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Tremendous Growth Provides Increased Opportunity to Serve Communities Throughout the Region



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THE VICTORY BANK

Saul S. Rivkin



Tremendous Growth Provides Increased Opportunity to Serve Communities Throughout the Region

2018 has been a banner year for The Victory Bank. “Our loan growth and our general growth is double digits, which is unheard of,” reports Senior Vice President Saul S. Rivkin, Director of Institutional Relationships and Director of Marketing & Product Development. “Generally, banks our size grow five-seven percent throughout a year, and we are at 15 percent growth across the board, which is tremendous.”



The Victory Bank, physically headquartered at 548 N. Lewis Road in Limerick Township, is digitally connected to all of its clients throughout the region. Started as a “niche” bank with a foundational philosophy that developing a superior group of bankers is the bedrock to success, the bank is poised to celebrate its 11th anniversary this January. Over the past decade, The Victory Bank has grown to become a major force and regional leader in serving the financing needs of businesses, individuals, municipalities, and school districts all throughout the region.

While the bank’s phenomenal growth and success — in terms of the number of deposits and gathering new clients and in terms of providing loans for the community — is remarkable from a financial standpoint, Rivkin says that the positive impact those loans have on the communities they serve is just as notable and equally as satisfying.

“When you think about what these loans are doing for the community, and who it impacts, it’s not just doing a loan,” he explains. “Every dollar that we take in in deposits goes out into the communities that we serve in the form of loans. When you borrow money from a bank that is headquartered in your community, where the employees live in your community, that loan provides growth for local businesses. Those businesses hire more people. Now you are supporting more families. Those families are growing. They are shopping. They are playing. They are doing business in the community. When you think about the impact that that creates, and whose lives are being positively impacted, to us, there is no greater reward than really making a huge positive change for the better in the communities that we serve. That’s what we do,” he said.

Rivkin attributes The Victory Bank’s phenomenal growth to several factors. “(2018) was probably our best year in 10 years,” he said. “Each year we experience additional growth in areas due to the geography that we touch, the talent that we hire, the needs of the economy,” he said.



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While loan demand by local businesses is certainly greater than it was during the 'Great Recession' when the bank opened, the bank's well-earned reputation for providing superior customer service is perhaps the greatest factor. "We've got a track record," Rivkin said. "We built a brand reputation in the communities we serve. We are no longer the 'new' bank. We're the bank that people choose to go get their banking services from, because they've been referred to us. Because they read a review online, or they've seen us, and they come in and experience why we are different."

The Victory Bank has also expanded the variety of type of loans it offers in recent years. "There are now more commercial construction projects that people weren't doing eight years ago that we are a part of now," Rivkin explains. "There are a lot of other businesses that are growing. And a lot of start-ups that have a need for some type of lending and we're there to help."

Not only has The Victory Bank experienced tremendous loan growth, but remarkable efficiency and profitability as well. All banks measure the number of delinquent or "non-performing" loans that they have and Victory Bank is no different, or are they? "Compared to our peers, we are one of the top banks that have very few delinquencies and little to no charge-offs," Rivkin said. "We have extremely low numbers, especially given how many millions of dollars of loans we do annually. Even those loans that we did five or six years ago have now cycled through the economy and have performed well too."

Rivkin points out that those numbers are no accident. "It's a testament to our procedures, our quality as an institution

and the exceptional clients that we have," he said. "The quality of our employees is second to none. The ability for our employees to find quality loans, and also, the support staff to maintain those loans, and understand if something is going late or if there's an issue, to get in touch with the customer," he said, pointing out that nobody's perfect.

"We've worked with a lot of our customers through some lean times," Rivkin said. "We give them advice and they'll follow it, and they've been able to recover. We do

that very successfully. What can we do to help you? Do we need to bring in consultants? Do we need to look at things a little more holistically in your business? We're not just your bank. We are literally your financial partner," he said adding businesses need several key

financial partners. They need a good lawyer, a good accountant, and a good banker he said. "Without those people by your side, running your business becomes a lot more difficult. Even though you can wear many hats, sometimes you need that outside counsel to hold you accountable and help you make better decisions. We've become a part of that process, which is absolutely important," Rivkin explains.

