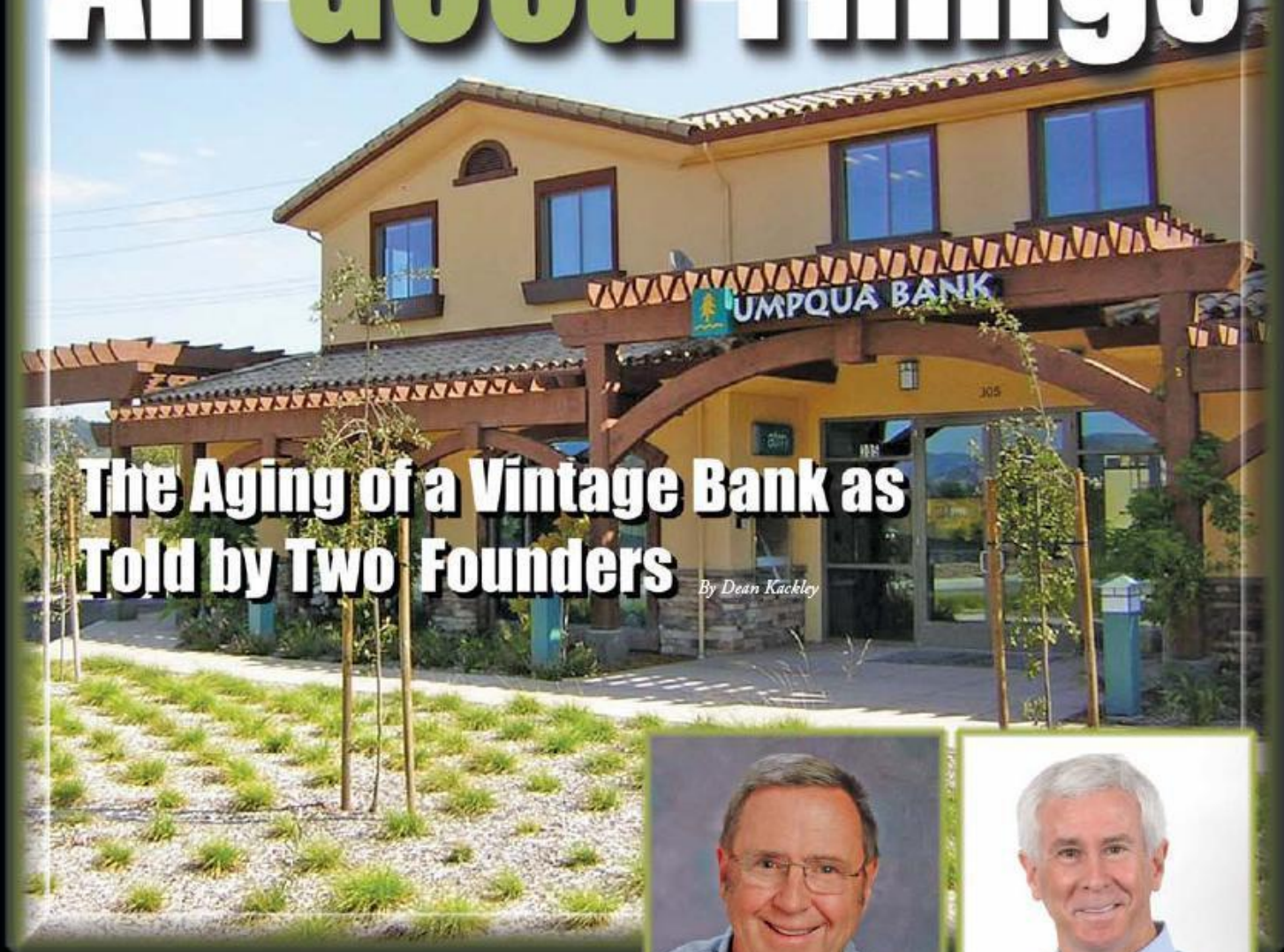


# All Good Things



## The Aging of a Vintage Bank as Told by Two Founders

By Dean Kackley

*From \$0 to \$155 million in 24 years: Not a speed record, but the sale of Northbay Bancorp and its Vintage and Solano Banks was more about the journey than the destination. In this article, we, two of the bank's founders, reflect on the life of a community institution that matured with the wines of Napa Valley. It's an insider's view of how the bank evolved and why it was ultimately sold.*

**B**ack in the days of savings and loans, the original source of financing for the American dream of home ownership, Napa lacked a financial institution that was owned by community members. "The importance of community ownership is to enable lending policies and decisions to be made on local needs and conditions," says Wyman Smith.

Smith and Dave Gaw began brainstorming about the need for a locally owned savings and loan. Gaw served for many years as chairman of the board for both The Vintage Bank and Solano Bank, and for their holding company, Northbay Bancorp, before and during the recent merger with Umpqua Bank headquartered in Oregon.



