FIRST COMMUNITY BANCORP /CA/
Form S-4
July 03, 2002

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As filed with the Securities and Exchange Commission on July 3, 2002

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-4

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

FIRST COMMUNITY BANCORP

(Exact name of Registrant as specified in its charter)

California	**6021**	**33-0885320**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

**6110 El Tordo
Rancho Santa Fe, California 92067
(858) 756-3023**

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

**Lynn M. Hopkins
Chief Financial Officer
275 North Brea Boulevard
Brea, California 92821
(714) 671-6800**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies To:

Stanley F. Farrar, Esq.	**Robert Blanchard, Esq.**
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1888 Century Park East	**800 Silverado, Second Floor**
Los Angeles, California 90067	**La Jolla, California 92037**
(310) 712-6600	**(858) 551-2440**

Approximate date of commencement of the proposed sale of the securities to the public: As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. / /

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered (1)	Proposed maximum offering price per share (2)	Proposed maximum aggregate offering price (2)	Amount of registration fee (3)
Common Stock, no par value	2,762,662	$4.60	$51,632,700	$4,750.21

(1) Represents the maximum number of shares of First Community Bancorp ("First Community") common stock that are expected to be issued in connection with the merger described herein based on the exchange ratio for the merger (0.5008 of a share of First Community common stock for each share of First National Bank ("First National") common stock and preferred stock), and the number of shares of First National common stock and preferred stock (5,516,497) that are to be exchanged for shares of First Community common stock.

(2) Calculated in accordance with Rule 457(f)(2) under the Securities Act of 1933, as amended, (the "Securities Act") based on the book value, as of the last practicable date prior to the filing date of this registration statement, of shares of First National common stock assuming conversion of all shares of preferred stock into common stock (11,224,500) expected to be cancelled in connection with the merger described herein.

(3) Calculated pursuant to Rule 457(o) under the Securities Act.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such dates as the Commission, acting pursuant to said Section 8(a), may determine.

Subject to Completion, Dated July 3, 2002

The information in this proxy statement-prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement-prospectus is not an offer to sell and it is not soliciting an offer to buy these securities in any state where the offer or sale is prohibited.

FIRST COMMUNITY BANCORP

Merger Proposal Your Vote is Very Important

On April 18, 2002 and April 22, 2002, respectively, the Board of Directors of each of First Community Bancorp and First National Bank unanimously voted to approve an agreement to merge First National with and into Rancho Santa Fe National Bank, a wholly-owned subsidiary of First Community, as a result of which First National would cease to exist as a separate entity and Rancho Santa Fe would be the surviving bank.

In the merger, each First National shareholder will have the right to elect to receive, for each share of First National common stock or First National preferred stock, either:

- $10.00 in cash; or

- 0.5008 of a share of First Community common stock.

The merger agreement provides that the number of shares of First Community common stock issued in conjunction with the merger is to be equal to 2,762,662 shares. If First National shareholders elect to receive, in the aggregate, stock consideration that would otherwise result in the issuance of more or less than 2,762,662 shares of First Community common stock, then your election may be subject to proration.

First Community common stock is listed on the Nasdaq National Market under the trading symbol "FCBP", and on July , 2002, First Community common stock closed at $ per share.

We cannot complete the merger unless the shareholders of First Community and of First National approve the merger agreement. YOUR VOTE IS VERY IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND YOUR SHAREHOLDERS' MEETING, PLEASE COMPLETE, SIGN, DATE AND RETURN THE ACCOMPANYING PROXY IN THE ENCLOSED SELF-ADDRESSED STAMPED ENVELOPE. Returning the proxy does not deprive you of your right to attend a meeting and to vote your shares in person.

AFTER CAREFUL CONSIDERATION, THE BOARD OF DIRECTORS OF EACH OF FIRST COMMUNITY AND FIRST NATIONAL DETERMINED BY UNANIMOUS VOTE THE MERGER TO BE FAIR TO ITS SHAREHOLDERS AND IN ITS SHAREHOLDERS' BEST INTERESTS, DECLARED THE MERGER ADVISABLE AND APPROVED THE MERGER AGREEMENT.

This proxy statement-prospectus provides you with information concerning First Community, First National and the merger. Please give all of the information contained in the proxy statement-prospectus your careful attention. IN PARTICULAR, YOU SHOULD CAREFULLY CONSIDER THE DISCUSSION IN THE SECTION ENTITLED "RISK FACTORS" BEGINNING ON PAGE 13 OF THIS PROXY STATEMENT-PROSPECTUS.

We appreciate your interest in and consideration of this matter.

John M. Eggemeyer, III	Leon Kassel
Chairman of the Board	Chairman of the Board
First Community Bancorp	First National Bank

Neither the Securities and Exchange Commission, the Office of the Comptroller of the Currency, the Federal Reserve Board, the California Department of Financial Institutions, nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offense. The securities offered through this document are not savings accounts, deposits or other obligations of a bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other government agency.

The date of this proxy statement-prospectus is July , 2002 and it is first being mailed to shareholders on or about July , 2002.

WHERE TO FIND MORE INFORMATION

This proxy statement-prospectus incorporates important business and financial information about First Community that is not included or delivered with this document. You can obtain this information upon request, without charge, not including exhibits to documents unless those exhibits are specifically incorporated by reference into this proxy statement-prospectus. Any person can make a request for information orally or in writing.

First Community files annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. You may read and obtain copies of these documents by mail from the public reference room of the SEC at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. In addition, First Community files reports and other information with the SEC electronically, and the SEC maintains a web site located at http://www.sec.gov containing this information. First Community's common stock is listed on the Nasdaq National Market System under the symbol "FCBP".

First Community has filed a registration statement on Form S-4 to register with the SEC up to 2,762,662 shares of its common stock. This document is a part of that registration statement. The SEC allows First Community to incorporate by reference the information First Community files with it, which means that First Community can disclose important information to you by referring you to other documents. The information incorporated by reference is considered to be part of this proxy statement-prospectus, and information that First Community files later with the SEC will automatically update and supersede the information in this document. First Community incorporates by reference the documents listed below and, until the date of the special meeting of First Community shareholders, any future filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended:

First Community's Annual Report on Form 10-K for the year ended December 31, 2001.

First Community's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002.

First Community's Current Reports on Form 8-K filed February 15, 2002, as amended March 27, 2002; March 21, 2002 as amended May 14, 2002; and June 10, 2002.

The consolidated financial statements of Professional Bancorp, Inc. and subsidiary as of and for the year ended December 31, 2000 and as of and for the year ended December 31, 1999, included on pages F-77 through F-112 in Amendment No. 1 to First Community's Form S-4, filed August 30, 2001.

The unaudited pro forma consolidated financial statements included on pages 3, 5 and 8 through 10 of Exhibit 99.4 to First Community's Current Report on Form 8-K, filed October 19, 2001.

The description of our common stock contained in First Community's registration statement on Form 8-A filed on June 2, 2000, and any amendment or reports that update the description.

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN, DELIVERED WITH OR REFERRED TO IN THIS DOCUMENT. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION THAT IS DIFFERENT.

To obtain additional information about either of us, you may make such a request orally or in writing. Any request for documents should be made by , 2002 to ensure timely delivery.

Requests for documents relating to First Community should be directed to:

First Community Bancorp
275 North Brea Boulevard
Brea, California 92821
Attn: Corporate Secretary
(714) 671-6800

Requests for documents relating to First National should be directed to:

First National Bank
401 West "A" Street
San Diego, California 92101
Attn: Corporate Secretary
(619) 233-5588

FIRST COMMUNITY BANCORP

6110 El Tordo Road
Rancho Santa Fe, California 92067

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD AUGUST , 2002

A special meeting of shareholders of First Community Bancorp, a California corporation, will be held at , at [a.m.] local time on August , 2002. The purposes of the meeting are:

1. to approve the principal terms of the Agreement and Plan of Merger, dated April 25, 2002, by and among First Community Bancorp, Rancho Santa Fe National Bank and First National Bank, under which First National would merge with and into Rancho Santa Fe, including the issuance of First Community common stock in connection with the merger;

2. to approve an amendment to First Community's Articles of Incorporation increasing the number of shares of First Community's common stock authorized for issuance from 15 million shares to 30 million shares; and

3. to act on any other business properly brought before the meeting.

YOUR BOARD OF DIRECTORS HAS DETERMINED THAT THE MERGER IS FAIR TO AND IN THE BEST INTERESTS OF FIRST COMMUNITY BANCORP'S SHAREHOLDERS AND UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" APPROVAL OF THE PROPOSED MERGER.

YOUR BOARD OF DIRECTORS ALSO UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE PROPOSAL TO INCREASE FIRST COMMUNITY'S AUTHORIZED NUMBER OF SHARES.

YOUR VOTE IS IMPORTANT. APPROVAL OF THE AGREEMENT REQUIRES THE AFFIRMATIVE VOTE OF A MAJORITY OF ALL OF THE OUTSTANDING SHARES OF FIRST COMMUNITY BANCORP COMMON STOCK. WHETHER OR NOT YOU PLAN TO ATTEND, PLEASE COMPLETE, SIGN, AND DATE THE ACCOMPANYING PROXY AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE. IF YOU HAVE ANY QUESTIONS ABOUT THE MEETING OR THE MATERIALS, PLEASE CALL AT (714) 674-6800 BETWEEN 9:00 AM AND 5:00 PM PACIFIC TIME.

Please read the attached proxy statement-prospectus carefully as it contains important information about this transaction and concurrent transactions which may affect the value of consideration you receive.

The Board of Directors has fixed , 2002 as the record date for determining the shareholders entitled to receive notice of and to vote at the meeting.

In connection with the proposed merger, you may exercise dissenter's rights as provided in the California General Corporation Law. If you meet all the requirements under California law, and follow all of its required procedures, you may receive cash in the amount equal to the fair market value, as determined by a committee established for that purpose, or if required, by a court, of your shares of First Community common stock as of the date on which the shareholders meeting was held authorizing the merger. The procedure for exercising your dissenter's rights is summarized under the heading "Dissenters' Rights First Community Shareholders' Rights" in the attached proxy statement-prospectus. The relevant provisions of the California General Corporation Law on dissenters' rights are attached to this document as Appendix C.

By order of the Board of Directors

Lynn M. Hopkins, Secretary
July , 2002
Rancho Santa Fe, California

401 West "A" Street
San Diego, California 92101

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD AUGUST , 2002

A special meeting of shareholders of First National Bank, a national banking association, will be held at First National's downtown San Diego office, located at 401 West "A" Street, San Diego, California 92101 at [a.m.] local time on August , 2002. The purposes of the meeting are:

1. to approve the Agreement and Plan of Merger, dated April 25, 2002, by and among First Community Bancorp, Rancho Santa Fe National Bank and First National Bank, under which First National would merge with and into Rancho Santa Fe;

2. to act on any other business properly brought before the meeting.

YOUR BOARD OF DIRECTORS HAS DETERMINED BY UNANIMOUS VOTE THAT THE MERGER IS FAIR TO AND IN THE BEST INTERESTS OF FIRST NATIONAL BANK'S SHAREHOLDERS AND UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" APPROVAL OF THE PROPOSED MERGER.

YOUR VOTE IS IMPORTANT. APPROVAL OF THE AGREEMENT REQUIRES THE AFFIRMATIVE VOTE OF TWO-THIRDS OF ALL OF THE OUTSTANDING SHARES OF COMMON STOCK AND PREFERRED STOCK OF FIRST NATIONAL BANK. WHETHER OR NOT YOU PLAN TO ATTEND, PLEASE COMPLETE, SIGN, AND DATE THE ACCOMPANYING PROXY AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE. IF YOU HAVE ANY QUESTIONS ABOUT THE MEETING OR THE MATERIALS, PLEASE CALL AT BETWEEN 9:00 AM AND 5:00 PM PACIFIC TIME.

Please read the attached proxy statement-prospectus carefully as it contains important information about this transaction and concurrent transactions which may affect the value of consideration you receive.

The Board of Directors has fixed , 2002 as the record date for determining the shareholders entitled to receive notice of and to vote at the meeting.

In connection with the proposed merger, you may exercise dissenters' rights as provided in the National Bank Act. If you meet all the requirements of this law, and follow all of its required procedures, you may receive cash in the amount equal to the fair market value, as determined by a committee established for that purpose, or if required, by the Comptroller of the Currency, of your shares of First National common and/or preferred stock as of the date on which the shareholders meeting was held authorizing the merger. The procedure for exercising your dissenters' rights is summarized under the heading "Dissenters' Rights First National Shareholders' Rights" in the attached proxy statement-prospectus. The relevant provisions of the National Bank Act on dissenters' rights are attached to this document as Appendix D.

By order of the Board of Directors

James L. Lemery, Secretary
July , 2002
San Diego, California

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: What do I need to do now?

A: After you have carefully read this proxy statement-prospectus, just indicate on your proxy card how you want your shares to be voted, then sign and mail the proxy card in the enclosed prepaid return envelope marked "Proxy" as soon as possible so that your shares may be represented and voted at the First Community Bancorp special meeting or First National Bank special meeting, as the case may be.

Q: Can I change my vote after I have mailed my signed proxy card?

A: Yes. There are three ways for you to revoke your proxy and change your vote. First, you may send a written notice to the corporate secretary of First Community or First National, as the case may be, stating that you would like to revoke your proxy. Second, you may complete and submit a new proxy card. Third, you may vote in person at the special meeting.

Q: What if I don't vote?

A: If you fail to respond or if you respond and abstain from voting, it will have the same effect as a vote against the merger. If you respond and do not indicate how you want to vote, your proxy will be counted as a vote in favor of the merger.

Q: What are shareholders being asked to vote on at the special meetings?

A: First National shareholders will vote on a proposal to approve the merger agreement. Approval of the merger agreement by First National shareholders is a condition of the merger.

First Community shareholders will vote to approve the principal terms of the merger agreement, including the issuance of shares of First Community common stock in exchange for outstanding shares of First National common stock, in accordance with the merger agreement. First Community shareholders also will vote on an amendment to First Community's articles of incorporation to increase the number of authorized shares of First Community's common stock from 15 million shares to 30 million shares. Approval of the principle terms of the merger agreement, including the issuance of First Community common stock in the merger is a condition to completion of the merger. Approval of the amendment to First Community's articles of incorporation is not a condition to completion of the merger.

First Community and First National shareholders also may be asked to consider other matters as may properly come before the special meetings; however, First Community and First National know of no other matters that will be presented for consideration at the special meetings.

Q: What shareholder approvals are needed?

A: For First National Bank, the affirmative vote of the holders of at least a two-thirds of the outstanding shares of First National Bank common and preferred stock, voting as a single class, is required to approve the merger agreement. As of the record date, Austray Pte Ltd., Leon H. Reinhart & Self-Directed IRA, the Liebman Trust, Larkstone Inc., Jackpot Futures L.P., Mystory Corp., Brenner International Group LLC, Enivia Pte Ltd., Robert Whetten & Robert J. Whetten IRA, and the Reinhart Family 2001 Charitable Remainder Unitrust owned approximately % of the outstanding shares of First National stock. They have agreed to vote these shares in favor of the principal terms of the merger.

For First Community, the affirmative vote of the holders of at least a majority of the outstanding shares of First Community common stock is required to approve the principal terms of the merger agreement and to issue the shares of common stock pursuant to the merger. The affirmative vote of the holders of a majority of the outstanding shares of First Community common stock entitled to vote on the amendment to First Community's articles of incorporation is required to approve the amendment. However, as stated above, approval of the amendment to First Community's articles of incorporation is not a condition to completion of the merger.

Q: Why does First Community need the approval of its shareholders in connection with the merger?

A. Under the rules of the Nasdaq National Market System, First Community is required to seek shareholder approval for any issuance of shares of its common stock in connection with the acquisition of another company if its common stock to be issued in the transaction exceeds 20% of the issued and outstanding shares of its common stock and of its outstanding voting power. Under California law, First Community is also required to seek shareholder approval of the principal terms of the merger agreement if its shareholders will own less than five-sixths of the voting power of First Community immediately following the transaction. The estimated maximum number of shares of First Community common stock to be issued to First National shareholders in the merger is equal to, in the aggregate, 2,762,662 shares, or approximately % of the issued and outstanding shares of First Community common stock and of its outstanding voting power as of the First Community record date. Therefore, First Community is seeking shareholder approval of the issuance of shares of its common stock in the merger as well as of the principal terms of the merger agreement.

Q: As a holder of First National common stock, what will I receive in the merger?

A: For each share of First National common stock or preferred stock you own, you will have the right to elect, on a share-by-share basis, to receive:

- $10.00 in cash; or
- 0.5008 of a share of First Community common stock.

The merger agreement provides that the amount of First Community common stock issued in conjunction with this merger is to be equal to 2,762,662 shares. If First National shareholders elect to receive, in the aggregate, stock consideration that would otherwise result in the issuance of more or less than 2,762,662 shares of First Community common stock, then your election may be subject to proration as described in "The Merger Election and Proration Procedures" beginning on page 59.

Q: If my broker holds my shares in street name, will my broker vote my shares for me?

A: No. Your broker will not be able to vote your shares without instructions from you. If you have instructed a broker to vote your shares, you must follow directions received from your broker to change those instructions.

Q: How do I elect the form of payment I prefer?

A: We are sending a form of election to First National shareholders in a separate mailing. If you wish to make an election, you should complete the appropriate form and send it in the envelope provided with the form of election to U.S. Stock Transfer Corporation, which is the exchange agent. For you to make an effective election, your properly executed election form must be received by the exchange agent before the election deadline on August , 2002. You must include your First National stock certificates with your election form. Please read the instructions to the election form for information on completing that form. Those instructions will also inform you of what to do if your stock certificates have been lost, stolen or destroyed.

Do not send your First National stock certificates in the envelope provided for returning your proxy card. The stock certificates should only be forwarded to the exchange agent with the letter of transmittal and election form.

Copies of this proxy statement-prospectus and the election form will be provided to all persons who become First National shareholders after the record date and prior to the election deadline in order to permit them to make an election.

Q: What happens if I don't make an election for cash or shares?

A: If you are a First National shareholder and you fail to make an election prior to the election deadline, other than because you are exercising your dissenters' rights, you will be deemed to have elected either cash or First Community common stock. The actual merger consideration that will be paid to you will depend upon how many First National shareholders request shares of that First Community common stock versus how many request cash. See "The Merger Election and Proration Procedures" beginning on page 59.

Q: Has First National retained a financial advisor with respect to this transaction?

A: Yes. First National retained the services of Keefe, Bruyette and Woods, Inc. Keefe Bruyette delivered its opinion to the board of directors of First National that, subject to certain assumptions, limitations and qualifications, the consideration to be provided to First National shareholders is fair from a financial point of view. Keefe Bruyette will receive a fee of $200,000 upon consummation of the merger.

Q: What are the tax consequences of the merger to me?

A: In general, for United States federal income tax purposes, if you exchange your First National common stock or First National preferred stock solely for cash in the merger, you will recognize gain or loss in an amount equal to the difference between the cash received and your adjusted tax basis in your First National common stock or First National preferred stock. We expect that if you receive solely First Community common stock in exchange for your shares of First National common stock or First National preferred stock, you generally will not recognize any gain or loss for United States federal income tax purposes. However, you will have to recognize income or gain in connection with cash received in lieu of fractional shares of First Community common stock. If you receive a combination of cash and First Community common stock in the merger, you will not recognize loss but will recognize gain, if any, on the shares exchanged to the extent of any cash received. This tax treatment may not apply to all First National shareholders.

Each of First Community's and First National's obligation to complete the merger is conditioned on First Community's and First National's receipt of legal opinions about the federal income tax treatment of the merger. These opinions will not bind the Internal Revenue Service, which could take a different view. To review the tax consequences to First National shareholders in greater detail, see "The Merger Material Federal Income Tax Considerations of the Merger" beginning on page 70. **YOU SHOULD CONSULT YOUR OWN TAX ADVISOR FOR A FULL UNDERSTANDING OF THE TAX CONSEQUENCES TO YOU OF THE MERGER.**

Q: What risks should I consider before I vote on the merger?

A. You should review "Risk Factors" beginning on page 13.

Q: When do you expect the merger to occur?

A: We are working to complete the merger in the third quarter of 2002. We must first obtain the necessary regulatory approval and the approval of First National's shareholders and of First Community's shareholders at their respective special meetings. We cannot assure you as to if and when all the conditions to the merger will be met nor can we predict the exact timing. It is possible we will not complete the merger.

Q: How does the merger impact outstanding options to purchase First National common stock?

A: The consequences of the merger on stock options held by First National employees will depend largely upon your own individual circumstances, such as:

- whether you continue to be employed by the surviving bank;
- whether First Community elects to assume your options and convert them into replacement options to purchase First Community common stock; and
- whether you exercise your vested options before the time First National shareholders have to make their exchange election.

Q: What happens to my outstanding options to purchase First National common stock ?

A: First Community may, but is not required to, elect to assume your outstanding options and convert them into replacement options to purchase First Community common stock.

Q: What if First Community decides not to convert my First National options to replacement options or my employment is terminated at the time of the merger?

A: Immediately prior to the date the merger becomes effective, all of your options will become exercisable in full. If you do nothing, you will receive cash for each underlying share of your options equal to the difference between $10.00 and the exercise price of your option. Your receipt of cash for your option shares will be taxable.

Q: Can I elect to exercise my options before the merger?

A: You may exercise some or all of your vested options before the merger. If you exercise your vested options by the record date for the First National special meeting you will receive an election form on which to make an exchange election to elect cash or First Community stock. If you do not make the election (properly) before the election deadline, your shares of First National stock will be deemed to be "Undesignated Shares", in which case you may receive cash, First Community stock, or a combination of cash and stock, whatever the case may be, so as to cause 2,762,662 shares of First Community common stock to be issued to First National shareholders in the merger and the composition of the total merger consideration to all First National shareholders to consist of at least 45% First Community common stock.

Q: What if my employment is terminated prior to the merger?

A: You will have 90 days from the date of termination to exercise your vested options or the vested options will terminate. All unvested options will terminate on the date of termination of your employment. If you exercise your options by the record date for the First National special meeting, then you will receive an election form to make an exchange election. If you fail to make an election or exercise your options after the election deadline has passed, the shares of First National common stock you receive will be treated as "Undesignated Shares". If you do nothing, you will receive cash for each underlying share of your options equal to the difference between $10.00 and the exercise price of your option. Your receipt of cash for your option shares will be taxable.

Q: What if my employment is terminated after the merger and I have received replacement options?

A: The replacement options will be governed by the terms of the First Community stock option plan.

Q: What happens to my First National options if the merger fails to close?

A: Unless already exercised, your options will remain outstanding under the terms of the First National plan and continue to vest under the terms by which the options were granted. If you properly exercised any vested options, you will be issued First National common stock.

Q: Whom should I contact with questions or to obtain additional copies of this proxy statement-prospectus?

A: First Community shareholders should contact:

First Community Bancorp
275 North Brea Boulevard
Brea, California 92821
Attn: Corporate Secretary
(714) 671-6800

First National shareholders should contact:

First National Bank
401 West "A" Street
San Diego, California 92101
Attn: Corporate Secretary
(619) 233-5588

Please refer to "Where to Find More Information" on the inside front cover of this proxy statement-prospectus for additional information and resources.

SUMMARY

This brief summary highlights selected information from this document and does not contain all of the information that is important to you. You should carefully read this entire document and the other documents to which this document refers you. See "Where You Can Find More Information" on the inside front cover of this proxy statement-prospectus. Each item in this summary contains a page reference directing you to a more complete description of that item. Unless otherwise specified, references to "we", "our" and "us" in this document mean First Community and First National together.

The Merger (Page 56)

We propose a merger in which First National will merge with and into Rancho Santa Fe National Bank, a wholly-owned subsidiary of First Community. As a result of the merger, First National will cease to exist as a separate entity and First National shareholders will have the right to become a shareholder of First Community. We expect to complete the merger in the third quarter of 2002. When we complete the merger, for each share of First National common stock or preferred stock you own, you will have the right to elect, on a share-by-share basis, to receive:

- $10.00 in cash; or
- 0.5008 of a share of First Community common stock

The merger agreement provides that 2,762,662 shares of First Community common stock, which we refer to as the stock amount, shall be issued in the merger, subject to certain exceptions described in "The Merger Consideration to be Received by First National Shareholders in the Merger" on page 59. If First National shareholders elect to receive, in the aggregate, stock consideration that would otherwise result in the issuance of more or less than 2,762,662 shares of First Community common stock, then your election may be subject to proration as described on pages 59 through 62.

We are sending a form of election to First National shareholders in a separate mailing. If you wish to make an election with respect to your First National shares, you should complete the appropriate form and send it in the envelope provided with the form of election to U.S. Stock Transfer Corporation, which is the exchange agent. For you to make an effective election, your properly executed election form must be received by the exchange agent before the election deadline on August , 2002. You must include your First National stock certificates with your election form. Please read the instructions to the election form for information on completing that form. Those instructions will also inform you of what to do if your stock certificates have been lost, stolen or destroyed.

First National shareholders should not send their First National stock certificates in the envelope provided for returning their proxy card. The stock certificates should only be forwarded to the exchange agent with the letter of transmittal and election form.

Copies of this proxy statement-prospectus and the election form will be provided to all persons who become First National shareholders after the record date and prior to the election deadline in order to permit them to make an election.

The Companies (Page 90)

First Community Bancorp
6110 El Tordo
Rancho Santa Fe, California 92067
(858) 756-3023

First Community is a California corporation registered under the Bank Holding Company Act of 1956. First Community's principal business is to serve as a holding company for its banking subsidiaries Pacific Western National Bank and Rancho Santa Fe National Bank. First Community was established in October 1999. In May 2000, it became the parent of Rancho Santa Fe National Bank and of First Community Bank of the Desert. In January 2002, First Community completed the consolidation of First Community Bank of the Desert, First Professional Bank and Pacific Western National Bank under the charter of First Professional Bank, which was renamed Pacific Western National Bank upon completion of the consolidation. Rancho Santa Fe National

Bank is a federally chartered commercial bank serving the commercial, industrial, professional, real estate and private banking markets of San Diego County. Pacific Western National Bank is also a federally chartered commercial bank, and it serves the commercial, industrial, professional, real estate and private banking markets of Los Angeles, Orange, Riverside and San Bernardino Counties.

As of March 31, 2002, on an unaudited basis, First Community had total consolidated assets of approximately $1,199.8 million, total consolidated loans, net of deferred fees, of approximately $798.7 million, total consolidated deposits of approximately $1,046.0 million and total consolidated shareholders' equity of approximately $104.3 million. First Community had 327 active full time equivalent employees on March 31, 2002.

First National Bank
401 West "A" Street
San Diego, California 92101
(619) 233-5588

First National is a national banking association and is headquartered in San Diego, California. First National has seven branches located in San Diego County and Imperial County, California.

As of March 31, 2002, on an unaudited basis, First National had total assets of approximately $649.1 million, total loans, net of deferred fees, of approximately $407.2 million, total deposits of approximately $525.0 million, and total shareholders' equity of approximately $51.6 million. First National had 221 active full time equivalent employees on March 31, 2002.

Material Federal Income Tax Considerations of the Merger (Page 70)

In general, for United States federal income tax purposes, if you exchange your First National common stock or First National preferred stock solely for cash in the merger, you will recognize gain or loss in an amount equal to the difference between the cash received and your adjusted tax basis in your First National common stock or First National preferred stock. We expect that if you receive solely First Community common stock in exchange for your shares of First National common stock or First National preferred stock, you generally will not recognize any gain or loss for United States federal income tax purposes. However, you will have to recognize income or gain in connection with cash received in lieu of fractional shares of First Community common stock. If you receive a combination of cash and First Community common stock in the merger, you will not recognize loss but will recognize gain, if any, on the shares exchanged to the extent of any cash received. This tax treatment may not apply to all First National shareholders.

Each of First Community's and First National's obligation to complete the merger is conditioned on First Community's and First National's receipt of legal opinions about the federal income tax treatment of the merger. These opinions will not bind the Internal Revenue Service, which could take a different view. To review the tax consequences to First National shareholders in greater detail, see "The Merger Material Federal Income Tax Considerations of the Merger" beginning on page 70. **YOU SHOULD CONSULT YOUR OWN TAX ADVISOR FOR A FULL UNDERSTANDING OF THE TAX CONSEQUENCES TO YOU OF THE MERGER.**

Concurrent Transactions (Page 92)

In addition to the merger, First Community is in the process of executing the following additional transactions.

On April 18, 2002, First Community entered into an agreement to acquire Upland Bank, a state bank with its principal place of business in Upland, California. Pursuant to that agreement, Upland Bank will merge with and into Pacific Western National Bank, a wholly-owned subsidiary of First Community.

On May 13, 2002, First Community entered into an agreement to acquire Marathon Bancorp, a bank holding company with its principal place of business in Los Angeles, California. Pursuant to that agreement, Marathon National Bank, a wholly-owned subsidiary of Marathon Bancorp, will merge with and into Pacific Western National Bank.

On June 11, 2002, First Community filed a registration statement with the SEC for the purpose of raising up to $86.25 million through the sale of its common stock, before expenses and underwriting discounts. On June 27, 2002, First Community filed an amendment to this registration statement which raised the maximum size of the proposed offering to $86.31 million.

The transactions mentioned above may impact the ability of First Community to consummate the merger and its ability to successfully integrate First National with the businesses of First Community. These transactions may also have a dilutive effect on the shares of First Community common stock that you may receive in the merger. For more information see "Risk Factors" beginning on page 13 and "Information About First Community Concurrent Transactions" beginning on page 92.

On June 26, 2002, First Community closed an offering of trust preferred securities with an aggregate liquidation preference of $10.0 million.

Market Price Information for the Common Stock of each of First Community and First National (Page 21)

First Community trades on the Nasdaq National Market System, which we refer to as Nasdaq, under the symbol "FCBP". The historical closing price for First Community's common stock on April 26, 2002, the last trading day before the public announcement of the merger, was $26.85. The historical closing price for First Community's common stock on July , 2002, the last practicable trading date before the date of this proxy statement-prospectus, was $.

First National trades on the over-the-counter bulletin board market under the symbol "FNBQ". There is a very limited trading market for First National common stock. The historical closing price for First National's common stock on July , 2002, the last practicable trading date before the date of this proxy statement-prospectus, was $.

Because the number of shares of First Community common stock that First National shareholders will receive in exchange for each share of First National common stock or preferred stock in the merger is fixed, if you elect to receive First Community common stock, the value of the shares of First Community common stock you will receive in the merger will fluctuate as the price of First Community common stock changes. First Community cannot assure you that its stock price will continue to trade at or above the prices shown above. You should obtain current stock price quotations for First Community common stock from a newspaper, via the Internet or by calling your broker.

The Special Meeting of First National Shareholders (Page 48)

The special meeting of First National shareholders will be held on August , 2002 at [a.m.], local time, at First National's San Diego office at 401 West "A" Street, San Diego, California 92101. At the special meeting, you will be asked to approve the merger agreement by and among First Community, First National and Rancho Santa Fe.

The Special Meeting of First Community Shareholders (Page 54)

The special meeting of First Community shareholders will be held on August , 2002 at [a.m.], local time, at . At the special meeting, you will be asked to approve the principal terms of the merger agreement by and among First Community, First National and Rancho Santa Fe, including the issuance of First Community common stock to shareholders of First National, and to approve an amendment to First Community's articles of incorporation to increase in the number of authorized shares of common stock of First Community from 15 million shares to 30 million shares.

Record Dates; Votes Required (Page 48)

First National. You can vote at the First National special meeting if you owned First National common stock or preferred stock at the close of business on the First National record date which is , 2002. On that date, there were shares of common stock and shares of preferred stock of First

National outstanding and entitled to vote. You can cast one vote for each share of common stock or preferred stock of First National you owned on that date. As of its record date, directors, officers and affiliates of First National collectively owned approximately % of the outstanding First National shares.

Approval of the merger requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of First National common stock and preferred stock, voting together as a single class, entitled to vote at the special meeting. Not voting, or failing to instruct your broker how to vote shares held for you in the broker's name, will have the same effect as voting against the merger.

At close of business on the First National record date, Austray Pte Ltd., Leon H. Reinhart & Self-Directed IRA, the Liebman Trust, Larkstone Inc., Jackpot Futures L.P., Mystory Corp., Brenner International Group LLC, Enivia Pte Ltd., Robert Whetten & Robert J. Whetten IRA, and the Reinhart Family 2001 Charitable Remainder Unitrust owned shares of First National common stock and shares of First National preferred stock, allowing them to exercise approximately % of the voting power of First National common stock and preferred stock entitled to vote at the First National special meeting. These shareholders have agreed to vote these shares in favor of the merger agreement, as more fully described in the summary of shareholder agreements beginning on page 87. As of the same date, First Community and its affiliates beneficially owned shares of First National common stock.

First Community. You can vote at the First Community special meeting if you owned First Community common stock at the close of business on , 2002 which is the First Community record date. On that date, there were shares of common stock of First Community outstanding and entitled to vote. You can cast one vote for each share of common stock of First Community you owned on that date. As of its record date, First Community officers, directors and affiliates owned approximately % of the outstanding shares of common stock of First Community.

Approval of the merger requires the affirmative vote of the holders of a majority of the outstanding shares of First Community common stock entitled to vote at the special meeting. Not voting, or failing to instruct your broker how to vote shares held for you in the broker's name, will have the same effect as voting against the merger.

