

Lifetime Achievement: State Bank's Joe Evans

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Joe Evans traces his profound respect for community bankers to one man in particular who helped his father as a young boy growing up in rural Georgia during the Great Depression.

Evans, chairman of State Bank Financial in Atlanta, said Robert O. Persons Sr. made a lasting impression on his father, then just 6 years old, with his generosity toward the Evans family at an especially tough time.

"In December 1931, my dad's older brother — who was 11 years old at the time — died of diphtheria," Evans said. "My dad said that, for the family, Christmas had just been canceled."

Persons, a banker with a larger-than-life persona, changed that. "Dad remembered playing in the yard when Mr. Robert drove up," Evans said. "He told my dad to get in the car with him."

They drove to a nearby town and, as Evans' father would recount later, "he bought him the best Christmas presents he'd ever had in his life."

Evans' father went on to run the family farm and credited Persons with helping it survive a series of financial setbacks.



"The thought of being able to go back home in a community bank, given my image of what community bankers were supposed to be — it turned out to be a great opportunity," said Joe Evans, American Banker's lifetime achievement **award** winner for 2018.

Those acts of kindness "formed my image of what a community banker is supposed to be," said Evans, who still chokes up talking about "Mr. Robert."

"I couldn't imagine a better way to make a living than being a community banker."

Over five decades, Evans, who is 69, emerged as a noted banker in his own right, building and selling three Georgia banks: Century South Banks, Flag Financial and State Bank. The launch of State Bank — [he acquired six failed banks in a single transaction as the financial crisis raged](#) — earned him national attention. And the pending sale of the now \$5 billion-asset State Bank to Cadence Bancorp in Houston for \$1.5 billion is one of the largest deals announced this year.

It's all part of a remarkable career for Evans, American Banker's lifetime achievement **award** winner for 2018.

Humble roots

Evans graduated from Georgia Tech University with a degree in industrial management in 1971, finishing first in his class. But his business education began long before. The family farm was in Smarr, which is so small, Evans said, "most folks would say it's just a wide place in the road."

Evans' father Howell, known around town as Bubber, ran the family farm with a no-frills approach that rubbed off on his son.

"He had great common sense," Evans said. "He was my sounding board for a lot of things. I called it my Bubber Rule: If I couldn't make sense explaining something to my dad, there was probably something wrong with the idea."

Wheeler-dealer

State Bank CEO Joe Evans has proved just as adept at buying banks as he has at selling them. Here are some of his notable acquisitions (with asset sizes):

September 2017: AloStar Bank of Commerce (\$944 million)

December 2016: S Bankshares (\$105 million)

December 2016: NBG Bancorp (\$406 million)

January 2015: Georgia-Carolina Bancshares (\$516 million)

October 2014: Atlanta Bancorp (\$198 million)

While his father never went to college, he worked hard doing what he loved. After growing his dairy herd to 400, he realized he could make just as much money with fewer cows, if they were the right ones.

"We started measuring the output of each individual cow, periodically culling out the underperformers," Evans said.

To Evans, it was a lesson in reassessing strategic decisions and redeploying assets. Or, as his father was fond of saying, "Don't name your cows."

Evans has been known to throw out that phrase to bankers who float questionable ideas, said Billy Anderson, an insurance executive who hired Evans to run Bank Corp. of Georgia in the early 1980s.

Evans' mother, Rosemary King Evans, said Evans' father wanted his son to have more opportunities than he had.

"My husband was determined that Joe would not be stuck on the farm," she said. "He wanted Joe to have more choices than that."

"He'd give them a cold Coca-Cola, and when they'd ask what it cost, he'd tell them it was free and ask them to deposit the money they got for their crop in the bank. How many bankers today do anything like that?"

Another influential figure in Evans' early years was Dan Pitts, his high school football coach. Pitts remains a legend in Georgia, having won 346 games over 39 seasons at Mary Persons High School in Forsyth. Pitts, 86, remembers Evans as an undersized offensive lineman and a perfectionist.

"He always had to do every job well," Pitts said. "That's why he was such a good player."

Evans said he was just putting his coach's lessons on commitment and preparation to work.

