



1st Capital Bancorp Announces Fourth Quarter 2021 Financial Results

Salinas, California – January 31, 2022. **1st Capital Bancorp** (the “Company”), (OTCQX: FISB), the \$999.4 million asset bank holding company and parent company of 1st Capital Bank (the “Bank”), today reported unaudited net income of \$1.89 million for the quarter ended December 31, 2021, a decrease of 19.3% compared to net income of \$2.26 million in the third quarter of 2021, and an increase of 18.6% compared to net income of \$1.59 million in the fourth quarter of 2020.

Net income for the year ended December 31, 2021 of \$7.6 million increased 69.4% compared to net income for the year ended December 31, 2020.

Financial Highlights

Performance highlights for the quarter ended December 31, 2021, as compared to the quarter ending December 31, 2020, and the quarter ending September 30, 2021:

- For the quarter ended December 31, 2021, the Company's return on average equity was 9.39%, as compared to 8.60% and 11.35% for the quarters ended December 31, 2020 and September 30, 2021, respectively.
- For the quarter ended December 31, 2021, the Company's return on average assets was 0.75%, as compared to 0.82% and 0.92% for the quarters ended December 31, 2020 and September 30, 2021, respectively.
- Earnings per share (diluted) were \$0.33 for the fourth quarter of 2021, compared to \$0.40 for the prior quarter, and \$0.28 for the fourth quarter of 2020.
- For the quarter ended December 31, 2021, the Company's net interest margin was 3.17%, as compared to 3.54% and 3.26% for the quarters ended December 31, 2020 and September 30, 2021, respectively.
- For the quarter ended December 31, 2021, the Company's efficiency ratio was 68.01%, as compared to 67.65% and 60.58% for the quarters ended December 31, 2020 and September 30, 2021, respectively.
- The Company recorded \$0 provision expense for the quarters ended December 31, 2021, December 31, 2020 and September 30, 2021.

- As of December 31, 2021, the Company's nonperforming assets to total assets was 0.10%, as compared to 0.16% and 0.11% for the quarters ended December 31, 2020 and September 30, 2021, respectively.
- As of December 31, 2021, the Company reported total assets, total deposits, and total loans of \$999.4 million, \$899.2 million, and \$564.2 million, respectively.

Performance highlights for the year ended December 31, 2021, as compared to the year ending December 31, 2020:

- The Company's return on average equity was 9.93% for the year ended December 31, 2021, as compared to 6.32% for the year ended December 31, 2020.
- The Company's return on average assets was 0.83% for the year ended December 31, 2021, as compared to 0.63% for the year ended December 31, 2020.
- Earnings per share (diluted) increased \$0.53 per share to \$1.34 per share for the year ended December 31, 2021 from \$0.81 per share for the year ended December 31, 2020.
- The Company's net interest margin was 3.35% for the year ended December 31, 2021 as compared to 3.62% for the year ended December 31, 2020.
- The Company's efficiency ratio was 65.65% for the year ended December 31, 2021 as compared to 67.77% for the year ended December 31, 2020.
- The Company recorded \$0 provision expense for the year ended December 31, 2021 as compared to \$2.1 million for the year ended December 31, 2020.

"We are pleased with our year over year performance," commented Sam Jimenez, chief executive officer. "The strong balance sheet growth and solid operating metrics are substantially attributable to our PPP and core loan activities, and highly reflective of our Mission to provide sustainable value to our customers, communities, team members, and shareholders. As we settle into 2022, we are confident in our ability to uphold our Mission and sustain our performance."

1ST CAPITAL BANCORP
CONDENSED FINANCIAL DATA – UNAUDITED
(\$000'S, except per share data)

