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A Focus on Doing What’s Best for Their Customers and Keeping Deposit Money in The Communities They Serve Has Enabled BSB to Grow its Loan Portfolio to Close to \$300 Million



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Interview conducted by:
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CEOCFO: *Mr. Cover, you have been with the bank for about 9 years now and BSB serving Ohio Valley residents for about 137 years; quite a long period for both of you. How did you maintain that community bank feel with so much change in banking occurring over that time; with for example the addition of online banking and now people making cash and check deposits from an ATM?*

Mr. Cover: They can do it all. A lot has changed in the past nine years and our niche has always been that community partner. We are not here to just sell or push products and make money for us, it is about truly doing what the customer needs and how we can help the customers. We have turned deals away because it was not what was in the best interest of the customers which is very unusual for many of banks.

I think that being a community bank there is a niche and there is always going to be a niche. We want to be a true community partner and that means going out and supporting our local businesses and schools as well as organizations that help us and our customers. It is truly a pleasure for us to give back and help grow this community. We are here to be a true community partner and I think that is what separates us.

CEOCFO: *When we spoke two years ago you had won the business of the year for three years in a row. Has that trend continued and is that because of your efforts as an employer in the communities you serve or the help you provide to local businesses?*

Mr. Cover: We have been nominated every year. It was through the Chamber of Commerce and I think they tried to spread that award out a little bit and keep all their members engaged which is fine. Just to be nominated for us is what it is about because that is coming from our customers. The trend continues because we do partner with lots of community organizations and charities, schools, and customers with fundraisers and capital campaigns. We are big into that and it helps move our community forward.

Right now, we have four branches and we want to grow those communities as much as we can and lend a helping hand as much as we can afford to do.

CEOCFO: *You have transitioned from an investment bank model to a commercial/business lending bank. How has that worked out for you?*

Mr. Cover: It has been great. We just talked about being nominated for Business of the Year, several years in a row. I think that is a testament to what we try to do here. Being an investment bank there is not much interaction with the community so I think for us to get out and be a true banking partner means lending into our communities to help people finance projects, education, houses, and cars, and being a community partner and that is the sole purpose of a community bank. One of the things we do, and people recognize us for, is donating to community projects and helping run fundraisers.

One of the overlooked parts of being a community bank is our low fee structure. That is by design. Yes, we could make a lot more money selling our products for a fee but we are not here for that. We are here to do what is best for the customer, which is giving them a great product at a reasonable price. That has been our model and will continue to be our model. We are going to leave some money on the table, but again we are about being a community partner and moving our communities forward.

CEOCFO: *Back in 2022 you had grown from \$65 million to a bank with \$200 million in your loan portfolio. Has that growth trend continued?*

Mr. Cover: Despite what is going on with the economy we have grown that closer to \$300 million. I think we are at \$292 as we sit here today. Therefore, the growth has continued. The interest rate environment has slowed down our mortgage lending. However, our commercial lending has picked up lots of steam.

We have two good lenders and we have transitioned a couple of people from other departments in the bank to help our commercial lending team on the back end of things. We have continued to grow there and I think it is a testament to what we are here for and what we are trying to do. People want banking through an easy process. They do not want to jump through a bunch of hoops and they do not want to give up stacks of papers. We are going to do what is minimally required by the federal government but at the same time, we are going to try to make the process as seamless as possible for each one of our customers and turn decisions quickly.

A lot of banks that I have worked at have to wait until their monthly board meetings to approve deals. We have an email loan committee that we use on several occasions that helps get things done and approved and on a fast track versus waiting until our one-day-a-month meeting. We get deals and decisions done quicker and every decision for us is made locally. It allows us to get ahead of some of the bigger regional banks.

CEOCFO: *Have there been any new additions to your lending team that you would like to mention and any major accomplishments?*

Mr. Cover: I think the major accomplishment since the last we talked, going from \$65 million up to where we are now almost \$300 million. I think that is a major accomplishment. In the areas we serve there is not a lot of new construction; it is just kind of taking deals from other banks.

As we have grown, we have not made any additions on the frontline of our lending team. However, in the back office, paperwork and credit analysis, and underwriting, we have added some people in those roles, which are just as key as our frontline lenders.

CEOCFO: *Are there industries or a particular industry that is important to your loan portfolio?*

Mr. Cover: We are still pretty much real estate heavy. Maybe closer to 90% of our real estate portfolio is real estate secured. I have read several articles about troubles in real estate lending, especially on the commercial side but for us, it is about being conservative. We do not make any quick and impulsive

decisions. We sit down and discuss whether a project makes sense if the market is valuable enough, and whether we are still being conservative. We keep our real estate lending margins within our comfort level. We have a conservative lending team, so I am not concerned about it.

Real estate is heavy for us and it is always nice to have some kind of tangible collateral. Natural gas is still around and there has been talk about a plant coming to the valley for maybe the last ten years, but it has not happened yet. The rental real estate for us is a huge part of our portfolio and it probably will continue that way for years to come.

