

Strategies for Expanding Small Business Lending


Noah Bank

Background


- Royal Asian Bank was originally launched in 2004 as a division of Royal Bank America, a wholly-owned subsidiary of Royal Bancshares of Pennsylvania, Inc.
- On December 30, 2010, Edward E. Shin, together with a group of Korean-American investors, completed the acquisition of Royal Asian Bank from Royal Bancshares of Pennsylvania.
- The bank was renamed Noah Bank on June 1, 2011.
- Noah Bank is a Minority Depository Institution and certified Community Development Financial Institution focused on Small-Business Lending.



Noah Bank Footprint

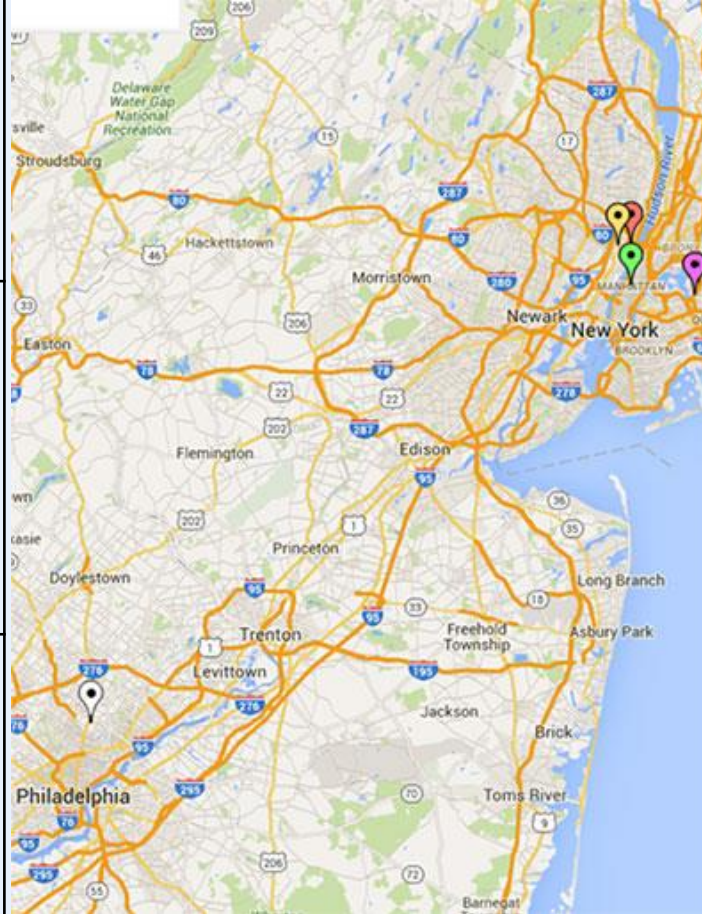
 **Palisades Park, NJ**
Full Service Branch and
Loan Production Office



