

JULY 7, 2008

# THE WALL STREET TRANSCRIPT

Questioning Market Leaders For Long Term Investors

THE FOLLOWING REPORT IS EXCERPTED FROM  
THE WALL STREET TRANSCRIPT

## COMPANY INTERVIEW

**BARRY W. UZEL**

National Bank of California

### NOTICE

The Wall Street Transcript does not in any way endorse or guarantee the accuracy or reliability of any of the information, statements or opinions expressed in the reports or comments of other firms or individuals. We take due care to report or transcribe accurately what has been written or said by others but because of the possibility of human or mechanical error, we cannot assume any liability for the correctness of the transcription. We point out further that, of course, all opinions expressed are subject to change without notice. Neither the information or any opinion which may be expressed constitutes a solicitation for the purchase or sale of any securities referred to herein. For further information, contact the individual or investment organization concerned.

### CHIEF EXECUTIVE OFFICER FORUMS/INTERVIEWS

Important Note: Wall Street Transcript forums and interviews with Chief Executive Officers are published verbatim as editorial content and include "forward-looking statements" (as such term is defined in the United States Private Securities Litigation Reform Act of 1995). These "forward-looking statements" may be subject to and be made pursuant to the "safe-harbor" provisions of Section 27A of the United States Securities Act of 1933, as amended, and Section 21E of the United States Securities Exchange Act of 1934, as amended. Since these statements are based on factors that

involve risks and uncertainties, actual results may differ materially from those expressed or implied by such "forward-looking statements". Such factors are often included in the company's filings of reports with the United States Securities and Exchange Commission, including Forms 10-K, 10-Q, 8-K and Proxy Statements; the company's annual and interim reports to shareholders and similar documents. In carrying out our responsibilities to our readers and to the Chief Executive Officers selected for forums or interviews, we are required to offer, and we offer, each Chief Executive Officer an opportunity to back-up the interview and provide our readers and potential investors with specific financial data, including earnings statements, balance sheet statements and other material business and financial data, through the sponsored publication of such reports or highlights therefrom, with meaningful information.

Founded 1963  
Published by Wall Street Transcript Corporation  
48 West 37th Street, 8th Floor, New York, NY 10018  
Copyright 2008 Wall Street Transcript Corporation  
All Rights Reserved

# NCAL Bancorp (NCAL)



**BARRY W. UZEL** has been President, Chief Executive Officer and Director of National Bank of California from its inception in early 1982. Mr. Uzel has led the bank through its organizational efforts, its original \$6 million capitalization, the opening of the bank's initial office and the construction of the bank's headquarters building, all in less than one year. Upon completion of 22 full years of operation, National Bank of California has increased its

assets to over \$250 million. Mr. Uzel has succeeded in assembling a team of highly credentialed professionals in all facets of banking, who, under his leadership, have broadened the bank's customer base, opened additional offices and enhanced business development programs. Mr. Uzel's early career began in 1965 when, following graduation from Whittier College, he joined First Western Bank which later became Lloyds Bank California where he would ultimately spend 18 years of his banking career. His accomplishments were quick and many. By 1970 he had become Vice President of the National Division and District Head for Lloyds, having increased the Western and Mid-Western regional business by 100% in both loans and deposits. He later became the Assistant Division Administrator. By 1975, Mr. Uzel had been named Vice President and Manager of the Long Beach Corporate Office and subsequently the Santa Ana Corporate Office. Under his leadership, loan portfolios for these corporate centers increased fivefold. In 1978, Mr. Uzel was named Senior Vice President and Corporate Office Head of Lloyds' main office and Corporate Banking Group, the largest office in the Lloyds bank system, with commercial loan commitments in excess of \$300 million, outstandings in excess of \$125 million and a budget of over \$6.1 million. During his tenure as Corporate Office Head, Lloyds realized a 100% increase in profits and over 150% increase in its loan portfolio. In addition, Mr. Uzel was instrumental in the development of new products, internal training, management programs, business development programs besides involvement in trust and executive management committees, along with its loan committee. A 1965 graduate of Whittier College with a Bachelor of Arts degree in Business Administration and Economics, Mr. Uzel also holds a Master of Science degree in Finance from California State University at Long Beach, and a Graduate Certificate in Credit and Financial Management from Stanford University Graduate School of Business. In 1983 he was elected to the Board of Directors of the Community Bankers of Southern California and later its President. He continues to serve on that Board after being asked to return. Mr. Uzel also served as Treasurer of the Board of

