



1st Capital Bancorp Announces First Quarter 2022 Financial Results

Salinas, California – April 29, 2022. **1st Capital Bancorp** (the “Company”), (OTCQX: FISB), the \$1.01 billion asset bank holding company and parent company of 1st Capital Bank (the “Bank”), today reported unaudited net income of \$2.09 million for the quarter ended March 31, 2022, an increase of 10.65% compared to net income of \$1.89 million for the quarter ended December 31, 2021, and an increase of 36.12% compared to net income of \$1.54 million for the quarter ended March 31, 2021.

Financial Highlights

Performance highlights for the quarter ended March 31, 2022, as compared to the quarter ended December 31, 2021, and the quarter ended March 31, 2021:

- Earnings per share (diluted) were \$0.37 for the first quarter of 2022, as compared to \$0.33 and \$0.27 for the quarters ended December 31, 2021 and March 31, 2021, respectively.
- For the quarter ended March 31, 2022, the Company's return on average equity was 10.59%, as compared to 9.46% and 8.29% for the quarters ended December 31, 2021 and March 31, 2021, respectively.
- For the quarter ended March 31, 2022, the Company's return on average assets was 0.85%, as compared to 0.75% and 0.77% for the quarters ended December 31, 2021 and March 31, 2021, respectively.
- For the quarter ended March 31, 2022, the Company's net interest margin was 3.40%, as compared to 3.17% and 3.55% for the quarters ended December 31, 2021 and March 31, 2021, respectively.
- Pretax, pre-provision income for the quarter ended March 31, 2022 totaled \$2.8 million, as compared to \$2.5 million and \$2.1 million for the quarters ended December 31, 2021 and March 31, 2021, respectively.
- For the quarter ended March 31, 2022, the Company's efficiency ratio was 65.75%, as compared to 68.01% and 69.69% for the quarters ended December 31, 2021 and March 31, 2021, respectively.
- The Company recorded no provision expense for the quarters ended March 31, 2022, December 31, 2021 and March 31, 2021.
- As of March 31, 2022, the Company's nonperforming assets to total assets was .01%, as compared to 0.10% and 0.16% for the quarters ended December 31, 2021 and March 31, 2021, respectively.
- As of March 31, 2022, the Company reported total assets, total deposits, and total loans of \$1.01 billion, \$922.2 million, and \$580.2 million, respectively.

“We are pleased with the positive trends in our operating performance,” commented Sam Jimenez, chief executive officer. “Our first quarter key metrics are indicative and consistent with this year's expectations of net interest margin expansion, and high single to low double-digit percentage increases in EPS growth and return on shareholders' equity.”

Net Interest Income and Net Interest Margin

The Company's first quarter 2022 net interest income increased \$320 thousand, or 4.18%, to \$7.99 million as compared with \$7.67 million for the quarter ending December 31, 2021. Loan interest income, excluding PPP income, increased \$329 thousand, or 5.36%, to \$6.46 million for the quarter ending March 31, 2022 compared to \$6.13 million for the quarter ending December 31, 2021. Interest and fee income related to PPP loans decreased \$290 thousand to \$433 thousand for the quarter ended March 31, 2022, compared to \$723 thousand for the quarter ended December 31, 2021.

The Company's net interest margin increased by 23 basis points (bps), or 7.16%, to 3.40% when compared to 3.17% for the quarter ended December 31, 2021. This increase was primarily driven by the Company's mix of average earning assets as cash was deployed into higher yielding loans and leases, and investment securities. Interest expense remained flat at \$530 thousand for the quarters ended March 31, 2022 and December 31, 2021, including \$169 thousand of interest expense associated with subordinated debt recognized in each period.

Provision for Loan Losses

Improving credit quality and stable economic conditions resulted in no loan loss provision in the quarters ended March 31, 2022, December 31, 2021 and March 31, 2021.

Noninterest Expenses

The Company's total non-interest expense increased \$86 thousand, or 1.59%, to \$5.47 million in the quarter ended March 31, 2022, compared to \$5.38 million for the quarter ended December 31, 2021. This increase is attributed to a rise in salaries and benefits through increased benefit costs, vacation accruals, and payroll taxes. The increase in salary and benefit costs was partially offset by a decrease in professional services.

Balance Sheet Summary

The Company's total assets increased \$6.70 million, or 0.67%, to \$1.01 billion as compared to \$999.4 million at December 31, 2021.

Total loans outstanding were \$580.2 million as of March 31, 2022, representing a \$16.0 million, or 2.83%, increase from the December 31, 2021 outstanding balance of \$564.2 million. The increase includes a purchase of an \$18.0 million lease pool and growth in commercial real estate originations, partially offset by a \$10.5 million decline in construction loans outstanding, decreases in residential and consumer loan pool balances and \$11.9 million in PPP loan forgiveness.

PPP loans outstanding were \$13.34 million as of March 31, 2022, and included a deferred fee balance of \$375 thousand. At December 31, 2021, PPP loans outstanding were \$25.20 million and included a deferred fee balance of \$765 thousand.

