



## 1st Capital Bancorp Announces Second Quarter 2024 Financial Results

Salinas, California – July 29, 2024. **1st Capital Bancorp** (the “Company”), (OTCQX: FISB), the parent company of 1st Capital Bank (the “Bank”), today reported unaudited net income of \$894 thousand, or \$0.16 per diluted share, for the second quarter of 2024, compared to \$901 thousand, or \$0.16 per diluted share, in the preceding quarter and \$609 thousand, or \$0.11 per diluted share, for the second quarter of 2023. Net income for the first six months of 2024 was \$1.8 million, an increase of \$128 thousand, or 7.7%, compared to \$1.7 million over the first six months of last year.

“The combined effects of continued growth in loan portfolio, repricing of cash flows, and interest rate hedges are beginning to provide the net interest margin and profitability benefits as anticipated,” said President and Chief Executive Officer Sam Jimenez. “Separately, I want to highlight and acknowledge the professionalism and commitment of the 1st Capital team who ensure our clients and communities remain the focal point of our relationship and community-focused model. As we prepare to integrate our company with Santa Cruz County Bank, the combined lending power and geographic footprint will drive opportunities for business expansion, agriculture, entrepreneurship, and economic growth.”

1<sup>st</sup> Capital Bancorp and West Coast Community Bancorp (OTCQX: SCZC), the holding company for Santa Cruz County Bank, jointly announced an agreement and plan of reorganization and merger during the second quarter of 2024. Regulatory applications have been submitted and are pending approval. The merger is anticipated to close during the fourth quarter of 2024, subject to regulatory and shareholder approvals and satisfaction of all other closing conditions.

Expenses related to the pending merger totaled \$282 thousand during the second quarter of 2024. The expenses negatively impacted return on average assets by 8 basis points in the quarter and 4 basis points on a year-to-date basis and return on average equity by 122 basis points in the quarter and 62 basis points on a year-to-date basis.

At June 30, 2024, the Company, on a consolidated basis, had \$1.0 billion in assets, \$658.4 million in net loans and \$892.3 million in deposits.

### **Financial Highlights**

Performance highlights as of and for the quarter ended June 30, 2024, included the following:

- Quarterly net income of \$894 thousand for the second quarter of 2024, compared to \$901 thousand in the preceding quarter and \$609 thousand in the second quarter a year ago. Excluding merger-related costs, quarterly net income would have been \$1.1 million for the second quarter of 2024.
- Diluted earnings per share were \$0.16 for the second quarter ended June 30, 2024, as compared to \$0.16 and \$0.11 for the quarters ended March 31, 2024, and June 30, 2023, respectively. Merger expenses affected second quarter 2024 diluted earnings per share by \$0.03. Basic and diluted earnings per share in the first six months of 2024 both improved by \$0.06 and \$0.05 respectively compared to first six months of 2023.
- Pre-tax, pre-provision income for the quarter ended June 30, 2024, totaled \$1.9 million, as compared to \$2.4 million and \$1.8 million for the quarters ended March 31, 2024, and June 30, 2023, respectively. Excluding merger-related costs, pre-tax, pre-provision income for the quarter ended June 30, 2024 would have been \$2.2 million.
- Total assets increased \$27.9 million, or 2.7%, to \$1.0 billion at June 30, 2024, compared to \$1.0 billion at March 31, 2024 and increased \$81.5 million, or 8.5%, compared to \$960.9 million at June 30, 2023.

