STRATEGIC GEPGRAPHIC MARKET EXPANSION

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Capstone: Strategic Market Expansion
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Executive Summary:

As one of twelve banker's banks in the United States, ACBB has dominant market share in the Mid-Atlantic and new England region of the country. At XX.X% market share and wallet share of X.X% products per client, there is opportunity for growth, however, this is a well-penetrated market. In a consolidating industry where the national banks dominate deposit share, ACBB is well positioned to unify and enable community banks to compete and sustain. For ACBB, growth can be derived from several sources, new clients, more services per client or increasing price. As illustrated by ACBB's market share, there is limited upside acquiring new clients in legacy markets. ACBB will continue to develop and deliver more services, however, this growth has a longer lead time, as well as higher risk. The highest value, lowest risk, and best investment of ACBB's time and resources is to extend its reach into adjacent markets and capitalize on competitor and market disruption while fulfilling its mission of serving community-based financial institutions and the communities they support.

Through its 40-year history, ACBB has forged a reputation as a capable and stable partner to community banks in the Mid-Atlantic and New England regions of the Country. In recent years, the bank has weathered many challenges ranging from macro-level economic turmoil, financial industry consolidation and a global pandemic, to micro-level headwinds like increased competition, a regulatory enforcement action that led to leadership changes and significant unplanned financial expenditures. ACBB emerged stronger, more capable, and more resilient. In my four years of experience in the strategic planning process, ACBB has employed a methodology that focused largely on incremental, organic growth leveraging existing services to current clients in traditional markets. This approach has served ACBB well, however, environmental changes have resulted in the need to adopt a more dynamic perspective and approach. Under my leadership we can take on a more dynamic approach. ACBB can deliver more products to more clients across broad geographies. With the removal of distance as a barrier to distribution, we will create new opportunities for ACBB, but also face challenges from competitors seeking to do the same. ACBB is poised to deploy its capabilities in a broader fashion. Our solid capital position strengthened and aligned leadership team, significant financial resources resulting from the sale of the BITS division, internal system capacity, and the freedom that comes from being released from the regulatory enforcement action signal that the time is right to focus externally and pursue growth.

The ideal target markets for an expansion strategy are the contiguous states to our borders. By virtue of ACBB's presence in Maryland, we are well known in Virginia and West Virginia. There exists a gap in the market for banks in Virginia, West Virginia, North Carolina, and South Carolina, that leaves the door open to ACBB. The expansion from Western Pennsylvania across the Ohio border is also a natural extension as several PA banks acquired OH banks, and vice-versa. ACBB will deliver select existing products to banks using existing delivery channels and infrastructure. Further, as regulated institutions, there is intelligence on the financial and regulatory wherewithal of target banks, increasing the ability to target ideal clients and limiting risk. The opportunity to add 375 prospective clients to our portfolio delivers fertile ground for product deployment for many years to come.

The go-to-market strategy would mirror the in-market approach, leveraging existing infrastructure like marketing, sales, and operations. At a tactical level, it would follow the same processes but be separated from legacy markets so that the tactical execution and messaging can be customized. This would come in the form of tailored messaging, targeted products, and a dedicated sales resource, the Relationship Manager (RM). Further, ACBB would build relationships and engage in sponsorships with the regional state banking associations to gain visibility and endorsement. Lead generation would come through outbound marketing to create awareness and be bolstered by a direct calling and appointment setting campaign delivered through our vendor. Lastly, centers of influence that sell to target clients in this ecosystem will be leveraged for intelligence and endorsement.

Financially, this strategy offers significant upside potential with moderate investment and low risk. Based on modeling of existing clients across the portfolio within defined categories based on asset size, the contribution of clients can be measured and applied to target market shares. The incremental costs of expansion, both fixed and variable can be accurately projected to establish a break-even level and set target thresholds. Based on a composite per client contribution rate and a modest goal of 15 new clients per year, new recurring revenue of $420,000 per year can be attained. When matched against the projected full year expenses of $243,000, which include both one-time development expenses for marketing and advertising, as well as recurring expenses like salaries and commissions, the effort yields a net contribution of $176,230 annually. The stages and timeline for execution are:

- Development: May to September 2023 Net Income $(98,270)
- Production: October 2023 to April 2024 Net Income $99,500
- Ongoing: Annually thereafter Net Income $240,750

The risks in this approach lie in the accuracy of the projections and the effectiveness of the execution. Projections have been conservative based on existing client models and realistic assumptions. The go-to-market approach in each state can be adjusted in real-time based on market feedback, thus mitigating much of the risk. The most probable challenge will be extended ramp-up time which will impact the budget but not the overall efficacy of the initiative.

This effort will have a moderate non-financial impact on the organization. Internal systems such as technology, operations, human resource, and finance can accommodate increased volume. Some human resources impact may surface as increased workloads or overtime, however, an ongoing initiative tied to the strategic plan is tasked with delivering a 10% to 30% efficiency gain in targeted operational processes. This potential increase in efficiency and automation is expected to contribute to additional capacity as both initiatives ramp-up. Even without the efficiency gain, the anticipated increase in volume is manageable with existing capacity. Another impact is potential dilution of management attention on new markets, creating risk with existing markets and clients. This will be largely offset by the creation of positions like the Sales Manager and Associate Relationship Manager to support current clients and the addition of a new Relationship Manager in the growth markets that is focused exclusively on this territory. Other factors to consider include the impact on employee morale, which is expected to be a positive sign of opportunity and growth, impact on competition which will signal that ACBB is going on offense and is a confident, capable provider with strong leadership, and similarly to other banker's banks who will be inclined to partner with vs compete with ACBB.

In summary, the timing of this initiative is ideal given the:

- Emergence from the enforcement action.
- Financial wherewithal of the bank.
- Strength and alignment of the leadership team.
- Engaged and supportive board of directors
- Visionary strategic plan.
- Weakened competition.
- Organizational capacity for growth.

Please accept this document as a formal request for support to implement this plan as outlined.

