

Investor Presentation

Third Quarter 2022



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, 2021 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 September 30, 2022 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 loan 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

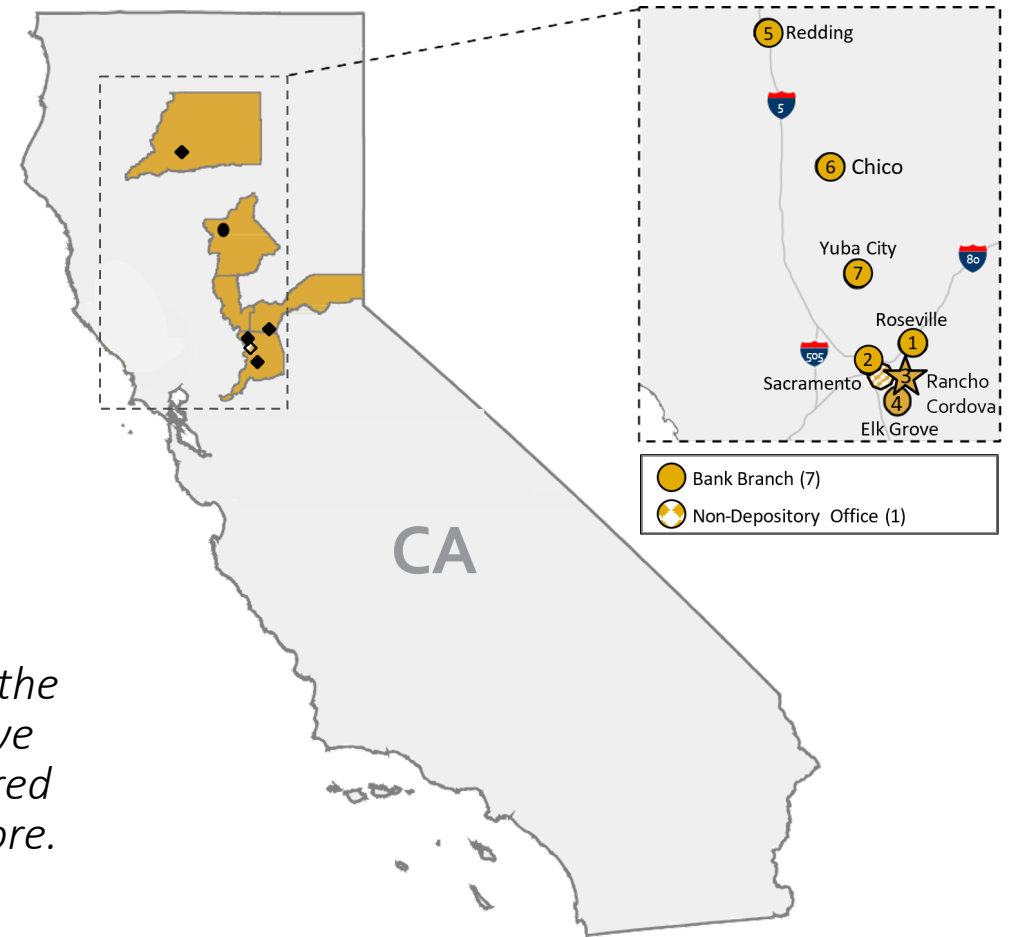
- Company Overview
- Financial Highlights
- Loans and Credit Quality
- Deposit and Capital Overview
- Financial Results

Company Overview

Company Overview

Nasdaq:	FSBC
Headquarters:	Rancho Cordova, California
Asset Size:	\$3.1 billion
Loans Held for Investment:	\$2.6 billion
Deposits:	\$2.6 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

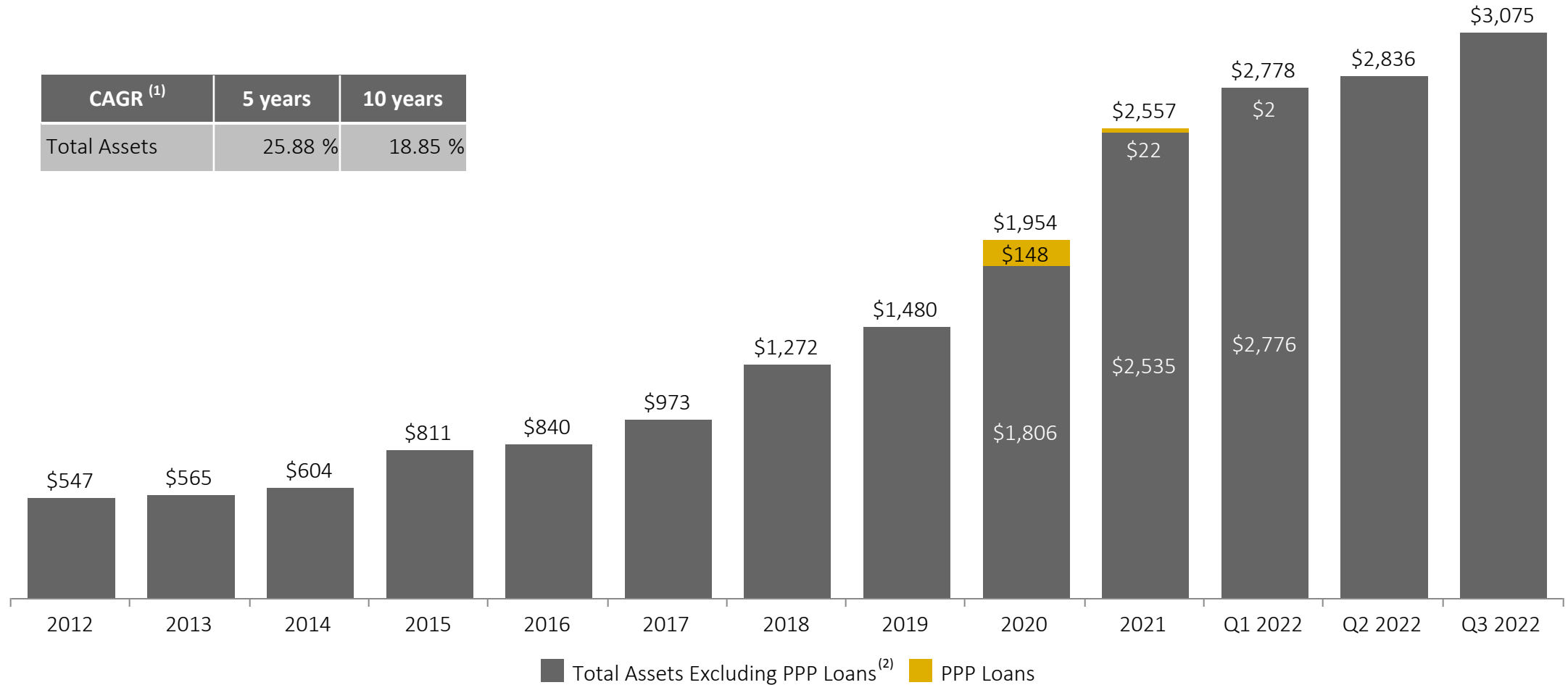


Shelley Wetton
Senior Vice President and
Chief Marketing Officer
Five Star since 2015

Financial Highlights

Consistent and Organic Asset Growth

CAGR ⁽¹⁾	5 years	10 years
Total Assets	25.88 %	18.85 %



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 September 30, 2022.
2. A reconciliation of this non-GAAP measure is set forth in the appendix.

Financial Highlights

(dollars in millions)		For the three months ended		
		9/30/2022	6/30/2022	9/30/2021
Profitability	Net income	\$ 11.7	\$ 10.0	\$ 11.0
	Return on average assets ("ROAA")	1.60 %	1.45 %	1.85 %
	Return on average equity ("ROAE")	19.35 %	17.20 %	19.26 %
	Earnings per share (basic and diluted)	\$ 0.68	\$ 0.58	\$ 0.64
Net Interest Margin	Net interest margin	3.84 %	3.70 %	3.60 %
	Average loan yield	4.74 %	4.47 %	4.90 %
	Average loan yield, excluding PPP loans ⁽¹⁾	4.74 %	4.47 %	4.66 %
	PPP income	\$ —	\$ 0.02	\$ 1.8
	PPP loans forgiven, paid off, and charged off	\$ —	\$ 1.5	\$ 59.4
	Total cost of funds	0.62 %	0.24 %	0.17 %
Asset Quality		9/30/2022	12/31/2021	
	Nonperforming loans to loans held for investment ⁽²⁾	0.02 %	0.03 %	
	Allowance for loan losses to loans held for investment ⁽²⁾	1.08 %	1.20 %	
	# of PPP loans outstanding	—	60	
	Balance of PPP loans outstanding	\$ —	\$ 22.1	
	# of loans in a COVID-19 deferment period	—	6	
Balance of loans in a COVID-19 deferment period	\$ —	\$ 12.2		

Note: Yields are based on average balance and annualized quarterly interest income.

