



First Bank
COVID-19 Updates

April 27, 2020

FIRST BANK
Personal Bankers. Real Relationships.

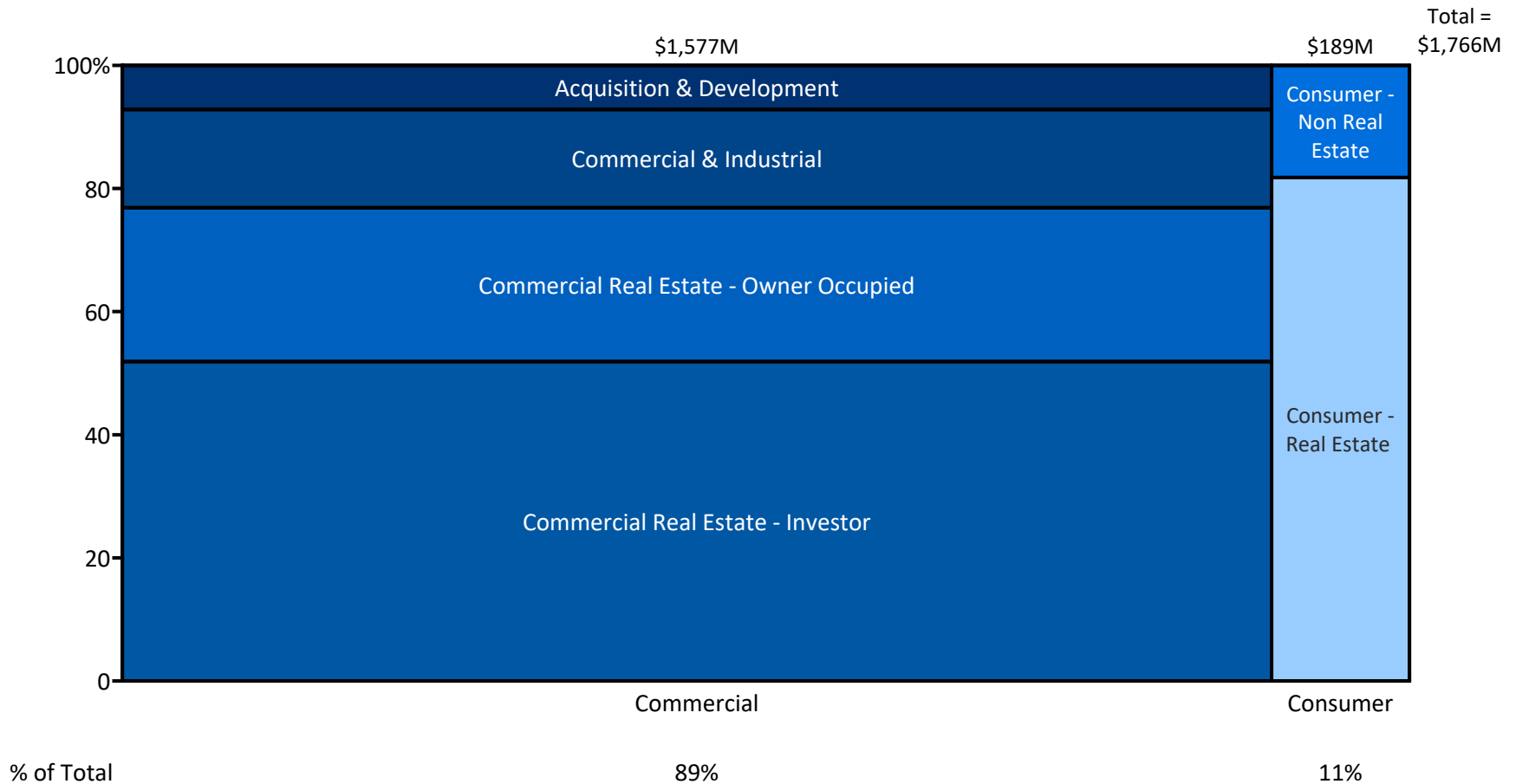
Safe Harbor Statement

This presentation contains forward looking statements that are subject to risks and uncertainties that could cause the company's actual results to differ materially from those anticipated. These forward looking statements include, but are not limited to, statements regarding the company's anticipated growth rates, performance and profitability. Many factors may cause our actual results to differ from those forecast in these forward looking statements. These factors include those listed under Item 1A – Risk Factors in our annual report on Form 10-K for the period ending December 31, 2019, the general state of the economy, the direction and timing of changes in interest rates, changes in laws or regulatory policies, our ability to attract and retain customers in a new market, our ability to integrate new technology into operations, and many other factors, many of which are completely out of our control.

