



1st Capital Bank Announces Third Quarter 2019 Financial Results; Record Loan Portfolio

Salinas, California – October 31, 2019. **1st Capital Bank** (OTC Pink: FISB) reported unaudited net income of \$1.94 million for the three months ended September 30, 2019, an increase of 11.3% compared to net income of \$1.74 million in the third quarter of 2018 and an increase of 18.3% compared to net income of \$1.64 million in the second quarter of 2019, the immediately preceding quarter. Earnings per common share were \$0.37 (diluted), compared to \$0.31 (diluted) for the prior quarter.

On a year-to-date basis, unaudited net income was \$5.35 million for the nine months ended September 30, 2019, an increase of \$861 thousand, or 19.2%, compared to \$4.49 million for the nine months ended September 30, 2018. Earnings per common share were \$1.03 (diluted) and \$0.88 (diluted) for the nine-month periods ended September 30, 2019 and 2018, respectively.

For the three months ended September 30, 2019, the Bank's return on average assets was 1.25%, compared with 1.08% for the three months ended June 30, 2019, and 1.12% for the three months ended September 30, 2018. Return on average equity was 11.79% for the three months ended September 30, 2019, compared to 10.47% for the three months ended June 30, 2019, and 12.38% for the three months ended September 30, 2018.

Year-to-date return on average assets and return on average equity totaled 1.16% and 11.40%, respectively; compared with 1.01% and 11.08%, respectively, for the first nine months of 2018.

Net interest margin increased from 3.91% in the third quarter of 2018 to 4.05% in the third quarter of 2019, but declined slightly from 4.06% in the second quarter of 2019, primarily due to a decline in earning asset yield from 4.23% in the second quarter of 2019 to 4.22% in the third quarter of 2019. The Bank's average net loans-to-deposits ratio increased from 85.1% in the third quarter of 2018 to 87.3% in the third quarter of 2019, but declined from 88.1% in the second quarter of 2019, and average gross loans outstanding increased \$0.8 million or 0.2%, year-to-year, from \$480.6 million to \$481.4 million. Net interest income before provision for loan losses for the three-month period ended September 30, 2019 was \$5.99 million, a sequential increase of \$20 thousand, or 0.3%, compared to \$5.97 million recognized in the three-month period ended June 30, 2019. The Bank's cost of funds declined slightly, to 0.20% for the third quarter of 2019, compared to 0.21% for the second quarter of 2019, but increased from 0.17% in the third quarter of 2018. On a year-over-year basis, quarterly net interest income before provision for loan losses increased \$97 thousand, or 1.6%, from \$5.89 million recognized during the third quarter of 2018.

Net loans increased \$12.6 million, or 2.6%, during the third quarter, from \$475.1 million at June 30, 2019 to \$487.7 million at September 30, 2019. Growth was concentrated in commercial real estate loans including multifamily loans (\$14.4 million). Year over year, gross loans outstanding increased 2.0%, from \$484.6 million as of September 30, 2018 to \$494.3 million as of September 30, 2019. Growth in commercial real estate loans of \$20.1 million was the primary driver of the loan growth during the past 12 months, which was partially offset by a \$6.0 million decline in single-family residential loans. Yields on commercial and industrial loans increased from 5.50% during the third quarter of 2018 to 5.72% during the third quarter of 2019, but decreased from 6.02% during the second quarter of 2019, due to changes in the Bank's prime lending rate. Yields on commercial real estate loans increased from 4.81% during the third quarter of 2018 to 4.93% and 4.97% during the second and third quarters of 2019, respectively. The yield on the total loan portfolio increased from 4.50% during the third quarter of 2018 to 4.61% and 4.60% during the second and third quarters of 2019, respectively.

“We are pleased to report growth in our core loan portfolio in the third quarter,” said Thomas E. Meyer, president and chief executive officer. “Recent additions to our experienced group of relationship managers have sourced quality new opportunities for us.”