- Core loans increased \$43.5 million, or 7.8%, to \$602.5 million at June 30, 2024, compared to \$559.1 million at March 31, 2024, and increased \$115.0 million, or 23.6%, compared to \$487.6 million at June 30, 2023.
- Total deposits excluding brokered deposits decreased \$32.8 million, or 4.0%, at June 30, 2024, compared to March 31, 2024, and are \$84.6 million, or 9.8%, lower than the quarter ended June 30, 2023.
- Return on average equity was 5.51% for the second quarter of 2024, as compared to 5.70% and 4.13% for the quarters ended March 31, 2024, and June 30, 2023, respectively. For the six months ended June 30, 2024 and June 30, 2023, return on average equity was 5.60% and 5.78% respectively. See above for the impact of merger-related expenses.
- Return on average assets was 0.35% for the second quarter of 2024 as compared to 0.37% and 0.25% for the quarters ended March 31, 2024, and June 30, 2023, respectively. For the six months ended June 30, 2024 and June 30, 2023, return on average assets was 0.36% and 0.35% respectively. See above for the impact of merger-related expenses.
- Net interest margin was 3.29% for the second quarter as compared to 3.28% and 3.32% for the quarters ended March 31, 2024, and June 30, 2023, respectively. For the six months ended June 30, 2024 and June 30, 2023, net interest margin was 3.28% and 3.43%, respectively.
- The Company's efficiency ratio was 76.65% for the second quarter of 2024, as compared to 70.43% and 77.32% for the quarters ended March 31, 2024, and June 30, 2023, respectively. The efficiency ratio was 73.59% and 75.84% for the first six months of 2024 and 2023, respectively. Merger-related costs impacted the efficiency ratio by 342 basis points in the second quarter of 2024 and 174 basis points year-to-date.
- The Company recorded provision for credit loss expense of \$774 thousand for the second quarter compared to \$1.2 million and \$1.1 million for the quarters ended March 31, 2024, and June 30, 2023, respectively. The reduction in provision expense was driven by reduced charge-offs in the purchased lease and consumer pools partially offset by growth in the core loan portfolio.
- As of June 30, 2024, the Company's nonperforming assets to total assets was 0.15%, as compared to 0.09% and 0.07% for March 31, 2024, and June 30, 2023, respectively.
- Federal regulatory capital ratios for the quarters ended June 30, 2024, March 31, 2024, and June 30, 2023, exceed well capitalized thresholds.
- At June 30, 2024, the Company has \$349.3 million in available liquidity from secured and unsecured borrowing lines, which represents 33.5% of total assets.

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

The Company's second quarter 2024 net interest income increased \$236 thousand, or 3.1%, to \$7.9 million as compared with \$7.7 million for the quarter ended March 31, 2024, and \$7.6 million for the quarter ended June 30, 2023 due to higher yields on earnings assets partially offset by the impact of continued pressure on funding costs. For the first six months of 2024, net interest income increased \$86 thousand, or 0.6%, to \$15.6 million compared to the first six months of 2023.

Loan interest income increased \$617 thousand, or 7.5%, to \$8.8 million for the quarter ended June 30, 2024, compared to \$8.2 million for the quarter ended March 31, 2024, and increased \$1.6 million, or 21.8%, compared to \$7.2 million for the quarter ended June 30, 2023. Interest income on investment securities was \$2.3 million for the quarter ended June 30, 2024, compared to \$2.1 million in the preceding quarter, and \$1.9 million in the second quarter a year ago. Interest

income on interest-bearing deposits was \$388 thousand in the second quarter of 2024, compared to \$414 thousand in the preceding quarter, and \$442 thousand in the second quarter a year ago.

Interest expense increased \$526 thousand, or 16.9%, to \$3.6 million for the quarter ended June 30, 2024, compared to \$3.1 million for the quarter ended March 31, 2024, and \$2.0 million in the second quarter a year ago due to higher utilization of wholesale borrowings and brokered CDs. Interest expense for each of the quarters presented also includes \$169 thousand related to subordinated debt.

The Company's net interest margin increased 1 basis point to 3.29% for the quarter ended June 30, 2024, from 3.28% as compared to the quarter ended March 31, 2024 and 3.32% in the second quarter a year ago. The Company's loan yields increased 14 basis points to 5.46% for the quarter ended June 30, 2024, compared to 5.32% for the quarter ended March 31, 2024, and 4.95% in the second quarter a year ago. The Company's cost of funds increased 19 basis points to 1.56% for the quarter ended June 30, 2024, compared to 1.37% for the quarter ended March 31, 2024, and 0.92% in the second quarter a year ago. The increase in cost of funds is driven by an increase in average balances of higher costing FHLB advances and brokered deposits.

### **Noninterest Expenses**

The Company's total non-interest expense increased \$693 thousand, or 12.3%, to \$6.3 million in the quarter ended June 30, 2024, compared to \$5.6 million and \$6.1 million for the quarters ended March 31, 2024, and June 30, 2023, respectively. The increase was primarily attributable to merger-related expenses and normalization of data and item processing expenses.

