



1st Capital Bancorp Announces Third Quarter 2021 Results

Salinas, California – October 29, 2021. **1st Capital Bancorp** (the “Company”), (OTCQX: FISB), the \$1 billion asset bank holding company and parent company of 1st Capital Bank (the “Bank”), today reported unaudited net income of \$2.26 million for the three months ended September 30, 2021, an increase of 15.7% compared to net income of \$1.95 million in the second quarter of 2021, and an increase of 136.7% compared to net income of \$953 thousand in the third quarter of 2020. Earnings per share were \$0.40 (diluted) for the third quarter of 2021, compared to \$0.34 (diluted) for the prior quarter, and \$0.17 (diluted) for the third quarter of 2020.

Financial Highlights

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

- For the quarter ended September 30, 2021, the Company's return on average equity was 11.35%, as compared to 5.26% and 10.36% for the quarter ended September 30, 2020 and June 30, 2021, respectively.
- For the quarter ended September 30, 2021, the Company's return on average assets was 0.92%, as compared to 0.51% and 0.89% for the quarter ended September 30, 2020 and June 30, 2021, respectively.
- For the quarter ended September 30, 2021, the Company's net interest margin was 3.26%, as compared to 3.45% and 3.54% for the three months ended September 30, 2020 and June 30, 2021, respectively.
- For the quarter ended September 30, 2021, the Company's efficiency ratio was 60.58%, as compared to 69.88% and 64.79% for the three months ended September 30, 2020 and June 30, 2021, respectively.
- For the quarter ended September 30, 2021, the Company's provision expense for loan losses was \$0, as compared to \$650 thousand and \$0 for the three months ended September 30, 2020 and June 30, 2021, respectively.
- As of September 30, 2021, the Company's nonperforming assets to total assets was 0.11%, as compared to 0.20% and 0.23% for the three months ended September 30, 2020 and June 30, 2021, respectively.
- As of September 30, 2021, the Company reported total assets, total deposits, and total loans of \$1.008 billion, \$911.7 million, and \$565.0 million, respectively.

“We are pleased with our third quarter performance, especially in light of the challenging operating environment,” commented Samuel D. Jimenez, chief executive officer. “We continue to experience significant deposit and corresponding asset growth. Total assets have increase by \$175 million or 21% in the first three quarters of 2021. While organic core loan growth, excluding PPP, remains robust at an annualized growth rate of 8%, substantial excess liquidity remains, and has been deployed into higher yielding securities.”

Net Interest Income and Net Interest Margin

The Company's third quarter 2021 net interest income increased \$1.49 million or 23.94% as compared with the quarter ending September 30, 2020. This increase was driven by higher investment income, income generated by a \$25 million consumer loan purchase in the second quarter of 2021, and increased revenue recognition from the Paycheck Protection Program (PPP) loans.

The Company's net interest margin decreased by 19 basis points (bps) or 5.51% when compared to the quarter ending September 30, 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.

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 quarter.

Provision for Loan Losses

The Company did not make any provisions for loan losses in the quarter ending September 30, 2021, as compared to \$650 thousand in the quarter ending September 30, 2020. Uncertainty surrounding COVID-19, and the potential negative impact on our clients and asset quality dictated the provisions made in the same period a year ago. Improving economic conditions and diminished concern with the Company's asset quality eliminated the need for any additional loan loss provisions for the previous sequential four quarters.

Noninterest Expenses

The Company's third quarter 2021 non-interest expenses increased \$274 thousand, or 6.0%, to \$4.85 million in the third quarter of 2021, compared to \$4.58 million for the third quarter of 2020. This increase is mostly due to a \$150 thousand community relations donation to the Salinas Regional Sports Authority to expand on its vision to “develop, build and manage high quality facilities” for youth soccer in the Salinas area.

Balance Sheet Summary

The Company's total assets increased \$56.8 million or 5.98% to \$1.008 billion as compared to \$950.7 million at June 30, 2021.

Total loans outstanding were \$565.0 million as of September 30, 2021. This represents a \$63.6 million decrease or 10.12% from the September 30, 2020 outstanding balance of \$628.6 million. The decrease in loan level reflected 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 a \$25 million consumer loan pool in May, 2021.

PPP loans outstanding were \$42.4 million as of September 30, 2021, and included a deferred fee balance of \$1.4 million. At September 30, 2020, PPP loans outstanding were \$106.6 million and included a deferred fee balance of \$2.5 million.