| Operating Results Data | For the Three Months Ended | | | For the Year Ended | | |
|--|----------------------------|-----------------|---------------|--------------------|-----------------|-----------------|
| | 12/31/2021 | 12/31/2020 | Change | 12/30/2021 | 12/30/2020 | Change |
| Interest income | \$ 8,203 | \$ 6,852 | \$ 1,351 | \$ 31,322 | \$ 26,039 | \$ 5,283 |
| Interest expense | 530 | 226 | 304 | 1,563 | 1,001 | 562 |
| Net interest income | 7,673 | 6,626 | 1,047 | 29,759 | 25,038 | 4,721 |
| Provision for loan losses | - | - | - | - | 2,125 | (2,125) |
| Noninterest income | 238 | 233 | 5 | 913 | 1,028 | (115) |
| Noninterest expenses | 5,380 | 4,640 | 740 | 20,135 | 17,666 | 2,470 |
| Income before provision for income taxes | 2,531 | 2,219 | 312 | 10,537 | 6,276 | 4,261 |
| Provision for income taxes | 640 | 626 | 15 | 2,904 | 1,770 | 1,134 |
| Net income | \$ 1,891 | \$ 1,593 | \$ 297 | \$ 7,633 | \$ 4,505 | \$ 3,128 |

| Assets | 12/31/2021 | 9/30/2021 | 6/30/2021 | 12/31/2020 |
|--|------------|--------------|------------|------------|
| Cash and due from banks | \$ 6,768 | \$ 9,668 | \$ 17,876 | \$ 9,304 |
| Funds held at the Federal Reserve Bank | 77,311 | 120,005 | 43,615 | 97,462 |
| Available-for-sale securities, at fair value | 333,869 | 297,456 | 264,572 | 106,214 |
| Loans | 564,241 | 565,031 | 608,101 | 605,154 |
| Allowance for loan losses | (8,578) | (8,830) | (8,840) | (8,816) |
| Net loans | 555,564 | 556,201 | 599,261 | 596,338 |
| Other Assets | 25,748 | 24,186 | 25,379 | 23,233 |
| Total assets | \$ 999,360 | \$ 1,007,516 | \$ 950,703 | \$ 832,551 |
| Liabilities and Shareholders' Equity | 12/31/2021 | 9/30/2021 | 6/30/2021 | 12/31/2020 |
| Noninterest bearing demand deposits | \$ 463,990 | \$ 438,446 | \$ 412,108 | \$ 386,710 |
| Interest bearing checking accounts | 68,575 | 72,867 | 57,421 | 65,686 |
| Money market | 197,703 | 252,255 | 241,164 | 159,510 |
| Savings | 157,332 | 135,736 | 129,176 | 121,148 |
| Time | 11,559 | 12,422 | 13,761 | 15,284 |
| Interest bearing deposits | 435,169 | 473,280 | 441,522 | 361,628 |
| Total deposits | 899,159 | 911,726 | 853,630 | 748,338 |
| Other liabilities | 20,203 | 17,309 | 19,779 | 9,880 |
| Shareholders' equity | 79,998 | 78,481 | 77,294 | 74,333 |
| Total liabilities and shareholders' equity | \$ 999,360 | \$ 1,007,516 | \$ 950,703 | \$ 832,551 |
| Shares outstanding | 5,609,141 | 5,587,878 | 5,581,848 | 5,570,021 |
| Earnings per share basic | \$0.34 | \$0.40 | \$0.35 | \$0.29 |
| Earnings per share diluted | \$0.33 | \$0.40 | \$0.34 | \$0.28 |
| Nominal and tangible book value per share | \$14.26 | \$14.04 | \$13.85 | \$13.35 |

Net Interest Income and Net Interest Margin

The Company's fourth quarter 2021 net interest income increased \$1.0 million or 15.8% as compared with the quarter ending December 31, 2020. This increase was primarily driven by higher investment income.

The Company's net interest margin decreased by 38 basis points (bps) or 10.7% when compared to the quarter ending December 31, 2020. This decrease was primarily driven by the Company's mix of average earning assets. Lower yielding average earning asset balances have grown at an exceeding rate relative to higher yielding average earning assets. Interest expense associated with the subordinated debt issued by the Company in 2021 also contributed to the net interest margin decrease in the fourth quarter of 2021 compared to the same quarter in 2020.

In general terms, prepaying and repricing higher yielding loans have been substantially replaced and supplemented with lower yielding investment securities purchased in the current year. The negative impact has been partially offset by higher yields resulting from fee recognition on PPP loan forgiveness, and to a lesser extent, the impact of the higher yielding consumer loans purchased during the second and fourth quarters.

Provision for Loan Losses

Stable credit quality and improving economic conditions resulted in \$0 loan loss provision in the quarters ending December 31, 2021 and December 31, 2020.

