

Investor Presentation

First Quarter 2023



FIVE STAR BANCORP

Safe Harbor Statement and Disclaimer

Forward-Looking Statements

In this presentation, “we,” “our,” “us,” “Five Star” or “the Company” refers to Five Star Bancorp, a California corporation, and our consolidated subsidiaries, including Five Star Bank, a California state-chartered bank, unless the context indicates that we refer only to the parent company, Five Star Bancorp. This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements represent plans, estimates, objectives, goals, guidelines, expectations, intentions, projections and statements of the Company’s beliefs concerning future events, business plans, objectives, expected operating results and the assumptions upon which those statements are based. Forward-looking statements include without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and are typically identified with words such as “may,” “could,” “should,” “will,” “would,” “believe,” “anticipate,” “estimate,” “expect,” “aim,” “intend,” “plan” or words or phrases of similar meaning. The Company cautions that the forward-looking statements are based largely on the Company’s expectations and are subject to a number of known and unknown risks and uncertainties that are subject to change based on factors which are, in many instances, beyond the Company’s control. Such forward-looking statements are based on various assumptions (some of which may be beyond the Company’s control) and are subject to risks and uncertainties, which change over time, and other factors which could cause actual results to differ materially from those currently anticipated. New risks and uncertainties may emerge from time to time, and it is not possible for the Company to predict their occurrence or how they will affect the Company. If one or more of the factors affecting the Company’s forward-looking information and statements proves incorrect, then the Company’s actual results, performance or achievements could differ materially from those expressed in, or implied by, forward-looking information and statements contained in this press release. Therefore, the Company cautions you not to place undue reliance on the Company’s forward-looking information and statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements are set forth in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 under the section entitled “Risk Factors,” and other documents filed by the Company with the Securities and Exchange Commission from time to time.

The Company disclaims any duty to revise or update the forward-looking statements, whether written or oral, to reflect actual results or changes in the factors affecting the forward-looking statements, except as specifically required by law.

Industry Information

This presentation includes statistical and other industry and market data that we obtained from government reports and other third-party sources. Our internal data, estimates, and forecasts are based on information obtained from government reports, trade, and business organizations and other contacts in the markets in which we operate and our management’s understanding of industry conditions. Although we believe that this information (including the industry publications and third-party research, surveys, and studies) is accurate and reliable, we have not independently verified such information. In addition, estimates, forecasts, and assumptions are necessarily subject to a high degree of uncertainty and risk due to a variety of factors. Finally, forward-looking information obtained from these sources is subject to the same qualifications and the additional uncertainties regarding the other forward-looking statements in this presentation.

Unaudited Financial Data

Numbers contained in this presentation for the quarter ended March 31, 2023 and for other quarterly periods are unaudited. Additionally, all figures presented as year-to-date, except for periods that represent a full fiscal year ended December 31, represent unaudited results. As a result, subsequent information may cause a change in certain accounting estimates and other financial information, including the Company’s allowance for credit losses, fair values, and income taxes.

Non-GAAP Financial Measures

The Company uses financial information in its analysis of the Company’s performance that is not in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The Company believes that these non-GAAP financial measures provide useful information to management and investors that is supplementary to the Company’s financial condition, results of operations, and cash flows computed in accordance with GAAP. However, the Company acknowledges that its non-GAAP financial measures have a number of limitations. See the appendix to this presentation for a reconciliation of these non-GAAP measures to the most directly comparable GAAP financial measures.

Agenda

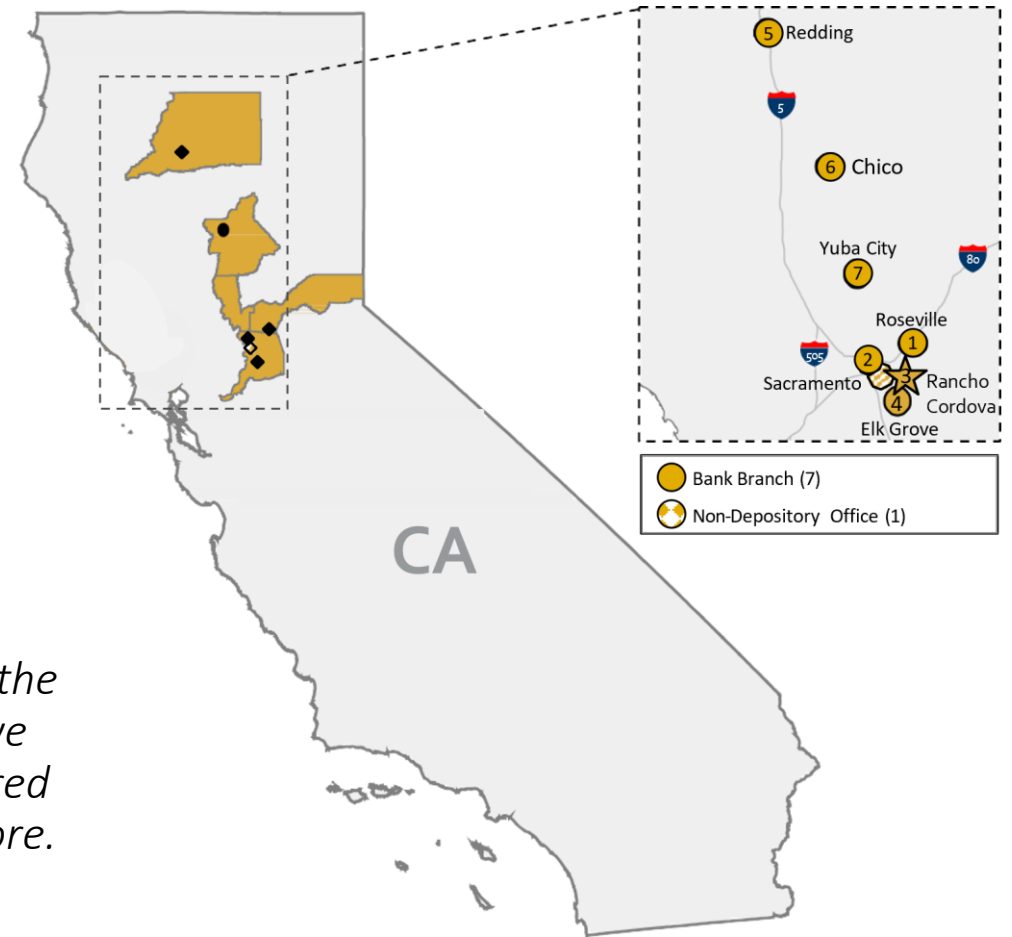
- Company Overview
- Financial Highlights
- Loans and Credit Quality
- Deposit and Capital Overview
- Financial Results

Company Overview

Company Overview

Nasdaq:	FSBC
Headquarters:	Rancho Cordova, California
Asset Size:	\$3.4 billion
Loans Held for Investment:	\$2.9 billion
Deposits:	\$2.9 billion
Bank Branches:	7

Five Star is a community business bank that was founded to serve the commercial real estate industry. Today, the markets we serve have expanded to meet customer demand and now include manufactured housing and storage, faith-based, government, nonprofits, and more.



Executive Team



James Beckwith
President and
Chief Executive Officer
Five Star since 2003



John Dalton
Senior Vice President and
Chief Credit Officer
Five Star since 2011



Mike Lee
Senior Vice President and
Chief Regulatory Officer
Five Star since 2005



Heather Luck
Senior Vice President and
Chief Financial Officer
Five Star since 2018



Lydia Ramirez
Senior Vice President and
Chief Operations and Chief DE&I Officer
Five Star since 2017



Michael Rizzo
Senior Vice President and
Chief Banking Officer
Five Star since 2005



Brett Wait
Senior Vice President and
Chief Information Officer
Five Star since 2011

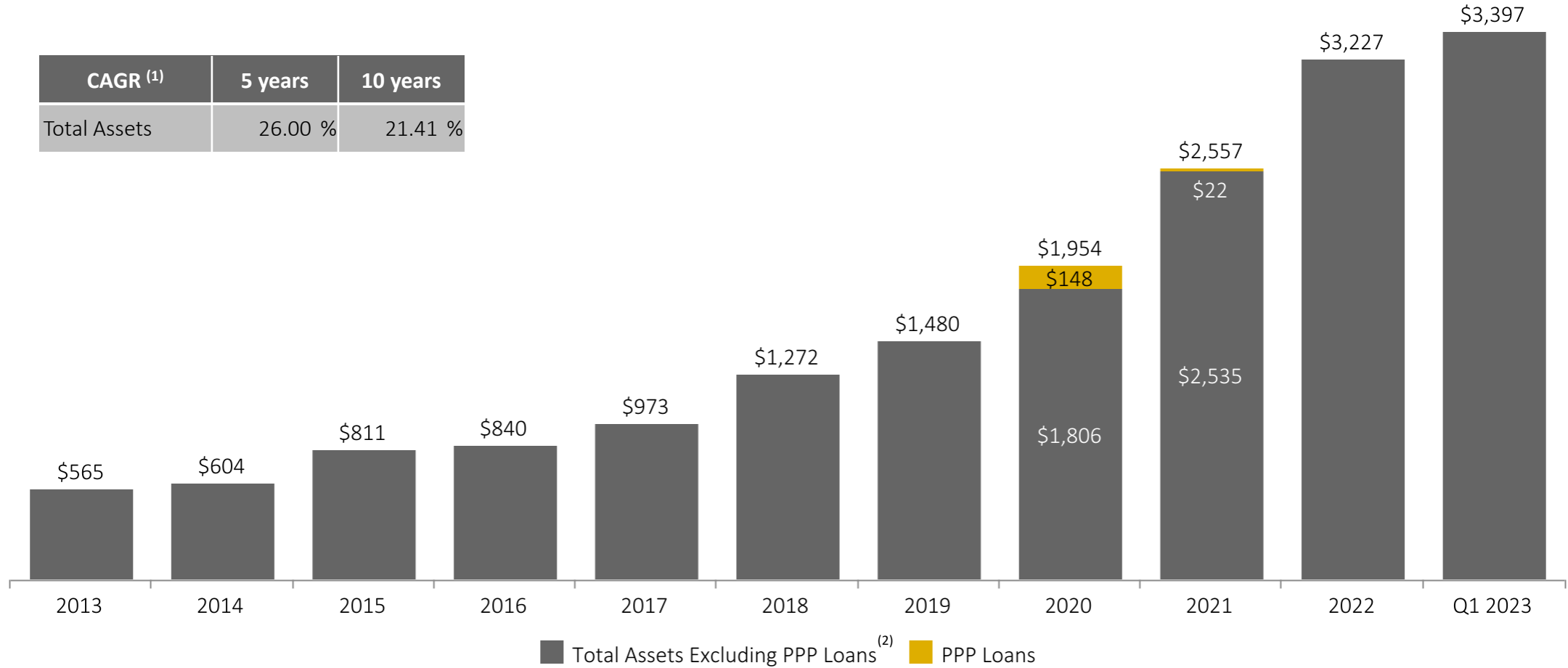


Shelley Wetton
Senior Vice President and
Chief Marketing Officer
Five Star since 2015

Financial Highlights

Consistent and Organic Asset Growth

CAGR ⁽¹⁾	5 years	10 years
Total Assets	26.00 %	21.41 %



Note: Dollars are in millions. Balances are end of period. References to PPP are the Paycheck Protection Program.