The investment portfolio increased \$237.8 million to \$297.5 million from an outstanding balance of \$59.6 million as of September 30, 2020. Incoming cashflows from deposit growth and prepaying earning assets were significantly deployed in bonds. The majority of the investments were made in mortgage-backed securities, municipal securities, and floating rate securities.

Total deposits were \$911.7 million as of September 30, 2021. This represents a \$250.2 million increase or 37.81% from the September 30, 2020 outstanding balance of \$661.6 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 \$81.7 million or 32.65% of the total deposit growth over the 12 months ending on September 30, 2021. The balance of the deposit growth was distributed among interest-bearing deposit accounts with the exception of time deposits which decreased by \$4.7 million to \$12.4 million.

Asset Quality

At September 30, 2021, non-performing assets were 0.11% of the Company's total assets, compared with 0.23% at June 30, 2021. At September 30, 2021, the allowance for loan losses was 1.56% of outstanding loans, compared to 1.46% at June 30, 2021. The Bank recorded a \$22 thousand charge-off in the third quarter related to the purchased consumer loan portfolio. The Bank recorded net recoveries of \$12 thousand in each of the three quarters of 2021.

As of September 30, 2021, the Company does not have any outstanding loan deferments or forbearances stemming from COVID-19.

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 www.1stCapital.bank.

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1ST CAPITAL BANCORP
CONDENSED FINANCIAL DATA - UNAUDITED
(\$000s, except per share data)

Operating Results Data	For the Three Months Ended			For the Nine Months Ended		
	9/30/2021	9/30/2020	Change	9/30/2021	9/30/2020	Change
Interest income	\$ 8,210	\$ 6,437	\$ 1,773	\$ 23,119	\$ 19,187	\$ 3,932
Interest expense	495	212	283	1,033	775	258
Net interest income	7,715	6,225	1,490	22,086	18,412	3,674
Provision for loan losses	-	650	(650)	-	2,125	(2,125)
Noninterest income	294	326	(32)	675	795	(120)
Noninterest expenses	4,852	4,578	274	14,755	13,026	1,729
Income before provision for income taxes	3,157	1,323	1,834	8,006	4,056	3,950
Provision for income taxes	901	370	531	2,263	1,145	1,118
Net income	\$ 2,256	\$ 953	\$ 1,303	\$ 5,743	\$ 2,911	\$ 2,832

Assets	9/30/2021	6/30/2021	3/31/2021	12/31/2020
Cash and due from banks	\$ 9,668	\$ 17,876	\$ 11,497	\$ 9,304
Funds held at the Federal Reserve Bank	120,005	43,615	47,158	97,462
Available-for-sale securities, at fair value	297,456	264,572	181,201	106,214
Loans	565,031	608,101	619,436	605,154
Allowance for loan losses	(8,830)	(8,840)	(8,828)	(8,816)
Net loans	556,201	599,261	610,608	596,338
Other Assets	24,186	25,379	24,003	23,233
Total assets	\$ 1,007,516	\$ 950,703	\$ 874,467	\$ 832,551
Liabilities and Shareholders' Equity	9/30/2021	6/30/2021	3/31/2021	12/31/2020
Noninterest bearing demand deposits	\$ 438,445	\$ 412,108	\$ 401,123	\$ 386,711
Interest bearing checking accounts	72,867	57,421	58,612	65,686
Money market	252,256	241,164	185,841	159,509
Savings	135,736	129,176	127,940	121,148
Time	12,422	13,761	14,317	15,284
Interest bearing deposits	473,281	441,522	386,710	361,627
Total deposits	911,726	853,630	787,833	748,338
Other liabilities	17,309	19,779	12,249	9,880
Shareholders' equity	78,481	77,294	74,385	74,333
Total liabilities and shareholders' equity	\$ 1,007,516	\$ 950,703	\$ 874,467	\$ 832,551
Shares outstanding	5,587,878	5,581,848	5,571,545	5,570,021
Earnings per share basic	\$0.40	\$0.35	\$0.28	\$0.29
Earnings per share diluted	\$0.40	\$0.34	\$0.27	\$0.28
Nominal and tangible book value per share	\$14.04	\$13.85	\$13.35	\$13.35

