



## 1st Capital Bancorp Announces First Quarter 2021 Results

Salinas, California – April 30, 2021. **1st Capital Bancorp** (the “Company”), (OTC Pink: FISB), the \$875 million asset bank holding company and parent company of 1st Capital Bank (the “Bank”), today reported net income of \$1.54 million or \$0.27 diluted earnings per share for the quarter ended March 31, 2021. This compares to \$608 thousand, or \$0.11 diluted earnings per share for the quarter ended March 31, 2020, and \$1.59 million, or \$0.28 for the quarter ended December 31, 2020.

### **Financial Highlights**

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

- For the quarter ended March 31, 2021, the Company's return on average equity was 8.29%, as compared to 3.53% and 8.60% for the quarter ended March 31, 2020 and December 31, 2020, respectively.
- For the quarter ended March 31, 2021, the Company's return on average assets was 0.77%, as compared to 0.38% and 0.82% for the quarter ended March 31, 2020 and December 31, 2020, respectively.
- For the quarter ended March 31, 2021, the Company's net interest margin was 3.55%, as compared to 3.87% and 3.54% for the three months ended March 31, 2020 and December 31, 2020, respectively.
- For the quarter ended March 31, 2021, the Company's efficiency ratio was 69.69%, as compared to 73.06% and 67.65% for the three months ended March 31, 2020 and December 31, 2020, respectively.
- For the quarter ended March 31, 2021, the Company's provision expense for loan losses was \$0, as compared to \$825 thousand and \$0 for the three months ended March 31, 2020 and December 31, 2020, respectively.

## Financial Highlights (Con't)

- For the quarter ended March 31, 2021, the Company's nonperforming assets to total assets was 0.35%, as compared to 0.08% and 0.16% for the three months ended March 31, 2020 and December 31, 2020, respectively.
- As of March 31, 2021, the Company reported total assets, total deposits, and total loans of \$874.4 million, \$787.8 million, and \$619.4 million, respectively.

"Despite the lingering challenges posed by COVID-19, our first quarter financial results are solid and reflect the continuing efforts of our dedicated team of bankers in serving our customers throughout our Central Coast communities," stated Sam Jimenez Chief Executive Officer. "Our credit quality and capital levels remain strong, positioning us well for continued growth as California and our local economies recover from the effects of the pandemic."

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

	For the Three Months Ended						
	March 31,		Change		Dec 31,		Change
	2021	2020	Amount	%	2020	Amount	%
<b>Operating Results Data</b>							
Interest income	\$ 7,108	\$ 6,188	\$ 920	15%	\$ 6,852	\$ 256	4%
Interest expense	242	323	(81)	-25%	226	16	7%
<b>Net interest income</b>	<b>6,866</b>	<b>5,865</b>	<b>1,001</b>	<b>17%</b>	<b>6,626</b>	<b>240</b>	<b>4%</b>
Provision for loan losses	-	825	(825)	-100%	-	-	-
Noninterest income	191	288	(97)	-34%	233	(42)	-18%
<b>Noninterest expenses</b>	<b>4,918</b>	<b>4,495</b>	<b>423</b>	<b>9%</b>	<b>4,640</b>	<b>278</b>	<b>6%</b>
Income before provision for income taxes	2,139	833	1,306	157%	2,219	(80)	-4%
Provision for income taxes	602	225	377	168%	626	(24)	-4%
<b>Net income</b>	<b>\$ 1,537</b>	<b>\$ 608</b>	<b>\$ 929</b>	<b>153%</b>	<b>\$ 1,593</b>	<b>\$ (56)</b>	<b>-4%</b>
<b>Assets</b>							
Cash and due from banks	\$ 11,497	\$ 6,582	\$ 4,915	75%	\$ 9,304	\$ 2,193	24%
Funds held at the Federal Reserve Bank	47,158	30,071	17,087	57%	97,462	(50,304)	-52%
<b>Available-for-sale securities, at fair value</b>	<b>181,201</b>	<b>63,728</b>	<b>117,473</b>	<b>184%</b>	<b>106,214</b>	<b>74,987</b>	<b>71%</b>
Total loans	619,436	530,487	88,949	17%	605,154	14,282	2%
Allowance for loan losses	(8,828)	(7,431)	(1,397)	19%	(8,816)	(12)	0%
<b>Net loans</b>	<b>610,608</b>	<b>523,056</b>	<b>87,552</b>	<b>17%</b>	<b>596,338</b>	<b>14,270</b>	<b>2%</b>
Other Assets	24,003	22,323	1,680	8%	23,233	770	3%
<b>Total assets</b>	<b>\$874,467</b>	<b>\$ 645,760</b>	<b>\$ 228,707</b>	<b>35%</b>	<b>\$832,551</b>	<b>\$41,916</b>	<b>5%</b>
<b>Liabilities and Shareholders' Equity</b>							
<b>Noninterest bearing demand deposits</b>	<b>\$401,123</b>	<b>\$252,760</b>	<b>\$148,363</b>	<b>59%</b>	<b>\$386,711</b>	<b>\$14,412</b>	<b>4%</b>
Interest bearing checking accounts	58,612	41,857	16,755	40%	65,686	(7,074)	-11%
Money market	185,841	158,178	27,663	17%	159,509	26,332	17%
Savings	127,940	99,789	28,151	28%	121,148	6,792	6%
Time	14,317	19,400	(5,083)	-26%	15,284	(967)	-6%
Interest bearing deposits	386,710	319,224	67,486	21%	361,627	25,083	7%
<b>Total deposits</b>	<b>787,833</b>	<b>571,984</b>	<b>215,849</b>	<b>38%</b>	<b>748,338</b>	<b>39,495</b>	<b>5%</b>
Other liabilities	12,249	4,961	7,288	147%	9,880	2,369	24%
Shareholders' equity	74,385	68,815	5,570	8%	74,333	52	0%
<b>Total liabilities and shareholders' equity</b>	<b>\$874,467</b>	<b>\$645,760</b>	<b>\$228,707</b>	<b>35%</b>	<b>\$832,551</b>	<b>\$41,916</b>	<b>5%</b>
Shares outstanding	5,571,545	5,528,218	43,327	1%	5,570,021	1,524	0%
Earnings per share basic	\$0.28	\$0.11	\$0.17	155%	\$0.29	-\$0.01	-4%
Earnings per share diluted	\$0.27	\$0.11	\$0.16	145%	\$0.28	-\$0.01	-4%
Nominal and tangible book value per share	\$13.35	\$12.45	\$0.90	7%	\$13.35	\$0.00	0%