Approval of the amendment to the articles of incorporation of First Community to increase the authorized number of common shares requires the affirmative vote of the holders of a majority of the outstanding shares of First Community common stock entitled to vote at the special meeting. Not voting, or failing to instruct your broker how to vote shares held for you in the broker's name, will have the same effect as voting against the amendment to the articles of incorporation.

Revocability of Proxies

You may revoke your proxy at any time before it is exercised by (1) filing with the Corporate Secretary of First National or First Community, as the case may be, a written notice of revocation of your proxy; (2) submitting a duly executed proxy bearing a later date; or (3) voting in person at the special meeting.

Opinion of First National's Financial Advisor (Page 62)

Among other factors considered in deciding to approve the merger, on April 22, 2002 the First National board of directors received the written opinion of its financial advisor, Keefe, Bruyette & Woods, Inc., that, as of that date and based on and subject to the assumptions, limitations and qualifications set forth in its opinion, the consideration to be provided to the shareholders of First National was fair to the shareholders of First National from a financial point of view. The opinion of Keefe Bruyette dated as of April 22, 2002, is attached as Appendix B. You should read this opinion completely to understand the assumptions made, matters considered and limitations of the review undertaken by Keefe Bruyette in providing its opinion. Upon consummation of the merger, First National will pay an advisory fee to Keefe Bruyette of $200,000.

The First National and First Community Boards of Directors Recommend that You Vote "For" Approval of the Merger (Page 57)

After careful consideration, the board of directors of each of First National and First Community determined by unanimous vote that the merger is fair to and in the best interests of their respective shareholders, declared that the merger agreement is advisable and approved our merger agreement.

Based on First National's reasons for the merger described in this document, including Keefe, Bruyette's fairness opinion, the First National board of directors voted unanimously to recommend that you vote **"FOR"** the proposal to approve the merger agreement.

Based on First Community's reasons for the merger described in this document, the First Community board of directors unanimously recommends that you vote **"FOR"** the proposal to approve the principal terms of the merger agreement and to issue the shares of common stock pursuant to the merger.

Conditions to Completion of the Merger (Page 83)

The completion of the merger depends on a number of conditions being met, including:

- performance of the obligations of First National shareholders that are party to shareholder agreements;
- that First National will have the required amount of shareholders' equity;
- approval of the merger agreement by First National and First Community shareholders;
- receipt of required regulatory approvals, including approval by the Office of the Comptroller of the Currency, or OCC, and that such approvals do not contain restrictions or conditions that would have a material adverse effect on First Community or any of its subsidiaries or reduce the benefit of the merger to First Community to the extent that it would not have entered into the merger agreement had it known such restrictions or conditions would be imposed prior to entering into the merger agreement;
- absence of an injunction or regulatory prohibition to completion of the merger;
- receipt by each of First Community and First National of an opinion from their respective tax counsel that the merger will qualify as a tax-free reorganization;
- accuracy of the respective representations and warranties of First National and First Community, subject to exceptions that would not have a material adverse effect on First National or First Community; and
- compliance in all material respects by First National and First Community with their respective covenants in the merger agreement.

Where the law permits, a party to the merger agreement could elect to waive a condition to its obligation to complete the merger although that condition has not been satisfied. We cannot be certain when (or if) the conditions to the merger will be satisfied or waived or that the merger will be completed.

We May Decide Not to Complete the Merger (Page 84)

First National and First Community can agree at any time not to complete the merger, even if you have voted to approve the merger agreement. Also, either of us can decide, without the consent of the other, not to complete the merger in a number of other situations, including:

- the final denial of a required regulatory approval;
- failure of First Community or First National shareholders to approve the merger agreement;
- failure to complete the merger by December 31, 2002;
- breach by the other party of its representations, warranties, covenants or agreements contained in the merger agreement, if the breach is of the sort

that would permit the terminating party to not complete the merger and the breach is not cured within 30 days of notice of the breach or cannot, by virtue of its nature or timing, be cured prior to the intended completion date of the merger; and

if the closing price of First Community common stock on the closing date is less than $19.97 per share, and First Community decides not to increase the number of shares of First Community common stock being offered in the merger so that First National shareholders would receive consideration at least equal the consideration they would have received had First Community's stock price been $19.97.

Termination Fee (Page 85)

Under certain conditions, either First Community or First National may owe to the other party a termination fee in the amount of $5.0 million if the merger agreement is terminated. The merger agreement requires First National to pay the termination fee to First Community if the merger agreement is terminated under the following circumstances:

- if First National terminates before December 31, 2002 pursuant to a competing acquisition proposal, or terminates on or after December 31, 2002 and First Community, at the time of the termination by First National, is also entitled to terminate the merger agreement; or
- if First Community terminates because of:
  - an uncured breach of the merger agreement by First National;
  - failure of First National shareholders to approve the merger;
  - First National's discussions with a third party regarding a competing acquisition proposal; or
  - First National's board of directors fails to recommend the merger to shareholders or withdraws or changes its recommendation.

The merger agreement requires First Community to pay the termination fee to First National if the merger agreement is terminated under the following circumstances:

- if either First Community or First National terminates because of the failure to receive a necessary regulatory approval, and such failure is not predominantly based on an identified problem or condition at First National or any of its subsidiaries;
- if First Community terminates on or after December 31, 2002 and First National, at the time of the termination by First Community, is also entitled to terminate the merger agreement; or
- if First National terminates because of:
  - an uncured breach of the merger agreement by First Community;
  - failure of First Community shareholders to approve the merger;
  - the closing price of First Community's common stock is below $19.97 per share on the closing date of the merger and First Community decides not to increase the number of shares of First Community common stock being offered in the merger; or

First Community's willful breach of its covenant to use its best efforts with respect to regulatory applications.

We May Amend the Terms of the Merger and Waive Some Conditions (Page 86)

First Community and First National may jointly amend the terms of the merger agreement, and each of us may waive our right to require the other party to adhere to those terms, to the extent legally permissible. However, after you approve the merger agreement, any subsequent amendment or waiver that reduces or changes the amount or form of the consideration that you will receive as a result of the merger

cannot be completed without your prior approval.

First Community Shareholders May Have Appraisal Rights (Page 122)

Under California law, as a First Community shareholder you may have the right to dissent from the merger and to have the appraised fair market value of your shares of First Community common stock paid to you in cash. You have the right to seek appraisal of the value of your First Community shares and be paid the appraised value if all of the following conditions exist:

- You deliver to First Community, before the vote is taken at the special meeting, a written demand for payment of your shares of First Community common stock;
- The holders of at least 5% of the total number of shares of First Community common stock (including you) make the required written demand;
- You vote against the merger; and
- You otherwise comply with the provisions governing dissenters' rights under California law.

If you dissent from the merger and the conditions outlined above are met, your only right will be to receive the appraised value of your shares in cash. You should be aware that submitting a signed proxy card without indicating a vote with respect to the merger will be deemed a vote "FOR" the merger and a waiver of your dissenter's rights. A vote "AGAINST" the merger does not dispense with the requirement to deliver a written demand for payment.

The appraised value **may be less** than the consideration you would receive under the terms of the merger agreement.

For more detailed information about your rights under California law, see "Dissenters' Rights First Community Shareholders' Rights".

First National Shareholders May Have Appraisal Rights (Page 124)

Under federal law, as a First National shareholder you may have the right to dissent from the merger and to have the appraised fair market value of your shares of First National common stock or preferred stock paid to you in cash. You have the right to seek appraisal of the value of your First National shares and be paid the appraised value if you (1) vote against the merger or give written notice to First National prior to the special meeting that you dissent from the merger, (2) submit your First National stock certificates to First Community accompanied by a request for appraisal within 30 days after the consummation of the merger and (3) otherwise comply with the provisions governing dissenters' rights under federal law.

If you dissent from the merger and the conditions outlined above are met, your shares of First National will not be exchanged for shares of First Community common stock in the merger, and your only right will be to receive the appraised value of your shares in cash. You should be aware that submitting a signed proxy card without indicating a vote with respect to the merger will be deemed a vote "FOR" the merger and a waiver of your dissenters' rights. A vote "AGAINST" the merger does not dispense with the other requirements to request an appraisal under federal law.

The appraised value **may be less** than the consideration you would receive under the terms of the merger agreement.

For more detailed information about your rights under federal law, see "Dissenters' Rights First National Shareholders' Rights".

In Order to Complete the Merger, We Must First Obtain Federal Regulatory Approval (Page 70)

In order to complete the merger, First Community and First National must first obtain the consent of the OCC. On May 23, 2002, Rancho Santa Fe and First National filed an application with the OCC under the Bank Merger Act.

Proposed Amendment to First Community's Articles of Incorporation (Page 88)

First Community shareholders will also vote on a proposal to approve an amendment to First Community's articles of incorporation which will increase the number of authorized shares of First Community common stock from 15 million shares to 30 million shares. Approval of the amendment is not a condition to completion of the merger.

The board of directors of First Community unanimously recommends that you vote "FOR" approval of the proposed amendment.

COMPARATIVE PER SHARE DATA

The following table presents certain historical per share data of First Community and First National and certain unaudited pro forma per share data that reflect the combination of First Community and First National using the purchase method of accounting. This data should be read in conjunction with First Community's audited and unaudited consolidated financial statements and notes thereto that are incorporated by reference in this proxy statement-prospectus and First National's audited and unaudited consolidated financial statements and notes thereto that are included as Appendix F with this proxy statement-prospectus, and the unaudited pro forma combined condensed consolidated financial information included elsewhere in this proxy statement-prospectus. The unaudited pro forma combined per share data do not necessarily indicate the operating results that would have been achieved had the combination of First Community and First National actually occurred at the beginning of the periods presented, nor do they indicate future results of operations or financial position.

	As of and for the Three Months Ended March 31, 2002			
			Pro Forma	
	First Community	First National	First Community and First National	First National Equivalent(1)
Net income from continuing operations per common share:				
Basic	$ 0.33	$ 0.03	$ 0.19	$ 0.10
Diluted	$ 0.32	$ 0.03	$ 0.19	$ 0.10
Dividends declared on common stock	$ 0.09		$ 0.09	$ 0.05
Dividends declared on preferred stock	N/A		N/A	N/A
Book value per common share	$ 13.84	$ 5.26	$ 18.12	$ 9.07
Book value per common share assuming conversion of preferred shares	N/A	$ 4.60	N/A	N/A

	As of and for the Year Ended December 31, 2001			
			Pro Forma	
	First Community	First National	First Community and First National	First National Equivalent(1)

	As of and for the Three Months Ended March 31, 2002			
Net income (loss) from continuing operations per common share:				
Basic	$ 1.30	$ (0.43)	$ 0.23	$ 0.12
Diluted	$ 1.23	$ (0.43)	$ 0.22	$ 0.11
Dividends declared on common stock	$ 0.36		$ 0.36	$ 0.18
Dividends declared on preferred stock	N/A		N/A	N/A
Book value per common share	$ 10.48	$ 5.34	$ 18.60	$ 9.31
Book value per common share assuming conversion of preferred shares	N/A	$ 4.66	N/A	N/A

(1) The First National pro forma equivalent per share amounts are computed by multiplying the First Community and First National pro forma combined amounts by the exchange ratio, resulting in a holder of First National common or preferred stock receiving 0.5008 of a share of First Community common or preferred stock in exchange for a share of First National common or preferred stock.

RISK FACTORS

By voting in favor of the merger, you will be choosing to invest in the combined company's common stock to the extent you receive First Community common stock in exchange for your shares of First National common stock and preferred stock. An investment in the combined company's common stock contains a high degree of risk. In addition to the other information included in this document, including the matters addressed in "Cautionary Statement Regarding Forward-Looking Statements", you should carefully consider the matters described below in determining whether to approve the merger agreement.

Risks Related to the Merger

The merger consideration that is paid in First Community common stock fluctuates based on the final First Community stock price.

If you receive First Community common stock in the merger, the exchange ratio is fixed at 0.5008 of a share of First Community common stock for each share of First National common stock and preferred stock exchanged therefor. This average price may vary from the price of First Community common stock on the date the merger was announced, on the date that this document is mailed to First National shareholders, and on the date of the special meeting of First National shareholders. Any change in the price of First Community common stock prior to completion of the merger may affect the value of the merger consideration that you will receive upon completion of the merger. Stock price changes may result from a variety of factors, including completion of the merger, general market and economic conditions, changes in our respective businesses, operations and prospects, and regulatory considerations. Many of these factors are beyond our control. We urge you to obtain current market quotations for First Community common stock.

You may not receive the form of merger consideration that you elect.

The merger agreement contains provisions that are designed to ensure that, subject to certain exceptions discussed in "The Merger Consideration to be Received by First National Shareholders in the Merger", 2,762,662 shares of First Community common stock will be issued in conjunction with the merger. If elections are made by First National shareholders that would result in them receiving more or less First Community common stock than this amount, either those electing to receive cash or those electing to receive First Community common stock will have the consideration of the type they selected reduced by a pro rata amount and will receive a portion of their consideration in the form that they did not elect to receive. Accordingly, there is a risk that you will not receive a portion of the merger consideration in the form that you elect, which could result in, among other things, tax consequences that differ from those that would have resulted had you received the form of consideration you elected (including with respect to the recognition of taxable gain to the extent cash is received). See "The Merger Material Federal Income Tax Considerations of the Merger" beginning on page 70.

If First Community is unable to integrate successfully the operations of First National and the operations of other banks it has acquired or proposed to acquire, the combined business and earnings may be negatively affected.

First Community has acquired six banks since its formation, including three banks since September 30, 2001. In addition, First Community has announced agreements to acquire two banks in addition to First National, Upland Bank and Marathon Bancorp, which, if consummated, will nearly double the size of First Community's operations. Successful integration of these banks, each of which previously operated independently, will depend primarily on First Community's ability to consolidate operations, systems and procedures and to eliminate redundancies and costs. First Community cannot assure you that it will be able to integrate their operations without encountering difficulties including, without limitation, the loss of key employees and customers, the disruption of respective ongoing

businesses or possible inconsistencies in standards, controls, procedures and policies. Estimated cost savings and revenue enhancements are projected to come from various areas that management has identified through the due diligence and integration planning process. If First Community has difficulties with any of these integrations, it might not achieve the economic benefits it expects to result from these acquisitions and this would likely hurt its business and earnings. In addition, First Community may experience greater than expected costs or difficulties relating to the integration of these banks, and/or may not realize expected cost savings from these acquisitions within the expected time frames.

The inability to raise cash through a registered offering of First Community common stock may delay consummation of the merger.

If First Community is unable to raise cash pursuant to a registered offering of its common stock, it will need to secure alternative sources of funding in order to finance the acquisitions of First National, Marathon Bancorp and Upland Bank. The time necessary to secure alternative funding, if it is needed, may delay the consummation of the merger.

Shares eligible for future sale could have a dilutive effect.

As of July , 2002, there are 15,000,000 shares of First Community common stock authorized, of which approximately shares are outstanding. It is currently contemplated that a maximum of 2,762,662 additional shares will be issued in the merger to First National shareholders, subject to certain limited exceptions which could increase the total number of shares of First Community common stock delivered to First National shareholders in the merger. See "The Merger Consideration to be Received by First National Shareholders in the Merger" on page 59.

Shares of First Community common stock eligible for future sale including those that may be issued in the acquisition of Upland Bank and Marathon Bancorp and any offering of First Community common stock for cash could have a dilutive effect on the market for First Community common stock and could adversely affect market prices.

On June 11, 2002, First Community filed a registration statement with the SEC on Form S-3 to raise up to $86.25 million, before expenses and underwriting discounts, through the sale of its common stock. On June 27, 2002, First Community filed an amendment to this registration statement which raised the maximum size of the proposed offering to $86.31 million. First Community intends to complete the offering prior to the consummation of the merger.

First Community has also filed two additional registration statements with the SEC on Form S-4 in connection with the acquisitions of Upland and Marathon Bancorp, respectively. These registration statements provide for First Community to issue up to 1.1 million shares of its common stock in connection with those acquisitions. First Community currently intends to complete the issuance of those shares and close those transactions by the end of the third quarter of 2002.

Risks Related to First Community Following Completion of the Merger

As used in this section "Risks Related to First Community Following Completion of the Merger", references to "we", "us" and "our" means First Community after acquiring First National.

We face strong competition from financial service companies and other companies that offer banking services, which could hurt our business.

After the merger, we will continue to conduct our banking operations exclusively in Southern California. Increased competition in our market may result in reduced loans and deposits. Ultimately, we may not be able to compete successfully against current and future competitors. Many competitors offer the banking services that we offer in our service area. These competitors include national banks, regional banks and other community banks. We also face competition from many other types of financial institutions, including without limitation, savings and loan institutions, finance companies, brokerage firms, insurance companies, credit unions, mortgage banks and other financial intermediaries. In particular, our competitors include several major financial companies whose greater resources may afford them a marketplace advantage by enabling them to maintain numerous banking locations and mount extensive promotional and advertising campaigns. Additionally, banks and other financial institutions with larger capitalization and financial intermediaries not subject to bank regulatory restrictions have larger lending limits and are thereby able to serve the credit needs of larger customers. Areas of competition include interest rates for loans and deposits, efforts to obtain deposits, and range and quality of products and services provided, including new technology-driven products and services. We also face competition from out-of-state financial intermediaries that have opened low-end production offices or that solicit deposits in their respective market areas. If we are unable to attract and retain banking customers, we may be unable to continue our loan growth and level of deposits and our results of operations and financial condition may otherwise be adversely affected.

Changes in economic conditions, in particular an economic slowdown in Southern California, could hurt our business materially.

Our business is directly affected by factors such as economic, political and market conditions, broad trends in industry and finance, legislative and regulatory changes, changes in government monetary and fiscal policies and inflation, all of which are beyond our control. A deterioration in economic conditions, in particular an economic slowdown in Southern California, could result in the following consequences, any of which could hurt our business materially:

- loan delinquencies may increase;
- problem assets and foreclosures may increase;
- demand for our products and services may decline;
- low cost or non-interest bearing deposits may decrease; and
- collateral for loans made by us, especially real estate, may decline in value, in turn reducing customers' borrowing power, and reducing the value of assets and collateral associated with our existing loans.

A downturn in the real estate market could hurt our business.

A downturn in the real estate market could hurt our business because many of our loans are secured by real estate. Our ability to recover on defaulted loans by selling the real estate collateral would then be diminished, and we would be more likely to suffer losses on defaulted loans. As of March 31, 2002, approximately 50% of the book value of First Community's loan portfolio consisted of loans secured by various types of real estate. Substantially all of our real property collateral is located in Southern California. If there is a significant decline in real estate values, especially in Southern California, the collateral for our loans will provide less security. Real estate values could be affected by, among other things, earthquakes and natural disasters particular to California.

Our business is subject to interest rate risk and variations in interest rates may negatively affect our financial performance.

Changes in the interest rate environment may reduce profits. It is expected that we will continue to realize income from the differential or "spread" between the interest earned on loans, securities and other interest-earning assets, and interest paid on deposits, borrowings and other interest-bearing

liabilities. Net interest spreads are affected by the difference between the maturities and repricing characteristics of interest-earning assets and interest-bearing liabilities. In addition, loan volume and yields are affected by market interest rates on loans, and rising interest rates generally are associated with a lower volume of loan originations. There can be no assurance that our interest rate risk will be minimized or eliminated. In addition, an increase in the general level of interest rates may adversely affect the ability of certain borrowers to pay the interest on and principal of their obligations. Accordingly, changes in levels of market interest rates could materially adversely affect our net interest spread, asset quality, loan origination volume and overall profitability.

We are dependent on key personnel and the loss of one or more of those key personnel may materially and adversely offset our prospects.

We currently depend heavily on the services of our chairman, John Eggemeyer, our chief executive officer, Matthew Wagner, and a number of other key management personnel. The loss of Mr. Eggemeyer's or Mr. Wagner's services or that of other key personnel could materially and adversely affect our results of operations and financial condition. Our success will also depend in part on the ability to attract and retain additional qualified management personnel. Competition for such personnel is strong in the banking industry and we may not be successful in attracting or retaining the personnel we require.

We are subject to extensive regulation, which could adversely affect our business.

Our operations are subject to extensive regulation by federal, state and local governmental authorities and are subject to various laws and judicial and administrative decisions imposing requirements and restrictions on part or all of their respective operations. We believe that we are in substantial compliance in all material respects with applicable federal, state and local laws, rules and regulations. Because our business is highly regulated, the laws, rules and regulations applicable to us are subject to regular modification and change. There are currently proposed various laws, rules and regulations that, if adopted, would impact our operations. There can be no assurance that these proposed laws, rules and regulations, or other such laws, rules or regulations, will not be adopted in the future, which could make compliance much more difficult or expensive, restrict our ability to originate, broker or sell loans, further limit or restrict the amount of commissions, interest or other charges earned on loans originated or sold by us or otherwise adversely affect our business or prospects.

We are exposed to risk of environmental liabilities with respect to properties to which we take title.

In the course of our business, we may foreclose and take title to real estate, and could be subject to environmental liabilities with respect to these properties. We may be held liable to a governmental entity or to third parties for property damage, personal injury, investigation and clean-up costs incurred by these parties in connection with environmental contamination, or may be required to investigate or clean up hazardous or toxic substances, or chemical releases at a property. The costs associated with investigation or remediation activities could be substantial. In addition, as the owner or former owner of a contaminated site, we may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from the property. If we ever become subject to significant environmental liabilities, our business, financial condition, liquidity and results of operations could be materially and adversely affected.

Our ability to pay dividends is restricted by law and contractual arrangements and depends on capital distributions from the banks which are subject to regulatory limits.

Our ability to pay dividends to our shareholders is subject to the restrictions set forth in California law. In addition, our ability to pay dividends to our shareholders is restricted under specified circumstances under indentures and a revolving credit agreement to which we are a party. We cannot

assure you that we will meet the criteria specified under California law or these agreements, in which case we may reduce or stop paying dividends on our common stock. For more information on these restrictions see "Information About First Community Limitations on Dividends", beginning on page 91.

The primary source of our income from which we pay dividends is the receipt of dividends from our subsidiary banks. The availability of dividends from the banks is limited by various statutes and regulations. It is possible, depending upon the financial condition of the bank in question, and other factors, that the Board of Governors of the Federal Reserve System, which we refer to as the Federal Reserve Board, and/or the Office of the Comptroller of the Currency, which we refer to as the OCC, could assert that payment of dividends or other payments is an unsafe or unsound practice. In the event our subsidiaries were unable to pay dividends to us, we in turn would likely have to reduce or stop paying dividends on our common stock. Our failure to pay dividends on our common stock could have a material adverse effect on the market price of our common stock. See "Regulation and Supervision", beginning on page 114.

Only a limited market exists for First Community common stock which could lead to price volatility and losses for First National shareholders receiving First Community common stock in the merger.

Our common stock was designated for quotation on Nasdaq in June 2000 and trading volumes since that time have been modest. We cannot assure you that an active trading market for our common stock will develop. The limited trading market for our common stock may cause fluctuations in the market value of our common stock to be exaggerated, leading to price volatility in excess of that which would occur in a more active trading market of our common stock.

Our allowance for loan losses may not be adequate to cover actual losses.

Like all financial institutions, we maintain an allowance for loan losses to provide for loan defaults and non-performance. Our allowance for loan losses may not be adequate to cover actual loan losses, and future provisions for loan losses could materially and adversely affect our operating results. Our allowance for loan losses is based on prior experience, as well as an evaluation of the risks in the current portfolio. The amount of future losses is susceptible to changes in economic, operating and other conditions, including changes in interest rates that may be beyond our control, and these losses may exceed current estimates. Federal regulatory agencies, as an integral part of their examination process, review our loans and allowance for loan losses. While we believe that our allowance for loan losses is adequate to cover current losses, we cannot assure you that we will not further increase the allowance for loan losses or that regulators will not require us to increase this allowance. Either of these occurrences could materially adversely affect our earnings.

Concentrated ownership of our common stock creates a risk of sudden changes in our share price.

As of March 31, 2002, directors and members of our executive management team beneficially owned or controlled approximately 35% of our common stock. Certain shareholders in First National will also acquire large percentages of our common stock if we consummate the First National acquisition. Investors who purchase our common stock may be subject to certain risks due to the concentrated ownership of our common stock. The sale by any of our large shareholders of a significant portion of that shareholders' holdings could have a material adverse effect on the market price of our common stock. In addition, the registration of shares of our common stock in the First National acquisition will have the immediate effect of increasing the public float of our common stock. Such increase may cause the market price of our common stock to decline or fluctuate significantly.

First National's written agreement with the OCC may delay the benefits to First Community of the merger.

First National is subject to a written agreement with the OCC which calls for specific actions to be taken by First National, including restricting growth, establishing a compliance committee, controlling the level of credit risk and maintaining adequate allowance for loan losses, adhering to a written insider loan policy and adopting and adhering to a written interest rate risk policy. While the managements of both First Community and First National believe that First National has substantially complied with the terms of the written agreement, the written agreement may not be terminated as soon as we anticipate. We can give no assurances as to whether or when the written agreement will be terminated. The written agreement may delay our plans for the combined company and may interfere with our achievement of cost savings and other benefits to us of the merger.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement-prospectus contains and incorporates by reference certain forward-looking statements about First Community's financial condition, results of operations and business of each of First Community and the businesses it has agreed to acquire. These statements may include statements regarding projected performance of First Community for the period following the completion of the merger. You can find many of these statements by looking for words such as "believes", "expects", "anticipates", "estimates", "intends", "will", "plans" or similar words or expressions are used in connection with forward-looking statements. These forward-looking statements involve substantial risks and uncertainties. Some of the factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, but are not limited to those identified under "Risk Factors" above as well as the following:

- combining the businesses of First Community and First National, First Community and Upland Bank or First Community and Marathon Bancorp may cost more than we expect;

- First Community may not be able to successfully or timely complete the acquisitions of Upland Bank or Marathon Bancorp;

- First Community may not be able to successfully or timely complete its offering of common stock on Form S-3 or alternative transactions to raise additional capital;

- the timing of the completion of the proposed merger, the acquisitions of Upland Bank and of Marathon Bancorp may be delayed or prohibited;

- there may be increases in competitive pressure among financial institutions;

- general economic conditions, either nationally or locally in areas in which First National and First Community conduct their operations, or conditions in securities markets may be less favorable than we currently anticipate;

- expected cost savings from the merger and from the acquisitions of First National, Upland Bank and Marathon Bancorp may not be fully realized or realized within the expected time frame;

- changes in inflation or deflation;

- legislation or regulatory changes may adversely affect the ability of the combined company to conduct, or the accounting for, business combinations and new operations;

- integrating the businesses of First National, Upland Bank and Marathon Bancorp and retaining key personnel may be more difficult that we expect;

- First Community's revenues after the merger and following the acquisitions of First National, Upland Bank and Marathon Bancorp may be lower than we expect;

- First Community may lose more business or customers after the merger and after the proposed acquisitions than we expect, or our operating costs may be higher than we expect;

- changes in the interest rate environment may reduce interest margins; or

- legislation or regulatory changes may adversely affect our ability to conduct our business.

Because forward-looking statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such statements. First National shareholders are cautioned not to place undue reliance on such statements, which speak only as of the date of this proxy statement-prospectus. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. The future results and shareholder values of First Community following completion of the merger may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results and values are beyond the ability of

First Community or First National to control or predict. For those statements, First Community and First National claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

All subsequent written and oral forward-looking statements attributable to First Community or First National or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Neither First Community nor First National undertakes any obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances after the date of this proxy statement-prospectus or to reflect the occurrence of unanticipated events.

MARKET PRICE AND DIVIDEND INFORMATION

Comparative Market Price Information

First Community common stock is listed on Nasdaq, under the symbol "FCBP". The following table presents trading information for First Community common stock on Nasdaq on April 26, 2002, the last trading day prior to the announcement of the signing of the merger agreement, and for First Community common stock and First National common stock on July , 2002, the last practical trading day for which information was available prior to the date of this document. The table also presents an implied equivalent per share for First National common stock by multiplying the price per share of First Community common stock by the exchange ratio of 0.5008.

	First Community Common Stock	First National Common Stock	First National Equivalent (0.5008 × First Comm.)
April 26, 2002	$ 26.85	N/A	$ 13.45
July , 2002	$	$	$

Trading in First National common stock occurs solely on the over-the-counter bulletin board market and is limited in volume. Prices of First National common stock represented quotations by dealers making a market in First National common stock and reflected inter-dealer prices without adjustments for mark-ups, mark-downs or commissions and did not necessarily represent actual transactions. The last reported price for First National's common stock before announcement of the merger was $5.90, reported on February 27, 2002.

You should obtain current market quotations for First Community common stock. The market price of First Community common stock will probably fluctuate between the date of this document and the date on which the merger is completed and after the merger. Because the market price of First Community common stock is subject to fluctuation, the value of the shares of First Community common stock that you may receive in the merger may increase or decrease prior to and after the merger.

Historical Market Prices and Dividend Information

First Community. The following table sets forth, for the calendar quarter indicated, the high and low closing price per share of First Community common stock as reported on Nasdaq, and the dividends per share of First Community common stock.

Quarter Ended	High	Low	Dividends Declared
2000:			
First quarter	$ 15.50	$ 13.75	$ 0.09
Second quarter	$ 14.25	$ 13.00	$ 0.09
Third quarter	$ 15.44	$ 13.88	$ 0.09
Fourth quarter	$ 15.13	$ 14.75	$ 0.09
2001:			
First quarter	$ 21.00	$ 14.81	$ 0.09
Second quarter	$ 20.63	$ 17.44	$ 0.09
Third quarter	$ 22.95	$ 18.75	$ 0.09
Fourth quarter	$ 21.90	$ 18.50	$ 0.09
2002:			

Quarter Ended	High	Low	Dividends Declared
First quarter	$ 26.30	$ 19.05	$ 0.09
Second quarter	$ 28.96	$ 23.21	$ 0.15
Third quarter (through July , 2002)	$	$	

First National. The following table sets forth, for the calendar quarter indicated, the high and low quotations by dealers in the over-the-counter bulletin board market of First National common stock and reflects inter-dealer prices without adjustments for mark-ups, mark-downs or commissions and which do not necessarily represent actual transactions, and the dividends per share of First National common stock.

Quarter Ended	High	Low	Dividends Declared
2000:			
First quarter	$ 5.30	$ 5.27	$ 0.00
Second quarter	$ 6.88	$ 5.25	$ 0.00
Third quarter	$ 11.25	$ 5.75	$ 0.00
Fourth quarter	$ 8.63	$ 8.00	$ 0.00
2001:			
First quarter	$ 8.50	$ 6.00	$ 0.00
Second quarter	$ 6.13	$ 4.25	$ 0.00
Third quarter	$ 10.00	$ 4.50	$ 0.00
Fourth quarter	$ 9.88	$ 4.10	$ 0.00
2002:			
First quarter	$ 5.90	$ 4.10	$ 0.00
Second quarter	$ 11.00	$ 5.90	$ 0.00
Third quarter (through July , 2002)	$	$	

The timing and amounts of any future dividends of First Community or First National, as the case may be, will depend upon earnings, cash requirements, the financial conditions of the companies, applicable government regulations and other factors deemed relevant by the First Community or First National board of directors.

According to the records of First Community's transfer agent, the number of record holders of First Community's common stock as of May 31, 2002 was approximately 1,103. On July , 2002, the last reported sales price for First Community's common stock on Nasdaq was $. On July , 2002, the last reported sales price for First National's common stock on the over-the-counter bulletin board market was $.

SELECTED CONSOLIDATED FINANCIAL INFORMATION OF FIRST NATIONAL

The following selected consolidated financial data with respect to First National's consolidated statement of financial position as of December 31, 2001 and 2000 and its consolidated statements of operations for the three year period ended December 31, 2001 have been derived from the audited consolidated financial statements that are included in this proxy statement-prospectus. This information should be read in conjunction with such consolidated financial statements and the notes thereto. The summary financial data with respect to First National's consolidated statement of financial position as of December 31, 1999, 1998 and 1997 and its consolidated statements of operations for the years ended December 31, 1998 and 1997 have been derived from First National's audited consolidated financial statements, which are not presented herein. The summary financial data at and for the periods ended March 31, 2002 and 2001 are unaudited and have been derived from the unaudited consolidated financial statements that are included in this proxy statement-prospectus. The operating results for the period ended March 31, 2002 are not necessarily indicative of the operating results that may be expected for the year ended December 31, 2002.

