Santa Cruz County Bank Reports Outstanding Year to Date Performance and Record Earnings for the Second Quarter Ended June 30, 2014

Record Quarterly Net Income Over $1 Million

SANTA CRUZ, CA – July 15, 2014: Santa Cruz County Bank (OTCQB: SCZC), a locally owned and operated full-service community bank headquartered in Santa Cruz County, today announced unaudited earnings for the second quarter ended June 30, 2014.

SECOND QUARTER: JUNE 30, 2014 COMPARED TO MARCH 31, 2014
Net income increased $152.2 thousand, 18%, to $1.0 million
Total deposits increased $32.1 million, 9%, to $398.4 million
Gross loans increased $14.9 million, 5%, to $293.0 million
Total assets increased $32.7 million, 8%, to $440.0 million

SIX-MONTHS ENDED: JUNE 30, 2014 COMPARED TO JUNE 30, 2013
Net income increased $265.1 thousand, 16%, to $1.9 million
Total deposits increased $53.4 million, 15%, to $398.4 million
Gross loans increased $55.2 million, 23%, to $293.0 million
Total assets increased $58.8 million, 15%, to $440.0 million

David V. Heald, President and CEO, commented, “We are pleased with our record earnings and asset growth for the first half of the fiscal year. We achieved double-digit growth in loans and deposits which produced improved net interest margin and substantially better earnings. Our asset quality remains exceptional with past due loans at a low of .05% of total loans. With sustainable earnings, growth in countywide market share, and exceptional quality of assets, we continue to deliver solid returns to our shareholders.”

The Bank’s non-interest bearing deposits, as of June 30, 2014 compared to June 30, 2013 remained the same, at 45% of total deposits.

SECOND QUARTER HIGHLIGHTS:

The Bank declared a $0.05 quarterly cash dividend to shareholders of record as of June 25, 2014 and payable on July 10, 2014.

The Bank received a 4-Star “Excellent” rating by Bauer Financial, Inc. for its first quarter 2014 performance.

The Bank ranked 115th in American Banker Magazine’s “Top Performing 200 Community Banks and Thrifts in the United States” based upon 3-year average return on equity for the years ending December 31, 2011, 2012 and 2013.

ABOUT SANTA CRUZ COUNTY BANK
Santa Cruz County Bank, founded in 2004, is a locally owned and operated community bank with offices located in Aptos, Capitola, Santa Cruz, Scotts Valley and Watsonville. The Bank offers a

variety of competitive deposit and lending solutions for businesses and individuals; including business loans, lines of credit, commercial real estate financing, agricultural loans, SBA and USDA government guaranteed loans, credit cards, merchant services, remote deposit capture, and online banking bill payment and cash management. For the past seven years, the Bank's SBA Department has been recognized as a top SBA lender in Santa Cruz County for 7a and 504 loans.

RATINGS & AWARDS

The Findley Reports, Inc.
2012: One of eleven "Exceptional" Banks in California
2013, 2012, 2011, 2010: "Super Premier" Performing Bank

Bauer Financial Reports, Inc.
Santa Cruz County Bank has received the distinction of 4-Star "Excellent" and 5-Star "Superior" by Bauer Financial Reports, Inc., for its financial performance every quarter since 2007.

American Banker Magazine
2013, 2014: Santa Cruz County Bank ranked in the "Top Performing 200 Community Banks and Thrifts in the United States" based upon three-year average return on equity.

Community Awards
Santa Cruz County Bank received the 2013 Volunteer Center of Santa Cruz County "Be the Difference" Business Award for its leadership and volunteer efforts.

2013, 2014: Santa Cruz County Bank was voted "Best Bank' in Santa Cruz County in the Good Times Readers poll.

This release may contain forward-looking statements that are subject to risks and uncertainties. Such risks and uncertainties may include but are not necessarily limited to fluctuations in interest rates, inflation, government regulations and general economic conditions, and competition within the business areas in which the Bank is conducting its operations, including the real estate market in California and other factors beyond the Bank's control. Such risks and uncertainties could cause results for subsequent interim periods or for the entire year to differ materially from those indicated. Readers should not place undue reliance on the forward-looking statements, which reflect management's view only as of the date hereof. The Bank undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

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Selected Financial Data (unaudited)

	Quarter ended 6/30/14	Quarter ended 6/30/13	Change $	Change %	Quarter ended 3/31/14	Change $	Change %
Balance Sheet							
Total assets	$ 439,992,414	$ 381,152,211	$ 58,840,203	15%	$ 407,261,570	$ 32,730,844	8%
Gross loans	293,033,660	237,841,603	55,192,057	23%	278,164,942	14,868,718	5%
Allowance for loan losses	6,025,201	5,430,183	595,018	11%	5,827,129	198,072	3%
Non interest-bearing deposits	181,035,204	153,643,037	27,392,167	18%	164,354,466	16,680,738	10%
Total deposits	398,369,869	344,930,572	53,439,297	15%	366,294,411	32,075,458	9%
Shareholders' equity	35,869,952	30,724,547	5,145,405	17%	34,931,507	938,445	3%
BOOK VALUE PER SHARE	$ 16.79	$ 15.61			$ 16.35		

Income Statement	Quarter ended 6/30/14	Quarter ended 6/30/13	Change $	Change %	Quarter ended 3/31/14	Change $	Change %	Six-months ended 6/30/14	Six-months ended 6/30/13	Change $	Change %
Interest income	4,453,668	3,722,718	730,950	20%	4,213,273	240,395	6%	8,666,941	7,307,434	$ 1,359,507	19%
Interest expense	101,092	105,812	(4,720)	-4%	100,574	518	1%	201,666	214,033	(12,367)	-6%
Net interest income	4,352,576	3,616,906	735,670	20%	4,112,699	239,877	6%	8,465,275	7,093,401	1,371,874	19%
Provision for loan losses	187,500	150,000	37,500	25%	187,500	-	0%	375,000	300,000	75,000	25%
Non-interest income	779,301	822,688	(43,387)	-5%	911,283	(131,982)	-14%	1,690,584	1,643,928	46,656	3%
Non-interest expense	3,282,676	2,966,070	316,606	11%	3,432,396	(149,720)	-4%	6,715,072	5,826,550	888,522	15%
Net income before taxes	1,661,701	1,323,524	338,177	26%	1,404,086	257,615	18%	3,065,787	2,610,779	455,008	17%
Income tax expense	641,013	498,472	142,541	29%	535,567	105,446	20%	1,176,580	986,659	189,921	19%
Net income after taxes	$ 1,020,688	$ 825,052	195,636	24%	$ 868,519	152,169	18%	$ 1,889,207	$ 1,624,120	265,087	16%
BASIC EARNINGS PER SHARE	$ 0.48	$ 0.42			$ 0.41			$ 0.89	$ 0.83		

Ratios			
Net interest margin	4.31%	4.17%	4.28%
Tier 1 leverage ratio	8.62%	8.57%	8.70%

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