

# 1ST CAPITAL SHARES

1st Capital Bank Winter 2008



*"Your 1st Choice in Community Banking"*

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## **Directors**

Kurt J. Gollnick  
*Chairman*  
Susan C. Freeland  
Alfred P. Glover  
Daniel R. Hightower, MD  
C. Edward Holden  
Edward G. Hoyt, Jr.  
McKenzie Moss  
Nathan K. Olivas  
Francis "Sonny" Rianda  
C. Frederick Rowden  
Gregory T. Thelen

## **Executives**

C. Frederick Rowden  
*President*  
*Chief Executive Officer*  
Jayme C. Fields  
*Senior Vice President*  
*Chief Financial Officer*  
Geoffrey M. Loftus  
*Senior Vice President*  
*Chief Credit Officer*  
Daniel L. Walls  
*Senior Vice President*  
*Chief Lending Officer*

## **A Message from the President**

I am pleased to announce that 1st Capital Bank has continued its development during its first eight and one-half months of operations in accordance with our original business plan. Financial results as of December 31, 2007 reflect the progress the Bank has achieved. While there is a turmoil in the national finance market due to the current real estate market and the illiquid credit market, we believe that there are opportunities for the Bank to grow. I am pleased to report that 1st Capital Bank is not involved in any sub-prime lending and the bank is well capitalized according to regulatory guidelines.

1st Capital Bank is building a solid foundation with a long-term view. The Bank's mission is to reinvest your deposit dollars into the local communities that it serves. For the year 2007, the Bank invested over \$30 million in loans and thousands of dollars in contributions to local charities, in addition to the contribution of staff time.

We are proud to call 1st Capital Bank your 1st Bank of choice and your local Community Bank. What differentiates 1st Capital Bank from other financial institutions in Monterey County is that your Bank is Headquartered in Monterey County, is locally owned (with over 90% of shareholders like yourself, residing in Monterey County) and decisions are made locally. 1st Capital Bank's staff and Board of Directors are long-time residents of the area and are involved in the community. And, as I stated before, your deposits and our time are reinvested in your community. As your Premier Community Local Bank we are encouraging our customers and their businesses to be protected, see page 3 for a very important story on Identity Theft, and on page 2 you can find out how to access your account 24/7/365.

1st Capital Bank is growing! Our Loan Production Office in King City has been approved by regulatory authorities and is now open by appointment. The office is located at 104 South Vanderhurst Ave., King City. Improvements are also underway at our Salinas Branch office that will expand the office to 3200 square feet and allow us to provide our customers with a state of the art, yet traditional, branch facility. For your bank to continue this growth we need the continued support of our shareholders through deposits, loans and customer referrals. Call me at 831.264.4010 or stop by any of our branch offices. Thank you for being a part of an exciting venture. We are looking forward to continuing the achievement of our business plan goals in 2008.

**Sincerely,**  
**Fred Rowden**  
**President & CEO**



**Fred Rowden**  
*President/CEO*

## From the CFO

1st Capital Bank is pleased to report to you on the continued growth of its balance sheet since its opening on April 16, 2007. At December 31, 2007, total assets were \$69,391,000, or an increase of \$10,782,000 (18%) from September 30, 2007. Most of this asset growth was in loans. Loans at December 31, 2007, totaled \$36,613,000, an increase of \$13,250,000 (57%) from September 30, 2007. In addition, 1st Capital Bank had \$16,655,000 in Federal Funds sold as of December 31, 2007 to provide additional liquidity to fund future loan growth. At December 31, 2007, deposits were \$40,139,000, an increase of \$11,067,000 (38%) from September 30, 2007.

Shareholders and community members have rallied to participate in the growing success of your young bank, and we are pleased to report that the diversity and quality of those account holders gives 1st Capital Bank a strong foundation. The net interest margin for the fourth quarter of 2007 was 4.4% compared to 5.0% in the third quarter of 2007, due largely to a decrease in the Prime Lending Rate. This decrease in Prime was partially offset by the growth of quality loan and deposit accounts as 1st Capital's experienced bankers began to spread the message of 1st Capital Bank's superior service.



**Jayme Fields**  
Senior Vice President  
Chief Financial Officer

**Access Your Accounts 24/7/365 with ONLINE BANKING**  
Day or night banking Online allows you to access your accounts anytime, anywhere. You'll always have access to your 1st Capital Bank accounts. View your account balances, transfer funds, pay bills and maximize your savings whenever it is most convenient for you! Log in, save time and start paying your bills today ... Online. [www.1stcapitalbank.com](http://www.1stcapitalbank.com)

## 1st Capital Bank Employee Profiles

**Geoffrey M. Loftus**  
Senior Vice President  
Chief Credit Officer

Geoffrey M. Loftus of Carmel Valley, CA, has a 30 year banking career focused in credit organization and administration. Mr Loftus was most recently Senior Vice President and Chief Lending Officer of Central California Bank, a \$420 million 15-branch bank, which was acquired by Umpqua Bank. Previously, Mr. Loftus has served as First Vice President and as VP Lending Officer at First National Bank of Central California. You can reach Geoff at 831.264.4074 or [geoff.loftus@1stcapitalbank.com](mailto:geoff.loftus@1stcapitalbank.com)



*"1st Capital Bank has a core belief that our growth should never be at the expense of the soundness of the bank. We remind ourselves of this responsibility every day, and it guides our decision making."*

**Geoff Loftus**

Geoff is responsible for the Bank's overall credit administration.

