



# CAPITAL BANK

*"Banking Outside the Box"*

**PRESS RELEASE**

**July 23, 2010**

## **Capital Bank Reports 134% Growth in Deposits, 92% Growth in Loans & 99% Growth in Assets**

**San Juan Capistrano, CA** –(BUSINESS WIRE) –Capital Bank (OTCBB:CBJC) today announced results of operations for the second quarter of 2010 marked by continued strong growth in loans, deposits and assets. Deposits expanded by almost \$43 million or 134% from the same period last year to \$74.2 million, while loans swelled 92% to \$62.9 million by quarter end. Assets nearly doubled climbing 99% to \$85.6 million, a \$42.6 million increase. While the Bank reported a net loss of \$594,000, more than \$370,000 of this is attributable to non-cash charges for stock option expense and to maintain prudent loan loss reserves required by the outstanding loan growth the bank has experienced. Further, the Bank's overall operating loss has improved 43% from the same period last year and is solely attributable to planned initial operating costs as no operational or loan losses were incurred.

J.M. "Mike" Justice Jr., President & Chief Executive Officer stated "We are on the cusp of operating profitability as evidenced by the significant decline in our net operating loss. Our ongoing strong growth in loans, the bank's primary earning asset, has resulted in a 127% increase in interest income compared to the same period last year. I continue to be very pleased with our strong growth pattern and success in executing our business plan. While many banks continue to struggle to eliminate problem loans from their balance sheet and mitigate further deterioration in earnings, we have no such problems and the future looks very bright for Capital Bank." Mr. Justice stated further that "While loan, deposit and asset growth continue to be very strong for our Bank, we have not sacrificed quality simply for the sake of growth. Our Bank holds no foreclosed property, does not have a single past due or non-performing loan and maintains prudent loan loss reserves equal to 1.46% of outstanding loans at quarter's end. Total capital continues to be exceptionally strong with total estimated risk based capital of over 15%, well in excess of the regulatory standard of 10% to be considered well capitalized. Mr. Justice stated further "The strong growth of our quality balance sheet combined with our ongoing positive earnings trend, strong capital base and growing market share have been noted by the capital markets; we are very pleased with our stock that continues to out-perform our peers in these still uncertain times. "

John R. McGill, Executive Vice President & Chief Operating Officer stated “We are very pleased that our strong performance and exceptional balance sheet growth was recently recognized with a **4 Star Rating of Excellence** from the nationally recognized independent bank rating firm of Bauer Financial. We are confident that our commitment to, and success in executing our business plan, will continue to be recognized by the capital markets and rating agencies; as well as develop significant long term shareholder value.”

Dedicated to becoming recognized as the Premier Business and Professional Bank of south Orange County, by providing innovative financial solutions tailored to the needs of our customers, which exceed their expectations, producing superior shareholder value that become solutions recognized for.....”**Banking Outside the Box**”.

For Additional Information visit our website at: [www.mycapitalbank.com](http://www.mycapitalbank.com)

**Contact:**

J.M.”Mike” Justice Jr , President & C.E.O. (949) 489-4202 or

John R. McGill, Executive Vice President & C.O.O. (949) 489-4203

**Stock Symbol:** OTCBB:CBJC

**Market Makers:**

Steve Arrigo, Senior Vice President (949) 644-1890

Crowell Weedon & Company

David Perry, Assistant Vice President (415) 538-5746

Howe, Barnes, Hoefffer & Arnett

**Bauer Financial:**

<http://www.bauerfinancial.com>

Information contained herein may contain certain forward-looking statements that are based on management’s current expectations regarding economic, legislative, and regulatory issues that may impact the Bank’s earnings in future periods. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include the words “believe,” “expect,” “intend,” “estimate” or words of similar meaning, or future or conditional verbs such as “will,” “would,” “should,” “could” or “may.” Factors that could cause future results to vary materially from current management expectations include, but are not limited to, general economic conditions, changes in interest rates, deposit flows, real estate values, and competition; changes in accounting principles, policies or guidelines; changes in legislation or regulation; and other economic, competitive, governmental, regulatory and technological factors affecting the Bank’s operations, pricing, products and services. The Bank undertakes no obligation to release publicly the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events.

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### SELECTED FINANCIAL DATA -UNAUDITED

(All figures in thousands) as of:

<b>Balance Sheet</b>	<b>6/30/10</b>	<b>6/30/09</b>	<b>Change %</b>
Total Assets	\$86,635	\$42,996	99%
Gross Loans	\$62,908	\$32,705	92%
Total Deposits	\$74,159	\$31,632	134%
Total Shareholders' Equity	\$9,931	\$11,049	