

First Citizens BancShares

Second Quarter 2021

Earnings Conference Call

August 3, 2021



Important Notices

Forward Looking Statements

This communication contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 regarding the financial condition, results of operations, business plans and future performance of First Citizens BancShares, Inc. ("BancShares"). Words such as "anticipates," "believes," "estimates," "expects," "predicts," "forecasts," "intends," "plans," "projects," "targets," "designed," "could," "may," "should," "will," "potential," "continue" or other similar words and expressions are intended to identify these forward-looking statements. These forward-looking statements are based on BancShares' current expectations and assumptions regarding BancShares' business, the economy, and other future conditions.

Because forward-looking statements relate to future results and occurrences, they are subject to inherent risks, uncertainties, changes in circumstances and other risk factors that are difficult to predict. Many possible events or factors could affect BancShares' future financial results and performance and could cause the actual results, performance or achievements of BancShares to differ materially from any anticipated results expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others, the impacts of the global COVID-19 pandemic on BancShares' business and customers, the financial success or changing conditions or strategies of BancShares' customers or vendors, fluctuations in interest rates, actions of government regulators, the availability of capital and personnel, the delay in closing (or failure to close) one or more of BancShares' previously announced acquisition transaction(s), the failure to realize the anticipated benefits of BancShares' previously announced acquisition transaction(s), and general competitive, economic, political, and market conditions, as well as risks related to the proposed transaction with CIT Group Inc. ("CIT") including, in addition to those described above and among others, (1) the risk that the cost savings, any revenue synergies and other anticipated benefits of the proposed transaction may not be realized or may take longer than anticipated to be realized, including as a result of the impact of, or problems arising from, the integration of the two companies or as a result of the condition of the economy and competitive factors in areas where BancShares and CIT do business, (2) disruption to BancShares' and CIT's businesses as a result of the pendency of the proposed transaction and diversion of management's attention from ongoing business operations and opportunities, (3) the occurrence of any event, change or other circumstances that could give rise to the right of one or both of the parties to terminate the definitive merger agreement, (4) the risk that the integration of BancShares' and CIT's operations will be materially delayed or will be more costly or difficult than expected or that BancShares and CIT are otherwise unable to successfully integrate their businesses, (5) the outcome of any legal proceedings that may be or have been instituted against BancShares and/or CIT, (6) the failure to obtain required governmental approvals (and the risk that such approvals may result in the imposition of conditions that could adversely affect the combined company or the expected benefits of the proposed transaction), (7) reputational risk and potential adverse reactions of BancShares' and/or CIT's customers, suppliers, employees or other business partners, including those resulting from the completion of the proposed transaction, (8) the failure of any of the closing conditions in the definitive merger agreement to be satisfied on a timely basis or at all, (9) delays in closing the proposed transaction, (10) the possibility that the proposed transaction may be more expensive to complete than anticipated, including as a result of unexpected factors or events, (11) the dilution caused by BancShares' issuance of additional shares of its capital stock in connection with the proposed transaction, (12) other factors that may affect future results of BancShares and CIT including changes in asset quality and credit risk, the inability to sustain revenue and earnings growth, changes in interest rates and capital markets, inflation, customer borrowing, repayment, investment and deposit practices, the impact, extent and timing of technological changes, capital management activities, and other actions of the Federal Reserve Board and legislative and regulatory actions and reforms, and (13) the impact of the global COVID-19 pandemic on CIT's business, the parties' ability to complete the proposed transaction and/or any of the other foregoing risks.

Except to the extent required by applicable laws or regulations, BancShares disclaims any obligation to update forward-looking statements or to publicly announce the results of any revisions to any of the forward-looking statements included herein to reflect future events or developments. Further information regarding BancShares and factors which could affect the forward-looking statements contained herein can be found in BancShares' Annual Report on Form 10-K for the fiscal year ended December 31, 2020 and its other filings with the Securities and Exchange Commission.

Non-GAAP Measures

Certain measures included in this presentation are "non-GAAP", meaning they are not presented in accordance with generally accepted accounting principles in the U.S. and also are not codified in U.S. banking regulations currently applicable to BancShares. BancShares believes that non-GAAP financial measures, when reviewed in conjunction with GAAP financial information, can provide transparency about or an alternative means of assessing, its operating results and financial position to its investors, analysts and management. The non-GAAP measures presented in this presentation are listed, and are reconciled to the most comparable GAAP measure, in the non-GAAP reconciliation table(s) appearing in the Appendix.

Earnings Highlights

\$ in thousands				Increase (Decrease)			
	2Q21	1Q21	2Q20	1Q21		2Q20	
				\$	%	\$	%
Net interest income	\$346,393	\$339,652	\$337,394	\$ 6,741	2.0 %	\$ 8,999	2.7 %
Noninterest income	134,150	136,649	165,402	(2,499)	(1.8)	(31,252)	(18.9)
Noninterest expense	301,578	295,926	291,679	5,652	1.9	9,899	3.4
Pre-provision net revenue⁽¹⁾	178,965	180,375	211,117	(1,410)	(0.8)	(32,152)	(15.2)
Provision for credit losses	(19,603)	(10,974)	20,552	(8,629)	78.6	(40,155)	(195.4)
Income before income taxes	198,568	191,349	190,565	7,219	3.8	8,003	4.2
Income taxes	45,780	44,033	36,779	1,747	4.0	9,001	24.5
Net income	152,788	147,316	153,786	5,472	3.7	(998)	(0.6)
Preferred dividends	4,636	4,636	4,790	—	—	(154)	(3.2)
Net income available to common shareholders	\$148,152	\$142,680	\$148,996	\$ 5,472	3.8 %	\$ (844)	(0.6)%

Key Financial Ratios & Metrics

	2Q21	1Q21	2Q20
Earnings per share	\$ 15.09	\$ 14.53	\$ 14.74
Return on average assets	1.13 %	1.16 %	1.36 %
Return on average equity	14.64	14.70	16.43
Return on average tangible common equity ⁽¹⁾	16.14	16.28	18.40
Net interest margin	2.68	2.80	3.14
Efficiency ratio ⁽¹⁾	64.61	63.35	66.75
Net charge-off ratio ⁽¹⁾⁽²⁾	0.03	0.04	0.10
Effective tax rate	23.06	23.01	19.30

Highlights

2Q21 vs. 1Q21

- Net income available to common shareholders totaled \$148.2 million, or \$15.09 per share, in 2Q21 compared to \$142.7 million, or \$14.53 per share in 1Q21.
- Pre-provision net revenue decreased \$1.4 million primarily due to an increase in noninterest expense associated with annual merit increases and a decline in noninterest income, partially offset by an increase in net interest income driven by higher investment portfolio balance and yield.
- Continued strong credit performance, low net charge-offs, and improvement in macroeconomic factors led to an increase in benefit from provision for credit losses. 2Q21 included a \$21.6 million reserve release compared to a \$13.7 million reserve release in 1Q21.

