



Milestones

July 2013

Dear Friends, Shareholders and Clients:

I am pleased to report that The Victory Bank continues to grow and progress, despite some challenging external circumstances. Asset quality remains quite good; the number of clients we serve and accounts being opened continues to grow at a brisk pace, and the bank's "pipeline" of new loans under consideration remains substantial. Our SBA lending operation remains extremely busy, much of which has been sold to other financial services companies yielding substantial gains to our bank. Total assets now exceed \$135 million, and we are servicing approximately 3,000 deposit accounts.

Current interest rates are unusually low, wallowing in an unprecedented range for a really long period of time. I will stay out of the political arguments being made on either side of the aisle – but the net effect of this rate environment is beginning to take a toll on smaller banking companies. Tepid growth in the national and local economies has not generated enough new business for most banks to meet



Joseph W. Major, Chairman & Bank Leader

their internal growth projections, and many banks have chosen to aggressively "pirate" the business of their local competitors. As a result, loan rates continue to decline, and it is becoming impossible for small banks to reduce their funding costs by like amounts, because rates have already been squeezed so very low and cannot drop below zero. This results in compressed margins for most banks. To compensate for this, some banks have been buying investments that offer some yield but that also have a long duration, and

some have also been extending their loan commitments farther out into the future. While those strategies may yield additional profit in the short term, the long-term effects of doing this could be negative, even catastrophic if taken to extremes, since these banks will have to fund these low-yielding loans and investments for a very long period of time when it is likely that funding costs will be much higher.

So, how does The Victory Bank cope with these conditions? Please remember that we are a values based company. Much of what we do is governed by the concept of fundamental fairness, as it applies to our clients, the bank, the communities we serve, and our team members. We continue to stress the value of a long-term relationship with a truly local institution. We realize that some prospective clients don't care much about this, but many others realize that the bank's ownership, management team and board of directors are local and are committed to this region. We consciously choose to focus our energy on these clients. We are available to meet with them in person, and to do more than just sell them something. Instead, we are here to understand our clients' needs, to serve them faithfully, give them valuable advice, and to optimize their financial lives. In order to survive and thrive, the bank has to remain competitive with the marketplace, but also has to maintain a fair profit margin for the services and products we provide.

**“We continue to stress the value of
a long-term relationship with a truly
local institution.”**

continued...

continued from first page...

So far, we have managed to strike a fair balance between these sometimes competing pressures, and to steer the bank into safe and profitable waters. We expect that the next few years will remain extremely challenging, requiring unwavering commitment to efficiency and high-quality decision making by our senior management team and board of directors. We also believe that a steadily improving economy will slowly begin to generate more opportunities for all banks, and will hopefully relieve some of the intense pricing pressure the industry is experiencing.

As a shareholder, client or friend of The Victory Bank, please keep in mind that the best thing you can do for the bank is to conduct your personal and professional business with us, and to refer us to everyone within your circle of influence. You can be confident that all of your referrals will be treated with fairness and respect, as if they were a member of our family.

Thank you for your support!

Sincerely Yours,



Joseph W. Major
Chairman & Bank Leader

Recognition in Reading



We're proud to announce that The Victory Bank was named #20 out of 50 in the "Greater Reading Top 50 Businesses" by the Greater Reading Chamber of Commerce.

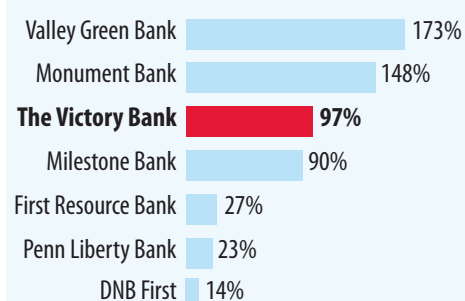
The Victory Bank's loan office in Wyomissing is staffed by Laurie Kercher (center, above), VP, Commercial Relationship Manager, Tony D'Antonio, SVP, Commercial Relationship Manager, and Jodi Moore, Administrative Assistant.



The Victory Bank Ups Its SBA Lending By 97%

The Victory Bank is one of seven local banks that participate in the Small Business Lending Fund (SBLF), which encourages lending to small businesses by providing capital to qualified community banks with assets of less than \$10 billion. The Fund is part of the Small Business Jobs Act of 2010. In order to qualify, the bank had to be deemed financially healthy by regulators. The U.S. Treasury Department accepted only a third of the 900+ banks that applied to participate in the SBLF.

The Victory Bank increased its small business lending by 97.2%. Combined loan growth of all seven of the local banks participating in the SBLF was 49%, higher than the national figure.



