

January 29, 2016



FOR IMMEDIATE RELEASE

**1st Capital Bank Announces
Fourth Quarter and Year to Date 2015 Financial Results;
Record Net Interest Income, Deposits, Assets, and Equity**

Monterey, California – January 29, 2016. **1st Capital Bank** (OTC Pink: FISB) reported net income of \$674 thousand for the three months ended December 31, 2015, an increase of 7.4% compared to net income of \$627 thousand in the fourth quarter of 2014 and an increase of 66.4% compared to income of \$405 thousand in the third quarter of 2015, the immediately preceding quarter. Earnings per share were \$0.16 (diluted), compared to \$0.16 (diluted) for the same period a year ago.

Year-to-date earnings were \$2.38 million, or \$0.58 per share (diluted), for the year ended December 31, 2015, an increase of 21.5% compared to \$1.96 million, or \$0.49 per share (diluted), for the year ended December 31, 2014.

Total assets grew \$12 million in the fourth quarter, to \$514 million at December 31, 2015, compared to \$502 million at September 30, 2015 as a result of growth in deposits of \$30 million, or 6.9%, from \$438 million at September 30, 2015 to \$468 million at December 31, 2015. Core deposits likewise increased \$31 million, or 7.5%. Net loans decreased \$10 million during the fourth quarter, from \$381 million at September 30, 2015 to \$371 million at December 31, 2015 as commercial and industrial borrowers reduced the utilization of their lines of credit, causing commercial and industrial loans to decline from \$46 million to \$43 million. The single-family residential portfolio experienced normal amortization and prepayments, totaling \$6 million. Consequently, no provision for loan losses was required, compared to a provision of \$365 thousand in the third quarter of 2015 and \$50 thousand in the fourth quarter of 2014.

Net interest income before provision for loan losses increased \$237 thousand, or 6.3%, to \$4.02 million, compared to \$3.78 million in the prior quarter. Net interest margin increased from 3.12% in the third quarter of 2015 to 3.21% in the fourth quarter of 2015.

The Bank's efficiency ratio improved from 73.0% in the third quarter of 2015 to 72.0% in the fourth quarter of 2015, as revenue growth outpaced the increase in expenses, which were centered in salaries and benefits.

"The Bank experienced strong deposit growth of \$30 million in the fourth quarter, increasing its noninterest-bearing demand deposit accounts by more than \$19 million," said Thomas E. Meyer, President and Chief Executive Officer. "While some of this growth can be

considered seasonal, it nevertheless reflects the vibrant business community we serve here on California's Central Coast." Meyer added, "The increase in core deposits and the improved mix of earning assets contributed to the improvement in our net interest margin."

"The Bank closed the year with a very high level of liquidity," said Michael J. Winiarski, Chief Financial Officer. "As we enter 2016, we will be focusing on deploying those funds in our core loan portfolio and exploring opportunities to control our cost of funds and enhance our leverage ratio."

"We are pleased to welcome Robin Seelye as Chief Administrative Officer for the Bank," said Kurt Gollnick, Chairman of the Board, "Robin's extensive background in banking operations and technology, strong leadership skills, and focus on the bottom line are already making themselves felt as we expand the Bank's revenue streams while continuing to control costs."