2Q21 vs. 2Q20

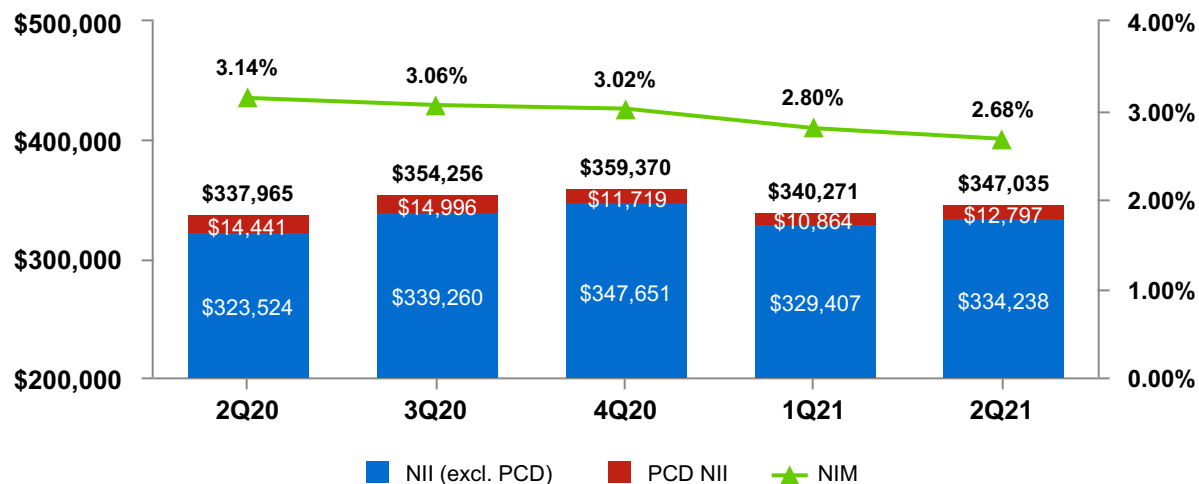
- Net income available to common shareholders totaled \$148.2 million, or \$15.09 per share, in 2Q21 compared to \$149.0 million, or \$14.74 per share, in 2Q20.
- Pre-provision net revenue decreased \$32.2 million primarily due to a \$52.9 million decline in fair market value adjustments on marketable equity securities, partially offset by lower rates paid on interest-bearing deposits and an increase in interest and fee income on SBA-PPP loans.
- Continued strong credit performance, low net charge-offs, and improvement in macroeconomic factors led to a \$40.2 million decline in provision for credit losses. 2Q21 included a \$21.6 million reserve release compared to a \$14.6 million reserve build related to uncertainties surrounding COVID-19 in 2Q20.
- The effective tax rate for 2Q20 was favorably impacted by an allowable alternative for computing the 2020 federal income tax liability related to certain FDIC-assisted acquisitions completed in prior years.



(1) This is a Non-GAAP measure. For a reconciliation of this measure to the most directly comparable GAAP measure, please see the Appendix.

(2) Net charge-off ratio shown net of SBA-PPP loans that are guaranteed by the SBA.

Net Interest Income & Margin ⁽¹⁾



Highlights

2Q21 vs. 1Q21

- Net interest income⁽¹⁾ increased \$6.8 million, or by 2.0%.
- Increase primarily due to higher investment portfolio balance and yield.
- Net interest margin⁽¹⁾ decreased 12 bps to 2.68%. See next page for a rollforward of net interest margin.

2Q21 vs. 2Q20

- Net interest income⁽¹⁾ increased \$9.1 million, or by 2.7%.
- Increase primarily due to lower rates paid on interest-bearing deposits, an increase in interest and fee income on SBA-PPP loans, and organic loan growth, partially offset by a decrease in the yield on interest-earning assets.
- Net interest margin⁽¹⁾ decreased 46 bps to 2.68%. See next page for a rollforward of net interest margin.

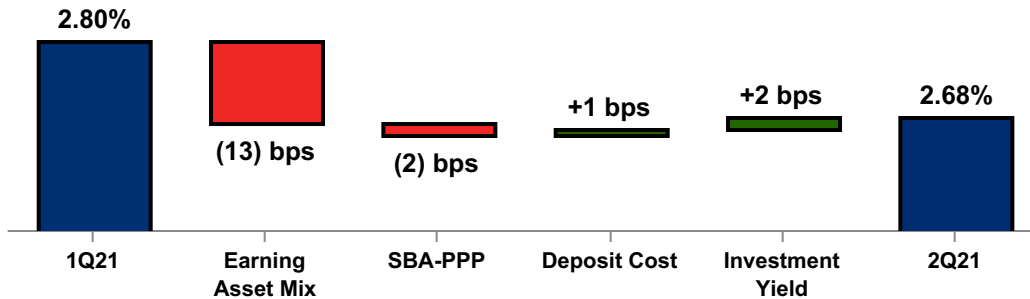
Rate/Volume Analysis (\$ in thousands)

	2Q21		1Q21		2Q20		Change vs.	
	Avg. Balance	Yield/Rate	Avg. Balance	Yield/Rate	Avg. Balance	Yield/Rate	1Q21	2Q20
Loans and leases	\$ 33,166,049	3.89 %	\$ 33,086,656	3.92 %	\$ 31,635,958	4.10 %	(0.03)%	(0.21)%
Investment securities	10,534,348	1.35	9,757,650	1.27	8,928,467	1.64	0.08	(0.29)
Overnight investments	7,819,287	0.11	5,870,973	0.10	2,231,356	0.10	0.01	0.01
Total interest-earning assets	\$ 51,519,684	2.80 %	\$ 48,715,279	2.93 %	\$ 42,795,781	3.38 %	(0.13)%	(0.58)%
Interest-bearing deposits	27,004,114	0.13 %	26,021,713	0.14 %	22,426,564	0.32 %	(0.01)%	(0.19)%
Securities sold under customer repurchase agreements	677,451	0.21	641,236	0.21	659,244	0.24	—	(0.03)
Other short-term borrowings	—	—	—	—	45,549	2.16	—	(2.16)
Long-term borrowings	1,227,755	2.12	1,235,576	2.12	1,275,928	2.26	—	(0.14)
Total interest-bearing liabilities	\$ 28,909,320	0.21 %	\$ 27,898,525	0.23 %	\$ 24,407,285	0.42 %	(0.02)%	(0.21)%

NIM Rollforwards

Highlights

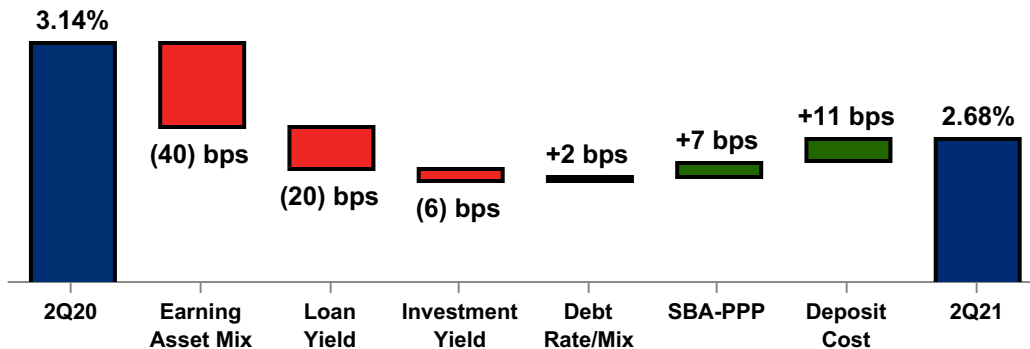
1Q21 to 2Q21



2Q21 vs. 1Q21

- 12 bps decline comprised of:
 - ~ (13) bps related to earning asset mix;
 - ~ (2) bps related to SBA-PPP; partially offset by:
 - ~ 1 bps related to lower deposit cost;
 - ~ 2 bps related to investment yield.

