

# CEO CFO



# Willamette

COMMUNITY BANK

*Service like no other. We promise.*

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**CEOCFO Magazine - The Most Powerful Name In Corporate News and Information**

As the Largest Single Depository in Albany, Oregon, with No Loan Losses in 2012, and Less Than 1% of Total Assets that are Non-Performing, Willamette Community Bank is well on their Way to Being a High-Performing Community Bank

**Financial  
Business Bank  
(Private)**

**Willamette Community Bank**  
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**Dave Wood  
President & CEO**

#### **Company Profile:**

Founded in 2003, Willamette Community Bank is a full-service community bank, whose highly experienced bankers personally serve the Willamette Valley's diverse mix of personal customers, small businesses and agriculture along with their key owners and managers. Headquartered in Albany, Oregon, with a second office location in Lebanon, Oregon, Willamette Community Bank offers a full range of credit and depository services, with special emphasis on *service like no other* and direct access to decision makers. Customers work directly with a dedicated Personal Services Representative or Business Banker.

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

**CEOCFO:** Mr. Wood, what is the philosophy at Willamette Community Bank?

**Mr. Wood:** Our culture is centered around our core belief that "no one serves you better...and that's a promise" with very close attention paid to taking care of local people, local families and local businesses. A culture

that exemplifies service, values, purpose and achievement. We provide an alternative to the larger banks and to those customers that desire that personal relationship, that one-on-one, direct access to decision makers, flexibility and knowing you by name. We then package that high level of service and cultural foundation with appropriate products and services to serve the needs of our local communities.

**CEOCFO:** What do you do in customer service that is over and above service one would receive elsewhere?

**Mr. Wood:** One example is if a business owner or individual customer is in the overdraft, we call them and let them know. We ask them if they would like to transfer funds or if they need some help until their next paycheck arrives, always doing our best to take into account their particular circumstances. We do that on a daily basis and that is a very high personal touch as opposed to making a pay or no-pay decision void of communication. Another example, and often fondly commented on by our loan customers, is to simply go to their place of business for loan closings; always deepening the relationship connection. Additionally, we attend every real estate loan closing and review in detail, all the closing documents and answer any questions our borrower(s) may have before the documents are executed. Furthermore, we understand the importance of returning every phone call and respond to every email the same day received. It can never be overstated the reassurance that a banker's phone call has when a customer is in need. Every day that goes by that a busi-

ness owner does not hear back from their banker, is a very long day for them...it can seem like an eternity. When they are counting on a line of credit or they are counting on that piece of equipment to continue with their business or know that they can sign a contract or go out on a job site with the support of their banker is such a differentiator in today's competitive financial landscape. For us, it is the compassion, understanding and taking their interest to heart. Part of that attitude and desire to help, is because as a small community bank you have to be very entrepreneurial in not only in your thinking but your actions...that commitment to serve like no other. Service like no other is one of our most valuable assets.

**CEOCFO:** What is the economic scenario in your area and how have you fared compared to the rest of the country?

**Mr. Wood:** It is challenging due to a prolonged high unemployment rate. Many industries, given local, regional or national economic challenges have closed or scaled back which results in a more sluggish local economic activity. We are fortunate to have a strong agricultural base that helps with a degree of economic diversity while fully understanding that commodity prices have a significant bearing and impact on our local small businesses and consumers.

**CEOCFO:** Do you do much in the AG business?

**Mr. Wood:** Yes we do! Approximately 14% of our loan portfolio is devoted to agricultural financing and that could be in crop production, equipment financing, dairy lines of credit, and real

estate. One of our strategic initiatives is to grow that side of our loan portfolio because we are strong advocates of agricultural lending and incumbent that we do our part to help preserve, support and maintain the family farm. We have agricultural lenders on staff that understand the business having themselves been born and raised on family farms. They have that immediate connection, that genuine and credible ability to relate to farmers and others in the agricultural business industry, which is much different than bank competitors who have not come from a farming background trying to be a part of that particular lending niche. We do it well and we are ever expanding our presence and we continue to see a growing number of new agricultural based customers that are coming to our Bank to discuss crop lines, equipment financing, purchase of production real estate, etc.

**CEO CFO:** What are some of the challenges that your **Bankers** are able to understand because of the AG background?

**Mr. Wood:** They understand the ups and downs of commodity prices; they understand input cost such as fuel, fertilizer, seed, labor, equipment repair, the investment requirement for a new piece of equipment, etc. Because of their farming background, and in our case, our agricultural bankers live and still work on the family farm, they understand and can easily relate. Farm clients as well as business clients, once they know that you have that level of understanding, that you can communicate, that you can relate to one another on a business-to-business basis, putting the balance sheet and the income statement aside, there is an immediate gravitation and endearment to that banker, and accordingly, to the Bank. Because, in our case, our agricultural Bankers having that level of understanding based on experience, provides an immediate understanding of balance sheets, income statements and operating budgets. This in turns

allows for very solid planning discussions with our agricultural borrower with the added benefit of instilled confidence because they leave and say...you know they "get it...they understand my business." And, the word spreads.