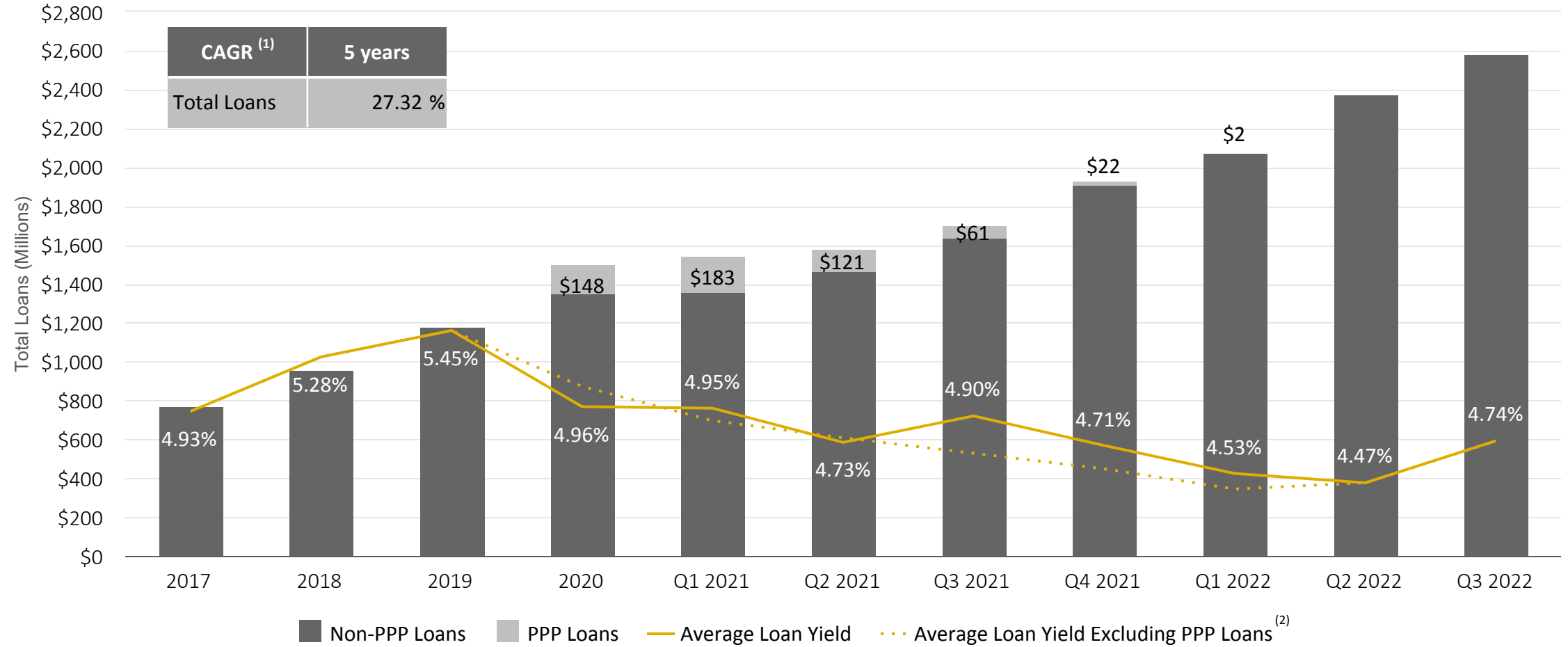
1. A reconciliation of this non-GAAP measure is set forth in the appendix.
2. Loans held for investment are the equivalent of total loans outstanding at each period end.

Financial Highlights

Growth	<ul style="list-style-type: none">Continued balance sheet growth with \$202.5 million of growth in loans held for investment and \$113.0 million in deposit growth since June 30, 2022.
Funding	<ul style="list-style-type: none">For the most recent quarter ended, non-interest-bearing deposits comprised 39.04% of total deposits, compared to 40.22% at the end of the trailing quarter and 39.46% for the year ended December 31, 2021.Deposits comprised 92.21% of total liabilities as of September 30, 2022, as compared to 96.10% of total liabilities as of June 30, 2022 and 98.46% of total liabilities as of December 31, 2021.
Capital	<ul style="list-style-type: none">All capital ratios were above well-capitalized regulatory thresholds as of September 30, 2022 and December 31, 2021.On July 22, 2022, the Company announced a cash dividend of \$0.15 per share.

Loans and Credit Quality

Consistent Loan Growth



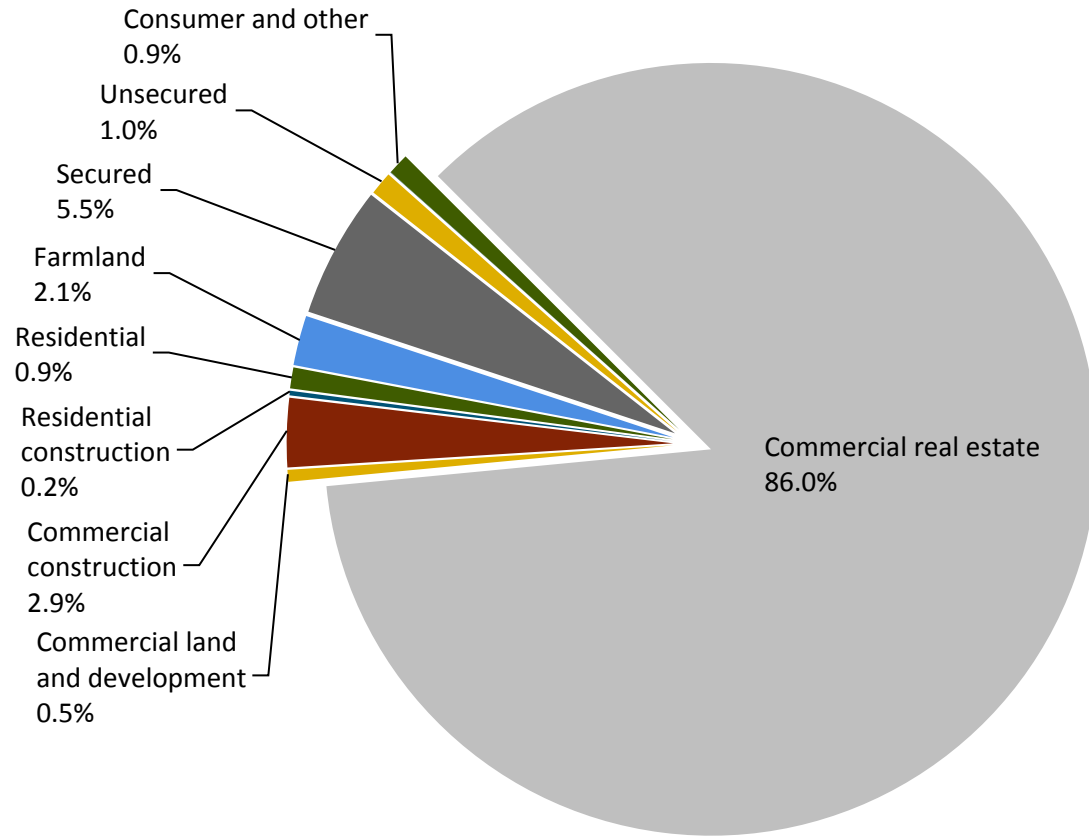
Non-PPP Loans
 PPP Loans
 Average Loan Yield
 Average Loan Yield Excluding PPP Loans ⁽²⁾

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 September 30, 2022.
2. A reconciliation of this non-GAAP measure is set forth in the appendix.