Part 1: Introduction/Background

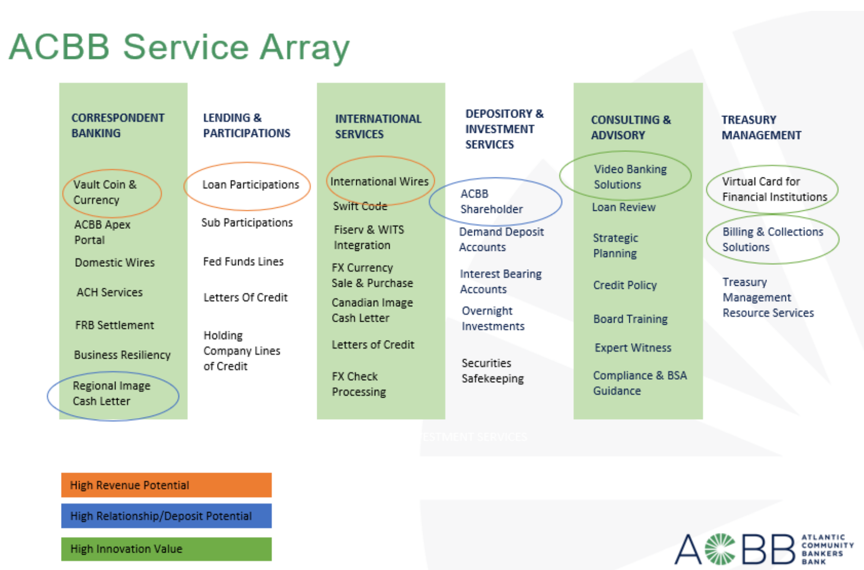
Atlantic Community Bankers Bank ("ACBB"), and holding company Atlantic Community Bancshares, Inc. (ACBI), is a unique type of banking institution and therefore has a distinct set of opportunities and challenges. ACBB, in contrast to a commercial or community bank, is one of only 12 financial institutions in the country classified by the FDIC as a Banker's Bank. ACBB was formed by, and is governed by, community banks as a co-operative to deliver services at reduced costs through an known entity. ACBB is chartered to deliver services only to financial institutions (FIs). As a provider to FIs, ACBB is a uniquely suited partner for payments and lending services.

ACBB was formed on November 16, 1983. It historically operated in the Mid-Atlantic region and with the merger with Banker's Bank Northeast (BBN) in April 2018, expanded into the New England region of the country. Below is a list of relevant facts about ACBB:

- ACBB employs 70 team members.
- ACBB is headquartered in Camp Hill, PA with a satellite office in Glastonbury, CT.
- In 2018, ACBB acquired Glastonbury based Bankers' Bank Northeast (BBN).
- In 2020, ACBB entered into a Formal Agreement/Consent Order with examiners.
- In 2021, ACBB divested the BITS telecommunications division.
- ACBB has assets of $785 million as of 12/31/2022 as reported in our call report (Hartman, Melissa (Chief Financial Officer, ACBB), 2022).
- ACBB serves XXX financial institutions, of which XXX are shareholders as recorded in the Bank's client relationship management system.
- ACBB's Board of Directors is comprised of 10 bank CEOs, 3 independent directors and ACBB's President & CEO (Wendy Zimmerman, 2022).
- ACBB's primary geographical footprint includes PA, MD, DE, NJ, NY, CT, RI, MA, VT, NH, and ME.

The following map depicts the ACBB territory with potential expansion opportunities.

At the time of the BBN acquisition, ACBB was delivering strong financial performance through lending, correspondent banking, and compliance advisory services, however, net income was primarily driven by net interest income from loan participations. The addition of the BBN team added international payments capabilities, in addition to incremental clients, correspondent and lending business. Today ACBB offers a wide array of services under six pillars as illustrated in the following diagram:



Source: ACBB Marketing – Service Array

In 2018, ACBB became aware of BSA and compliance deficiencies that would eventually lead to a Formal Agreement/Consent Order being issued on September 28, 2020. This event led to two years of significant focus on, and investment in, critical systems and risk focused hiring of employees, client retention, focused on remediation of the regulatory orders. ACBB did not suffer material damage due to client attrition, however, the orders resulted in considerable investment in remediation involving very costly consultants, systems, and new hires. This limited the ability to invest, expand, acquire competitors, and develop products which hindered growth and opened the door to increased competition.

Primary competitors include the Federal Reserve Bank, Federal Home Loan Banks, other banker's banks, regional and national correspondent banks, and fintech companies.

<u>ACBB Competitors, Categories and Areas of Focus:</u>

Category	**Banker's Bank**	**Correspondent Bank**	**Federal Reserve Bank**	**Federal Home Loan Bank**	**Fintech**	**Core Processor**
Focus	Correspondent Services FI Lending Loan Participations Credit Card Processing	Correspondent Services Capital Markets Investments	Domestic Payments Settlement	FI Lending Investments Custody/ Safekeeping	Hyper-Focused Payments Products	Payments Services
Competitors	PCBB, TIB, UBB, CBB, BBW, BBWI, MIB, FNBB, TBB, BBOK, BBK	PNC, M&T, JPM, Fulton	FRB Regions	FHLB Regions	AvidXchange, Brex, Novo, CheckAlt, Paymerang	Fiserv, Jack Henry, FIS, COCC
Level of Competition	Moderate and Increasing	Intense	Steady	Steady	Intense and Increasing	Increasing

While banker's banks are intended to operate in specific geographic regions, no formal boundaries are in place and fragmented competition is increasing for desired markets and services. The following table provides perspective on the size and location of each of the 12 banker's banks.

Name	*HQ State*	*Assets*	*Net Income (000's)*
ACBB	PA	733,036	19,697*
TIB	TX	3,975,223	32,580
FNBB	LA	1,040,335	7,605
UBB	MN	1,272,894	12,887
PCBB	CA	1,421,917	7,163
BB	WI	1,432,330	13,817
BBW	CO	416,200	3,803
TBB	OK	212,455	3,063
MIB	MO	253,531	3,697
BB Kansas	KS	195,934	2,437
CBB	VA	156,741	751
BB Kentucky	KY	124,252	715
Median		574,618	5,483

** ACBB's net income was bolstered by the gain on the sale of the BITS company. Typical net income ranges in the pre-enforcement action period were $5 million to $7 million annually. Post-enforcement action net income figures range from $2 million to $3 million annually.*

In its current markets, ACBB maintains a XX.X% market share and an average products per client ratio of X.X. (Clark, 2023) While there is incremental fertile ground for growth in the regional markets, much of the high-value business has been tapped leaving only incremental opportunities for expansion. To support the desired growth rates and emerge as one of the high-performing and survivor banker's banks, ACBB must develop strategies to compete and grow clients and revenue.

Part II – Strategy/Implementation

The strategy presented for evaluation is the expansion of ACBB's market presence beyond the current regional geographic footprint in five states.