FOURTH QUARTER HIGHLIGHTS

- Net interest income before provision for credit losses was \$4.02 million for the fourth quarter of 2015, compared to \$3.78 million for the third quarter of 2015 and \$3.61 million for the fourth quarter of 2014. Average earning assets increased from \$449 million in the fourth quarter of 2014 to \$480 million in the third quarter of 2015 and to \$496 million in the fourth quarter of 2015. Net interest margin increased from 3.19% in the fourth quarter of 2014 and 3.12% in the third quarter of 2015 to 3.21% in the fourth quarter of 2015.
- The provision for credit losses was \$0 in the fourth quarter of 2015, compared to \$365 thousand in the third quarter of 2015 and \$50 thousand in the fourth quarter of 2014.
- The allowance for loan losses increased from 1.53% at September 30, 2015 and decreased from 1.63% of gross loans outstanding at December 31, 2014 to 1.57% of outstanding loans at December 31, 2015, reflecting the proportion of the portfolio comprising single-family and multi-family residential loans, which require smaller allowance levels in the portfolio.
- Investments available for sale decreased \$4.7 million in the fourth quarter, from \$89 million at September 30, 2015 to \$84 million at December 31, 2015, freeing up funds for additional lending.
- Deposits increased \$30 million, or 6.9%, to \$468 million at December 31, 2015 from \$438 million at September 30, 2015 and increased \$46 million, or 10.8% from \$423 million at December 31, 2014. Deposit growth allowed the Bank to pay off \$19 million of secured borrowings outstanding at September 30, 2015.
- Demand deposit accounts made up 43.7% of deposits at December 31, 2015, compared to 40.1% at September 30, 2015 and 43.0% at December 31, 2014.

NET INTEREST INCOME BEFORE PROVISION FOR CREDIT LOSSES

Net interest income before provision for credit losses was \$4.02 million for the fourth quarter of 2015, an increase of \$237 thousand, or 6.3%, compared to \$3.78 million for the third quarter of 2015, and an increase of \$454 thousand, or 12.7%, compared to the fourth quarter of 2014.

Average earning assets were \$496 million during the fourth quarter of 2015, an increase of 6.3% compared to \$480 million in the third quarter of 2015. The yield on earning assets was 3.34% in the fourth quarter, compared to 3.26% in the third quarter, reflecting a larger average balance of loans receivable, but a smaller investment securities portfolio. The average balance of the Bank's loan portfolio was \$377 million in the fourth quarter of 2015, compared to \$356 million in the third quarter, and the yield on the loan portfolio was 4.14% in both the fourth and third quarters. The average balance of investments available for sale ("AFS") declined \$10 million sequentially, from \$97 million in the third quarter of 2015 to \$87 million in the fourth quarter of 2015. The yield on AFS investments increased from 0.61% in the third quarter of 2015 to 0.73% in the fourth quarter of 2015. The cost of interest-bearing liabilities decreased from 0.24% in the third quarter of 2015 to 0.23% in the fourth quarter of 2015, while the average balance of interest-bearing liabilities was \$274 million in both the third and fourth quarters of 2015. The average balance of noninterest-bearing demand deposit accounts ("DDAs") increased \$16 million, or 9.9%, from \$167 million in the third quarter of 2015 to \$184 million in the fourth quarter of 2015, causing the Bank's cost of funds to decline to 0.14% in the fourth quarter of 2015 from 0.15% in the third quarter of 2015.

Gross loans receivable decreased \$10 million, or 2.6%, to \$377 million at December 31, 2015 from \$387 million at September 30, 2015 and increased \$50 million, or 15.4%, from \$327 million outstanding at December 31, 2014. During the fourth quarter of 2015, the Bank's commercial real estate portfolio increased 0.2%, from \$176.1 million to \$176.4 million. Single-family residential loans, all of which were acquired or originated in prior quarters primarily through loan pool purchases, decreased \$6 million, or 0.4%, as a result of normal amortization and prepayments of \$5 million, as well as a \$1 million decrease in outstanding balances on home equity lines of credit. Commercial and industrial loans outstanding declined \$3 million, from \$46 million at September 30, 2015 to \$43 million at December 31, 2015, as credit line utilization declined from 34% to 32%, largely as a result of the very strong operating results of local agricultural and agriculture-related companies.

Non-performing loans decreased from \$1.9 million at September 30, 2015 and increased from \$773 thousand at December 31, 2014 to \$1.7 million at December 31, 2015. Loans over 90 days past due (all of which were on non-performing status) were \$0, \$21 thousand, and \$0 at December 31, 2014, September 30, 2015, and December 31, 2015, respectively. The Bank recorded net charge-offs of \$4 thousand in the fourth quarter of 2015, net of \$17 thousand in recoveries.

