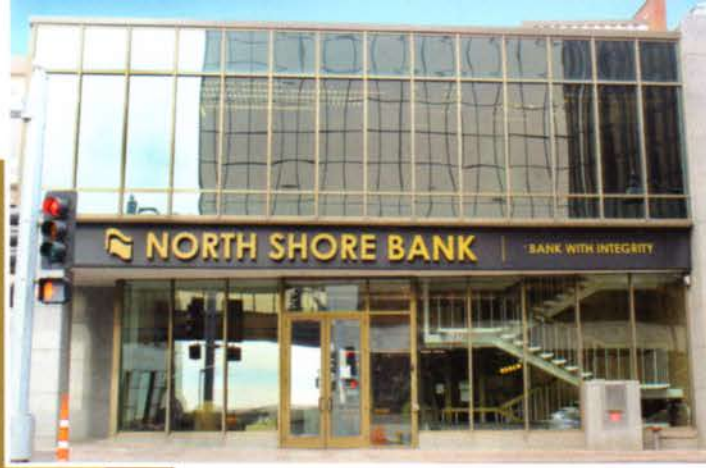


# BANK WITH PURPOSE



**NORTH SHORE BANK HAS FOCUSED ON SMALL BUSINESS AND RESIDENTIAL CUSTOMERS FOR OVER A CENTURY, RESULTING IN GROWTH AND EXPANSION**



**E**ntering the lobby of some large banks can be an overwhelming experience – vaulted, two-story ceilings, marble floors, granite facades and a complex level of commerce beyond most people’s imaginations.

Community banks, however, offer an alternative to what many perceive as an impersonal experience. For this reason alone, they comprise 92 percent of all banks in the United States. One of the hallmarks of community banking is being able to actually walk in the door and see familiar, friendly faces who respect the value of your hard-earned money (and your aspirations for making the value of that money grow).

North Shore Bank is a long-standing community bank where customers bring their dollars and savings along with their dreams, whether those dreams are business related or family related. Locally owned and managed, it offers a comprehensive array of traditional business and personal banking products, a complete selection of financial planning, trust and investment services, and a recently added insurance division – all with the same personal touch. In addition to offices in Duluth and

Hermantown, this independent, \$370 million bank has mortgage services in Cloquet and Superior.

Helping people accomplish their goals in life – their dreams, if you will – is what drives Ken Johnson, who became president and chief executive officer in 2017 after overseeing a number of departments during his 33-year North Shore Bank career. “We can help them every step of the way,” said Johnson, “whether they’re starting a savings account for their child, saving for their child’s education, mapping out their finances, purchasing a home, insuring that home, buying their first car or planning for retirement.”



***“We can help them every step of the way, whether they’re starting a savings account for their child ... buying their first car or planning for retirement.”***

– PRESIDENT AND CEO KEN JOHNSON



***“We just made a significant investment in the company to grow and to become more prominent in our market.”***

— FRED LEWIS, VICE CHAIR-BOARD OF DIRECTORS AND PRESIDENT-NORTH SHORE FINANCIAL

As well as supporting customers, this bank supports the communities it serves. In fact, North Shore Bank has a civic and philanthropic ethos that is important to its leaders and employees.

### **A DYNAMIC RELATIONSHIP**

For more than 105 years, North Shore Bank has provided service to residents of Duluth and the surrounding region and can trace its lineage back through four generations of Lewis family ownership. Vice Chairman Fred C. Lewis II and his siblings represent the fourth generation of the Lewis family to own the bank.

Throughout much of its history, North Shore Bank has operated under a unique dual form of governance, with the head of the bank working closely with the Lewis family as owners. Currently, Ken Johnson heads all North Shore Bank operations as its president and CEO. Fred Lewis is president of the bank's holding company, North Shore Financial Corp., and serves as vice-chair of North Shore

Bank's board of directors, where he helps guide strategy and capital allocation.

Lewis explained that this system frees them to have meaningful conversations about long-term planning and direction on a regular basis.

“Most people that operate a small bank will tell you that daily operations require a lot of focus, sometimes leaving little time for strategic planning,” he said. “This structure allows us to focus most effectively on both operations and strategy.”

