

2007 ANNUAL REPORT
FIRST CALIFORNIA FINANCIAL GROUP, INC.



FIRST CALIFORNIA FINANCIAL GROUP, INC.

IS AN EMERGING FORCE IN SOUTHERN CALIFORNIA BANKING. WITH ASSETS EXCEEDING \$1 BILLION, THE COMPANY OPERATES IN COASTAL COMMUNITIES OF THREE SOUTHERN CALIFORNIA COUNTIES—VENTURA, LOS ANGELES AND ORANGE—UNDER THE FIRST CALIFORNIA BANK BRAND. THE BANK SERVES THE COMPREHENSIVE BANKING NEEDS OF SMALL AND MIDDLE-SIZED BUSINESSES AND CONSUMERS. IN MARCH 2007, FIRST CALIFORNIA FINANCIAL GROUP, INC. WAS FORMED BY COMBINING THE RESOURCES OF THREE SUCCESSFUL BANKS INTO A LARGER, MORE EFFICIENT ORGANIZATION.

BUSINESS CLIENTS COUNT ON FIRST CALIFORNIA BANK'S PROFESSIONALS TO WORK WITH THEM AS PARTNERS TO DEVELOP FINANCIAL SOLUTIONS THAT CONTRIBUTE TO THEIR ABILITY TO COMPETE AND BE SUCCESSFUL. FIRST CALIFORNIA OPERATES 12 FULL SERVICE LOCATIONS AND ONE LOAN PRODUCTION OFFICE. IN ADDITION TO ITS SPECIALIZATION IN PERSONAL SERVICE, THE BANK OFFERS CLIENTS STATE-OF-THE-ART WEB-BASED BANKING, CASH MANAGEMENT AND OTHER ONLINE BANKING SERVICES AT WWW.FCBANK.COM.

FIRST CALIFORNIA IS HEADQUARTERED IN GREATER LOS ANGELES. ITS STOCK IS TRADED ON THE NASDAQ EXCHANGE UNDER THE SYMBOL FCAL.

FORWARD-LOOKING STATEMENTS

This Annual Report contains certain forward-looking information about First California that is intended to be covered by the safe harbor for "forward-looking statements" provided by the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact are forward-looking statements, and include statements related to the development and implementation of branding and marketing initiatives, the discontinued use of the name of South Bay Bank, the closure of First California's El Segundo branch office, the planned opening of new branch offices and a new headquarters, the expected benefits of consolidating operations to generate operating efficiencies, the maintenance of First California's asset quality and focus on cost management, the implementation and timing of First California's share repurchase plan, expected growth and use of capital in 2008, the status of the economy in the Southern California communities served by First California and the search for selective cost-effective growth opportunities in line with the company's strategic objectives. Such statements involve inherent risks and uncertainties, many of which are difficult to predict and are generally beyond the control of First California. First California cautions readers that a number of important factors could cause actual results to differ materially from those expressed in, or implied or projected by, such forward-looking statements. Risks and uncertainties include, but are not limited to, the impact of the current national and regional economy, particularly those affecting real estate values on consumer and small business loan demand in Southern California, a slowdown in construction activity, credit quality deterioration and loan delinquency rates, the ability of First California and First California Bank to retain customers, interest rate fluctuations and the impact on margins, demographic changes, demand for the products and services of First California and First California Bank, as well as their ability to attract and retain qualified people, changes in consumer spending, borrowing and savings habits, the economic and regulatory effects of the continuing war on terrorism and other events of war, including the war in Iraq and other conflicts, legislative or regulatory requirements or changes adversely affecting our business, recent volatility in the credit or equity markets and its effect on the general economy, competition with other banks and financial institutions, and other factors. If any of these risks or uncertainties materializes or if any of the assumptions underlying such forward-looking statements proves to be incorrect, First California's results could differ materially from those expressed in, or implied or projected by such forward-looking statements. First California assumes no obligation to update such forward-looking statements. For a more complete discussion of risks and uncertainties, investors and security holders are urged to read the section titled "Risk Factors" in First California's Annual Report on Form 10-K and any other reports filed by it with the Securities and Exchange Commission ("SEC"). The documents filed by First California with the SEC may be obtained at the SEC's website at www.sec.gov. These documents may also be obtained free of charge from First California by directing a request to: First California Financial Group, Inc., 1880 Century Park East, Suite 800, Los Angeles, CA 90067. Attention: Investor Relations. Telephone (310) 277-2265.



