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# Provident + Lakeland

*Creating a Premier Super-Community Bank*

September 27, 2022

# Forward-Looking Statements

This communication includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, with respect to the beliefs, goals, intentions, and expectations of Provident Financial Services, Inc. (“Provident”) and Lakeland Bancorp, Inc. (“Lakeland”) regarding the proposed transaction, revenues, earnings, earnings per share, loan production, asset quality, and capital levels, among other matters; our estimates of future costs and benefits of the actions we may take; our assessments of probable losses on loans; our assessments of interest rate and other market risks; our ability to achieve our financial and other strategic goals; the expected timing of completion of the proposed transaction; the expected cost savings, synergies and other anticipated benefits from the proposed transaction; and other statements that are not historical facts.

Forward-looking statements are typically identified by such words as “believe,” “expect,” “anticipate,” “intend,” “outlook,” “estimate,” “forecast,” “project,” “should,” and other similar words and expressions, and are subject to numerous assumptions, risks, and uncertainties, which change over time. These forward-looking statements include, without limitation, those relating to the terms, timing and closing of the proposed transaction.

Additionally, forward-looking statements speak only as of the date they are made; Provident and Lakeland do not assume any duty, and do not undertake, to update such forward-looking statements, whether written or oral, that may be made from time to time, whether as a result of new information, future events, or otherwise. Furthermore, because forward-looking statements are subject to assumptions and uncertainties, actual results or future events could differ, possibly materially, from those indicated in such forward-looking statements as a result of a variety of factors, many of which are beyond the control of Provident and Lakeland. Such statements are based upon the current beliefs and expectations of the management of Provident and Lakeland and are subject to significant risks and uncertainties outside of the control of the parties. Caution should be exercised against placing undue reliance on forward-looking statements. The factors that could cause actual results to differ materially include the following: 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 between Provident and Lakeland; the outcome of any legal proceedings that may be instituted against Provident or Lakeland; the possibility that the proposed transaction will not close when expected or at all because required regulatory, shareholder or other approvals are not received or other conditions to the closing are not satisfied on a timely basis or at all, or are obtained subject to conditions that are not anticipated (and the risk that required regulatory approvals may result in the imposition of conditions that could adversely affect the combined company or the expected benefits of the proposed transaction); the ability of Provident and Lakeland to meet expectations regarding the timing, completion and accounting and tax treatments of the proposed transaction; the risk that any announcements relating to the proposed transaction could have adverse effects on the market price of the common stock of either or both parties to the proposed transaction; the possibility that the anticipated benefits of the proposed transaction will not be realized when expected or at all, including as a result of the impact of, or problems arising from, the integration of the two companies or as a result of the strength of the economy and competitive factors in the areas where Provident and Lakeland do business; certain restrictions during the pendency of the proposed transaction that may impact the parties’ ability to pursue certain business opportunities or strategic transactions; the possibility that the transaction may be more expensive to complete than anticipated, including as a result of unexpected factors or events; diversion of management’s attention from ongoing business operations and opportunities; the possibility that the parties may be unable to achieve expected synergies and operating efficiencies in the merger within the expected timeframes or at all and to successfully integrate Lakeland’s operations and those of Provident; such integration may be more difficult, time-consuming or costly than expected; revenues following the proposed transaction may be lower than expected; Provident’s and Lakeland’s success in executing their respective business plans and strategies and managing the risks involved in the foregoing; the dilution caused by Provident’s issuance of additional shares of its capital stock in connection with the proposed transaction; effects of the announcement, pendency or completion of the proposed transaction on the ability of Provident and Lakeland to retain customers and retain and hire key personnel and maintain relationships with their suppliers, and on their operating results and businesses generally; and risks related to the potential impact of general economic, political and market factors on the companies or the proposed transaction and other factors that may affect future results of Provident and Lakeland; uncertainty as to the extent of the duration, scope, and impacts of the COVID-19 pandemic on Provident, Lakeland and the proposed transaction; and the other factors discussed in the “Risk Factors” section of each of Provident’s and Lakeland’s Annual Report on Form 10-K for the year ended December 31, 2021, in the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of each of Provident’s and Lakeland’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, and other reports Provident and Lakeland file with the U.S. Securities and Exchange Commission (the “SEC”).

