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Kidney Consultants Medical Group

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President and Chief Executive Officer, First Commerce Bank

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Gelb Enterprises

SANDY GOLDMAN

BFI-Browning Ferris Industries

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Lippe, Hellie, Hoffer & Allison LLP

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Naresh C. Saxena, M.D., Inc.

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Brown and Sterman, Inc. CPAs

SENIOR OFFICERS

JOHN J. FELDMAN

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WENDY R. MOSKAL

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Chief Operating and Financial Officer

GARY L. NUDELL

Executive Vice President, Chief Credit Officer

JOCELYN PASTORE

Executive Vice President, Branch Administrator

ALBA SILBERMAN

Senior Vice President, Senior Commercial Loan Officer

JAY NARAYAN

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Senior Vice President, Real Estate and Commercial Banking

STEVE SOELBERG

Senior Vice President, Manager, Real Estate Loans

TRACY SPICER

Senior Vice President, Chief Risk Officer

JAN MARANTZ

Vice President, Corporate Secretary

FIRST COMMERCE BANK

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24-Hour Automated
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(800) 730-2265

 **FIRST COMMERCE BANCORP®**

Leading the way for business

OFFICES

**Encino Main Office and
Corporate Headquarters**

16861 Ventura Boulevard
Encino, California 91436
(818) 501-2265
(818) 461-0176 (FAX)

Brentwood Regional Office

11661 San Vicente Boulevard
Los Angeles, California 90049
(310) 207-1517
(310) 207-8997 (FAX)

Glendale Regional Office

100 W. Broadway, Suite 510
Glendale, California 91210
(818) 637-2265
(818) 637-2260 (FAX)

TRANSFER AGENT AND REGISTRAR

Registrar and Transfer Company

10 Commerce Drive
Cranford, NJ 07016-3572
(800) 368-5948

CORPORATE SECRETARY

Jan Marantz
(818) 501-2265
(818) 461-0176 (FAX)

 **FIRST COMMERCE BANCORP®**

**3rd
Quarter
Report**

The continuing turbulence in the credit markets in general, and in the financial services industry in particular, has certainly affected even smaller community banks. The third quarter was a challenging one for First Commerce Bancorp, and its subsidiary, First Commerce Bank.

For the nine months ended September 30, 2008, First Commerce Bancorp recorded net income on a consolidated basis of \$1,729,000 as compared to net income of \$2,612,000 for the same period last year, a decrease of 34%.

At September 30, 2008, total assets increased to \$299,745,000 from \$289,885,000 or 3% higher than a year ago. Net loans decreased to \$239,792,000 from \$247,659,000 or 3% lower than a year ago. Total deposits grew to \$260,182,000 from \$253,560,000, a 3% improvement from a year ago.

While we are well-regarded for our conservative loan underwriting standards, some of our experienced builders are now finding difficulty in selling completed construction projects in the San Fernando Valley's depressed real estate market. Because of our prudent business model, management has elected to increase the Bank's loan loss reserves. This move, in part, is reflective of our decrease in net income year-over-year.

On the positive side, First Commerce Bancorp continues to have strong fundamentals. We employ seasoned professional bankers who are dedicated to producing excellent results. We have no exposure to the sub-prime residential loan market and our investment portfolio is conservative and contains no mortgage-backed securities nor Fannie Mae or Freddie Mac stock. Our liquidity is strong and we are well-capitalized. Our core ratios are, even today, healthy when compared to our industry peers. We are confident that we will continue to produce profitable results in the challenging months to come.

On behalf of the Board of Directors, our management and staff, we would like to express our appreciation for your continued support, trust and patronage. Please visit us at any time in our Encino, Brentwood or Glendale offices, or at www.fcb.la.



John J. Feldman
President and CEO



S. K. Durairaj
Chairman of the Board

The information contained in the Report fairly represents, in all material respects, the consolidated financial condition and results of operations of the Company at the dates and for the periods indicated.



