



# CEOCFO

## Interviews & News!

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### Relationship Banking Is The Focus At Friendly Hills Bank



Financial  
Community Banks  
(FHLB-OTC: BB)

Friendly Hills Bank

16011 E. Whittier Boulevard  
Whittier, CA 90603  
Phone: 562-947-1920



**Jeffrey K. Ball**  
President and CEO

#### Company Profile:

Friendly Hills Bank is a community bank which was formed to primarily serve the Southern California communities of Whittier, La Habra, Santa Fe Springs and La Habra Heights, as well as the surrounding markets of Los Angeles and

Orange Counties. The bank was established in 2006 by prominent members of the local community who were seeking an alternative to the larger financial institutions in the area. The bank is headquartered at 16011 E. Whittier Blvd. in Whittier, California.

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

**CEOCFO:** Mr. Ball, what was your vision when you formed Friendly Hills Bank and how has that developed so far?

**Mr. Ball:** “Our vision when we established Friendly Hills Bank was to provide the local market here with an alternative to the larger institutions that now dominate this market area. Our market area at one point had several independent banks that had all been gobbled up through the process of consolidation. We felt that providing the local community with an alternative to those larger institutions would be worthwhile. We differentiate ourselves from the larger institutions in the area on the basis of better service and response time. We take a consultative approach with our clients and also a real focus on the communities that we serve.”

**CEOCFO:** Please tell us about the area you serve?

**Mr. Ball:** “The primary markets that we serve are Whittier, Santa Fe Springs, La Habra and La Habra Heights, as well as the adjoining communities. The bank is based in Whittier, which is about 20 miles east of downtown Los Angeles. We are part of the large southern California metropolitan area. The specific market that we cater to has a very strong mix of both high-end and low-end residential as well as a large concentration of small and medium sized businesses.”

**CEOCFO:** Are your customers primarily in the business community?

**Mr. Ball:** “We primarily focus on small and medium sized businesses as well as professionals. We are fortunate to have one of the top regional hospitals in the nation, Presbyterian Intercommunity Hospital, located not far from us and forming the foundation for a very strong medical community. We also have a strong legal and accounting professional community in the area serving the business community. In addition, we offer a broad array of consumer products which have also drawn the attention and interest of our local community as a result of the high service level that we provide.”

**CEOCFO:** How does your consultative approach differ from a typical bank?

**Mr. Ball:** “By consultative approach, I mean that we take the time to get to know our clients and their businesses. We utilize that information with a focus on what we can do to make their business better. This is ranges from a specific loan request to identifying other sources of capital. It also incorporates the deposit side of our business and how we can make banking more efficient for them in their day-to-day operations and strategic planning.”

**CEOCFO:** Are many of your business customers using your consumer services as well?

**Mr. Ball:** “Yes. Most of our business customers have a full relationship with the bank meaning that they are customers both on the loan side as well as the deposit side. In many cases we have expanded that relationship to include personal banking services as well.”

**CEOCFO:** You have a very strong focus on community in bringing groups together; please tell us about that.

**Mr. Ball:** “We spend a lot of time with a variety of different groups in the community. This area is blessed to have a number of very high quality organizations that do a lot of positive work in the community. We are proud to be very active from a community service standpoint, not only helping them in their fundraising but also from active involvement with their boards and support of the activities that they conduct in the community. We believe that this is a very important aspect of being a community bank and strongly differentiates us from competitors in the market area.”

**CEO CFO:** How has business been this first year?

**Mr. Ball:** “Despite a tough banking market, our business is good and we are proud of our first year. We opened the bank on September 18<sup>th</sup> of 2006, so we have now been open just over thirteen months. During that period of time, and what many would consider a challenging period for the banking industry in general, we have established a very strong book of relationship oriented business with a focus on our primary area of small business and professional clients.”

**CEO CFO:** Do you see the need for additional branches?

**Mr. Ball:** “Yes, we already are looking at some opportunities to add some branches. We look at that growth on a very selective basis, first with a focus on the primary markets that we serve and then secondarily looking at other markets that would have similar characteristics.”

**CEO CFO:** What are the intangibles you look for in your people?

**Mr. Ball:** “In our people, we focus on bankers that first of all have a very strong positive personality. We have established very early on a strong reputation in our market for providing excellent service and a very friendly environment. When our customers come through the door, they are quickly greeted and we pride ourselves in the service level that we maintain. To be able to maintain that it takes a certain caliber of professional and that is what we look for. All of the people

that work in the bank are experienced and understand the that as a community bank we need to be able to provide a consistently better and stronger service level.”

**CEO CFO:** Compared to other community banks, what sets Friendly Hills apart?

**Mr. Ball:** “We differentiate from what other community banks are doing in a couple of ways. First, we have focused the growth of our bank more on the liability side of the balance sheet as opposed to the asset side. We focus very heavily on deposits and have a strong track record early on of bringing in lower cost transactional accounts as opposed to higher cost certificates of deposit and brokerage deposits. Right now, we have over 50% of our deposit base in transactional ac-

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**- Jeffrey K. Ball**

counts, which provides us with a very low cost of funds. We also have a very diverse loan portfolio unlike many institutions, which tend to concentrate on real estate lending early on. We have a moderate share of real estate loans, but a significant amount of commercial and industrial loans, which tend to be more relationship oriented. Another big differentiation of us with other community banks is the approach we take in helping our customers in developing their business. We have developed a number of products, which serve to help some of our local merchants in sending people to do more business with them as part of a community. We feel that is another important differentiation that our customers look at when they are considering us as a bank.”

**CEO CFO:** Please give us an example of your innovative programs.

**Mr. Ball:** “We have a program that we started earlier this year called the Community Card. On the face of it this is our ATM Visa debit card. But it goes much further. We have merchants who bank with us provide a discount to our customers, both our business customers as well as our consumer customers. As an example, we have a local hardware store that when our customers go in and show their ATM Visa card they automatically get a 10% discount. In return, we do a lot of promotion for that particular store as well as our other merchants. We have a monthly newsletter, which we send out every month, and we feature one of the clients of the bank and talk about the discount that they offer. Every time somebody comes in and opens an account, we provide them with a list of merchants that are on the program and the different discounts that they offer.”

**CEO CFO:** It is a good program; everybody wins!

**Mr. Ball:** “It has been good so far and obviously, our goal is to make this bank the financial institution of choice in our market. We see that as one of the many tools we can utilize to accomplish that.”

**CEO CFO:** What do you see two or three years down line?

**Mr. Ball:** “Our plan is to continue to grow the bank as we have with a very conservative balance sheet focusing on relationships. It takes longer for those relationships to develop, but we feel that it better serves for the long-term value of the bank. We intend to become the established leader in the market areas that we serve focusing first on this primary market area that I described for you.”

**CEO CFO:** Why should potential investors pick Friendly Hills Bank out of the crowd?

**Mr. Ball:** “Friendly Hills Bank differentiates itself from many of the other community banks on a couple of different aspects. First, is the approach that we take to growing our business by focusing on the deposit side and maintaining a low cost of funds. I think this is very important for institutions to be able to bring a strong return to their investor base. We

also have a very diversified and well managed loan portfolio. We are not overly concentrated in a particular type of lending or a particular type of industry. We feel that also provides a strong foundation as we move forward. We also have

a board of directors that is very involved in the local community. All of our directors are local, and five of our nine board members have previous bank board experience, which you often do not find with a new institution. We also have a

board that is very focused on shareholder value and that is something that we have prioritized in all of the decisions that we have made from the founding of the bank.”

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