
BAC

BAC Community Bank

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Chief Executive Officer

CCBN Top Banker Panel
November 4-5, 2021
Medium Size Bank Panel

ABOUT BAC

BAC is a single owner institution providing comprehensive financial and banking services to area businesses, professionals, and individuals since 1965. BAC is dedicated to providing a unique community banking experience that is reflected throughout the daily operations of the Bank.

- Ten branches serving Contra Costa, San Joaquin and Stanislaus counties
- Headquartered in Stockton
- Assets \$810 million (as of 9/30/21)
- Commercial Lender (90% of Portfolio; CRE Concentration)
- Employees – 115

STRENGTHS

- Core Deposits (89th Percentile)
- Low Cost of Funds
 - 8th Percentile; Historically 2nd Percentile
- Loan Quality
 - CRE: LTV 47%; DSCR 2.97
 - Past Due: .52%
 - Strong Credit Administration
- Liquidity
 - Long History of Strong Liquidity
- Investment Yield (59th Percentile)
- Experienced Management Team
 - Long Tenure
 - Depth of Knowledge
- Strong Relationships with Customers
- Flexible, Customized Banking Solutions
- Leverage Technology Creatively to Develop Efficient Processes

CHALLENGES

- Loan Growth
 - Loan Growth without PPP
 - 2021 YTD -10%
 - 2020 1.5%
 - Loan to Deposit Ratio
 - All Loans 60%
 - Without PPP 57%
 - Without PPP & Purchased Loans 42%
- Interest Income (32nd Percentile)
- Loan Yield (12th Percentile)
- Rising Operating Costs
 - Inflation
 - Costs have been rising faster than inflation
- Asset Growth Outpacing Capital Growth
 - Tier 1 Capital Ratio 9.29%
- Staffing Issues
 - Aging Management and Board Members
 - Labor Shortages
 - Certain Skill Sets Difficult to Find
 - High Turn Over Amongst Lower Skilled Employees
 - We Don't Execute Training Well
- Increasing Regulatory Burdens
- Competition
 - Neo Banks
 - Ag Credit

STRATEGIC INITIATIVES

- **Develop Virtual Branch:**
 - Provide All Banking Services Except Cash Handling
 - Maintain and Develop Personal Relationships
 - Technology Functionality
 - Mobile and Web Based
 - Video Chat
 - Web Chat
 - CoBrowsing
 - SMS Messaging
 - Document Sharing, Exchanging and Signing
 - Digital Banking Integration
- **Grow and Diversify Lending**
 - Residential Mortgages
 - Small Business Lending
 - New Relationships
- **Operate Branch Network Cost Effectively**
 - Strategies Being Considered
 - More Reliance on Technology and Less Reliance on Staff
 - Branch Closures
 - Reduction in Branch Size
 - Reduced Lobby Hours
 - Centralization of Services & Processes
- **Improve Operational Efficiency**
 - Develop culture of questioning the benefit of a process or activity and offering suggestions for improvement and deploying change
- **Develop Plan to Address Staffing Issues**
- **Maintain Relationship Culture that also includes a Production Driven Culture**
 - Benchmarks and goals with associated activities that lead to achieving goals