

BANCORP BOARD OF DIRECTORS

S.K. DURAIRAJ, M.D.

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

RICKEY M. GELB

Vice Chairman of the Board, First Commerce Bank
The Gelb Group, a Family of Companies

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

SANDY GOLDMAN

The Sandy Company

GREGORY N. LIPPE, C.P.A.

Gregory N. Lippe Accountancy Corporation

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

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

RICHARD HENSLEY

Senior Vice President, Commercial Loan Officer

JAY NARAYAN

Senior Vice President, Relationship Manager

PAUL PFLUEGER

Senior Vice President, Real Estate/Commercial 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

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)

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™**

 **FIRST COMMERCE BANCORP™**

Leading the way for business



We are pleased to report the following financial highlights (unaudited):

For the six months ended June 30, 2010, First Commerce Bancorp recorded net income on a consolidated basis of \$950,000 as compared to net income of \$565,000 for the same period last year, an increase of 68%. Consolidated net income for the quarter ended June 30, 2010 was \$512,000, compared to net income of \$265,000 for the quarter ended June 30, 2009, an increase of 93%.

The following are additional financial results for the six months ended June 30, 2010:

- Assets increased to \$335,580,000 compared to \$328,854,000 for the same period last year.
- Deposits increased to \$295,803,000, compared to \$291,822,000 for the same period last year.
- Net loans decreased to \$225,179,000 compared to \$251,655,000 for the same period last year.

The increase in net income from the prior year is the result of reduced provisions to the loan loss reserve, increased recoveries, which for the first six months of the year exceeded loan loss reserve provisions, and stabilization of the loan portfolio. The reduction in the loan portfolio is the result of payoffs and a reduced demand for loans.

First Commerce Bank remains well capitalized by all regulatory standards and continues to be a Bauer Financial “5-star rated bank”, its highest rating.

We join our management and staff in appreciation of our shareholders’ and customers’ continued support and patronage during these difficult economic times. We invite you to visit us in our Encino or Brentwood facilities at any time.



John J. Feldman
President and CEO



S. K. Durairaj
Chairman of the Board

Executive Officers’ Certification

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, 2010 and 2009 (Unaudited)

Assets	2010	2009
Cash and Due from Banks	\$ 30,662,000	\$ 33,774,000
Federal Funds Sold	10,000,000	14,200,000
TOTAL CASH AND CASH EQUIVALENTS	40,662,000	47,974,000
Investment in First Commerce Bancorp Statutory Trust I	155,000	155,000
Securities Available for Sale	53,777,000	17,182,000
Federal Home Loan Bank Stock	1,466,000	1,160,000
Loans, net	225,179,000	251,655,000
Leasehold Improvements and Equipment, net	471,000	529,000
Other Real Estate Owned	1,163,000	–
Accrued Interest and Other Assets	3,532,000	988,000
Split-dollar Life Insurance	6,369,000	6,106,000
Deferred Tax Assets	2,806,000	3,106,000
TOTAL ASSETS	\$335,580,000	\$328,854,000

Liabilities and Stockholders’ Equity

LIABILITIES		
Deposits		
Noninterest-bearing Demand	\$ 90,258,000	\$ 98,379,000
Money Market and NOW	179,821,000	158,296,000
Savings	1,418,000	1,119,000
Time Deposits under \$100,000	4,157,000	5,121,000
Time Deposits \$100,000 and over	20,149,000	28,907,000
TOTAL DEPOSITS	295,803,000	291,822,000
Junior Subordinated Debentures	5,155,000	5,155,000
Accrued Interest and Other Liabilities	1,676,000	822,000
TOTAL LIABILITIES	\$302,634,000	\$297,800,000

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 9,336,739 in 2010 and 9,145,739 in 2009	\$ 20,793,000	\$ 20,547,000
Additional Paid-in Capital	729,000	590,000
Retained Earnings	11,103,000	9,870,000
Accumulated Comprehensive Income	321,000	46,000
TOTAL STOCKHOLDERS’ EQUITY	\$ 32,946,000	\$ 31,053,000
TOTAL LIABILITIES AND STOCKHOLDERS’ EQUITY	\$335,580,000	\$328,854,000

CONSOLIDATED STATEMENTS OF INCOME

For Six Months Ended June 30, 2010 and 2009 (Unaudited)

	2010	2009
Interest income on:		
Loans	\$6,758,000	\$7,179,000
Securities	512,000	176,000
Federal Funds Sold	9,000	20,000
Other	35,000	87,000
TOTAL INTEREST INCOME	\$7,314,000	\$7,462,000
Interest expense on:		
Money Market and NOW	\$ 948,000	\$1,134,000
Savings Deposits	1,000	1,000
Time Deposits	210,000	276,000
Other Borrowings	83,000	118,000
TOTAL INTEREST EXPENSE	\$1,242,000	\$1,529,000
NET INTEREST INCOME	\$6,072,000	\$5,933,000
Provision for Loan Losses	10,000	1,055,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	\$6,062,000	\$4,878,000
Noninterest income:		
Service Charges and Fees	\$ 318,000	\$ 392,000
Gain on Sale of Securities	\$ 13,000	\$ –
Gain on Sale of Fixed Assets	\$ 1,000	\$ –
Increase in Cash Surrender Value of Split-dollar Life Insurance	131,000	130,000
Other Income	131,000	99,000
TOTAL NONINTEREST INCOME	\$ 594,000	\$ 621,000
Noninterest expense:		
Salaries, Wages and Employee Benefits	\$2,906,000	\$2,788,000
Occupancy and Equipment	455,000	411,000
Other	1,727,000	1,388,000
TOTAL NONINTEREST EXPENSE	\$5,088,000	\$4,587,000
Income before Income Tax Expense	\$1,568,000	\$ 912,000
Income Tax Expense	618,000	347,000
NET INCOME	\$ 950,000	\$ 565,000
Per-Share Data:		
Basic Earnings Per Share	\$ 0.10	\$ 0.06
Diluted Earnings Per Share	\$ 0.10	\$ 0.06