

# Bank of Southern California expands its regional footprint

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After changing its name from First Business Bank last summer, **Bank of Southern California** has pursued its stated goal of acquiring a larger presence in its eponymous region.

The name change resolved trademark issues with a bank of the same name in Michigan. Bank of Southern California (OTC BB: FBBN) maintained its trading symbol after the name change.

With offices in Del Mar, Carlsbad, Ramona and downtown, the San Diego-based bank is primarily involved in commercial banking and lending to small- and medium-sized local businesses. The downtown office opened in August of 2010.

The bank's change from a name that indicated its business-related focus followed an increase of affluent clients who were not small busi-

ness owners.

The bank moved to more fully live up to its new name in November, when it announced it had received regulatory approval to acquire two branch offices from **Palm Desert National Bank**. The transaction was made official in early December.

The two offices acquired were located in Palm Springs and La Quinta. Palm Desert National Bank continues to operate its Palm Desert office.

At the time of the acquisition, Nathan Rogge, president and CEO of the Bank of Southern California, said it would "allow us to realize our strategic goal of expanding the bank's footprint within the Southern California region" in a release announcing the transaction. Rogge, along with Chairman of the Board John Farkash, were unavailable for subsequent comment.

"The name 'Bank of Southern

California' defines a much bigger concept of who we aspire to be over the next decade — progressing from a community bank to a regional bank," Farkash and Rogge wrote in a year-end letter to the bank's shareholders.

"Banking in the Coachella Valley has changed over the last five years and community banks were really hurt in this last recession," the letter read. "This acquisition was immediately accretive to earnings and allowed us to leverage a portion of the excess capital in the bank."

Rick Levinson, president of **Western Financial Corp.**, said Bank of Southern California also acquired a Japanese-American bank that was looking to divest itself of \$45 million in deposits.

The fact that the bank has executed several transactions puts them in a good position to do even more.

He said the bank is selling itself

on its strong capital base with strong sources of capital.

"They're focusing on the fact that they can effect transactions quickly and have the wherewithal to do it," he said. "If they identify a target that's willing they have the capacity and capability to do it."

There's a lot of competition from other acquirers, such as **Grandpoint Bank**, that are also focusing on a roll-up strategy, creating a competitive environment, according to Levinson.

As of its 2010 year-end statement of financial condition, the bank had \$179.9 million in total assets, up from \$111.5 a year earlier. It has not made a public financial statement since.

The bank's total deposits as of the first of the year were \$155.5 million, up from \$85.9 million a year earlier.

Its total liabilities were \$160.5 million, with \$4 million of its non-

deposit liabilities as federal home loan bank advances. At the end of 2009, the bank had \$91.3 million in total liabilities, with the same amount of federal home loan bank advances.

Total shareholders' equity stood at \$19.3 million at the end of the year, down from \$20.1 million a year earlier.

Of its 10 million authorized shares of preferred stock, 4,354 were issued and outstanding in 2009 and 2010, for a value of \$4.2 million at the close of both years. Of its 10 million authorized common stock shares holding a \$5 par value, more than 2.6 million were issued and outstanding in 2009 and 2010, for a value of \$13.7 million.

The bank had a net interest income of \$5.3 million at the end of 2010, up from \$3.8 million a year earlier.

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