OTC Markets newsletter

## COMMUNITY SPOTLIGHT

# Ciaran McMullan, President & CEO of Suncrest Bank (OTCQX: SBKK)



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**OTC Markets Group (OTCM):** Suncrest Bank was founded in the Central Valley of California in 2008 at the height of the financial crisis and recession. Tell us more about that decision and your mission as a community bank today.

**Ciaran McMullan:** It was a brave decision, but one driven by a combination of necessity and foresight. The group that founded the bank recognized and responded to a critical economic issue at that time: the need to provide financing to local businesses in an extremely weak economy and at a time when the large national banks, and even many local banks, were cutting off lending and withdrawing from the market. That was the necessity. They also had the foresight to realize that by committing to local small businesses in this way, and sticking with them during a difficult economic period, that we would earn customers for life. They were right. The bank has thrived, grown stronger and expanded, experiencing less than $100,000 in total charge-offs during its first seven years.

**OTCM:** The bank has undergone tremendous growth in the past few years. Tell us more about your growth plans going forward.

**Mr. McMullan:** Following my appointment in April 2013, both board and management began working together over the course of three strategic planning workshops to develop the bank's new five-year plan. In fall 2013, we finalized the new plan and set a target of growing to $500 million in assets within five years, coining the term "5 in 5" as representative of that ambitious goal.

We were at $99 million when we started developing the plan. The plan itself is broken down into five key programs or initiatives, which we have laid out in some detail in our 2015 Annual Report (available at www.otcmarkets.com). To summarize, we plan to grow both organically and through M&A. Our organic growth will be driven by a combination of efforts: identifying and recruiting the best local staff, specializing in industry sectors critical to California's Central Valley economy such as agribusiness, improving our products and digital offerings, targeted marketing, and by living our values of community support and involvement.

In terms of M&A, we will focus on deals that are consistent with our strategy, improve our core funding position, have a positive impact on our earnings, strengthen our balance sheet, and do not lead to increased risks and financial problems. The future growth and expansion of the bank in general, whether it be through mergers and acquisitions, de-novo branching or normal organic growth, will be focused on locations and industry sectors that our board and management understand very well, and have solid experience in.

**OTCM:** Suncrest regularly receives a Five Star rating from Bauer Financial and last year was named among the Top 200 Healthiest Banks in America by DepositAccounts.com for the second straight year. What is so important about being a financially healthy bank?

**Mr. McMullan:** I think two things are important about these distinctions, especially for a relatively young bank such as ourselves. First, it gives our customers confidence that the bank is a safe and sound business for them to trust with their money and their debt needs. And second, it gives investors confidence that the bank is being managed in the right way and is, therefore, a safe place for their investment.

**OTCM:** Suncrest upgraded to the OTCQX Best Market on March 4, 2015. What has been your experience on OTCQX to date?

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**Mr. McMullan:** It has undoubtedly given our bank and our stock much greater visibility with a much broader group of investors nationwide, and we have seen more trading of our stock as a result. That's what we wanted to do: create a more meaningful market.

**OTCM:** What else do you want investors to know about Suncrest?

**Mr. McMullan:** I want to tell people why they should own Suncrest stock! There are five great reasons:

1. We have a highly effective leadership team with a unique combination of international experience and hands-on, community bank management capability who have invested their own capital into the bank.

2. The bank has delivered 17 straight quarters of profitability, has a simple capital structure with no debt (only common equity) and a clean and high-yielding loan portfolio. Despite our rapid growth, we have managed to increase our return on average assets (ROAA) every year since booking our Deferred Tax Asset in December 2013, and we will continue to deliver improved operating leverage as we grow.

3. We are in a very attractive market for community banking with significantly less big bank competition than the major metro areas. Despite positive economic growth throughout the Central Valley, many national banks including Citibank, JP Morgan Chase and Bank of America, are actively closing branches, immediately benefiting local banks like Suncrest.

4. The bank is significantly better positioned for profitable growth today than at any time in its history. Since completing a capital raise of $13.5 million in April 2014, we have been putting those funds to good use, increasing our lending staff from two to nine, opening a third branch, making our first whole-of-bank acquisition, and significantly expanding the geographic markets we can target.

5. There are simply fewer and fewer community banks. Basic supply and demand economics dictate that the fewer community banks there are, the more valuable they will become.