



CAPITAL BANK

"Banking Outside the Box"

PRESS RELEASE

May 5, 2011

**Capital Bank Reports Record Earnings
Net Income Improves 182%, Total Assets Breach \$100 Million Barrier,
Assets and Deposits Grow 25%, Loans Grow 17%**

San Juan Capistrano, CA –(BUSINESS WIRE) –Capital Bank (OTCBB:CBJC) today announced results of operations for the 1st Quarter of 2011 marked by record earnings and asset totals. Net income for the quarter totaled \$263,000, after absorbing non-cash charges of \$386,000 for loan loss reserve and stock option expenses, compared to a net loss of \$321,000 in 2010, a remarkable \$584,000, or 182% improvement from the same period last year. Assets climbed 25% to \$102.5 million breaching the \$100 million asset barrier for a \$20.5 million increase over the 2010 total of \$89.8 million. Deposits expanded \$18.2 million to \$89.8 million for a 25% increase from a year ago while loans grew \$10 million to \$69.8 million for a 17% improvement over the same period.

J.M. "Mike" Justice Jr., President & Chief Executive Officer stated "I am very pleased with our performance and the attainment of sustainable profitability. We have remained focused on the achievement of our business plan and the quality asset growth it contemplated. Our continued strong growth in assets, loans and deposits has resulted in a 51% increase in net interest income compared to the same period last year. This combined with a 1,322% increase in non-interest income, with only a 13% increase in non-interest expense, has resulted in our impressive improvement in profitability." Mr. Justice continued "Net operating income before non-cash charges for loan loss reserve and stock option expenses improved a dramatic 544% or \$794,000 and our prospects for consistent ongoing profitability continue to be bright. 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 1.82% of outstanding gross loans. Total capital continues to be exceptionally strong with total risk based capital of over 18%, well in excess of the regulatory standard of 10% to be considered well capitalized. We continue to carry the **4 Star Rating of Excellence** from the nationally recognized independent bank rating firm of Bauer Financial, which is indicative of the safety of our Bank for our depositors. While there are slowly encouraging signs in the economy, Bank failures continue to plague our industry nationwide. The strength of our growing capital base combined with the quality of our balance sheet should provide comfort to our customers that we are here for them for many years to come."

Mr. Justice continued “Our dramatic improvement in profitability combined with the significant growth of our quality balance sheet, 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.”

John R. McGill, Executive Vice President & Chief Operating Officer stated “Our U.S. Small Business Administration Loan Department continues to be - one of the most active and productive SBA lenders in Orange County. Our team has done an exceptional job providing the much needed financing to fuel growth for our local small businesses. We have money to lend.” McGill commented further “Our success in achieving profitability, building a quality balance sheet, and leveraging our strong capital base is attributable to the dedication of our employees, the support of committed directors, shareholders and our broadening base of loyal customers. We are thankful for their ongoing confidence and support.”

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

Contact:

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Stock Symbol: OTCBB:CBJC

Market Makers:

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

Crowell Weedon & Company

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Howe, Barnes, Hoeffler & 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:

Balance Sheet	3/31/11	3/31/10	Change %
Total Assets	\$102,493	\$82,013	25%
Total Deposits	\$89,801	\$71,566	25%
Gross Loans	\$69,788	\$59,816	17%
Total Shareholders' Equity	\$11,035	\$10,075	