



Regents Bank's new CEO knows what keeps clients up at night

By CAMERON LEIGH JAMES, Special to The Daily Transcript
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Steve Sefton isn't a doctor or a sleep lab technician, nor does he analyze circadian rhythms, but he is a sleep consultant of sorts -- as he's adept at providing solutions to critical issues that keep his clients awake during the wee hours of the night.

"In the old days, if a business owner was having a critical issue in his business, he brought in his advisory committee, which typically included his banker," said Sefton, who was appointed CEO of **Regents Bank** earlier this month.

"At community banks, that's still the way we operate," he said. "We want to work with business owners to help them find new opportunities and to grow their businesses."

An outdoorsman, Sefton relocated to San Diego from Glendora, Calif. last May when then-CEO Dan Yates recruited him to be the bank's president.

"There's not a better place in America that I'm aware of in terms of the quality of life, beauty and perspective on living," he said. "It's a thriving, dynamic business community, and I'm thrilled to be here."

Sefton and Lori, his wife of 28 years, met while they were students traveling on vacation. Together they have four children.

Originally from Pasadena, Texas, Sefton received an undergraduate business degree in finance from the University of Texas. Fresh out of business school, he said he was being recruited by banks and turned down a job with Chubb Insurance (NYSE: CB), foregoing a career in commercial insurance.

Instead, he moved to Los Angeles in 1984 without having a job lined up, targeted banks on Wilshire Boulevard and set up some interviews. He ended up at the

Beverly Hills headquarters of City National Bank and spent seven years there before moving to Sanwa Bank in 1991. Then, in 1995, Dan Yates recruited him to Mellon 1st Business Bank. Sefton said he took over Yates' team in 2000 when Yates moved to San Diego. The two men have enjoyed a close, professional mentoring relationship for 17 years.

"We pretty much finish each other's sentences. We think alike, and our philosophy in banking is the same," Sefton said. "There's no culture or style change. We talked for about six months beforehand, but he didn't have to groom me because we're already on the same page."

Their relationship and shared banking philosophy made Sefton's transition from president to CEO seamless when Yates (founding president and CEO of Regents Bank) concurrently relinquished his position as Regents' CEO to fully focus on his responsibilities as president of Grandpoint Capital Inc., the Los Angeles-based private holding company that acquired Regents in January 2012.

Since joining Regents, Sefton said he and Yates have been working in tandem dealing with the federal regulators and the bank's board of directors. The two communicate regularly, typically twice a day. Coming in, Sefton had a good understanding of Regents' consultative banking philosophy since it was drawn from their mutual experience working at Mellon.

"Banking is all about asking the right questions and listening," he said. "It's about the relationships with business owners and getting to know the critical issues that keep them up at night. It doesn't matter what the business is, or what they do, that's the commonality among all businesses."

In his experience, helping clients solve critical problems often has nothing to do with giving them a loan, cutting fees or other typical banking issues. Recently, it meant putting one client in touch with an insurance expert to help determine the best health care plan to offer the employees of his small business, making introductions to help grow a prospective client's business, and helping another client close a business deal that facilitated building the client's business.

"Not too many bankers have a culture where helping their client close business is part of their job. That's how we see our job here at Regents," Sefton said. "Helping a client solve his critical issues is consultative banking."

In November 2012, Regents finalized its merger with Escondido-based California Community Bank. With the completion of the merger, Regents now operates seven banking offices in San Diego County and one in Vancouver, Wash. The combined banks have total assets of approximately \$615 million. Sefton's main focus this year is assimilating those associates and client relationships into Regents bank, as well as continuing to grow the bank's footprint.

As CEO, Sefton will have to deal with the same challenges community banks all over the country are dealing with: An economic decline that has reduced loan demand; loan losses due to the recession; and historically low interest rates that are squeezing net margins like never before. Added to that is a more stringent regulatory environment.

“I know of a bank about the same size as ours that had to hire six new people in their compliance department to handle all the regulatory constraints that are being put on banks today that didn’t exist five years ago,” Sefton said. “Those fixed costs of a team of six is extreme for a community bank to handle that, and it’s what’s driving many community banks to merge.”