

Locally Owned, Independent Community Bank since 1893



Monte L. Layman
President & CEO

Blue Ridge Bankshares, Inc. is single-bank holding company headquartered in Luray, Va. Chartered in 1893, Blue Ridge Bank is a locally owned, independent community bank with four branches in the Shenandoah Valley and central Virginia.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

CEOCFO: Mr. Layman, would you tell us about Blue Ridge bank and its long history?

Mr. Layman: Last year we celebrated our 120th year of being in business. Historically we have been primarily a Page County Virginia bank. In 2003 we – we opened our first branch outside the county. Three years ago we purchased an existing branch serving Charlottesville and Albemarle County Virginia, which has been very successful. We are currently in a growth mode and will be opening a branch in Harrisonburg, Virginia. We are continuing to try to grow the bank. The best part of our story is we have historically been a conservative bank on the lending side. Our niche is we go after the higher-end credits, and we tend to not make quite as much money as some of our peers. That philosophy has played well for us through this downturn, because we have set record earning years almost every year through this economic downturn. The last five years in a row we have had record earnings.

CEOCFO: Who is your typical customer?

Mr. Layman: We are more of a retail bank in our primary market of Page County Virginia, and our customers are more of the consumer type. In our Charlottesville/Albemarle market we are more commercial so we have two different niches in the different markets – we serve. .

CEOCFO: When you went into Charlottesville was it partly because it would give you that commercial mix?

Mr. Layman: We were looking to grow the bank and looking at some metropolitan areas around us. We had the opportunity to buy an existing branch in the Charlottesville/Albemarle market, – which gave us a good head start in that market.

CEOCFO: What is the competitive landscape with other community banks?

Mr. Layman: It depends on the market. In the market where our home office is we are the dominant bank and we have BB&T, SunTrust, a credit union and two community banks that we compete against. We have many of loyal customers that we have served well over the years. In our Charlottesville/Albemarle market it is more competitive; the big banks have the tendency more competitive in larger markets. They tend to put more resources in the larger markets and are much more competitive.

CEOCFO: When someone comes into a branch or engages with your people, what is different at Blue Ridge?

Mr. Layman: I guess many people would claim this as well but we have a very friendly, courteous and helpful staff that knows our customers by name. I was just in one of the offices today and it drives it home, because I was standing there talking to with the manager and as people would come in through the door the tellers would acknowledge them by their first name.. We know our customers and our market well. Our employees are generally long-term; we do not have very much of turnover.

CEOCFO: Is the history of the bank important to people when they look at doing business with you?

Mr. Layman: I do not think that would draw a customer to us, but I think it makes our customers proud that we have been around that long. In other markets like Charlottesville and the market in Harrisonburg that we are going into, it is probably not as big of a deal since we have not been in those market very long. When you go through these periods like we recently went through, and actually really before the downturn where many banks are being sold, customers do not like

change. I have been through that and have worked on the big bank side, so I have a life there as well. It is probably tougher on the customers than it is on the employees when you have mergers.

CEOCFO: Are there services that you would like to add to the mix?

Mr. Layman: Not that I know of. For a community bank, we have a great array of products and services. We have pretty much all of the technology that the big banks have. It is hard to keep up with the constant changes in technology and extremely costly.

CEOCFO: Do your customers tend to take advantage of the full range of your services or are there areas where you would like to see more growth or where you have plans to stimulate growth?

Mr. Layman: Yes. One of the things we are actually concentrating on right now is trying to get more business out of our present customers, and we have just hired a retail manager for the sales training. We are going to put a great deal of concentration on that moving forward, because – can be more successful and it is less expensive to cross-sell present customers than it is to get a brand new customer.

CEOCFO: Are your people comfortable with that approach?

Mr. Layman: We are not a high-pressure approach bank, and do not have to sell a certain number of widgets employees need to sell every month. We are looking at the total loans and total deposits and what the office generates in non-interest income versus people having to sell for example ten credit cards a month. Instead of a high sale environment, we try to identify and discuss products we feel would benefit our customers. I have been in high pressure sales environment in the past, and it is not very comfortable for the employee or the customer. We have slowly eased into it the sales environment since I came to the bank in 2001. I would say that when I came to work for the bank, we had very little sales culture. When customers come into the bank they are going to be treated very professionally. It is about being able to pick up on what the customer needs. We have been working on that approach and have made some progress, but we still have room to grow.

