



## Merger



*March 29, 2017*

# Forward-Looking Statements and additional information

Certain statements contained in this communication may not be based on historical facts and are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements may be identified by reference to a future period(s) or by the use of forward-looking terminology, such as “anticipate,” “estimate,” “expect,” “foresee,” “may,” “might,” “will,” “would,” “could” or “intend,” future or conditional verb tenses, and variations or negatives of such terms. These forward-looking statements include, without limitation, those relating to First Bank’s and Bucks County Bank’s future growth and management’s outlook or expectations for revenue, assets, asset quality, profitability, business prospects, net interest margin, non-interest revenue, allowance for loan losses, the level of credit losses from lending, liquidity levels, capital levels, or other future financial or business performance strategies or expectations.

Readers are cautioned not to place undue reliance on the forward-looking statements contained in this document in that actual results could differ materially from those indicated in such forward-looking statements, due to a variety of factors. In addition to factors previously disclosed in First Bank’s reports filed with the Federal Deposit Insurance Corporation (the “FDIC”) and those identified elsewhere in this document, the following factors among others, could cause actual results to differ materially from forward-looking statements or historical performance: changes in First Bank’s operating or expansion strategy, availability of and costs associated with obtaining adequate and timely sources of liquidity, the ability to maintain credit quality, possible adverse rulings, judgments, settlements and other outcomes of pending litigation, the ability of First Bank and Bucks County Bank to collect amounts due under loan agreements, changes in consumer preferences, effectiveness of First Bank’s interest rate risk management strategies, laws and regulations affecting financial institutions in general or relating to taxes, the effect of pending or future legislation, the ability to obtain regulatory approvals and meet other closing conditions to the Merger, including approval by Bucks County Bank’s and First Bank’s respective shareholders on the expected terms and schedule, delay in closing the Merger, difficulties and delays in integrating the Bucks County Bank business or fully realizing cost savings and other benefits of the Merger, business disruption following the Merger, changes in interest rates and capital markets, inflation, customer acceptance of First Bank’s products and services, customer borrowing, repayment, investment and deposit practices; customer disintermediation; the introduction, withdrawal, success and timing of business initiatives; competitive conditions and other risk factors. Any forward-looking statement speaks only as of the date of this Report, and we undertake no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date of this Report.

Annualized, pro forma, projected and estimated numbers are used for illustrative purpose only, are not forecasts, and may not reflect actual results.

## **Important Additional Information and Where to Find It**

In connection with the proposed Merger, First Bank will file with the FDIC an offering circular that will include a joint proxy statement/prospectus of Bucks County Bank and First Bank and a prospectus of First Bank, as well as other relevant documents concerning the proposed transaction. This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. SHAREHOLDERS OF BUCKS COUNTY BANK AND FIRST BANK ARE URGED TO READ THE OFFERING CIRCULAR AND THE JOINT PROXY STATEMENT/PROSPECTUS REGARDING THE MERGER WHEN IT BECOMES AVAILABLE AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE FDIC BY FIRST BANK, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.

A free copy of the joint proxy statement/prospectus, as well as other filings containing information about First Bank, may be obtained at the FDIC’s Internet site (<https://efr.fdic.gov/fcxweb/efr/index.html>), when they are filed by First Bank. You will also be able to obtain the offering circular which will include the joint proxy statement/prospectus, when it is filed, free of charge, from First Bank at [www.firstbanknj.com](http://www.firstbanknj.com) under the heading “Investor Relations.” Copies of the joint proxy statement/prospectus can also be obtained, when it becomes available, free of charge, by directing a request to First Bank, 2465 Kuser Road, Hamilton, NJ 08690, Attention: Patrick L. Ryan, President and CEO, Telephone: (609) 643-0168 or to Bucks County Bank, 200 S. Main Street, Doylestown, PA 18901, Attention: John Harding, Telephone: (215) 230-7533.

