

BANK BULLET POINTS

WHY EVERY BUSINESS SHOULD OWN A BANK

- I. By owning a bank a builder or other successful business person can strengthen his relationship with his own bank. It gives him leverage and influence. Every bank has correspondent relationships, and he can carry deposits with his lending bank which helps in his interest and term negotiations. He can also do loan participations with his main bank that also strengthens relationships.**
- II. It opens doors that could not otherwise be opened. By networking with his banking peers he will have access to projects he otherwise would never know about, therefore additional profit sources.**
- III. Invest \$10,000,000 directly into the bank. Break even from day one. Bank has book value of about \$5,000,000. Recover from required loan reserves. That gives a book value of \$15,000,000. Local Community Banks historically sell for 2 to 3 times book value. The day the transaction is closed @ 2 times book value the bank would be valued at a minimum of \$30,000,000, which gives a book profit to the investor of \$20,000,000.**
- IV. Operate the bank with a qualified business plan for 5 years, and it should be valued at a minimum of \$50,000,000.**
- V. Operate with correct business plan for 10 years and it should be valued at a minimum of \$100,000,000**
- VI. Just place the decimal point where you want it to size and the ratios work the same.**