# Additional Information and Where to Find It

In connection with the proposed transaction, Provident will file a registration statement on Form S-4 with the SEC. The registration statement will include a joint proxy statement of Provident and Lakeland, which also constitutes a prospectus of Provident, that will be sent to stockholders of Provident and shareholders of Lakeland seeking certain approvals related to the proposed transaction.

The information contained herein does not constitute an offer to sell or a solicitation of an offer to buy any securities or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. INVESTORS AND SECURITY HOLDERS OF PROVIDENT AND LAKELAND AND THEIR RESPECTIVE AFFILIATES ARE URGED TO READ, WHEN AVAILABLE, THE REGISTRATION STATEMENT ON FORM S-4, THE JOINT PROXY STATEMENT/PROSPECTUS TO BE INCLUDED WITHIN THE REGISTRATION STATEMENT ON FORM S-4 AND ANY OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC IN CONNECTION WITH THE PROPOSED TRANSACTION, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT PROVIDENT, LAKELAND AND THE PROPOSED TRANSACTION. Investors and security holders will be able to obtain a free copy of the registration statement, including the joint proxy statement/prospectus, as well as other relevant documents filed with the SEC containing information about Provident and Lakeland, without charge, at the SEC's website (<http://www.sec.gov>). Copies of documents filed with the SEC by Provident will be made available free of charge in the "SEC Filings" section of Provident's website, <https://investorrelations.provident.bank/>, under the heading "SEC Filings." Copies of documents filed with the SEC by Lakeland will be made available free of charge in the "Investor Relations" section of Lakeland's website, <https://investorrelations.lakelandbank.com/>, under the heading "Documents."

# Participants in Solicitation

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Provident, Lakeland, and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction under the rules of the SEC. Information regarding Provident's directors and executive officers is available in its definitive proxy statement, which was filed with the SEC on March 18, 2022, and certain other documents filed by Provident with the SEC. Information regarding Lakeland's directors and executive officers is available in its definitive proxy statement, which was filed with the SEC on April 7, 2022, and certain other documents filed by Lakeland with the SEC. Other information regarding the participants in the solicitation of proxies in respect of the proposed transaction and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus and other relevant materials to be filed with the SEC. Free copies of these documents, when available, may be obtained as described in the preceding paragraph.

# Today's Presenters

## Experienced Executive Management Team Leveraging Two Best-in-Class Organizations



**Anthony Labozzetta**  
*President, CEO & Director*  
*Provident Financial Services, Inc.*



**Thomas Shara Jr.**  
*President, CEO & Director*  
*Lakeland Bancorp, Inc.*



**Christopher Martin**  
*Executive Chairman*  
*Provident Financial Services, Inc.*



**Thomas Lyons**  
*Senior Executive Vice President & CFO*  
*Provident Financial Services, Inc.*



**Combination of Two High-Performing, Like-Minded  
New Jersey Institutions Creating a Preeminent  
Super-Community Bank**

# Creating Scale and Enhancing Shareholder Value



Creates a **top-tier New Jersey/Tri-State area super-community bank** with significant scale



Drives **even stronger financial results** and better positions the company for the future



Unlocks **compelling revenue growth opportunities** in commercial lending, wealth management and insurance