CEO CFO: *Are you still 70/30 consumer to commercial as a bank? You mentioned last time we spoke that you would like to see that grow to 50/50. Where are you with that?*

Mr. Cover: As an estimate, I would say we are probably 55/45. We spent a lot of time and concentrated effort in growing the commercial end of our business. That's on the lending side and the deposit side, we develop relationships with school systems, and some bigger companies. With some of our borrowers, we have got some traction and they have brought some deposit accounts to us, so I would say overall that 70/30 has transitioned to 55/45 now.

CEO CFO: *I saw a posting from August 2023 that you had celebrated the opening of a new branch in Bellaire with a tailgate party. Are tailgate parties common for you and how have things been going at the new branch?*

Mr. Cover: We had an opportunity with a larger bank that closed one of their offices that happened to be right across the parking lot from us. We were able to buy that property fix it up and move our retail branch operation there. We were running out of room in the main office. The main office building that we had also had a retail operation and it was getting tight. We had people sharing offices, we had partitions that separated people and it just was not conducive to what we wanted to do and have the privacy that we needed to have.

We bought that property and opened it up as our retail branch operation. All of our customer facing people moved to that branch and they have privacy-secured offices and more space to operate. The former location is now just the back office and corporate headquarters. We have a lot more room to spread out now and we are not sharing space.

As far as the tailgate, we are part of the community and we want to get as much recognition and face time with our new branch and let people know we did not leave their community, we just moved across the parking lot. It was a great event with the tailgate party, it was during football season so we had the local football team come over and we presented them with a donation to show our support to the success of the program. It was a great event overall. It is great to celebrate new beginnings and progress within our bank.

CEO CFO: *The first thing I see on your website is how you can help with business loans and mortgage loans. Very smart when so many websites start with fillers before they get to how they can help you.*

Mr. Cover: I think that is our niche. Our niche in community banking is how we can help you. Our tagline is, "How may we help you today?". It is about helping the customer. We are not here to gouge people but to help them. We want to assist them with their needs and their dreams of maybe owning a home or buying a car. This is relationship banking and being a partner with your customers. That is 100% of our focus as a community bank.

CEO CFO: *I also see on your website a video of what customers are saying about your bank. That was a first for me, and I loved it.*

Mr. Cover: It is good that customers put their names and faces out there to talk about all the good things we do. We will probably try to focus more on that moving forward. This again is a testament to what we do and who we are. It was good that this particular customer allowed us to put together the

video that you referenced on our website, because we can talk about ourselves all we want to but when someone hears it from our customers, it validates and solidifies what we are about.

CEO CFO: *Is being a mutual bank still your model today?*

Mr. Cover: Yes 100%. Our board is very serious about continuing that model. Being a mutual bank allows us to do the things we are doing. Giving back and keeping our fee structure low is part of that. Not having shareholders allows us to have more freedom in what we do and what we are trying to do.

CEO CFO: *You have a Motivation Station Committee. Why is the culture of the bank so important to you? Is this something you recognized as important for the growth and health of the bank early on?*

Mr. Cover: Yes, 100%, when I took over 9 years ago, I used the word 'sleepy' a lot because it was kind of a sleepy bank. We have been around for 139 years, but people did not really know about us eight or nine years ago and people know about us now. We have our competition's attention and we are growing our customer base.

As far as the culture, if people are not happy, they will not be apt to talk about us in a positive light. I have said several times that I do not want people dreading Sunday night because they have to go to work in the morning. I want people to come here and have fun and feel like their thoughts and what they notice are important and they have an investment in BSB. I may not adopt every single one of their ideas but I am glad to hear them. I have an open-door policy and anyone can come in anytime and tell me what they think and give me feedback on what is going on in not just their world but as far as what they are hearing outside. I think that is a good culture and we continue to focus on growing that culture each day.

We have been fortunate because this has not been the best environment to go out and get employees. There are not a whole lot of people standing outside waiting to come in but for us there is. I can probably pull up twenty resumes that we have gotten in the last month of people wanting to come and work here. Our turnover has been super low, knock on wood, for the eight or nine years I have been here. That is a good sign and shows how good of a place this is to work and a great place to bank.

CEO CFO: *In closing, why should potential customers look to BSB?*

Mr. Cover: We are a relationship bank; we are going to do what is best for you. We are not out to make a buck off you, but here to help you accomplish your goals. It is a combination of local decision-making and the ease of doing business with us. You are going to talk to a 'live' person every time you call here. When you add all those things together you will see that BSB is the bank for you.

I have always worked in community banks and I would not have it any other way. I have been around the larger regional banks and it is not as friendly an environment as it is here at BSB. I think the culture is sales-driven on a lot of regional banks but not here. We do not throw salespeople out there and that is by design. I do not want you to sell something to the customer that they do not need just to hit a sales goal. As a community partner and community bank we are going to see these people all the time. We will do what is best for you each time. One key thing that I talk about frequently with our team is the relationship and building that relationship with the customer.

Something else that is very important is that when you are doing business with us and putting money in a deposit with us, it is going back to the local community. It is not going to Columbus, Cleveland, or Cincinnati. It is going to stay here in the Ohio Valley. A lot of people overlook that and think they can get it cheaper somewhere else, but that money is not staying local so it does not help grow your communities. For example, it will not help your neighbor finance his truck. It is going to one of the bigger cities. That is an overlooked point as well about community banking.