

January 31, 2018

FOR IMMEDIATE RELEASE



**1st Capital Bank Announces
Fourth Quarter 2017 Financial Results;
Record Quarterly Pre-Tax Income of \$1.79 Million;
Quarterly Net Income of \$182 Thousand**

Salinas, California – January 31, 2018. **1st Capital Bank** (OTC Pink: FISB) reported unaudited net income of \$182 thousand for the three months ended December 31, 2017, compared to net income of \$1.03 million for the three months ended December 31, 2016 and net income of \$1.02 million for the three months ended September 30, 2017, the immediately preceding quarter. Earnings per share were \$0.04 (diluted), compared to \$0.22 (diluted) for the prior quarter.

With the signing into law of the Tax Cuts and Jobs Act of 2017, generally accepted accounting principles (“GAAP”) require deferred tax assets and liabilities on corporate balance sheets be revalued to reflect the value of the future tax benefits associated with temporary differences between GAAP and Federal income tax accounting, using the new 21% top marginal rate, which replaces the 35% top marginal rate. As a result of the change in marginal rates, the Bank made an adjustment to the value of its net deferred tax assets, causing additional income tax expense of \$913 thousand, or \$0.19 per diluted share for the fourth quarter of 2017.

“While the benefits of lower income tax rates in 2018 and beyond will be very positive for 1st Capital Bank and most companies, the adjustment of our net deferred tax assets negatively impacted the Bank’s reported operating results for the fourth quarter and the entire year” said Thomas E. Meyer, President and Chief Executive Officer.

Unaudited net income for the year ended December 31, 2017 decreased 7.3% to \$2.84 million, compared to \$3.07 million for the year ended December 31, 2016. Pre-tax income for 2017 rose significantly to \$6.11 million, however, 20.6% above 2016’s pre-tax income of \$5.06 million.

Net interest margin increased from 3.52% in the third quarter of 2017 to 3.68% in the fourth quarter of 2017. Net interest income before provision for loan losses for the three-month period ended December 31, 2017 was \$5.12 million, an increase of \$207 thousand, or 4.2%, compared to \$4.91 million recognized in the three-month period ended September 30, 2017. On a year-over-year basis, quarterly net interest income before provision for loan losses increased \$548 thousand, or 12.0%, from \$4.57 million recognized in the fourth quarter of 2016.

For the year ended December 31, 2017, net interest income before provision for loan losses increased 12.7%, from \$16.99 million in the year ended December 31, 2016 to \$19.14 million in the year ended December 31, 2017. The Bank’s net interest margin expanded from

3.20% in 2016 to 3.50% in 2017. Growth in average loans outstanding, which increased \$25 million, or 6.49%, from \$391 million in 2016 to \$416 million in 2017, made up the bulk of growth in average interest-earning assets, which increased \$17 million, or 3.18%, from \$531 million in 2016 to \$548 million in 2017.

In 2017, loan growth was concentrated in the core portfolio, including commercial real estate loans, which organically grew \$28 million, or 19.1%, from \$145 million as of December 31, 2016 to \$173 million as of December 31, 2017. Commercial and industrial loans grew \$6 million, or 14.2%, from \$45 million as of December 31, 2016 to \$52 million as of December 31, 2017. Over the same period, the single-family residential portfolio, which consists primarily of purchased loans, decreased \$6 million, or 4.7%, from \$121 million as of December 31, 2016 to \$115 million as of December 31, 2017, net of \$25 million of single-family loans purchased in the third and fourth quarters of 2017. Overall, the loan portfolio increased \$23 million, or 5.6%, from \$405 million as of December 31, 2016 to \$428 million as of December 31, 2017.

“Our annual operating results reflect a nearly 12% growth in our core commercial and industrial and commercial real estate portfolios during 2017,” said Thomas E. Meyer, President and Chief Executive Officer. “Our experienced group of relationship bankers enjoyed a strong finish during the fourth quarter of 2017, and enters 2018 with a robust pipeline of new lending opportunities. We have increased our core lending portfolio the past few years while maintaining exceptional credit quality.”

