

Entrepreneurial, People-Focused Louisiana Chartered Bank



Drake Mills - CEO

About Community Trust Bank

Community Trust Bank, a more than century old, Louisiana chartered bank, provides a wide range of traditional banking services with 36 banking centers throughout north Louisiana, north Texas and the Houston area, and north and central Mississippi. Community Trust Bank is a wholly owned subsidiary of Community Trust Financial Corporation, a financial holding company with assets over \$3.4 billion. Community Trust Financial Corporation's common stock is not exchange listed but is traded through individually negotiated transactions. Member FDIC. To learn more, visit www.ctbonline.com.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

CEOCFO: Mr. Mills, would you tell us a bit about Community Trust Bank? What is the basic philosophy at the bank?

Mr. Mills: Community Trust is a 101-year old institution that has experienced incredible growth over the past 15 years. In 2000, we had \$190 million in total assets and were concentrated in north central Louisiana. Today we have approximately \$3.42 billion in assets with a market footprint that stretches across north Louisiana, the Dallas-Fort Worth Metroplex, Houston, and Jackson, Mississippi. Only \$300 million of that growth has been through the acquisition of three small banks. We are an organic growth institution that has maintained strong asset quality through that growth. We place a great deal of emphasis on our employees, customers, shareholders and communities.

Our philosophy has always been to hire proven bankers who know their markets, represent their communities well and are a cultural fit for us. If I had to define Community Trust Bank in a few words, it would be "culture-focused" and "entrepreneurial." As banks, we are all in the same business. Our emphasis on our corporate culture and our employees' ability to think like entrepreneurs will continue to set us apart in our markets.

CEOCFO: As you have grown, how do you keep attached to the cultural fit, closeness and personalization with your customers?

Mr. Mills: Earlier I talked about a cultural focus. Like most banks today, we strive to determine the best way to reduce expenses while increasing business, but culture is not one of the areas where we are willing to reduce expense. We actually have a Director of Culture Strategies, Ryan Kilpatrick, whose primary focus is to ensure that the decisions we make, the people we hire and the expansions we procure fit us from a cultural perspective. We consistently place an emphasis on culture as we grow; it is embedded in our bankers, our front office and back office, and even the insurance agency that we own. The honor of being chosen third in the 2013 *American Banker* Best Banks to Work For contest in the \$3 - \$10 billion category just confirms what we already know – that if we maintain our culture through our growth, we will be successful.

CEOCFO: What is a concrete example of how that focus plays out day to day?

Mr. Mills: We are in three states. We have 36 branches, and as CEO, I spend a portion of my week in the markets actually making customer calls and being available to our employees. We have what we call town hall meetings where I travel to each of our facilities and have personal contact with our employees in the different markets, giving them the opportunity to ask questions and discuss concerns, including anything that may be happening in their areas that is counterproductive to our culture. We created a culture committee that is a team of people nominated by their peers from each department within our organization. This committee is responsible for finding answers to problems that fit within our culture. For example, three years ago we found that our system of taking time off had become antiquated and was not working. It would have been easy for management to sit in a meeting and determine how to handle that. Instead, we gave that project to our culture committee and they did an outstanding job of considering the shareholders, customers, communities and especially the employees. They came up with their own paid time off or PTO program that we think is very adequate. What was neat about it is that it came from within. It was their project and they understood the balance of

how we have to manage that from a cultural perspective, and it is a very competitive program. That is just a small example of how we manage from within to focus continually on culture.

CEOCFO: *How do you break down between personal and business banking, and would you like to see a change?*

Mr. Mills: As we have expanded into Texas and Mississippi over the past few years, our ratio of personal to business banking has evolved. We have shifted more of our resources to business banking. I do believe that through regulation and competition from credit unions, who are at an advantage due to their tax structure, and the scale of the mega banks, that it is becoming more of a challenge for community and regional banks to service consumers like we have over the past few decades.

Our focus and brand promise to our customers is to treat every customer like the only customer every time. This applies to both business and personal clients. Our strategy, particularly in our larger emerging markets, has shifted toward business-commercial clients because we believe we are better able to meet their needs and offer more resources than can our competitors.

CEOCFO: *ARE there any services you are not offering your business customers now that you would like to add to the mix?*

Mr. Mills: I feel confident that we provide a very solid offering of products and services to our business customers. One of our core values is to be innovative, flexible and forward thinking, so we are always looking for innovative ways to meet the needs of our clients. We are currently escalating our emphasis on treasury management, an area in which we believe we are extremely competitive. This is one more way that we can be a resource for our changing customer profile.

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CEOCFO: *I noticed your website has live chat, and I know the banks I deal with do not have that. Do people make use of it and is staying ahead of the curve on technology important for you?*

Mr. Mills: People do make use of our live chat technology and yes, staying ahead of the curve on technology is important to us. We believe that customers want to bank when, where, and how they want, and this is one more way for us to provide an outlet for customers to have their needs met. There is always danger in being on the bleeding edge instead of the leading edge, but we spend a tremendous amount of time from an IT standpoint looking three to five years down the road to determine how we are going to maintain the customer base we have, yet bring services that reduce cost to the institution. This is a constant challenge, because some technology you provide actually ends up costing more than a paper transaction. It will be critical for banks to stay ahead of the curve with technology. Customers will demand an innovative approach to banking, but still want a personal touch. Community Trust Bank will provide both.