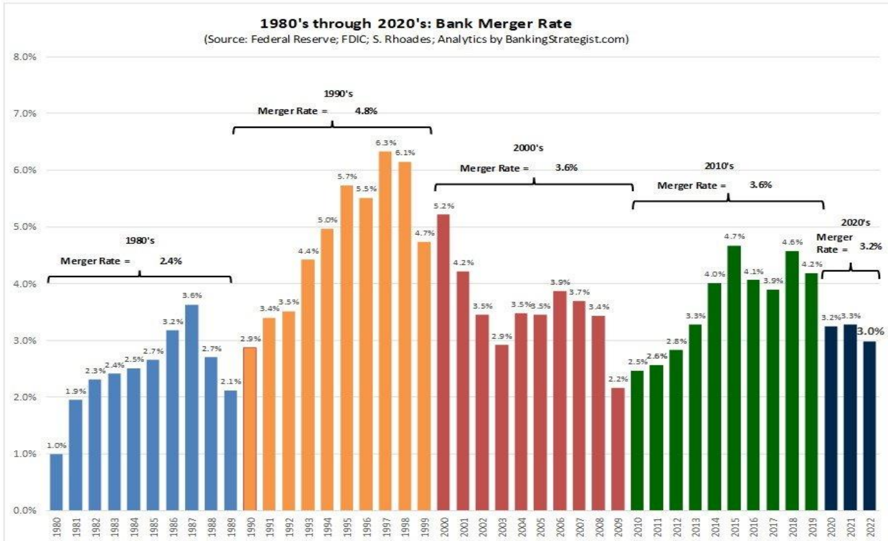
The holistic long-term strategic opportunity for ACBB is to expand nationally through various channels and methods including geographic and product and distribution channels. This effort will encompass several strategies and evolve over 3 to 5 years. This scope of this analysis is a deep dive into the initial planning and launch of a regional geographic expansion:

- A market analysis of organic expansion into the neighboring states of Virginia, West Virginia, North Carolina, South Carolina, and Ohio.
- Development of a go-to-market strategy for penetration of these markets employs primarily existing resources and capacity.
- Leverage strategic vendors with expertise that enhances ACBB's effectiveness.

The organic expansion delivers fertile ground for growth in geographically accessible markets with moderate investment and risk. This strategy leverages existing resources, products, and distribution channels. As progress is made, investments in resources and staff can be made to sustain and scale efforts.

Organizational Need for Growth

Based on the 3.7% annual rate of bank mergers (refer to table below), consolidation in the current 11-state footprint continues to impact current and future revenue potential as larger, merged institutions tend to rely less on correspondent banks for lending and payment needs. Therefore, to preserve revenue and provide for future earnings potential and desired revenue growth targets over the 3-year strategic time horizon, geographic growth is required.



(Sources: Chart sourced from Banking Strategist Bank Merger Trends Report, Data sourced from Q2 2022 FDIC Call Reports) (Banking Strategist, 2022)

Over 40 years, ACBB solidified a reputation as a strong and stable provider of lending and correspondent services to community financial institutions. The bank developed a firm hold on the markets it served an enjoyed limited competition. As bankers' banks matured, some sought growth from new product lines, new clients, and mergers with peers. Several banks began to cross geographic borders and began marketing in new territories. As competition for desirable markets increases, it is important to proactively gain a foothold in desirable markets, in addition to defending existing territories vigorously. If ACBB successfully deepens market share in legacy territories and simultaneously expand into new markets, we can position the bank for scalable and sustainable growth for future years.

This strategy (Growing the Bank) is a critical pillar of a sound strategic plan; however, other facets of the plan must be present for this to be effective. Although out of scope for this analysis, other facets of the plan include driving organizational excellence, maintaining sound risk practices (relevant for remediation of the enforcement action), attracting, retaining, and developing talent, and optimizing financial performance. These aspects of the plan would be developed and owned by other executives and departments in the organization, however, it is critical to note that interdependencies among these initiatives is essential to success in all.

Strategic Opportunity for Professional Recognition and Growth

Beginning with leadership of sales and evolving to marketing and product development, my role has been primarily tactical. Despite being the engine that fuels growth and performing well above expectations, competency and success in these areas does not necessarily position me for consideration for my desired future role of Chief Operating Officer. For this reason, I plan to demonstrate strategic leadership through planning and executing enterprise level initiatives to enhance my value. To that end I took the initiative to introduce a structure and holistic approach to growing the bank that resonated with the leadership team. Having peer support enhanced my credibility with the CEO. My goal is that as the visionary, architect, and curator of this effort, albeit informally without explicit authority, success will position me for consideration for my desired role through bolstering value with leadership team and the Board of Directors. I have begun to lay the foundation for this through more active engagement and leadership in our strategic planning discussions. This has been very well received by the CEO and executive team as none seem to have a desire or acumen in this area. My goal is to lead by vision, effort and results. Further, I have cultivated a trusting relationship with our CEO that allows me to be more visible in the strategic direction of the organization without threatening his authority. My goal is to develop and present this strategy to the leadership team and subsequently the board of directors for feedback and approval.

ACBB's objective over the three-year time horizon, beginning in 2023, is to build a foundation that enables ACBB to become the premiere banker's bank in the United States. The measurement of this goal will be a combination of size, financial performance, and quality of assets and revenue streams. The bank will focus on its core constituency, community banks, and primarily on its core competencies which include lending to, advising and processing payments for its target clients. From a SWOT analysis perspective ACBB has:

- Strengths: capital position, balance sheet, client base, attractive geography
- Weaknesses: high efficiency ratio, talent gaps, knowledge concentrations
- Opportunities: larger/sophisticated clients, peer acquisition, product development
- Threats: industry consolidation, competition, economic uncertainty

The proposed expansion strategy will establish a framework for growth through the evolution of our go-to-market strategy. It extends the current geographic footprint incrementally by delivering a subset of ACBB's services to a geographic region outside of ACBB's current delivery area. Further, the services would be delivered in a traditional manner leveraging ACBB personnel, or via strategic referral partnerships. The investment and risk, related to this strategy varies depending on the specific actions taken, however, the go-to-market will be layered so that investment and risk are limited until such time as a recurring revenue stream is established.

ACBB's three-year goal is to cross the $1 billion in assets threshold and this strategy delivers a moderate risk, incremental approach fulfills this objective. It is important to note that strategically, ACBB must also deepen and defend relationships in the legacy footprint, develop products and services that fuel legacy and expansion market revenue growth, drive efficiency to bolster profitability and margins and evolve the target client asset profile from approximately $1 billion to $5 billion to realign with post-merger trend client demographic profiles.

Competitive Opportunity in Adjacent Markets

From a competitive position, the target expansion territory is supported by Community Banker's Bank (CBB), with fewer products and services. Financially, the bank reported

$144,000, $204,000 and $110,000 in net income for the periods of Q1, Q2, and Q3, respectively revenue is derived primarily from referrals to external partners which are single-transaction revenue generators as compared to sustainable revenue streams from net interest income on loans and fees from recurring services. (Community Bankers Bank, 2022). ACBB desires to take a strategic position in these regions to secure a defensible position and support continued investment for client acquisition.

The target expansion markets offer a robust array of banks across the size and sophistication spectrum. For ACBB's current and emerging target profile, $500,000 to $5,000,000 in assets, these markets offer robust targets as noted in the table below.