Umpqua Bank (above) promises community banking to former Vintage Bank customers. Above left to right: Dave Gaw and Wyman Smith.

"That was 24 years ago," continues Smith, who served throughout as corporate secretary and general counsel. "When we started talking about the idea, we learned that some of our clients were organizing a bank, so we joined forces."

Gaw and Smith have been partners in the law firm, Gaw Van Male, with offices in the same areas as the bank, Napa Valley and Solano County, since before the bank was formed. Gaw founded the law firm in 1972, and Smith joined in 1977.

"We were all younger then, and thought we could do anything, even start a bank," Gaw reflects. "The local character and control was very important to us." So, with a few of their clients and a group of young Napa residents, The Vintage Bank and an era of community service began.

"Recruiting organizers and investors was not just about financing the idea. It was about sharing the viewpoint that a local bank needed to be a good citizen," says Gaw. All the organizers eventually became board members, except Smith in his legal counsel role, and are now familiar names for their individual and corporate service to Napa and Solano counties.

"I attribute the success and growth of the bank to three things," says Smith. "The key characteristic for a community bank is being a good corporate citizen, and the bank has been generous in supporting a variety of worthy causes.

"It's also important for the bank's individual directors and employees to be responsible citizens," Smith continues. "Our people participated on their own time in nonprofit, charitable and community organizations and events. You'd see them everywhere.

"Finally, but no less important, the bank serves a broad spectrum of clientele—the entire community. It emphasizes similarities not differences, and personal worth as opposed to net worth."

"At The Vintage Bank and, in much the same way, Solano Bank, we knew our customers as neighbors. Unlike a large institutional bank," Gaw points out, "we were able to make decisions based on the person—not just their loan application."

The formula worked.

"Our investors have made 20 to 22 times what they put in," says Gaw. That's an astonishing 100 percent per year return on investment, more or less. "We were able to contribute to the community, serve our customers, and turn a nice profit for our shareholders."

### Strong management

"The bank had a stellar loan portfolio for virtually the entire span of its history," says Smith. "The consistency and high loan performance can be attributed in part to decision making by local directors, but also to the quality in management, which had deep roots in the community."

Terry Robinson was president, CEO and a director of Northbay Bancorp. He was hired in 1988 when the bank was little more than three years old. At that time, according to Robinson, "the board was running the bank and, to its credit, made my job pretty easy."

Robinson had 11 years of community banking experience before joining The Vintage Bank. He explains that many local banks stumble or fail during the first five years because their organizers and approach are random, rather than strategic.

"Like any small business, it takes commitment and passion," Robinson says. "We evolved very quickly from random to strategic, and built the structure needed to maintain that momentum. Dave and Wyman deserve much of the credit. Dave is brilliant. He thinks about the big picture, and he's strategic. He's a guy who'll do the right thing no matter how difficult it is."

### Umpqua moves in

The Vintage Bank and Solano Bank were the subject of takeover interest for many years. Why did Umpqua Bank succeed where others failed?

Wyman Smith explains, "We've been very impressed with its culture, attention to detail and success in integrating other banks. Wherever it has acquired an existing bank, it's always gained market share, which means customers and communities respond well to its presence."

"After the Northbay Bancorp merger," Smith continues, "Umpqua has roughly \$8 billion in assets. That's very substantial, yet everybody talks about being a community bank. Even at that size, it maintains a culture that's consistent with what we valued at The Vintage Bank. It insists on community involvement, and pays employees to do it."

"In addition to the cultural fit, Umpqua's size made sense, given what's going on in the banking industry," Smith continues. He cites competition for deposits, shrinking interest rate margins, impersonal lending standards and economies of scale. "Being part of a bigger organization is a way to protect what we've built and its value to both the shareholders and our community."

How will this pair of lawyers stay active in the community?

"One of Gaw Van Male's three stated values is community involvement," says Dave Gaw. "We work with hospitals, youth organizations, economic development corporations, chambers of commerce, countless worthy causes and charitable groups.

"It's not only good business. It's the right thing to do," Wyman Smith adds. "Both the bank and our firm are businesses, and both understand the importance of sharing our success with those who made it possible, our clients and customers."

"Community service can't be directly linked to profits, though. It's about improving the quality of life of our families and neighbors," Smith continues. "In a healthy and prosperous community, the success of leading businesses will almost take care of itself."

### The end of an era

"At the end of anything important, there's a little bit of grieving. It's a normal process," Gaw reflects. "I want to acknowledge everyone who contributed along the way: The employees for their tireless work and high standards of performance. The organizers for their vision and courage, and the investors for their trust. And, of course, our loyal customers.

"I think if you're successful, you need to give your shareholders the benefit. You look at what's best for them individually and as a group. It was time to let it go."



An interior view of Umpqua Bank's Soscol Avenue branch in Napa



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