



# First Choice Bank™

*First in Speed | Service | Solutions*

## Dear Valued Shareholders, Customers and Staff:

The second quarter of 2015 was a very busy time for First Choice Bank.

We are pleased to report that the Bank had continued strong earnings in the second quarter, combined with further steady growth. As of the end of the second quarter of 2015, the Bank had earned \$2.1 million for the first six months of the year, or \$0.37 per basic share. Since the end of last year, Total Assets of the Bank have grown by 14.6% to \$717.7 million, with Gross Loans growing by 18.1% to \$604.7 million, and Total Deposits growing by 14.7% to \$614.6 million. Additional performance details are highlighted on the following pages.

We had an opportunity to meet with quite a few of our shareholders at the Annual Meeting on June 4. It was great to see so many of the Bank's supporters. This year's turnout was a record at over 70 attendees. While it is an important meeting for administrative purposes, we also had a great party. Please plan to join us next year, especially if you weren't there this year. We've included photos from the celebration in this quarter's newsletter.

There were also a number of other events taking place on the shareholder front in the second quarter. In June, the Bank sold 1,935,485 shares of common stock to new shareholders at \$15.50 per share. The sale was a joint effort of the Board and Management, plus investment bankers Hovde Group and FIG Partners. The Bank successfully raised \$30 million (before expenses) of new Capital. This additional Capital allows the Bank to support our strong organic growth. As part of the sale of new shares, the Bank welcomed a number of institutional investors to our family of shareholders. We also listed the Bank's common stock on the OTCQX market (visit [www.otcmarts.com/stock/FCBK/quote](http://www.otcmarts.com/stock/FCBK/quote)). This is a more robust trading platform, where buyers and sellers can see the Level 2 Quote Montage.

This quarter, we are featuring a timely article on the details of the new Minimum Wage Law in Los Angeles. This article by Paul S. Fleck, a partner with the law firm of Atkinson, Andelson, Loya, Ruud & Romo, details what to expect as Los Angeles moves toward a minimum wage of \$15.00 per hour by the year 2020. We think this will be valuable information to many of our clients who do business in Los Angeles. This is probably a precursor of what to expect all over Southern California in the next few years.

It is hard to believe that a year has passed since our last Annual Charity Golf Tournament. Details on this year's tournament are included inside. We hope to see many of the faces from past tournaments again, as well as some new participants and sponsors. It should be an enjoyable day for all involved.

As we always say, thank you. We appreciate your trust and continued business and look forward to a long and prosperous relationship with each one of you.

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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## Los Angeles Minimum Wage Increase

By Paul S. Fleck, Esq., Private Labor and Employment Practice Chair

Atkinson, Andelson, Loya, Ruud & Romo

The City of Los Angeles approved a measure incrementally increasing Los Angeles' minimum wage to \$15.00 per hour by 2020. Los Angeles joins San Francisco, Berkeley, Oakland, Richmond and San Jose as California cities enacting minimum wage hikes. Once Mayor Eric Garcetti signs the measure, which he indicates he will do, Los Angeles will be the largest city in the United States with a plan to increase its minimum wage to \$15.00, surpassing San Francisco and Seattle.

Starting July 2016, the minimum wage in the City of Los Angeles will be \$10.50, with increases to \$12.00, \$13.25, \$14.25 and \$15.00 to follow annually each July. After the wage reaches \$15.00 in 2020, increases in the minimum wage will be tied to the Consumer Price Index. Employers with 25 or fewer employees and non-profit businesses will receive a one-year delay to comply with each of the increases.

Not to be outdone, the Los Angeles County Board of Supervisors voted to instruct County attorneys to draft a law incrementally raising the County's minimum wage to \$15.00 per hour by 2020 also. The details of the County's proposed law are not yet known, and the Board of Supervisors will not vote on the wage increase until later this year. However, the County's resolution indicates the minimum wage hike will mimic the Los Angeles City minimum wage increase enacted last month. Specifically, starting July 2016, the minimum wage will be set at \$10.50, with increases to \$12.00, \$13.25, \$14.25 and \$15.00 to follow annually in July. The County

minimum wage will then increase annually based on inflation. It is also expected, as with the Los Angeles City ordinance, that employers with 25 or fewer employees and non-profit organizations will have an additional one-year delay to comply with each of the increases.

While more than 10 million people reside in Los Angeles County, the minimum wage law will affect only those individuals working in unincorporated areas of the County. The County of Los Angeles website provides a list of communities located in the unincorporated areas. While both the City and County of Los Angeles intend to adopt minimum wage hikes, many other cities within the County have either declined to do so or are taking a wait-and-see approach. As a result, the minimum wage for employees working in the County may vary from city to city.

In the coming months, employers who have employees working in multiple areas of the County must take precaution to navigate the varied minimum wage areas and ensure their employees are paid the appropriate minimum wage.

Employers in the City of Los Angeles and in unincorporated areas of the County and surrounding areas should stay tuned, as more details are expected to emerge. Nonetheless, employers must remember the State minimum wage currently stands at \$9.00 per hour and is set to increase to \$10.00 per hour on January 31, 2016.

