

Bank hybrid offers a different Vantage Point

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FORT WASHINGTON When CEO **Walter Tillman** left [Earthstar Bank](#) in 2005, he wanted to establish a startup bank that offered a hybrid of traditional bank and nonbank financial services products. That strategy proved fortuitous as [Vantage Point Bank](#), based here, reached profitability only 16 months after opening in December 2007.

Despite being adversely affected by the recession, Vantage Points non-interest income business lines provided an all-important buffer as the bank struggled to raise capital and therefore grow by means of deposits, loans and branching.

Tillman, Vantage Points chairman and CEO, graduated from Lower Merion High School and Virginia Military Institute where he was a classmate of [Wachovia Corp.](#) regional president **Hugh Long**. He spent about 10 years each at Cheltenham Bank and Prime Bank before starting a consulting business in 1998. Three years later, he became CEO of Earthstar, a community bank in Southampton with an Internet focus. Tillman said the bank, now struggling mightily, did well for a while but he left in 2005 because of strategic differences with the board. Specifically, Tillman said he wanted to focus on consumer banking and the board wanted a commercial emphasis.

Tillman wanted to start his own bank, but this one would have a focus on selling nonbanking financial services, such as insurance and investment products.

I could see the spreads shrinking over the past 25 years with net interest income, Tillman said. So I felt the industry needed a dual source of revenue to drive profits.

But being that he had spent the past quarter-century working in a traditional banking environment, Tillman knew he would need a partner in this venture. That partner turned out to be **David Bezar**, whose background did not fit the traditional banker mold.

Bezar, who serves as Vantage Points president, never finished college. He spent some time selling womens shoes before starting Fort Washington-based Wealth Partners, which sells investment products to the mass consumer market. After 18 years at the helm, he turned that business over to his wife in 2007.

I basically worked myself out of a job, Bezar said. Things were running smoothly and I didnt feel challenged or needed.

Tillmans wife worked at Wealth Partners and knew her husband was looking for a partner with Bezars skillset and organized a dinner where Tillman and Bezar discussed the idea of a hybrid bank and financial services firm.

A lot of other banks tried this, but it never worked because they did it in a traditional way where they would buy financial services firms and try to incorporate them into the bank culture, Bezar said. We did something different. We built things from the group up and marketed all of the products we offer under the banks tent.

Bezar said Vantage Points financial services division is independent with no proprietary products in insurance, residential mortgage and investment services with a third-party broker, Quest Star Capital in Minnesota, which provides back-office assistance.

Tillman said in the first nine months of the year, 47 percent of Vantage Points revenue stream came from non-interest income while most community banks are less than 5 percent. Bezar added that 60 percent of the banks employees are on the financial services side and 40 percent work on the traditional bank side.

Like other startups, it was tough to raise capital so it has been tough for Vantage Point to grow its balance sheet. This is where Bezars non-interest income products have provided a needed buffer.

Because Tillman and Bezar both live in eastern Montgomery County, Fort Washington seemed like a central location for the bank headquarters with close access to the Pennsylvania Turnpike, Blue Route and Schuylkill Expressway.

Unlike most community banks, we are not serving one area but rather the entire region, Tillman said. Our business banking clients are focused on remote deposit.

Tillman said the recession forced the bank to adopt a conservative growth strategy. When it began initial fundraising activities in 2007, Vantage Point hoped to raise \$12 million to \$20 million of startup capital. But the bank only wound up with \$9 million and it took three times as long as originally planned to raise even that much because of the mortgage meltdown that wound up delaying the opening to December 2007.

With startup costs higher and startup capital lower than anticipated, Tillman could not grow the balance sheet and branch footprint the original projection was 10 sites in the first 10 years as quickly as he wanted and was forced to modify his strategic plan for the bank.

We were forced to rely more on financial services than we even planned and it delayed our branching and building the balance sheet, Tillman said. But that's the beauty of our model. You can do that and still survive and thrive.

Despite all of the headwinds, Vantage Point wound up breaking even in 16 months and opened a financial advisory office in Cherry Hill.

Vantage Point tried to raise capital a second time, but the recession lingered and the goal of \$3 million proved overly ambitious as the bank settled for \$500,000.

We'd like to do more branching, but we need more capital for that, Tillman said. But we can open more financial services offices because that doesn't require much overhead and they bring instant revenue whereas a bank branch takes a while to turn a profit.

When the bank does generate more capital, it will look at sites in Plymouth Meeting, the Main Line and Center City.

Company: Vantage Point Bank Location: 1250 Virginia Drive, Fort Washington, Pa. 19034 Website: vantagepointbank.com Type of Company: Bank Employees: 55 2008 Revenue: \$3 million 2009 Revenue: \$5.95 million 2010 Revenue 2010 YTD: \$4.5 million Lessons Learned: My Army training said when you walked into an ambush, you need to pick a line of attack and stick with it. That's how we've run the bank during these times.

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