Total deposits increased \$6 million, or 1.2%, to \$526 million as of December 31, 2017, from \$520 million as of September 30, 2017, and increased \$25 million, or 5.1% from \$501 million as of December 31, 2016. The Bank’s cost of funds declined from 0.14% for the year ended December 31, 2016 to 0.12% for the year ended December 31, 2017, reflecting an increase in the ratio of average noninterest-bearing deposits to total deposits from 40.9% in 2016 to 45.4% in 2017.

“Our noninterest-bearing deposits made up 49.7% of our total deposits at December 31, 2017 and are the primary driver of our continued low cost of funds,” said Michael J. Winiarski, Executive Vice President and Chief Financial Officer.

NET INTEREST INCOME BEFORE PROVISION FOR CREDIT LOSSES

Net interest income before provision for credit losses was \$5.12 million in the fourth quarter of 2017, an increase of \$548 thousand, or 12.0%, compared to \$4.57 million in the fourth quarter of 2016 and an increase of \$207 thousand, or 4.2%, compared to \$4.91 million in the third quarter of 2017.

Average earning assets were \$552 million during the fourth quarter of 2017, a decrease of 0.3% compared to \$554 million in the third quarter of 2017. The yield on earning assets was 3.78% in the fourth quarter, compared to 3.63% in the third quarter of 2017, primarily due to an increase in the average balance of loans from \$420 million in the third quarter of 2017 to \$431 million in the fourth quarter of 2017 and, secondly, to an increase in the yield on average loans outstanding from 4.29% to 4.39%. The average balance of the investment portfolio decreased \$1 million, from \$74 million in the third quarter of 2017 to \$73 million in the fourth quarter of

2017, reflecting normal amortization and prepayments on the Bank's investments in mortgage-backed securities and collateralized mortgage obligations, offset by \$5 million in investment purchases. The yield on the investment portfolio increased from 1.63% in the third quarter of 2017 to 1.69% in the fourth quarter of 2017.

The cost of interest-bearing liabilities was 0.22% in each of the fourth quarter of 2016, the third quarter of 2017, and the fourth quarter of 2017, while the average balance of interest-bearing liabilities decreased from \$277 million in the fourth quarter of 2016 to \$276 million in the third quarter of 2017 and \$271 million in the fourth quarter of 2017. The Bank experienced normal seasonal fluctuations in deposits, particularly from larger depositors, and managed its leverage ratio, primarily with Promontory Interfinancial Network's Insured Cash Sweep program, which had off-balance sheet quarter-end balances of \$24 million, \$31 million, and \$26 million in the fourth quarter of 2016 and the third and fourth quarters of 2017, respectively. These funds may be moved back into the Bank's deposit portfolio at the Bank's discretion. The average balance of noninterest-bearing demand deposit accounts ("DDAs") increased from \$240 million, or 46.5% of total deposits, in the third quarter of 2017 to \$244 million, or 47.3% of total deposits, in the fourth quarter of 2017. The Bank's overall cost of funds decreased, from 0.13% in the fourth quarter of 2016 to 0.12% in the third quarter of 2017 and 0.11% in the fourth quarter of 2017.

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 management's estimate of probable incurred credit losses inherent in the loan portfolio as of the balance sheet date in light of losses historically incurred by the Bank and adjusted for qualitative factors associated with the loan portfolio.

For the year ended December 31, 2017, the Bank recorded a provision for loan losses of \$175 thousand, compared to a provision for loan losses of \$295 thousand in the year ended December 31, 2016. In the fourth quarter of 2017, the Bank recorded a provision for loan losses of \$65 thousand, compared to a provision of \$85 thousand in the third quarter of 2017 and no provision in the fourth quarter of 2016, primarily to recognize the increased exposure to credit losses associated with growth in the loan portfolio.

The changes in the provision reflect the growth of the portfolio, 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 \$5.2 million at December 31, 2017, compared to \$5.3 million at September 30, 2017, and \$8.0 million at December 31, 2016.

At December 31, 2017, non-performing loans were 0.06% of the total loan portfolio, compared to 0.06% at September 30, 2017 and 0.03% at December 31, 2016. At December 31, 2017, the allowance for loan losses was 1.49% of outstanding loans, compared to 1.48% at September 30, 2017 and 1.55% at December 31, 2016, respectively. The Bank recorded net recoveries of \$12 thousand in the fourth quarter of 2017, compared to net charge-offs of \$24

thousand in the third quarter of 2017 and recoveries of \$12 thousand in the fourth quarter of 2016.