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Net income	\$ 2,256	\$ 953	\$ 1,303	\$ 5,743	\$ 2,911	\$ 2,832

Assets	9/30/2021	6/30/2021	3/31/2021	12/31/2020
Cash and due from banks	\$ 9,668	\$ 17,876	\$ 11,497	\$ 9,304
Funds held at the Federal Reserve Bank	120,005	43,615	47,158	97,462
Available-for-sale securities, at fair value	297,456	264,572	181,201	106,214
Loans	565,031	608,101	619,436	605,154
Allowance for loan losses	(8,830)	(8,840)	(8,828)	(8,816)
Net loans	556,201	599,261	610,608	596,338
Other Assets	24,186	25,379	24,003	23,233
Total assets	\$ 1,007,516	\$ 950,703	\$ 874,467	\$ 832,551
Liabilities and Shareholders' Equity	9/30/2021	6/30/2021	3/31/2021	12/31/2020
Noninterest bearing demand deposits	\$ 438,445	\$ 412,108	\$ 401,123	\$ 386,711
Interest bearing checking accounts	72,867	57,421	58,612	65,686
Money market	252,256	241,164	185,841	159,509
Savings	135,736	129,176	127,940	121,148
Time	12,422	13,761	14,317	15,284
Interest bearing deposits	473,281	441,522	386,710	361,627
Total deposits	911,726	853,630	787,833	748,338
Other liabilities	17,309	19,779	12,249	9,880
Shareholders' equity	78,481	77,294	74,385	74,333
Total liabilities and shareholders' equity	\$ 1,007,516	\$ 950,703	\$ 874,467	\$ 832,551
Shares outstanding	5,587,878	5,581,848	5,571,545	5,570,021
Earnings per share basic	\$0.40	\$0.35	\$0.28	\$0.29
Earnings per share diluted	\$0.40	\$0.34	\$0.27	\$0.28
Nominal and tangible book value per share	\$14.04	\$13.85	\$13.35	\$13.35

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(\$ in 000s)

Assets	9/30/2021	9/30/2020	6/30/2021	3/31/2021
Cash and due from banks	\$ 9,668	\$ 6,966	\$ 17,876	\$ 11,497
Funds held at the Federal Reserve Bank	120,005	38,715	43,615	47,158
Available-for-sale securities, at fair value	297,456	59,649	264,572	181,201
Loans held for sale	-	442	1,791	-
Construction/land (including farmland)	25,476	15,850	22,091	19,331
Residential 1 to 4 units	68,438	115,881	75,906	87,736
Home equity lines of credit	7,601	6,034	6,669	5,400
Multifamily	81,268	79,693	77,183	84,942
Owner occupied commercial real estate	80,166	70,935	81,972	68,189
Investor commercial real estate	185,001	173,557	172,776	176,709
Commercial and industrial	40,719	48,812	49,147	49,314
Paycheck Protection Program	42,414	106,559	84,866	118,381
Other loans	33,948	10,877	35,700	9,434
Total loans held for investment	565,031	628,198	606,310	619,436
Allowance for loan losses	(8,830)	(8,804)	(8,840)	(8,828)
Net loans held for investment	556,201	619,394	597,470	610,608
Other assets	24,186	23,856	25,379	24,003
Total assets	\$ 1,007,516	\$ 749,022	\$ 950,703	\$ 874,467

Liabilities and Shareholders' Equity	9/30/2021	9/30/2020	6/30/2021	3/31/2021
Noninterest bearing demand deposits	\$ 438,445	\$ 356,730	\$ 412,108	\$ 401,123
Interest bearing checking accounts	72,867	54,228	57,421	58,612
Money market	252,256	128,039	241,164	185,841
Savings	135,736	105,431	129,176	127,940
Time	12,422	17,147	13,761	14,317
Interest bearing deposits	473,281	304,845	441,522	386,710
Total deposits	911,726	661,575	853,630	787,833
Other liabilities	17,309	15,059	19,779	12,249
Shareholders' equity	78,481	72,388	77,294	74,385
Total liabilities and shareholders' equity	\$ 1,007,516	\$ 749,022	\$ 950,703	\$ 874,467