Agenda

- Loan portfolio – Segmentation and ALLL
- Community support
- Liquidity and Capital Management
- Operational Update

First Bank is a commercially focused, community bank



Notes: Consumer real estate includes residential mortgage loans, home equity lines and term loans, and a very small (under \$2 million) manufactured housing portfolio. Loan balances in this presentation do not include certain business combination accounting fair value adjustments, deferred fees or costs and deposit overdrafts that are reclassified to loans for financial statement presentation, therefore, certain loan balances in this presentation may be slightly different than the balances reported on our financial statements. See the reconciliation of these items in the appendix to this presentation.



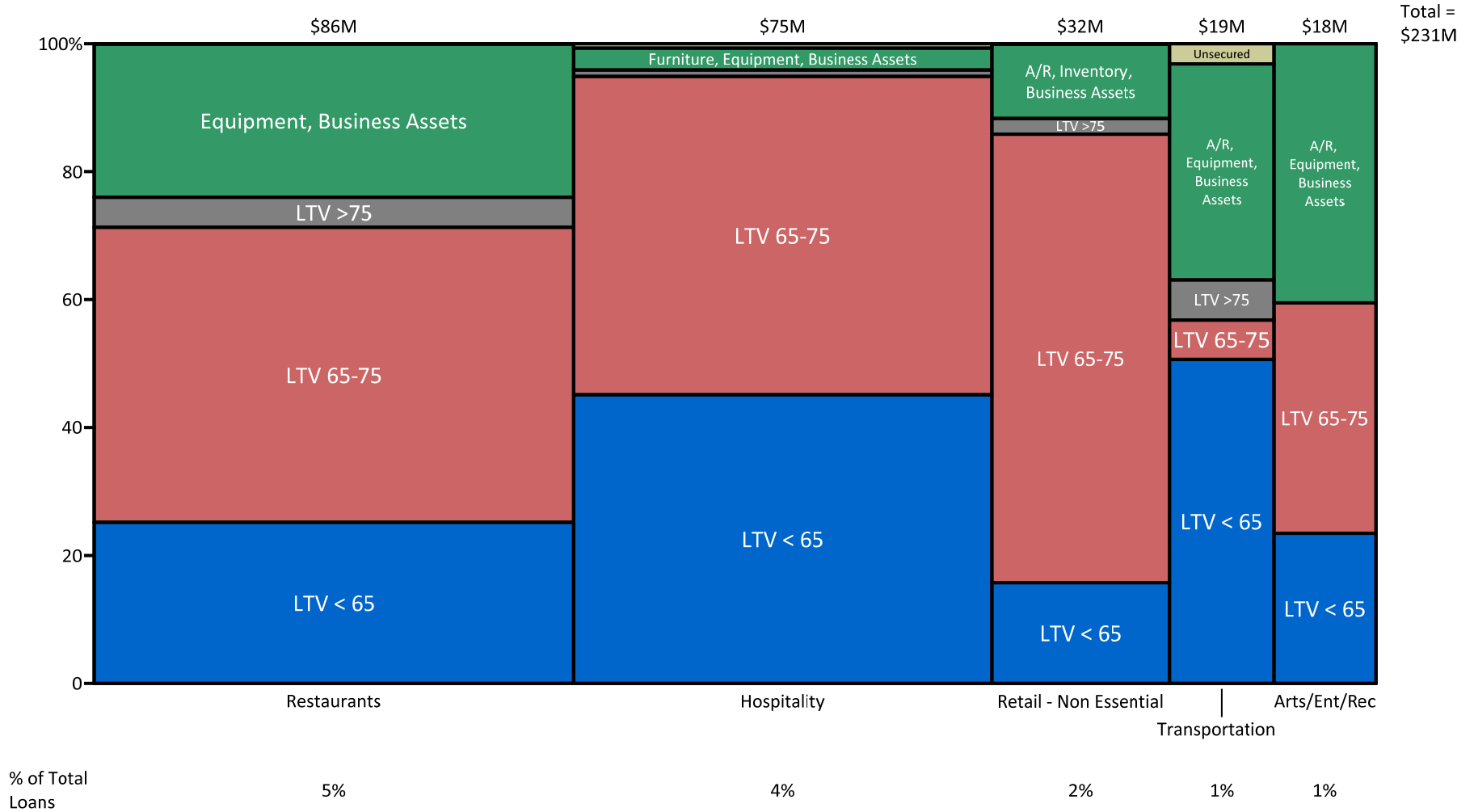
The loan portfolio is well diversified by industry and by asset class