Legacy + Extended Footprint (SC to ME)

State	<$500MM	$500MM-$999MM	$1BN-$4.9BN	$5BN-$9.9BN	$10BN-$49BN	>$50BN	Grand Total
Grand Total	441	189	227	38	35	21	951
OH	124	18	23	3	2	4	174
PA	56	33	32	6	7		134
NY	52	22	32	9	7	6	128
TN	73	27	21			1	124
MA	29	28	40	4	3	2	106
VA	23	15	20		3	2	63
NJ	16	13	15	7	3		54
WV	36	7	2	1	1		47
SC	24	12	9		1		46
NC	25	7	7	2	1	3	45
MD	13	10	8		2		33
CT	8	7	14	1	1		31
DE	15	3		2	4	3	27
ME	5	4	12	2			23
NH	7	4	6				17
VT	4	4	3				11
RI	3		3	1		1	8
DC	1	2	1				4

S&P Global, 2022 Regulated Depositories Database

Source: (S&P Global, 2022)

The strategy as described encompasses a baseline structure with some options for distributing services in the new markets. The core strategy is to develop clients in adjacent markets. The methods by which this is accomplished vary and can occur independently or in combination based on market conditions, internal resource available or competitor situations. The following illustrates some options.

New Market Expansion: VA | WV | OH | NC | SC (one or combination)

Lead Generation	Direct to Market	Indirect to Market
ACBB Marketing	Shared Sales Resource	Bank Referral Partner
Partner Marketing	Dedicated Sales Resource	Tech Referral Partner

This strategy presents opportunities and challenges for ACBB. The advantage of entering new markets is that it offers fertile ground for expansion as depicted in the chart showing banks by state and asset size above. It further offers the opportunity to refine our go-to-market with new territories and clients. For example, since ACBB is relatively less know in these geographies, clients can be engaged with a combination direct marketing, direct calling, outsourced lead generation or channel partner referral generation. This also presents the opportunity to test market several messages ranging from safety and soundness to innovative and technology focused. In addition, since ACBB does not have a legacy solution to support in new markets, we can define a combination of product offerings that meets the market needs but is also efficient and profitable for ACBB to deploy. In the ideal scenario ACBB would be leveraging variable cost partner resources to deliver the highest margin services to high potential clients, this dramatically improving client profitability.

There are also challenges to be addressed. The inherent risks include a diminished focus on legacy footprint which can be exploited by our competition. To mitigate this threat, ACBB would segregate legacy and expansion market resources to the extent possible and monitor client engagement measures such as client calls, product per client, and client billable revenue to ensure that coverage does not diminish.

Despite some overlap in geographic regions, bankers' banks tend to be collegial. A direct and meaningful encroachment into another bank's market will likely damage relationships and partnerships. Ideally an amicable arrangement is reached whereby the banks offer services complimentary to each other, however, in the case of the Southern states, ACBB would be more direct with the goal of supporting underserved clients due to a weakened competitor and fending off competition from other bankers' banks.

The core expansion strategy relies heavily on legacy processes, products, and distribution. The new target markets are fundamentally like legacy markets and the new target client base being all community banks, are reasonably homogenous and have the same characteristics as the legacy ACBB clients. For this reason, no substantive changes in the deliverable, marketing or messaging are required.

Where innovation and improvement should occur, however, is in what services are brought to the market. ACBB currently has a robust array of services in the legacy footprint. In the new markets, the bank should be more opportunistic by efficiently delivering a targeted set of highly profitable services to a select group of clients. The points for go-to-market process improvements are.

- Planning and lead generation
    - Leveraging internal and external marketing resources to develop and test an array of messaging by state to refine our approach and customize by state.
    - Engaging a third-party lead generation calling firm to place targeted outbound calls to CEOs of prospective financial institution clients.
    - Engage ACBB resources for marketing, sales management, and client service.
    - Deploy the existing products and services.
- Go-to-market, direct sales.
    - New ACBB employee to focus of developing business in target markets.

- Go-to-market, indirect sales.
    - Engage with an existing strategic technology partner or a fellow bankers bank to develop a partnership to refer ACBB services.

The process change proposed is to outsource the marketing and lead generation (calling and appointment setting) so that a centralized ACBB resource can dedicate time to high value activities such as discovery, advising and presenting, and delegate the low value activities of cold calling and prospecting to a third-party vendor. This vendor has been identified and vetted. In addition, a referral partnership with the incumbent bankers' bank is being proposed. Under this arrangement, the incumbent can offer ACBB services not currently supported thereby benefitting from delivering additional value to the client and earning a referral fee. Complimenting this arrangement, ACBB can leverage an existing relationship between ACBB and Fiserv whereby existing Fiserv clients, using the Payments Exchange tool, can be engaged by ACBB to activate a feature allowing ACBB to be the settlement partner for international wire transactions. This change can occur with no disruption to the client process, will be incremental volume for ACBB operations and carries a high revenue potential for the bank. The following table illustrates the mutual ACBB-Fiserv client counts in the expansion markets.

State	Bank Count
NC	14
OH	29
SC	16
VA	27
WV	3
Total	89

(Source: Fiserv client list, 08-22-2022)

As noted earlier, to minimize the risk and investment and to expedite the return on this initiative, infrastructure support has been implemented in advance. The following highlights the significant components:

- Fill all open legacy market relationship Management (sales) positions: Complete.
- Create a new Associate Relationship Manager (ARM) position to enable the new RM to focus on business development: Complete.
- Establish a sound and scalable go-to-market strategy: Complete.
- Develop a relevant brand, marketing, and collateral support structure: Complete.

The next phase of build out for deployment of the expansion strategy is illustrated in the following table.

Category	**Owner**	**Action**	**Timeline**
Feasibility Study	Chief Marketing Officer	Define the build out business case and risk assessment for presentation to the leadership team and board of directors	30 Days: May-June 2023
Sales Infrastructure	Chief Sales Officer	Create and fill a Sales Manager position so that the CMO/CSO (me) can dedicated the time to managing the new strategy without compromising the legacy business.	60 Days: May-June 2023
Market Analysis	Head of Product Strategy	Conduct a deep dive into market conditions, client demographics, service needs and a competitor SWOT analysis to aid in strategy refinement, specific tactics, resource needs and product and market prioritization.	60 Days: May-June 2023
Partner Selection and Onboarding	Chief Sales Officer	Review existing relationship and validate that current lead generation and marketing partners have the expertise and capacity to execute this strategy on time and on budget.	60 Days: May-June 2023
Conduct Test Marketing and Calling to Refine Tactics and Messaging	Marketing Manager	Leverage the two primary lead generation and marketing partners to develop and test varying messages and product introductions in 3 cities in each target state to gauge receptiveness and needs.	60 Days: July-August 2023
Establish Key Performance Indicators and Measurement Systems	Chief Technology Officer	Develop target metrics and systems in SalesForce to measure the effectiveness of the effort and a feedback loop to course-correct based on information gathered.	30 Days: August 2023
Train internal sales resources and partners	Chief Sales Officer	Train all parties on the strategy, tactics, resources, process, and measurement of the initiative	30 Days: September 2023
Launch Beta Market	Sales Manager	Launch the effort in one market for 30-days to gather feedback and refine approach	30 Days: October 2023
Launch Phased Approach In	Sales Manager	Full launch	November 2023

Markets Based on Prioritization			

Part 3 – Financial Impact

The financial investment for this initiative is material in relation to competing time and resource opportunities and the impact should the initiative not deliver the desired results. As a result, cost is a primary driver of its feasibility. The cost of this initiative is meaningful, but relatively modest in proportion to the ACBB Sales and Marketing budgets.