1. CAGR is based upon balances as of March 31, 2023.
2. A reconciliation of this non-GAAP measure is set forth in the appendix.

Financial Highlights

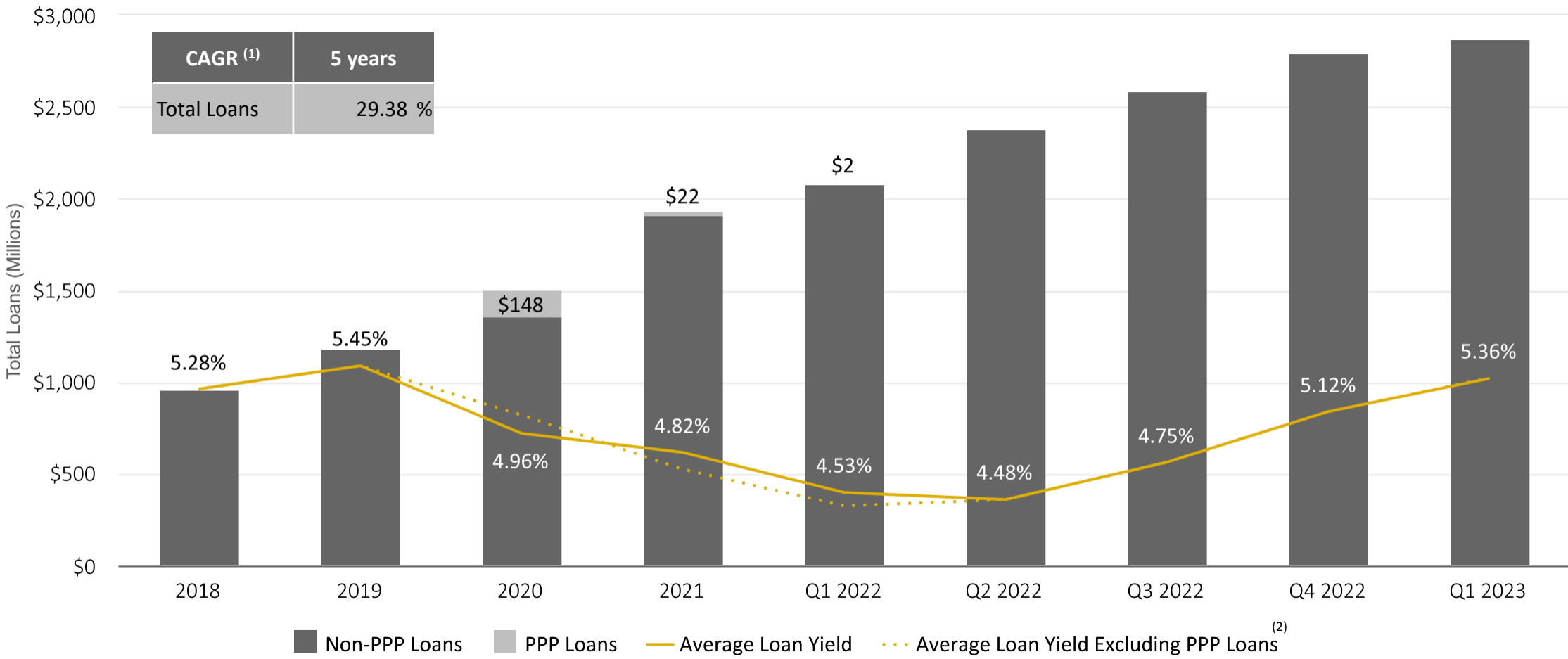
(dollars in thousands)		For the three months ended		
		3/31/2023	12/31/2022	3/31/2022
Profitability	Net income	\$ 13,161	\$ 13,282	\$ 9,862
	Return on average assets ("ROAA")	1.65 %	1.70 %	1.53 %
	Return on average equity ("ROAE")	20.94 %	21.50 %	17.07 %
	Earnings per share (basic and diluted)	\$ 0.77	\$ 0.77	\$ 0.58
Net Interest Margin	Net interest margin	3.75 %	3.83 %	3.60 %
	Average loan yield	5.36 %	5.12 %	4.53 %
	Average cost of interest-bearing deposits	1.98 %	1.51 %	0.16 %
	Average cost of total deposits	1.35 %	0.95 %	0.09 %
	Total cost of funds	1.53 %	1.16 %	0.17 %
Deposits and Securities		3/31/2023	12/31/2022	
	Non-interest-bearing deposits	\$ 836,673	\$ 971,246	
	Interest-bearing deposits	2,083,733	1,810,758	
	Total deposits	2,920,406	2,782,004	
	Total securities to interest-earning assets	3.56 %	3.79 %	
Asset Quality	Nonperforming loans to loans held for investment	0.01 %	0.01 %	
	Allowance for credit losses to loans held for investment	1.19 %	1.02 %	

Financial Highlights - March 31, 2023

Growth	<ul style="list-style-type: none">Continued balance sheet growth with \$78.5 million of growth in loans held for investment and \$138.4 million in deposit growth since December 31, 2022.
Funding	<ul style="list-style-type: none">Non-interest-bearing deposits comprised 28.65% of total deposits, as compared to 34.91% of total deposits as of December 31, 2022.Deposits comprised 93.11% of total liabilities, as compared to 93.53% of total liabilities as of December 31, 2022.
Liquidity	<ul style="list-style-type: none">Insured and collateralized deposits represented approximately \$1.9 billion, or 64.53% of total deposits.Cash and cash equivalents were \$347.9 million, representing 11.91% of total deposits, compared to 9.35% as of December 31, 2022.
Capital	<ul style="list-style-type: none">All capital ratios were above well-capitalized regulatory thresholds.On January 20, 2023 and April 21, 2023, the Company announced cash dividends of \$0.15 and \$0.20 per share for the three months ended December 31, 2022 and March 31, 2023, respectively.

Loans and Credit Quality

Consistent Loan Growth

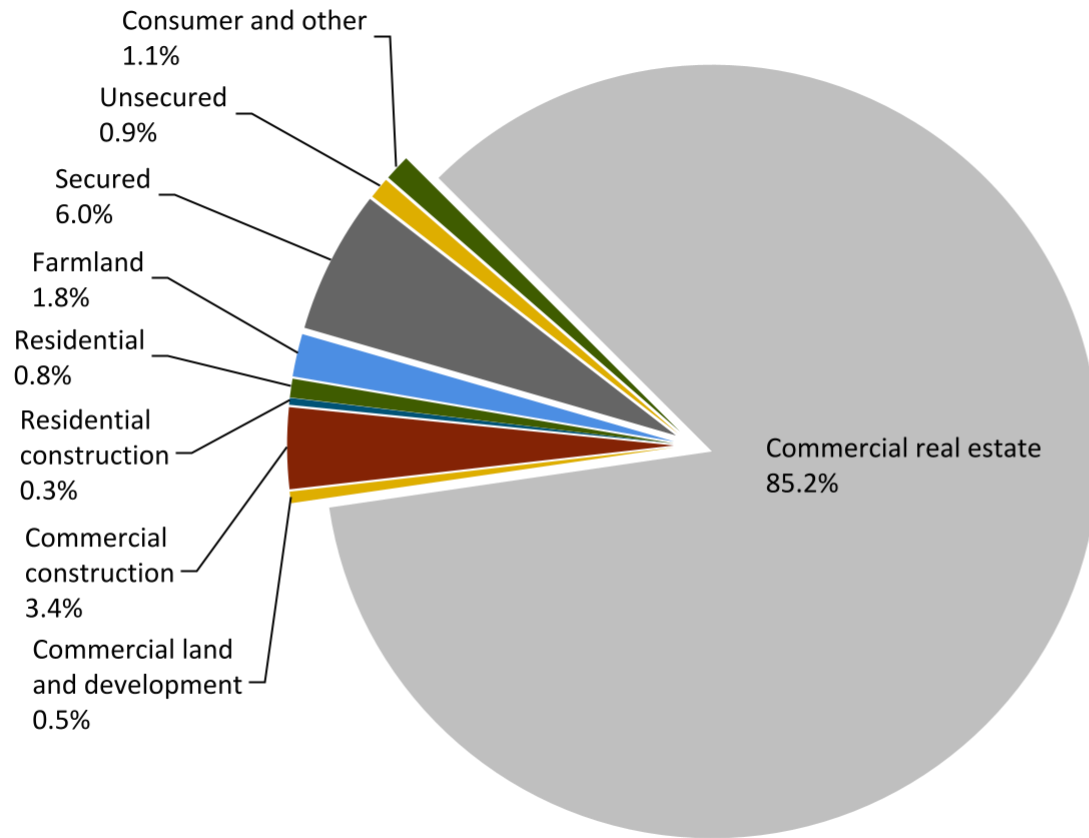


Non-PPP Loans
 PPP Loans
 Average Loan Yield
 Average Loan Yield Excluding PPP Loans ⁽²⁾

Note: Loan balances are end of period loans held for investment. Yields are based on average balance and annualized quarterly interest income.