First Bank, Bucks County Bank, and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of First Bank and Bucks County Bank, respectively, in connection with the proposed merger. Information about the directors and executive officers of First Bank, and their respective ownership of First Bank common stock, is set forth in the proxy statement for First Bank’s 2017 annual meeting of shareholders, to be filed with the FDIC on Schedule 14A on or about March 30, 2017. Additional information regarding all of the participants in the solicitation may be obtained by reading the joint proxy statement/prospectus regarding the proposed merger when it becomes available. Free copies of this document may be obtained as described in the preceding paragraph.

# The merger brings strategic and financial benefits to the combined franchise

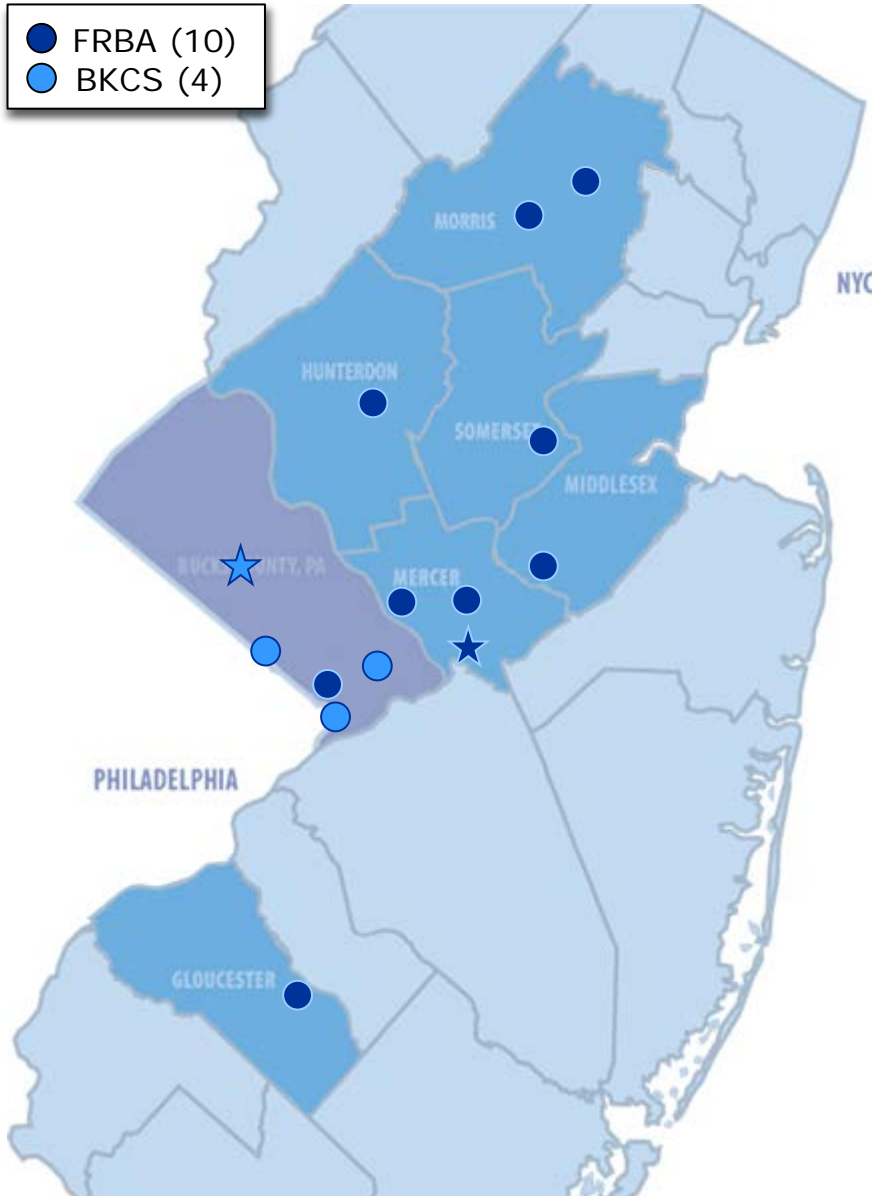
- **Strategic benefits:**

- Enhances FRBA's market presence in eastern Pennsylvania and complements the strong organic growth throughout Central/South NJ and Northern NJ
  - Creates critical mass in attractive Bucks County market
- Low-cost funding base, 24% non-interest bearing deposits
- Loan portfolio diversification (emphasis on Owner Occupied CRE and C&I lending)
- Reduces regulatory CRE concentration