2Q20 to 2Q21

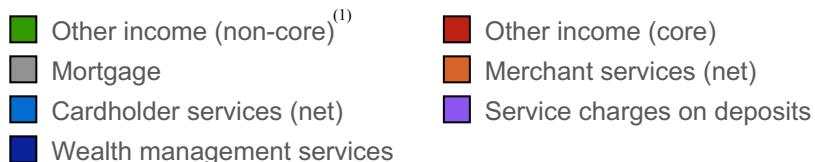
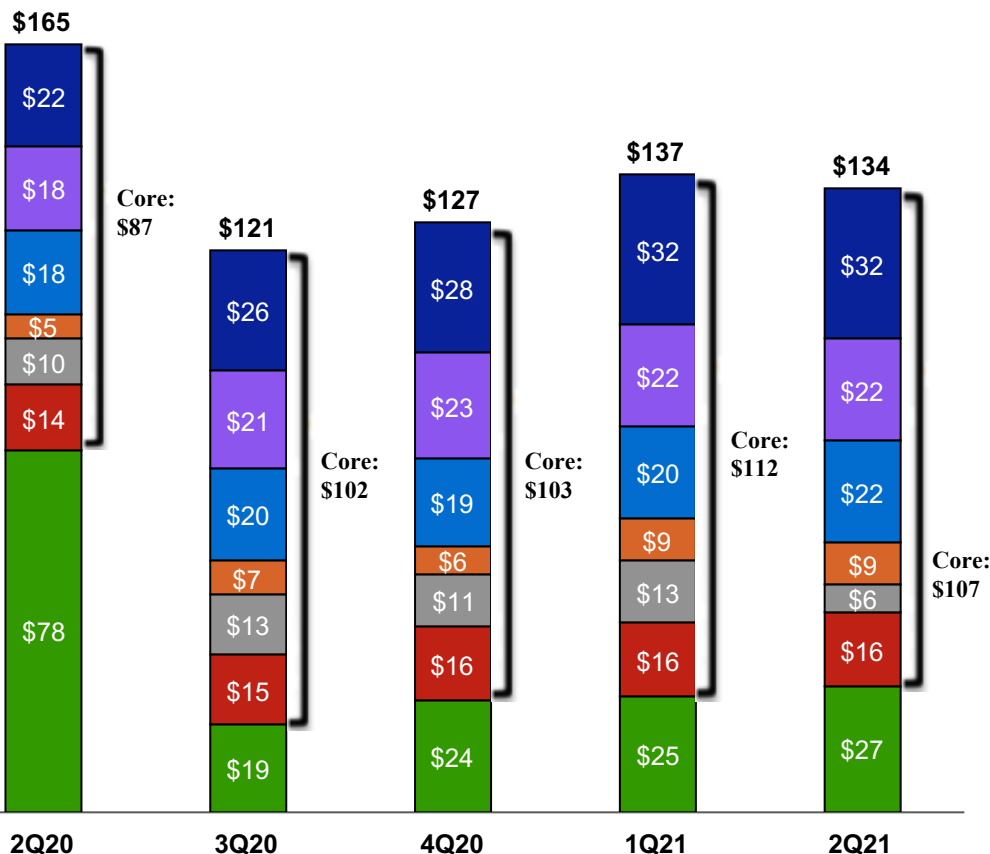


2Q21 vs. 2Q20

- 46 bps decline comprised of:
 - ~ (40) bps related to earning asset mix;
 - ~ (20) bps related to loan yield;
 - ~ (6) bps related to investment yield; partially offset by:
 - ~ 2 bps related to the debt rate/mix;
 - ~ 7 bps related to SBA-PPP;
 - ~ 11 bps related to lower deposit cost.

Noninterest Income

Summary (\$ in millions)



Highlights

2Q21 vs. 1Q21

Noninterest income decreased by \$2.5 million primarily due to the following:

- \$7.1 million decrease in mortgage income driven by a \$3.1 million MSR recapture in 1Q21, a \$1.8 million MSR impairment in 2Q21, and a decline in gain on sale driven by interest rate movements; partially offset by:
 - \$2.5 million increase in cardholder services income, net;
 - \$2.3 million increase in other income (non-core) driven by a \$6.6 million increase in realized gains on AFS securities, partially offset by a \$4.4 million decline in fair market value adjustments on marketable equity securities.

2Q21 vs. 2Q20

Noninterest income decreased by \$31.3 million primarily due to the following:

- \$50.8 million decrease in other income (non-core) driven by a \$52.9 million decline in fair market value adjustments on marketable equity securities, partially offset by a \$2.1 million increase in realized gains on AFS securities;
- \$3.9 million decrease in mortgage income driven by a decline in gain on sale attributable to interest rate movements; partially offset by:
 - \$9.4 million increase in wealth management services driven by increases in annuity fees, assets under management, and advisory and transaction fees;
 - \$4.9 million increase in cardholder services income, net;
 - \$4.4 million increase in service charges on deposits;
 - \$3.2 million increase in merchant services income, net.



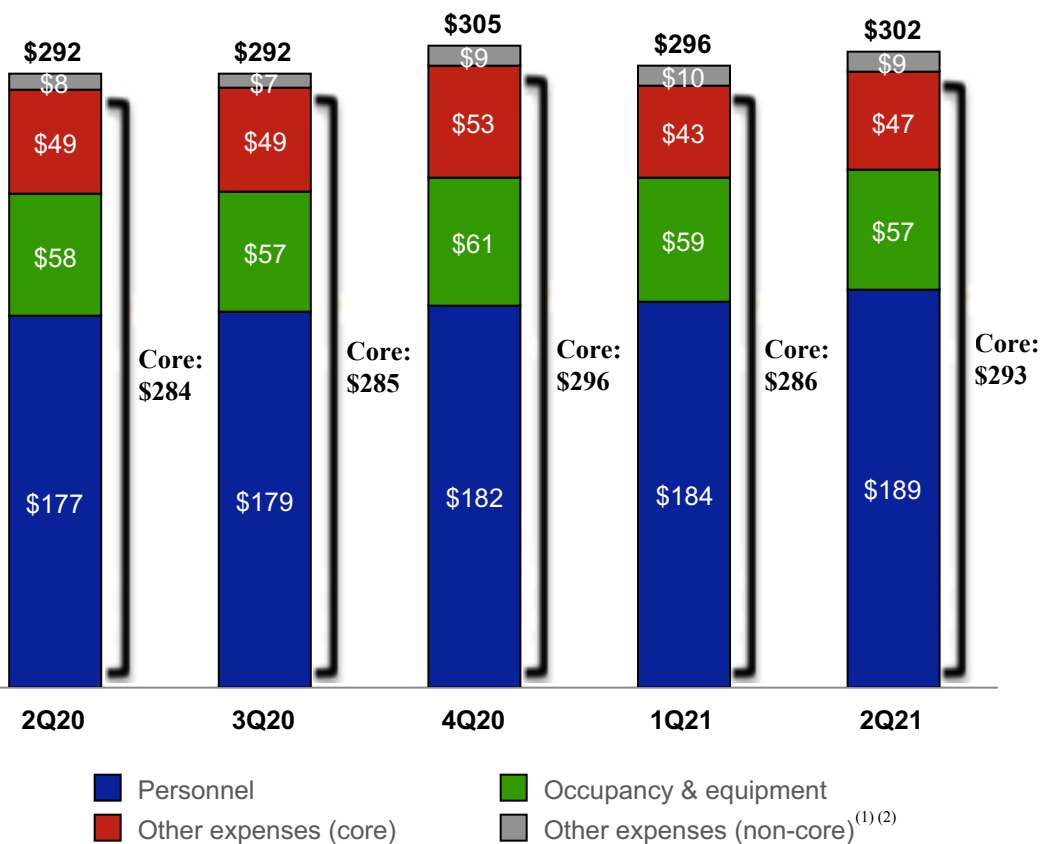
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Noninterest income category totals might not foot due to rounding.

(1) Other income (non-core) includes fair value adjustments on marketable equity securities, realized gains (losses) on AFS securities, and gains (losses) on extinguishment of debt. This is a Non-GAAP measure. For a reconciliation of this measure to the most directly comparable GAAP measure, please see the Appendix.

Noninterest Expense

Summary (\$ in millions)



Highlights

2Q21 vs. 1Q21

Noninterest expense increased by \$5.7 million primarily due to the following:

- \$5.4 million increase in personnel expense driven by annual merit increases and an increase in payroll incentives.

2Q21 vs. 2Q20

Noninterest expense increased by \$9.9 million primarily due to the following:

- \$11.9 million increase in personnel expense driven by an increase in payroll incentives and driven by higher health insurance claims.

Efficiency ratio was 64.61% in 2Q21, down from 66.75% in 2Q20. The decrease was due to higher core noninterest income and lower rates paid on interest-bearing deposits and an increase in interest and fee income on SBA-PPP loans, partially offset by higher core noninterest expense.

