October 27, 2016

FOR IMMEDIATE RELEASE

1st Capital Bank Announces
Third Quarter 2016 Financial Results;
Record Loan Portfolio

Monterey, California – October 27, 2016. **1st Capital Bank** (OTC Pink: FISB) reported unaudited net income of $645 thousand for the three months ended September 30, 2016, an increase of 59.2% compared to net income of $405 thousand in the three months ended September 30, 2015 and a decrease of 6.3% compared to income of $689 thousand in the three months ended June 30, 2016, the immediately preceding quarter. Earnings per share were $0.15 (diluted), compared to $0.17 (diluted) for the prior quarter.

On a year-to-date basis, unaudited net income increased 19.4% to $2.04 million for the nine months ended September 30, 2016, compared to $1.71 million for the nine months ended September 30, 2015, when operating results included $249 thousand of non-recurring, non-taxable bank-owned life insurance benefits.

Net loans increased $28 million during the third quarter, from $378 million at June 30, 2016 to $406 million at September 30, 2016. Organic growth was concentrated in commercial real estate loans, which grew $10 million, or 5.5%, in the third quarter. The single-family residential portfolio increased $17 million, or 13.9%, as the result of a $20 million loan pool purchase, while the commercial and industrial loan portfolio decreased $2 million, or 4.2%, during the third quarter. Because of the increase in the loan portfolio, the Bank recorded a provision for loan losses of $255 thousand in the third quarter of 2016, compared to $365 thousand in the third quarter of 2015 and $40 thousand in the second quarter of 2016.

Net interest income before provision for loan losses for the three-month period ended September 30, 2016 was $4.18 million, an increase of 2.5% compared to $4.08 million recognized in the three-month period ended June 30, 2016. On a year-over-year basis, quarterly net interest income before provision for loan losses increased $402 thousand, or 10.6%, from $3.78 million recognized in the third quarter of 2015, and year-to-date net interest income before provision for loan losses increased 12.6%, from $11.0 million in the nine months ended September 30, 2015 to $12.4 million in the nine months ended September 30, 2016. Net interest margin increased from 2.99% in the second quarter of 2016 to 3.20% in the third quarter of 2016.

"We continue to be pleased with the growth in our core loan portfolio. Excluding purchased loans, our portfolio grew 9.8% over the past twelve months, and 4.8% in the third quarter of 2016. Consequently, it was necessary to build our allowance for loan losses to a level commensurate with our outstanding loans, which now exceed $400 million," said Thomas E. Meyer, President and Chief Executive Officer.

“We believe the current level of the allowance for loan and lease losses is consistent with the inherent risk of the portfolio,” added Dale R. Diederick, Chief Credit Officer, “and we are happy to report that we received payment in full in October 2016 of a $1.5 million land loan that was on non-accrual status at September 30, 2016. This will add approximately $80 thousand of non-recurring interest income to our October operating results.”

Total assets declined $22 million in the third quarter, to $524 million at September 30, 2016, compared to $546 million at June 30, 2016, as a result of a decrease in deposits of $23 million, or 4.6%, from $498 million at June 30, 2016 to $475 million at September 30, 2016. Over the same period, deposits placed into Promontory Interfinancial Network’s Insured Cash Sweep (“ICS”) product but not carried on the Bank’s balance sheet increased $16 million, from $11 million at June 30, 2016 to $27 million at September 30, 2016. These funds may be moved back into the Bank’s deposit portfolio at the Bank’s discretion. The overall decline in the level of deposits under the Bank’s management of $7 million, or 1.4%, from $509 million at June 30, 2016 to $502 million at September 30, 2016 reflects normal seasonal trends, particularly among the Bank’s agricultural industry depositors.

The Bank’s investment portfolio decreased $5 million, or 5.6%, due to normal amortization and principal prepayments in its portfolios of mortgage-backed securities and collateralized mortgage obligations, and the Bank’s cash position decreased $45 million, from $67 million at June 30, 2016 to $22 million at September 30, 2016, as funds were moved into the ICS program and invested in the loan portfolio.

