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Milestones



“We are now offering mortgages for the first time in our company’s history.”



Greetings from The Victory Bank!

In our world, the biggest questions always revolve around the economy and interest rates? When (if ever) will the Federal Reserve begin to raise rates and unwind its gigantic balance sheet back into the markets? Will the election year affect its decisions? Will economic and political uncertainty in the rest of the world have an effect on what we can charge for loans and services? What about China and India?

Obviously, there are a lot of factors which can affect a small bank that are completely out of our control, and our job here is to prepare your bank for whatever interest rates scenarios that may occur, even the extreme ones. We are seeing a lot of competition from banks that were out of the market for quite some time, a trend which is good for the consumer and for the local economy but one that can be challenging for the banks.

Despite intense competition, we continue to deliver positive results. Total assets have grown to \$166.7 million, total loans to \$157.8 million, and total deposits to \$135.6 million.

We generated \$242,000 in after-tax profits in the third quarter of 2015, and \$735,000 year to date. Our overall credit quality continues to be well-above average and our growth rates in all areas are also well-above average.



Joseph W. Major, Chairman and Bank Leader

Entry into Mortgage Banking

We are pleased to announce that we are now offering mortgages for the first time in our company’s history. We have spent several years studying this issue so that we can provide our clients a full line of mortgages, including VA/FHA and jumbo

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mortgages, all at competitive prices and most importantly, delivered “The Victory Bank Way.” We were founded with the goal of optimizing our clients’ financial lives, and this means that we are constantly focused on our clients’ experiences in dealing with us. We are now able to provide our clients with residential mortgages offering the same good advice, speed of service and competitive pricing that is the hallmark of our existing commercial banking business. Please think of us when it comes to home mortgages for you and your friends and families.

New Director

We are pleased to announce that Steven D. Gilmore, P.E. of Gilmore & Associates, Inc., has joined us as a director of Victory Bancorp, our bank holding company, and of The Victory Bank. **(see sidebar)**

Steven is a veteran business professional who we believe can appreciate and enhance both our strategic direction and our value system. He brings a remarkable wealth of experience in financial and business matters and maintains deep connections with the local community. We are thrilled that he has joined The Victory Bank team.

Added Capital, SBLF payoff and an Upcoming Capital Raise

As our bank continues to grow and become more profitable it is necessary for us to continuously build our capital base and prepare for the future. You may recall that 5 years ago our bank was one of

a select group of banks (less than 400 nationwide) selected to receive capital from the US Treasury in its Small Business Lending Fund (SBLF). At that time we received about \$3.4mm as an investment in a special class of stock that paid a dividend to the Treasury. The amount of that dividend depended on how much small business lending we would

“Thank you for your ongoing support and for your referrals.”

complete during each year, and because most of our success and growth has been based on small business lending in our local area, we have always paid the lowest possible dividend to the U.S. Treasury, which has been 1%.

While we had the option to remain in this program until an undetermined time in the future, the coupon we pay back to the Treasury was scheduled to increase to 9%, effective March 1, 2016, and like many of the other banks in the program, we have opted to issue \$5mm in a new class of subordinated debt, and we recently used part of it to pay back the SBLF investment in total. We believe that the SBLF has been a very positive program, one that has made a contribution to the recovery of the US economy, and better yet, a program that has

also reaped benefits to the taxpayers instead of depleting our tax dollars.

Along with ongoing retained earnings, this new subordinated debt has provided us with enough additional capital to support the overall growth of the bank. For the long run, we have filed preliminary securities documents with the Securities and Exchange Commission in preparation for a new, common equity capital raise under Regulation “A.” We plan to update those preliminary documents once our 2015 year end audited financial statements are issued and would hope to receive SEC clearance shortly thereafter filing such update to enable us to proceed with the offering of our common stock to our existing shareholders, directors and clients, consistent with our past practices.

We have reached the size where we can grow assets, loans and deposits without adding new expenses on a straight-line basis. This means that as the company continues to grow, important ratios like earnings per share and efficiency should show meaningful improvement, thus ensuring The Victory Bank is a continued success.

A Final Thank You!

This company would not exist and would not have enjoyed consistent growth and progress if it weren’t for the investors and clients who have joined with us and made it happen. Thanks for your ongoing support and for your referrals. We

Cyber Safety

What Glocker and Co Inc wants you to know.



Target, Home Depot, Anthem Blue Cross, and Sony - what do these companies have in common? All have been recent victims of cyber-attacks which as a result has given cyber terrorists around the world access to millions of dollars' worth of sensitive company and customer information. As technology becomes even more integrated into our businesses, the risk for cyber-attacks increase. While most of us feel far removed from this type of attack, the reality is that even though it is not broadcast in the news, small to mid-sized businesses fall victim to cyber breaches daily.