- **Financial benefits:**

- Disciplined pricing
  - Immediate EPS accretion
  - Minimal Tangible Book Value dilution at close
- Earnings benefits from economies of scale and cost savings

# Combined franchise creates added strength in target market with strong demographics



## • Pro Forma FRBA (12/31/2016):

- Total Assets of \$1.3 billion
- Total Loans of \$1.1 billion
- Total Deposits of \$1.0 billion
- Market Capitalization of approximately \$156.1 million<sup>1</sup>
- 14 Branches

## • Bucks County Demographics:

County	2015 Building & Construction Employment (%)	2015 Advanced Manufacturing Employment (%)	Median HH Income 2017 (\$)	Projected HH Income Change 2017-2022 (%)
Bucks	9.4	10.2	83,374	9.96
Aggregate: State of PA	6.6	7.2	56,824	7.28
Aggregate: National			57,462	7.27

(1) Based on FRBA's March 28, 2017 closing price of \$11.30

Source: SNL Financial, Central Pennsylvania Workforce Development Corporation (EMSI, 2016.1)

# Transaction Overview

## Consideration

- \$11.07 per BKCS Share<sup>1</sup>
- Fixed 0.98 exchange ratio
- 100% stock consideration

## Transaction Pricing

- Approximately \$27.2 million deal value<sup>1</sup>
- Price / December 31, 2016 TBV: 124%
- Core Deposit Premium: 5.2%<sup>2</sup>
- 8% accretive to full year 2018 EPS
- Minimal TBV dilution of 1.8% earned back in 3 years

## Board Seat

- Combined bank board will include two directors from Bucks County Bank

## Other Key Pro Forma Assumptions

- Cost savings estimated at 40% of Bucks County Bank's non-interest expense
- 1.25% core deposit intangible amortized Sum-of-the-Years' Digits over 10 years
- Expected Closing: Third Quarter 2017

## Required Approvals

- Customary regulatory approvals
- FRBA shareholder approval
- Bucks County Bank shareholder approval

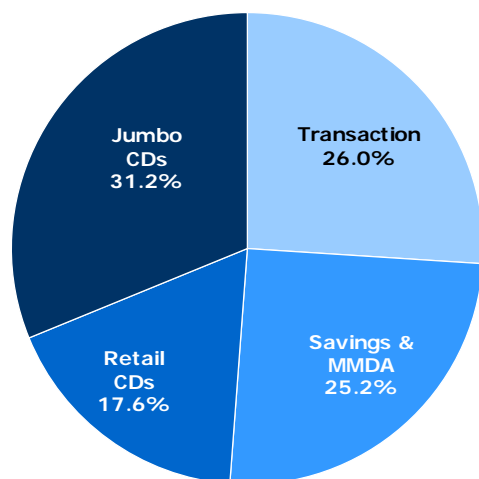
(1) Based on FRBA's March 28, 2017 closing price of \$11.30

(2) Core deposits defined as total deposits less jumbo deposits over \$100k

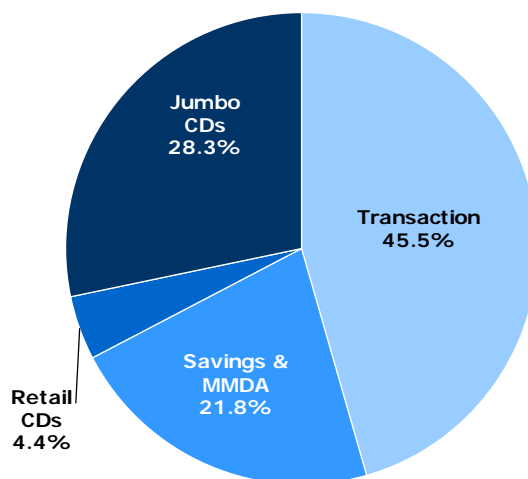
# Bucks County Bank brings quality, low-cost deposits with strong levels of non-interest balances

