



LETTER

from the
Chairman
and President

Dear Valued Shareholders, Customers and Staff:

"I invest in people. I think: people first, projects second." – Bruno Zheng Wu, Entrepreneur

At First Choice Bank, people are our priority. Our clients, shareholders, employees and community are the reason we get up each morning and also the key to our success. After the Bank opened in 2005, there were 16 employees and total assets of \$29 million. Now, 12 years later, we have over 100 employees, and assets have grown to around \$900 million. We have made great strides in supporting and improving the communities that we serve, and we have created substantial shareholder value for our investors. That level of achievement can only be accomplished through the tireless efforts of people.

The Bank's motto is "First in Speed, Service and Solutions." Our employees and Board of Directors take this to heart in everything we do, using our core values as a guide:

Integrity: do the right thing because it's the right thing to do

Partnership: our employees, clients, shareholders and community – we're all in this together

Strong Work Ethic: work hard to keep the Bank functioning at peak performance

Deliver on our Promises: be true to our word

Exceed Expectations: create enhanced value for the people we serve

Last year brought the highest annual earnings in the Bank's history. As we finish out 2017, we remain committed to our people – our clients, shareholders, employees and community – in providing even greater value in all that we do. We look forward to continued success together and thank each and every one of you for your ongoing trust and support.

Respectfully,



Peter Hui
Chairman



Robert M. Franko
President/CEO

BOARD OF DIRECTORS



Peter Hui
Chairman



Phillip Thong
Vice Chairman



Robert M. Franko
Director
President/CEO



Roshan Bhakta



James Gray



Pravin Pranav



Homer Chan



Fred Jensen



Uka Solanki

EXECUTIVE MANAGEMENT



Robert M. Franko
Director
President/CEO



Yvonne Chen
EVP/Chief Financial
Officer



Yolanda S. Su
EVP/Chief Operations
Administrator



Gene May
EVP/Chief Credit Officer

COMMUNITY SERVICE



Volunteer hours:
673 hours



Donations: \$76,383



CRA investments:
\$4.4 million



**Community Development
Loans: \$30.2 million**

2016 AT A GLANCE

NEW PRODUCTS



Greater Security for Debit Cards: SecurLOCK™ Equip gives cardholders the ability to control how, when and where their debit cards are used. The card can be turned off in cases of loss or potential fraud, and transaction and geographic location limits can be set.

Enhanced Services for Business Accounts: We offer Remote Deposit Capture, Cash Management, Courier Service and more to allow you to bank when and where it suits you best.



AWARDS



**Innovation in Financial
Education Award:**
Presented by Nasdaq
and EverFi



Five-Star Superior Rating
by Bauer Financial
(five consecutive years)



#4 SBA Lender (by dollar volume):
OC Business Journal as of Q1 2017
#13 SBA Lender (by number of loans):
OC Business Journal as of Q1 2017



**Premier Performing
Bank Rating:**
Findley Reports

OUR NEW CARLSBAD BRANCH



Palomar Heights Corporate Center: 5857 Owens Avenue, Suite 104, Carlsbad, CA 92008

First Choice Bank is excited to be opening a new Carlsbad branch in August 2017! With over 100 years of combined financial service experience in the local community, the new team, led by John Harelson, is looking forward to providing Carlsbad and the surrounding areas with all of the necessary banking solutions local businesses and individuals need to achieve even greater success.

“We are dedicated to serving the banking needs of our communities and are thrilled to have a new office in Carlsbad,” said Harelson. “Our commitment to our communities makes us a valuable resource for local businesses and individuals alike.”

Along with having banking options traditionally found with larger financial institutions, First Choice Bank maintains a “small bank” feel with unprecedented levels of efficiency in transactions, accessibility to banking professionals and tailored solutions for each client’s unique situation. The Bank’s motto – First in Speed, Service and Solutions – is truly how the Bank operates and what sets it apart from other financial institutions.

Pictured: John Harelson, Gary Youmans, Gene May

The next time you’re in the Carlsbad area, please stop by to say hi and see the new space. We are here to help!

Contact John Harelson at (619) 227-2939 or visit www.FirstChoiceBankCA.com.



