



CEOCFO

Interviews & News!

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Opening Their Third Office In Two Years, California United Bank Has Already Seen Explosive Growth, Validating The Need For An Alternative To Bigger Banks In The San Fernando Valley Area



**Financial
Regional – Pacific Banks
(CUNB-OTC: BB)**

California United Bank

**15821 Ventura Boulevard, Suite 100
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**David Rainer
President and CEO**

BIO:

David Rainer, President, CEO and Director, was President of the former California United Bank. It was one of the largest and most respected independent banks headquartered in the San Fernando Valley, with 21 branches across Southern California. His career in banking spans 23 years. Previously, David was California State President for US Bank, President and CEO of Santa Monica Bank, and held management positions with

Wells Fargo, Security Pacific Bank, and Bank of America. He was also a Director of the California Bankers Association.

Company Profile:

California United Bank provides a full range of financial services, including credit and deposit products, cash management, and internet banking for business and high net worth individuals from its headquarters office at 15821 Ventura Boulevard, Suite 100, Encino, CA 91436; West Los Angeles Regional Office at 1640 South Sepulveda Boulevard, Suite 114, Los Angeles, CA 90025; and Santa Clarita Valley Regional Office at 25350 Magic Mountain Parkway, Suite 100, Valencia CA 91355.

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

CEOCFO: Mr. Rainer, what was your vision when you started California United and where are you today?

Mr. Rainer: “The vision was to create an independent bank based in the San Fernando Valley, which could provide a high level of service to the small and middle-sized businesses in this area. With all the consolidation that had gone on in the banking business in this area, many companies and business owners did not have alternatives to big banks. Therefore, our vision was to come in and create a very professional business bank that could serve as an alternative to a bigger bank.”

CEOCFO: How is that strategy working for you?

Mr. Rainer: “It has been terrific. We have just finished our second full year.

We have had explosive growth and what that does is validate the fact that there was a need the way we had envisioned would be the case. We are pretty excited and just opened our third office so in two years we already have three full-service offices and they are all doing well and we are looking for the next one.”

CEOCFO: How is the economy in the area you are serving, and who is your typical customer?

Mr. Rainer: “The economy throughout southern California is driven by small and mid-sized businesses in a wide variety of industries. What we are targeting reflects that market diversification. We have three core business areas; one is just basic commercial banking, providing all the financial services around deposits and credit to a variety of different types of businesses. We also have a group that focuses on commercial real estate and a third area that is targeting private banking opportunities. Private banking, commercial real estate, and business banking; it is very basic, but those are the three areas that I think are a real reflection of what the economy here is all about. It is definitely a diversified economy from the types of businesses and industries.”

CEOCFO: What drives new business?

Mr. Rainer: “Most of our business comes from referrals; it is a relationship business. We are tied into the professional community, CPAs, attorneys, their clients that are looking for a bank where they can have a relationship, and at the same time receive a professional type of service. We have grown to the point where we are getting a lot of our referrals now from existing customers who are having a good experience with us and

passing that along to many of their business contacts. What makes our story a bit unique is this is actually the second California United Bank. It is kind of a reincarnation of a bank with the same name that was here in the mid-1980s and most of the 1990s that I was a part of and many of the people on our team. We ended up selling the bank in 1998 to the Bank of Hawaii. We have brought back many of the same people to start this bank all over. California United Bank had a very good reputation in the LA business community. Many people remember us and many people supported us by becoming investors in the bank as well, so that has also played a key role in helping us get off to such a fast start.”

CEOCFO: What will a customer find at California United that they might not find from other commercial banks?

Mr. Rainer: “I think that in our business the way we differentiate is on the ability to execute. We all pretty much have the same basic strategy and the same basic product. We have been able to come to the market and demonstrate that we can be very responsive, so we can turn things around very quickly, and we can make decisions quickly. We can customize needs, solutions to the needs that businesses have. I think we are very flexible. It boils down to just being able to execute and be rapid in terms of turn-around time, creativity, and just being able to deliver.”

CEOCFO: You have had your first profitable quarter; please tell us about the results.

Mr. Rainer: “We are excited because it generally takes a start-up bank in this market maybe 24 or 30 months to break-even with one location. What makes us different is that we have the overhead and expenses around three locations and in our 8th Quarter, we were able to generate our first profit. It all ties into the explosive growth that we have had which validates the question of is there really a need for a bank like ours. For our shareholders, I think they are very pleased with the ability for the bank to get to the point

in a short period where we are making money. Hopefully it is the very beginning.”

CEOCFO: What are some of the services that you offer and what might be a bit different there?

