



# First Choice Bank™

*First in Speed | Service | Solutions*

## Dear Valued Shareholders, Customers and Staff:

We are pleased to report the Bank has continued its strong earnings and credit quality performance in the second quarter of 2014. The Bank was able to significantly grow the loan portfolio and improve the core deposit mix in the quarter. Capital ratios remained strong. Tier 1 risk-based capital and total risk-based ratios at 9.7% and 11.0% compared favorably to the well-capitalized requirements of 6% and 10%, respectively.

### **Financial Results in the Second Quarter of 2014**

During the second quarter, the Bank reported strong earnings of \$1.06 million, and a total of \$2.06 million for the first half of the year. This represented a 105% increase in net income for the first half of the year compared to last year. The Bank continued its strong growth in assets, loans and deposits and retained superior credit quality. At the quarter end, total assets were \$527.58 million, a 19.9% increase over December 31, 2013, and a 45.5% increase over \$362.71 million at June 30, 2013, while total deposits were \$446.90 million, a 17.7% increase over December 31, 2013, and a 40.2% increase over \$318.88 million at June 30, 2013. In addition, as of June 30, 2014, total loans were \$424.67 million, a 21.8% increase over December 31, 2013, and a 76.1% increase over \$241.31 million at June 30, 2013, while total capital was \$44.80 million, a 37.9% increase over December 31, 2013, and a 40.1% increase over \$31.99 million at June 30, 2013.

The Bank provided \$0.45 million to the Allowance for Loan and Lease Losses (the "ALLL") in the second quarter and \$1.16 million year to date. At the quarter end, the ALLL stood at \$6.91 million, or 1.62% of total loans. When combined with the amount of the discount on certain loans purchased at a discount in 2012, the ALLL and that discount amounted to 1.71% of the Bank's total loans.

The Bank's investment securities portfolio decreased by \$12.0 million from December 31, 2013, to \$43.97 million. Cash and due from banks stood at \$54.98 million, so that total liquidity remained significant. Loan demand in the quarter was robust, and management believes that loan growth should continue to increase throughout the remainder of the year.

Income for the quarter was generated from Net Interest Income of \$4.40 million, combined with Non-Interest Income of \$0.93 million. Gain on the sale of loans, primarily the guaranteed portions of SBA loans, accounted for \$0.68 million of the Non-Interest Income. Non-Interest Expense in the quarter was \$3.14 million. The Net Interest Margin for the year-to-date period stood at 3.66%. The efficiency ratio for the quarter was 58.8% and for the year to date was 55.7%.

We have had an exciting quarter with significant loan growth. Plus, we opened a Loan Production Office in Temecula, CA, where we have centered much of our SBA lending administration. In the third quarter, we will be opening another Loan Production Office in San Diego. We believe that our product offerings in CRE, C&I and Private Banking should be well-received in San Diego.

Our two featured employees this month are Gary Youmans, the head of our SBA Department, and Jason Peña, VP of Inland Empire Markets in the Temecula office.

### **Charity Golf Tournament – On Track for October 9, 2014**

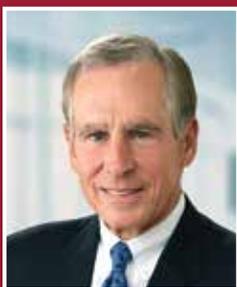
The 4th annual First Choice Bank Charity Golf Tournament will be held at Black Gold Golf Club and will benefit 18 charities. In addition, one "Citizen of the Year" award will be given at the tournament. Details on the event are included here in this newsletter. For additional information, please contact Kathryn Leu at (562) 345-9247.

Respectfully,  
Peter Hui  
*Chairman of the Board*

Robert M. Franko  
*President/Chief Executive Officer*



Peter Hui  
*Chairman*



Robert M. Franko  
*President/CEO*

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### Gary Youmans

Gary Youmans began his banking career in 1969 with Bank of America working in the central vault running a machine that counted and rolled the coins. After graduating from San Diego State, B of A placed him on a training program and from there his

banking future had begun. Gary spent the next 30 years working with two community banks that included senior positions as well as 13 years as a Board member. During this period he also graduated from the Pacific Coast Bankers School in Seattle. After selling the second bank, he took some time off before seeing where the market was in the banking world and his future.