Efficiency Ratio Trending ⁽²⁾

	2Q20	3Q20	4Q20	1Q21	2Q21
Efficiency Ratio	66.75 %	62.44 %	64.28 %	63.35 %	64.61 %



Noninterest expense category totals might not foot due to rounding.

(1) Other expenses (non-core) include merger-related expense and intangible amortization.

(2) This is a Non-GAAP measure. For a reconciliation of this measure to the most directly comparable GAAP measure, please see the Appendix.

Balance Sheet Highlights & Key Financial Ratios

\$ in millions				Change vs.	
	2Q21	1Q21	2Q20	1Q21	2Q20
Assets					
Cash and due from banks	\$ 395	\$ 410	\$ 389	\$ (15)	\$ 6
Overnight investments	7,871	7,589	3,108	282	4,763
Investment securities	10,894	10,222	9,508	672	1,386
Assets held for sale	108	129	108	(21)	—
Non-PCD loans	32,293	32,748	31,888	(455)	405
PCD loans	397	433	530	(36)	(133)
Loans and leases	32,690	33,181	32,418	(491)	272
Less: Allowance for credit losses	(189)	(211)	(222)	22	33
Net loans and leases	32,501	32,970	32,196	(469)	305
Other assets	3,406	2,589	2,557	817	849
Total assets	\$ 55,175	\$ 53,909	\$ 47,866	\$ 1,266	\$ 7,309
Liabilities and shareholders' equity					
Noninterest-bearing deposits	\$ 20,974	\$ 20,515	\$ 18,149	\$ 459	\$ 2,825
Interest-bearing deposits	27,437	26,816	23,330	621	4,107
Total deposits	48,411	47,331	41,479	1,080	6,932
Other liabilities	2,288	2,256	2,396	32	(108)
Shareholders' equity	4,476	4,322	3,991	154	485
Total liabilities and shareholders' equity	\$ 55,175	\$ 53,909	\$ 47,866	\$ 1,266	\$ 7,309
Key Financial Ratios:					
Book value per share ⁽¹⁾	\$ 421.39	\$ 405.59	\$ 367.57	\$ 15.80	\$ 53.82
Tangible book value per share ⁽¹⁾	383.19	367.07	328.44	16.12	54.75
Loan to deposit ratio	67.53 %	70.10 %	78.16 %	(2.57)%	(10.63)%
ACL to total loans and leases:					
PCD	4.73	5.30	5.07	(0.57)	(0.34)
Non-PCD ^{(1) (2)}	0.56	0.63	0.68	(0.07)	(0.12)
Total ^{(1) (2)}	0.61	0.69	0.76	(0.08)	(0.15)
Noninterest bearing deposits to total deposits	43.33	43.34	43.76	(0.01)	(0.43)

Highlights

2Q21 vs 1Q21

- Loans decreased \$491 million, or by 5.9% on an annualized basis primarily due to a \$1.1 billion net decrease in SBA-PPP loans as forgiveness payments outpaced fundings, partially offset by \$581 million in organic growth (7.0% annualized growth since 1Q21).
- Deposits increased \$1.1 billion, or by 9.2% on an annualized basis driven primarily by organic growth.

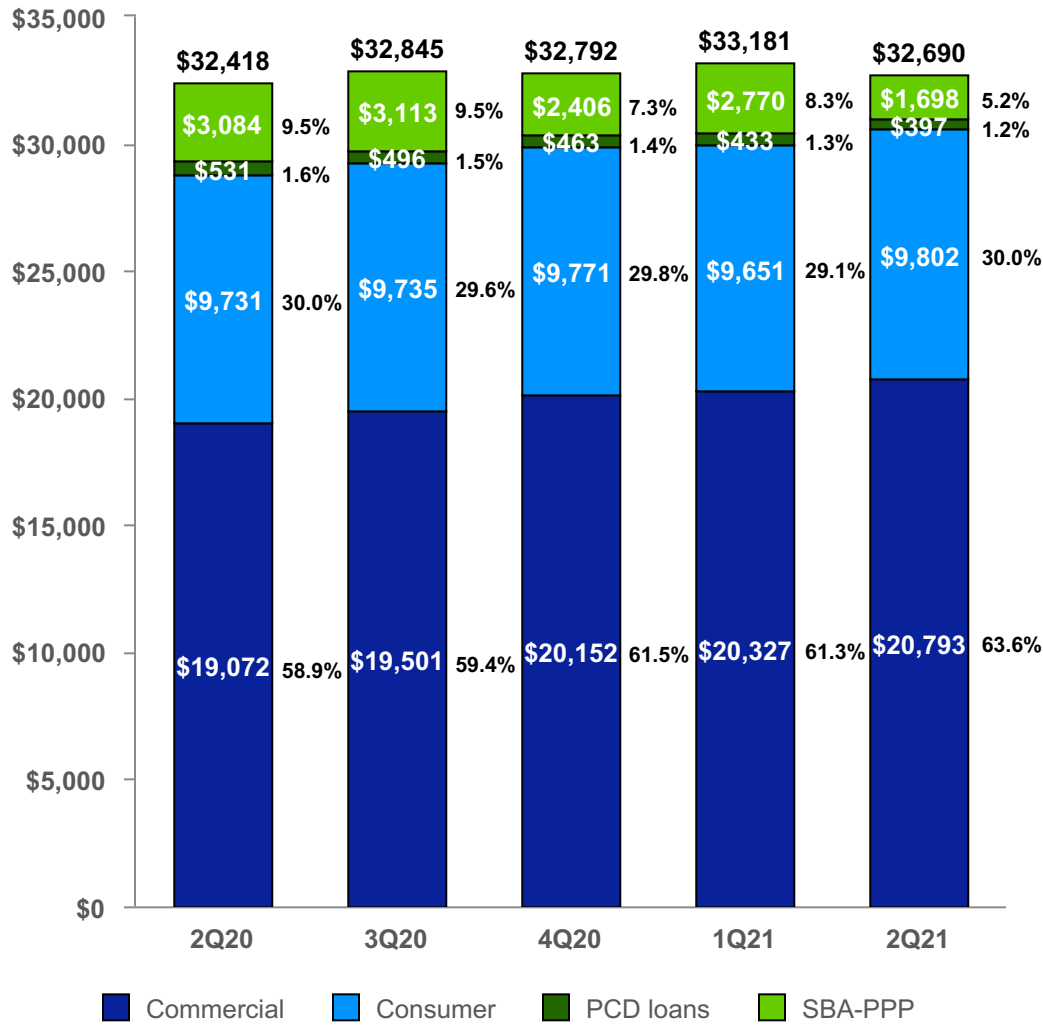
2Q21 vs 2Q20

- Overnight investments and investment securities increased by \$4.8 billion and \$1.4 billion, respectively, funded primarily by deposit growth. New investment purchases were primarily in MBS and CMO investments.
- Loans increased \$272 million, or by 0.8% primarily due to \$1.7 billion in organic growth (5.1% YoY growth), partially offset by a \$1.4 billion net decrease in SBA-PPP loans as forgiveness payments outpaced fundings.
- Deposits increased \$6.9 billion, or by 16.7% driven by organic growth and the effects of government stimulus.



Loans and Leases

Loan Composition (\$ in millions)



Highlights

Year to Date Annualized and Year over Year Growth

Total Loans 2Q21 vs. 1Q21: (5.9)%

Adjusted Loans⁽¹⁾ 2Q21 vs. 1Q21: 7.0%

Total Loans 2Q21 vs. 2Q20: 0.8%

Adjusted Loans⁽¹⁾ 2Q21 vs. 2Q20: 5.1%

2Q21 vs. 1Q21

- Loans decreased \$491 million, or by 5.9% on an annualized basis primarily due to a \$1.1 billion net decrease in SBA-PPP loans, partially offset by \$581 million in organic growth driven primarily by owner occupied commercial mortgage loans.

