

## **PRESIDENT'S REPORT TO THE SHAREHOLDERS OF INTEGRITY BANK FOR BUSINESS**

**November 9, 2021**

First of all, I want to welcome and thank our Shareholders who are with us today. I very much appreciate your support for our Bank.

Today, I want to touch briefly on what we have accomplished over the past year and our focus for 2022.

Just to open our Bank on May 3<sup>rd</sup>, we had to complete the following primary tasks:

1. Prepare and submit regulatory applications to open a new bank that initially consisted of approximately 1,900 pages, with later interviews, supplements, correspondence, and numerous emails and telephone calls as part of the process;
2. Conduct a stock offering in two phases to raise the necessary capital to receive regulatory approval;
3. Purchase and install in our office the necessary physical improvements and electronic equipment to operate a new bank;
4. Purchase and install the necessary and latest core processing and other software for a business bank;
5. Recruit the most experienced and knowledgeable bankers available to us and give them comprehensive in-depth training on our many new banking systems;
6. Create, document, and implement numerous detailed policies and procedures for the safekeeping and confidentiality of our clients' business and personal information; and
7. Complete the myriad other tasks for our new Bank to conduct its daily operations.

As you can imagine, our checklists were long and our time was short. To complicate matters further, we had to contend with the adverse effects of the COVID-19 pandemic on our tasks and the process.

Even after May 3<sup>rd</sup>, there was still much that remained to be done. We tested and improved our deposit banking systems while conducting actual deposit transactions with our clients. We undertook additional software installations and training for our most complicated business banking systems and for our accounting and reporting systems. We could not complete all of this until early September. In addition, we conducted two more supplemental phases of our offering to bring our total invested capital to \$24,469,500. At the same time, we had a bank to run. To that end, we began our business development process for loans and deposits in earnest in July.

Now, I will turn to reporting our progress in growing our loans and deposits over the past few months.

Typically, at our Annual Shareholders Meeting, I would talk about the most recent information about our loans, deposits, and other matters contained in our public Call Report for the preceding calendar quarter. Each bank in the United States must file a public Call Report with the Federal Financial Institutions Examination Council within 30 days after the end of each calendar quarter which contains

detailed information about the bank's assets, liabilities, net income, loans, and deposits. We have filed our Call Report for Integrity for the calendar quarter ending September 30<sup>th</sup>.

However, since our Bank is evolving so rapidly, rather than refer to our Call Report, I will provide you with more current information on our loans and deposits as of October 31<sup>st</sup>.

As you know, we have a simple business plan consisting of growing our business loans and deposits with excellent asset quality to minimize loan losses over economic cycles and with focused and meaningful expense control from limited staffing and branches. This makes the growth of our loans and deposits the key drivers of our financial success over time.

At October 31<sup>st</sup>, we had approximately \$31,273,000 of deposits. Our deposits are all core deposits, which means that these are true relationship deposits from local clients. Unlike many new banks, we have not offered any high-yield money market accounts or certificates of deposit to attract deposits and have not utilized any "hot money" brokered or reciprocal deposits. Rather, our lead deposit bankers, Melonie Whitehead and Maureen Grover, work closely with each deposit prospect or client to structure an overall deposit relationship fitting the needs of the client or prospect on an individual basis. Establishing these relationships is the essence of our deposits business plan, and we are pleased with our growth in deposits from that plan's implementation.

We had approximately \$13,110,000 of loans at October 31<sup>st</sup>. We are originating loans that conform to our promise to our investors to focus on asset quality. We are structuring our loans in a proactive and creative manner for the mutual benefit of the Bank and our loan clients. We do not have a "menu" or specific list of loan types and terms for our loans that would prevent us from tailoring any loan on a custom basis to address the specific needs of a client for his or her business. One size does not fit all at our Bank.

Over the past month, we have been enhancing our lending process to be (1) more precise in our loan origination discussions for what we can and cannot do, (2) more flexible on our credit terms for certain loans that do not really increase the risk profiles of these loans, and (3) to make our loan closing process as simple, easy, and fast for our borrowers as we can. We believe that these changes will increase our lending productivity and efficiency and will create an even more positive lending experience for our clients.

We are committed to being the most responsive bank in Hampton Roads. To that end, we will continuously improve our processes, procedures, and product delivery to ensure that we set the standard of excellence for client service.

Overall, we are pleased with our results so far. It has been six months since we opened for business and only three months since we became fully operational. Our initial Business Plan created in the early Fall of 2020 has proven to be right on the mark. Nevertheless, we will continue to make limited adjustments to our Business Plan from time to time to take advantage of new opportunities or to improve our operations. Now, more than ever, we are confident in our future and want to thank you as investors for your support.

We expect 2022 to be a great year for Integrity Bank for Business. The operational and organizational issues for a new bank will largely be behind us which will enable us to focus without organizational distractions on originating loans and deposits from a business community that appears to

welcome and value a new bank highly. We are excited to get down to our business of local community banking in 2022.

Lastly, I would be remiss if I did not thank my fellow Organizers, David Arias, Jim Cummings, Steve Johnsen, David Kaufman, Walt Kelley, Peter Meredith, Andrew Nusbaum, Ann Nusbaum, Matt Nusbaum, Allan Parrott, Donna Scassera, and Van Rose, for their willingness to make “at-risk” investments in a new business bank with nothing more than a shared vision for the new bank. They were undaunted by the onset of the COVID-19 pandemic and encouraged me to move forward literally at their expense. Shortly thereafter, Leigh Keogh, Neal Crawford, and Anne Vanderberry shared our vision and joined with me to become our core management team. Together, all of us turned our vision into Integrity Bank for Business with the precise Business Plan that we are following today. I am so grateful to all of them for transforming my vision of a new business bank into the reality of Integrity Bank for Business.

To put this great accomplishment in perspective, from January 1, 2017 through October 5, 2021, there were only 33 new banks that actually opened for business in the entire United States. Only 12 of these new banks opened in 2020 and 2021. I am very proud that we are one of these 12 new banks that opened in the past two years.

Thank you.