"I learned how you could build highly effective teams out of a bunch of imperfect players," he said. "I learned that you win games in practice and that with practice and good technique you can perform at a higher level than your natural abilities suggest is possible."

Evans still looks back on his years playing football as one of the highlights of his life.

"The feeling of family that I had on that football team is something I have aspired to replicate in businesses that I have run," he said. "That was just a great period of my life."

Finding his passion

Despite excelling in college, Evans initially struggled to succeed in Atlanta's corporate world. He joined the Trust Co. of Georgia, a SunTrust predecessor known for its close ties to the Coca-Cola Co., but left after just a year to work as a consultant.

Evans attributes his difficulties to his mentality at the time. Having come from a tiny town, he wasn't comfortable being a small fish in a large bank. "I needed to feel more impactful," he said.

"Joe had the ability to see things and manage people to work things in harmony."

That helped set the stage for a lengthy career in community banking. Two years after leaving Trust Co., Evans was recruited by Karl Hill, the president of Monroe County Bank.

"That was like a godsend," Evans said. "The thought of being able to go back home in a community bank, given my image of what community bankers were supposed to be — it turned out to be a great opportunity."

The job required Evans to become a jack of all trades.

"Functionally, you have to do everything at a \$9 million bank that has to be done at a \$9 billion bank, but with a lot fewer people," he said. "At one time, I was the only lending officer in the bank, I supervised the bookkeepers, I posted the bond interest, I filled out the call reports, I reconciled correspondent bank statements and I did the collections."

After seven years at that bank, Evans was eager for an opportunity to run one, and he found it at Bank Corp. of Georgia. He had heard that the Macon bank was underperforming and might be sold. So he went to Anderson, the insurance executive, who was one of the bank's biggest investors.

"I remember telling him, 'Before you get rid of it, I wouldn't mind taking a shot at making it more profitable.' I was not short of confidence at that stage of life," Evans said.

Anderson tells a slightly different story. He said Evans had successfully brokered a deal that brought a state police academy to Forsyth, persuading the town's "notoriously" fractious community banks to back the effort.

"They had three families up there that owned banks and none of them got along," Anderson said. "Joe had the ability to see things and manage people to work things in harmony."

That gave Anderson the idea to offer Evans a leadership role at Bank Corp. But before handing over the entire company, Anderson put Evans in charge of its smallest unit, a \$4.3 million-asset, one-branch bank in Marshallville.

"It was just Joe and two other ladies in this little bank," Anderson said.

Marshallville had a population of roughly 1,500 when Evans arrived at First State Bank in 1980. The farm boy from Smarr who'd grown up milking his father's cows fit right in.

Anderson remembers stopping by one time and being told that Evans was out on a "wheat run," visiting farmers on their combines, a cooler of soda in tow. "He'd give them a cold Coca-Cola, and when they'd ask what it cost, he'd tell them it was free and ask them to deposit the money they got for their crop in the bank," Anderson said. "How many bankers today do anything like that?"

Evans recalled one particular time he tracked a combine to offer a soda to a farmer. "I pulled up the truck, tapped on his window. He opened the door and I said, 'I just wanted to give you a cold Coke from State Bank.' He sighed and said, 'Thank God. I thought you were here to repossess the combine.' "

Evans became Bank Corp.'s chief executive a year later.

Once in charge, Evans began assembling a team of executives who would follow him over the next three decades to Century South, Flag and State Bank. One of those hires was Thomas Wiley, who joined in 1982 from Citizens & Southern National Bank. A recruiting firm had referred Wiley, and Evans arranged to meet him at the C&S branch he was managing. Evans saw his opening when Wiley's car failed to start as they were heading out for dinner.

"Visualize Tom in the old Volvo and me pushing him down the street in Valdosta with him popping the clutch until the thing finally started," Evans said. "I made a mental note that if I threw in a company car, I could hire that guy."



"We looked at all those factors and decided it was hard to imagine conditions and prices getting any better," said Evans of the sale of Flag Financial in 2006 to Royal Bank of Canada.

Atlanta Business Chronicle/Byron E. Small

They have been an inseparable team ever since, with Wiley succeeding Evans as State Bank's CEO in April 2017.

