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THE VICTORY BANK

Changing with the Times to Maintain the Highest Level of Customer Service

By Kathy Hunt

It's been said countless times that 'the only constant in life is change.' During the past two years, this sentiment has seemed especially fitting — we have experienced global disease, fluctuating financial markets, supply chain shortages, civil unrest, and other shifts in the *status quo*. The Victory Bank, headquartered at 548 North Lewis Road in Limerick, started in 2008 as a "business niche" bank. Since its humble beginnings in the depths of the "Great Recession," The Victory Bank has always been visionary, responsive to the evolving needs of our clients, making each client stronger in an ever-changing world. Today, they are leading the way in terms of helping customers navigate and adapt to these uncertain times.

Unwavering commitment to its customers and the community

If searching for proof of The Victory Bank's commitment to its customers, one needs to look no further than the bank's involvement with the CARES (Coronavirus Aid, Relief, and Economic Security) Act and its Paycheck Protection Program (PPP). The \$2 trillion CARES economic stimulus bill featured \$669 billion in Small Business Administration (SBA) loans. Known as Paycheck Protection Program (PPP) loans, they initially provided small businesses with the funds for eight weeks of payroll costs, including benefits, and/or eight weeks of interest payments on mortgages, rent, and utilities. Rolled out in phases, PPP loans would ultimately cover 24 weeks of payroll costs and/or interest payments on mortgages, rent, and utilities. One of the rules from the early stages of the program stipulated if 75 percent of the money went to pay a small business's employees, the no-fee, PPP loan would be forgiven. By June 2021, this requirement for loan forgiveness had dropped to 60 percent.

Instituted on April 3, 2020, PPP loans would propel everyone at The Victory Bank into high gear. While working from their homes, Victory Bank's employees would make 850 loans worth \$100 million.

"For us, on a percentage basis, that is a staggeringly large number," said Joseph Major, CEO and Chairman of the board for The Victory Bank. "In the first round of PPP, we processed almost 600 loans in four weeks. Normally, we only do about 400 loans in one year. Plus, with PPP, we had to make arrangements for most of

those 600 loans to be forgiven. Then we had to do round two of loans at the beginning of 2021 and then follow up with more loan forgiveness. And we had to do all of that with most of our people working remotely," he said.

The bank concentrated on its existing customers first, with the majority of its initial loans going to local businesses in Berks, Chester, and Montgomery counties. The bank's customer base embraces the Route 422 corridor, from Reading to King of Prussia, and the Route

100 corridor north of Boyertown and south to the Exton Region. The bank aimed to keep the loan money in the community and, as a result, keep local people employed. Simply put, it did not want local businesses to fail because of the pandemic. Approximately 90 percent of the bank's loans are classified as commercial or business loans.

Recalling the early days of the pandemic and PPP, Major said, "Initially, we had to close our retail branch. Yet, we had IT people, retail bankers, lenders, portfolio managers, and credit people coming in to work when no one else even wanted to risk going to the grocery store. You hear this cliché all the time, but it truly was a team effort."

The value of a "can-do" attitude and strong leadership

In part, Major attributed the bank's success with PPP loans to the staff's sense of purpose.

"It's not like we learned a new master skill," he said. "We had the skills and really smart people here with a can-do attitude who said, 'We can do this. We can figure this out.'"

Employees were willing to jump into this uncharted territory, learn how to work productively from home, and figure out how to deliver a new and evolving type of loan. They were determined to meet their customers' needs in this confusing time.

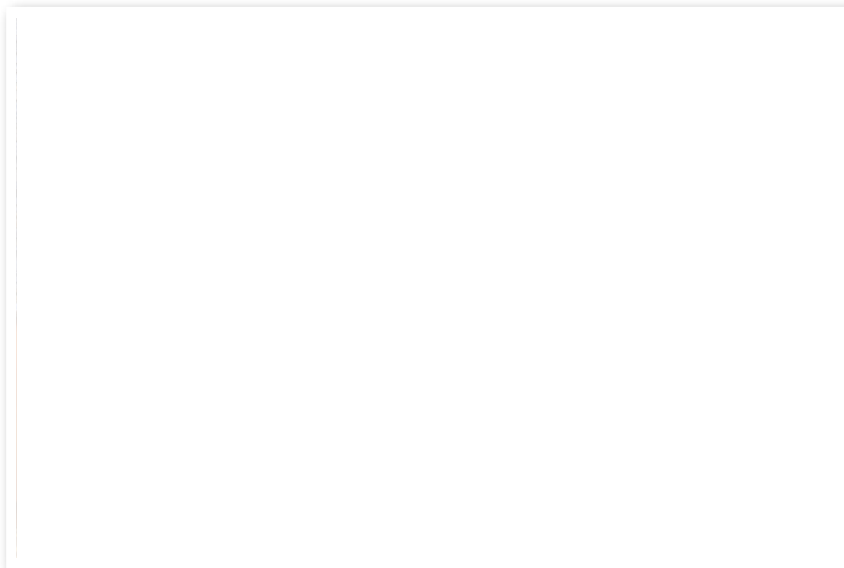
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“The biggest lessons that we have learned are not to assume that anything is going to stay the same and that we have to adapt to change,” Major said. “In other words, at the start of the pandemic, our people had to come into work and say, ‘Whoa! We need to change everything. We will have to work remotely. We must get on board with the new SBA PPP loans. We have to be prepared for this and other events, and we have to be able to adjust as we go.’”