Industries and Loan Types By Balance	% of Total Risk-Based Capital						% of Total Risk-Based Capital	% of All Loans
	329.6%	158.7%	101.3%	45.5%	76.1%	711.3%		
	Commercial Real Estate - Investor	Commercial Real Estate - Owner Occupied	Commercial & Industrial	Acquisition & Development	Consumer	Grand Total		
Consumer - RE Secured					153,461,209	153,461,209	61.8%	8.7%
Industrial & Warehouse	133,886,311	5,303,225		6,605,158		145,794,694	58.7%	8.3%
Multi-Family	118,553,741	4,148,507		11,268,215		133,970,464	54.0%	7.6%
Office	94,069,707	480,000		17,623,766		112,173,473	45.2%	6.4%
Restaurants	11,219,215	49,211,291	19,698,711	6,196,295		86,325,512	34.8%	4.9%
Mixed Use	65,201,607	15,150,483	190,605	834,698		81,377,393	32.8%	4.6%
Hospitality	64,523,915	5,721,831	4,571,139	503,617		75,320,503	30.3%	4.3%
Retail - Other Consumer Goods & Services	50,585,301	15,789,682	4,612,420			70,987,403	28.6%	4.0%
Manufacturing		33,263,401	32,764,564			66,027,965	26.6%	3.7%
Medical	25,289,772	25,772,096	10,716,121			61,777,989	24.9%	3.5%
Construction	22,052	15,753,088	29,026,325	9,433,000		54,234,465	21.8%	3.1%
Other Services, Except Public Admin		40,627,266	9,465,663	-		50,092,929	20.2%	2.8%
Retail - Diversified	30,566,782	791,003	204,162	17,207,768		48,769,715	19.6%	2.8%
Wholesale Trade		20,319,436	22,393,514	1,549,685		44,262,635	17.8%	2.5%
All Other	35,387,246	656,344	6,566,292	605,000		43,214,882	17.4%	2.4%
Professional, Scientific, Tech		10,503,000	31,831,909	155,000		42,489,909	17.1%	2.4%
Real Estate, Rental and Leasing		19,359,448	14,480,498	4,527,500		38,367,446	15.5%	2.2%
Lessors of Nonresidential Buildings (except Miniwarehouses)	33,734,888	156,918		4,169,624		38,061,429	15.3%	2.2%
Retail - Food & Beverages Stores	18,425,504	15,612,338	3,200,789			37,238,631	15.0%	2.1%
Retail - Pharmacy	31,238,184	5,692,963				36,931,148	14.9%	2.1%
Consumer - Non RE Secured					35,481,606	35,481,606	14.3%	2.0%
Lessors of Other Real Estate Property	20,889,198			13,720,000		34,609,198	13.9%	2.0%
Finance and Insurance		7,391,093	10,860,227	15,000,000		33,251,319	13.4%	1.9%
Retail - Car Dealers	10,148,567	14,643,202	7,461,692			32,253,461	13.0%	1.8%
Retail - General Merchandise	15,820,861	11,592,393	10,000	1,950,594		29,373,848	11.8%	1.7%
Retail - Auto Parts & Service	18,400,511			1,346,395		19,746,906	8.0%	1.1%
Administrative and Support		8,920,138	10,274,888	91,400		19,286,427	7.8%	1.1%
Transportation		12,737,230	6,068,371			18,805,600	7.6%	1.1%
Arts, Entertainment, and Recreation		16,193,746	2,166,762			18,360,508	7.4%	1.0%
De Minimis Industry Exposure	1,482,772	10,377,172	3,773,975	254,715		15,888,634	6.4%	0.9%
Assisted Living	14,000,000					14,000,000	5.6%	0.8%
Educational Services		11,387,449	2,307,554			13,695,003	5.5%	0.8%
Retail - Finance & Insurance	12,842,374					12,842,374	5.2%	0.7%
Retail - Gas Stations	583,816	10,902,932	1,326,399	-		12,813,146	5.2%	0.7%
Equipment Rental and Leasing		1,124,347	9,606,013			10,730,360	4.3%	0.6%
Retail - Building Materials	4,219,234	4,259,905	1,196,546			9,675,685	3.9%	0.5%
Retail - Educational Services	7,057,926					7,057,926	2.8%	0.4%
Telecommunications		192,506	6,713,348			6,905,854	2.8%	0.4%
Grand Total	818,149,485	394,034,432	251,488,487	113,042,431	188,942,815	1,765,657,650	711.3%	100.0%