MESSAGE TO OUR SHAREHOLDERS

In our first year of operation as First California Financial Group, we encountered one of the most challenging banking environments in decades. In the midst of our efforts to integrate the three banks owned by National Mercantile Bancorp and FCB Bancorp under the First California Bank brand, a rapidly changing economy and the resultant impact on credit markets posed a severe test of our credit and asset management skills. The staff at First California proved more than equal to the challenge. We not only completed the integration of the three banks ahead of schedule in 95 days, we finished a profitable year with a strong balance sheet reflecting high asset quality, and strong capital and liquidity positions. With only slightly more than nine months of operations as a newly formed company, the following accomplishments are worth noting.

As I mentioned above, we successfully tackled the challenges of integrating banks owned by National Mercantile Bancorp and FCB Bancorp, ahead of schedule and without any major glitches. Successful integration is a tribute to the hard work, dedication, professionalism and skill of the employees of First California.

In last year's report, I detailed the merger of equals that created First California Financial Group. We now have more than \$1 billion in assets, 12 full-service locations and one loan production office in Southern California coastal communities. One of our top priorities was to maintain client relationships through the transition. We are proud of the fact that we experienced minimal loss of clients by being able to retain most of our key client relationship managers.

We initiated internal and external branding efforts to establish the First California Bank service-oriented corporate culture and identity. These initiatives will continue throughout 2008 as we implement programs to broaden and deepen our culture of service. To strengthen our brand identity, starting in the second half of 2008, the Torrance Office of the former South Bay Bank will use the name of First California Bank.

The merger created a group of geographically well-situated full-service banking facilities. As a result, we were able to consolidate smaller, less efficient operations into larger banking facilities with no loss of service to our clients. We closed three loan production offices and integrated their business into our full-service banking facilities. We consolidated headquarters operations and have successfully sublet the excess space to generate significant cost savings. In 2008, we will close a small branch in El Segundo, integrating existing business and personnel into a larger facility in Torrance, California.

Strategic expansion is a vital part of our future. As I write this letter, we have firmed up plans to open a full-service banking office in

Glendale, California in the second quarter of 2008. This will expand our market coverage, placing a First California Bank facility within easy geographic access to communities north of Los Angeles, including Burbank and Pasadena. We selected a new headquarters location in Westlake Village, Calif. This facility will provide us with a common identity by consolidating as one the holding company and the bank addresses. In addition, this facility will generate greater efficiency by consolidating into one building all administrative departments that are currently spread out among three locations.

We believe the financial markets have yet to recognize our potential for success, or even our positive financial performance to date. This is understandable—the market has not sorted out troubled banks from companies like First California Financial Group, which has experienced none of the problems prevalent in the banking sector, particularly in California. We believe the market will eventually make this distinction. Until then, to take advantage of the undervalued nature of our stock, the Board of Directors of First California authorized a stock repurchase program to purchase up to \$5 million of our company's common stock. As of the year end, we had repurchased about \$2.4 million in First California shares.

OUTLOOK

First California Financial Group entered the New Year in a sound position to address the challenges of a soft economy that have been forecast. The challenges of integration are behind us. Unlike many of our peer banks, our financial condition is sound with strong capital, liquidity and asset quality positions. We have an experienced management team to effectively manage in challenging operating conditions. We will remain vigilant on maintaining a high quality loan portfolio. We will also work hard to control costs and to maintain our margins in an uncertain interest rate environment. As we have in the past, we will look for selective opportunities to expand our presence within our footprint in a low risk, cost-effective manner. Finally, we want to be well positioned to take advantage of opportunities that will come our way when the recovery occurs.

Many thanks to our Directors, shareholders, clients and employees for their support of First California in an eventful yet very positive first year of operation. The future of First California Financial Group is bright.

C. G. KUM

President and Chief Executive Officer



FIRST CALIFORNIA IS COMMITTED TO GROWTH. ITS STRONG CAPITAL POSITION PROVIDES AN EXCELLENT FOUNDATION FOR PRUDENT GROWTH AND EXPANSION. OUR 100-MILE SERVICE AREA PROVIDES OPPORTUNITIES TO FILL IN OUR NETWORK OF BANKS WITH NEW, STRATEGICALLY POSITIONED LOCATIONS.