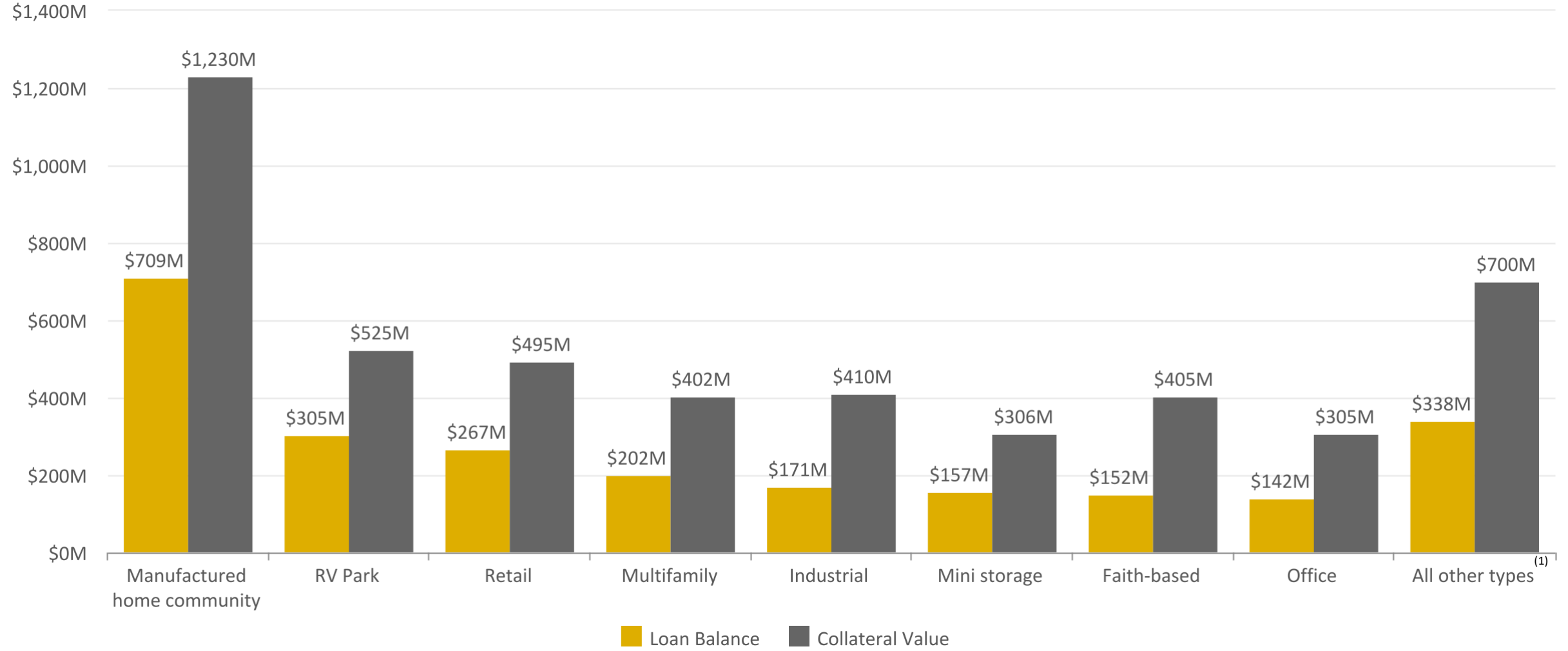
1. CAGR is based upon balances as of March 31, 2023.
2. A reconciliation of this non-GAAP measure is set forth in the appendix.

Loan Portfolio Composition



Types of collateral securing commercial real estate ("CRE") loans	Loan Balance (\$000s)	# of Loans	% of CRE
Manufactured home community	\$ 709,015	330	29.03 %
RV Park	304,840	93	12.48 %
Retail	266,740	83	10.92 %
Multifamily	201,562	89	8.25 %
Industrial	171,456	124	7.02 %
Mini storage	157,339	41	6.44 %
Faith-based	151,632	89	6.21 %
Office	141,501	90	5.79 %
All other types ⁽¹⁾	338,435	155	13.86 %
Total	\$ 2,442,520	1,094	100.00 %

CRE Collateral Values



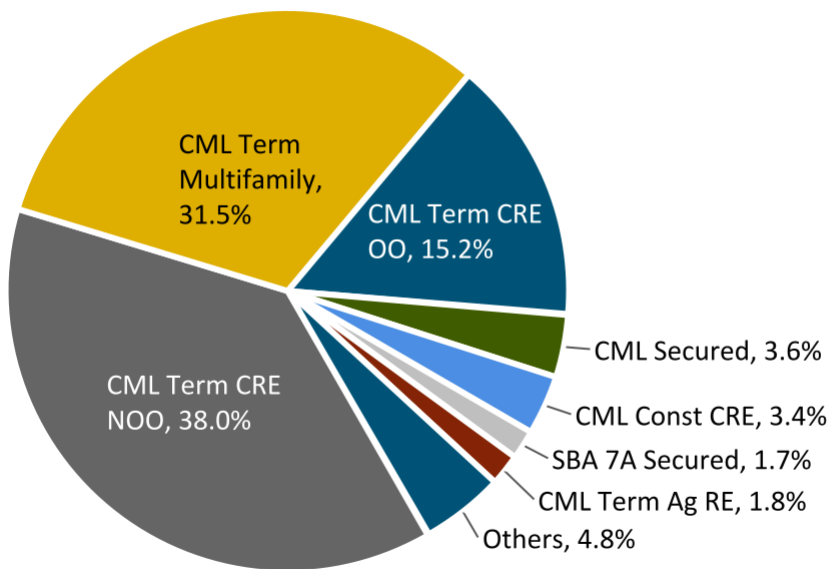
Note: Balances are net book value as of period end, before allowance for credit losses, before deferred loan fees, and exclude loans held for sale.

1. Types of collateral in “all other types” are those that individually make up less than 5% CRE concentration.

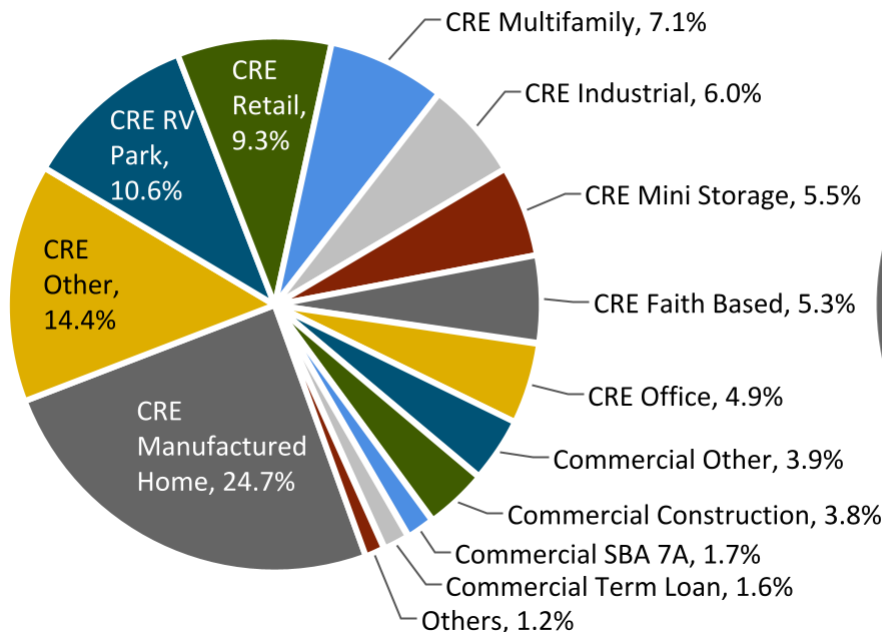
Loan Portfolio Diversification

We focus primarily on commercial lending, with an emphasis on commercial real estate. We offer a variety of loans to small and medium-sized businesses, professionals, and individuals, including commercial real estate, commercial land and construction, and farmland loans. To a lesser extent, we also offer residential real estate, construction real estate, and consumer loans.