Governors of the Orange County Chapter of the American Institute of Banking. In addition he is a member of the Bank Administration Institute, California Bankers Association and American Bankers Association. Mr. Uzel was a Board member and elected Vice President of the Hollywood Chamber of Commerce from 1994 to 1997. He was a member of the Los Angeles World Affairs Council, and is currently a member of Rotary International, LA-5 Chapter and the Los Angeles Athletic Club.

## SECTOR – BANKING

**(AKA602) TWST: We'd like to begin with a brief historical sketch of the company and a picture of the things you are doing at the present time.**

**Mr. Uzel:** The bank is in its 25th year of operation. It started in Southern California and it truly remains a Southern California bank, as the market in Southern California is a vast market. I think there is enough here for us to grow substantially before we need to take on additional areas.

The bank started as a business-oriented bank and it remains a business-oriented bank today. Our main thrust is to develop small to medium size business clients that are in need of the various services that we provide and those are principally lending and cash management services. Over the years, the bank still remains very deposit oriented and I'm talking about core deposits, meaning checking accounts, money market accounts and other low interest rate kinds of deposits. We try and develop those deposits by providing services to either those that we are lending to or those that need certain kinds of cash management services and we've done a similar kind of thing throughout these 25 years.

Along the way, to augment the cash management services and being as deposit oriented as we are, we have also developed a couple of other

areas in the bank that help produce either fee income and/or deposits for the bank, such as ACH. I mention ACH and most banks do ACH. ACH stands for the Automated Clearing House. It is the electronic movement of money and, while most banks do it, we do it as a business, providing services for those that usually will have debits requirements. We try and only do debits, but whether it is debits or credits for either service organizations or for specific businesses, providing that kind of service has worked exceedingly well for us.

We've also done other things in the bank such as certain kinds of specialty lending, whether it be real estate or construction lending and we do that today even though that portion of the business is scrutinized not only by us, but by our regulators; it is a very risky area today as everyone knows what is happening to the real estate market. But you should also know that real estate, as a portion of our total portfolio, probably is among the lowest in California at about 35%. We are also doing some entertainment lending and everybody including bankers raises their eyebrows when they hear entertainment lending. But it can be done very safely and soundly and we do it that way and have not experienced any kinds of problems as a matter of fact. We are currently in somewhere between \$350 million and \$375 million in total assets, which can fluctuate on any given day; we remain

well capitalized, and last year we had excellent returns on both capital and assets. This year will not be as good, but after saying that, let me tell you that our return on equity was over 20% last year and our return on assets was over 2% and that's usually considered excellent. This year will probably be a different story, as everyone knows the direction of interest rates, the problems that are occurring, and we will no doubt face some problems this year. Although we think that we are well reserved for these potential problems and are acting quickly when anything arises — we are trying to jump on it as quickly as we possibly can. That's kind of a quick picture of what's going on over the 25 years that we have been in business and what's going on today.

---

***“The bank started as a business-oriented bank and it remains a business-oriented bank today. Our main thrust is to develop small to medium size business clients that are in need of the various services that we provide and those are principally lending and cash management services. Over the years, the bank still remains very deposit oriented and I’m talking about core deposits, meaning checking accounts, money market accounts and other low interest rate kinds of deposits.”***

---

**TWST: Would you elaborate on possible problems that might come up this year and how you will handle them? What are the some of the things that might come up?**

**Mr. Uzel:** Some of the things that come up are the slowness in the real estate market, that's a principle area, although I personally believe that this slowness in the market is going to expand into other areas of business. But with those that are in the real estate area, whether it be construction or where we have provided some sort of permanent lending, fortunately we have done most of this on a relatively

conservative basis when we have provided construction loans for small tract builders and find that homes are not moving as quickly. Since we have a pretty good equity in the financings that we have done, we have been more than a little encouraging for people to lower their prices to move their product as fast as they possibly can because they don't want to get caught nor do we want to get caught in this downward spiral in real estate values.