2Q21 vs. 2Q20

- Loans increased \$272 million, or by 0.8% primarily due to \$1.7 billion in organic growth driven primarily by owner occupied commercial mortgage loans, partially offset by a \$1.4 billion net decrease in SBA-PPP loans as forgiveness payments outpaced fundings.



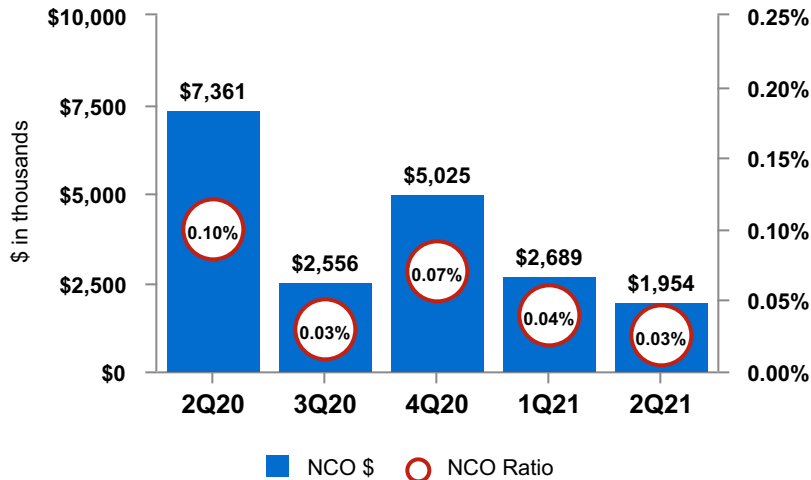
Loan category totals might not foot due to rounding.

(1) Adjusted for SBA-PPP. This is a Non-GAAP measure. For a reconciliation of this measure to the most directly comparable GAAP measure, please see the Appendix.

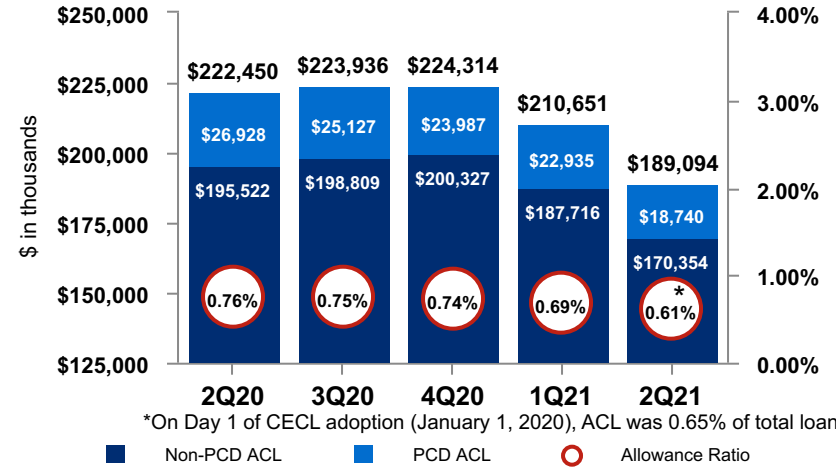
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Quarterly Credit Quality Trends

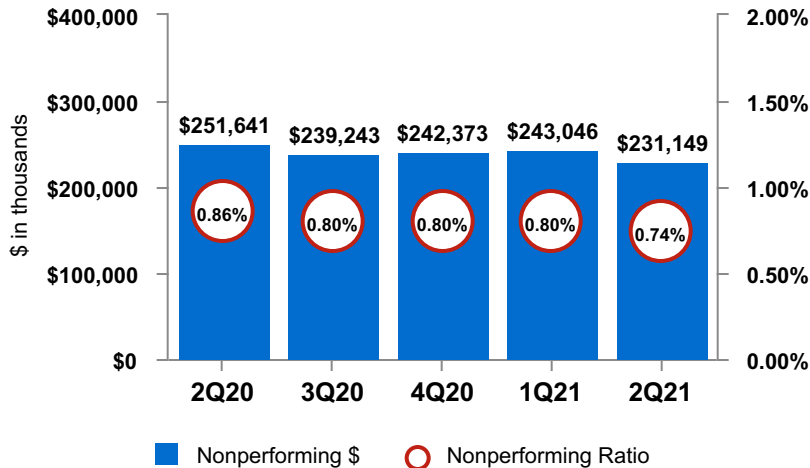
Net Charge-Offs (NCO) & Ratio ⁽¹⁾



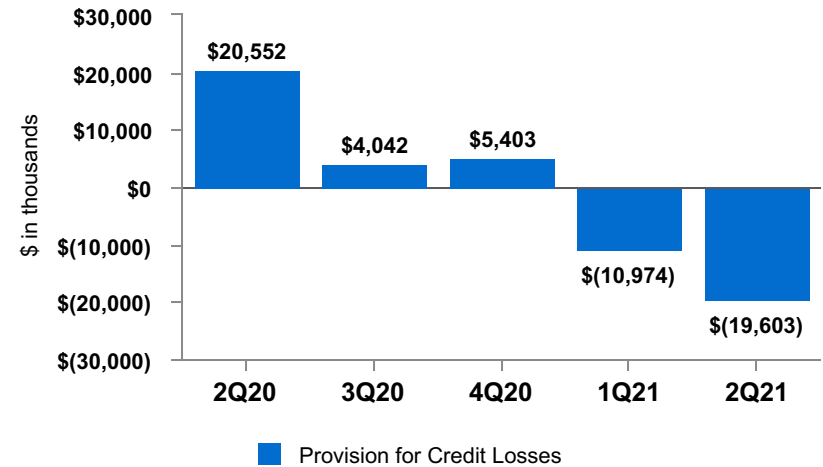
Allowance & Allowance Ratio ⁽¹⁾



Nonperforming Assets & Ratio ⁽¹⁾



Provision for Credit Losses



(1) Net charge-off, allowance, and nonperforming asset ratios exclude SBA-PPP loans. This is a Non-GAAP measure. For a reconciliation of this measure to the most directly comparable GAAP measure, please see the appendix.

Allowance for Credit Losses (ACL)

Allowance Rollforward

\$ in thousands	Non-PCD	PCD	Total
ACL as of December 31, 2020	\$ 200,327	\$ 23,987	\$ 224,314
Charge-offs	(14,872)	(1,219)	(16,091)
Recoveries	8,527	2,921	11,448
Net (charge-offs) recoveries	\$ (6,345)	\$ 1,702	\$ (4,643)
Provision for credit losses	(23,628)	(6,949)	(30,577)
ACL as of June 30, 2021	\$ 170,354	\$ 18,740	\$ 189,094

Credit Quality Ratios ⁽¹⁾

	2Q20	3Q20	4Q20	1Q21	2Q21
ACL to Non-PCD loans	0.68 %	0.68 %	0.67 %	0.63 %	0.56 %
ACL to PCD loans	5.07	5.07	5.18	5.30	4.73
Allowance for credit loss (ACL) ratio	0.76 %	0.75 %	0.74 %	0.69 %	0.61 %
Net charge-off (NCO) ratio	0.10 %	0.03 %	0.07 %	0.04 %	0.03 %
Coverage ratio (ACL ratio / NCO ratio)	7.60	25.00	10.57	17.25	20.33

