CEO CFO

MANHATTAN BANCORP

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As A Well Capitalized Bank With A Healthy Balance Sheet And A Good Set Of Platforms, Manhattan Bancorp Is Well Positioned To Capture And Realize Their Market Potential

Financial
Regional – Pacific Banks
(MNHN-OTC: BB)

Manhattan Bancorp

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Deepak Kumar
President and CEO

BIO:
Deepak Kumar is the President and Chief Executive Officer of Manhattan Bancorp and its banking subsidiary, Bank of Manhattan. Mr. Kumar has over 20 years in Fortune 100 and smaller companies, public and private, primarily in the banking and financial services industry. Mr. Kumar previously served as Chief Operating Officer at Charles Schwab Bank, San Francisco, California, a wholly-owned banking subsidiary of Charles Schwab & Company with approximately $40 billion in assets. Prior to his move to Schwab Bank, he served as Managing Director/National Business Head for Consumer Lending at Citibank North America out of New York. He also served as the Chief Financial Officer of Citibank West, FSB, with approximately $150 billion in assets. Prior, Mr. Kumar served in various positions at Wells Fargo Bank, San Francisco, California, including serving as a Senior Vice President and Chief Financial Officer of the bank's Consumer Credit retail and institutional channels within the Home & Consumer Finance Group.

Mr. Kumar attended executive education at the University of Pennsylvania (Wharton Business School), received his MBA from the University of San Francisco and his undergraduate degree in Economics from St. Xavier's College (University of Calcutta). He is also a chartered accountant.

Company Profile:
Bank of Manhattan, a wholly-owned subsidiary of Manhattan Bancorp, which opened for business on August 15, 2007, is a full service bank headquartered in the South Bay area of Los Angeles, California. Bank of Manhattan's primary focus is relationship banking to entrepreneurs, family-owned and closely-held middle market businesses, real estate investors and professional service firms. At October 1, 2009, Manhattan Bancorp, through its wholly owned subsidiary, MBFS Holdings, Inc., acquired a 70% interest in Banc of Manhattan Capital, LLC, a full service mortgage-centric broker/dealer.

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

CEOCFO: Mr. Kumar, what attracted you to Manhattan Bancorp?
Mr. Kumar: There are a few things that attracted me to Manhattan Bancorp. We have an institution that is well capitalized, has a healthy balance sheet with no "baggage", and a good set of platforms to capture market potential. The added advantage of owning a broker dealer with capital markets experience is also very symbiotic to the bank. It's a great time to be in a more entrepreneurial set up to take advantage of market dislocation.

CEOCFO: Would you tell us about your bank?
Mr. Kumar: Bank of Manhattan is a healthy bank with tremendous potential. While we are set up in the South Bay region of Southern California, we have plans to expand our coverage over the next several years. We are committed to providing personalized and customized solutions to our clients. Our product solutions are wide and include a variety of deposit and lending products to meet the needs of our customers. Additionally, we offer diverse cash management solutions for customers. We are also exploring incremental ways for us to access our customers and for them to access us using technology and other tools.

CEOCFO: What is the economy like today in the South Bay?
Mr. Kumar: There is obviously a lot of volatility in the broader market and the South Bay isn't necessarily insulated from all of it although there are strengths in our local market to capture. Outside of the country's intrinsic issues, the European crisis is exacerbating some of it right now and what potential implications that can have. Many of the indicators in the US more broadly speaking are starting to move in a more positive direction. We are not out of the woods by any means, because there are still things that we need to get through, but overall I am starting to see some of the indicators moving in the right direction. I think unemployment is a big question mark

still, and as you know, it is higher in California than many other states in the country. We are going to have to get through that and once “real” jobs start to get created, that is going to have a positive impact on many things particularly the commercial real estate market, while the residential market showing signs of stabilizing. Low rates are helping loan demand although further steepening of the yield curve will probably help the bank’s financials.