NON-INTEREST INCOME

Annual non-interest income increased 109.9%, from \$551 thousand in the year ended December 31, 2016 to \$1.16 million in the year ended December 31, 2017. Non-interest income recognized in the fourth quarter of 2017 was \$311 thousand, including \$82 thousand in gain on sale of Small Business Administration (“SBA”) guaranteed loans, compared to \$346 thousand in the third quarter of 2017, which included gain on sale of \$98 thousand. This represents a decrease of \$35 thousand, or 10.1%, compared to third quarter of 2017, and an increase of \$98 thousand, or 46.0%, compared to the fourth quarter of 2016.

Management has been actively seeking to increase non-interest income across a range of sources, including account analysis fees, lockbox service fees, and mortgage brokerage fees. In addition, in the fourth quarter of 2016, the Bank increased its investment in Bank-owned life insurance (“BOLI”) policies by \$5.0 million, from \$2.4 million to \$7.4 million. On an annual basis, the increase in non-interest income included a 73.7% increase in service charges on deposits, including lockbox and analysis fees, from \$140 thousand to \$243 thousand; a 168.0% increase in BOLI income, from \$82 thousand to \$221 thousand; a 174.1% increase in gain on sale of loans, from \$97 thousand to \$266 thousand; and an 84.1% increase in other income, from \$232 thousand to \$426 thousand, for the years ended December 31, 2016 and 2017, respectively.

NON-INTEREST EXPENSES

Non-interest expenses increased \$58 thousand, or 1.6%, to \$3.57 million in the fourth quarter of 2017, compared to \$3.52 million for the third quarter of 2017, and increased \$402 thousand, or 12.7%, compared to \$3.17 million recognized in the fourth quarter of 2016. Salaries and benefits increased \$68 thousand, or 3.2%, from \$2.13 million in the third quarter of 2017 to \$2.19 million in the fourth quarter of 2017.

For the year ended December 31, 2017, non-interest expenses were \$14.02 million, an increase of \$1.84 million, or 15.1%, compared to \$12.18 million recognized in the year ended December 31, 2016. Salaries and benefits increased \$1.22 million, or 16.4%, from \$7.49 million to \$8.71 million over the same period, reflecting an increase in average headcount from 74 employees for the year ended December 31, 2016 to 78 employees for the year ended December 31, 2017. These increases reflect the hiring primarily of loan production and underwriting personnel, including those specializing in government-guaranteed lending and single-family residential lending to support the introduction of home equity lines of credit and the Bank’s mortgage brokerage program. The Bank’s professional services expense increased \$184 thousand, or 34.3%, to \$722 thousand in 2017, from \$537 thousand in 2016, primarily as a result of regulatory compliance consulting fees associated with the introduction of the Bank’s single-family loan products.

The efficiency ratio (non-interest expenses divided by the sum of net interest income before provision for loan losses and non-interest income) was 65.8% for the fourth quarter of 2017, compared to 66.9% for the third quarter of 2017 and 66.3% for the fourth quarter of 2016.

Annualized non-interest expenses as a percent of average total assets were 2.49%, 2.45%, and 2.33% for the fourth quarter of 2017, the third quarter of 2017, and the fourth quarter of 2016, respectively.

PROVISION FOR INCOME TAXES

The Bank's effective book tax rate was 89.8% in the fourth quarter of 2017, compared to 38.4% for the third quarter of 2017 and 36.2% for the fourth quarter of 2016. The higher effective rate in the fourth quarter reflects the \$913 thousand adjustment to the Bank's net deferred tax assets resulting from the lowering of the corporate tax rate from 35% to 21% during December, 2017.

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 150 Main Street, Suite 150, Salinas, California 93901. The Bank's website is www.1stCapital.bank. 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.1stCapital.bank internet site for no charge.