	At or for the Three Months Ended March 31,		At or for the Year Ended December 31,				
	2002	2001	2001	2000	1999	1998	1997
			(in thousands except per share data)				
Summary of Operations:							
Interest Income	$ 9,020	$ 13,943	$ 47,418	$ 56,373	$ 39,438	$ 33,250	$ 25,064
Interest Expense	2,940	6,453	20,171	26,886	17,672	15,718	9,762
Net Interest Income	6,080	7,490	27,247	29,487	21,766	17,532	15,302
Provision for loan losses	900	1,125	10,675	7,705	1,850	(600)	(600)
Net Interest Income After Provision for loan losses	5,180	6,365	16,572	21,782	19,916	18,132	15,902
Noninterest income	1,933	2,096	7,735	6,758	5,854	7,005	3,728
Noninterest expense	6,573	7,294	31,055	26,355	23,813	20,745	15,951
Earnings (loss) from continuing operations before income taxes	540	1,167	(6,748)	2,185	1,957	4,392	3,679
Income taxes (benefit)	228	467	(2,699)	859	(2,624)	1,153	(2,040)
Net earnings (loss) from continuing operations	$ 312	$ 700	$ (4,049)	$ 1,326	$ 4,581	$ 3,239	$ 5,719
Net earnings (loss)	$ 308	$ 570	$ (4,501)	$ 1,172	$ 4,348	$ 3,142	$ 5,634
Ending Balance Sheet Data:							
Assets	$ 649,131	$ 685,738	$ 714,020	$ 696,351	$ 607,930	$ 517,862	$ 412,350
Money market mutual funds	32,027	24,389	66,704	706			
Securities	136,540	98,852	96,638	123,323	185,215	199,062	183,238
Loans, net	407,197	448,143	405,826	449,417	364,628	243,989	179,671
Allowance for loan losses	10,239	7,940	10,668	6,706	6,257	4,276	4,425
Deposits	524,954	553,132	588,715	567,076	452,264	410,076	357,909
Borrowed funds	68,000	74,431	68,268	77,014	110,259	72,173	21,547
Shareholders' equity	51,576	54,932	51,525	46,836	41,802	32,240	29,504
Per Share Data and Ratios:							
Basic earnings (loss) from continuing operations per share	$ 0.03	$ 0.08	$ (0.43)	$ 0.15	$ 0.59	$ 0.44	$ 0.79
Diluted earnings (loss) from continuing operations per share	0.03	0.07	(0.43)	0.15	0.57	0.44	0.78
Basic earnings (loss) per share	0.03	0.06	(0.48)	0.13	0.56	0.43	0.77
Diluted earnings (loss) per share	0.03	0.06	(0.48)	0.13	0.54	0.43	0.77
Dividends declared per share							
Dividends payout ratio							
Book value per share	4.60	5.21	4.66	5.14	4.73	4.43	4.05
Shareholders' equity to assets at period end	7.95%	8.01%	7.22%	6.73%	6.88%	6.23%	7.16%
Return on average assets	0.18%	0.33%	(0.65)%	0.17%	0.80%	0.66%	1.77%
Return on average equity	2.38%	4.58%	(8.63)%	2.70%	12.90%	10.37%	23.12%
Net interest margin	3.90%	4.70%	4.25%	4.70%	4.33%	3.97%	5.20%

SELECTED QUARTERLY FINANCIAL DATA OF FIRST NATIONAL

	At or for the Three Months Ended								
	March 31, 2002	Dec. 31, 2001	Sept. 30, 2001	June 30, 2001	March 31, 2001	Dec. 31, 2000	Sept. 30, 2000	June 30, 2000	March 31, 2000
	(in thousands, except per share data)								
Interest income	$ 9,020	$ 10,127	$ 11,269	$ 12,079	$ 13,943	$ 14,760	$ 14,667	$ 14,120	$ 12,826
Interest expense	2,940	3,617	4,651	5,450	6,453	7,050	7,142	6,718	5,976
Net interest income	6,080	6,510	6,618	6,629	7,490	7,710	7,525	7,402	6,850
Provision for loan losses	900	1,600	1,900	6,050	1,125	4,830	2,275	300	300
Net interest income after provision for loan losses	5,180	4,910	4,718	579	6,365	2,880	5,250	7,102	6,550
Noninterest income	1,933	2,018	1,907	1,714	2,096	1,849	1,778	1,714	1,417
Noninterest expense	6,573	8,771	7,422	7,568	7,294	6,147	6,902	6,798	6,508
Earnings (loss) from continuing operations before income taxes	540	(1,843)	(797)	(5,275)	1,167	(1,418)	126	2,018	1,459
Income taxes (benefit)	228	(740)	(316)	(2,110)	467	(582)	50	808	583
Net earnings (loss) from continuing operations	$ 312	$ (1,103)	$ (481)	$ (3,165)	$ 700	$ (836)	$ 76	$ 1,210	$ 876
Basic earnings (loss) from continuing operations per share	$ 0.03	$ (0.11)	$ (0.05)	$ (0.35)	$ 0.08	$ (0.09)	$ 0.01	$ 0.14	$ 0.10
Diluted earnings (loss) from continuing operations per share	0.03	(0.11)	(0.05)	(0.35)	0.07	(0.09)	0.01	0.13	0.10

SELECTED CONSOLIDATED FINANCIAL INFORMATION OF FIRST COMMUNITY

First Community is providing the following information to aid you in your analysis of the financial aspects of the merger. First Community derived the information as of and for the years ended December 31, 1997 through December 31, 2001 from its historical audited consolidated financial statements for these fiscal years. First Community derived the financial information for the three months ended March 31, 2001 and March 31, 2002 from its unaudited condensed consolidated financial statements that include, in the opinion of management, all normal and recurring adjustments that management considers necessary for a fair statement of the results. The audited and unaudited consolidated financial information contained herein is the same historical information that First Community has presented in its prior filings with the SEC. The consolidated unaudited pro forma financial data set forth below as of and for the three-month period ended March 31, 2002 and for the year ended December 31, 2001 have been derived from First Community's unaudited pro forma combined condensed financial statements incorporated by reference in this proxy statement-prospectus.

The operating results for the three months ended March 31, 2002 are not necessarily indicative of the operating results that may be expected for the year ended December 31, 2002. First Community expects that it will incur merger and restructuring expenses as a result of the acquisition of First National, as well as for the proposed acquisitions of Marathon and Upland, and the completed acquisitions of Pacific Western and W.H.E.C., Inc. First Community and First National both anticipate that the merger, as well as other acquisitions mentioned above, will provide the combined company with financial benefits that include reduced operating expenses and enhanced opportunities to earn more revenue. The information presented below does not reflect these financial expenses or benefits and, accordingly, does not attempt to predict or suggest future results. This information is only a summary, and you should read it in conjunction with First Community's consolidated financial statements and notes thereto contained in First Community's 2001 Annual Report on Form 10-K, which is incorporated by reference into this document. See "Where to Find More Information" on the inside front cover of this proxy statement-prospectus.

	At or for the Three Months Ended March 31, 2002			At or for the Year Ended December 31, 2001			At or for the Years Ended December 31,			
	Actual(1)	**Pro Forma(2)**	**Pro Forma(3)**	**Actual(4)**	**Pro Forma(2)**	**Pro Forma(3)**	**2000(5)(6)**	**1999(5)**	**1998(5)**	**1997(5)**
	(dollars in thousands, except per share data)									
Consolidated Statements of Earnings Data:										
Interest Income	$ 13,901	$ 26,042	$ 29,641	$ 43,114	$ 125,469	$ 141,673	$ 28,831	$ 23,405	$ 20,258	$ 16,707
Interest expense	2,988	6,769	7,645	11,251	45,878	51,276	7,924	5,688	5,390	4,564
Net interest income	10,913	19,273	21,996	31,863	79,591	90,397	20,907	17,717	14,868	12,143
Provision for loan losses		1,015	1,045	639	12,669	12,844	520	518	941	310
Net interest income after provision for loan losses	10,913	18,258	20,951	31,224	66,922	77,553	20,387	17,199	13,927	11,833
Noninterest income	1,940	4,285	4,790	5,177	17,064	18,459	2,465	2,304	2,692	2,426
Noninterest expense	9,217	18,238	20,654	25,915	78,886	88,166	18,145	12,073	10,897	9,544
Earnings from continuing operations before income taxes	3,636	4,305	5,087	10,486	5,100	7,846	4,707	7,430	5,722	4,715
Income taxes	1,474	1,711	1,890	4,376	2,071	2,785	2,803	3,166	2,140	1,878
Net earnings from continuing operations	$ 2,162	$ 2,594	$ 3,197	$ 6,110	$ 3,029	$ 5,061	$ 1,904	$ 4,264	$ 3,582	$ 2,837
Basic earnings from continuing operations per share	$ 0.33	$ 0.19	$ 0.22	$ 1.30	$ 0.23	$ 0.35	$ 0.49	$ 1.10	$ 0.93	$ 0.74
Diluted earnings from continuing operations per share	0.32	0.19	0.22	1.23	0.22	0.35	0.47	1.05	0.88	0.71
Consolidated Balance Sheets Data:										
Total cash and cash equivalents	$ 157,595	$ 245,879	$ 256,165	$ 104,703	N/A	N/A	$ 52,655	$ 32,037	$ 54,966	$ 25,728
Time deposits in financial Institutions	390	390	1,083	190	N/A	N/A	495	7,502	5,440	4,160
Total securities	158,445	300,431	329,004	128,593	N/A	N/A	46,313	50,563	38,380	28,136
Loans, net of deferred fees and costs	798,714	1,205,911	1,365,149	501,740	N/A	N/A	250,552	206,102	170,980	151,064
Total assets	1,199,817	1,960,290	2,188,551	770,217	N/A	N/A	358,287	304,362	277,613	214,846
Total deposits	1,046,032	1,570,986	1,761,730	677,167	N/A	N/A	316,938	274,232	251,421	191,940

	At or for the Three Months Ended March 31, 2002			At or for the Year Ended December 31, 2001						
Trust preferred securities	28,000	38,000	38,000	28,000	N/A	N/A	8,000			
Total shareholders' equity	104,326	242,804	266,405	55,297	N/A	N/A	27,772	25,855	22,833	19,680

	At or for the Three Months Ended March 31, 2002			At or for the Years Ended December 31,				
	Actual(1)	Pro Forma(2)	Pro Forma(3)	2001(3)	2004(4)(5)	1999(4)	1998(4)	1997(4)
Other Data:								
Dividends declared per share	$ 0.09	N/A	N/A	$ 0.36	$ 0.36	$ 0.30	$ 0.24	
Dividends payout ratio	28.1%	N/A	N/A	29.3%	76.6%	28.6%	27.3%	
Book value per share	$ 13.84	$ 18.12	$ 18.55	$ 10.48	$ 6.99	$ 6.67	$ 5.92	$ 5.15
Tangible book value per share	$ 7.77	7.56	$ 7.48	$ 8.62	$ 6.99	$ 6.67	$ 5.92	$ 5.15
Shareholders' equity to assets	8.70%	12.39%	12.17%	7.18%	7.75%	8.49%	8.22%	9.16%
Return on average assets	0.89	N/A	N/A	0.92	0.56	1.44	1.48	1.45
Return on average equity	12.86	N/A	N/A	16.33	7.01	17.46	16.87	15.62
Net interest margin	5.24	N/A	N/A	5.33	6.81	6.60	6.79	6.85
Non-performing assets to total assets	0.76	N/A	N/A	1.01	0.92	1.06	0.33	0.49
Allowance for loan losses to total loans	1.70	N/A	N/A	2.23	1.57	1.95	2.21	2.24
Net charge-offs to average loans	0.38	N/A	N/A	1.60	0.27	0.15	0.33	0.09
Non-performing loans to Total loans	0.79	N/A	N/A	0.93	0.91	0.93	0.47	0.59
Allowance for loan losses to Non-performing loans	214.7	N/A	N/A	239.9	173.1	209.6	471.9	376.6

(1)

First Community acquired Pacific Western on January 31, 2002 in a transaction accounted for as a purchase and acquired WHEC on March 7, 2002 in a transaction accounted for as a purchase. The consolidated statements of earnings and other data for the three months ended March 31, 2002 include the results of operations of Pacific Western subsequent to January 31, 2002 and of WHEC subsequent to March 7, 2002.

(2)

The pro forma statement of earnings and other data for the three months ended March 31, 2002 reflects the acquisition of Pacific Western and WHEC and the proposed acquisition of First National as if each of those acquisitions and the proposed acquisition had occurred January 1, 2002 and the pro forma statement of earnings data for the year ended December 31, 2001 reflects the completed and proposed acquisition of First National as well as the acquisition of First Charter as if each of those acquisitions had occurred on January 1, 2001. The pro forma balance sheet data as of March 31, 2002 reflects the proposed acquisition of First National as if it had occurred on March 31, 2002. Please see "Unaudited Pro Forma Combined Condensed Consolidated Financial Information" beginning on page 28 for additional information regarding First Community's pro forma data and other matters to which its pro forma data give effect.

(3)

The pro forma statement of earnings and other data for the three months ended March 31, 2002 reflects the acquisitions of Pacific Western and WHEC and the proposed acquisitions of First National, Upland Bank and Marathon as if each of those acquisitions or proposed acquisitions had occurred on January 1, 2002, and the pro forma statement of earnings data for the year ended December 31, 2001 reflect the completed and proposed acquisitions, as well as the acquisition of First Charter as if each of those acquisitions had occurred on January 1, 2001. The pro forma balance sheet data as of March 31, 2002 reflect the proposed acquisitions as if they had occurred on March 31, 2002. Please see "Unaudited Pro Forma Combined Condensed Consolidated Financial Information" beginning on page 28 for additional information regarding First Community's pro forma data and other matters to which its pro forma data give effect.

(4)

First Community acquired First Professional on January 16, 2001 in a transaction accounted for as a purchase and First Community acquired First Charter on October 8, 2001 in a transaction accounted for as a purchase. The consolidated statements of earnings and other data for the year ended December 31, 2001 include the results of operations of First Professional subsequent to January 16, 2001 and of First Charter subsequent to October 8, 2001.

(5)

First Community acquired First Community Bank of the Desert and Rancho Santa Fe National Bank on May 31, 2000 in a transaction accounted for on a pooling of interests basis. Accordingly, First Community's historical financial data has been restated for the years ended December 31, 2000, 1999, 1998 and 1997 include the results of both Rancho Santa Fe National Bank and First Community Bank of the Desert.

(6)

The statements of earnings data for the year ended December 31, 2000 include non-recurring merger costs of $3.6 million.

UNAUDITED PRO FORMA COMBINED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following tables present financial data at and for the three months ended March 31, 2002 and for the year ended December 31, 2001 for First Community after giving effect to the completion of:

- the acquisitions of Pacific Western National Bank, W.H.E.C., Inc. and, with respect to the unaudited pro forma combined condensed consolidated statement of operations for the year ended December 31, 2001, First Charter Bank;
- the proposed acquisitions of Upland Bank, Marathon Bancorp and First National Bank;
- the rights offering that First Community completed in January 2002 and the application of the net proceeds from that rights offering;
- the issuance of trust preferred securities in the fourth quarter of 2001, as described in note 3 to the unaudited pro forma combined condensed consolidated financial statements, and the application of the net proceeds from that issuance;
- an additional issuance of trust preferred securities, as described in note 12 to the unaudited pro forma combined condensed consolidated financial statements, and the application of the net proceeds from that issuance; and
- the proposed issuance of shares of First Community's common stock in a public offering registered on Form S-3, as described in note 12 to the unaudited pro forma combined condensed consolidated financial statements, and the application of the net proceeds from that issuance.

The pro forma financial data gives effect to each of the acquisitions under the purchase accounting method in accordance with accounting principles generally accepted in the United States. The unaudited pro forma combined condensed consolidated financial statements combine the historical condensed consolidated financial statements of First Community, First Charter, Pacific Western, WHEC, Upland, Marathon and First National giving effect to these acquisitions as if they had been effective on March 31, 2002 with respect to the unaudited pro forma combined condensed consolidated balance sheet, and as of the beginning of the periods indicated with respect to the unaudited pro forma combined condensed consolidated statements of operations.

The information for the year ended December 31, 2001 is derived from:

- the audited consolidated financial statements, including the related notes, of First National included in this proxy statement-prospectus;
- the audited consolidated financial statements, including the related notes, of each of Pacific Western and WHEC incorporated by reference in this proxy statement-prospectus;
- the audited financial statements of each of Upland and Marathon, including the related notes, which are not included or incorporated by reference in this proxy statement-prospectus;
- the unaudited financial information for First Charter for the portion of 2001 prior to our acquisition of First Charter, which information is not included or incorporated by reference in this proxy statement-prospectus; and

First Community's audited consolidated financial statements, including the related notes, incorporated by reference in this proxy statement-prospectus.

You should read First Community's unaudited pro forma combined condensed consolidated statement of operations for the year ended December 31, 2001 in conjunction with the historical financial

statements described above that have been incorporated by reference into this proxy statement-prospectus. The information as of and for the three months ended March 31, 2002 is derived from:

First Community's unaudited condensed consolidated financial statements, including related proxy statement-notes, as of and for the three months ended March 31, 2002, incorporated by reference in this prospectus;

the unaudited consolidated financial statements, including related notes, of First National as of and for the three months ended March 31, 2002, included in this proxy statement-prospectus;

the unaudited financial information for each of Pacific Western and WHEC for the portions of the first quarter of 2002 prior to our acquisition of each of those entities, which information is not included or incorporated by reference in this proxy statement-prospectus; and

the unaudited financial statements each of Upland and Marathon, which are not included or incorporated by reference in this proxy statement-prospectus.

You should read First Community's unaudited pro forma combined condensed consolidated financial statements as of and for the three months ended March 31, 2002 in conjunction with the historical financial statements described above that have been incorporated by reference into this prospectus.

First Community expects to incur reorganization and restructuring expenses as a result of combining First Charter, Pacific Western and WHEC and in connection with the proposed acquisitions. The effect of the estimated merger and reorganization costs expected to be incurred in connection with the completed and proposed acquisitions has been reflected in the unaudited pro forma combined condensed consolidated balance sheet. First Community also anticipates that the acquisitions will provide the combined company with certain future financial benefits that include reduced operation expenses and opportunities to earn more revenue. However, First Community does not reflect any of these anticipated cost savings or benefits in the pro forma financial information. Finally, the pro forma financial information does not reflect any divestures of branches or deposits that may be required in connection with the acquisitions. Therefore, the pro forma financial information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not attempt to predict or suggest future results. The pro forma financial information also does not attempt to show how the combined company would actually have performed had the companies been combined throughout the periods presented. First Community has included in the pro forma consolidated financial statements all the adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of results of the historical periods.

Given the information regarding the completed and proposed acquisitions, the actual consolidated financial position and results of operations will differ, perhaps significantly, from the pro forma amounts reflected herein because, among other reasons:

assumptions used in preparing the pro forma financial data may be revised in the future due to changes in values of assets, including finalization of the calculation of a core deposit intangible, and changes in operating results between the dates of the unaudited pro forma financial data and the date on which the respective acquisition takes place; and

adjustments may need to be made to the unaudited historical financial data upon which such pro forma data are based.

UNAUDITED PRO FORMA COMBINED CONDENSED CONSOLIDATED BALANCE SHEET
As of March 31, 2002

	First Community Bancorp	Pacific Western and WHEC Adjustments	First National	First National Adjustments	Additional Adjustments	First Community Bancorp with First National	Upland	Upland Adjustments	Marathon	Marathon Adjustments	First Community Bancorp Pro Forma
	(in thousands, except per share data)										
Assets:											
Cash and due from banks	$ 81,504	$	$ 31,052	$	$	$ 112,556	$ 5,477	$	$ 7,183	$	$ 125,216
Federal funds sold	76,091		22,000	(70,100) i	73,305 q	101,296	10,156	(6,732) w	675	(6,473) ee	98,922
Money market mutual funds			32,027			32,027					32,027
Total cash and cash equivalents	157,595		85,079	(70,100)	73,305	245,879	15,633	(6,732)	7,858	(6,473)	256,165
Interest-bearing deposits in financial institutions	390					390	693				1,083
Federal Reserve Bank and Federal Home Loan Bank stock, at cost	2,263		5,446			7,709			443		8,152
Securities held to maturity	8,930					8,930	1,749		12,554		23,233
Securities available-for-sale	147,252		136,540			283,792	39		13,788		297,619
Total securities	158,445		141,986			300,431	1,788		26,785		329,004
Gross loans	800,129		408,796			1,208,925	89,976		70,337		1,369,238
Deferred fees and costs	(1,415)		(1,599)			(3,014)	(935)		(140)		(4,089)
Loans, net of deferred fees and costs	798,714		407,197			1,205,911	89,041		70,197		1,365,149
Allowance for loan losses	(13,563)		(10,239)			(23,802)	(1,215)		(1,133)		(26,150)
Net loans	785,151		396,958			1,182,109	87,826		69,064		1,338,999
Property, plant and equipment	10,381		5,507			15,888	355		212		16,455
Other real estate owned	2,747					2,747	174				2,921
Goodwill	45,775	(4,540) d		85,538 j		126,773		6,315 x		8,812 ff	141,900
Core deposit intangible		7,828 e		15,749 j		23,577		2,872 x		2,852 ff	29,301
Other assets	39,333		19,601	3,562 k		62,496	3,367	707 y	5,385	768 gg	72,723
Total Assets	$ 1,199,817	$ 3,288	$ 649,131	$ 34,749	$ 73,305	$ 1,960,290	$ 109,836	$ 3,162	$ 109,304	$ 5,959	$ 2,188,551

	First Community Bancorp	Pacific Western and WHEC Adjustments		First National	First National Adjustments		Additional Adjustments		First Community Bancorp with First National	Upland	Upland Adjustments		Marathon	Marathon Adjustments		First Community Bancorp Pro Forma
Liabilities and Shareholders' Equity:																
Liabilities:																
Non-interest bearing deposits	$ 392,052	$		$ 144,448	$		$		$ 536,500	$ 24,863	$		$ 34,647	$		$ 596,010
Interest bearing deposits	653,980			380,506					1,034,486	70,873			60,361			1,165,720
Total deposits	1,046,032			524,954					1,570,986	95,736			95,008			1,761,730
Accrued interest payable and other liabilities	17,086	3,288	**f**	4,601	18,640	**l**			43,615	2,566	4,425	**z**	864	4,561	**hh**	56,031
Short-term borrowings	3,719			68,000			(7,488)	**r**	64,231				1,500			65,731
Convertible debt	654								654							654
Trust preferred securities	28,000						10,000	**s**	38,000							38,000
Total liabilities	1,095,491	3,288		597,555	18,640		2,512		1,717,486	98,302	4,425		97,372	4,561		1,922,146
Shareholders' Equity:																
Common stock	90,933			9,804	57,881	**m**	70,793	**t**	229,411	5,836	4,435	**aa**	3,000	10,330	**ii**	253,012
Preferred Stock				1,412	(1,412)	**m**										
Additional paid-in-capital				45,947	(45,947)	**n**							10,714	(10,714)	**jj**	
Retained earnings (accumulated deficit)	13,432			(5,720)	5,720	**n**			13,432	5,695	(5,695)	**bb**	(1,770)	1,770	**jj**	13,432
Accumulated other comprehensive income (loss):																
Net unrealized gains (losses) on securities available-for-sale, net	(39)			133	(133)	**n**			(39)	3	(3)	**bb**	(12)	12	**jj**	(39)
Total Shareholders' Equity	104,326			51,576	16,109		70,793		242,804	11,534	(1,263)		11,932	1,398		266,405
Total Liabilities and Shareholders' Equity	$ 1,199,817	$ 3,288		$ 649,131	$ 34,749		$ 73,305		$ 1,960,290	$ 109,836	$ 3,162		$ 109,304	$ 5,959		$ 2,188,551
Shares outstanding	7,539			11,216	2,763		3,100		13,402	1,388	419		3,853	544		14,365
Book value per share	$ 13.84			$ 4.60					$ 18.12	$ 8.31			$ 3.10			$ 18.55

See accompanying notes to unaudited pro forma combined condensed consolidated financial information.

UNAUDITED PRO FORMA COMBINED CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
For the Three Months Ended March 31, 2002

(in thousands, except per share data)

	First Community Bancorp	Pacific Western	WHEC	Pacific Western & WHEC Adjustments	First Community Bancorp with Pacific Western & WHEC Pro Forma	First National	First National Adjustments	Additional Adjustments	First Community Bancorp with First National	Upland	Upland Adjustments	Marathon	Marathon Adjustments	First Community Bancorp Pro Forma
Interest income:														
Interest and fees on loans	$ 11,805	$ 1,557	$ 1,171	$	$ 14,533	$ 7,357	$	$	$ 21,890	$ 1,937	$	$ 1,225	$	$ 25,052
Interest on interest-bearing deposits in other banks	2		2		4	8			12	7				19
Interest on investment securities	1,855	93	218		2,166	1,490			3,656	22		374		4,052
Interest on federal funds sold	239	42	38		319	165			484	14		20		518
Total interest income	13,901	1,692	1,429		17,022	9,020			26,042	1,980		1,619		29,641
Interest expense:														
Interest expense on deposits	2,449	498	305		3,252	1,986			5,238	547		328		6,113
Interest expense on short-term borrowings	7				7	954			961			1		962
Interest expense on convertible debt	4				4				4					4
Interest expense on trust preferred securities	528				528			38 o	566					566
Total interest expense	2,988	498	305		3,791	2,940		38	6,769	547		329		7,645
Net interest income	10,913	1,194	1,124		13,231	6,080		(38)	19,273	1,433		1,290		21,996
Less: provision for loan losses		110	5		115	900			1,015			30		1,045
Net interest income after provision for loan losses	10,913	1,084	1,119		13,116	5,180		(38)	18,258	1,433		1,260		20,951

	First Community Bancorp	Pacific Western	WHEC	Pacific Western & WHEC Adjustments	First Community Bancorp with Pacific Western & WHEC Pro Forma	First National	First National Adjustments	Additional Adjustments	First Community Bancorp with First National	Upland	Upland Adjustments	Marathon	Marathon Adjustments	First Community Bancorp Pro Forma
Non-interest income:														
Service charges and fees on deposit accounts	1,118	91	200		1,409	564			1,973	161		132		2,266
Merchant discount fees, net	84	4	19		107	39			146	18				164
Other commissions and fees	346		77		423	639			1,062					1,062
Gain on sale of loans	64		11		75				75			62		137
Other income	328	5	83		416	613			1,029	46		86		1,161
Total non-interest income	1,940	100	390		2,430	1,855			4,285	225		280		4,790

UNAUDITED PRO FORMA COMBINED CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
For the Three Months Ended March 31, 2002 (continued)

(in thousands, except per share data)

	First Community Bancorp	Pacific Western	WHEC	Pacific Western & WHEC Adjustments	First Community Bancorp with Pacific Western & WHEC Pro Forma	First National	First National Adjustments	Additional Adjustments	First Community Bancorp with First National	Upland	Upland Adjustments	Marathon	Marathon Adjustments	First Community Bancorp Pro Forma
Non-interest expense:														
Salaries and employee benefits	4,714	387	554		5,655	3,327			8,982	644		573		10,199
Occupancy	1,080	94	155		1,329	784			2,113	72		142		2,327
Furniture and equipment	640	69	49		758	518			1,276	52		26		1,354
Legal expenses	242	13	4		259	133			392	33		54		479
Other professional services	974	42	76		1,092	158			1,250	118		114		1,482
Stationery, supplies and printing	403	69	45		517	102			619	36		13		668

	First Community Bancorp	Pacific Western	WHEC	Pacific Western & WHEC Adjustments	First Community Bancorp with Pacific Western & WHEC Pro Forma	First National	First National Adjustments	Additional Adjustments	First Community Bancorp with First National	Upland	Upland Adjustments	Marathon	Marathon Adjustments	First Community Bancorp Pro Forma
FDIC assessment	67	4	4		75	65			140	4		4		148
Cost of other real estate owned	65				65				65	1				66
Advertising	157	28	44		229	163			392	63		6		461
Insurance	79	6	16		101	83			184	31		29		244
Other	796	91	67		954	1,162			2,116	100		135		2,351
Intangible amortization				226 **a**	226		483 **g**		709		88 **u**		78 **cc**	875
Total non-interest expense	9,217	803	1,014	226	11,260	6,495	483		18,238	1,154	88	1,096	78	20,654
Income (loss) from continuing operations before income taxes	3,636	381	495	(226)	4,286	540	(483)	(38)	4,305	504	(88)	444	(78)	5,087
Income taxes (benefit)	1,474	160	163	(95) **c**	1,702	228	(203) **h**	(16) **p**	1,711	204	(37) **v**	45	(33) **dd**	1,890
Net income (loss) from continuing operations	$ 2,162	$ 221	$ 332	$ (131)	$ 2,584	$ 312	$ (280)	$ (22)	$ 2,594	$ 300	$ (51)	$ 399	$ (45)	$ 3,197
Per share information:														
Number of shares (weighted average):														
Basic	6,491	921	4,028	2,239	7,524	9,711	2,763	3,100	13,387	1,388	419	3,853	544	14,350
Diluted	6,774	944	4,532	2,251	7,807	11,265	2,763	3,100	13,670	1,423	419	3,929	544	14,633
Income from continuing operations per share:														
Basic	$ 0.33	$ 0.24	$ 0.08		$ 0.34	$ 0.03			$ 0.19	$ 0.22		$ 0.10		$ 0.22
Diluted	$ 0.32	$ 0.23	$ 0.07		$ 0.33	$ 0.03			$ 0.19	$ 0.21		$ 0.10		$ 0.22

See accompanying notes to unaudited pro forma combined condensed consolidated financial information.

UNAUDITED PRO FORMA COMBINED CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2001

	First Community Bancorp	First Charter	Pacific Western	WHEC	First Charter, Pacific Western & WHEC Adjustments		First Community Bancorp with First Charter, Pacific Western & WHEC Pro Forma	First National	First National Adjustments	Additional Adjustments		First Community Bancorp with First National	Upland	Upland Adjustments	Marathon	Marathon Adjustments	First Community Bancorp Pro Forma
	(in thousands, except per share data)																
Interest income:																	
Interest and fees on loans	$ 33,052	$ 4,384	$ 18,606	$ 7,115	$		$ 63,157	$ 37,805	$	$		$ 100,962	$ 8,748	$	$ 5,152	$	$ 114,862
Interest on interest-bearing deposits in other banks	14	43		28			85					85	49				134
Interest on investment securities	6,335	1,114	552	1,044			9,045	7,943				16,988	114		1,476		18,578
Interest on federal funds sold	3,713	509	819	723			5,764	1,670				7,434	416		249		8,099
Total interest income	43,114	6,050	19,977	8,910			78,051	47,418				125,469	9,327		6,877		141,673
Interest expense:																	
Interest expense on deposits	9,860	2,844	7,606	2,493			22,803	16,073				38,876	3,340		2,056		44,272
Interest expense on short-term borrowings	383	301	16				700	4,098				4,798			2		4,800
Interest expense on convertible debt	46						46					46					46
Interest expense on trust preferred securities	962				1,046	**b**	2,008			150	**o**	2,158					2,158
Total interest expense	11,251	3,145	7,622	2,493	1,046		25,557	20,171		150		45,878	3,340		2,058		51,276
Net interest income	31,863	2,905	12,355	6,417	(1,046)		52,494	27,247		(150)		79,591	5,987		4,819		90,397
Less: provision for loan losses	639		1,260	95			1,994	10,675				12,669	130		45		12,844
Net interest income after provision for loan losses	31,224	2,905	11,095	6,322	(1,046)		50,500	16,572		(150)		66,922	5,857		4,774		77,553

	First Community Bancorp	First Charter	Pacific Western	WHEC	First Charter, Pacific Western & WHEC Adjustments	First Community Bancorp with First Charter, Pacific Western & WHEC Pro Forma	First National	First National Adjustments	Additional Adjustments	First Community Bancorp with First National	Upland	Upland Adjustments	Marathon	Marathon Adjustments	First Community Bancorp Pro Forma
Non-interest income:															
Service charges and fees on deposit accounts	2,560	123	948	955		4,586	1,614			6,200	674		386		7,260
Merchant discount fees net	327					327	202			529					529
Other commissions and fees	1,367		16			1,383	3,122			4,505					4,505
Gain on sale of loans	444		201	39		684	389			1,073					1,073
Other income	479	1,495	191	623		2,788	1,969			4,757	13		322		5,092
Total non-interest income	5,177	1,618	1,356	1,617		9,768	7,296			17,064	687		708		18,459

UNAUDITED PRO FORMA COMBINED CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2001 (continued)

	First Community Bancorp	First Charter	Pacific Western	WHEC	First Charter, Pacific Western & WHEC Adjustments	First Community Bancorp with First Charter, Pacific Western & WHEC Pro Forma	First National	First National Adjustments	Additional Adjustments	First Community Bancorp with First National	Upland	Upland Adjustments	Marathon	Marathon Adjustments	First Community Bancorp Pro Forma
						(in thousands, except per share data)									
Non-interest expense:															
Salaries and employee benefits	13,285	1,474	4,534	3,090		22,383	15,510			37,893	2,378		2,228		42,499
Occupancy	3,365	476	947	642		5,430	3,455			8,885	308		575		9,768
Furniture and equipment	1,438	277	889	290		2,894	2,177			5,071	212		89		5,372
Legal expenses	605	775	266	21		1,667	672			2,339	104		317		2,760
	2,964	471	1,229	481		5,145	812			5,957	413		381		6,751

	First Community Bancorp	First Charter	Pacific Western	WHEC	First Charter, Pacific Western & WHEC Adjustments	First Community Bancorp with First Charter, Pacific Western & WHEC Pro Forma	First National	First National Adjustments	Additional Adjustments	First Community Bancorp with First National	Upland	Upland Adjustments	Marathon	Marathon Adjustments	First Community Bancorp Pro Forma
Other professional services															
Stationery, supplies and printing	662	35	501	243		1,441	539			1,980	164		51		2,195
FDIC assessment	366	14	33	21		434	185			619	16		14		649
Cost of other real estate owned	47	15				62				62	4		2		68
Advertising	490	3	431	262		1,186	849			2,035	158		61		2,254
Insurance	288	80	65	78		511	152			663	108		137		908
Other	2,198	897	662	258		4,015	5,165			9,180	342		561		10,083
Provision for restructuring/branch closures							1,100			1,100					1,100
Intangibles amortization	207		86	2	894 **a**	1,189		1,913 **g**		3,102		349 **u**		308 **cc**	3,759
Total non-interest expense	25,915	4,517	9,643	5,388	894	46,357	30,616	1,913		78,886	4,207	349	4,416	308	88,166
Income (loss) from continuing operations before income taxes (benefit)	10,486	6	2,808	2,551	(1,940)	13,911	(6,748)	(1,913)	(150)	5,100	2,337	(349)	1,066	(308)	7,846
Income taxes (benefit)	4,376	1	1,155	919	(815) **c**	5,636	(2,699)	(803) **h**	(63) **p**	2,071	971	(147) **v**	19	(129) **dd**	2,785
Net income (loss) from continuing operations	$ 6,110	$ 5	$ 1,653	$ 1,632	$ (1,125)	$ 8,275	$ (4,049)	$ (1,110)	$ (87)	$ 3,029	$ 1,366	$ (202)	$ 1,047	$ (179)	$ 5,061
Per share information:															
Number of shares (weighted average):															
Basic	4,696	2,290	921	4,028	2,239	7,442	9,316	2,763	3,100	13,305	1,340	419	3,849	544	14,268
Diluted	4,958	2,290	944	4,532	2,251	7,704	9,316	2,763	3,100	13,567	1,362	419	3,881	544	14,530
Income (loss) from continuing operations per share:															
	$ 1.30	$ 0.00	$ 1.79	$ 0.41		$ 1.11	$ (0.43)			$ 0.23	$ 1.02		$ 0.27		$ 0.35

	First Community Bancorp	First Charter	Pacific Western	WHEC	First Charter, Pacific Western & WHEC Adjustments	First Community Bancorp with First Charter, Pacific Western & WHEC Pro Forma	First National	First National Adjustments	Additional Adjustments	First Community Bancorp with First National	Upland	Upland Adjustments	Marathon	Marathon Adjustments	First Community Bancorp Pro Forma
Basic income per share															
Diluted income per share	$ 1.23	$ 0.00	$ 1.75	$ 0.36		$ 1.07	$ (0.43)			$ 0.22	$ 1.00		$ 0.27		$ 0.35

See accompanying notes to unaudited pro forma combined condensed consolidated financial information.

