

BankDirector

Breakout 3:
**Building a Cannabis
Line of Business in an
Emerging Market**

Stacy Litke

Green Check Verified

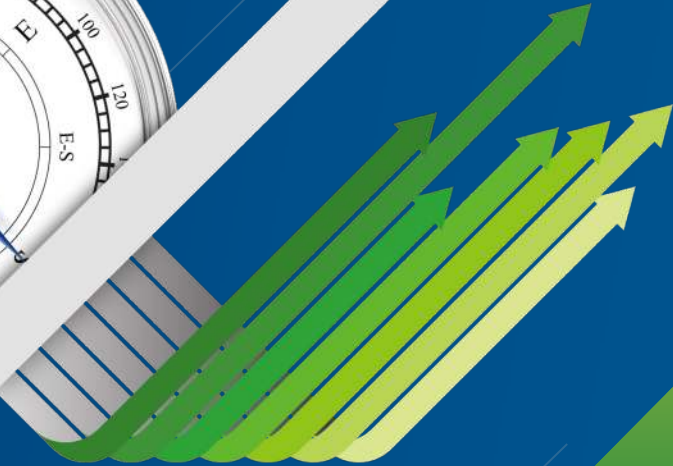
Traci Smith

Cogent Bank

#BBTF23



Building a Cannabis Line of Business in an Emerging Market



Cogent Bank
Bank Director Bank Board Training Forum
September 11, 2023

Your presenters

Exploring the process of building and automating a cannabis banking program from launch, customer acquisition, and growth.



Traci Smith

SVP, Director of Treasury Sales and
Strategic Partnerships
Cogent Bank



Stacy Litke

VP Banking Programs
Green Check Verified

Cogent Bank

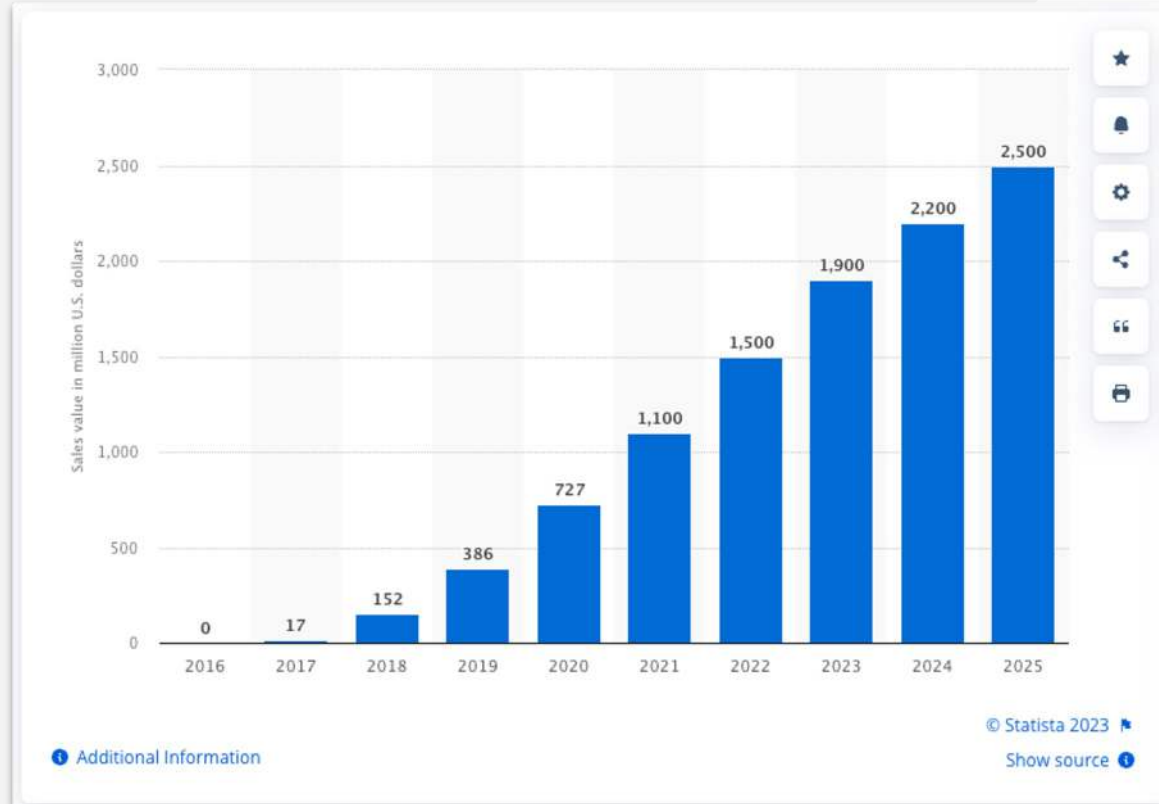
- Founded in 1999
- Headquartered in Orlando, Florida
- 8 locations across Florida
- Local presence, national market
- \$1.5 billion in assets

Cogent Bank's Cannabis Banking Program

Goals and Objectives for Program – “If we’re going to do this, why?”