Highlights

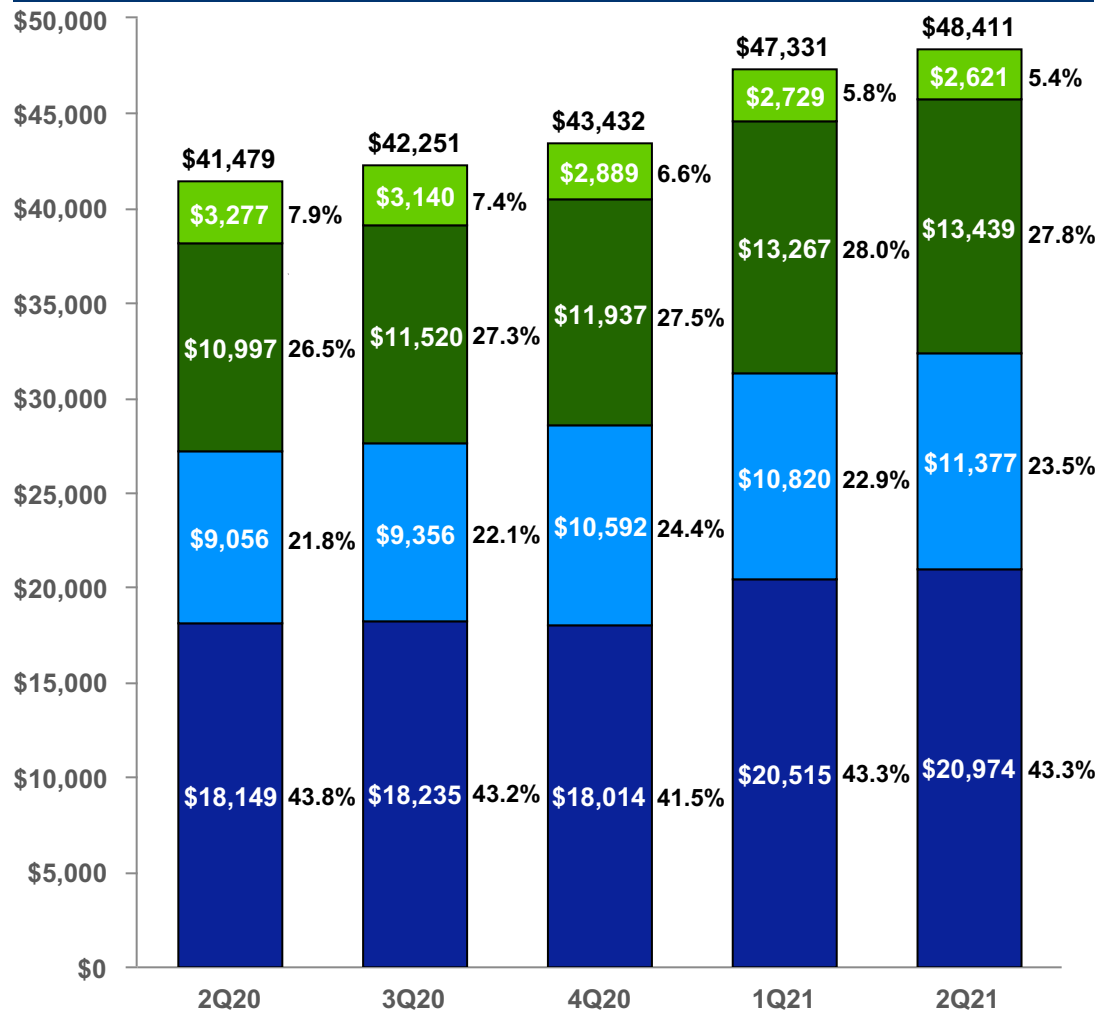
- Portfolio remains stable with strong credit quality.
- Net charge-off (NCO) ratio ⁽¹⁾ is near historic lows at 3 bps, down 1 bp from 1Q21 and down 7 bps from 2Q20.
- Provision credit of \$30.6 million in YTD21 was driven primarily by \$35.2 million in reserve release due to improved macroeconomic factors, partially offset by net charge-offs of \$4.6 million.



(1) Ratios exclude SBA-PPP loans. This is a Non-GAAP measure. For a reconciliation of this measure to the most directly comparable GAAP measure, please see the appendix.

Deposits

Deposit Composition (\$ in millions)



■ Demand deposits ■ Checking with interest ■ Money market & savings ■ Time deposits

Highlights

Year to Date Annualized and Year over Year Growth

Total Deposits 2Q21 vs. 1Q21: 9.2%

Total Deposits 2Q21 vs. 2Q20: 16.7%

2Q21 vs. 1Q21

- Deposits increased \$1.1 billion, or by 9.2% on an annualized basis driven primarily by growth in checking with interest accounts of \$557 million and demand deposits of \$459 million.

2Q21 vs. 2Q20

- Deposits increased \$6.9 billion, or by 16.7% primarily due to organic growth and the effects of government stimulus.
- Increase was driven by increases in demand deposits of \$2.8 billion, checking with interest accounts of \$2.3 billion, money market accounts of \$1.5 billion, and savings accounts of \$902 million, partially offset by a decrease in time deposits of \$656 million.
- Since 2Q20, approximately \$1.2 billion for SBA-PPP loan fundings and \$1.1 billion for stimulus checks have been deposited into customer accounts.



Deposit category totals might not foot due to rounding.

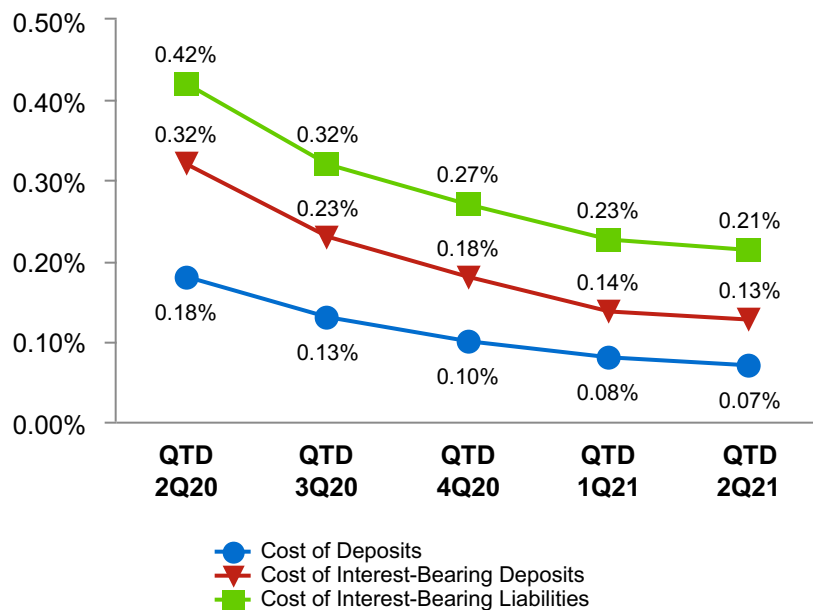
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Funding Mix

Summary (\$ in millions)

	2Q21		1Q21		4Q20		3Q20		2Q20		Change vs.	
											1Q21	2Q20
Total deposits	\$ 48,411	96.2 %	\$ 47,331	96.1 %	\$ 43,432	95.8 %	\$ 42,251	95.6 %	\$ 41,479	95.4 %	\$ 1,080	\$ 6,932
Securities sold under customer repurchase agreements	693	1.4	681	1.4	641	1.4	694	1.6	740	1.7	12	(47)
FHLB advances	647	1.3	649	1.3	655	1.5	655	1.5	658	1.5	(2)	(11)
Subordinated debt	497	1.0	497	1.0	505	1.1	504	1.1	504	1.2	—	(7)
Unsecured borrowings	80	0.1	84	0.2	88	0.2	93	0.2	97	0.2	(4)	(17)
Total deposits and borrowed funds	\$ 50,328	100.0 %	\$ 49,242	100.0 %	\$ 45,321	100.0 %	\$ 44,197	100.0 %	\$ 43,478	100.0 %	\$ 1,086	\$ 6,850

Cost of Funds



Highlights

2Q21 vs. 1Q21

- No noteworthy changes in funding mix or cost of interest bearing liabilities.

2Q21 vs. 2Q20

- No noteworthy changes in funding mix.
- Cost of interest-bearing liabilities decreased 21 bps driven by maturing time deposits and a reduction in money market rates.
- Total cost of deposits decreased 11 bps due to the decline in cost of interest-bearing deposits.

