R Bank Vision [Pre-Read]

{Summary Focus Areas}

Three Big Rocks

Big rocks represent major initiatives we need to focus on over the next five years. Culture will drive results.

Profitability

Seeking high value in the deposit stack:

- Low interest rate sensitivity is key component
- Dependent on C&I, CRE line of business mix
- Niche deposit strategies as a driver of profit

Asset & Liability Mix

Specifically, C&I loan volume:

- Currently 18% of overall portfolio @ $153M down 7.7% in 2023
- C&I relationships provide more opportunities for relationship expansion, which will enhance profitability of the bank

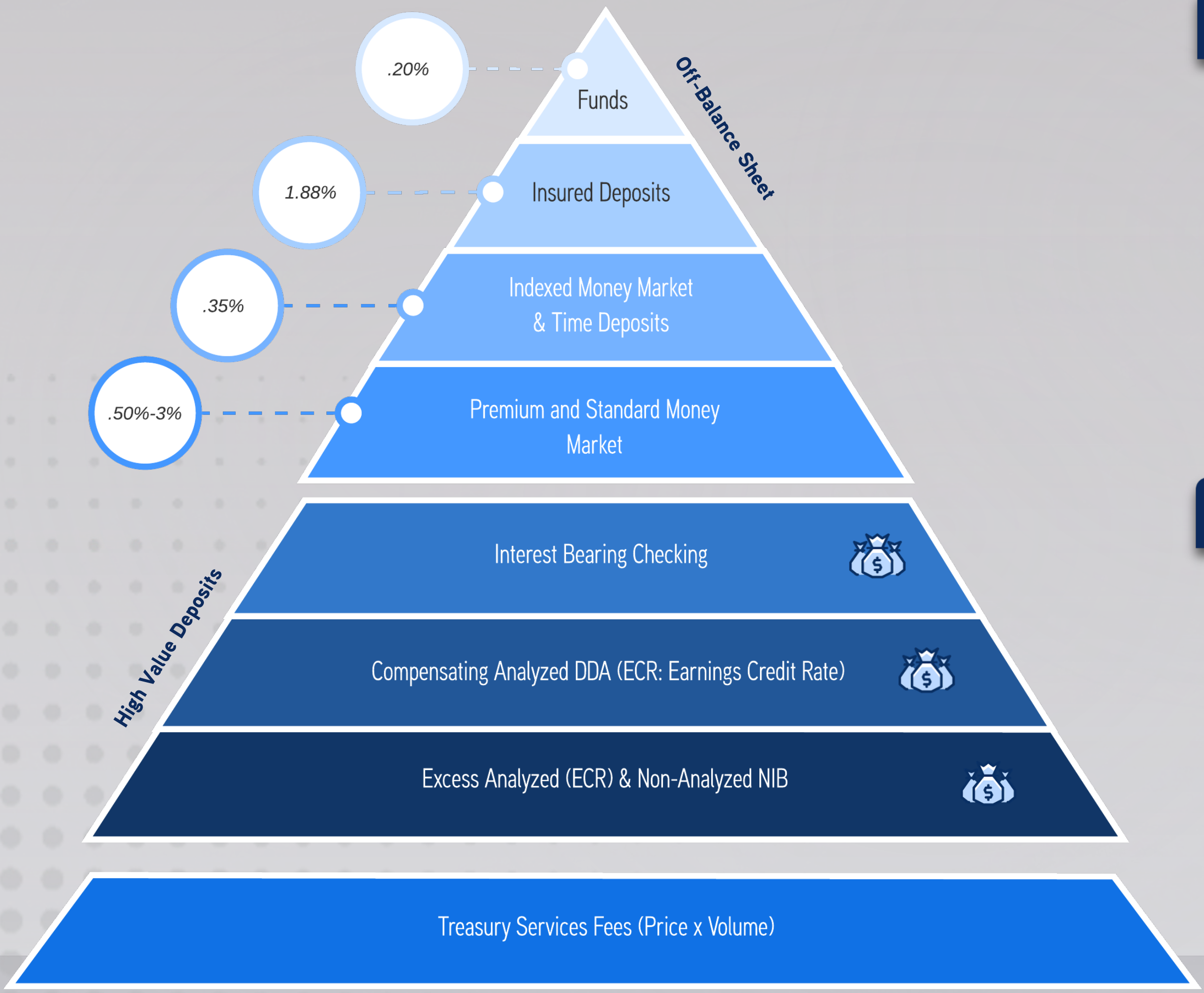
Culture

Sentiment: "R Bank is/was the most meaningful time in my career"