“During the third quarter, our net interest margin expanded as we put our on-balance sheet liquidity to work in the loan portfolio and moved excess funds off our balance sheet and into the ICS program, providing us with a source of recurring fee income. This had the added benefit of increasing our leverage capital ratio to a level more in line with our risk appetite,” said Michael J. Winiarski, Chief Financial Officer. The Bank’s leverage capital ratio increased from 8.33% at June 30, 2016 to 8.94% at September 30, 2016.

NET INTEREST INCOME BEFORE PROVISION FOR CREDIT LOSSES

Net interest income before provision for credit losses was $4.18 million for the third quarter of 2016, an increase of $402 thousand, or 10.6%, compared to the third quarter of 2015 and an increase of $103 thousand, or 2.5%, compared to $4.08 million for the second quarter of 2016.

Average earning assets were $519 million during the third quarter of 2016, a decrease of 5.3% compared to $548 million in the second quarter of 2016. The yield on earning assets was 3.33% in the third quarter, compared to 3.14% in the second quarter of 2016, primarily due to a significant reduction in the Bank’s interest-bearing cash balances and an increase in the average balance of loans from $383 million in the second quarter of 2016 to $390 million in the third quarter of 2016.

The cost of interest-bearing liabilities declined from 0.26% in the second quarter of 2016 to 0.23% in the third quarter of 2016, while the average balance of interest-bearing liabilities decreased from $313 million in the second quarter of 2016 to $282 million in the third quarter of 2016, as the Bank experienced a seasonal decrease in deposits, particularly from larger depositors, and funds were placed into the ICS program. The average balance of noninterest-bearing demand deposit accounts ("DDAs") was stable at $194 million in both the second and third quarters of 2016. The Bank's overall cost of funds decreased three basis points, from 0.16% in the second quarter of 2016 to 0.13% in the third quarter of 2016.

Gross loans receivable increased $28 million, or 7.3%, to $412 million at September 30, 2016 from $384 million at June 30, 2016 and increased $26 million, or 6.6%, from $387 million outstanding at September 30, 2015. During the third quarter of 2016, the Bank's commercial real estate portfolio increased 5.5%, from $190 million to $201 million. Year over year, the commercial real estate portfolio grew 14.0%. Within the commercial real estate portfolio, loans on multi-family residential properties increased $4 million, from $50 million at June 30, 2016 to $54 million at September 30, 2016. Single-family residential loans, increased $17 million, or 13.9%, as normal amortization and prepayments offset the purchase of a $20 million pool of hybrid adjustable loans. Commercial and industrial loans outstanding decreased $3 million, from $50 million outstanding at June 30, 2016 to $47 million at September 30, 2016. Year over year, commercial and industrial loans increased 4.1%.

Non-performing loans were substantially unchanged, declining slightly to $1.6 million at September 30, 2016 from $1.7 million at June 30, 2016. Loans over 90 days past due (all of which were on non-performing status) were $79 thousand and $1.5 million at June 30, 2016 and September 30, 2016, respectively.

PROVISION FOR CREDIT LOSSES

The provision for credit losses is a charge against current earnings in an amount determined by management to be necessary to maintain the allowance for loan losses at a level sufficient to absorb estimated probable losses inherent in the loan portfolio in light of losses historically incurred by the Bank and adjusted for qualitative factors associated with the loan portfolio. In the third quarter of 2016, the Bank recorded a $255 thousand provision for losses, compared to provisions for losses of $40 thousand in the second quarter of 2016 and $365 thousand in the third quarter of 2015, in each case primarily to recognize the increased exposure to credit losses associated with growth in the loan portfolio.