Mr. Rainer: “The one thing that characterizes us in terms of products and services, even though we are a small bank in terms of asset size, we have developed all the technology and cash management products that allow us to compete with the bigger banks. Most of our new business, maybe 95% comes from larger banks. We have the best of both worlds; we have the professional and technology capabilities of a much bigger bank, but we have it wrapped inside a smaller, warmer, more independent bank. It is a

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CEOCFO: Do people come into the bank much or do you find that more is done at the customer’s location?

Mr. Rainer: “The way we are set up, we have very few people come into the bank on a daily basis. We have that retail capability, but we are generally out with our customers and then in terms of transacting business they have different options. They can use the online capability, and couriers. One of the newest products that the banks are offering and we were on the front-end of that in terms of a small bank having it, was the remote deposit. We are selling that very successfully and customers really like it. We are able to service

businesses now that are in terms of miles very far away or they may have some of their own operating into these by satellite offices that are out of state. The remote deposit has leveled the playing field for a small bank like ours to compete with a bigger bank by overcoming some of the geographical obstacles that you face when you only have a few locations.”

CEOCFO: Do you see the need for additional branches?

Mr. Rainer: “Yes and I can give you an example. We opened up our newest branch in the Santa Clarita Valley, which is about 20 to 25 miles north of Los Angeles and I think while we can probably service most of that business from our LA office; the community up there is very different and we want to recognize that. It is important for us to make a commitment by actually being there in the community. Not only do we feel we need a branch there, but we need to have that branch run by people who actually live in the community that are involved in the community. We do not need a branch every two miles, but if we go into a geographic area outside of our Los Angeles headquarters area, we need to recognize that the business communities are a little different and have different needs, and they want to see their banker. They want to see their banker in all the important

community organizations and we believe in that. So the answer to your question is I do not think we need a lot but we need to be strategic in terms of how we grow, and we will be expanding in terms of additional locations.”

CEOCFO: You believe the quality of people is most important for the organization. Over and above the banking qualifications, what are the intangibles you look for?

Mr. Rainer: “We look for people who are sincerely interested in taking care of their customers. We look for people that enjoy being problem solvers and have a consultant type of approach, people who like to be out in the market and people who have a sense of urgency in the way they approach everything they do.”

CEO CFO: What do you see for California United Bank two or three years down the line?

Mr. Rainer: “We plan to continue to expand at the pace we have set here in the first couple of years, so that would mean growing our business organically by adding some new offices in some strategic areas. I would also like to think that we could follow the model of our old California United Bank where we followed that same strategy, but at the same time, we did a few acquisitions too. Our balance sheet is very strong, we are well capitalized, had an initial offering and then a secondary offering. The initial offering that we had represented the most capital that any start-up bank in the history of California had raised at the time. We have a lot of capital and now that we are profitable, we can be on the lookout for some kind of strategic acquisition to help complement our organic growth. The old California United Bank when I got there in 1992 had two branches, and when we sold the bank in 1998, we had 22 branches and we did that through a combination of start-up, commercial of-

fices and branches and two acquisitions.”

CEO CFO: So you know how to grow a bank!

Mr. Rainer: “Yes, and we have the same team here.”

CEO CFO: Why should investors be interested and what might they miss about California United Bank?

Mr. Rainer: “There is a track record here by this team of great performance. We have bankers who have all been in this market for a long time: we have the very best people. This is not the first time that we have followed this model and the first time we did it, proved to be very successful and returned a lot of money to our shareholders. That actually led to this very successful IPO that we did because we had many former California United Bank shareholders anxious to invest in the new California United Bank, so that is performance track record. To answer the second part of your question, to somebody who is not familiar with us, on the outside we might look like another

start-up bank in Southern California. However, based on some of the things I have described to you, when you cut through and look at us on the inside, we feel we are very different. Our ability to execute is very different.”

CEO CFO: What should people remember about California United Bank?

Mr. Rainer: “I want to emphasize the fact that when we went out for our first offering, I did say to you that it was the largest capital raise ever in the history of California at that time. We were substantially oversubscribed and we raised well over \$60 million; the regulators allowed us to keep \$35 million. Those are big numbers. We have 700 shareholders that started with us and many of those were former California United Bank customers or investors. We created a lot of great momentum at the beginning and it continues to help us because a big part of the ownership of the bank is really the business community and that makes us really unique too.”

The logo for California United Bank features a stylized graphic on the left consisting of three horizontal bars above three vertical bars. To the right of this graphic, the word "CALIFORNIA" is written in a large, bold, serif font. Below "CALIFORNIA", the words "UNITED BANK" are written in a smaller, bold, serif font, separated from "CALIFORNIA" by a thin horizontal line.

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