- Recognition
- Referral recruiting
- Technology as an enabler
- Adaptability
- Peer group comparison

Core Funding Strategy (Deposit Stack)

{ Strategy involves seeking deposits in lower three tiers where margins can reach 5%+. }



Lower Value (Upper 4 Tiers)

Consumer Focus

- Lower spread value, generally in the 20-250 bps range
- Associated with consumer banking
- Highly interest rate sensitive

Higher Value (Lower 3 Tiers)

Commercial Focus

- High spread value, generally in the 500-bps range
- Associated with mid-market commercial banking
- Also, generated through niche deposit gathering strategies
- Less interest rate sensitive

Key Financial Data

CATEGORY	12/31/2022	12/31/2023	$/% CHANGE
INTEREST EXPENSE Total Interest Expense	**$5,262M** Savings and Time Deposits	**$18,624M** Savings and Time Deposits	**$13,362M** +254% YOY
NIB Deposits Non-Interest Bearing Deposits	**$215M** 26% of Total Deposits	**$191M** 22% of Total Deposits	**$24M** -11% YOY
IB Deposits Interest Bearing Deposits	**$618M** 74% of Total Deposits	**$670M** 78% of Total Deposits	**$52M** +8% YOY
C&I Loans Comm'l & Industrial	**$166M** 21% of Total Loans	**$153M** 18% of Total Loans	**-$13M** -8% YOY
PROFIT NI Attributable to Bank	**$9,236M** Incl. $3.4MM dividend	**$6,223** .62 as % of Assets (1.06 PG)	**-$3,013M** -33% YOY

Transitioning The Portfolio ("Target Client")

Ideal Commercial Relationship

Commercial Lending	**Gross Revenue To Bank: $100K+ Annually** **Use:** Working Capital, Asset Acquisition **Collateral:** AR, Inventory, Equipment **Staffing:** Sales, Operations Oriented
Treasury Services (Incl. FX)	**Gross Revenue To Bank:** $30K Annually **Use:** Money Movement, Reconciliation **Pricing:** 20-25% Margins (PxV) **Staffing:** Sales, Operations Oriented
Business Card Spend Products	**Gross Revenue To Bank:** $50K Annually **Use:** Business Card Spend Management **Staffing:** Outsourced **Importance:** High (Rich, Real-Time Data)
Interest Rate Derivatives	**Gross Revenue To Bank:** $75K (One-Time) **Use:** Reduce/Eliminate Interest Rate Risk **Staffing:** Outsourced **Importance:** High (Floating Rate Loans)
Compensating DDA Balances	**Gross Revenue To Bank:** $100K+ Annually **Importance:** High (50-55% Compensating) **Investment Thesis:** Excess Balances, NIB

Financial Impact To Bank

Balance Sheet

Lower Cost Deposits: bottom of deposit stack, less interest rate sensitive
Revenue Generating Assets: low loss ratio due to secured nature
Fixed:Floating Ratio: mix of fixed and floating rate loans

P&L

Sticky Revenue: due to day-to-day nature of the business
Non-Interest Revenue: Treasury (PxV), Derivatives, Interchange

Important Partners

Q2 | precisionlender   DerivativePATH   RelPro

Team Dynamics

Skillsets: understand capital needs beyond bank debt, manage risk associated with C&I
Positioning services: seasoned in securing deposits, positioning other services

Monetizing Technology (Association Banking Example)

Bank Client (HOA)

Steiner Ranch

HOA's in Texas have deposits but need technology to run their businesses. Technology used for account maintenance, payments and money movement.