The increase in the provision reflects the growth of the portfolio, changes in the mix of loan types within the portfolio and their respective loss histories, as well as management's assessment of the amounts expected to be realized from certain loans identified as impaired. Impaired loans totaled $9.5 million at September 30, 2016, compared to $9.7 million at June 30, 2016, and $9.4 million at September 30, 2015.

At September 30, 2016, non-performing loans were 0.39% of the total loan portfolio, compared to 0.45% at June 30, 2016 and 0.49% at September 30, 2015. At September 30, 2016, the allowance for loan losses was 1.52% of outstanding loans, compared to 1.56% at June 30, 2016 and 1.53% at September 30, 2015, respectively. The Bank recorded net recoveries of $13 thousand in the third quarter of 2016, compared to net recoveries of $8 thousand in the second quarter of 2016.

NON-INTEREST INCOME

Non-interest income recognized in the third quarter of 2016 was $74 thousand, compared to $104 thousand in the second quarter of 2016, when it included $19 thousand in gain on sale of Small Business Administration guaranteed loans. This represented a decrease of $30 thousand compared to second quarter of 2016, and a decrease of $32 thousand compared to the third quarter of 2015.

NON-INTEREST EXPENSES

Non-interest expenses decreased $62 thousand, or 2.1%, to $2.91 million in the third quarter of 2016, compared to $2.98 million for the second quarter of 2016, and increased $77 thousand, or 2.7%, compared to $2.84 million recognized in the third quarter of 2015. Salaries and benefits decreased $82 thousand, or 4.3%, from $1.88 million in the second quarter of 2016 to $1.80 million in the third quarter of 2016.

For the nine months ended September 30, 2016, non-interest expenses were $8.92 million, an increase of $603 thousand, or 7.2%, compared to $8.32 million recognized in the nine months ended September 30, 2015. Salaries and benefits increased $505 thousand, or 10.0%, from $5.07 million to $5.58 million over the same period, reflecting an increase in average headcount from 66 employees for the nine months ended September 30, 2015 to 73 employees for the nine months ended September 30, 2016, including the opening of a branch office in San Luis Obispo, California in June 2015.

The efficiency ratio (non-interest expenses divided by the sum of net interest income before provision for loan losses and non-interest income) was 68.4% for the third quarter of 2016, compared to 71.1% for the second quarter of 2016 and 73.0% for the third quarter of 2015. Annualized non-interest expenses as a percent of average total assets were 2.21%, 2.16%, and 2.31% for the third quarter of 2016, the second quarter of 2016, and the third quarter of 2015, respectively.

PROVISION FOR INCOME TAXES

The Bank's effective book tax rate was 40.7% in the third quarter of 2016, compared to 41.1% for the second quarter of 2016 and 40.9% for the third quarter of 2015.

About 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 ("SBA") and the U.S. Department of Agriculture ("USDA"). A full suite of deposit accounts is also furnished, complemented by robust cash management services. The Bank operates full service branch offices in Monterey, Salinas, King City, and San Luis Obispo. The Bank's corporate offices are located at 5 Harris Court, Building N, Monterey, California 93940. The Bank's website is www.1stCapital.bank. The main telephone number is 831.264.4000. The primary facsimile number is 831.264.4001.

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 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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--- *financial data follow* ---

1ST CAPITAL BANK
CONDENSED FINANCIAL DATA
(Unaudited)
(Dollars in thousands, except share and per share data)