 **Fort Lee, NJ**
Full Service Branch, Loan Production
Office and Credit Facility Department



 **Elkins Park, PA**
Full Service Branch and
Loan Production Office



 **Manhattan, NYC**
Full Service Branch



 **Flushing, Queens**
Full Service Branch and
Loan Production Office



Noah Bank

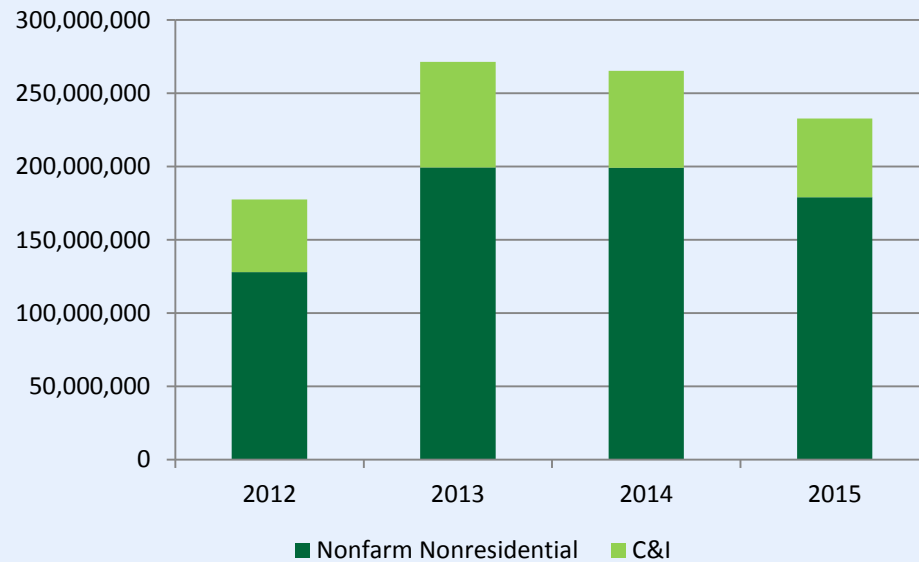
Small Business Lending Overview

Small Business Loans in the Portfolio: 618

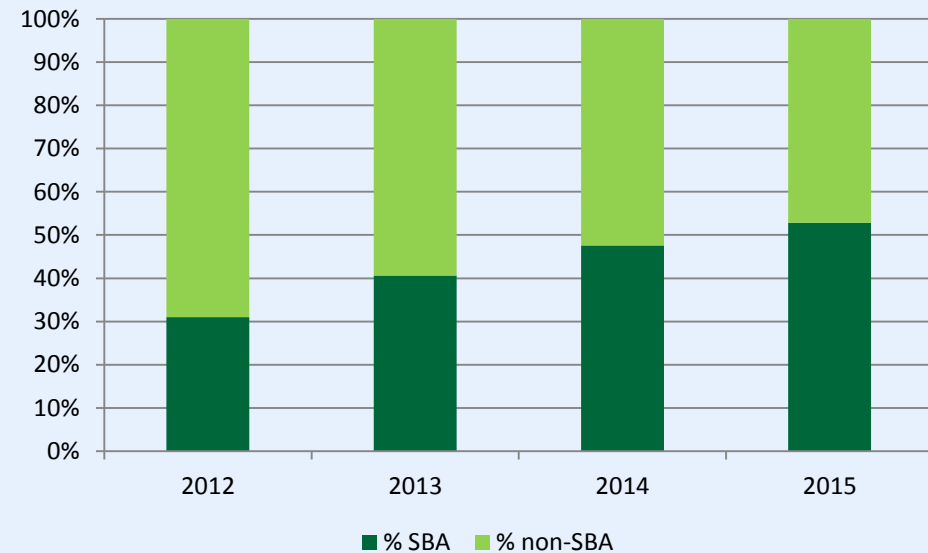
Average Loan Size: \$367,500

Total Originations in 2015 : \$27,226,000

Total Loans (incl HFS) by Year



SBA Loan v. non-SBA Loan Volumes



All data as of 12/31/2015.

Noah Bank

The SBA 7(a) Program

- Noah Bank is committed to serving the small business market as a **preferred SBA 7(a) lender** in the vibrant New York, New Jersey and Philadelphia Metropolitan areas.
- Noah's loan offering of choice is the SBA 7(a) Guaranteed Loan and the SBA Small 7(a) Loan.
- Noah Bank sells the guaranteed portions of selected SBA loans on the secondary market at a premium.
- We place non-SBA loans and the unguaranteed portions of SBA loans on our balance sheet to provide ongoing interest income, while the sale of the guaranteed portions increase capital availability.
- The US Government continues to support various SBA Loan products through fee waivers and program extensions in an effort to bolster US economic recovery.
- Noah Bank is focused on Business Lending and does not offer consumer lending.

SBA's 7(a) Overall Program Performance

(Fiscal year end 9/30)	2012	2013	2014	2015
Principal Balance of SBA Pool	\$60,078,682,351	\$63,671,116,552	\$68,185,810,552	\$73,019,422,595
Gross Approval Amounts	\$15,256,308,588	\$18,061,326,274	\$19,446,386,507	\$23,884,454,557
Number of Approved Loans	44,358	46,389	52,044	63,460

Opportunities in Market Niches

Specialization in the Asian and Korean Business Communities

- Noah Bank primarily targets the Asian American community, the largest growing immigrant population in the US, with a **focus on Korean immigrant small business owners**. Noah Bank is working to replicate the success in the Korean community with other ethnic minorities.
- First Generation immigrants represent 12.0% of the US population but represent 16.7% of new business owners in the US.¹ Korean immigrants generated \$7.1 billion in US business income in 2010.²
- Noah Bank serves 2 of the 3 largest Korean business markets in the United States.³
- While Minorities are generally less likely to receive credit from a bank, growth in the number of minority- and Asian-owned businesses is rising significantly, as is the rate of growth of those businesses. However, the average receipts of minority-owned businesses are lower than those of non-minority-owned businesses.³

Top Korean Business Markets in the US³

State	# of Businesses	2007 Annual Receipts
California	63,365	\$32.8B
New York	23,948	\$7.7B
New Jersey	13,610	\$5.6B

US Minority- and Non-Minority-Owned Business Growth Rates

Type of Business	2002 - 2007 Growth Rate in # of Businesses	2002 - 2007 Growth Rate of Receipts
Asian-Owned	40.4%	54.9%
Minority-Owned	45.5%	55.0%
Non-Minority Owned	10.9%	22.2%

Top Lessons Learned

- Stay focused on the communities you serve.
 - Know your customer.
 - Know your geography.
 - Know your products.
 - Impact increases new business, both loans and deposits.
- Don't grow too fast.
 - Don't outgrow your capital.
 - Don't outgrow your liquidity.
 - Don't outgrow your capabilities.
- The lives of Small Business Loans are often shorter than expected.
 - Some successful small business owners will sell and pay off.
 - Some successful small business owners will expand and seek new loans.