ACBB employs a line of business structure with the Business Development unit consisting of nine full time employees that encompass product development, product management, marketing, and sales/relationship management functions. The key leadership positions in this unit are the Chief Marketing Officer, Chief Sales Officer, Head of Product Strategy, Marketing Manager, and a Regional Sales Manager. Supporting this effort are three Relationship Managers, an Associate Relationship Manager, a Product Management resource, and a Product Analyst. The overall impact to the sales business unit from both cost and benefit perspective is significant. From a staffing perspective, the addition of one direct sales resource, a Relationship Manager, is a 25% increase to the current compliment of three Relationship Managers. In contrast, the addition of one full time employee from an ACBB perspective is relatively minor in perspective as compared to the seventy-five-employee team.

It is also important to note that this analysis encompasses factors that cannot be accurately quantified or forecasted. For example, the direct cost of supporting resources in terms fully absorbed labor cost and time required to complete the task can be measured, however, the opportunity cost of redeployment of these resources to this initiative is not able to be quantified. Further, the cost of inaction and potential encroachment of competition could result in the loss of clients, services, or revenues, however, this also cannot be estimated. The focus for this financial analysis will be on the direct costs from internal resource utilization, staffing additions and purchased services from vendors, in the planning, ramp-up and sustainability phases of the effort. Such items considered as existing overhead like human resources, payroll processing and facilities will be treated as consumption of excess capacity and hence not be factored into this expansion.

The ultimate success of this initiative hinges on a progression through the following activities:

- <u>Validation of feasibility:</u> research, tactic, ROI, and performance measurement.
- <u>Distribution Capability:</u> development of go-to-market resources.
- <u>Engagement:</u> message development, sponsorship, and referral development.
- <u>Execution:</u> deployment of sales resources.
- <u>Measurement:</u> analyze key performance metrics and adjust.

The following pages will explore the revenue and expense categories in greater detail, followed by detail on individual cost and revenue components and a detailed revenue projection.

Validation of Feasibility

The strategy is for ACBB to deliver its existing product set to new markets, through existing and new channels, and attract new clients, and new revenue to the bank. Much of this analysis can be done in-house by leveraging existing systems and processes; therefore not incurring additional expenses.

<u>Research</u>

ACBB currently maintains a subscription to S&P Global which delivers robust analytics on all financial institutions in the United States. Expanding the search radius to include the expansion markets takes no additional time or resources. This research will be conducted by the Chief Sales Officer (CSO) with existing resources.

<u>Tactics</u>

Tactical planning is the responsibility of the Chief Sales Officer. In targeting prospective clients with similar demographics to existing clients, the CSO can develop profiles of existing clients and compare them to the profiles of prospective clients. Primary drivers of profiling are the bank's asset size, number of locations and financial ratios. This information can be obtained from the S&P Global subscription. The data will be scrubbed to include only institutions that meet the bank's financial criteria and are of sufficient asset size to benefit from ACBB services. Output will be in two formats, a campaign residing in SalesForce.com that manages leads, contacts, meetings, opportunities, and revenue. And a .csv export that will be delivered to the lead generation vendor for integration into their CRM system to manage outbound calling.

Return On Investment

The ROI calculation and business case development is the responsibility of the CSO. By leveraging the client account analysis data from the internal Weiland billing system, the CSO can derive revenue value profiles for clients based on their asset size and ACBB's share of wallet. For example, a $500,000,000 bank with basic services delivers an expected annual revenue contribution within a predictable range. By creating asset size categories and average existing client revenue measures, the CSO can project this on the target region and apply a penetration rate. Further, utilizing the SalesForce.com client relationship management system, the CSO can apply sales cycles for target products and accurately project the ramp-up time from market introduction to billable revenue. By reviewing the typical lifecycles and timeframes for newly onboarded clients, the CSO can accurately project the same for new regions. Lastly, the SalesForce.com system reporting and dashboard features can track the activities, progress and results at the client, product, salesperson, and campaign level. Due to the enterprise-wide scope of internal systems like SalesForce.com and account analysis, combined with the excess capacity in Operations and Lending, there is no additional cost associated with adding more clients to existing systems and services.

Distribution Capability

As noted earlier, the primary distribution channel is a direct to client sales process. The introduction of referral partner sales is a new facet that will be discussed.

<u>Go-to-market approach</u>

ACBB has a sales infrastructure that can accommodate additional salespeople, territories, and clients. As a result, no additional management resources are required to deploy this effort. The strategy, marketing, enablement, management, and measurement remain largely the same.

A. <u>Direct to Client Approach</u>

For the direct sales channel, the Sales Manager will leverage the existing job description, recruiting, and onboarding resources to engage and deploy the new Relationship Manager (RM). This RM will be primarily focused on business development due to the lack of market share in the expansion states. To enable this, as noted earlier, an Associate Relationship Manager (ARM) role was developed to perform sales enablement functions for the in-market and expansion RMs, allowing them to focus more time on business development activities. The RM will report to the Sales Manager and follow the same procedures as existing RMs. No new administration is required to report on the new regions. Based on data from Payscale.com, an RM with 10 years' experience, based in Richmond, VA, a city close to the center of the target states, has a salary range of $54,000 to $136,000 annually (Payscale.com, 2022). To recruit a senior person from a competitor that can operate in a stand-alone market and representing ACBB in the desired manner, the expectation is that the salary would need to be at the upper end of the range. A conservative budget of $125,000 should offer the flexibility required to secure a capable candidate. Based on internal bank data, the average benefit expense would be approximately 35% of annual salary, or $43,750.

B. Referral to Client Approach

For the referral partner channel, ACBB will engage with Community Banker's Bank (CBB) and offer them the opportunity to refer ACBB services that compliment, not cannibalize, their offerings. For this, ACBB will pay a referral fee based on the value of the product sale. The following table illustrates the target product set and referral fee opportunity for CBB.

ACBB Product	Referral Fee Basis	Referral Fee Percentage
International FX Wire Origination	Volume of transactions processed multiplied by unit cost	10% of the net FX commissions generated by the referred client
Loan Participation Deals	Loan origination amount and interest rate charged	0.05% of the initial loan amount
Text and Video Banking	Bank asset size range and mix of services used	10% of ACBB contract value
Vault Services	Volume of transactions processed multiplied by unit cost	5% of ACBB contract value

Engagement

An integral component of the expansion strategy is the creation of awareness and engagement with prospective clients and their ecosystem. Surrounding these banks are centers of influence including state banking associations, law firms, accounting firms, and other service providers. ACBB is currently a member and sponsor of several state banking associations, and there is significant overlap among vendors and centers of influence among states, therefore ACBB is known to many of these entities.