### **PUTTING THE “COMMUNITY” INTO COMMUNITY BANKING**

Since its launch, North Shore Bank's mortgage division has grown significantly. It has become the go-to destination for not only its own customers, but those of other banks as well.

“About 80 percent of the loans we close are for customers of other lending institutions,” said Senior Vice President Joe Johnson (no relation to Ken Johnson), who oversees the mortgage division today.

Joe Johnson came to the bank from the former St. Louis County Federal Savings and Loan in 1994, which was the largest home financing lender in this area at the time. When “St. Looie” was bought by then-First Bank (now known as U.S. Bank), then-President and CEO Larry Johnson (Ken Johnson's father) was leading North Shore Bank and seized the opportunity to add the veteran mortgage banker to the North Shore team. That decision has been paying dividends ever since.

“What makes us unique from other community banks is how diversified our lines of business are, and how significant they are relative to the size of the core bank,” said Joe Johnson. “North Shore Mortgage closes more single-family home loans than any lender in Northeastern Minnesota.” He noted that since 1994, the bank has closed more than 20,000 loans with a total value of nearly \$3 billion.

North Shore Mortgage currently has a skilled team of five lenders – with a combined experience of over 125 years between them – to help customers with their loan requests. Backing them up is a supportive staff of



processors who handle the files and documentation, underwriters who review the files for compliance and approval, and closers who work with title companies to close the loans, as well as a mortgage operations and loan servicing staff.

Together, the North Shore Bank Mortgage division has helped many area residents achieve the dream of owning their own homes. That's not only good for the new homeowners; it's good for the community as well, because it helps strengthen neighborhoods and the city's tax base.

### A CHAMPION FOR SMALL BUSINESSES

Community banking is also the mainstay of many commercial endeavors. Last year, the number of small businesses in the U.S. reached 31.7 million, comprising nearly 99.9 percent of U.S. businesses and about half of the U.S. workforce. And as a community bank, North Shore Bank focuses a lot on small business lending.

Anchoring the commercial lending side is Brian Murphy, the chief lending officer, whose smile is as big as his personality. "Probably the best way to describe what I do would be that I directly manage the business banking department, which is both commercial lending and business services. I also oversee the mortgage lending, and to a certain extent, the retail lending. I call myself the 'loan guy.' You've got the deposit folks, and then you've got the loan guy – that's me," laughs the genial Murphy.

Murphy noted that nearly all of North Shore Bank's commercial clients are smaller businesses – the true nature of a community bank. With just under 500 customers on the loan side, building those relationships and taking good care of business customers is always the first priority.

And when COVID-19 hit last year, North Shore Bank was right there to help. The staff racked up 12-hour days for many weeks on end, actively participating in the U.S. Small Business Administration's Paycheck Protection Program (PPP) on behalf of its business customers, so they

could keep their workers employed through the pandemic crisis.

The PPP funds helped many small businesses that were adversely affected by the pandemic to get through tough economic times and mandated business shutdowns. When their revenue dropped to zero, they still had expenses – rent, utilities, insurance and real estate taxes. As Murphy explained, the bank's business clients' expenses didn't go away when their revenue dried up.



***“What makes us really unique from other community banks is how diversified our lines of business are, and how significant they are relative to the size of the core bank.”***

– SENIOR VICE PRESIDENT JOE JOHNSON



Renovations are ongoing on the second floor of the Downtown location.



### WORKING HARD TO MAXIMIZE CLIENT WEALTH

Over 80 years ago, North Shore Bank was granted fiduciary powers and has continued to expand the services offered to the region ever since. Its products and services have evolved over the years, bringing customers an increasing level of value delivered with excellent customer service. Retirement planning, investment

protecting their wealth through trust administration, estate administration, 401(k) plans and retirement planning.

She explained that a snapshot of how these services are provided might include a client's professional team consisting of their accountant, attorney, trust administrator and private banker. It's a team effort. "We all work together to come up with a plan," Brannan said.