## Financial Highlights

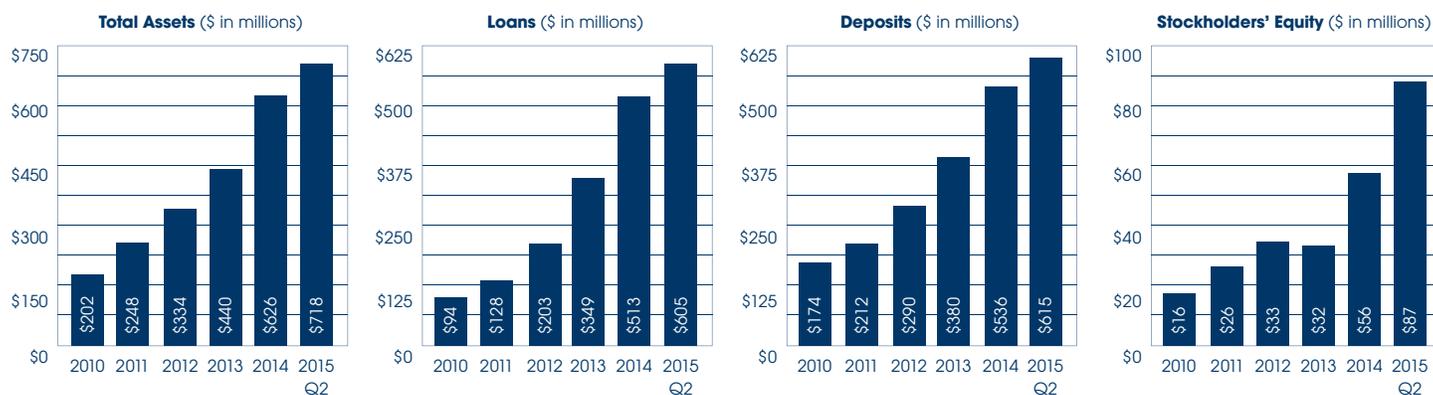
### Performance Highlights of the Bank

	2012	2013	2014	Q2 2015
Net Income (\$ in Millions)	\$2.6	\$2.7	\$4.1	\$2.1
Return on Average Assets (%)	0.9%	0.7%	0.8%	0.6%
Return on Average Equity (%)	9.3%	8.0%	9.0%	6.3%
Efficiency Ratio (%)	52.7%	59.9%	57.8%	64.9%
Non-Current Loans + Other Real Estate Owned to Loans + Other Real Estate Owned (%)	1.2%	0.3%	0.0%	0.1%

Actuals	2010	2011	2012	2013	2014	Q2 2015
TOTAL ASSETS (\$ in millions)	\$202	\$248	\$334	\$440	\$626	\$718
GROSS LOANS (\$ in millions)	\$94	\$128	\$203	\$349	\$513	\$605
TOTAL DEPOSITS (\$ in millions)	\$174	\$212	\$290	\$380	\$536	\$615
STOCKHOLDERS' EQUITY (\$ in millions)	\$16	\$26	\$33	\$32	\$56	\$87

% Growth	2010	2011	2012	2013	2014	Q2 2015
TOTAL ASSETS (%)	37%	23%	35%	32%	42%	15%
GROSS LOANS (%)	10%	37%	58%	72%	47%	18%
TOTAL DEPOSITS (%)	39%	22%	36%	31%	41%	15%
STOCKHOLDERS' EQUITY (%)	5%	57%	29%	-2%	72%	55%

## Strong Growth



## First Choice in California Raises \$30M in Stock Offering

Published by American Banker®, July 2, 2015 | Written by Colin Wilhelm

First Choice Bank, in Cerritos, Calif., has raised \$30 million from a secondary stock offering.

The \$680 million-asset bank offered common stock at \$15.50 per share in a public offering, which was completed on July 1. First Choice plans to use the proceeds for growth and expansion.

First Choice sold the stock to existing shareholders and to new institutional investors, Chairman Peter Hui said in a news release. The purchasers also included local community investors, according to Hovde Group, which was lead placement agent on the offering.

The law firm of Loren P. Hansen was legal counsel on the offering.

# Branch Locations

## Headquarters

17785 Center Court Drive, Suite #750  
Cerritos, CA 90703  
Phone: (562) 345-9092  
Toll Free: (877) 256-9809  
Fax: (562) 926-8640  
By Appointment Only

## Cerritos Branch

12845 Towne Center Drive  
Cerritos, CA 90703  
Phone: (562) 356-9632  
Fax: (562) 381-7111  
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  
2321 Rosecrans Avenue, Suite #3275  
Manhattan Beach, CA 90266  
By Appointment Only  
Contact Nicole Swain  
Phone: (310) 696-6669

## Temecula

41530 Enterprise Circle S., Suite #202  
Temecula, CA 92590  
Phone: (844) 315-7855

## 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)



# First Choice Bank

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## 5th Annual First Choice Bank Golf Tournament

This year, our tournament will be held on Thursday, October 22, 2015, at the Industry Hills Golf Club at Pacific Palms Resort. It will again benefit several non-profit organizations located in Southern California.

In addition, we are excited to present this year's "Citizen of the Year" award, recognizing an inspiring individual who has been living beyond himself, reaching out to the needy and sharing his blessings. This year's award winner will be announced 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.

