



1ST ENTERPRISE BANK

Frank Mottek KNX— The Business Hour Interview With John Black

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Mottek:

Joining us now is John Black, President and CEO of 1st Enterprise Bank here in Southern California. Mr. Black, thank you very much for joining us.

Mr. Black, give us your view of what's happening in the banking sector right now. You're in Southern California, what's really going on out there?

Black:

First of all I think you have to separate the banking sector into various segments.

Certainly the large national banks have been dominating the headlines with their receipt of the TARP funds, initially. So far there hasn't been a noticeable change in the lending practices from those banks. I think by and large they are still trying to determine how best to deploy those funds – that capital that they've received.

And then the next sector would be the regional and local independent business banks, which for the most part have not yet received any additional capital and continue to have good liquidity. Many of them are in a good position to continue to support the local business economy and are still looking for good opportunities to lend to local small businesses.

There's really a two tier, or maybe three tier situation going on in this sector at this point in time.

Mottek:

In your case, at 1ST Enterprise Bank, how are you handling this credit crunch and how are you helping businesses locally?

Black:

For us, it's business as usual although obviously we're cognizant of the current economic conditions. Nationally, I think that by and large the impacts have not been felt in a lot of sectors. Here, other than the construction and real estate markets, which are obviously important to the local economy, we've got significant liquidity.

We have not changed our lending, our credit criteria and our lending standards. And, we're actually looking for good opportunities to deploy our funds and if we do ultimately receive capital through the government program, we'll look to deploy that into the local economy as well through increasing our loans to businesses and their owners.

Mottek:

You haven't been involved in any of the sub prime mortgages and all the other problems out there?

Black:

No we haven't. That really was never part of our business model and not something that we ever entered. We don't have those legacy problems within our bank and we're not being held back by any asset quality problems or loan quality problems. So we're in a good position along with a number of other independent business banks in Southern California that have similar business models to ours.

Mottek:

What advice do you have for business people and consumers to get through this tough credit time?

Black:

Well, for business owners the relationship with your bank and your banker is really number one. And that means knowing the people. Not just the people that you deal with on a daily basis but also the ones that are making the ultimate credit decisions—the executive management teams of those banks.

That's really crucial that they know you and you know them and that you communicate on a regular basis and stay close, maintaining those open lines with your banker.

From a consumer standpoint, I think it's just a good time to be very realistic with your cash flows and your spending and your personal financial position.

Mottek:

John Black, President and CEO of 1st Enterprise Bank here in Southern California. Thank you very much for joining us on the KNX Business Hour.