CHARITY SPOTLIGHT

FCB Scholarship Program

Identifying scholastically talented youth and bringing them to the attention of their peers is one of the goals of the First Choice Bank Scholarship Program. In partnership with Alhambra Unified School District and ABC Unified School District, First Choice Bank was able to provide scholarships to graduating high school students who are economically disadvantaged and demonstrated academic excellence. This year, ten outstanding students were honored and received a total of \$10,000 in scholarship funds. FCB believes that the most impactful way to give back to our community is to inspire our next generation to thrive in their education.



Sixth Annual Charity Golf Tournament

First Choice Bank had a record high donation amount from its Sixth Annual Charity Golf Tournament at the Industry Hills Golf Club on October 27, 2016. The Bank's total donation amount of \$45,600 was matched by the Much is Given Foundation. Thanks to the Foundation's generosity, the 2016 contribution to the 18 selected organizations totaled \$91,200.

The Bank presented the Citizen of the Year award to Liferay, Inc. for its ongoing commitment to helping others. Liferay, Inc. offers an Employee Volunteer Program (EVP) that grants each of their employees 40 hours per year to serve with non-profit organizations of their choice. Through their EVP program, over 190 non-profit organizations have been served, and over 13,500 hours have been completed. Their community outreach program inspires all of us to continue working to support our community.

Holiday Donations



In December 2016, First Choice Bank partnered with the Marine Toys for Tots Program to collect and distribute toys for the holiday season to less fortunate children in our community. We're proud to say that three huge boxes of toys were donated by Bank employees and directors in support of the program! As well, for the first time, the Bank participated in the Sponsor Family Holiday Drive organized by Aviva Family & Children's Services, a non-profit organization serving Los Angeles children and families in crisis. With the help of Bank employees and directors, we were able to sponsor ten local families struggling not only with holiday gifts, but also with basic necessities and making ends meet. We are grateful for the support provided by the FCB team to area families in need and are thankful to have had the opportunity to make such an impact on the lives of others.



EMPLOYEE SPOTLIGHT



Loan Servicing Unit:
Jennifer Yang, MJ
Himmelstein, Claudia
Suro, Daphne Chu
and Elisa Vega. Loan
Processing Unit: Harry
Micolta, Alicia Madrigal
and Tamika Carr-Gaines.

During the very busy fourth quarter of 2016, both units went above and beyond normal job performance due to an extensive mortgage loan portfolio purchase from another institution, and the transfer and boarding of an additional existing 93 mortgage loans into the Bank's new core system; basically, production nearly doubled during this time period! The teams handled it with their usual commitment to excellence and dedication to the department and the Bank.

Business Development – Ben Buskey

Since joining the Bank, Ben Buskey has been dedicated to ensuring his clients have what they need to be successful. He works hard to find distinctive and complete banking solutions for all of his customers. He takes the Bank's motto of *First in Speed, Service and Solutions* to heart as he did when recently working with a potential client encountering rapid growth but with a financial partner that was not able to support that growth. Ben invited the company to meet with FCB management regarding moving their banking relationship over. The firm quickly realized that the Bank was exceedingly focused on customer relationships and helping clients grow their businesses and would be an excellent match. After a short underwriting period, FCB was able to get the client just the right financing for their needs due in no small part to Ben's dedication and creativity.



Operations: Kassandra Castellanos

After the Bank completed its core conversion, Kassandra Castellanos (KC) was asked by Management to learn a new account document procedure. Instead of just learning the procedure, KC also created electronic file folders for the documentation, scanned all necessary paper account documents, tested and subsequently created a product procedures manual, and then asked if she could spearhead other branch employee training for it. KC demonstrated incredible leadership with her actions, which had a very positive impact on her immediate coworkers and Bank-wide.

Business Development: Nelson Chan

Nelson Chan worked feverishly to underwrite and close a very complicated and complex SBA 504 loan, the largest in the Bank's history, as well as for the SBA in the Orange County area. The transaction included two participant banks, the SBA, a CDC and an interim lender, and had budget and loan structure changes several times over a six-week period. There were many moving parts in the deal, requiring Nelson to revise the loan documents on numerous occasions while making sure that all parties involved were on the same page. He capably handled all of this and maintained a great attitude throughout, despite facing many obstacles and demands, and was able to bring the loan to a successful close. His dedication to getting the deal done and done properly was indispensable.