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

<u>Financial Condition Data</u> ¹	December 31, <u>2017</u>	September 30, <u>2017</u>	June 30, <u>2017</u>	December 31, <u>2016</u>
Assets				
Cash and due from banks	\$ 7,727	\$ 27,484	\$ 16,824	\$ 2,754
Funds held at the Federal Reserve Bank ²	56,249	32,903	32,800	50,884
Time deposits at other financial institutions	1,743	747	747	2,490
Available-for-sale securities, at fair value	74,927	72,685	74,850	77,870
Loans receivable held for investment:				
Construction / land (including farmland)	16,301	16,532	17,005	18,993
Residential 1 to 4 units	115,340	106,670	102,154	120,983
Home equity lines of credit	8,832	8,804	7,776	11,609
Multifamily	51,983	61,773	60,494	53,338
Owner occupied commercial real estate	67,326	67,124	67,169	50,887
Investor commercial real estate	105,196	102,904	102,854	94,018
Commercial and industrial	51,663	50,145	50,527	45,219
Other loans	11,292	12,560	10,848	10,259
Total loans	<u>427,933</u>	<u>426,512</u>	<u>418,827</u>	<u>405,306</u>
Allowance for loan losses	<u>(6,378)</u>	<u>(6,301)</u>	<u>(6,241)</u>	<u>(6,267)</u>
Net loans	421,555	420,211	412,586	399,039
Premises and equipment, net	2,308	2,376	2,343	1,477
Bank owned life insurance	7,654	7,599	7,543	7,433
Investment in FHLB ³ stock, at cost	3,163	3,163	3,163	2,939
Accrued interest receivable and other assets	4,905	6,168	6,276	5,041
Total assets	<u>\$ 580,231</u>	<u>\$ 573,336</u>	<u>\$ 557,132</u>	<u>\$ 549,927</u>
Liabilities and shareholders' equity				
Deposits:				
Noninterest bearing demand deposits	\$ 261,705	\$ 238,560	\$ 233,488	\$ 239,799
Interest bearing checking accounts	35,082	39,622	30,175	33,888
Money market deposits	107,101	119,384	116,739	113,289
Savings deposits	110,058	109,193	111,150	100,601
Time deposits	12,130	12,922	13,212	13,044
Total deposits	<u>526,076</u>	<u>519,681</u>	<u>504,764</u>	<u>500,621</u>
Accrued interest payable and other liabilities	2,163	2,060	2,087	1,661
Shareholders' equity	<u>51,992</u>	<u>51,595</u>	<u>50,281</u>	<u>47,645</u>
Total liabilities and shareholders' equity	<u>\$ 580,231</u>	<u>\$ 573,336</u>	<u>\$ 557,132</u>	<u>\$ 549,927</u>
Shares outstanding	4,686,521	4,443,889	4,428,930	4,350,721
Nominal and tangible book value per share	\$ 11.09	\$ 11.61	\$ 11.35	\$ 10.96
Ratio of net loans to total deposits	80.13%	80.86%	81.74%	79.71%

1 = Loans receivable 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

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

	Three Months Ended			
	December 31, <u>2017</u>	September 30, <u>2017</u>	June 30, <u>2017</u>	December 31, <u>2016</u>
<u>Operating Results Data</u> ¹				
Interest and dividend income				
Loans	\$ 4,769	\$ 4,539	\$ 4,365	\$ 4,298
Investment securities	313	306	266	213
Federal Home Loan Bank stock	56	56	53	169
Other	130	165	139	48
Total interest and dividend income	<u>5,268</u>	<u>5,066</u>	<u>4,823</u>	<u>4,728</u>
Interest expense				
Interest bearing checking	5	3	4	5
Money market deposits	70	78	82	75
Savings deposits	64	64	68	69
Time deposits	9	9	10	7
Total interest expense on deposits	<u>148</u>	<u>154</u>	<u>164</u>	<u>156</u>
Interest expense on borrowings	--	--	--	--
Total interest expense	<u>148</u>	<u>154</u>	<u>164</u>	<u>156</u>
Net interest income	5,120	4,912	4,659	4,572
Provision for loan losses	<u>65</u>	<u>85</u>	<u>25</u>	<u>--</u>
Net interest income after provision for loan losses	<u>5,055</u>	<u>4,827</u>	<u>4,634</u>	<u>4,572</u>
Noninterest income				
Service charges on deposits	68	65	58	41
BOLI dividend income	55	56	56	38
Gain on sale of loans	82	98	14	78
Other	106	127	115	56
Total noninterest income	<u>311</u>	<u>346</u>	<u>243</u>	<u>213</u>