PROVISION FOR CREDIT LOSSES

The provision for credit losses is a charge against current earnings in an amount determined by management to be necessary to maintain the allowance for loan losses at a level sufficient to absorb estimated probable losses inherent in the loan portfolio in light of losses historically incurred by the Bank and adjusted for qualitative factors associated with the loan portfolio. The Bank did not record a provision for losses in the fourth quarter of 2015, while the provision was \$365 thousand in the third quarter of 2015 and \$50 thousand in the fourth quarter of 2014. The decrease in the provision reflects the total amount of loan principal outstanding, which decreased from \$387 million at September 30, 2015 to \$377 million at December 31, 2015. It also reflects the payment history of the portfolio (which included no loans 90 days or more past due at December 31, 2015), changes in the mix of loan types within the portfolio and their respective loss histories, as well as management's assessment of the amounts expected to be realized from certain loans identified as impaired. Impaired loans totaled \$9.1 million at December 31, 2015, compared to \$9.4 million at September 30, 2015, and \$8.6 million at December 31, 2014.

At December 31, 2015, non-performing loans were 0.46% of the total loan portfolio, compared to 0.49% at September 30, 2015 and 0.24% at December 31, 2014. At December 31, 2015, the allowance for loan losses was 1.57% of outstanding loans, compared to 1.53% and 1.63% at September 30, 2015 and December 31, 2014, respectively, reflecting primarily the proportion of single-family mortgages in the loan portfolio.

NON-INTEREST INCOME

Non-interest income recognized in the fourth quarter of 2015 was \$74 thousand, a decrease of \$33 thousand, or 30.4%, from \$107 thousand in the third quarter of 2015, and a decrease of \$11 thousand from the fourth quarter of 2014. Gain on sales of Small Business Administration guaranteed loans declined \$27 thousand, from \$38 thousand in the third quarter of 2015 to \$11 thousand in the fourth quarter of 2015.

NON-INTEREST EXPENSES

Non-interest expenses increased \$109 thousand, or 3.8%, to \$2.95 million for the fourth quarter of 2015, compared to \$2.84 million for the third quarter of 2015, and increased \$362 thousand, or 14.0%, compared to the fourth quarter of 2014. Salaries and benefits increased \$115 thousand, or 6.8%, from \$1.70 million in the third quarter of 2015 to \$1.82 million in the fourth quarter of 2015. Compared to the prior quarter, base salaries increased \$5 thousand, while stock-based compensation expense was \$58 thousand higher than the previous quarter because there was employee turnover in the third quarter that caused forfeitures and, therefore, a lower level of compensation expense. In addition, there were additional participants in the equity compensation plan in the fourth quarter. Salaries and benefits, occupancy costs, and furniture and equipment expenses increased \$281 thousand, \$13 thousand, and \$30 thousand, respectively, compared to the fourth quarter of 2014, reflecting the opening of the Bank's San Luis Obispo branch in 2015.

The efficiency ratio (non-interest expenses divided by the sum of net interest income before provision for loan losses and non-interest income) was 72.0% for the fourth quarter of 2015, compared to 73.0% for the third quarter of 2015 and 69.9% for the fourth quarter of 2014. Non-interest expenses as a percent of average total assets were 2.33%, 2.32%, and 2.26% for the fourth quarter of 2015, the third quarter of 2015, and the fourth quarter of 2014, respectively.

PROVISION FOR INCOME TAXES

The Bank's effective book tax rate was 41.1% in the fourth quarter of 2015, compared to 40.9% for the third quarter of 2015 and 41.1% for the fourth quarter of 2015. For the years ended December 31, 2015 and 2014, the Bank's effective book tax rate was 37.8% and 41.1%, respectively. In 2015, the Bank realized and recognized \$249 in tax-free bank-owned life insurance benefits, compared to no such benefits for 2014. The income tax provision for 2015 also reflects the Bank's settlement with the California Franchise Tax Board for certain Enterprise Zone interest deductions taken in 2009 and 2010.