With growth and success come challenges and growing pains. The current Victory Bank workforce has grown to 48 employees. Rivkin points out that within five years of building the bank, they had already run out of space. "We moved half of the people next door to the Keller Williams building," he said. "We rent out a substantial portion of the second floor for support staff, operations staff, and some other folks who don't need to be directly involved with clients on a day-to-day basis.

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COVER STORY

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We are coming up on almost 11 years, in January. We are almost out of space again. We're looking at how to be creative and what we're going to be doing if we hire a few more people. What do we do? Do we double them up or have some people work from home? Those are the conversations we're having. Just to be aware of the growth we are experiencing," he said.

The Victory Bank also maintains a small loan production office at 200 Spring Ridge Drive in Wyomissing to serve Berks County clients. "There are usually one or two lenders who work out of that office and an administrative assistant who supports those lenders in what they do," Rivkin said. "It provides a good presence for us in Berks County, which is a great market for us and great visibility as you drive past our office on Route 222."

Yet another major factor in The Victory Bank's growth and success has been its commitment to hiring the right people and providing employees with ongoing educational opportunities.

"We have built customized development plans for all of our bankers," said The Victory Bank CEO Joe Major. "We invest hundreds of hours every year in training and education, in the constant pursuit of building a superior team of bankers, a team that can provide our clients with notably superior advice and service."

"We spend a lot of our time making sure that our employees have all the opportunities that they need to improve their skill set," adds Rivkin. "One of our top expenses is training and education. We hold classes in our bank several times a year. We hold classes on exceeding client expectations. We do a 'cultures and values' class where we talk about the culture of the bank, and the values that people have, and should have. We talk about how the bank makes money and how the numbers all come together," he said, adding "We send

employees to a lot of various banking schools and professional schools throughout the year."

Rivkin said some employees put their lives on hold for a week and go up to the Pennsylvania Bankers School of Banking or Advanced School of Banking or Lending School. "Some of these are one-week courses and they'll come out with a certificate," he said. "Some are two or three-year courses. They go up for a week and they interact with the teachers and the other students and they work on projects and they come home. When they return to the bank, they'll have work, which will keep them busy, and tending to their family life, but now they also have homework which will take them throughout the year to complete. They need to turn homework in throughout the year or take it back with them for a final project," he said.

"A lot of banks don't spend time teaching every single employee all those details, but we believe that it is important to empower our employees, and giving them the knowledge and authority to make wise decisions for our clients, so they understand the entire process of maintaining and growing a profitable institution. By taking ownership in all aspects of assisting clients, means you've got a stake in what happens. Our employees feel better knowing that they are not just here "doing a job," rather they understand how the whole process works and ultimately they play a crucial role ensuring total client happiness."

Rivkin explains that The Victory Bank focuses on hiring self-motivated people who want to continue to learn. The bank commits a substantial amount of resources to that process, and relentlessly works to fill every position in the bank with a committed, energized and engaged expert in that field.



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"There is a quite lengthy interview process that we go through, and we measure a lot of things when we look at candidates," Rivkin said. "First we look at and understand their skill set. Can they do the job? More importantly though is that we look into their personality assessments. We want to understand how they think, how they behave, how they interact with other team members," he said, adding it's very complicated putting together a group of people with different personalities, from different walks of life with different experiences.

"You put them in a team to do a job, or several jobs, and you want to make sure they get along well," he said. "You want to make sure that there's no conflict, that everybody pulls their own weight and that everybody respects each other. They all know they are working here for the greater good. If you don't take the time to have a great hiring process, then the culture of the bank will suffer. When the culture suffers, so does the client experience. Everything we do is based on making sure that we exceed the clients' expectations every time. We work hard at doing that consistently. It starts with the hiring process and continues every time we interact with a client, and everything in between."

