



# CEOCFO

## Interviews & News!

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### With No Other Locally Headquartered Community Bank In Imperial County, And Most Larger Banks Losing Touch With True Relationship Banking, Community Valley Bank Is In The Right Place At The Right Time



**Financial  
Community Bank**

**Community Valley Bank**

**203 South Imperial Avenue  
El Centro, CA 92243  
Phone: 760-352-7777**



**Bob Hahn  
Chief Executive Officer**

#### **BIO:**

Bob Hahn began his banking career in 1965 at First National Bank of Chicago. He worked a fulltime evening shift as a reader-sorter operator, while attending college fulltime to earn his BSC from DePaul University in 1967. He completed

his active army infantry military service with a tour of Vietnam in 1969, returning to a management training position with First National Bank (FNB) of Chicago. During this time, he earned his MBA. He left FNB of Chicago in 1977 as an Assistant Vice President in correspondent bank lending to start as the Vice President of the lending department for Sears Bank & Trust.

In 1980, he was recruited to become the Senior Lending Officer of Northwest National Bank of Chicago, then Colonial Bank & Trust of Chicago in 1985, and then to be President and CEO of Capitol Bancorp, a two-bank, family-owned holding company in Chicago. He was also President and CEO of its largest bank - the 300 million assets Capitol Bank and Trust until 1991.

The owner of FNB of North County, San Marcos, California recruited Bob to be the Chairman, President & CEO of the troubled \$80 million, three-branch bank in 1991. After successfully restructuring FNB of North County, he managed its sale to a family-owned Minnesota-based, multi-bank holding company in 1995. As President of FNB of North County, he grew the assets from \$35 million on 1995 to more than \$105 million until his departure in 2007.

Bob and his wife, Sandy, currently live in San Marcos, California. He has three grown children and three grandchildren living in the Chicagoland area.

#### **Company Profile:**

Community Valley Bank, California state charter number 2333, opened for business in Imperial County on October 1, 2007.

Community Valley Bank (CVB) is the first locally owned, locally managed bank chartered in the county in the last 28 years. This county of over 4100 square miles, 172,000 people, and 500,000 acres under cultivation has become one of the fastest growing counties in California. CVB has been approved to open branches in El Centro (opened), Brawley (scheduled for December 2007), and Calexico (planned for either 2009 or 2010). The bank has over 400 shareholders with the majority living in Imperial County. Western Financial Corporation makes a market in its stock.

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

**CEOCFO:** Mr. Hahn, why do we need another new bank?

**Mr. Hahn:** "There are three reasons why there is a need for a new bank, specifically Community Valley Bank, in Imperial Valley. First, in Imperial County, there are no other locally headquartered community banks in the entire county. Number two, most banks have lost touch with the true relationship concept of old-fashioned banking. As a community bank, we are going to be providing that and the third reason is that the people in the valley want a new bank. We have over 300 local shareholders and fourteen organizers or directors that own businesses here in the Valley."

**CEOCFO:** Please tell us about the area in Imperial Valley; what is the economy like today?

**Mr. Hahn:** "It is primarily an agricultural economy. It is transitioning to a blend of bio-fuel center, commercial in-

dustrial, and retail center, primarily because one of the major cities, Calexico, is on the border of Mexico. A significant city in Mexico, called Mexicali, has a population of 1.7 million people and the entire Imperial Valley has 170,000 people. We have seen and expect to see more cross-border growth. It is an evolving county from primarily agricultural to a more blended business mix.”

**CEO CFO:** Agriculture is a bit different from many other businesses; what are the challenges there, and what do the people at Community Bank know about that?

**Mr. Hahn:** “Agra lending is driven by expertise in knowing the various crops, in the capacity of different types of soils to grow different kinds of crops, and obviously the life cycles of these different types of crops. We have an entomologist on our board of directors and our loan committee. The director that chairs our loan committee worked for Farm Credit; the governmental organization that makes loans to farmers. This compliments our effort to best structure loans in the private sector that may or may not be available in a public sector for farmers and associated growers and packers.”

**CEO CFO:** Who are you looking for to be your typical customer?

**Mr. Hahn:** “We are primarily a business bank. Our objective is to provide the funding for the existing businesses that are in the valley that are growing and the new businesses that will be coming into the valley that create jobs. This, in turn, creates retail sales that assist housing absorption and the business cycle.”

**CEO CFO:** Being on the border with Mexico has more challenges today than it might have at some other point in history; from the bank perspective what do you need to do to keep things running smoothly?

