RPCA OPPORTUNISTIC FINANCIAL VENTURES LP ("FUND 2")

Important Market Update: Before presenting the good news about the earnings at our banks for the 4th Quarter of 2018, we wanted to highlight that Fund 2 has *increased in value by approximately 10%* since December 31, 2018. Markets have settled down and the mood among investors is less pessimistic than it was during Q4. Not as much concern about the Fed continuing to raise short term rates throughout 2019, the re-opening of the government (at least temporarily), and some optimism about a trade deal with China have all contributed to a rebound from what we believed was a gross over-reaction in the market late last year. But, most importantly, *earnings,* which have consistently beaten estimates (and some by a lot), are the biggest reason why stock prices have rebounded this year. Several partners have increased their investments during this most recent dip. If you wish join them and increase your investment in our Funds, please contact us and we'll facilitate your request.

4th Quarter 2018 *"Bank Performance"* Newsletter

- **Earnings* Exceeded Expectations in our Portfolio and the Banking Industry in Total.**
- **Key Operating Takeaways from Q4:**
  - **6 of 26 Banks Post Record High Adjusted Earnings***
  - **Weighted Average ("Wtd. Avg.") YOY Adjusted EPS* up an Amazing 43%**
  - **Contrary to Analysts Expectations, Wtd. Avg. Net Interest Margin up 10 Basis Points vs. Q4 '17. This metric drives profits at Community Banks**
  - **Excellent Overall Loan Quality Continues with Wtd. Avg. NPA's at 0.62% of Assets – well Below the 1% Level Considered Good/Normal**
  - **Wtd. Avg. Capital Remains Very Strong at our Banks Increasing Slightly from 8.4% to 8.6%**
- **VERY Important Update: Profile for Meta Financial Group Included Below – (worth reading)**

* See detailed explanation in the table on page 3. This is core earnings and makes quarterly comparisons "apples-to-apples".

Net Interest Margins: To us, this is the pivotal story of Q4. Many analysts, (and investors who listened to them) believed net interest margins ("NIM") would decline in Q4. In spite of all the attention focused on the flattening yield curve and fear of increasing deposit betas, NIM's did not shrink; either at the banks in our portfolios, or across the broader universe of banks. As featured in the headlines, NIM's in our portfolio of banks increased by 10 basis points. Equally noteworthy, according to research from S&P Global, FactSet and Raymond James, NIM at all banks who have reported financial results as of Feb. 1, have seen an 8 basis point expansion in margin YOY. This is significant and one of the main reasons bank stock prices have come up since year-end. Part of the reason for this somewhat unexpected growth in NIM is related to stronger than expected loan growth. (Growing loans usually helps increase margins as loans earn more interest income than investments in securities.) Median loan growth for all reporting banks sits at 1.9% in Q4 compared to 1.4% in Q3. This number surprised to the upside as well.

Stronger than expected margins this quarter are as we hoped/thought they would be. With the Fed signaling it "will be patient" as it considers further rate hikes, there is far less focus and worry on *deposit betas* at this time. As previously emphasized, our banks tend to have more "core funding", i.e. non-interest bearing deposits, and as the Fed Funds rate has increased, this has resulted in higher yields on loans allowing for margins to expand. In other words, *earning asset betas* are increasing much more than deposit betas and have contributed to rising NIM's.

Other Key Metrics: In addition to NIM, the other key metrics we routinely present, (which outline the strong performance of our banks) remain the same as in past Newsletters. YOY pre-tax, pre-provision earnings (the best and most conservative earnings metric we can present given the change in the tax law which would inflate YOY *after-tax* comparisons) are up a very robust 43%. Additionally, outstanding loan quality – as measured by already historic low levels of non-performing assets to total asset – was virtually flat at 0.62%; and tangible capital levels all point to the successful and excellent results for our banks. Frustratingly, in spite of this relative outperformance compared to many other banks, our specific holdings were being treated similar to the sector (and market) as a whole during Q4 and experienced declines in their stock price. (As the ole saying goes, 'the baby was being thrown out with the bath water'.) Yet book value continued to increase, dividends were being upped by many of our banks, and overall long-term value was being created. The oversold situation our banks were in has begun to correct itself and prices are up ~10% so far this year.

Buffet: In last quarter's letter we highlighted that Mr. Buffet recently purchased $4 billion of JP Morgan's common stock. He has *continued* to expand his portfolio of bank stocks. Berkshire Hathaway now has over $80 billion invested in bank stocks representing 40% of its public stock portfolio. I'm not recommending that you allocate that percentage of your portfolio to bank stocks, but I hope it is a great comfort to you that Mr. Buffet has.

