

At Community First Bank of Indiana, it's all about the people.



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 - Robb Blume

Interview with: Robb Blume, President and CEO
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Conducted by: Bud Wayne, Editorial Executive
CEO CFO Magazine

CEO CFO: Mr. Blume, what is the mission for Community First Bank of Indiana?

Mr. Blume: Our mission is to be a high performing independent bank, to be a preferred employer, recruiting, training, and retaining superior personnel. We want to deliver world-class service by giving our people appropriate service skills, technology and tools. As a result of that, we want to provide a pleasant customer experience and make communities that we operate within, better places.

CEO CFO: What is your focus? Are you more of a business or a consumer bank? What is the mix and would you like to see that mix change at some point in the future?

Mr. Blume: As a community bank we do a little bit of everything. Our balance sheet is heavily weighted in commercial loans which are our biggest interest income driver. We also make a significant amount of residential mortgage loans, the majority of which are sold off into the secondary market. We provide a wide range of consumer products, as most community banks do such as savings accounts, checking accounts, home equity lines of credit, and car loans. Our customer mix is fairly balanced, in terms of consumer vs. commercial.

In the past four years, we have aggressively expanded into Hamilton County, primarily Westfield and Noblesville, Indiana. Our focus there is to really build our balance sheet with the same types of percentages. We are reaching out to a vastly more populated area in those communities so we would expect to see the consumer base increase probably faster than the commercial, but we definitely want to serve both markets and continue to do that.

CEO CFO: How big a part is retirement and investing?

Mr. Blume: It is a huge part of what we do. We have two investment advisors on staff, those advisors serve primarily as advisors to individual investors but we are working to grow our 401k portfolio for our commercial customers as well, so by doing that, we can increase the number of people we are helping as we help the employees of our customers.

CEO CFO: You also have a travel club. That adds a nice touch. Is this more for business or consumer customers? Is it very useful in building your business?

Mr. Blume: It has been very useful in building loyal customers. The travel club is a program that we brought on early in our existence and really built on the ability and passion of the program manager. Prior to coming to Community First Bank of Indiana, she had worked at another financial institution and they were doing away with the program and we knew about the customer loyalty that she had built and the great relationships that she created within that program. When we hired her, she brought many of those club members with her. We continue to grow the program. It is useful in building business and some of our most loyal customers are the travel club customers; we are looking forward to expanding that down in Hamilton County as well.

CEO CFO: How do you attract and retain customers? Do you offer any type of loyalty programs? Some banks today are even going to a coffee shop environment. Where are you?

Mr. Blume: We have not introduced any formal loyalty programs, although we have had several marketed to us. We try to offer superior products to all of our customers and then really supplement that with superior service. The key to what we do is our people trying to drive our growth through customer service mentality, community participation mentality. When you walk in on a Friday to cash your check, it is not just a transaction. A lot of the time it is a social event for a lot of our customers. We have such a great and friendly staff that truly have servant hearts. We try to make our loyalty program just the friendliness and the caring that our people provide.

CEO CFO: Would you tell us about Kokomo, Indiana and the communities that you service? What is the economy like, what types of businesses; is it more up and coming with young families, a number of retirees?

Mr. Blume: We serve two distinct communities, Howard County where Kokomo is located and Hamilton County which includes our two Westfield branches and our Noblesville branch. Kokomo is a more established community. The economy is doing well now. Back in the financial crisis, I believe it was Fortune Magazine that named us as one

of the Top Three Fastest Dying Towns in the Country. Later we were back in the news as one of the great recovery stories and I think that speaks to the resiliency of the community. It is an older established community, heavily manufacturing based. We have Fiat Chrysler here, and with the merger, soon to be Peugeot Fiat Chrysler. We have had a GM presence for a number of years as well. We have had an administration that has been very focused on quality of life so if you look around in our downtown areas you will see new things happening with regard to beautification, more walking trails, that type of thing and really focusing on attracting more young people and making sure that we have a walkable community and an improving quality of life.

Our Hamilton County cities are a little bit different; they are much more rapidly growing and on the north side of Indianapolis, so a little closer to an urban area. We see a real focus on sports and in Westfield they built a facility called Grand Park which is focused on youth sports and has attracted lots of new activity. It is one of the fastest, if not the fastest-growing city in Indiana. It is a different economy and a different demographic. There are more young families but one thing we noticed is there are older generations following; grandparents are moving back to be in the same locale as their families. It is an evolving economy.

One thing that both markets have in common is that they are Midwestern cities so they are full of generous and caring and kind people that truly believe in contributing to their communities and being involved in their communities. They are very concentrated on youth and making sure that the young people have a great place to live. I live in Kokomo but spend a lot of time in Westfield and Noblesville as well.

CEO/CFO: How long have you been with the bank and what type of manager are you? Are you more of the hands on type or do you like to delegate?

Mr. Blume: We started the bank in 2003. We actually started a mortgage company in 2002, while we were chartering the bank, so I have been here since the beginning. Like so many of us, I am continuing to evolve as a manager as the company grows. I am delegating more but I have been a hands-on manager, hopefully you can talk to my people and be told I am not a micromanager but, I do like to know what is going on. We have been able to grow a great team and I feel that I can delegate in every area of the bank and know that the job is going to be done and done well.

