



PRESS RELEASE

For Release 9:00 am EDT

Contact: Jayme Fields  
Chief Financial Officer  
(831) 264-4011

1<sup>st</sup> CAPITAL BANK ANNOUNCES FINANCIAL RESULTS  
FOR THE QUARTER ENDED SEPTEMBER 30, 2007

Monterey, California – October 24, 2007. 1st Capital Bank (OTCBB/FISB) today announced continued growth in its balance sheet from its opening in April of 2007. At September 30, 2007, total assets were \$58,609,000, or an increase of \$14,077,000 (32%) from June 30, 2007. Most of this asset growth has been in loans. Loans at September 30, 2007, totaled \$23,363,000, an increase of \$16,885,000 (261%) from June 30, 2007. In addition, 1st Capital Bank invested \$24,280,000 in Fed Funds as of September 30, 2007 as a source of additional liquidity to fund future loan growth. At September 30, 2007, deposits were \$29,072,000, an increase of \$15,115,000 (108%) from June 30, 2007. As of that date, noninterest bearing demand deposits comprised 29% of the total deposit portfolio and time deposits had been limited to 9%. The Bank feels that strong growth in demand and savings deposit accounts will give it better control of interest expenses.

As anticipated, the Bank experienced a quarterly net operating loss of \$744,000 for the third quarter of 2007. Net losses increased 21% over the \$612,000 incurred in the Bank's first two and one-half months of operations during the second quarter of 2007. Basic losses per share for the third quarter of 2007 were \$(0.24). Net operating losses for the five and one-half months ended September 30, 2007 were \$(1,356,000). Basic earnings per share for that period of time were \$(0.43).

"We are very pleased with the Bank's growth during its first two quarters of operations. We have exceeded our initial growth projections" stated Fred Rowden, President and CEO. "While there is loan pricing pressure in the light of recent Federal Reserve Board interest rate cuts, we believe that there is room for the Bank to grow as it reaches out to the communities it serves and to its large local shareholder base. To this end, the Bank has already established many 'core' deposit and loan relationships," said Mr. Rowden.

**Financial Summary:**

Net interest income for the third quarter of 2007 was \$633,000, which was an increase of \$237,000 (60%) over the first two and one-half months of operations during the second quarter of 2007. Interest income for the third quarter of 2007 was \$756,000, an increase of \$330,000 (77%) from that second quarter of 2007. Average earning assets in the third quarter of 2007 were \$50,253,000.

Interest expense in the third quarter of 2007 totaled \$123,000, which was an increase of \$93,000 (307%) over the first two and one-half months of operations during the second quarter of 2007. Average interest bearing liabilities in the third quarter were \$15,160,000.

The net interest margin for the third quarter of 2007 was 5.00%.

The Bank provided \$266,000 for loan losses in the third quarter of 2007 as compared to \$140,000 in the first two and one-half months of operations during the second quarter of 2007. At September 30, 2007, there were no nonperforming or restructured loans. The ratio of the allowance for loan losses to total loans was 1.74% at September 30, 2007.

Noninterest income increased \$7,000 (557%) in the third quarter of 2007 as compared to the first two and one-half months of operations during the second quarter of 2007 due to the growth in the number of banking relationships established at the Bank.

Noninterest expenses increased \$247,000 (28%) to \$1,116,000 in the third quarter of 2007 as compared to the first two and one-half months of operations during the second quarter of 2007. Noninterest expenses were generally higher due to increased staffing and increased marketing and customer costs. Included in noninterest expenses were stock-based compensation expense accruals related to the grant of stock options of \$118,000 and \$77,000 for the third quarter and the first two and one half months of operations during the second quarter, respectively.

1<sup>st</sup> Capital Bank operates two branches in Monterey County. One is located in the historic Estrada Adobe at 470 Tyler Street, Monterey, and one is located in a soon to be expanded location at 1097 South Main Street, Salinas. The experienced bankers at 1<sup>st</sup> Capital Bank provide traditional deposit, lending, mortgage and commercial products and services to business and retail customers throughout the California Central Coast and Salinas Valley areas.

Information on the Bank may be obtained from the Bank's website [www.1stCapitalBank.com](http://www.1stCapitalBank.com). Copies of the Bank's press releases are available on the website.

#### Forward-Looking Statements

In addition to the historical information contained herein, this press release may contain certain forward-looking statements. The reader of this press release should understand that 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, and 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. The Bank does not undertake any obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or otherwise, except as required by law.