Non-interest income for the nine-month period ended September 30, 2019 increased 10.9% to \$1.61 million, compared to \$1.45 million for the nine-month period ended September 30, 2018. Quarterly non-interest income increased \$134 thousand, or 28.5% year-over-year, to \$605 thousand, compared to non-interest income of \$471 thousand recognized in the third quarter of 2018, and increased \$77 thousand, or 14.6% compared to non-interest income of \$528 thousand recognized in the second quarter of 2019.

The Bank's efficiency ratio improved from 65.6% in the second quarter of 2019 to 60.0% in the third quarter of 2019, as the Bank's non-interest expenses decreased 7.1%, while total revenues grew nominally over the same period.

NET INTEREST INCOME BEFORE PROVISION FOR CREDIT LOSSES

Net interest income before provision for credit losses was \$5.99 million in the third quarter of 2019, an increase of \$20 thousand, or 0.4%, compared to \$5.97 million in the second quarter of 2019 and an increase of \$97 thousand, or 1.6%, compared to \$5.89 million in the third quarter of 2018. Net interest income before provision for credit losses for the nine months ended September 30, 2019 was \$18.1 million, an increase of \$1.54 million or 9.3%, compared to \$16.6 million for the nine months ended September 30, 2018.

Average earning assets were \$589.1 million during the third quarter of 2019, a decrease of 0.6% compared to \$592.4 million in the second quarter of 2019. The yield on earning assets was 4.22% in the third quarter of 2019, compared to 4.05% in the third quarter of 2018, primarily due to an increase in the average yield of the loan portfolio from 4.50% in the third quarter of 2018 to 4.60% in the third quarter of 2019; and secondly, due to increase in yields in the investment portfolio. The average balance of the investment portfolio decreased \$1.2 million, from \$70.2 million in the third quarter of 2018 to \$68.9 million in the third quarter of 2019, reflecting normal amortization and prepayments on the Bank's investments in mortgage-backed securities and collateralized mortgage obligations.

The yield on the investment portfolio increased from 2.28% in the third quarter of 2018 to 2.54% in the third quarter of 2019, but declined from 2.62% in the second quarter of 2019 as variable-rate mortgage-backed securities and collateralized mortgage obligations repriced downward in the third quarter.

The cost of interest-bearing liabilities increased from 0.30% in the third quarter of 2018, to 0.40% in the second quarter of 2019, and decreased marginally to 0.39% in the third quarter of 2019, while the average balance of interest-bearing liabilities decreased from \$307.6 million in the third quarter of 2018 to \$280.4 million in the second quarter of 2019, but increased to \$286.9 million in the third quarter of 2019. The Bank experienced normal seasonal fluctuations in deposits, particularly from larger depositors, and managed its leverage ratio, primarily with the Insured Cash Sweep program, which had off-balance sheet quarter-end balances of \$109 million, \$106 million, and \$82 million in the third quarter of 2018 and the second and third quarters of 2019, respectively. The average balance of noninterest-bearing demand deposit accounts increased from \$249 million, or 44.8% of total deposits, in the third quarter of 2018 to \$262 million, or 48.3% of total deposits in the second quarter of 2018, but decreased to \$257 million, or 47.3% of total deposits, in the third quarter of 2019. The Bank's overall cost of funds increased slightly, from 0.17% in the third quarter of 2018 to 0.21% and 0.20% in second quarter and third quarter, respectively, of 2019.

“We continued to benefit from our strong reliable core funding in the third quarter of 2019, although we are seeing some migration of transitory interest-bearing balances into other asset classes as our clients redeploy funds derived from liquidity events,” said Michael J. Winiarski, Chief Financial Officer. “Solid expense control also benefitted third quarter results.”

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 its estimate of probable credit losses incurred as of the balance sheet date using historical loss data and qualitative factors associated with the loan portfolio.

The Bank recorded no provision for loan losses in the third quarter of 2018, and no provisions for the second and third quarters of 2019, reflecting reductions in the level of criticized assets, changes in the mix of loan types within the portfolio and their respective historical loss rates, and management's assessment of the amounts expected to be realized from certain loans identified as impaired. Impaired loans totaled \$181 thousand at September 30, 2019, compared to \$240 thousand at June 30, 2019, and \$3.3 million at September 30, 2018.