Noninterest Expenses

The Company's fourth quarter 2021 non-interest expenses increased \$740 thousand, or 16.0%, to \$5.38 million in the fourth quarter of 2021, compared to \$4.64 million for the fourth quarter of 2020. This increase is primarily due to increased salary and benefit costs related to filling four key leadership positions in the fourth quarter of 2021 and increased FDIC insurance costs associated with deposit growth.

Balance Sheet Summary

The Company's total assets marginally decreased \$8.2 million or 0.8% to \$999.4 million as compared to \$1.007 billion at September 30, 2021.

Total loans outstanding were \$564.2 million as of December 31, 2021. This represents a \$40.9 million decrease or 6.8% from the December 31, 2020 outstanding balance of \$605.2 million. The decrease in loan level reflects PPP loan forgiveness and payoff activity in the purchased residential loan portfolio, offset by an increase in originations of commercial real estate core loans, and the purchase of two consumer loan pools in the second and fourth quarters of 2021 with \$36.6 million in outstanding balances at December 31, 2021.

PPP loans outstanding were \$25.2 million as of December 31, 2021, and included a deferred fee balance of \$765 thousand. At December 31, 2020, PPP loans outstanding were \$90.4 million and included a deferred fee balance of \$1.7 million.

The investment portfolio increased \$227.7 million to \$333.9 million from an outstanding balance of \$106.2 million as of December 31, 2020. Incoming cashflows from deposit growth and prepaying earning assets were largely deployed in bonds. The majority of the investments were made in mortgage-backed and municipal securities.

Total deposits were \$899.2 million as of December 31, 2021. This represents a \$150.8 million increase or 20.2% from the December 31, 2020 outstanding balance of \$748.3 million. A significant portion of this growth was associated with PPP loan proceeds deposited with the Bank. Growth in noninterest-bearing demand deposit accounts were \$77.3 million or 51.2% of the total annual deposit growth. The balance of the deposit growth was distributed among interest-bearing deposit accounts with the exception of time deposits which decreased by \$3.7 million to \$11.6 million.

Asset Quality

At December 31, 2021, non-performing assets were 0.10% of the Company's total assets, compared with 0.11% at September 30, 2021. At December 31, 2021, the allowance for loan losses was 1.52% of outstanding loans, compared to 1.56% at September 30, 2021. The Bank recorded \$310 thousand in charge-offs in the fourth quarter related to the purchased consumer loan portfolio compared to \$22 thousand in the quarter ended September 30, 2021. The Bank recorded net recoveries of \$12 thousand in each of the first three quarters of 2021 and \$58 thousand in the fourth quarter of 2021.

As of December 31, 2021, the Company does not have any outstanding loan deferments or forbearances stemming from COVID-19.

Stock Repurchase Activity

The Company announced a Stock Repurchase Program December 3, 2021 and subsequently repurchased a total of 57,089 shares through January 20, 2022 at a weighted average price of \$14.91.

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CONDENSED FINANCIAL DATA - UNAUDITED
(\$ in 000s)

| Asset Quality | 12/31/2021 | 9/30/2021 | 6/30/2021 | 12/31/2020 |
|--|---------------|-----------------|-----------------|-----------------|
| Loans past due 90 days or more and accruing interest | \$ 59 | \$ 146 | \$ - | \$ - |
| Other nonaccrual loans | 899 | 921 | 2,161 | 1,299 |
| Other real estate owned | - | - | - | - |
| Total nonperforming assets | \$ 958 | \$ 1,067 | \$ 2,161 | \$ 1,299 |
| Allowance for loan losses to total loans | 1.52% | 1.56% | 1.46% | 1.46% |
| Allowance for loan losses to nonperforming loans | 895.41% | 827.55% | 409.07% | 679.60% |
| Nonaccrual loans to total loans | 0.16% | 0.16% | 0.36% | 0.21% |
| Nonperforming assets to total assets | 0.10% | 0.11% | 0.23% | 0.16% |