About 1st Capital Bank

The Bank's primary target markets are commercial enterprises, professionals, real estate investors, family business entities, and residents along the Central Coast Region of California. The Bank provides a wide range of credit products, including loans under various government programs such as those provided through the U.S. Small Business Administration ("SBA") and the U.S. Department of Agriculture ("USDA"). A full suite of deposit accounts is also furnished, complemented by robust cash management services. The Bank operates full service branch offices in Monterey, Salinas, King City, and San Luis Obispo. The Bank's corporate offices are located at 5 Harris Court, Building N, Monterey, California 93940. The Bank's website is www.1stCapitalBank.com. The main telephone number is 831.264.4000. The primary facsimile number is 831.264.4001.

Member FDIC / Equal Opportunity Lender / SBA Preferred Lender

Forward-Looking Statements

Certain of the statements contained herein that are not historical facts are "forward-looking statements" within the meaning of and subject to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may contain words or phrases including, but not limited, to: "believe," "expect," "anticipate," "intend," "estimate," "target," "plans," "may increase," "may fluctuate," "may result in," "are projected," and variations of those words and similar expressions. All such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. Factors that might cause such a difference include, among other matters, changes in interest rates; economic conditions including inflation and real estate values in California and the Bank's market areas; governmental regulation and legislation; credit quality; competition affecting the Bank's businesses generally; the risk of natural disasters and future catastrophic

events including terrorist related incidents and other factors beyond the Bank's control; and other factors. The Bank does not undertake, and specifically disclaims any obligation, to update or revise any forward-looking statements, whether to reflect new information, future events, or otherwise, except as required by law.

This news release is available at the www.1stCapitalBank.com internet site for no charge.

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--- financial data follow ---

1ST CAPITAL BANK
CONDENSED FINANCIAL DATA
(Unaudited)
(Dollars in thousands, except share and per share data)

| <u>Financial Condition Data</u> ¹ | December 31, <u>2015</u> | September 30, <u>2015</u> | June 30, <u>2015</u> | December 31, <u>2014</u> |
|---|-----------------------------|------------------------------|--------------------------|-----------------------------|
| Assets | | | | |
| Cash and due from banks | \$ 3,334 | \$ 3,380 | \$ 3,261 | \$ 2,654 |
| Funds held at the Federal Reserve Bank ² | 42,857 | 16,004 | 23,759 | 31,598 |
| Time deposits at other financial institutions | 2,241 | 2,241 | 2,739 | 2,988 |
| Available-for-sale securities, at fair value | 84,203 | 88,891 | 98,672 | 96,807 |
| Loans receivable held for investment: | | | | |
| Construction / land (including farmland) | 17,499 | 17,814 | 20,274 | 16,600 |
| Residential 1 to 4 units | 124,741 | 129,564 | 107,792 | 97,142 |
| Home equity lines of credit | 8,594 | 9,636 | 7,515 | 8,327 |
| Multifamily | 36,862 | 35,202 | 31,290 | 16,118 |
| Owner occupied commercial real estate | 56,046 | 55,111 | 53,848 | 60,064 |
| Investor commercial real estate | 83,532 | 85,766 | 75,210 | 73,095 |
| Commercial and industrial | 42,528 | 45,584 | 45,038 | 46,922 |
| Other loans | 6,909 | 8,022 | 6,264 | 8,233 |
| Total loans | <u>376,711</u> | <u>386,699</u> | <u>347,231</u> | <u>326,501</u> |
| Allowance for loan losses | <u>(5,921)</u> | <u>(5,926)</u> | <u>(5,549)</u> | <u>(5,325)</u> |
| Net loans | 370,790 | 380,773 | 341,682 | 321,176 |
| Premises and equipment, net | 1,612 | 1,679 | 1,689 | 1,423 |
| Bank owned life insurance | 2,350 | 2,335 | 2,321 | 2,549 |
| Investment in FHLB ³ stock, at cost | 2,593 | 2,593 | 2,593 | 2,007 |
| Accrued interest receivable and other assets | 3,370 | 4,422 | 3,950 | 3,661 |
| Total assets | <u>\$ 513,950</u> | <u>\$ 502,318</u> | <u>\$ 480,666</u> | <u>\$ 464,863</u> |
| Liabilities and shareholders' equity | | | | |
| Deposits: | | | | |
| Noninterest bearing demand deposits | \$ 204,624 | \$ 175,958 | \$ 159,920 | \$ 181,939 |
| Interest bearing checking accounts | 29,838 | 30,999 | 28,329 | 22,447 |
| Money market deposits | 110,490 | 104,876 | 120,449 | 103,804 |
| Savings deposits | 94,315 | 96,634 | 98,262 | 83,689 |
| Time deposits | 29,121 | 29,788 | 29,434 | 30,874 |
| Total deposits | <u>468,388</u> | <u>438,255</u> | <u>436,394</u> | <u>422,753</u> |
| Borrowings | -- | 19,000 | -- | -- |
| Accrued interest payable and other liabilities | 1,073 | 1,336 | 1,056 | 929 |
| Shareholders' equity | 44,489 | 43,727 | 43,216 | 41,181 |
| Total liabilities and shareholders' equity | <u>\$ 513,950</u> | <u>\$ 502,318</u> | <u>\$ 480,666</u> | <u>\$ 464,863</u> |
| Shares outstanding ⁴ | 4,064,485 | 4,035,417 | 3,842,905 | 3,779,039 |
| Nominal and tangible book value per share | \$ 10.95 | \$ 10.84 | \$ 11.25 | \$ 10.90 |
| Ratio of net loans held for investment to total deposits | 76.16% | 86.88% | 78.30% | 75.97% |