We hope this information is helpful and comforting to you. As always, if you have any questions or comments, we welcome your call to us at 574-243-6501. Our emails: john@rosenthalpartners.net or adam@rosenthalpartners.net Sincerely, John and Adam

Meta Financial Corporation (ticker: "CASH") – our Bank Profile of the Quarter for Fund 2:

By: John W. Rosenthal, Chief Executive Officer, John W. Rosenthal Capital Management, Inc.

This is a very important update on one of our most significant holdings in Fund 2. Many of you may recall that Tyler Haahr from Meta was our guest speaker at the 2016 Annual Investor Meeting. He provided a comprehensive overview of their unique and somewhat complex business model. Meta Bank is *not* your typical community bank. The summary below highlights why we still like this bank as a *long-term investment* and are confident it will produce excellent returns over time. As you know, we are principally *investors*, (not traders). As such, our portfolio decisions are not simply driven by quarterly profit swings. In this case, we believe that the future profitability of CASH will be greatly enhanced by the up-front expenses/investments made last year in order to support and foster even greater growth in the future.

Meta's stock price performance in 2018 was very poor – declining 37%. This contributed to the overall performance of Fund 2 in 2018, which was down 18% (the same as our primary benchmark). There are explainable reasons for Meta's price drop. As noted above, we remain very bullish about this stock! And, we are not the only fans of this company. It is rated as a "Strong Buy – 1" by Raymond James, with a target price of $35 per share (currently $24.03); and a "Buy" from Sandler O'Neil with a target price of $28. Thankfully, shares of CASH have begun rebounding in 2019 and are up 24% YTD.

So, why did CASH decline so much in 2018? In short, Meta made several important and strategic investments in their future. These outlays (both current expenses and capital expenditures) impacted earnings in the short-run. They took the form of various acquisitions, as well as hiring extremely skilled and talented specialists (predominantly highly compensated people) to support future growth in their distinctive, niche-oriented product lines. Plus, virtually all stocks were down in Q4 and they followed the macro-trend in the market as a whole.

CASH, founded in 1954 as a traditional community bank, has evolved into a diversified financial services company operating in several different sectors: *community banking, national lending, payment services, and tax services*. The organization is helping to shape the evolving financial services landscape by directly investing in innovation and acquiring complementary businesses that strategically expand their suite of product and service offerings. ***Community Banking*** serves the traditional banking needs of consumers and businesses located throughout their 10 branch system in western Iowa and South Dakota. Meta's ***National Lending*** initiatives create a broad geographical footprint in diversified channels such as business-to-business working capital solutions, commercial insurance premium financing, SBA lending, tax advance lending and other consumer finance solutions. Key to understanding the future earnings growth potential for their niche businesses (which blend so well) is to appreciate that this national lending division provides an outlet to deploy very low-cost deposits generated from its prepaid card business at much higher yields than other investment alternatives – such as U.S. treasuries or municipal bonds.

Meta is one of the founders of the ***Prepaid Industry*** and sponsors nearly half of all retail or non-bank ATMs in the United States. Moreover, CASH continues to be an industry leader in the payments field and consistently ranks as one of the top prepaid card issuers in the nation. In addition to their growing number of partner relationships, they tackle industry issues by providing significant compliance and regulatory guidance to governing entities. Simply stated, the barriers to entry into this business are significant and the market-leading position of Meta makes their company *highly valuable* to companies who would like to enter this niche via acquisition. They're worth a fortune to an acquirer.

While the company only officially entered the ***Tax Services*** space in 2014, they've already shown themselves to be a major contender in this segment of the industry with key acquisitions to position them for scalable growth. Meta's tax services division offers interest-free refund advance loans, tax refund-transfer solutions and provides a new distribution channel for their existing prepaid products and other services. Again, synergies abound between all these individual but cohesive business lines.

Last year, Meta acquired Crestmark Bancorp, Inc. This truly transformational acquisition provides them with a nationwide commercial lending platform as well as an immediate pipeline to provide financing to borrowers for insurance premium loans. Buying Crestmark was immediately accretive to 2018 earnings per share (excluding one-time merger-related costs), and is expected to be approximately 10% EPS additive for fiscal year 2019. The tangible book value earn-back period is estimated by the company to be approximately 2.2 years. This would be fairly quick by industry standards. To drive home the value and importance of this deal, note the following: gross loans grew 100% from the previous year-end; net interest income also increased 100%; net interest margin exploded from 2.76% to 4.60% – all while maintaining a non-performing asset ratio of 0.73% (anything under 1% is considered excellent). Furthermore, non-interest income (i.e. fees) popped by 29%. All these facts caused Meta to rank 24th on Fortune's 100 Fastest Growing Companies List. Their outstanding revenue growth is yet another reason we remain enamored of this company.

