

## 1st Enterprise Bank Reports Substantial Growth in 2008

- Record Total Assets of \$243.7 Million
- Total Deposits Increase 32%
- Net Interest Income Rises 50%
- Maintains Strong Capital Position

**LOS ANGELES, CA---Feb 18, 2009**--1st Enterprise Bank (the "Bank") (OTC BB:[FENB.OB](#) - [News](#)), a full-service commercial bank serving businesses and their owners in Southern California, today announced results for the year ended December 31, 2008. Total assets, loans and deposits each reached record levels, reflecting strong organic growth, the Bank's sound financial condition and continuing investment in key personnel and services.

Total assets at December 31, 2008 were \$243.7 million, up 28% compared to \$190.0 million at December 31, 2007. Net loans increased 75% to \$122.2 million in 2008 compared to \$69.7 million the prior year. Total deposits rose 32% to \$215.2 million in 2008 compared to \$163.6 in 2007. Net interest income after provision for loan losses was \$7.2 million in 2008 compared to \$4.6 million in 2007. Average earning assets grew by 43% and the Bank's net interest margin in 2008 rose to 3.69% compared with 3.39% in 2007.

The company reported a net loss of (\$379,000) or (\$0.14) per diluted share in 2008 compared to a net loss of (\$1.5 million) or (\$0.53) per diluted share in 2007. Losses incurred in 2007 and 2008 were in line with the bank's expectations and consistent with its growth strategy since its 2006 inception. Core earnings (before loan loss provisions, stock option expense, and taxes) for 2008 were \$867,000, an increase of \$809,000 from 2007.

"The Bank's capital strength, excellent asset quality and strong liquidity underscore our ability to add high quality customers," said John C. Black, CEO. "We added 73 new loan commitments in the fourth quarter of 2008 alone, representing \$24 million or a 25% increase in outstanding loans compared to our third quarter. The strength of our loan portfolio demonstrates the effectiveness of our underwriting process and the quality of our customer base."

The Bank's loan portfolio had no non-performing loans, past due loans or loan charge offs during 2008. 1st Enterprise Bank continues to maintain a very strong liquidity position with 48% of its assets in cash and investments. Close to 90% of the bank's bond portfolio consisted of securities issued or guaranteed by government agencies or government-sponsored agencies. As of December 31, the portfolio had a net unrealized gain of \$1.7mm.

New and existing customers contributed to significant core deposit growth throughout the year, including the fourth quarter. Year-over-year non-interest bearing demand deposits increased by 61% to \$82.1 million compared with \$51.1 million at December 31, 2007. The Bank's funding is 100% core deposits with approximately 40% in non-interest bearing accounts.

The Bank continued to be well capitalized by all regulatory standards. At December 31, 2008 the bank had a tier 1 leverage capital ratio of 11% and a total risk based capital ratio of 16%.

"Our capital strength and liquidity have given us the ability to lend at a time when many institutions have reduced lending due to capital and liquidity constraints," explained Black. "We anticipate this situation will continue for the foreseeable future and will present us with many opportunities in 2009."

The bank operates on a regional model, with locations in downtown Los Angeles and Irvine. Black concluded: "Our operating strategy has proven itself in generating core organic growth even in a difficult environment. We continue to seek and serve successful companies and their owners that have demonstrated their ability to

succeed even during challenging times. By deploying capital wisely, carefully managing our credit portfolio and providing unparalleled commercial banking service, we continue to look forward to sustained growth during 2009."

### **About 1st Enterprise Bank**

1st Enterprise Bank is a full service commercial banking institution, whose highly experienced bankers personally serve Southern California entrepreneurial businesses, professional firms and nonprofit organizations, along with their owners and key managers. Founded in 2006 and headquartered in the Los Angeles financial district with an Orange County Regional Office in Irvine, 1st Enterprise Bank offers a full range of credit and depository services, with special emphasis on superior customer service, sophisticated cash management services and direct access to bank decision makers. Customers work directly with their Relationship Manager, who understands the unique challenges of their industry and serves as a sounding board and an active participant in their success. For more information on 1st Enterprise Bank, please visit [www.1stenterprisebank.com](http://www.1stenterprisebank.com).

### **Forward-Looking Statement:**

This news release contains statements that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on current expectations, estimates and projections about 1st Enterprise Bank's business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements due to numerous factors, including those described above and the following: 1st Enterprise Bank's timely implementation of new products and services, technological changes, changes in consumer spending and savings habits and other risks discussed from time to time in 1st Enterprise Bank's reports and filings with banking regulatory agencies. In addition, such statements could be affected by general industry and market conditions and growth rates, and general domestic and international economic conditions. Such forward-looking statements speak only as of the date on which they are made, and 1st Enterprise Bank does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this release.

**FINANCIAL TABLES FOLLOW**

**Statement of Condition**  
**As of December 31**

	2008	2007
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<b>Assets</b>		
Total Cash and Cash Equivalents	\$ 26,219,393	\$ 37,007,725
Investment Securities Available for Sale	89,968,286	78,717,276
Loans, Net of Deferred Loan Fees	123,712,987	70,618,966
Allowance for Loan Loss	(1,535,400)	(889,000)
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Loans, Net of Allowance for Loan Loss	122,177,587	69,729,966
Premises and Equipment	2,437,971	2,250,451
Accrued Interest Receivable and Other Assets	2,850,071	2,327,741
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Total Assets	\$ 243,653,308	\$ 190,033,159
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<b>Liabilities and Shareholders' Equity</b>		
<b>Deposits</b>		
Noninterest-Bearing Demand Savings, NOW and Money Market Accounts	\$ 82,067,727	\$ 51,069,977
Time Deposits Under \$100,000	129,332,334	109,178,577
Time Deposits \$100,000 and over	631,637	183,521
	3,174,802	3,184,057
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Total Deposits	215,206,500	163,616,132
Accrued Interest Payable and Other Liabilities	1,131,495	1,073,462
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Total Liabilities	\$ 216,337,995	\$ 164,689,594
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Total Shareholders' Equity	\$ 27,315,313	\$ 25,343,565
Total Liabilities and Shareholders' Equity	\$ 243,653,308	\$ 190,033,159
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<b>Statement of Operations</b>		
	For The Year Ended	For The Year Ended
	December 31, 2008	December 31, 2007
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<b>Interest Income</b>		
Total Interest Income	\$ 9,175,377	\$ 7,558,762
Total Interest Expense	1,359,649	2,336,389
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Net Interest Income	7,815,728	5,222,373
Provision for Loan Losses	646,400	626,000
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Net Interest Income After Provision for Loan Losses	7,169,328	4,596,373
<b>Non-interest Income</b>		
Gain on Sale of Securities	26,012	38,209
Service Charges, Fees and Other Income	566,247	115,978
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Total Non-interest Income	592,259	154,187
<b>Non-interest Expense</b>		
Salaries and Employee Benefits	4,133,786	2,951,476
Stock-Based Compensation	848,738	892,216
Occupancy and Equipment Expenses	916,644	660,055
Other Expenses	2,490,308	1,706,805
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Total Non-interest Expense	8,389,476	6,210,552
Loss Before Income Taxes	(627,889)	(1,459,992)
Income Taxes	(249,200)	800
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Net Loss	\$ (378,689)	\$ (1,460,792)
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Net Loss Per Share - Basic and Diluted	\$ (0.14)	\$ (0.53)
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