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OCBJ *Business Person of the Year*

Finance: Stephen Gordon

Big Growth, More Expected for Opus

■ By JANE YU

Opus Bank Chief Executive Stephen Gordon oversaw several stages of a financial institution's lifecycle over the past year or so.

Initial capitalization, branding, expansion and acquisitions were all on the to-do list for Opus last year. It also made the shift of its headquarters to Irvine—where it had kept executive offices in the prior year—official. The move made Opus the largest OC-based bank, with \$2.2 billion in assets.

Gordon took on the duties when he became chief executive in late 2010 after completing a \$460 million recapitalization of what was **Bay Cities National Bank**.

"We had a massive system conversion to change the entire banking platform from what we had at Bay Cities to what we now have at Opus," Gordon said. "It was a decent little bank. We brought in a lot of talented bankers. We spent three months cleaning things up and putting controls in—October, November and December of [2010]."

Opus had about \$694 million in assets and \$104 million in loans as of Dec. 31, 2010. It entered 2011 ready to grow.

"We started lending and rolled out all programs and pricing in the beginning of 2011—in January and February," Gordon said. "Our first loans were made around March."

Opus had more than \$182 million in loans after a full quarter of operation since the recapitalization, a 75% increase.

Its assets ticked up to \$708 million, and it held about \$294 million in deposits.

Gordon began spotting acquisition targets, and deals came soon.

Opus announced plans in March to acquire Everett, Wash.-based **Cascade Financial Corp.** and its **Cascade Bank**.

Cascade had been struggling to repay the U.S. Department of Treasury for the Troubled Asset Relief Program funds.

Opus bought the Washington bank for \$21.7 million. Part of the money went to the U.S. Department of Treasury to retire \$39 million worth of Cascade stocks and warrants held by the federal government.

The deal closed in June, increasing Opus' assets by \$1.5 billion and adding 22 branches.

The acquisition was a relatively small part of a large increase in lending for Opus Bank during the June quarter, when its portfolio grew about six-fold, to \$1.1 billion.

Deposits swelled to \$1.4 billion.

Another acquisition was in the pipeline while the first deal was closing.

"We started working on the Fullerton deal while we were making more loans and bringing in more deposits," Gordon said.

Fullerton Deal

Gordon announced plans to acquire Fullerton-based **RMG Capital Corp.** and **Fullerton Community Bank** in June, and the \$50 million deal closed in October.

The Fullerton purchase brought about \$680 million in assets and \$529 million in loans to Opus' books, as well as eight additional branch-

es. These figures are expected to show in fourth-quarter results.

Gordon said he plans to continue growing the bank the same way—both by acquiring and by opening more branches. The bank has raised another \$100 million from original investors in the recapitalization.

"We plan on a lot more de novo banking offices up and down the West Coast—California, Washington and Oregon," Gordon said. "We'll go deeper into Orange County. We're opening up a bunch in the first and second quarters. We also just signed a lease down in La Jolla. Some are opening up in the next couple of months."

Acquisition targets aren't limited to troubled banks.

"Even the healthy banks are waving the white flags now," Gordon said. "Community banks are having trouble competing, and they don't have enough capital to compete."

A new bank is scheduled to arrive in Orange County in the first quarter.

Chula Vista-based **First PacTrust Bancorp Inc.** is expected to relocate its headquarters to Irvine. Its subsidiary Pacific Trust Bank will be among the largest OC-based banks when two ongoing acquisitions close, which will bring First PacTrust's total assets to about \$1.3 billion.

Opus and Pacific Trust join a roster of local banks that includes Costa Mesa-based **Pacific Mercantile Bank**, with assets of \$1 billion; **Pacific Premier Bank**, also in Costa Mesa (about \$943 million); Fountain Valley-based **Centennial Bank** (about \$729 million); and **Sunwest Bank** in Tustin (about \$600 million), among others. ■



Gordon: assets more than tripled since recapitalization