“We feel Blue Ridge Bank is well position for future growth. We have a strong management team that is built for the long term. We feel our expanded markets will help us to continue to grow. We will never forget our roots of being a bank that does the right thing for our customers.” - Monte L. Layman

CEOCFO: You mentioned hiring a new retail manager. Why is this the time for a bigger push in that direction?

Mr. Layman: It is just something that we needed. All banks of our size struggle with being able to bring on staffing to fill all needs. In this case we were looking for a retail manager and this person just happened to have the expertise, so we got two for one.

CEOCFO: Your site indicates value-added service and providing intrinsic value in everything you offer. What is an example of what you do make available that might be a little more in-depth than your competitors?

Mr. Layman: One of the things that we have is a KASASA account, which is a checking account branded by a company out of Texas called BancVue that helps us with particular products. We currently have a checking account that pays 2% interest up to \$15 thousand dollars and the requirements for that are to use a debit card ten times and view your statement online. That is all that is required to get the high interest. We have a savings account that attaches to that that pays a half of a percent interest. This is unique for our market. We have one other bank in our market that has the same product, but none of our other competing banks have it.

CEOCFO: Do many people take advantage of that?

Mr. Layman: That has been the challenge. When we first opened it, we got a fair spike, but it is hard to get consumers to move their checking accounts today because of the perception of how difficult it is to move their accounts. The biggest reason for that is all of the internet banking, the bill pay and some bills you have automatically debited from your checking account. Most people get their payroll automatically deposited into their account. Just to get all of those things switched over to another bank is perceived by the consumer to be a big deal. It is not that hard to get everything switched over, and we help the customers as much as we can.

CEOCFO: How is the economy in your area?

Mr. Layman: The economy in our main market Page County is somewhat depressed with high unemployment and not many jobs. The Harrisonburg and Charlottesville market has low unemployment and growth. We are kind of on both sides. These are some of the reasons that we were looking to branch into some other markets.

CEOCFO: *You have reported the highest net income in the company's history and you are marking your fifth consecutive year of record earnings. How are you going to continue on the trajectory?*

Mr. Layman: It is the management and the whole staff keeping their eye on the ball. The biggest thing in banks I think that can affect your income as much as anything is loan loss. We have done very well at managing the credit portion of the bank.

CEOCFO: *What do you understand about the process of the standard you adhere to that perhaps other banks do not?*

Mr. Layman: I think it is just our nature as a conservative bank and we do not really step out on a limb too far and take unnecessary risk. In the good times you can take risks and get reward for it, but when you go through a downturn like we just went through, there is a big price to pay and that is what we were able to avoid. Our bank has historically been a conservative bank, and that was my background as well when I came here. We did not really change the bank's philosophy that much.

CEOCFO: *Obviously your method is working!*

Mr. Layman: Yes, it has worked very well!

CEOCFO: *Will you continue to look for additional areas to expand?*

Mr. Layman: Yes, we intend to look for the right opportunities to expand our footprint.

CEOCFO: *Do you have something in mind?*

Mr. Layman: We are in the process of locating an office in Harrisonburg Virginia right now. Hopefully we will open sometime in April this year.

CEOCFO: *What do you look for in your people?*

Mr. Layman: They need to be people persons. Anymore they need to have sales background if at all possible. Sometimes it is hard to do that when you are hiring at the teller level to get somebody that has that sales background but certainly somebody that is outgoing and friendly, which is the most important thing for the customer contact people. Most of our lending people have been trained up from inside, and we have hired a few lending people due to expanding into new markets. We have hired people from other banks in those new markets.

CEOCFO: *Why pay attention to Blue Ridge Bank?*

Mr. Layman: We are a very well run bank. We have good strong management. We are aggressive but not too aggressive.

CEOCFO: *Final thoughts?*

Mr. Layman: It was just reported by S&L Financial that Blue Ridge Bank is one of twenty banks in the country that increased their dividends by at least 2% per year over the past five years.

BIO: President and CEO of the Company since 2004. Previously Executive Vice-President from 2001-2004. Graduate of Eastern Mennonite University with BS in Management and Organizational Development, VBA School of Bank Management at University of Virginia, and The Graduate School of Bank Management at Louisiana State University.



Blue Ridge Bankshares, Inc.

17 West Main Street

PO Box 609

Luray, VA22835

(540) 743-6521

www.mybrb.com