CEOCFO: *What is the key to being able to adapt, to be nimble? What goes into your thinking overall, and as it gets more complicated, what might be changing in your decision-making process?*

Mr. Mills: The key to being able to adapt and be nimble is to have empowered bankers and an empowered management team who have the expertise and knowledge of our industry and the markets we serve. We are fortunate to have both of those. Our management team has been intact and together through our growth phase, and they truly understand where we have been and where we are going.

Being nimble and able to adapt is the competitive advantage for Community Trust in the regional banking space. We designed our market management structure to enable our Regional Presidents in each market to be empowered to make decisions quickly and efficiently for the customers. This continues to be evident as we gain new customers in our markets who are seeking trusted advisors and banking done quickly.

CEOCFO: *How do you factor in gut feeling with statistics and technology when you are weighing new ideas?*

Mr. Mills: It is actually becoming more difficult to balance the two. I would like to be able to sit here and say the two cross paths regularly, but it is never that easy. On occasion, I question the profitability numbers through allocation, but have a gut feeling that a relationship or product makes sense. The same scenario takes place when deciding to go into a new market. In 2013, we moved into Houston in a de novo environment. We hired an exceptional group of bankers, but the expense ramp-up alone, had we been a public institution, would have made it a very difficult decision. But the gut feeling was that, because of the experience of the bankers and their past success in their previous institution, it was the right decision to put us in that market. Our model, as I said earlier, is not based on bricks and mortar or the highest traffic areas. It is based on people who are highly successful and are a cultural fit for us in markets that have high growth potential. Houston checked off all those boxes, yet just from a pure allocation standpoint, it was a pretty high hurdle to

make that decision. That was an instance when the gut feeling versus the allocation models were probably conflicting. We went with our gut feeling. As we continue to push for efficiency, our goal is to rely more heavily on the numbers, but as an entrepreneurial banker, I never ignore my gut.

CEOCFO: *How do you reach potential customers?*

Mr. Mills: For us, as a smaller player in our newer markets, we must rely on a very focused and incentive-based call program with our greatest resource – our people. We are building less through traditional media and marketing channels because we are finding that the return on those investment dollars does not create the opportunities that it should, especially in markets such as Dallas, Fort Worth and Houston. We know that if we can get in front of a potential customer, our banker can win that relationship. We find success when we are able to meet face to face with a potential client. Our growth rate this year for total loans has been above plan and, based on our pipeline, should continue to be higher than plan through the end of the year. So, we think we are doing a good job of building those relationships one customer at a time with strong call programs and target marketing to specific niches.

CEOCFO: *Is there a typical aha moment when a potential customer realizes they should at least talk to you?*

Mr. Mills: The CEO being involved in customer calls in every one of our markets, I think, strongly supports the relationships that our bankers have in those marketplaces. Customers want to know who is involved in the institution they are banking with, and that does not just involve the relationship with their banker but also a relationship with the CEO, the Chief Risk Officer and the Chief Operations Officer. I think it helps tremendously for all those individuals to be out there on the road from time to time calling on some of our larger clients. The opportunity for us to get out and create relationships globally through the organization with our top people, along with the banker who represents the customer, creates for us that aha moment. People are very surprised when we are involved with those calls.

CEOCFO: *What is ahead for the bank?*

Mr. Mills: We will continue our philosophy of relationship banking and strengthening our internal culture. We are continuing to focus on the DFW and Houston markets. We have been highly successful in Mississippi. Our Mississippi team has continued to impress us with the quality of their strong growth. Louisiana, for us, has been stable because of our large market share, and our bankers there are doing an excellent job of maintaining our positions in those markets with steady growth of two to three percent, which is strong. We are looking at creating an efficient infrastructure that allows us to grow organically to the five to six billion dollar range, where we think there will be an opportunity for potential acquisitions in some of our smaller market areas. At this point, for the next three years we will focus on the Houston and Dallas markets, always keeping in mind our long-term strategic plan.

CEOCFO: *Final thoughts? What should people reading about Community Trust Bank take away and remember most?*

Mr. Mills: Community Trust Bank is an institution that is focused on people. We are in the relationship business and are always trying to improve our culture and the way we impact our customers, employees, shareholders and communities. We want to be trusted advisors to our customers through our products and services and do so at the highest level possible.

BIO: Drake Mills is the Chairman, President, & CEO of Community Trust Financial Corporation and President and CEO of Community Trust Bank. Mr. Mills is the President of the Community Depository Institutions Advisory Council to the Federal Reserve Board, as well as currently serving as the Immediate Past-Chairman of the Louisiana Bankers Association. Building on a thirty-year career at Community Trust Bank, Mr. Mills has led the institution as it has grown from assets of \$340 million in 2002 to \$3.4 billion today.



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1511 North Trenton Street

Ruston, LA 71270

318-255-2222

www.ctbonline.com