1 = Loans held for investment are presented according to definitions applicable to the regulatory Call Report.

2 = Includes cash letters in the process of collection settled through the Federal Reserve Bank.

3 = Federal Home Loan Bank

4 = Shares outstanding and book value per share reflect the 5% stock dividend declared July 29, 2015 and payable September 30, 2015.

1ST CAPITAL BANK
CONDENSED FINANCIAL DATA
(Unaudited)
(Dollars in thousands, except share and per share data)

| | Three Months Ended | | | |
|---|-----------------------------|------------------------------|-------------------------|-----------------------------|
| | December 31, <u>2015</u> | September 30, <u>2015</u> | June 30, <u>2015</u> | December 31, <u>2014</u> |
| <u>Operating Results Data</u>¹ | | | | |
| Interest and dividend income | | | | |
| Loans | \$ 3,938 | \$ 3,718 | \$ 3,571 | \$ 3,566 |
| Investment securities | 160 | 149 | 155 | 148 |
| Federal Home Loan Bank stock | 58 | 61 | 127 | 37 |
| Other | 23 | 19 | 18 | 17 |
| Total interest and dividend income | <u>4,179</u> | <u>3,947</u> | <u>3,871</u> | <u>3,768</u> |
| Interest expense | | | | |
| Interest bearing checking | 3 | 3 | 2 | 6 |
| Money market deposits | 71 | 77 | 88 | 73 |
| Savings deposits | 72 | 73 | 68 | 61 |
| Time deposits | 14 | 13 | 12 | 14 |
| Total interest expense on deposits | <u>160</u> | <u>166</u> | <u>170</u> | <u>154</u> |
| Interest expense on borrowings | 2 | 1 | 1 | 1 |
| Total interest expense | <u>162</u> | <u>167</u> | <u>171</u> | <u>155</u> |
| Net interest income | <u>4,017</u> | <u>3,780</u> | <u>3,700</u> | <u>3,613</u> |
| Provision for loan losses | <u>--</u> | <u>365</u> | <u>--</u> | <u>50</u> |
| Net interest income after provision for loan losses | <u>4,017</u> | <u>3,415</u> | <u>3,700</u> | <u>3,563</u> |
| Noninterest income | | | | |
| Service charges on deposits | 34 | 29 | 29 | 30 |
| BOLI dividend income | 15 | 15 | 14 | 17 |
| Gain on sale of loans | 11 | 38 | 51 | 19 |
| Gain on sale of securities | -- | -- | -- | -- |
| Other | 14 | 25 | 18 | 19 |
| Total noninterest income | <u>74</u> | <u>107</u> | <u>112</u> | <u>85</u> |