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

NOTE 1: BASIS OF PRESENTATION OF FIRST CHARTER ACQUISITION

On October 8, 2001, First Community completed the acquisition of First Charter and merged it into its wholly-owned subsidiary, Pacific Western, formerly called First Professional Bank. The First Charter merger was accounted for using purchase accounting. Therefore, First Community's historical results of operations for the three months ended March 31, 2002 include the operations of First Charter, and its historical results of operations for the year ended December 31, 2001 include the operations of First Charter subsequent to October 8, 2001. First Community's historical balance sheet at March 31, 2002 includes the impact of the First Charter acquisition.

The unaudited pro forma combined condensed consolidated statement of operations for the year ended December 31, 2001 is presented as if the First Charter acquisition occurred at the beginning of this period. The information is not intended to reflect the actual results that would have been achieved had the First Charter acquisition actually occurred on that date.

Certain historical data of First Charter have been reclassified on a pro forma basis to conform to First Community's classifications.

NOTE 2: BASIS OF PRESENTATION OF PACIFIC WESTERN ACQUISITION

On January 31, 2002, First Community completed the acquisition of Pacific Western in a transaction accounted for using purchase accounting. Therefore, First Community's historical results of operations for the three months ended March 31, 2002 include the operations of Pacific Western since January 31, 2002 and its historical results of operations for the year ended December 31, 2001 do not include the operations of Pacific Western. First Community's historical balance sheet at March 31, 2002 includes the impact of the Pacific Western acquisition.

The unaudited pro forma combined condensed consolidated statements of operations for the three months ended March 31, 2002 and for the year ended December 31, 2001 are presented as if the Pacific Western acquisition occurred at the beginning of the respective periods. This information is not intended to reflect the actual results that would have been achieved had the Pacific Western acquisition actually occurred on those dates, and it should be read in conjunction with the historical financial information incorporated by reference in this proxy statement-prospectus.

Certain historical data of Pacific Western have been reclassified on a pro forma basis to conform to First Community's classifications.

NOTE 3: PURCHASE PRICE AND FUNDING OF PACIFIC WESTERN

The shareholders and option holders of Pacific Western were paid $36.6 million based on each share of common stock of Pacific Western issued and outstanding immediately prior to the acquisition of Pacific Western being converted into the right to receive $37.15 in cash. The purchase price was financed through a combination of:

funds of approximately $20.0 million raised in two separate trust preferred offerings, which closed during the fourth quarter of 2001;

additional funds of $23.0 million raised through a rights offering which resulted in the issuance of 1,194,805 shares of First Community common stock in the first quarter of 2002; and

a $6.6 million special dividend from cash available at Pacific Western.

As a result of the issuance of the trust preferred securities in the fourth quarter of 2001, interest expense in First Community's unaudited pro forma combined condensed consolidated statement of operations for the year ended December 31, 2001 has been increased by $1.0 million representing the additional interest expense associated with those securities as if they were outstanding from January 1, 2000.

NOTE 4: BASIS OF PRESENTATION OF WHEC ACQUISITION

On March 7, 2002, First Community completed the acquisition of WHEC, the holding company of Capital Bank of North County, in a transaction accounted for using purchase accounting. Therefore, First Community's historical results of operations for the three months ended March 31, 2002 include the operations of WHEC since March 7, 2002 and its historical results of operations for the year ended December 31, 2001 do not include the operations of WHEC. First Community's historical balance sheet at March 31, 2002 includes the impact of the WHEC acquisition.

The unaudited pro forma combined condensed consolidated statements of operations for the three months ended March 31, 2002 and for the year ended December 31, 2001 are presented as if the WHEC acquisition occurred at the beginning of the respective periods. This information is not intended to reflect the actual results that would have been achieved had the WHEC acquisition actually occurred on those dates, and it should be read in conjunction with the historical financial information incorporated by reference in this proxy statement-prospectus.

Certain historical data of WHEC have been reclassified on a pro forma basis to conform to First Community's classifications.

NOTE 5: PURCHASE PRICE AND FUNDING OF WHEC

In the WHEC acquisition, First Community issued 1,043,799 shares of its common stock for an aggregate purchase price of $24.5 million based on each share of common stock of WHEC issued and outstanding immediately prior to the acquisition of WHEC being converted into 0.2353 of a share of its common stock.

NOTE 6: KEY TO PRO FORMA ADJUSTMENTS OF FIRST CHARTER, PACIFIC WESTERN AND WHEC ACQUISITIONS

Summarized below are the pro forma adjustments necessary to reflect the acquisition of First Charter, Pacific Western and WHEC based on the purchase method of accounting:

a) Amortization expense related to the estimated core deposit intangible. The core deposit intangible will be amortized over its estimated useful life of 10 years. The amortization expense for any period in question is based on either (1) an estimated decline in the value of the underlying deposits acquired or (2) application of a straight-line method, whichever results in a higher amortization expense.

b) Interest expense related to the trust preferred securities issued in the fourth quarter of 2001 as if they were outstanding from January 1, 2001.

c) Tax benefits associated with the additional interest expense and/or core deposit intangible amortization expense computed using a combined federal and state tax rate of 42%.

d) Reclassification of goodwill to core deposit intangible and related deferred tax liability with respect to the acquisitions of Pacific Western and WHEC.

e) Core deposit intangibles related to the Pacific Western acquisition and WHEC acquisition of $3.6 million and $4.2 million. These amounts were not available at the time First Community filed its historical results and were therefore included as part of goodwill on March 31, 2002. The estimated amortization for the core deposit intangibles is included in the unaudited pro forma condensed combined consolidated statement of operations for the periods indicated in the columns titled Pacific Western & WHEC Adjustments.

f) Deferred tax liabilities related to the core deposit intangibles from the Pacific Western acquisition and WHEC acquisition.

NOTE 7: BASIS OF PRESENTATION OF FIRST NATIONAL ACQUISITION

On April 29, 2002, First Community announced that it had entered into an agreement to acquire all of the outstanding capital stock of First National. It is expected that the First National acquisition will close in the third quarter of 2002. Therefore, First Community's historical financial statements as of and for the three months ended March 31, 2002 and for the year ended December 31, 2001 do not include the financial position and results of First National.

The unaudited pro forma combined condensed consolidated statements of operations for the three months ended March 31, 2002 and for the year ended December 31, 2001 are presented as if the First National acquisition occurred at the beginning of the respective periods. The unaudited pro forma combined condensed consolidated balance sheet as of March 31, 2002 is presented as if the First National acquisition occurred as of that date. This information is not intended to reflect the actual results that would have been achieved had the First National acquisition actually occurred on those dates, and it should be read in conjunction with the historical financial information incorporated by reference in this proxy statement-prospectus.

Certain historical data of First National have been reclassified on a pro forma basis to conform to our classifications.

NOTE 8: PURCHASE PRICE AND FUNDING OF FIRST NATIONAL

Pursuant to the First National merger agreement, each First National shareholder will have the right to elect to receive for each share of First National common stock or First National preferred stock either $10.00 in cash or 0.5008 of a share of First Community common stock. The definitive agreement provides that 2,762,662 shares of First Community common stock are to be issued to First National shareholders. In the event that the closing price of First Community common stock is less than $19.97 per share as of the closing date of the merger, the merger agreement contains provisions that require First Community to issue stock to ensure that the value of the consideration First National shareholders receive is at least equal to the consideration they would have received had the closing price of First Community common stock on the closing date of the merger been $19.97 per share, and to ensure that at least 45% of the total consideration shall be in the form of First Community common stock.

Based on a share price of $24.50 for First Community common stock, determined pursuant to the First National merger agreement, and 46% of the First National shareholders electing to receive stock consideration, the estimated total consideration to be paid in connection with the First National acquisition is $137.8 million and is calculated as follows:

	Purchase Price (in thousands)
Stock consideration	$ 67,685
Cash consideration	70,100

		Purchase Price
Total estimated purchase price	$	137,785

The cash portion of the purchase price is expected to be financed through a combination of the proceeds resulting from First Community's offering of its common stock, the proceeds from the issuance of additional trust preferred securities in June 2002 (see note 12) and dividends from First Community's banks.

NOTE 9: ALLOCATION OF PURCHASE PRICE OF FIRST NATIONAL

The purchase price of First National has been allocated as follows (in thousands):

Cash and cash equivalents	$	85,079
Securities		141,986
Net loans		396,958
Premises and equipment		5,507
Other assets		23,163
Goodwill		85,538
Core deposit intangible		15,749
Deposits		(524,954)
Other liabilities		(23,241)
Borrowings		(68,000)
Total purchase price	$	137,785

In allocating the purchase price, the following adjustments were made to First National's historical amounts:

other assets were increased by $3.6 million representing the tax effects of the estimated merger costs; and

other liabilities were increased $18.6 million representing the estimated merger costs of $12.0 million and the deferred tax liability related to the estimated core deposit intangible of $6.6 million.

All of the other asset and liability categories are either variable rate or short-term in nature and fair market value adjustments were considered to be immaterial to the financial presentation.

The purchase price adjustments are subject to further refinement, including the determination of a core deposit intangible and its useful life for amortization purposes. For pro forma presentation

purposes only, we have included an estimated core deposit intangible calculated as three percent of deposits. In accordance with Statement of Financial Accounting Standards No. 141, "Business Combinations" and No. 142, "Goodwill and Other Intangible Assets," goodwill and intangible assets with indefinite lives are not amortized for acquisitions initiated after June 30, 2001; therefore, no goodwill amortization is presented in the pro forma financial statements. However, the core deposit intangible will be amortized over its estimated useful life and recorded as a charge to operations.

NOTE 10: MERGER COSTS OF FIRST NATIONAL

The table below reflects First Community's current estimate, for purposes of pro forma presentation, of the aggregate estimated merger costs of $12.0 million ($8.5 million net of taxes, computed using a combined federal and state tax rate of 42%) expected to be incurred in connection with the acquisition. While a portion of these costs may be required to be recognized over time, the current estimate of these costs has been recorded in the pro forma combined costs, primarily comprised of anticipated cash charges, include the following (in thousands):

Employee costs (severance and retention costs)	$	3,170
Conversion costs		4,370
Other costs, including branch closure		940
Deductible merger costs		8,480
Tax benefits		3,562
Deductible merger costs, net of tax benefits		4,918
Investment banking and other professional fees		3,545
Total merger costs, net of tax benefits	$	8,463

First Community's cost estimates are forward-looking. While the costs represent First Community's current estimate of merger costs associated with the merger that will be incurred, the ultimate level and timing of recognition of such costs will be based on the final integration in connection with consummation of the First National acquisition. Readers are cautioned that the completion of this integration and other actions that may be taken in connection with the First National acquisition will impact these estimates. The type and amount of actual costs incurred could vary materially from these estimates if future developments differ from the underlying assumptions used by management in determining the current estimate of these costs. For additional factors that may cause actual results to differ, please see "Cautionary Statement Regarding Forward-Looking Statements" on page 19.

NOTE 11: KEY TO PRO FORMA ADJUSTMENTS OF FIRST NATIONAL ACQUISITION

Summarized below are the pro forma adjustments necessary to reflect the acquisition of First National based on the purchase method of accounting:

g) Amortization expense related to the estimated core deposit intangible. The core deposit intangible will be amortized over its estimated useful life of 10 years. The amortization expense for any period in question is based on either (1) an estimated decline in the value of the underlying deposits acquired or (2) application of a straight-line method, whichever results in a higher amortization expense.

h) Tax benefits associated with the core deposit intangible amortization expense computed using a combined federal and state tax rate of 42%.

i) Use of cash for purchase price.

j) Goodwill and core deposit intangible resulting from the purchase method of accounting. See note 9.

k) Deferred tax asset related to the deductible merger costs. See note 10.

l) Adjustment of liabilities for accrued merger costs and deferred tax liability related to the core deposit intangible. See notes 9 and 10.

m) Issuance of common stock to First National shareholders less the elimination of First National common stock and preferred stock.

n) Elimination of First National additional paid-in capital, accumulated deficit and unrealized gains on securities available for sale.

NOTE 12: KEY TO ADDITIONAL ADJUSTMENTS

o) Estimated interest expense related to issuance of trust preferred securities at an assumed interest rate of 5.75% per annum offset by a reduction of interest expense related to the reduction of other borrowings from excess funds at an assumed interest rate of 5.67% per annum. If the interest rate on the additional trust preferred securities varies by 0.5%, the effect on net income (loss) will be $29,000 after tax per annum.

p) Tax benefits associated with the additional interest expense computed using a combined federal and state tax rate of 42%.

q) Cash raised from the proceeds of the sale of shares of First Community's common stock at an assumed offering price per share of $24.50, after deducting First Community's estimated offering expenses and underwriting discounts and commissions, and cash received from the issuance of additional trust preferred securities which closed in June 2002, offset by excess funds used to reduce other borrowings. This adjustment assumes no exercise of the underwriters' over-allotment option to purchase additional shares in this offering. The additional trust preferred securities have an aggregate liquidation preference of $10.0 million.

r) Reduction of other borrowings with excess proceeds.

s) Proceeds from trust preferred securities which were issued in June 2002.

t) The sale of First Community common stock.

NOTE 13: BASIS OF PRESENTATION OF UPLAND ACQUISITION

On April 18, 2002, First Community announced that it had executed a definitive agreement to acquire all of the outstanding common stock of Upland. It is expected that the Upland acquisition will close in the third quarter of 2002. Therefore, First Community's historical financial statements as of and for the three months ended March 31, 2002 and for the year ended December 31, 2001 do not include the financial position and results of Upland.

The unaudited pro forma combined condensed consolidated statements of operations for the three months ended March 31, 2002 and for the year ended December 31, 2001 are presented as if the Upland acquisition occurred at the beginning of the respective periods. The unaudited pro forma combined condensed consolidated balance sheet as of March 31, 2002 is presented as if the Upland acquisition occurred as of that date. This information is not intended to reflect the actual results that would have been achieved had the Upland acquisition actually occurred on those dates.

Certain historical data of Upland have been reclassified on a pro forma basis to conform to First Community's classifications.

NOTE 14: PURCHASE PRICE AND FUNDING OF UPLAND

Pursuant to the Upland merger agreement, shareholders of Upland will have the right to elect to receive for each share of Upland common stock either $11.73 in cash or 0.5034 of a share of First Community's common stock. The merger agreement provides that 419,118 shares of First Community's common stock are to be issued to Upland shareholders. If the price of First Community's common stock at the closing of the merger is $23.30 or more, 60% of the total consideration will be in the form of First Community's common stock and the remainder will be in cash. In the event the average closing price of First Community's common stock is less than $19.80 as measured over the twenty day trading period ending as of the fifth business day prior to the effective date of the merger and such decline is not proportionate to the decline in the Nasdaq Bank Index, if any, over the same period, the merger agreement contains provisions that allow First Community to issue stock and/or cash at its option to ensure that the value of the consideration Upland shareholders receive is at least equal to the consideration they would have received had the closing price of First Community's common stock on the effective date been $19.80 per share, and to ensure that at least 45% of the total consideration shall be in the form of First Community's common stock.

Based on an estimated share price of $24.50 for First Community's common stock, determined pursuant to the Upland merger agreement, and 60% of the Upland shareholders electing to receive stock consideration, the estimated total consideration to be paid in connection with the Upland acquisition is $17.0 million and is calculated as follows:

	Purchase Price (in thousands)
Stock consideration	$ 10,271
Cash consideration	6,732
Total estimated purchase price	$ 17,003

The cash portion of the purchase price is expected to be financed through a combination of the proceeds resulting from First Community's offering of its common stock, the proceeds from the issuance of additional trust preferred securities in June 2002 (see note 12) and dividends from First Community's banks.

NOTE 15: ALLOCATION OF PURCHASE PRICE OF UPLAND

The purchase price of Upland has been allocated as follows (in thousands):

Cash and cash equivalents	$ 15,633
Interest bearing deposits in financial institutions	693
Securities	1,788
Net loans	87,826
Premises and equipment	355
Other assets	4,248
Goodwill	6,315
Core deposit intangible	2,872
Deposits	(95,736)
Other liabilities	(6,991)
Total purchase price	$ 17,003

In allocating the purchase price, the following adjustments were made to Upland's historical amounts:

- other assets were increased by $707,000 representing the tax effects of the estimated merger costs; and

- other liabilities were increased $4.4 million representing the estimated merger costs of $3.2 million and the deferred tax liability related to the estimated core deposit intangible of $1.2 million.

All of the other asset and liability categories are either variable rate or short-term in nature and fair market value adjustments were considered to be immaterial to the financial presentation.

The purchase price adjustments are subject to further refinement, including the determination of a core deposit intangible and its useful life for amortization purposes. For pro forma presentation purposes only, First Community has included an estimated core deposit intangible calculated as three percent of deposits. In accordance with Statement of Financial Accounting Standards No. 141, "Business Combinations" and No. 142, "Goodwill and Other Intangible Assets," goodwill and intangible assets with indefinite lives are not amortized for acquisitions initiated after June 30, 2001; therefore, no goodwill amortization is presented in the pro forma financial statements. However, the core deposit intangible will be amortized over its estimated useful life and recorded as a charge to operations.

NOTE 16: MERGER COSTS OF UPLAND

The table below reflects First Community's current estimate, for purposes of pro forma presentation, of the aggregate estimated merger costs of $3.2 million ($2.5 million net of taxes, computed using a combined federal and state tax rate of 42%) expected to be incurred in connection with the Upland acquisition. While a portion of these costs may be required to be recognized over

time, the current estimate of these costs has been recorded in the pro forma combined costs, primarily comprised of anticipated cash charges, include the following (in thousands):

Employee costs (severance and retention costs)	$	1,013
Conversion costs		400
Other costs		270
Deductible merger costs		1,683
Tax benefits		707
Deductible merger costs, net of tax benefits		976
Investment banking and other professional fees		1,536
Total merger costs, net of tax benefits	$	2,512

First Community's cost estimates are forward-looking. While the costs represent First Community's current estimate of merger costs associated with the acquisition that will be incurred, the ultimate level and timing of recognition of these costs will be based on the final integration in connection with consummation of the Upland acquisition. Readers are cautioned that the completion of this integration and other actions that may be taken in connection with the Upland acquisition will impact these estimates. The type and amount of actual costs incurred could vary materially from these estimates if future developments differ from the underlying assumptions used by management in determining the current estimate of these costs. For additional factors that may cause actual results to differ, please see "Cautionary Statement Regarding Forward-Looking Statements" on page 19.

NOTE 17: KEY TO PRO FORMA ADJUSTMENTS OF UPLAND ACQUISITION

Summarized below are the pro forma adjustments necessary to reflect the acquisition of Upland based on the purchase method of accounting:

u) Amortization expense related to the estimated core deposit intangible. The core deposit intangible will be amortized over its estimated useful life of 10 years. The amortization expense for any period in question is based on either (1) an estimated decline in the value of the underlying deposits acquired or (2) application of a straight-line method, whichever results in a higher amortization expense.

v) Tax benefits associated with the core deposit intangible amortization expense computed using a combined federal and state tax rate of 42%.

w) Use of cash for the purchase price.

x) Goodwill and core deposit intangible resulting from the purchase method of accounting. See note 15.

y) Deferred tax asset related to the deductible merger costs. See note 16.

z)

Adjustment of liabilities for accrued merger costs and deferred tax liability related to the core deposit intangible. See notes 15 and 16.

aa) Issuance of common stock to Upland shareholders less the elimination of Upland common stock.

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bb) Elimination of Upland retained earnings and unrealized gains on securities available for sale.

NOTE 18: BASIS OF PRESENTATION OF MARATHON ACQUISITION

On May 14, 2002, First Community announced that it had executed a definitive agreement to acquire all of the outstanding common stock of Marathon. It is expected that the Marathon acquisition will close in the third quarter of 2002. Therefore, First Community's historical financial statements as of and for the three months ended March 31, 2002 and for the year ended December 31, 2001 do not include the financial position and results of Marathon.

The unaudited pro forma combined condensed consolidated statements of operations for the three months ended March 31, 2002 and for the year ended December 31, 2001 are presented as if the Marathon acquisition occurred at the beginning of the respective periods. The unaudited pro forma combined condensed consolidated balance sheet as of March 31, 2002 is presented as if the Marathon acquisition occurred as of that date. This information is not intended to reflect the actual results that would have been achieved had the Marathon acquisition actually occurred on those dates.

Certain historical data of Marathon have been reclassified on a pro forma basis to conform to First Community's classifications.

NOTE 19: PURCHASE PRICE AND FUNDING OF MARATHON

Pursuant to the Marathon merger agreement, each Marathon shareholder will have the right to elect to receive for each share of Marathon common stock issued and outstanding immediately prior to the merger either cash or First Community's common stock with a value that depends on the average price of First Community's common stock over a 15-day averaging period ending on the third business day prior to the Marathon shareholders' meeting, known as the average price. The value is determined as follows:

- if the average price is greater than or equal to $19.50 and less than or equal to $23.30, Marathon shareholders will have the right to elect to receive, for each share of Marathon common stock they hold, either cash or First Community common stock with a value of $4.80 valued at the averaging price;

- if the average price is greater than $23.30, Marathon shareholders will have the right to elect to receive an amount in cash that will be greater than $4.80, or First Community common stock with a value that will be greater than $4.80 per share, in each case, determined by multiplying the average price by 0.1339 and then adding $1.68; or

- if the average price is less than $19.50, Marathon shareholders will have the right to elect to receive an amount in cash that will be less than $4.80, or First Community common stock with a value that will be less than $4.80 per share, in each case, determined by multiplying the average price by 0.1600 and then adding $1.68.

Based on a share price of $24.50 for First Community common stock, the estimated total consideration to be paid in connection with the Marathon acquisition is $19.8 million, 67% of which

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will be in the form of First Community common stock and the remainder in the form of cash, and is calculated as follows:

		Purchase Price
		(in thousands)
Stock consideration	$	13,330
Cash consideration		6,473
Total estimated purchase price	$	19,803

If the average price of First Community common stock is less than $19.50 over the fifteen-day averaging period, the definitive agreement contains provisions that allow First Community to ensure that at least 50% of the total consideration shall be in the form of First Community common stock.

The cash portion of the purchase price is expected to be financed through a combination of the proceeds resulting from First Community's offering of its common stock, the proceeds from the issuance of additional trust preferred securities in June 2002 (see note 12) and dividends from First Community's banks.

NOTE 20: ALLOCATION OF PURCHASE PRICE OF MARATHON

The purchase price of Marathon has been allocated as follows (in thousands):

Cash and cash equivalents	$	7,858
Securities		26,785
Net loans		69,064
Premises and equipment		212
Other assets		6,153
Goodwill		8,812
Core deposit intangible		2,852
Deposits		(95,008)
Other liabilities		(6,925)
Total purchase price	$	19,803

In allocating the purchase price, the following adjustments were made to Marathon's historical amounts:

other assets were increased by $768,000 representing the tax effects of the estimated merger costs; and

other liabilities were increased $4.6 million representing the estimated merger costs of $3.4 million and the deferred tax liability related to the estimated core deposit intangible of $1.2 million.

All of the other asset and liability categories are either variable rate or short-term in nature and fair market value adjustments were considered to be immaterial to the financial presentation.

The purchase price adjustments are subject to further refinement, including the determination of a core deposit intangible and its useful life for amortization purposes. For pro forma presentation

purposes only, First Community has included an estimated core deposit intangible calculated as three percent of deposits. In accordance with Statement of Financial Accounting Standards No. 141, "Business Combinations" and No. 142, "Goodwill and Other Intangible Assets," goodwill and intangible assets with indefinite lives are not amortized for acquisitions initiated after June 30, 2001; therefore, no goodwill amortization is presented in the pro forma financial statements. However, the core deposit intangible will be amortized over its estimated useful life and recorded as a charge to operations.

NOTE 21: MERGER COSTS OF MARATHON

The table below reflects First Community's current estimate, for purposes of pro forma presentation, of the aggregate estimated merger costs of $3.4 million ($2.6 million net of taxes, computed using the combined federal and state tax rate of 42%) expected to be incurred in connection with the acquisition. While a portion of these costs may be required to be recognized over time, the current estimate of these costs has been recorded in the pro forma combined costs, primarily comprised of anticipated cash charges, include the following (in thousands):

Employee costs (severance and retention costs)	$ 1,158
Conversion costs	400
Other costs	270
Deductible merger costs	1,828
Tax benefits	768
Deductible merger costs, net of tax benefits	1,060
Investment banking and other professional fees	1,535
Total merger costs, net of tax benefits	$ 2,595

First Community's cost estimates are forward-looking. While the costs represent First Community's current estimate of merger costs associated with the acquisition that will be incurred, the ultimate level and timing of recognition of these costs will be based on the final integration in connection with consummation of the acquisition. Readers are cautioned that the completion of this integration and other actions that may be taken in connection with the Marathon acquisition will impact these estimates. The type and amount of actual costs incurred could vary materially from these estimates if future developments differ from the underlying assumptions used by management in determining the current estimate of these costs. For additional factors that may cause actual results to differ, please see "Cautionary Statement Regarding Forward-Looking Statements" on page 19.

NOTE 22: KEY TO PRO FORMA ADJUSTMENTS OF MARATHON ACQUISITION

Summarized below are the pro forma adjustments necessary to reflect the acquisition of Marathon based on the purchase method of accounting:

cc) Amortization expense related to the estimated core deposit intangible. The core deposit intangible will be amortized over its estimated useful life of 10 years. The amortization expense for any period in question is based on either (1) an estimated decline in the value of the underlying deposits acquired or (2) application of a straight-line method, whichever results in a higher amortization expense.

dd) Tax benefits associated with the core deposit intangible amortization expense computed using a combined federal and state tax rate of 42%.

ee) Use of cash for purchase price.

ff) Goodwill and core deposit intangible resulting from the purchase method of accounting. See note 20.

gg) Deferred tax asset related to the deductible merger costs. See note 21.

hh) Adjustment of liabilities for accrued merger costs and deferred tax liability related to the core deposit intangible. See notes 20 and 21.

ii) Issuance of common stock to Marathon shareholders less the elimination of Marathon common stock.

jj) Elimination of Marathon additional paid-in capital, accumulated deficit and unrealized losses on securities available for sale.

THE SPECIAL MEETING OF SHAREHOLDERS OF FIRST NATIONAL BANK

Introduction

This proxy statement-prospectus constitutes the proxy statement of First National Bank, a national banking association organized under the laws of the United States, for use at the special meeting of First National's shareholders to be held on , 2002, at First National's downtown San Diego Office, located at 401 West "A" Street, San Diego, California 92101, and any adjournments thereof.

At the special meeting, the shareholders of First National will consider and vote upon a proposal to approve an Agreement and Plan of Merger, dated April 25, 2002, under the terms of which First National would merge with and into Rancho Santa Fe National Bank.

Pursuant to the merger agreement, First National will be merged with and into Rancho Santa Fe National Bank, a national banking association organized under the laws of the United States and a wholly-owned subsidiary of First Community Bancorp, and all of the outstanding shares of First National common stock and preferred stock shall be automatically cancelled in a transaction we refer to as the merger.

Upon consummation of the merger, First National will cease to exist and First Community and Rancho Santa Fe respectively will continue as the surviving entities. All information contained in this proxy statement-prospectus with respect to First National has been supplied by management or authorized representatives of First National without independent verification. All information contained in this proxy statement-prospectus with respect to First Community has been supplied by management or authorized representatives of First Community without independent verification.

This proxy statement-prospectus is first being mailed to shareholders of First National on or about **,** 2002.

Record Date

The close of business on , 2002 was the record date for determining First National shareholders entitled to receive notice of and to vote at the special meeting.

Voting

On the record date, there were shares of First National common stock outstanding held by holders of record and shares of First National preferred stock outstanding held by holders of record. Each holder of First National common stock or preferred stock is entitled to one vote for each share of First National common stock or preferred stock in that holder's name on First National's books as of the record date on any matter submitted to the vote of the First National shareholders at the special meeting. The approval of the merger agreement will require the affirmative vote, in person or by proxy, of two-thirds of the outstanding shares of First National common stock and preferred stock voting together as a single class.

Shares of First National common stock or preferred stock that are not represented in person or by proxy at the special meeting shall not be counted in determining whether a quorum is present and shall not be deemed present at the special meeting. Proxies submitted by any shareholder that are unmarked as to any matter shall be voted according to the recommendation of the board of directors of First National. A vote of abstention as to any proposal as to which abstention is permitted, by any shareholder, will be counted as a vote not in favor of a proposal.

Revocation of Proxies

Any proxy in the form enclosed for First National shareholders which is properly completed and returned in time for voting with a choice specified thereon will be voted in accordance with such specification.

First National shareholders may revoke a proxy at any time by (i) sending written notice of revocation to the Secretary of First National prior to the special meeting; (ii) executing and delivering a proxy for the special meeting bearing a later date; or (iii) attending the special meeting and voting in person.

PROXIES WHICH DO NOT PROVIDE THE PROXYHOLDERS WITH DIRECTION IN VOTING ON THE MERGER WILL BE VOTED IN FAVOR OF THE MERGER, AND FIRST NATIONAL SHAREHOLDERS WHO HAVE PROVIDED SUCH PROXIES WILL NOT BE ELIGIBLE TO ASSERT THEIR DISSENTERS' RIGHTS.

Proxy Solicitation

The accompanying proxy is being solicited by the board of directors of First National. First National will bear the entire cost of solicitation of proxies from holders of its shares. In addition to the solicitation of proxies by mail, certain officers, directors and employees of First National, without extra remuneration, may also solicit proxies in person, by telephone, facsimile or otherwise. First National will pay printing, postage and mailing costs for preparation and mailing of the proxy statement to its shareholders. All other costs, including legal and accounting fees, shall be borne by the party incurring such costs.

Outstanding Voting Securities

First National has two classes of voting securities outstanding, First National common stock and First National preferred stock. Shareholders of record entitled to notice of and to vote at the special meeting have been determined as of the record date, and, as of such date, shares of First National common stock and shares of First National preferred stock were outstanding, all of which are entitled to vote at the special meeting.

Other Matters

First National does not presently intend to bring any matters other than those described in this document before its special meeting. Further, First National has no knowledge of any other matters that may be introduced by other persons. If any other matters do properly come before its special meeting or any adjournment or postponement of its special meeting, the persons named in the enclosed proxy forms of First National will vote the proxies in keeping with their judgment on such matters.

SHARE OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth certain information regarding the ownership of First National's stock as of April 25, 2002 by First National's directors, executive officers and all those known by First National to be beneficial owners of more than five percent (5%) of any class of First National stock. The preferred stock votes with the common stock as a single class and has the same number of votes as if the preferred stock has been converted to common stock.