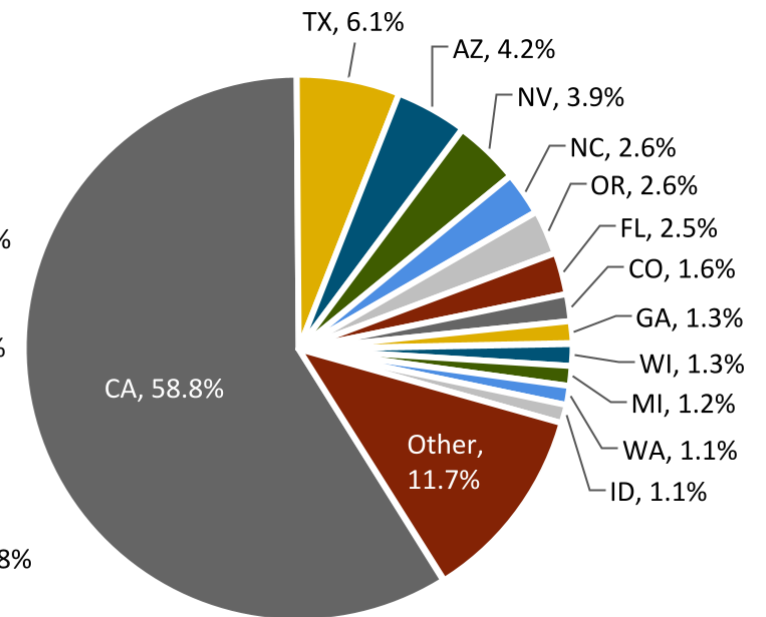
Loans by Type



Loans by Purpose



Real Estate Loans by Geography



Loan Rollforward

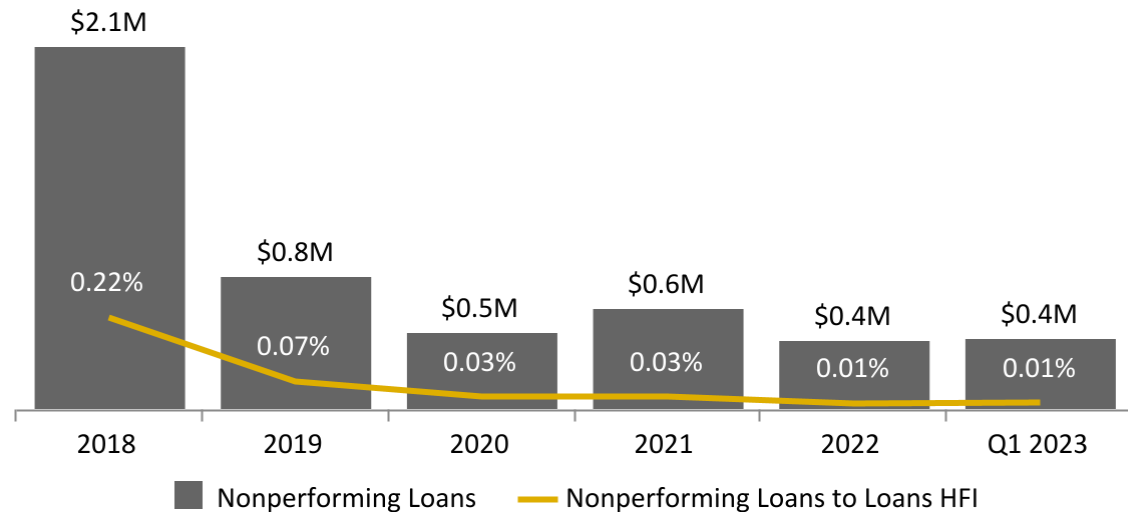
	Q4 2022	Q1 2023
Beginning Balance	\$ 2,583	\$ 2,791
Originations	295	135
Payoffs and Paydowns	(87)	(56)
Ending Balance	\$ 2,791	\$ 2,870

Asset Quality

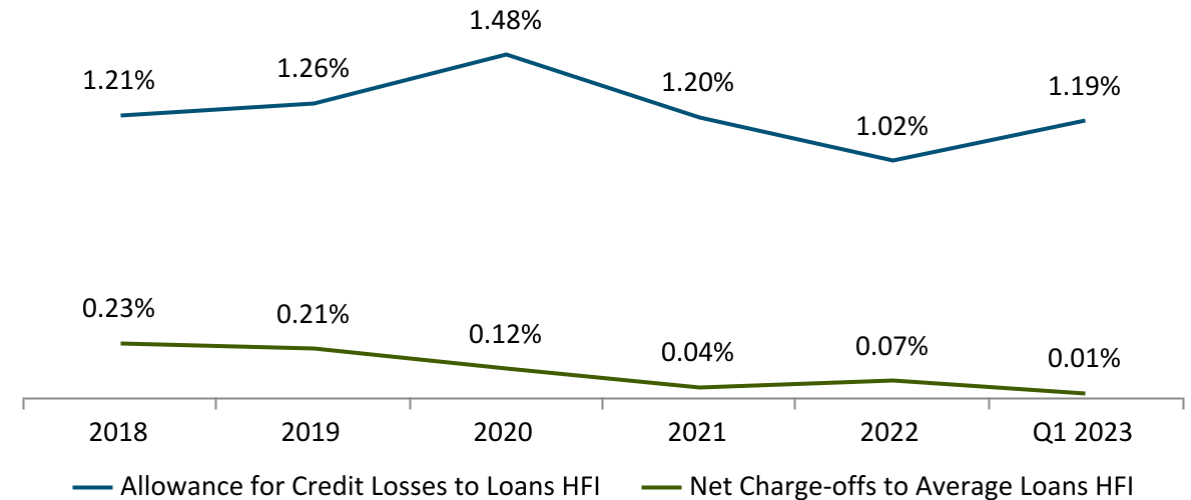
Our primary objective is to maintain a high level of asset quality in our loan portfolio. In order to maintain our strong asset quality, we:

- Place emphasis on our commercial portfolio, where we reevaluate risk assessments as a result of reviewing commercial property operating statements and borrower financials
- Monitor payment performance, delinquencies, and tax and property insurance compliance
- Design our practices to facilitate the early detection and remediation of problems within our loan portfolio
- Employ the use of an outside, independent consulting firm to evaluate our underwriting and risk assessment process

Nonperforming Loan Trend



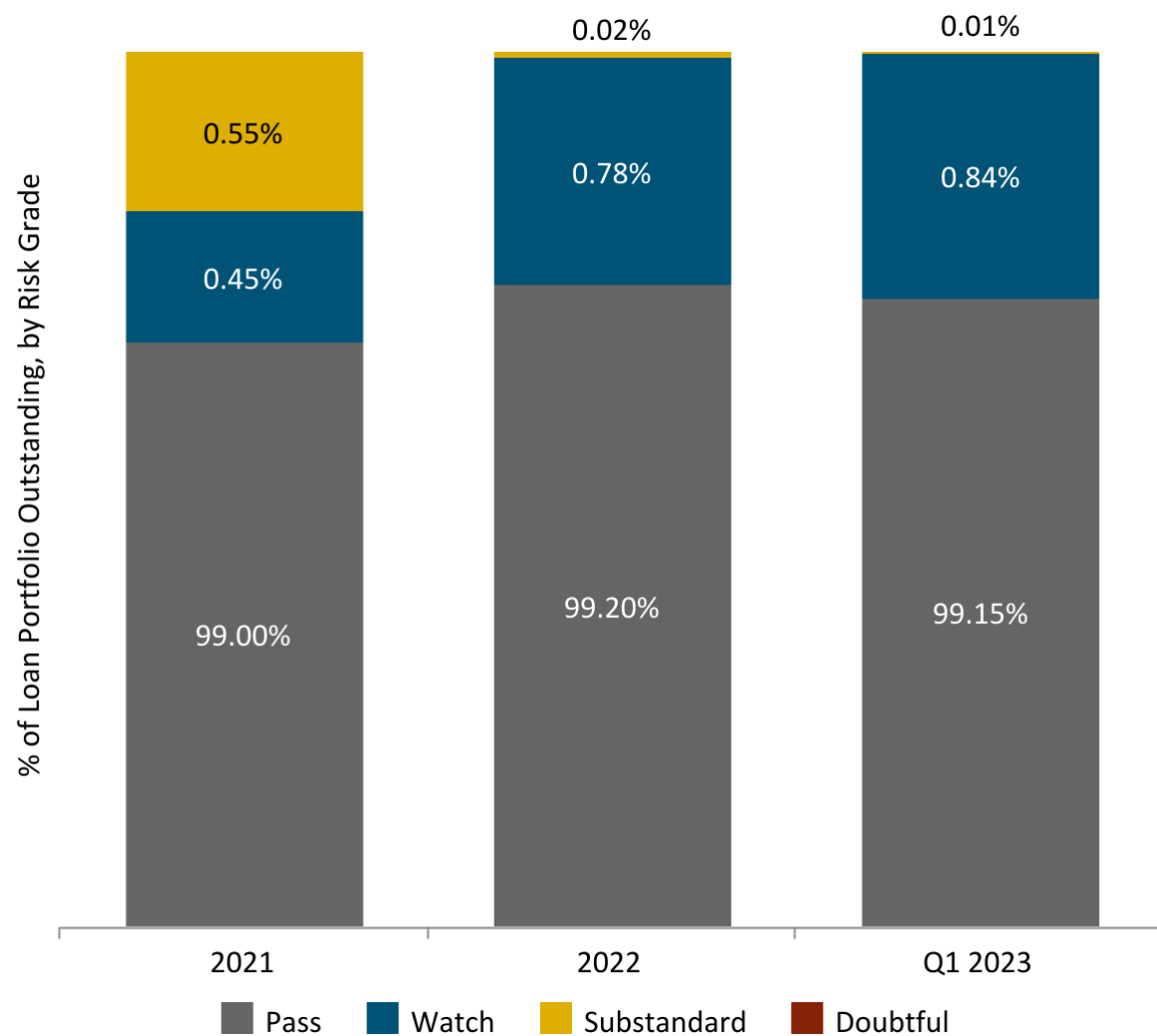
Allowance for Credit Losses and Net Charge-off Trend



Allocation of Allowance for Credit Losses

(dollars in thousands)	December 31, 2022		March 31, 2023	
	Amount	% of Total	Amount	% of Total
Allowance for Credit Losses				
Real estate:				
Commercial	\$ 19,216	67.69 %	\$ 26,846	78.56 %
Commercial land & development	54	0.19 %	224	0.66 %
Commercial construction	645	2.27 %	1,423	4.16 %
Residential construction	49	0.17 %	173	0.51 %
Residential	175	0.62 %	179	0.52 %
Farmland	644	2.27 %	217	0.64 %
Total real estate loans	20,783	73.21 %	29,062	85.05 %
Commercial:				
Secured	7,098	25.00 %	4,215	12.33 %
Unsecured	116	0.41 %	150	0.44 %
Total commercial loans	7,214	25.41 %	4,365	12.77 %
Consumer and other	347	1.22 %	400	1.17 %
Unallocated	45	0.16 %	345	1.01 %
Total allowance for credit losses	\$ 28,389	100.00 %	\$ 34,172	100.00 %