At September 30, 2019 and June 30, 2019, there were no non-performing loans in the Bank's loan portfolio; they totaled 0.60% of the total loans at September, 2018. At September 30, 2019, the allowance for loan losses was 1.33% of outstanding loans, compared to 1.36% at June 30, 2019 and 1.33% at September 30, 2018. The Bank recorded net recoveries of \$9 thousand during the third quarter of 2019, compared to net recoveries of \$12 thousand in each of the second quarter of 2019 and third quarter of 2018.

NON-INTEREST INCOME

Non-interest income recognized in the third quarter of 2019 totaled \$605 thousand, including \$93 thousand in gain on sale of loans and investments, compared to \$528 thousand in the second quarter of 2019, and \$471 thousand in the third quarter of 2018, without any gain on sale recognition. Overall, this represents a decrease in non-interest income other than gain on sales of \$16 thousand, or 3.0%, compared to the second quarter of 2019, and an increase of \$41 thousand, or 8.7%, compared to the third quarter of 2018.

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. On a year-to-date basis, non-interest income increased 10.9%, from \$1.45 million to \$1.61 million, including an 11.3% increase in service charges on deposits, from \$221 thousand to \$246 thousand, and a 99.3% increase in mortgage brokerage fees from \$61 thousand to \$121 thousand.

NON-INTEREST EXPENSES

Non-interest expenses of \$3.96 million for the third quarter of 2019 represented a decrease of 7.1% from the previous quarter of \$4.26 million and were essentially unchanged compared to \$3.97 million recognized in the third quarter of 2018. Year-to-date 2019 non-interest expenses totaled \$12.46 million, an increase of \$606 thousand, or 5.1%, compared to \$11.86 million for the first nine months of 2018.

Salaries and benefits decreased \$248 thousand, or 9.2%, to \$2.45 million in the third quarter of 2019 from \$2.70 million in the second quarter of 2019 and decreased \$30 thousand, or 1.2%, compared to \$2.48 million in the third quarter of 2018. These decreases primarily reflect increased absorption of direct loan origination costs associated with higher lending volume and revisions to the standard costs the Bank uses to capitalize such costs. Occupancy costs increased to \$372 thousand in the third quarter of 2019 compared to \$326 thousand in the second quarter of 2019 due to rents and other costs incurred in establishing a new loan center in Santa Cruz and branch relocation costs in San Luis Obispo.

The efficiency ratio (non-interest expenses divided by the sum of net interest income before provision for loan losses and non-interest income) was 60.0% for the third quarter of 2019, compared to 65.6% for the second quarter of 2019 and 62.4% for the third quarter of 2018. Annualized non-interest expenses as a percent of average total assets were 2.56%, 2.80%, and 2.56% for the third quarter of 2019, the second quarter of 2019, and the third quarter of 2018, respectively.

