



## Leading Companies Online Magazine

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**Client Profile: Neighborhood National Bank**

*By Emily Meyertholen, Beyster Institute Staff*

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Beyster Institute consultants help all kind of businesses with their employee ownership needs, from answering simple questions to creating customized equity sharing plans. In fact, in the past year they've assisted about 240 companies.

One of those was Neighborhood National Bank, the first community development financial institution in the nation to receive a national bank charter to bring more financial services to underserved communities.

Neighborhood National opened its doors to the public in 1997 following several years of effort by the founding members, who perceived a need for a bank to provide services and be a catalyst for economic development in southeast San Diego. Today, Neighborhood National Bank is a thriving institution, offering banking and lending services in southeast San Diego and its southern neighbor National City.

Bob Adkins, CEO, and Bob McGill, CEO of the bank's holding company, Neighborhood Bancorp, considered the idea of buying back stock that had originally been acquired as an investment by a large insurance company and transferring that ownership to bank employees. "We wanted to set up a plan that would allow us to reward the people who helped us get where we are today," said McGill.

The insurance company agreed to sell, and the bank turned to Beyster Institute Director of Consulting Martin Staubus for assistance in purchasing the stock and turning that equity into an employee stock ownership plan. Now Neighborhood National employees can invest in an institution that invests in their own communities.

Now in its eighth year, the bank is making moves to raise its profile in traditionally underserved low- to moderate-income areas.

For example, Neighborhood Bancorp is partnering with other organizations to form a mezzanine capital loan fund, which would serve small businesses that need capital to finance growth but don't fit into traditional bank lending schemes. The fund will help these businesses get capital they need to, say, develop a new product line or to deal with a generational transition.

The holding company also is supporting Neighborhood Opportunities Corp., a nonprofit 501(c)3 which provides financial literacy classes to consumers and will soon provide resources to small businesses. Another Bancorp project, Neighborhood Capital Advisors, is a consultancy that assists other banks in accessing capital from the Community Development Financial Institutional Fund at the U.S. Treasury. These plans complement the bank's efforts to reach out to the Latino, Asian and African-American owned businesses in its region.