1ST CAPITAL BANK
CONDENSED FINANCIAL DATA, continued
(Unaudited)
(Dollars in thousands, except share and per share data)

| | Three Months Ended | | | |
|--|-----------------------------|------------------------------|-------------------------|-----------------------------|
| | December 31, <u>2015</u> | September 30, <u>2015</u> | June 30, <u>2015</u> | December 31, <u>2014</u> |
| Noninterest expenses | | | | |
| Salaries and benefits | 1,817 | 1,702 | 1,744 | 1,536 |
| Occupancy | 219 | 224 | 198 | 206 |
| Data and item processing | 149 | 161 | 144 | 138 |
| Professional services | 132 | 137 | 151 | 130 |
| Furniture and equipment | 127 | 127 | 107 | 97 |
| Provision for unfunded loan commitments | 19 | (6) | 10 | (8) |
| Other | 483 | 492 | 470 | 485 |
| Total noninterest expenses | <u>2,946</u> | <u>2,837</u> | <u>2,824</u> | <u>2,584</u> |
| Income before provision for income taxes | 1,145 | 685 | 988 | 1,064 |
| Provision for income taxes | 471 | 280 | 387 | 437 |
| Net income | <u>\$ 674</u> | <u>\$ 405</u> | <u>\$ 601</u> | <u>\$ 627</u> |

Common Share Data²

| | | | | |
|-------------------------------------|-----------|-----------|-----------|-----------|
| Earnings per share | | | | |
| Basic | \$ 0.17 | \$ 0.10 | \$ 0.15 | \$ 0.16 |
| Diluted | \$ 0.16 | \$ 0.10 | \$ 0.15 | \$ 0.16 |
| Weighted average shares outstanding | | | | |
| Basic | 4,052,646 | 4,035,543 | 4,028,844 | 3,950,347 |
| Diluted | 4,131,661 | 4,108,966 | 4,085,410 | 4,015,706 |

¹ = Certain reclassifications have been made to prior period financial statements to conform them to the current period presentation.

² = Earnings per share and weighted average shares outstanding have been restated to reflect the effect of the 5% stock dividend declared July 29, 2015 and payable September 30, 2015.

1ST CAPITAL BANK
CONDENSED FINANCIAL DATA
(Unaudited)
(Dollars in thousands, except share and per share data)

| | 12 Months Ended | |
|---|-----------------------------|-----------------------------|
| | December 31, <u>2015</u> | December 31, <u>2014</u> |
| <u>Operating Results Data</u> ¹ | | |
| Interest and dividend income | | |
| Loans | \$ 14,732 | \$ 12,921 |
| Investment securities | 617 | 681 |
| Federal Home Loan Bank stock | 279 | 1370 |
| Other | 82 | 81 |
| Total interest and dividend income | <u>15,710</u> | <u>13,819</u> |
| Interest expense | | |
| Interest bearing checking | 11 | 27 |
| Money market deposits | 319 | 291 |
| Savings deposits | 280 | 243 |
| Time deposits | 51 | 58 |
| Total interest expense in deposits | <u>661</u> | <u>618</u> |
| Interest expense on borrowings | 4 | 2 |
| Total interest expense | <u>665</u> | <u>622</u> |
| Net interest income | 15,045 | 13,198 |
| Provision for loan losses | 565 | 575 |
| Net interest income after provision for loan losses | <u>14,480</u> | <u>12,623</u> |
| Noninterest income | | |
| Service charges on deposits | 123 | 122 |
| BOLI dividend income | 60 | 78 |
| BOLI benefits | 249 | -- |
| Gain on sale of loans | 100 | 19 |
| Gain on sale of securities | -- | 162 |
| Other | 78 | 84 |
| Total noninterest income | <u>610</u> | <u>465</u> |

