



Community Business-Banking Services for Small Businesses



Keith Costello - CEO

Broward Bank of Commerce is dedicated to serving the needs of small and medium-sized businesses as well as individuals who can benefit from the full range of banking, lending and financial management products and services. The bank provides unparalleled customer service, convenient online business and banking tools, serving customers and businesses. In addition to Broward Bank of Commerce's suite of business-banking services, the bank also specializes in residential lending and personal banking. For more information about Broward Bank of Commerce, call (954) 761-4900 or visit our website www.browardbankofcommerce.com

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

CEOCFO: Mr. Costello, what is the philosophy at Broward Bank?

Mr. Costello: Our bank is a community bank that is focused on the needs of small businesses and small business owners primarily in the geographic area of south Florida. Our philosophy is to offer guidance, support and products to businesses, entrepreneurs, individuals and organizations in the community so our local economy, on the whole, can continue to prosper.

CEOCFO: What are some of the challenges that might be specific to your region?

Mr. Costello: As you probably know, south Florida in particular was hit extremely hard in the great recession of the last five or six years. Our bank has really reached out to help some of these businesses that have long track records of success, went through a tough time in the last four or five years and needed a bank to help them get back on their feet. Those loans that we made to many of those types of businesses really paid off for us now as we start to see the economy improving.

CEOCFO: How do you know when you should be extending yourself for a business and when it is not in the best interest of either party?

Mr. Costello: It comes from a great deal of experience in terms of doing commercial lending and working with small business owners to be able to identify what is a good loan and what is not. It starts with the potential client's character, his or her resume and experience and then we look at the cash flow and the financial resources during the underwriting process.

CEOCFO: Do many of your business customers do their personal banking with you as well?

Mr. Costello: Yes – it is a convenient and easy transition for our clients. Our clients really benefit from that sense of security that comes along with being on a first-name basis with their banker.

CEOCFO: How do you break down between retail and commercial and would you like to see the mix change?

Mr. Costello: We are primarily focused on commercial and the reason that we are is that the retail banking business is much more of a commodity than small commercial lending. In small business commercial lending, you can really build a relationship with people. It is a one-on-one relationship where you get to understand the business and the customer and you work with that business owner almost as a partner. In retail banking many times people are just looking for a checking account or a place to put their money, so it is more about how much interest they are going to earn and if their checking accounts are going to be free. With retail it is almost like what is the lowest and most convenient way to access the service and I think with small business it is more about relationship and value added in most cases.

CEOCFO: Are there many local business banks and if so how do you compete with them?

Mr. Costello: There used to be three hundred community banks in Florida and today there are under two hundred. We have lost many banks due to failure as well as mergers and acquisitions. I think that trend will continue. It is inevitable with the new regulations that we have to follow and more and more banks realize they just have to get bigger to survive. The banks that are around we compete with but we are also friends with them. There are probably about fifty healthy

community banks in south Florida and we generally participate in transactions with those banks and we will partner up with them. We have more of a specialization in small business and SBA lending probably than most. Our balance sheet differentiates us because we have the cleanest balance sheet of any bank in Florida.

CEOCFO: Do customers pay attention to the stellar balance sheet?

Mr. Costello: I have heard people say that it does matter to them to know that the bank is five-star rated and very safe. Many people particularly when they are depositing money want to make sure it is a safe bank.

CEOCFO: Are there services you would like to add and are there services you offer that do not have as many companies participating as you would like?

Mr. Costello: We are getting ready to roll out mobile banking, so we are rolling out some new technology. We do have an online account opening process that we added and I would like to see that used more because it is the cheapest method for us to access new clients.

CEOCFO: How do you ensure that your systems like the online account opening are really as user-friendly that they could be?

Mr. Costello: We do not create the technology, but we buy it. When we go out and we look at adding new technology one of the criteria we look at is how user-friendly it is.

CEOCFO: How do you encourage use of your online services and some of the services that are more efficient for the bank?

Mr. Costello: We use email and when people contact the bank, we tell our staff to have them use those types of services. We will have them explain how to open an account online. We are also in the process of redesigning our website and creating more social media presence to drive traffic to our website.

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CEOCFO: You mentioned SBA and why that has been so successful for you. Would you tell us more about that?