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

	Three Months Ended			
	December 31, 2017	September 30, 2017	June 30, 2017	December 31, 2016
Noninterest expenses				
Salaries and benefits	2,194	2,125	2,202	1,910
Occupancy	282	283	263	250
Data and item processing	183	186	190	154
Professional services	168	236	194	205
Furniture and equipment	120	115	126	127
Provision for unfunded loan commitments	17	5	(4)	(9)
Other	611	566	548	533
Total noninterest expenses	<u>3,575</u>	<u>3,516</u>	<u>3,519</u>	<u>3,170</u>
Income before provision for income taxes	1,791	1,657	1,358	1,615
Provision for income taxes	1,609	636	503	585
Net income	<u>\$ 182</u>	<u>\$ 1,021</u>	<u>\$ 855</u>	<u>\$ 1,030</u>

Common Share Data²

Earnings per common share

Basic	\$ 0.04	\$ 0.22	\$ 0.18	\$ 0.23
Diluted	\$ 0.04	\$ 0.22	\$ 0.18	\$ 0.22

Weighted average common shares outstanding

Basic	4,680,948	4,659,886	4,632,766	4,557,161
Diluted	4,763,936	4,723,406	4,699,858	4,612,611

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

² = Earnings per common share and weighted average common shares outstanding have been restated to reflect the effect of the 5% stock dividend declared November 22, 2017 and paid December 15, 2017.

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

	Twelve Months Ended	
	December 31, <u>2017</u>	December 31, <u>2016</u>
<u>Operating Results Data</u>¹		
Interest and dividend income		
Loans	\$ 17,860	\$ 16,279
Investment securities	1,131	796
Federal Home Loan Bank stock	235	347
Other	536	266
Total interest and dividend income	<u>19,762</u>	<u>17,688</u>
Interest expense		
Interest bearing checking	16	13
Money market deposits	308	352
Savings deposits	260	297
Time deposits	36	40
Total interest expense in deposits	<u>620</u>	<u>702</u>
Interest expense on borrowings	--	--
Total interest expense	<u>620</u>	<u>702</u>
Net interest income	19,142	16,986
Provision for loan losses	175	295
Net interest income after provision for loan losses	<u>18,967</u>	<u>16,691</u>
Noninterest income		
Service charges on deposits	243	140
BOLI dividend income	221	82
Gain on sale of loans	266	97
Gain on sale of securities	--	10
Other	426	222
Total noninterest income	<u>1,156</u>	<u>551</u>

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

	Twelve Months Ended	
	December 31, 2017	December 31, 2016
Noninterest expenses		
Salaries and benefits	8,712	7,488
Occupancy	1,057	919
Data and item processing	726	602
Professional services	722	537
Furniture and equipment	485	476
Provision for unfunded loan commitments	36	(29)
Other	2,280	2,189
Total noninterest expenses	14,018	12,182
Income before provision for income taxes	6,105	5,060
Provision for income taxes	3,260	1,992
Net income	\$ 2,845	\$ 3,068
<u>Common Share Data</u> ²		
Earnings per common share		
Basic	\$ 0.61	\$ 0.68
Diluted	\$ 0.60	\$ 0.67
Weighted average common shares outstanding		
Basic	4,637,570	4,530,052
Diluted	4,709,507	4,581,909

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

² = Earnings per common share and weighted average common shares outstanding have been restated to reflect the effect of the 5% stock dividend declared November 22, 2017 and paid December 15, 2017.

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

<u>Asset Quality</u>	December 31, <u>2017</u>	September 30, <u>2017</u>	June 30, <u>2017</u>	December 31, <u>2016</u>
Loans past due 90 days or more and accruing interest	\$ --	\$ --	\$ --	\$ --
Nonaccrual restructured loans	--	--	--	--
Other nonaccrual loans	255	257	301	139
Other real estate owned	--	--	--	--
	<u>\$ 255</u>	<u>\$ 257</u>	<u>\$ 301</u>	<u>\$ 139</u>
Allowance for loan losses to total loans	1.49%	1.48%	1.49%	1.55%
Allowance for loan losses to nonperforming loans	2,501.18%	2,451.75%	2,073.42%	4508.63%
Nonaccrual loans to total loans	0.06%	0.06%	0.07%	0.03%
Nonperforming assets to total assets	0.04%	0.04%	0.05%	0.03%