He began working for First Choice Bank in January 2013 managing the SBA Department. In his prior community banking experience he had created two nationally ranked SBA departments and is using his experience to create his third. He plans to get there by building a team of experienced professionals. Along his way he has been recognized by SBA as the SBA's National Financial Advocate of the Year, helped to establish the SBA trade association (NAGGL) in 1983 and sits on the board of the largest CDC in the nation.

Gary has lived in Temecula since 1990 with his wife, Carol, to whom he has been married for over 36 years. He has a daughter, Samantha, and a son, Tim, as well as three grandchildren: Jameson, Chase and Mason. He and Carol love to travel and play golf but time with family is number one on the list.



### Jason Peña

Jason Peña comes to us from California Bank & Trust where he held the position of Vice President, Senior Commercial Loan Officer. Jason worked at CB&T for a period of 11 years. During this time he was responsible for maintaining existing

and developing new business relationships in addition to overseeing the loan portfolio, credit analysts and loan processing staff. His primary function was commercial real estate financing to include construction, owner-occupied and income properties as well as SBA 7a / 504 financing, lines of credit and equipment financing.

Prior to working at CB&T, Jason worked for Pacific Western Bank (then Community National Bank) for seven years—his most recent position being AVP/Commercial & Construction Loan Officer. While at CNB he had the opportunity to work under Gary Youmans in their SBA Department as both a loan processor and an underwriter, manage the bank's Consumer Loan Department and, lastly, work as a commercial lender.

Jason's banking career began at North County Bank, where he put in his first five years. During this time, he got his feet wet as a teller and quickly learned that was not his specialty. He promptly moved on to the Note Department where he performed all of the back shop functions of consumer, commercial, construction and SBA lending. Before leaving NCB, he worked in their SBA Department as a loan processor.

Jason and his wife, Tami, have lived in the Temecula Valley since 1993 when they got married and moved from North San Diego County. They have three children, Mariah age 13, Elijah age 11 and Ezra age 1. In addition to being a very busy mom, Tami oversees the Children's Ministry at their church on a full-time basis. The family enjoys going to Disneyland, the beach and for walks.



# Financial Highlights

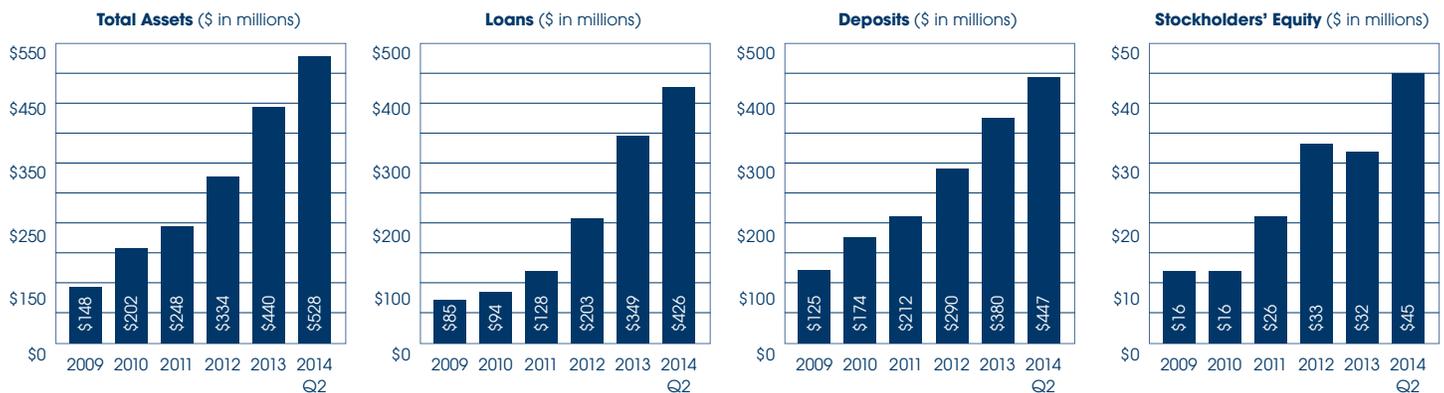
## Performance Highlights of the Bank

Actuals	2009	2010	2011	2012	2013	2014 Q2
TOTAL ASSETS (\$ in millions)	\$148	\$202	\$248	\$334	\$440	\$528
GROSS LOANS (\$ in millions)	\$85	\$94	\$128	\$203	\$349	\$426
TOTAL DEPOSITS (\$ in millions)	\$125	\$174	\$212	\$290	\$380	\$447
STOCKHOLDERS' EQUITY (\$ in millions)	\$16	\$16	\$26	\$33	\$32	\$45