Joins together two banks with **superior credit risk management practices**



Combines two **strong management teams and boards**



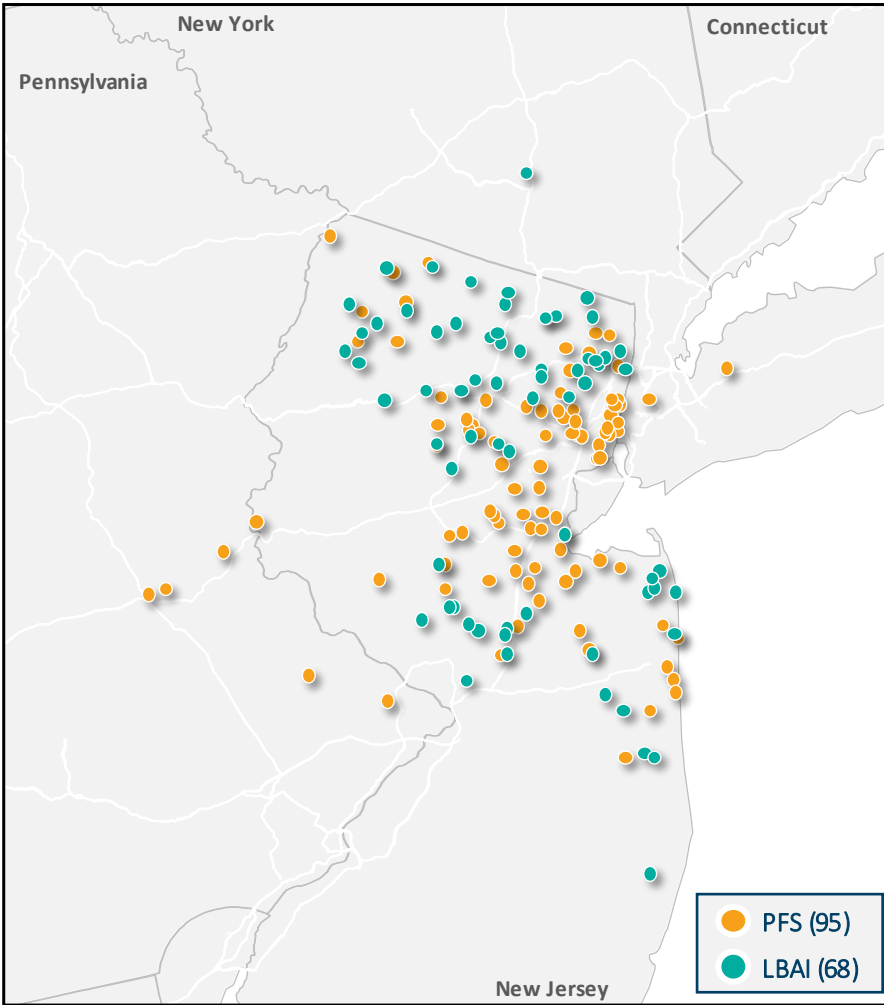
Unites like-minded institutions that have **shared visions, values, and a commitment to employees, customers and the community**

# The Premier New Jersey Super-Community Bank Franchise

**Assets**  
**\$25B**

**Deposits**  
**\$20B**

**Loans**  
**\$18B**



***Financially Compelling Transaction***  
**2024E ROAA: 1.6%**  
**2024E ROATCE: 21.0%**  
**2024E Efficiency Ratio: <40%**

