

Bank eyes Hermitage expansion

Bank

Mercer County State Bank keeps 'community hometown feel'

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SANDY LAKE – In the banking industry, growth is essential.

Without it you can't survive, said Ray J. Kaltenbaugh, president and chief executive officer of Mercer County State Bank.

However, you don't want to grow faster than you can control.

"You have to grow fast enough to be able to afford to offer the new technology and products and services that are demanded and make a return for your shareholders," Kaltenbaugh said. "There's no magic number out there."

For Sandy Lake-based Mercer County State Bank, a good growth pace has been about 6.5 percent a year – fueled by commercial loans more so than deposits – and adding a new branch every two years. Hermitage commissioners recently approved a land development plan for the bank to build a branch in the 1200 block of North Hermitage Road, in front of Wal-Mart by the Montrose car dealership. It will be the bank's 11th branch. "We think that corridor is the one that has the most visibility," Kaltenbaugh said of the location. "That's where the majority of the growth seems to be."

The bank already has a presence in the city with commercial lender Mark Malcolmson. The bank put a "push" on commercial loans about a dozen years ago, and has been rewarded in that effort.

"We have about half of our loans now that are in commercial lending so we're not just a consumer lender anymore," Kaltenbaugh said.

Scott Patton, senior vice president for retail banking, said

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Kaltenbaugh

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officials believe they can fill a niche in Hermitage. That niche is offering a “community hometown feel,” he said, acknowledging that even megabanks promote themselves along the same lines.

Mercer County State Bank officials believe they offer the same products and services as the big banks, and competitive fees and rates. The difference is that loan decisions are made by a local board in a timely manner.

“We like to think that once they come in and start working with us we’re going to be able to retain them,” Kaltenbaugh said. “That has been our track record. We do not have a certain area in commercial lending that we’re into one year and then three years later we’ve decided we’re not going in that direction anymore and divest ourselves of that. We start a relationship with a customer and we retain that relationship.”

The bank has worked hard to keep its products and services up-to-date, Patton said. It recently introduced a mobile banking app and allows check deposits by phone. Customers soon will be able to set limits on their debit card usage.

“Even though a lot of people don’t use them, they want you to have them,” Patton said of products and services.

As part of that hometown feel, officials want bank employees to be seen in the community outside of their work duties: as members of local service clubs and boards – Kaltenbaugh put in 12 years on the Lakeview Area School Board – and by participating in community activities.

“We look for employees who are involved in the local community,” Patton said.

The bank enjoys many longtime employees.

“We offer very good benefits, we offer competitive wages,” said Kaltenbaugh, who worked summers and holidays at the bank starting in 1969 and became a full-time employee in 1973.

Branch managers have the authority to donate money to local causes. The bank has supported the United Way of Mercer County, Junior Achievement, booster clubs, fairs, 4-H and volunteer fire departments.

“We tend to do lots of small requests rather than make a big splash with one or two,” said Kaltenbaugh, the sixth president in the bank’s 105-year history.

The bank has locations in three counties and Kaltenbaugh sees the bank filling in within those counties in the future, without cutting off possible other options.

“Our goal is to have that 6-, 7-percent growth every year,” he said. “If there would be an opportunity to acquire a branch or another bank, that is something you would always consider. That normally is not an option in this market anymore.”



This artist's rendering shows the proposed building for Mercer County State Bank's branch in Hermitage.

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