Note: Loan balances in this presentation do not include certain business combination accounting fair value adjustments, deferred fees or costs and deposit overdrafts that are reclassified to loans for financial statement presentation, therefore, certain loan balances in this presentation may be slightly different than the balances reported on our financial statements. See the reconciliation of these items in the appendix to this presentation.

Within the potentially higher risk categories, the largest segments have strong RE collateral

Potentially Higher Risk Industries by Type of Collateral



Notes: Restaurants include fast-food, fast-casual, full and limited-service locations (independents and chains), caterers, and other food service contractors. Hospitality includes major flags, extended stay, and other formats. First Bank does not have any luxury/resort hospitality exposure. Retail – Non Essential includes CREO and C&I loans to companies with NAICS codes that match other consumer goods and services, and general merchandise.

First Bank has little direct exposure to several industries expected to be hardest hit

- Industries with limited or no direct loan exposure
 - Oil and Gas / Energy
 - Credit Cards
 - Airlines
 - Cruise ships
 - Movie theatres
 - Casinos
 - Large shopping malls
 - Leveraged loans

ALLL discussion

- Increased our ALLL in Q1 based upon a qualitative assessment of deteriorating economic conditions due to COVID-19; historical asset quality metrics improved during the quarter
 - NPAs/Assets went from 1.20% at 12/31/19 to 0.72% at 3/31/20
 - Total delinquencies/total loans declined from 1.69% at 12/31/19 to 1.62% at 3/31/20
 - Provision in Q1 was approximately 3.0x the average provision from the prior four quarters
- ALLL/Total loans of 1.11% as of March 31, 2020, up 11% from year end
- ALLL as a percentage of performing, non-acquired loans equals 1.30%, a 13% increase from year end
- Not included in the ALLL or capital is a \$5.3 million general credit mark against \$291 million in performing acquired loans, which equals 1.83% of that pool of loans

Agenda

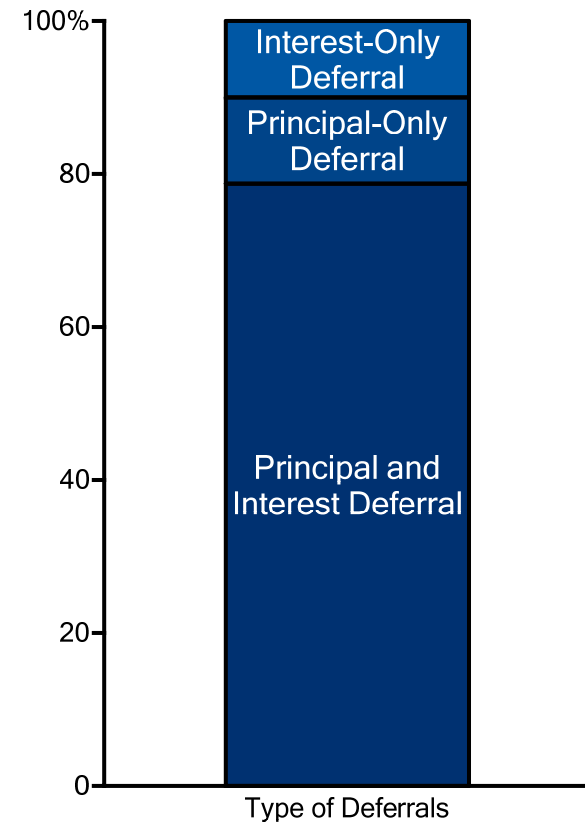
- Loan portfolio – Segmentation and ALLL
- Community support
- Liquidity and Capital Management
- Operational Update