(Dollar values in thousands)

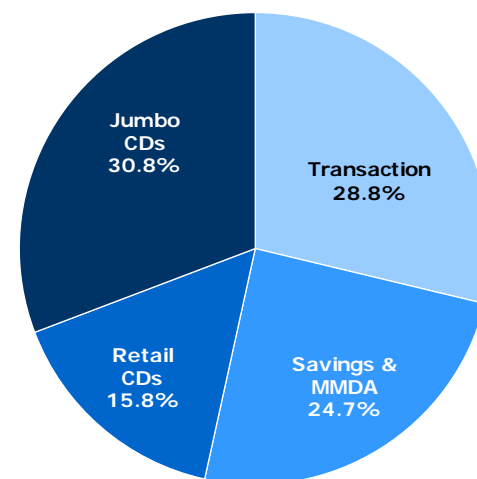
First Bank			Bucks County Bank			Pro Forma Company		
Deposit Type	Balance	% Total	Deposit Type	Balance	% Total	Deposit Type	Balance	% Total
Transaction	\$232,891	26.0%	Transaction	\$66,196	45.5%	Transaction	\$299,087	28.8%
Savings & MMDA	225,193	25.2%	Savings & MMDA	31,662	21.8%	Savings & MMDA	256,855	24.7%
Retail CDs	157,785	17.6%	Retail CDs	6,375	4.4%	Retail CDs	164,160	15.8%
Jumbo CDs	279,065	31.2%	Jumbo CDs	41,095	28.3%	Jumbo CDs	320,160	30.7%
<b>Total</b>	<b>\$894,934</b>		<b>Total</b>	<b>\$145,328</b>		<b>Total</b>	<b>\$1,040,262</b>	
<i>Non-interest Bearing</i>	<i>\$118,569</i>	<i>13.2%</i>	<i>Non-interest Bearing</i>	<i>\$35,088</i>	<i>24.1%</i>	<i>Non-interest Bearing</i>	<i>\$153,657</i>	<i>14.8%</i>



