



**Santa Cruz County Bank Reports Earnings
for the First Quarter Ended March 31, 2016**
Net Interest Margin increases to 4.31%
ROAA 1.15%, ROAE 13.33%

SANTA CRUZ, CA – April 21, 2016: Santa Cruz County Bank (OTCQX: SCZC), a top rated, locally owned and operated full-service community bank headquartered in Santa Cruz County, today announced unaudited net income for the first quarter ended March 31, 2016 of \$1.5 million. This represents an increase of 3% compared to the prior quarter and an increase of 20% comparing this quarter with the same quarter in 2015. For the quarter, basic earnings per share increased \$0.11 to \$0.69, a 19% increase over the first quarter in 2015.

Pretax income for the quarter ended March 31, 2016 was \$2.51 million, an increase of \$484 thousand, 24%, compared to \$2.03 million for the quarter ended March 31, 2015.

President and CEO David V. Heald commented, “We are extremely pleased with first quarter results. Continued top financial performance is the consequence of cumulative years of Board and Management focus on building our bank to meet and exceed financial objectives centered on shareholder value. Successful achievement of these objectives ensures we meet the criteria to be named Super Premier Performing Bank, which we’ve accomplished for a sixth consecutive year.”

Selected financial information is presented in the following table:

	03.31.16	Three-Months Ended, 12.31.15	03.31.15
Balance Sheet			
Total assets	\$ 524,680,478	\$ 513,336,864	\$ 474,535,002
Gross loans	375,200,453	357,908,503	329,220,953
Allowance for loan losses	7,535,908	7,362,210	6,560,060
Non-interest-bearing deposits	194,380,033	208,935,959	173,573,733
Total deposits	472,004,239	462,235,030	428,119,862
Shareholders' equity	46,013,587	44,095,023	40,012,363
Net Income	\$ 1,500,173	\$ 1,453,432	\$ 1,250,152
Ratios			
Net interest margin	4.31%	3.90%	4.17%
Tier 1 leverage ratio	8.84%	8.42%	8.68%
Return on average assets	1.15%	1.09%	1.09%
Return on average equity	13.33%	13.29%	12.78%
Efficiency ratio	57.70%	52.12%	59.78%

Share and Per Share Data

Basic earnings per common share	\$0.69	\$0.68	\$0.58
Book value per common share	\$21.02	\$20.37	\$18.62
Total common shares outstanding	2,189,236	2,164,651	2,149,283

First Quarter Financial Highlights:

- Net interest margin of 4.31%
- First quarter return on average assets and equity of 1.15% and 13.33%, respectively
- Well capitalized with a total risk based capital ratio of 13.42%
- Continued exceptional credit quality with no loans on non-accrual
- 14% growth in loans, \$46 million increase over the first quarter of 2015
- 10% growth in deposits, \$44 million increase over the first quarter of 2015
- Basic earnings per share increased to \$0.69 from \$0.58 over the first quarter of 2015
- Book value per share after dividends increased by \$2.40 to \$21.02 over the first quarter of 2015

Loans, Asset Quality & Deposits

Total assets grew by \$11 million to \$525 million in the first quarter and by \$50 million over the last twelve months. The Bank's asset quality remained exceptional. For the first quarter, gross loans increased by \$17 million, and year over year increased \$46 million, 14% to \$375 million. Allowance for loan losses of \$7.5 million at March 31, 2016 represents a 15% increase over the same period last year. Deposits grew by 2%, \$10 million since December 31, 2015.

Non-Interest Income / Expense and Net Interest Margin

A component of the Bank's core business is the origination and sale of loans generated by its top producing SBA Department which results in gains that are included in non-interest income. When strategically beneficial, management may elect to forgo these sales to retain higher yielding earning assets which can benefit future earnings. For the first quarter of 2016, loan sales generated approximately \$420 thousand in gains which were included in the non-interest income total of \$965 thousand. This represented an increase of \$387 thousand over prior quarter, when no loans were sold, and an increase of \$56,000 over the same period in 2015.

Non-interest expense for the three-month period ended March 31, 2016, increased 27% or \$775 thousand compared to prior quarter and 12% or \$391 thousand compared to the same period last year. Overhead expense in the fourth quarter of 2015 benefited from a reversal of previously accrued expenses for professional services. The majority of the variance compared to the first quarter of 2015 is attributed to increases in cost of employee benefits combined with an increase in operational losses. Management actively monitors programs to prevent exposure to operational losses which were unusually high in this reporting period.

Net interest income of \$5.4 million for the quarter ended March 31, 2016 exceeded the prior quarter by \$415 thousand or 8% and exceeded the first quarter of 2015 by \$820 thousand or 18%. The improvement is driven by a continued focus on building high quality earning assets through loan production. Consequently, net interest margin improved to 4.31% compared to 4.17% for the same period last year and 3.90% for the fourth quarter of 2015.