Mr. Costello: Just within the last couple of years, we got involved with SBA and it was because we found somebody who really understood the process and system and how it works. In many of these specialized areas of lending, people really have to know and understand the business so finding that key person was critical. That area has taken off for us probably because there is such a demand among small businesses and there has been a need for financing. Many of these companies coming out of the recession were not in tiptop shape and the government guarantee enabled the bank to be able to look at the risk of making a loan to a company that might have a little bit more risk than otherwise.

CEOCFO: How do you reach potential customers?

Mr. Costello: We really work to position the bank and its team members as a resource for members of the community. We host events on a regular basis and are always working to maintain a steady stream of prospects and then even more importantly work to stay connected with them. We also have an advisory board that we use and our board of directors for referring business to us.

CEOCFO: Do you do much advertising?

Mr. Costello: It is usually restricted to some local events and charity event as well as a couple of homeowners associations. It is small advertising.

CEOCFO: What is ahead for the bank?

Mr. Costello: As we go into 2014, I feel more comfortable than ever about the future and about our ability to be able to make loans and move forward. What we are looking at now is expanding our team – we maintain a very low turnover rate and that serves our customers well. We are also looking at doing a capital raise. We are talking with other banks about possibly merging.

CEOCFO: As you grow, how do you keep the same culture?

Mr. Costello: It is a huge challenge. Whenever we hire somebody now, we try to instill our culture in them. It is just a matter of continuing to do that with every new person that joins and it is challenging, especially when you get to a merger or something like that.

CEOCFO: Why pay attention to Broward Bank of Commerce?

Mr. Costello: Broward Bank of Commerce has been a part of the community and as much a part of the community as any civic organization as the local government or local churches and charities. It can be a jewel for a community to have good community banks because they are locally owned small businesses and can much better understand small business than

someone who works in a big bank. Because the owners and decision makers live in the community, the benefits of doing business locally stay here. While the big banks give back to the community, it is a fraction of the money they make in the lucrative South Florida market. If everyone in South Florida did business with community banks instead of out of state banks the economic benefit to South Florida would be huge.

CEOCFO: *Final thoughts?*

Mr. Costello: I would say that I think the future of community banking looks bright for our bank and others who are in good shape coming out of this recession. As we sit here in 2014, we are doing well even though we have been through the worst of times. I think that regulation will ease off a little bit particularly for community banks and we are already seeing that in congress. I also think that if the economy improves as rates go back to normal that we are going to see community banks such as ours really take off in terms of profitability and we will see an increased interest in banks like ours.

BIO: Mr. Costello, CFA, is President and Chief Executive Officer of Broward Bank of Commerce, headquartered in downtown Ft. Lauderdale, FL. With assets of approximately \$160 million, Broward Bank of Commerce was one of the last new banks chartered in the United States opening in January of 2009. The bank has a highest for safety 5 star rating from Bauer rating services and has been listed as one of the 368 safest banks in America by MSN. Dedicated to serving the needs of small to mid-sized business owners, Broward Bank of Commerce provides a one-on-one approach to business banking, personal banking and residential mortgage services. With local owners, directors and management, Broward Bank of Commerce is truly dedicated to our South Florida community.

A 25 year veteran of financial services, Mr. Costello has been featured in numerous local, regional and national media and often serves as a speaker and panelist for various financial events and conferences. Prior to his appointment at Broward Bank of Commerce, Mr. Costello was President of Private Banking and Senior Lender of Bank of Florida Southeast. Prior to joining Bank of Florida, Mr. Costello was President for Broward County of Great Florida Bank, where he was responsible for the bank's operations and expansion in Broward County. Mr. Costello also served as Senior Vice President and Broward market executive of City National Bank of Florida. During his eight years at City National, Mr. Costello served as a lender, business development manager, head of private banking, and as the bank's senior executive in Broward County. Prior to that Mr. Costello was a Senior Vice President and Manager of the Miami office for NationsBank's Private Client Group after joining NCBN its predecessor bank in 1990. He started his business career as a Financial Consultant at Merrill Lynch in 1987 after leaving active duty military service in the U.S. Army, where he attained the rank of Captain.

Mr. Costello holds a Bachelor of Science degree from the University of Tampa and a Masters of Business Administration degree from the University of Miami. He received his Chartered Financial Analyst designation in 1996 and is a member of the CFA Institute. Mr. Costello is involved in several local charities and organizations and currently serves on the Economic Development Advisory Board for the City of Fort Lauderdale, and the Boards of Directors of Broward Days, Jack and Jill Children's Center, the Florida Bankers Association and the Greater Fort Lauderdale Chamber of Commerce where he serves as Chair of the Government Affairs Committee.



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