EMPLOYEE SPOTLIGHT

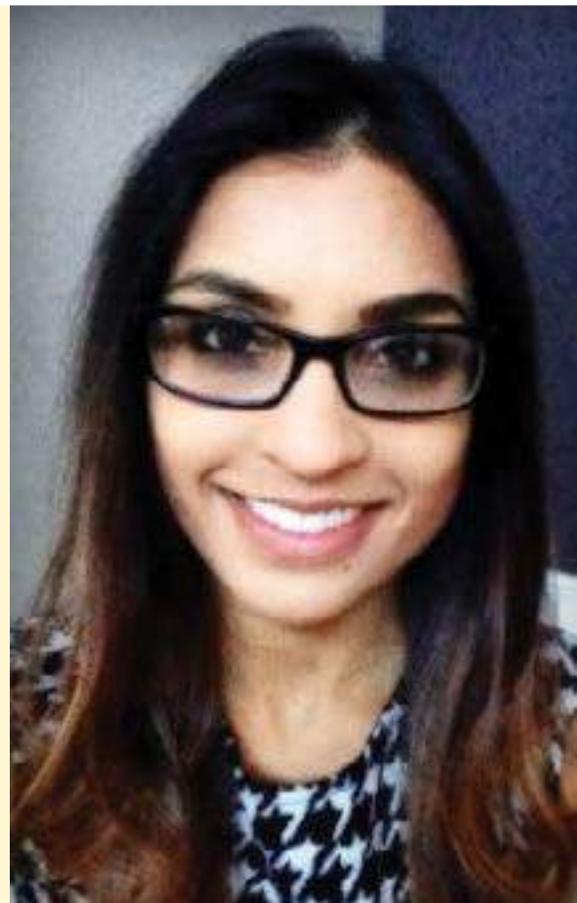


BSA Department: Jane Fang

Jane Fang recognized that the Bank's existing Anti-Money Laundering software would soon be outpaced by increasing regulatory guidelines and needed to be upgraded to continue working for the Bank's monitoring needs. Because of Jane's diligence in researching the best alternative and working to get the new software implemented in a short period of time, the Bank was able to pass a recent AML Validation audit with flying colors. Her work ethic is an inspiration to the entire department.

Project Management: Sejal Hira

After learning the Bank's new loan portfolio stress testing software would not be sufficient by itself for what was needed, Sejal Hira worked very hard to create new stress testing spreadsheets that could be used immediately. She also worked closely with another vendor to provide an additional solution for the Bank that encompassed not only the required stress testing, but also upcoming regulatory requirements for CECL and model validation. Sejal's efforts have helped to ensure that the Bank has workable and presentable stress tests for both internal and regulatory purposes. Her perseverance is a great example to others.





CRA Department: Nora Perez

Nora Perez oversees Community Development services (CRA events, lending, donations and investments) for the Bank. In this role, she has spent countless hours organizing CRA activities and recruiting employees for event participation. In 2016, the Bank had an annual goal of 350 CRA volunteer hours, but with Nora's hard work, we completed 675 hours, almost double our original goal and comparable to much larger financial institutions in southern California. Nora has worked very hard to promote the Bank's CRA program both internally and externally, partnering the Bank with well-known local events such as the FDIC's Alliance for Economic Inclusion and Los Angeles Saves by local banks and nonprofits. Her dedication is key to the Bank remaining on track with CRA requirements.

Business Development: Nicole Swain

Nicole Swain serves as Chief Banking Officer for FCB and oversees all business development opportunities for Commercial and Private Banking, but she is also the Bank's top producer of new business, with a keen insight on figuring out her clients' needs. One such client is dbest products, Inc., which Nicole discovered when watching an episode of Shark Tank®. Upon discovering the showcased entrepreneur lived in the same city as she did, she reached out to him on various social media platforms. He responded, and they realized they had some mutual friends, one of which was a long-time client of both Nicole and the Bank. The friend confirmed that First Choice Bank was a terrific financial partner, and the rest, as they say, is history!



Finance Department: Joann Yeung

Joann Yeung was instrumental in changing the Bank's manual General Ledger monthly certification methods to an automated process. She demonstrated initiative and enthusiasm towards implementing the new automated program, working diligently with the implementation team, consultants and coworkers to finalize the GL account reconciliation processes and procedures. There were several complicated technical issues Joann had to deal with during the transfer process to ensure the certification program was up and running before the Bank's deadline. Her positive attitude, commitment and accountability were the keys to the successful implementation of the new certification platform.