Overview of Monetizing Technology:

1. Bank delivers white label technology designed to support needs of niche businesses
2. Client utilizes technology that is connected to core so account and transaction detail is visible in HOA software
3. Client now has a banking relationship with R Bank and R Bank has deposits on balance sheet

HOA Software

CINC systems

checkalt

Commercial Online Account Opening

MANTL

PLAID

HOA's use niche technology from providers such as CINC, Caliber and Vantaca. Bank implements and delivers technology to client.

Bank Balance Sheet

RBank Member FDIC

Core Banking

fiserv.

Diligence (KYB)

Middesk

Bank connects HOA Software to core for data like account and transaction information. Online Account Opening uses diligence software to automate regulatory checks (KYB, etc.)

Technology Implementation (Governance)

{ Strategy involves proper cost and risk assessment, contract negotiation and scoping to meet desired objectives. }

1. Product Overview

Includes relevant information about product including problem being solved with the product.

2. Desired Outcomes

Includes desired outcomes for the LOB including revenue, expense and FTE requirements at scale.

3. LOB Requirements

Includes requirements of the LOB to achieve Desired Outcomes. Includes SME assessment.

4. Technical Specifications

Outlines process map and requirements of all involved vendors (“swim lanes”)

5. Side-By-Side Overview

Overview of relevant product, contract details compared across products being reviewed.

6. Cost Assessment

Cost assessment includes both one-time and ongoing expenses.

7. Risk Assessment

Includes “failed project” assessment and data mapping. Includes technology environment assessment.

8. Implementation Timeline

Implementation timelines include base case and worst-case scenarios.

9. Resource Requirements

Includes FTE modeling and other resource requirements including PM resources. Also includes impacts on other existing and/or adjacent products.

10. Contract Review

Review of initial contract specifics to ensure requirements can be met.

Decision Matrix

Leverage 10 components of BRD to arrive at best, most profitable solution.

R Bank Signoff’s

Signoff’s occur prior to project being passed to PM and include LOB and Executive Sponsor.

People and Organizational Framework

{ Teams designed to execute business objectives + produce exemplary CAMELS ratings. }

Back Office

Operations

Loan Operations
Deposit Operations
Treasury Operations
Operations Center

Compliance & Regulatory

Compliance
Community Reinvestment Act ("CRA")
Bank Secrecy Act ("BSA")
Fraud

Credit & Underwriting

Credit Administration
Underwriting
Portfolio Management

Specialty

Accounting & Finance
Marketing
Technology (Architecture, Data & Product)
Human Resources
Project Management

Risk & Audit

Audit Executive
Risk Excelutive
Loan Review

Front Office

Markets & Branches

Individual Markets (Central TX and North TX)
Branches
Treasury Sales

Specialty Lines of Business

Mortgage
Small Business Administration ("SBA")
Consumer Lending
Niche Funding Strategies

Executive

Executive Leadership
Deposit and Funding Executive
Centers of Excellence

Summary Focus Areas

Deposit Stack

Core Funding Strategy

- Less interest rate sensitivity, better spread value to bank
- Move toward bottom of deposit stack to NIB, Excess Analyzed
- Niche deposit strategies complimentary to existing client base and portfolio

Commercial Focus

Portfolio Transition

- Do not leave commercial real estate roots, but balance portfolio across C&I and CRE
- Reduce reliance on NIM over time, create new non-interest revenue streams

Technology Strategy

Goals of Strategy

- Modernize bank, speed up implementations and drive revenue faster
- Provide products our internal associates and external clients need efficiently
- Centralize data to provide critical insights and avoid cost of obtaining from vendors

Regulatory

Regulatory Partners

- Collaborative strategy with regulatory partners
- Prove ability to manage deposit stack, raise capital
- Build to where we are going within management and Board (audit, risk compliance primarily)

People & Culture

Internal and External

- Sentiment: "R Bank was the most meaningful time in my career."