Shareholders' Equity

Total shareholders' equity was \$46 million at March 31, 2016, a \$6 million, 15% increase over March 31, 2015. The value added to our shareholders was due to continued strong earnings. This increase was reduced by the payout of quarterly cash dividends. Common stock cash dividends totaled \$109 thousand or \$0.05 per share for the quarter ended March 31, 2016. Historically, the Bank has paid twelve consecutive \$0.05 cash dividends totaling over \$1.1 million to shareholders.

For the three month period ended March 31, 2016, the Bank's return on average equity was 13.33% and return on average assets was 1.15%. The book value per share of Santa Cruz County Bank's common stock at March 31, 2016 was \$21.02, up from \$18.62 for the same period in 2015.

ANNUAL MEETING NOTICE

The Bank's Annual Meeting of Shareholders will be May 24, 2016 at the Sesnon House at Cabrillo College, 4:00 p.m. Pacific Daylight Time.

NATIONAL, STATE, AND LOCAL RATINGS AND AWARDS

OTCQX Best 50: Santa Cruz County Bank was named one of 50 best performing companies on OTCQX based on total return and growth in average daily dollar volume in 2015.

Financial Management Consulting (FMC) Group: Santa Cruz County Bank ranked 2nd in overall performance among 185 California banks in 2015. The Bank ranked 1st (lowest) in non-performing assets and asset quality. The Bank has ranked in FMC's top ten banks for two consecutive years.

The Findley Reports, Inc.: Santa Cruz County Bank was named a Super Premier Performing Bank for its 2015 performance. This is the sixth year the Bank has received the top ranking of Super Premier by Findley.

Bauer Financial Reports, Inc.: Santa Cruz County Bank was rated four star or "excellent" for its financial performance for the previous quarter ended December 31, 2015.

Community Awards and Recognition

2016: United Way of Santa Cruz County "Corporate Spirit Award" for outstanding support.

2016, 2015, 2014, 2013: Voted "Best Bank" by the readers of Good Times, a weekly publication with distribution throughout Santa Cruz County.

2016, 2015: Voted "Best Bank" by the readers of Santa Cruz Sentinel, a daily publication with distribution throughout Santa Cruz County.

2013: Volunteer Center of Santa Cruz County "Be the Difference" Business Award for leadership and volunteerism.

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, mobile and online banking, bill payment, and cash management. For the past nine years, the Bank's SBA Department has been recognized as a top SBA lender in Santa Cruz County. Santa Cruz County Bank is the top USDA lender in the state of California.

Santa Cruz County Bank stock is publicly traded on the OTCQX marketplace under the stock symbol SCZC. Stock purchase orders may be placed through a brokerage firm or one of the Market Makers listed in the Investor Relations section of the bank's website. For more information about Santa Cruz County Bank, please visit our website www.sccountybank.com.

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	Quarter ended	Change		Quarter ended	Change	
	3/31/16	3/31/15	\$	%	12/31/15	\$	%
Balance Sheet							
Total assets	\$ 524,680,478	\$ 474,535,002	\$ 50,145,476	11%	\$ 513,336,864	\$ 11,343,614	2%
Gross loans	375,200,453	329,220,953	45,979,500	14%	357,908,503	17,291,950	5%
Allowance for loan losses	7,535,908	6,560,060	975,848	15%	7,362,210	173,698	2%
Non interest-bearing deposits	194,380,033	173,573,733	20,806,300	12%	208,935,959	(14,555,926)	-7%
Total deposits	472,004,239	428,119,862	43,884,377	10%	462,235,030	9,769,209	2%
Shareholders' equity	46,013,587	40,012,363	6,001,224	15%	44,095,023	1,918,564	4%
Income Statement							
Interest income	5,551,950	4,706,672	845,278	18%	5,117,338	434,612	8%
Interest expense	136,534	110,826	25,708	23%	116,595	19,939	17%
Net interest income	5,415,416	4,595,846	819,570	18%	5,000,743	414,673	8%
Provision for loan losses	187,500	187,500	-	0%	357,500	(170,000)	-48%
Non-interest income	964,623	908,685	55,938	6%	577,887	386,736	67%
Non-interest expense	3,681,557	3,290,381	391,176	12%	2,906,848	774,709	27%
Net income before taxes	2,510,982	2,026,650	484,332	24%	2,314,282	196,700	8.5%
Income tax expense	1,010,809	776,498	234,311	30%	860,850	149,959	17%
Net income after taxes	\$ 1,500,173	\$ 1,250,152	250,021	20%	\$ 1,453,432	46,741	3%
Basic earnings per share	\$ 0.69	\$ 0.58	\$ 0.11	19%	\$ 0.68		
Book value per share	\$ 21.02	\$ 18.62	\$ 2.40	13%	\$ 20.37		
Ratios							
Net interest margin	4.31%	4.17%			3.90%		
Tier 1 leverage ratio	8.84%	8.68%			8.42%		
Return on average assets	1.15%	1.09%			1.09%		
Return on average equity	13.33%	12.78%			13.29%		
Efficiency ratio	57.70%	59.78%			52.12%		