FCB EMPLOYEES

Administration

Yvonne Chen
Debbie Franco
Robert Franko
Gene May
Yolanda Su

Alhambra Branch

Kitty Chung
Ka Ling Heung
Julia Tran

Anaheim Branch

Vandana Gavandi
Julie Lin
Francesca Rivera

C&I Lending Department

Bob Garcia
Maggie Hender
Paula Hernandez
Natividad Maneja
Joann Monserrat

Cerritos Branch

Kassandra Castellanos
Sameena Khan
Kevin Khuu
Angel Leung

Commercial Lending

Marc Amescua
Nelson Chan
Serena Feng
Vanessa Gomez
Zachary Koenig
Lorraine Lee
Hyun Park
Rajeev Rangaraj
Vincent Wong

Credit Administration

Jimmy Choi
Cheryl Harrison
Sean Johnson
Michael Martin
Sandra Morales
Phyllis Sison

Finance

Stephanie Chang
Anthony Cheung
Nicole Flanagan
Anthony Molina
Jing Mu
Joann Yeung

Human Resources

Brooke Crockett
Pamela Montoya

Information Technology

Justin Buerano
Michael Kwon
Jay Patel

Loan Servicing

Tamika Carr-Gaines
Daphne Chu
MJ Himmelstein
Alicia Madrigal
Harry Micolta
Uschi Sherrard
Claudia Suro
Elisa Vega
Jennifer Yang

Private Banking

Benjamin Buskey
Melissa Dowler
John Harelson
Kathryn Leu
Rafael Musikul
Shane Quezada
Nicole Swain

Operations Administration

Jose Bravo
Judith Choi
Janice Craton
Lynn Flanagan
Due Jung
Kim Nguyen
Dawn Sasaki
Kevin Traves

Risk & Compliance

Nikhil Bansal
Jacky Do
Jane Fang
Sejal Hira
Helen Lau
Ashley Matyuch
Linda Willis
Jae Park
Basir Patel
Nora Perez
Yvonne Soto
Kwan Wong
Grace Yang

Rowland Heights Branch

Sheau-Wen Chi
Fanny Wang
James Yu

SBA

Neriza Bolor
Lori Brown Watson
Floyd Carlton
Angel Chang
Ryan Egan
Gayle Garcia
Dayna Herron
Cheryl Johnson
Davone Kumsang
Janice LaRue
Kate McCloskey
Susan Montano
Ryan Moore
Tiffany Natividad
Jason Peña
Gloria Rozmajzl
Antoinette Sanchez
Thomas Vasquez
Martin Wong
Gary Youmans



CLIENT SPOTLIGHT

dbest products®



dbest products, Inc.

Richard Elden, recently featured on the television show Shark Tank, has been an innovator in the collapsible cart business for 15 years and produces dozens of different carts – even coolers on wheels. Through his company, dbest products, Inc., Elden is revolutionizing the storage world, creating new products that fulfill customers' needs and make life easier. dbest partnered with First Choice Bank because of the team's accessibility, operational efficiency and true dedication to its clients.

KNA Design

Every KNA concept evolves from a close collaboration between the KNA team and their clients – a process based on the company having a firm understanding of both the clients' objectives and their unparalleled position within the hospitality industry. With 25 years' experience across many of the world's most distinctive properties, KNA exhibits a discerning balance of expertise and ability to execute, resulting in original, timeless work that is as functional as it is extraordinary. Knowing that First Choice Bank has a similar collaborative process with its clients (finding just the right solution for each customer every time) is the reason why KNA Design continues to choose FCB for all of its banking needs.



DYE Precision

DYE Precision (DYE) is a sports technology firm specializing in the paintball and snow industries. Dave Dehaan started the company by producing barrels for paintball markers, using his garage as a workshop. From these humble beginnings, DYE went on to become one of the industry's largest paintball manufacturers, offering an extensive range of paintball markers, loaders, team jerseys and casual clothing, protective gear, goggles and luggage. DYE's alignment with First Choice Bank fits perfectly as both are focused on unyielding quality and making unique experiences possible.



UltraServ Automated Services

UltraServ Automated Services is based in Southern California and operates vending machines, micro markets, coffee, juice, tea, guest laundry, ATM services and promotional products customized for its customers. The locally-owned business was established in 2003 but has over 100 years of combined industry experience, working closely with its customers – over 450 hotels, offices and schools – to provide prompt service and superior equipment. As a preferred SBA lender, First Choice Bank is who UltraServ trusts to handle its financing needs.