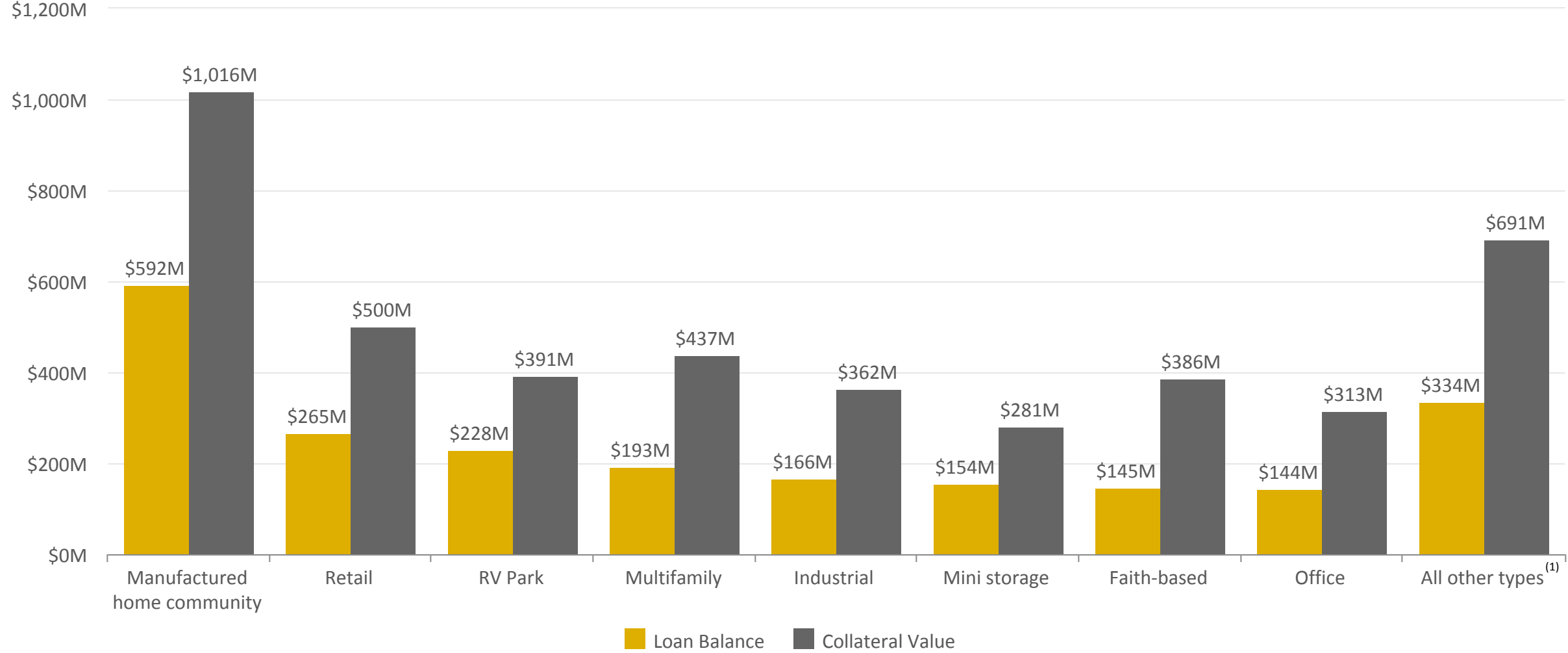


Loan Portfolio Composition



Types of collateral securing commercial real estate ("CRE") loans	Loan Balance (\$000s)	# of Loans	% of CRE
Manufactured home community	\$ 592,051	284	26.67 %
Retail	\$ 264,764	79	11.92 %
RV Park	\$ 227,507	78	10.25 %
Multifamily	\$ 192,848	80	8.69 %
Industrial	\$ 166,271	113	7.49 %
Mini storage	\$ 154,143	39	6.94 %
Faith-based	\$ 144,676	82	6.52 %
Office	\$ 143,720	91	6.47 %
All other types ⁽¹⁾	\$ 334,287	147	15.05 %
Total	\$ 2,220,267	993	100.00 %

CRE Collateral Values



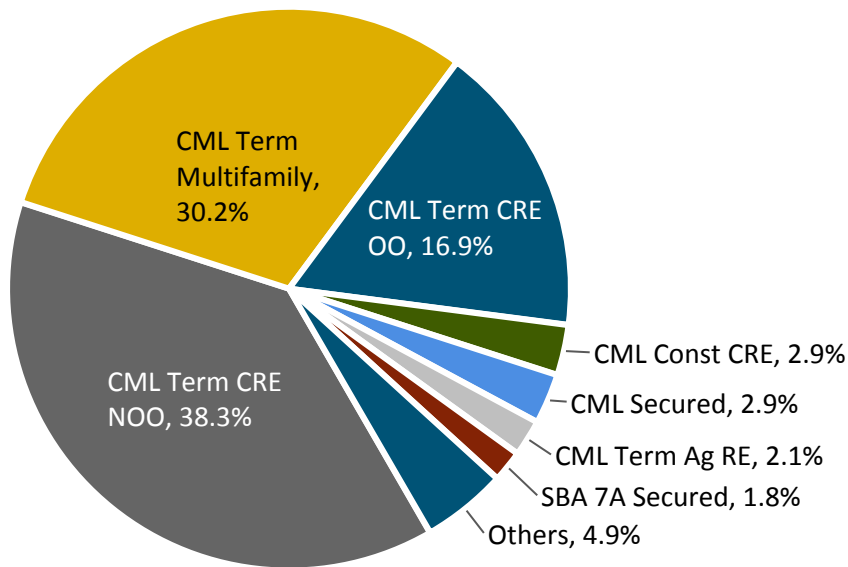
Note: Balances are net book value as of period end, before allowance for loan losses, before deferred loan fees, and exclude loans held for sale.

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

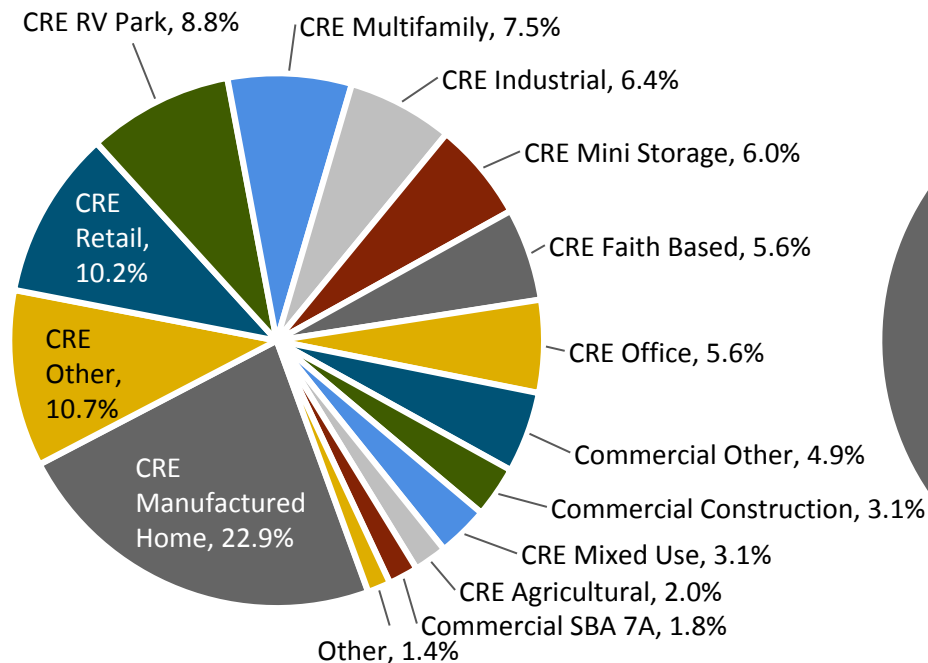
Loan Portfolio Diversification

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.