Cost of Deposits: 0.88%



Cost of Deposits: 0.47%

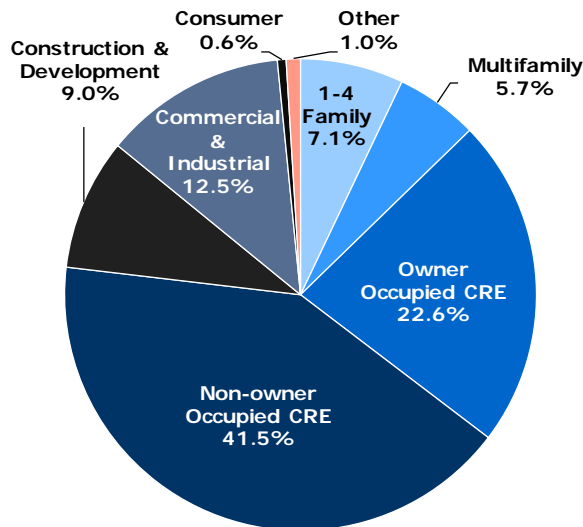


Cost of Deposits: 0.83%

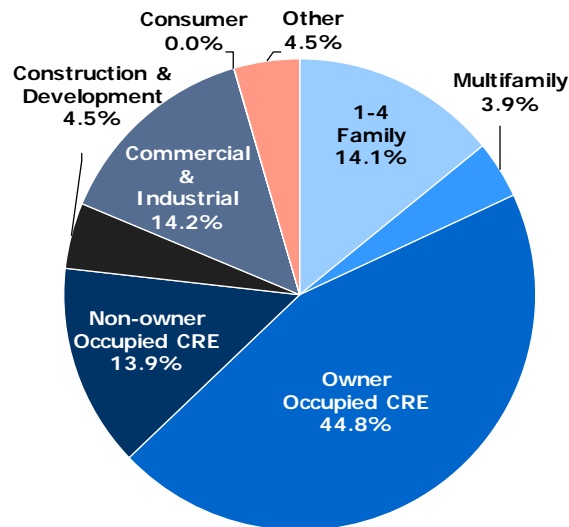
# Pro forma loan composition improves through the addition of C&I and Owner Occupied CRE loans

(Dollar values in thousands)

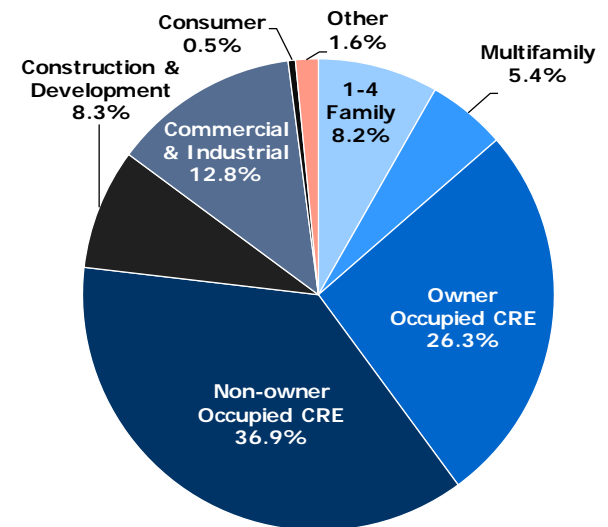
First Bank			Bucks County Bank			Pro Forma Company		
Loan Type	Balance	% Total	Loan Type	Balance	% Total	Loan Type	Balance	% Total
1-4 Family	\$63,532	7.1%	1-4 Family	\$25,227	14.1%	1-4 Family	\$88,759	8.2%
Multifamily	50,826	5.7%	Multifamily	7,040	3.9%	Multifamily	57,866	5.4%
Owner Occupied CRE	203,245	22.6%	Owner Occupied CRE	80,029	44.8%	Owner Occupied CRE	283,274	26.3%
Non-owner Occupied CRE	373,013	41.5%	Non-owner Occupied CRE	24,865	13.9%	Non-owner Occupied CRE	397,878	36.9%
Construction & Development	81,103	9.0%	Construction & Development	8,064	4.5%	Construction & Development	89,167	8.3%
Commercial & Industrial	112,576	12.5%	Commercial & Industrial	25,324	14.2%	Commercial & Industrial	137,900	12.8%
Consumer	5,364	0.6%	Consumer	51	0.0%	Consumer	5,415	0.5%
Other	8,770	1.0%	Other	8,019	4.6%	Other	16,789	1.6%
<b>Total</b>	<b>\$898,429</b>		<b>Total</b>	<b>\$178,619</b>		<b>Total</b>	<b>\$1,077,048</b>	



Yield on Loans: 4.52%



Yield on Loans: 4.93%



Yield on Loans: 4.59%

Note: Other loans have been reduced by \$1.275 million to account for net deferred loan fees and costs  
 Financial data as of or for the quarter ended December 31, 2016, does not include impact of fair value adjustments  
 Source: SNL Financial

# Pro forma regulatory CRE concentrations improve nicely

<i>\$ in thousands</i>	FRBA	BKCS	Pro Forma
1-4 Family Construction	\$10,627	\$7,396	\$18,023
Other Construction	70,476	668	71,144
Total Construction & Land Development	81,103	8,064	89,167
Multifamily	50,826	7,040	57,866
Total Non-owner Occupied Commercial Real Estate	373,013	24,865	397,878
Total CRE Loans for Concentration Measure	504,942	39,969	544,911
Total Capital	119,859	22,995	142,854 <sup>1</sup>
<b>CRE Concentration</b>	<b>421.28%</b>	<b>173.82%</b>	<b>381.45%</b>