First Bank has been actively supporting the community during this crisis

- Made Charitable Donations to Organizations such as Rescue Mission, NJ Bankers & West Chester University Aid
- Created a Coronavirus Resource Page that provides COVID-19 related support and resources (located within First Bank's Website)
- Delivered relief quickly and efficiently to small businesses through the Paycheck Protection Program. Over 600 applications were processed
- Assisted small business and personal lending customers with fee waivers, appropriate accommodations and payment deferrals
- Supported local chambers and business/industry associations with PPP loan processing and accepted referrals from them for small businesses in need of help with PPP loan processing

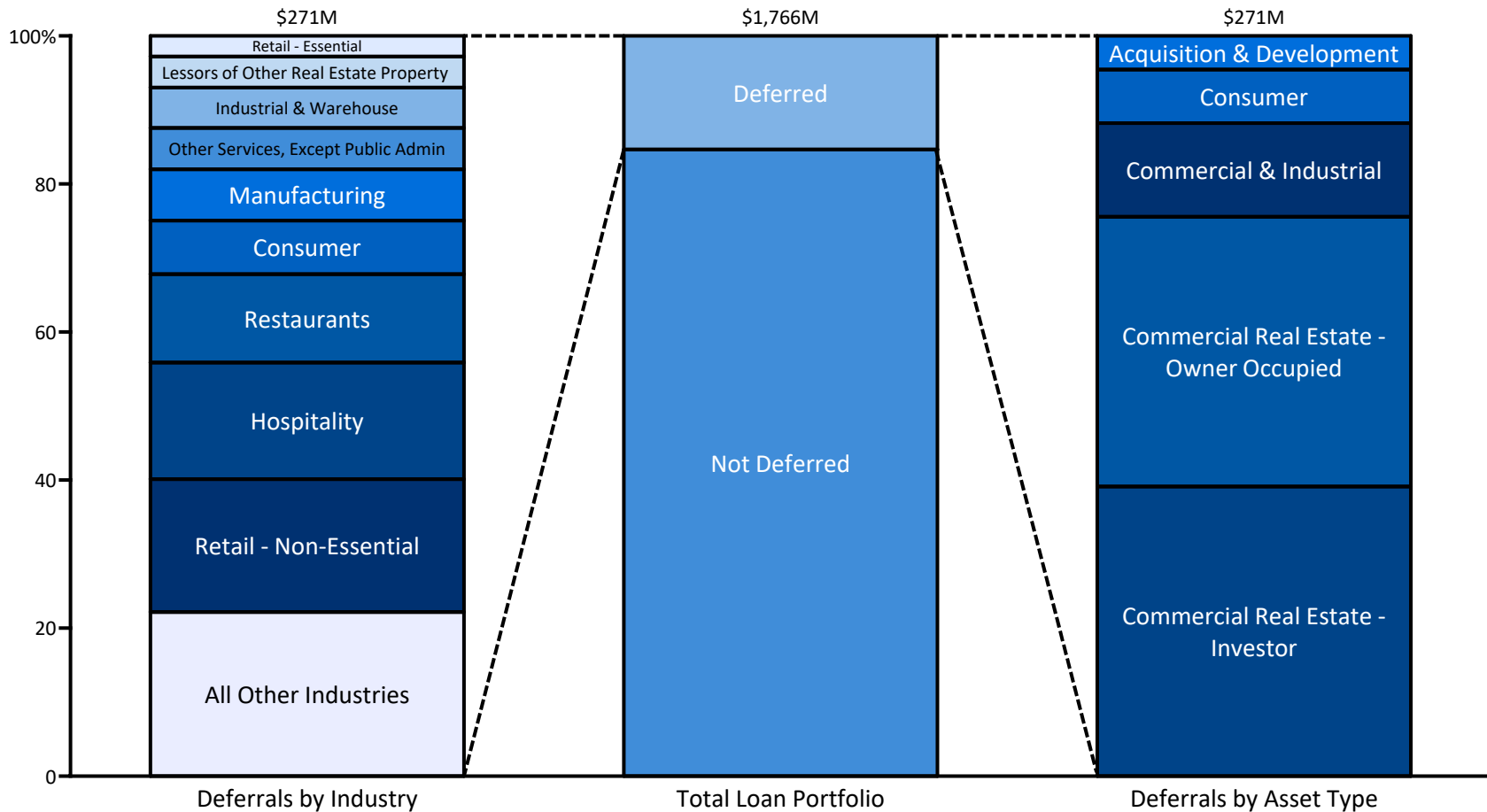
As appropriate, First Bank has been working with customers to provide short term payment relief

