



FIRST CAPITAL BANCSHARES

May 3, 2022

Dear Shareholder,

We are pleased to share our financial results for the period ended March 31, 2022.

Financial highlights include:

- Total loans receivable increased \$21.6 million, or 31.8% annualized, to \$293.2 million as of March 31, 2022.
- Total assets increased \$31.7 million, or 32.6% annualized, to \$419.9 million as of March 31, 2022.
- Total deposits increased \$28.2 million, or 34.4% annualized, to \$355.8 million as of March 31, 2022.
- Pre-tax pre-loan provision income increased 109.7% to \$541,000 for the quarter ended March 31, 2022, compared to pre-tax pre-provision of \$258,000 for the quarter ended March 31, 2021.
- Net Income was \$376,000 for the quarter ended March 31, 2022, compared to a net income of \$112,000 for the quarter ended March 31, 2021.
- Nonperforming assets to total assets remain very low at 0.11% as of March 31, 2022.
- First Capital Bancshares completed the issuance of \$5.0 million in subordinated notes

“As Covid-19 retreats in the US, our bank continues to perform better than we expected. The Charleston metro market continues to gain in the categories of population, personal income, and housing values. This provides the talented team of bankers at First Capital with a target rich environment. Our credit quality remains strong, and we are well positioned for the current and anticipated increases in interest rates,” stated Chairman and CEO Harvey Glick.

We recently launched a marketing campaign featuring our new tag line. “Is your bank too big for you?” A majority of our new clients are dissatisfied with the treatment they received at a larger bank and find that our personalized service is what they are looking for with their banking relationship. We recently ran an ad highlighting this new campaign which we have enclosed in this letter for review.

Harvey L. Glick
CEO and Chairman

John D. Russ
Vice-Chairman

About First Capital Bancshares, Inc:

First Capital Bancshares, Inc. is a bank holding company headquartered in Charleston, South Carolina with assets of approximately \$420 million as of March 31, 2022. Its principal activity is the ownership and operation of First Capital bank, a state-chartered community bank that operates five branches and one loan production office in the South Carolina and North Carolina. For more information, please visit www.bankwithfirstcapital.com.

Forward Looking Statements:

Certain statements in this news release contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements relating to future plans and expectations, and are thus prospective. Such forward-looking statements are identified by words such as "believe," "expect," "anticipate," "estimate," "intend," "plan," "target," and "project," as well as similar expressions. Such statements are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Although we believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate. Therefore, we can give no assurance that the results contemplated in the forward-looking statements will be realized. The inclusion of this forward-looking information should not be construed as a representation by our company or any person that the future events, plans, or expectations contemplated by our company will be achieved.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements: (1) competitive pressures among depository and other financial institutions may increase significantly and have an effect on pricing, spending, third-party relationships and revenues; (2) the strength of the United States economy in general and the strength of the local economies in which the company conducts operations may be different than expected, including, but not limited to, due to the negative impacts and disruptions resulting from the national political turmoil as well as continuing impact of the novel coronavirus, or COVID-19, on the economies and communities the company serves, which may have an adverse impact on the company's business, operations and performance, and could have a negative impact on the company's credit portfolio, share price, borrowers, and on the economy as a whole, both domestically and globally; (3) the rate of delinquencies and amounts of charge-offs, the level of allowance for loan loss, the rates of loan growth, or adverse changes in asset quality in our loan portfolio, which may result in increased credit risk related losses and expenses; (4) changes in legislation, regulation, policies, or administrative practices, whether by judicial, governmental, or legislative action, including, but not limited to, changes affecting oversight of the financial services industry or consumer protection; (5) the impact of the results of the recent U.S. elections on the regulatory landscape, capital markets, and the response to and management of the COVID-19 pandemic; (6) adverse conditions in the stock market, the public debt market and other capital markets (including changes in interest rate conditions) could have a negative impact on the company; (7) changes in interest rates, which may affect the company's net income, prepayment penalty income, mortgage banking income, and other future cash flows, or the market value of the company's assets, including its investment securities; and (8) changes in accounting principles, policies, practices, or guidelines. All subsequent written and oral forward-looking statements concerning the company or any person acting on its behalf is expressly qualified in its entirety by the cautionary statements above. We do not undertake any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date the forward-looking statements are made, except as required by law.