### **Balance Sheet Summary**

Total assets increased \$27.9 million, or 2.7%, to \$1.0 billion at June 30, 2024, compared to \$1.0 billion at March 31, 2024, and \$960.9 million at June 30, 2023. Cash and due from banks increased \$2.5 million, or 4.7%, to \$56.0 million at June 30, 2024, compared to \$53.5 million at March 31, 2024, and \$44.3 million at June 30, 2023. The investment portfolio decreased to \$283.4 million in the second quarter of 2024 from a balance of \$291.8 million at March 31, 2024, and \$293.1 million at June 30, 2023. At June 30, 2024 and March 31, 2024, \$51.8 million and \$69.5 million, respectively, of the investment portfolio were classified as held-to-maturity. As of June 30, 2024, investments classified as held-to-maturity comprise approximately 18.3% of the portfolio.

Total loans outstanding increased \$34.8 million, or 5.5%, to \$665.7 million as of June 30, 2024, compared to \$630.9 million as of March 31, 2024, and \$585.1 million at June 30, 2023. This is attributable to growth in the core loan portfolio of \$43.5 million, or 7.8%, to \$602.5 million at June 30, 2024, partially offset by a decrease of \$8.7 million, or 12.1%, to \$63.2 million in wholesale lease and consumer pools.

<u>Loan type (dollars in thousands)</u>	<u>06/30/2024</u>	<u>% of Total Loans</u>	<u>03/31/2024</u>	<u>% of Total Loans</u>	<u>06/30/2023</u>	<u>% of Total Loans</u>
Construction and land (including farmland)	\$ 23,502	3.5%	\$ 32,644	5.2%	\$ 24,212	4.1%
Residential 1 to 4 units	68,970	10.4%	68,879	10.9%	58,952	10.1%
Home equity lines of credit	4,058	0.6%	4,400	0.7%	3,643	0.6%
Multifamily	103,482	15.5%	92,178	14.6%	80,796	13.8%
Owner occupied commercial real estate	149,389	22.4%	137,172	21.7%	123,545	21.1%
Non owner-commercial real estate	230,383	34.7%	206,365	32.7%	189,216	32.3%
Commercial and industrial	55,351	8.3%	54,172	8.6%	49,360	8.5%
Consumer	8,852	1.3%	10,769	1.7%	18,887	3.2%
Leases and Other Loans	21,718	3.3%	24,330	3.9%	36,460	6.3%
Total loans	665,705	100.0%	630,909	100.0%	585,071	100.0%
Allowance for credit losses	(7,323)		(7,101)		(6,746)	
Net loans held for investment	<u>\$ 658,382</u>		<u>\$ 623,808</u>		<u>\$ 578,325</u>	

Total deposits were \$892.3 million at June 30, 2024, representing a \$6.6 million increase compared to total deposits of \$885.7 million at March 31, 2024. The increase is primarily attributed to increase in use of brokered deposits offset by declines in interest-bearing checking and money market accounts. Noninterest-bearing balances comprised 43.1% of total deposits at June 30, 2024.

Deposit type (dollars in thousands)	06/30/2024		03/31/2024		06/30/2023	
		% of Total Deposits		% of Total Deposits		% of Total Deposits
Interest-bearing checking accounts	\$ 45,474	5.1%	\$ 61,797	7.0%	\$ 47,483	5.4%
Money market	209,099	23.5%	229,381	25.9%	287,148	32.7%
Savings	102,167	11.4%	106,731	12.1%	116,582	13.3%
Time	150,842	16.9%	112,829	12.7%	33,044	3.8%
Total interest-bearing deposits	507,582	56.9%	510,738	57.7%	484,257	55.1%
Noninterest-bearing	384,708	43.1%	374,944	42.3%	395,132	44.9%
Total deposits	\$ 892,290	100.0%	\$ 885,682	100.0%	\$ 879,389	100.0%

Other borrowings totaled \$60.0 million at June 30, 2024, compared to \$40.0 million at March 31, 2024, and zero at June 30, 2023. Subordinated debt balances totaled \$14.8 million at June 30, 2024, March 31, 2024, and June 30, 2023, respectively.

Shareholder's equity totaled \$67.1 million at June 30, 2024, compared to \$65.2 million at March 31, 2024, and \$57.8 million in the second quarter a year ago.

### Allowance for Credit Losses and Asset Quality

A provision for credit loss expense of \$774 thousand was recorded in the quarter ended June 30, 2024, compared to \$1.2 million in the quarter ended March 31, 2024, and \$1.1 million in the second quarter a year ago. The provision expense continues to be driven by charge offs within the wholesale loan pool portfolio and overall loan growth.

