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Getting Back To Their Roots As A Community Bank, Reducing Their Footprint From Being A Nationwide SBA Lender, To Focusing On Relationship Banking In Their California Marketplace Will Be Major Changes For Temecula Valley Bancorp In 2009

**Financial
Regional – Pacific Banks
(TMCV-NASDAQ)**

Temecula Valley Bancorp Inc.

**27710 Jefferson Avenue, Suite A 100
Temecula, CA 92590
Phone: 951-694-9940**



**Frank Basirico Jr.
Chief Executive Officer
Temecula Valley Bank
Temecula, California**

BIO:

Frank Basirico, Jr., Chief Executive Officer of Temecula Valley Bank joined the executive team in 2006 as Senior Executive Vice President and Chief Administrative Officer.

Prior to joining Temecula Valley Bank, Mr. Basirico served as Executive Vice President and Senior Loan Officer for Citizens Business Bank, a \$6 billion bank headquartered in Southern California. Mr. Basirico has a proven executive management track record, having served as the Chief Lending Officer and Chief

Operating Officer for the Bank of Hemet, and has over 30 years of banking experience contributing to the success of super-regional banks and Southern California community banks, in a variety of senior level positions.

A graduate of California State University San Bernardino, Mr. Basirico has been a past instructor for San Bernardino Valley College and past Chair of Risk Management Association, Inland Empire Group. Mr. Basirico is a long-term California resident and currently resides in Temecula with his wife of 15 years.

Company Profile:

Temecula Valley Bancorp Inc. (NASDAQ: TMCV) was established in June 2002 and operates as a holding company for Temecula Valley Bank which was founded in 1996 and is headquartered in Temecula, California.

A full range of commercial banking services are provided to small and middle-market businesses and individuals through eleven full service banking offices in the Riverside, San Diego and San Bernardino Counties. Community-focused banking offices offer business loans and lines of credit. In addition, competitive business and personal deposit products are provided, including checking, money market, and time deposit accounts. Online banking, bill payment and cash management services are also available, including remote deposit capture, electronic funds transfer through ACH and wires, and other business services. Regional commercial and SBA loan offices are located throughout the state of California. The Bank is an SBA Preferred Lender.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com**

CEOCFO: You've been with Temecula Valley Bancorp for awhile, but have taken over as CEO during perhaps the most tumultuous time in the banking industry; what is your vision today for the bank?

Mr. Basirico: "Based on what is happening in the financial services sector right now, we're heightening our focus on our core business lines, which includes community banking and middle market lending. Fortunately, we have several bankers that have 10 to 20 years history with many of their customers. We are privileged to have strong loyalty in this customer base. In the past, we have had a national presence in SBA lending with business development officers in various states across the country. Part of our strategic plan change for 2009 is to pull-back into the state of California and focus mainly in the communities where we have branch representation."

CEOCFO: How are the communities that you serve faring today?

Mr. Basirico: "Today, as in most areas of the country, the economic environment is problematic or difficult at best. We are seeing increasing unemployment in many of the markets that we are serving. We are also seeing foreclosures putting pressure on the local real estate market. Although the bank does not originate permanent residential mortgage loans and thus have not made any sub-prime loans, the recession in the housing market has affected us. We are seeing some difficulties from the fallout of the subprime market collapse because there have been so many foreclosures in local single family

residential developments. As a result, some of our projects have not sold as quickly as projected when the developments were underwritten at project inception. It's a difficult environment, but we are taking the 'bull by the horns' and doing everything possible to minimize our non-performing loans and our other real estate owned in the portfolio."

CEO CFO: How do you breakdown between consumer and commercial and do you look for that mix to change?

Mr. Basirico: "We really don't expect the mix of business and consumer to change at all. We are a wholesale bank and so we do very little consumer lending. Consumer lending probably represents less than five percent of our total lending at the present time, and that direction will not change. We will continue to be a community bank, serving small businesses and middle-market companies."

CEO CFO: In the small business, middle-market arena, are there particular industries on which you focus?

Mr. Basirico: "Not particularly. We want to try to provide service to all of the industries in our communities. However, if there were a particular industry that we don't have specific expertise in-house, such as car dealerships or automotive flooring facilities, we wouldn't go down that path. It is the same thing with mortgage warehousing; we don't have a mortgage warehousing department. We want to stick to the basics and make sure that we follow the strength of our bank, with the expertise that we have in the various communities."

CEO CFO: Why are your customers choosing Temecula Bank?

Mr. Basirico: "The main reason is that we provide heightened customer service, but more importantly, many of our long-term employees have very solid relationships with long-term clients. Satisfied customers value and trust the advice of our experienced bankers and in turn refer their friends and associates to the bank."

CEO CFO: Are there services that you are not providing now that you would like to add to the mix?

