



COMMUNITY BANCORP OF SANTA MARIA

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

October 27, 2022

To Our Valued Shareholders,

We are pleased to share with you the financial highlights as of Third Quarter Ending, 2022.

	<u>September 30, 2022</u>	<u>September 30, 2021</u>	<u>% Increase/(Decrease)</u>
Net Loans	\$219,253,000	\$225,114,000	(2.6%)
Net Loans-Adjusted	\$219,190,000	\$205,603,000	6.6%
Total Deposits	\$389,801,000	\$367,606,000	6.0%
Total Assets	\$417,407,000	\$402,318,000	3.8%
Net Income	\$ 2,416,603	\$ 2,265,278	6.7%
PPP Interest & Fee Income	\$ 348,221	\$ 1,438,075	(75.8%)

The bank proudly participated in the Paycheck Protection Program ('PPP') offered by the Small Business Administration ('SBA') under the CARES Act. We processed about 650 PPP loans for a total of \$81.5 million. The decline in Net Loans reported above reflects the high volume of payoffs received from PPP loan borrowers who qualified for forgiveness. We provide above "Net Loans- Adjusted," which excludes PPP loans, to paint a more accurate picture of the positive loan growth we have experienced this past year. Additionally, we provide above the amount of SBA PPP Interest and Fee Income received. While we are proud to report growth in Net Income, that growth is more significant when comparing the impact of non-recurring PPP income to our bottom line. Net Income Before Taxes increased 69.9% after adjusting for PPP Interest and Fee Income received. We are proud to have participated in the PPP program and are looking forward to building on the momentum it produced in terms of capturing market share and developing our next generation of loyal customers.

The current economic and interest rate environment has slowed loan demand somewhat, and we continue to experience material deposit growth. This has resulted in the bank experiencing excess liquidity. In other words, we are well positioned to lend and purchase investments in a favorable rate environment and have implemented several strategies to maximize this position, including: hiring an Agricultural Lender to take advantage of lending opportunities in our market area's number one industry; partnering with a Loan Service Provider to facilitate SBA lending; investing short-term to take advantage of current high investment rates; utilizing the CDAR's network to move high-dollar time certificate of deposits off the bank's balance sheet; and, partnering with other like-minded community banks outside our market area to provide opportunities for more robust loan growth and add geographic diversity to our loan portfolio. What these strategies mean for you, our shareholder, is you can look forward to continued growth in Return on Average Assets and Equity and a commitment to continuing dividend income. Regarding the latter, in case you missed the announcement in the second quarter, we paid a \$0.20 dividend on July 8, 2022 to shareholders of record as of June 30, 2022.

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>Year-end</u>
	<u>09/30/22¹</u>	<u>2022</u>
Return on Average Assets	0.78%	0.55%
Return on Average Equity	14.35%	7.00%

¹ Annualized