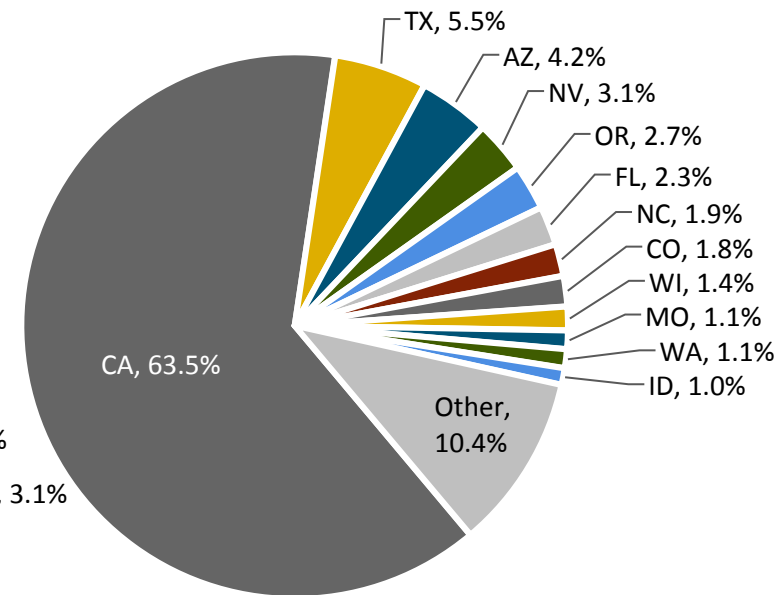
Loans by Type



Loans by Purpose



Real Estate Loans by Geography



Loan Rollforward

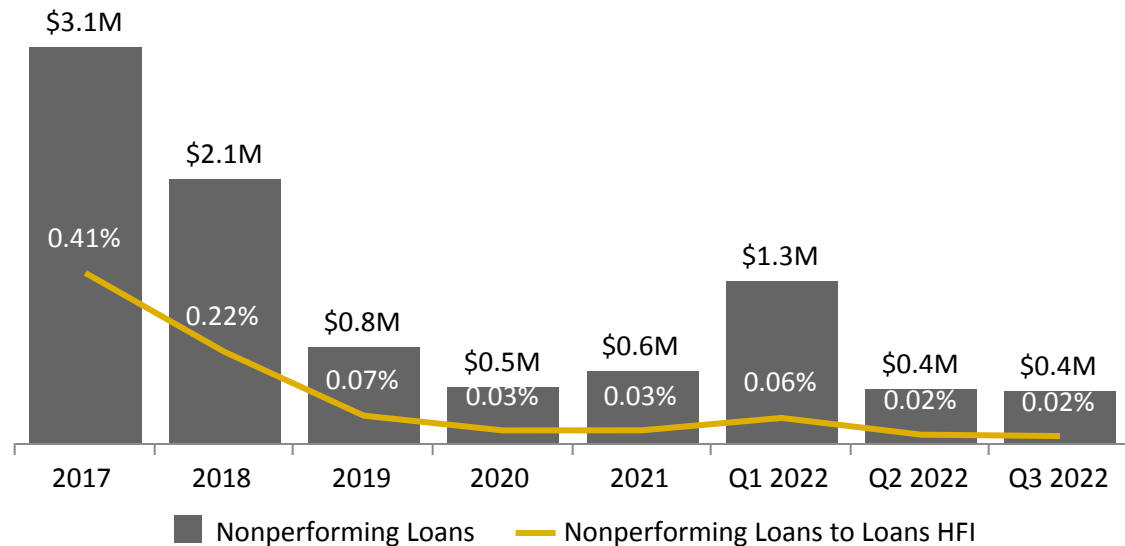
	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Beginning Balance	\$ 1,707	\$ 1,936	\$ 2,081	\$ 2,381
Non-PPP Originations	462	313	440	321
PPP Originations	—	—	—	—
Non-PPP Payoffs and Paydowns	(194)	(147)	(138)	(119)
PPP Forgiveness and Repayments	(39)	(21)	(2)	—
Ending Balance	\$ 1,936	\$ 2,081	\$ 2,381	\$ 2,583

Asset Quality

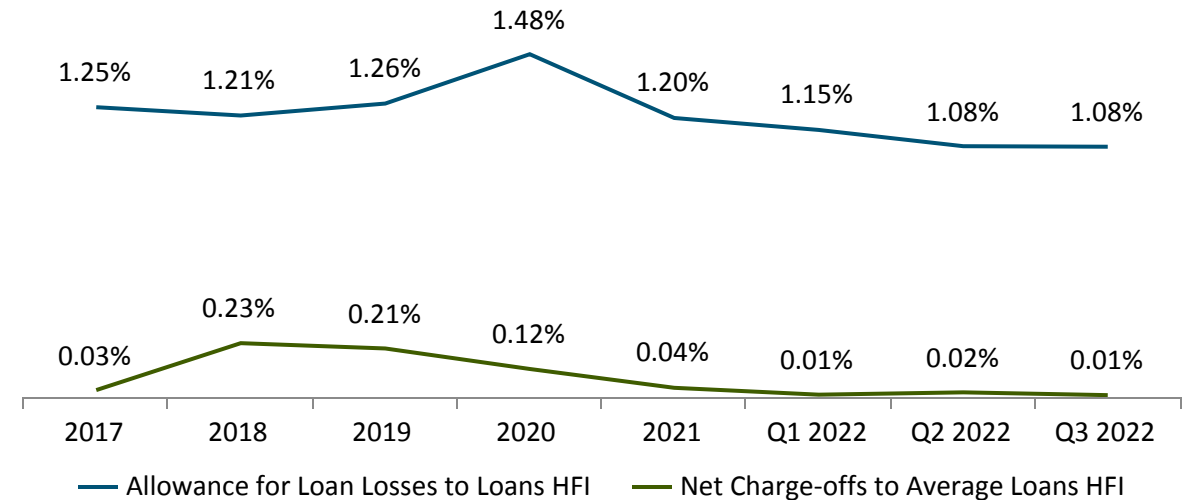
Our primary objective is to maintain a high level of asset quality in our loan portfolio. In order to maintain our strong asset quality, we:

- 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



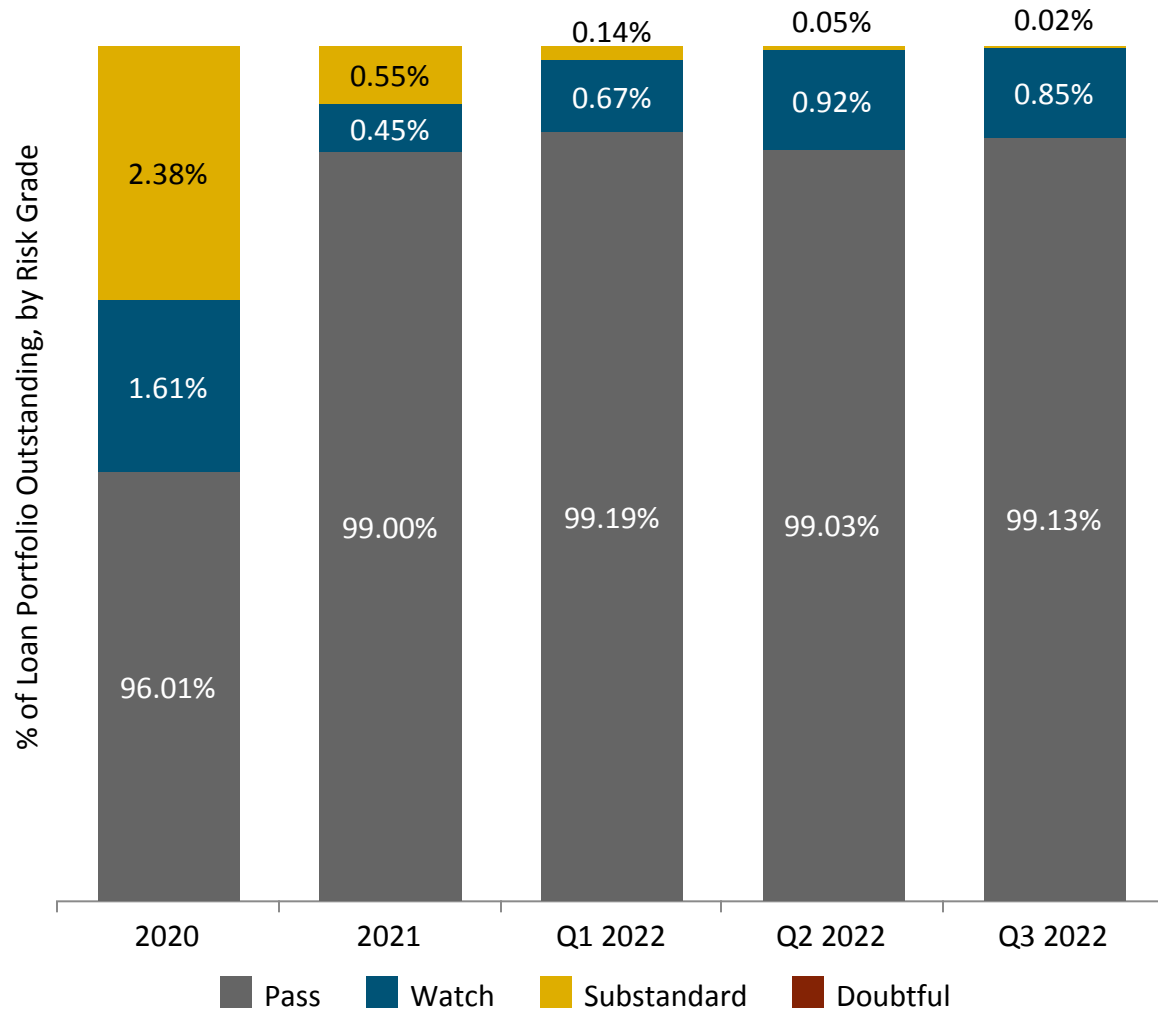
Allowance for Loan Losses and Net Charge-off Trend



