

# CEO CFO



COMMUNITY BUSINESS BANK

DISCOVER THE DIFFERENCE®

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## Community Business Bank Is Not Your Average New Bank, With An Experienced Management Team That Has A Stake In Being Shareholders

**Financial  
Community Business  
(CBBC-OTC: BB)**

**Community Business Bank  
(West Sacramento, CA)**

**1550 Harbor Boulevard, Suite 200  
West Sacramento, CA 95691  
Phone: 916-830-3597**

**John A. DiMichele  
President and CEO**

### BIO:

John A. DiMichele, *President and Chief Executive Officer of the Bank since its inception*. Former President and Chief Executive Officer of Yolo Community Bank from 1998 to 2005. Former President and Chief Executive Officer of Surety Bank from 1994 to 1997. Former President and Chief Executive Officer of Suisun Valley Bank from 1983 to 1994. DiMichele has a Bachelor of Science degree in Finance from California State University, Chico and a Masters of Business Administration degree from Golden Gate University, San Francisco. He also completed the Pacific School of Banking, Seattle. DiMichele is Chairman of Sutter Solano Medical Foundation, a board member of Sutter Solano Medical Center, a board member of California Statewide CDC and a board member of Vacaville Community Foundation.

### Company Profile:

Community Business Bank is a locally owned community business bank serving the greater Yolo, Solano, Sacramento, Placer, San Joaquin and contiguous counties. With the recent and continued merger and acquisition activity within the State and locally, the Bank is focusing on

providing highly personalized commercial banking services to the businesses, professionals and non-profit organizations in the communities we serve.

Experienced business bankers – all from the local community -- are available to assist businesses and professionals with their banking needs. Before and after-hour appointments, as well as onsite appointments at the principal business, are available.

Headquartered in West Sacramento, the Bank also has a full-service office in Lodi, California. After receiving all necessary regulatory approvals and raising over \$21.2 million in capital, Community Business Bank officially opened its doors for business on November 14, 2005. The Bank is comprised of eight outside Directors, two inside Directors and four Executive Officers. The Executive Officers are:

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

**CEOCFO:** Mr. DiMichele, what was the vision when the bank was founded?

**Mr. DiMichele:** “The initial vision of the bank founding in November of 2005, was to develop a strategy for small business lending and banking services, not for profits, and for professionals. We were not really focusing on the retail side of the bank at all; it was relationship banking with businesses.”

**CEOCFO:** How has your vision developed?

**Mr. DiMichele:** “It has developed slower than we would like, for a number of reasons I think. One, we don’t sit right in a community, we have a wide range of area that we try to service and that area is a

big area. We service five counties. The first year and a half, we really took off fast, we were developing a lot of new customers, building a lot of new core business. Then about 2007, the economy really started slowing things down for businesses in California. That has had an impact on our growth and although we are still growing, we are not growing as fast as we were growing initially. We had to take a look at different strategies to build these relationships with our clientele, but at the same time it has gone slower than we thought. We thought we would be some place around \$200 million in assets today, and we are about \$140 million now.”

**CEOCFO:** Are there many community banks in the area?

**Mr. DiMichele:** “There are a number of successful independent community banks in our Sacramento area. Some have been here quite a long time, but there are newer banks that are just starting like ourselves, de novos in the area. We have a large group of credit unions in the area as well, and they also do business banking now. So it is a little different competitor, but they have business banking products as well. They are also struggling right now in this economy, with not only credit issues but also with growth issues.”

**CEOCFO:** I see your motto is ‘discover the difference’; what is different?

**Mr. DiMichele:** “The biggest difference is the relationships that we have with our clients and our availability to them. On my business card, I have my cell phone number. We have contact direct lines, so you can call me today on my direct line. We don’t even try to screen our clients. When we get a client, we do a very good job with them. They have to understand

there is a difference between just being a number or being a customer at the bank. We like to also add value if we can by being a resource to them. I am a businessman, and these guys are businessmen and women. We deal with them on a daily basis and try to advise them in areas that we have experience in or have been or not been successful in, which might help them in their businesses as well. That is where I think we are probably different than some of the other independent banks in the area. Although there are a couple of independent banks in the area that do a pretty good job with the relationship side, we are a lot different than the major banks.”

**CEOCFO:** How do you reassure people in today’s economic and banking climate?

**Mr. DiMichele:** “I try to be completely honest with them about what we are doing with the bank. That goes to how we view their business, with some of the troubles that they might be having, and then try to come up with some recommendations of how we can help. We may also discuss what the next steps are that we should take if they want to expand or do some other types of business; how we can work with that type of an arrangement. You have to have that conversation with your customer. People don’t like to have conversations. The question I ask them is do you want me to be honest with you or be nice to you? They always say be honest with me. That starts our conversation usually of how we can maybe be of assistance to them, talk about this economy, which is not going to last forever with real estate values in California. We are in one of the worst areas of California; the Sacramento area is the worst area of in real estate values in the country. However, that is not going to go on forever. If we do get to the bottom, we will start moving up from there. I think we are hitting the bottom now, we have seen multiple offers on properties; values aren’t dropping like they were last year and the year before. We are just reassuring people that there is an end to this and we can move through it which is going to take hard work. We have to put our boots back on everyday and come back in here, because it is as

hard to us as it is for them some days in their offices in the environment that we are in today. It is completely different from when we started the bank in late 2005. That was a booming time; people had a lot of projects going and many opportunities. Today it is how you work through some of the opportunities that might still exist, but also how do we protect the bank and our customers, and the FDIC insurance fund from losses.”