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Selected Financial Highlights (unaudited)

	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
<i>(Dollars In Thousands, except per share data)</i>					
Condensed Balance Sheet					
Assets					
Cash and cash equivalents	63,831	63,424	62,316	62,120	59,819
Securities available-for-sale	50,172	40,810	38,719	36,030	28,264
Gross Loans	293,203	271,636	245,853	223,697	194,716
Allowance for loan losses	(3,494)	(3,408)	(3,141)	(3,041)	(2,681)
Total Loans, net	289,709	268,228	242,712	220,656	192,035
Other assets	16,160	15,727	15,030	14,059	13,567
Total assets	<u>\$ 419,872</u>	<u>\$ 388,189</u>	<u>\$ 358,777</u>	<u>\$ 332,865</u>	<u>\$ 293,685</u>
Liabilities					
Deposits	355,789	327,584	299,184	280,683	241,975
Borrowings	27,840	22,840	22,840	16,050	16,050
Other liabilities	2,477	3,830	2,683	2,342	2,172
Total liabilities	<u>386,106</u>	<u>354,254</u>	<u>324,707</u>	<u>299,075</u>	<u>260,197</u>
Total shareholders' equity	<u>33,766</u>	<u>33,935</u>	<u>34,070</u>	<u>33,790</u>	<u>33,488</u>
Total liabilities and shareholders' equity	<u>\$ 419,872</u>	<u>\$ 388,189</u>	<u>\$ 358,777</u>	<u>\$ 332,865</u>	<u>\$ 293,685</u>

	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
<i>(Dollars In Thousands, except per share data)</i>					
Condensed Income Statement					
Interest income	\$ 3,357	\$ 3,021	\$ 2,860	\$ 2,993	\$ 2,313
Interest expense	647	606	568	500	441
Net interest income	<u>2,710</u>	<u>2,415</u>	<u>2,292</u>	<u>2,493</u>	<u>1,872</u>
Provision for loan losses	40	300	30	360	90
Noninterest income	94	344	91	92	69
Noninterest expense	<u>2,263</u>	<u>2,198</u>	<u>2,028</u>	<u>1,984</u>	<u>1,683</u>
Income (loss) before for income taxes	501	261	325	241	168
Income tax expense (benefit)	125	63	77	47	56
Net income (loss)	<u>\$ 376</u>	<u>\$ 198</u>	<u>\$ 248</u>	<u>\$ 194</u>	<u>\$ 112</u>
Earnings (loss) per share	\$ 0.07	\$ 0.04	\$ 0.05	\$ 0.04	\$ 0.02
Weighted average shares outstanding	5,085,936	5,085,936	5,083,936	5,083,936	5,083,936

	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
<i>(Dollars In Thousands, except per share data)</i>					
Performance Ratios (annualized):					
Book value per common share	\$ 6.64	\$ 6.67	\$ 6.70	\$ 6.65	\$ 6.59
Return on average stockholders' equity	4.44%	2.33%	2.92%	2.31%	1.33%
Return on average assets	0.37%	0.21%	0.29%	0.25%	0.16%
Yield on earning assets (1)	3.45%	3.36%	3.45%	3.97%	3.51%
Cost of funds	0.61%	0.64%	0.70%	0.71%	0.73%
Net interest margin (1)	2.89%	2.77%	2.79%	3.31%	2.84%
Efficiency ratio	80.71%	79.65%	85.11%	76.74%	86.71%
Nonperforming assets to total assets	0.11%	0.20%	0.26%	0.31%	0.33%
Allowance for loan losses to total loans	1.19%	1.25%	1.28%	1.36%	1.38%

