This tiny but fast-growing banking upstart just brought in a boatload of fresh funding

BY ANDY MEDICI
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Key story highlights:

Old Dominion National Bank has raised $38.7 million in an oversubscribed round.

The bank continues to pivot from a Charlottesville, Virginia-based bank to one based in Tysons.

The bank will hit $300 million in assets in 12 months, CEO Mark Merrill says.

Tysons-based Old Dominion National Bank, which has over the last two years sought to transform itself from a local bank in Charlottesville, Virginia, to something much bigger, has raised $38.7 million from 320 new investors. The fresh funding will help the bank continue its push to reach $500 million in assets.

The oversubscribed funding round (it was initially targeting $30 million) and means the bank’s new lending limit is $10 million, up from just $800,000 last year, according to Merrill. The Tysons branch now has $100 million in deposits, he added, despite being open just more more than a year.

“We have repositioned the entire franchise, including the shareholder base, the board of directors and by opening a Tysons Corner office about a year ago,” Merrill said, adding the funding gives the bank plenty of room to grow before seeking more. “Because of that we are very confident that we can continue to build out that office nicely in the D.C. metro market.”

Merrill, who spoke to me last February about the bank’s plans to grow to $300 million in assets in the next couple of years, said it is ahead of schedule, and he anticipates hitting that mark – and its goal to become profitable – in about a year. The bank still has several branches near Charlottesville and plans to open a loan office in Central Pennsylvania, but about 80 percent of the growth will be in the D.C. area.

And while the bank is concentrating on growth over profitability, the increased spending is hitting its bottom line. The bank reported a $5.4 million loss for 2017, according to data from the Federal Deposit Insurance Corp., greater than the $2.8 million loss the year before.

Merrill said the bank did not hire an investment banker for the raise, instead relying on the efforts of its board of directors and its existing shareholders’ network of contacts. He said that saved the bank millions of dollars it can use to grow.

The bank continues to staff up, with about 46 employees now. Old Dominion most recently signed on Lilah Yosufy as its senior vice president and managing director of business development. Yosufy came from United Bank and before that Cardinal Bank, where she worked as senior vice president before it was acquired.

The consolidation of the local banking market has helped Old Dominion, Merrill said, adding that much of the senior staff has come from now-defunct banks, and that the bank has been working to acquire customers absorbed by much larger institutions with a focus on health care lending, business banking for companies under $100 million in revenue and government contracting.

WHERE EXECS WERE

- Mark Merrill, CEO: Graystone Bank, EagleBank
- Kevin Albrigo, EVP/chief lending officer: SunTrust Private Wealth Management
- Penny Bladich, EVP: Cardinal Bank
- Sushil Clarence, EVP: Cardinal Bank
- John Hunter, EVP/chief credit officer: Cardinal Bank
- Jack Infield Sr., EVP: Ameriserv Financial Bank, Graystone Bank
- Stephanie Lykins-Harvey, EVP: Cardinal Bank
- Raj Mahajan, EVP: EagleBank
- Pamela McCarthy, EVP: Bank of America Merrill Lynch
- Howard Stein, EVP/COO: Graystone Bank
- Lilah Yosufy, SVP: United Bank