CEO/CFO: Customer service is so important for banks. What do you look for in your bankers and staff?

Mr. Blume: That is the key to who we are. We look for people with a service mentality, a servants heart. We want people that are team players, we want people who are involved in the community, that have a positive attitude and are pleasant to work with and make the people around them better.

CEO/CFO: Are you a big believer in modern banking technology? Does it play a big role in customer satisfaction?

Mr. Blume: As a small bank, we look at technology a little differently, I think. We do want to still have tellers and have people come into our

offices and be greeted by a human being. We also understand that customers want technology, they want to be able to make transactions at their convenience, maybe not in the bank but away from the bank or even out of the country. We try to provide all the modern conveniences whether it be mobile banking, mobile deposit, and all the electronic access points. We have improved the interior of our offices; we now use cash recyclers that speed the transaction process and allow our customer services representatives in to interact more directly with the customers instead of counting money.

We believe in technology and we want to continue to build our technology particularly in the area of cyber security to make sure our customers' money is secure. We do not want to *replace* people with technology. We believe that our niche is that customer focus and interaction with the customer, so while we will try to provide all the technology that the customer desires, we still want to focus on that personal touch.

CEO/CFO: Do your fees and rates give you a competitive advantage? What sets you apart?

Mr. Blume: From a product standpoint we try to provide very competitive products. We have no-fee products on the consumer checking side that I think are as competitive as anybody. We try to be extremely competitive on the business checking side as well. From a loan standpoint, we underwrite our own loans and we still do it with humans, it is not done by artificial intelligence. We probably say yes, when some other banks say no.

Our credit quality remains very strong. We do not compromise on our underwriting but we do have a personal touch to it. We want to focus on delivering that superior experience. We are not necessarily in the market to be a low-cost provider, we do not have some of the funding advantages that the very large banks do, so we want to deal with that niche customer that wants service, wants advice, consultation, and the ability to reach our senior management when it is necessary. We provide that, and we will continue to leverage that personal touch and that commitment to service in order to deliver a superior banking experience.

CEO/CFO: Would you tell us about your growth strategy? Is it more de novo or acquisitions?

Mr. Blume: As a \$300 million bank, we do not have the luxury of having an aggressive acquisition strategy. We have looked at some small acquisitions over the years and what we found was either they were too far from a geographical standpoint to make sense to us, it would stretch our management team and or footprint too far, or we would have been just possibly acquiring somebody else's problem and we did not want to do that. Our growth strategy is very internally focused, very de novo, and it will be driven internally. We may build other branches in the future but we do not have acquisition plans.

CEO/CFO: How many branches do you have right now?

Mr. Blume: We have our main office in Kokomo, plus five branches. We have two branches in Howard County, two in Westfield, and one in Noblesville.

CEO CFO: Many banks were affected by TARP. How did your bank survive that?

Mr. Blume: We did not take any TARP. We were fortunate, we made money every year through the crisis, not as much as we would have liked to but, we still were profitable. We did not lay anybody off, we did not fire anybody. We did shrink the bank a little bit, we went from about \$200 million back to about \$165 million, primarily by letting some assets run off. That worked for us and we essentially shrank the bank back, looked at our policies, and learned some lessons. Since about 2012, we have been on a growth mode both in terms of asset size and profitability.

CEO CFO: That was a tough period for community banks?

Mr. Blume: It was not easy. We did learn some lessons during that time and now we practice what we learned from those times. While it was difficult, it did create an environment where we all had to pull together as one. That was the real key to our survival and we remain true to that philosophy, to this day.

CEO CFO: Are you well-funded for continued growth and development? Is reaching the investment community an important part of what you do?

Mr. Blume: We are a well-capitalized bank. We do some forecasts and project out. We may have a need for additional capital in the future but we feel like either through borrowings through the holding company level, we can possibly do some secondary market offerings or private placements. We do not have plans to do an IPO or anything like that. We have about 300 shareholders and we think that is a good number. If growth would necessitate it, we can go back and raise additional capital through those existing shareholders. If we need to access others, we feel our performance and balance sheet would warrant outside investments that we do not have, we do not have plans for that at this time.

CEO CFO: Address our business and investor readers. Why Community First Bank of Indiana?

Mr. Blume: I think if you want to deal with a bank that truly cares about each customer and creates an individualized experience for those customers, we are your bank. On the commercial side, if you want access to the decision-makers in the bank, we are the bank for you. On the retail side and commercial side, if you want to walk into a branch and have an outstanding experience, be greeted enthusiastically and really walk out of the bank with a smile, this bank is for you.

If someone does have the opportunity to be an investor, I would simply say that if you look at our track record in terms of earnings to peer, and our loan quality metrics, and if you look where we have positioned ourselves for growth, I think we present an attractive investment opportunity as well.

CEO CFO: Why should shareholders remain confident in where you are going?

Mr. Blume: First I point to our track record; we largely have the same team intact. If you look at the people that we have been able to hire and

the team we have created, especially over the last two or three years, it creates a real sense of confidence and optimism for the future. As we have grown to \$300 million with plans to get to \$500 million and ultimately beyond that, the people are, by far, the most critical component of success. We have a group of people that have been successful that are dedicated to our communities, our shareholders, to our customers, and really have plans for future successes.



This is Your Community. This is Your Bank.