CEOCFO: What is it like in your local area?

Mr. Kumar: The local area is strong and slowly coming out of the slump and certain sectors are showing more promise; we are starting to see cautious business growth again in this market and we are making some good loans. As an institution we have continued to be very buttoned-up in our underwriting, which is why we have good quality on the books. The market is starting to show signs of recovery, which is a good thing, and then again, a lot of it is dependent on what is happening with the unemployment situation.

CEOCFO: What is the competitive landscape for your style of banking?

Mr. Kumar: There are a combination of large banks like Citibank and Wells Fargo of the world alongside with mid tier and smaller community banks in our space. However, with the disenchantment with the larger banks that’s happened over the last few years, and the fact that they are largely backed-logged and reorganizing etc., the service levels aren’t where they used to be and will probably be like this for a little while. This leaves a significant window of opportunity for smaller banks like us to play in the mid space. We intend to stay focused on our value proposition and core competencies if we are to take advantage of this market disruption.

CEOCFO: Is there a typical client that you target?

Mr. Kumar: A large portion of the South Bay is a high-net worth market generally speaking. Many of the individuals here are either large and mid size business owners or very successful professionals in their own fields. We have targeted that particular market very successfully and continue to grow in that space using a very private banking approach.

CEOCFO: How do you reach your clients?

Mr. Kumar: There are many ways to reach the clients. We have really strong relationship managers and business development officers that can provide a warm handshake, give advice and discuss the client’s needs in-depth with a certain level of proficiency, which is very good. We have our technology platforms that are pretty well developed although we intend to make enhancements to it. We have the “brick and mortar” capability which we will continue to expand upon. Then of course, there’s the power of referrals and cross referrals. There are various methods of marketing to reach our clients, but most importantly, it is relationships. We have very well entrenched relationships in this market and in the community, whether it is through our management team, our sales force, or through our founders or all three. We continue to use that and deliver to client expectations and then it develops from there. In addition, there are some very specific things that I would like to do over the next few years which are a part of our strategic plan.

We are not really interested in transacting, we are interested in relationships and I think that is very important to us. From that comes broader opportunities with the customers. When you develop that trust you continue to widen the relationship with the customer, trying to meet more of their needs in one place and be the point of contact for the customer, for their banking and financial needs. - Deepak Kumar

CEOCFO: What is a client going to get from you that they won’t get elsewhere?

Mr. Kumar: As in smaller banks, you would expect that this is something that we provide to our fullest, which is access to the management team, and that is number one. So the Chief Credit Officer, or anyone else on the executive team and including the CEO, whoever is and when needed, are available to discuss needs in person and other forums that we make available. In addition to that, we have a wide set of product solutions that we can offer that are priced fairly. We also make sure above all that the people that actually interact with the customers, which is all of us, are very well versed in the business. They listen and understand what the customer needs are and really put that in front of everything else to meet that need and widen the relationship. We are not really interested in transacting, we are interested in relationships and I think that is very important to us. From that comes broader opportunities with the customers. When you develop that trust you continue to widen the relationship with the customer, trying to meet more of their needs in one place and be the point of contact for the customer, for their banking and financial needs. On the service side, we also make sure that they are structured in a way to deliver personalized contact for the customer. It is none of this IVR phone routing stuff; you actually get the person, you get a voice on the other end that really understands your needs and more often than not has spoken with you before. So you already know who your person is to go to and they go the extra mile to make sure that your needs are delivered and that is what we stand for.

CEOCFO: You mentioned having some ideas for growing the bank, what is your strategy?