(1) Pro forma using December 31, 2016 data and not accounting for potential cash expenses associated with the transaction  
Source: SNL Financial

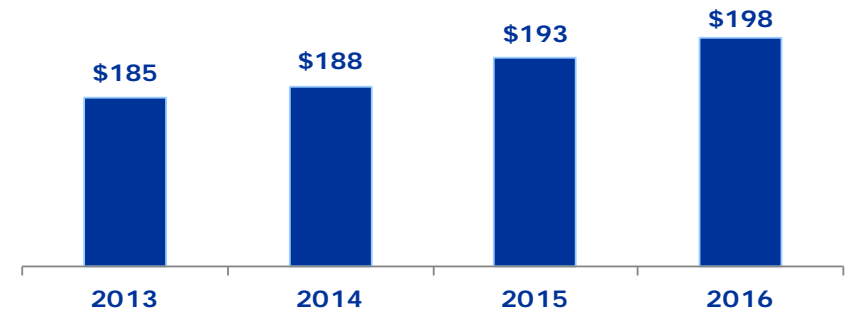


# Bucks County Bank Overview

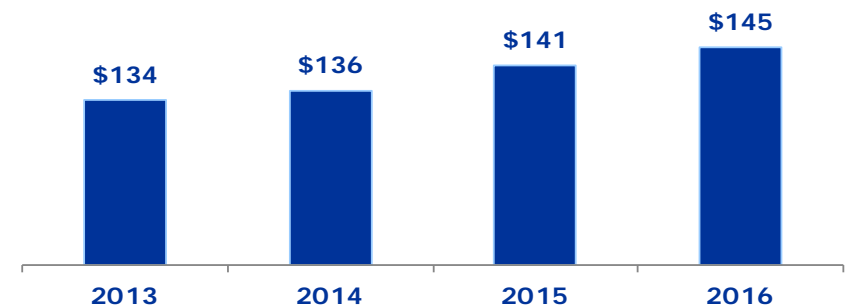
## Financial Summary (December 31, 2016)

• Total Assets (\$mm):	\$197.8
• Total Equity (\$mm):	\$21.8
• Total Loans (\$mm):	\$178.6
• Total Deposits (\$mm):	\$145.3
• Book Value Per Share:	\$8.90
• Risk Based Capital Ratio:	12.87%
• LTM Return on Average Assets:	0.29%
• LTM Net Interest Margin:	3.58%
• NPAs / Assets <sup>1</sup> :	2.16%

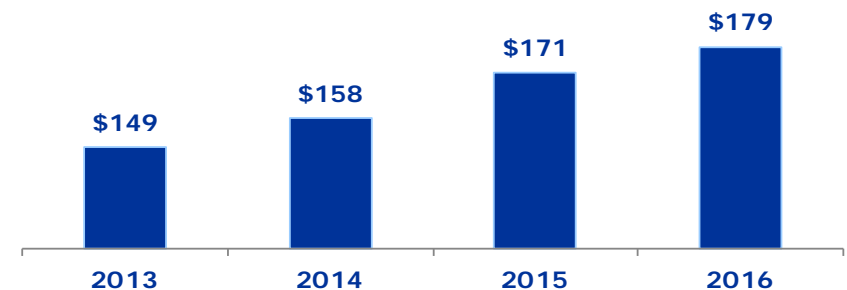
## Assets (\$mm)



## Deposits (\$mm)



## Total Loans (\$mm)



(1) Nonperforming assets defined as nonaccrual loans, loans past due 90 days or more and still accruing, and other real estate owned as a percent of total assets  
Source: SNL Financial