



Beyond the Charter

Why the First 12 Months Defines a De Novo Bank's Long-Term Success

Securing a bank charter is a milestone few institutions reach – but the real test begins the moment the charter is granted. The post-charter launch period is when a de novo bank proves it can translate its business plan, governance commitments and strategic vision into safe, sound and scalable operations. Regulators refer to this as a period of “heightened supervisory attention,” but for the institution, it’s an opportunity to build credibility, operational discipline and a culture of prudent growth.



Below are the priority actions every de novo bank must execute in the first 12 months after charter approval.

1. Stand Up Governance and Reporting Cadence

A de novo bank must demonstrate that its governance structures are not just designed well but are also functioning effectively.

Key actions include:

- Finalizing board committee charters (e.g., Audit, Risk, Asset Liability (“ALCO”) and information technology (“IT”)/information systems) and executing meeting cadence
- Establishing board reporting templates and key performance indicator/key risk indicator dashboards
- Conducting initial enterprise-wide risk assessments and validating risk appetite statements
- Approving key policies and procedures for operations, compliance, IT and financial management

2. Operationalize the Compliance & Risk Frameworks

Regulators place heavy emphasis on whether the compliance and risk functions mature quickly.

Initial priorities:

- Finalize Bank Secrecy Act/anti-money laundering program and ensure transaction monitoring, know your customer, Office of Foreign Assets Control and customer identification program capabilities are production-ready
- Conduct model validations for critical systems
- Complete vendor management onboarding and ongoing monitoring protocols
- Implement issue management, internal controls testing and quality assurance frameworks

3. Launch Banking Operations with Tight Controls

Before taking the first deposit or underwriting the first loan, the de novo bank must validate that its operational backbone is stable.

Actions include:

- End-to-end process walk-throughs for deposit operations, lending and digital onboarding
- Core system configuration checkouts and data integrity validation
- Fraud controls calibration, including automated clearing house, wires, card activity and new-account fraud
- Testing of business continuity, incident response and cybersecurity controls



4. Talent Build-Out and Culture Formation

The first hires after charter approval shape the institution's risk culture and customer experience.

Focus areas:

- Hiring for critical second line and operations functions
- Training teams on regulatory expectations, risk culture and escalation protocols
- Establishing performance management tied to safe growth and customer protection
- Integrating contractors or outsourced partners into the bank's governance framework

5. Execute the Strategic Growth Plan Responsibly

Regulators expect de novo organizations to grow methodically – not aggressively.

Key steps:

- Implement disciplined onboarding thresholds for deposits and loans
- Monitor early-stage credit performance, concentration risks and liquidity buffers
- Refine pricing strategies based on early portfolio behavior
- Conduct quarterly strategic plan reviews with real performance data

6. Deploy Financial Management & Capital Planning

Capital planning disciplines must start early to demonstrate readiness for scale.

Post-charter requirements:

- Establish robust ALCO reporting and rate-sensitivity monitoring
- Implement liquidity stress testing and contingency funding plans
- Develop a three-year capital forecast to be updated quarterly with actuals
- Monitor cost-of-funds and efficiency ratios closely during early growth

7. Strengthen Regulatory Relationship Management

Regulatory credibility is earned through proactive communication, transparency and discipline.

Actions include:

- Regular touchpoints with regulators from the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation as well as state regulators
- Timely submission of all required call reports and supervisory filings
- Rapid remediation of exam findings, matters requiring attention and internal audit issues
- Maintenance of an open, early-escalation model with supervisors

8. Prepare for the 12-Month De Novo Exam

The first full exam after launch is a defining moment for a de novo bank.

Preparation includes:

- Documenting decisions, controls, exceptions and remediation steps
- Ensuring policies match actual practices – no “policy-program gaps”
- Refreshing risk assessments and internal audit scoping
- Demonstrating culture, oversight and risk discipline in action

— SUCCESSFUL BANKING IS A MARATHON, NOT A SPRINT

A de novo bank's long-term success is often determined in the first year after charter approval. Institutions that treat the post-charter period as a controlled maturation process – not a growth race – establish the credibility, discipline and operational strength that supervisors expect, and customers rely on. The strongest de novo organizations emerge from year one with not only a functioning bank, but with a governance environment that is built for scale.



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