Allocation of Allowance for Loan Losses

(dollars in thousands)	December 31, 2021		March 31, 2022		June 30, 2022		September 30, 2022	
Allowance for Loan Losses	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Collectively evaluated for impairment								
Real estate:								
Commercial	\$ 12,869	55.37 %	\$ 13,868	58.01 %	\$ 16,621	64.46 %	\$ 18,309	65.76 %
Commercial land & development	50	0.22 %	66	0.28 %	68	0.26 %	98	0.35 %
Commercial construction	371	1.60 %	430	1.80 %	508	1.97 %	546	1.96 %
Residential construction	50	0.22 %	40	0.17 %	51	0.20 %	41	0.15 %
Residential	192	0.83 %	208	0.87 %	188	0.73 %	175	0.63 %
Farmland	645	2.78 %	611	2.56 %	616	2.39 %	664	2.39 %
Total real estate loans	14,177	61.02 %	15,223	63.69 %	18,052	70.01 %	19,833	71.24 %
Commercial:								
Secured	6,687	28.77 %	6,400	26.77 %	6,132	23.78 %	6,217	22.33 %
Unsecured	207	0.89 %	246	1.03 %	265	1.03 %	278	1.00 %
PPP	—	— %	—	— %	—	— %	—	— %
Total commercial loans	6,894	29.66 %	6,646	27.80 %	6,397	24.81 %	6,495	23.33 %
Consumer and other	889	3.82 %	1,088	4.55 %	537	2.08 %	536	1.93 %
Unallocated	1,111	4.78 %	308	1.29 %	648	2.51 %	829	2.98 %
Individually evaluated for impairment								
Commercial secured	172	0.72 %	639	2.67 %	152	0.59 %	145	0.52 %
Total allowance for loan losses	\$ 23,243	100.00 %	\$ 23,904	100.00 %	\$ 25,786	100.00 %	\$ 27,838	100.00 %

Risk Grade Migration

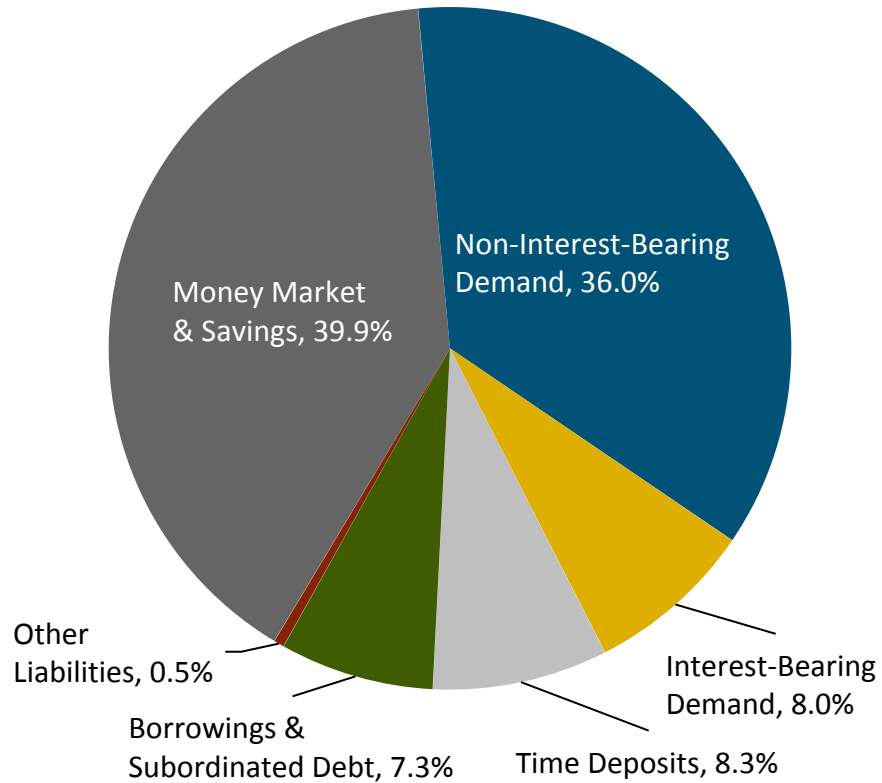


Classified Loans (Loans Rated Substandard or Doubtful)					
(dollars in thousands)	2020	2021	Q1 2022	Q2 2022	Q3 2022
Real estate:					
Commercial	\$ 35,543	\$ 9,256	\$ 901	\$ 888	\$ 110
Commercial land & development	—	—	—	—	—
Commercial construction	—	—	—	—	—
Residential construction	—	—	—	—	—
Residential	183	178	177	176	175
Farmland	—	—	—	—	—
Commercial:					
Secured	132	1,180	1,920	152	144
Unsecured	—	—	—	—	—
Paycheck Protection Program (PPP)	—	—	—	—	—
Consumer and other	—	—	12	27	27
Total	\$ 35,858	\$ 10,614	\$ 3,010	\$ 1,243	\$ 456

