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“The key is to relish the daily challenges and decisions instead of running away from them.”



Nothing is Easy!

I often remind our folks here at The Victory Bank that running a successful business is hard – that’s why it is valuable! I think the key is to relish the daily challenges and decisions instead of running away from them, and the last year brought us many great challenges and even greater opportunities.

Our residential mortgage operation really took off last year.

While we were organized primarily as a commercial bank, many of our clients and referrals have asked us about providing residential mortgages and we entered the business successfully in 2016. Many of you know that as a result of the Dodd-Frank federal law and other regulatory initiatives, getting a mortgage loan is a lot harder and process-intensive than it used to be. Most people hate it! We do our best to simplify this mess, and our clients receive good advice and “white glove” service as they go through the mortgage application and closing process. They also get competitive pricing and a low-hassle experience (I wish I could say “no hassle,” but that’s just wishful thinking).

In 2016 we began refinancing the student-loan debt of our clients and their family members.

Compared to a generation ago, many young people leave school today (this includes trade school, community colleges, 4-year institutions, graduate and professional schools, etc.)



Joseph W. Major, Chairman and Bank Leader

burdened by a lot of student debt, often based on several different loans at different interest rates and with different repayment schedules. For even the best and brightest students, this can be a confusing and

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troubling reality. While we cannot promise that we can help every person in this situation, we have developed proprietary tools and a review process, and we can often refinance all of these obligations into one simple loan, with a fair interest rate and a payment plan that they can both understand and afford. Consistent with how we do things at The Victory Bank, every prospective borrower has the opportunity to meet with one of our bankers who really understand this complicated area and who can help them get things figured out.

We raised a little over \$4.4 million of new capital in the second half of 2016, virtually all of it from our board and insiders, existing shareholders, clients and local investors, who purchased the common stock of Victory Bancorp, our bank holding company. This was a very exciting and challenging process, and the raise was a big success. This capital will help the bank continue to grow and serve our local communities. I sometimes find it hard to believe, but since we opened the bank in 2008, we have closed over half a billion dollars of loans, almost all of it to small businesses, professionals and homeowners right here in the local market. We fund most of these loans with the deposit accounts you all hold in our bank. Granted, this is a pretty old-fashioned business

model, and we do all kinds of old-fashioned things in the process, like answering the telephone, getting to know all of our clients, applying a custom underwriting process to every single loan application, and trying to ALWAYS do what is fair and in our clients' best interests. This is a commitment we make to ourselves and to all of you, every single day.

“We try to always do what is fair and in our clients’ best interests.”

It is a clear expectation that we carefully explain to every person who comes to work here, whether from another bank or as a new trainee, and it is a commitment that we apply to every sort of loan we make including mortgage loans and student loan refinancing.

Finally, please note that we formally kicked-off a campaign to build important relationships with many of our local institutions, like colleges, hospitals, tax offices, municipalities, municipal authorities and school districts. This is an area we did not pursue when we first opened, but the bank has grown and deposits from these institutions

will be used to assist with funding our stellar loan growth. Recent bank consolidation in this market has seen several local banks, like Susquehanna, Penn Liberty, National Penn and others now part of larger, out-of-state bank holding companies that lack local knowledge and connections. Many of these institutional depositors seem thrilled to move some or all of their deposit business to our local bank.

As you can see, we have been busy, but it really is fun and we are so very proud to be part of our local communities as we continue to build our bank.

Thanks from all of us for your support.

Sincerely yours,



Joseph W. Major
Chairman and Bank Leader

This newsletter does not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of the securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of such state or jurisdiction.

Victory Bancorp and The Victory Bank Adds Two New Directors



Joanne M. Judge, Esq., CPA



Mary Beth Touey

(Limerick, Pennsylvania) – Victory Bancorp, the bank holding company for The Victory Bank, has appointed Joanne M. Judge, Esq., CPA and Mary Beth Touey as new directors. Ms. Judge and Touey will also serve as directors of The Victory Bank.

Ms. Judge is the Co-Chair of the Health Law Department at Stevens & Lee, a regional law firm with 250 professionals. She previously served as President of Community Hospital of Lancaster and was formerly its chief financial officer. She received her B.S. in Accounting from St. Joseph’s University and a J.D. from Villanova University School of Law.

Joanne focuses her practice in transactional and regulatory matters for health care systems, long-term care and senior living organizations, and physician practices, including mergers and acquisitions, joint ventures, affiliations and reorganizations, health care contracting, licensure, and compliance-related issues. Joanne served as the National Chairman of the Healthcare Financial Management Association, and was honored in 1999 with the Frederick C. Morgan Individual Achievement Award. She has served in leadership capacities in community and professional organizations, including Chairman of the Lancaster and Reading YMCAs and the Lancaster Chamber of Commerce. She is the Immediate Past Chair of the board of Alvernia University and the Vice Chair of the Lancaster Bar Foundation, Chair of the Berks Workforce Investment Board and on the Reading Public Museum Board. She was previously honored as one of Pennsylvania’s inaugural Best 50

Women in Business and received the Athena Award from the Berks Chamber of Commerce in 2009. As published in Philadelphia magazine, Joanne has been recognized as a Pennsylvania Super Lawyer for the last seven years.

