Wrapping It All Up

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Seventh of our Seven-Part Series

Presenters:
  Jim Pope, KeyWorth Bank
  Tim Keadle, Porter Keadle Moore, LLC
  David Oliver, Georgia Bankers Association
  James Stevens, Troutman Sanders LLP
Our Presenters Today…

David Oliver
Georgia Bankers Association

James Stevens
Troutman Sanders LLP

Tim Keadle
Porter Keadle Moore, LLC

Jim Pope
Keyworth Bank
Jim Pope

- 45 years experience
- Founder and CEO, Keyworth Bank, Johns Creek
- Founded in 2007
- Grew to $399 million in assets
- Merged with Renasant Bank, 2016
Purpose of Today’s Session

- Review our series
- Discuss key takeaways
- Hear real-world success stories
Session 1 – Does My Community or Niche Need a De Novo Bank?

- Georgia historically a good state for de novos
- Selective opportunities exist today
- Regulators are being receptive/responsive to well-developed applications
- You only need “commensurate capital"
Session 2 – Assembling Organizers, Management Team and a Board of Directors

- These decisions affect your ability to get a charter and, thereafter, your ability to run a good bank
- Character and fitness of management are critical
- Clearly define roles and expectations of organizers, long-term directors and executive team
- Need people with previous bank experience
- Directors should be active, but not micromanage the mgmt. team
- Tie compensation of organizers AND management team to success
- Insurance needs begin at organization
• Put the time in on the front end in preparing the application and most importantly, the business plan that is included with the application

• Focus on prior banking experience in assembling the Board/senior management team

• Use the pre-filing meeting with regulators and other feedback from regulators to determine the appropriate level of capital for your institution
• Details, details, details – prove your case

• A complete application will discuss the business and products, management, capital adequacy, convenience and needs of the community, premises and fixed assets, information systems, financial projects, and incorporate the policies of the bank
Session 4 – Regulatory Views on De Novo Banks

Approval Factors – Summary of Consideration Criteria

• Does bank have adequate banking facilities to support operations?
• Has competent management, including the Board, with ability and experience relevant to the type of services provided been identified?
• Has capitalization that is sufficient to support the projected volume and type of business been achieved?
• Can the institution reasonably be expected to achieve and maintain profitability?
• Has the institution developed a Business Plan that appears viable given the economic conditions, growth potential, and competition of the proposed market area?
• Is the application free from abusive insider transactions and apparent conflicts of interest?
Session 5 – Raising Capital for a De Novo Bank & Shareholder Expectations

- 8% leverage ratio. Get capital right for the business plan, not necessarily a huge pot.
- There are many different structures for de novo offerings. Keep it basic for best results.
- Bankers should think long-term about building the right investor base for the bank.
- Holding company or not?
- S Corporation or C Corporation?
- Generally, at least 20% of offering should be taken down by organizers.
Session 6 – Operational Considerations for a De Novo Bank

- Who are the service partners that match the strategic operational plan?
- Correspondent bank has a critical role
- Get core and IT providers right – could be a 20 year relationship
- HR policies, procedures also critical
- Trade associations have tremendous resources – from health and retirement benefits to other service providers to ongoing education
Summing It All Up

- Opportunities exist
- There’s a well-defined process
- Regulators are ready
- Resources abound
- You can do it!
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Thank you for participating!