RP® Financial, LC.
Strategic Planning Process

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Strategic Planning Process: Overview

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Situation Analysis & Strategic Recommendations

Financial Projections & Written Business Plan Preparation

Review and Approval by Board of Directors & Executive Management

Submission to Regulatory Agencies for Approval (If Required or Appropriate)

Strategic Planning Process

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

1) **<u>Initial Information Request</u>** An information request required to complete the business plan and financial projections is forwarded to the client, seeking financial, operational, regulatory and other information. RP Financial will review this information in advance of due diligence.

2) **<u>Due Diligence</u>** RP Financial will conduct interviews with key management (CEO, CFO, CLO, COO, Compliance/BSA, Marketing, others as needed) to be in a position to conduct a situation analysis and make strategic recommendations, as well as draft the narrative portions of the business plan and refine the assumptions for the financial projections.

3) **<u>Financial Projections</u>** RP Financial will prepare detailed quarterly financial projections for at least a 3 year period (with annual summaries), based on the information provided by the client and knowledge of the market and regulatory environments. Revisions will be made incorporating client comments and board approved strategic initiatives.

Strategic Planning Process

4) **Business Plan Preparation** RP Financial will draft the narrative portion of the business plan based on information provided by the client, and incorporating the strategic initiatives approved by the Board, incorporating RP Financial's recommendations and related analyses. Revisions will be incorporated in the final version based on client comments. A time and responsibility schedule for implementing and monitoring the strategic initiatives will be developed.

5) **Submission to Regulatory Agencies (if applicable)** The business plan, including financial projections, will be submitted to the appropriate regulatory agency.

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.

General Business Plan Types

RP Financial's Business Planning Services Typically Fall into Three Categories

Board Level Strategic Planning	Management Level Operational Business Planning	Regulatory Business Planning

General Business Plan Types

General business plan types include:

1) **<u>Board-Level Strategic Planning:</u>** Includes strategic analysis of institution and preparation of pro forma financial plan and time and responsibility schedule. Addresses internal performance, impact of external factors, as well as strategic initiatives. If applicable, addresses shareholder return and value creation. Includes on-site meeting with board.

2) **<u>Operational Business Planning:</u>** Includes overview and analysis of bank level operations and details of future plan (growth, lending, investments, funding, capital management, etc.) including strategic recommendations by RP Financial. Includes detailed quarterly financial projections of financial targets of proposed business strategies. If applicable, includes holding company detailed financial projections.

3) **<u>Regulatory Business Planning:</u>** A plan prepared pursuant to a specific request by a regulatory agency addressing specific issues, enforcement actions and proposed actions by the Bank. Addresses key aspects of pending transactions as well as conformance with regulatory directives and guidelines.

Typical Business Plan Contents

Typical Business Plan Contents

I. Table of Contents

II. Executive Summary

III. Description of the Business

IV. Marketing Plan
   - a. Product Strategies
   - b. Market Analysis
   - c. Economic Component
   - d. Competitive Analysis

V. Management Plan

VI. Records, Systems and Controls

VII. Financial Management Plan
   - a. Capital and Earnings
   - b. Liquidity and Funds Management
   - c. Sensitivity to Market Risk
   - d. Credit Risk

VIII. Monitoring and Revising the Plan (including contingency plans)

IX. Alternative Business Strategies (if applicable)

X. Financial Projections (quarterly basis, annual summaries, key assumptions)

XI. Time and Responsibility Schedule (for implementation and monitoring of plan)

XII. Other Supporting Exhibits

Description of Business Planning Services

RP® Financial is highly recognized in providing strategic and capital planning services for companies. Such planning services includes strategies for companies to raise and/or leverage capital, merger transactions, charter changes and to address regulatory matters.

Strategic Planning Services. Key elements of our strategic planning services include:

Conduct Situation Analyses - we assess the internal and external factors that currently or may impact operations, competition and financial performance;

Establish Goals and Objectives - we assist management and Boards of Directors in developing a corporate mission statement and establish financial, operational and competitive goals and objectives;

Evaluate Strategic Alternatives - we quantify the impact of alternative strategies to ensure that such alternatives are feasible and congruent with other goals and objectives;

Preparation of Written Plan - we prepare the written plan and accompanying financial projections highlighting the established goals and objectives; and

Implementation - we work closely with management to implement key strategies.

Capital Planning Strategies. We assist companies in developing an overall capital plan with the objective of enhancing shareholder returns, which may involve strategies to leverage existing equity or develop an appropriate capital structure. We evaluate alternative capital structures and capital instruments in developing capital plans. RP® Financial also maintains a keen understanding of the primary capital raising strategies available to facilitate and maintain independence and provide returns required by shareholders. RP® Financial facilitates the capital raising process through identifying and introducing the appropriate parties in the capital raising process, ranging from venture capitalists to investment bankers.

Integration of Capital Planning With Strategic Planning. RP® Financial's strategic planning services are designed to assist clients in managing the process of change and thereby enhance shareholders returns and maintain the viability and efficiency of operations. In setting equity capital objectives, we are sensitive to the individual companies' human and financial resources, physical facilities and market characteristics.

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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