Ms. Touey is the controller of Women’s Healthcare in Pottstown. She previously held various sales & marketing positions in the Ford Motor Company. Including roles in Ford Motor Credit Company, Ford Parts & Service Division, Lincoln/Mercury, and its’ previously-owned Premier Automotive Group (Jaguar/Land Rover/Aston Martin). She is a graduate of the State University of New York Oswego with a B.S. in Applied Mathematical Economics. Ms. Touey also serves as a catechist at St. Eleanor’s parish and has served as a parent advocate on Spring-Ford School District’s Project MAX initiative; helping to build awareness, empower families, and foster high expectations for students with complex instructional needs.

The Victory Bank is a locally owned and operated commercial bank headquartered in Limerick, Montgomery County, Pennsylvania. The bank was founded to optimize the financial lives of businesses, professionals, and consumers.

For more information, call 610-948-9000 or visit www.victorybank.com.

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A Succession Plan Can Secure the Future



Business owners know that it is important to have a business plan and strategy to stay focused on their goals. Business plans are also required to obtain the financing needed to grow and operate a company. Most companies have a business plan that they continuously update and use to guide them.

Even so, few businesses have a succession plan which is equally important. Generally, a succession plan will secure the future of your business. It dictates how you will transfer ownership of the company to the next generation of your family or another party when you retire or must leave the company because of a disability or your untimely death. Basically, it is a guide for you and your team to conduct business and transition the company to the next generation of leaders.

In a family-owned business, a succession plan is particularly important. It could

save family and business relationships, especially in a situation where the timing of your departure is unexpected. For example, if you die without a succession plan in place, your spouse could have the right to take on your role in the company. He or she might not be suited for the job and, if you have a partner(s), they might not want to work with your spouse. Or, it could cause disputes within the family if your spouse, children, siblings or other relatives work for the company. Any one of them could feel that they have the right to take your place even though they might not have the ability or skill set to do so.

As stated by Benjamin Franklin, "If you fail to plan, you are planning to fail!" This is particularly true for a company that does not have a succession plan. Less than one in three businesses successfully transition to the second generation of the family and just one in 10 survive into the third generation, per Paul Karofsky, executive director emeritus of

the Northeastern University Center for Family Business.

The first step in developing a succession plan is to take a hard look at the talent you have in-house. If no one is capable of leading your business within your company look for another alternative such as hiring someone who is, merging your company into another entity, or selling your business.

In an ideal situation, you will already have a person or people within your business to transition leadership. This may be a family member or not. When making this decision, it is important to match the temperament and skill set to the job. Avoid choosing a successor just because he or she is a relative. If that person is not qualified, they should not be considered for the job. You must do what is best for the company, not the family because it is a business decision, not a family decision.

Nicholas Sabia Sr., a client of our firm and president of D. M. Sabia & Co., Inc. in Conshohocken, PA is the third-generation leader of the masonry company his grandfather, Dominic Sabia, started in 1923. The company grew from nothing into a multi-million-dollar business because its leadership had the foresight to put the right people in the right place. "My father, John Sabia, Sr., took over the company in 1955," explains Sabia. "He believed in treating people fairly, not equally. You had to earn the right to manage the business. It was not just given to you because your last name is Sabia."

One of eight children, Sabia started as an apprentice, learned everything he

needed to know about the business, and became its president in 1999. "My dad started us all in the field. He wanted us to have hands-on experience, as well as an appreciation for the work. We had to prove that we could do the job and do it well."

Although Sabia is the fifth child, his father decided that he should run the company. His oldest brother, John Sabia, Jr., serves as vice president and other siblings hold the positions that are best suited for them while contributing towards the company's success. "We mutually respect each other and the talent we bring to the table," continues Sabia. "Dad developed a written succession plan which outlined exactly what he thought was best for the company. Years before he retired, dad shared his vision with everyone and groomed us to take over the company." Sabia's son, Nick Sabia, Jr., is now an apprentice and, if everything goes well, might assume his father's role someday.

John ("Jack") McCarthy, CPA and founder of McCarthy & Company, PC, worked with Sabia's father on the initial succession plan. "Jack ensured that the transition went well and was done according to my dad's wishes," adds Sabia. "Jack knew how important it was for us to have a written plan that clearly stated the terms of the transition because so many family members work at D. M. Sabia. We were confident in Jack's ability because of his personal and professional experience in this area."