Deposit and Capital Overview

Diversified Funding

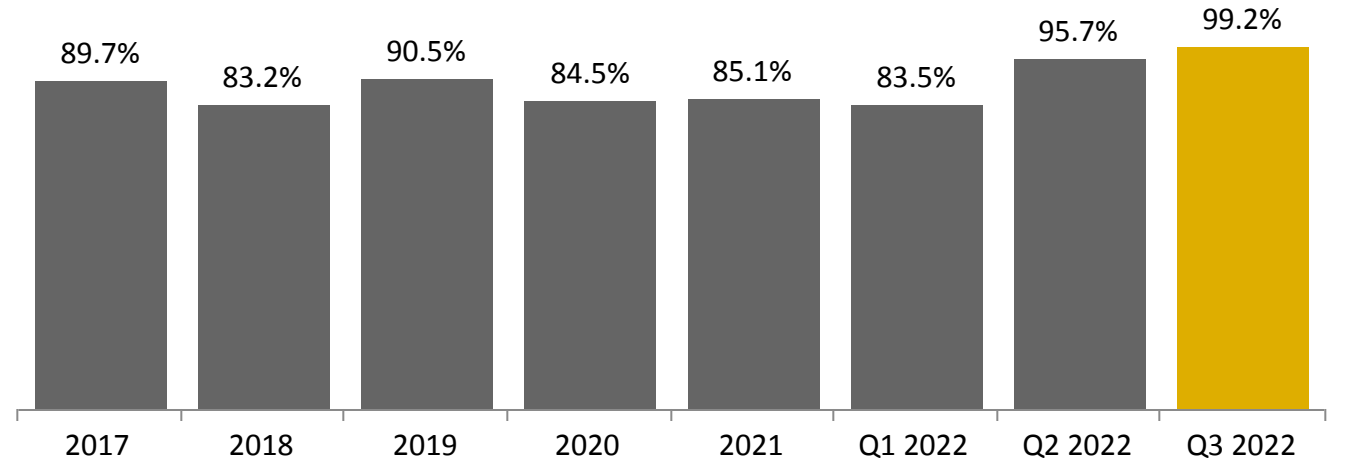
Liability Mix



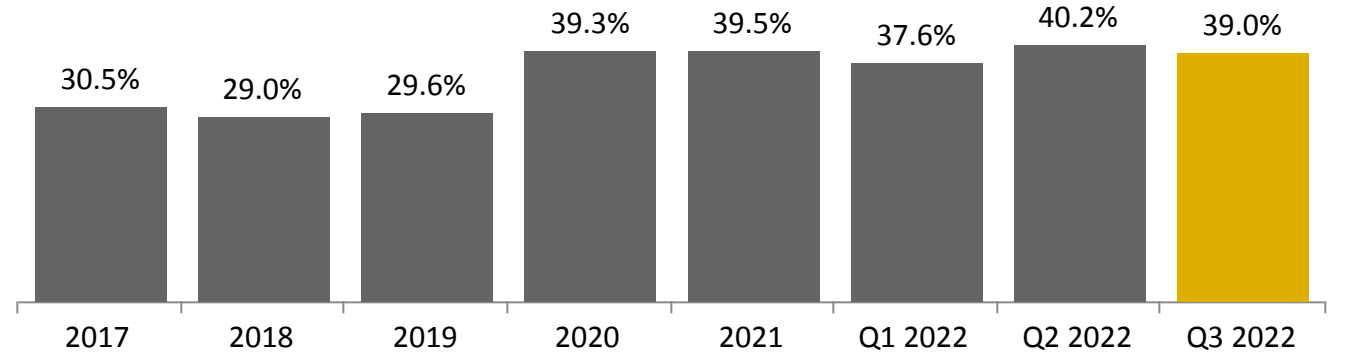
Total Deposits⁽¹⁾ = \$2.6 billion

92.2% of Total Liabilities

Loan⁽²⁾ to Deposit Ratio



Non-Interest-Bearing Deposits to Total Deposits



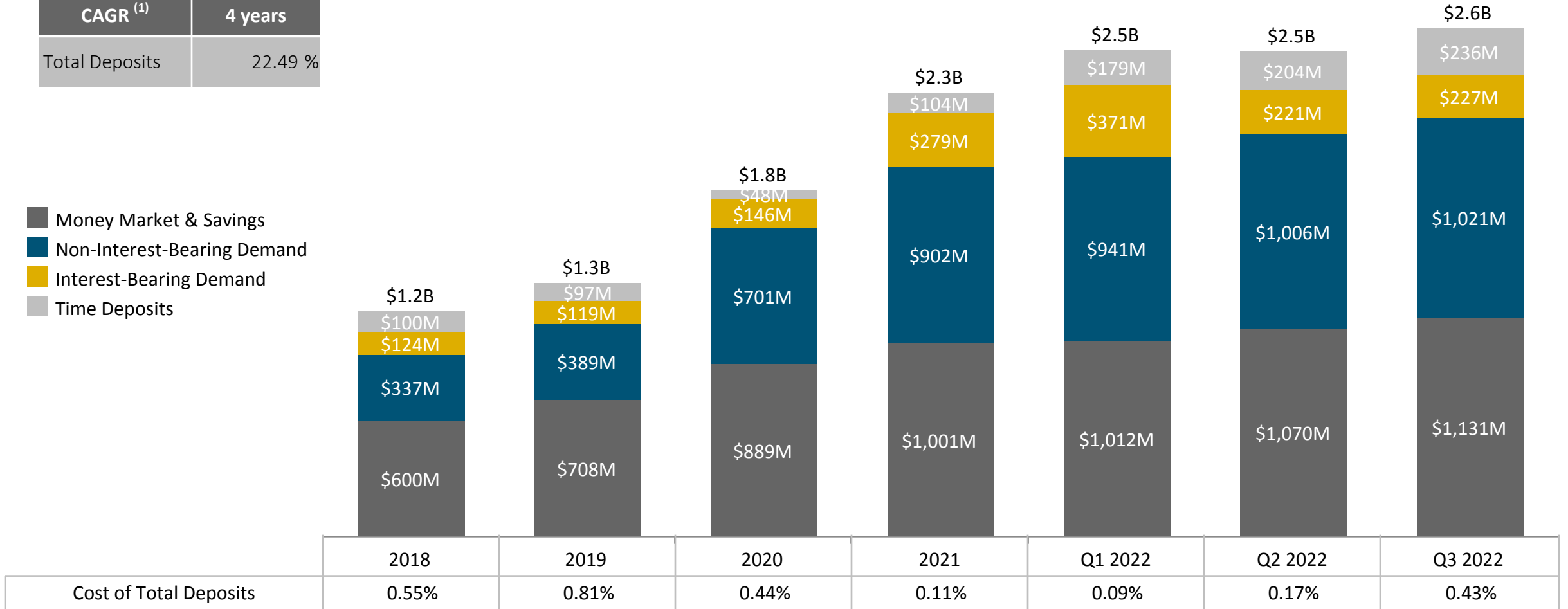
1. Balance as of September 30, 2022.

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

Strong Deposit Growth

CAGR ⁽¹⁾	4 years
Total Deposits	22.49 %

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

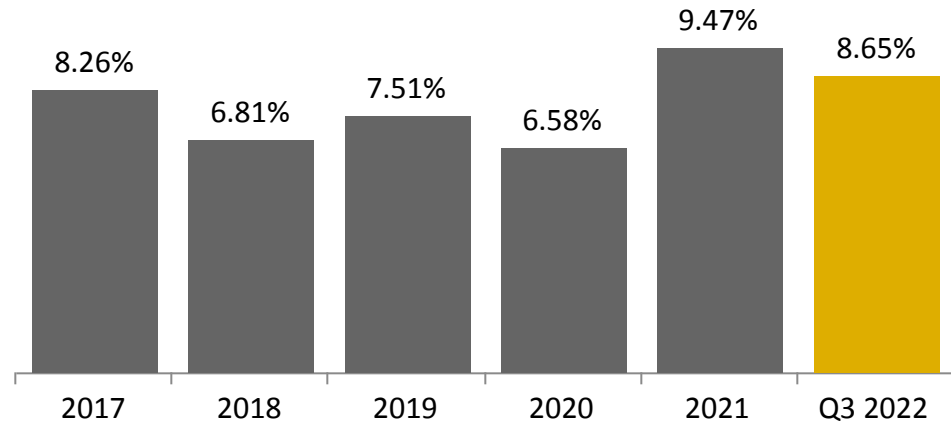


Note: Balances are end of period. Cost of total deposits is based on total average balance of interest-bearing and non-interest-bearing deposits and annualized quarterly deposit interest expense.

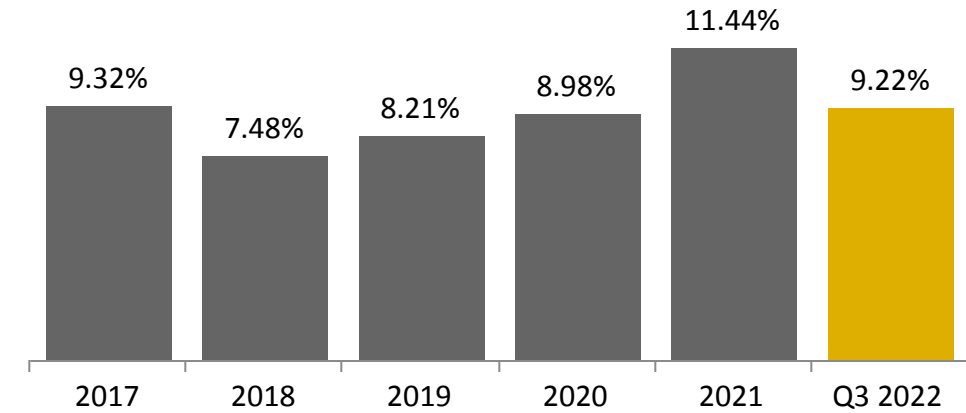
1. CAGR is based upon balances as of September 30, 2022.