Risk Grade Migration

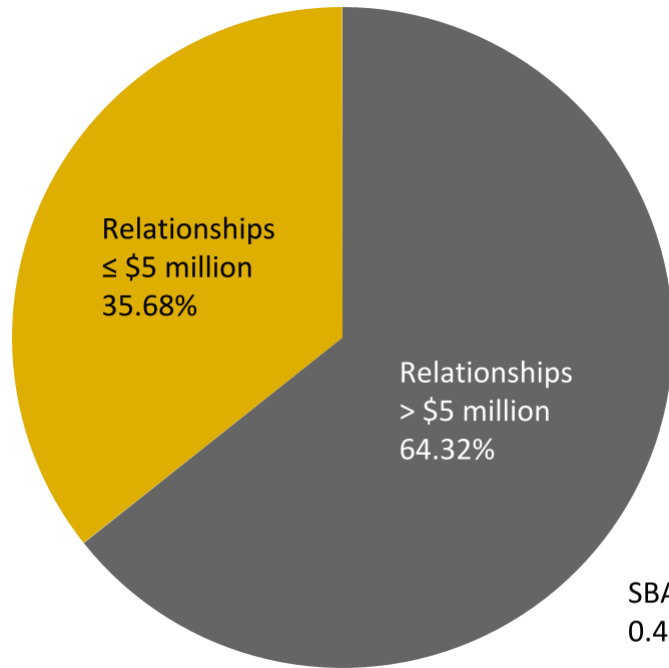


Classified Loans (Loans Rated Substandard or Doubtful)			
(dollars in thousands)	2021	2022	Q1 2023
Real estate:			
Commercial	\$ 9,256	\$ 106	\$ 102
Commercial land & development	—	—	—
Commercial construction	—	—	—
Residential construction	—	—	—
Residential	178	175	175
Farmland	—	—	—
Commercial:			
Secured	1,180	123	118
Unsecured	—	—	—
Consumer and other	—	26	23
Total	\$ 10,614	\$ 430	\$ 418

Deposit and Capital Overview

Deposit Composition

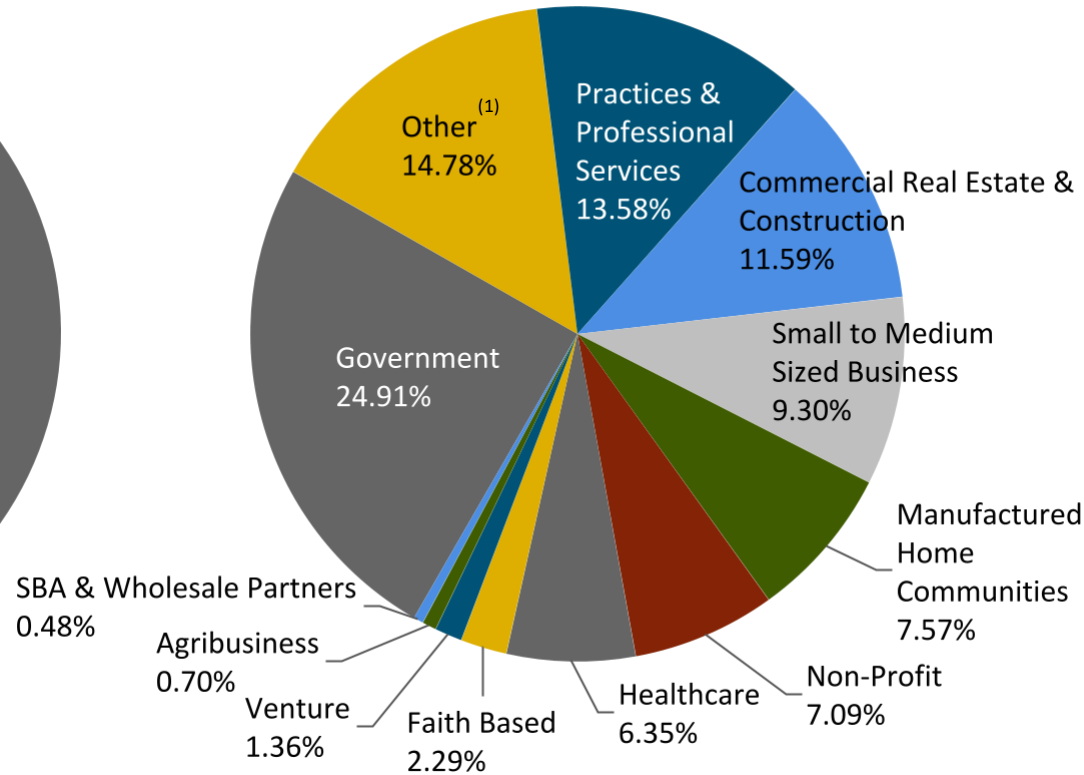
Total Deposits by Relationship Size



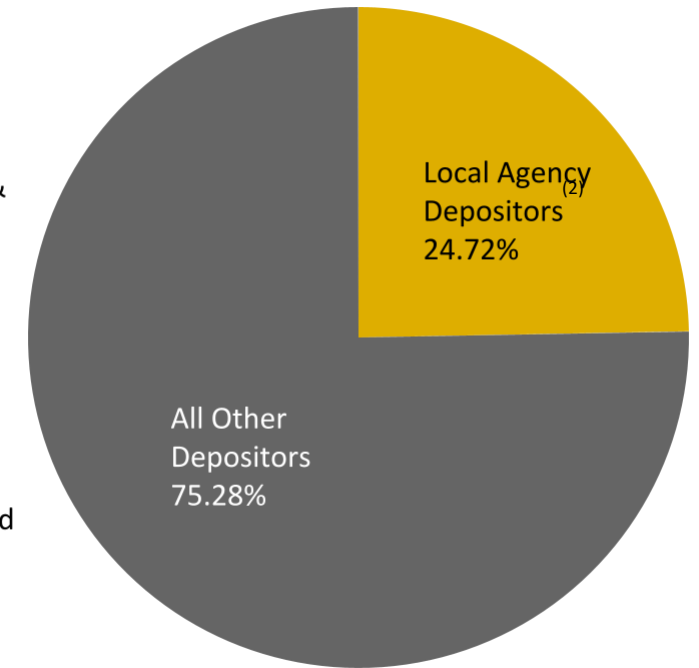
9.8 Years

Average Age of Relationships > \$5 million

Total Deposits by Market Vertical



Local Agency Breakout



\$280,000

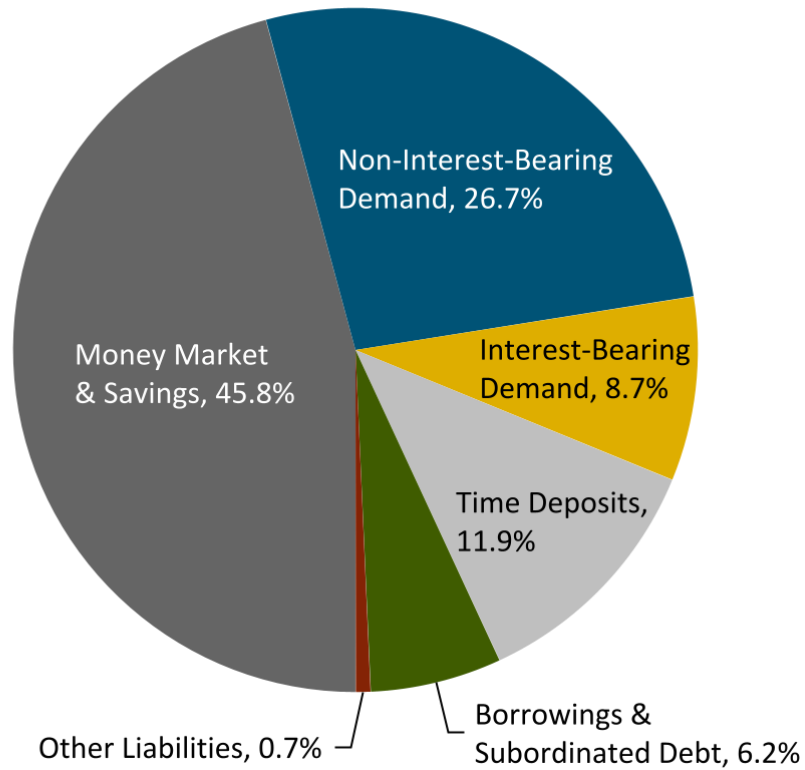
Average Deposit Account Balance

Note: Balances are end of period and include time and wholesale deposits.

- Types of accounts in "Other" are individuals, trusts, estates, and market verticals that individually make up less than 0.4% of all deposits.
- Local Agency Depositors includes State of California.