*"We were really proud ... that we were able to get that money [Paycheck Protection Program loans] out to our customers."*

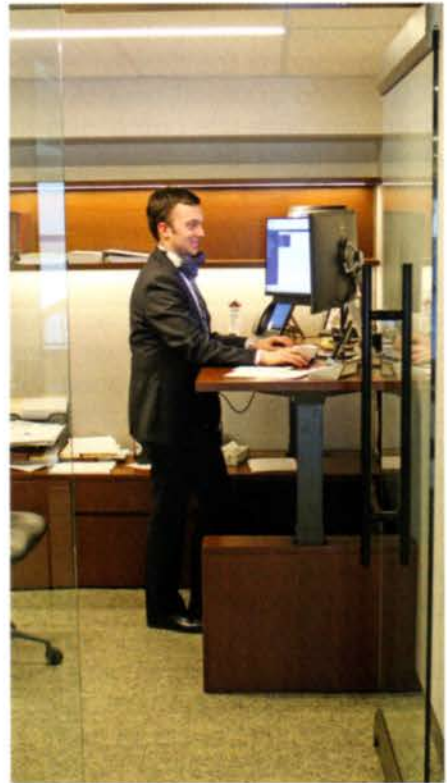
— CHIEF LENDING OFFICER BRIAN MURPHY

North Shore Bank participated in all three rounds of the PPP loan program. In the first two rounds, which were in April-May of 2020, it processed 300 PPP loans, and the total was almost \$27 million. "For a bank our size, we were really proud of the fact that we were able to get that money out to our customers," Murphy said. "We were just thrilled that we could be there to assist our customers and accomplish such a large volume of work in such a short time frame."

management, and trust and estate administration are areas that separate North Shore Bank from its competition.

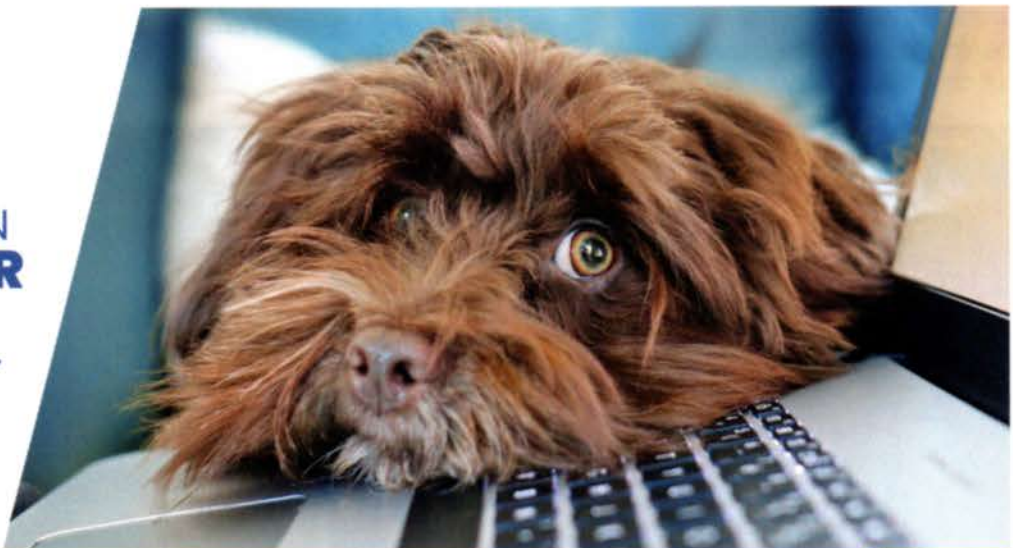
Brenda Brannan, who is the executive vice president and chief wealth management officer, oversees the North Shore Investments & Trust, Retirement Solutions and Private Banking divisions.

Brannan's team of 24, with over 500 years of combined experience, is devoted to assisting clients with preserving, growing and



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*“For a community bank of our size to have a trust department the size that we do is somewhat of an anomaly, and we feel proud to be supporting so many in our community in this way.”*

– CHIEF WEALTH MANAGEMENT OFFICER BRENDA BRANNAN

The collaborative team is committed to assisting and informing clients during their lifetime and continues on to include the next generation of family members. These extraordinary relationships, in some cases, span several decades. “It’s a pretty fun and dynamic business,” said Brannan.

North Shore Investments & Trust’s professional team consists of accountants, portfolio investment managers, trust administrators, estate specialists and several certified trust and fiduciary advisors. This team has the experience and expertise needed to manage every detail of their clients’ financial needs. They also provide valuable insights and guidance on asset management and work with accountants to help minimize taxation.