1ST CAPITAL BANCORP
CONDENSED FINANCIAL DATA - UNAUDITED
(\$ in 000s)

| Operating Results Data | Three Months Ended | | Year Ended | |
|---|---------------------------|-------------------|-------------------|-------------------|
| | 12/31/2021 | 12/31/2020 | 12/31/2021 | 12/31/2020 |
| Interest and dividend income | | | | |
| Loans | \$ 6,857 | \$ 6,530 | \$ 27,555 | \$ 24,581 |
| Investment securities | 1,247 | 266 | 3,452 | 1,190 |
| Federal Home Loan Bank stock | 60 | 44 | 230 | 176 |
| Other income | 39 | 12 | 85 | 92 |
| Total interest and dividend income | 8,203 | 6,852 | 31,322 | 26,039 |
| Interest expense | 530 | 226 | 1,563 | 1,001 |
| Net interest income | 7,673 | 6,626 | 29,759 | 25,038 |
| Provision for loan losses | - | - | - | 2,125 |
| Net interest income after provision for loan losses | 7,673 | 6,626 | 29,759 | 22,913 |
| Noninterest income | 238 | 233 | 913 | 1,028 |
| Noninterest expenses | | | | |
| Salaries and benefits expense | 3,305 | 2,937 | 12,408 | 10,858 |
| Occupancy expense | 413 | 408 | 1,643 | 1,515 |
| Data and item processing | 260 | 249 | 1,064 | 901 |
| Furniture and equipment | 117 | 131 | 466 | 638 |
| Professional services | 248 | 123 | 736 | 802 |
| Other | 1,037 | 792 | 3,818 | 2,952 |
| Total noninterest expenses | 5,380 | 4,640 | 20,135 | 17,666 |
| Income before provision for income taxes | 2,531 | 2,219 | 10,537 | 6,275 |
| Provision for income taxes | 640 | 626 | 2,904 | 1,770 |
| Net income | \$ 1,891 | \$ 1,593 | \$ 7,633 | \$ 4,505 |

1ST CAPITAL BANCORP
CONDENSED FINANCIAL DATA - UNAUDITED
(\$ in 000s)

| Assets | 12/31/2021 | 9/30/2021 | 6/30/2021 | 12/31/2020 |
|---|-------------------|---------------------|-------------------|-------------------|
| Cash and due from banks | \$ 6,768 | \$ 9,668 | \$ 17,876 | \$ 9,304 |
| Funds held at the Federal Reserve Bank | 77,311 | 120,005 | 43,615 | 97,462 |
| Available-for-sale securities, at fair value | 333,869 | 297,456 | 264,572 | 106,214 |
| Loans held for sale | - | - | 1,791 | - |
| Loans held for investment | | | | |
| Construction/land (including farmland) | 28,260 | 25,476 | 22,091 | 17,097 |
| Residential 1 to 4 units | 61,209 | 68,438 | 75,906 | 102,688 |
| Home equity lines of credit | 6,087 | 7,601 | 6,669 | 5,955 |
| Multifamily | 82,231 | 81,268 | 77,183 | 84,704 |
| Owner occupied commercial real estate | 89,087 | 80,166 | 81,972 | 72,427 |
| Investor commercial real estate | 185,939 | 185,001 | 172,776 | 174,437 |
| Commercial and industrial | 40,298 | 40,719 | 49,147 | 47,550 |
| Paycheck Protection Program | 25,203 | 42,414 | 84,866 | 90,382 |
| Other loans | 45,927 | 33,948 | 35,700 | 9,914 |
| Total loans held for investment | 564,241 | 565,031 | 606,310 | 605,154 |
| Allowance for loan losses | (8,578) | (8,830) | (8,840) | (8,816) |
| Net loans held for investment | 555,663 | 556,201 | 597,470 | 596,338 |
| Other assets | 25,748 | 24,186 | 25,379 | 23,233 |
| Total assets | \$ 999,360 | \$ 1,007,516 | \$ 950,703 | \$ 832,551 |
| Liabilities and Shareholders' Equity | | | | |
| Noninterest bearing demand deposits | \$ 463,990 | \$ 438,446 | \$ 412,108 | \$ 386,710 |
| Interest bearing checking accounts | 68,575 | 72,867 | 57,421 | 65,686 |
| Money market | 197,703 | 252,255 | 241,164 | 159,509 |
| Savings | 157,332 | 135,736 | 129,176 | 121,148 |
| Time | 11,559 | 12,422 | 13,761 | 15,284 |
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| Other liabilities | 20,203 | 17,309 | 19,779 | 9,880 |
| Shareholders' equity | 79,998 | 78,481 | 77,294 | 74,333 |
| Total liabilities and shareholders' equity | \$ 999,360 | \$ 1,007,516 | \$ 950,703 | \$ 832,551 |