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Operating Results Data	Three Months Ended		Nine Months Ended	
	9/30/2021	9/30/2020	9/30/2021	9/30/2020
Loans	\$ 7,121	\$ 6,133	\$ 20,698	\$ 18,050
Investment securities	1,000	253	2,205	924
Federal Home Loan Bank stock	60	44	169	132
Other income	29	7	47	81
Interest expense	495	212	1,033	775
Net interest income	7,715	6,225	22,086	18,412
Provision for loan losses	-	650	-	2,125
Noninterest income	294	326	675	795
Salaries and benefits expense	2,737	2,704	9,103	7,921
Occupancy expense	422	390	1,230	1,106
Data and item processing	288	225	803	652
Furniture and equipment	119	127	349	507
Professional services	148	350	488	678
Other	1,138	782	2,782	2,162
Total noninterest expenses	4,852	4,578	14,755	13,026
Income before provision for income taxes	3,157	1,323	8,006	4,056
Provision for income taxes	901	370	2,263	1,145
Net income	\$ 2,256	\$ 953	\$ 5,743	\$ 2,911

Asset Quality	9/30/2021	6/30/2021	3/31/2021	12/31/2020
Loans past due 90 days or more and accruing interest	\$ 146	\$ -	\$ -	\$ -
Nonaccrual restructured loans	-	-	-	-
Other nonaccrual loans	921	2,161	3,100	1,299
Other real estate owned	-	-	-	-
Total nonperforming assets	\$ 1,067	\$ 2,161	\$ 3,100	\$ 1,299

Allowance for loan losses to total loans	1.56%	1.46%	1.43%	1.46%
Allowance for loan losses to nonperforming loans	827.55%	409.07%	284.77%	678.68%
Nonaccrual loans to total loans	0.16%	0.36%	0.50%	0.21%
Nonperforming assets to total assets	0.11%	0.23%	0.35%	0.16%

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Selected Average Balances	Three Months Ended		Nine Months Ended	
	9/30/2021	9/30/2020	9/30/2021	9/30/2020
Gross loans	\$ 588,133	\$ 628,889	\$607,673	\$ 585,636
Investment securities	279,122	61,323	202,569	63,167
Federal Home Loan Bank stock	3,948	3,534	3,773	3,520
Other interest earning assets	80,909	24,815	52,335	22,939
Total interest earning assets	\$ 952,112	\$ 718,561	\$ 866,350	\$ 675,262
Total assets	\$ 977,147	\$ 741,263	\$ 891,336	\$ 699,085
Interest bearing checking accounts	\$ 64,009	\$ 47,246	\$ 60,931	\$ 44,381
Money market	232,979	127,094	197,320	137,364
Savings	134,724	105,548	128,742	103,340
Time deposits	13,534	17,748	14,163	18,784
Total interest bearing deposits	445,246	297,636	401,156	303,869
Noninterest bearing demand deposits	433,518	356,738	401,407	315,254
Total deposits	\$ 878,764	\$ 654,374	\$ 802,563	\$ 619,123
Borrowings	\$ 14,646	\$ 10,000	\$ 7,131	\$ 4,599
Shareholders' equity	\$ 78,824	\$ 71,849	\$ 76,552	\$ 70,285

Selected Financial Ratios	Three Months Ended		Nine Months Ended	
	9/30/2021	9/30/2020	9/30/2021	9/30/2020
Return on average total assets	0.92%	0.51%	0.86%	0.55%
Return on average shareholders' equity	11.35%	5.26%	10.03%	5.52%
Net interest margin	3.26%	3.45%	3.44%	3.64%
Net interest income to average total assets	3.13%	3.33%	3.31%	3.51%
Efficiency ratio	60.58%	69.88%	64.82%	67.82%

Regulatory Capital and Ratios	Three Months Ended		Nine Months Ended	
	9/30/2021	6/30/2021	3/31/2021	12/31/2020
Common equity tier 1 capital	\$ 78,702	\$ 76,158	\$ 74,132	\$ 72,461
Tier 1 regulatory capital	\$ 78,702	\$ 76,158	\$ 74,132	\$ 72,461
Total regulatory capital	\$ 86,122	\$ 83,518	\$ 80,863	\$ 78,957
Tier 1 leverage ratio	8.07%	8.64%	9.14%	9.44%
Common equity tier 1 risk based capital ratio	13.30%	12.99%	13.83%	14.01%
Tier 1 capital ratio	13.30%	12.99%	13.83%	14.01%
Total risk based capital ratio	14.55%	14.24%	15.08%	15.27%