Bank of Holland's decade

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THE BANK OF holland

HOLLAND — In the midst of relentless bad financial news, Bank of Holland is enjoying good, steady growth with existing customers as the bank celebrates its 10th anniversary this year.

The Bank of Holland moved into its own Grand Rapids facility in 2004 and has also been acquiring many new customers in the last couple of years in Grand Rapids, according to Bank of Holland President Garth Deur. The bank focuses on small- and mid-sized businesses as well as professions such as attorneys, CPAs, architects and physicians.

"Many are doing very well quietly because they're conservative West Michigan," Deur told *MiBiz*.

"A lot of our business tends to be owners or managers of the businesses," Deur said. "We're not a transaction-oriented organization; we're a relationship organization."

Deur said referrals from existing business customers have helped grow the bank.

"Our existing customers share with their friends and family that they have very good experiences with the Bank of Holland. This often gets us introductions," he said.

Bank of Holland's assets have grown 15 percent annually to \$540 million. The bank owes its success to clients who share the same business philosophy – "conservative, steady and forward-looking," Deur said.

The bank was founded in 1998 by a small group of people who believed in person-to-person customer service.

Bank of Holland opened in an old bike shop in downtown Holland and moved again before locating to its current Central Avenue facility in downtown. The bank first ventured into Grand Rapids in 2004. Deur said most of Bank of Holland's growth in the last couple of years has come from Grand Rapids.

"Grand Rapids is obviously a very significant market. We're becoming quite well-known," Deur said.

Growth didn't come naturally. Deur said the bank ordered food for 150 for an open house 10 years ago and a mere seven people showed up.

"It was a bit of a wakeup call. Business doesn't generally walk in your door," Deur said.

Early on, bank leaders could foresee the current financial crisis. Deur said bank officials always believed sub-prime mortgages were inappropriate and stayed away from them.

"For the most part we moved out of residential real estate development lending a few years ago," Deur said.

Bank of Holland is very well capitalized and very liquid. Deur said the credit crunch affects Bank of Holland because of the funding side of the business and the natural economic effect of Michigan's strained economy. He expects the next troubled spots to be consumer credit cards and auto loans, although neither affects Bank of Holland.

"We continue to do well and we're positive about our prospects for the future," Deur said.

Bank of Holland leaders will continue to be vigilant about credit quality in 2009 so they can be in a position to lend and support the continued growth of current customers and new customers who are a good fit.

The Bank of Holland hosted "Not Your Father's Economy," on Oct. 29, a panel discussion moderated by Deur with Rich Lievense, CEO and president of Lake Michigan Financial Corp.,



the Bank of Holland's holding company; Mike Jandernoa of Bridge Street Capital Fund and Lakeshore Advantage Executive Director Randy Thelen.

Deur said the current economy is more complex with more leverage compared to years ago. With the intervention of the federal government and events that have never happened in a person's career, comparing the current and past economies is tough.

Rest assured, more government brings more regulation. "Where the government invests, money regulation is sure to follow. So as they lend money on special terms and as they inject capital in the banks, and as they create access to federal monies for investment banks, the result is all the organizations fall under greater security and greater regulations," Deur said.

It's a swinging pendulum, he added. "I think the pendulum never stands still. As we move from an era of under-regulation in the other direction, we'll just see how far it goes."

Although Deur doesn't predict any local bank failures, he wouldn't be shocked if it happened. He said it wouldn't be good to witness a bank failure because of the fear factor. He noted that typically the FDIC prefers to arrange new partners for struggling or failing banks.