1ST CAPITAL BANCORP
CONDENSED FINANCIAL DATA – UNAUDITED
(\$000's)

| Selected Average Balances | Three Months Ended | | Year Ended | |
|-------------------------------------|--------------------|-------------------|-------------------|-------------------|
| | 12/30/2021 | 12/30/2020 | 12/31/2021 | 12/31/2020 |
| Gross loans | \$ 561,207 | \$ 618,458 | \$595,961 | \$ 593,887 |
| Investment securities | 317,032 | 75,020 | 231,420 | 66,146 |
| Federal Home Loan Bank stock | 3,948 | 3,534 | 3,818 | 3,396 |
| Other interest earning assets | 92,112 | 46,969 | 58,474 | 28,979 |
| Total interest earning assets | \$ 974,299 | \$ 743,981 | \$ 889,673 | \$ 692,408 |
| Total assets | \$ 999,508 | \$ 769,694 | \$ 891,336 | \$ 716,834 |
| Interest bearing checking accounts | \$ 60,106 | \$ 54,120 | \$ 60,738 | \$ 46,821 |
| Money market | 232,730 | 136,535 | 206,320 | 137,155 |
| Savings | 141,290 | 111,468 | 131,905 | 105,383 |
| Time deposits | 11,965 | 15,937 | 13,609 | 18,068 |
| Total interest- bearing deposits | 446,091 | 318,060 | 412,572 | 307,427 |
| Noninterest bearing demand deposits | 468,459 | 364,571 | 422,417 | 327,651 |
| Total deposits | \$ 914,550 | \$ 682,631 | \$ 834,989 | \$ 635,078 |
| Borrowings | \$ 14,651 | \$ 8,261 | \$ 7,657 | \$ 5,519 |
| Shareholders' equity | \$ 79,312 | \$ 73,488 | \$ 76,892 | \$ 71,090 |

| Selected Financial Ratios | Three Months Ended | | Year Ended | |
|---|--------------------|------------|------------|------------|
| | 12/31/2021 | 12/31/2020 | 12/31/2021 | 12/31/2020 |
| Return on average total assets | 0.75% | 0.82% | 0.83% | 0.63% |
| Return on average shareholders' equity | 9.46% | 8.60% | 9.93% | 6.32% |
| Net interest margin | 3.17% | 3.54% | 3.35% | 3.62% |
| Net interest income to average total assets | 3.05% | 3.42% | 3.24% | 3.48% |
| Efficiency ratio | 68.01% | 67.65% | 65.65% | 67.77% |

| Regulatory Capital and Ratios | 12/31/2021 | 9/30/2021 | 6/30/2021 | 12/31/2020 |
|---|------------|-----------|-----------|------------|
| Common equity tier 1 capital | \$ 80,819 | \$ 78,702 | \$ 76,158 | \$ 72,461 |
| Tier 1 regulatory capital | \$ 80,819 | \$ 78,702 | \$ 76,158 | \$ 72,461 |
| Total regulatory capital | \$ 88,798 | \$ 86,122 | \$ 83,518 | \$ 78,957 |
| Tier 1 leverage ratio | 8.09% | 8.07% | 8.64% | 9.44% |
| Common equity tier 1 risk-based capital ratio | 12.82% | 13.30% | 12.99% | 14.01% |
| Tier 1 capital ratio | 12.82% | 13.30% | 12.99% | 14.01% |
| Total risk-based capital ratio | 14.07% | 14.55% | 14.24% | 15.27% |

About 1st Capital Bancorp

1st Capital Bancorp is the holding company for 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 and the U.S. Department of Agriculture. A full suite of deposit accounts also is furnished, complemented by robust cash management services. The Bank operates full service branch offices in Monterey, Salinas, King City, San Luis Obispo and Santa Cruz. 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. 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 pandemics, 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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