When somebody is starting to experience late payments on real estate loans, staying with real estate, it doesn't take us very long before we are in contact with these people, encouraging them to pay attention to the loan that we've made to them and if they can't seem to do that, then we are not shy of filing a notice of default to either get their attention or eventually foreclose on the property and dispose of it as quickly as we possibly can, to avoid as many problems as possible in this awkward market.

**TWST: What else is on your agenda for the next couple of years?**

**Mr. Uzel:** In all cases, I will always say more of the same. The other things, though, that we will be looking for are people. The success of this bank as far as I'm concerned is because of the people associated with the bank and we are always on the lookout for additional quality people. These quality people will be able to help us continue to grow, continue to be profitable and continue to develop the bank. So that is a never-ending problem for us, finding those kind of quality people.

Another thing that we would be doing besides always working and keeping the bank safe, is to think of new products or services that we might offer, which might be unique to banks our size, so that we might capture a bit of the market that we serve. Another thing we would be doing that gets back to people is to consider other important areas

in Southern California that we are not either located in or are not served very well that are of interest to us, but we won't go there until we do have the right people. So, again, I come back to the people. We will continue to be core deposit oriented, always looking for ways to develop our core deposits, which helps provide value to our bank.

---

***"I can't guarantee any of the returns that we have had in the past; I can't guarantee that we'd have those in the future. But if I can have a year like I had last year, where else can you get a 20% return on your investment? If you can be a long-term holder of our stock, then I think it would bode well to have some of our shares in your portfolio."***

---

**TWST: The Governor had made some statements about severe water shortages. How will this affect the economy and thus the banking industry?**

**Mr. Uzel:** Yes, it's true. Over the many years that I have lived here, Southern California has experienced other water shortages. Southern California is virtually a desert and it's very difficult to get water. We get water from Northern California, from the Colorado River and from various other sources, and as those sources become more difficult and we don't have the weather to give us enough rain so that we have enough reserves, it becomes a problem. So far in Southern California there has not been any movement to curtail the use of water. But that could happen at any time and if that happens, then there are, again, industries that are going to have problems. There are those that use water in manufacturing, those that are heavy consumers of water in manufacturing, whether it be the plating businesses or other kinds of businesses that are more susceptible to what might happen in a water shortage, and we

again get affected. So if anything should happen — I have not seen anything happening so far — we will have to be on top of that as well.

**TWST: What might be some year-by-year milestones or benchmarks at National Bank that investors could look for?**

**Mr. Uzel:** I've always had a goal and many times I've reached these goals, although I don't always reach them and I don't believe I'm going to reach my goal this year, but I'd like to continue having a 20% return on equity and try to achieve a 2% return on assets. I don't think I'm going to achieve that this year, but I am guessing at this point that I should be able to have a better than average return on both equity and assets while maintaining a very good efficiency ratio, which is a measure of the amount of cost to income. Ours is usually below 60%, and for a bank our size, that's good. I am trying to watch the direction of interest rates as carefully as I can. If I am able to manage that well — I believe that rates will increase sooner or later due to inflationary issues) — we will have positioned the bank to take advantage of the Fed's move.

I need to be able to either buy contracts or caps to keep my cost of funds down and/or extend liabilities to capture the lower rates that we're now experiencing, so I will be able to increase my net interest rate margin. So the answer is specifically, my goal is always 20% return on equity and 2% return on assets and I will do everything I can, while keeping the bank as sound — usually referring to your loan portfolio — as possible, to maintain those kinds of returns.

