



CAPITAL BANK

"Banking Outside the Box"

PRESS RELEASE

October 18, 2010

Capital Bank Achieves Full Quarter Profitability, Approaches \$100 Million in Assets, Reports 112% Growth in Deposits, 104% Growth in Assets & 57% Growth in Loans

San Juan Capistrano, CA –(BUSINESS WIRE) –Capital Bank (OTCBB:CBJC) today announced results of operations for the third quarter of 2010 marked by the attainment of full quarter profitability and nearly breaching the \$100 million asset barrier in just 30 short months of operations. Deposit, asset and loan growth continue their strong pace of expansion with deposits more than doubling to \$79.9 million, a \$42.2 million or 112% increase from the same period last year. Assets swelled \$50.5 million or 104% to \$99.1 million, just shy of the \$100 million asset barrier, while loans climbed \$24.6 million to \$67.5 million for a 57% increase. While the Bank reported a net year to date loss of \$538,000, more than \$404,000 of this is attributable to non-cash charges for stock option expense and to maintain prudent loan loss reserves, despite the fact that the bank has never had a single past due loan or non-performing asset. Net income for the quarter improved dramatically with a \$518,000 increase from last year's third quarter loss of \$461,000, producing the bank's first ever quarterly profit of \$57,000.

J.M. "Mike" Justice Jr., President & Chief Executive Officer stated "We have remained focused on the achievement of our business plan and the sprint for quality asset growth it contemplated to attain the economies of scale necessary to drive profitability. I am exceptionally pleased to report that we have achieved that goal as evidenced by our performance this past quarter. The prospects for ongoing growth and profitability are bright for our Bank, despite the ongoing challenges in the economy." Mr. Justice stated further that "Our continued strong growth in loans, the bank's primary earning asset, has resulted in a 121% increase in net interest income compared to the same period last year. This combined with a 639% increase in non-interest income, with only a 21% increase in non-interest expense, has resulted in our dramatic improvement in profitability. 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 1.37% 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. 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."

Mr. Justice continued “The strong growth of our quality balance sheet combined with our prospects for continued profitability, overall 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.”

John R. McGill, Executive Vice President & Chief Operating Officer stated “While many banks continue to struggle to eliminate problem loans from their portfolios, we have no such problems and have money to lend to qualified borrowers. Since establishing our U.S. Small Business Administration Loan Department in January of last year, we have grown to become the 9th largest SBA lender in Orange County out of 82 active lenders, based on dollar volume of loans funded. Hector Hernandez, our Senior Vice President and SBA Division Manager and his team, have done an exceptional job in developing this department to become recognized as a premier performer in the SBA arena.”

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:

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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:

Balance Sheet	9/30/10	9/30/09	Change %
Total Assets	\$99,128	\$48,655	104%
Total Deposits	\$79,905	\$37,691	112%
Gross Loans	\$67,457	\$42,878	57%
Total Shareholders’ Equity	\$10,022	\$10,621	