Criminals often target small to mid-sized businesses as a way to get to larger companies. As a result, many smaller companies are put out of business in the wake of these breaches. In fact, 60% of companies have closed within 6 months

of falling victim to cybercrime. With 46 of 50 states requiring companies to notify their customers when information is compromised, the cost of that alone would be devastating to a business owner's bottom line. Add in the cost to recoup data, monitor credit, investigate the incident and the cost becomes astronomical. It is reported that it costs companies as much as \$200 per compromised record. Just imagine – what would become of your business?

In addition to the upfront cost, public perception can become a huge issue. Consider the impact a breach would have on your company's reputation and future earnings. Your customers need to feel safe and confident that you are protecting their private information. It is imperative that a breach be handled promptly and professionally in order to reduce the risk of a tainted reputation.

Sophisticated hacking is not the only way information is compromised. Human error and lack of appropriate computer maintenance also play a role in cyber criminals gaining access to secure information. You must be prepared. You must have a plan. And most importantly, you must implement and follow through with that plan.

Business owners are often so consumed with daily operations that cyber security is overlooked. There are many cost effective ways to minimize your company's exposure to cyber breaches to protect what you are working so diligently to grow. With a few strategies and a few hundred dollars a year you can safeguard your business against a potentially catastrophic loss. Just remember: **Having the appropriate procedures in place could end up being your alternative to bankruptcy.**

Here are a few simple tips to help avoid cyber-attacks:

Employee training is your first line of defense against a security breach.

- Be sure employees know who your vendors' contacts are so they are not manipulated in to giving up confidential information to imposters. Cyber criminals will often falsely identify themselves to gain access to company's systems.
- Employees should be taught to identify illegitimate spam and phishing emails to prevent infections or manipulation.
- Employees should be trained on proper disposal procedures for documents containing sensitive information.

Computer and network maintenance is another simple way to protect to your business against attacks.

- Web browsers, anti-virus software, anti-malware software, and web-based software such as Java and Flash must always be kept up to date. Updates become available as security vulnerabilities are identified – so it is important to install these updates as soon as they are distributed.
- Each employee should be assigned a unique login for all systems and only granted access to areas and abilities that are necessary to complete their duties.
- User access to all systems should be deactivated as soon as employees resign or are terminated.
- Having a secured wireless network is essential as well – specifically make sure that any wireless network available to the public blocks guests from your internal network where data may be stored.



While all of these things can help protect your business, even the most diligent of business owners cannot fully protect themselves from an attack. One way to transfer the risk is by purchasing an insurance policy that will protect your company against cyber liability and data compromise. This is one of the easiest, most affordable ways to add an extra layer of protection against something that can be devastating to your

business. Traditional liability policies do not address internet issues so it's important a specific policy is in place to do so. More and more insurance carriers are offering a wide variety of cyber insurance. An insurance professional can help you find the provider, coverage and limits that will meet the unique needs of your business.



If you are interested in reviewing coverage options for your small or mid-sized business please don't hesitate to contact me today at (610) 948-3301 or lisa@glocker.com.



Santa's Mailbox

Santa's waiting! The Victory Bank is hoping to spread a little holiday spirit with the arrival of Santa's mailbox. Starting Friday, November 27th children may drop off their letters to Santa in the mailbox located in our lobby until December 21st between the hours of 8:00 a.m. to 4:00 p.m. Monday thru Thursday & 8:00 a.m. to 6:00 p.m. on Friday. Children must remember to include their names and addresses on their letters. Only letter with return addresses that are dropped in Santa's mailbox will receive a response.

CLIENT SPOTLIGHT

IPS Laser Express

IPS Laser Express, a 25-year-old leading provider of print devices and other office equipment located in Pottstown, was in a situation any business owner could hope for, but at the worst time. They were growing and ready to make a very large web development investment. Unfortunately this was at the lowest point of the 2009 recession when many banks began shutting down lending and pulling credit lines.

IPS Owner and CEO, Chris Lucci, knew he had to find a bank who could provide the funding necessary for IPS to continue its growth. Joe Major, Chairman and CEO of The Victory Bank, suggested he take a look at the services his bank could provide, and things fell into place.

Lucci explained what he needed for financial help and The Victory Bank stepped right in and made it happen. "They were not shy about saying, we know it's a tough time, but we believe

"We have a wonderful relationship with Victory Bank. They've never let me down."

in what you're doing" expressed Lucci. "They've been there every time I've asked them to be there. They've never let me down."

In 2013, after outgrowing their office, IPS was in need of a larger space. The Victory Bank provided the financing on their 20,000-square-foot facility in Limerick



which provides complete technology solutions to customers, including projector bulbs, projector services and repair, print management consulting, computer hardware, software, and much more. They leased the building for six months, and with the help of The Victory Bank were able to purchase the building in 2014.

"They're very realistic and good people to work with" said Lucci. "They understand people, they understand business very well, and you don't get lost in the paperwork and politics when you're dealing with real people."