EMERGING FORCE

First California Bank opened in 1979 as Camarillo Community Bank, changed its name to First California Bank in 2001 and grew from two to eight full-service offices by 2005. Following the merger that created the First California Financial Group, we added four new First California Bank locations. To inform the business community about our great products and dedication to client service, we have embarked on a branding campaign that will continue throughout 2008.

Our marketing campaign tagline is: "Our People. Your Success." This reinforces our consultative approach and commitment to the success of our clients' businesses. Using as a foundation its highly memorable and identifiable name, First California Bank plans to accelerate marketing and business-to-business advertising to build name recognition. Management feels this can be done cost-effectively because of the targeted nature of its potential client base. It does not have to engage in widespread consumer-style advertising, but can focus its marketing on key markets and potential clients.

In the coming year, our strategic focus is to build recognition of the First California Bank brand and its reputation for quality service and consultative solutions. We continue to analyze all of our locations to make sure they represent the optimal mix of efficiency and proximity to key markets. Our network of facilities

is extensive, ranging more than 100 miles along the Southern California coast. However, we constantly look for opportunities to expand and fill in our network.

When planning to locate a new branch or loan production office, we employ a strategy to help ensure the branch will succeed and reach profitability as quickly as possible. We build a core team of key executives in anticipation of locating a new branch. The team works from the branch closest to where the new location is planned. Only when the team has developed a sufficient base of business and has shown the ability to add new business and run a successful operation does the bank find a physical location for their branch.

A new full-service branch in Glendale, located north of the city of Los Angeles and approximately in the center of Los Angeles County, gives First California a significant new presence in this heavily populated area. The location puts First California within convenient reach of new markets for us, including media and entertainment industry centers Universal City, Studio City and Burbank. Glendale's strategic location is minutes from Pasadena, a center of technology, education, culture, shopping and dining. A new headquarters location in Westlake Village will expand the company's presence in Ventura County.



5000
3000

OUR PEOPLE ARE COMMITTED TO HELPING BUSINESSES REACH THEIR FINANCIAL GOALS. WE HAVE THE TECHNICAL SKILLS AND EXPERIENCE TO SERVE AS THEIR TRUSTED ADVISOR. WE SPECIALIZE IN COMMUNITY BANKING TO SMALL AND MID-SIZE COMPANIES, OFFERING CUSTOMIZED PRODUCTS AND UNPARALLELED SERVICE.



BUSINESS BANKING

The communities served by First California Bank are stable, established and relatively built up. Retail and office vacancy rates are generally low. This environment supports a thriving market for commercial real estate, construction loans and business loans.

However, the business environment is also very competitive, owing to the higher costs that naturally accompany desirable markets. While many large corporations have operations or headquarters in our communities, there are thousands of smaller businesses supporting these industries with products and services. To support the area's significant population base, there are thousands of service companies and retailers.

These small business owners are under constant pressure to maximize their performance in every facet of their operations. They are challenged to compete, grow and keep pace with the cost of doing business.

In these competitive Southern California markets, smaller businesses need every advantage, including a bank that is also a trusted advisor. That's where First California excels.