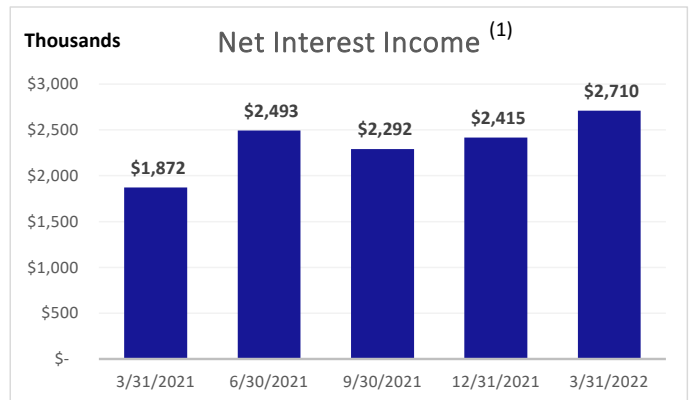
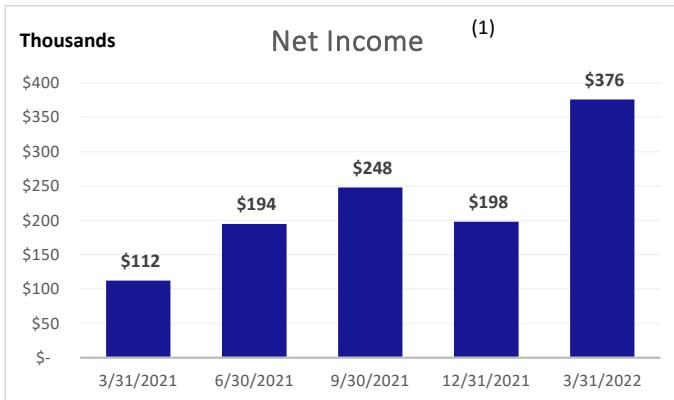
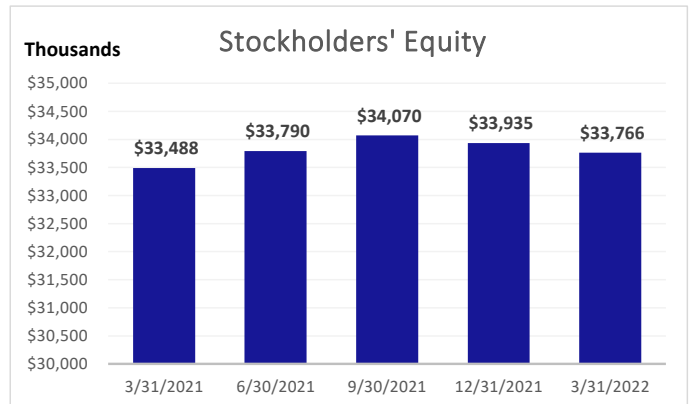
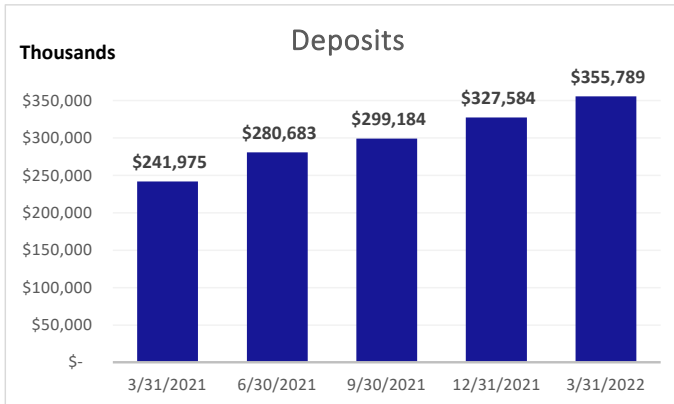
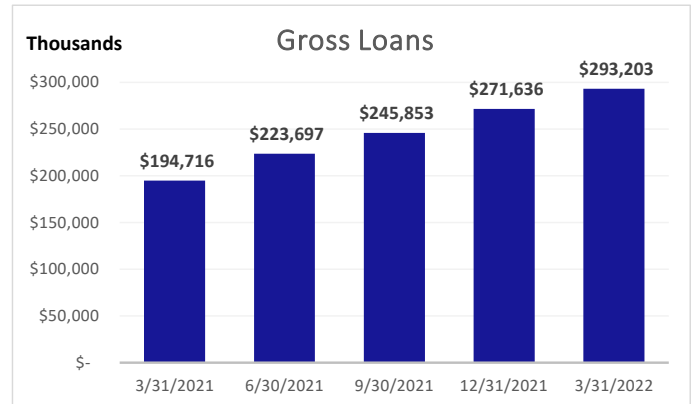
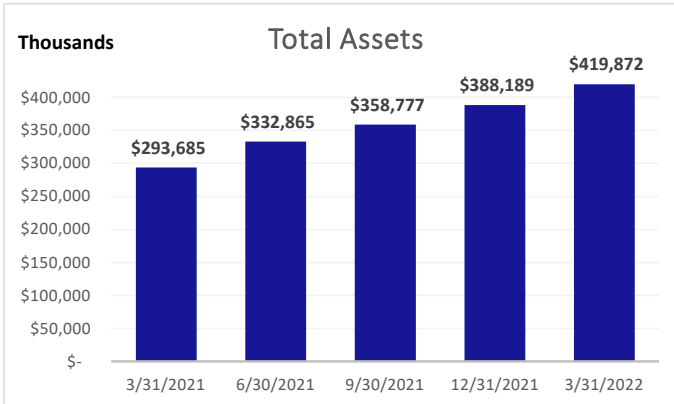
Notes:

(1) Included in June 30, 2021 were fees of \$485 thousand paid by the SBA in conjunction with PPP loans



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As of March 31, 2022



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