## FIRST QUARTER 2021 EARNINGS SUMMARY

### **Net Interest Income and Net Interest Margin**

The Company's first quarter 2021 net interest income increased \$1.0 million or 17.07% as compared with the quarter ending March 31, 2020 and \$240 thousand or 3.62%, compared with the quarter ending December 31, 2020. The increase from the same period a year ago was driven almost exclusively from revenue generation from the Paycheck Protection Program (PPP) loans while the increase over the trailing quarter was primarily driven from an increased level of investment securities.

The Company's net interest margin decreased by 32 basis points (bps) or 8.27% when compared to the quarter ending March 31, 2020, and was generally flat relative to the quarter ending December 31, 2020.

The 32 bps decrease compared to the same period a year ago was driven by a significant amount of the Company's earning assets re-pricing lower as a result of 150 bps reduction of the Federal Funds rate in March of 2020. The net interest margin remained flat relative to the trailing quarter due to a combination of exchanging incoming cash flows from prepaying residential mortgage loans and deposit growth for newly generated PPP loan originations and securities purchases.

### **Provision for Loan Losses**

The Company did not make any provisions for loan losses in the quarter ending March 31, 2021, as compared to \$825 thousand and \$0 in the quarter ending March 31, 2020, and December 31, 2020, respectively. 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 provisions for loan losses in the trailing quarter of December 31, 2020.

### **Noninterest Expenses**

The Company's first quarter 2021 non-interest expenses increased \$423 thousand and \$278 thousand or 9.41% and 5.99%, as compared with quarter ending March 31, 2020, and December 31, 2020, respectively.

The increases in both comparative periods is centered in salaries and benefits. In regards to the same period ending March 31, 2020, the addition of 11 employees, including a team of Relationship Managers in our San Luis Obispo market, the opening of our Santa Cruz branch, merit increases for all employees, and to a lesser extent, increases in various other general operating areas also contributed to the increased level of expenses.

The increase as compared to the trailing period of December 31, 2020 is primarily attributed to the transition expense of an executive officer.

### **Balance Sheet Summary**

The Company's total assets increased \$228.7 million or 35.42% to \$874.4 million as compared to the quarter ending March 31, 2020.

Total loans outstanding totaled \$619.4 million as of March 31, 2021. This represents an \$88.9 million increase or 16.77% from the quarter ending March 31, 2020 outstanding balance of \$530.5 million. The Company's loan growth was driven by \$118.4 million in PPP loan originations, \$18.8 million in organic loan growth, and partially offset by \$48.3 in payoffs from our residential mortgage portfolio.