John J. Feldman
President and CEO



Wendy R. Moskal
Executive Vice President
Chief Operating and Financial Officer

CONSOLIDATED BALANCE SHEETS

September 30, 2008 and 2007 (Unaudited)

Assets	2008	2007
Cash and Due from Banks	\$ 17,337,000	\$ 16,398,000
Federal Funds Sold	18,600,000	10,000,000
TOTAL CASH AND CASH EQUIVALENTS	35,937,000	26,398,000
Investment in First Commerce Bancorp Statutory Trust I	155,000	155,000
Securities Available for Sale	13,666,000	5,734,000
Federal Home Loan Bank Stock	1,149,000	1,087,000
Loans, net	239,792,000	247,659,000
Leasehold Improvements and Equipment, net	552,000	451,000
Accrued Interest and Other Assets	1,319,000	1,704,000
Split-dollar Life Insurance	5,913,000	5,664,000
Deferred Tax Assets	1,262,000	1,033,000
TOTAL ASSETS	\$299,745,000	\$289,885,000

Liabilities and Stockholders' Equity

LIABILITIES		
Deposits		
Noninterest-bearing Demand	\$ 89,436,000	\$ 74,466,000
Money Market and NOW	138,695,000	128,524,000
Savings	909,000	1,213,000
Time Deposits under \$100,000	4,857,000	4,539,000
Time Deposits \$100,000 and over	26,285,000	44,818,000
TOTAL DEPOSITS	260,182,000	253,560,000
Junior Subordinated Debentures	5,155,000	5,155,000
Accrued Interest and Other Liabilities	1,247,000	1,299,000
TOTAL LIABILITIES	266,584,000	\$260,014,000

STOCKHOLDERS' EQUITY

Serial preferred stock, 20,000,000 shares authorized; issued and outstanding, none	-	-
Common Stock, no par value, 15,000,000 shares authorized; issued and outstanding 9,072,239 in 2008 and 8,883,171 in 2007	\$ 20,432,000	\$ 19,967,000
Additional Paid-in Capital	515,000	273,000
Retained Earnings	12,274,000	9,640,000
Accumulated Comprehensive Loss	(60,000)	(9,000)
TOTAL STOCKHOLDERS' EQUITY	\$ 33,161,000	\$ 29,871,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$299,745,000	\$289,885,000

CONSOLIDATED STATEMENTS OF INCOME

For Nine Months Ended September 30, 2008 and 2007 (Unaudited)

	2008	2007
Interest income on:		
Loans	\$12,007,000	\$13,883,000
Securities	319,000	295,000
Federal Funds Sold	377,000	734,000
Other	96,000	113,000
TOTAL INTEREST INCOME	\$12,799,000	\$15,025,000

Interest expense on:		
Money Market and NOW	\$ 2,171,000	\$ 3,159,000
Savings Deposits	2,000	24,000
Time Deposits	897,000	1,668,000
Other Borrowings	283,000	468,000
TOTAL INTEREST EXPENSE	\$ 3,353,000	\$ 5,319,000

NET INTEREST INCOME \$ 9,446,000 \$ 9,706,000

Provision for Loan Losses	989,000	643,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	\$ 8,457,000	\$ 9,063,000

Noninterest income:		
Service Charges and Fees	\$ 465,000	\$ 403,000
Gain on Sale of SBA Loans	4,000	34,000
Increase in Cash Surrender Value of Split-dollar Life Insurance	188,000	181,000
Other Income	215,000	164,000
TOTAL NONINTEREST INCOME	\$ 872,000	\$ 782,000

Noninterest expense:		
Salaries, Wages and Employee Benefits	\$ 4,374,000	\$ 3,618,000
Occupancy and Equipment	599,000	529,000
Other	1,571,000	1,394,000
TOTAL NONINTEREST EXPENSE	\$ 6,544,000	\$ 5,541,000

Income before Income Tax Expense	\$ 2,785,000	\$ 4,304,000
Income Tax Expense	1,056,000	1,692,000
NET INCOME	\$ 1,729,000	\$ 2,612,000

Per-Share Data:		
Basic Earnings Per Share	\$ 0.19	\$ 0.29
Diluted Earnings Per Share	\$ 0.19	\$ 0.28