# The Bank of Holland opens business loan office in Grand Haven

THE BANK OF holland

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## The manufacturing rebound continues to encourage bankers.

The continuing economic recovery, particularly in the manufacturing sector, has prompted The Bank of Holland to open a business loan office in Grand Haven.

The staff at The Bank of Holland Lakeshore Business Office at 16930 Robbins Road will be led by senior vice president Tom Werkman. While strictly a lending office, it will provide electronic services such as OnLine Banking and OnSite Banking, which permits scanning and remote deposit of checks. Couriers operating from the office also will be available for pick up deposits at the bank's business clients in the region.

Werkman said The Bank of Holland believes "businesses here have been underserved by the banking industry."

"The lakeshore's manufacturing base and Lake Michigan itself are two of the strongest assets this region has to fuel growth over the next decade," added Werkman. "The latest Upjohn Institute numbers show the lakeshore employment picture remained mixed but manufacturers increased their work force by 2.5 percent employment during the quarter an addition of more than 700 jobs."

In 1998, Lake Michigan Financial Corp., a bank holding company, was formed in Holland and opened its first bank there, The Bank of Holland. The bank opened a second location in downtown Grand Rapids in 2005. LMFC is now also the owner of The Bank of Northern Michigan in Petoskey and Traverse city.

With assets of $650 million, The Bank of Holland is one of the major SBA lenders in the state. Last year it was named both SBA Lender of the Year and USDA Business & Industry Lender of the Year.

Jim Bishop, The Bank of Holland senior vice president who is responsible for the lakeshore region, said the bank's FDIC-insured deposits increased by about 12 percent over the past year, and he attributes that growth to decisions "that made us the safe haven" for depositors.

"We were profitable through the worst part of the recession," he said, adding that those decisions extend into the asset side - the loans that earn money for the bank.

Would-be depositors who do due diligence before choosing a bank can refer to the FDIC website and other services to see how banks compare. "In each case, we were coming out very good in those reviews," Bishop said.

The Dodd-Frank Wall Street Reform and Consumer Protection Act signed into law July 21,2010, included temporary unlimited FDIC insurance on non-interest bearing account to try to help stabilize the still-unsettled banking industry, according to Bishop. That unlimited FDIC insurance on non-interest bearing accounts has since been extended through 2012.

With interest rates at historic lows over the last couple of years, some individuals and companies with large amounts of cash to park have opted for non-interest bearing accounts, and 16 percent of The Bank of Holland accounts are non-interest bearing, according to Bishop. Even though they pay no interest, those accounts can earn credits to offset the bank's fees, and those clients could "potentially have a free account," according to Bishop.

He said his bank has seen opportunities among those depositors with non-interest bearing accounts who still may want to earn some interest "and feel safe about what they are doing."

Another factor working in The Bank of Holland's favor is its manufacturing company clients.

"We are seeing the manufacturing sector rebound very well this past year and a half, which is one of the sectors that was hit very hard during the recession," said Bishop. The automotive sector, in particular, has been very good the last year, he said, adding that the Tier Two and Tier Three suppliers that The Bank of Holland works with "have been extremely busy."

Manufacturing companies that survived the recession did so by cutting their employee rosters as much as they could, said Bishop, and subsequently, "They learned to work very efficiently after that downturn. And while gross revenues may not be back to record levels, for many of them - or probably any of them - their net margins (of profit) are at record levels in various entities that we are seeing."

Commercial/industrial property values also have stabilized in the lakeshore market, according to Bishop. "We are actually seeing buyers out there again, and feel very confident about what's coming here in 2012, and that we will have plenty of opportunity to again be offering and continue to offer financing on real estate, as a part of a business's need to expand."

As for West Michigan banks in general, Bishop said he believes they are "doing much better than any of them were during the recession. I can say that. Do we still have a couple of local banks that have to work through a few issues yet? Yes. But the majority of banks in our market have weathered this recession very well."