

CEO CFO

AMERICAN BUSINESS BANK™

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**Financial
Regional - Pacific Banks
(AMBZ-OTC: BB)**

American Business Bank

**523 West 6th Street, Suite 900
Los Angeles, CA 90014
Phone: 213-430-4000**



**Donald P. Johnson
Organizer/Co-Founder
President and CEO**

BIO:

Donald P. Johnson, President and Chief Executive Officer, was one of the original organizers and founders of American Business Bank, which is a commercial bank specializing in serving the middle market business community. In 2004 he was elected to the Board of the California Bankers Association.

Mr. Johnson began his 37 year financial career as a stockbroker for Merrill Lynch

where he discovered his interest in commercial banking and he soon accepted a position with Union Bank. During his six year tenure at Union Bank, he was promoted to Vice President and Manager of Corporate Banking and Business Development in the headquarters office. Within the first 10 months of leadership, he was personally responsible for his team obtaining \$13.2 million in business. This accomplishment resulted in his being twice elected to the President's Club, an award for high achievement, for both individual production and group leadership.

Mr. Johnson left Union Bank after it was purchased by Standard Charter Bank of London to become Vice President of Investments at Bear Stearns. He was at Bear Stearns for approximately one year before being presented with the opportunity to join 1st Business Bank, a newly established institution, as Vice President and Manager of Corporate Banking. During his 16 years at 1st Business Bank, he opened de novo their San Fernando Valley Regional Office. As the Regional Vice President, he was responsible for leading his staff to profitability within seven months. Within eight years, the office grew to \$130 million in total assets.

After Mellon Bank purchased 1st Business Bank in 1997, Mr. Johnson and four other senior banking officers left 1st Business Bank to form American Business Bank. Mr. Johnson realized that with the banking mergers occurring, there were few locally based business banks to serve the burgeoning small and mid-sized company market. Mr. Johnson and his partners personally raised the more than

\$14.2 million used to capitalize American Business Bank. This was the second largest management driven capitalization in California history.

Aside from his professional commitment, Mr. Johnson is active in numerous charities. In 2004, he served as the Chairman of the Board for the Pacific Lodge Boys Home, which provides residential, psychological and educational care for troubled young men. He has served as a board member for the Aliso-Pico Group, a private group which assisted a disadvantaged community recreation area in East Los Angeles to establish programs and improve facilities. Mr. Johnson has also been a financial advisor to the Boy Scouts.

Mr. Johnson obtained his undergraduate degree in 1968 from the University of North Carolina where he served as both the Junior and the Senior class President. After college, he was a full Lieutenant in the U.S. Navy and served a tour of duty in Vietnam. He earned his MBA from Pepperdine University in 1977. He is currently a member of Toastmasters where he has achieved the ATM Gold status. He is also a member of the Jonathan Club and Lakeside Golf Club where he has served in various executive capacities.

Company Profile:

About Us: American Business Bank specializes in business banking; a specifically defined niche that our leadership team knows very well, having spent their careers in that arena. American Business Bank clients are typically well run private companies with sales between \$5 million to \$200 million, which are managed by

their owners. American Business Bank was founded and organized by bankers. Our senior executives have more than 140 cumulative years of experience in banking entrepreneurial companies, which ensures that we understand and are responsive to our clients' individual needs.

American Business Bank is headquartered in downtown Los Angeles. Our banking philosophy allows for Fortune 500 service to be delivered to small to mid-sized companies. As a business banking specialist, American Business Bank has fewer clients per employee than would be found at a retail bank of comparable size. As a result, our staff concentrates their efforts on servicing and resolving the banking issues of our customers in a personalized, extremely prompt and efficient manner. Our specialized sophistication, along with a network of financial professions, enables us to handle all of the financial needs of our marketplace.

American Business Bank's corporate culture places clients as the top priority. We employ the most competent, hands-on, client-oriented banking professionals available. Each client has a "banking team" headed by their relationship officer that serves their specific needs. The relationship officers regularly consult with clients at their offices. In addition to the close personal relationship the banking teams provide, American Business Bank also delivers state of the art technology that gives clients all the advantages of a highly secure internet banking system.

In an era where mid-size privately owned businesses often fail to get the first-class treatment they deserve from their banks, American Business Bank has stepped forward with an unmatched focus and enthusiasm. We have the same passion for our business that you have for yours.