Capital Ratios

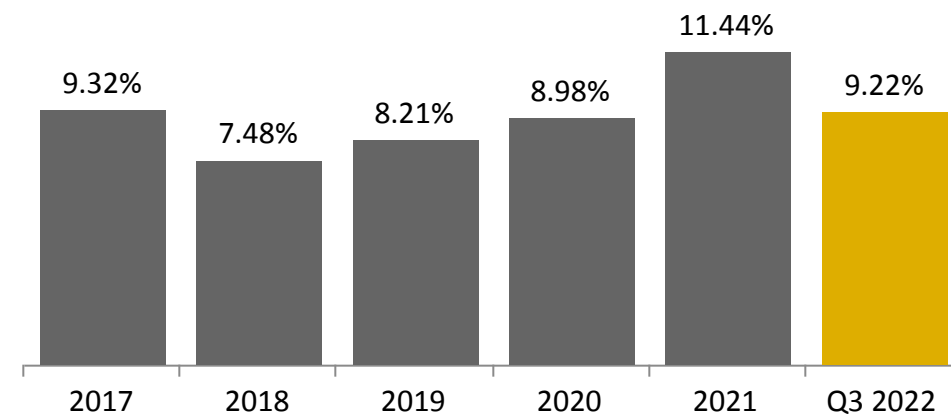
Tier 1 Leverage Ratio



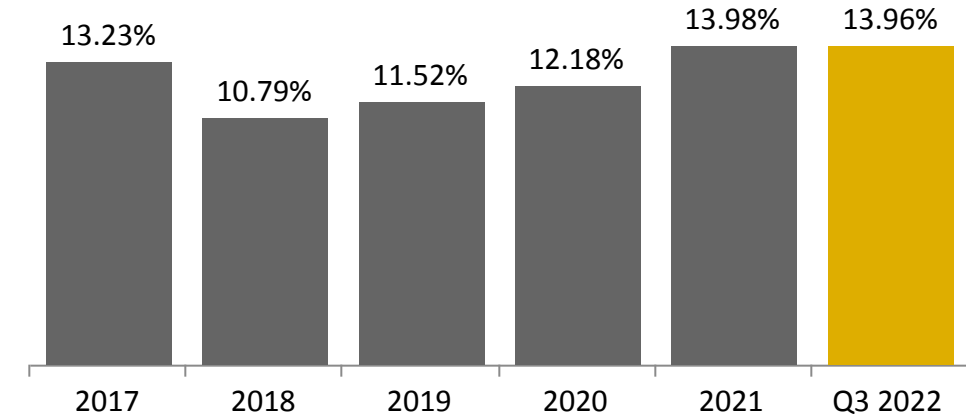
Common Equity Tier 1 to RWA



Tier 1 Capital to RWA

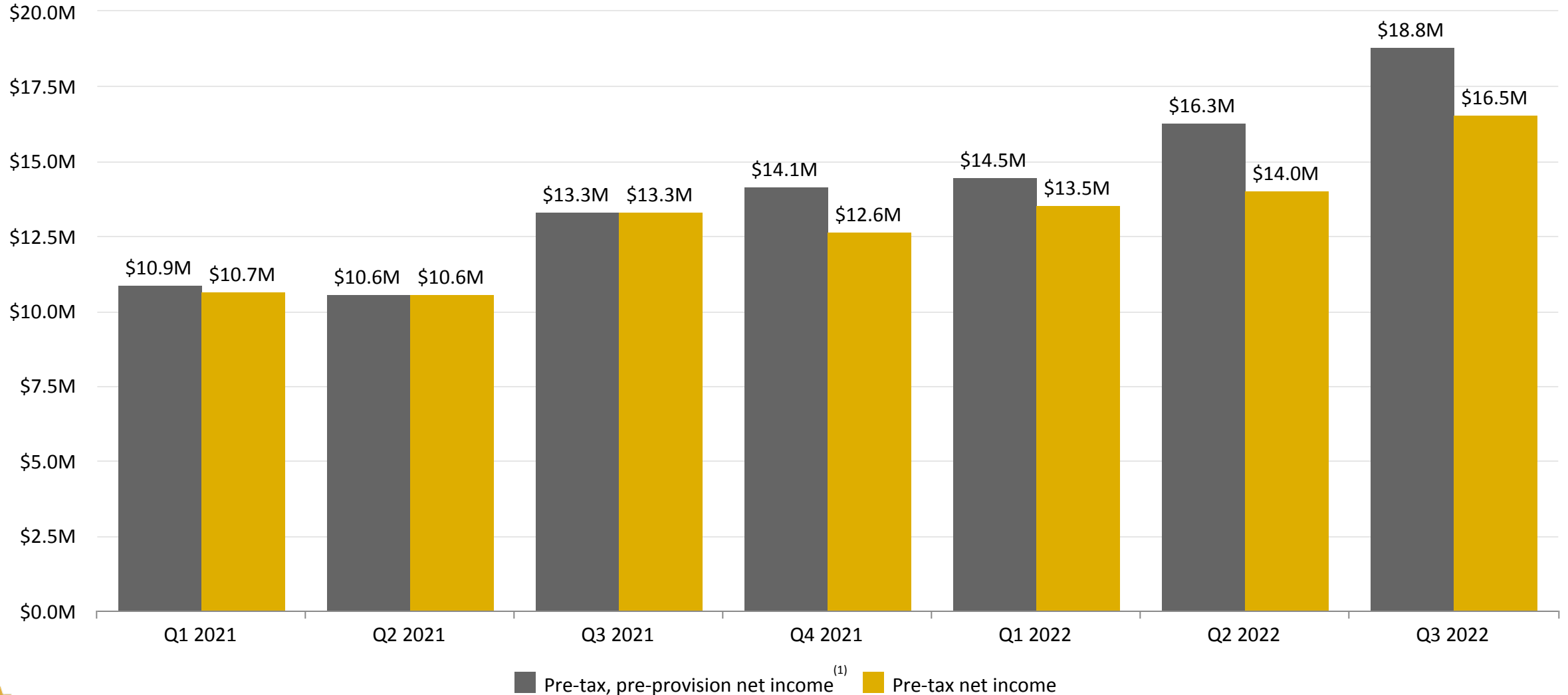


Total Capital to RWA



Financial Results

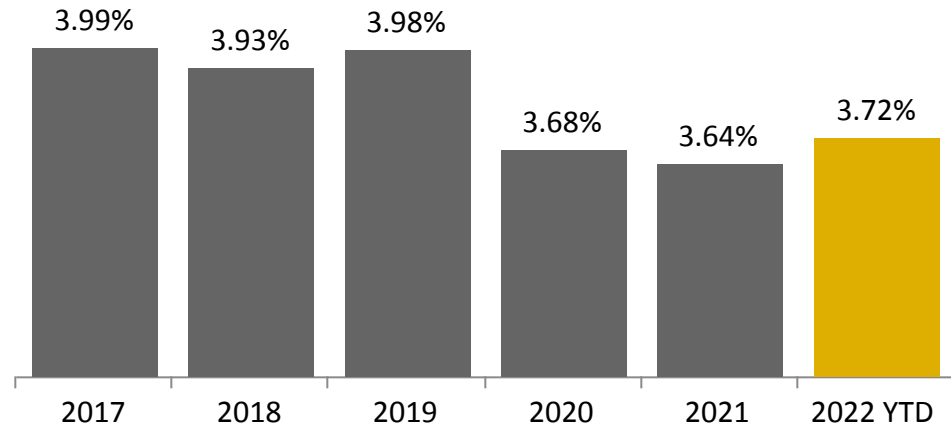
Earnings Track Record



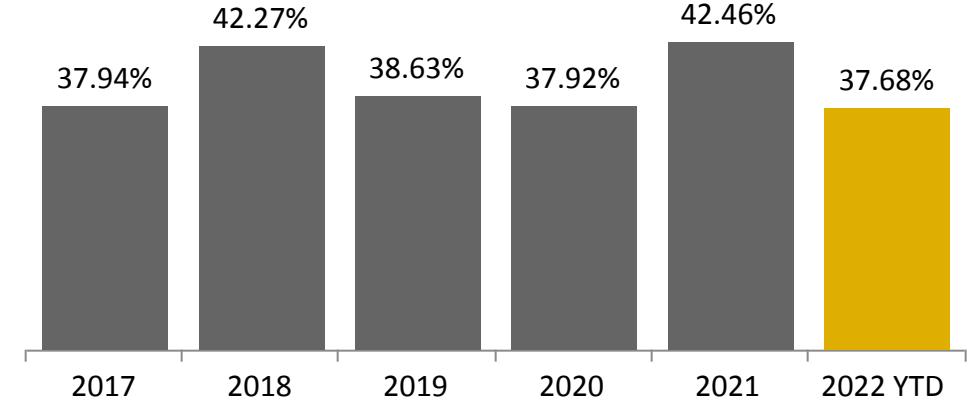
1. A reconciliation of this non-GAAP measure is set forth in the appendix.

