



How to speak “Bank”

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Home *HB* Bank



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The background of the slide is a close-up, high-contrast photograph of numerous coins of various denominations and types, including US quarters and pennies, scattered across the surface. The lighting is dramatic, with some coins appearing bright and others in deep shadow.

Agenda

1. Learning how to speak “Bank”
2. How Banks think
3. How to find the right Bank for you

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About Home Bank

Founded in 1908 – Celebrating our 113th Year

A Louisiana Based Community Bank

Headquartered in Lafayette, LA

\$2.5 Billion in Assets as of December 31, 2020

Focused on Business Banking Market including Lending, Treasury Management and Digital Banking Solutions

Operating in 6 Markets: Acadiana, Baton Rouge, New Orleans, Northshore, Natchez & Vicksburg, and Southwest LA.

40 Locations

12 Locations in Greater New Orleans

Listed on NASDAQ under ticker “HBCP”



How to speak “Bank”

Bank's have their own language much like your industry.

We have acronyms and key performance indicators just like you do.



Three C's of Credit

Character

Cash Flow

Collateral

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ONE form
of
Payment

\$CASH\$



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Bank's Lending Strategy

There is only one way
that Banks FAIL
Making too many bad
loans

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Economics of Lending

Most Banks are considered well run if Return on Assets $> 1.40\%$

$$\text{Return on Assets} = \frac{\text{Net Income}}{\text{Total Average Assets}}$$

Risk vs. Return

What is the Return Expectation for your business?

Much Greater than 1.4%, likely 30x more.

Therefore, Banks don't take risk or try not to.



Packing your Parachute

Entrepreneurs are to be ADMIRED and CELEBRATED by Bankers.

Bankers have their place in the world, but we don't exist without Small Business Owners risking everything.

Banks need to understand the risks associated with your business and industry.

Know your audience

Bankers by nature are Risk Averse

When working with a Banker please understand:

- We are not entrepreneurs.
- We chose a job that we get paid the same every 2 weeks.
- A Banker never got fired for NOT making a loan but might if they make a bad one.

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What are Bank's Looking for in an Investment?

Three Solid Sources of Repayment

Primary	Secondary	Tertiary
Cash Flow from Operations	Guarantor Liquidity or Outside Cash Flow	Liquidation of Collateral

Bank's Evaluation
of Investment

Passive Investors

Back Seat Driver

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Pitch to the Bank

Don't sugar coat or pass over the obvious and not-so obvious risks in your business or industry. Deal with them upfront.

Cash Flow needs to be addressed and outlined as consistent and stable.

Provide back up for Management's thought process, experience and active management of the project/business.

Solid Financial Information needs to be presented. Numbers are the scoreboard for Management's ability.

Provide Primary, Secondary and Tertiary Sources of Repayment.

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What Bank is right for you?

What is the primary reason most people chose a bank?

Convenience

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Banking Products are Homogeneous

All Banking Products and Services are essentially the

SAME





Think Beyond Today or Convenience when choosing a Bank

What are your decision points when choosing any vendor?

- Maybe you should apply those same decision points when choosing your bank.

What is most important to you?

- Do they buy from you?
- Do you have a personal relationship with the owner or someone at the company?
- Are they cheapest and/or the most convenient?
- Do they have the products and services that you most need and want from them?

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What Bank is right for you?

Money Center/Super Regional Banks –

Multiple Brick & Mortar Locations in a market, ATMs and robust Online Banking capabilities.

Centralized decision making and very little/if no local authority.

Depend on 800 and Online Service model.

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What Bank is right for you?

Larger Community Banks/Regional Banks–

Less Brick & Mortar Locations in a market, ATMs and robust Online Capabilities. Some Centralized decision and Local level decision making with dispersed authority.

