

# GBA Town Hall Meeting

## Trust Preferred Securities – Dealing with Risks and Opportunities as the Industry Restructures

For many years, bank holding companies of all sizes issued Trust Preferred Securities (TruPS) as an inexpensive and efficient source of Tier 1 capital. Consistent with the terms of the TruPS, many of these holding companies began to defer interest payments as the recent economic crisis set in and capital became stressed.

The year 2014 marks an inflection point during which the permitted interest deferral periods will begin to end. In addition to more than \$6.6 billion in defaulted TruPS, Fitch reports that in pooled issuances alone there are 223 holding companies deferring interest on \$2.6 billion of TruPS nationwide. An issue of this magnitude will certainly affect every bank in some fashion.

For those bank holding companies facing ongoing earnings or regulatory challenges, paying the deferred interest as it comes due remains an uncertainty. As a result, many boards are faced with difficult circumstances and many questions regarding a very complicated instrument. At the same time, many banks that hold TruPS are looking to recover their investments.

During this session, industry experts will address certain of the key questions facing bank directors. An understanding of these issues is important not only to address critical financial decisions, but also to avoid potential personal liability. Even if your institution is not faced with challenges related to TruPS, understanding these issues will help you recognize the value of these instruments and position your bank to take advantage of the market opportunities that will be created.

Topics covered include the following.

- Overview of TruPS and Holding Company Bankruptcies
- Duty to Creditors?!?
  - Shift of duties – what (and when) is “insolvency”
  - Can creditors sue the board personally? Exposure and insurance issues
  - Working with your Creditors – Who do I call and when?
- The Fed’s view – Can I expect any help from my regulators?
- How do I stay out of bankruptcy, or is bankruptcy the best alternative?
- How can I work through TruPS investments that I hold?
- What’s the fix?
- How can I raise capital?
- Can I turn TruPS issues into an acquisition opportunity?

**Georgia Bankers Association**  
**Trust Preferred Securities: Dealing with the Risks and Opportunities**  
**Wednesday, August 6, 2014**  
**Idle Hour Country Club, Macon**

*Agenda*

- 8:30 a.m. Registration and Continental Breakfast
- 9:00 a.m. Welcome
- » Joe Brannen, GBA
  - » Walt Moeling, Bryan Cave
- 9:15 a.m. Lay of the Land – TruPS and the Industry Crisis at Hand
- » Bill Herrell, The Burke Group
  - » Jonathan Hightower, Bryan Cave
- 10:00 a.m. Break
- 10:15 a.m. Where do the regulators fit in?
- » Jerry Blanchard, Bryan Cave
  - » Bo Fears, Georgia Department of Banking and Finance
  - » Kevin Hagler, Georgia Department of Banking and Finance
- 11:15 a.m. Duties to Creditors in a Bank Holding Company Bankruptcy and other Insolvency-Related Issues
- » Ken Achenbach, Bryan Cave
  - » Jake Bielema, Bryan Cave
  - » Mark Duedall, Bryan Cave
- 12:15 p.m. Lunch
- 1:15 p.m. Next Steps (Fixes, Strategies, etc.)
- » Mark Duedall, Bryan Cave
  - » Bill Herrell, The Burke Group
  - » Rob Klingler, Bryan Cave
- 2:15 p.m. Roundtable Discussion with Industry Leaders and Q&A
- 3:30 p.m. Adjourn