Principal Shareholders:	Number of Common Shares	Percentage Of Common Shares	Number Of Preferred Shares	Percentage Of Preferred Shares	Number of Total Shares	Percentage of Total Shares(1)
Austray Limited 4171 N. Mesa St. Bldg. "D" 5th Floor El Paso, TX 79912	2,004,940	19.79%	347,400	24.60%	2,352,340(2)	22.45%
Larkstone Inc. c/o of Law Offices of Rudy Valner 421 North Beverly Drive,	874,400	8.82%	0	0	874,400(3)	8.82%

Principal Shareholders:	Number of Common Shares	Percentage Of Common Shares	Number Of Preferred Shares	Percentage Of Preferred Shares	Number of Total Shares	Percentage of Total Shares(1)
Ste. 300 Beverly Hills, CA 90210						
Candor Corporation c/o of Law Offices of Rudy Valner 421 North Beverly Drive, Ste. 300 Beverly Hills, CA 90210	668,300	6.81%	0	0	668,300	6.81%
Brenner International Group LLC c/o of Law Offices of Rudy Valner 421 North Beverly Drive, Ste. 300 Beverly Hills, CA 90210	0	0	315,800	22.36%	315,800	2.81%
Jackpot Futures L.P. ATT Trust Dept 2 Raffles Link Marina Bayfront Singapore 039392	0	0	81,450	5.77%	81,450	*
Mystory Corp. ATT Trust Dept 2 Raffles Link Marina Bayfront Singapore 039392	0	0	81,450	5.77%	81,450	*
Named Executive Officers and Directors:						
Leon H. Reinhart	860,610	8.82%	21,100	1.49%	881,710(4)	8.84%
Leon Kassel	1,907,274	19.44%	81,450(21)	5.77%	1,988,724(5)	20.10%
Daniel R. Mathis	250	*	0	0	250(6)	*
Edward S. George	176,800	1.79%	60,000	4.25%	236,800(7)	2.38%
Malin Burnham	187,500	1.90%	40,000	2.83%	227,500(8)	2.29%
M. Corky McMillin	76,700	*	12,000	*	88,700(9)	*

Ronald E. Perlman	79,400	*	5,000	*	84,400(10)	*
Thomas W. Carter	38,300	*	0	0	38,300(11)	*
Scott R. Andrews	15,800	*	0	0	15,800(12)	*
David S. Whittemore	22,500	*	0	0	22,500(13)	*
Maria P. Kunac	33,050	*	1,000	*	34,050(14)	*
James L. Lemery	34,000	*	0	0	34,000(15)	*

Robert M. Franko	14,900	*	10,000(22)	*	24,900(16)	*
Julia L. Smart	16,300	*	500	*	16,800(17)	*
Richard P. Spencer	200	*	0	0	200(18)	*
Richard D. Condie	100	*	0	0	100(19)	*
All executive officers and directors as a group	3,463,684	33.33%	231,050	16.36%	3,694,734(20)	35.05%

*
Less than one percent.

(1)
Percentage ownership is based upon 9,812,298 shares of common stock outstanding on April 25, 2002, and any shares issuable pursuant to securities exercisable for shares of common stock on April 25, 2002 or within 60 days thereafter. Percentage ownership of preferred stock is based upon 1,412,202 shares of preferred stock outstanding as of April 25, 2002.

(2)
Includes 320,500 shares of common stock issuable upon exercise of warrants that are exercisable within 60 days of April 25, 2002.

(3)
Includes 106,900 shares of common stock issuable upon exercise of warrants that are exercisable within 60 days of April 25, 2002.

(4)
Mr. Reinhart is a director of First National. The number of shares listed above as owned by him includes 136,800 shares of common stock issuable upon exercise of warrants that are exercisable within 60 days of April 25, 2002. Mr. Reinhart cannot exercise any voting rights of the 165,000 shares of Common Stock held by the Reinhart Family 2001 Charitable Remainder Unitrust for which he is a trustee. An independent trustee has been appointed to vote the shares of stock held by the Charitable Remainder Unitrust.

(5)
Mr. Kassel is the chairman of the Board of Directors of First National and is the beneficial owner of 664,983 shares of common stock through the following: (i) his ownership of Evil Holdings L.P. that holds 163,300 shares of common stock; (ii) his control as trustee of the Kassel Family Trust that owns 38,552 shares of common stock; (iii) his control as trustee of the Liebman Trust that owns 448,631 shares of common stock; and (iv) his ownership of Jeval Asset Management that holds 14,500 shares of common stock. Mr. Kassel disclaims any beneficial interest in 379,136 shares of common stock held by Mystory Corp., 408,631 shares of common stock held by Jackpot Futures L.P., 17,700 shares of common stock held by Vilmar Corporation, 28,494 shares of common stock held by Mystory L.P., 9,499 shares of common stock held by Excavate L.P., 126,611 shares of common stock held by Excavate Corp., 9,499 shares of common stock held by Rare Rationalism L.P., 126,611 shares of common stock held by Rare Rationalism Corp., 9,499 shares of common stock held by Dunain L.P. and 126,611 shares of common stock held by Dunain Corp., which shares Mr. Kassel has the power to vote but are beneficially owned for the benefit of Mr. Kassel's siblings and their spouses and children.

(6)
Mr. Mathis is a director and president and chief executive officer of First National. The number of shares listed above as owned by him does not includes 250,000 shares of common stock issuable upon exercise of options that are not exercisable within 60 days of April 25, 2002.

(7)
Mr. George is a director of First National. The number of shares listed above as owned by him includes 50,000 shares of common stock issuable upon exercise of warrants that are exercisable within 60 days of

April 25, 2002, 35,000 shares of common stock issuable upon exercise of options that are exercisable within 60 days of April 25, 2002.

(8)

Mr. Burnham is a director of First National. The number of shares listed above as owned by him includes 38,500 shares of common stock issuable upon exercise of warrants that are exercisable within 60 days of April 25, 2002, 35,000 shares of common stock issuable upon exercise of options that are exercisable within 60 days of April 25, 2002.

(9)

Mr. McMillin is a director of First National. The number of shares listed above as owned by him includes 20,000 shares of common stock issuable upon exercise of warrants that are exercisable within 60 days of April 25, 2002, 35,000 shares of common stock issuable upon exercise of options that are exercisable within 60 days of April 25, 2002.

(10)

Mr. Perlman is a director of First National. The number of shares listed above as owned by him includes 19,200 shares of common stock issuable upon exercise of warrants that are exercisable within 60 days of April 25, 2002, 35,000 shares of common stock issuable upon exercise of options that are exercisable within 60 days of April 25, 2002.

(11)

Mr. Carter is an executive vice president and the chief credit officer of First National. The number of shares listed above as owned by him does not include 25,120 shares of common stock issuable upon exercise of options that are not exercisable within 60 days of April 25, 2002.

(12)

Mr. Andrews is the executive vice president of First National's retail banking division. The number of shares listed above as owned by him does not include 47,164 shares of common stock issuable upon exercise of options that are not exercisable within 60 days of April 25, 2002.

(13)

Mr. Whittemore is the executive vice president of First National's business banking division. The number of shares listed above as owned by him does not include 39,810 shares of common stock issuable upon exercise of options that are not exercisable within 60 days of April 25, 2002.

(14)

Ms. Kunac is the executive vice president of First National's real estate lending division. The number of shares listed above as owned by her does not include 16,922 shares of common stock issuable upon exercise of options that are not exercisable within 60 days of April 25, 2002.

(15)

Mr. Lemery is an executive vice president and chief financial officer of First National. The number of shares listed above as owned by him does not include 5,644 shares of common stock issuable upon exercise of options that are not exercisable within 60 days of April 25, 2002.

(16)

Mr. Franko is an executive vice president and the chief investment officer of First National. The number of shares listed above as owned by him does not include 9,036 shares of common stock issuable upon exercise of options that are not exercisable within 60 days of April 25, 2002. Mr. Franko disclaims any beneficial interest in 1,000 shares of common stock held by Mary Jo Shelby as trustee of the Franko Children's Trust.

(17)

Ms. Smart is an executive vice president and chief administrative officer of First National. The number of shares listed above as owned by her does not include 12,790 shares of common stock issuable upon exercise of options that are not exercisable within 60 days of April 25, 2002.

(18)

Mr. Spencer is a director of First National.

(19)

Mr. Condie is a director of First National.

(20)

Includes 264,500 shares of common stock issuable upon exercise of warrants that are exercisable within 60 days of April 25, 2002 and 307,650 shares of common stock issuable upon exercise of options that are exercisable within 60 days of April 25, 2002.

(21)

Mr. Kassel has beneficial ownership of the 81,450 shares of preferred stock through control as trustee of the Liebman Trust. Mr. Kassel disclaims any beneficial interest in 81,450 shares of preferred stock held by Jackpot Futures L.P., 81,450 shares of preferred stock held by Mystory Corp., 27,150 shares of preferred stock held by Excavate Corp., 27,150 shares of preferred stock held by Rare Rationalism Corp. and 27,150 shares of preferred stock held by Dunain Corp.

(22) Mr. Franko disclaims any beneficial interest in 10,000 shares of preferred stock held by Mary Jo Shelby as trustee of the Franko Children's Trust.

At close of business on the First National record date, Austray Pte Ltd., Leon H. Reinhart & Self-Directed IRA, the Liebman Trust, Larkstone Inc., Jackpot Futures L.P., Mystory Corp., Brenner International Group LLC, Enivia Pte Ltd., Robert Whetten & Robert J. Whetten IRA, and the Reinhart Family 2001 Charitable Remainder Unitrust owned approximately shares of First National common stock and preferred stock, allowing them to exercise approximately % of the voting power of First National common stock and preferred stock entitled to vote at the First National special meeting. These shareholders have agreed to vote these shares in favor of the merger agreement, as more fully described in the summary of shareholder agreements beginning on page 87. As of the same date, First Community and its subsidiaries beneficially owned shares of First National common stock.

SPECIAL MEETING OF SHAREHOLDERS OF FIRST COMMUNITY BANCORP

Introduction

This proxy statement-prospectus constitutes the proxy statement of First Community Bancorp, for use at the special meeting of First Community's shareholders to be held on , 2002, at , and any adjournments thereof.

At the special meeting, the shareholders of First Community will consider and vote upon a proposal to approve the principal terms of an Agreement and Plan of Merger dated April 25, 2002 under the terms of which First National would merge with and into Rancho Santa Fe National Bank, including the issuance of shares of First Community common stock in the merger. The shareholders of First Community will also consider and vote upon a proposal to approve an amendment to First Community's articles of incorporation to increase the number of authorized shares of First Community's common stock from 15 million shares to 30 million shares.

Pursuant to the merger agreement, First National, a national banking association organized under the laws of the United States, will be merged with and into Rancho Santa Fe, a national banking association organized under the laws of the United States and a wholly-owned subsidiary of First Community, and all of the outstanding shares of First National common stock and preferred stock shall be automatically cancelled in a transaction we refer to as the merger.

Upon consummation of the merger, First National will cease to exist and First Community and Rancho Santa Fe National Bank will continue as the surviving entities. All information contained in this proxy statement-prospectus with respect to First Community has been supplied by management or authorized representatives of First Community without independent verification. All information contained in this proxy statement-prospectus with respect to First National has been supplied by management or authorized representatives of First National without independent verification.

This proxy statement-prospectus is first being mailed to shareholders of First Community on or about , 2002.

Record Date

The close of business on , 2002 was the record date for determining First Community shareholders entitled to receive notice of and to vote at the special meeting.

Voting

On the record date, there were shares of First Community common stock outstanding held by holders of record. Each holder of First Community common stock is entitled to one vote for each share of First Community common stock in that holder's name on First Community's books as of the record date on any matter submitted to the vote of the First Community shareholders at the special meeting. The approval of the principal terms of the merger agreement will require the affirmative vote, in person or by proxy, of a majority of the outstanding shares of First Community common stock.

Approval of the amendment to the articles of incorporation of First Community to increase the authorized number of shares requires the affirmative vote, in person or by proxy, of the holders of a majority of the outstanding shares of First Community common stock entitled to vote at the special meeting.

Shares of First Community common stock that are not represented in person or by proxy at the special meeting shall not be counted in determining whether a quorum is present and shall not be deemed present at the special meeting. Proxies submitted by any shareholder that are unmarked as to any matter shall be voted according to the recommendation of the board of directors of First

Community. A vote of abstention as to any proposal as to which abstention is permitted, by any shareholder, will be counted as a vote not in favor of a proposal.

Revocation of Proxies

Any proxy in the form enclosed for First Community shareholders which is properly completed and returned in time for voting with a choice specified thereon will be voted in accordance with such specification.

First Community shareholders may revoke a proxy at any time by (i) sending written notice of revocation to the Secretary of First Community prior to the special meeting; (ii) executing and delivering a proxy for the special meeting bearing a later date; or (iii) attending the special meeting and voting in person.

PROXIES WHICH DO NOT PROVIDE THE PROXYHOLDERS WITH DIRECTION IN VOTING ON THE MERGER WILL BE VOTED IN FAVOR OF THE MERGER, AND FIRST COMMUNITY SHAREHOLDERS WHO HAVE PROVIDED SUCH PROXIES WILL NOT BE ELIGIBLE TO ASSERT THEIR DISSENTERS' RIGHTS.

Proxy Solicitation

The accompanying proxy is being solicited by the board of directors of First Community. First Community will bear the entire cost of solicitation of proxies from holders of its shares. In addition to the solicitation of proxies by mail, certain officers, directors and employees of First Community, without extra remuneration, may also solicit proxies in person, by telephone, facsimile or otherwise. First Community will pay printing, postage and mailing costs for preparation and mailing of the proxy statement to its shareholders. All other costs, including legal and accounting fees, shall be borne by the party incurring such costs.

Outstanding Voting Securities

First Community has only one class of voting securities outstanding, identified as First Community common stock. Shareholders of record entitled to notice of and to vote at the special meeting have been determined as of the record date, and, as of such date, shares of First Community common stock were outstanding, all of which are entitled to vote at the special meeting.

Other Matters

First Community does not presently intend to bring any matters other than those described in this document before its special meeting. Further, First Community has no knowledge of any other matters that may be introduced by other persons. If any other matters do properly come before its special meeting or any adjournment or postponement of its special meeting, the persons named in the enclosed proxy forms of First Community will vote the proxies in keeping with their judgment on such matters.

THE MERGER

The following summary of the material terms and provisions of the merger agreement is qualified in its entirety by reference to the merger agreement by and among First Community, Rancho Santa Fe and First National which is dated as of April 25, 2002. The merger agreement is attached as Appendix A to this proxy statement-prospectus.

General

The boards of directors of First Community, First National and Rancho Santa Fe have unanimously approved the merger agreement providing for the merger of First National into Rancho Santa Fe. Rancho Santa Fe will be the surviving bank in the merger. Upon completion of the merger, the separate corporate existence of First National will end. We expect to complete the merger in the third quarter of 2002. The directors and officers of Rancho Santa Fe immediately prior to the merger will be the directors and officers of Rancho Santa Fe after the merger until they resign or their respective successors are duly elected and qualified.

Background of the Merger

In light of the competitive environment in which smaller banks find themselves operating, the board of directors of First National had considered various strategies for maximizing shareholder value, including transforming First National into a larger bank through internal growth and/or acquisitions thereby increasing the value of the First National franchise. First National's ongoing strategic business plan had been to continue its marketing efforts to increase its assets, return on equity and return on assets. The board concluded that First National's continued growth, operating efficiencies and profitability offered the surest paths to ensuring that at some point First National common stock would become more valuable and more liquid.

Merger Discussions

In September of 2001, First National and First Community engaged in initial discussions regarding their organizations and management philosophies and discussed a potential transaction between First National and First Community. In early October 2001, these talks ceased without the parties reaching an agreement. In March 2002, John Eggemeyer, chairman of First Community, contacted Leon Kassel, chairman of First National, regarding renewing discussions between First National and First Community. At that time, Mr. Eggemeyer advised Mr. Kassel that First Community had entered into agreements with holders of approximately forty-eight percent (48%) of the outstanding shares of First National pursuant to which First Community had negotiated an option to purchase the shares of First National owned by those shareholders upon the occurrence of certain conditions. On March 28, 2002, Mr. Eggemeyer met with the board of directors of First National. After several discussions and further negotiation, the parties agreed to a transaction whereby shareholders of First National would be able to elect to receive, for each share of First National common stock or preferred stock they own, either $10.00 in cash or First Community common stock pursuant to an exchange ratio based upon the number of fully diluted shares of First National outstanding and the value of First Community common stock to be paid for each share of First National common stock.

First National hired Keefe, Bruyette and Woods, Inc. as its financial advisor to advise First National and First National's board of directors regarding the fairness of the transaction from a financial point of view. First National also hired Unicon Financial to advise First National and its board of directors regarding the condition of First Community from a credit perspective.

Multiple drafts of the merger agreement and related documents were generated as negotiations proceeded.

At its meeting on April 18, 2002, the First Community board considered the proposed terms of the merger agreement and related agreements and discussed the proposed merger. The First Community board unanimously approved the merger and authorized First Community to proceed with the transaction.

At a special board meeting on April 22, 2002, the First National board met to consider the proposed terms of the merger and the related agreements negotiated and the open issues remaining at that time. The board of directors also reviewed reports from Keefe Bruyette and Unicon Financial, which were presented at the meeting, and discussed the proposed merger. First National's board of directors unanimously approved the merger and authorized First National to proceed with the transaction.

Reasons for the Merger and Recommendation of the First National Board of Directors

After consultation with Keefe Bruyette, the First National board has unanimously concluded that the terms of the merger are fair to, and in the best interests of, First National's shareholders and unanimously recommends that First National's shareholders approve the merger agreement. In reaching this decision, the board of directors considered a number of factors, to which relative weights were not assigned, including the following:

- the First National board of directors' familiarity with and review of First National's business, operations, financial condition and earnings;
- the First National board of directors' familiarity with and review of First National's prospects and factors which might affect First National's ability to enhance revenues and obtain revenue source diversification on a stand alone basis;
- the current and prospective economic, regulatory and competitive environment facing financial institutions, including First National;
- the review by the board of directors of First National of alternatives to the merger with First Community, the range of possible values to First National's shareholders that might be obtained in the future if such alternatives were chosen and the timing and likelihood of actually receiving such values. This review included consideration of remaining independent or engaging in a merger or a similar transaction with a bank holding company other than First Community;
- the review by the board of directors of First National, of (a) the business, operations, earnings, and financial condition of First Community on both an historical and a prospective basis and (b) the historical market price and potential future value of First Community stock;
- anticipated cost savings and operating efficiencies available to the combined institution from the merger;
- the written confirmation by Keefe Bruyette as to the fairness of the merger consideration from a financial point of view to the First National shareholders;
- the expectation that the merger will generally be a tax-free transaction to First National and to its shareholders who elect to receive shares of First Community common stock in exchange for their shares;
- the belief of the board of directors of First National that the terms of the merger agreement are attractive in that the agreement allows First National shareholders to become shareholders in a combined institution with significantly more assets, a larger geographic base and a more liquid security;

- the terms and conditions of the merger agreement and the structure of the merger, the ability of First National shareholders to elect to receive either cash or First Community common stock in exchange for their shares;
- the effect of the merger on First National's other constituencies, including its management, employees and the community it serves; and
- First Community's apparent success in completing and implementing previous mergers of community banks.

The foregoing discussion of the information and factors considered by the board is not intended to be exhaustive, but constitutes the material factors considered by the board. In reaching its determination to approve and recommend the principal terms of the merger agreement, the board did not assign relative or specific weights to the foregoing factors and individual directors may have weighted such factors differently.

Reasons for the Merger and Recommendation of the First Community Board of Directors

The First Community board has unanimously concluded that the terms of the merger are fair to, and in the best interests of, First Community's shareholders and unanimously recommends that First Community's shareholders approve the principal terms of the merger agreement, including the issuance of shares of First Community common stock in the merger. During its deliberation regarding the approval of the merger agreement, the board of directors of First Community considered a number of factors, to which relative weights were not assigned, including, but not limited to, the following:

- the compatibility of the merger with the long-term community banking strategy of First Community;
- reduced operating costs through:
  - streamlining the administration of First National and providing administrative services for First National at the holding company level;
  - reduced compensation and benefits costs;
  - reduced external data processing costs;
  - economies of scale in advertising and marketing budgets;
  - other savings through reduction or elimination of miscellaneous items such as insurance premiums, travel and automobile expense, and investor relations expenses; and
- significant revenue enhancement opportunities, including:
  - addition of complementary branches which significantly expand First Community's San Diego County footprint;
  - increased ability to offer a wider variety of banking products and services; and
  - greater opportunity and financial flexibility in connection with certain financing, investment and other business and corporate activities than presently enjoyed by First Community.

We have based these assumptions on our present assessment of where savings and earnings enhancements could be realized based upon the present independent operations of the two companies. Actual savings in some or all of these areas could be higher or lower than we currently expect.

Consideration to be Received by First National Shareholders in the Merger

For each share of First National common stock or preferred stock you own, you will have the right to elect, on a share-by-share basis, to receive:

- $10.00 in cash; or

0.5008 of a share of First Community common stock.

The amount of First Community common stock issued in conjunction with this merger is expected to be equal to 2,762,662 shares of First Community common stock. If First National shareholders elect to receive, in the aggregate, stock consideration that would otherwise result in the issuance of more or less than 2,762,662 shares of First Community common stock, then your election may be subject to proration as described below in "Election and Proration Procedures". The aggregate number of shares of First Community common stock issued in the merger is to be increased only if the closing price per share of First Community common stock on the closing date is less than $19.97 per share and First Community does not elect to terminate the merger agreement, or as necessary to ensure that at least 45% of the total consideration is paid in First Community common stock. In the event the closing price of First Community common stock on the closing date is less than $19.97 per share, First Community shall increase the number of shares of First Community common stock being offered so the aggregate value of the consideration received is equal to the amount which would have been received had the closing price of First Community common stock been $19.97 per share.

Election and Proration Procedures

Making the Election. First Community has selected U.S. Stock Transfer Corporation, which is the current transfer agent for First Community, to serve as the exchange agent for purposes of effecting the election, allocation, and proration procedures. An election form is being sent to you as a First National shareholder contemporaneously in a separate mailing. If you do not exercise dissenters' rights, you must use the election form to make the election to receive stock, cash, or a combination of stock and cash with respect to your shares of First National common stock. Shares of First National common stock or preferred stock will be undesignated shares if you either:

do not submit a properly completed election form in a timely fashion, or

revoke your election form prior to the deadline for submitting the election form.

The deadline for you to submit your election forms to the exchange agent is August , 2002.

All elections will be required to be made on an election form. To make an effective election with respect to shares of First National common stock, you must deliver the following items to the exchange agent prior to the election deadline:

a properly completed letter of transmittal and election form;

either (a) your certificates for shares of First National common stock or preferred stock or an appropriate guarantee of delivery, or (b) information regarding delivery by book entry transfer of the shares on a timely basis; and

any other required documents described in the election form.

You may change your election by submitting to the exchange agent a properly completed and signed revised letter of transmittal and election form and all required additional documents. To be effective, however, the exchange agent must receive these revised documents prior to the election deadline. If some but not all of the revised documents are received by the election deadline, the shares will be considered undesignated shares.

You may revoke your prior valid election by written notice received by the exchange agent prior to the election deadline. You may also revoke a prior valid election by submitting a written withdrawal of your share certificates or of the notice of guaranteed delivery of your share certificates previously deposited with the exchange agent. Again, this written withdrawal must be received by the exchange agent before the election deadline.

Do not return your certificates representing shares of First National common stock or preferred stock with the enclosed proxy. The stock certificates should only be forwarded to the exchange agent with the letter of transmittal and election form.

If you have a preference as to the form of consideration to be received for your shares of First National common stock, you should make an election. Shares as to which an election is made will be given priority in allocating the merger consideration over shares to which an election is not received. None of First Community, the board of directors of First Community, First National, or the board of directors of First National makes any recommendation as to whether you should elect to receive cash, stock, or a combination of stock and cash. You must make your own decision with respect to that election.

Following the completion of the merger and upon surrender of all of the certificates representing shares of First National common stock or preferred stock registered in your name, or a satisfactory indemnity if any of such certificates are lost, stolen or destroyed, together with a properly completed letter of transmittal, U.S. Stock Transfer Corporation will mail to you the cash and/or First Community common stock to which you are entitled, less the amount of any required withholding taxes. You will not receive interest on any cash.

Declaration of dividends by First Community after the completion of the merger will include dividends on all First Community common stock issued in the merger, but no dividend or other distribution payable to the holders of record of First Community common stock at or as of any time after the completion of the merger will be paid to holders of First National common stock or preferred stock who receive First Community common stock in the merger until they physically surrender all certificates as described above. After the completion of the merger, the stock transfer books of First National will close and there will be no transfers on the transfer books of First National.

Allocation and Proration Procedures. The merger agreement is designed to ensure that First Community shall issue 2,762,662 shares of its common stock in the merger. **Therefore, it is possible that you will not receive the exact form of merger consideration you elect to receive.**

If stock elections and combination stockholders received represent 2,762,662 shares of First Community common stock (known as the stock amount), then:

shares for which a stock election has been made will be converted into stock; and

shares for which a cash election has been made or undesignated shares will be converted into cash.

If stock elections and combination stock elections received represent more than the stock amount, the merger consideration will be allocated as follows:

shares for which a cash election has been made or undesignated shares will be converted into cash;

shares for which a stock election has been made will be converted into First Community common stock and cash as follows:

the number of shares of First Community common stock that will be received will be the product of:

the shares of First Community common stock which would have been received based on the stock election, and

the stock proration factor, the numerator of which is the stock amount, and the denominator of which is the aggregate number of shares of First Community common stock which would be issued based on all stock elections made; and

the amount of additional cash that will be received will be the product of the number of shares of First National common stock and preferred stock covered by the stock elections, times $10.00, and multiplied by one minus the stock proration factor.

If stock elections and combination stock elections received represent less than the stock amount, the merger consideration will be allocated as follows:

- shares for which a stock election has been made will be converted into First Community common stock;
- undesignated shares will be allocated stock at random to satisfy the stock amount until the stock amount is reached, and all other undesignated shares will receive cash; and
- if, after all undesignated shares have been allocated First Community common stock, the stock amount has still not been satisfied, shares for which a cash election has been made will be converted into First Community common stock and cash as follows:
- the number of additional shares of First Community common stock that will be received will be the product of
  - the total number of shares of First National common stock and preferred stock covered by the cash election times the exchange ratio; and
  - the cash proration factor, the numerator of which is the difference between (a) the stock amount and (b) the number of shares of First Community common stock which would be issued to satisfy the stock elections received and the undesignated shares randomly selected, and the denominator of which is the product of the exchange ratio and the total number of shares of First National common stock and preferred stock covered by cash elections; and
- the amount of cash that will be received will be equal to the product of the number of shares of First National covered by the cash elections, times $10.00, and multiplied by one minus the cash proration factor.

The following are three examples of the proration of the merger consideration received by a First National shareholder who owns 100 shares of First National common stock or preferred stock and makes an election to have 50 shares converted into cash and 50 shares converted into First Community common stock. The examples assume that:

- as of the closing of the merger, the per share price of First Community common stock is at least $19.97;
- the total number of shares of First National common stock and preferred stock is 11,224,500; and
- there are no dissenting or undesignated shares.

Example 1: The number of stock elections would result in the issuance of First Community common stock equal to 2,762,662 shares, which is equal to the stock amount.

Example 2: The number of stock elections would result in the issuance of 3,500,000 shares of First Community common stock, an amount that is more than the stock amount.

Example 3: The number of stock elections would result in the issuance of 2,000,000 shares of First Community common stock, an amount that is less than the stock amount.

	Example 1	Example 2	Example 3
Stock Proration Factor	N/A	0.79	N/A
Cash Proration Factor	N/A	N/A	0.21
Number of Shares of First National stock converted into First Community common stock	50	39.5	60.5
Number of shares of First Community common stock received	25	19	30
Fractional shares for which cash will be paid	0.04	0.78	0.30
Number of shares of First National stock converted into cash	50	60.5	39.5
Amount of cash received on cash election (including cash for fractional shares)	$ 500.80	$ 620.58	$ 400.99

Opinion of First National's Financial Advisor

First National engaged Keefe, Bruyette & Woods, Inc., or Keefe Bruyette, to render a fairness opinion in connection with its merger with First Community Bancorp. First National selected Keefe Bruyette because Keefe Bruyette is a nationally recognized investment banking firm with substantial experience in transactions similar to the merger and is familiar with First National and its business. As part of its investment banking business, Keefe Bruyette is continually engaged in the valuation of financial businesses and their securities in connection with mergers and acquisitions.

On April 22, 2002, the First National board held a meeting to approve and adopt the merger agreement. At this meeting Keefe Bruyette confirmed its oral opinion that, as of that date and based upon and subject to the factors and assumptions set forth in its written opinion, the consideration was fair, from a financial point of view, to the First National shareholders. That opinion was reconfirmed in writing as of the date of this document.

The full text of Keefe Bruyette's written opinion is attached as Appendix B to this document and is incorporated herein by reference. First National's shareholders are urged to read the opinion in its entirety for a description of the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Keefe Bruyette.

Keefe Bruyette's opinion is directed to the First National board and addresses only the fairness, from a financial point of view, of the merger consideration to the First National shareholders. It does not address the underlying business decision to proceed with the merger and does not constitute a recommendation to any First National shareholder as to how the shareholder should vote at the First National special meeting on the merger or any related matter.

In rendering its opinion, Keefe Bruyette:

- reviewed, among other things:
  - the merger agreement,
  - Annual Reports to shareholders of First Community,
  - Annual Reports to shareholders of First National,
  - Quarterly Reports of First Community, and

  - Quarterly Reports of First National;

held discussions with members of senior management of First National regarding:

past and current business operations,

regulatory relationships,

financial condition, and

future prospects of the respective companies;

reviewed the market prices, valuation multiples, publicly reported financial conditions and results of operations for First National and First Community and compared them with those of certain publicly traded companies that Keefe Bruyette deemed to be relevant;

compared the proposed financial terms of the merger with the financial terms of certain other transactions that Keefe Bruyette deemed to be relevant; and

performed other studies and analyses that it considered appropriate.

In conducting its review and arriving at its opinion, Keefe Bruyette relied upon and assumed the accuracy and completeness of all of the financial and other information provided to or otherwise made available to Keefe Bruyette or that was discussed with, or reviewed by or for Keefe Bruyette, or that was publicly available. Keefe Bruyette did not attempt or assume any responsibility to verify such information independently. Keefe Bruyette relied upon the management of First National as to the reasonableness and achievability of the financial and operating forecasts and projections, and assumptions and bases for those projections, provided to Keefe Bruyette. Keefe Bruyette assumed, without independent verification, that the aggregate allowances for loan and lease losses for First Community and First National are adequate to cover those losses. Keefe Bruyette did not make or obtain any evaluations or appraisals of any assets or liabilities of First Community or First National, and Keefe Bruyette did not examine any books and records or review individual credit files.

The projections furnished to Keefe Bruyette and used by it in certain of its analyses were prepared by First National's senior management team. First National does not publicly disclose internal management projections of the type provided to Keefe Bruyette in connection with its review of the merger. As a result, such projections were not prepared with a view towards public disclosure. The projections were based on numerous variables and assumptions which are inherently uncertain, including factors related to general economic and competitive conditions. Accordingly, actual results could vary significantly from those set forth in the projections.

For purposes of rendering its opinion, Keefe Bruyette assumed that, in all respects material to its analyses:

the merger will be completed substantially in accordance with the terms set forth in the merger agreement;

the representations and warranties of each party in the merger agreement and in all related documents and instruments referred to in the merger agreement are true and correct;

each party to the merger agreement and all related documents will perform all of the covenants and agreements required to be performed by such party under such documents;

all conditions to the completion of the merger will be satisfied without any waivers; and

in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the merger, no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications that will be imposed, will have a material adverse effect on the future results of operations or financial condition of the combined entity or the contemplated benefits of the merger, including the cost savings, revenue enhancements and related expenses expected to result from the merger.

Keefe Bruyette further assumed that the merger will be accounted for as a purchase under generally accepted accounting principles, and that the merger will qualify as a tax-free reorganization for U.S. federal income tax purposes. Keefe Bruyette's opinion is not an expression of an opinion as to the prices at which shares of First National common stock or preferred stock or shares of First Community common stock will trade following the announcement of the merger or the actual value of the First Community common shares when issued pursuant to the merger, or the prices at which the First Community common shares will trade following the completion of the merger.

In performing its analyses, Keefe Bruyette made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Keefe Bruyette, First National and First Community. Any estimates contained in the analyses performed by Keefe Bruyette are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. In addition, the Keefe Bruyette opinion was among several factors taken into consideration by the First National board in making its determination to adopt the merger agreement and the merger. Consequently, the analyses described below should not be viewed as determinative of the decision of the First National board or management of First National with respect to the fairness of the consideration.

Summary of Analyses by Keefe Bruyette

The following is a summary of the material analyses presented by Keefe Bruyette to the First National board on April 22, 2002, in connection with its oral opinion. The summary is not a complete description of the analyses underlying the Keefe Bruyette opinion or the presentation made by Keefe Bruyette to the First National board, but summarizes the material analyses performed and presented in connection with such opinion. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Keefe Bruyette did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include information presented in tabular format. Accordingly, Keefe Bruyette believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion. The tables alone do not offer a complete description of the financial analyses.

Calculation of Implied Value of Consideration. Keefe Bruyette reviewed the terms of the merger. First National shareholders may elect (a) stock, (b) cash or (c) a combination of stock and cash with at least 45% of the shares electing First Community Bancorp stock. Keefe Bruyette noted that the exchange ratio of 0.5008 shares of First Community common stock for each share of First National Bank common stock or preferred stock had an implied value of $13.77 per share of First National Bank common stock or preferred stock based upon the closing price of First Community common stock on April 19, 2002, of $27.49. Shareholders who elect cash consideration receive $10.00 in cash per share of First National Bank common stock or preferred stock. The blended offer based on 45% stock (at

the April 19, 2002 closing price of $27.49) and 55% cash had an implied value of $11.35 per share of First National Bank common stock or preferred stock.

Financial Impact Analysis. Keefe Bruyette performed pro forma merger analysis that combined projected income statement and balance sheet information of First Community and First National. Assumptions regarding the accounting treatment, acquisition adjustments and cost savings were used to calculate the financial impact that the merger would have on certain projected financial results of First Community. This analysis indicated that the merger is expected to be dilutive to First Community's estimated earnings per share in 2002 and 2003 without consideration to potential synergies. The analysis with an anticipated common stock offering also indicated that First Community would maintain a healthy Tier 1 capital ratio and thus have the financial ability to execute the merger. This analysis was based on internal projections provided by First National's and First Community's senior management teams. For all of the above analysis, the actual results achieved by First Community following the merger will vary from the projected results, and the variations may be material.