- Processed and booked loan deferrals with an outstanding balance of \$271 million as of April 20. Segment data on following slides is based upon the processed/booked pool
- Almost all deferrals have been for 90 days; additional 90 day deferrals may be granted depending upon the circumstances
- Per regulatory guidance, deferred loans continue to accrue interest
- Yield on deferred loans may be slightly lower depending on the nature of the modification but are not expected to have a material impact due to the short-term nature of the deferrals
- While deferral requests have slowed, we expect the number of booked deferrals will move higher in Q2. Additional information will be provided when we release our 10Q in mid May.



Deferral requests have not been isolated to a specific asset class or industry

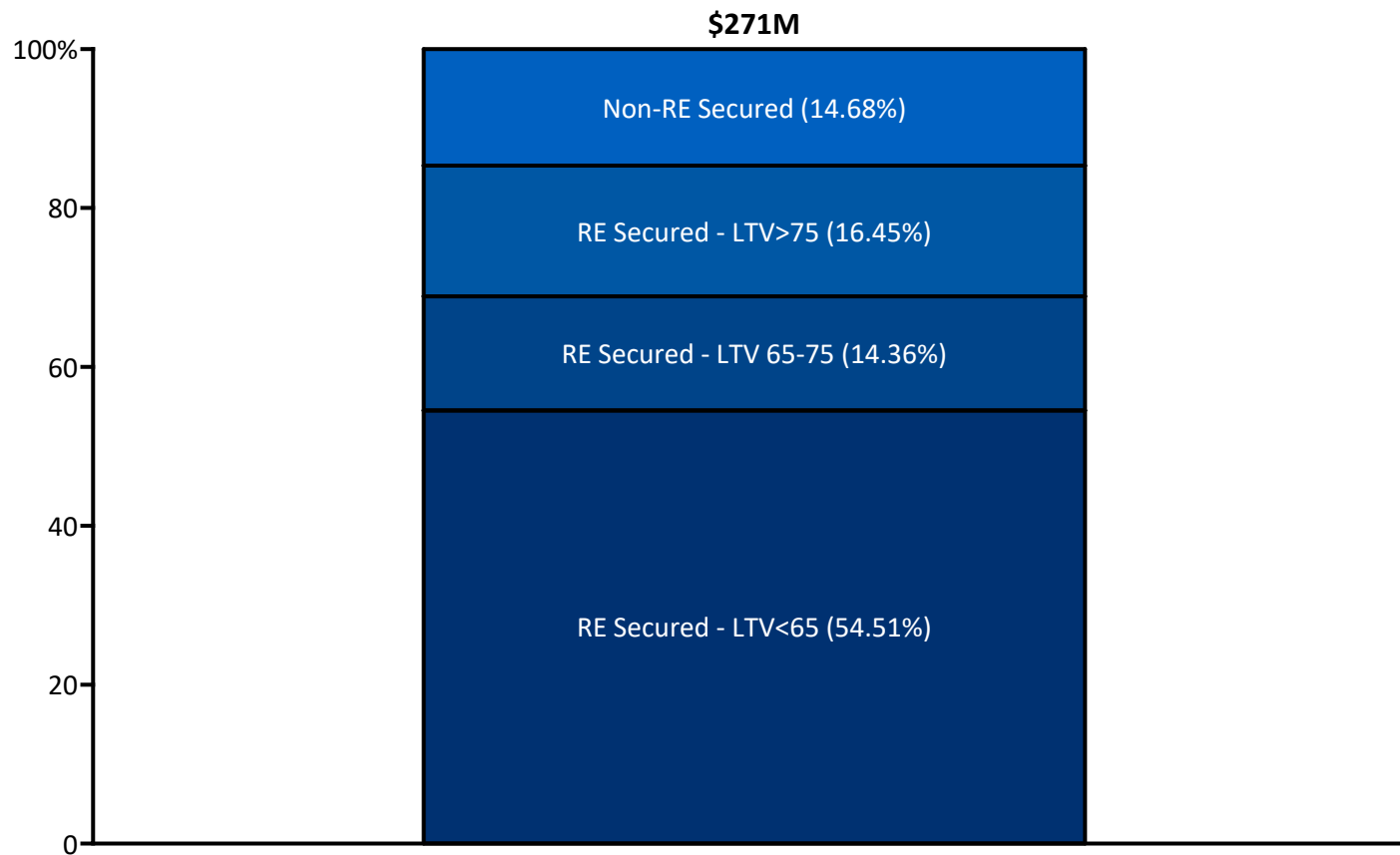
Loan Deferrals by Asset Type and Industry