My father transitioned his firm to me, one of his nine children, in 1996. I bought the business at age 25 because it was important for me to have control



(l-r) Martin McCarthy & Nick Sabia

of the company. Although none of my siblings were interested in working at the firm, they did have rights to the company. I decided it was best to buy my father out to ensure continuity and allow for him to plan for himself.

I also brought in a partner, David Gibbs, CPA, MBA, in 2003. Together we have grown the business to what it is today, one of the leading accounting firms for the construction industry in the Tri-State region. In December 2016, we merged in Mazur, Krieghbaum & Higgins, CPAs, LLC to provide clients with more specialized services and expand our footprint into New Jersey and New York. We are proud that McCarthy & Company is ranked as a Top 30 accounting firm by the Philadelphia Business Journal and is celebrating its 50th anniversary this year.

Although I am only 45, I am already grooming internal talent to transition into a leadership role. I want to make sure that someone is ready if my children

decide that being an accountant is not the right profession for them.

Succession planning is a process which requires leadership to be proactive, have an open mind, and the vision to see beyond what might be expected. You should consistently work on the future of your company to ensure that employees are ready and in a leadership role before you leave. This takes years of planning, training and mentoring to be done right.

About the Author

Martin C. McCarthy, CPA is the managing partner of McCarthy & Company, PC.

The firm is committed to helping clients strengthen their financial position, grow their business, and become more profitable by being focused on you and dedicated to your success. Marty can be contacted at 610-828-1900 or Marty.McCarthy@MCC-CPAs.com.

CLIENT SPOTLIGHT

Perkins-T. P. Trailers, Inc.

When their father, Tom Perkins Jr., founded Perkins - T.P. Trailers, Inc. in 1946, he would have been proud to know that his children, Donna Snyder and Tommy Perkins, III, would grow and expand the business to the hugely successful, 26-employee enterprise it is today.

Started in a small garage in King of Prussia, Perkins - T.P. Trailers, Inc. repaired trucks and trailers for freight companies. In 1983, Tommy went to work in the garage to help his father. When their father became ill in 1986, Donna pitched in, too, to help with the books. "The shop was only 4,000 square feet, and it had a very small office," Donna says. "Tommy, two other men and I worked in the shop. Dad was there every day, though he was in and out of the hospital." Sadly, he passed away in 2003.

"They're the experts who can listen to your plans for growth and help you implement them."

On November 5, 2001, Tommy found a 10-acre lot in Limerick, Pa., and moved the business there. "It was a huge lot," says Tommy. "We thought we'd never fill it up, but business has been crazy ever since. A friend of my father's was in a trucking business, and he needed some trailers. My father bought six trailers and rented them to him. From those six trailers, we've built up to well over a thousand units for trailers and overseas shipping containers."



(l-r) Tommy Perkins III and Donna Snyder of Perkins-T.P. Trailers

This turn of events was completely unexpected, Tommy says. In his first year working with his father, they made \$229,000 gross, not considered a lot of money in their kind of business. "Then, we just started building it up, and Donna and I bought more trailers," says Tommy. "I repaired the trucks and delivered the trailers at night, and Donna did all of the bookkeeping, and we kept going from there."

While renting trailers, Donna and Tommy started selling new trailers, then different kinds of trailers. Then, they started a parts business, which their customers wanted. "The customers' needs pulled us along," says Tommy. "For example, landscapers would come in and say, 'Oh, by the way, I need a snow plow. Can you get one for us?' Snowplows led to salt spreaders, and so on. It just evolved over the years."

Many years ago, Donna and Tommy met a man named Steen Woodland, a banker who served them well and earned their trust. When Steen moved to The Victory Bank, Donna and Tommy, and their entire banking relationship, followed him. "It's a full service relationship," Donna says. "We

have lines of credit, floor plan accounts, payroll, checking accounts, the mortgage on our properties—everything. When we took over the business way back when, Steen's the one who really gave us a shot. He helped us show The Victory Bank who we are and what we do. We're a different kind of business, and Steen and the bank have helped us all along the way."

What advice would they give to other business owners? "I think the most important part is having someone in the bank that's not afraid to come out and visit your facility," adds Tommy, "who gets to know your business, get a feel for your customers. Steen has always been very good about spending one-on-one time with us. Steen took the time to understand our business, then went back to talk to the board and how we're going to make sure that we pay our loans."

Donna and Tommy advise small business owners to communicate often with their bank, during both the good and the bad times. "They're the experts who can listen to your plans for growth and help you implement them," Tommy says.

Profile

Helping people develop the best within themselves

Shelly Stockmal



“I’m proud to be part of a local organization that’s full of amazing people.”

Shelly Stockmal is someone who exalts in helping people live better, more fulfilled lives, so she’s probably in the best situation a working professional like her could have. The Victory Bank did a good job when they appointed Shelly as Vice President of the human resources department.