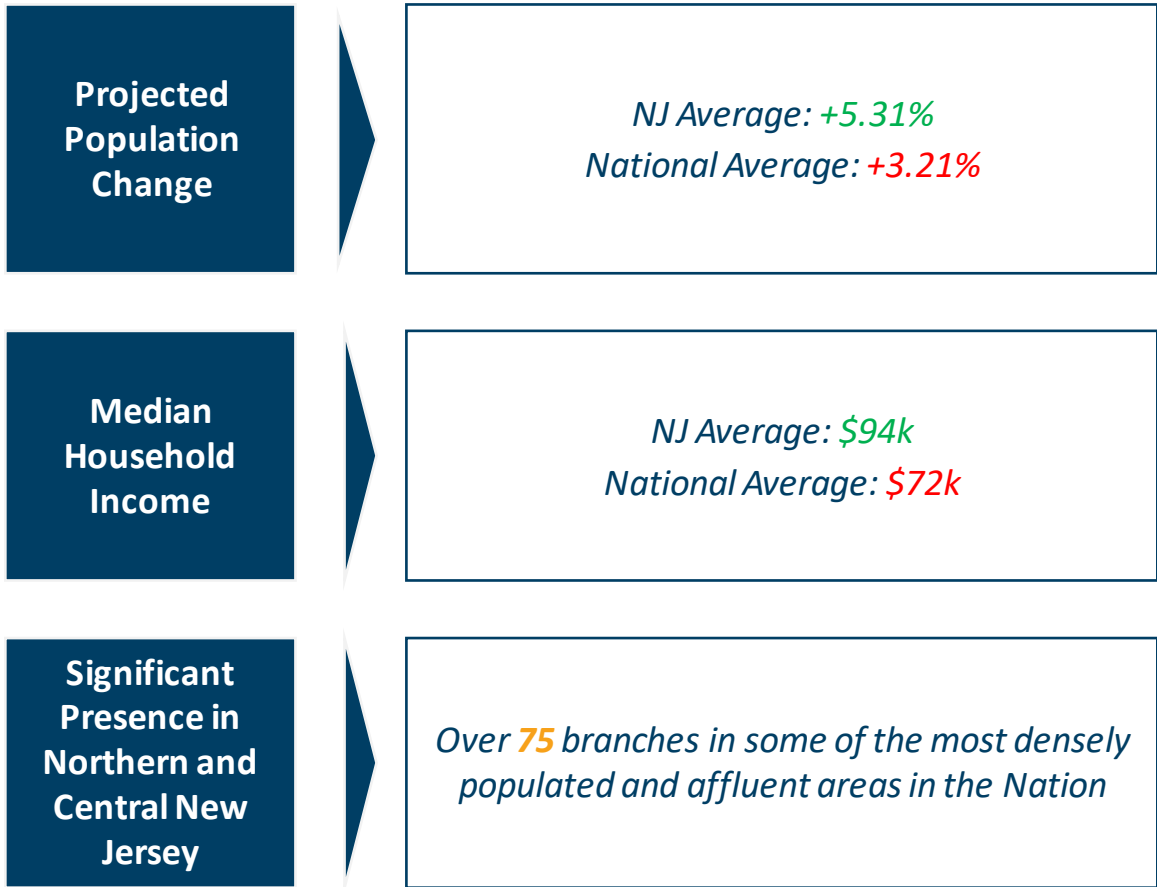


# Consolidates Presence in Highly Attractive New Jersey

## Highly Ranked Deposit Share in New Jersey for Institutions with Less Than \$100B in Assets



Institution (HQ State)	Overall		
	Rank	Deposits (\$000s)	Share (%)
Valley National Bancorp (NY)	1	\$21,661,955	4.68%
<b>Pro Forma PFS &amp; LBAI</b>		<b>\$18,740,689</b>	<b>4.05%</b>
<b>Provident Financial Services (NJ)</b>	<b>2</b>	<b>\$10,371,343</b>	<b>2.24%</b>
OceanFirst Financial Corp. (NJ)	3	\$9,208,689	1.99%
<b>Lakeland Bancorp (NJ)</b>	<b>4</b>	<b>\$8,369,346</b>	<b>1.81%</b>
Columbia Financial Inc. (NJ)	5	\$8,098,910	1.75%
Kearny Financial Corp. (NJ)	6	\$6,014,003	1.30%
ConnectOne Bancorp Inc. (NJ)	7	\$5,873,252	1.27%
Peapack-Gladstone Financial (NJ)	8	\$5,854,601	1.27%
Fulton Financial Corp. (PA)	9	\$5,417,217	1.17%
CRB Group Inc. (NJ)	10	\$4,653,805	1.01%
<b>Total for Institutions in New Jersey</b>		<b>\$462,503,967</b>	

## New Jersey Is Affluent, with Significant Economic Tailwinds



Note: Deposit data as of June 30<sup>th</sup>, 2022; Deposit Share analysis includes institutions with \$100B or less in total assets.  
Source: S&P Capital IQ Pro

# Delivers a Broader Set of Products and Services

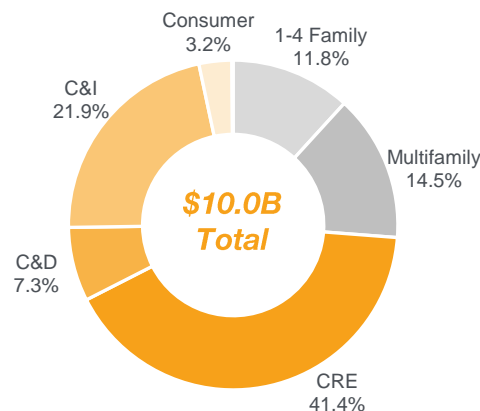
			COMBINED
Commercial Lending	✓	✓	✓
CRE Lending	✓	✓	✓
Multifamily Lending	✓	✓	✓
Asset-Based Lending		✓	✓
Equipment Lease Financing		✓	✓
Retail Banking	✓	✓	✓
Mortgage Warehouse Lending		✓	✓
Wealth Management	✓		✓
Insurance Services	✓		✓
Residential / HELOC Portfolio Lending	✓	✓	✓
Treasury Management	✓	✓	✓