**TWST: Would you tell us more about your own background and expertise and also about a couple of your key colleagues?**

**Mr. Uzel:** I've been in banking for in excess of 40 years. Almost half of that, approximately 19 years, came while at a major bank that has been

acquired. It was acquired after I left to start this bank, but I did everything in that bank from not only being a management trainee, I did consumer lending, part of a trust function, but principally, I was a corporate lender, a corporate business development person. I traveled the country and to some degree even certain places around the world to take care of business, cash management, dealing with other banks, and that provided some excellent experience. I ended up running corporate banking for that major bank.

Twenty-five years ago, I helped to start this bank and taking many of the things that I had learned from that bank, I applied them here. Now I can tell you that it's like night and day between a major bank and a small independent bank, or now called a community bank, as there are many things that you have to learn. I constantly even today take that background, that foundation that I had and apply it here with the additional education that I've gotten over the past 25 years operating this bank. I have learned things to keep our bank sound, growing and profitable, and it seems to have worked. I say that knocking on wood in hopes that it will always continue, having gone through good times and bad over the past 25 years with this bank.

Our Chief Financial Officer is a CPA. He has been in the banking business for about 30 or 35 years, having not only public accounting experience, but having been with another bank for many years, I would guess about 20 years, and I think he has been with me for about 15 years. He brings a wealth of knowledge and stability, and I appreciate that kind of stability, as I like people who are going to stay with me for a long time. So he is a quality guy.

Our Chief Lender in the bank started out being a regulator working with the FDIC, and after that, he not only did consulting work, but he also worked for other quality independent banks before

taking on a bank and even though he was not the President at that bank — it was a small bank that he was running — the owner of the bank was usually not around. So he had some great experience in running that bank, but he thought it was in his best interest to come to us to gain further experience. He is also just a terrific guy, not only knowledgeable and capable, but another hardworking kind of guy. And I have to be very proud that the people are knowledgeable and capable. We don't go into anything without those kinds of specific capabilities. There is a lot of quality in our people, and I couldn't be prouder to be associated with each and every one of them.

**TWST: Do you see any need to improve the bank's capital structure?**

**Mr. Uzel:** We are very well capitalized and with our growth and the pace that we try to maintain, I think that the earnings are usually enough to provide enough capital for continued growth. So there's no need to improve in the foreseeable future.

**TWST: Would you describe your shareholder base?**

**Mr. Uzel:** It's becoming less and less by numbers. Those that have been shareholders almost from the inception of the bank continue to be shareholders. They are a relatively small base of maybe a couple of hundred shareholders and people who try and buy our shares. There is not a lot of float in our stock, but every once in a while, something comes on the market and it seems to be grabbed up rather quickly.

**TWST: What would be the two or three best reasons for the long-term investor to look closely at National Bank of California?**

**Mr. Uzel:** In my opinion, it would be for the long-term interest that they would have in our bank. I can't guarantee any of the returns that we have had in the past; I can't guarantee that we'd

have those in the future. But if I can have a year like I had last year, where else can you get a 20% return on your investment? If you can be a long-term holder of our stock, then I think it would bode well to have some of our shares in your portfolio.

**TWST: You did a split last year?**

**Mr. Uzel:** We did. That was because our stock was at such a high value; we wanted to make it more affordable for people and to be there by splitting the stock.

**TWST: Is there anything that you would like to add?**

**Mr. Uzel:** The philosophy of the bank is a focus on core deposits, trying our very best, and always maintain a quality loan portfolio. And doing the things that we have done in the past; trying to find quality people, developing new sources of business, whether it be deposits or loan opportunities, or a combination of both that is going to help our bank grow, but not grow for only the sake of growth, but

to grow and produce the kind of income that I would like to produce for the bank. Also, have it be a size where I get some economies of scale and be able to do some things that at my current size are not economical. Such as provide certain kinds of infrastructure that are important to have for sound growth. Today the bank is not the right size to get all of those things done, and I want to do all of that for the soundness of the bank.

**TWST: Thank you. (MC)**

**BARRY W. UZEL**

**CEO**

**National Bank of California**

**145 South Fairfax Ave.**

**Los Angeles, CA 90036**

**(323) 655-6001**

**(323) 931-7031 – FAX**

**www.nbcal.com**

**e-mail: request@nbcal.com**

---