Message Development

ACBB bases its value proposition on three key points:

- The co-operative, bank chartered, non-conflicted (does not compete with clients for consumer and business clients) organizational structure.
- The aggregator model that delivers the ability to deliver a broad array of best-in-class services, at a competitive price, through one provider.
- The integrator approach that delivers a straight through process from our vendor partner, through our operating system, to the client and in turn, its customer.

ACBB will engage with our marketing firm, The Lightstream Group, to develop and deploy a series of messages that test these three pillars in the context of two contextual frameworks:

- ACBB as a stable 40-year partner in correspondent banking and lending.
- ACBB as an innovative and technology progressive business partner.

Buildout costs:

Deliverable	Function	Cost
Message Development	Development of two distinct messages that can be tested in each market to determine the best match.	$95/hour Estimate 5 hours Total $470 One time
Collateral Development	Customization of two sales brochures with emphasis on the frameworks listed above.	$95/hour Estimate 10 hours Total $950 One time
Website Development	Development of five micro-site web pages that will serve as landing pages customized to each new target state.	$95/hour Estimate 20 hours Total $1,900 One time

Advertising

The single most effective channel for advertising is the state banking association. These membership entities have considerable influence over banks in their territory and host a series of events, including an annual convention, that provides a great opportunity for visibility. The three components of cost are membership, sponsorship, and attendance. The marketing associated with these is the same as in legacy markets, so no additional development or resource is required for planning and execution. Costs for these activities are either explicitly stated or easily calculated based on budgets for other states.

Cost for engagement through state banking associations

Association	Membership	Sponsorship	Attendance	Total
Virginia Bankers Association	$1,500	$5,000	$1,500	$8,000
Virginia Community Bankers Association	$1,200	$2,500	$1,500	$5,200
West Virginia Bankers Association	$1,000	$5,000	$1,500	$7,500
West Virginia Community Bankers Association	$1,000	$2,500	$1,500	$5,000
North Carolina Bankers Association	$1,300	$5,000	$1,500	$7,800
South Carolina Bankers Association	$1,200	$5,000	$1,500	$7,700
Ohio Bankers League	$1,500	$5,000	$1,500	$8,000
Total	$8,700	$30,000	$10,500	$49,200

Note: all fees are annual and recurring

<u>Social Media Advertising</u>

ACBB will deploy the messaging as described in the previous section through the LinkedIn social media platform. The base LinkedIn platform and posting of materials occurs at no cost to ACBB. In addition, ACBB will deploy paid promotions in order to more accurately target key geographic regions.

LinkedIn Advertising	Deployment of boosted advertisements in each target state. These would run for five days, bi-weekly for three months	$10/day/state (10 days/mo.) Estimate 150 days Total $1,500 One time to start

Execution - Deployment of sales resources

To expedite the ramp up of the client awareness and engagement process, ACBB will deploy a layered strategy of marketing, lead generation, and direct sales. To accomplish this, we will leverage a current vendor with expertise in lead generation, more specifically, outbound calling to c-suite contacts for the purpose of creating awareness, gathering of information, and appointment setting.

An external contractor will be tasked with driving sales opportunities through targeted calling. As this is a new relationship and concept for ACBB, the relationship with the contractor will be explored in greater detail.

Goals:
- Geographic Expansion (VA, WV, NC, SC, Ohio)
- Targeted Solutions (Video Banking, Lending, Int'l Wires, and Vault Services)

Process:
- Calls on ACBB's behalf to set appointments, create awareness, and gather intel.

Resource Requirements:
- Marketing to manage campaign (existing), ARM to prep and support follow up (existing), RM to execute follow up actions (new), IT to support outlook calendar communication (existing), Contractor cost approximately $12,000 for one campaign.

Implementation:
- Advertising launch (Day 0), begin calling 30 days after advertising is deployed (Day 30), appointments begin 30 days after launch (Day 60), begin meeting and opportunity creation 15 days after calling starts (Day 75)

Return on Investment:
- 200 hours of calling is expected to yield:
    - 375 impressions with distinct decision makers (CEO/CFO)
    - 100 conversations with data gathering
    - 25 scheduled meetings

Market Share Outcome Analysis

The desired outcome of this initiative is the acquisition of new clients, utilizing one or more of the target products, in the five-state region of VA, WV, NC, SC, and OH. The revenue analysis will be comprised of current vs. targeted market share in each state which is calculated as the number of prospective clients divided by the number of clients acquired. ACBB currently has no share in the targeted states. The 12-month goal of this initiative is:

State	Target Prospects	Client Acquisition Goal	Market Share Goal
Virginia	63	3	5%
West Virginia	47	2	5%
North Carolina	45	1	2.5%
South Carolina	46	1	2.5%
Ohio	174	8	5%
Total	375	15	4%

<u>Revenue Analysis</u>

The revenue analysis is based on the average client value for the targeted services offered multiplied by the number of clients acquired. For this analysis I will use a composite client profile and value. This initiative will target banks of varying asset sizes to increase the probability of success. Although we can determine client values by asset size range, we do not wish to limit business development to specific ranges and cannot predict the probability of success in each range, therefore a conservative composite average client value will be used for calculation of revenue value per client.

<u>Current Client Service Mix Revenue Characteristics</u>

ACBB does not rank or measure clients by profitability, however, we do monitor gross revenue to prioritize client relationship efforts. Typically, larger asset size FIs drive more transactions and thus revenue. Transaction banking is a price times volume (PxV) business and bigger is usually better. Share of wallet, measured by products per client, is a significant driver of retention, loyalty, and revenue. ACBB's average share of wallet, measured as products per client, is XX.X.

The following table represents the approximate Annual Revenue Based on FI Asset Size and ACBB Wallet Share. Revenue and wallet share are derived from ACBB's Client Account Analysis system. (Kimberly Housley, 2022)

Approximate Relationship Value of Institutions by Asset Size and Wallet Share:

Size	Low Wallet Share	Med Wallet Share	High Wallet Share
<$100MM	$500/yr.	$1,500/yr.	$2,500/yr.
$100MM - $499MM	$5,000/yr.	$10,000/yr.	$15,000/yr.
$500MM - $999MM	$15,000/yr.	$35,000/yr.	$60,000/yr.
$1BN - $4.9BN	$30,000/yr.	$50,000/yr.	$75,000/yr.
$5BN - $15BN	$50,000/yr.	$85,000/yr.	$125,000/yr.
Composite (1)	$15,000/year	N/A	N/A

(1) Composite is a conservative estimate based on the $500 million to $999 million asset size range and a low wallet share.

In addition to correspondent services, ACBB will actively market loan participations. These loans arrangements occur when the client bank engages ACBB to participate in a loan to a business customer. These loans can be of varying amounts, durations, and loan spreads. For that reason, a conservative low-average loan amount and spread will be used to create a composite loan deal. The terms of this composite are:

- $3,000,000 participation value
- Five-year maturity
- 1.50% spread over cost of funds
- Total one-year value to ACBB = $45,000

Revenue Projection:

Based on the market share and composite client value assumptions, the following table represents the revenue generation projection for the expansion initiative.