“The market value of the portfolio that we support exceeds \$900 million. For a community bank of our size to have a trust department



the size that we do is somewhat of an anomaly, and we feel proud to be supporting so many in our community in this way,” Brannan said.

### **AN EMPLOYER OF CHOICE IN THE REGION**

North Shore Bank employs about 120 people across its operational areas. The training and development of the bank’s talent



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assets is just one of the hats worn by Patricia Stolee, who is the vice president of human resources. She noted that North Shore Bank has been a long-standing employer of choice in the region, and her job is to ensure that their team and their customers can build their future together. Stolee is clearly proud of how the bank's leadership supports and invests in their employees through career development, mentorship programs and continuing education.

In addition, one of the most recognized hallmarks of North Shore Bank is the widespread involvement of bank employees on the boards of various companies, nonprofits and civic organizations throughout the Northland. "We have over 50 employees that serve on nonprofit board positions or volunteer in the community," said Stolee. She believes that volunteer service provides staff members with a broader understanding of the communities they serve. And that commitment extends right up to the bank's executive leadership ranks, who likewise serve on numerous boards and professional associations.

"In our HR department, we've really focused on creating a diverse atmosphere that fosters openness, trust, inclusion and respect," Stolee

explained. "Everybody wants to be in a respectful work environment that values diversity and inclusion – but it's also a fun place to work and grow your career. We are also keenly aware of the importance of mental health in the workplace and ensure our employees have the resources and support they need. When you bring all that together, you can have a perfect balance for a great [workplace] culture."

In addition to direct employee involvement, corporate philanthropy is a top priority. North Shore Bank's philosophy is to give 4 percent of its net income back to the community. And maintaining a strong connection to the community



***"Focusing energy on giving back to members of our community ... is a very important part of being a good corporate citizen."***

– VICE PRESIDENT-HUMAN RESOURCES PATRICIA STOLEE

is one of the aspects Stolee loves most about the bank.

"That's really important to me, and I think to our employees as well," she said. "Focusing energy on giving back to members of our community in support of organizations like the First Witness Child

Advocacy Center, Life House – and many other nonprofits serving people in need – is a very important part of being a corporate citizen."

As an example of how employees take this to heart, North Shore Bank team members volunteered to help at Second Harvest



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Northern Lakes Food Bank this past year, in spite of the pandemic, to help people in need during these challenging times.

For all of these reasons, it's common to spot North Shore Bank's logo all around the Northland – because it's sponsoring everything from local theater productions, youth sporting events and Duluth Superior Symphony Orchestra performances to numerous networking and education events for the business community.

### NEVER STANDING STILL

Like the bank's founder, Douglas Lewis, Ken Johnson knows continued growth doesn't happen by standing still. For example, in the mid 1990s, when Larry Johnson served as president and CEO, the bank expanded its mortgage and trust divisions, significantly changing the bank's portfolio. And last October, Johnson announced yet another expansion by launching North Shore Insurance – a new wholly-owned subsidiary that offers a full line of business and personal insurance policies including general liability and workers' compensation and homeowner, auto and life insurance, in addition to umbrella insurance. The goal is to help customers simplify their financial decision-making since financial and insurance services are now all conveniently available under North Shore's roof.

Brannan, who oversees North Shore Insurance, said, "We had the opportunity to bring on board a seasoned insurance agent – Matt Mathias. He's a Duluthian who knows our community and has a passion for insurance to help us protect people's wealth. We currently have five markets, or carriers that we can go out and book insurance through, which makes this a really good fit to complement the products and services that our clients need to facilitate their financial wellness."

As North Shore Bank continues its growth, Ken Johnson takes pride in the staff's ability to

"provide a wide range of products and services to our community, while remaining independently owned. That, in turn, allows us to provide that personal level of service that our customers have come to expect from us."

Like his family forebearers, Fred Lewis also continues looking forward and working hard to make sure the bank gets the resources it needs to pursue growth.

"We recently made a significant investment in the company to grow and to become more prominent in our market," said Lewis, "so I think the outlook is really bright. I'm really excited about the future of North Shore Bank".

Patrick Lapinski is a freelance writer who grew up in Superior.



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