



COMMUNITY BANCORP OF SANTA MARIA

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

July 14, 2022

To Our Valued Shareholders,

We are pleased to share with you the financial highlights for the Second Quarter, 2022.

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
Total Assets	\$419,105,000	\$371,325,000	12.9%
Total Deposits	\$388,513,000	\$338,831,000	14.7%
Net Loans	\$208,037,000	\$235,037,000	-11.5%
Net Income	\$ 1,320,272	\$ 1,438,275	-8.2%

As you may be aware, the bank participated in the Paycheck Protection Program (PPP) administered by the Small Business Administration (SBA) under the CARES Act. These are short-term loans which carry a 100% guarantee from the SBA. Further, the loans are repaid in full by SBA as borrowers qualify for forgiveness. At June 30, 2021 the bank had \$30.7 million in PPP loans on the books. As of June 30, 2022, that total had dropped to less than \$300,000, which resulted in the decline in Net Loans reported above. After adjusting for PPP loans, Net Loans increased 1.7%. It should also be acknowledged that recognition of PPP fee income on paid off PPP loans was \$1.0 million as of June 30, 2021, versus \$0.3 million as of June 30, 2022. After adjusting for PPP Fee Income, Gross Income for the bank increased 63.8%.

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 \$0.20 cash dividend to all shareholders of record as of June 30, 2022, which was paid on July 8, 2022.

Further, Community Bank of Santa Maria continues to receive accolades from various industries. The Company was recognized by Pacific Coast Business Times on their list of Best Places to Work in 2022. Last quarter we announced The Findley Reports recognized us as a 2021 "Super Premier Performing" bank, and we are celebrating another quarter with a "Five Star" rating from Bauer Financial. We are committed to continuing this trend for our shareholders, staff, and community.

Below we share our financial goals for 2022 compared to actual performance as of the end of the second quarter. When we laid out these goals for 2022 there was still a fair amount of uncertainty surrounding economic conditions and interest rates. At that time we had no data to indicate rates would rise at the pace and level in which they have risen. Fortunately, the bank is well positioned to benefit from rising rates, as indicated by the growth in Gross Income (after adjusting for PPP Fee Income). The result is we have already exceeded our year-end goals. Please be assured this will not make us complacent. We are committed to returning to pre-pandemic levels of profitability as quickly as possible.

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>06/30/22¹</u>	<u>Year-end</u> <u>Goal</u> <u>2022</u>
Return on Average Assets	0.64%	0.55%
Return on Average Equity	10.03%	7.00%

¹ Annualized