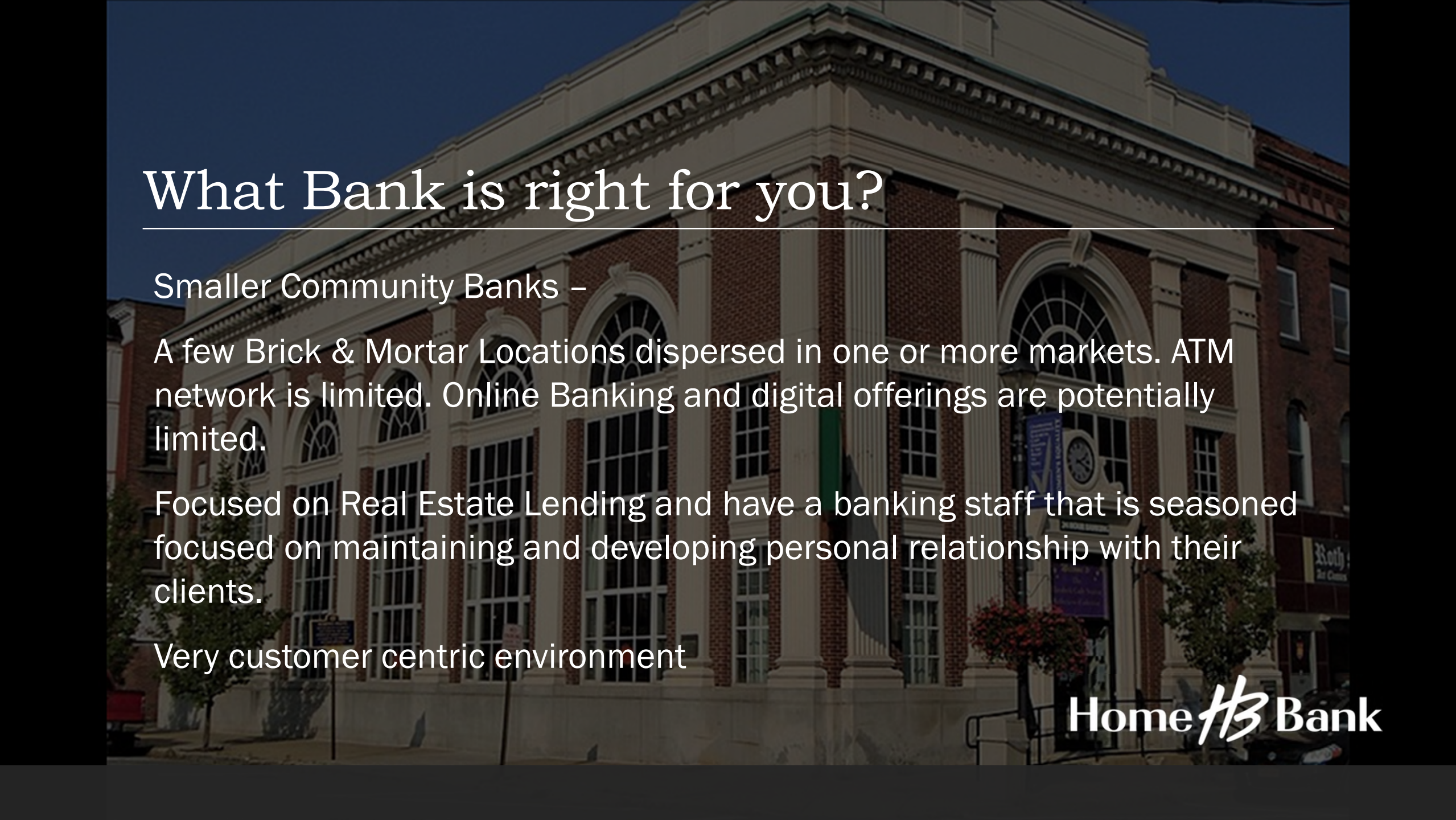
Have seasoned bankers on staff to help clients as well as robust central customer service personnel.

Focused on Business Banking and Real Estate clients for the most part.

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What Bank is right for you?

Smaller Community Banks –

A few Brick & Mortar Locations dispersed in one or more markets. ATM network is limited. Online Banking and digital offerings are potentially limited.

Focused on Real Estate Lending and have a banking staff that is seasoned focused on maintaining and developing personal relationship with their clients.

Very customer centric environment

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Questions

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