



COMMUNITY BANCORP OF SANTA MARIA

January 18, 2024

To Our Valued Shareholders,

We are pleased to share with you the following 2023 year-end financial highlights.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Percentage Change</u>
Net Income	\$ 3,926,000	\$ 3,599,000	9.1%
Net Loans	\$236,191,000	\$218,474,000	8.1%
Total Deposits	\$355,926,000	\$369,150,000	-3.6%
Total Assets	\$391,821,000	\$398,705,000	-1.7%

We are pleased to report a 9% increase in unaudited Net Income, especially in a year that has proved challenging for many other banks to increase earnings. An increase in Net Income also translates to an increase in Basic Earnings Per Share, which increased from \$1.66 in 2022 to \$1.81 in 2023. While the increase in income is largely attributed to our growth in loans and the elevated interest rate environment, we can also attribute it to our ability to control our interest expense.

The bank experienced 8.1% growth in loans in 2023 and maintained strong credit quality with no other real estate owned, no loans 90 days or more past due, and no loans on non-accrual status. Our ability to meet loan demand was possible due to effective liquidity management. Despite reporting a small decline in Deposits, the bank maintained ample liquidity. Between year-end 2019 and year-end 2022 the bank increased deposits by 57%, ending 2022 at \$369.2 million in Total Deposits. The small decline reported in 2023 is believed to be transitory and a reflection of shifting behaviors in business and personal investment in the current interest rate and economic environment. The bank's balance sheet is highly liquid and continues to be well capitalized with a Tier 1 Leverage Ratio as of December 31, 2023 of 9.92% (well above regulatory guidelines of 5%).

As we look forward to 2024, we anticipate continued growth and overall solid financial performance. We value and appreciate your support, which is why we are committed to continuing shareholder rewards in the form of dividends and long-term stock value appreciation. You can help by referring 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>12/31/23</u>	<u>Goal</u>
	<u>2023</u>	
Return on Average Assets	0.99%	1.10%
Return on Average Equity	16.05%	15.00%