Incremental revenue opportunities from the addition of each company's unique businesses to the combined franchise

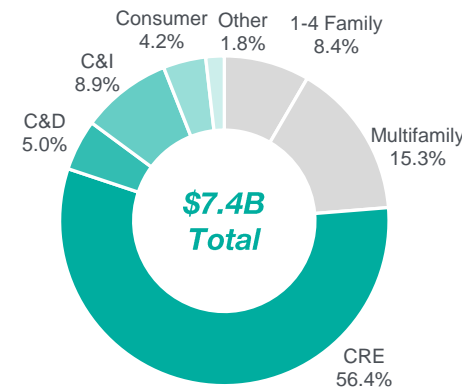
# Compelling Pro Forma Loan & Deposit Mix

- Core competency in CRE lending fortified via partnership
- Opportunity to continue to diversify the balance sheet as a combined business

Loan Composition

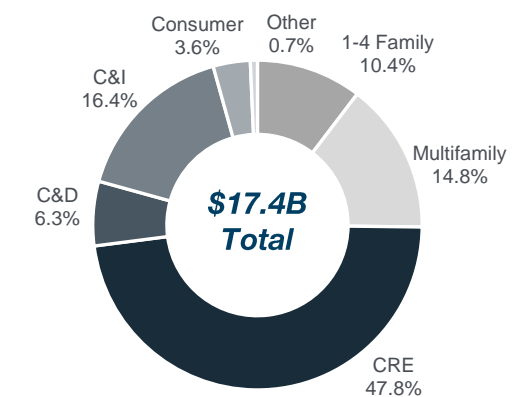


2Q'22 Yield: 3.88%



2Q'22 Yield: 4.22%

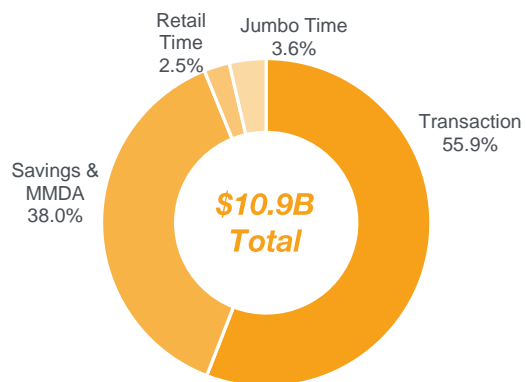
## Pro Forma



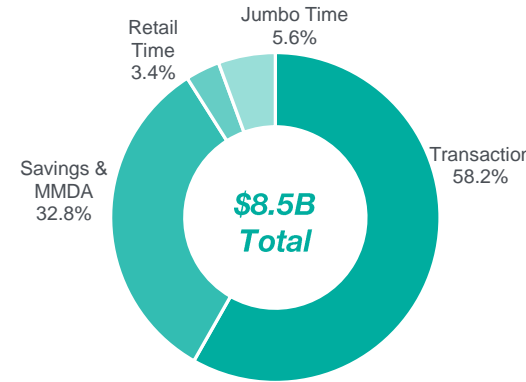
2Q'22 Yield: 4.03%

- Funding profile remains strong with significant low-cost core deposits
- Ability to leverage incremental scale to minimize funding costs

