RP® Financial, LC.
De Novo Charters
Strategic Planning Process

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De Novo Business Planning Process: Overview

1. Initial Interviews, Situation Analysis and Strategic Recommendations
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4. Submission to Regulatory Agencies for Approval, and Follow Up

De Novo Business Planning Process

Our de novo business planning process is tailored to a client's specific situation, typically involving the following steps:

1) **<u>Organizer Interviews</u>** RP Financial will conduct interviews with the organizers and any key management identified. The interviews provide background for the new charter and the pro forma operating strategy. We also discuss the market for de novo institutions and make strategic recommendations, as necessary, regarding charter choice, capital structure, operating strategy, regulatory issues, and other important start-up issues.

2) **<u>Financial Projections</u>** Based on our understanding of the de novo institution's planned strategy and our knowledge of the market and regulatory environments, RP Financial will prepare detailed quarterly financial projections for at least a 3 year period (with annual summaries). Our projections include all of the relevant regulatory compliance tests as they pertain to lending activities, Qualified Thrift Lender requirements (if applicable), and capital compliance.

De Novo Business Planning Process

3) **Business Plan Preparation** RP Financial will draft the narrative portion of the Business Plan based on information provided by the client and our recommendations and analyses. The Business Plan is consistent with and complementary to the De Novo Application filed with the regulatory agency.

4) **CRA Plan Preparation** RP Financial will prepare the CRA plan to demonstrate how the institution will comply with CRA requirements. The CRA plan will reflect the markets to be served and the products to be offered by the institution.

5) **Submission to Regulatory Agencies** The Business Plan and financial projections are submitted to the appropriate regulatory agency with the Application.

6) **Response to Regulatory Comments (if applicable)** Comments may be received by the regulatory agency, reflecting points for clarification or requests for more supporting information about specific strategies. RP Financial will assist in preparing the responses to regulatory comments and related amendments to the Business Plan and financial projections for the purposes of gaining final approval.

7) **Continuing Support** RP Financial will provide continuing support for the execution of certain strategies or for subsequent revisions to the business plan if changes in circumstances dictate.

De Novo Business Plans: Topics Covered

- Overall strategic objectives, business purposes, corporate organization, ownership, source and amount of initial capitalization;
- Feasibility analysis, including market area and competitive analyses, that demonstrates the need for the institution, how it will address such need and the viability of the institution’s strategies (including the affiliate relationship with the Holding Company (“HC”), if applicable);
- Key financial targets of proposed business strategies over the business plan time frame (anticipated to be at least 3 years, presented on a quarterly basis in a format generally consistent with the relevant agency’s regulatory financial report);
- Detailed description of funding, lending and investment strategies, operations, facilities, risk management and compliance activities (including affiliate transactions with the HC, if applicable);
- Composition, background and experience of the proposed Board of Directors and Executive Management of the HC and the institution, anticipated staffing and related expertise, both initially and over the course of the business plan;

De Novo Business Plans: Topics Covered

- Description of the economic, demographic and competitive factors of the market(s) to be served by the institution, particularly with respect to the types of customers that the institution is anticipated to serve within the target market(s);
- Detailed financial projections for the institution, prepared on a quarterly basis for the business plan period, that reflect the impact of the proposed business strategies, presented in a format consistent with applicable regulatory guidelines (which may be integrated with financial projections for the HC, if applicable);
- Organizational, operational and financial description of any activities of other non-banking subsidiaries of the institution and the HC, if applicable.

De Novo CRA Plans: Topics Covered

- Scope of the CRA mission;
- Delineation of the assessed area(s) surrounding each of the target office locations over the next three years;
- Description of the economic, demographic and competitive characteristics in the assessed area(s);
- Determination of the community credit needs and the expected lending, service and investment strategies and goals (including any defined financial goals) over the first three years, both in the assessment area, as well as broader regional or national goals;
- CRA organization and staffing, as well as CRA activities monitoring and reporting;
- Description of Board review procedures and other related policies and procedures; and,
- Related exhibits including a fair lending policy, affordable and first-time homebuyer and other loans and products, if appropriate, and HMDA data.

Overview of RP® Financial, LC.

RP® Financial, LC. ("RP Financial") provides financial and management consulting, merger advisory and valuation services to the financial services industry nationwide. We offer a broad array of services, high quality and prompt service, hands-on involvement by principals and senior staff, careful structuring of strategic initiatives and sophisticated valuation and other analyses consistent with industry practices and regulatory requirements. Our staff maintains extensive background in financial and management consulting, valuation and investment banking. Our clients include commercial banks, thrifts, credit unions, mortgage companies and other financial services companies.

STRATEGIC PLANNING SERVICES

RP Financial's strategic planning services are designed to provide effective feasible plans with quantifiable results. We analyze strategic options to enhance shareholder value, achieve regulatory approval or realize other objectives. Such services involve conducting situation analyses; establishing mission/vision statements, strategic goals and objectives; and identifying strategies to enhance franchise and/or market value, capital management, earnings enhancement, operational matters and organizational issues. Strategic recommendations typically focus on: capital formation and management, asset/liability targets, profitability, return on equity and stock pricing. Our proprietary financial simulation models provide the basis for evaluating the impact of various strategies and assessing their feasibility and compatibility with regulations.

MERGER ADVISORY SERVICES

RP Financial's merger advisory services include targeting potential buyers and sellers, assessing acquisition merit, conducting due diligence, negotiating and structuring merger transactions, preparing merger business plans and financial simulations, rendering fairness opinions, preparing mark-to-market analyses and supporting the implementation of post-acquisition strategies. Through financial simulations, comprehensive data bases, valuation proficiency and regulatory familiarity, RP Financial's merger advisory services center on enhancing shareholder returns.

VALUATION SERVICES

RP Financial's extensive valuation practice includes bank and thrift mergers, thrift mutual-to-stock conversions, insurance company demutualizations, ESOPs, subsidiary companies, purchase accounting and other purposes. We are highly experienced in performing appraisals which conform to regulatory guidelines and appraisal standards. RP Financial is the nation's leading valuation firm for thrift mutual-to-stock conversions, with offering values ranging up to $4 billion.

OTHER CONSULTING SERVICES

RP Financial offers other consulting services including branching and diversification strategies, feasibility studies and special research. We assist banks/thrifts in preparing CRA plans and evaluating wealth management activities on a de novo or merger basis. Our other consulting services are aided by proprietary valuation and financial simulation models.

KEY PERSONNEL (Years of Relevant Experience & Contact Information)

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