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

CEOCFO: Mr. Johnson, it has been about a year since we have spoken, please bring us up to date, what has changed for American Business Bank?

Mr. Johnson: American Business Bank has had an abundance of success. All the people we competed against for the last five years who either gave three or four times the size loans we would give or would pay two or three times the amount we thought was fair on CDs, are either out of business or struggling. We have had an influx of business that is unparalleled. We used to grow at \$60 to \$70 million in asset size per year and we are now growing at \$150 million a year. It was the perfect storm. In addition to the economy, our old bank, that was a high service, high "touch" bank was taken over by a large bank that put them into their automated system. When the service deteriorated, not only did we acquire accounts but we had former colleagues join us. We also received account officers from banks that had either shut divisions down or had problems that did not allow them to service their account. They saw ABB as a solid home and brought over their accounts. The increase in size of the bank has allowed us to increase earnings 27% over last year.

CEOCFO: As the new bank reps come in from other banks, how do they learn the American Business Bank approach?

Mr. Johnson: The first thing our new relationship managers have to stop thinking about is "selling products," because we do not sell products. We do consulting. We want our RM's to get to know prospective customers from a time frame that can last six months to five years. They get an understanding of their business to the point that they become consultants to that business. This is the opposite of trying to see how many services we can load them down with to generate fee income. Our executives have to develop an attitude that they are an advisor, not a sales rep who is there just to benefit the bank. The way we instill that thought process is requiring they bring six to eight well-run companies into our bank every year. We do not give loan and deposit goals. That makes them look for successful well-run businesses rather than just numbers to put up on a scorecard.

CEOCFO: What, if anything, has changed in your criteria for a well-run business to become a client?

Mr. Johnson: As we start our twelfth year, we have never changed our business model, our credit approval, and the type of clientele we want or the individuals that we want representing us. That has been the bedrock of our success as opposed to moving from one business segment to another looking for higher returns.

CEOCFO: How is the economy in the segment you serve; do you see an improvement?

Mr. Johnson: We have seen a bottoming out; companies are not in free-fall at this time. We have seen a flattening in sales of our customers and in some cases, gains. The advantage we have is by sticking to the mature end of the middle market, companies who have 25-30 plus years of business, is that they have seen these scenarios before. Maybe not anything this draconian, but they have definitely had ups and downs and therefore have reacted quickly and accordingly to survive. It is not that we have done anything different as a bank to help; we were always there if they needed our service. Because of this, we still don't have a net non-accrual or loan loss after 11 years in business.

CEOCFO: What do you do as an advisor; how do you help your clients?

Mr. Johnson: Part of becoming an advisor is being perceived as a resource. There is one big bank that calls bank accounts "units." Their goal is to open three or more accounts per business whether they need them or not. They really don't care how much money they have in the bank. Instead, by opening units they are creating service charges and that is relayed to their account officers as how to get a bonus. The exact opposite occurs at ABB. Our people will spend time with a company to see if they need financing, to understand where they are in their operating cycle, ask questions as to their plans for expansion, talk about leasing versus purchasing equipment or real estate or possible mergers or acquisitions. We are there to talk to them as an advisor. In return, many times we are rewarded by substantial balances because we are not viewed as a vendor but accepted as a valuable resource.

CEOCFO: Your deposits have definitely increased over the last year; tell me a little about the financial position, as it is a great one!

Mr. Johnson: On September 30th press release announced \$859 million in assets up from \$702 million on September 30, 2008. Our earnings were up 27% and we had no problem loans, no non-accruals. We have continued to gain top quality companies and in addition, we are picking up some phenomenal talent that we wouldn't have been able to get three years ago. All the above allows us to generate a good bottom line without deviating from our business plan.

CEOCFO: Are there services that you would like to add to the mix?

Mr. Johnson: There are no additional services needed. We have the capacity to provide any service that any bank possesses. We bank companies that have \$5-\$150 million in sales and to handle these companies, we have to have the technology with all the bells and whistles. But the main reason somebody banks with us is our banker has gotten to know them over the years. The business owner respects that individual when he feels our relationship manager has his best interest at heart and he believes that our employee will be a sounding board in good and bad times. Most middle market companies don't have boards and our executives can be the closest thing to one for the business owner. The technology takes care of itself.

CEOCFO: What about physical locations; what is happening there for you?

