



The mBank full-service branch in the new Menards store in Escanaba is now open for business.

mBank Continues To Expand In the Upper Peninsula; Opens New Branch Office in Delta County

By **BILL PERRY**

ESCANABA — With an economy in the Upper Peninsula that is more stable than below the bridge, mBank recently expanded its reach reestablishing a banking presence in Escanaba.

According to Kelly George, mBank's CEO, the bank has entered into a lease agreement to operate a full-service branch in the new Menards store, which opened for business in March. "We are very excited about the opportunity to get back and have a physical presence in Delta County," George said. "It makes sense for us and bodes well for Upper Peninsula business opportunities. In addition to our capital outlay, we plan to hire three or four people to staff the operation."

George, who is a former federal regulator working for the Federal Reserve Bank of Cleveland and commercial banker by trade, said in addition to the existing customer base the decision to expand during these hard economic times was made because of the steadiness of the economy in the U.P. "In light of all the issues down state, we'd rather expend some capital here. The economy in the U.P. does not fluctuate like it does elsewhere in Michigan; it once again has proven to be more stable than other parts of the state."

George indicated they approached Menards several months ago and received a favorable response to mBank's request to occupy 700 square feet of the new store they were building. "They have been good to work with and we think it is going to be

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a beneficial partnership for both of us," George said. "We have always wanted to get back to Escanaba as it is a natural fit for us. We have a customer base there and it fits our footprint for future plans to service the commerce hubs of the U.P."

Menards, known as the place to "Save Big Money," is a family-owned home improvement retailer based in Eau Claire, Wisconsin, with over 243 stores in 12 states. The retailer opened the 240,000-square-foot store and held a nine-day grand opening celebration this month. The bank branch arrangement is a first for the retailer.

For mBank it provides an opportunity to offer expanded hours in an environment with substantial foot traffic at a minimal amount of capital expense. Initial plans are to operate the branch Monday through Saturday. George is confident that with the bank's unique products and expanded hours of operation, it will be well received by area consumers. "The store will draw customers from across our service area. Having a branch there along with our extended hours will make banking convenient."

Dealing with Adversity

Challenging times in the banking industry is nothing new for mBank which emerged with new life in early 2005 after completion of a \$30 million recapitalization of the bank's holding company. Formerly North County Bank and Trust, the bank was ordered to cease and desist. It was then reorganized and recapitalized in an effort led by Paul Tobias, now chairman of the holding company for the bank: Mackinac Financial Corp.

According to George, during an 18 month period in 2003 and 2004 the turnaround team was assembled by former mBank official, James Bess, and it worked through the regulatory issues that were needed to keep the bank moving in the right direction.

"Paul then led the recapitalization in late '04 effort that stabilized the bank, found the necessary capital and over an 18 month period put what became mBank on a solid footing," George explained. "The eventual result rested on the positive coordination that emerged from the work of the turnaround team and the regulators to make this a great success story." At year-end, mBank's assets were \$450 million.

When looking at the current banking and financial crisis both nationally and worldwide, George noted that mBank went through its own adversity at a different time, but learned lessons that are helpful today. With the opening of its latest branch, mBank now has 13 locations statewide: nine in the Upper Peninsula, three in the Northern Lower Peninsula, and one in southeast Michigan.

"The southeast Michigan market has been hit the hardest, compared to the U.P.," he said, noting that the Upper Peninsula has what he calls more "hidden commerce." He defined it as businesses you would not readily view as being that prosperous, such as logging and timber industries, small manufacturing and

even some resort and lodging specialized properties; that really provide a solid economic foundation for the area. "You have to live and be up here to feel it," he added.

According to George one of mBank's business strategies has been to locate branches in U.P. county seats, calling them the commerce hubs. "We want to be there and can compete effectively. The majority of our assets are in the Upper Peninsula," he noted. "We also have some great talent working at our banks. We have been very successful in attracting experienced commercial bankers to work for us."

George said having veteran bankers on staff has allowed the bank to be more proactive, letting customers know what is going in the financial service industry. "Getting the word out that we are well capitalized, are here to lend money, and having the seasoned staff that can sit down and explain this to customers is important. They develop a personal relationship and our branches become hub centers where people feel comfortable to walk in and talk to their bankers. We want to work with borrowers because we only make money when they make money."

Looking Down the Road

George noted that the bank is seeing a lot of its positive economic impact in the U.P. extending not from Lower Michigan, but coming from Wisconsin, Illinois and Minnesota. People and businesses from those regions are moving into the area purchasing vacation homes and property and setting up new businesses.

mBank has a client base that is 70 percent commercial and 30 percent residential and consumer focused. It offers all the full services you would expect from a bank: checking, savings CDs, 24 hour ATM services, and for business clients a full array of assistance to help make companies thrive and grow.

"We recently worked with a couple of local builders in helping them finance construction of two "green" homes in the area," George said. "We also offer a 'green checking account.' It's an all electronic account. You get online statements, use internet banking, no fees are charged with a minimum balance and it earns a high rate of interest."

According to George this year is about preservation and trans-

formation. "We want to be ready and well structured when the economy turns around in Michigan to provide some good shareholder returns," he said.