Note: Based on Deferrals processed and booked as of 4/20/2020

The majority of all deferred loans are secured by real estate with LTVs under 75%

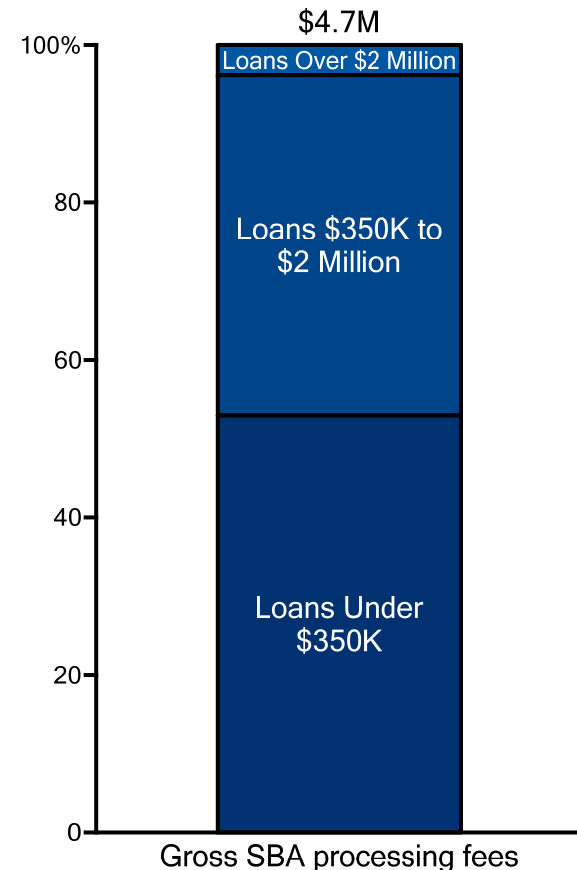
Deferred Loans by Type and Value of Collateral



Note: Based on Deferrals processed and booked as of 4/20/2020, using the loan outstanding balance as of 3/31/2020.