Financial Condition Data[1]	September 30, 2016	June 30, 2016	March 31, 2016	September 30, 2015
Assets				
Cash and due from banks	$ 3,585	$ 33,927	$ 4,300	$ 3,380
Funds held at the Federal Reserve Bank[2]	17,482	32,219	84,490	16,004
Time deposits at other financial institutions	996	1,245	4,233	2,241
Available-for-sale securities, at fair value	84,175	89,178	76,869	88,891
Loans receivable held for investment:				
Construction / land (including farmland)	16,453	15,655	16,403	17,814
Residential 1 to 4 units	127,010	112,899	122,437	129,564
Home equity lines of credit	11,578	8,805	7,342	9,636
Multifamily	53,763	49,868	44,360	35,202
Owner occupied commercial real estate	52,526	51,419	55,450	55,111
Investor commercial real estate	94,378	88,920	85,238	85,766
Commercial and industrial	47,440	49,530	42,802	45,584
Other loans	9,259	7,263	5,791	8,022
Total loans	412,407	384,359	379,823	386,699
Allowance for loan losses	(6,255)	(5,987)	(5,940)	(5,926)
Net loans	406,152	378,372	373,883	380,773
Premises and equipment, net	1,433	1,471	1,537	1,679
Bank owned life insurance	2,395	2,380	2,365	2,335
Investment in FHLB[3] stock, at cost	2,939	2,939	2,593	2,593
Accrued interest receivable and other assets	4,551	4,313	4,089	4,422
Total assets	$ 523,708	$ 546,044	$ 554,359	$ 502,318
Liabilities and shareholders' equity				
Deposits:				
Noninterest bearing demand deposits	$ 191,079	$ 194,904	$ 193,334	$ 175,958
Interest bearing checking accounts	36,479	28,742	30,154	30,999
Money market deposits	120,181	146,228	143,616	104,876
Savings deposits	113,052	112,934	124,759	96,634
Time deposits	14,503	15,298	15,511	29,788
Total deposits	475,294	498,106	507,374	438,255
Borrowings	--	--	--	19,000
Accrued interest payable and other liabilities	1,403	1,672	1,554	1,336
Shareholders' equity	47,011	46,266	45,431	43,727
Total liabilities and shareholders' equity	$ 523,708	$ 546,044	$ 554,359	$ 502,318
Shares outstanding	4,127,686	4,119,026	4,090,186	4,035,417
Nominal and tangible book value per share	$ 11.39	$ 11.23	$ 11.11	$ 10.84
Ratio of net loans held for investment to total deposits	85.45%	75.96%	73.69%	86.88%

1 = Loans held for investment are presented according to definitions applicable to the regulatory Call Report.
2 = Includes cash letters in the process of collection settled through the Federal Reserve Bank.
3 = Federal Home Loan Bank

1ST CAPITAL BANK
CONDENSED FINANCIAL DATA
(Unaudited)
(Dollars in thousands, except share and per share data)

	Three Months Ended			
Operating Results Data[1]	September 30, 2016	June 30, 2016	March 31, 2016	September 30, 2015
Interest and dividend income				
Loans	$ 4,028	$ 3,933	$ 4,020	$ 3,718
Investment securities	203	190	190	149
Federal Home Loan Bank stock	64	62	52	61
Other	48	100	70	19
Total interest and dividend income	4,343	4,285	4,332	3,947
Interest expense				
Interest bearing checking	3	2	3	3
Money market deposits	79	112	86	77
Savings deposits	68	82	78	73
Time deposits	11	9	13	13
Total interest expense on deposits	161	205	180	166
Interest expense on borrowings	--	--	--	1
Total interest expense	161	205	180	167
Net interest income	4,182	4,080	4,152	3,780
Provision for loan losses	255	40	--	365
Net interest income after provision for loan losses	3,927	4,040	4,152	3,415
Noninterest income				
Service charges on deposits	32	32	35	29
BOLI dividend income	14	15	15	15
Gain on sale of loans	--	19	--	38
Gain on sale of securities	--	10	--	--
Other	29	28	19	25
Total noninterest income	75	104	69	107

1ST CAPITAL BANK
CONDENSED FINANCIAL DATA, continued
(Unaudited)
(Dollars in thousands, except share and per share data)

