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Interviews & News!

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Plaza Bank Has Stepped Up To Meet The Needs Of The Hispanic Community, Which Is Experiencing Growing Economic Power In The United States And Particularly In The State Of Washington

PlazaBank

Financial
Commercial Banking
(PZBW-OTC: BB)

Plaza Bank

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Carlos Guangorena
President and CEO

BIO:

Carlos Guangorena, President and Chief Executive Officer of Plaza Bank. A highly qualified, well respected and experienced banking executive, Carlos is a former Wells Fargo Senior Vice President. Prior to that, he was Senior Vice President at Pacific Northwest Bank in charge of Corporate Banking and a Senior Corporate Lender for US Bank in Seattle. Carlos' banking career spans 29 years covering markets in both Southern

California and in Seattle. Born in Mexico in the town of Delicias, Chihuahua, Carlos immigrated to the United States with his family in 1957. Carlos completed his MBA in Accounting and Finance from the Graduate School of Management at UCLA. He is fluent in Spanish and active in the Latino community. For the past 15 years, he has worked frequently as a tutor in P.I.P.E. (Partners in Public Education), a program for elementary children at Maple School in Seattle. Since 1982, Carlos and his family have resided in Seattle.

Company Profile:

Plaza Bank, a state chartered commercial bank, is headquartered in Seattle, Washington with a branch office in the Seattle suburb of Kent. The bank was founded in April 2006 with an equity capital base of \$22.0 million, at the time the most capital raised by a Washington de novo bank. Plaza Bank is a commercial bank with an emphasis on the Latino market, the first de novo bank in the Pacific Northwest to target the growing Latino market.

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

CEOCFO: Mr. Guangorena, what was the vision for Plaza Bank when you started and how is that developing?

Mr. Guangorena: "The vision was developed because of the growing economic power of Hispanics in the United States, particularly in the state of Washington. It was felt that there was an opportunity here for a new commercial bank with that focus to be successful. That was the genesis for starting the bank."

CEOCFO: How is it going so far?

Mr. Guangorena: "It is going very well. We are ahead of our plan in loans and our focus on the Latino businesses has created an opportunity, as 2.2% of all businesses in the state of Washington are Latino. Almost 25-30% of our loans are to Latino businesses, which shows we are making inroads into the Latino business community."

CEOCFO: Why are the customers coming to you?

Mr. Guangorena: "There is that affinity, for example I am Latino and if there is a Latino-focused store I am more likely to go there because of who I am as a Latino. If you are not Latino you are going to come to Plaza Bank because we are good bankers; we have been around 25-30 years and we are not limited to one segment of the market even though we have a focus on the Latino market. Our vision is to become the best community commercial bank in the Northwest."

CEOCFO: What types of businesses do you target?

Mr. Guangorena: "As a commercial bank we deal with all sorts of businesses, anywhere from restaurants and real estate developers to other businesses, whether they be service-oriented companies, manufacturers or wholesalers. Across the board, we are a full-service commercial bank, so we can provide virtually all the products that other banks do."

CEOCFO: What are the advantages of being a new bank both in terms of technology and in terms of the market conditions?

Mr. Guangorena: "The positive thing about it is we can turn on a dime. When

there is new technology that is out, for example Merchant Capture is a new product, it doesn't take a lot of bureaucracy or decision-making to say 'let's offer that product,' we can do it, make that decision and then get the product out in fairly short order. That is an advantage of being a small start-up community bank, because there is not a lot of red tape, so you can make decisions and put them into effect a lot more quickly. Not just from coming out with the products, but also in terms of making loans decisions or pricing decisions, all those things can be put in effect a lot more quickly. That is also an advantage in the marketplace because when you are in a competitive market you need to be able to turn on a dime if need be and we can make those decisions quickly. If the market turns one way or the other, we can make those decisions on our balance sheet to be able to go with the market."

CEOCFO: What about the real estate market? Is there any effect on you at all?

Mr. Guangorena: "Not the subprime market at all because we do not provide mortgages directly through our bank so it hasn't affected us at all. We offer consumer mortgages through some affiliates but not directly. The Northwest is still pretty good compared to the rest of the nation; inventories might be being held a bit longer but so far the economy of the Northwest has been holding up pretty well. There are concerns on the horizon so we want to make sure that we are continuing to underwrite properly so that we do not put ourselves at too much risk."

CEOCFO: You have a couple of offices now; do you have plans for expansion or is it too early to talk about that?

Mr. Guangorena: "It is too early in the sense that we are a brand-new start-up and we are out less than eighteen months right now. For the first three years, the FDIC wants to limit your growth and make sure you grow according to the plan you submitted to the FDIC. That is a three-year plan, so we opened up two branches, which is actually a bit unusual for the FDIC to grant that approval. However, because of our focus, it was felt that

we needed—and they agreed—a storefront branch location next to the Latino community where we can gather deposits, make decisions and put money back into the community vs. just a typical high-rise commercial bank. We have two locations, one in downtown Seattle in a high-rise where we have our commercial headquarters located, and we also have our typical storefront community-oriented branch location."