- Strategic goals:
 - Entrepreneurial approach is key value
 - ‘Speciality Banking’ is part of business already
 - Wouldn’t be able to achieve goal to be inclusive of all people and cultures while excluding one segment of local industry
- Specific tactical goals:
 - \$50 million in Deposits
 - Fee revenue has not been a primary focus, as long as expenses are covered

Forecast of marijuana sales value in Florida from 2016 to 2025




Evolution and Growth

- Existing clients investing in or supporting the industry
- First to market plan
- Florida's medical market may expand to adult-use
- Lending to Indirect cannabis businesses today, hard assets only

Cogent's Approach

- Speed to market, responsiveness is key
- Champions who understand cannabis in each market
- Full suite of commercial services from Treasury team
- Market changes rapidly, stay on top of pricing and services

Branding and Messaging



The screenshot shows the Cogent Bank website. The header includes the Cogent Bank logo, social media icons for Facebook, Instagram, LinkedIn, Twitter, and YouTube, a search icon, and a 'Client Login' button. The navigation menu features 'Cogent Difference', 'Business Banking' (highlighted), 'Personal Banking', 'Private Banking', and 'Specialty Divisions'. The main content area is titled 'Treasury Management for Cannabis Businesses' and includes a list of services: Point-of-Sales (POS) services, Remote and mobile deposit, Online banking, Online wires, ACH services, and Cash processing services. Below this is a section titled 'Local, Specialized Service' with a list of service highlights: a seasoned relationship team and a knowledgeable compliance team. A large circular image of a smiling woman in a business suit is positioned on the right side of the page.

COGENT BANK

Client Login

Cogent Difference **Business Banking** Personal Banking Private Banking Specialty Divisions

Treasury Management for Cannabis Businesses

We offer a full suite of treasury services to help you accept payments, pay your employees and vendors, and effectively manage your business's cash flow, including:

- Point-of-Sales (POS) services to accept a variety of payments
- Remote and mobile deposit
- Online banking
- Online wires
- ACH services to easily manage payroll and vendor payments
- Cash processing services

Local, Specialized Service

We understand the unique needs and challenges of Florida cannabis businesses, as well as the requirements that medical marijuana banks face in this fast-growing but highly-regulated industry. Here's how Cogent Bank can help your business thrive:

- Seasoned relationship team with significant industry experience
- Our relationship-friendly and knowledgeable compliance team works quickly to onboard Cannabis Related Businesses (CRBs) and offers expert advice on how to stay compliant with changing rules and regulations

Compliance

- Onboarding due diligence (CIP/KYC/KYB)
- Verify license, good standing with state
- Develop an understanding of the normal and expected activity for the customer, including the types of products to be sold and the type of customers to be serviced (e.g., medical versus recreational customers)
- Monitor publicly available sources for adverse information about the customer and related parties
- Determine whether an MRB implicates one of the Law Enforcement priorities or is in violation of state law
- Refresh information on a periodic basis and commensurate with risk

Examination

- FDIC Safety and Soundness – did well
- Examiners pulled a handful of our MRB accounts and reviewed without issue
- No concerns, focused on the additional due diligence required during onboarding

Future Growth and Opportunities

- Expand beyond the Florida market
- Support tribal nations with cannabis programs
- Sponsor bank relationship with cannabis payments, 401k or banking

Our Partner: Green Check Verified

- Green Check Verified was founded in 2017 by a team of technology, banking, and regulatory experts.
- GCV has a proven track record of partnering with financial institutions to build and scale compliant cannabis banking programs for more than 100 clients across the US.
- GCV's mission is to build trusting relationships between financial services providers and legal cannabis businesses to fuel growth while minimizing the time, cost, and risk required to maintain compliance.
- GCV's Banking Compliance team is staffed with former bankers with nearly 90 years of combined BSA/AML, KYC, Compliance. Analytics and Operations experience.
- Technology platform allows collection of due diligence documents and key data points from sales systems and core banking data to provide insights into activity, and overall program efficiency and scalability.

Q&A



THANK YOU