	Three Months Ended			
	September 30, 2016	June 30, 2016	March 31, 2016	September 30, 2015
Noninterest expenses				
Salaries and benefits	1,801	1,883	1,894	1,702
Occupancy	231	216	222	224
Data and item processing	149	151	148	161
Professional services	108	142	82	137
Furniture and equipment	114	112	123	127
Provision for unfunded loan commitments	(10)	(25)	15	(6)
Other	521	496	549	492
Total noninterest expenses	2,914	2,975	3,033	2,837
Income before provision for income taxes	1,088	1,169	1,188	685
Provision for income taxes	443	480	484	280
Net income	$ 645	$ 689	$ 704	$ 405
Common Share Data				
Earnings per share				
Basic	$ 0.16	$ 0.17	$ 0.17	$ 0.10
Diluted	$ 0.15	$ 0.17	$ 0.17	$ 0.10
Weighted average shares outstanding				
Basic	4,123,244	4,105,825	4,072,586	4,035,543
Diluted	4,168,740	4,150,068	4,120,678	4,108,966

1 = Certain reclassifications have been made to prior period financial statements to conform them to the current period presentation.

1ST CAPITAL BANK
CONDENSED FINANCIAL DATA
(Unaudited)
(Dollars in thousands, except share and per share data)

	Nine Months Ended	
Operating Results Data[1]	September 30, 2016	September 30, 2015
Interest and dividend income		
Loans	$ 11,981	$ 10,794
Investment securities	583	457
Federal Home Loan Bank stock	178	221
Other	218	59
Total interest and dividend income	12,960	11,531
Interest expense		
Interest bearing checking	8	8
Money market deposits	277	247
Savings deposits	228	208
Time deposits	33	38
Total interest expense in deposits	546	501
Interest expense on borrowings	--	2
Total interest expense	546	503
Net interest income	12,414	11,028
Provision for loan losses	295	565
Net interest income after provision for loan losses	12,119	10,463
Noninterest income		
Service charges on deposits	99	89
BOLI dividend income	44	45
BOLI benefits	--	249
Gain on sale of loans	19	89
Gain on sale of securities	10	--
Other	76	64
Total noninterest income	248	536

1ST CAPITAL BANK
CONDENSED FINANCIAL DATA
(Unaudited)
(Dollars in thousands, except share and per share data)

	Nine Months Ended	
	September 30, 2016	September 30, 2015
Noninterest expenses		
Salaries and benefits	5,578	5,073
Occupancy	669	622
Data and item processing	448	447
Professional services	332	400
Furniture and equipment	349	332
Provision for unfunded loan commitments	(20)	12
Other	1,566	1,433
Total noninterest expenses	8,922	8,319
Income before provision for income taxes	3,445	2,680
Provision for income taxes	1,407	973
Net income	$ 2,038	$ 1,707
Common Share Data		
Earnings per share		
Basic	$ 0.50	$ 0.42
Diluted	$ 0.49	$ 0.42
Weighted average shares outstanding		
Basic	4,100,634	4,016,532
Diluted	4,146,576	4,077,158

1 = Certain reclassifications have been made to prior period financial statements to conform them to the current period presentation.

1ST CAPITAL BANK
CONDENSED FINANCIAL DATA
(Unaudited)
(Dollars in thousands)

Asset Quality	September 30, 2016	June 30, 2016	March 31, 2016	September 30, 2015
Loans past due 90 days or more and accruing interest	$ --	$ --	$ --	$ --
Nonaccrual restructured loans	1,465	1,491	1,507	1,543
Other nonaccrual loans	154	248	183	358
Other real estate owned	--	--	--	--
	$ 1,619	$ 1,739	$ 1,690	$ 1,901
Allowance for loan losses to total loans	1.52%	1.56%	1.56%	1.53%
Allowance for loan losses to nonperforming loans	386.35%	344.28%	351.48%	311.73%
Nonaccrual loans to total loans	0.39%	0.45%	0.44%	0.49%
Nonperforming assets to total assets	0.31%	0.32%	0.30%	0.38%
Regulatory Capital and Ratios				
Common equity tier 1 capital	$ 46,924	$ 46,143	$ 45,230	$ 43,437
Tier 1 regulatory capital	$ 46,924	$ 46,143	$ 45,230	$ 43,437
Total regulatory capital	$ 51,469	$ 50,447	$ 49,423	$ 47,745
Tier 1 leverage ratio	8.94%	8.33%	8.58%	8.94%
Common equity tier 1 risk based capital ratio	12.97%	13.47%	13.56%	12.67%
Tier 1 risk based capital ratio	12.97%	13.47%	13.56%	12.67%
Total risk based capital ratio	14.23%	14.73%	14.52%	13.92%