Mr. Kumar: One of the things we would like to do is expand our product solutions. Sometime later this year we would like to get into the mortgage business and use that to expand the relationship with our existing clients or to actually bring in a new demographic of customers that we could service as well and increase our coverage from that perspective. The mortgage part obviously offers various other ways to grow the business without necessarily burdening the balance sheet i.e. because of the secondary market benefit. Our symbiotic relationship with our capital markets business (Bank of Manhattan Capital) creates a competitive advantage for us from both a market creation and from margin optimization standpoint. Not many banks our size can boast of this advantage. We are also looking to expand into wealth management at the right time because we feel a close correlation between wealth management and particularly the deposit side of the balance sheet of a typical bank – an extension of the client's investment strategy. There are many other benefits to this combination to harness. In addition, we want to be able to take advantage of the learning we have of what has worked and what hasn't in some institutions that have tried this before. In terms of market coverage, we are looking at opening new branches. You asked me earlier for the best way for the client to reach you. We expect to have more bank branches down the road through organic expansion using a different strategy than the traditional bank branch approach. We intend to supplement that with opening of Loan offices over a wider market area. We are also looking for "right" synergistic acquisition over time. We have some ideas on the technology side as well, to make it look more streamlined for the customers both from an access, a transaction and from an advice perspective. So we are looking at some other options there.

CEOCFO: Given all the concern in the banking industry these days, what do you say to your clients? How do you reassure them that the bank is doing well and you have their interest at heart?
Mr. Kumar: One of the things to remember is that although we continue to invest in our infrastructure to continue to build our capability, this is a bank that has a healthy balance sheet and is well managed. We have a strategic plan that is focused on optimizing the shareholder value, customer experience and the employee well being and we intend to manage to that. We are in the business of managing risk which is what banks do but intend to grow cautiously and not in a reckless fashion. We have strong controls in place, stringent underwriting policy and good governance. We are an FDIC insured bank. We have been fortunate to not have any losses or charge-offs so far and all loans are performing. We have access to capital and have very high capital ratios. In addition, we are well managed by people that have been in the business for a long time. Many of us have come from bigger and smaller banks, so we bring the best of all worlds. We have a strong board that is actively involved in our business. Our goal has been and always will be to understand our customers' needs and to personalize solutions for them.

CEOCFO: What is the financial picture today for Manhattan Bancorp today?
Mr. Kumar: The financial picture is good; we have had some pretty good growth over the last few years. We have been very cautiously optimistic, as the economy went through a difficult time. The balance sheet is strong, we have not had a single charge-off; we don't have any non-performing loans. Our credit quality and underwriting is extremely strict, but at the same time we are able to offer a customized solutions for clients, which has been something that we have done in a very private banking way. Our deposit franchise continues to grow, as we are talking about growing organically. These are deposits that have been grown intrinsically. We have to continue to grow that deposit franchise and we are looking at new ways to lend into the community. That mortgage solution was another way to continue to add to that. As mentioned before, we have a capital market subsidiary, which gives us an advantage that many other banks in our space don't have. These are guys that are market makers. They come with very high pedigree and are a good source of generating additional fee advice and other trading fee income for the business, amongst other things.

CEOCFO: Why should potential investors look at Manhattan Bancorp?
Mr. Kumar: There are several reasons why investors should consider Manhattan Bancorp. First, we are focused on optimizing shareholder value. This is a bank that has been well managed and continues to be well managed. We have very good relationships with our regulators and investors. We have a strong management team and continue to build on it. We continue to invest in infrastructure, both in people and technology. From a growth perspective we have a clear vision, it is not haphazard but focused, laser focused almost. We have a strategic plan that we are delivering too. We have good quality assets, our capital ratios are strong and we are ready for our "next stage", if you will. Our business continues to grow in a very measured balanced fashion. We make sure that we are focused on the right things. Therefore, from an investor perspective, here is a business like all bank stocks, that I believe is undervalued and has a tremendous upside potential down the road.

CEOCFO: What should people remember most when they read about Manhattan Bancorp?
Mr. Kumar: We are serious about banking and financial services and are in it for the long haul bringing value to our customers, employees and shareholders. We are an organization with good people committed to delivering value added solutions to good people i.e. our customers.

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