Capital Ratios

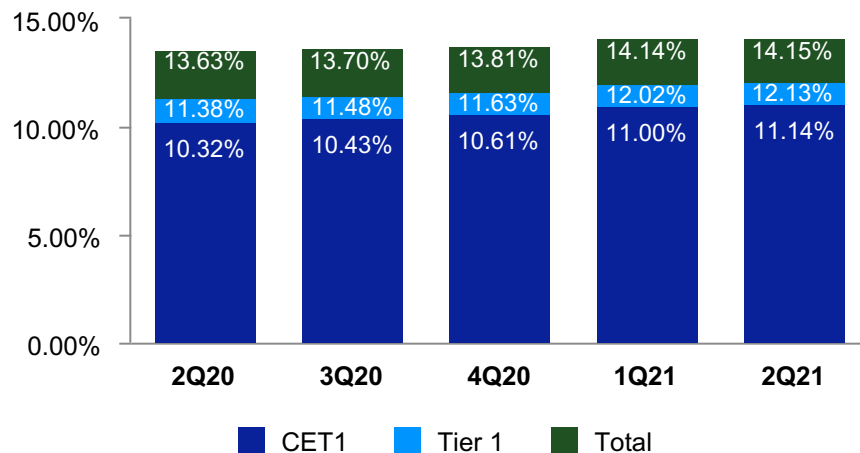
Capital Ratio Rollforward ⁽¹⁾

	Risk-Based Capital			Tier 1
	Total	Tier 1	CET1	Leverage
December 31, 2020	13.81 %	11.63 %	10.61 %	7.86 %
Net income	0.91	0.91	0.91	0.61
Change in RWA or AA ⁽²⁾	(0.43)	(0.37)	(0.34)	(0.77)
Common dividends	(0.03)	(0.03)	(0.03)	(0.02)
Preferred dividends	(0.03)	(0.03)	(0.03)	(0.02)
Other	(0.08)	0.02	0.02	0.01
June 30, 2021	14.15 %	12.13 %	11.14 %	7.67 %
Change since Q4 2020	0.34 %	0.50 %	0.53 %	(0.19)%

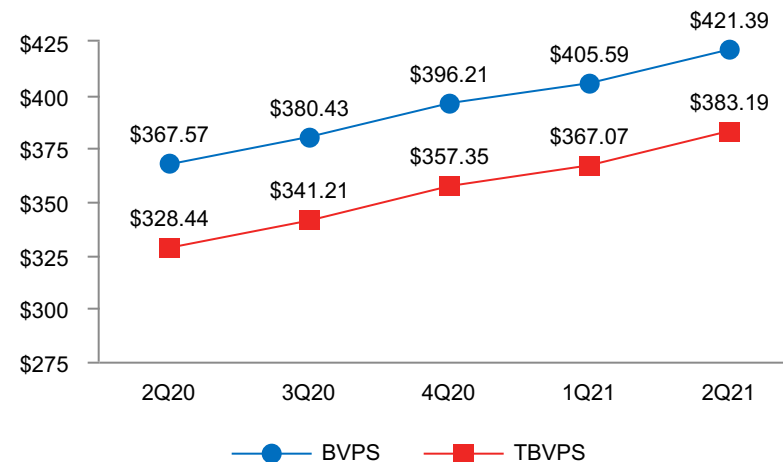
Highlights

- Capital levels remain strong and in excess of the capital conservation buffer.
- Year-to-date net income before preferred dividends of \$300.1 million contributed to a 91 bps increase in risk-based capital ratios.
- Tangible book value continues to grow supported by strong core earnings.

Trending Risk-Based Capital Ratios



Book Value and Tangible Book Value Per Share ⁽³⁾



forever first

(1) Capital amounts and ratios for 2Q21 are preliminary.

(2) RWA: risk-weighted assets. AA: average assets. RWA impacts total, tier 1, and CET1 risk-based capital ratios. AA impacts tier 1 leverage ratio.

(3) This is a Non-GAAP measure. For a reconciliation of this measure to the most directly comparable GAAP measure, please see the appendix.

CIT Merger Update

Timing

- North Carolina Commissioner of Banks and Federal Deposit Insurance Corporation have approved.
- Awaiting approval from the Board of Governors of the Federal Reserve System ("FRB").
- Closing is expected in the third quarter, subject to the above approval and the satisfaction or waiver of other customary closing conditions.

Integration

- Operational conversion plans and initial timelines have been drafted.
- Conversions scheduled to begin in the first quarter of 2022.
- Leaders from both organizations are actively engaged in planning to ensure cultural alignment.

Next Steps

- Closing date will be determined after FRB approval.
- Final valuations will commence upon closing of the transaction.
- Purchase accounting adjustments to be disclosed as soon as practicable post legal close.
- Prior estimates for cost savings and merger related expenses to be confirmed post legal close.

Appendix



Paycheck Protection Program

Financial Highlights (\$ in thousands)

	<u>Round 1</u>	<u>Round 2</u>	<u>Total</u>
Loan balance net of fees	\$ 525,301	\$ 1,173,115	\$ 1,698,416
Origination fees	\$ 117,208	\$ 60,036	\$ 177,244
Origination costs	7,100	703	7,803
Total net fee income	\$ 110,108	\$ 59,333	\$ 169,441
Net fee income earned to date	\$ 107,504	\$ 7,082	\$ 114,586
Interest income earned to date	29,519	4,111	33,630
Interest and fee income earned to date	\$ 137,023	\$ 11,193	\$ 148,216 *

* Year-to-date interest and fee income on SBA-PPP loans totaled \$58.1 million.

Round 1 Forgiveness Status (\$ in thousands)

<u>June 30, 2021</u>	<u>Number of Applications</u>	<u>%</u>	<u>Loan Amount</u>	<u>%</u>
Received by FCB	20,802	89.3 %	\$2,933,046	91.3 %
Submitted to SBA	20,627	88.6	2,842,312	88.5
Approved by SBA	20,365	87.4	2,767,706	86.2
Funds received	19,695	84.5	2,642,638	82.3

Round 1 & 2 Highlights

- The first round of the SBA-PPP loan program provided loans totaling \$3.2 billion to approximately 23,000 customers.
- The interest rate for the first round was 1.00% and the repayment period was 24 months.
- Total fees, net of origination expenses, were \$110.1 million, equating to a weighted average fee of 3.65%.
- The second round of the SBA-PPP loan program provided loans totaling \$1.2 billion to approximately 12,000 customers.
- The interest rate for the second round is also 1.00% and the repayment period is 60 months.
- Total fees, net of origination expenses, through June 2021 were \$59.3 million, equating to a weighted average fee of 4.90%.
- For the second round, fee income is based on the size of the loan and ranges from 1% to 5% of the originated loan balance for loans greater than \$50,000. For loans less than \$50,000, the fee is calculated as 50% of the originated loan balance or \$2,500, whichever is less.