<u>Loan type (dollars in thousands)</u>	<u>3/31/2022</u>	<u>% of Total Loans</u>	<u>3/31/2021</u>	<u>% of Total Loans</u>	<u>12/31/2021</u>	<u>% of Total Loans</u>
Construction / land (including farmland)	\$ 17,738	3.1%	\$ 19,331	3.3%	\$ 28,260	5.0%
Residential 1 to 4 units	58,191	10.0%	87,736	15.1%	61,209	10.8%
Home equity lines of credit	5,555	1.0%	5,400	0.9%	6,087	1.1%
Multifamily	78,291	13.5%	84,942	14.6%	82,231	14.6%
Owner occupied commercial real estate	111,580	19.2%	68,189	11.8%	89,087	15.8%
Investor commercial real estate	193,426	33.3%	176,709	30.5%	185,938	33.0%
Commercial and industrial	41,859	7.2%	49,314	8.5%	40,298	7.1%
Paycheck Protection Program	13,342	2.3%	118,381	20.4%	25,203	4.5%
Leases	17,597	3.0%	-	0.0%	-	0.0%
Other loans	42,631	7.3%	9,434	1.6%	45,927	8.1%
Total loans	580,210	100.0%	619,436	100.0%	564,241	100.0%
Allowance for loan losses	(8,424)		(8,828)		(8,579)	
Net loans held for investment	<u>\$ 571,786</u>		<u>\$ 610,608</u>		<u>\$ 555,662</u>	

The investment portfolio increased \$35.4 million to \$369.2 million from a balance of \$333.9 million at December 31, 2021. The unrealized loss associated with the Company's available-for-sale investment security portfolio increased from \$622 thousand at December 31, 2021 to \$23.6 million at March 31, 2022 as market yields rose significantly in the first quarter of 2022 driving down market values.

Total deposits were \$922.2 million as of March 31, 2022. This represents a \$23.0 million, or 2.6% increase from the December 31, 2021 balance of \$899.2 million. Growth in money market balances of \$52.9 million drove deposit growth, offset by noninterest bearing balances declining \$25.1 million. Noninterest-bearing balances comprised 47.6% and 51.6% of total deposit balances at March 31, 2022 and December 31, 2021, respectively.

Deposit type (dollars in thousands)	3/31/2022		3/31/2021		12/31/2021	
		% of Total Deposits		% of Total Deposits		% of Total Deposits
Interest bearing checking accounts	\$ 59,456	6.4%	\$ 58,612	6.4%	\$ 68,575	7.6%
Money market	250,596	27.2%	185,841	20.2%	197,703	22.0%
Savings	161,720	17.5%	127,940	13.9%	157,332	17.5%
Time	11,520	1.2%	14,317	1.6%	11,559	1.3%
Total interest-bearing deposits	483,291	52.4%	386,710	49.1%	435,169	48.4%
Noninterest-bearing	438,914	47.6%	401,123	50.9%	463,990	51.6%
Total deposits	<u>\$ 922,205</u>	100.0%	<u>\$ 787,833</u>	100.0%	<u>\$ 899,159</u>	100.0%

Shareholder's equity totaled \$62.2 million at March 31, 2022, a decline of \$17.8 million, or 22.2%, compared to \$80.0 million at December 31, 2021. This is reflective of the increase in unrealized losses on the investment security portfolio, the impact of which flows through accumulated other comprehensive income, a component of equity.

Stock Repurchase Activity

The Company announced a Stock Repurchase Program on December 3, 2021 and subsequently has repurchased a total of 169,589 shares to date at a weighted average price of \$15.19.

Asset Quality

At March 31, 2022, non-performing assets were 0.01% of the Company's total assets, compared with 0.10% at December 31, 2021. The allowance for loan losses was 1.45% of outstanding loans at March 31, 2022, compared to 1.52% at December 31, 2021. The Company had \$0 and \$899 thousand in nonaccrual loans at March 31, 2022 and December 31, 2021, respectively. The Company recorded net charge-offs of \$154 thousand in the quarter ended March 31, 2022 compared to \$253 thousand in the quarter ended December 31, 2021. Charge-offs were within the purchased consumer loan pools.

Asset Quality	3/31/2022	12/31/2021	3/31/2021
Loans past due 90 days or more and accruing interest	\$ 71	\$ 59	\$ -
Other nonaccrual loans	-	899	1,299
Other real estate owned	-	-	-
Total nonperforming assets	<u>\$ 71</u>	<u>\$ 958</u>	<u>\$ 1,299</u>
Allowance for loan losses to total loans	1.45%	1.52%	1.46%
Allowance for loan losses to nonperforming loans	11864.79%	895.41%	678.68%
Nonaccrual loans to total loans	0.00%	0.16%	0.21%
Nonperforming assets to total assets	0.01%	0.10%	0.16%

As of March 31, 2022, the Company had no outstanding loan deferments or forbearances stemming from COVID-19.