1ST CAPITAL BANK
CONDENSED FINANCIAL DATA
(Unaudited)
(Dollars in thousands, except share and per share data)

| | 12 Months Ended | |
|--|----------------------|----------------------|
| | December 31, 2015 | December 31, 2014 |
| Noninterest expenses | | |
| Salaries and benefits | 6,890 | 5,858 |
| Occupancy | 841 | 764 |
| Data and item processing | 596 | 564 |
| Professional services | 532 | 529 |
| Furniture and equipment | 459 | 333 |
| Provision for unfunded loan commitments | 31 | (3) |
| Other | 1,916 | 1,714 |
| Total noninterest expenses | 11,265 | 9,759 |
| Income before provision for income taxes | 3,825 | 3,330 |
| Provision for income taxes | 1,444 | 1,369 |
| Net income | \$ 2,381 | 1,960 |
| | | |
| <u>Common Share Data</u> ² | | |
| Earnings per share | | |
| Basic | \$ 0.59 | \$ 0.50 |
| Diluted | \$ 0.58 | \$ 0.49 |
| | | |
| Weighted average shares outstanding | | |
| Basic | 4,025,635 | 3,902,358 |
| Diluted | 4,091,555 | 3,964,335 |

¹ = Certain reclassifications have been made to prior period financial statements to conform them to the current period presentation.

² = Earnings per share and weighted average shares outstanding have been restated to reflect the effect of the 5% stock dividend declared July 29, 2015 and payable September 30, 2015.

1ST CAPITAL BANK
CONDENSED FINANCIAL DATA
(Unaudited)
(Dollars in thousands)

| | December 31, <u>2015</u> | September 30, <u>2015</u> | June 30, <u>2015</u> | December 31, <u>2014</u> |
|--|-----------------------------|------------------------------|-------------------------|-----------------------------|
| <u>Asset Quality</u> | | | | |
| Loans past due 90 days or more and accruing interest | \$ -- | \$ -- | \$ -- | \$ -- |
| Nonaccrual restructured loans | 1,526 | 1,543 | -- | 222 |
| Other nonaccrual loans | 205 | 358 | 92 | 551 |
| Other real estate owned | -- | -- | -- | -- |
| | <u>\$ 1,731</u> | <u>\$ 1,901</u> | <u>\$ 92</u> | <u>\$ 773</u> |
| Allowance for loan losses to total loans | 1.57% | 1.53% | 1.60% | 1.63% |
| Allowance for loan losses to nonperforming loans | 342.06% | 311.73% | 6,031.52% | 688.87% |
| Nonaccrual loans to total loans | 0.46% | 0.49% | 0.03% | 0.24% |
| Nonperforming assets to total assets | 0.34% | 0.38% | 0.02% | 0.17% |

Regulatory Capital and Ratios

| | | | | |
|---|-----------|-----------|-----------|-----------|
| Common equity tier 1 capital | \$ 44,258 | \$ 43,437 | \$ 42,941 | NA |
| Tier 1 regulatory capital | \$ 44,258 | \$ 43,437 | \$ 42,941 | \$ 40,924 |
| Total regulatory capital | \$ 48,461 | \$ 47,745 | \$ 46,919 | \$ 44,692 |
| Tier 1 leverage ratio | 8.82% | 8.94% | 8.97% | 9.01% |
| Common equity tier 1 risk based capital ratio | 13.24% | 12.67% | 13.57% | NA |
| Tier 1 risk based capital ratio | 13.24% | 12.67% | 13.57% | 13.66% |
| Total risk based capital ratio | 14.49% | 13.92% | 14.82% | 14.91% |

| | Three Months Ended | | | |
|---|-----------------------------|------------------------------|-------------------------|-----------------------------|
| | December 31, <u>2015</u> | September 30, <u>2015</u> | June 30, <u>2015</u> | December 31, <u>2014</u> |
| <u>Selected Financial Ratios¹</u> | | | | |
| Return on average total assets | 0.53% | 0.33% | 0.50% | 0.55% |
| Return on average shareholders' equity | 6.04% | 3.68% | 5.60% | 6.09% |
| Net interest margin | 3.21% | 3.12% | 3.13% | 3.19% |
| Net interest income to average total assets | 3.17% | 3.08% | 3.10% | 3.15% |
| Efficiency ratio | 72.03% | 72.99% | 74.08% | 69.88% |