CAMAR Aircraft Parts Co.

CAMAR Aircraft Parts Co. is a premier provider of first generation aftermarket military aircraft parts and export support services. Headquartered in Southern California, with a 25,000 sq. ft. state-of-the-art warehouse, manufacturing, shipping and receiving facility, as well as additional centrally-located warehouses, CAMAR delivers fast and accurate turnaround to its clients. The company's quick response times, competitive pricing and timely delivery all allow for its customers' success – the same high-quality service and dedication to clients found with First Choice Bank.

CaseAdvance

Based in California, CaseAdvance is a funding group committed to helping the injured nationwide through pre-settlement lawsuit funding. The company collaborates seamlessly with its clients' personal injury attorneys and delivers cash-flow assistance for clients as they cope with the losses and expenses associated with injuries. Working with First Choice Bank allows CaseAdvance to provide its clients with fast, efficient and cost-effective help when they need it most.



FINANCIAL PROGRESS

STOCK PRICE (FCBK.OTC)

Percentage of Increase over the last twelve months:*

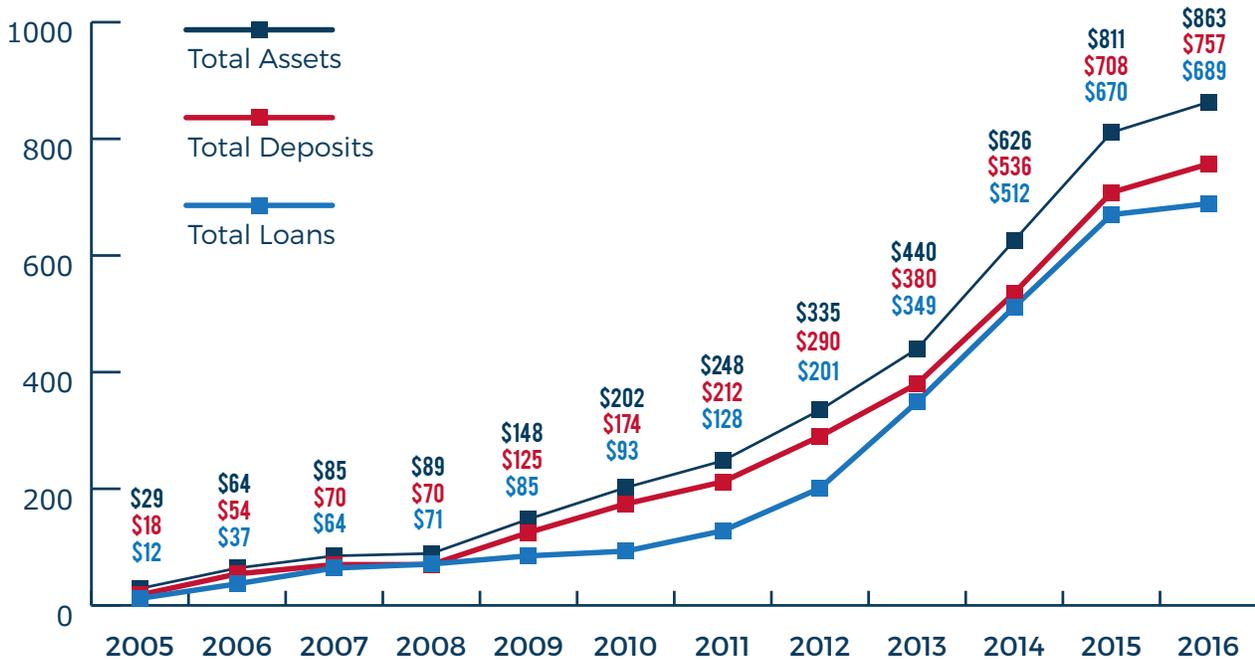
S&P 500	up 16%
Dow Jones Industrial Average	up 21%
NASDAQ Composite	up 26%
OTCQX Bank Index	up 33%
First Choice Bank Stock	up 35%

*from OTC Markets (<https://www.otcm Markets.com>)



FINANCIAL DATA

(IN MILLIONS)



STOCKHOLDERS' EQUITY

(IN MILLIONS)