Diversified Funding

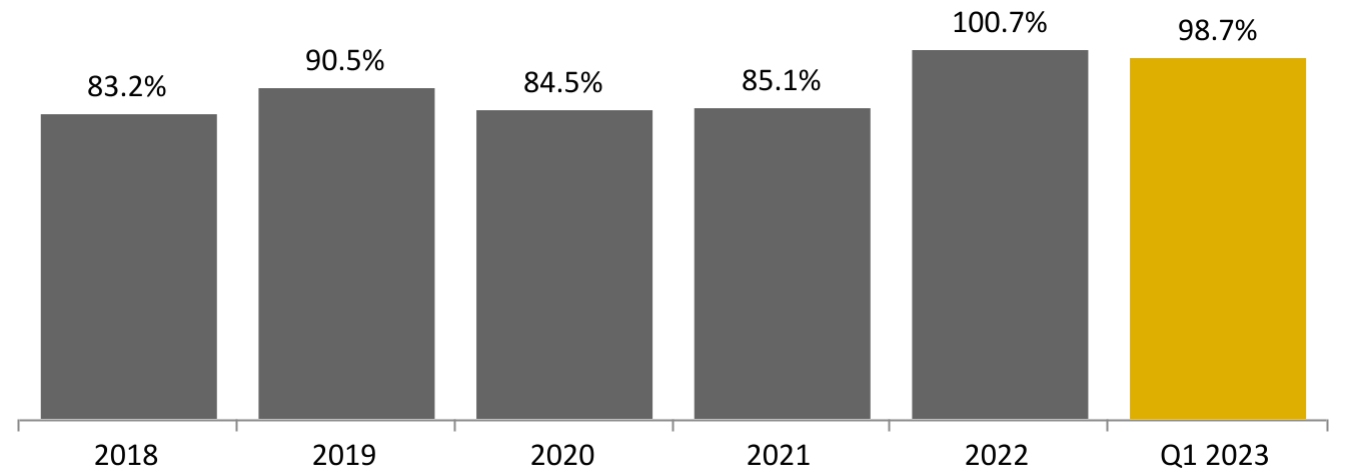
Liability Mix



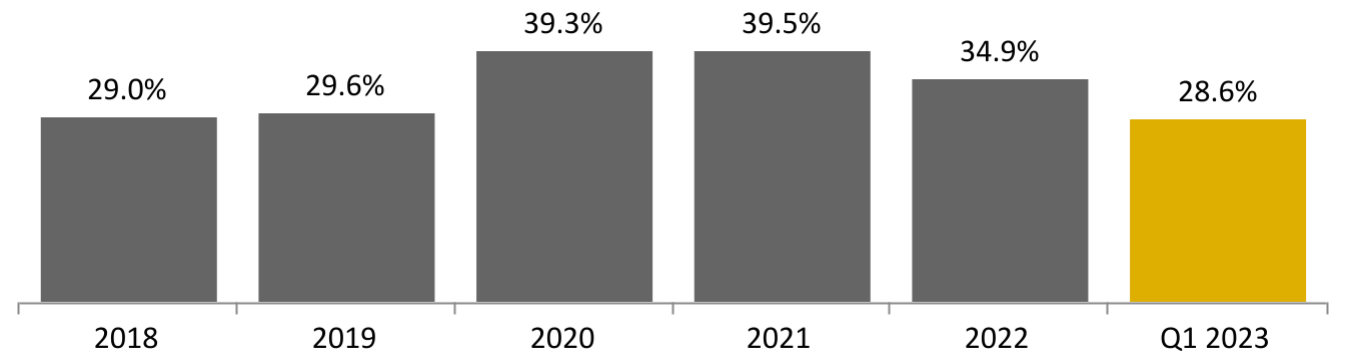
Total Deposits⁽¹⁾ = \$2.9 billion

93.1% of Total Liabilities

Loan⁽²⁾ to Deposit Ratio



Non-Interest-Bearing Deposits to Total Deposits



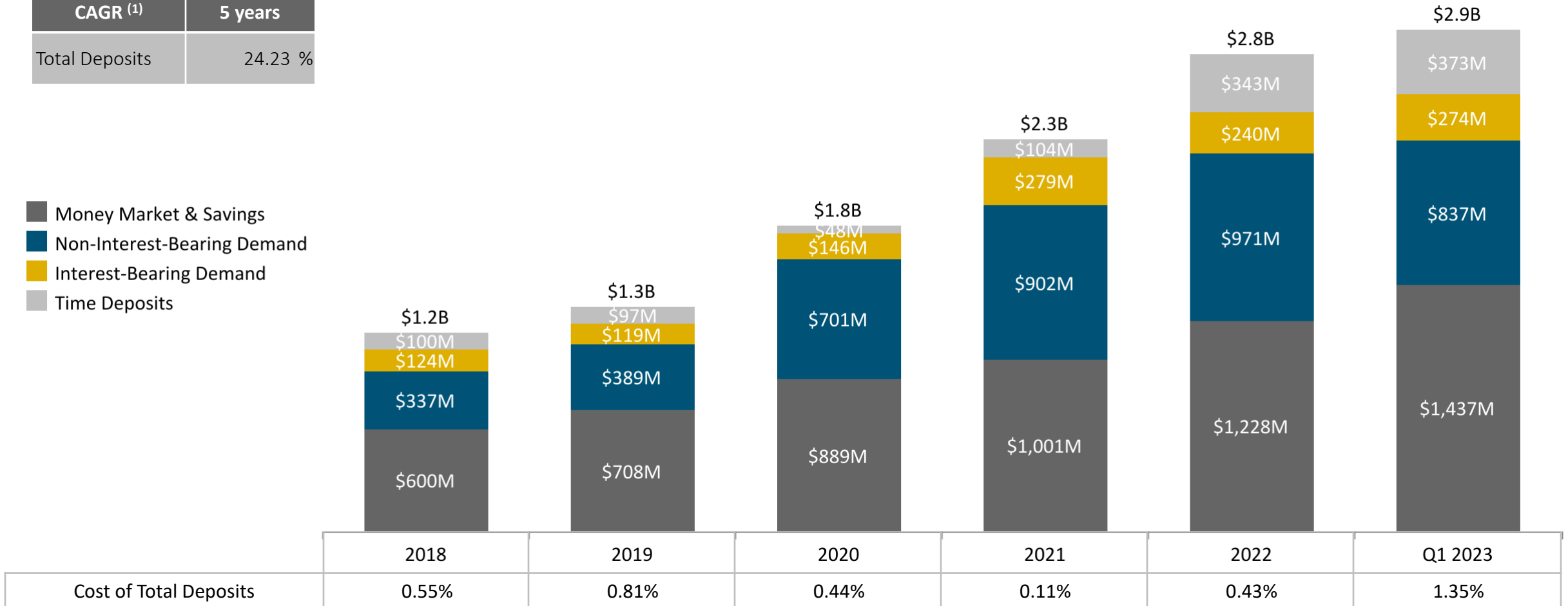
1. Balance as of March 31, 2023.

2. Loan balance in loan to deposit ratio is total loans held for investment and sale at period end.

Strong Deposit Growth

CAGR ⁽¹⁾	5 years
Total Deposits	24.23 %

- Money Market & Savings
- Non-Interest-Bearing Demand
- Interest-Bearing Demand
- Time Deposits

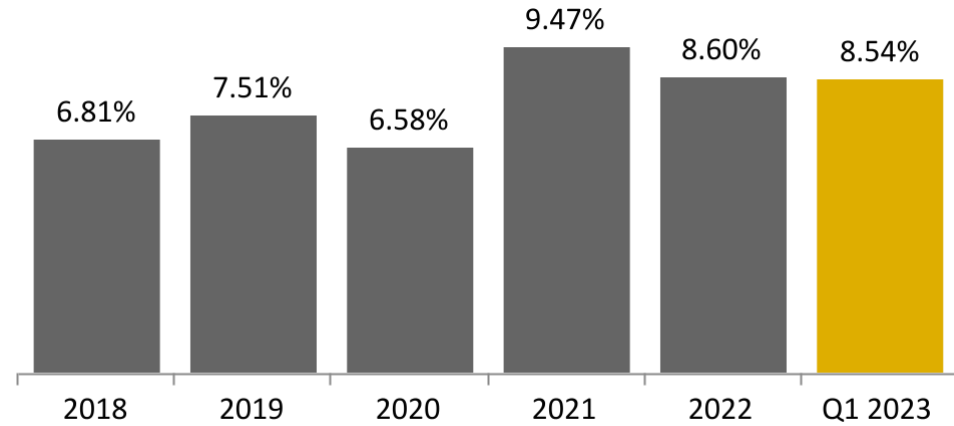


Note: Balances are end of period. Cost of total deposits is based on total average balance of interest-bearing and non-interest-bearing deposits and annualized quarterly deposit interest expense.

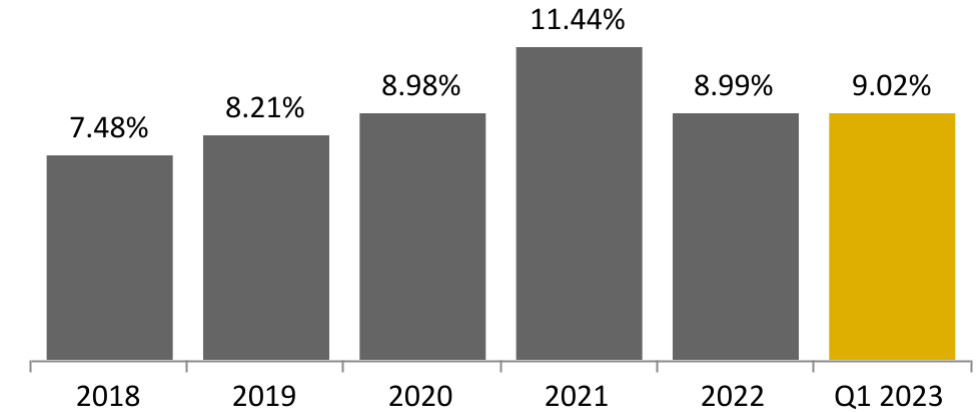
1. CAGR is based upon balances as of March 31, 2023.