**CEO CFO:** Would you like to see the mix between consumer and commercial change?

**Mr. Wood:** It is changing because we are changing it by design. We are a business bank, I am a business guy. We have a very nice growing consumer base that readily identifies with the personal touch our Bank provides. A warmth and captivating feeling

**Our goal is to have a high-performing community bank. A high-performing bank in today's environment generally means 1% ROA and a 12% ROE. We have formulated our strategy and implementing our tactics to achieve a 1% ROA and 12% ROE. That needle continues to move is a very positive direction. We have had no loan losses this year. We have less than 1% of total assets that are non-performing and virtually no loans over 30 days past due. The Bank continues to grow in deposits and booking very high quality assets. Our efficiency ratio is improving and is now below 80% and my next milestone is to have an efficiency ratio of below 75%. Our net interest margin is very respectable at approximately 4.50%. Our balance sheet is growing, so that means we are taking market share. It is very interesting that our Bank is the largest single depository in Albany.**  
**- Dave Wood**

when a customer walks through the door and every one knows them by their first name. Accordingly, it's incumbent upon us to become very competitive in the pricing of our consumer loans to compete with the local credit unions so that our consumer customers can be provided a complete complement of consumer products and services including competitively priced consumer loans. Credit unions by virtue of default by banks, have taken over the bulk of consumer lending and, as the business man I am, I am not willing to give-up on such an important component of community banking. We can compete with credit unions on rates. We price

accordingly to be competitive which then helps our existing customers, but at the same time, provides an attraction for other prospective customer that have heard many good things about our Bank. Thus, we continue to expand our consumer lending in the car, truck and recreational loan categories while aggressively promoting our residential mortgage presence.

**CEO CFO:** How do you reach potential customers?

**Mr. Wood:** Much of what we do is by word-of-mouth and believe we use radio spots effectively. However, on a more scientific front I remain a very strong advocate of Google Analytics. I

consider our website our third office...building the site to be a continual call to action. By using Google Analytics, which means that we capture key search words and phrases, we can level the playing field against "The Too Big To Fail" by maintaining a number one or two search position. I call it "top of mind awareness." For example, if an individual is searching for "Free Checking Albany, Oregon" we will come up in the number one or number two search position. This positioning increases the likelihood they will click on our Willamette Community Bank link which brings them to our website. Because our web site is designed to be our "third office" it serves as

an introduction to that on-line customer searching for a new bank regardless of time of day or day of the week. This "Call to Action" component provides the ability to open a free-checking account on-line; or our Platinum Rewards Checking or savings...at their convenience...service like no other. What my analysis of our website activity tells me is that a new prospect spends close to four minutes absorbing our content. Not only are they reading about our products and services but they are also reading about our mission, vision, values and financial reporting on our Investor page. When prospective customers read about our brand message and

what we stand for, that is captivating for many because so many individuals have not been treated in the best way by the large banks and they are looking for an alternative, to be treated with respect and not merely a number or an account that more service charges can be assessed. Individuals and small business owners are looking for that financial institution that will talk with them, help them and care for them instead of being told to call 1800-Who-Cares or be advised that your loan request will have to be approved out of this area or state. Many consumers have tired of this treatment and are looking for that alternative...that personal connection; a sense of belonging. We provide that very high-touch customer service where an individual or business owner can come in and talk to our professional staff of bankers and once again feel that sense of belonging...that sense of appreciation. Customers have grown frustrated with "I can cash your check and will charge you \$5.00 to do so," or, "If you need the services of one of our customer services representatives, it will cost you \$5.00". For it is true that in Economics 101, customers go where they are wanted and appreciated. Our customers in fact are our capital.

**CEO CFO:** What has happened to the excitement and joy of waiting on and helping a customer?

**Mr. Wood:** Here is a very interesting anecdote for you. I had a customer last week that came in to see me who is not our customer. He has been coming into our Bank for quite some time to buy coins and currency for his collection. Our team continued to wait on him as if he were our customer, helping in any way we could. This gentleman told me that because of the service he has received, our team assisting him with his collection, he inquired if there was any stock in our Bank available for purchase. He stated that our message of service like no other, carried out to the fullest by our team was so needed and refreshing in our community and wanted to be a part of the Bank's ownership and help promote the Bank in its mission.

We have individuals that collect coins in cans and big bottles, they bring

them in and we roll them for free, and many of these individuals are not our customers. We smile and say thank you and wish them a very good day. We are providing a service and believe some time soon, they will return to be a part of us. I suspect that if you took coins in a can to a big bank it would not be done for free.

**CEO CFO:** What is the competitive landscape for you with other community banks in your area?

**Mr. Wood:** In the Willamette Valley, which covers a broad expanse, there are only five community banks that remain. The rest of the landscape is dotted by Wells Fargo, U.S Bank, Key Bank, Umpqua, Chase and so on. In Corvallis ten miles from us, there is a community bank which does a fine job and has been around for about fifty years. We are only nine years young so they are well entrenched obviously. The next two community banks would be twenty miles north of us in Salem and then another community bank fifty miles to the south. Community bank franchises in our particular area of Oregon are very few in number, however, we each find our unique way of competing against the "too big to fail".

