



CAPITAL BANK

"Banking Outside the Box"

PRESS RELEASE

November 9, 2011

Capital Bank Reports Record Earnings Net Income Improves 248%, Deposits Grow 26% Total Assets Grow 17%,

San Juan Capistrano, CA –(BUSINESS WIRE) –Capital Bank (OTCBB:CBJC) today announced results of operations for the 3rd Quarter of 2011 marked by record earnings and asset totals. Net income for the first nine months of the year totaled \$799,000, after absorbing non-cash charges of \$1,084,000 for loan loss reserve and stock option expenses, compared to a net loss of \$538,000 in 2010, a striking \$1,337,000, or 248% improvement from the same period last year. Deposits expanded \$20.4 million to \$100.3 million for a 26% increase from a year ago while assets climbed 17% to \$115.9 million for a \$16.8 million increase over the 2010 total of \$99.1 million.

J.M. "Mike" Justice Jr., President & Chief Executive Officer stated "I am exceptionally pleased with our performance and dramatic improvement in earnings. We have remained dedicated to driving ongoing profitability through quality loan generation and asset growth. Our bottom line focused approach has produced a 34% increase in net interest income compared to the same period last year. This combined with an 840% increase in non-interest income, with only a 19% increase in non-interest expense, has resulted in our impressive improvement in profitability. Our year to date Return on Average Assets (ROA) of 1.06% and Return on Average Equity (ROE) for our shareholders of 9.47% is highly satisfactory given the ongoing challenging economic environment." Mr. Justice continued "Net operating income before non-cash charges for loan loss reserve and stock option expenses improved a stunning 1,518% or \$2,016,000 and our prospects for ongoing profitability continue to be bright. During the 3rd Quarter our Bank was successful in raising an additional \$3.1 million in capital through the U.S. Small Business Lending Fund. As one of the most active Small Business Lenders in the state, we are the *Poster Child* for putting this exceptionally low cost source of capital to work creating hundreds, if not thousands, of jobs in the communities we serve." As a result, total capital continues to be exceptionally strong with total risk based capital of over 25%, two and a half times the regulatory standard of 10% to be considered well capitalized. We have been awarded the **5 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. The strength of our growing capital base supported by ever increasing earnings, combined with the quality of our balance sheet and strong profitability should provide comfort to our customers that we are here for them today, tomorrow and for many years to come."

Mr. Justice continued “Our solid profitability, combined with the robust growth of our fortress like balance sheet, supported by a 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 and the State. Our team has done an exceptional job providing the much needed financing to fuel job growth for the communities we serve. We have money to lend.” McGill commented further “Our success in achieving solid 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

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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.

CAPITAL BANK**SELECTED FINANCIAL DATA -UNAUDITED**

(All figures in thousands) as of:

Balance Sheet	9/30/11	9/30/10	Change %
Total Assets	\$115,900	\$99,128	17%
Total Deposits	\$100,342	\$79,905	26%
Gross Loans	\$65,286	\$67,457	-3%
Total Shareholders' Equity	\$14,794	\$10,022	48%