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Rochester Top 100: Mortgage business drives the bank's growth

By: Nate Dougherty | January 15, 2016



(Photo by Kimberly McKinzie)

Greater Rochester Bancorp Inc. has grown steadily in the last decade by leaning on its core business of commercial banking, but now the community bank has found a new opportunity in mortgages.

The company, which acts as a holding company for Genesee Regional Bank, has increased its work in residential mortgages the past three years and has seen some fast growth because of it.

"Our core business has always been in commercial banking, in those companies with between \$1 million and \$25 million in revenue, but about three years ago we really saw an opportunity to step up in mortgages," said Philip Pecora, president and CEO. "We started at about \$20 million in mortgages and refinances that first year, then took on 40 new employees who had been at First Rochester Mortgage and as a result we did \$80 million in 2014."

The growth continued in 2015, Pecora said, with close to \$109 million in mortgage sales.

For Genesee Regional Bank, the step into mortgages was a logical one. Pecora said the mortgage crisis left many customers wanting a bank with a local focus, a niche Genesee Regional Bank has been filling since its inception.

Over the past decade the bank has been growing at a steady pace, thanks both to the new focus on mortgages and its more traditional strengths. It is approaching \$461 million in assets, up from \$415 million in 2014. Total revenue grew to \$23 million from \$19.6 million in the past year, Pecora said.

The bank's workforce also has grown.

"We're proud to say we crossed the 100-person mark this year, and we're at 102 employees now," Pecora said. "When we started this run we had 17 employees."

Pecora said the stability of Genesee Regional Bank amid a sometimes bumpy banking landscape has helped.

"It's been a bit of a difficult banking environment over the past 10 years, and in a way that uncertainty has helped us," he said. "First Niagara grew a bit too quickly and now is consolidating and before that HSBC sold out of the market. All that disruption provides an opportunity for smaller and community banks like ourselves to take more market share."

There could be more room for growth ahead as interest rates increase, Pecora added.

"We've been in a stagnant rate environment, and a big portion of our revenues come from loan portfolios, so the rates being lower mutes that growth," he said. "We haven't experienced an increase in interest rates in a long time, and now that that's finally coming to a head we'll have some wind in our sails and some revenue increases."

A large part of the bank's growth has come from its core approach, noted Chief Financial Officer Gary Schwingel. A close connection to customers and a strong local emphasis has been the backbone of Genesee Regional Bank, he said.

That was the ideal the bank was founded on in 1996, when Philip Saunders and Dante Gullace started the bank with the vision of establishing a community bank presence that could help grow small business in the region.

As revenue grows and operations expand to new areas, Genesee Regional Bank is looking forward to a more concrete expansion, Pecora said.

"Because of our growth, we moved into Linden Oaks about six years ago, but we've already outgrown this and acquired a building at 1850 South Winton Avenue," Pecora said. "We've already moved the mortgage team there, and the rest of the team is moving over by May. That gives us some breathing room, and we're really excited about the new room to grow."

The Rochester Top 100 program is presented by the Greater Rochester Chamber of Commerce and KPMG LLP. Launched in 1987, it recognizes the fastest-growing private companies in Greater Rochester. The 2016 Rochester Top 100 event will be held Nov. 2. For more information, go to greaterrochesterchamber.com.

Greater Rochester Bancorp Inc.

Banking services company

Year founded: 1996

2015 ranking: 48

Top executive: Philip Pecora, president and CEO

Current employment: 102

Headquarters: Pittsford

Website: grbbank.com

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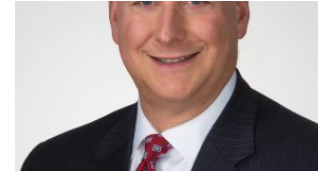
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