"We've just sort of complemented each other," Wiley said. "He set a visionary tone. I think I complemented him on the execution side."

Wiley, who has a marketing degree, wasn't fully committed to a career in banking before meeting Evans.

"Joe is probably the reason I'm a banker," Wiley said. "When I met him, I found him refreshing but very humble. He likes to share. His moral compass is true north."

Fortunate timing

Evans, who describes himself as "a fortunate human being," caught another break when he persuaded Jimmy Faulkner to join Bank Corp.'s board. In addition to bringing "really good chemistry" to the board, Faulkner was also running Century South Banks in Alpharetta. That

created an opportunity for Evans in the mid-1990s as Faulkner began thinking about retirement.

"Jimmy called and said he had targeted a retirement date just a couple years out," Evans said. "He didn't have an internal successor and wondered how I might feel putting the two companies together, with me being his planned successor. That sounded pretty good to me."

Century South acquired Bank Corp. in late 1997. Evans became president and later CEO, and Anderson and Faulkner were directors. Four years on, Evans engineered Century South's \$428 million sale to BB&T. The sale solved a looming problem for Evans.

"We were running 12 community bank charters and we really needed to become more integrated," he said. But the cost of merging the banks would take so long to earn back that selling to BB&T made better financial sense.

After the deal closed, Evans and his team plotted to return to banking. They got together, wrote down lessons they had learned and settled on their core management values, as they searched for their next opportunity. It came a year later, when they bought a stake in Flag Financial in La Grange.

Dan Speight, Flag's CEO, agreed to step aside to make room for Evans.

"It is a mark of maturity and confidence that is hard for me to fully describe that Dan, who was in his 40s and CEO of a publicly traded financial institution, would give up the role and allow me and the management team to come in with him," Evans said.

"Dan became a great partner and a great extension of our team and subsequently was one of the founders of State Bank," he added.

Evans again found himself in possession of a desirable bank in a hot market. This time, Royal Bank of Canada was the suitor, eager to gain scale in the Atlanta area. Evans describes the \$456 million [sale to RBC](#) in 2006 as the luckiest move of his career. At the time market conditions were so good for banks that selling just seemed natural.

"Nobody had made a bad loan in years, the housing market was really strong and bank valuations were higher than I'd ever seen in my life," Evans said.

"We looked at all those factors and decided it was hard to imagine conditions and prices getting any better," he added. "We figured if we could find a buyer at prices comparable to what we had seen in the marketplace the past six years, we ought to take some chips off the table."

The sale likely saved Evans' career. A year later, the housing market imploded and the financial crisis hit, crippling scores of banks around Atlanta. Several dozen banks failed as the area emerged as the nation's "ring of death."

"We were incredibly fortunate people to have done that transaction when we did," Evans said. "I wouldn't be in this position right now."

Rather than thrashing about in banking purgatory, Evans and his team were ready in 2009 to buy distressed banks. The reputation he and his team had was instrumental as the group raised \$300 million.

"He's an incredible visionary and he saw an opportunity," Wiley said. "But he's so disciplined. If things hadn't worked out the way we wanted, we were going to give the money back."

Along with investor backing, Evans also had the confidence of banking regulators, who had long considered him one of Georgia's best bankers.

Archie Bransford remembers hearing about Evans soon after being tapped in the late 1990s to head Atlanta-area operations for the Office of the Comptroller of the Currency.

"I talked with a couple of field examiners and they said, 'You need to meet Joe Evans.' I think they might have called him the best banker in our portfolio," Bransford said. "It was pretty clear to me this was a well-run bank that was measured in their risk-taking. They didn't get out over their skis."

"We have some extremely loyal real estate and builder clients today because we were there and able to support them as they recovered."

Joining State Bank's board after retiring from the OCC was an easy decision for Bransford.

"Regulators, given their background and experience, aren't apt to join bank boards," he said.

"Because it was Joe and because of his reputation and what I knew of him and his management style, I decided this would be a good board for me to be on."

He never regretted the decision.