Regulatory Capital and Ratios

Common equity tier 1 capital	\$ 52,097	\$ 51,726	\$ 50,533	\$ 48,093
Tier 1 regulatory capital	\$ 52,097	\$ 51,726	\$ 50,533	\$ 48,093
Total regulatory capital	\$ 57,161	\$ 56,756	\$ 55,466	\$ 52,740
Tier 1 leverage ratio	9.14%	9.07%	9.03%	8.89%
Common equity tier 1 risk based capital ratio	12.91%	12.90%	12.85%	12.99%
Tier 1 risk based capital ratio	12.91%	12.90%	12.85%	12.99%
Total risk based capital ratio	14.16%	14.15%	14.11%	14.25%

	Three Months Ended			
	December 31, <u>2017</u>	September 30, <u>2017</u>	June 30, <u>2017</u>	December 31, <u>2016</u>
<u>Selected Financial Ratios¹</u>				
Return on average total assets	0.13%	0.71%	0.61%	0.76%
Return on average shareholders' equity	1.38%	7.93%	6.90%	8.59%
Net interest margin	3.68%	3.52%	3.42%	3.41%
Net interest income to average total assets	3.56%	3.42%	3.34%	3.36%
Efficiency ratio	65.83%	66.87%	71.79%	66.04%

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

	Three Months Ended			
	December 31, <u>2017</u>	September 30, <u>2017</u>	June 30, <u>2017</u>	December 31, <u>2016</u>
<u>Selected Average Balances</u>				
Gross loans	\$ 431,144	\$ 419,933	\$ 411,708	\$ 409,396
Investment securities	73,586	74,471	73,545	82,195
Federal Home Loan Bank stock	3,163	3,163	3,104	2,939
Other interest earning assets	44,568	56,673	58,353	38,452
Total interest earning assets	<u>\$ 552,461</u>	<u>\$ 554,240</u>	<u>\$ 546,710</u>	<u>\$ 532,982</u>
Total assets	\$ 569,812	\$ 569,570	\$ 559,182	\$ 540,925
Interest bearing checking accounts	\$ 36,702	\$ 33,672	\$ 33,949	\$ 35,366
Money market deposits	112,179	119,533	127,569	114,818
Savings deposits	109,936	109,916	113,346	112,046
Time deposits	12,368	12,985	13,190	14,287
Total interest bearing deposits	<u>271,185</u>	<u>276,106</u>	<u>288,054</u>	<u>276,517</u>
Noninterest bearing demand deposits	243,874	240,149	219,608	214,675
Total deposits	<u>\$ 515,059</u>	<u>\$ 516,255</u>	<u>\$ 507,662</u>	<u>\$ 491,192</u>
Borrowings	\$ 1	\$ --	\$ 44	\$ --
Shareholders' equity	\$ 52,365	\$ 51,049	\$ 49,699	\$ 47,722

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

	Twelve Months Ended	
	December 31, <u>2017</u>	December 31, <u>2016</u>
<u>Selected Financial Ratios</u> ¹		
Return on average total assets	0.51%	0.57%
Return on average shareholders' equity	5.65%	6.61%
Net interest margin	3.50%	3.20%
Net interest income to average total assets	3.41%	3.16%
Efficiency ratio	69.06%	69.25%

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

	Twelve Months Ended	
	December 31, <u>2017</u>	December 31, <u>2016</u>
<u>Selected Average Balances</u> ¹		
Gross loans	\$ 415,893	\$ 390,544
Investment securities	74,408	81,707
Federal Home Loan Bank stock	3,093	2,830
Other interest earning assets	54,228	55,641
Total interest earning assets	\$ 547,622	\$ 530,722
Total assets	\$ 561,427	\$ 536,792
Interest bearing checking accounts	\$ 34,641	\$ 32,109
Money market deposits	120,229	126,528
Savings deposits	110,477	113,795
Time deposits	12,908	16,520
Total interest bearing deposits	278,255	288,952
Noninterest bearing demand deposits	230,951	199,641
Total deposits	\$ 509,206	\$ 488,593
Borrowings	\$ 11	\$ 19
Shareholders' equity	\$ 50,356	\$ 46,436

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