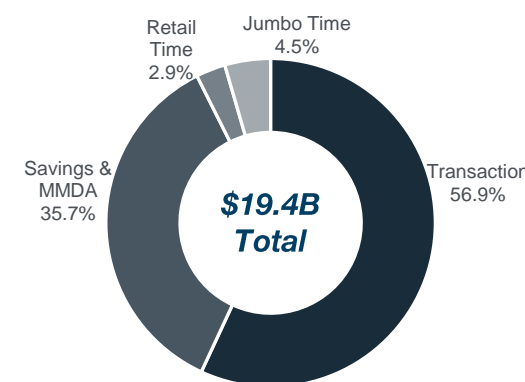
Deposit Composition



2Q'22 Cost: 0.20%



2Q'22 Cost: 0.22%



2Q'22 Cost: 0.21%

# Maintain Our Low Risk Credit Profile

**Credit Performance**

**PFS**

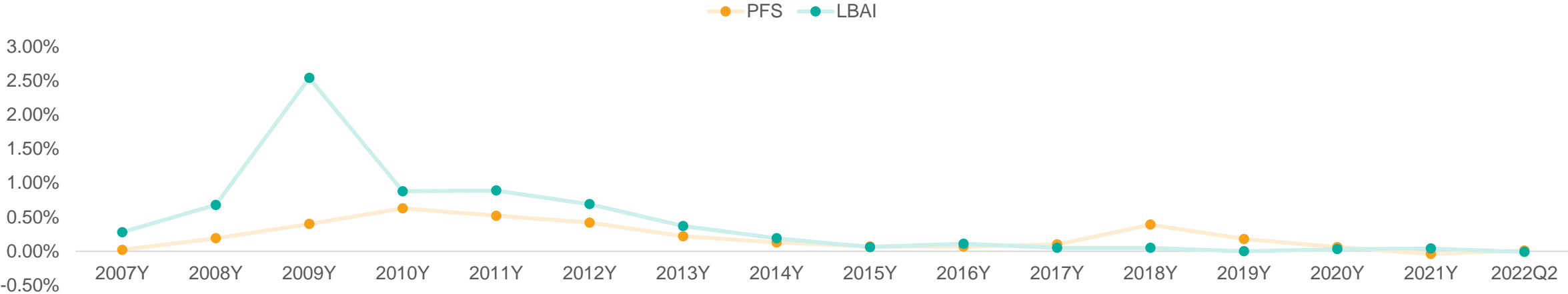
**LBAI**

- ✓ Low to no charge-offs trailing 5+ years
- ✓ Minimal negative credit impact through the COVID-19 pandemic
- ✓ De minimis NPAs as of 6/30/22, including minimal NPAs / Loans in non-owner-occupied CRE
- ✓ Historically low charge-off rate through challenging economic environments

Retains high-quality expertise across loan segments with deep understanding of markets we serve

Conservative credit culture bolstered by significant experience managing through various credit cycles

## Historical NCOs / Average Loans



# Robust and Thorough Two-Way Due Diligence

## Scope of Diligence Efforts

- Comprehensive due diligence coordinated and led by key executives from Provident and Lakeland
- Management-led review of all functional areas
- Full engagement of external consultants and advisors through the diligence process
- Extensive review of the loan portfolio
  - Significant detailed credit reviews
  - 3<sup>rd</sup> party loan reviews completed by both companies
    - Each party reviewed ~50% of the counterparty’s commercial loan portfolio
- Integration will be managed by long-time employees of Provident and Lakeland who have been actively involved in diligence and previous merger integrations

**Both management teams are experienced acquirors**

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*PFS Acquisitions*<sup>1</sup>

7

*LBAI Acquisitions*<sup>1</sup>

*Teams of participants across both PFS and LBAI, including consultants and advisors, dedicated to the diligence process focused on:*

Commercial Banking	Deposit Strategy	Investment Portfolio	ALCO	CECL	Credit & Underwriting	Risk Mgmt. & Internal Audit
Technology & Cybersecurity	Legal & Compliance	Operations	Balance Sheet Positioning	Capital Stress Testing	Human Resources	Integration Planning

1) Represents whole bank acquisitions

# The Impact of the Current Interest Rate Environment on Purchase Accounting

- The recent rise in interest rates has impacted the reported financial metrics in M&A transactions
- Interest rate marks on the securities and loan portfolios of acquired companies have the following impacts:
  - Increased initial tangible book value dilution
  - Increased earnings accretion
  - Extended tangible book value earn-back periods
  - A decrease of pro forma capital ratios at transaction closing
- The interest rate marks on the liability side of Lakeland are nominal (no interest rate marks on non-maturity deposits and minimal interest rate marks on longer-term deposits and borrowings)
- A significant amount of earnings accretion is generated as a result of purchase accounting with no execution risk