Contribution Analysis. Keefe Bruyette analyzed the relative contribution of each of First National and First Community to the pro forma balance sheet and income statement items of the combined entity, including assets, common equity, deposits, 2001 adjusted revenues, and 2002 estimated net income. Keefe Bruyette compared the relative contribution of balance sheet and income statement items with the estimated pro forma ownership for First National based on the exchange ratio of .5008 assuming that First Community were to issue 100% stock in the transaction. This would have resulted in an ownership position of 39.9%. The results of Keefe Bruyette's analysis are set forth in the following table.

Category	First Community	First National	Ownership Premium
Assets	62.0%	38.0%	5.0%
Common Equity	66.0%	34.0%	17.4%
Deposits	64.0%	36.0%	10.8%
2001 Adjusted Revenues	60.9%	39.1%	2.0%
2002 Estimated Net Income	84.4%	15.6%	155.8%

Selected Transaction Analysis. Keefe Bruyette reviewed certain financial data related to comparable acquisitions of California banks after January 1, 2000 through April 2002. The transactions included in the group were:

Acquiree	Acquiror
Upland Bank	First Community Bancorp
First Fidelity Bancorp Inc.	Hawthorne Financial Corp.
Kerman State Bank	Westamerica Bancorp.
Greater Pacific Bancshares	Landmark Bancorp
Western Security Bancorp	CVB Financial Corp.
First Western Bank	UnionBanCal Corp.
United California Bank	BNP Paribas Group
Civic BanCorp	City National Corp.
Central California Bank	Western Sierra Bancorp
W.H.E.C. Inc.	First Community Bancorp
Asahi Bank of California	ITLA Capital Corp.
Pacific Western National Bank	First Community Bancorp
City Holding Co.'s CA subs	FirstFed Financial Corp.
MCB Financial Corp.	Business Bancorp
South Bay Bank, NA	National Mercantile Bancorp
Borel Bank & Trust Co.	Boston Private Financial
SJNB Financial Corp.	Greater Bay Bancorp
BYL Bancorp	First Banks Inc.
Charter Pacific Bank	First Banks Inc.
First Charter Bank NA	First Community Bancorp
Valley Oaks National Bank	Montecito Bancorp
Americorp	Mid-State Bancshares
Eldorado Bancshares	Zions Bancorp.
Prime Bank	East West Bancorp Inc.
Imperial Bancorp	Comerica Inc.
Founders National Bank	Boston Bank of Commerce
Timberline Bancshares Inc.	PremierWest Bancorp
San Francisco Co.	First Banks Inc.
Tehama Bancorp	Humboldt Bancorp
Palomar Community Bank	Centennial First Financial
Millennium Bank	First Banks Inc.
Professional Bancorp Inc.	First Community Bancorp
Bank of Oakland	Innovative Bancorp
Commercial Bk of San Francisco	First Banks Inc.

Scripps Financial Corp.	U.S. Bancorp
Western Holdings Bancorp	Heritage Commerce Corp.
Valley Merchants Bank, NA	Business Bancorp
Los Robles Bancorp	Pacific Capital Bancorp
Bank of Petaluma	Greater Bay Bancorp
Bank of Ventura	First Banks Inc.
First Counties Bank	Westamerica Bancorp.
North Coast Bank NA	American River Holdings
San Benito Bank	Pacific Capital Bancorp
Bank of Santa Clara	Greater Bay Bancorp

Keefe Bruyette also reviewed certain financial data related to comparable acquisitions of national banks announced after January 1, 2000 through April 1, 2002 with acquirees that had return on average assets less than 50 basis points. The transactions included in the group were:

Acquiree	Acquiror
First Bank of Jacksonville	Intrepid Capital Corp.
K. Roberts, Inc.	State Bancshares of Ulen, Inc.
Texas Guaranty Bank, N.A.	Prosperity Bancshares Inc.
Farmers State Bank	Krey Co. Ltd.
Main Street BankShares Inc	Yadkin Valley Bank and Trust
CB&T Capital Corporation	Citizens Holding Co.
Greater Pacific Bancshares	Landmark Bancorp
Western Security Bancorp	CVB Financial Corp.
Southwest Missouri Bncshrs,Inc	Investor Group
Bank of Avoca	Financial Institutions Inc.
Independence Bank	Bank of North Carolina
Illinois Community Bncp Inc.	Illini Corp.
State Bank of Seaton	River Valley Bancorp, Inc.

Shamrock Bancshares, Inc.	LubCo Bancshares, Inc.
Florida Bancorporation Inc.	Charter Banking Corporation
Gulf Coast Community Bcshs Inc	South Alabama Bancorp.
Fairbank Bancshares, Inc.	Independence Bancshares, Inc.
First Hale Center Inc.	McLaughlin Bancshares Inc.
Foxdale Bancorp, Inc.	F.N.B.C. of La Grange, Inc.
Amer Cmnty Bank of Georgia	FNB Banking Co.
Nashoba Bancshares Inc.	Trustmark Corp.
Farmers National Bancshares	Alabama National BanCorp.
First Western Bank	MountainBank Financial Corp
Bismarck Bancshares, Inc.	United Bancor, Ltd.
Southeast Security Bank	Great River Financial Group
First Bancorp in Davidson Inc.	Chickasaw Banc Holding Co.
White Hall National Bank	Lima Bancshares, Inc.
First & Farmers Bk Hldg Co.	Investor Group
Independent Financial Network	Umpqua Holdings Corp.
Century Bancshares Inc.	United Bankshares Inc.
Peoples Bank	Peoples Home Holding Co.
Charter Pacific Bank	First Banks Inc.
First Charter Bank NA	First Community Bancorp
Success Bancshares Inc.	Financial Federal MHC, Inc.
PanAmerican Bank	Southern Security Bank Corp.
Boyden Bancorp	Dixon Bancshares, Inc.
Salt Lick Deposit Bank	Central Bancshares, Inc.
Admire Bancshares, Inc.	Ottawa Bancshares Inc.
Community Financial Corp.	First Financial Corp.
Iowa State Bank	Northwest Financial Corp.
Delta B&TC	Southern Development Bncp, Inc
Cass Lake Company	Western Bancorp. Inc.
Pine Level Bank	Heritage Bancshares, Inc.
Citrus Financial Services Inc.	CIB Marine Bancshares, Inc.

Schwegmann B&TC	One American Corporation
American Bk of IL in Highland	First Mid-Illinois Bancshares
Founders Trust National Bank	Spectrum Bancorp.
Claremont Finl Services Inc.	Remada Financial Holdings Inc.
Kenco Bancshares, Inc.	Investor Group
Lena Bancorp, Inc.	Foresight Fncl. Group, Inc.
Blackfeet National Bank	Native American Bancorp
Rochester Financial Corp.	First Baird Bancshares, Inc.
Macktown State Bank	Centre I Bancorp, Inc.
Mid-America Bank	Central Bancompany
First Natl Bncp, Heavener, OK	Sooner Southwest Bkshs Inc.
Cedar Valley Holding Company	American Bancorporation
Bath National Corp.	Financial Institutions Inc.
Founders National Bank	Boston Bank of Commerce
Village Bank and Trust	NW Suburban Bancorp, Inc.
GrandBanc Inc.	Century Bancshares Inc.
Rocky Mountain Bank	First NB of NV Holding Company
First Security Bank	United Financial Holdings Inc.
Lower Salem Commercial Bank	Peoples Bancorp Inc.

First Bkshrs of W Point Inc.	Capital City Bank Group Inc.
Peninsula Bancorp Inc.	Southern Community Bancorp
Palomar Community Bank	Centennial First Financial
City National Bank	Maedgen & White, Ltd.
Plymouth Bancorporation, Inc.	Northwest Financial Corp.
Farmers Exchange Bank	First Antlers Bancorp., Inc.
Grand Bank NA	MetLife Inc.
Treasury Bank	Countrywide Credit Industries
Knight State Bank	State Bank of Cochran
Professional Bancorp Inc.	First Community Bancorp
Community Independent Bank	National Penn Bancshares Inc.
Citizens Southern Bank	First Community Bcshs Inc.
Woodlands Bancorp	First Guaranty Bank
Security Financial Corp.	Farmers National Banc Corp.
Reliance Bank	Avant Financial LLC
Marquette Bank Oelwein, NA	Northwest Financial Corp.
Northern Bank of Commerce	Cowlitz Bancorp.
East Coast Bank Corporation	Regions Financial Corp.
Heritage Bancorp Inc.	Cardinal Financial Corp.
North Coast Bank NA	American River Holdings
Financial Institutions Inc.	Benchmark Bncp Inc.
Village Banc of Naples	Harris Bankcorp Inc.
Security Bancorp, Inc.	SouthTrust Corp.
Chapin State Bank	Jacksonville Savings Bk (MHC)

Transaction multiples from the merger were derived from the $11.35 per share blended deal price and financial data as of December 31, 2001 for First National. Keefe Bruyette also relied upon 2002 First National earnings per share estimates provided by management. Keefe Bruyette compared these results with announced multiples of the two comparable merger groups outlined above. The results of the analysis are set forth in the following table.

	First Community/ First National Transaction	**CA Bank Comparable Average**	**CA Bank Comparable Median**	**ROAA 50bps Comparable Average**	**ROAA 50bps Comparable Median**
Deal Price / Book Value	2.47x	2.08x	1.91x	1.54x	1.45x
Deal Price / Tangible Book Value	2.48x	2.16x	2.03x	1.59x	1.48x
Deal Price / LTM Earnings	NM*	19.5x	17.4x	30.4x	30.3x
Deal Price / Deposits	24.4%	20.8%	19.9%	15.6%	14.7%
Deal Premium / Core Deposits	18.7%	13.8%	12.3%	6.2%	5.1%
Deal Premium / Market Price	92.4%	45.3%	41.5%	68.2%	65.5%

*
NM=not meaningful

No company or transaction used as a comparison in the above analysis is identical to First National, First Community or the merger. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies.

Discounted Cash Flow Analysis. In performing a discounted cash flow analysis, Keefe Bruyette utilized management's estimates of future net income and assumed that the net tangible equity in excess of 7.0% of tangible assets generated through earnings would be distributed as cash outflows to

the First National shareholders over a five year period. The estimated net income in the year 2006 was multiplied by an earnings multiple ranging from 12.0x to 16.0x to generate a terminal value representing the potential value of First National in 2006. The cash distributions and terminal value were discounted back to the present using a 12.5% to 17.5% discount rate. This analysis indicated that the present value of the First National future stock price plus cash distributions ranged from $5.63 to $7.40 per share. The approximate value of the per share offer from First Community on a blended basis was $11.35 on April 19, 2002, which amount exceeded the range of values implied by this analysis. Discounted cash flow analysis is a widely used valuation methodology but it relies on numerous assumptions, including asset and earnings growth rates, terminal values and discount rates. The analysis is not necessarily reflective of the actual values of First National common stock.

Comparable Public Company Analysis. Keefe Bruyette compared selected balance sheet data, profitability measures and market statistics of First National to a comparison group of fifteen publicly traded California banks with assets between $500 million and $1.5 billion including: VIB Corp, Hanmi Financial Corporation, TriCo Bancshares, Humboldt Bancorp, Capital Corp of the West, Heritage Commerce Corp, Central Coast Bancorp, Pacific Union Bank, Nara Bancorp, Sierra Bancorp, Business Bancorp, North Valley Bancorp, Foothill Independent Bancorp, Pacific Crest Capital and Western Sierra Bancorp. The multiples that were analyzed were price to book, price to tangible book, price to 2002 estimated earnings, price to deposits and price to assets. The medians of the multiples were then multiplied by First National's December 31, 2001 financial measures yielding a range of values from $2.47 to $8.97 per share and a median value of $8.49 per share. The approximate value of the per share offer from First Community on a blended basis was $11.35 per share on April 19, 2002, which amount exceeded the range of values implied by this analysis as of such date.

Other Analyses. Keefe Bruyette reviewed the relative financial and market performance of First National and First Community to a variety of relevant industry peer groups and indices. Keefe Bruyette also reviewed earnings estimates, balance sheet composition, historical stock performance and other financial data for First Community.

In connection with its opinion dated as of the date of this document, Keefe Bruyette performed procedures to update, as necessary, certain of the analyses described above. Keefe Bruyette reviewed the assumptions on which the analyses described above were based and the factors considered in connection therewith. Keefe Bruyette did not perform any analyses in addition to those described above in updating its April 22, 2002 opinion.

The First National board retained Keefe Bruyette to render a fairness opinion to First National shareholders in connection with the merger. As part of its investment banking business, Keefe Bruyette is continually engaged in the valuation of banking businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate corporate and other purposes. As specialists in the securities of banking companies, Keefe Bruyette has experience in, and knowledge of, the valuation of banking enterprises. In the ordinary course of its business as a broker-dealer, Keefe Bruyette may, from time to time, purchase securities from, and sell securities to, First National and First Community. As a market maker in securities Keefe Bruyette may from time to time have a long or short position in, and buy or sell, debt or equity securities of First Community for Keefe Bruyette's own account and for the accounts of its customers. Keefe Bruyette is also serving as a co-manager in a registered follow-on offering of up to $86.31 million of First Community's common stock. In addition, First Community issued trust preferred securities with assistance from Keefe Bruyette in December 2001 and June 2002.

First National and Keefe Bruyette have entered into an agreement relating to the services to be provided by Keefe Bruyette in connection with the merger. To date, First National has paid $50,000 in fees to Keefe Bruyette. First National will pay to Keefe Bruyette at the time the merger is completed a cash fee equal to $200,000. Pursuant to the Keefe Bruyette engagement agreement, First National also agreed to reimburse Keefe Bruyette for reasonable out-of-pocket expenses and disbursements incurred in connection with its retention and to indemnify it against certain liabilities, including liabilities under the federal securities laws.

FOR THE REASONS SET FORTH ABOVE, THE FIRST NATIONAL BOARD HAS UNANIMOUSLY VOTED TO APPROVE THE MERGER AGREEMENT AS FAIR TO AND IN THE BEST INTERESTS OF FIRST NATIONAL AND ITS SHAREHOLDERS AND UNANIMOUSLY VOTED TO RECOMMEND THAT FIRST NATIONAL'S SHAREHOLDERS VOTE FOR APPROVAL OF THE MERGER AGREEMENT.

Regulatory Approvals Required for the Merger

The closing of the merger is conditioned upon the receipt of all approvals of regulatory authorities required for the merger without the imposition of any conditions or requirements that would materially and adversely impact the economic or business benefits to First Community of the merger. Under the terms of the merger agreement, First Community and First National have agreed to use their reasonable best efforts to obtain all necessary actions or non-actions, extensions, waivers, consents and approvals from any governmental authority necessary, proper or advisable to consummate the merger.

In order to complete the merger, we must first obtain the approval of the Office of the Comptroller of the Currency, or OCC. Rancho Santa Fe filed an application for approval to acquire First National with the OCC on May 23, 2002.

Material Federal Income Tax Considerations of the Merger

In the opinion of Sullivan & Cromwell and Blanchard, Krasner & French, the following are the material United States federal income tax considerations of the merger generally applicable to First National stockholders. These opinions and the following discussion are based on and subject to the Internal Revenue Code of 1986, as amended (the "Code"), the regulations promulgated under the Code, existing interpretations and court decisions, all of which are subject to change, possibly with retroactive effect. Any such change could affect the continuing validity of the discussion. This discussion does not address all aspects of United States federal income taxation that may be important to you in light of your particular circumstances or if you are subject to special rules, such as rules relating to:

- shareholders who are not United States persons;
- financial institutions;
- tax exempt organizations;
- insurance companies;
- dealers in securities;
- traders in securities that elect to use a mark-to-market method of accounting;
- shareholders who acquired their shares of First National common stock or First National preferred stock pursuant to the exercise of employee stock options or otherwise acquired shares as compensation;
- shareholders who hold their shares of First National common stock or First National preferred stock as part of a hedge, straddle or other risk reduction, constructive sale or conversion transaction.

This discussion assumes you hold your shares of First National common stock or First National preferred stock as capital assets within the meaning of Section 1221 of the Code.

It is intended that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. First Community's and First National's obligations to complete the merger are conditioned on, among other things, First Community's receipt of an opinion from Sullivan & Cromwell and First National's receipt of an opinion from Blanchard, Krasner & French, each dated the Effective Date, to the effect that, on the basis of the facts, representations and assumptions set forth in the opinions, the merger constitutes a reorganization under Section 368(a) of the Code. The opinions of counsel will be based on the then-existing law, will assume the absence of changes in existing facts, will rely on customary assumptions and may rely on representations contained in certificates executed by officers of First Community, Rancho Santa Fe National Bank and First National. The opinions neither bind the Internal Revenue Service (the "IRS") nor preclude the IRS from adopting a contrary position, and it is possible that the IRS may successfully assert a contrary position in litigation or other proceedings. Neither First Community nor First National intends to obtain a ruling from the IRS with respect to the tax consequences of the merger.

In the opinion of Sullivan & Cromwell and Blanchard, Krasner & French, assuming that the merger is consummated in accordance with the terms of the merger agreement and as described in this proxy statement-prospectus and that the assumptions and representations described in the proceeding paragraph are true and complete as of the Effective Date, the merger will be treated as a "reorganization" within the meaning of Section 368(a) of the Code. The following discussion assumes that the merger will be treated accordingly.

First National Shareholders Who Receive Only First Community Common Stock. If you are a holder of First National common stock or First National preferred stock, except as discussed below with respect to cash received in lieu of fractional shares, you will not recognize gain or loss for United States federal income tax purposes if you exchange your First National common stock or First National preferred stock solely for First Community common stock pursuant to the merger.

First National Shareholders Who Receive Both First Community Common Stock and Cash. If you are a holder of First National common stock or First National preferred stock and you received both First Community common stock and cash (other than cash received in lieu of fractional shares) in exchange for your First National common stock or First National preferred stock, you will recognize any gain, but not loss, in an amount equal to the lesser of:

(i) the excess, if any, of:

(a) the sum of the fair market value at the effective time of the merger of the First Community common stock and cash received; over

(b) your tax basis in the shares of First National common stock or First National preferred stock exchanged; and

(ii) the amount of cash that you receive in First National common stock or First National preferred stock.

Any gain will be treated as capital gain unless the receipt of the cash has the effect of the distribution of a dividend for U.S. federal income tax purposes, in which case the gain will be treated as ordinary dividend income to the extent of your ratable share of First National's accumulated earnings and profits. Any capital gain will be long-term capital gain if, as of the date of the merger, your holding period in your First National common stock or First National preferred stock is greater than one year. The following is a brief discussion of the tax treatment briefly described above; however, you should consult your own tax advisor about the possibility that all or a portion of any cash received in exchange for First National common stock or First National preferred stock will be treated as a dividend.

The stock redemption provisions of Section 302 of the Code apply in determining whether cash received by you in exchange for your First National common stock or First National preferred stock has the effect of a distribution of a dividend under Section 356(a)(2) of the Code (the "Hypothetical

Redemption Analysis"). Under the Hypothetical Redemption Analysis, you will be treated as if the portion of First National common stock or First National preferred stock that you exchange for cash in the merger will instead be exchanged for First Community common stock (the "Hypothetical Shares"), followed immediately by a redemption of the Hypothetical Shares by First Community for cash. Under the principles of Section 302 of the Code, you will recognize capital gain rather than dividend income with respect to the cash received if the hypothetical redemption is "not essentially equivalent to a dividend" or is "substantially disproportionate" with respect to you. In applying the principles of Section 302, the constructive ownership rules of Section 318 of the Code will apply in comparing your ownership interest in First Community both immediately after the merger (but before the hypothetical redemption) and after the hypothetical redemption.

If you are a holder of First National common stock or First National preferred stock, whether the hypothetical redemption by First Community of the Hypothetical Shares for cash is "not essentially equivalent to a dividend" will depend on your particular circumstances. However, the hypothetical redemption must, in any event, result in a "meaningful reduction" in your percentage ownership of First Community common stock. In determining whether the hypothetical redemption by First Community results in a meaningful reduction in your percentage ownership of First Community common stock, and, therefore, does not have the effect of a distribution of a dividend, you should compare your interest in First Community (including interests owned actually, hypothetically and constructively) immediately after the merger (but before the hypothetical redemption) to your interest after the hypothetical redemption. The IRS has indicated, in Revenue Ruling 76-385, that a stockholder in a publicly-held corporation whose relative stock interest in the corporation is minimal and who exercises no "control" over corporate affairs is generally treated as having had a meaningful reduction in his or her stock after a redemption transaction if his or her percentage stock ownership in the corporation has been reduced to any extent, taking into account the stockholder's actual and constructive ownership before and after the hypothetical redemption.

If you are a holder of First National common stock or First National preferred stock, the hypothetical redemption transaction would be "substantially disproportionate", and, therefore, would not have the effect of a distribution of a dividend if you own less than 50% of the voting power of the outstanding First Community common stock and the percentage of First Community common stock actually and constructively owned by you immediately after the hypothetical redemption is less than 80% of the percentage of First Community common stock actually, hypothetically and constructively owned by you immediately before the hypothetical redemption.

First National Shareholders Who Receive Only Cash. If you are a holder of First National common stock or First National preferred stock who exchanges all of your shares of common stock or preferred stock for cash or who exercises appraisal rights in connection with the merger, you will generally recognize capital gain to the extent the amount of cash received in the merger exceeds your tax basis in the First National common stock or First National preferred stock, or loss to the extent your tax basis in First National common stock or First National preferred stock exceeds the amount of cash received in the exchange. Any capital gain or loss will be long-term capital gain or loss if you have held your shares of First National common stock or First National preferred stock for more than one year at the time the merger is completed. Long-term capital gain of a non-corporate U.S. shareholder is generally subject to a maximum rate of 20%.

Tax Basis And Holding Period. The aggregate tax basis of the First Community common stock you receive as a result of the merger will be the same as your aggregate tax basis in the First National common stock or First National preferred stock you surrender in exchange for the First Community common stock, decreased by the amount of cash received in the merger and increased by the amount of dividend or gain recognized in the merger. The holding period of the First Community common stock you receive as a result of the exchange will include the holding period of the First National common stock or First National preferred stock you exchange in the merger.

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Cash Received in Lieu of Fractional Shares. If you receive cash in the merger instead of a fractional share interest in First Community common stock, you will be treated as having received the cash in redemption of the fractional share interest. Assuming that, immediately after the merger, you hold a minimal interest in First Community, you exercise no control over First Community and, as a result of the deemed redemption and after giving effect to certain constructive ownership rules, you experience an actual reduction in your interest in First Community, you will recognize capital gain or loss on the deemed redemption in an amount equal to the difference between the amount of cash received and your adjusted tax basis allocable to such fractional share. Otherwise, the cash payment may be taxable to you as a dividend. Any capital gain or loss will be long-term capital gain or loss if you have held your shares of First National common stock or First National preferred stock for more than one year at the time the merger is completed. Long-term capital gain of a non-corporate U.S. shareholder is generally subject to a maximum rate of 20%.

Backup Withholding and Information Reporting. If you receive cash in exchange for surrendering your shares of First National common stock or First National preferred stock, you may be subject to information reporting and backup withholding at a rate of 30% if you are a non-corporate United States person and you (i) fail to provide an accurate taxpayer identification number; (ii) are notified by the United States Internal Revenue Service that you have failed to report all interest or dividends required to be shown on your federal income tax returns; or (iii) in certain circumstances, fail to comply with applicable certification requirements.

The foregoing discussion is intended to be a complete analysis or description of all potential United States federal income tax consequences of the merger. In addition, the discussion does not address tax consequences which may vary with, or are contingent on, your individual circumstances. Moreover, the discussion does not address any non-income tax or any foreign, state or local tax consequences of the merger. Accordingly, you are strongly urged to consult with your tax advisor to determine the particular United States federal, state, local or foreign income or other tax consequences to you of the merger.

Accounting Treatment

The merger will be accounted for as a purchase for financial accounting purposes in accordance with accounting principles generally accepted in the United States. For purposes of preparing First Community's consolidated financial statements, First Community will establish a new accounting basis for First National's assets and liabilities based upon their fair values, the merger consideration and the costs of the merger. Any excess of cost over the fair value of the net assets of First National will be recorded as goodwill and other intangible assets. A final determination of the intangible asset values and required purchase accounting adjustments, including the allocation of the purchase price to the assets acquired and liabilities assumed based on their respective fair values, has not yet been made. First Community will determine the fair value of First National's assets and liabilities and will make appropriate purchase accounting adjustments, including adjustments to the amortization period of the intangible assets, upon completion of that determination.

Interests of Certain Persons in the Merger

In considering the recommendation of the First National board of directors, you should be aware that certain members of First National management have certain interests in the transactions contemplated by the merger agreement that are in addition to the interests of shareholders generally and that may create potential conflicts of interest. The First National board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement and the contemplated transactions.

Ownership of First National Common Stock. As of the record date, which is , 2002, as a group, First National's executive officers and directors beneficially owned approximately shares (including shares issuable upon exercise of vested stock options), or approximately % of First National common stock and preferred stock outstanding. As of the record date, none of the directors or executive officers of First Community owned any shares of First National common stock. As of the record date, First Community beneficially owned shares of First National common stock. Pursuant to the terms of the merger agreement, any shares of First National held by First Community at the effective time of the merger are not eligible to be converted into cash or shares of First Community common stock and will be cancelled.

Indemnification; Directors and Officers Insurance. Following the effective time of the merger, First Community is obligated to indemnify present and former directors and officers of First National in connection with any claim arising out of actions or omissions occurring at or prior to the effective time to the fullest extent that First National is permitted to indemnify its directors and officers. In addition, First Community is obligated for three years from the effective time, to provide the portion of directors and officers liability insurance that serves to reimburse the present and former directors and officers of First National on terms and conditions comparable to those provided by First National; *provided, however,* that First Community is not required to spend on an annual basis more than the current amount spent by First National to procure such insurance coverage.

Severance Benefits. The severance agreements, which include covenants of non-solicitation and confidentiality between First Community and certain executive officers of First National, entitle such executive officers to receive, in the aggregate, approximately $2.6 million upon the closing of the merger. See "The Merger Agreement Change in Control Severance Agreements" on page 87.

Chief Executive Officer. As of the date the merger is consummated, the employment contract of Daniel R. Mathis, First National's chief executive officer, will be terminated. Mr. Mathis will receive a severance payment in connection with this termination. The amount of the severance payment, equivalent to twenty-four months annual base salary, is $500,000. Mr. Mathis has also entered into a non-solicitation agreement with First Community for a period of twenty-four months, pursuant to which he will be paid $500,000.

Settlement of Former Chief Executive Officer's Employment Agreement. Upon consummation of the merger, a provision of the Agreement of Settlement and Compromise and Release with Leon H. Reinhart concerning matters relating to Mr. Reinhart's Executive Employment Agreement becomes effective, which requires the payment of $1.75 million by First Community by the earlier of March 15, 2003, or 75 calendar days following the effective time of the merger. This obligation is conditioned upon consummation of the merger. First Community can waive this condition and make the payment in accordance with the provisions of the settlement agreement.

Employee Benefits. First Community has agreed to provide those employees of First National who continue as employees of First Community or any of its subsidiaries, with employee benefit plans no less favorable in the aggregate than those provided to similarly situated employees of First Community and its subsidiaries.

Restrictions on Resales by Affiliates

The shares of First Community common stock to be issued to First National shareholders in the merger will be registered under the Securities Act. These shares may be traded freely and without restriction by those shareholders not deemed to be "affiliates" of First National. An affiliate of a corporation, as defined by the Securities Act, is a person who directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, that corporation and generally may include First National Bank directors, executive officers and major shareholders. Any

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subsequent transfer by an affiliate of First National must be one permitted by the resale provisions of Rule 145 promulgated under the Securities Act or as otherwise permitted under the Securities Act.

Method of Effecting the Combination

First Community may at any time change the method of effecting the combination of First National and Rancho Santa Fe. However, no change may (1) alter or change the amount or kind of consideration to be issued to holders of the capital stock of First National as provided for in the merger agreement, (2) adversely affect the tax treatment of First National shareholders as a result of receiving the merger consideration, (3) materially impede or delay completion of the transactions contemplated by the merger agreement or (4) otherwise be materially prejudicial to the interests of First National shareholders.

Effective Time

The effective time of the merger will be the time and date when the merger becomes effective, as set forth in the agreement of merger that will be filed with the OCC on the closing date of the merger. The closing date will occur on a date to be specified by First Community and First National. Subject to applicable law, this date will be no later than the third business day after the satisfaction or waiver of the latest to occur of the conditions precedent to the merger set forth in the merger agreement, unless extended by mutual agreement of the parties. We anticipate that the merger will be completed in the third quarter of 2002. However, completion of the merger could be delayed if there is a delay in obtaining the required regulatory approvals or in satisfying other conditions to the merger. See "Regulatory Approvals Required for the Merger" on page 70 and "The Merger Agreement Conditions to Consummation of the Merger" on page 83.

Treatment of Options and Warrants

Each First National stock option whether or not exercisable immediately prior to the effective time of the merger, and which First Community has not elected to assume and convert into replacement options to acquire First Community common stock, will be cancelled and entitle the option holder to receive cash in an amount equal to the product of the total number of shares of First National common stock to which the holder has options multiplied by the excess of $10.00 over the exercise price of such holder's option. Each outstanding warrant to purchase shares of First National common stock will be cancelled and entitle the warrant holder to receive cash in an amount equal to the total number of shares of First National common stock represented by the warrant multiplied by the excess of $10.00 over the per-share exercise price of the warrant.

Each First National stock option which First Community has elected to assume and convert into an option to acquire First Community common stock will be so converted at the Effective Time. The number of shares of First Community common stock underlying the new First Community stock option will equal the number of shares of First Community common stock as the holder of such option would have been entitled to receive pursuant to the merger had such option been exercised in full immediately prior to the Effective Time (rounded down to the nearest whole number). The per share exercise price of each new First Community option will be equal to the aggregate exercise price of the First National stock option divided by the number of full shares of First Community common stock deemed purchasable pursuant to such First National stock option.

First Community has agreed to file a registration statement with the SEC on Form S-8 (or amend an existing statement, as may be permitted) as soon as practicable after the Effective Time with respect to the shares of First Community common stock issuable in connection with the converted options.

Declaration and Payment of Dividends

Holders of First National common stock or preferred stock will accrue but will not be paid dividends or other distributions declared after the effective time with respect to First Community common stock into which their shares have been converted until they surrender their First National stock certificates for exchange after the effective time. Upon surrender of those certificates after the effective time, the combined company will pay any unpaid dividends or other distributions, without interest. After the effective time, there will be no transfers on the stock transfer books of First National of shares of First National common stock or preferred stock issued and outstanding immediately prior to the effective time. If certificates representing shares of First National common stock or preferred stock are presented for transfer after the effective time, they will be cancelled and exchanged for certificates representing the applicable number of shares of First Community common stock.

No Fractional Shares

No fractional shares of First Community common stock will be issued to any shareholder of First National upon completion of the merger. For each fractional share that would otherwise be issued, First Community will pay cash in an amount equal to the fraction of a share of First Community common stock to which the holder would otherwise be entitled to receive multiplied by the price of First Community common stock on Nasdaq as reported on the Nasdaq Composite Transactions reporting system at the effective time. No interest will be paid or accrue on cash payable to holders of those certificates in lieu of fractional shares.

None of First Community, First National, the exchange agent or any other person will be liable to any former shareholder of First National for any amount delivered in good faith to a public official pursuant to applicable abandoned property, escheat or similar laws.

If a certificate for First National stock has been lost, stolen or destroyed, the exchange agent will issue the consideration properly payable under the merger agreement upon the making of an affidavit by the person claiming that loss, theft or destruction and the posting of a bond in an amount reasonably necessary as indemnity against any claim that may be made against First Community with respect to that lost certificate.

For a description of First Community common stock and a description of the differences between the rights of the holders of First National common stock, on the one hand, and the holders of First Community common stock, on the other hand, see "Description of First Community Capital Stock" beginning on page 117 and "Comparison of Shareholders' Rights" beginning on page 119.

THE MERGER AGREEMENT

Representations and Warranties

The merger agreement contains substantially similar representations and warranties of First Community and First National as to, among other things:

- corporate organization and existence;
- capitalization;
- the corporate organization and existence of any subsidiaries;
- corporate power and authority;
- governmental and third-party approvals required to complete the merger;

- timely filing of required regulatory reports and absence of regulatory investigations or restrictive agreements with regulators except as provided in the merger agreement;
- environmental matters;
- that no action has been taken that would give rise to a claim by any party for a broker or finder's fee or other like payment, except as contemplated by the merger agreement;
- absence of litigation;
- availability and accuracy of reports and filings with the Securities and Exchange Commission, in the case of First Community; and
- insurance coverage.

In addition, the merger agreement contains further representations and warranties of First National as to, among other things:

- employee benefit matters;
- validity of, and the absence of material defaults under, certain contracts;
- interest rate risk management instruments, such as swaps and options;
- disclosure of and lack of encumbrances on real property;
- title to real and personal property;
- transactions with affiliates;
- compliance with laws;
- conduct of the trust business;
- tax matters;
- books and records have been properly and accurately maintained;
- labor matters; and
- its allowance for loan losses is adequate under established governmental standards.