Build Team

- Team and skillsets need to match where we are going, not where we are

Innovation

Support Business Objectives

- Innovation is not living on the fringes or focusing in areas that do not support the business
- Innovation is focusing on technology and infrastructure that supports commercial lending, deposit gathering and NIR generation

30/60/90 Day Plan

Integration into the organization is a critical component of short-term and long-term success

First ~30 Days

Evaluation and Assessment

- Focus on our <u>people</u> first
- Understand "what is working and what is not" and <u>identify gaps</u>
- Understand our culture and values
- Evaluate status of projects and meet key stakeholders
- Evaluate financials, asset and liability mix
- Evaluate company structure and begin talent and skills assessment (based on business strategy)

Next ~30-60 Days

Strategic Planning

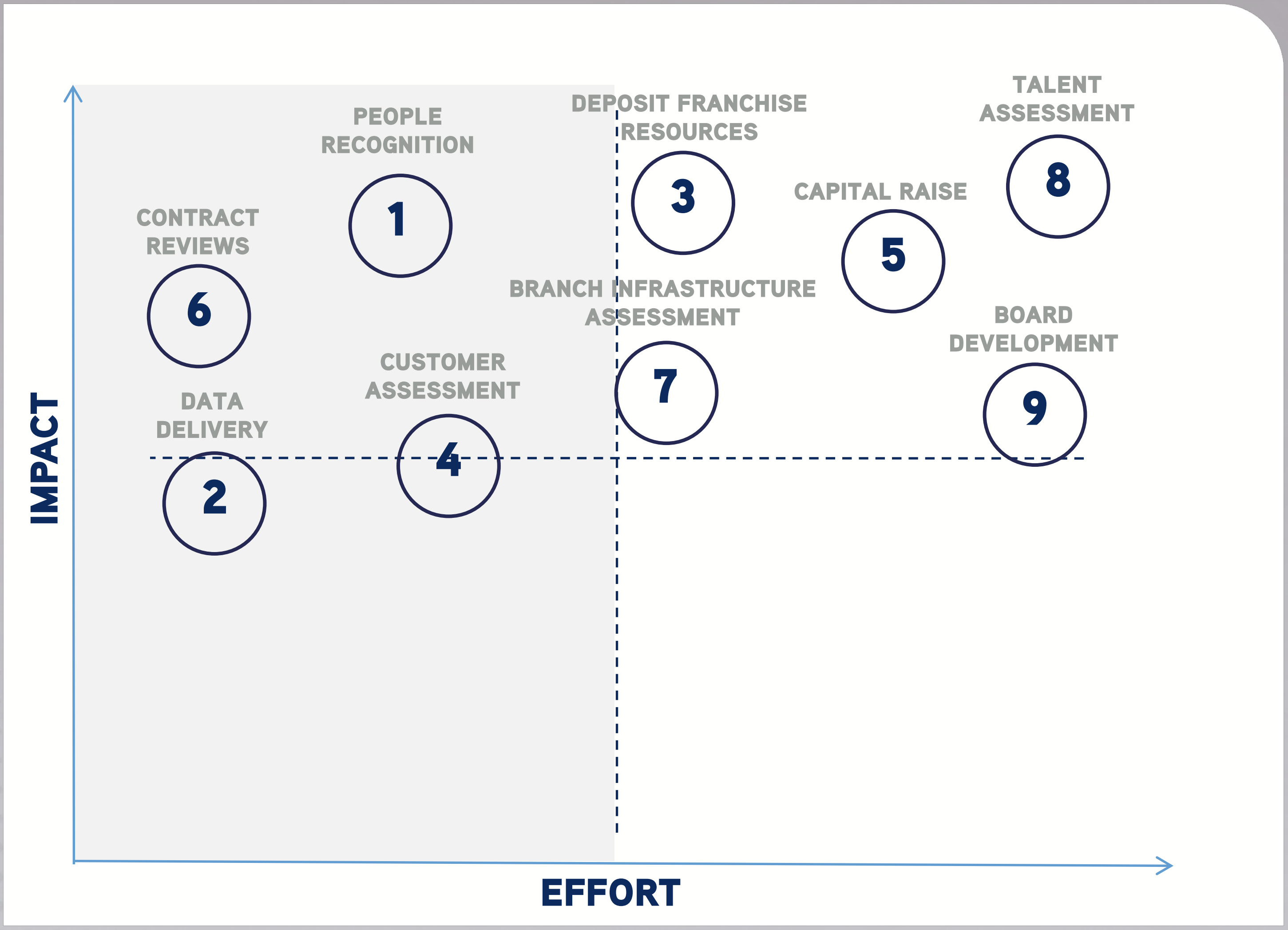
- Focus on our <u>customers</u> and understand "what is working and what is not" and <u>identify gaps</u>
- Focus on company culture based on feedback
- Develop strategic goals based on initial evaluation, start defining short term and long-term goals
- Discuss strategy with stakeholders including board and regulatory partners
- Capital planning