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 and a loan production office in Santa Cruz County. The Bank's corporate offices are located at 150 Main Street, Suite 150, Salinas, California 93901. The Bank's website is 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 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	September 30, <u>2019</u>	June 30, <u>2019</u>	March 31, <u>2019</u>	September 30, <u>2018</u>
Assets				
Cash and due from banks	\$ 5,947	\$ 5,994	\$ 6,569	\$ 5,408
Funds held at the Federal Reserve Bank ²	47,529	56,057	60,979	33,571
Time deposits at other financial institutions	-	-	-	996
Available-for-sale securities, at fair value	68,386	70,396	69,320	68,154
Loans receivable held for sale	-	-	-	1,000
Loans receivable held for investment:				
Construction / land (including farmland)	18,602	18,014	20,189	22,396
Residential 1 to 4 units	141,907	144,336	139,765	147,205
Home equity lines of credit	7,158	7,920	8,676	7,853
Multifamily	54,324	53,561	54,586	53,984
Owner occupied commercial real estate	63,587	61,242	61,775	65,628
Investor commercial real estate	153,849	142,533	141,452	131,736
Commercial and industrial	38,801	39,603	42,098	38,672
Other loans	16,042	14,468	14,724	17,127
Total loans	<u>494,270</u>	<u>481,677</u>	<u>483,265</u>	<u>484,601</u>
Allowance for loan losses	<u>(6,582)</u>	<u>(6,572)</u>	<u>(6,560)</u>	<u>(6,435)</u>
Net loans	487,688	475,105	476,705	478,166
Premises and equipment, net	2,131	2,192	1,996	2,109
Bank owned life insurance	8,020	7,968	7,916	7,813
Investment in FHLB ³ stock, at cost	3,501	3,501	3,163	3,163
Accrued interest receivable and other assets	14,254	9,577	7,780	6,255
Total assets	<u>\$ 637,456</u>	<u>\$ 630,790</u>	<u>\$ 634,428</u>	<u>\$ 606,635</u>
Liabilities and shareholders' equity				
Deposits:				
Noninterest bearing demand deposits	\$ 255,369	\$ 270,939	\$ 268,195	\$ 248,036
Interest bearing checking accounts	47,148	36,721	35,832	35,274
Money market deposits	140,515	134,108	134,044	139,037
Savings deposits	103,224	100,049	110,877	109,530
Time deposits	19,399	19,694	18,953	16,010
Total deposits	<u>565,655</u>	<u>561,511</u>	<u>567,901</u>	<u>547,887</u>
Accrued interest payable and other liabilities	5,466	5,305	4,818	2,344
Shareholders' equity	66,335	63,974	61,709	56,404
Total liabilities and shareholders' equity	<u>\$ 637,456</u>	<u>\$ 630,790</u>	<u>\$ 634,428</u>	<u>\$ 606,635</u>
Shares outstanding	5,142,536	5,124,892	5,118,759	5,041,058
Nominal and tangible book value per share	\$12.90	\$12.48	\$12.06	\$11.19
Ratio of net loans to total deposits	86.22%	84.61%	83.94%	87.27%

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

4 = Some items in prior periods have been reclassified to conform to the current presentation.

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

	Three Months Ended			
	September 30, <u>2019</u>	June 30, <u>2019</u>	March 31, <u>2019</u>	September 30, <u>2018</u>
<u>Operating Results Data</u>				
Interest and dividend income				
Loans	\$ 5,578	\$ 5,570	\$ 5,681	\$ 5,448
Investment securities	442	457	456	404
Federal Home Loan Bank stock	62	59	56	54
Other	187	166	259	222
Total interest and dividend income	<u>6,269</u>	<u>6,252</u>	<u>6,452</u>	<u>6,128</u>
Interest expense				
Interest bearing checking	3	3	3	3
Money market deposits	125	140	129	123
Savings deposits	88	85	91	80
Time deposits	62	54	49	28
Total interest expense on deposits	<u>278</u>	<u>282</u>	<u>272</u>	<u>234</u>
Interest expense on borrowings	-	-	-	-
Total interest expense	<u>278</u>	<u>282</u>	<u>272</u>	<u>234</u>
Net interest income	5,991	5,970	6,180	5,894
Provision for loan losses	-	-	-	-
Net interest income after provision for loan losses	<u>5,991</u>	<u>5,970</u>	<u>6,180</u>	<u>5,894</u>
Noninterest income				
Service charges on deposits	88	82	76	78
BOLI dividend income	52	52	51	54
Gain on sale of loans	33	-	8	-
Gain on sale of investments	60	-	-	-
Other	372	394	339	339
Total noninterest income	<u>605</u>	<u>528</u>	<u>474</u>	<u>471</u>

1ST CAPITAL BANK
CONDENSED FINANCIAL DATA
(Unaudited)
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	Three Months Ended			
	September 30, 2019	June 30, 2019	March 31, 2019	September 30, 2018
Noninterest expenses				
Salaries and benefits	2,452	2,700	2,674	2,482
Occupancy	372	326	306	299
Data and item processing	220	284	215	204
Furniture and equipment	150	142	157	137
Professional services	143	108	130	161
Provision for unfunded loan commitments	(7)	(8)	(15)	4
Other	630	711	773	682
Total noninterest expenses	<u>3,960</u>	<u>4,263</u>	<u>4,240</u>	<u>3,969</u>
Income before provision for income taxes	2,636	2,235	2,414	2,396
Provision for income taxes	698	597	638	654
Net income	<u>\$ 1,938</u>	<u>\$ 1,638</u>	<u>\$ 1,776</u>	<u>\$ 1,742</u>