Reconciliation of GAAP to Non-GAAP Measures

<u>INCOME STATEMENT DATA</u>	Quarter-to-Date				
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
In thousands					
Pre-Provision Net Revenue					
Income before income taxes	\$ 198,568	\$ 191,349	\$ 174,705	\$ 178,527	\$ 190,565
Provision for credit losses	(19,603)	(10,974)	5,403	4,042	20,552
Pre-provision net revenue	\$ 178,965	\$ 180,375	\$ 180,108	\$ 182,569	\$ 211,117
Other Income (non-core)					
Securities gains (losses)	\$ 15,830	\$ 9,207	\$ 5,281	\$ 21,425	\$ 13,752
Fair value adjustments on equity securities	11,654	16,011	18,934	(2,701)	64,570
Gain (loss) on extinguishment of debt	—	(17)	—	—	—
Other income (non-core)	\$ 27,484	\$ 25,201	\$ 24,215	\$ 18,724	\$ 78,322
Other Expenses (non-core)					
Merger-related expense	\$ 5,769	\$ 6,819	\$ 5,342	\$ 3,507	\$ 4,369
Amortization of core deposit and other intangible assets	3,082	3,328	3,540	3,752	3,956
Other expenses (non-core)	\$ 8,851	\$ 10,147	\$ 8,882	\$ 7,259	\$ 8,325

Reconciliation of GAAP to Non-GAAP Measures

<u>INCOME STATEMENT DATA</u>	Quarter-to-Date				
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
In thousands					
Adjusted Noninterest Income					
Total noninterest income	\$ 134,150	\$ 136,649	\$ 126,765	\$ 120,572	\$ 165,402
Less: Securities gains (losses)	15,830	9,207	5,281	21,425	13,752
Less: Fair value adjustments on equity securities	11,654	16,011	18,934	(2,701)	64,570
Less: Gain (loss) on extinguishment of debt	—	(17)	—	—	—
Adjusted noninterest income	\$ 106,666	\$ 111,448	\$ 102,550	\$ 101,848	\$ 87,080
Adjusted Noninterest Expense					
Total noninterest expense	\$ 301,578	\$ 295,926	\$ 305,373	\$ 291,662	\$ 291,679
Less: Merger-related expense	5,769	6,819	5,342	3,507	4,369
Less: Amortization of core deposit and other intangible	3,082	3,328	3,540	3,752	3,956
Adjusted noninterest expense	\$ 292,727	\$ 285,779	\$ 296,491	\$ 284,403	\$ 283,354
Efficiency Ratio					
Adjusted noninterest expense (numerator)	\$ 292,727	\$ 285,779	\$ 296,491	\$ 284,403	\$ 283,354
Net interest income	346,393	339,652	358,716	353,659	337,394
Adjusted noninterest income	106,666	111,448	102,550	101,848	87,080
Net revenue (denominator)	\$ 453,059	\$ 451,100	\$ 461,266	\$ 455,507	\$ 424,474
Efficiency ratio	64.61 %	63.35 %	64.28 %	62.44 %	66.75 %

Reconciliation of GAAP to Non-GAAP Measures

BALANCE SHEET DATA

In millions

SBA-PPP Impact on Loans and Deposits

	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Total loans	\$ 32,690	\$ 33,181	\$ 32,792	\$ 32,845	\$ 32,418
SBA-PPP loans	1,698	2,770	2,406	3,113	3,084
Loans excluding SBA-PPP	<u>\$ 30,992</u>	<u>\$ 30,411</u>	<u>\$ 30,386</u>	<u>\$ 29,732</u>	<u>\$ 29,334</u>
Average loans	\$ 33,042	\$ 32,970	\$ 32,854	\$ 32,578	\$ 31,539
Average SBA-PPP loans	2,323	2,645	2,842	3,097	1,916
Average loans excluding SBA-PPP	<u>\$ 30,719</u>	<u>\$ 30,325</u>	<u>\$ 30,012</u>	<u>\$ 29,481</u>	<u>\$ 29,623</u>

Allowance for Credit Loss Ratios

Allowance Ratio

Total allowance for credit losses	\$ 189	\$ 211	\$ 224	\$ 224	\$ 222
Total loan balance excluding SBA-PPP	30,992	30,411	30,386	29,732	29,334
Allowance ratio excluding SBA-PPP	<u>0.61 %</u>	<u>0.69 %</u>	<u>0.74 %</u>	<u>0.75 %</u>	<u>0.76 %</u>

Non-PCD allowance for credit losses	\$ 170	\$ 188	\$ 200	\$ 199	\$ 196
Non-PCD loan balance excluding SBA-PPP	30,595	29,978	29,923	29,236	28,804
Non-PCD allowance ratio excluding SBA-PPP	<u>0.56 %</u>	<u>0.63 %</u>	<u>0.67 %</u>	<u>0.68 %</u>	<u>0.68 %</u>

Nonperforming Assets Ratio

Nonperforming assets	\$ 231	\$ 243	\$ 242	\$ 239	\$ 252
Loan balance excluding SBA-PPP	30,992	30,411	30,386	29,732	29,334
Other real estate owned (OREO)	44	49	50	53	54
Loan balance excluding SBA-PPP & OREO (denominator)	31,036	30,460	30,436	29,785	29,388
Non-Performing assets ratio excluding SBA-PPP	<u>0.74 %</u>	<u>0.80 %</u>	<u>0.80 %</u>	<u>0.80 %</u>	<u>0.86 %</u>

Net Charge-Off Ratio

Net charge-offs	\$ 2	\$ 3	\$ 5	\$ 3	\$ 7
Average loan balance excluding SBA-PPP	30,719	30,325	30,012	29,481	29,623
Net charge-off ratio excluding SBA-PPP	<u>0.03 %</u>	<u>0.04 %</u>	<u>0.07 %</u>	<u>0.03 %</u>	<u>0.10 %</u>

Reconciliation of GAAP to Non-GAAP Measures

BALANCE SHEET DATA

In millions

Common Equity and Tangible Common Equity

	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Shareholders' equity	\$ 4,476	\$ 4,322	\$ 4,229	\$ 4,074	\$ 3,991
Preferred stock	(340)	(340)	(340)	(340)	(340)
Common equity	4,136	3,982	3,889	3,734	3,651
Goodwill	(350)	(350)	(350)	(350)	(350)
Core deposit and other intangible assets	(25)	(28)	(31)	(35)	(38)
Total tangible common equity	\$ 3,761	\$ 3,604	\$ 3,508	\$ 3,349	\$ 3,263

Return on Average Tangible Common Shareholder's Equity

Net income available to common shareholders	\$ 148,152	\$ 142,680	\$ 133,448	\$ 138,048	\$ 148,996
Average shareholders' equity	\$ 4,398,173	\$ 4,275,204	\$ 4,126,095	\$ 4,019,075	\$ 3,988,225
Average preferred stock	339,937	339,937	339,937	339,937	339,939
Average common shareholders' equity	4,058,236	3,935,267	3,786,158	3,679,138	3,648,286
Average goodwill	350,298	350,298	350,298	350,298	349,999
Average core deposit and other intangible assets	26,493	29,820	33,043	36,877	40,693
Average tangible common shareholders' equity	\$ 3,681,445	\$ 3,555,149	\$ 3,402,817	\$ 3,291,963	\$ 3,257,594
Return on average tangible common shareholders' equity	16.14 %	16.28 %	15.60 %	16.68 %	18.40 %

Reconciliation of GAAP to Non-GAAP Measures

PER SHARE DATA

In thousands (excl. per share data)

Book Value Per Share

	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Total shareholders' equity	\$ 4,476,490	\$ 4,321,400	\$ 4,229,268	\$ 4,074,415	\$ 3,991,444
Preferred stock	(339,937)	(339,937)	(339,937)	(339,937)	(339,937)
Total common equity	\$ 4,136,553	\$ 3,981,463	\$ 3,889,331	\$ 3,734,478	\$ 3,651,507
Shares outstanding	9,816,405	9,816,000	9,816,000	9,816,000	9,934,000
Book value per share	\$ 421.39	\$ 405.59	\$ 396.21	\$ 380.43	\$ 367.57

Tangible Book Value Per Share

Total shareholders' equity	\$ 4,476,490	\$ 4,321,400	\$ 4,229,268	\$ 4,074,415	\$ 3,991,444
Preferred stock	(339,937)	(339,937)	(339,937)	(339,937)	(339,937)
Goodwill	(350,298)	(350,298)	(350,298)	(350,298)	(350,298)
CDI and other intangibles	(24,737)	(27,819)	(31,147)	(34,687)	(38,439)
Tangible equity	\$ 3,761,518	\$ 3,603,346	\$ 3,507,886	\$ 3,349,493	\$ 3,262,770
Shares outstanding	9,816,405	9,816,000	9,816,000	9,816,000	9,934,000
Tangible book value per share	\$ 383.19	\$ 367.07	\$ 357.35	\$ 341.21	\$ 328.44