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SPECIAL REPORT **WHO'S WHO IN BANKING**

CapitalSource CEO Puts Premium on Trust

D Tad Lowrey acknowledges that this may be the worst banking environment in his lifetime, but he's not the type to shy from a challenge.

In fact, the 56-year-old executive recently became chief executive and president of CapitalSource Bank, a new institution headquartered in downtown Los Angeles that quickly collected some of the assets of fallen subprime mortgage giant Fremont Investment & Loan.

On its second day of business last year, CapitalSource Inc., a real estate investment trust based in Chevy Chase, Md., acquired Fremont's 22 retail bank branches and \$5.2 billion in retail deposits.

"I don't think anyone could have foreseen how quickly Fremont was going to face troubles," Lowrey said. "But we were able to pick up some of their most valuable assets."

Based in Santa Monica before relocating to Brea for a short period, Fremont was a major subprime mortgage lender until regulators ordered it out of that business in 2007. In June 2008, parent Fremont General Corp. filed bankruptcy and sold most of its assets to CapitalSource for \$58 million.

"The public is understandably shaken in having trust in established banking brands. Fortunately as a startup, we have fewer legacy issues," said Lowrey, who now oversees 350 employees – including 204 kept on from Fremont.

Even though Lowrey is a veteran of the banking scene, with 21 years in Southern California under his belt, glimmers of Lowrey's Southern accent lace his speech.

He hails from Arkansas, where he graduated with a bachelor's degree in accounting from Arkansas Tech University in Russellville in 1975.

Becoming a certified public accountant two years later, he audited for eight years, leaving the job when he was asked by one of his clients to become chief financial officer of a pair of affiliated Arkansas financial institutions in the early 1980s.

"I thought it would be cool to carry a briefcase," said Lowrey, joking about his decision to pursue banking. "I was recruited into the industry 25 years ago and it stuck. What surprised me most was the myth about 'bankers hours' – clearly a myth. Twelve-hour days are frequent."

**D. TAD LOWREY***Chief Executive/President*CapitalSource Bank,
Los Angeles

Appointed July 2008

RINGO H.W. CHIU/LABJ

Lowrey headed west to Southern California when he joined CenFed Bank in 1988 as senior vice president and chief financial officer. Two years later, at 38, he took his first of three chief executive positions, assuming the leadership of CenFed Bank.

He eventually led the company's initial public offering and its sale to Golden State Bancorp for \$210 million in 1997. He last appeared on the Business Journal's Who's Who in Banking & Finance list back in 1994 for his efforts in leading CenFed out of that decade's recession and into the public markets.

Lowrey steered his way through several more institutions before claiming his third chief executive spot at CapitalSource last July.

His plans for CapitalSource include rebuilding customer confidence, assisting the parent company with efforts to convert from a real estate investment trust to a bank holding company and completing the banks first 12 months in business this summer. Then, he might consider mergers or acquisitions.

"It's nice to call the shots and have the ability to make decisions that can lead to change," Lowrey said.

– Francisco Vara-Orta