*Dollars in thousands*

	With Interest Rate Marks	Without Interest Rate Marks
<b><u>Aggregate Pre-Tax Income Statement Impact</u></b>		
Securities Interest Rate Mark	\$33,570	\$0
Loan Interest Rate Mark	47,839	0
Cost Savings	65,000	65,000
Total Pre-tax Adjustment	\$146,409	\$65,000
<b><u>TBV Impact</u></b>		
TBV Dilution	(17.3%)	(3.6%)
TBV Earnback	3.60 years	1.65 years

# Shared Values & Benefits for All Stakeholders

**Expand Products and Services** to better serve customers



Retain commitment to **Community Development and Corporate Citizenship**



**10,000+ Volunteer Hours** for Combined Organization in communities where we live and work



**Complementary Values Based Cultures** and robust risk management



**Invest in Technology** to enhance client and customer experience



**Environmental, Social and Governance** efforts remain a top priority



Dedicated to continuing annual corporate giving programs. **\$3 Million+** in annual corporate giving



Commitment to advancing our progress on **Diversity, Equity and Inclusion**



# TRANSACTION DETAIL

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# Transaction Overview

Structure & Exchange Ratio	<ul style="list-style-type: none"><li>• Lakeland Bancorp, Inc. to merge into Provident Financial Services, Inc.; Lakeland Bank to merge into Provident Bank</li><li>• 100% stock consideration</li><li>• 0.8319x of a Provident share for each Lakeland share</li><li>• Aggregate transaction value of \$1.3bn <sup>1</sup></li></ul>
Leadership	<ul style="list-style-type: none"><li>• Christopher Martin, Executive Chairman of Provident, will serve as Executive Chairman of the combined company</li><li>• Anthony Labozzetta, President, CEO &amp; Director of Provident, will serve as CEO, President and Director of the combined company</li><li>• Thomas Shara Jr., President, CEO &amp; Director of Lakeland, will serve as Executive Vice Chairman of the combined company</li><li>• James Nigro, Timothy Matteson and John Rath, from Lakeland, will be joining the pro forma company executive management team</li></ul>
Board of Directors	<ul style="list-style-type: none"><li>• 9 Provident / 7 Lakeland</li><li>• Includes Christopher Martin (Executive Chairman), Thomas Shara Jr. (Executive Vice Chairman) and Anthony Labozzetta (Director)</li><li>• Lead Independent Director to come from Provident</li></ul>
Ownership	<ul style="list-style-type: none"><li>• 58% Provident / 42% Lakeland</li></ul>
Brand & Administrative Headquarters	<ul style="list-style-type: none"><li>• Provident</li><li>• Iselin, NJ</li></ul>
Timing & Approvals	<ul style="list-style-type: none"><li>• Anticipated closing in Q2 2023</li><li>• Subject to Provident and Lakeland shareholder approvals and required regulatory approvals</li></ul>

1) Based on Provident's market price of \$23.16 as of September 26, 2022

# Transaction Multiples

	Provident / Lakeland Transaction Pricing	Recent Comparable M&A Transaction Pricing <sup>5</sup>
Price / TBVPS	154%	162%
Price / LTM EPS	12.4x	15.7x
Price / 2022E EPS <sup>1</sup>	11.4x	15.7x
Price / 2022E EPS + Cost Savings <sup>1 2</sup>	8.0x	--
Core Deposit Premium <sup>3</sup>	5.7%	6.7%
Current Market Premium <sup>4</sup>	18%	18%

1) Assumes 2022E consensus estimates

2) Assumes 2022E consensus estimates and pre-tax cost savings of \$65 million

3) Core deposits defined as total deposits less time deposits >\$100 thousand

4) Based on LBAI's market price of \$16.29 as of September 26, 2022

5) Includes nationwide bank and thrift transactions announced between January 1, 2020 and September 26, 2022 where the targets' assets at announcement were between \$5 billion and \$25 billion; Price / 2022E EPS row for comparable transactions reflects Price / Forward Earnings multiple at time of announcement

