net Loans-Adjusted excludes Paycheck Protection Program loans. The bank proudly participated in the Paycheck Protection Program (PPP) offered by the Small Business Administration ('SBA') under the CARES Act. We processed over 650 PPP loans for a total of \$81.5 million. This program has now run its course and the loans to borrowers who applied and qualified for forgiveness have been paid off by the SBA. We are proud to have participated in the PPP program and appreciate the contribution it made towards building our next generation of loyal customers.

In recent years the bank has experienced exceptional deposit growth. Since 2019 the bank has increased deposits by 57%, ending 2022 at \$369 million in Total Deposits. In 2022, once again the bank experienced strong deposit account openings reporting approximately 900 new deposit accounts opened during the year. However, Total Deposit balances have declined by 2.4% since 2021 which likewise resulted in a decline in Total Assets. This decline is believed to be transitory and a reflection of shifting behaviors in business and personal investment in the current interest rate and economic environment.

The bank's balance sheet is highly liquid and continues to be well capitalized with a Tier 1 Leverage Ratio of 8.73% (well above regulatory guidelines of 5%) at December 31, 2022. We are proud of our successes, but we are also proud of our commitment to our shareholders. We value and appreciate your support, which is why we are committed to continuing shareholder rewards in the form of dividends and long-term stock value appreciation. You can help by referring 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>Year-end</u> |
|--------------------------|-----------------|-----------------|
|                          | <u>12/31/22</u> | <u>Goal</u>     |
| Return on Average Assets | 0.87%           | 0.55%           |
| Return on Average Equity | 16.39%          | 7.00%           |