"Being on the board fully validated my thoughts and opinions about Joe and his approach to risk-taking and governance," Bransford said in reflecting on the past eight years. "Everything has been pretty much what I expected. I said, 'Boy, this is a good decision I made.' "

Heavy lifting

Evans may have been the biggest beneficiary of all the Atlanta-area bank failures.

[State Bank](#) was built on a foundation created by Security Bank Corp. in Macon, which left behind six banks when it failed in July 2009. Evans' team scooped up all of those banks, adding 20 branches, \$2.8 billion in assets and \$2.4 billion in deposits.

The team also secured an attractive loss-sharing arrangement with the Federal Deposit Insurance Corp., which agreed to help with losses on about 60% of the transferred assets. State Bank would buy six more failed banks from December 2009 to October 2011.

Such rapid growth could not have happened without a strong team, Evans said. The strategy was to create "the good bank and the bad bank," and State Bank had enough talent to work on remediating bad loans and to pursue making new ones at the same time, he said.

In the years since, Evans has helped grow State Bank to \$5 billion of assets with 32 branches in Georgia markets such as Atlanta, Augusta, Athens and Savannah.

"I believe a lot of good things over the last nine and one half [years] have come out of the fact ... we were able to put together a very well-capitalized significant bank in a part of the country that was going through such extreme devastation in the housing and commercial real estate segments," Evans said. "We have some extremely loyal real estate and builder clients today because we were there and able to support them as they recovered."

Another hallmark of his tenure is an effort to diversify the business. In 2012 State Bank bought a [payroll services company](#) as a way to boost noninterest income. Evans knows the acquired team very well; they had run payroll processing at Flag.

Evans also scaled up in Small Business Administration loans in 2016, when he hired a nine-person team in Durham, N.C., to launch a national platform. In the fiscal year that ended Sept. 30, State Bank made 184 loans under the SBA's 7(a) program, totaling \$80.8 million.

Noninterest income has increased from 8.3% of revenue in 2013 to 17% last year, excluding the impact of the loss-sharing agreements.

State Bank [terminated](#) those agreements with the FDIC in May 2016. The move eliminated complexities in the company's financial statements and provided another indication that the banking industry was putting the financial crisis behind it.

Curtain call

State Bank executives began to seriously consider selling [as far back as early 2014](#), when they first discussed a deal with Cadence. At that time, State Bank was selling payroll services to Cadence customers under a referral agreement.

The companies also discussed a merger in 2015 and early 2017. Evans and Wiley spent much of last year in talks with potential buyers. And they did not keep it a secret from employees.

"This deal wasn't at all a surprise because of their transparency," said Paul Murphy, Cadence's chairman and CEO. "Their credibility with their staff is really high."

Like Evans, Murphy has been blessed with good timing. He was CEO of Amegy Bancorp in Houston when it was sold in 2005 to Zions Bancorp. for \$1.7 billion. Murphy and his team

bought and recapitalized Cadence, a [small bank in Mississippi](#), in 2011 and grew it into an \$11 billion-asset aspiring regional.

"As they built that company and we built ours, it seemed to me that the cultures were very compatible," Evans said. "The geography matched up really nicely. Georgia fitting into their footprint made for a nice match."

After months of negotiations, Cadence agreed in May to buy State Bank. It is 2018's fourth-biggest bank merger, and the premium — pricing State Bank at 248% of its tangible equity — is among the year's top 10. (Evans and Wiley each own about 1.1% of State Bank's stock.)

The deal is expected to close by the end of the year.

"We spent a great deal of effort evaluating all facets of State Bank's business, and we like what we see," Murphy said. "It's a well-run business: solid underwriting, good sales, solid monitoring, compliance. The operation functions are all impressive."

Evans has agreed to become Cadence's vice chairman, and he and Wiley have one-year agreements to serve as consultants.

Evans also signed a two-year noncompete and nonsolicitation covenant, and he seems fine with that. He and his wife, who have restored the Smarr farmhouse where he was born, plan to spend much of their retirement there.

Even so, Evans doesn't rule out one more act, though it might not be in banking.

"I know I have to keep myself mentally engaged," he said. "The Lord will open up the right opportunity for me to engage in something as a coach or a mentor. We'll have to see what unfolds."

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