**Mr. Hahn:** “We work very closely with the Department of Financial Institutions to ensure that we have a fully engaged board of directors and staff in complying with the Bank Secrecy Act and the anti-money laundering provisions of the USA

Patriot Act. We are not opening a branch in the Calexico market for the first couple of years of our existence so we can prove to the regulators that we are efficient, effective, and thorough in knowing our customers. We also want to have the systems in place to make sure that when we do open the approved branch in the Calexico market area we will have executed the management plans that are necessary to safeguard and support all regulations.”

**CEO CFO:** What are the basic services you will be offering your customers and some of the bells and whistles that you are able to do as a newer bank; some of the newer technologies that you are able to implement for example?

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**Mr. Hahn:** “The fun part of starting a bank is that you do not inherit anything; you create everything new. Today’s technology allows us to be a fully Internet-based franchise and fully digital to scan all of our documents. Therefore, we are going to be as close to paperless as possible right off the bat. What that does for our customers is reduce the ordinary hassle of a typical bank. They can come into our branches and makes deposits, but we are also going to have what is known as remote image processing, so they can actually make deposits via a piece of equipment that is tied to a data line. Therefore, they do not have to leave there business or home to make a deposit with us. They are able to use the Internet to bring up pictures of their checks, move money between and among their accounts with us, and even draw down on lines of credit. The good news of being a De Novo is that we have the technological

capacity that many of the businesses here in the Valley have not even been offered by some of the majors. The majors are down here looking for deposits that they can use primarily outside the valley. We are looking for deposits and relationships to use in the Valley. Number one, technology capability is a strong suit for us. The second thing is that all of our decision makers are right here at Imperial Valley, so if you need a \$2 million loan, the Chief Credit Officer or I will actually come out, visit with you face-to-face, and work it out. Literally, within 48 hours we can have a deal. The face-to-face portion of old-fashioned banking is being lost in our industry, so that is another reason I think that Community Valley Bank is valuable here in the valley. Those are two very meaningful options that we are providing here that we do not think have been provided in several years, ever since the other significant community bank sold out.”

**CEO CFO:** Will you be opening the second branch this year?

**Mr. Hahn:** “Before the end of the year, we will open our second branch in the city of Brawley.”

**CEO CFO:** What do you look for over and above experience in your people; what are the intangibles that you think are important for your bank?

**Mr. Hahn:** “We are hiring for our culture first and we will train on the technical skills second. By that, I mean we want all of our folks to bring a positive image and atmosphere, which is easier, said than done. We want people that are happy and will make eye contact. They will be generating a warm, friendly feeling when you come into our branches. The fact that we are primarily a business bank, suggests that we are not going to have a whole lot of folks standing in line and we should be able to provide that kind of service. We are hiring personality first that fits into our culture, and then we will train folks on how to be technically competent. With so much of the training now web-based, as far as the systems

support is concerned, we are optimistic about that.”

**CEOCFO:** What do you see two or three years down the line?

**Mr. Hahn:** “Community Valley Bank, three years from now, should be well over \$100 million in total assets, have a branding, a reputation where we have earned the businesses of the folks that are in this county, and word-of-mouth will be substantial so that other folks will want to do their business with us. We want to prove that we walk the walk and not just talk about it. Three years from now, we will show the Valley that we are the Valley’s bank, we are responsive, and we deliver on our promises.”

**CEOCFO:** In closing, why should potential investors pick Community Valley Bank out of the crowd?

**Mr. Hahn:** “Investors want to see what the franchise that they are investing in can do in the marketplace. In our marketplace, we are the only community bank; therefore, we have an opportunity to capture market share. There are \$2 billion in deposits down here in the Valley and if we just capture 10% of that, that is a \$200 million franchise. Secondly, there was an independent bank that was started 28 years ago called Valley Independent Bank, and it was based on the same business model that we have. It grew to almost \$2 billion in size and then sold to a major. What we are plan-

ning on doing, from an investor’s perspective, has been done before in a less robust economy. The third thing is that the Imperial Valley is growing. That makes it an exciting opportunity for a bank. It clearly has plenty of land. Also, the Imperial Valley controls the water supply off the Colorado River, so we have plenty of water. Therefore, it is just a matter of infrastructure. From an investor’s perspective, the more variables that are positive, such as growth and a history of management success, I think enhances the expectation that success can be achieved with Community Valley Bank.”

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**For more information about CVB, please visit the website at [www.YourCVB.com](http://www.YourCVB.com).**



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