Of significance, late last year after closing the Crestmark deal, Tyler Haahr announced his retirement from Meta. There were and are *no* issues of any kind surrounding his stepping down. As you know, I greatly respect and admire Tyler. He has been the visionary, architect, and builder this company. But, his complete and tireless dedication to CASH has come at a high personal cost. He has spent 6 of 12 months on the road for the past 20 years. While home, he has routinely worked 12-14 hour days. With all the talent they've acquired through the acquisitions he's engineered, Tyler has decided to shift gears and focus on his family. His colleagues will now *operate* what Tyler has built.

I flew to South Dakota to meet with Tyler and the entire senior management team of CASH after his announcement. Our confidence in the team to reap what has been sown by Tyler is very high. (Worth noting, Tyler plans to retain ALL of his stock in CASH.) Brad Hanson, the new CEO, has been Tyler's right-hand man and partner for many years. It is clear Brad intends to slow down (stop for the foreseeable future) the *building* process and focus on *operations* and driving profits higher. Executing upon all the available synergies is job #1. We believe that Brad's talents and personality are perfectly suited for maximizing operational efficiencies of the existing platform.

The company has provided current fiscal year EPS guidance in the range of $2.30 - $2.70 and next year's EPS guidance of between $3.10 - $3.80 per share. Using the low end of that range and applying a normal bank P/E ratio of 13.5X, would result in a $41.85 per share price over time – a ~75% jump from today's price. Of course, there are no guarantees that the company will achieve that level of profitability or that the multiple will be 13.5X. But, regardless, I hope you can see why we remain so bullish about this company as a long-term investment in Fund 2. While this stock was a bit of a drag on overall 2018 portfolio performance – we believe it will ***kick-start*** the results of Fund 2 in future years. Repeating our conclusion: this is a long-term *investment* which we believe will produce superior returns over time.

Fund 2 Q4 2018 Recap

Ticker	Quarterly Record Pre-Prov. EPS?	Total Assets ($bils)	Pre-Provision EPS (1) 4Q '18	% Change from 3Q '18	% Change from 4Q '17	Tangible CE / Tangible 4Q '18	Tangible CE / Tangible 4Q '17	Net Interest Margin 4Q '18	Net Interest Margin 4Q '17	NPAs + Loans 90+ Days PD / Assets 4Q '18	NPAs + Loans 90+ Days PD / Assets 4Q '17	Reserves / Total Loans 4Q '18	Reserves / Total Loans 4Q '17	Beta vs. S&P 500	Beta vs. SNL Bank
A		$3.8	$4.30	-8%	42%	13.5%	13.6%	3.67%	3.58%	0.89%	0.87%	0.98%	0.97%	0.12	0.03
B		$6.3	$0.99	4%	55%	10.9%	10.9%	3.82%	3.64%	0.79%	0.54%	2.07%	2.09%	0.92	0.82
C		$1.9	$0.62	-1%	8%	9.2%	8.8%	3.20%	3.23%	0.95%	0.55%	0.97%	1.23%	0.48	0.37
D		$38.0	$1.68	-11%	38%	8.8%	9.5%	3.40%	2.95%	0.46%	0.64%	0.95%	1.33%	1.03	0.97
E		$3.8	$0.69	-4%	13%	11.8%	9.7%	4.23%	4.19%	0.38%	0.41%	0.57%	0.49%	0.65	0.59
F		$5.2	$1.51	7%	NA	5.8%	5.4%	2.15%	2.28%	0.12%	0.09%	1.25%	1.21%	0.46	0.41
G		$0.8	$0.54	12%	40%	7.1%	7.5%	3.72%	3.63%	0.01%	0.01%	1.19%	1.06%	-0.04	-0.01
H	Yes	$5.5	$0.60	4%	16%	8.8%	8.4%	3.29%	3.52%	1.13%	1.62%	0.77%	0.76%	1.01	0.92
I		$3.0	$0.75	-1%	26%	8.4%	8.0%	4.03%	4.05%	0.97%	0.94%	1.42%	1.45%	0.74	0.60
J		$4.1	$0.72	-4%	36%	7.7%	8.4%	3.73%	3.88%	0.97%	1.52%	0.44%	0.40%	0.62	0.55
K		$7.7	$0.56	-6%	15%	9.4%	8.3%	3.40%	3.71%	0.59%	0.49%	0.91%	0.95%	0.85	0.80
L		$2.0	$0.32	-43%	-39%	8.6%	8.9%	3.69%	3.63%	1.70%	1.55%	1.26%	1.25%	0.50	0.50
M		$5.8	$0.35	-6%	23%	8.0%	8.0%	3.05%	2.97%	0.25%	0.37%	0.40%	0.48%	0.73	0.65
N		$4.2	$0.35	0%	33%	8.8%	8.5%	3.55%	3.78%	0.41%	0.44%	0.59%	0.58%	0.70	0.68
O		$9.8	$1.20	-6%	22%	9.2%	8.4%	4.03%	4.05%	0.15%	0.26%	0.57%	0.61%	1.15	1.10
P	Yes	$3.4	$0.68	11%	33%	9.7%	9.6%	4.00%	3.79%	0.72%	0.47%	0.81%	0.76%	0.91	0.80
Q		$6.2	$0.45	10%	58%	6.8%	5.5%	4.64%	2.79%	0.78%	0.64%	0.63%	0.59%	0.77	1.10
R	Yes	$3.3	$0.82	22%	30%	8.8%	8.4%	3.62%	3.80%	0.79%	0.81%	1.22%	1.23%	0.81	0.66
S	Yes	$1.1	$0.44	6%	35%	8.7%	8.4%	3.96%	4.00%	0.08%	0.15%	1.23%	1.24%	0.40	0.21
T		$2.8	$0.04	-10%	938%	8.5%	9.6%	3.12%	3.19%	0.83%	1.28%	0.59%	0.71%	0.92	0.74
U		$8.2	$0.83	-8%	32%	9.0%	8.9%	3.60%	3.59%	0.46%	0.58%	0.81%	1.05%	0.87	0.81
V		$1.8	$0.50	-1%	111%	8.8%	9.4%	3.24%	3.48%	1.40%	0.94%	0.60%	0.89%	0.38	0.27
W		$11.2	$0.52	-3%	42%	9.7%	10.0%	3.58%	3.43%	0.41%	0.62%	0.63%	0.72%	0.93	0.83
X		$0.6	$0.24	-8%	19%	8.5%	9.6%	3.78%	3.87%	0.38%	0.42%	0.50%	0.58%	0.20	0.07
Y	Yes	$1.6	$0.58	8%	37%	8.6%	8.0%	4.05%	3.94%	0.49%	0.29%	1.19%	1.16%	0.54	0.37
Z	Yes	$4.7	$0.71	8%	34%	10.3%	9.4%	4.49%	4.37%	0.86%	1.10%	0.71%	1.04%	0.90	0.75
Wtg. Avg.		**$6.0**		**1%**	**43%**	**8.6%**	**8.4%**	**3.62%**	**3.52%**	**0.62%**	**0.65%**	**0.93%**	**0.97%**	**0.72**	**0.66**