State	Client Acquisition Goal	Composite PxV Recurring Revenue Assumption	Loan Participation Deal Goal	Target Revenue Goal
VA	3	$15,000/year	2 ($90,000)	$135,000/year
WV	2	$15,000/year	0	$30,000/year
NC	1	$15,000/year	0	$15,000/year
SC	1	$15,000/year	0	$15,000/year
OH	8	$15,000/year	1 ($45,000)	$225,000/year
Total	15	$15,000/year	3 ($135,000)	$420,000/year

Business Case Projections

The following table summarizes the projected costs and revenues generated through the market expansion initiative. For this projection I will assume that 75% of the new business developed will be direct from the ACBB RM and 25% will come from referral partners including Community Banker's Bank. I will use the highest rate of 10% for the commission value.

Component	Source	Cost Description	Amount	Frequency	Timing
Feasibility	ACBB Internal	Internal capacity	$0	One-time	Pre-launch
Distribution	ACBB Internal	Internal capacity	$0	One-time	Pre-launch
Engagement	Lightstream Group	Development expense	$(3,320)	One-time	Pre-launch
Advertising	State associations	Advertising and sponsorships	$(49,200)	Recurring	Pre-launch
Execution	Expert Business Development	Calling and appointment setting	$(12,000)	One-time	At launch
New Relationship Manager	ACBB Direct Hire	Annual salary and benefits	$(168,750)	Recurring	Pre-launch

Referral Commissions	Referral Partner	10% commission on 25% of total revenue	$(10,500)	Recurring	In production
Total Costs			$(243,770)		
Projected Revenues	Client acquisition		$420,000		
Net Project Cost/Benefit			$176,230		

The following table illustrates the cost by phase.

Component	Development May to September '23	Production October '23 to April '24	Ongoing Full Year Projection
Feasibility	$0		
Distribution	$0		
Engagement	$(3,320)		
Advertising	$(49,200)		
Execution	$(12,000)		
New Relationship Manager	$(33,750) 5 months of salary & benefits	$(135,000) 7 months of salary & benefits	$(168,750)
Referral Commissions		$(10,500)	$(10,500)
Projected Revenues		$245,000 7 months	$420,000
Net Project Cost/Benefit	$(98,270)	$99,500	$240,750

When considering the opportunities and risks detailed above and the array of processes, resources to be deployed, and complexity of the deployment, an assessment of probability of occurrence is important. Given the analogous nature of this initiative in terms of deploying the same services to similar banks in a manner consistent with historical process, the likelihood of experiencing similar results is high.

The financial analysis has been created using historical information and conservative estimates. As such, the case presented is a conservative base case with significant upside potential as all deployed resources are scalable and will have excess capacity. The factors that could cause this strategy to not meet projected outcomes are:

- ACBB not being released from the regulatory enforcement action in a timely manner. This would dampen but not prevent growth based on historical performance.
- U.S. economic downturn. This could be a distraction to prospective clients, however, ACBB services are relevant in growing and contracting economies.
- ACBB financial disruption or significant internal change. ACBB has a very strong capital position and steady earnings stream.
- ACBB reputational damage. ACBB maintains a strong risk infrastructure and is being heralded by examiners for its risk management. ACBB operates in a transparent and ethical manner which is closely managed by our Board of Directors.

Details on the individual risks and mitigants is provided below.

Component	Significance	Probability of Failure	Detail
Feasibility Analysis	High	Low	Risk is significantly inaccurate assessment. Mitigant is experience and record of success.
Distribution	High	Low	Risk is significant under performance. Mitigant is experience and record of success.
Engagement	Moderate	Low	Risk is significant under performance. Mitigant is experience and record of success.
Advertising	Moderate	Low	Risk is significant under performance.

			Mitigant is experience and record of success.
Execution	Moderate	Low	Risk is significant under performance. Mitigant is experience and record of success.
New Relationship Manager	High	Mod-High	Risk is misalignment or suboptimal candidate. Mitigant is active management.
Referral Partners	Low	Low	Risk is under performance by partners. Mitigant is low criticality.
Projected Revenues	Moderate	Mod-High	Risk is low engagement and conversion of clients, and errors in assumptions. Mitigant is historical success with similar clients and conservative assumptions.

After considering the financial impacts, this initiative has a high probability of success and should be pursued as described.

Part 4 – Non-Financial Impact

When considering an initiative of this magnitude, ACBB must anticipate all possible positive and negative implications and weigh their probability and impact to the organization, its employees, and clients. The following is a chart illustrating the most likely and most significant factors which will be followed by a more detailed analysis of each.

Positive	Negative/Risk
Enhanced employee morale	Unknown markets/territories
Impression on clients and prospects	RM selection
Impression on competition	Impact on incumbent Banker’s Bank
Impact to mission	Dilute management’s focus
Utilization of excess capacity	Current in-market client disruption
Increased opportunity with broadened focus	Impact to capacity (staff/systems)
Scale (economies of and power vs competition)	Regulator impact

Positive halo effects:

This initiative fuel ACBB beyond the financial benefits. The forward-looking, growth nature of the effort will create positive energy and elevate ACBB's status in our ecosystem of clients, partners, employees, and Board of Directors. The short-term impacts will result in excitement for the opportunities that lie directly ahead and are achievable in 2023. These include adding new clients and exploring new territories. The longer-term impacts will result in enhanced scale and greater resources that allow ACBB to compete for larger deals, including acquisitions.

This initiative will signal to employees that ACBB has emerged from the pandemic and enforcement action and that leadership has a vision and plan to grow the bank. It will demonstrate to the employees that ACBB's growth will result in more opportunities to include career progression and geographic mobility. It should be viewed as an investment that will provide future revenue streams and resources to be reinvested in the bank. It should also spawn a sense of pride as ACBB is competing for the opportunity to serve more clients.

From a new market client's perspective, the addition of a partner that delivers needed services will be well received. ACBB will enter the markets respectfully and focus on the positive contrast and gaps filled by a similar partner. The other aspect of the market entrance that will impact clients is the endorsement of the local state banking association. To ensure their support, ACBB will engage with partners for a personal introduction to each association followed by a membership and sponsorship at levels not currently supported by competitors. This should deliver a positive endorsement and welcome to the market via a trusted business partner.

Enhancing strategies to play offense is a proven method of deterring competition. As noted earlier, the perception of a loss of focus on existing markets can signal to competitors that

ACBB is vulnerable by not paying attending to existing clients. By segregating the team to focus exclusively on in-market or new market clients, ACBB will be able to enhance coverage of existing relationships thereby protecting our flank from competition. As the competition sees ACBB hiring, increasing marketing, and expanding, as well as, solidifying existing relationships, we hope to deter them from entering legacy markets. Further mitigating this risk, ACBB has the advantage of incumbency which benefits from a cost/pricing advantage and the burden and risk of change.