% Growth	2009	2010	2011	2012	2013	Q2 YTD
TOTAL ASSETS (\$ in millions)	66%	37%	23%	35%	32%	20%
GROSS LOANS (\$ in millions)	20%	10%	37%	58%	72%	22%
TOTAL DEPOSITS (\$ in millions)	79%	39%	22%	36%	31%	18%
STOCKHOLDERS' EQUITY (\$ in millions)	33%	5%	57%	29%	-2%	39%

## Strong Growth



## 4th Annual First Choice Bank Golf Tournament

This year, our 2014 tournament will benefit the following 18 non-profit organizations located in Southern California:

1. ABC Unified School District Education Foundation
2. After School All Stars, LA
3. American Family Housing
4. Boys and Girls Club, Cerritos/Long Beach
5. Breast Cancer Angels
6. Caring Connections
7. DaVinci School – Passport to the Real World
8. Food Finders
9. Harvest Haven Community Service Center
10. Herald Community Center, Rowland Heights
11. Jenesse Center Inc.
12. Journey House Youth
13. KidsKonnected.org, Anaheim
14. Long Beach Rescue Mission – Lydia House
15. The Long Beach Ronald McDonald House
16. Operation Help a Hero
17. UCLA UniCamp
18. Union Station Homeless Services, San Gabriel

In addition, we will have a very special “Citizen of the Year” award to recognize an inspiring individual who has been living beyond himself—a model citizen who reaches out to the needy and shares his blessings. We will announce the award winner at our dinner reception.

We hope you will join us for a fun-filled day of golf and the opportunity to raise money for our charitable partners. We look forward to seeing you!

Please contact Kathryn Leu at (562) 345-9247 for more details.

## Branch Locations

### Headquarters/Cerritos Branch

17414 Carmenita Road  
Cerritos, CA 90703

Phone: (562) 345-9092  
Toll Free: (877) 256-9809  
Fax: (562) 926-8737

Monday - Thursday 9:00am to 4:00pm  
Friday 9:00am to 6:00pm  
Saturday 10:00am to 1:00pm

### Alhambra Branch

407 W. Valley Boulevard, Suite 1  
Alhambra, CA 91803

Phone: (626) 300-8987  
Fax: (626) 300-8507

Monday - Thursday 9:00am to 5:00pm  
Friday 9:00am to 6:00pm  
Saturday 10:00am to 1:00pm

### Rowland Heights Branch

17458 E. Colima Road  
Rowland Heights, CA 91748

Phone: (626) 964-3400  
Fax: (626) 964-8750

Monday - Thursday 9:00am to 5:00pm  
Friday 9:00am to 6:00pm  
Saturday 10:00am to 1:00pm

### Anaheim Branch

2401 E. Katella Avenue, Suite 125  
Anaheim, CA 92806

Phone: (714) 634-5119  
Fax: (714) 456-9813

Monday - Thursday 9:00am to 5:00pm  
Friday 9:00am to 6:00pm

### Manhattan Beach

Private Banking Office  
1500 Rosecrans Avenue, Suite 500  
Manhattan Beach, CA 90266

By Appointment Only  
Contact Nicole Swain  
Phone: (310) 696-6669

### Temecula

41530 Enterprise Circle S., Suite #202  
Temecula, CA 92590

### Solana Beach

265 Santa Helena, Suite #205  
Solana Beach, CA 92075

By Appointment Only  
Jonathan Harvey  
Phone: (858) 519-1068



[www.FirstChoiceBankCA.com](http://www.FirstChoiceBankCA.com)



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