Common Share Data¹

Earnings per common share

Basic	\$0.38	\$0.32	\$0.35	\$0.35
Diluted	\$0.37	\$0.31	\$0.34	\$0.34

Weighted average common shares outstanding

Basic	5,133,324	5,120,053	5,110,382	5,038,340
Diluted	5,213,558	5,207,230	5,186,796	5,147,292

¹ = Earnings per common share and weighted average common shares outstanding have been restated to reflect the effect of the 7% stock dividend to shareholders of record November 21, 2018 and paid December 14, 2018.

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

	Nine Months Ended	
	September 30, <u>2019</u>	September 30, <u>2018</u>
<u>Operating Results Data</u>		
Interest and dividend income		
Loans	\$ 16,829	\$ 15,310
Investment securities	1,355	1,154
Federal Home Loan Bank stock	177	166
Other	<u>612</u>	<u>538</u>
Total interest and dividend income	<u>18,973</u>	<u>17,168</u>
Interest expense		
Interest bearing checking	9	11
Money market deposits	394	277
Savings deposits	264	224
Time deposits	<u>165</u>	<u>51</u>
Total interest expense on deposits	832	563
Interest expense on borrowings	<u>-</u>	<u>3</u>
Total interest expense	<u>832</u>	<u>566</u>
Net interest income	18,141	16,602
Provision for loan losses	<u>-</u>	<u>20</u>
Net interest income after provision for loan losses	<u>18,141</u>	<u>16,582</u>
Noninterest income		
Service charges on deposits	246	221
BOLI dividend income	155	159
Gain on sale of loans	41	135
Gain on sale of investments	60	-
Other	<u>1,105</u>	<u>934</u>
Total noninterest income	<u>1,607</u>	<u>1,449</u>

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

	Nine Months Ended	
	September 30, 2019	September 30, 2018
Noninterest expenses		
Salaries and benefits	7,826	7,546
Occupancy	1,004	877
Data and item processing	719	598
Furniture and equipment	449	386
Professional services	381	431
Provision for unfunded loan commitments	(30)	(2)
Other	2,114	2,021
Total noninterest expenses	12,463	11,857
Income before provision for income taxes	7,285	6,174
Provision for income taxes	1,933	1,683
Net income	\$ 5,352	\$ 4,491
<u>Common Share Data</u>¹		
Earnings per common share		
Basic	\$1.05	\$0.89
Diluted	\$1.03	\$0.88
Weighted average common shares outstanding		
Basic	5,121,337	5,028,800
Diluted	5,202,626	5,129,624

¹ = Earnings per common share and weighted average common shares outstanding have been restated to reflect the effect of the 7% stock dividend to shareholders of record November 21, 2018 and paid December 14, 2018.

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

	September 30, <u>2019</u>	June 30, <u>2019</u>	March 31, <u>2019</u>	September 30, <u>2018</u>
<u>Asset Quality</u>				
Loans past due 90 days or more and accruing interest	\$ -	\$ -	\$ -	\$ -
Nonaccrual restructured loans	-	-	-	-
Other nonaccrual loans	-	-	-	2,906
Other real estate owned	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,906</u>
Allowance for loan losses to total loans	1.33%	1.36%	1.36%	1.33%
Allowance for loan losses to nonperforming loans	n/a	n/a	n/a	221.44%
Nonaccrual loans to total loans	0.00%	0.00%	0.00%	0.60%
Nonperforming assets to total assets	0.00%	0.00%	0.00%	0.48%
<u>Regulatory Capital and Ratios</u>				
Common equity tier 1 capital	\$ 65,536	\$ 63,446	\$ 61,585	\$ 57,166
Tier 1 regulatory capital	\$ 65,536	\$ 63,446	\$ 61,585	\$ 57,166
Total regulatory capital	\$ 71,377	\$ 69,077	\$ 67,209	\$ 62,747
Tier 1 leverage ratio	10.67%	10.40%	9.79%	9.35%
Common equity tier 1 risk based capital ratio	14.05%	14.12%	13.72%	12.83%
Tier 1 risk based capital ratio	14.05%	14.12%	13.72%	12.83%
Total risk based capital ratio	15.30%	15.37%	14.97%	14.09%