Mr. Basirico: "We expanded our business services department to offer cash management services to our business clients about two and a half years ago. We now have remote deposit capture and a competitive offering of online services, which allows us to service some customers that are slightly out of our branch footprint. At the present time, we have the products and services that meet the needs of our customers. Not to say that we wouldn't take advantage of new product opportunities in the next 6 to 12 months, but today we are in pretty good shape in this regard."

CEO CFO: You mentioned customer service; would you give us an example of what someone might find that is different when working with Temecula Valley Bank?

Mr. Basirico: "Many of our line officers that have been with our company for a

"We are going to focus on our activities within our respective communities and get back to our roots as a community bank, providing financial products and services to local business owners and offering the high levels of service they deserve." - Frank Basirico Jr.

significant period of time have delegated authority, so the customer is actually interfacing and dealing with the local decision makers. Our community bankers have the knowledge of their particular community, they have the knowledge of the local business market, and so they are better prepared to actually provide heightened customer service in their area. It is because of the personalized service that we provide that we have earned many long-term customer relationships. That differentiates us from some of the regional mega-banks that are in competition with us."

CEO CFO: Do you find that there is much difference among the communities that you serve?

Mr. Basirico: "Today, I think that there is a little difference in Southern California. As you travel farther inland, away from the beach communities, those markets have been hit, maybe a little more dramatically, by the economic downturn than some of the coastal communities. We haven't seen some of the housing

prices soften quite as much along the coast as we have inland. Our service areas in Riverside and San Bernardino Counties have been hit a little bit more drastically than coastal San Diego communities. The main differential is that unemployment, foreclosure levels, and price point deterioration in the housing market are more dramatic as you travel inland."

CEO CFO: Tell us about the community involvement for the bank and if that would be changing in the next year or so?

Mr. Basirico: "We've always taken a very supportive posture of community involvement. In fact, many of our senior officers have been intimately involved with various community functions within their respective communities, and that will continue. Historically it has been our privilege to contribute both financially and through volunteer hours to local schools and nonprofit organizations. We remain committed to making a positive difference in communities in our market place. Our local bankers will continue to reinvest in their communities by contributing their time and sharing their experience through educational programs for financial literacy, performing volunteer work and serving as board members to numerous organizations. It remains one of our core values to serve not only our customers, but also our communities."

CEO CFO: What's ahead for Temecula Valley Bancorp?

Mr. Basirico: "There are a couple of areas that we will continue to focus our attention towards in 2009. The first area of focus is really taking a proactive posture to our non-performing assets and reducing the classified loans. The second thing is to get back to our core business line of community banking. We are going to focus on our activities within our respective communities and get back to our roots as a community bank, providing financial products and services to local business owners and offering the high levels of service they deserve. We have had a national presence in SBA lending and that will change in 2009. Our focus will be on the California marketplace, specifically in the locations where we

have branch representation. That is a major strategic change for our company.”

CEO CFO: What’s the financial picture like for Temecula Valley Bancorp today?

Mr. Basirico: “The bank is still well capitalized and our strategy is to maintain a well capitalized position. We are experiencing some of the same challenges as many other banks, community banks in particular. We do have additional exposure in the construction arena, where our strategy is to reduce our concentration in construction and commercial real estate, while continuing to offer financing to our local businesses. As we focus on the California market, SBA business development efforts will be targeted locally. One of our major financial objectives right now is to improve profitability. We’ve gone through a major operating expense control study. We are implementing new strategic initiatives, which include strategic reductions in personnel and other operating expenses, as well as a reallocation of current resources, which are expected to result in over \$10 million in savings on an annualized basis.”

CEO CFO: What gives you the confidence to takeover the CEO role today?

Mr. Basirico: “First it is based on some of the experience that I’ve had in my 30 years of banking. Secondly, I feel very comfortable with the board and the support that we have as far as management is concerned. Thirdly, is the support that we have with our senior management team and our executive officers across the board, as well as our line officers. We are favored with some very long term, solid bankers in our company, and with all of us pulling together, it gives me the confidence to get the bank on the right path in 2009.”

CEO CFO: For investors that are putting companies on their radar screen, why should they be looking at Temecula Valley Bancorp?

Mr. Basirico: “As you know all of the financial sector stocks have fallen this year and our stock is no exception. In fact, we view the current valuation on our shares as being very attractive. I don’t recall anytime in the last several decades where you could buy shares of community

banks at substantial discounts to book value. With our book value at \$10.11 as of September 30, 2008, our stock is a tremendous buy for a value investor. In fact, in the last week, we have seen an increase in our stock price, also the trading volume on a daily basis has increased pretty much three fold from our normal average trading activity. Therefore, once the shareholder environment recognizes the direction that we are going to take the bank in 2009, I think there will be renewed confidence in our company, which should be reflected in our stock price going forward.”

CEO CFO: Final thoughts, what should people remember most about the Temecula Valley Bancorp story today?

Mr. Basirico: “I’m encouraged overall as to what we view happening in our company in the next 6 to 12 months. We have a lot of work to do, but we have the right staff to make sure that we do all of the appropriate things and get the bank going down the right path.”



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