The allowance for credit losses was 1.10% of outstanding loans at June 30, 2024, compared to 1.13% of outstanding loans at March 31, 2024 and 1.15% at June 30, 2023. Nonperforming assets were 0.15% of the Company's total assets at June 30, 2024, compared with 0.09% at March 31, 2024, and 0.07% at June 30, 2023. The Company had \$630 thousand in nonaccrual loans at June 30, 2024, representing 0.09% of total loans. The Company recorded net charge-offs of \$552 thousand in the quarter ended June 30, 2024, compared to \$1.2 million in the quarter ended March 31, 2024, and \$1.7 million in the second quarter a year ago. Charge-offs for the quarters ended June 30, 2024, March 31, 2024, and June 30, 2023, were all within the purchased lease and consumer pools.

Asset Quality (dollars in thousands)	06/30/2024	03/31/2024	06/30/2023
Loans past due 90 days or more and accruing interest	\$ 901	\$ 434	\$ 487
Other nonaccrual loans	630	442	138
Other real estate owned	--	--	--
Total nonperforming assets	\$ 1,531	\$ 876	\$ 625
Allowance for credit losses to total loans	1.10%	1.13%	1.15%
Allowance for credit losses to nonperforming loans	478.31%	810.62%	1079.36%
Nonaccrual loans to total loans	0.09%	0.07%	0.02%
Nonperforming assets to total assets	0.15%	0.09%	0.07%
Net charge-offs to average total loans	0.34%	0.79%	1.15%

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CONDENSED FINANCIAL DATA – UNAUDITED  
(\$ in 000s, except per share data)

<b>Assets</b>	<b>06/30/2024</b>	<b>03/31/2024</b>	<b>06/30/2023</b>
Cash and due from banks	\$ 55,976	\$ 53,480	\$ 44,320
Investment securities available-for-sale	231,628	222,272	222,662
Investment securities held-to-maturity	51,807	69,549	70,468
Loans and leases held for investment	665,705	630,909	585,071
Allowance for credit losses	(7,323)	(7,101)	(6,746)
Net loans and leases held for investment	658,382	623,808	578,325
Other Assets	44,636	45,423	45,129
Total assets	\$ 1,042,429	\$ 1,014,532	\$ 960,904
<b>Liabilities and Shareholders' Equity</b>			
Deposits:			
Non-interest-bearing	\$ 384,708	\$ 374,944	\$ 395,132
Interest-bearing	507,582	510,738	484,257
Total deposits	892,290	885,682	879,389
Subordinated debentures	14,851	14,833	14,776
Other borrowings	60,000	40,000	--
Other liabilities	8,194	8,827	8,915
Shareholders' equity	67,094	65,190	57,824
Total liabilities and shareholders' equity	\$ 1,042,429	\$ 1,014,532	\$ 960,904
Shares outstanding	5,605,557	5,596,543	5,518,996
Earnings per share basic	\$0.16	\$0.16	\$0.11
Earnings per share diluted	\$0.16	\$0.16	\$0.11
Nominal and tangible book value per share	\$11.97	\$11.65	\$10.48

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

**Three Months Ended**

<b>Operating Results Data</b>	<b><u>06/30/2024</u></b>	<b><u>03/31/2024</u></b>	<b><u>06/30/2023</u></b>
Interest and dividend income			
Loans	\$ 8,793	\$ 8,176	\$ 7,222
Investment securities	2,260	2,090	1,929
Federal Home Loan Bank stock	102	101	78
Interest-bearing deposits	388	414	442
Total interest and dividend income	11,543	10,781	9,671
Interest expense	3,640	3,114	2,042
Net interest income	7,903	7,667	7,629
Provision for credit losses	774	1,199	1,052
Net interest income after provision for credit losses	7,129	6,468	6,577
Noninterest income	342	323	297
Net gain (loss) on sales/calls of investment securities	--	--	--
Noninterest expenses			
Salaries and benefits expense	3,805	3,486	3,615
Occupancy expense	467	461	463
Data and item processing	312	20	328
Furniture and equipment	82	90	101
Professional services	109	249	279
Other	1,545	1,321	1,342
Total noninterest expenses	6,320	5,627	6,128
Income before provision for income taxes	1,151	1,164	746
Provision for income taxes	257	263	137
Net income	\$ 894	\$ 901	\$ 609