**CEO CFO:** Would you tell us about your community involvement?

**Mr. Wood:** We encourage community involvement. I encourage community involvement from the standpoint of joining an organization that you enjoy because of a personal common interest and/or will support career growth and development. Passionate involvement will resonate and eventually lead to a distinct leadership role in a spirit of community service. Always giving back. We have a broad landscape of team members involved in a number of nonprofits and other community organizations and with their banking expertise they always seem to provide a unique perspective.

**CEO CFO:** Willamette Community received a five-star superior rating from Bauer Financial; would you tell us about that rating?

**Mr. Wood:** To my understanding, if you look at Oregon there are only 29 truly chartered financial institutions in

the state. There are only five that have a Bauer Five-Star rating, which is 17% of Oregon chartered banks. That is very meaningful and significant to our team and Board of Directors. What that means to the community is that here is a very safe and sound bank. What it means is we care deeply about managing and structuring a financial institution that will stand the test of time...in good times and times of adversity. It is not only comforting for shareholders to know that the bank they have entrusted their investment is being managed by a group of individuals who are good stewards of their investment, but recognizing that it is our duty and honor to safeguard their investment that has been entrusted to us and to be deployed in both a prudent and profitable manner. The Bauer Five-Star takes into account your capital, earnings, asset quality and a number of other factors. I could not be more proud of the fact that Willamette Community Bank is a Five-Star Rated Bank, with each one of those stars the result of hard work and dedication on the part of great team mates who I am honored and proud to serve. We have achieved our recognition through the most difficult of times and we have accomplished much against all the large banks who have been around for a very long time with very sophisticated operating systems. You see, systems do not produce results...your team mates do. I will say to you that our community is proud of our recognition because when we announce our Bauer Five-Star rating, we receive lots of "way to go" cheering. It makes the team very proud because that Five-Star correlates directly to our mission, values, and underscores the point that our strategies and tactics remain on the mark. Our entire team is experiencing first hand that validation from Bauer and that our Bank was formed for the betterment of the communities we serve; and we all respond by working even harder so that our five-star legacy continues.

Let me share one personal story. During the economic collapse in 2009, when so many banks were failing, a retired customer and shareholder came up to me in our lobby, placed his hand on my shoulder and pulled

me aside...and I will never forget what he said..."please keep our Bank safe; we are counting on you". I recall this event as vivid today as though it just happened. And, it still brings a tear to my eye to recall. I responded to the gentleman and said, "I will sir, I will. You have my word". I am proud to say that we rejected the Government TARP program and we remained profitable in all years during the economic collapse and still continue to post positive earnings. A very proud part of our legacy for we understand that challenges are opportunities in disguise when prepared; for preparation is one of the few things you can actually control.

**CEOCFO:** Do you see the need for any additional services or branches?

**Mr. Wood:** It is a foregone conclusion that we will be moving into mobile banking. It's a service with its own unique demographic customer base and will be important as we expand our market presence, that mobile banking be a part of our strategy.

**CEOCFO:** Why should investors pay attention to Willamette Community Bank?

**Mr. Wood:** Our goal is to have a high-performing community bank. A high-performing bank in today's environment generally means 1% ROA and a 12% ROE. We have formulated our strategy and implementing our tactics to achieve a 1% ROA and 12% ROE. That needle continues to move is a very positive direction. We have had no loan losses this year. We have less than 1% of total assets that are non-performing and virtually no loans over 30 days past due. The Bank continues to grow in deposits and booking very high quality assets. Our efficiency ratio is improving and is now below 80% and my next milestone is to have an efficiency ratio of below 75%. Our net interest margin is very respectable at approximately 4.50%. Our balance sheet is growing, so that means we are taking market share. It is very interesting that our Bank is the largest single depository in Albany, so we match up against Wells Fargo, US Bank, Umpqua, Chase and Key Bank on a single depository basis and have achieved this ranking after just a handful of years. Our message resonates. Just this past week, we approached \$90 million in total assets. You read much at how banks are lamenting the fact that they cannot find

earning assets. We have not had that challenge in 2012 thus far. We have deployed our liquidity to support loan growth. With that, we remain a very solid, conservative bank, growing, profitable and with a clear stated objective of achieving a 1% ROA and 12% ROE. My philosophy is that as a business owner, you have to have double digit top-line revenue growth, single digit expense growth at no more than the rate of inflation and if you can control your loan losses, you can achieve your earnings objectives. Currently our top-line revenue growth is 11%, our expense growth is approximately 3.4%; roughly the rate of inflation. With a nice spread and no loan losses, we have positive quarter over quarter double digit earnings growth. That remains my general business philosophy on how to run this Bank; again however, only made possible by my fellow team members who are disciplined, determined, resilient and abound with a positive attitude...building our culture and Bank one customer at a time.



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