IPS began in the Greater Philadelphia area, expanded from Pennsylvania to the East Coast, then across the US, and now does business in both American continents with over 200 sub-contractors from Canada to Argentina as well as 12 in-house technicians.

The company specializes in reducing costs by way of service supplies and

hardware needs for small businesses all the way up to Fortune 500 Companies and putting in a footprint of equipment that works and is economical to customers, such as schools and businesses. Their spacious building houses 700 new and refurbished printers and over 10,000 parts, and they run a unique program in which a school or company can buy consumables/supplies from IPS and they'll include all the services involved at no charge.

With 26 employees, IPS Laser Express is a full service shop and does most of the repair work on site. They exude a "we" not "me" attitude which has helped the company grow and foster sound relationships with each client in which they do business. The Victory Bank has been there to help this company continue in its success and growth every step of the way. Put simply by Lucci, "they're the best bank I've ever worked with."

Profile

Going the extra mile is this banker's passion.

Lisa Highlands



“Important to me are the qualities of integrity, honesty and trust.”

Lisa Highlands hits the ground running every day—literally. When her alarm rings at 5:00 a.m., she's off to the YMCA or a local park to run two to three miles before the next big sprint—getting her three children ready for the day.

Next, she heads to her office at The Victory Bank in Limerick, where, as Vice President and Commercial Relationship Manager, she continues to “go that extra mile” for her large portfolio of clients who depend on her expertise and coaching to keep their businesses growing.

“I run every day to stay fit and healthy,” Lisa said, “but I also keep my customers fit and healthy, too, by sharing my experience, knowledge and commitment to their success.”

Lisa's true joy is helping small business owners overcome challenges and increase financial efficiency by guiding them toward optimal cash management solutions or finding ways to access the funds they need to expand their businesses or purchase assets. She especially enjoys maintaining strong relationships with her clients over the years and watching them continue to prosper.

“A good banker knows that having strong relationships is the secret to business success,” said Lisa. “For example, I had a client who specialized in providing attire to sports teams. I introduced him to a CPA I knew who worked exclusively with sports teams, and the two now feed each other regularly with great referrals. I love being the catalyst for creating those kinds of synergies. Everybody wins, and frankly, it just feels good.”

With 13 years of banking experience, Lisa began her banking career in middle market cash management at First Union Bank. Moving steadily up through the ranks, Lisa was a project manager for six years, becoming an expert in business banking, and she eventually rose to the relationship management role, where she excels and prospers.

A woman of many talents, Lisa is fluent in Spanish. Because her mother is from Madrid, she spent her life traveling back and forth to Spain. Lisa earned a Master of Science in Business Administration from New England College. In addition, she holds a Bachelor of Science degree in International Business Administration and Economics, with a minor in Spanish from Kutztown University. She also studied International Business and Spanish at the University of Deusto in San Sebastian, Spain.

She was able to utilize her knowledge of international business recently when she helped an American client manage his satellite offices overseas. She was able to blend his cash management solution into one platform so he could easily transfer U.S. dollars into foreign currency.

“It was gratifying for me that I was able to help make doing business overseas easier for my client,” said Lisa. “That's the indication of a great banker/customer relationship for me, when I know that my efforts have had a positive, bottom line impact on the business. Also important to me are the qualities of integrity, honesty, and trust.”

Lisa says her personal values are closely aligned with the values at The Victory Bank.

“What's great about The Victory Bank is that they really put the customer first,” said Lisa. “Everyone on the team adds value on behalf of each customer, and like me, they go the extra mile to understand their customers' businesses and show appreciation whenever possible.”

Married for 13 years, Lisa, her husband and children live in Royersford. Having worked for years in center city, Philadelphia, Lisa now works closer to home and is active in various community organizations including the Tri-County, Berks and Montgomery County Chambers of Commerce and women-driven organizations.



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The Victory Bank Recognized as a Top Loan Producer in the Country.

The Independent Community Bankers of America (ICBA) ranked The Victory Bank the 6th top loan producer in their July 2015 issue recognizing all of the top loan producers in the country.

The ICBA recognizes the top loan producers in four key categories; 100 overall producers, top 50 commercial loan

producers, top 50 consumer loan producers, and top 50 agricultural loan producers. Each of these categories is divided by asset size; those banks with \$500

million in assets and more, and those banks less than \$500 million in assets. The Victory Bank was named 6th top loan producer of all banks with less than \$500 million in assets in their July 2015 issue.

The Victory Bank ranked number 1 on the East Coast despite having only one branch, proving that doing what you promise and delivering an exceptional client experience can go a long way in a very competitive environment.

The ICBA is quoted as saying, "No community bank can be successful — for its customers, communities and shareholders — without safely turning people's deposits into

valuable and productive credit for others. Invariably, the most successful community banks are those that consistently book the most solid loans. And that means winning the most business from borrowers in a marketplace rife with competitors."

If your business is looking for a commercial mortgage, a business loan or line of credit, please contact one of our expert commercial lenders at 610.948.9000.