You're invited to Game Day at The Victory Bank!

Please join us for a complimentary BBQ lunch at The Victory Bank in Limerick to watch the Philadelphia Phillies take on the New York Mets!

Phillies v. Mets
Thursday, August 29, 2013
Game Time 1:10 p.m.

The Victory Bank
548 North Lewis Road, Limerick, PA 19468

"We take care of the working man. The Victory Bank takes care of us."

Attorney Warren H. Prince says that his relationship with The Victory Bank is the best banking relationship he's ever had. He demonstrates his confidence in the bank by having all of his accounts there: office accounts, personal accounts, estate checking accounts, short-term investments and even mortgages.

"We've been with The Victory Bank since they opened," said Warren, who has practiced law since 1977. "Our firm's philosophy is to help families get through tough times, and the bank is willing to support local businesses. We have had clients with financial problems in the past who would no longer be in business but for the assistance of Victory Bank. It's a good bank."

A lifelong Pennsylvania resident, Warren is a man with many talents. While never formally trained, Warren taught himself to write computer code in the early 1980s and remains active in writing various computer programs and internet applications for his firm. He has been an active member of the Berks County Bar Association Technology Committee for many years.

"I'm dyslexic, so I have problems with numbers," he said. Soon after

graduating law school he and his wife, Janice, purchased Palumbo's of Douglassville, an Italian restaurant. "I'd struggle through balancing the cash register every night. So, I created a database to store the numbers once I entered them correctly."

In addition to a native skill in technology discovered at Palumbo's, once known for its dinners, sandwiches and pizza, Warren is also an accomplished baker and cook. Pizza in his wood fired oven is one of his favorites. "I have recipes for delicious breads and meat dishes," said Warren, who once created a website to publish step-by-step instructions for making his culinary creations. "We often smoke a 20-pound chuck roll over night and slice it down for picnic sandwiches the next day." Between Thanksgiving and Christmas, every year, he smokes

about 200 pounds of chuck behind his Reading office. "Everyone in the neighborhood who's in need is invited to come by the firm and enjoy a delicious, balanced meal" served and contributed to by his entire staff.

Warren is the third generation of Princes practicing law locally, the grandson of Joseph L. Prince, and son of Harold H. Prince. From its inception in 1990 to mid-2000, Prince Law Offices worked primarily with workers compensation and social security law.

"Then, due to changes in the economy and statutory changes in Worker's Compensation, we saw a need to reinvent the firm," Prince said. "We returned to our roots and hired competent attorneys to establish a general law practice directed towards meeting the needs

continued on page 5



Top, Warren Prince

Left, Reading Office Staff

Front: Michele Jaworski, Back: Amy Buser

Right, Prince Law's Staff

Front Row: Cindy Bernhard, Kathy Stinner, Rose Johnson, Chris Gillander
Back Row: Dana Gantert, Angela Scheetz, Warren Prince, Tammy Taylor and Roger Rentschler

Safe Travels:

10 Ways to Protect Your Money While On Vacation

Since it's vacation time for many of us, this is the perfect time to remind you of the many ways you can protect your money and valuables from fraudsters, pickpockets or identity thieves while you're away.

Don't announce your travel plans on the Internet. Perhaps you have read Facebook posts from friends and relatives saying, "Leaving for Aruba in two hours!" Chances are, if you are reading the post, thieves are reading it, too. Don't post pictures of your vacation while you're away, either. Wait until you get home before you share.

Strip your wallet, and leave your checkbook at home. Remove from your wallet anything with your social security number on it. Carry only one credit card, if possible, because if your wallet is lost or stolen, you only have to make one call. Pack a back-up credit card. If the one you carry is lost or stolen, you'll still be able to continue your vacation and cover major purchases such as hotel rooms

and rental cars. Pack an ATM/debit card for withdrawing cash at ATMs.

Don't let your mail or newspapers pile up. Ask a friend or neighbor to pick up your mail and stop delivery of your newspaper. Seeing your overstuffed mailbox signals burglars that you are out of town. (This is another great reason to use online bill payment. Less mail to worry about!)

Make two photocopies of important documents. Photocopy the back of your credit cards so that phone numbers are handy if your card is lost or stolen. Also copy your passport pages and your travel itinerary. Leave copies with a friend or family member and bring a copy with you. Lock the information in the hotel safe.

Use credit cards for maximum protection. You can alert your credit card company if you're unhappy with the quality of a purchase you make with your credit card, or if a thief nabs your purchase. The Fair Credit Billing Act protects you for unauthorized credit card charges up to \$50, which is the maximum you'll pay if a thief steals your card. (You must report the fraudulent charges to your bank within two business days, or your liability rises to \$500.)