The investment portfolio increased \$117.5 million or 184.34% to \$181.2 million from an outstanding balance of \$63.7 million as of March 31, 2020. As mentioned above, incoming cashflows from prepaying assets and deposit growth were also significantly deployed in bonds. The majority of the investments were made in mortgage-backed securities, floating rate securities, and to a lesser extent in municipal securities.

Total deposits totaled \$787.8 million as of March 31, 2021. This represents a \$215.8 million increase or 37.74% from the quarter ending March 31, 2020 outstanding balance of \$572.0 million. Growth in noninterest-bearing demand deposit accounts accounted \$148.4 million or 68.77% of the total deposit growth over the twelve months ending on March 31, 2021. The majority of this growth was associated with PPP loan proceeds which our customers deposited with the Bank.

The balance of the deposit growth was distributed among interest-bearing deposit accounts with the exception of time deposits which decreased by approximately \$5.1 million to \$14.3 million

### **Asset Quality**

At March 31, 2021, non-performing assets were 0.35% of the Company's total assets, compared with 0.08% at March 31, 2020. At March 31, 2021, the allowance for loan losses was 1.43% of outstanding loans, compared to 1.40% at March 31, 2020, respectively. The Bank recorded net recoveries of \$12 thousand in each of the first quarters of 2021 and 2020.

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

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

<b>Assets</b>	<b>3/31/2021</b>	<b>12/31/2020</b>	<b>9/30/2020</b>	<b>3/31/2020</b>
Cash and due from banks	\$ 11,497	\$ 9,304	\$ 6,966	\$ 6,582
Funds held at the Federal Reserve Bank	47,158	97,462	38,715	30,071
Available-for-sale securities, at fair value	181,201	106,214	59,649	63,728
Loans held for sale	-	-	442	-
Construction/land (including farmland)	19,331	17,097	15,850	21,193
Residential 1 to 4 units	87,736	102,688	115,881	136,014
Home equity lines of credit	5,400	5,955	6,034	7,656
Multifamily	84,942	84,704	79,693	57,900
Owner occupied commercial real estate	68,189	72,427	70,935	73,488
Investor commercial real estate	176,709	174,437	173,557	171,266
Commercial and industrial	49,314	47,550	48,812	50,460
Paycheck Protection Program	118,381	90,382	106,559	-
Other loans	9,434	9,914	10,877	12,510
<b>Total loans held for investment</b>	<b>619,436</b>	<b>605,154</b>	<b>628,198</b>	<b>530,487</b>
Allowance for loan losses	(8,828)	(8,816)	(8,804)	(7,431)
<b>Net loans held for investment</b>	<b>610,608</b>	<b>596,338</b>	<b>619,394</b>	<b>523,056</b>
Other assets	24,003	23,233	23,856	22,323
<b>Total assets</b>	<b>\$874,467</b>	<b>\$832,551</b>	<b>\$749,022</b>	<b>\$645,760</b>

<b>Liabilities and Shareholders' Equity</b>	<b>3/31/2021</b>	<b>12/31/2020</b>	<b>9/30/2020</b>	<b>3/31/2020</b>
Noninterest bearing demand deposits	\$401,123	\$386,711	\$356,730	\$252,760
Interest bearing checking accounts	58,612	65,686	54,228	41,857
Money market	185,841	159,509	128,039	158,178
Savings	127,940	121,148	105,431	99,789
Time	14,317	15,284	17,147	19,400
Interest bearing deposits	386,710	361,627	304,845	319,224
<b>Total deposits</b>	<b>787,833</b>	<b>748,338</b>	<b>661,575</b>	<b>571,984</b>
Other liabilities	12,249	9,880	15,059	4,961
Shareholders' equity	74,385	74,333	72,388	68,815
<b>Total liabilities and shareholders' equity</b>	<b>\$874,467</b>	<b>\$832,551</b>	<b>\$749,022</b>	<b>\$645,760</b>

CONDENSED FINANCIAL DATA  
(Unaudited)  
(Dollars in thousands)