**CEOCFO:** What has changed, with services or policies?

**Mr. DiMichele:** “We have added services continuously in the bank. One of the services that we added last year was remote deposit capture, which has been very popular with our clients where they basically have a terminal in their office and they can scan checks and deposit them directly into their account. That has been a big benefit for them and for us. We run a courier service, but if we have a client a ways a way, it takes a lot to run a

**“Although there are a couple of independent banks in the area that do a pretty good job with the relationship side, we are a lot different than the major banks.” - John A. DiMichele**

courier out to that business. Now with the remote deposit capture we can handle those clients. We have also introduced a Health Savings Account, the HSA product. We introduced that early on when the bank opened and we are doing well in that account relationship. Although the initial balances are small because the HSA just became popular, the balances grow on a monthly basis. It is kind of like when in banking we first started offering IRAs a number of years ago. You didn’t have large balances in the accounts initially, just like the IRA’s the HSA’s continue to grow on a monthly basis. One of important things that we also do is we give a healthy earnings credit on our commercial checking accounts. The bank has not cut it’s earnings credit down to almost nothing or zero like some of the other banks do on their analysis accounts. We find that the clients have a value to us even in a low interest rate environment; so giving them no value on their analysis accounts is not a positive thing for them nor is it building a strong relationship the bank. We provide a healthy earnings al-

lowance on analysis accounts for our commercial customers, because we believe it is the right thing to do.”

**CEOCFO:** How do you attract new business?

**Mr. DiMichele:** “We attract new business through direct calling and referrals. That is all we have. We cannot out advertise the competition, so it is direct calls on customers that we feel would be an appropriate customer of the bank. We try to attract new customers to the bank that we can establish strong long-term relationships with not just a transaction. Our best source of new customers is from referrals from our existing customers, shareholders and directors of the bank.”

**CEOCFO:** Do many of your customers take advantage of your full range of services?

**Mr. DiMichele:** “Typically, for our commercial customer, we probably deliver maybe between four and five service

levels to them on the opening account now. We promote our online banking, our remote capture, our courier services, and our sweep accounts; those types of things. We try to cross

sell those to our customer, cross delivering in a way. We really do try with the customer to not just have a checking account with us. Although we offer retail checking accounts, or consumer accounts, we don’t promote those at all. They are just there as a benefit to our clients, if they want to have that relationship with the bank and we can offer that relationship to them. We offer for example on our accounts, we give them free ATMs anywhere they want to go. This means we don’t charge them ATM fees, because they usually have another relationship with us.”

**CEOCFO:** You mentioned non-profits; is that a big area for you?

**Mr. DiMichele:** “We would like it to grow more, but it has been a big area for us. The non-profits are interesting because a lot of them have good solid deposit relationships with their banks and new banks like Community Business Bank have to move those accounts, they don’t just all of a sudden say I want to close out my account and come over to

Community Business Bank. There has to be a reason why they would move, such as the service level that we provide. Possibly, we would make them a loan. We made a couple of real nice non-profit loans last year; one to help develop a new housing facility at a university close to us, and another one with a center for deaf individuals that we did a loan for their new educational building. It was basically a school. Those are nice relationships; they help the community. We benefit from having that deposit relationship and their referral base, and they benefit from us providing services that are difficult sometimes for some of the other banks to do because they don't want to get involved with the non-profits. They look at it as if something goes wrong here then we are going to get a black eye. However, we look at it as how can we put this together so that it makes sense for a non-profit and for the Bank."

**CEOCFO:** What do you look for in your employees?

**Mr. DiMichele:** "Initially when you open the bank it is difficult to attract all the people you want, because new banks are something of a risk. However, we had a good core team of individuals who had worked together before giving us our core relationships. What I look for are people who commit themselves to the organization, their customers, and themselves. It is one thing to be a big talker, but it is another thing to go out and take the action to actually fulfill what you are talking about. Everybody wants an honest individual working in their facilities; honest with themselves, honest with their customers, and honest with the people they work with. We want people that can communicate, people that can actually look at something outside of the box occasionally and say, 'yea this may work and we will work it this way' or, 'it may take more work, but we could put it together for our customers'. They need to be able to offer some flexibility, but not be the person who just gives the bank away, because that creates is the worst situations. On the other side, is the person that just says no and has no understanding how to build relationships, is not an asset to the Bank. It is a hard balance. The people that you work with need to communicate to you and the customers

the good and the bad. We need to have an understanding that when things are going really well let's celebrate those successes, but when things are declining let's figure out what the problem is and fix it. Right now and for the last eighteen months in the banking world it has been a very difficult time banks and their customers."

