

# Delaware County Bank setting up comeback bid

Adrian Burns • Business First • February 3, 2012

Delaware County Bank & Trust Co. is going on the offensive.

After being hobbled for years by a string of executive changes and deep financial woes, the bank has begun to implement plans to grow again. Executives have largely stabilized the bank's troubled loan portfolio, and now its new CEO plans to raise capital, hire more top executives and begin rolling out additional and improved banking services.

"Now it's about execution," said CEO Ron Seiffert, a long-time Huntington Bancshares Inc. executive who took over at Delaware County Bank last September.

The plan marks a reversal for the bank, which in recent years had cut staff and closed branches to save money and preserve capital, all while operating with two interim CEOs who came and went since chief Jeff Benton stepped down in June 2010 after eight years running the bank.

## Setting the table

Delaware County Bank is far from fully healthy, but it has shown big improvement lately. It posted a 2011 loss of \$2.5 million, less red ink than the \$12.3 million loss in 2010. Significantly, its loan delinquencies fell to 2.24 percent of total loans as of Dec. 31 from 4.01 percent a year earlier.

With improvements under way and an economic recovery expected to gain steam in 2013, Seiffert said it was time to quickly make the bank competitive again so it can grab business as the economy expands. That will be a change for a bank that stagnated during the downturn. Delaware County Bank's deposit market share in its home county – among the fastest-growing in the state – fell to 23 percent at mid-2011, down from 33 percent in 2006, according to the Federal Deposit Insurance Corp.

The bank is launching a new business equipment leasing program and a new business line of credit that can be tapped through a credit card, Seiffert said. Both are aimed at filling a small-business banking niche. Executives also plan to revamp the bank's website and re-examine many of the procedures at branches to ensure that customers are getting a positive experience that competes with big banks, Seiffert said.

"Candidly, we are out of date" in some areas, he said.

Seiffert also is close to hiring three senior executives to help the bank implement its plans. They are expected to include a chief credit officer, consumer lending executive and someone to head marketing and customer relations.

## Raising capital

A key development is the plan to raise much-needed capital. Delaware County Bank has been under a regulatory consent order to boost capital since 2010, but it never disclosed how it intended to make up the shortfall. That has changed. Seiffert said the plan is to issue more stock in coming months to meet requirements of the order. He declined to disclose how much capital the bank must raise. The bank has about 3.7 million shares in its treasury that it could sell, roughly equal to the number outstanding shares.

Shares in parent DCB Financial Corp closed at \$3.50 a share Jan. 31, near their 52-week high of \$3.84.

With a strategic plan in place, Seiffert said the bank can make a compelling case.

"We're a community bank in a very good market, and that's what attracted me as a CEO," Seiffert said. "We believe we'll also be attractive to investors."



File photo by Janet Adams | Business First

Delaware County Bank's new CEO, Ron Seiffert, is positioning the wounded bank to take advantage of the economic recovery.