CEOCFO: How do you reach your potential customer?

Mr. Guangorena: "In various ways. As you mentioned previously it is not just speaking Spanish, which we do in our branch; pretty much everyone there is bilingual so that helps quite a bit in terms of creating that connection with the community, but we also offer many Spanish-language products which a lot of other banks don't do. We offer Spanish-

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language statements and checks, and while most Latinos can figure out how to read an English statement, the fact that we do that shows respect for the community and that is why we do that. It is more expensive to offer that in both languages but we feel that is a commitment to the community. There is also advertising. The important thing is knowing who your market community is, for example Latino people generally prefer radio over print, so we tend to focus more on radio advertising."

CEOCFO: Your motto is, "The right strategy, the right people, the right time." What does that mean to you?

Mr. Guangorena: "That was thought up at about the time we were coming to terms with what we were about. The right time had to do with the current explosion of growth in the Latino community, not just in the state of Washington but in the United States, the growth and economic power, it was the right time to have a

commercial bank focused on the Latino community. That was the genesis behind the right time. The genesis behind having the right people is having the management team and the board of directors who were Latino with that same vision, and you need the right people to be able to deliver that. It can be delivered by non-Latinos, but it is more believable if it is delivered by expert bankers who happen to be Latino—not Latino bankers; there is a big difference with that. We are bankers who have been in the community for twenty to twenty-five years who happen to be Latino. It was the right people to deliver this strategy and the right strategy is what we talked about previously, and that is to deliver banking products not just to the Latino community, but also to some of the Latino community that has not been served before to bring them into the mainstream. This is because many Latinos grow up with a different perspective of what banks can do. If they are from Mexico, they are afraid they are going to be nationalized and their money will be frozen. We have to break some of those barriers and the other barriers such as the idea that Latinos cannot be CEOs, and that we are not bankers. We wanted to have role models for the community and that is why we decided to do this. We felt we had the right team, the right strategy in reaching the Latino community and it was the right time to do it. There may have been all those aspects before, but now was the right time to get the capital because of all the prominence of the Latino community nationwide. Those three things came about to launch successfully and we raised the most capital at the time for any de novo bank in the state of Washington."

CEOCFO: What do you look for in your people?

Mr. Guangorena: "What I want is a passion for the vision because that will get you past the obvious limitations of a brand-new bank. We do not have many of the bells and whistles of a huge bank. However, if you have a passion to deal with customer service and to serve the community, that is going to stand you in good stead going forward because we can overcome a lot if we just connect with the

community and are their customer service banker. That goes a long way if you can get a hold of people instead of having them call a 1-800 number, if you can actually talk to local people, even call the president. To have that passion for our vision is really one of the most important things that I see out there.”

CEOCFO: Are many of your customers taking advantage of a variety of services?

Mr. Guangorena: “Most of our Latino customers are. We also have a foreign remittance product, which is not in every mainstream bank. There are a lot of payday lenders and check-cashers, so we have that foreign remittance product to offer a much more affordable price in our actual branch, which allows our customers to send money nationwide and worldwide. That is a product that has been restricted in the past to these payday lenders, money-grams and those sorts of entities. Yes, our customers are taking advantage of as many of the products that we provide, many of which are specifically geared toward the Latino community.”

CEOCFO: Why should investors pick Plaza Bank out of the crowd?

Mr. Guangorena: “Because we are experienced bankers. We are not just businesspeople serving a niche and decided it’s a good thing to do, we are already experienced bankers. One could argue that even without this niche, we would be a good bank because we are all 25-year plus, experienced bankers. Without any niche we are a good investment and we are going to be a successful bank. The niche just gives us that separation from the other banks out there. That is what makes us special and that is why we chose the name Plaza Bank because plaza means the same in English and in Spanish; it is a word that resonates with the Latino community as a gathering place for the community and to socialize and get together. We wanted something like that to get out there, we did not want to come out and call ourselves the First National Bank of Washington, we came out with the purpose of being a bank that caters to the general public with a focus on the Latino community.”

CEOCFO: In closing, what is your focus, day-to-day, as CEO?

Mr. Guangorena: “I do a little of everything, that is the nature of being a CEO in a small start-up bank. I get to look at loan applications, I go out and do some marketing as any CEO would do but I look at the numbers on a day-to-day basis. I talk to customers as much as I can, I talk to employees and make sure everyone is in line with the vision and is working hard. Definitely, at a small bank you have to wear different hats and that then entails getting involved not just with the overall operations, but the loan side also. My background being on the personal lending side, I happen to double or triple as a credit officer and as a chief lending officer and sometimes as a marketing person. As CEO, you get to do a lot of things as a small bank that is for sure.”

CEOCFO: It makes it more interesting doesn’t it?

Mr. Guangorena: “Oh it is exciting; every day there is something new to do, that is for sure.”



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