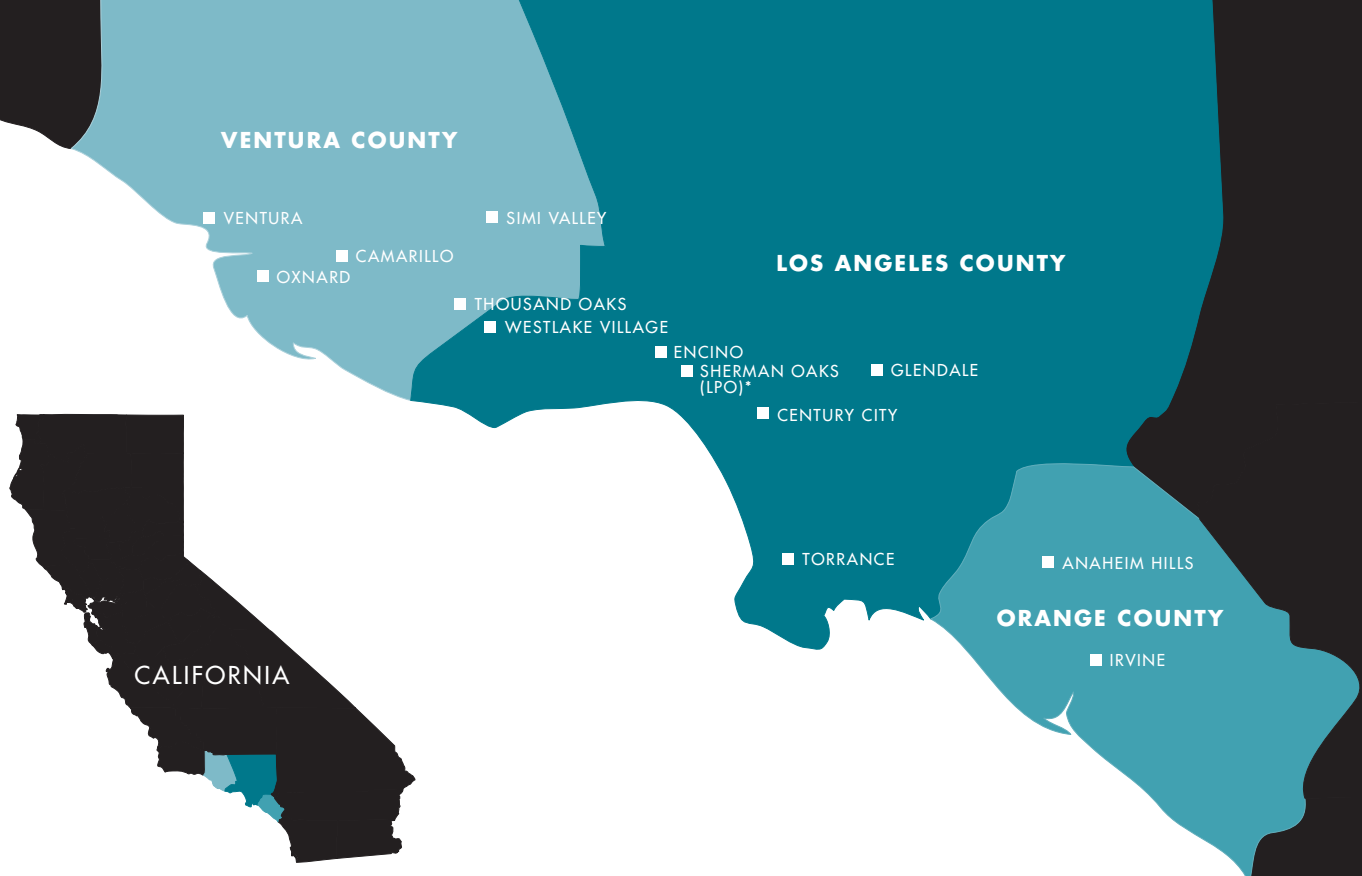
We specialize in serving the financial needs of small and mid-sized businesses. Because smaller businesses often require creative, customized financial solutions, we provide consultative

service levels to our clients. This gives us a significant competitive advantage over banks that provide generic one-size-fits-all products and indifferent service.

We combine a personal community bank approach to service with the latest technology, conveniences and innovations. Our clients have the best of technology when they want it and personal service when they need it. First California offers full remote e-access to accounts, cash management, and more. E-statements are delivered to clients' computers.

To encourage clients to consolidate their banking activities with First California, we have bundled popular services in cost-saving offerings such as Platinum Professional Advantage. We offer new clients a year of these services with no minimum demand deposit account balance required. After that, they have the option to maintain a minimum balance or pay a monthly service charge.

Our banking experts think ahead of the curve, looking for new opportunities to serve clients and win new clients. Part of our marketing campaign, started early in 2008, is direct mailing cards to prospects that feature testimonials from our business clients. We emphasize the partnerships forged with clients: "One Vision. One Team. One Bank."