Mr. Johnson: We have five locations, but our advantage is we do not need a ground presence; all of our offices are all upstairs with no signs. Most customers have not been to our bank. They bank with us through electronics or courier. We can put somebody in a region say in Ontario or Orange County have \$160 million in deposits there with a few people and no ground floor. Our customers want the best service and don't care if offices aren't on every corner.

CEOCFO: What is it about American Business Bank that allows you to understand and provide a simple but effective business strategy?

Mr. Johnson: The biggest problem is an organization has to be able to attract and retain talent that would normally be in a big bank. There has to be an environment that makes them feel as an entrepreneur, that within ABB they can build their own following and take care of their customers. There has to be an understanding that we do what is best for our customers, not for us. That kind of person doesn't automatically go to a smaller bank. Here, they get a chance to work with some very successful executives who have been in big banks but didn't like the bureaucracy. They also have a chance to handle accounts that are some of the best run companies in the city. So there is an element of pride when they tell people what it is like to work at ABB, a wow factor. The ability to find and retain tremendous talent is absolutely necessary, and if you can't do that, you can't run this business model.

CEOCFO: Where do you see the economy and where does American Business Bank fit in the grand scheme?

Mr. Johnson: It will be another year or two before financial services industry gets its act together. Chaotic is better for us in the short run. Having said that, we are not immune from the laws of economics. If the bottom falls completely out, we are going to experience a downturn with it. As long as we stay in this economic holding pattern, our company will weather the storm. People are coming to ABB because they see a solid well-run bank which makes this an unbelievable environment for us. It is really a matter of keeping up with the substantial new account load.

CEOCFO: How do you hire people and acclimate them fast enough?

Mr. Johnson: The interview process is extensive. We have to start off with people who cannot sit through 35 years of meetings in a big company. They have to have the spirit that says give me a solid platform and get out of my way, because I just can't wait to go out and build a great following. We are the jumping off point for most of our employees as far as working for someone. We give our executives the chance to make good money, a great facility and support from senior management, a wonderful story, a great financial springboard. In addition to banking who's who of companies in all industries,

freedom of movement, the chance to do well on their stock options as an owner, and great benefits. If you don't like that, you have to start your own company. We spend a long time making sure that the people we hire have that attitude. Since all of us handle accounts here, no one has time to walk over and ask our executives where they were at three o'clock yesterday? If we don't see them, we assume they are out getting business or visiting a customer. Once you build a company with employees with the desire to succeed, the energy to do the job, and the self discipline to work on their own, the rest is easy.

CEOCFO: Are there any challenges that you foresee?

Mr. Johnson: What are the new regulations going to be for banks? Are we going to have draconian handcuffs put on us, unrealistic capital levels or exams that go through everything including the number of paper clips? Because we have "bank" in our name, we are dragged into the perception of wrong doing with everybody else. We were billed a lot of money by the FDIC to help take care of the banks who were gunslingers. That definitely impacts our bottom line. Next year, we are going to have to prepay three years of assessments, so that is substantial money that is going to the FDIC that we won't have for earnings. So our potential draw back will not be business driven, it will be regulatory and potential laws that could penalize the industry as a whole.

CEOCFO: Why should potential investors pay attention to American Business Bank?

Mr. Johnson: Look at our numbers, we are growing at \$150 million a year and only 45% loaned up. We have fifty five percent of our assets in solid investments. We haven't taken a loan loss in eleven years. We just hired some tremendous new talent. We have unbelievable businesses coming in which should allow us to achieve a billion dollars in assets in the next twelve months. If you have a bank that is trading a little bit above tangible book while most bank stocks are under, and you have a bank that is growing like crazy and showing record earnings and bringing in class companies and hiring the best talent in town, then I would want

to count on them for the next three to five years. You can bank on it.

CEOCFO: Yes it does!

CEOCFO: Final thoughts, what should people remember most about American Business Bank?

Mr. Johnson: We are a proven commodity. We have been through some ups and

downs, and recently, possibly the worst economy since 1929 to 1941. We have grown, and prospered. We continue to add quality staff; we continue to add incredible accounts. ABB never deviated, as Jim Collins once said, from our core values. We didn't go routinely into different businesses which would have taken our eye off the ball potentially letting bad credits into the bank. That was tough.

During the recent boom times, banks were throwing money at people for any reason thinking that it would never stop. We had to have the courage to walk away and say, if the deal doesn't make sense, don't do it. We are committed to core values and our unwavering vision for running a successful business bank.

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Los Angeles, CA 90014
Phone: 213-430-4000