ACBB was formed as a cooperative by community banks to serve the needs of community banks. By aligning with these institutions, ACBB can indirectly serve communities through lending and payment processing. Expanding our geographic footprint, specifically in areas that are under-served by a banker's bank, allows ACBB to deliver on our mission to more institutions and communities.

ACBB is currently operating with excess capacity in our systems, processes, and products. This initiative will allow ACBB to grow with little strain on staff and no strain on critical systems like our core system, client portal, CRM system, billing system, transaction processing and lending systems. Further, the planned growth will fuel and fund initiatives to grow without additional processing FTEs by leveraging automation, processing efficiencies and technologies like robot process automation (RPA), machine learning (ML) and artificial intelligence (AI). This will be expanded upon in the risk section on capacity.

Expansion into new geographies will create a synergistic effect in that more, and different, clients will open new conversations and relationship and generate new ideas for products, services, and partnerships. The diversity that comes with new clients from new markets will undoubtedly spawn new initiatives and opportunities for continued growth for ACBB.

Scale is very important to a bank and, to banker's banks as aggregators of services. The increase in scale associated with this initiative will allow ACBB to create economies and efficiencies. For example, processing more transactions will allow teams to specialize and gain deeper knowledge versus one resource covering several aspects of the business today. Further, more transactions result in more leverage and buying power with partners that will decrease input costs and increase the bank's ability to influence terms and service levels. Lastly, with only 12 banker's banks, growing into the top three as measured by asset size will support ACBB's sustainability and ability to remain independent.

Negative Outcomes to Mitigate

While there are numerous positive attributes of this initiatives, it is important to recognize vulnerabilities and challenges in advance of the launch so that they can be identified and mitigated to the degree possible. New markets bring unknown characteristics and risk to ACBB's business model. Each new territory is a learning opportunity in terms of local economic conditions, industry specific nuances, and the character of local bank and business leaders. Mitigating this to a significant degree is the consistency of the bank client profile across regions and the standardization of both the regulatory requirements and the availability of financial and non-financial information available. Peer comparisons can be made, and differences noted and questioned during the due diligence process. The less quantifiable dimension to a new market is the character, reputation, and ethics of both bank and business leaders. Generally, this comes with time and experience so ACBB must be vigilant in doing its due diligence on new clients and partners. ACBB currently maintains a very strong client due diligence process to include pre-certification prior to all product implementations and additional annual monitoring. This process will ensure that all BSA, compliance, OFAC and reputational risks are identified in advance.

As with any plan, the weakest link in the process is executing at the human level. A hiring mistake would have a significant impact on ACBB's ability to deliver the desired results in the desired timeframe. While not devastating, this would impact the credibility of the plan and the team. The RM candidate must be thoroughly vetted, and clear performance expectations set, allowing for near real-time feedback and the ability to take corrective action promptly. Though other parallel initiatives like job benchmarking, psychometric testing, and job matching, ACBB will be better able to identify key attributes for the role and match those with prospective candidates, essentially delivering a road map for how to manage performance.

Despite our competitor's size and vulnerability, they are still a viable and respected business partner. As discussed in the section on competition and clients, ACBB will act respectfully as we enter each new market. We will offer competitors the opportunity to partner with ACBB which would entail a co-marketing or referral to ACBB. Initial feedback from our competitor is that they are not likely to entertain this without increased pain from further loss of business and increased vulnerability. From the client perspective, the general sense is that the competitor is no longer viable and while the people are liked, the services are not adequate. For these reasons ACBB should not expect significant competition. Moreover, this initiative may cause a competitor to seek to be acquired by ACBB, which is within the scope of ACBB's strategic plan.

A noteworthy impact to ACBB would be the focus of key members of the leadership team on new territories at the expense of legacy markets and clients. There is little overlap between legacy and new markets, however, sales and marketing leaders will need to be focused to ensure balance among all markets and clients. It would be easy for the organization to become enamored with the new markets as they offer a fresh perspective, the opportunity to go to market in a new way and growth in clients and revenue, likely at increased profitability due to the enhanced product mix. In its key performance metrics, ACBB must be diligent to pursue balance in the focus, growth, and profitability of each segment of its business so not to become one-dimensional or micro focused. As noted, this can be accomplished through holistic strategic planning and KPI measurement.

As noted in the positive client impact narrative, existing clients must be insulted from any negative impacts resulting from ACBB's growth. Historically clients have been very loyal and tolerant of growing pains due to restructure or impacts such as the enforcement. There is no reason to believe that expansion to serve more banks would strain existing relationships, however, as noted earlier, increased client coverage will fend off competitor calling while at the same time deepening ACBB's presence.

As noted in the section on utilization of excess capacity, there is a moderate ramp-up period where existing staff can absorb additional clients, loans, and transactions. Systems infrastructure has virtually unlimited capacity for growth, however, staff members do not. ACBB's COO currently estimates that we have approximately 25% excess capacity with operational personnel and with planned process reengineering, can unlock an additional 15%, yielding 40% capacity within the next 12 months. Barring any significant disruption or turnover this will provide capacity to grow clients as projected.

Lastly, but perhaps most importantly, regulator support is crucial to ACBB's future success. ACBB is not required to gain approval for expansion of existing services to new clients in new markets. It is ACBB's practice inform its primary regulator of planned actions to avoid any unforeseen challenges. The informing of regulators results in a non-objection, which while not indicating support, does not restrict efforts. ACBB has recently been informed that its regulatory orders have been lifted and commended on its efforts to ensure that all systems are effective. This further bolsters ACBB's credibility with regulators and positions the bank for growth. To summarize, the short and long term non-financial impacts to ACBB significantly outweigh the potential risks which can be largely mitigated.

Conclusion

ACBB has a significant opportunity to increase its relevance, and lay a path to dominance, among the banker's banks through this initiative. This document describes a path forward from a strong but static current state to a vibrant future state with predictable risks and attainable rewards. The growth plan described has a compounding effect on the bank, employees, clients, and communities. While simply growing the number of clients served with the same products, infrastructure, and approach, we will simultaneously develop new territory to be harvested with new and existing services. We will lift morale by refocusing externally on our clients, rather than internally on ourselves. We will signal to the market that our enforcement action was a blessing that made us stronger, more resilient, and more capable and that we are ready to share that with new business partners. And we will signal to the competition that we are coming for their clients with better capabilities, better technology, and a better experience because we have faced adversity and overcome it.

Banking is about managing risk, not avoiding it. For ACBB, the risk of inaction outweighs the risk of action. The highest impact risks are identified, measured and mitigated to the extent possible. A strategic plan is presented that delivers solid and sustainable returns. Now is the time to take action and position the bank for another 40 years of unprecedented growth and prosperity.

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