Capital Ratios

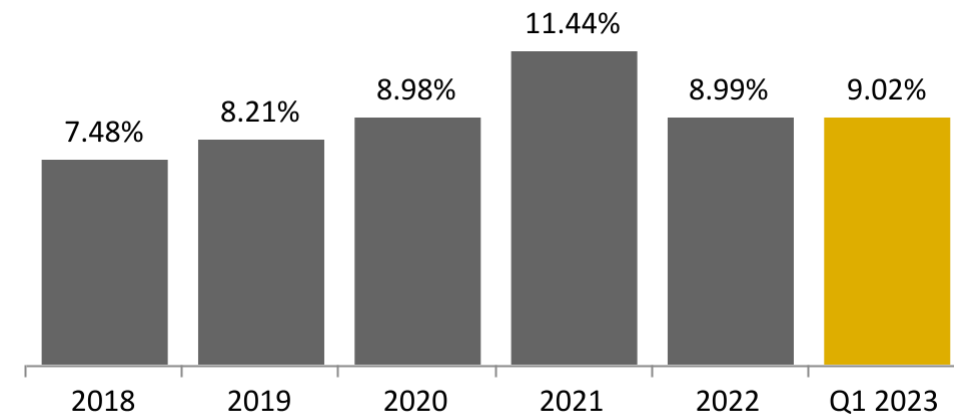
Tier 1 Leverage Ratio



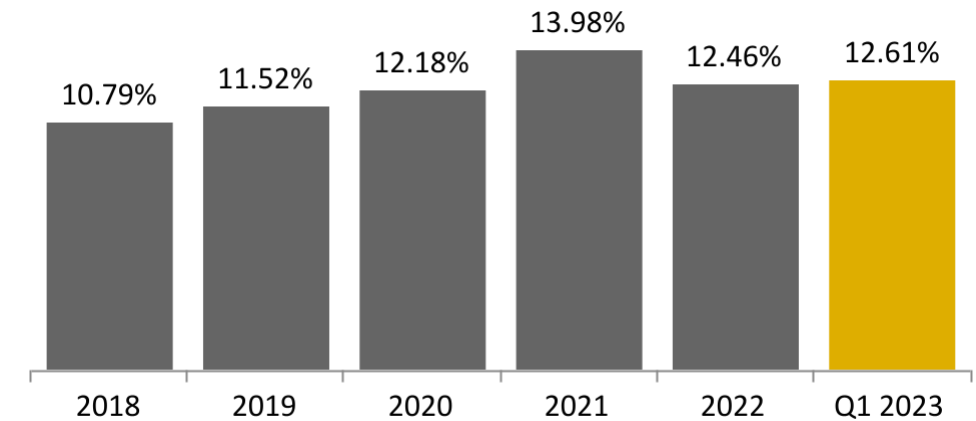
Common Equity Tier 1 to RWA



Tier 1 Capital to RWA

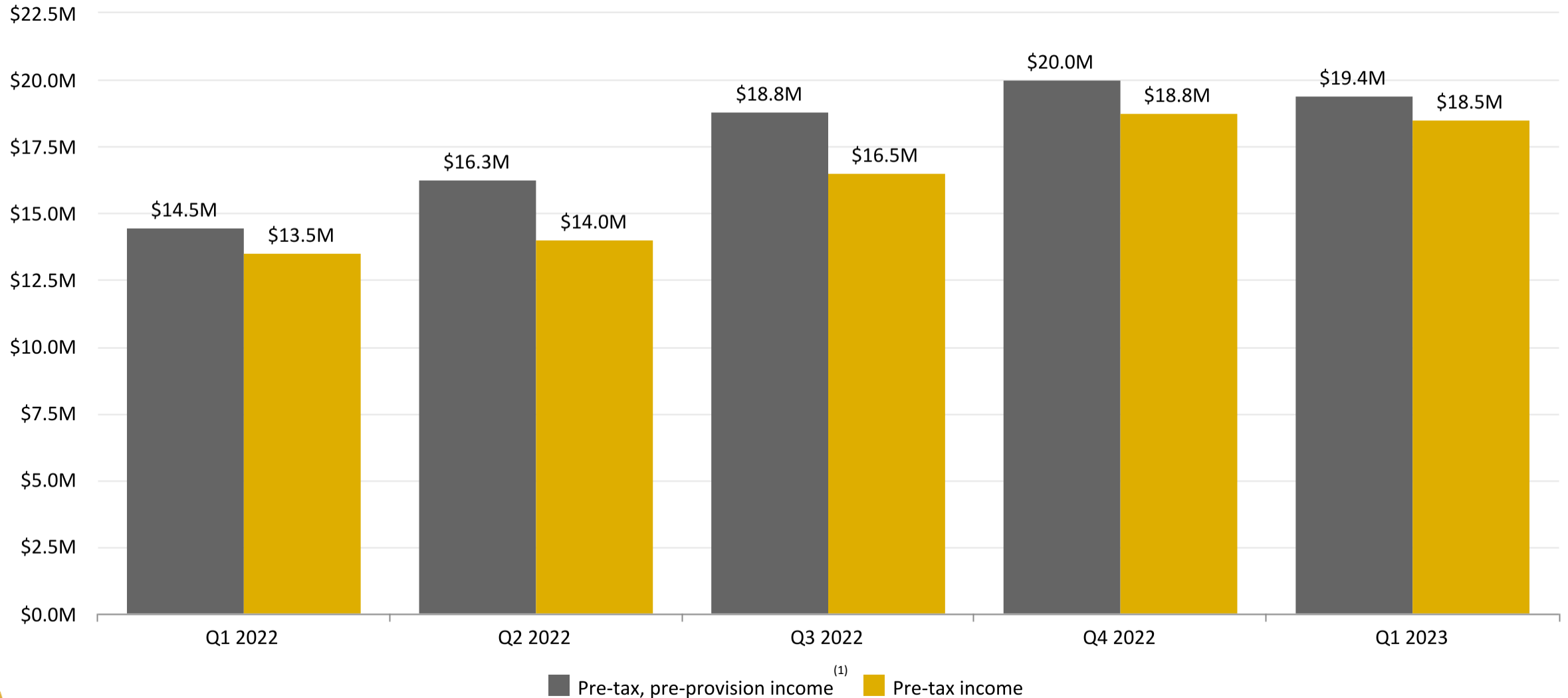


Total Capital to RWA



Financial Results

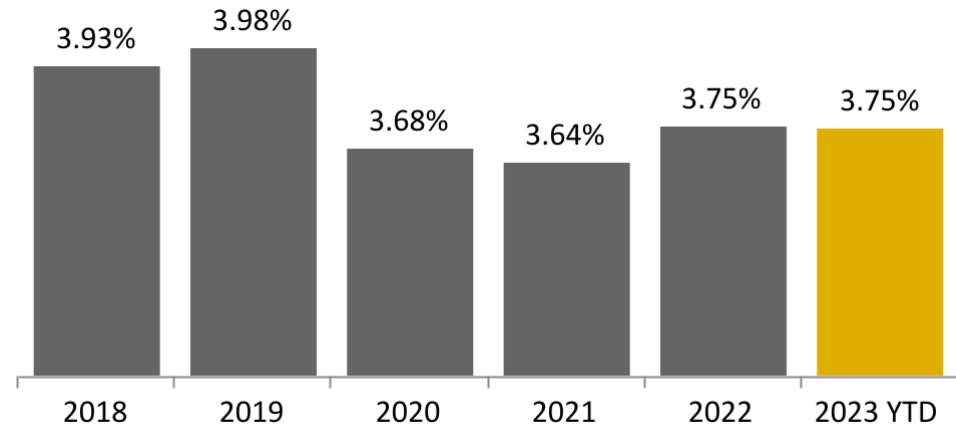
Earnings Track Record



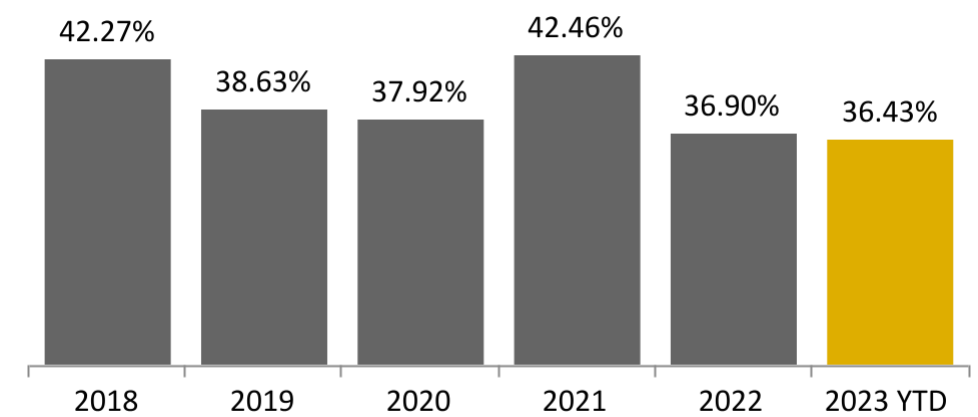
1. A reconciliation of this non-GAAP measure is set forth in the appendix.