~60-90 Days

Implementation and Execution

- Begin rollout of key strategic initiatives identified in the planning phase
- Executive leadership and team development (based on business strategy)
- Enhance operational efficiency
- Strengthen stakeholder relationships
- Review and adjust

Effort : Impact Grid <12-Months

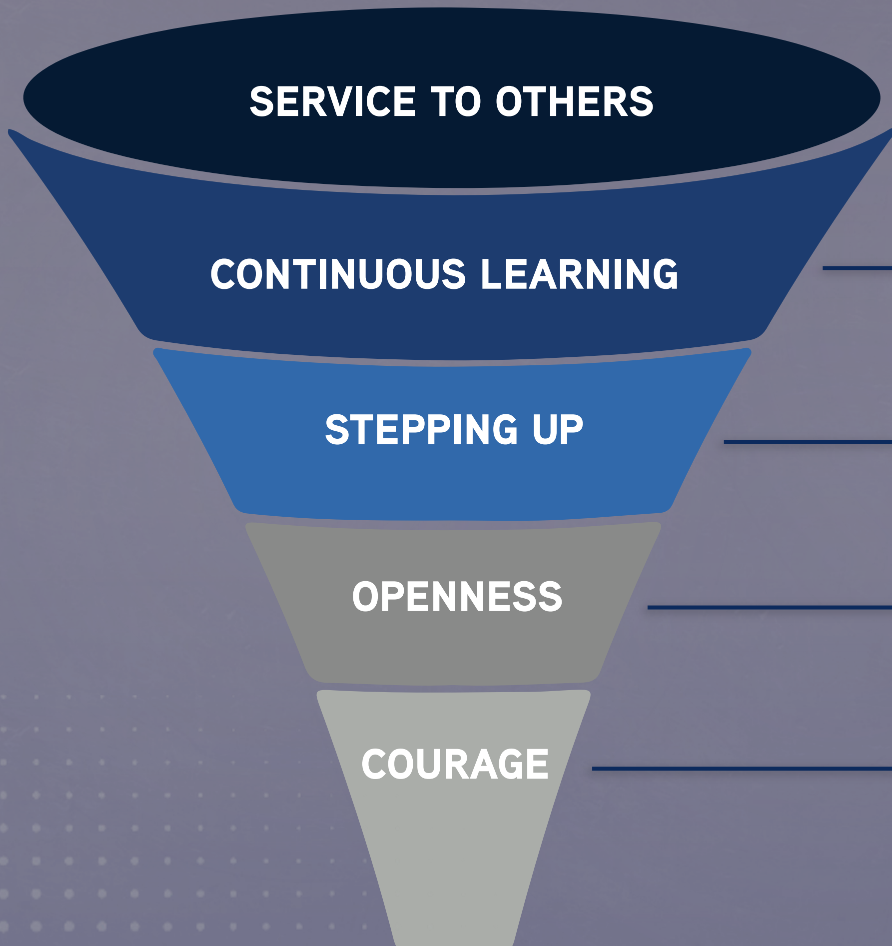


Longer Range Initiatives (2-5 Years)