Operating Metrics

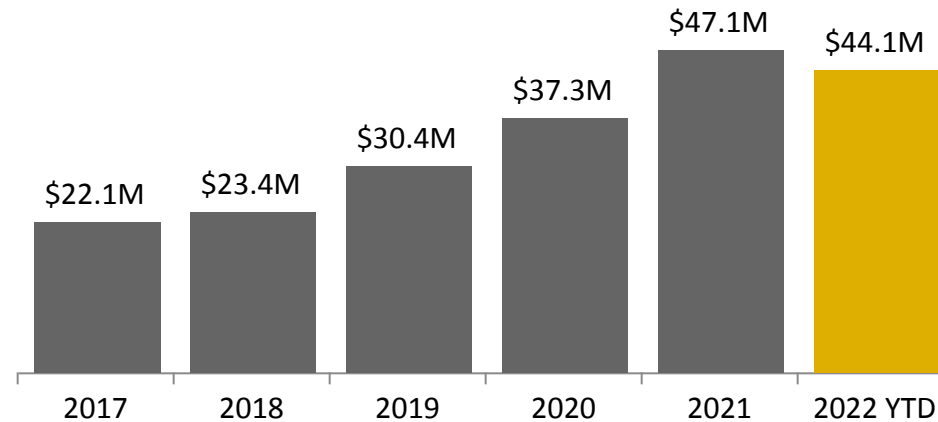
Net Interest Margin



Efficiency Ratio



Total Income Before Taxes

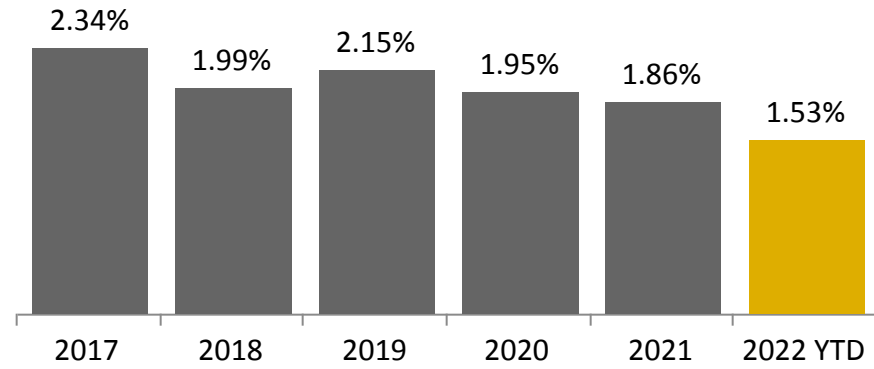


Non-interest Income and Expense Comparison

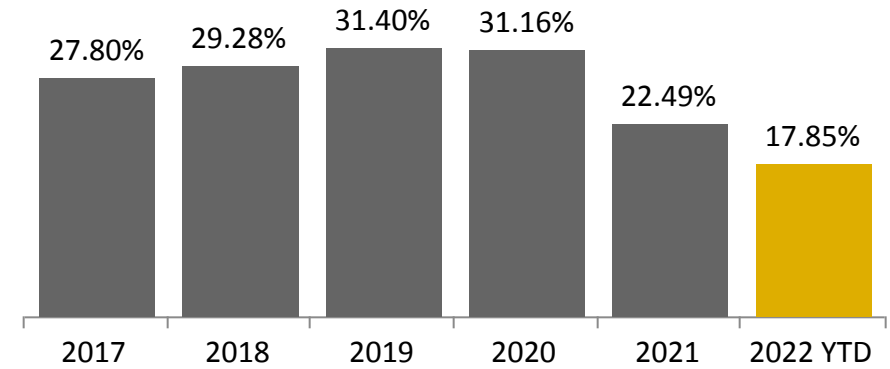
(dollars in thousands)		For the three months ended		
		9/30/2022	6/30/2022	9/30/2021
Non-interest Income	Service charges on deposit accounts	\$ 132	\$ 130	\$ 112
	Net gain on sale of securities	—	—	435
	Gain on sale of loans	548	831	988
	Loan-related fees	546	795	285
	FHLB stock dividends	152	99	100
	Earnings on bank-owned life insurance	102	101	68
	Other income	52	41	40
	Total non-interest income	\$ 1,532	\$ 1,997	\$ 2,028
Non-interest Expense	Salaries and employee benefits	\$ 5,645	\$ 5,553	\$ 4,980
	Occupancy and equipment	515	513	502
	Data processing and software	797	739	611
	Federal Deposit Insurance Corporation insurance	195	245	110
	Professional services	792	568	505
	Advertising and promotional	512	484	366
	Loan-related expenses	262	389	462
	Other operating expenses	1,454	1,714	1,105
	Total non-interest expense	\$ 10,172	\$ 10,205	\$ 8,641

Shareholder Returns

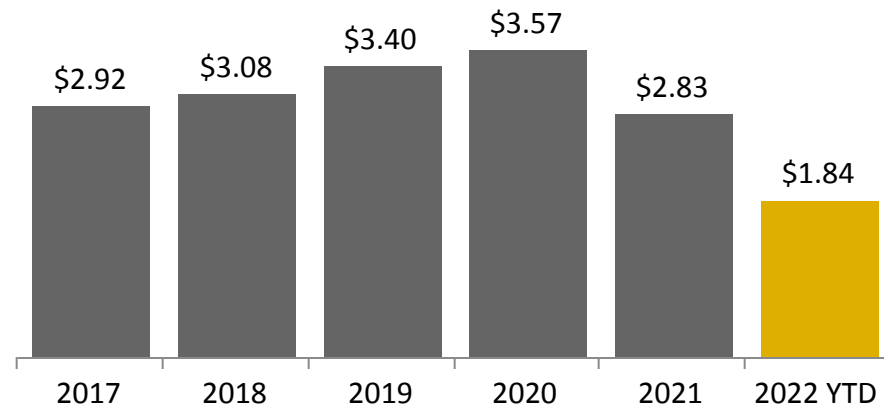
ROAA



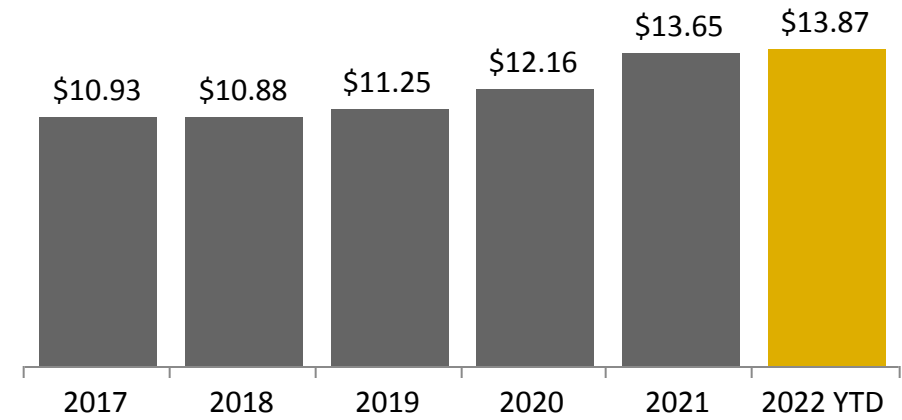
ROAE



EPS (basic and diluted)



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





Five Star Bank was there when we needed support. Five Star Bank was there when our small businesses needed someone to listen to them.

Cathy Rodriguez-Aguirre, President & CEO, Sacramento Hispanic Chamber



With Five Star Bank, Kitchen Mart has a business partner who has gotten to know us and looks for ways they can help us succeed. When COVID-19 impacted our business, Five Star Bank was immediately there for us with PPP. They helped us overcome the challenge. As a customer of Five Star Bank, we aren't just another face in the crowd.

Dave Hollars, President & Owner, Kitchen Mart



We are so grateful to Five Star Bank for being long-term supporters and advocates of Corpsmembers and the work of the Sacramento Regional Conservation Corps.

Paula Birdsong, Executive Director, SRCC



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 net income is defined as net income plus provision for income taxes and provision for loan 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)	Twelve months ended				Three months ended			
	12/31/2020	3/31/2021	6/30/2021	9/30/2021	12/31/2021	3/31/2022	6/30/2022	9/30/2022
Average loan yield, excluding PPP loans								
Interest and fee income on loans	\$ 71,405	\$ 18,613	\$ 18,626	\$ 20,085	\$ 21,569	\$ 22,091	\$ 24,841	\$ 29,787
Less: interest and fee income on PPP loans	6,535	2,400	1,771	2,054	1,192	610	25	—
Interest and fee income on loans, excluding PPP loans	64,870	16,213	16,855	18,031	20,377	21,481	24,816	29,787
Annualized interest and fee income on loans, excluding PPP loans (numerator)	64,870	65,753	67,605	71,536	80,844	87,177	99,537	118,177
Average loans held for investment and sale	1,439,380	1,526,130	1,578,438	1,625,995	1,815,627	1,977,509	2,227,215	2,494,468
Less: average PPP loans	165,414	176,384	158,568	89,436	44,101	8,886	427	—
Average loans held for investment and sale, excluding PPP loans (denominator)	1,273,966	1,349,746	1,419,870	1,536,559	1,771,526	1,968,623	2,226,788	2,494,468
Average loan yield, excluding PPP loans	5.09 %	4.87 %	4.76 %	4.66 %	4.56 %	4.43 %	4.47 %	4.74 %



Appendix: Non-GAAP Reconciliation (Unaudited)

(dollars in millions)					
Total assets, excluding PPP loans	12/31/2020	12/31/2021	3/31/2022	6/30/2022	9/30/2022
Total assets	\$ 1,954	\$ 2,557	\$ 2,778	\$ 2,836	\$ 3,075
Less: PPP loans	148	22	2	—	—
Total assets, excluding PPP loans	\$ 1,806	\$ 2,535	\$ 2,776	\$ 2,836	\$ 3,075

(dollars in millions)							
	Three months ended						
Pre-tax, pre-provision net income	3/31/2021	6/30/2021	9/30/2021	12/31/2021	3/31/2022	6/30/2022	9/30/2022
Net income	\$ 10,278	\$ 9,828	\$ 11,026	\$ 11,309	\$ 9,862	\$ 9,953	\$ 11,704
Add: provision for income taxes	382	734	2,270	1,321	3,660	4,080	4,830
Add: provision for loan losses	200	—	—	1,500	950	2,250	2,250
Pre-tax, pre-provision net income	\$ 10,860	\$ 10,562	\$ 13,296	\$ 14,130	\$ 14,472	\$ 16,283	\$ 18,784