

## BANCORP BOARD OF DIRECTORS

**S.K. DURAIRAJ, M.D.**

Chairman of the Board, First Commerce Bank  
President & CEO, Serra Community Medical Clinic

**ARMAND ARABIAN**

Associate Justice, Supreme Court of California (retired)

**MUGURDICH BALABANIAN, M.D.**

Kidney Consultants Medical Group

**JOHN J. FELDMAN**

President and Chief Executive Officer, First Commerce Bank

**RICKEY M. GELB**

Gelb Enterprises

**SANDY GOLDMAN**

BFI-Browning Ferris Industries

**GREGORY N. LIPPE, C.P.A.**

Lippe, Hellie, Hoffer & Allison LLP

**VENKA G. REDDY, Ph.D.**

Oriental Foods, Inc.

**NARESH C. SAXENA, M.D.**

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

**RAMACHANDRAN SRINIVASAN, M.D.**

Ramachandran Srinivasan, M.D., Inc.

**BURTON N. STERMAN, C.P.A.**

Brown and Sterman, Inc. CPAs

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## SENIOR OFFICERS

**JOHN J. FELDMAN**

President and Chief Executive Officer

**WENDY R. MOSKAL**

Executive Vice President,  
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**

Senior Vice President, Relationship Manager

**PAUL PFLUEGER**

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

Please visit us at  
**www.fcb.la**

INTOUCH  
24-Hour Automated  
Customer Service Center  
(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™**



2<sup>nd</sup>  
Quarter  
Report

We are pleased to report the following financial highlights:

For the six months ended June 30, 2008, First Commerce Bancorp recorded net income on a consolidated basis of \$1,455,000 as compared to net income of \$1,747,000 for the same period last year, a decrease of 17%.

The following are additional financial results for the three months ended June 30, 2008:

- Assets (unaudited) increased to \$296,022,000 compared to \$276,726,000 for the same period last year, a 7% improvement.
- Deposits (unaudited) increased to \$256,738,000, compared to \$241,153,000, a 6% improvement from a year ago.
- Net loans increased to \$232,936,000, up 1% compared to \$229,784,000 for the same period last year.

The decrease in income from the prior year is the result of a 3.25% decrease in the prime lending rate since the end of the second quarter 2007 and the successful paydown of construction loans as financed projects were completed and sold during the first and second quarters of 2008. The Bancorp has never engaged in residential mortgage lending and at the end of the second quarter 2008, had 0% loans delinquent more than 90 days and .02% nonperforming loans in the loan portfolio. Additionally, the Bank has no foreclosed properties nor any properties in the process of foreclosure and continues to be well capitalized by all regulatory standards.

We join our management and staff in appreciation of our shareholders' and customers' continued support and patronage. We invite you to visit us in our Encino, Brentwood or Glendale facilities at any time.



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

June 30, 2008 and 2007 (Unaudited)

Assets	2008	2007
Cash and Due from Banks	\$ 21,452,000	\$ 16,648,000
Federal Funds Sold	17,300,000	14,830,000
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>38,752,000</b>	<b>31,478,000</b>
Investment in First Commerce Bancorp Statutory Trust I	155,000	155,000
Securities Available for Sale	14,086,000	5,710,000
Federal Home Loan Bank Stock	1,132,000	1,073,000
Loans, net	232,936,000	229,784,000
Leasehold Improvements and Equipment, net	578,000	436,000
Accrued Interest and Other Assets	1,293,000	1,455,000
Split-dollar Life Insurance	5,849,000	5,602,000
Deferred Tax Assets	1,241,000	1,033,000
<b>TOTAL ASSETS</b>	<b>\$296,022,000</b>	<b>\$276,726,000</b>

### Liabilities and Stockholders' Equity

LIABILITIES		
Deposits		
Noninterest-bearing Demand	\$ 80,962,000	\$ 81,391,000
Money Market and NOW	140,870,000	112,024,000
Savings	854,000	1,377,000
Time Deposits under \$100,000	4,742,000	4,431,000
Time Deposits \$100,000 and over	29,310,000	41,930,000
<b>TOTAL DEPOSITS</b>	<b>256,738,000</b>	<b>241,153,000</b>
Junior Subordinated Debentures	5,155,000	5,155,000
Accrued Interest and Other Liabilities	1,445,000	1,479,000
<b>TOTAL LIABILITIES</b>	<b>263,338,000</b>	<b>\$247,787,000</b>

### 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 8,997,343 in 2008 and 8,881,921 in 2007	\$ 20,244,000	\$ 19,965,000
Additional Paid-in Capital	468,000	222,000
Retained Earnings	12,001,000	8,775,000
Accumulated Comprehensive Loss	(29,000)	(23,000)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>\$ 32,684,000</b>	<b>\$ 28,939,000</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$296,022,000</b>	<b>\$276,726,000</b>

## CONSOLIDATED STATEMENTS OF INCOME

For Six Months Ended June 30, 2008 and 2007 (Unaudited)

	2008	2007
Interest income on:		
Loans	\$8,291,000	\$8,978,000
Securities	193,000	231,000
Federal Funds Sold	268,000	453,000
Other	43,000	98,000
<b>TOTAL INTEREST INCOME</b>	<b>\$8,795,000</b>	<b>\$9,760,000</b>
Interest expense on:		
Money Market and NOW	\$1,499,000	\$1,992,000
Savings Deposits	1,000	16,000
Time Deposits	689,000	1,070,000
Other Borrowings	207,000	293,000
<b>TOTAL INTEREST EXPENSE</b>	<b>\$2,396,000</b>	<b>\$3,371,000</b>
<b>NET INTEREST INCOME</b>	<b>\$6,399,000</b>	<b>\$6,389,000</b>
Provision for Loan Losses	374,000	392,000
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>\$6,025,000</b>	<b>\$5,997,000</b>
Noninterest income:		
Service Charges and Fees	\$ 316,000	\$ 275,000
Gain on Sale of SBA Loans	4,000	17,000
Increase in Cash Surrender Value of Split-dollar Life Insurance	124,000	119,000
Other Income	170,000	127,000
<b>TOTAL NONINTEREST INCOME</b>	<b>\$ 614,000</b>	<b>\$ 538,000</b>
Noninterest expense:		
Salaries, Wages and Employee Benefits	\$2,895,000	\$2,394,000
Occupancy and Equipment	392,000	353,000
Other	1,100,000	967,000
<b>TOTAL NONINTEREST EXPENSE</b>	<b>\$4,387,000</b>	<b>\$3,714,000</b>
Income before Income Tax Expense	\$2,252,000	\$2,821,000
Income Tax Expense	797,000	1,074,000
<b>NET INCOME</b>	<b>\$1,455,000</b>	<b>\$1,747,000</b>
Per-Share Data:		
Basic Earnings Per Share	\$ 0.16	\$ 0.20
Diluted Earnings Per Share	\$ 0.16	\$ 0.18