	Three Months Ended			
Selected Financial Ratios[1]	September 30, 2016	June 30, 2016	March 31, 2016	September 30, 2015
Return on average total assets	0.49%	0.50%	0.54%	0.33%
Return on average shareholders' equity	5.48%	6.01%	6.24%	3.68%
Net interest margin	3.20%	2.99%	3.20%	3.12%
Net interest income to average total assets	3.17%	2.96%	3.17%	3.08%
Efficiency ratio	68.45%	71.10%	71.86%	72.99%

1 = All Selected Financial Ratios are annualized other than the Efficiency Ratio.

	Three Months Ended			
Selected Average Balances	September 30, 2016	June 30, 2016	March 31, 2016	September 30, 2015
Gross loans	$ 389,580	$ 383,020	$ 379,982	$ 355,960
Investment securities	87,364	77,748	79,454	97,070
Federal Home Loan Bank stock	2,939	2,848	2,593	2,593
Other interest earning assets	39,513	84,807	60,156	24,842
Total interest earning assets	$ 519,396	$ 548,423	$ 522,185	$ 480,465
Total assets	$ 524,905	$ 553,957	$ 527,468	$ 486,149
Interest bearing checking accounts	$ 32,142	$ 29,327	$ 31,567	$ 30,203
Money market deposits	121,476	146,985	123,018	113,377
Savings deposits	113,052	120,792	109,319	97,353
Time deposits	15,062	15,434	21,335	29,664
Total interest bearing deposits	281,732	312,538	285,239	270,597
Noninterest bearing demand deposits	194,335	193,762	195,684	166,990
Total deposits	$ 476,067	$ 506,300	$ 480,923	$ 437,587
Borrowings	$ 65	$ 12	$ --	$ 3,742
Shareholders' equity	$ 46,844	$ 46,071	$ 45,405	$ 43,697

1ST CAPITAL BANK
CONDENSED FINANCIAL DATA
(Unaudited)
(Dollars in thousands)

	Nine Months Ended	
Selected Financial Ratios[1]	September 30, 2016	September 30, 2015
Return on average total assets	0.51%	0.48%
Return on average shareholders' equity	5.92%	5.33%
Net interest margin	3.13%	3.11%
Net interest income to average total assets	3.10%	3.07%
Efficiency ratio	70.46%	71.94%

1 = All Selected Financial Ratios are annualized other than the Efficiency Ratio.

	Nine Months Ended	
Selected Average Balances[1]	September 30, 2016	September 30, 2015
Gross loans	$ 384,214	$ 344,889
Investment securities	81,543	99,946
Federal Home Loan Bank stock	2,794	2,350
Other interest earning assets	61,412	27,138
Total interest earning assets	$ 529,963	$ 474,323
Total assets	$ 535,405	$ 479,890
Interest bearing checking accounts	$ 31,016	$ 26,481
Money market deposits	130,460	119,652
Savings deposits	114,383	93,193
Time deposits	17,269	30,006
Total interest bearing deposits	293,128	269,332
Noninterest bearing demand deposits	194,592	164,650
Total deposits	$ 487,720	$ 433,982
Borrowings	$ 26	$ 1,979
Shareholders' equity	$ 46,006	$ 42,858

1 = Certain reclassifications have been made to prior period financial statements to conform them to the current period presentation.