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Talented People and a Focus on Community has Led to their Loan Portfolio growing from \$65 million to \$200 million for Belmont Savings Bank (BSB)



Todd Cover
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 Todd Cover

CEOCFO: Mr. Cover, would you tell us about your role at Belmont Savings Bank and how it developed to where you are today as President and CEO?

Mr. Cover: I was a bank examiner for the state of West Virginia for about 4 years, which gave me a well-rounded knowledge of banking in general as well as some insight on how to run a company. This experience played a pretty big role in the decision to hire me at Belmont Savings Bank in December of 2015 as CEO in training. The plan was at the time for me to learn under the current president for about a year and then make the transition to CEO. In February of 2016, the current president passed away unexpectedly, so my learning curve was sharpened.

I have been here almost seven years and we have evolved so much in a short period of time. I am proud to look back and see what we have accomplished.

CEOCFO: Belmont Savings Bank has been serving resident of the Ohio Valley for 135 years. Would you give us a little background and history of the bank and how it developed from its founding?

Mr. Cover: BSB has been around since 1885. As a community bank, our vision is to serve and be a partner in the community. We have kept that vision for 135 years. We have evolved over the past seven years while

still maintaining that community bank mentality and being heavily involved in our communities.

We have won business of the year the past three years, an award voted on by the businesses in the community. We do not take this for granted, and we are very happy that the businesses in the community recognize us for our hard work and participation in the community. The vision from day one has always been a community bank and that continues to be the vision for the future.

CEO/COO: How has the bank evolved under your leadership?

Mr. Cover: When I started, BSB was more of an investment bank, and by that I mean we would pay high prices for CDs and invest it in mortgage backed securities, a typical bank investment at the time. With my background being in the commercial/business lending area, I knew being able to offer products and services to business customers was something I wanted to focus on at BSB. We were able to hire some really talented individuals who could help implement this service to businesses in the community and help make that focus a reality. In a short time, we were able to enhance our product offerings, and grow our loan portfolio from \$65 million to \$200 million.

We are no longer that investment bank. We are a true relationship bank and seek out partnerships with our communities and with our customers. Customers can receive all of the services and products they would get from a big bank, but at the same time, still have that local community bank feel when they walk through our doors, bank online, or visit us at the drive-thru.

When you look at our balance sheet, banks rely on their loan to deposit ratio. When I started it was around 19% and we are around 55% today. That is a tremendous success for us especially in the markets we serve. Something I am really proud of is the talented people we have hired. They have been instrumental in helping us move the needle a little bit over the past seven years.

CEO/COO: Has there been any significant changes to your team over the past few years?

Mr. Cover: When I first took over as president, we did not have much management depth. Now, we have a tremendous executive management and leadership team, who have really changed how we do business. With enhanced products, and really focusing on exceptional customer service, we have an amazing story to tell the community.

CEO/COO: Would you tell us about the businesses in your community? Which industries would you say are the backbone of the community, providing jobs and community development?

Mr. Cover: It has kind of evolved. In the Ohio Valley during the seventies and eighties, the steel and coal industry was a big deal in our area. Since steel has moved overseas, coal has kind of been frowned upon and the EPA regulations have cut back on coal production. Our value has evolved from being a big steel and coal mining area to where we have lots of land with natural gas, pipeline work, digging, and land rental from larger oil and gas companies. The industries are kind of offshoots of that.

Real estate rental is big for us. That has been one of our major industries to lend to, and some of the transportation.

CEO/CFO: Are you more of a business/commercial bank than a consumer bank? What is the mix and would you like to see that change?

Mr. Cover: My background has always been on the commercial/business side of the house. I would say now we are more on the consumer side which is probably a 70/30 split. Just looking at the lending portfolio, we are trying to expand on the commercial side. We would like to see that grow more to at least 50/50 or a little bit more. That is going to be our focus in 2023 and 2024, expanding the commercial side of our loan portfolio.

Commercial loans are something banks hang their hat on. Before I started, we did not do any commercial lending. We decided to change that in 2016. Over the past several years, our team was able to grow that division to about \$70 million in loans. This will certainly be a focus going forward.

CEO/CFO: How big a part is mortgage lending for you and is it in the commercial or consumer side of the business?

Mr. Cover: We do commercial real estate which is a big piece of what we do on the commercial side. Consumer mortgages have carried us for the past year, because by design, we were offering some of the lowest rates in our market. We had a record year as far as consumer mortgage lending. Now that we are in this rising rate environment, things have slowed a little bit for us. We still have the lowest rate in our area. We are still trying to plug along in that area but we know it is slow. Along with growing a loan portfolio there are many back-office jobs, that is a growth area too.

With all of this activity, we do not want to just throw mortgages on the books and not be able to service them. Hiring positions to assist with this has been huge for us. If you know anything about banking, sometimes it is tough to find good people, and we have been fortunate to find those people.

CEO/CFO: You offer investment services. What role does that play in your strategy?

Mr. Cover: We partner with Commonwealth Financial to offer our customers investment options outside of the services we offer at BSB. We can set up appointments for our partner to come in and talk with you about your investment goals and objectives.

Again, we want to offer our customers everything the big banks do. But it also has to make sense with the way we do business and our model. Rather than have someone sit in an office all day long, we thought this was a good way to service our customers investment needs.

CEO/CFO: With the rise of online banking and mobile apps, COVID, is the personal touch still important for you and your customers or do you find with the newer generations that are in the workforce these things don't matter as much?