Conduct of Business of First National Pending the Merger

Prior to the effective time of the merger, except as expressly contemplated by the merger agreement, First National has agreed that, without the consent of First Community, it will not, and will cause its subsidiaries not to, among other things:

Indebtedness

- incur any indebtedness for borrowed money (other than deposits, federal funds borrowings or borrowings from the Federal Home Loan Bank of San Francisco); and
- assume, guarantee, endorse or otherwise become responsible for the obligations of any other individual or entity;

Loans

- make any loan, loan commitment, renewal or extension to any person or immediate family member of such person exceeding $500,000, (or $1.0 million in the case of renewals of existing, pass rated credit) without submitting a complete loan package to First Community for a review and comment;

Dividends and Stock Repurchases

- make, declare or pay any dividend or make any other distribution on, or directly or indirectly redeem, reclassify purchase or otherwise acquire, any shares of its capital stock;

Capital Stock

- issue, sell or otherwise permit to become outstanding any additional shares or rights to acquire shares, provided that First National is entitled to amend outstanding warrant agreements to provide for cashless exercise of such warrants;
- permit additional shares of stock to become subject to grants of employee or director options, rights to acquire shares or similar stock-based employer rights;

Compensation

- enter into, amend or renew any employment, consulting, severance or similar agreements or increase in any manner the compensation or benefits of any of its employees or directors, except for:
  - normal increases for employees made in the ordinary course of business consistent with past practice provided that no increase shall result in an annual adjustment if more than 5%;
  - other changes required by applicable law;
  - to satisfy preexisting contractual obligations;
  - grants of awards to new employees consistent with past practice.

Hiring

- hire any person as employee of First National or promote any employee except:
  - to satisfy contractual obligations;

to fill any vacancies with a new employee whose base salary and bonus do not exceed $50,000.

Benefit Plans

enter into or amend any of its benefit plans;

establish, adopt or amend any pension, retirement, stock option, stock purchase, savings, profit sharing, deferred compensation, consulting, bonus, group insurance or other employee benefit, incentive or welfare contract, plan or arrangement or any related trust agreement, in respect of any director, officer or employee of First National or take any action to accelerate the vesting or exercisability of stock options, restricted stock or other compensation or benefits payable thereunder.

Dispositions and Acquisitions

sell, transfer, mortgage, encumber or otherwise dispose of or discontinue or any of its business properties, assets or deposits that together with all other such transactions other than in the ordinary course of business, are not material to First National or the line of business in which the properties or assets are used;

acquire, other than by way of foreclosures or acquisitions of control in a bona fide fiduciary capacity or of in satisfaction of debts previously contracted in the ordinary course of business consistent with past practice, all or any portion of the assets, business, deposits or property of any entity except in the ordinary course of business consistent with past practice that is not material to First National;

Contracts

enter into, renew, terminate, or make any payment not then required under, any contract that calls for aggregate annual payments of $25,000 or more which is not terminable at will or with 60 days or less notice, without payment of a premium or penalty other than loans or other transactions made in the ordinary course of the banking business.

Risk Management

except as required by law or regulation, implement or adopt any material change interest rate or other risk management policies or fail to follow existing policies;

Claims

except with the prior approval of First Community, enter into any settlement or similar agreement with respect to, or take any other significant action with respect to conduct of any action, suit, proceeding or investigation that First National becomes a party to after the date of the merger agreement which settlement, individually or for all such settlements is material to First National;

Adverse Actions

except as may be required by applicable law or specifically permitted by the merger agreement, take any action which could result in:

any of First National's representations or warranties set forth in the merger agreement being or becoming untrue;

any of the conditions to the merger set forth in the merger agreement not being satisfied; or

a material violation of any provision of the merger agreement;

Capital Expenditures

make any capital expenditures other than in the ordinary course of business and not to exceed $20,000 individually or $100,000 in the aggregate;

Amendments to Governing Documents

amend its articles of incorporation or its bylaws;

Investments

make any direct investment either by contributions to capital, property transfers or purchase of any property or assets of any person other than in the ordinary course of business not to exceed $500,000; other than purchases of direct obligations of the United States of America with maturities of two years or less at the time of purchase;

purchase or acquire securities of any type, other than those entitled to the full faith and credit of the United States of America, unless, within five business days First National requests in writing First Community's consent of any such purpose and First Community approves such request or has not responded in writing to such a request;

Accounting

implement or adopt any change in its accounting principles, practices or methods, other than as may be required by accounting principles generally accepted in the United States of America or regulatory guidelines;

Tax

take any action which could materially adversely affect the tax position of First National, or of First Community after the merger; or

Commitments

agree to take or make any commitment to take any of these prohibited actions.

Conduct of Business of First Community Pending the Merger

Prior to the effective time, except as expressly contemplated by the merger agreement, First Community has agreed that, without the consent of First National, it and its subsidiaries will not:

Ordinary Course

take any action reasonably likely to have an adverse effect on First Community's ability to perform any of its material obligations under the merger agreement;

Adverse Actions

except as may be required by applicable law, take any action that is intended or would reasonably be expected to result in:

any of First Community's representations or warranties set forth in the merger agreement being or becoming untrue in any material respect;

any of the conditions to the merger set forth in the merger agreement not being satisfied; or

in a violation of any provision of the merger agreement;

Commitments

agree to take or make any commitment to take any of these prohibited actions.

Additional Covenants

First National and First Community have agreed to:

use their reasonable best efforts to take all actions necessary to consummate the merger;

convene a shareholders meeting to vote on the merger within 45 days after the effectiveness of the registration statement and recommend to its shareholders that they approve the merger;

consult each other before issuing any press releases with respect to the merger or the merger agreement;

not issue any press releases until of the end of the diligence period provided for in the merger agreement;

obtain all governmental consents necessary to consummate the transactions contemplated in the merger agreement;

notify each other of any circumstance that is reasonably likely to result in a material adverse effect on them or would cause a material breach of their respective obligations under the merger agreement;

use reasonable efforts to have the merger qualify as a "reorganization" under section 368(a) of the Internal Revenue Code and that each of First Community and First National will be a party to that reorganization within the meaning of section 368(a) of the Internal Revenue Code;

each take such action as necessary to implement the conversion of options to purchase the common stock of First National into options to purchase the common stock of First Community, to the extent that First Community elects to assume such options; and

refrain from soliciting the services of any employee of the other party for one year in the event the merger agreement is terminated.

First National has further agreed to:

- afford First Community access to certain information and personnel;
- use its reasonable best efforts to maintain and preserve intact its business organization, employees and advantageous business relationships;
- refrain from soliciting any offers with respect to a merger or other similar transaction involving all or substantially all of its assets or more than 10% of its outstanding equity securities; *provided, however,* that First National and its board may take actions required of them by law or such directors' fiduciary duties;
- allow First Community to participate in any meetings or interviews with employees called by First National to discuss the merger;
- assist First Community in obtaining any required comments by third-party vendors in order to ensure a smooth transition after the merger;
- cause to be delivered to First Community, not later than 40 days prior to the closing of the merger, an affiliate agreement executed by each person that may be deemed an affiliate of First National under Rule 145 of the Securities Act;
- take action necessary to cancel any options to acquire First National common stock and entitle option holders only the ability to receive cash in exchange for their cancelled options;

- modify its accounting and certain other policies and practices to match those of First Community;
- keep First Community reasonably informed as to the status of certain transactions being negotiated as of the date of the merger agreement; and
- provide audited financial statements of First National for the year ended December 31, 2001 within two business days after receiving them.

First Community has further agreed to:

- file a registration statement, of which this proxy statement-prospectus is a part, in connection with the issuance of First Community common stock in the merger and cause it to become effective;
- list on Nasdaq the shares of its common stock to be issued in the merger;
- following the effective time of the merger, indemnify present and former directors and officers of First National in connection with any claim arising out of actions or omissions occurring at or prior to the effective time to the fullest extent that First National is permitted to indemnify its directors and officers;

provide, for three years from the effective time, the portion of directors and officers liability insurance that serves to reimburse the present and former directors and officers of First National on terms and conditions comparable to those provided First National; *provided, however,* that First Community is not required to spend on an annual basis more than the current amount spent by First National to procure such insurance coverage;

file a registration statement on Form S-8 with respect to any options to purchase First Community common stock which may have been converted, at the election of First Community from options to purchase the common stock of First National;

make cash payments to the holders of warrants to purchase the common stock of First National in satisfaction and cancellation of such outstanding warrants;

offer severance agreements to certain senior employees of First National, provided that, except in the case of Daniel Mathis, First Community shall not be required to make any payments which would constitute a "parachute payment" as defined in Section 280G of the Internal Revenue Code;

provide funds for the payment of a cash dividend on the preferred stock of First National which may be declared based on an accrual from March 31, 2002 through the date the merger closes; and

provide former employees of First National who continue as employees of First Community with employee benefit plans no less favorable, in the aggregate, than those provided to similarly situated employees of First Community.

In addition, First Community and First National agreed in the merger agreement to provide for a due diligence period of three business days to occur after the execution of the merger agreement, during which time First Community was allowed to conduct a due diligence review of First National's documents and other information. Pursuant to the merger agreement and at the beginning of the due diligence period, First Community delivered to First National a check for $500,000, which First National had agreed to hold in trust for the duration of the due diligence period. At the end of the due diligence period, First Community had the option to terminate the agreement, in which case First National would have been entitled to the $500,000 fee represented by the check. In the event that First Community waived its right to terminate under the diligence period provision of the agreement, First National was obligated to return the check uncashed. On April 29, 2002, First Community completed its due diligence and waived its right to terminate the merger agreement at the end of the due diligence period and First National returned the uncashed check to First Community.

Conditions to Consummation of the Merger

Each party's obligation to effect the merger is subject to the satisfaction or waiver, where permissible, of the following conditions:

approval of the merger agreement by both First Community and First National shareholders;

authorization for listing on Nasdaq of the shares of First Community common stock that are to be issued to First National shareholders upon completion of the merger;

receipt of all regulatory approvals required to complete the merger and all those approvals remaining in effect and all statutory waiting periods with respect to those approvals having expired;

effectiveness of the registration statement, of which this proxy statement-prospectus forms a part, under the Securities Act, and no stop order suspending the effectiveness of the registration statement having been issued and no proceedings for that purpose having been initiated and not withdrawn by the SEC;

absence of any order, injunction, decree, statute, rule, regulation or judgment issued or enacted by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the completion of the merger or any of the other transactions contemplated by the merger agreement;

accuracy of the representations and warranties of the other party in all material respects as of April 25, 2002 and, except to the extent those representations and warranties speak as of an earlier date, as of the closing date of the merger as though made on the closing date; *provided, however,* that those representations and warranties will be deemed to be true and correct, unless the failure or failures of those representations and warranties to be true and correct would have or would be reasonably likely to have a material adverse effect on the party making the representation or on the combined company; and

performance by each party all material respects of all obligations required to be performed by it under the merger agreement at or prior to the closing date.

First National's obligation to effect the merger is subject to satisfaction, or waiver, of the following conditions:

receipt by First National of the opinion by Keefe, Bruyette & Woods, Inc. that the consideration offered in the merger is fair from a financial point of view;

receipt by First National of the opinion of Blanchard, Krasner & French that the merger is more likely than not to be treated as a reorganization under Section 368(a) of the Code; and

no litigation shall be pending against First Community or Ranch Santa Fe brought by any governmental authority seeking to prevent the merger.

First Community's obligation to effect the merger is subject to satisfaction, or waiver, of the following conditions:

First Community shall have received executed Non-Competition Agreements from each of the directors and advisory directors of First National;

First National shall have obtained any material third-party consents necessary so as not to be in default under any contract as a result of the merger;

performance by First National shareholders who have signed shareholder agreements of all material obligations under such agreements;

First National's adjusted shareholders' equity will not be less than $50.0 million as of the end of the month immediately preceding the effective date of the merger and First National's allowance for loan losses shall not be less that 70% of the value of all its non-performing assets;

First National shall have provided First Community financial statements presenting the financial condition of First National as of the end of the last month prior to closing;

the number of outstanding shares of First National common stock, after exercise of all warrants and options, and preferred stock shall not be greater than as disclosed in the merger agreement;

receipt by First Community of the opinion of Sullivan & Cromwell that, on the basis of certain facts, representations and assumptions, the merger will be treated as a reorganization under Section 368(a) of the Code; and

no litigation shall be pending against First National brought by any governmental authority seeking to prevent the merger.

We cannot assure you if, or when, we will obtain the required regulatory approvals necessary to consummate the merger, or whether all of the other conditions precedent to the merger will be satisfied or waived by the party permitted to do so. If the merger is not completed on or before December 31, 2002, either First Community or First National may terminate the merger agreement, unless the failure to effect the merger by that date is due to the failure of the party seeking to terminate the merger agreement to perform or observe covenants and agreements of that party set forth in the merger agreement.

Nonsolicitation

Under the terms of the merger agreement, First National has agreed not to solicit, initiate or encourage any takeover proposals or other forms of business combination with a third party. In addition, First National has agreed not to negotiate, furnish information or otherwise cooperate in any way in connection with any competing takeover proposals by third parties, unless First National's board of directors determines that (i) the takeover proposal, if consummated, would result in a transaction more favorable to holders of First National common stock or preferred stock than the merger, and (ii) considering the advice of counsel, it has a fiduciary duty to act on the completing proposal.

Termination of the Merger Agreement

The merger agreement may terminated and the merger abandoned at any time prior to the effective time, whether before or after approval by the shareholders of First Community and First National:

by mutual consent of First Community and First National, if the board of directors of each so determines by a vote of a majority of the members of its entire board;

by the board of directors of either party, if any governmental entity that must grant a requisite regulatory approval has denied approval of the merger and that denial has become final and nonappealable, an application shall have been permanently withdrawn or the shareholders of First Community or First National fail to approve the principal terms of the merger agreement;

by the board of directors of either party, if the merger is not completed on or before December 31, 2002, which is referred to as the drop dead date, unless the failure of the closing to occur by this date is due to the default of the party seeking to terminate the merger agreement;

by the board of directors of either party (so long as the terminating party is not then in material breach of the merger agreement), if there has been a breach of any of the covenants or

agreements or any of the representations or warranties set forth in the merger agreement on the part of the nonterminating party, which breach:

individually or in the aggregate, would constitute, if occurring or continuing on the closing date, the failure of the conditions described under "The Merger Agreement Conditions to Consummation of the Merger"; and

is not cured within 30 days following written notice to the party committing the breach or which by its nature or timing cannot be cured prior to the closing date;

by First National, if the closing price of First Community common stock on the effective date is less than $19.97 per share, provided that First National may not terminate in the event that First Community exercises its right to increase the number of shares to be paid to First National shareholders so that the total value of the First Community common stock portion of the consideration to be paid in the merger is not less than it would have been had the closing price of First Community common stock been $19.97 per share;

By First Community, if First National exercises its rights under the merger agreement in entertaining a competing acquisition proposal, and continues discussions with a third party for more than 15 business days after receiving a competing proposal; has not rejected a publicly disclosed acquisition proposal within 15 business days after the proposal was made; or the approval of the shareholders of First National is not obtained after announcement of a competing acquisition proposal; and

By First Community, if First National shall not have delivered the consents required under the merger agreement and the failure to deliver such consents would be reasonably likely to have a material adverse effect on First Community or the surviving bank.

Termination Fee

Under certain events of termination, First Community or First National, as the case may be, will owe to the other party a termination fee in the amount of $5.0 million.

The merger agreement requires First National to pay a termination fee of $5.0 million to First Community if the merger agreement is terminated under the following circumstances:

- if First National terminates before the drop dead date pursuant to a competing acquisition proposal, or terminates on or after the drop dead date and First Community, at the time of the termination by First National, is also entitled to terminate the merger agreement; or

- if First Community terminates because of:

  - an uncured breach of the merger agreement by First National;

  - a failure of First National shareholders to approve the merger;

  - First National's breach of its covenant not to solicit competing acquisition proposals or discussions with a third party regarding a competing acquisition proposal or failure to reject a competing acquisition proposal within 15 days of the receipt or public disclosure of such competing acquisition proposal, whichever occurs earlier; or

  - First National's board of directors fails to recommend the merger to shareholders or withdraws or changes its recommendation.

The merger agreement requires First Community to pay a termination fee of $5.0 million to First National if the merger agreement is terminated under the following circumstances:

- if either First Community or First National terminates because of the failure to receive a necessary regulatory approval, and such failure is not predominantly based on an identified problem or condition at First National or any of its subsidiaries;

if First Community terminates on or after the drop dead date and First National, at the time of the termination by First Community, is also entitled to terminate the merger agreement; or

if First National terminates because of:

an uncured breach of the merger agreement by First Community;

failure of First Community shareholders to approve the merger;

the closing price per share of First Community common stock is below $19.97 on the closing date of the merger and First Community does not increase the number of shares of First Community stock payable in the merger; or

First Community's willful breach of its covenant to use its best efforts with respect to regulatory applications.

Waiver and Amendment of the Merger Agreement

Waiver. At any time prior to the closing of the merger, First Community and First National, by action taken or authorized by their respective boards of directors, may, if legally allowed:

amend or modify the agreement in writing;

waive any provision in the merger agreement that benefited them;

However, after any approval of the transactions contemplated by the merger agreement by the shareholders of First National, there may not be, without further approval of those shareholders, any extension or waiver of the merger agreement or any portion of the merger agreement which reduces the amount or changes the form of the consideration to be delivered to the First National shareholders under the merger agreement, other than as contemplated by the merger agreement.

Any agreement by a party to any extension or waiver must be set forth in a written instrument signed on behalf of such party and shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

Amendment. Subject to compliance with applicable law and the ability of the parties to change the structure of effecting the merger, First Community and First National may amend the merger agreement by action taken or authorized by their respective boards of directors at any time before or after approval of the merger agreement by First National shareholders. However, after any approval of the merger agreement by First National shareholders, there may not be, without further approval of those shareholders, any amendment of the merger agreement that changes the amount or the form of the consideration to be delivered to the First National shareholders, other than as contemplated by the merger agreement.

Stock Exchange Listing

First Community has agreed to cause the shares of First Community common stock to be issued in the merger to be approved for listing on Nasdaq.

Expenses

The merger agreement provides that each of First Community and First National will pay its own costs and expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement.

Shareholder Agreements

Austray Pte Ltd., Leon H. Reinhart & Self-Directed IRA, the Liebman Trust, Larkstone Inc., Jackpot Futures L.P., Mystory Corp., Brenner International Group LLC, Enivia Pte Ltd., Robert Whetten & Robert J. Whetten IRA, and the Reinhart Family 2001 Charitable Remainder Unitrust, in their capacities as shareholders of First National, have separately entered into shareholder agreements with First Community in which they have agreed to vote all shares of First National common stock or preferred stock that they owned as of the date of their respective agreements and that they subsequently acquire in favor of the principal terms of the merger agreement and the transactions contemplated therein. As of the record date, these shareholders owned, in the aggregate, shares of the common stock of First National and shares of the preferred stock of First National, allowing them to exercise approximately % of the total voting power of First National stock.

Non-Competition Agreements

Simultaneously with the execution of the merger agreement, all of the directors and advisory directors of First National have agreed to enter into non-competition agreements with First Community. The agreements provide that, subject to exceptions in individual agreements, during their service and for a period of two years from the effective date of the merger, these individuals will not directly or indirectly hold a 5% or greater interest in or associate with any entity engaged in commercial banking and, in connection with such association, engage, or directly or indirectly manage or supervise personnel engaged, in certain activities related such individual's activities during the twelve months prior to the Effective Time. This restriction extends to the geographic area consisting of San Diego County. In addition, during their service and for a period of two years from the effective date of the merger, the directors and advisory directors of First National are each prohibited from soliciting the business of or interfering with or damaging the relationship with certain prospective or existing customers and from soliciting the services of existing and certain former employees of First National and Rancho Santa Fe. The directors and advisory directors have also agreed not to disclose or use confidential information of First National.

Change in Control Severance Agreements

Simultaneously with the execution of the merger agreement, certain senior employees of First National have agreed to enter into change in control severance agreements with First Community providing for severance benefits equal to two times the employee's annual base salary. The form of agreements provide that during their employment with First National and for a period of two years after termination of their employment, such senior employees are prohibited from soliciting the business of or interfering with or damaging the relationship with certain prospective or existing customers or soliciting the services of existing and certain former employees of First National and Rancho Santa Fe. The senior employees also will agree not to disclose or use confidential information of First National.

PROPOSED AMENDMENT TO THE FIRST COMMUNITY ARTICLES OF INCORPORATION

First Community presently is authorized to issue 20 million shares of capital stock, divided into 15 million shares of First Community common stock, and 5 million shares of preferred stock. As of the record date, shares of First Community common stock were issued and outstanding. As of the record date, a total of shares of First Community common stock were available for delivery in the future in respect of awards that have been or are authorized to be made under stock-based compensation plans, up to shares of First Community common stock were issuable on the conversion of convertible debt, and up to shares of common stock were issuable upon exercise of outstanding warrants. As of the record date, no shares of preferred stock of First Community were issued and no other class of capital stock of First Community was authorized. Also, as of the record date, the total number of shares of First Community common stock authorized but not issued was shares. Following the issuance of 2,762,662 million shares of First Community common stock to First National shareholders in the merger, and approximately 1.1 million shares to be issued in connection with the acquisitions of Upland Bank and Marathon Bancorp, First Community will have only approximately million authorized and unissued shares of First Community common stock.

The First Community Board of directors has approved an amendment to First Community's articles of incorporation to increase the number of authorized shares of First Community common stock from 15 million to 30 million. The First Community board of directors believes this is necessary in order to provide sufficient shares to complete future acquisitions, or to effect any future stock split or stock dividend.

FIRST COMMUNITY HAS A SUFFICIENT NUMBER OF AUTHORIZED SHARES UNDER FIRST COMMUNITY'S ARTICLES OF INCORPORATION TO COMPLETE THE MERGER. THEREFORE, APPROVAL OF THE AMENDMENT TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK IS NOT A CONDITION TO THE MERGER.

Although an increase in the number of authorized shares of First Community common stock is not necessary to complete the merger, the First Community board of directors believes that an increase is advisable and in the best interests of First Community and First Community shareholders. Following the merger, First Community will have only approximately million authorized and unissued shares of First Community common stock. The First Community board of directors believes that an increase in authorized shares of First Community common stock to 30 million will give First Community greater flexibility in the future by allowing First Community the latitude to declare stock dividends or stock splits and to use its common stock to acquire other assets.

All shares of First Community common stock, including those now authorized and those that would be authorized by the proposed amendment to First Community's articles of incorporation, are equal in rank and have the same voting, dividend and liquidation rights. Holders of First Community common stock do not have preemptive rights.

THE FIRST COMMUNITY BOARD OF DIRECTORS RECOMMENDS THAT FIRST COMMUNITY STOCKHOLDERS VOTE "FOR" APPROVAL OF THE AMENDMENT TO FIRST COMMUNITY'S ARTICLES OF INCORPORATION.

To effect the increase in authorized shares of First Community common stock, it is proposed that the first paragraph of Article FOURTH of First Community's articles of incorporation be amended to read in its entirety as follows:

"(a) The corporation is authorized to issue two classes of shares: Common and Preferred. The number of shares of Common Stock authorized to be issued is 30,000,000 and the number of shares of Preferred Stock authorized to be issued is 5,000,000."

The affirmative vote of the holders of a majority of the outstanding shares of First Community common stock is required to approve the amendment to First Community's articles of incorporation.

The First Community board of directors unanimously recommends that First Community shareholders vote "FOR" the amendment to First Community's articles of incorporation. Unless a contrary choice is specified, proxies solicited by the First Community board of directors will be voted for the amendment.

INFORMATION ABOUT FIRST COMMUNITY

Company History

Each of First Community's banks, Rancho Santa Fe National Bank and Pacific Western National Bank, were independent banks prior to First Community's acquisition of those entities in 2000. In mid-1994, First Community's principal shareholder, Castle Creek Financial LLC, was engaged by Rancho Santa Fe National Bank, a four-branch bank with assets, as of the end of that year, of approximately $92.3 million, to develop a new strategic plan for the bank. In late 1994, Castle Creek also began advising First Community Bank of the Desert, a California state-chartered bank that operated through five branches located in the area surrounding Palm Springs, generally referred to as the Coachella Valley. First Community Bank of the Desert has since been merged with and into Pacific Western.

In mid-1999, the management of each of Rancho Santa Fe National Bank and First Community Bank of the Desert, together with Castle Creek, determined that a merger of the two banks could create the foundation for a premier community bank. In October 1999, Rancho Santa Fe National Bank announced that it and First Community Bank of the Desert would combine through the creation of First Community Bancorp as a multi-bank holding company that would subsequently own and operate the two banks as separate subsidiaries. When this transaction closed on June 1, 2000, First Community Bancorp became a $325 million-asset multi-bank holding company with branches in San Diego County and the Coachella Valley.

In 2000, First Community began trading on Nasdaq under the ticker "FCBP". Shortly thereafter, on August 7, 2000, First Community announced the acquisition of Professional Bancorp, a troubled bank holding company whose sole subsidiary, First Professional Bank, operated in West Los Angeles and targeted borrowers in the health care services sector. The First Professional acquisition extended First Community's reach into Los Angeles and added $230 million in low-cost deposits to First Community's balance sheet. On May 22, 2001, First Community announced the acquisition of First Charter Bank, which was headquartered in Beverly Hills. First Charter serviced the banking needs of small-and medium-sized businesses and the real estate industry out of two branches on the west side of Los Angeles. On August 22, 2001, First Community announced the acquisition of Pacific Western, a bank with four branches in Los Angeles and one branch in Orange County. Pacific Western focused on servicing the banking needs of small- and medium-sized businesses and the real estate industry. On November 13, First Community announced the acquisition of WHEC, the bank holding company for Capital Bank of North County, a bank with three branches in Carlsbad and one branch each in Encinitas and Vista. On January 31, 2002, First Community completed the acquisition of Pacific Western, and just five weeks later, on March 7, 2002, the acquisition of WHEC. Each bank that First Community has acquired since First Community's formation has been merged with Pacific Western, other than Capital Bank which was merged with Rancho Santa Fe National Bank. In January, 2002, First Community completed the consolidation of First Professional Bank, First Community Bank of the Desert and Pacific Western National Bank under the charter of First Professional Bank, which was renamed Pacific Western National Bank upon completion of the consolidation.

The following table sets forth for each acquisition the date acquired, and the number of branches, assets and deposits acquired.

Institution Acquired	Date	Branches Acquired	Assets Acquired	Deposits Acquired
W.H.E.C., Inc	March 2002	5	$ 147 million	$ 135 million
Pacific Western National Bank	January 2002	5	$ 260 million	$ 239 million
First Charter Bank, N.A.	October 2001	2	$ 127 million	$ 111 million
Professional Bancorp, Inc.	January 2001	5	$ 263 million	$ 244 million
First Community Bank of the Desert	May 2000	6	$ 140 million	$ 126 million
Rancho Santa Fe National Bank	May 2000	4	$ 200 million	$ 179 million

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Business of First Community

Through its banks, First Community provides banking and other financial services throughout Southern California to small- and medium-sized businesses and the owners and employees of those businesses. The banks offer a broad range of banking products and services, including many types of business, personal savings and checking accounts and other consumer banking services. The banks originate several types of loans, including secured and unsecured commercial and consumer loans, commercial and residential real estate mortgage loans, SBA loans and construction loans. The banks' loans are primarily short-term and adjustable rate. Special services or requests beyond the lending limits of the banks can be arranged through correspondent banks. The banks have a network of ATMs and offer access to ATM networks through other major banks. The banks issue MasterCard and Visa credit and debit cards through a correspondent bank and are also merchant depositories for cardholder drafts under Visa and MasterCard. The banks can provide investment and international banking services through correspondent banks.

Through its banks, First Community concentrates its lending activities in two principal areas, real estate loans and commercial loans. Real estate loans are comprised of construction loans, miniperm loans collateralized by first or junior deeds of trust on specific properties and equity lines of credit. The banks' real estate portfolios are subject to certain risks, including a possible downturn in the Southern California economy, similar to the one which occurred during the early 1990s, interest rate increases, reduction in real estate values in Southern California and continued increase in competitive pricing and loan structure. The banks strive to reduce the exposure to such risks by reviewing each loan request and renewal individually, using a dual signature approval system whereby both the marketing and credit administration departments must approve each request individually and strict adherence to written loan policies, including, among other factors, minimum collateral requirements and maximum loan-to-value ratio requirements. Each loan request is reviewed on the basis of the bank's ability to recover both principal and interest in view of the inherent risks.

Commercial loans are made to finance operations, to provide working capital or for specific purposes, such as to finance the purchase of assets, equipment or inventory. Since a borrower's cash flow from operations is generally the primary source of repayment, our policies provide specific guidelines regarding required debt coverage and other important financial ratios. Commercial loans include lines of credit and commercial term loans. The banks' portfolios of commercial loans are subject to certain risks, including a possible downturn in the Southern California economy, interest rate increases and the deterioration of a company's financial capabilities. The banks strive to reduce the exposure to such risks through a dual signature approval system and strict adherence to written loan policies. In addition, loans based on short-term asset values are monitored on a monthly or quarterly basis. In general, the banks receive and review financial statements of borrowing customers on an ongoing basis during the term of the relationship and respond to any deterioration noted.

In addition, First Community's banks provide consumer loans including personal loans, auto loans, boat loans, home improvement loans, equipment loans, revolving lines of credit and other loans typically made by banks to individual borrowers. The banks' consumer loan portfolio is subject to certain risks, including amount of credit offered to consumers in the market, interest rates increases and consumer bankruptcy laws which allow consumers to discharge certain debts. The banks strive to reduce the exposure to such risks through the direct approval of all consumer loans by using a dual signature system of approval and strict adherence to written credit policies.

Limitations on Dividends

First Community's ability to pay dividends is limited by federal law, state law and contractual provisions. California law provides that, in the event that sufficient retained earnings are not available for the proposed distribution, a corporation may nevertheless make a distribution to its shareholders if it meets two conditions:

- First Community's assets equal at least $1^1/_4$ times its liabilities; and

- First Community's current assets equal at least its current liabilities or, alternatively, if the average of the corporation's earnings before taxes on income and interest expense for the two preceding fiscal years was less than the average of the corporation's interest expense for such fiscal years, First Community's current assets equal at least $1^1/_4$ times its current liabilities.

It is also possible, depending upon the financial condition of the bank in question and other factors that the Federal Reserve Board and/or the OCC could assert that payment of dividends or other payments is an unsafe or unsound practice.

In addition, First Community's ability to pay dividends is limited by a Revolving Credit Agreement, dated as of June 26, 2000, between First Community and the Northern Trust Company, which provides that First Community may not declare or pay any dividend, other than dividends payable in First Community's common stock or in the ordinary course of business exceeding 50% of net income per fiscal quarter of First Community before intangible amortization and any restructuring charges incurred in connection with any merger, consolidation or other restructuring contemplated by transactions similar to a merger. Also, First Community would be prohibited from paying dividends on its common stock by the indentures, dated as of September 7, 2000, between First Community and the State Street Bank and Trust Company, December 18, 2001 between First Community and the State Street Bank and Trust Company, and November 28, 2001, between First Community and the Wilmington Trust Company, in the event that First Community defaults on certain obligations or defers interest payments under the indentures.

Employees

As of March 31, 2002, First Community on a consolidated basis had a total of 327 full time equivalent employees, with 53 full time equivalent employees at Rancho Santa Fe National Bank, 232 full time equivalent employees at Pacific Western, and 42 full time equivalent employees at the holding company level.

Concurrent Transactions

On April 18, 2002, First Community signed a definitive Agreement and Plan of Merger providing for the acquisition of Upland Bank, a California chartered commercial bank. Pursuant to that merger agreement, Upland Bank will merge with and into Pacific Western. At March 31, 2002, Upland Bank had total assets of $109.8 million and total deposits of $95.7 million. The Upland acquisition is also subject to customary conditions to consummation, including prior approval by the OCC. In a letter from the OCC to Sullivan & Cromwell, counsel to First Community, dated June 25, 2002, the OCC approved the application to merge Upland Bank with and into Pacific Western National Bank. First Community has filed a registration statement on Form S-4 to register up to 419,118 shares of its common stock for issuance to the shareholders of Upland Bank in connection with the transaction.

On May 13, 2002, First Community signed a definitive Agreement and Plan of Merger providing for the acquisition of Marathon Bancorp, a California corporation. Pursuant to that merger agreement, Marathon National Bank, a wholly-owned subsidiary of Marathon Bancorp, will merge with and into Pacific Western. At March 31, 2002, Marathon had total assets of $109.3 million and total deposits of $95.0 million. The Marathon acquisition is also subject to customary conditions to consummation, including prior approval by the OCC and by Marathon shareholders and is expected to close in the third quarter of 2002. First Community has filed a registration statement of Form S-4 to register up to 637,073 shares of its common stock for issuance to the shareholders of Marathon in connection with the transaction.

On June 11, 2002, First Community filed a registration statement with the Securities and Exchange Commission for the purpose of raising up to $86.25 million, before expenses and underwriting discounts, through the sale of common stock. The funds raised from this offering are expected to be used to finance the acquisitions of Marathon, First National and Upland Bank. On June 27, 2002, First

Community filed an amendment to this registration statement which raised the maximum size of the proposed offering to $86.31 million.

INFORMATION ABOUT FIRST NATIONAL

First National was incorporated under the National Bank Act on July 14, 1981, and commenced operations the same year. First National has three wholly-owned subsidiaries, Generations Trust Bank, N.A., Bankshares Service Corporation and FN Financial Services, none of which were operating as of the record date.