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CONDENSED FINANCIAL DATA - UNAUDITED
(\$ in 000s)

Assets	<u>3/31/2022</u>	<u>3/31/2021</u>	<u>12/31/2021</u>
Cash and due from banks	\$ 33,618	\$ 58,655	\$ 84,079
Available-for-sale securities, at fair value	369,238	181,201	333,869
Loans held for sale	--	--	--
Loans and leases held for investment	580,210	619,436	564,241
Allowance for loan and lease losses	(8,424)	(8,828)	(8,577)
Net loans and leases held for investment	571,786	610,608	555,664
Other Assets	31,418	24,003	25,748
Total assets	\$ 1,006,060	\$ 874,467	\$ 999,360
Liabilities and Shareholders' Equity			
Deposits:			
Noninterest-bearing demand deposits	\$ 438,914	\$ 401,123	\$ 463,990
Interest-bearing checking accounts	483,291	386,710	435,169
Total deposits	922,205	787,833	899,159
Subordinated debentures	14,682	--	14,663
Other borrowings	--	5,000	--
Other liabilities	6,942	7,250	5,540
Shareholders' equity	62,231	74,384	79,998
Total liabilities and shareholders' equity	\$ 1,006,060	\$ 874,467	\$ 999,360
Shares outstanding	5,503,555	5,571,545	5,609,141
Earnings per share basic	\$0.38	\$0.28	\$0.34
Earnings per share diluted	\$0.37	\$0.27	\$0.33
Nominal and tangible book value per share	\$11.31	\$13.35	\$14.26

1ST CAPITAL BANCORP
CONDENSED FINANCIAL DATA - UNAUDITED
(\$ in 000s)

Three Months Ended

Operating Results Data	3/31/2022	3/31/2021	12/31/2021
Interest and dividend income			
Loans	\$ 6,896	\$ 6,600	\$ 6,857
Investment securities	1,557	455	1,247
Federal Home Loan Bank stock	58	44	60
Other income	13	9	39
Total interest and dividend income	8,524	7,108	8,203
Interest expense	530	242	530
Net interest income	7,994	6,866	7,673
Provision for loan losses	-	-	-
Net interest income after provision for loan losses	7,994	6,866	7,673
Noninterest income	319	191	238
Noninterest expenses			
Salaries and benefits expense	3,445	3,144	3,305
Occupancy expense	435	418	413
Data and item processing	263	251	260
Furniture and equipment	140	116	117
Professional services	169	178	248
Other	1,014	811	1,037
Total noninterest expenses	5,466	4,918	5,380
Income before provision for income taxes	2,847	2,139	2,531
Provision for income taxes	755	602	640
Net income	\$ 2,092	\$ 1,537	\$ 1,891

Three Months Ended

Selected Average Balances	3/31/2022	3/31/2021	12/31/2021
Gross loans	\$ 569,997	\$ 615,088	\$ 561,207
Investment securities	362,328	124,642	317,032
Federal Home Loan Bank stock	3,948	3,534	3,948
Other interest earning assets	31,744	45,417	92,112
Total interest earning assets	968,017	788,681	974,299
Total assets	996,632	813,566	999,508
Interest bearing checking accounts	65,753	59,229	60,106
Money market	221,071	157,959	232,730
Savings	158,988	124,342	141,290
Time deposits	11,572	14,690	11,965
Total interest- bearing deposits	457,384	356,220	446,091
Noninterest bearing demand deposits	438,394	372,019	468,459
Total deposits	895,778	728,239	914,550
Subordinated debentures and other borrowings	14,669	5,000	14,651
Shareholders' equity	\$ 80,143	\$ 75,221	\$ 79,312

1ST CAPITAL BANCORP
CONDENSED FINANCIAL DATA – UNAUDITED
(\$ in 000s)

Three Months Ended

Selected Financial Ratios	3/31/2022	3/31/2021	12/31/2021
Return on average total assets	0.85%	0.77%	0.75%
Return on average shareholders' equity	10.59%	8.29%	9.46%
Net interest margin	3.40%	3.55%	3.17%
Net interest income to average total assets	3.25%	3.42%	3.05%
Efficiency ratio	65.75%	69.69%	68.01%

Regulatory Capital and Ratios	3/31/2022	3/31/2021	12/31/2021
Common equity tier 1 capital	\$ 83,272	\$ 74,132	\$ 80,819
Tier 1 regulatory capital	\$ 83,272	\$ 74,132	\$ 80,819
Total regulatory capital	\$ 91,877	\$ 80,863	\$ 88,798
Tier 1 leverage ratio	8.36%	9.14%	8.09%
Common equity tier 1 risk-based capital ratio	11.49%	13.83%	12.82%
Tier 1 capital ratio	11.49%	13.83%	12.82%
Total risk-based capital ratio	12.67%	15.08%	14.07%

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 the www.1stCapital.bank internet site for no charge.

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