As the dust settles following the recent wave of mega-bank mergers and acquisitions of smaller local banks, The Victory Bank has stepped up to fill the void in providing banking services to local townships, municipal authorities, school districts and universities. "With the recent mergers a number of local community banks were gobbled up," Rivkin said. "They provided services to a lot of the municipalities. They were great community banks helping their communities. Now, they've been replaced by big banks that are grossly disconnected from the process. We realized that was a great opportunity for us, not only to gain new customers and bring in deposit dollars, but really to help out the communities we serve," he said.

As a result, The Victory Bank created a new department for government banking. "We've reached out to the municipalities and school districts, and we've created special products for them, and a whole new process, and make it easy for them," Rivkin said. "We pay them better rates and we charge no fees, but more importantly we provide the white glove service that we always talk about here at The Victory Bank."

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COVER STORY

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The Victory Bank has seen triple digit growth in their government banking department over the two and a half years since its creation. "More importantly, it enables us to connect with those communities," Rivkin said. "This past year alone, we've participated in or sponsored at least 15 community events, including Limerick Community Day, and sponsoring concerts in the park. We've sponsored 'Movie on the Mountain.' We've sponsored plays at the Steel River Playhouse. We'll wrap up this year with the annual Limerick Township Holiday Light contest that the township holds for Christmas."

"A lot of these conversations we're having go full circle," Rivkin said in summation. "We're not just a bank. We're not just doing loans. We are impacting the communities in which we serve. A lot of the big banks don't really follow through with that as much as they should, and we think it's very important, so we make a very strong effort to make sure that we support that."

As a byproduct of the bank's success, The Victory Bank is now trading stock on the OTCQX as VTYB.

"The OTCQX is an over-the-counter market," explains Kelly Taylor, Executive Assistant, Investor Relations. "It provides a



market for smaller institutions, banks, and companies that are looking to give their shareholders liquidity, but they don't want to go through the cost, and all the reporting that is required by the NASDAQ (SP) exchange. Being an SEC reporting company has an expense to it, and companies such as ours, that trade a very minimal number of shares, do not have the resources or don't want to spend overhead costs on those types of things. So, this is a smaller market share that's out there for our shareholders to have some liquidity," she said.

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The Victory Bank shareholders are now receiving dividends as well. "We started paying dividends in December of 2017," Taylor said, "and at the last board meeting we approved the dividend again to be payable this December. We are currently paying two cents a share."

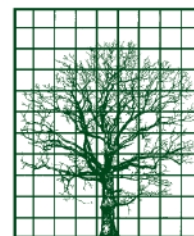
Rivkin reflects on how far the bank has come in just 11 years. "When you think that when we opened up, we were burning through \$2 million a year to just keep the bank open," he said. Now we are projected to make \$2.3 million in profits this year, pre-tax. We did what we said we were going to do, and we're turning out record profits and dividends."

But The Victory Bank is not about to rest on its laurels. "We are always forward-looking in our strategic plan," Rivkin said. "We can't just say that what we've done has been successful, and our growth is exceeding our expectations, so let's just be happy with that and keep doing more of the same. You can't. There are threats everywhere that we have to be aware of. Online lenders, are they a threat to us? How can we deliver exceptional service but do it differently? Also banking to millennials and the generation, Gen Z is different than banking in the

past. A couple of years ago a lot of industries ignored the millennials for a lot of different reasons. We didn't understand them. They're different. Millennials will inherit more than \$80 million from their baby boomer parents. So, they will be the largest generation to acquire inheritance," he said. "They are also currently the largest generation who are getting automobile loans and real estate loans. They are buying houses now compared to a few years ago. They are out buying houses, cars, and building businesses. So, we look at all of those trends and see what we need to do differently to be aware of it, and then continue our growth, but really serve the needs of everybody, and not just look at the banking industry with blinders on."



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