Mr. Cover: That personal touch is what makes us different. As a community bank, you need to offer something different to get people in the door. We have the online mobile app, online banking, digital wallet and so much more. Plus, we want the personal touch. We enjoy and appreciate customers coming into our branches. We encourage it and look for different ways to create foot traffic.

We partner with many different agencies in the Ohio Valley and we do things where people have to come into our branches. It may be to win a gift card or something like that and they need to come into the branch to do that. That personal interaction with the consumer is a game changer for a community bank and that will never go away. That is the reason community banks are a viable option. I see that changing a little bit in the future, but there will always be a market for that personal touch and there are people that appreciate that.

CEOFCO: How many branches do you have and are you looking to grow that number in the near future?

Mr. Cover: We have four branches and they are all in Belmont County, Ohio. The communities we serve are good hardworking communities. We possibly could expand the number of branches in the future. We are always looking for good opportunities. If something comes across our desk, we will look at it to see if it makes sense on paper and for the bank overall. We are always looking to grow and whether that means a brick and mortar, a loan production office, or an acquisition, growing is never off the table.

CEOFCO: You have branches in Bellaire, Barnesville, St. Clairsville, and Powhatan Point. When you add branches is it through acquisition, de novo or a mix?

Mr. Cover: I would say our focus would be more on acquisition right now. If a deal makes sense to us we will take a look at it, run the numbers and see if we want to pull the trigger. We have also talked about a de novo as well and it might be a mix of both.

CEOFCO: When your lenders are working with a potential customer, what do they look at to determine if a business' revenues can manage the payments?

Mr. Cover: We cannot do anything outside what the regulatory agencies require us to do. As a community bank, we want to partner with people so we can deepen those relationships. Not everything makes sense on paper. We want to get to know the person we are lending to, get to know their true character, then we might be able to make the deal work even if it does not make sense on paper. Everyone has a story, and at the end of the day we lend to people not paper.

CEOFCO: You have social media pages. What do you use those for?

Mr. Cover: We definitely use social media for much of our marketing, as well as financial education. We participate in an enormous amount of community events. We like to let the community know what our team members are doing, and what we are supporting. Many people have told me "You guys are everywhere," and I like to hear that. What really makes us different is that we make an effort to have representation at

every event we support or sponsor. Anyone can cut a check and say they want to sponsor an event and give \$100 or \$1000; at BSB we do that, but we also will have seven or eight people attending that event.

One of the things we do different at BSB is we incentivize people to attend events. Not every bank does that and not every bank pays their employees to go to events. We encourage them to go to events and be part of the community. Volunteering is huge for us and that is how we want to network, meet people and partner with different agencies, companies and businesses. This is what sets us apart and that is going to keep our bank growing, networking and entrenched in the communities we serve.

CEOCFO: How is the bank funded? Do you have shareholders, investors, if so, how many and are you looking to grow that number?

Mr. Cover: We are actually a mutual bank meaning we are owned by our customers. The number of mutual banks has been shrinking but we like the fact that our customers are part-owners. There are no plans now to sell any stock or have any shareholders. We like our mutuality. It makes it easier for us to make decisions and act on things. This also allows us more freedom and leeway to offer some of the things that we do.

CEOCFO: In closing, what sets Belmont Savings Bank apart from other local banks?

Mr. Cover: We've touched on this throughout the interview. So this answer should come as no surprise. Our personal touch, our personal service, our entrenchment into the community, our investments into the community. We spend a tremendous amount of money and time giving back to our communities. It is not just about the money but our participation in everything we donate to. I sit on several board of directors for local nonprofits. We have other people that sit on boards for nonprofits. That type of involvement is near and dear to our hearts. We allow our employees flextime to go to different events. Not everything happens at night-time when there are donations and giveaways and things that are on weekends, which are during the day. Not everyone can get to them and if we sponsor an event, I can guarantee there is going to be at least a few people from BSB representing us at these events. I think that is tremendous and I do not ever want that to go away. As long as I am here it will not.

When I look back on the last seven years, I have been lucky. At the end of the day, I have been fortunate to hire a tremendous amount of people. I will not name them one-by-one because I do not want to miss anyone but we have so many good people here at BSB. When I first started at BSB, we did not have the greatest reputation. It is nothing against the previous president because he is the one that hired me, and he was a great man. We just did not have much of a presence. I called some people when I first started here to come work for us and I thought oh no, people were unsure. As I sit here seven years later people reach out to me and ask if we have any jobs at BSB. They say they would love to come work here because it looks like we have fun all the time.

Another thing that sets us apart is we like to have fun. We are not your stuffy bankers that come in shirts and ties. We are casual 24/7 and we wear jeans every Friday. We have a committee that is called the Motivation Station Committee and their job is solely to promote great culture throughout the bank. One of the things we do is celebrate birthdays every month. If your birthday is in January, there are five people with a birthday in January and we will order ice cream, pizza, or something fun from a local business, just things to keep giving back to our employees to let them know how important they are to us because at the end of the day they are 100% representative of BSB.

Again, I could not do it without the 62 employees we have right now. I want to give back to them, and I want them to not fear coming to work. I want them to be prideful of Belmont Savings Bank. We give each employee a clothing stipend every year to go out in the communities when they attend events. They all wear Belmont Savings Bank shirts and they are proud and happy to represent us. That is what it is all about. Whether you like it or not you spend most of your week at work, so you might as well like where you work. That is one of the things we want to do here. We have meetings and we have fun, I can guarantee you can come to any meeting at BSB and there is going to be laughter in it. Trust me, we get work done but there are ways to do it and have fun. We like to joke with each other and it is a great environment. That is one of the things we want to promote going forward, that laid-back environment where it is fun to come to work everyday!