



COMMUNITY BANCORP OF SANTA MARIA

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

July 12, 2021

To Our Valued Shareholders,

We are pleased to share with you the financial highlights for the Second Quarter, 2021. We hope you share our satisfaction with the following performance results.

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage Increase</u>
Net Loans	\$235,037,000	\$231,580,000	1.5%
Total Deposits	\$338,831,000	\$290,240,000	16.7%
Total Assets	\$371,325,000	\$330,505,000	12.4%
Net Income	\$ 1,438,275	\$ 1,057,326	36.0%

As you may recall, 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, 2020 the bank had \$54.8 million in PPP loans on the books. At June 30, 2021, the total had dropped to \$30.7 million as loans are paid off. This trend is expected to continue throughout the year. After adjusting for PPP loans, Net Loans increased 15.6% from June 30, 2020 to June 30, 2021. This indicates loan growth is much stronger than the percentage increase reflected above would indicate. It should also be acknowledged that recognition of PPP fee income on paid off PPP loans contributed to the increase in Net Income. Nevertheless, the bank is experiencing strong organic growth, which will continue to have positive impacts on the bank's performance in the long-term.

The Board of Directors is confident in the Company's level of Capital and long-term earnings potential, and therefore announced a \$0.20 cash dividend to all shareholders of record on June 30, 2021, which was paid on July 9, 2021. This is an increase of \$0.05, or 33.3%, over last year's cash dividend.

As a reminder, March 1, 2021 marked our 20-year Anniversary! In keeping with tradition, we sponsored a community shred event where we shredded 28,500 pounds of sensitive information for our customers and community. Additionally, we're celebrating all year long with a pledge to donate \$20,000 to local non-profits nominated by our customers. We're drawing two names a month, March through December, and each one receives a donation of \$1,000. It's our way of showing gratitude to our customers and community for their support these past 20 years. To date we have donated \$8,000 to local non-profits through this program.

We are excited to share with you that Community Bank of Santa Maria continues to receive accolades from various industries. The Company was recognized on American Banker's list of Top 200 Performing Banks for 2021. We have also been recognized by Pacific Coast Business Times on their list of Best Places to Work in 2021, as well as being a recipient of their Spirit of Small Business Award. Last quarter we announced The Findley Reports recognized us as a 2020 "Super Premier Performing" bank, and we are celebrating our 40th consecutive quarter with a "Five Star" rating from Bauer Financial. We are committed to continuing this trend for our shareholders, staff, and community.

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>06/30/21¹</u>	<u>Year-end</u> <u>Goal</u> <u>2021</u>
Return on Average Assets	0.82%	0.80%
Return on Average Equity	10.18%	9.25%

¹ Annualized