Longer Range Initiatives

- Develop & execute against capital raise strategy
  - BHC (Line of Credit)
  - Equity and Debt
- Develop & execute against deposit and funding strategy:
  - transition portfolio to C&I as a mechanism to build deposit base lower in capital stack
  - niche deposit strategies (title, property managers, etc.)
- Transition portfolio from 18% C&I to ~25% C&I within first two years
  - includes buildout of North Texas, Central Texas and South Texas markets
  - includes market expansion strategy
  - Includes industry vertical strategy (ex. adjacent businesses to existing portfolio)
- Post-skills assessment people strategy including skills assessment learnings
  - determine how to organize team to meet goals/objectives
- Developing a technology roadmap to support strategies
  - Support deposit and funding strategy
  - support C&I transition incl. B2B payments, treasury, money movement)
- Internal vs. External technology development team to assess architecture, data and product strategy

Culture Drives Results



Create relationships that make a meaningful difference in the lives of others by being selfless and being available to help each other.

Contribute to solutions outside of our specialty by collaborating and being open to new information.

Exhibit a will to win by delivering on our commitments and being personally accountable.

Interact with our customers and colleagues with consistent and authentic communication.

Take measured risks, admit mistakes freely and openly in the pursuit of growth and learning.

Board Discussion Points

RBank
Member FDIC

Board discussion points:

1. **Oriented around future state of the Board and supervisory expectations of what the bank will become in the future (i.e., build to what we will become not what we are now)**
2. **Oriented around profitable growth with appropriate levels of governance around audit, risk and compliance**
3. **Supervisory (FFIEC) expectations crossing through $1b**

Peer Group Comps	Managing to current peer group and expectations of aspirational peer group
Capital Reallocation	Defined strategy and alignment around capital reallocation opportunities
Expectations	Expectations of the Board of CEO and management team
Governance	Defined by future state of the bank, expectations of a bank 3-5x larger than we are today
Strategic Planning	Defined strategic planning process, aligned on goals

RBank
Member FDIC

Addendums

1. Peer Group comparison (from FFIEC site)
2. Technology architecture strategy, data strategy and product strategy
3. Innovation roadmap for next 5+ years

Peer Group Comparison

% of Average Assets	12/31/2023	Peer Group	Percentile
NIM Net Interest Margin	**3.79** 4.03 at 12/31/2022	**3.22** Peer Group 4	**78th percentile** Top quarter of peer group
Net Income Post-securities/extraordinary	**.62** .97 at FYE 12/31/2022	**1.06** Peer Group 4	**19th percentile** Lower quarter of peer group
ALLL to Total L&L Allowance for L&L Losses	**1.06** 1.17 at FYE 12/31/2022	**1.23** Peer Group 4	**28th percentile** Lower third of peer group
Tier 1 Capital Leverage Ratio	**9.18** 9.33 at FYE 12/31/2022	**10.22** Peer Group 4	**25th percentile** Lower quarter of peer group
Total Asset Growth Annual change in total assets	**.55** 9.95 at FYE 12/31/2022	**6.32** Peer Group 4	**21st percentile** Lower quarter of peer group

Architecture, Data and Product Strategy

Data Lake

core10 MESH

1. **Architecture (API Strategy)**
   - Enables ability to bring revenue to the org faster because <u>we implement faster</u>
   - Reduce dependencies on core because <u>we control our information flow</u>
   - <u>Reduce manual work and double data entry</u>
2. **Data Strategy (Centralization of Data)**
   - Centralize our data vs. having it spread out across vendors
   - Retain historical data to deliver insights
3. **Product Strategy (Internal and External)**
   - Goal is to <u>provide products our clients need quickly</u>
   - Contract negotiation important to be nimble

LOS & Documents	Treasury Management	Core Technology	Deposit Gathering (Comm'l)
HAWTHORN RIVER COMMUNITY BANKING SOFTWARE; TruStage	Q2	fiserv.	MANTL
Mortgage Banking	**Association Banking**	**Regulatory Diligence**	**Deposit Gathering (Cons.)**
ICE Mortgage Technology	CINC systems	abrigo	FINASTRA

Innovation Roadmap