	Three Months Ended			
	September 30, <u>2019</u>	June 30, <u>2019</u>	March 31, <u>2019</u>	September 30, <u>2018</u>
<u>Selected Financial Ratios</u>¹				
Return on average total assets	1.25%	1.08%	1.15%	1.12%
Return on average shareholders' equity	11.79%	10.47%	11.95%	12.38%
Net interest margin ²	4.05%	4.06%	4.12%	3.91%
Net interest income to average total assets	3.87%	3.92%	3.99%	3.80%
Efficiency ratio	60.04%	65.58%	63.73%	62.36%

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

2 = Net interest margin calculated on a tax equivalent yield basis. Prior periods have been updated to conform to current presentation.

	Three Months Ended			
	September 30, <u>2019</u>	June 30, <u>2019</u>	March 31, <u>2019</u>	September 30, <u>2018</u>
<u>Selected Average Balances</u>				
Gross loans	\$ 481,402	\$ 484,676	\$ 487,838	\$ 480,621
Investment securities	68,949	70,033	69,553	70,152
Federal Home Loan Bank stock	3,501	3,415	3,163	3,163
Other interest earning assets	35,220	34,233	50,778	46,534
Total interest earning assets	<u>\$ 589,072</u>	<u>\$ 592,357</u>	<u>\$ 611,332</u>	<u>\$ 600,470</u>
Total assets	\$ 614,674	\$ 610,453	\$ 628,320	\$ 615,388
Interest bearing checking accounts	\$ 42,295	\$ 36,569	\$ 34,268	\$ 34,883
Money market deposits	113,151	125,529	127,764	140,443
Savings deposits	111,502	99,517	107,158	117,023
Time deposits	19,933	18,759	18,099	15,216
Total interest bearing deposits	286,881	280,374	287,289	307,565
Noninterest bearing demand deposits	256,989	262,225	275,956	249,488
Total deposits	<u>\$ 543,870</u>	<u>\$ 542,599</u>	<u>\$ 563,245</u>	<u>\$ 557,053</u>
Borrowings	\$ -	\$ -	\$ -	\$ -
Shareholders' equity	\$ 65,219	\$ 62,740	\$ 60,286	\$ 55,858

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

	Nine Months Ended	
	September 30, 2019	September 30, 2018
<u>Selected Financial Ratios</u>		
Return on average total assets	1.16%	1.01%
Return on average shareholders' equity	11.40%	11.08%
Net interest margin ²	4.08%	3.83%
Net interest income to average total assets	3.93%	3.72%
Efficiency ratio	63.11%	65.69%

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

2 = Net interest margin calculated on a tax equivalent yield basis. Prior periods have been updated to conform to current presentation.

	Nine Months Ended	
	September 30, 2019	September 30, 2018
<u>Selected Average Balances</u>		
Gross loans	\$ 484,615	\$ 460,685
Investment securities	69,510	71,496
Federal Home Loan Bank stock	3,361	3,163
Other interest earning assets	40,020	46,897
Total interest earning assets	<u>\$ 597,506</u>	<u>\$ 582,241</u>
Total assets	\$ 617,766	\$ 596,937
Interest bearing checking accounts	\$ 37,740	\$ 34,917
Money market deposits	122,094	126,721
Savings deposits	106,075	119,424
Time deposits	18,937	13,517
Total interest bearing deposits	<u>284,846</u>	<u>294,579</u>
Noninterest bearing demand deposits	<u>264,987</u>	<u>245,491</u>
Total deposits	<u>\$ 549,833</u>	<u>\$ 540,070</u>
Borrowings	\$ -	\$ 308
Shareholders' equity	\$ 62,767	\$ 54,186