VENTURA COUNTY

- VENTURA
- SIMI VALLEY
- CAMARILLO
- OXNARD

LOS ANGELES COUNTY

- THOUSAND OAKS
- WESTLAKE VILLAGE
- ENCINO
- SHERMAN OAKS (LPO)*
- GLENDALE
- CENTURY CITY

ORANGE COUNTY

- TORRANCE
- ANAHEIM HILLS
- IRVINE

CALIFORNIA

OUR LOCATIONS

1. ANAHEIM HILLS
 168 South Fairmont Blvd.
 Anaheim Hills, CA 92808
 714/921-2730

2. CAMARILLO
 1150 Paseo Camarillo
 Camarillo, CA 93010
 805/484-0534

3. CENTURY CITY
 1880 Century Park East
 Los Angeles, CA 90067
 310/282-6730

4. ENCINO
 16661 Ventura Blvd., Suite 110
 Encino, CA 91436
 818/990-9797

5. GLENDALE
 505 North Brand Blvd.
 Glendale, CA 91203
 800/856-7905

6. IRVINE
 19752 MacArthur Blvd.
 Irvine, CA 92612
 949/852-2500

7. OXNARD
 300 Esplanade Dr., Suite 102
 Oxnard, CA 93036
 805/485-6682

8. SHERMAN OAKS (LPO)*
 13245 Riverside Dr., Suite 540
 Sherman Oaks, CA 91423
 818/728-4891

9. SIMI VALLEY
 1685 Simi Town Center Way
 Simi Valley, CA 93065
 805/426-0800

10. THOUSAND OAKS
 11-A East Hillcrest Dr.
 Thousand Oaks, CA 91360
 805/557-0559

11. TORRANCE
 2200 Sepulveda Blvd.
 Torrance, CA 90501
 310/534-2400

12. VENTURA
 1794 South Victoria Ave., Suite B
 Ventura, CA 93003
 805/289-1683

13. WESTLAKE VILLAGE
 32111 Agoura Rd.
 Westlake Village, CA 91361
 818/879-2600

*Loan Production Office

FIRST CALIFORNIA SERVES COMMUNITIES IN THREE OF THE NATION'S MOST DYNAMIC AND AFFLUENT COUNTIES—ORANGE, LOS ANGELES AND VENTURA, ALL OF WHICH BORDER THE PACIFIC OCEAN. THEY ARE HOME TO A DIVERSIFIED MIX OF BUSINESS SECTORS. ACCORDING TO U.S. CENSUS BUREAU STATISTICS THERE ARE NEARLY 400,000 BUSINESSES LOCATED IN LOS ANGELES, ORANGE AND VENTURA COUNTIES, REPRESENTING AN EMPLOYMENT BASE OF MORE THAN FIVE MILLION PEOPLE.



OUR MARKETPLACE

To the north, Ventura County is ranked among the top 100 highest per capita income counties in the country. Biotech, healthcare and communications companies operate throughout the county. Available land and proximity to the important US 101 corridor has fueled business growth and controlled development in many of the county's communities.

Oxnard, the largest community in Ventura County, is a center for manufacturing, agriculture and defense. The Port of Hueneme is the only deep-water port between Los Angeles and San Francisco, making it a key shipping hub for industry and inland agriculture. With six locations throughout Ventura County, First California has particularly high visibility with local businesses.

Los Angeles County includes the city proper and vibrant communities such as Century City, Encino and Torrance, where First California has full-service locations. Entertainment is big business, with Century City standing at the epicenter. Small and mid-sized companies participating in this industry abound.

Torrance is a regional center for oil refining and distribution. Several major automakers have facilities in and around Torrance. These support a variety of companies that supply and service the auto business. Proximity to Los Angeles/Long Beach Harbor and major rail lines is attractive to companies relying on oceanic shipments and intermodal transportation.

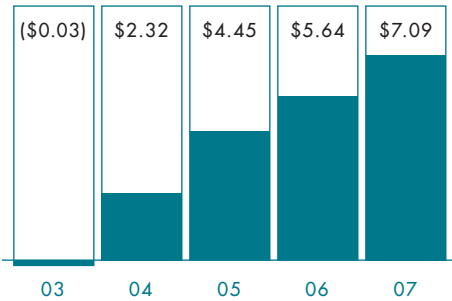
At the southern end of First California's service area, Orange County is one of the most populous counties in the United States, estimated by the State of California to have more than three million residents. Tourism and technology are important business sectors. The county combines large tracts of county and state parks, desirable housing, and a renowned climate. Irvine is home to the University of California at Irvine and extensions of several other California institutions of higher learning.