**Daniel L. Walls**  
Senior Vice President  
Chief Lending Officer

Dan has twenty plus years of experience in all aspects of business banking including commercial, real estate and construction lending. Mr. Walls is responsible for the supervision of all lenders and their loan underwriting, coupled with the management of the Bank's commercial loan portfolio. Prior to 1st Capital Bank, Mr. Walls spent fourteen years with Community Bank of Central California (formerly Bank of Salinas), with the final eight years as the First Vice President, Senior Credit Officer for the bank. Mr. Walls has an undergraduate degree in business from CSUF, a Graduate Degree from the University of Washington's Pacific Coast Banking School and a Master's Degree from Pepperdine University. He can be reached at 831.264.4014 or [www.dan.walls@1stcapitalbank.com](http://www.dan.walls@1stcapitalbank.com)



# Identity Theft ... Don't compromise the quality of your life.

Identity theft affects over 10 million people a year, this crime and the incident rate is doubling every two to three years. Banks and government officials are encouraging individuals and businesses to take steps now to reduce exposure to these crimes, which cost the average identity theft victim 175 hours of personal time and \$1,500.00 to correct.

First make it more difficult for criminals to get your Social Security number, your birth certificate and all financial account information. Treat these items like valuable jewelry. If someone requests this information in person, by phone, postal mail, E-mail or on a Web site, ask why. Be satisfied with the response before sharing the information. Given the number of financial statements, loan and credit offers arriving in mail boxes, people interested in preventing thefts that often lead to fraudulent acts should rent P.O. Boxes or have locking boxes at their homes or businesses to receive incoming mail. They also should be careful with outbound mail, being certain not to leave invoice payments in mail boxes where they could be pilfered. Drop payment mailings off at US Postal Service offices or in steel USPS postal boxes. Or, pay bills online using secure Web sites readily identified by the closed lock or unbroken key icons appearing at the bottom right of Web browsers pages. Secure pages also are identified as <https://www>.

If you pay bills online or purchase items from secured sites on the Internet, it's best to use one credit card exclusively for Web transactions. The credit card will provide greater personal protection against identity theft than a debit card. Also, by using one card for all online transactions, it will be easier to identify any fraudulent activity that may arise.

Monitor your bank, credit card and other monthly statements. At least once a year, request your credit file from the three major credit bureaus (Experian, 888-397-3742, [www.experian.com](http://www.experian.com); Equifax, 800-437-4619, [www.Equifax.com](http://www.Equifax.com); TransUnion, 800-916-8800, [www.transunion.com](http://www.transunion.com)) If you find any questionable charges on any of these documents, immediately notify the financial institution(s) concerned as well as the fraud departments of credit bureaus. Next, file complaints with the Federal Trade Commission (877-438-4338; [www.consumer.gov/idtheft/](http://www.consumer.gov/idtheft/)) and with local law enforcement (including police and postal inspectors). Informing these two groups is vitally important – especially since the Identity Theft Clearinghouse reports 60 percent of recent identity theft victims did not notify law enforcement of the identity theft crimes perpetrated against them.

## ***Also do the following things:***

1. Keep a list of account numbers, E-mail and phone contacts for credit cards in a safe place so providers can be contacted immediately if a card is lost or stolen.
2. Do not put Social Security numbers on checks, and close any credit card accounts not being used.
3. Purchase a cross-cut paper shredder and keep track of credit card, debit card and ATM receipts. Either store securely, or dispose receipts after shredding.
4. Shred any credit card, loan, phone or utility offers you receive by mail and decide to reject. Don't give anyone the opportunity to apply for any offer using your name. Also, you can reduce the number of pre-approved credit card offers you receive by calling 888-50PT OUT (the service will ask for your SSN).
5. Shred old tax documents or bank statements purged from your secured files, after checking with your accountant.
6. Report lost or stolen checks immediately to your bank so payments can be blocked.
7. Notify your bank of any suspicious phone or E-mail inquiries requesting account information to "award a prize". Remember, when something sounds too good to be true, it probably is.
8. Closely guard your ATM Personal Identification Number or PIN.
9. If expected bills fail to arrive, don't wait. Inquire.
10. Install a firewall to protect computer(s) from hackers, and change your computer access passwords regularly. Fifty-eight percent of recent consumer contacts associated with identity fraud were via Internet Web sites or by E-mail.
11. Stop newspaper delivery and put mail on "postal hold" whenever travel takes you away. Be sure to ask the post office to require photo identification for mail pick up.
12. Do business with banks and other companies with effective privacy policies + restricted access to personal information + password protection for online services + encryption software that converts personal data into secure code + cross-cut paper shredders at work stations or locked wastebaskets for shredding transaction slips.

## Market Makers

Our stock is traded “over the counter” on the OTCBB Bulletin Board. Our ticker symbol is FISB.OB and the current stock price can be looked up on the web at the following link or through your “Yahoo” or other financial page.

Shares of 1st Capital Bank’s stock are actively traded by the market makers below. Please give them a call for any assistance required in the purchase or sale of the Bank’s stock.

Wedbush Morgan Securities  
4949 S.W. Meadows Road, Suite 100  
Lake Oswego, Oregon 97035  
www.wedbush.com  
Lisa Gallo 866-491-7828

RBC Dain Rauscher  
5250 North Palm Avenue, Suite 111  
Fresno, CA 93704  
Thomas Weil 888-883-8207

### Corporate

5 Harris Court  
Ryan Ranch  
Telephone: 831-264-4000  
Fax: 831-264-4001

### Monterey

470 Tyler Street  
Monterey, CA 93940  
Telephone: 831-264-4070  
Fax: 831-264-4071

### Salinas

1097 South Main Street  
Salinas, CA 93901  
Telephone: 831-540-4080  
Fax: 831-540-4081

### King City

104 South Vanderhurst Ave.  
King City, CA 93930  
By Appointment  
Mikel Ann Miller  
Cell: 831-915-4396

[www.1stCapitalBank.com](http://www.1stCapitalBank.com)

Member FDIC



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