



**KLAROS**  
GROUP

# Analog Bank, N.A.

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Proposed Services

# Summary

The organizers (“Organizers”) of Analog Bank (the “Bank”), a proposed de novo national bank, seek expert assistance in obtaining regulatory approval for the Bank.

The Organizers would like to proceed in two phases. The first phase would culminate in an introductory meeting with the Office of the Comptroller of the Currency (“OCC”) to describe the Organizers’ objectives and proposed structure for the Bank. The second phase would entail the preparation and submission to the OCC of a regulatory application to charter the Bank.



## We love projects like this.

We built our firm with exactly this sort of project in mind. Our senior team has deep expertise with similar engagements:

- U.S. bank entry strategies
- Regulatory business plans and applications
- Regulatory engagement
- National bank formation

Klaros would be honored and excited to partner with the Organizers. This proposal describes how we can help.

# Scope

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- Phase 1
- Phase 2



# De Novo Scope

Phase	Work stream	Component	Scope	Deliverables	Typical time required
1	1.1	<b>Discovery &amp; Bank Structuring</b>	<ul style="list-style-type: none"> <li>Use discovery and workshops to understand the proposed Bank's business model and strategic objectives for the U.S. bank.</li> <li>Pressure test the Bank's proposed bank structure and activities against key issues (e.g., capital requirements, ownership, subsidiary structure, affiliate transactions, single-customer strategy, future activities, etc.) that could present risks to the Bank's successful pursuit of necessary regulatory approvals and potential strategies to mitigate those risks</li> <li>Determine services and products to be provided by and to the bank's affiliates</li> <li>Obtain alignment on core strategy (i.e., product strategy, funding, timing, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Recommended bank structure (activities in bank vs. activities in holdco/affiliates)</li> </ul>	6 weeks
	1.2	<b>Bank Program Design</b>	<ul style="list-style-type: none"> <li>Prepare a high-level design for the Bank's:                             <ul style="list-style-type: none"> <li>Structure and design of the Bank's second- and third-line-of-defense</li> <li>Key second- and third-line programs, including capital, asset, liability, interest rate, liquidity, and credit risk management; enterprise risk management; compliance risk management; BSA/AML and sanctions compliance; third party risk management; model risk management; information security risk management; business continuity and disaster recovery; and internal audit</li> <li>Qualifications of board and senior second- and third-line-of-defense leadership</li> <li>Management and board risk governance</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Recommended program design</li> <li>Identification of necessary documentation</li> <li>Implementation support proposal (if requested)</li> </ul>	
	1.3	<b>Initial Regulator Meeting</b>	<ul style="list-style-type: none"> <li>Arrange and/or participate in initial meeting with the oCC to introduce the Bank's plans for entering the U.S. banking system and surface for discussion issues of potential concern to the regulators</li> <li>Develop a presentation for the Bank's use in initial regulator meeting(s)</li> <li>Conduct a virtual "mock trial" to prepare the Organizers to meet with OCC officials</li> </ul>	<ul style="list-style-type: none"> <li>Two drafts of introductory presentation</li> <li>Mock Trial</li> </ul>	

# Sample De Novo Scope, continued

Phase	Work stream	Component	Scope	Deliverables	Estimated time
2	2.1	<b>Financial Model and Projections Development</b>	<ul style="list-style-type: none"> <li>Work with the Bank to develop a financial forecast, consistent with regulatory requirements</li> </ul>	<ul style="list-style-type: none"> <li>Financial model, and alignment on key underlying assumptions</li> <li>3-year pro forma balance sheet and income statement for the bank</li> <li>Capital and liquidity management framework</li> <li>Stress scenario development and analysis</li> </ul>	16-20 weeks
	2.2	<b>Business Plan and Application Development</b>	<ul style="list-style-type: none"> <li>Meetings/workshops/analysis to facilitate resolution of key questions relating to required business plan contents (e.g., marketing plans, risk management or governance changes, etc.)</li> <li>Preparation of two complete draft business plans, consistent with U.S. interagency guidelines, discussion of key questions with the Bank as needed to ensure alignment, incorporation of your feedback as required</li> <li>Preparation and filing of necessary regulatory applications</li> </ul>	<ul style="list-style-type: none"> <li>Business plan and iterative review</li> <li>Application development and iterative review</li> </ul>	
	2.3	<b>Pre-filing and ad hoc regulator meeting(s)</b>	<ul style="list-style-type: none"> <li>Arrange and participate in pre-filing meetings with regulator(s) and participation in additional ad hoc meetings as requested</li> <li>Develop presentation summarizing key elements of the final business plan and associated financial projections for the Bank management's use in the pre-filing meeting</li> <li>Conduct a "mock trial" prior to the pre-filing meeting to prepare attendees for the meeting</li> </ul>	<ul style="list-style-type: none"> <li>Two drafts of pre-filing presentation</li> <li>(If requested, subject to additional/amended SOW) Drafts of presentations for ad hoc meetings</li> </ul>	

# Sample De Novo Scope, continued

Phase	Work stream	Component	Scope	Deliverables	Estimated time
Both	NA	<b>Project Leadership and Management</b>	<ul style="list-style-type: none"><li>■ Weekly (recommended) written and oral status reporting against plan, identification and discussion of any emergent risks to timely project execution or success</li><li>■ Develop and maintain detailed project plan</li></ul>	<ul style="list-style-type: none"><li>■ Project plan</li><li>■ Status reports (weekly or as agreed)</li></ul>	Throughout

# Pricing

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❏ Phase 1: \$175,000

❏ Phase 2:

- ❏ Fixed Project Fee: \$800,000
- ❏ Monthly Retainer: \$25,000
  - ❏ Payable beginning in Week 17 of Phase 2 if the application has not been filed by such date and continuing until the application is filed, unless and to the extent the delay in filing is caused by Klaros
  - ❏ Predicated on the Organizers' need for approximately 15-20 hours of Klaros senior professional time per month
  - ❏ Subject to downward or upward adjustment to reflect the Organizers' actual needs