WE COMPLETED THE OPERATIONAL CONSOLIDATION OF THE BANKS ON SCHEDULE, MADE GREAT STRIDES TO INTEGRATE OUR EMPLOYEES AND MANAGERS INTO ONE CORPORATE CULTURE, AND BEGAN BUILDING VISIBILITY FOR THE FIRST CALIFORNIA BANK BRAND.

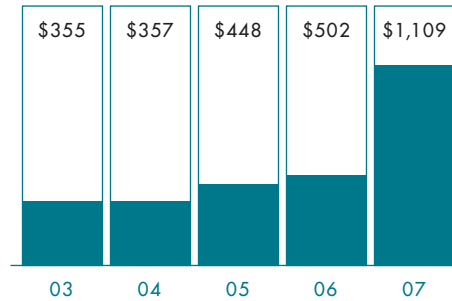


FINANCIAL HIGHLIGHTS

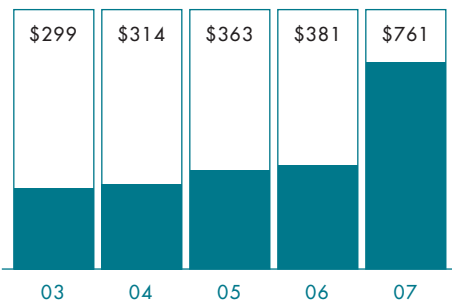
NET INCOME (LOSS)
IN MILLIONS



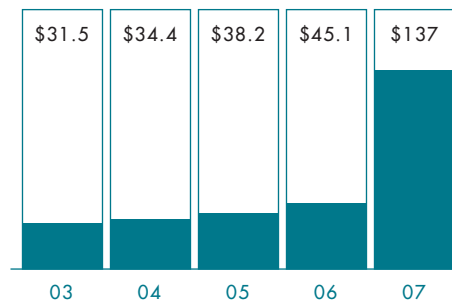
ASSETS
IN MILLIONS



DEPOSITS
IN MILLIONS



SHAREHOLDERS' EQUITY
IN MILLIONS





CORPORATE INFORMATION



BOARD OF DIRECTORS

Robert E. Gipson
Chairman
John W. Birchfield
Vice Chairman
Richard D. Aldridge
Donald E. Benson
Joseph N. Cohen
W. Douglas Hile
Antoinette T. Hubenette, M.D.
C. G. Kum
Syble R. Roberts
Thomas Tignino

OFFICERS

C. G. Kum
President and Chief Executive Officer
Joseph N. Cohen
Corporate Secretary
Romolo C. Santarosa
Chief Financial Officer/
Assistant Corporate Secretary

STOCK TRANSFER AGENT & REGISTRAR

Computershare
1745 Gardena Avenue
Glendale, CA 91204
818.502.1404
800.835.8778

ANNUAL REPORT ON FORMS 10-K & 10-KSB

The Company's 2007 Annual Report on Form 10-K is available at <http://www.sec.gov>. The Company will also provide a copy of the 2007 Annual Report on Form 10-K (without exhibits) upon written request addressed to:

Romolo C. Santarosa
First California Financial Group, Inc.
1100 Paseo Camarillo
Camarillo, CA 93010

WEBSITE

www.fcgroup.com



BOARD OF DIRECTORS

John W. Birchfield
Chairman
Robert E. Gipson
Vice Chairman
Richard D. Aldridge
Donald E. Benson
Joseph N. Cohen
Philip C. Diorio, M.D.
W. Douglas Hile
Antoinette T. Hubenette, M.D.
C. G. Kum
Syble R. Roberts
Thomas Tignino

EXECUTIVE MANAGEMENT

C. G. Kum
President and Chief Executive Officer
Thomas E. Anthony
Commercial Banking
Northern Division
Walter Duchanin
Chief Credit Officer

Cheryl L. Knight
Chief Risk Officer
Edmond R. Sahakian
Retail Banking Services Director
Romolo C. Santarosa
Chief Financial Officer

WEBSITE

www.fcbank.com

24-HOUR TELEBANK

1.800.482.2708

E-ACCESS ONLINE BANKING

www.fcbank.com



1880 Century Park East, Suite 800
Los Angeles, California 90067

310.277.2265
www.fcalgroup.com



1150 Paseo Camarillo
Camarillo, California 93010

800.856.7905
www.fcbank.com