**CEOCFO:** Would you tell us about your decision to utilize TARP money?

**Mr. DiMichele:** "We made the decision before some of the restrictions were revised on the TARP money. We felt at the time that everything was in such disarray; running amuck basically. We did not know exactly what was going to happen in these markets, so we felt that it was important to have the highest capital levels we could possibly have going into, what turns out to be the worst recession since the depression. We wanted to be prepared and have strength in our balance sheet that we would not have to be explaining to our clients or new clients that are balance sheet was weak and we did not have enough capital in the balance sheet. That is really the reason why we took it. We did not need it for our capital levels. It was implied in the beginning that only strong banks would get the TARP and we thought and still do that we were a strong bank. We wanted to be one of the survivors when this was all finished and that is why we took it. Today if you ask us if we are happy that we took it, I would say that we are neutral. We like the idea of having it in our balance sheet, but we don't like the restrictions. However, we can live with those. They mostly affect me anyway; because what most of the restrictions come down on is the CEOs salary, benefit packages or other areas. Do we like having the restrictions? No. Are we going to figure out how to pay them back? Yes."

**CEOCFO:** Tell us about community involvement for the bank.

**Mr. DiMichele:** "We have programs at the bank here where officers and employees are encouraged to get involved in the community. We sit on non-profit boards and we support them. We also get involved in activities in the community. We even put together an employee-based foundation; not really a foundation, but

we put the money into our charitable donations. We put it into a fund and we have a core group of our employees that rotate that sit on a committee that divides that money into the community. I don't sit on the committee. They review the request, they see if they can meet certain criteria established and then they will fund those activities through that group. Personally, I sit on about four non-profit boards, pretty good-sized not-for-profit organizations; the healthcare organization is the largest. It is a lot of effort, but a lot of benefit to it, giving back to the community. We encourage our staff to do that."

**CEOCFO:** What is ahead for Community Business Bank?

**Mr. DiMichele:** "In 2009, we are just trying to maintain about the same size that we are currently, which is about \$140 million. Then clean up any issues on our balance sheet, and be prepared for 2010 to move ahead again because we need to grow the bank. We have a smart staff; although it is larger than what you would normally have for a bank our size. The reason for that is we that believe we can grow the bank. So we believe we need high operational standards in place prior to going out and just willy-nilly growing the bank, and finding out after the fact that we have missed all these other areas like in the technology platforms and compliance, risk management. At the same time, that overhead creates a drag on our earnings. We need to get the bank up in size, but we think we have a couple opportunities to do so. One, we have already proven that we can grow organically, and we can do that ourselves. Two, there are going to be opportunities for other maybe weaker banks that aren't going to be able or may not want to go on its own. So we might be able to pick one of those smaller banks up and work together to achieve our goals jointly."

**CEOCFO:** So you're ready for what's ahead!

**Mr. DiMichele:** "We are absolutely ready for what is ahead."

**CEOCFO:** Why should potential investors consider Community Business Bank?

**Mr. DiMichele:** "Our stock price is very low right now compared to what we think

the bank is valued at, so that is one reason they might want to look at us. Two, a good portion of our ownership is in our board and our senior management. We own somewhere around 25% of the bank, so I can tell you we are strongly committed to making this bank work. This is not a job for me, I could leave tomorrow and find a job if I wanted one; this is something that we are committed to making work. It is very frustrating to us because of the activities going on that are slowing us down, and it is frustrating because of some of our non-performing loans that we have, but we know we can get through this. We have enough experience. Back in the late 1980's and early 1990's, it was a different time, but we worked through those and those were some tough things there as well. Therefore, we do not have the delusion that we are walking on wa-

ter, but we do have the understanding that we know how to run the bank. We can make the adjustments we need to do to ensure that the bank is profitable and it is a good investments for our shareholders, as well as good investments for us personally. I am one of the largest shareholders in the bank, and look at it from the standpoint of our shareholders. The decisions we make effect our shareholders investment, and that is important to me, I look at it from their standpoint of every time I loss or make a dime or a nickel it affects our shareholders. All of our senior management team has some significant holdings."

**CEOCFO:** Final thoughts, what should readers remember most about Community Business Bank?

**Mr. DiMichele:** "We try really hard and we want to be very good bankers to our customers. We are not going to be the bright shining star out here that you see growing at unbelievable rates. That is not going to be us. We are going to have consistent performance, as we get a little bit more mature. It is hard when you are coming out of the blocks and then you hit a wall and you have to make adjustments in your plan. However, they should remember this is an anomaly in our economy and they should watch us in the next three to five years, and see what we do at the bank."



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