¹ = All Selected Financial Ratios are annualized other than the Efficiency Ratio.

| | Three Months Ended | | | |
|---|-----------------------------|------------------------------|-------------------------|-----------------------------|
| | December 31, <u>2015</u> | September 30, <u>2015</u> | June 30, <u>2015</u> | December 31, <u>2014</u> |
| <u>Selected Average Balances</u> | | | | |
| Gross loans | \$ 376,956 | \$ 355,960 | \$ 345,008 | \$ 326,795 |
| Investment securities | 86,974 | 97,070 | 101,475 | 99,588 |
| Federal Home Loan Bank stock | 2,593 | 2,593 | 2,445 | 2,007 |
| Other interest earning assets | 29,366 | 24,842 | 25,233 | 20,605 |
| Total interest earning assets | <u>\$ 495,889</u> | <u>\$ 480,465</u> | <u>\$ 474,161</u> | <u>\$ 448,995</u> |
| Total assets | \$ 502,349 | \$ 486,149 | \$ 479,363 | \$ 454,480 |
| Interest bearing checking accounts | \$ 31,352 | \$ 30,203 | \$ 26,132 | \$ 22,480 |
| Money market deposits | 114,281 | 113,377 | 125,098 | 110,179 |
| Savings deposits | 96,740 | 97,353 | 91,735 | 82,982 |
| Time deposits | 29,460 | 29,664 | 29,775 | 30,701 |
| Total interest bearing deposits | <u>271,833</u> | <u>270,597</u> | <u>272,740</u> | <u>246,342</u> |
| Noninterest bearing demand deposits | 183,569 | 166,990 | 160,349 | 161,797 |
| Total deposits | <u>\$ 455,402</u> | <u>\$ 437,587</u> | <u>\$ 433,089</u> | <u>\$ 408,139</u> |
| Borrowings | \$ 2,283 | \$ 3,742 | \$ 2,154 | \$ 4,435 |
| Shareholders' equity | \$ 44,308 | \$ 43,697 | \$ 43,013 | \$ 40,857 |

1ST CAPITAL BANK
CONDENSED FINANCIAL DATA
(Unaudited)
(Dollars in thousands)

| | 12 Months Ended | |
|--|----------------------|----------------------|
| | December 31, 2015 | December 31, 2014 |
| Selected Financial Ratios¹ | | |
| Return on average total assets | 0.49% | 0.45% |
| Return on average shareholders' equity | 5.51% | 4.96% |
| Net interest margin | 3.14% | 3.09% |
| Net interest income to average total assets | 3.10% | 3.04% |
| Efficiency ratio | 71.96% | 71.42% |

¹ = All Selected Financial Ratios are annualized other than the Efficiency Ratio.

| | 12 Months Ended | |
|--|----------------------|----------------------|
| | December 31, 2015 | December 31, 2014 |
| Selected Average Balances¹ | | |
| Gross loans | \$ 352,971 | \$ 295,467 |
| Investment securities | 96,676 | 103,302 |
| Federal Home Loan Bank stock | 2,411 | 1,847 |
| Other interest earning assets | 27,700 | 26,164 |
| Total interest earning assets | \$ 479,758 | \$ 426,780 |
| Total assets | \$ 485,551 | \$ 433,590 |
| Interest bearing checking accounts | \$ 27,709 | \$ 22,344 |
| Money market deposits | 118,298 | 106,203 |
| Savings deposits | 94,087 | 81,801 |
| Time deposits | 29,868 | 30,020 |
| Total interest bearing deposits | 269,963 | 240,368 |
| Noninterest bearing demand deposits | 169,419 | 151,192 |
| Total deposits | \$ 439,381 | \$ 391,560 |
| Borrowings | \$ 2,056 | \$ 1,599 |
| Shareholders' equity | \$ 43,244 | \$ 39,506 |

¹ = Certain reclassifications have been made to prior period financial statements to conform them to the current period presentation.