Operating Results Data	Three Months Ended			
	3/31/2021	12/31/2020	9/30/2020	3/31/2020
Loans	\$6,600	\$6,531	\$6,133	\$5,683
Investment securities	455	266	253	375
Federal Home Loan Bank stock	44	44	44	62
Other income	9	11	7	68
Interest expense	242	226	212	323
<b>Net interest income</b>	<b>6,866</b>	<b>6,626</b>	<b>6,225</b>	<b>5,865</b>
Provision for loan losses	-	-	650	825
<b>Noninterest income</b>	<b>191</b>	<b>233</b>	<b>326</b>	<b>288</b>
Salaries and benefits expense	3,144	2,937	2,704	2,824
Occupancy expense	418	408	390	363
Data and item processing	251	249	225	221
Furniture and equipment	116	131	127	191
Professional services	178	123	350	161
Other	811	792	782	735
<b>Total noninterest expenses</b>	<b>4,918</b>	<b>4,640</b>	<b>4,578</b>	<b>4,495</b>
Income before provision for income taxes	2,139	2,219	1,323	833
Provision for income taxes	602	626	370	225
<b>Net income</b>	<b>\$1,537</b>	<b>\$1,593</b>	<b>\$ 953</b>	<b>\$ 608</b>

Asset Quality	3/31/2021	12/31/2020	9/30/2020	3/31/2020
Loans past due 90 days or more and accruing interest	\$ -	\$ -	\$ -	\$ -
Nonaccrual restructured loans	-	-	-	-
Other nonaccrual loans	3,100	1,299	1,535	492
Other real estate owned	-	-	-	-
<b>Total nonperforming assets</b>	<b>\$ 3,100</b>	<b>\$ 1,299</b>	<b>\$ 1,535</b>	<b>\$ 492</b>
Allowance for loan losses to total loans	1.43%	1.46%	1.40%	1.40%
Allowance for loan losses to nonperforming loans	284.77%	678.68%	573.55%	1510.37%
Nonaccrual loans to total loans	0.50%	0.21%	0.24%	0.09%
Nonperforming assets to total assets	0.35%	0.16%	0.20%	0.08%

Selected Average Balances	Three Months Ended			
	3/31/2021	12/31/2020	9/30/2020	3/31/2020
Gross loans	\$ 615,088	\$ 618,458	\$ 628,889	\$ 519,468
Investment securities	124,642	75,020	61,323	65,163
Federal Home Loan Bank stock	3,534	3,534	3,534	3,501
Other interest earning assets	45,417	46,969	24,815	21,463
<b>Total interest earning assets</b>	<b>\$ 788,681</b>	<b>\$ 743,981</b>	<b>\$ 718,561</b>	<b>\$ 609,595</b>
<b>Total assets</b>	<b>\$813,566</b>	<b>\$769,694</b>	<b>\$741,263</b>	<b>\$633,623</b>
Interest bearing checking accounts	\$ 59,229	\$ 54,120	\$ 47,246	\$ 42,092
Money market	157,959	136,535	127,094	132,363
Savings	124,342	111,468	105,548	103,156
Time deposits	14,690	15,937	17,748	19,367
<b>Total interest bearing deposits</b>	<b>356,220</b>	<b>318,060</b>	<b>297,636</b>	<b>296,978</b>
Noninterest bearing demand deposits	372,019	364,571	356,738	262,416
<b>Total deposits</b>	<b>\$728,239</b>	<b>\$682,631</b>	<b>\$654,374</b>	<b>\$559,394</b>
Borrowings	\$5,000	\$8,261	\$ 10,000	\$ -
<b>Shareholders' equity</b>	<b>\$ 75,221</b>	<b>\$ 73,488</b>	<b>\$ 71,849</b>	<b>\$ 69,006</b>

Selected Financial Ratios	Three Months Ended			
	3/31/2021	12/31/2020	9/30/2020	3/31/2020
Return on average total assets	0.77%	0.82%	0.51%	0.38%
Return on average shareholders' equity	8.29%	8.60%	5.26%	3.53%
Net interest margin	3.55%	3.54%	3.45%	3.87%
Net interest income to average total assets	3.42%	3.42%	3.33%	3.71%
Efficiency ratio	69.69%	67.65%	69.88%	73.06%

Regulatory Capital and Ratios	Three Months Ended			
	3/31/2021	12/31/2020	9/30/2020	3/31/2020
Common equity tier 1 capital	\$ 74,132	\$ 72,461	\$70,831	\$68,150
Tier 1 regulatory capital	\$ 74,132	\$ 72,461	\$70,831	\$68,150
Total regulatory capital	\$ 80,863	\$ 78,957	\$77,117	\$74,404
Tier 1 leverage ratio	9.14%	9.44%	9.58%	10.77%
Common equity tier 1 risk based capital ratio	13.83%	14.01%	14.16%	13.66%
Tier 1 capital ratio	13.83%	14.01%	14.16%	13.66%
Total risk based capital ratio	15.08%	15.27%	15.42%	14.91%

## **About 1st Capital Bancorp**

1<sup>st</sup> Capital Bancorp is the holding company for 1<sup>st</sup> 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](http://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](http://www.1stCapital.bank) internet site for no charge.

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