HISTORICAL SUMMARY OF SELECTED FINANCIAL INFORMATION

	2013	2014	2015	2016	Q1 2017	
	Audited				Unaudited	
	(\$ in thousands, except per share, outstanding shares and ratios)					
SUMMARY INCOME DATA	Total interest income	\$15,900	\$23,514	\$32,457	\$37,511	\$9,064
	Total interest expense	\$2,890	\$4,458	\$5,647	\$6,047	\$1,436
	Net interest income	\$13,010	\$19,056	\$26,810	\$31,464	\$7,628
	Provision for loan losses	\$2,430	\$2,745	\$3,119	\$1,740	-
	Non-interest income	\$2,365	\$3,957	\$4,027	\$4,406	\$1,471
	Non-interest expense	\$9,124	\$13,291	\$18,441	\$20,048	\$5,492
	Income before income taxes	\$3,821	\$6,977	\$9,277	\$14,082	\$3,607
	Provision for income taxes	\$1,138	\$2,905	\$3,884	\$5,812	\$1,472
	Net income	\$2,683	\$4,072	\$5,393	\$8,270	\$2,135
	Dividends and accretion on preferred stock	\$47	-	-	-	-
Net income available to common shareholders	\$2,636	\$4,072	\$5,393	\$8,270	\$2,135	
PER COMMON SHARE ¹	Net income per share (basic)	\$0.85	\$0.98	\$0.92	\$1.18	\$0.30
	Dividend declared ²	\$0.11	\$0.20	4%	4%	\$0.20
	Book value per share	\$9.94	\$11.44	\$13.01	\$14.26	\$14.28
	Common shares outstanding at period end	3,266,579	4,919,019	7,105,272	7,112,954	7,193,476
SELECTED BALANCE SHEET DATA (PERIOD END)	Total assets	\$440,053	\$626,473	\$811,942	\$863,455	\$914,841
	Investment securities	\$56,056	\$41,100	\$40,983	\$41,465	\$45,316
	Loans held for sales	-	\$5,484	\$12,908	\$4,827	\$7,432
	Loans (gross)	\$348,696	\$506,558	\$656,157	\$656,341	\$656,265
	Allowance for loan and lease losses	\$5,749	\$8,501	\$11,415	\$11,599	\$11,523
	Deposits	\$379,692	\$536,118	\$708,498	\$756,561	\$767,436
	Federal home loan bank borrowings	\$27,000	\$32,000	\$6,000	-	\$40,000
	Shareholders' equity	\$32,485	\$56,252	\$92,435	\$101,447	\$102,691
PERFORMANCE RATIOS (AVERAGES)	Return on shareholders' equity	7.96%	8.89%	7.22%	8.49%	8.33%
	Return on assets	0.72%	0.76%	0.74%	1.01%	0.99%
	Net interest income total assets	3.49%	3.54%	3.69%	3.85%	3.52%
	Shareholders' equity to assets	7.38%	8.98%	11.38%	11.75%	11.23%
	Efficiency ratio	59.34%	57.75%	59.80%	55.89%	60.36%
ASSET QUALITY DATA	Nonperforming assets to total assets	0.18%	0.00%	0.48%	0.39%	0.28%
	Nonperforming loans to total loans	0.13%	0.00%	0.58%	0.49%	0.35%
	Reserve for loan losses to total loans	1.65%	1.66%	1.71%	1.65%	1.55%
	Net charge-offs to average loans	-0.02%	0.00%	0.03%	0.23%	0.01%
CAPITAL RATIOS	Total Risk-Based Capital (to risk-weighted assets)	10.38%	11.23%	14.43%	15.33%	14.54%
	Common Equity Tier 1 (to risk-weighted assets)	n/a	n/a	13.17%	14.07%	13.29%
	Tier 1 Risk-Based Capital (to risk-weighted assets)	9.13%	9.98%	13.17%	14.07%	13.29%
	Tier 1 Leverage Capital (to average assets)	8.22%	8.96%	11.65%	12.42%	11.88%

1) Per common share data has been adjusted for the 4% stock dividend issued to shareholders on the record as of April 15, 2015, and on the record as of July 1, 2016.

2) Q1 2017 \$0.20 cash dividend issued to shareholders on the record as of February 8, 2017.



 **First Choice Bank**

First in Speed | Service | Solutions

www.FirstChoiceBankCA.com

1.877.256.9809