Operating Metrics

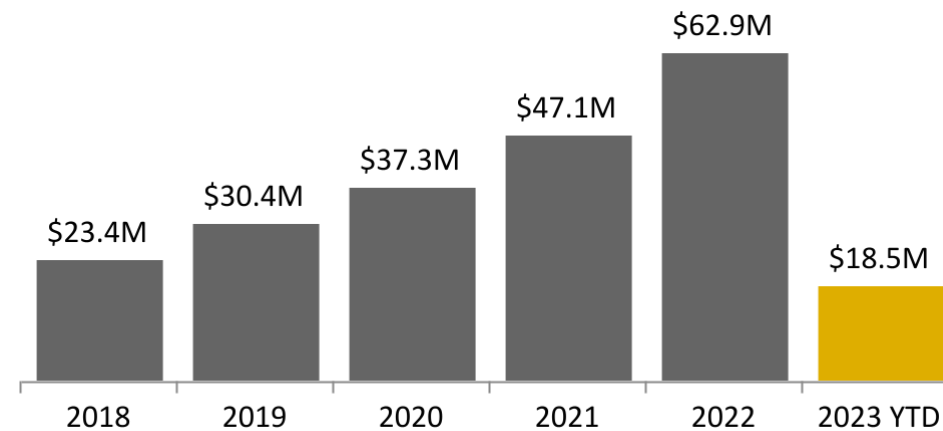
Net Interest Margin



Efficiency Ratio



Total Income Before Taxes

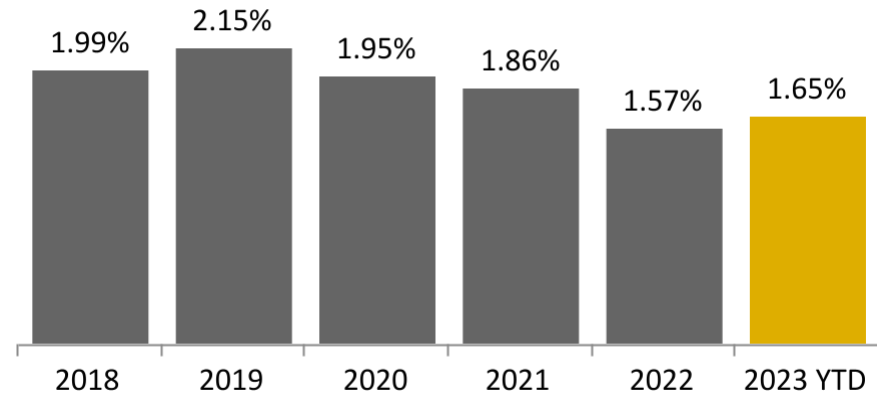


Non-interest Income and Expense Comparison

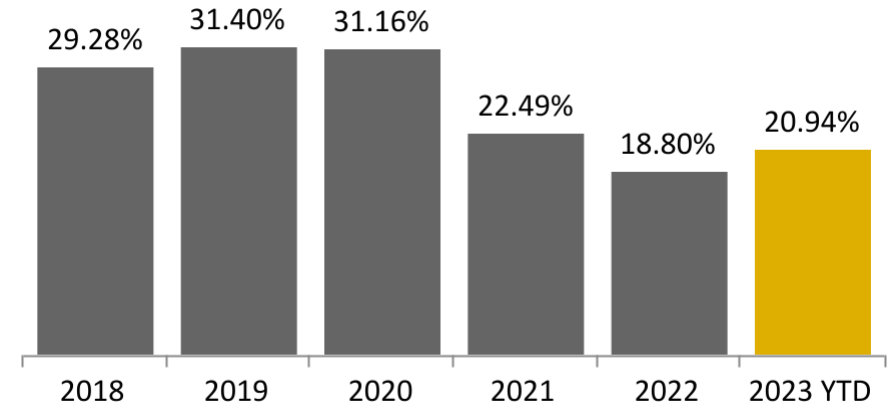
(dollars in thousands)		For the three months ended		
		3/31/2023	12/31/2022	3/31/2022
Non-interest Income	Service charges on deposit accounts	\$ 117	\$ 97	\$ 108
	Net gain on sale of securities	—	—	5
	Gain on sale of loans	598	637	918
	Loan-related fees	308	407	596
	FHLB stock dividends	193	193	102
	Earnings on bank-owned life insurance	102	119	90
	Other income	53	148	345
	Total non-interest income	\$ 1,371	\$ 1,601	\$ 2,164
Non-interest Expense	Salaries and employee benefits	\$ 6,618	\$ 5,698	\$ 5,675
	Occupancy and equipment	523	511	520
	Data processing and software	872	839	716
	Federal Deposit Insurance Corporation insurance	402	245	165
	Professional services	631	553	554
	Advertising and promotional	418	568	344
	Loan-related expenses	255	358	278
	Other operating expenses	1,399	1,945	1,323
	Total non-interest expense	\$ 11,118	\$ 10,717	\$ 9,575

Shareholder Returns

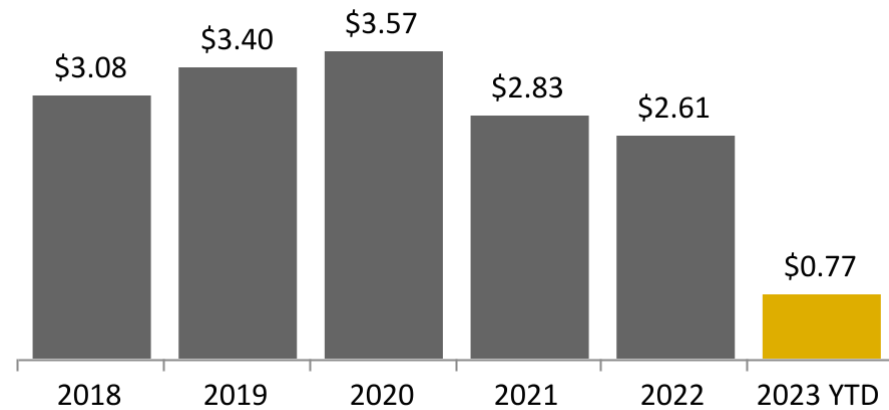
ROAA



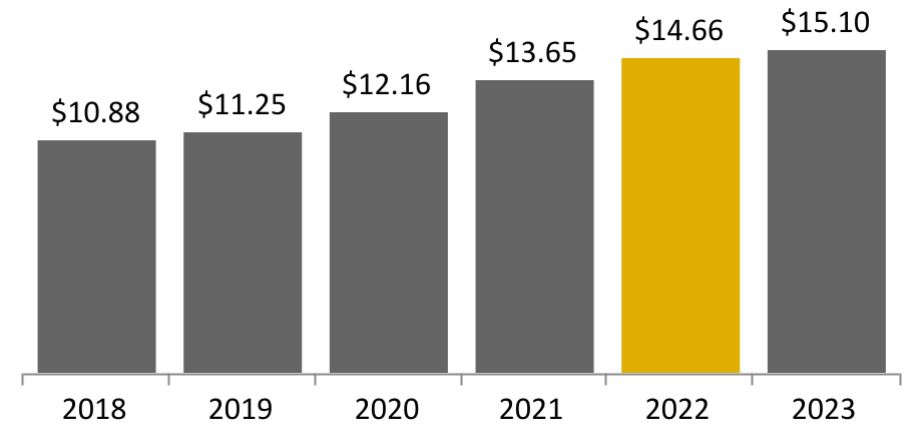
ROAE



EPS (basic and diluted)



Value per Share (book and tangible book⁽¹⁾)





Five Star Bank proudly supports women in business and those serving our region's most vulnerable. Our customers advocate for communities, drive collaboration, and foster responsive, community-based programs that promote healthy relationships while supporting survivors of sexual assault, domestic violence, and human trafficking. Our clients are change-agents who inspire, motivate, and uplift those who need us most.

Ashlie Bryant, Co-Founder and CEO, 3Strands Global Foundation
Beth Hassett, CEO and Executive Director, WEAVE
Staci Anderson, President and CEO, PRO Youth and Families



Five Star Bank customer Capital College & Career Academy (CCCA) provides real-world learning opportunities, ensuring students graduate with the skills and certifications needed to become change-makers in their communities. Together, we can make a difference in the lives of the next generation of leaders in the Sacramento region.

Anamanu Fotofili, Student, CCCA
Kevin Dobson, Founder and Executive Director, CCCA
Dylan Newman, Student, CCCA



Five Star Bank is proud to partner with Sacramento Municipal Utility District (SMUD), a leader in clean energy and zero carbon innovation. Together, Five Star Bank and SMUD support customers across the Sacramento region in choosing clean energy solutions that reduce their carbon footprint at home, at work, and on the road. We will continue to do our part to lead the way in protecting our environment, improving public health, and powering the Capital Region forward with innovative clean energy solutions.

Brandy Bolden, Chief Customer Officer, SMUD
Paul Lau, CEO and General Manager, SMUD
Lora Anguay, Chief Zero Carbon Officer, SMUD



FIVE STAR BANCORP

We strive to become the top business bank in all markets we serve through exceptional service, deep connectivity, and customer empathy. We are dedicated to serving real estate, agricultural, faith-based, and small to medium-sized enterprises. We aim to consistently deliver value that meets or exceeds the expectations of our shareholders, customers, employees, business partners, and community.

Appendix: Non-GAAP Reconciliation (Unaudited)

The Company uses financial information in its analysis of the Company's performance that is not in conformity with GAAP. The Company believes that these non-GAAP financial measures provide useful information to management and investors that is supplementary to the Company's financial condition, results of operations, and cash flows computed in accordance with GAAP. However, the Company acknowledges that its non-GAAP financial measures have a number of limitations. As such, investors should not view these disclosures as a substitute for results determined in accordance with GAAP. Additionally, these non-GAAP measures are not necessarily comparable to non-GAAP financial measures that other banking companies use. Other banking companies may use names similar to those the Company uses for the non-GAAP financial measures the Company discloses but may calculate them differently. Investors should understand how the Company and other companies each calculate their non-GAAP financial measures when making comparisons.

Average loan yield, excluding PPP loans, is defined as the daily average loan yield, excluding PPP loans, and includes both performing and nonperforming loans. The most directly comparable GAAP financial measure is average loan yield.

Total assets, excluding PPP loans, is defined as total assets less PPP loans. The most directly comparable GAAP financial measure is total assets.

Pre-tax, pre-provision income is defined as net income plus provision for income taxes and provision for credit losses. The most directly comparable GAAP financial measure is pre-tax net income.

Tangible book value per share is defined as total shareholders' equity less goodwill and other intangible assets, divided by the outstanding number of common shares at the end of the period. The most directly comparable GAAP financial measure is book value per share. We had no goodwill or other intangible assets at the end of any period indicated. As a result, tangible book value per share is the same as book value per share at the end of each of the periods indicated.

(dollars in thousands)	For the year ended		For the three months ended				
	12/31/2020	12/31/2021	3/31/2022	6/30/2022	09/30/2022	12/31/2022	3/31/2023
Average loan yield, excluding PPP loans							
Interest and fee income on loans	\$ 71,405	\$ 78,894	\$ 22,112	\$ 24,879	\$ 29,886	\$ 34,918	\$ 37,494
Less: interest and fee income on PPP loans	6,535	7,417	610	25	—	—	—
Interest and fee income on loans, excluding PPP loans	64,870	71,477	21,502	24,854	29,886	34,918	37,494
Annualized interest and fee income on loans, excluding PPP loans (numerator)	64,870	71,477	87,200	99,689	118,569	138,533	152,059
Average loans held for investment and sale	1,439,380	1,637,280	1,977,509	2,227,215	2,494,468	2,703,865	2,836,070
Less: average PPP loans	165,414	116,652	8,886	427	—	—	—
Average loans held for investment and sale, excluding PPP loans (denominator)	1,273,966	1,520,628	1,968,623	2,226,788	2,494,468	2,703,865	2,836,070
Average loan yield, excluding PPP loans	5.09 %	4.70 %	4.43 %	4.48 %	4.75 %	5.12 %	5.36 %

Appendix: Non-GAAP Reconciliation (Unaudited)

(dollars in millions)				
Total assets, excluding PPP loans	12/31/2020	12/31/2021	12/31/2022	3/31/2023
Total assets	\$ 1,954	\$ 2,557	\$ 3,227	\$ 3,397
Less: PPP loans	148	22	—	—
Total assets, excluding PPP loans	\$ 1,806	\$ 2,535	\$ 3,227	\$ 3,397

(dollars in millions)					
	Three months ended				
Pre-tax, pre-provision income	3/31/2022	6/30/2022	9/30/2022	12/31/2022	3/31/2023
Net income	\$ 9,862	\$ 9,953	\$ 11,704	\$ 13,282	\$ 13,161
Add: provision for income taxes	3,660	4,080	4,830	5,487	5,340
Add: provision for credit losses	950	2,250	2,250	1,250	900
Pre-tax, pre-provision income	\$ 14,472	\$ 16,283	\$ 18,784	\$ 20,019	\$ 19,401