Our team stepped up to become very active SBA PPP lenders

- Submitted and received SBA approval for 577 loans totaling \$135 million. All loans have been closed and funded
- Over 90% success rate getting round 1 applications processed and approved
- Estimated gross fee income of \$4.7 million. Weighted average fee is 3.5%
- Prepared for round 2, we have 350 loans totaling \$45 million in queue to begin processing
- Success in PPP process is leading to significant new commercial business opportunities



Agenda

- Loan portfolio – Segmentation and ALLL
- Community support
- Liquidity and Capital Management
- Operational Update

We have performed a variety of stress tests – each showing an ability to withstand downside scenarios

- Worked with the capital stress test group from The Invictus Group to perform a pandemic stress test with additional shocks, on top of the regular CCAR/DFAST loss assumptions
 - Invictus results showed that our existing capital, reserves and future pre-provision earnings can absorb additional losses and remain well capitalized
 - Leverage ratio, Tier 1 ratio, and Common Equity Tier 1 ratio all remain above 10%
 - Total RBC ratio of 12.7%
- Created an internal stress test models that looked at loss rates even higher than the ones used in the Invictus COVID-19 stress scenario
 - Tier 1 Capital and TCE ratio stayed above 7.5% and Total RBC ratio stayed above 10% with minimal balance sheet shrinkage and no reduction in our regular dividend
- Additional capital stress test performed by independent investment banking firm showed similar results
 - First Bank capital ratios compared favorably to many of the local peers used in the comparative analysis based upon a consistent set of assumptions

Notes: the Invictus pandemic stress test looked at a static (no growth) balance sheet as of December 31, 2019, with losses incurred over a two-year period.

Liquidity levels remain strong

- **Deposit growth** has been solid, despite moving rates lower on two different occasions: \$85 million in deposit growth in Q1 compared to \$34 million in loan growth; Commercial deposits increased to 33% of total
- **Activity on commercial lines** of credit has been pretty consistent, moving from 62% usage at 9/30/19, to 53% at 12/31/19, and back up to 59% at 3/31/20
- **Ample borrowing capacity:** we have over \$130 million in FHLB borrowing capacity, another \$35 million in borrowing facilities from our correspondent banking relationships, access to brokered and internet deposits (we are well below our policy limits on both sources) and access to the Fed's PPPLF borrowing facility
- **Liquidity stress tests** and contingency funding analysis show sufficient liquidity, even in severely stressed scenarios

Agenda

- Loan portfolio – Segmentation and ALLL
- Community support
- Liquidity and Capital Management
- Operational Update

Operational updates

- Well executed pandemic response plan
- Moved from 50% of back office staff (non-branch) with work-from-home (WFH) capability to over 90% in a matter of days
- Currently operating effectively with over 95% of back office staff WFH
- Employees were surveyed to gather feedback regarding their experience so that meaningful adjustments can be made to improve WFH conditions
- Branches are open and meeting customer needs: only 2 locations closed. Open branches operate by appointment only or drive-thru and in compliance with all NJ & PA applicable executive orders
- Electronic banking options and “wire room” operating effectively
- Risk management and dual control procedures remain in place

Providing support to our employees

- Branch Employee Recognition Program: Bonus PTO day per pay period awarded to all employees who cannot work from home. No disruption to normal full time pay despite reduction in hours
- Took several actions to protect and support employees working in our offices: electrostatic sanitizing, placed hand sanitizers, disposable wipes and masks in all locations
- Frequent management communication via email and/or postings in the Intranet to keep the employees up-to-date with all operational updates, training, resources and education regarding COVID-19
- Frequent Town Hall Meetings via webinar offering the opportunity for our employees to ask questions and raise concerns
- Multiple Web Meeting Events in an effort to keep remote employees engaged
- Special COVID-19 Benefits Enrollment handled via online process

Appendix

Total Loans Reconciliation

	<u>\$ in thousands</u>
Total Loans per this presentation	\$ 1,765,658
Business Combination Fair Value adjustments*	(4,784)
Deposit Overdrafts re-classified to loans	169
Loan unposted/suspense amounts	(6)
Unearned Loan Fees/Discounts	(2,673)
Total Loans per the Statement of Financial Condition	<u>\$ 1,758,364</u>

* Includes general credit fair value adjustments on performing loans, credit fair value adjustments on acquired impaired loans and interest rate fair value adjustments on performing loans.