Her official title, though, is Victory Community Leader, not HR Manager, and although she oversees the typical HR duties such as recruiting, staffing, training and development and other vital functions, she’s actually involved in enhancing a positive corporate culture at a much deeper, more meaningful level.

“I’m in charge of The Victory Bank inside community,” she says. “We realize that our people are our most valuable asset, so we see ourselves as a community within the larger, outside community. It’s my goal to develop our employees to their fullest potential, and ensure they know they are valued and cared for. As a result, the other communities we serve benefit.”

Shelly oversees many employee initiated projects, but one of her favorites is the Health and Wellness Committee.

“We have an employee who wanted to start a Weight Watchers group at the bank, and so I recommended she be in charge of the Health and Wellness Committee,” Shelly says. “Not only does the committee encourage everyone to get up and up and out of their seats more often (sitting is the new smoking!) but this employee is developing her leadership skills, too.”

The Health and Wellness Committee encourages employees to be healthier through exercise and better nutrition. They take walking meetings, play games, have lunch and learns, and invite outside experts to teach important health and wellness skills, such as how to cook healthier dishes.

“The Tri-County Area Chamber of Commerce was great at giving us guidance on how to implement the program,” says Shelly. “They’re a great resource overall for increasing health and wellness in the community.”

Shelly began her tenure at The Victory Bank in 2008 as executive assistant to the CEO, which she says was “a little intimidating.”

“I had already been in banking for about 20 years,” she says, “but I was very interested in knowing what it takes to build a successful bank. It was a great learning opportunity that I simply couldn’t turn down. It was a lot of fun, too!”

Shelly’s philosophy for living a complete life is to help everyone develop the best within themselves. It’s why she and The Victory Bank are such a good fit.

“I am passionate about my work at this relatively new bank that’s in business to optimize the financial lives of its clients,” says Shelly. “I’m proud to be part of a local organization that’s full of amazing people who are equally committed to this mission. We’re a commercial business bank that’s relatively new, too, and I think our business clients appreciate that we understand firsthand what they go through because we’ve experienced and successfully overcome many of the same issues they have.”

Aside from developing a positive, healthy culture at The Victory Bank, Shelly is also a long-time Girl Scout Leader, helping young girls develop leadership skills and confidence.

“I’ve been with many of these girls since they were in first grade,” says Shelly. “I have four 11th graders, a 10th grader and a ninth grader. They’re all selling cookies and working on their Gold Award project. I’m very proud of all of them.”

She’s active in other parts of the community, too. She’s on the woman’s advisory committee with the Pennsylvania Bankers Association, treasurer of the Pottstown Society for Human Resources Management, and on the finance council at St. Gabe’s Roman Catholic Church in Stowe.

“I have little free time,” she says. “But it keeps me out of trouble.”

Shelly has lived in Stowe, Pa. for 24 years. She and her husband, Joe, have been married for 27 years. They have two children, a 22-year-old son and a 17-year-old daughter.

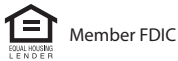
“So many people have done wonderful, even life-changing, things for me,” she says. “I feel that I have the responsibility to reach back and help other people, too.”



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The Victory Bank Named “Medium Business of the Year”.



Accepting the award (pictured left to right) was Joseph Guinta, Vincent Raffeo, Saul Rivkin and Warren Major.

The Perkiomen Valley Chamber of Commerce held their annual “PV Stars, Best of the Valley” gala event at Rivercrest Golf Preserve on February 16, 2017. In addition to the awards celebration, Lu Ann Cahn, Emmy Award Winning Journalist, Cancer Survivor and Motivational Speaker, was the keynote speaker.

Every year local businesses, distinguished service people, humanitarians, and the Chamber Member of the Year are all nominated to be recognized by the chamber for their outstanding contributions to the Perkiomen Valley region. Businesses are separated into several categories: Small, Medium and Large Business of the Year, as well as Non-Profit, Emerging Business and Business Star of the Year. The winners are based on their contributions to the region, community involvement, creating a positive impact, helping the region with positive growth, reputation and more.

The evenings keynote speaker, Lu Ann Cahn, spoke about her television broadcasting career and

how she battled (and won) her fight against cancer. Lu Ann took her experiences and wrote about it in her book; “I Dare Me...How I Rebooted and Recharged My Life by Doing Something New Every Day”. More information is available at luanncahn.com.

Being nominated and chosen as the “Medium Business of the Year” does not happen by accident. The Victory Bank prides itself on hiring exceptional bankers who are dedicated to doing the right thing, day-in and day-out. This is clearly evident by listening to what our clients have to say and also when you see that bank employees belong to over 40 local organizations and contribute 2,300 hours on average a year.