Tell your bank and credit card companies of your vacation plans. Banks and credit card companies have security measures in place to protect you from fraudulent activity. If they see someone in Italy is using your card, they will consider the activity suspicious and shut it down. With a quick phone call, you can let the bank and card companies know where you'll be on certain dates and ensure continued use of your credit or ATM card.

Lock valuables in the hotel safe.

You and several others on the hotel staff have keys to your room. It's prudent to keep anything you don't want stolen in the safe in your room: extra cash, laptop, extra credit card, photocopies, camera, iPod, etc.

Avoid using the hotel's computers and network. Their networks are wide open, so you don't want to check emails or look up your bank balances. Instead, use your laptop if you can make it private by using a VPN connection.

Speaking of cash...Take extra precautions. If you're carrying cash, put some in a money belt, and some in your shoe. Always be aware of your surroundings. Thieves abound in crowds and at tourist attractions. They can spot when you're distracted looking at all the pretty sights and may not notice a pickpocket.

Watch your stuff. Don't leave a handbag hanging on the back of a restaurant chair. When you exit a taxi with bags or take public transit, be wary, especially in a crowded situation. Thieves know how to take advantage of people who aren't paying attention.

Is that ATM machine legit? Make sure the cash machine hasn't been tampered with before you use your debit card. Stick your finger in the card reader. If any portion of the card reader feels loose, don't insert your card. It probably means someone has attached a skimmer to the ATM, and they will be able to read all the information on your card's magnetic strip.

The whole purpose of a vacation is to forget the worries of everyday life. By taking the above steps, you will be able to enjoy your time away, knowing your money and valuables are protected.



continued from page 3

of the working family. It was a tough time trying to hire attorneys to practice family law when our existing clients were seeking help with their disabilities. But we got over the hump with the help of Victory Bank and the firm has once again developed a reputation for competent, reasonable representation. Fortunately, The Victory Bank was there for us.”

Providing legal services needed by the “average working man or woman,” Prince Law Offices, in addition to offering quality worker’s compensation representation to clients, also helps with issues relating to divorce, support, custody, education, estates, wills, living wills, real estate, DUI, criminal matters, immigration, and most of the other matters confronting the average family.

Warren’s son, Joshua (the fourth generation) has joined the firm practicing firearms law, which very few attorneys practice. Firearms law is a unique and challenging focus, but Joshua is on top of the constant changes in firearms laws and the political environment, representing clients across the Nation and overseas.

Warren and his wife, Jan, moved into an old farmhouse with a stone barn in 1985. Over the next several years, the Princes remodeled the barn where the firm’s central office is now located. Warren has served as a Washington Township Supervisor, and was instrumental in the creation of a Police Athletic League in Pottstown.

To learn more about Prince Law Offices, P.C. visit www.princelaw.com or call 888.313.0416.

THE VICTORY BANK STATEMENT OF PURPOSE

We exist to optimize the financial lives of our clients.

VALUES

At The Victory Bank, we value:

Extraordinary Personal Service – The Victory Bank delivers fair value and professional advice in a convenient and highly responsive manner. Every contact is an opportunity to help our clients feel valued, important and satisfied.

Respect – We conduct ourselves with respect and tolerance for all, regardless of age, disability, gender, race, sexual preference, economic status, religion or political views.

Ethical Behavior and Fairness – In every action we strive to consider the long-term best interests of our clients, team members, communities and shareholders, and to always do what is ethically right. Business relationships must provide good value to our clients, and be fair and profitable to the Bank.

Personal and Corporate Integrity – Our values stand the challenges of business, and the tests of time. We do not compromise our values for personal or corporate gain.

Candor – Open, honest and direct communication is expected throughout the organization regardless of title or position. Pollution of our work environment with gossip and negativity is not acceptable.

Credibility – We do what we promise.

Consistency and Excellence – We do things right the first time, and are relentlessly committed to excellence.

Planning, Efficiency and Systematic Thinking – We establish well-defined strategic plans, set clear goals, and think systematically about the long-term implications of our decisions. We operate efficiently and without waste.

A Learning Organization – We are stewards of our team’s collective talents and capabilities, committed to helping all team members reach their ultimate potential. We are committed to the never-ending improvement of our knowledge, processes, systems and technology.

Adaptation and Innovation – We know that we must always be in a state of growth and change, adapting to an evolving marketplace. We recognize those individuals who innovate and challenge the status quo. Mistakes are viewed as opportunities to learn and improve, and when things go wrong, we focus on solutions rather than blame.

