

Breakout IV: Driving Profitability Through Digitization

#A0BA23

Sarah Murray

Compliance Systems LLC

Erin Simpson

Encore Bank

Driving Profitability Through Digitization



Encore Bank

Erin Simpson

EVP, Chief Operations
Officer



Sarah Murray

Deposit Product
Manager & Counsel



Overview of Encore Bank

- **\$3.0 billion** asset bank headquartered in Little Rock, AR
- **20 locations** from the mid-West to the south-East
- The **fastest growing bank** in the country ⁽¹⁾
- **Recapitalized** through a **\$57 million common equity raise** by current management team in March 2019; raised an additional **\$139 million in common equity** through a private placement offering in 2021
- **Branch-lite, low FTE** business model with **concierge banking** approach and **commercial lending** focus
- **Organic growth strategy** by recruiting experienced banking teams in attractive metro markets
- **Experienced management team** with focus on recruitment and team culture
- **Rapidly improving profitability** and operating leverage
- **Utilizing digital innovations** to enhance the delivery of our products and services for a better client experience

Encore's Office Footprint



Source: S&P Global Market Intelligence; Company Documents; Data shown on a bank level basis as of or for the three months ended 9/30/22, unless otherwise noted

Note: Core deposits defined as total deposits less jumbo time deposits greater than \$250,000; Gross loans exclude mortgage loans held for sale

- (1) Based on total assets CAGR for the 3-year period ended 6/30/22; Excludes any banks that closed an M&A transaction during the period 2018 - Q2 '22 and those with total assets less than \$500 million as of 6/30/22
- (2) Branch has received regulatory approval; Plans to move in during the second half of 2022
- (3) Regulatory approval expected in Q2; Plans to move in during the second half of 2022
- (4) Regulatory notification filed for operation of limited purpose office; Working to find permanent branch location
- (5) Currently operating out of Charlotte LPO until branch is approved and opened; Lease signed for branch and expect branch approval in Q2; Expect to move in late 2022 / early 2023
- (6) Will start with a temporary LPO while working to find permanent branch location



Questions Worth Asking

- **Does it create a delightful experience?**
 - Your digital solution has to be clean, easy to use for both customers and employees
- **Can the platform support a fully integrated environment?**
 - Platforms need to connect to other essential technology partners: the core, CMS, KYC, credit providers, etc.
 - Well-integrated solutions eliminate duplicate work
- **Does it do more with the same size team?**
 - Eliminate tedious work for your team so that they can spend their time establishing and growing relationships
- **Can the platform scale with the bank?**
 - Drive efficiency ratio down and scale as your bank grows

Connectivity and Efficiencies Gained



Speed to open accounts

- Open consumer accounts in three to five minutes



Reduction of back-office staff

- Scan, index, and track documents



Errors and Compliance Risk



Cost

- Custom agreements and document packages
- Legal costs to create Treasury documents