Business of First National

Principal Products and Services. First National offers a wide range of business and consumer banking products and services as well as international banking services. The array of products and services includes various types of consumer, commercial and real estate loans and other credit products, import and export financing, deposit accounts and banking-related services, trade finance and foreign exchange.

Lending and Credit Operations. First National offers a variety of lending and credit facilities to serve the credit needs of professionals, local businesses, and individuals within its principal market. While First National is primarily a commercial lender, real estate and real estate-associated businesses are among the principal industries in First National's market area and, as a result, First National's loan and collateral portfolios are to some degree concentrated in those industries. First National also participates in commercial loans made by other institutions and offers accounts receivable financing, various types of Small Business Administration guaranteed loans and some consumer loan products, including personal lines of credit.

Depository Banking. First National offers both business and individual clients a number of checking, savings, and time deposit options. First National collects service charges relating to providing various services in connection with clients' deposit accounts.

Other Banking Services. In addition to its lending and depository operations, First National provides international banking services, including export financing, import financing, foreign exchange, trade services and Maquiladora financing programs. First National's data processing department, InfoServ, provides data processing to outside credit unions and banks as well as to First National. First National also offers mortgage loan brokerage, cash management services, safe deposit boxes, traveler's checks, merchant credit card services and other non-depository banking services. First National charges its clients fees for the various services provided.

Competition

The banking business in California, and in the market area which First National serves, is highly competitive with respect to loans, deposits and other services and is dominated by a relatively small number of major banks with many offices operating over a wide geographic area. First National is the largest independent commercial bank headquartered in the San Diego community. First National competes for loans and deposits with numerous commercial banks, including many which are much larger than First National, as well as with savings and loan associations, finance companies, credit unions, offerors of money market accounts, and other non-financial institutions. In addition, the continuing development of Internet banking allows banks not physically located in the San Diego area to compete for business. Larger banks, by virtue of their greater total capitalization, have substantially higher lending limits than First National. In recent years the competition between banks, savings and loan associations and credit unions for the deposit and loan business of individuals has increased. First National cannot presently predict what effect the increased competition will have on First National's

ability to attract and retain the banking business of San Diego area businesses, residents, business persons and professionals.

In order to compete for loans and deposits from individuals and businesses in its primary service area, First National uses to the fullest extent possible the flexibility which its independent status permits. This includes an emphasis on meeting the specialized banking needs of these businesses and individuals, including personal contact by First National's directors, officers and employees, newspaper publications, direct mailings and other local advertising, and by providing experienced management and staff trained to deal with the specific banking needs of First National's customers. Management has established a highly personal banking relationship with First National's customers and is attuned to and responsive to their financial and service requirements. In the event there are customers whose loan demands exceed First National's lending limits, First National seeks to arrange for such loans on a participation basis with other financial institutions and intermediaries. First National also assists those customers requiring highly specialized services not offered by First National to obtain such services from correspondent institutions.

Employees

As of March 31, 2002, First National had 221 full time equivalent employees. First National's employees are not represented by a union or covered by a collective bargaining agreement. First National management believes that, in general, its employee relations are excellent.

Regulatory Agreements

On January 18, 2001, First National entered into a formal written agreement with the OCC. This agreement called for specific actions to be taken by First National, including: restricting growth unless a certain amount of capital was raised; establishing a compliance committee; controlling the level of credit risk; maintaining the adequacy allowance for loan losses; adhering to a written insider loan policy; and adopting and adhering to a written interest rate risk policy. First National's management believes that First National has substantially complied with this agreement.

Legal Proceedings

To the best knowledge of First National's management, there are no pending or threatened legal proceedings to which First National is or may become a party which could have a materially adverse effect upon First National or its property. However, in the normal course of its banking business, First National may initiate actions to protect its interests and may occasionally be made a party to actions seeking to recover damages from First National.

Equity Compensation Plan Information

The following table sets forth information as of April 25, 2002 with respect to certain equity compensation plans and arrangements of First National:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance (c)
Equity compensation plans approved by security holders	1,312,241	$ 5.05	332,259
Equity compensation plans not approved by security holders	None		None
Total	1,312,241	$ 5.05	332,259

FIRST NATIONAL MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is First National's management discussion and analysis of the results of operations and the historical financial condition of First National. This discussion should be read in conjunction with First National's audited consolidated financial statements and accompanying footnotes and other selected financial data presented elsewhere herein.

Critical Accounting Policies

The following discussion and analysis of financial condition and results of operations are based on First National's consolidated financial statements and notes thereto, which have been prepared in accordance with accounting principles generally accepted in the United States of

America. The preparation of these financial statements requires management to make a number of estimates and assumptions that affect the reported amounts and disclosures. On an ongoing basis, management evaluates our estimates and assumptions based upon historical experience and other factors and circumstances. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results may differ significantly from these estimates and assumptions that could have a material impact on the carrying value of assets and liabilities at the balance sheet dates and the results of operations for the reporting periods.

First National's significant accounting policies and practices are described in Note 1 to the audited consolidated financial statements for the year ended December 31, 2001. These accounting policies include the following policy related to the allowance for loan losses.

Allowance for loan losses

An allowance for loan losses is maintained at a level deemed appropriate by management to adequately provide for known and inherent risks in the loan portfolio and other extensions of credit, including off-balance sheet credit extensions. The allowance is based upon a continuing review of the portfolio, past loan loss experience, current economic conditions which may affect the borrowers' ability to pay, and the underlying collateral value of the loans. When a loan or portion of a loan is determined to be uncollectible, the portion deemed uncollectible is charged off and deducted from the allowance.

A loan is considered impaired when, based on current information and events, it is probable that First National will be unable to collect all amounts due according to the original contractual terms of the loan agreement. Impaired loans are measured based on the present value of expected cash flows discounted at the loan's effective interest rate or at the loan's observable market price or fair value of the collateral if the loan is collateral dependent. Income accrual on impaired loans is normally discontinued at the initial impairment date. Any cash payments received on impaired loans are accounted for by either the cash basis method or the principal reduction method depending on First National's determination as to the ultimate collectability of the remaining principal.

Earnings Summary

On April 29, 2002, First National and it's wholly-owned subsidiary, Generations Trust Bank, N.A. entered into an Asset Purchase Agreement to sell First National's trust business. See the notes to First National's unaudited consolidated financial statements for the period ended March 31, 2002 for additional details of the transaction. The transaction closed on May 30, 2002 and therefore the results of operations and this analysis and discussion of operations for the periods presented have been restated to present the continuing operations of First National.

Income from continuing operations for the three months ended March 31, 2002 was $312,000, or $0.03 per diluted share, a decrease of $388,000 from the $700,000, or $0.07 per diluted share, reported for the three months ended March 31, 2001. The decrease was primarily due to lower net interest

income resulting from a lower net interest margin partially offset by a smaller provision for loan losses and reductions in noninterest expenses.

A loss from continuing operations of $4.0 million, or $(0.43) per diluted share, was reported in 2001, compared to income from continuing operations of $1.3 million, or $0.15 per diluted share, in 2000. The decrease in earnings and loss for the year was primarily due to the $10.7 million provision for loan losses that was required due to an increase in problem loans and loan charge-offs of $7.0 million.

Income from continuing operations in 2000 was $1.3 million, or $0.15 per diluted share, a decrease of $3.3 million compared to net income from continuing operations of $4.6 million, or $0.57 per diluted share, in 1999. The decrease in earnings was primarily due to the $7.7 million provision for loan losses that was required due to an increase in problem loans and loan charge-offs of $7.4 million.

Balance Sheet Summary

Total assets at March 31, 2002 were $649.1 million, a decrease of $64.9 million or 9.1%, from the $714.0 million reported at December 31, 2001. At March 31, 2002 total loans, net were $407.2 million an increase of $1.4 million or 0.3%, and total deposits at $525.0 million were a decrease of $63.8 million or 10.8% from the year end 2001, respectively. Shareholders' equity at March 31, 2002 was $51.6 million as compared to $51.5 million at December 31, 2001.

Total assets at December 31, 2001 were $714.0 million, an increase of $17.7 million or 2.5%, from $696.4 million at December 31, 2000. At December 31, 2001, total loans, net were $405.8 million a decrease of $43.6 million or 9.7%, from the prior year-end and total deposits were

$588.7 million, an increase of $21.6 million or 3.8% from the prior year-end. Shareholders' equity at December 31, 2001 of $51.5 million was an increase of $4.7 million or 10% over the prior year. The increase was primarily due to $8.3 million of new equity offsetting the net loss for the year.

Total assets at December 31, 2000 were $696.4 million, an increase of $88.4 million or 14.5%, from $607.9 million at December 31, 1999. At December 31, 2000, total loans, net were $449.4 million an increase of $84.8 million or 23.3%, from the prior year-end and total deposits were $567.1 million, an increase of $114.8 million or 25.4% from the prior year-end. Shareholders' equity at $46.8 million was an increase of $5.0 million, or 12.0%. The increase was primarily due to net income for the year and $1.6 million of new equity.

The following table sets forth several key operating ratios:

	At or for the Three Months Ended March 31,		At or For the Year Ended December 31,		
	2002	**2001**	**2001**	**2000**	**1999**
Shareholders' equity to assets	7.95%	8.01%	7.22 %	6.73%	6.88%
Return on average assets	0.18%	0.33%	(0.65)%	0.17%	0.80%
Return on average equity	2.38%	4.58%	(8.63)%	2.70%	12.90%

Net Interest Income

Net interest income, which constitutes the principal source of income for First National, is the difference between interest earned on assets (such as loans and investments) and interest paid on liabilities (such as deposits). Net interest margin is net interest income expressed as a percentage of average interest-earning assets. Net interest income is affected by changes in both interest rates and the volume of average earnings assets and average interest-bearing liabilities. The following discussion and tables provide information concerning average interest-earning assets and average interest-bearing

liabilities, interest earned and interest paid, the related yields and rates and changes in net interest income on major categories for the periods presented.

The change in interest income/expense attributable to volume reflects the change in volume times the prior year's rate. The change in interest income/expense attributable to rate reflects the change in rates times the current year's volume and allocates the change in rate/volume to the change attributed to rate.

2002 Compared to 2001

Net interest income for the three-month period ended March 31, 2002 was $6.1 million, a decrease of $1.4 million or 18.8% from the $7.5 million reported for the same period in 2001. The decrease was due to the decrease in average earning assets which was $14.6 million or 2.3% lower during the first quarter of 2002 as compared to the same period in 2001. The major decrease in earning assets was in the higher yielding loan category, partially offset by increases in lower yielding investments. In addition, average interest rates were significantly lower during the first quarter of 2002 as compared to the first quarter of 2001.

Interest income for the three-month period ended March 31, 2002 was $9.0 million, a decrease of $4.9 million or 35.3% from the $13.9 million reported for the same period in 2001. This decrease was due to the lower interest rate environment and change in asset mix. The average yield on interest-earning assets decreased 296 basis points to 5.79% in the first quarter of 2002 from 8.75% in the first quarter of 2001.

Interest expense was $2.9 million for the three-month period ended March 31, 2002, compared to $6.5 million for the same period in 2001. The decrease in interest expense was due to the decrease in average rates on interest-bearing liabilities that decreased 252 basis points to 2.52% from 5.04% in the first quarter of 2001and the decrease in average interest bearing liabilities as noninterest bearing deposits increased.

The lower interest rate environment resulted in a larger decrease in interest income than in interest expense and a decrease in the net interest margin from 4.70% for the first quarter of 2001 to 3.90% for the first quarter of 2002.

First National Bank
Analysis of Average Rates and Balances and Changes in Net Interest Income
(dollars in thousands)

	At or for the Three Months Ended March 31,								
	2002			2001			2002 from 2001		
								Due to Changes in	
	Average Balance	Interest Income/ Expense	Yields/ Rates	Average Balance	Interest Income/ Expense	Yields/ Rates	Change	Volume	Rate
ASSETS									
Loans, net (1) (2)	$ 406,282	$ 7,357	7.34%	$ 446,832	$ 10,975	9.96%	$ (3,618)	$ (4,039)	$ 421
Securities (2)	118,279	1,185	4.06%	127,687	1,981	6.29%	(796)	(592)	(204)
Federal funds sold	41,233	165	1.62%	59,640	812	5.52%	(647)	(1,016)	369
Money market mutual funds	66,035	313	1.92%	12,271	175	5.78%	138	3,108	(2,970)
Total interest earning assets	631,829	9,020	5.79%	646,430	13,943	8.75%	(4,923)	(2,539)	(2,384)
Noninterest earning assets	47,528			49,458					
Total assets	$ 679,357			$ 695,888					
LIABILITIES									
Time deposits $100,000	$ 87,834	708	3.27%	$ 120,600	1,923	6.47%	(1,215)	(2,120)	905
Other interest-bearing deposits	316,319	1,279	1.64%	322,420	3,464	4.36%	(2,185)	(266)	(1,919)
Borrowings	68,071	953	5.68%	75,889	1,066	5.70%	(113)	(446)	333
Total interest-bearing liabilities	472,224	2,940	2.52%	518,909	6,453	5.04%	(3,513)	(2,832)	(681)
Noninterest-bearing deposits	150,174			122,024					
Other liabilities	5,296			5,155					
Shareholders' equity	51,663			49,800					
Total liabilities and shareholders' equity	$ 679,357			$ 695,888					
Net interest income/margin		$ 6,080	3.90%		$ 7,490	4.70%	$ (1,410)	$ 293	$ (1,703)

(1) Includes nonaccrual loans and loan fees.

(2) Yields on loans and securities have not been adjusted to a tax-equivalent basis because the impact is not material.

2001 Compared to 2000

Net interest income for the year 2001 was $27.2 million, a decrease of $2.2 million or 7.6% from the $29.5 million reported in 2000. As the average interest-earning assets for the year 2001 increased $13.9 million, or 2.2% over the prior year, the decrease in net interest income was primarily due to the lower interest rate environment during 2001 as compared to 2000.

Interest income for 2001 was $47.4 million, a decrease of $9.0 million or 15.9% from the $56.4 million reported in 2000. This decrease in interest income was primarily due to the lower interest rate environment during 2001 as compared to 2000. The average yield on interest-earning assets decreased 159 basis points to 7.40% from 8.99% in 2000.

Interest expense was $20.2 million in 2001, compared to $26.9 million in 2000. The decrease in interest expense was primarily due to the decrease in the average rates on interest-bearing liabilities which decreased 120 basis points to 4.03% from 5.23% in 2000. In addition, average interest bearing liabilities were lower in 2001 as more funding came from an increase in noninterest bearing deposits.

The lower rate environment resulted in a larger reduction in interest income than in interest expense, which was reflected in a decrease in the net interest margin to 4.25% for 2001 from 4.70% for 2000.

2000 Compared to 1999

Net interest income for the year 2000 was $29.5 million, an increase of $7.7 million or 35.5% from the $21.8 million reported for the prior year. This increase was primarily due to the significant increase in average interest-earning assets which increased $123.9 million or 24.6% over the prior year, with most of the increase occurring in the higher yielding loan category.

Interest income for 2000 was $56.4 million, an increase of $16.9 million or 42.9% from the $39.4 million reported for the prior year. The increase in interest income was from the combination of volume increases in interest-earning assets discussed above and the increased interest rate environment. The average yield on interest-earning assets increased 115 basis points to 8.99% from 7.84% in 1999.

Interest expense was $26.9 million in 2000, compared to $17.7 million in 1999. The increase in the interest expense was due to a combination of an increase in interest-bearing liabilities and the increased interest rate environment. The average rates on average interest-bearing liabilities increased 90 basis points to 5.23% from 4.33% in 1999.

Higher average interest rates in 2000 as compared with 1999 resulted in a larger increase in interest income than in interest expense, which was reflected in an increase in the net interest margin to 4.70% for 2000 from 4.33% for 1999.

First National Bank
Analysis of Average Rates and Balances
(dollars in thousands)

	At or for the Years Ended December 31,								
	2001			2000			1999		
	Average Balance	Interest Income/ Expense	Yields/Rates	Average Balance	Interest Income/ Expense	Yields/ Rates	Average Balance	Interest Income/ Expense	Yields/ Rates
ASSETS									
Loans, net (1) (2)	$ 440,351	$ 37,805	8.59%	$ 409,623	$ 41,882	10.22%	$ 303,007	$ 27,714	9.15%
Securities (2)	119,368	6,209	5.20%	189,537	12,773	6.74%	176,204	10,575	6.00%
Federal funds sold	41,582	1,670	4.02%	27,317	1,684	6.16%	22,829	1,116	4.89%
	39,659	1,734	4.37%	551	34	6.17%	1,046	33	3.15%

	At or for the Years Ended December 31,								
Money market mutual funds									
Total interest earning assets	640,960	47,418	7.40%	627,028	56,373	8.99%	503,086	39,438	7.84%
Noninterest earning assets	46,976			45,562			39,954		
Total assets	$ 687,936			$ 672,590			$ 543,040		
LIABILITIES									
Time deposits $100,000	$ 113,633	6,200	5.46%	$ 131,735	8,399	6.38%	$ 81,871	4,254	5.20%
Other interest-bearing deposits	314,358	9,873	3.14%	282,159	12,665	4.49%	238,952	8,751	3.66%
Borrowings	72,236	4,098	5.67%	99,924	5,822	5.83%	87,694	4,667	5.32%
Total interest-bearing liabilities	500,227	20,171	4.03%	513,818	26,886	5.23%	408,517	17,672	4.33%
Noninterest-bearing deposits	130,231			109,155			97,608		
Other liabilities	5,344			6,231			3,208		
Shareholders' equity	52,134			43,386			33,707		
Total liabilities and shareholders, equity	$ 687,936			$ 672,590			$ 543,040		
Net interest income/margin		$ 27,247	4.25%		$ 29,487	4.70%		$ 21,766	4.33%

(1) Includes nonaccrual loans and loan fees.

(2) Yields on loans and securities have not been adjusted to a tax-equivalent basis because the impact is not material.

First National Bank
Analysis of Volume and Interest Rates
(dollars in thousands)

	At or for the Years Ended December 31,					
	2001 from 2000			2000 from 1999		
		Due to Changes in			Due to Changes in	
	Change	Volume	Rate	Change	Volume	Rate

	At or for the Years Ended December 31,					
Loans, net (1) (2)	$ (4,077)	$ 3,140	$ (7,217)	$ 14,168	$ 9,755	$ 4,413
Securities (2)	(6,564)	(4,729)	(1,835)	2,198	800	1,398
Federal funds sold	(14)	879	(893)	568	219	349
Money market mutual funds	1,700	2,413	(713)	1	(16)	17
Total interest income	(8,955)	1,703	(10,658)	16,935	10,759	6,176
Time deposits $100,000	(2,199)	(1,155)	(1,044)	4,145	2,593	1,552
Other interest-bearing deposits	(2,792)	1,446	(4,238)	3,914	1,581	2,333
Borrowings	(1,724)	(1,614)	(110)	1,155	651	504
Total interest expense	(6,715)	(1,323)	(5,392)	9,214	4,825	4,389
Changes in net interest income	$ (2,240)	$ 3,026	$ (5,266)	$ 7,721	$ 5,934	$ 1,787

(1) Includes nonaccrual loans and loan fees.

(2) Yields on loans and securities have not been adjusted to a tax-equivalent basis because the impact is not material.

Noninterest Income

First National receives noninterest income from several sources in addition to service charges on deposit accounts such as fees charged to other financial institutions with respect to First National's data processing services, merchant credit card processing and foreign exchange. The following table sets forth the details of noninterest income for the periods presented:

First National Bank
Analysis of Noninterest Income
(dollars in thousands)

	For the Three Months Ended March 31,		For the Years Ended December 31,		
	2002	2001	2001	2000	1999
Data processing fees	$ 639	$ 628	$ 2,365	$ 2,402	$ 1,990
Service charges on deposit accounts	564	316	1,614	1,012	1,328
Merchant processing fees	117	133	641	803	658
Foreign Exchange Fees	193	187	757	635	545
Gain on sale of securities		23	112	185	312
Gain on sale of loans		389	389		
Other income	420	420	1,857	1,721	1,021
Total Noninterest Income	$ 1,933	$ 2,096	$ 7,735	$ 6,758	$ 5,854

Noninterest income for the three months ended March 31, 2002 was $1.9 million, a decrease of $163,000 or 7.8% from $2.1 million for the same period in 2001. The net decrease is primarily due to a one-time gain on sale of loans that occurred in 2001 being only partially offset by an increase in services charges on deposit accounts.

Noninterest income for the year 2001 was $7.7 million, an increase of $977,000 or 14.5% from $6.8 million in the prior year. The increase was primarily due to increases in service charges on deposit accounts and a gain on sale of loans during the first quarter of 2001. The increase in service charges resulted from higher levels of noninterest-bearing deposits as well as increases in fees charged for various deposit services. The gain on sale of loans resulted from a one-time sale of approximately $7 million of Ex-Im Bank guaranteed loans.

Noninterest income for the year 2000 was $6.8 million, an increase of $904,000 or 15.4% from $5.9 million in the prior year. The increase was primarily due to increases in data processing fees. Data processing fees increased due to adding an additional bank data processing customer. The increase in other income in the year 2000 resulted from increased wire transfer fees, sweep account fees from a new product offering and a recovery of a CRA investment.

Noninterest Expense

The following table sets forth the details of noninterest expense for the periods presented:

First National Bank
Analysis of Noninterest Expense
(dollars in thousands)

	For the Three Months Ended March 31,		For the Years Ended December 31,		
	2002	2001	2001	2000	1999
Salaries and benefits	$ 3,327	$ 3,972	$ 15,510	$ 14,082	$ 12,846
Occupancy	1,302	1,382	5,632	4,882	4,276
Professional services	291	211	1,484	1,039	1,223
Marketing	163	170	849	659	836
Telephone	109	133	578	485	492
Merchant processing	78	99	439	659	537
Software expense	184	129	624	413	330
Supplies	102	141	539	496	438
Bank charges	122	173	626	519	257
Provision for restructuring and branch closings			1,100		
Other	895	884	3,674	3,121	2,578
Total Noninterest Expense	$ 6,573	$ 7,294	$ 31,055	$ 26,355	$ 23,813

Noninterest expense was $6.6 million for the three months ended March 31, 2002, a decrease of $721,000, or 9.9% from the three months ended March 31, 2001. The decrease was primarily due to decreases in salaries and benefits and occupancy expense as First National undertook initiatives to reduce expenses. These initiatives included closing a branch office and two loan production offices as well as general restructuring and consolidation of various departments.

Noninterest expense for the year 2001 was $31.1 million, an increase of $4.7 million, or 17.8% over the prior year. Excluding the $1.1 million provision for restructuring and branch closings, the increase was 13.7% and was primarily due to increases in salaries and benefits, occupancy expense and professional services. The increase in salaries and benefits and occupancy expense, which together account for approximately 70% of total noninterest expenses, reflects the overall growth of the bank and the full year operation of a branch office that opened in the fourth quarter of 2000. The increase in professional services was related to increased loan workout activity due to increased levels of problem loans.

Noninterest expense for the year 2000 was $26.4 million, an increase of $2.5 million, or 10.7% over the prior year. The increase was primarily due to increases in salaries and benefits and occupancy expense which reflected the overall growth of the bank. Average assets were 23.9% higher for the year 2000 as compared to 1999 and average loans were 35.2% higher as well. Also, the year 2000 included full year expenses for two loan production offices that opened in the latter part of 1999.

Income Taxes

Income tax expense on continuing operations was $228,000 and $467,000 for the three months ended March 31, 2002 and 2001, respectively. The expense resulted in an effective tax rate of 42.2% in 2002 and 40.0% in 2001.

Income tax expense (benefit) on continuing operations was ($2.7 million), $859,000 and ($2.6 million) for the years ended December 31, 2001, 2000 and 1999, respectively. The benefit recorded for the year ended December 31, 1999 included a ($3.4 million) benefit from the reduction of a deferred tax valuation allowance. Excluding the benefit from the reduction of the valuation allowance in 1999, the effective tax (benefit) rates were (40.0%) in 2001, 39.3% in 2000 and 41.2% in 1999.

Loan Portfolio

The following table presents the balances of each major category of loans at the dates indicated:

First National Bank
Analysis of Loans
(dollars in thousands)

	At March 31,		At December 31,									
	2002	**%**	**2001**	**%**	**2000**	**%**	**1999**	**%**	**1998**	**%**	**1997**	**%**
Loan Category:												
Domestic:												
Commercial	$ 104,838	26%	$ 112,142	27%	$ 127,358	28%	$ 90,111	25%	$ 56,734	23%	$ 44,446	25%
Real Estate	164,472	40%	167,162	41%	170,520	38%	136,024	37%	106,596	44%	87,352	48%
Construction	41,388	10%	36,905	9%	50,351	11%	52,769	14%	14,178	6%	9,818	5%
Consumer	16,488	4%	15,371	4%	8,903	2%	6,927	2%	5,811	2%	6,642	4%
Total domestic	327,186	80%	331,580	81%	357,132	79%	285,831	78%	183,319	75%	148,258	82%
Foreign:												
Commercial	61,900	15%	57,297	14%	81,378	18%	67,791	19%	49,240	20%	19,301	11%
Real Estate	17,114	4%	16,568	4%	12,706	3%	12,537	3%	12,454	5%	12,790	7%
Consumer	2,597	1%	2,109	1%	228	0%	68	0%		0%		0%
Total foreign	81,611	20%	75,974	19%	94,312	21%	80,396	22%	61,694	25%	32,091	18%
Total gross loans	408,797	100%	407,554	100%	451,444	100%	366,227	100%	245,013	100%	180,349	100%
Less deferred fees	(1,600)		(1,728)		(2,027)		(1,599)		(1,024)		(678)	
Loans, net	$ 407,197		$ 405,826		$ 449,417		$ 364,628		$ 243,989		$ 179,671	

First National's loan portfolio net of deferred fees and costs totaled $407.2 million as of March 31, 2002 essentially unchanged from the end of the year 2001. The decrease in loans at March 31, 2002 and December 31, 2001 as compared with December 31, 2000 is due to more selective lending and tighter credit policies implemented following the rapid increase in the prior periods which resulted in increased levels of nonperforming loans and loan charge offs. The foreign loans are to Mexican borrowers.

Loan Repricing or Maturity

The following table presents an interest rate sensitivity analysis and an analysis with respect to fixed interest rate loans and floating interest rate loans as of the end of the latest fiscal year with respect to the commercial and construction loans:

First National Bank
Loan Repricing or Maturing
As of December 31, 2001
(dollars in thousands)

	Repricing or Maturing in			
	1 Year or Less	Over 1 to 5 years	Over 5 Years	Total
Loan Category:				
Commercial Domestic	$ 98,578	$ 13,011	$ 553	$ 112,142
Commercial Foreign	51,768	2,954	2,575	57,297
Real estate Construction	36,905			36,905
Total	$ 187,251	$ 15,965	$ 3,128	$ 206,344

	Fixed Rate	Floating Rate	Total
Commercial Domestic	$ 43,386	$ 68,756	$ 112,142
Commercial Foreign	29,620	27,677	57,297
Real estate Construction		36,905	36,905
Total	$ 73,006	$ 133,338	$ 206,344

Nonperforming Loans

The following table sets forth certain information with respect to First National's nonaccrual loans and accruing loans for which payments of principal and interest were contractually past due 90 days:

First National Bank
Nonperforming Loans
(dollars in thousands)

		At December 31,				
	At March 31, 2002	2001	2000	1999	1998	1997
Nonaccrual loans:						

		At December 31,				
Domestic	$ 11,993	$ 13,000	$ 8,668	$ 1,184	$ 674	$ 1,459
Foreign	133	663		4,931		
Total nonaccrual loans	12,126	13,663	8,668	6,115	674	1,459
Loans past due 90 days and still accruing						360
Nonperforming loans	$ 12,126	$ 13,663	$ 8,668	$ 6,115	$ 674	$ 1,819

Loans are generally placed on nonaccrual status when the borrowers are past due 90 days or when payment in full of principal or interest is not expected. At the time a loan is placed on nonaccrual status, any interest income previously accrued but not collected is reversed against current period interest income. Income on nonaccrual loans is subsequently recognized only to the extent cash is

received and the loan's principal balance is deemed collectible. Loans are restored to accrual status when the loans become both well secured and are in the process of collection.

Interest income of $286,000, $1.6 million, $273,000 and $570,000 would have been recorded for the three months ended March 31, 2002 and the years ended December 31, 2001, 2000 and 1999, respectively, if nonaccrual loans had been on a current basis in accordance with their original terms. No significant amount of interest income was recognized on nonaccrual loans during these periods.

On December 31, 2001, First National had $13.7 million of loans on nonaccrual status, compared to $8.7 million and $6.1 million on December 31, 2000 and 1999, respectively. As of March 31, 2002, there were no loans past due 90 days and still accruing interest. On December 31, 1997, First National had $360,000 of loans that were past due 90 days and still accruing interest.

Provision and Allowance for Loan Losses

First National Bank's allowance for loan losses is maintained at a level deemed appropriate by management to adequately provide for known and inherent risks in the loan portfolio and other extensions of credit, including off-balance sheet credit extensions. The allowance is based upon a continuing review of the portfolio, past loan loss experience, current economic conditions that may affect the borrowers' ability to pay, and the underlying collateral value of the loans.

The following table presents the changes in First National's allowance for loan losses as of the dates indicated:

First National Bank
Analysis of Allowance for Loan Losses
(dollars in thousands)

	At March 31, 2002	At December 31, 2001	2000	1999	1998	1997
Outstanding Loans:						
Average for the period	$ 406,282	$ 440,351	$ 409,623	$ 303,007	$ 195,908	$ 169,468
End of the period	407,197	405,826	449,417	364,628	243,989	179,671
Allowance for Loan Losses:						
Balance at beginning of period	$ 10,668	$ 6,706	$ 6,257	$ 4,276	$ 4,425	$ 4,805
Loans charged off:						
Commercial	1,389	5,977	2,038	91	80	243

		At December 31,				
Real estate mortgage				18	10	448
Real estate construction		992			2	
Consumer		37	401	60	39	124
Foreign		12	4,930			127
Total	1,389	7,018	7,369	169	131	942
Recoveries on loans charged off:						
Commercial	60	110	34	99	290	271
Real estate mortgage			78	148	248	773
Real estate construction		114			7	4
Consumer		1	1	53	37	114
Foreign		80				
Total	60	305	113	300	582	1,162
Net loans charged off (recovered)	1,329	6,713	7,256	(131)	(451)	(220)
Provision for (reversal of) loan losses	900	10,675	7,705	1,850	(600)	(600)
Balance at end of period	$ 10,239	$ 10,668	$ 6,706	$ 6,257	$ 4,276	$ 4,425
Ratios:						
Allowance for loan losses as a % of total loans at period end	2.51%	2.63%	1.49%	1.72%	1.75%	2.46%
Net loans charged off (recovered) to average loans	0.33%	1.52%	1.77%	(0.04)%	(0.23)%	(0.13)%

First National provided $10.7 million for loan losses for the year ended December 31, 2001 and $7.7 million for the year ended December 31, 2000. As a result of these increased provisions, the allowance for loan losses was $10.2 million at March 31, 2002, or 2.51% of total loans, $10.7 million, or 2.63% of total loans outstanding at December 31, 2001, compared with an allowance for loan losses of $6.7 million, or 1.49% of total loans outstanding as of December 31, 2000. This increase in the provision for loan losses and in loan charge offs in the years 2001 and 2000 was primarily due to credit deterioration in several large purchased or participated loans. First National no longer purchases or participates in such loans.

Allocation of Allowance for Loan Losses

The following table allocates the loan loss allowance based on management's judgment of potential losses in the respective areas. While management has allocated allowances to various portfolio segments for purposes of this table, the allowance is general in nature and is available for the portfolio in its entirety.

First National Bank
Allocation of Allowance for Loan Losses
(dollars in thousands)

	Commercial	Real Estate	Construction	Consumer	Foreign	Total
At March 31, 2002						
Allowance for loan losses	$ 6,952	$ 1,645	$ 735	$ 156	$ 751	$ 10,239

	Commercial	Real Estate	Construction	Consumer	Foreign	Total
% of loans in category to total loans	26%	40%	10%	4%	20%	100%
At December 31, 2001						
Allowance for loan losses	$ 7,592	$ 1,672	$ 709	$ 149	$ 546	$ 10,668
% of loans in category to total loans	27%	41%	9%	4%	19%	100%
At December 31, 2000						
Allowance for loan losses	$ 4,455	$ 1,705	$ 173	$ 79	$ 294	$ 6,706
% of loans in category to total loans	28%	38%	11%	2%	21%	100%
At December 31, 1999						
Allowance for loan losses	$ 2,331	$ 1,360	$ 456	$ 53	$ 2,057	$ 6,257
% of loans in category to total loans	25%	37%	14%	2%	22%	100%
At December 31, 1998						
Allowance for loan losses	$ 1,565	$ 1,066	$ 392	$ 95	$ 1,158	$ 4,276
% of loans in category to total loans	23%	44%	6%	2%	25%	100%
At December 31, 1997						
Allowance for loan losses	$ 2,190	$ 1,310	$ 189	$ 163	$ 573	$ 4,425
% of loans in category to total loans	25%	48%	5%	4%	18%	100%

Investment Portfolio

The following table summarizes the amounts and distribution of investment securities held as of the date indicated:

First National Bank
Investment Portfolio
(dollars in thousands)

	At March 31, 2002	At December 31, 2001	2000	1999
U.S. Treasury and government agencies	$ 44,843	$ 12,735	$ 37,229	$ 66,325
Mortgage backed securities	86,502	80,697		