A Great Working Environment – We believe that joy, satisfaction and happiness are an integral part of success. We strive to make The Victory Bank *the* employer of choice for an exclusive team of professionals who are, without exception, fully engaged in the pursuit of excellence, and committed to the safety, satisfaction and happiness of the group.

Teamwork – We recognize and celebrate the importance and power of teamwork, where individual recognition is secondary to working in a collaborative way in pursuit of common goals.

Leadership – Every Team Member proudly wears the mantle of leadership. We strive to model and teach our core values at all times, and gauge our effectiveness as leaders through the positive changes that we create.

Ultimately, we measure our success through the outlook of our clients, whose total satisfaction assures financial success. Perfection is our inspiration.

Mobile Banking is Here.

Download The Victory Bank App today!

Access your accounts anytime, anyplace 24/7 through your web-enabled mobile device. This free* service available to Victory Bank online banking clients gives you fast access to:

- View Account Balances
- View Transaction History
- Transfer Funds Between Accounts
- Pay Bills To Existing Payees
- View Alerts

Coming Soon: Mobile Deposit
Deposit Checks from your mobile device!



*Mobile Banking is a free service from The Victory Bank. Consult your mobile carrier for details on specific access fees and charges that may apply.

Member FDIC

For more information visit www.thevictorybank.com or call 610.948.9000

PROFILE: Laurie Kercher

Meet the Victory stakeholders. With each newsletter, we'll introduce you to the people that make the difference at The Victory Bank.

She takes herself, and her customers, to new heights

Laurie Kercher, vice president of commercial lending at The Victory Bank, is always looking for ways to deliver the highest level of customer service. In her private life, she literally climbs to new heights as a hiker and explorer of area parks. This year, her goal is to conquer the Pinnacle, the highest point on the Blue Mountain ridge of the Appalachian Mountains.

"It has the reputation as one of the best views in Pennsylvania," Laurie said. "I can hardly wait for the challenge!"

The top of the Pinnacle might have exceptional views, but so does Laurie when it comes to working with businesses and business owners.

"I love what I do, which is helping businesses grow," she said. "Not only do I get to meet interesting people, but I am also able to help business owners by doing whatever I can to help them secure the financing they need."

With more than 20 years of progressive lending experience, Laurie began

her banking career in 1989 as an assistant in the secured lending department at an independent bank with locations in Chester and Montgomery Counties. Over the years, she worked her way up through the commercial underwriting and credit banking departments in local community banks until she joined The Victory Bank in November, 2012, where she specializes in commercial and industrial lending, and lending to professionals.

"I worked with a doctor recently who told me he'd do business with me because I didn't act like a banker," she says, laughing. "I took it as a compliment!"

Because of her friendly personality and genuine love of people, Laurie says she felt instantly welcome at The Victory Bank and found co-workers who shared the same values.

"From the beginning, I was impressed by how everyone at The Victory Bank worked together to get the job done," Laurie said. "It's a friendly, family atmosphere. We never hear, 'That's not my job.' Everyone joins forces and works like a team."

That the people at The Victory Bank work in support of one another to accomplish important client projects was proven to her within weeks of her joining the team.



"A banquet facility owner was in a race with time and in dire need of financing to complete a renovation in time for his busy season," said Laurie. "He had been referred to us by another bank who wasn't able to provide what he needed. I visited with him

on a Monday, and presented his numbers to the credit staff on Tuesday. When I explained the client's need for urgency, everyone pulled together. The board approved the loan right away and we were able to have the money to him by the following Friday. I must say, I was very impressed with my new co-workers!"

Laurie is generous with her advice to small business owners, many of whom have excellent ideas and big dreams but not necessarily all of the know-how of how banks approach the financing process.

"I tell business owners to save their money," said Laurie. "Keep your money in your business, I tell them, because banks like to see that you haven't spent it all. Use your money wisely and watch your credit. In today's economic environment, banks are taking a much deeper look at these kinds of things."


Laurie lives in Muhlenberg Township, just north of Reading. She has a son, age 25. When she's not supporting customers or hiking state parks, Laurie loves to golf and is on the course whenever she has time to spare.





Perkiomen Valley Chamber of Commerce Mixer
The Victory Bank – June 13, 2013



 Equal Housing Lender | Member FDIC

610.948.9000 • www.thevictorybank.com



The Victory Bank
 548 N. Lewis Road
 Limerick, PA 19468



Presort Standard
 U.S. Postage
PAID
 Boyertown, PA
 Permit #10005