Connectivity through multiple systems



Improved reporting capabilities

Encore Tech Stack

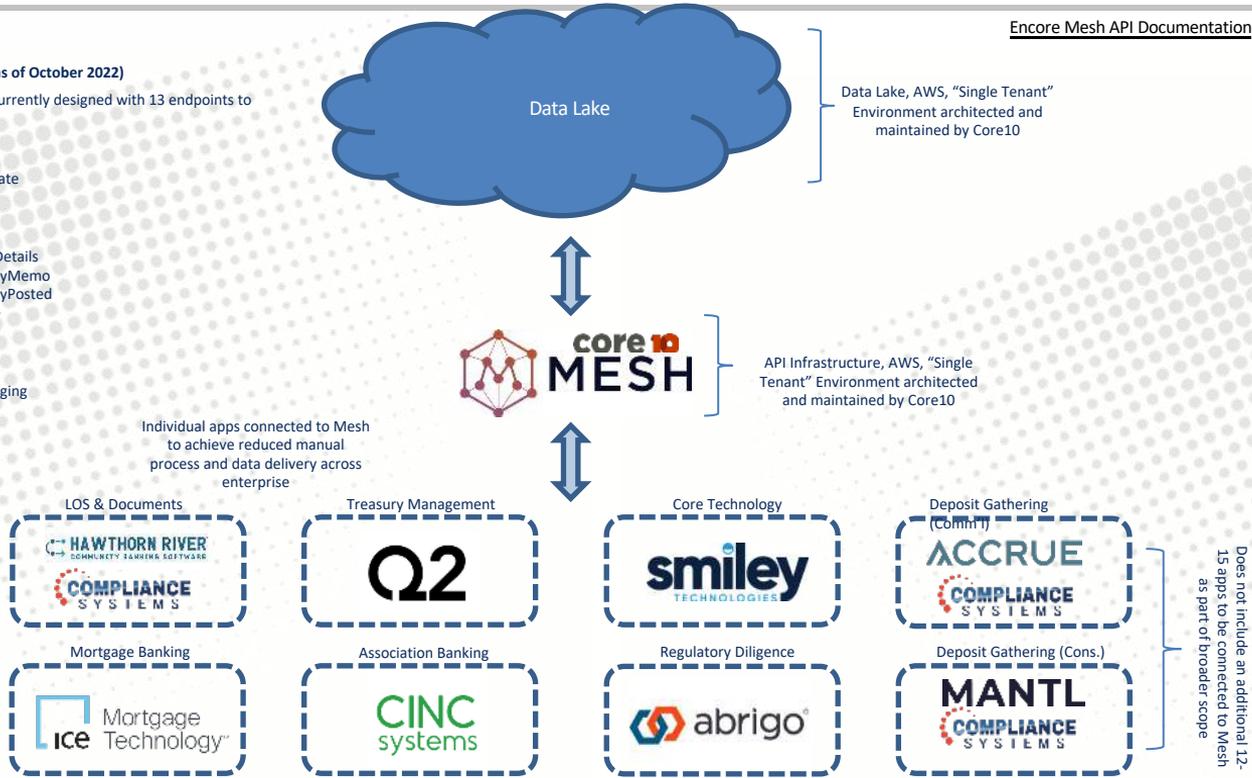


Architecture & API Infrastructure (“IPaaS”)

13 API Endpoints (as of October 2022)

API infrastructure currently designed with 13 endpoints to include:

1. CustomerAdd
2. CustomerUpdate
3. AccountAdd
4. AccountList
5. AccountDetail
6. AccountList&Details
7. AccountHistoryMemo
8. AccountHistoryPosted
9. FundsTransfer
10. SendCheck
11. StopPayment
12. CheckImaging
13. StatementImaging



Overview of Compliance Systems



Cloud Delivery



Dynamic Content and
Document Output



Research Engine
and In-house Attorneys



Innovation and
Reinvestment



Document Selection
and Warranty



PDF and
HTML



Expansive Partner
Ecosystem

Embedded Compliance Technology

Without it:

Content Creation. Costly, time-consuming process to engage outside counsel and in-house resources.

Content Maintenance. Cumbersome, expensive processes to maintain and update content through outside counsel and in-house resources.

Risk. Increased operational risk exposure by relying on different channels, e.g., greater possibility of content being out of sync.



With it:

Compliance isn't a Barrier. It's part of the end-to-end process that integrates your unique products and policies.

Front End Compliance. Eliminates friction through concise data collection workflows.

Back End Compliance. Data integrity is maintained, and human intervention is minimized.

HTML Content Delivery. Consumers can view content on any screen without pinching, zooming, or rotating.

Simplicity Treasury Management

Content Configuration

- Configure Default Language Unique to your Organization
- Define Additional Provisions
- Eliminate outsourcing to 3rd Party

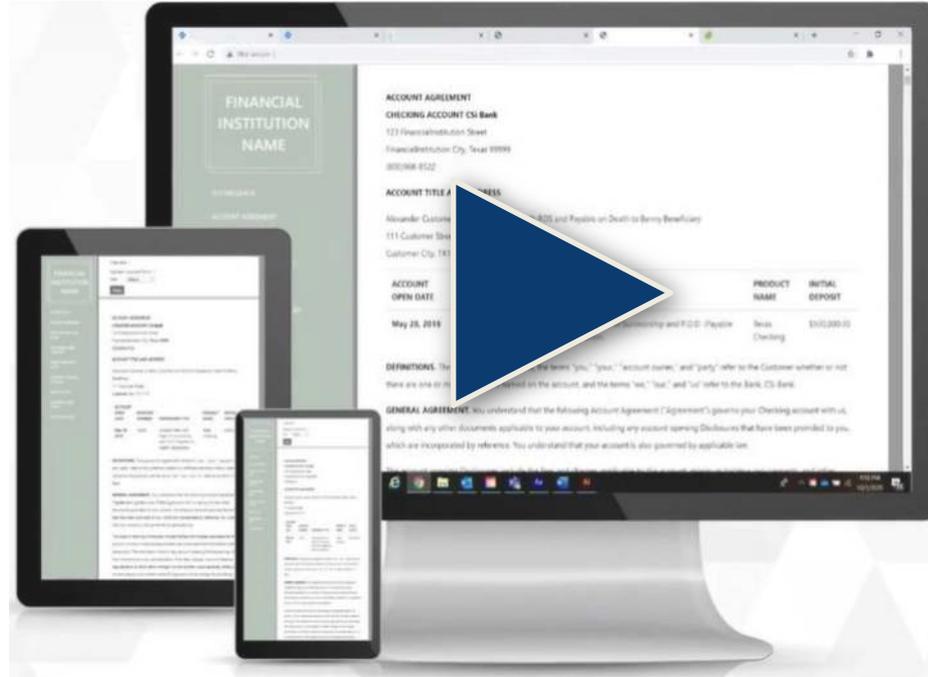
Single Environment

- Compliant Content for Deposits and Treasury Management
- Reduce Risk by having a single source for Content Management
- HTML & Dynamic PDF Content
- No PII/NPI Data Stored

The Right Content at the Right Time

- Master Services Agreement
- Includes General Terms & Conditions for a variety of services: *Remote Deposit Capture, Online Banking, Wire Transfers and more*
- Fully Warranted for State and Federal Compliance

Demo



Conclusion

- ✓ Delightful Experiences Include Compliance
- ✓ Great Ecosystems Adapt, Scale & Augment
- ✓ No Vendors Choose Partners

Erin Simpson | CRCM

EVP, Chief Operations Officer

erin.simpson@bankencore.com

www.bankencore.com

Sarah Murray

Deposit Product Manager & Counsel

smurray@complainsystems.com

www.complainsystems.com