**Three Months Ended**

<b>Selected Average Balances</b>	<b><u>06/30/2024</u></b>	<b><u>03/31/2024</u></b>	<b><u>06/30/2023</u></b>
Gross loans	\$ 648,015	\$ 617,976	\$ 584,939
Investment securities	286,194	290,294	298,298
Federal Home Loan Bank stock	4,612	4,381	4,314
Other interest earning assets	37,861	39,803	43,581
Total interest earning assets	976,682	952,254	931,132
Total assets	1,014,545	989,254	962,808
Interest-bearing checking accounts	52,676	51,223	49,082
Money market	218,794	233,988	260,482
Savings	97,829	99,401	124,088
Time deposits	130,794	84,808	28,375
Total interest-bearing deposits	500,093	469,420	462,027
Noninterest bearing demand deposits	373,624	378,834	386,503
Total deposits	873,717	848,254	848,530
Subordinated debentures and other borrowings	66,576	67,184	45,308
Shareholders' equity	\$ 65,315	\$ 63,558	\$ 59,145

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

<b>Operating Results Data</b>	<b>Six Months Ended</b>	
	<b><u>6/30/2024</u></b>	<b><u>6/30/2023</u></b>
Interest and dividend income		
Loans	\$ 16,969	\$ 13,940
Investment securities	4,350	3,873
Federal Home Loan Bank stock	203	148
Other income	802	753
Total interest and dividend income	22,324	18,714
Interest expense	6,754	3,230
Net interest income	15,570	15,484
Provision for credit losses	1,973	1,742
Net interest income after provision for credit losses	13,597	13,742
Noninterest income	665	670
Net (loss) on sales/calls of investment securities	--	(134)
Noninterest expenses		
Salaries and benefits expense	7,291	7,363
Occupancy expense	928	877
Data and item processing	332	636
Furniture and equipment	172	218
Professional services	358	547
Other	2,866	2,508
Total noninterest expenses	11,947	12,149
Income before provision for income taxes	2,315	2,129
Provision for income taxes	520	462
Net income	\$ 1,795	\$ 1,667

<b>Selected Average Balances</b>	<b>Six Months Ended</b>	
	<b><u>6/30/2024</u></b>	<b><u>6/30/2023</u></b>
Gross loans	\$ 632,996	\$ 578,080
Investment securities	288,244	300,653
Federal Home Loan Bank stock	4,497	4,187
Other interest earning assets	38,832	39,312
Total interest earning assets	964,569	922,232
Total assets	1,001,900	955,173
Interest bearing checking accounts	51,950	57,733
Money market	226,390	217,762
Savings	98,616	131,021
Time deposits	107,801	19,684
Total interest-bearing deposits	484,757	426,200
Noninterest-bearing demand deposits	376,229	427,464
Total deposits	860,986	853,664
Subordinated debentures and other borrowings	66,879	33,351
Shareholders' equity	\$ 64,436	\$ 58,152

**Three Months Ended**

<b>Selected Financial Ratios</b>	<b><u>06/30/2024</u></b>	<b><u>03/31/2024</u></b>	<b><u>06/30/2023</u></b>
Return on average total assets	0.35%	0.37%	0.25%
Return on average shareholders' equity	5.51%	5.70%	4.13%
Net interest margin	3.29%	3.28%	3.32%
Net interest income to average total assets	3.13%	3.12%	3.18%
Efficiency ratio	76.65%	70.43%	77.32%

**Six Months Ended**

<b>Selected Financial Ratios</b>	<b><u>6/30/2024</u></b>	<b><u>6/30/2023</u></b>
Return on average total assets	0.36%	0.35%
Return on average shareholders' equity	5.60%	5.78%
Net interest margin	3.28%	3.43%
Net interest income to average total assets	3.13%	3.27%
Efficiency ratio	73.59%	75.84%

**Regulatory Capital and Ratios**

	<b><u>06/30/2024</u></b>	<b><u>03/31/2024</u></b>	<b><u>06/30/2023</u></b>
Common equity tier 1 capital	\$ 107,932	\$ 106,894	\$ 103,412
Tier 1 regulatory capital	\$ 107,932	\$ 106,894	\$ 103,412
Total regulatory capital	\$ 115,445	\$ 114,192	\$ 110,312
Tier 1 leverage ratio	10.27%	10.44%	10.36%
Common equity tier 1 risk-based capital ratio	14.43%	14.80%	15.26%
Tier 1 capital ratio	14.43%	14.80%	15.26%
Total risk-based capital ratio	15.43%	15.81%	16.28%



## 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.

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### 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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