Note: For certain performance metrics, if data was not available, consolidated and/or bank regulatory data may have been used.
(1) Pre-Provision EPS = Pre-provision net revenue per share assuming a 35 percent tax rate and based on average diluted shares outstanding.
Pre-Provision Net Revenue = Net Interest Income + Noninterest Income - Noninterest Expense.

Legend: Our color coded legend above gives an overview of GREAT, GOOD and BELOW PAR – but oftentimes does not tell the whole story. We do NOT adjust earnings for one-time events such as acquisition costs. So, a "red" in one quarter may end up being a bit misleading. Furthermore, given the lines of business for certain of our banks, there is some seasonality to income; which makes quarterly comparisons difficult. Green is outstanding and represents banks which have posted EPS increases of more than 5%, whose net interest margin is up and whose non-performing loans are down. Yellow is good and represents banks which have posted EPS gains within a range, up or down, of 4.9%. Red represents banks which have posted EPS declines of greater than 5%, had a decrease in their net interest margin or an increase in non-performing loans.

Finally, as always, past performance may not be indicative of future results. Therefore, no current or prospective client should assume that the future performance of any specific investment, investment strategy (including the investments and/or investment strategies recommended by the advisor), will be profitable or equal to past performance levels.

*As highlighted in the previous Bank Performance Newsletters, we've had to modify how to best and most clearly present comparative quarterly and year-over-year earnings data. Our goal is to put forth the most precise and accurate assessment of how our banks have done. We are again presenting earnings data on an "adjusted basis". Why? Well, it tells the most complete and correct story. With the new lower tax rates now in effect, comparisons to the year ago period would be dramatically (albeit positively) skewed to a much higher level of EPS. So, we've "normalized" earnings using a standard industry approach which adds net interest income and non-interest income; subtracts non-interest expenses and then taxes the resulting net revenue with an implied 35% tax rate. This approach neutralizes the tax rate differences between this year and last year. We've done this across the board and for all comparable periods – thereby making comparisons meaningful and relevant.