The ability to pivot remains essential, Major explained. “There’s a Dwight Eisenhower quote that I use in the leadership classes that I teach in-house and for the PA Bankers Association’s Advanced School of Banking,” he said. “Eisenhower had said that plans are meaningless, but planning is everything. We need to accept the fact that we’re going to be replanning and modifying things as we go. We write a three-year rolling business plan, and we know that at some point we will have to go in, modify, and relearn.”

Along with the staff’s resilience, Major credits The Victory Bank’s late Chief Lending Officer Richard Graver for the bank’s robust response to the pandemic. Graver, who passed away in September 2021, had been with The Victory Bank



from its very first days. In fact, he was the bank’s first employee. He had worked side-by-side with Major for 14 years.

“Rich was the one person who didn’t even hesitate to jump in and do the PPP loans,” Major said. “I asked him if we knew how to do this, and he said, ‘No, we don’t know how to do it, but nobody else does, either.’ He led the loan process, and he had the courage and enthusiasm to get our team on board with this process. If it weren’t for Rich, we wouldn’t have been able to pull it off. We’re proud of him and

what he did, and we are more determined than ever to make The Victory Bank great. Rich’s passing has been a great loss to all of us, and he will be deeply missed as our friend,” he said.

He noted that in October, Graver posthumously received the 2021 *William S. Latoff Advocacy Award*. This award recognizes a member of the banking industry who is an active and successful advocate and policymaker for the Pennsylvania Bankers Association (PA Bankers) and a supporter of the

Pennsylvania Bankers Public Affairs Committee (PaBPAC). As a PA Bankers volunteer, Graver had served as a vice-chair on the association’s advocacy committee, was a 2021-2022 board member, and had chaired the 2021-2022 2021-22 Government Relations Policy Committee.

All the services that a small to medium-sized business needs

Today, The Victory Bank continues to offer commercial mortgages, term loans, equipment loans, equipment revolvers, and general business lines of credit for financing inventory and receivables. Structurally, it is a portfolio lender, meaning that it keeps the loans on its balance sheet and follows up with monthly statements, loan payment collection, collection and payment of taxes, and the like.

In addition to PPP loans, The Victory Bank makes other SBA loans. The most common are category 7(a) and 504, which grant up to \$5 million in financing. Occasionally, the bank will also do swaps. According to Major, the bank’s average loan is under \$1 million. Its legal lending limit is roughly \$5.5 million.

Generally, the bank prefers to work with small to medium-sized businesses. "We make a lot of loans in the \$100,000 to \$1 million range," Major said. "We do everything every small borrower would need, but we don't try to finance large, public corporations. If you're a really big borrower, you need a really big bank," he said.

Major said that the bank will end 2021 with \$465 million in total assets. He contrasted this year's figures with those from October 2019. Prior to the pandemic, the total deposits were \$234 million. In October 2021, total deposits amounted to \$415 million. October 2019's net loans numbered \$237 million. Meanwhile, October 2021's were \$304 million. In 2019 bank capital reached \$26 million. In October 2021, it was \$35 million.

Real estate remains a major source of loan requests. The Victory Bank serves both the commercial side of real estate, supplying construction loans for contractors and land developers, and the residential or consumer side, providing mortgages to homeowners. Major anticipates that real estate will continue to be a hot area for lending in Southeastern Pennsylvania. He suspects that, unless interest rates go up, real estate will remain a booming industry for a while.

An emphasis on values and doing the right thing

When contemplating the move to a new bank, prospective clients often consider the quality of customer service. How will staff treat them when they phone, email, or walk into a retail branch? Will they be respected and understood and receive personalized service? Will they be entrusting their business to a reputable bank, one that works for the good of each customer? If they opt for The Victory Bank, the answer to those questions is a resounding "yes."

"Victory Bank was founded as a values-based business," Major explains. "Our statement of purpose hangs on the wall, right above me, in my office. It's in our annual report. It's on our web page. We teach classes internally about it. We remind everyone that we, as a bank, stand for something, and what we stand for is doing good. Our statement of purpose is 'We exist to help our clients fulfill their visions and dreams,'" he said.

The values that the bank extolls include extraordinary personal service; respect for all, teamwork and a great working environment; candor, credibility, and



integrity; delivering what has been promised; accountability and efficiency; and innovation, adaptation, and learning.

"How we treat each other, our clients and communities, those things really matter," Major emphasizes. "We're not big on good intentions around here. We're big on behavioral choices and doing the right thing. We have a deep commitment to serving each other and our communities and being very client-focused."

He pointed out that if the bank is not a good fit for a customer's specific needs, the individual will be informed upfront and guided to a more suitable financial institution. This conscientious and personalized service extends to all aspects of The Victory Bank, including communications. To maintain a close connection, the bank does not use a voicemail system.

"Although we do communicate through email, text messages, and other forms of communication, if you call us during business hours, we answer the telephone. We try to address your inquiry on the spot. We try to get to know you, understand what you need, and what will benefit you the most. We try to do what's right for the customer every single time. If you think about banking with us or



coming to work for us, we're not kidding around here. We're very intent on doing the right thing," he said.

The Victory Bank's efforts have not gone unrecognized. In March 2021, Bauer Financial, the nation's leading independent bank and credit union rating, and research firm, gave the bank a five-star rating. Likewise, this past April, for the fifth consecutive year, it won the title of "Best Bank in Montgomery County" from the people's choice competition "The Happening List."

When it comes to adapting to change, looking out for each customer's needs, and investing in and strengthening the local community, The Victory Bank unquestionably does the right things.



For more information about The Victory Bank, please call 610-948-9000 and visit VictoryBank.com