# Key Financial Assumptions

Earnings Projections	<ul style="list-style-type: none"><li>• Based on consensus estimates for remaining reporting periods of 2022 and 2023 with 6.0% annual long-term net income growth</li></ul>
Merger Costs	<ul style="list-style-type: none"><li>• \$95 million pre-tax one-time merger expenses, reflected 100% in tangible book value impact at close</li></ul>
Targeted Cost Savings / Revenue Synergies	<ul style="list-style-type: none"><li>• Identified fully phased-in cost savings of \$65 million (pre-tax) based on 2022E non-interest expense run rates<ul style="list-style-type: none"><li>– ~15% of combined Company's non-interest expense</li><li>– ~35% of Lakeland's total non-interest expense (fully synergized run rate including 1<sup>st</sup> Constitution)</li></ul></li><li>• Fully phased in beginning in 2024. 75% phase-in during first nine months</li><li>• Revenue synergies identified but not included in announced financial returns</li></ul>
Loan Credit Mark Estimates	<ul style="list-style-type: none"><li>• Fair value credit mark on loans: \$44 million versus existing allowance of \$69 million</li><li>• Non-Purchase Credit Deteriorated reserve of \$39 million, established day 2 through provision expense (included in tangible book value at closing for modeling purposes)</li><li>• Non-Purchase Credit Deteriorated credit mark is accreted into earnings over four years using sum-of-years digits</li></ul>
Interest Rate Marks	<ul style="list-style-type: none"><li>• \$(252) million pre-tax of securities accreted over the term of the securities</li><li>• \$(183) million pre-tax of gross loans accreted over the term of the loans</li><li>• \$35 million pre-tax of time deposits, wholesale borrowings, subordinated debt and trust preferred</li><li>• Core deposits without a defined maturity not marked, but have significant value in a rising rate environment</li></ul>
Other Assumptions	<ul style="list-style-type: none"><li>• Core Deposit Intangible: 2.0% of Lakeland's \$7.7 billion core deposits, amortized over 10 years using sum-of-years digits</li></ul>

# Compelling Pro Forma Financial Impact

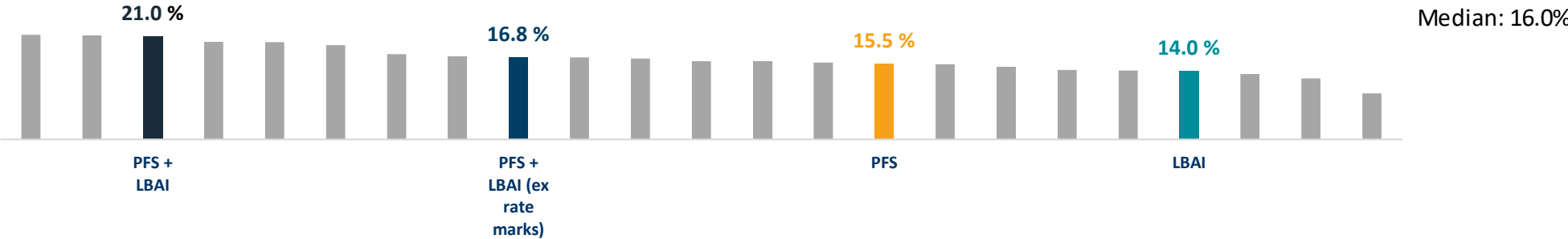
	With Interest Rate Marks	Without Interest Rate Marks
<b>Provident Accretion / (Dilution)</b>		
2024E EPS Accretion / (Dilution)	24.1%	9.4%
TBVPS Accretion / (Dilution)	(17.3%)	(3.6%)
TBV Earnback Period (Crossover Method)	3.60 Yrs	1.65 Yrs
<b>Pro Forma Profitability Metrics</b>		
2024E ROAA	1.6%	1.4%
2024E ROATCE	21.0%	16.8%
2024E Efficiency Ratio	39.0%	41.8%
<b>Pro Forma Consolidated Capital Ratios at Close</b>		
Pro Forma TCE / TA	7.2%	8.3%
Pro Forma Leverage Ratio	7.8%	8.9%
Pro Forma CET 1 Ratio	9.2%	10.7%
Pro Forma Tier 1 Ratio	9.2%	10.7%
Pro Forma Total Capital Ratio	10.8%	12.3%
Pro Forma Bank Level CRE Concentration Ratio	546%	479%

**After the impact to capital relating to LBAI's purchase accounting interest rate marks, the pro forma company will quickly grow regulatory capital as it accretes the marks through the income statement (weighted average life of securities and loans is ~7 years and ~4 years, respectively).**

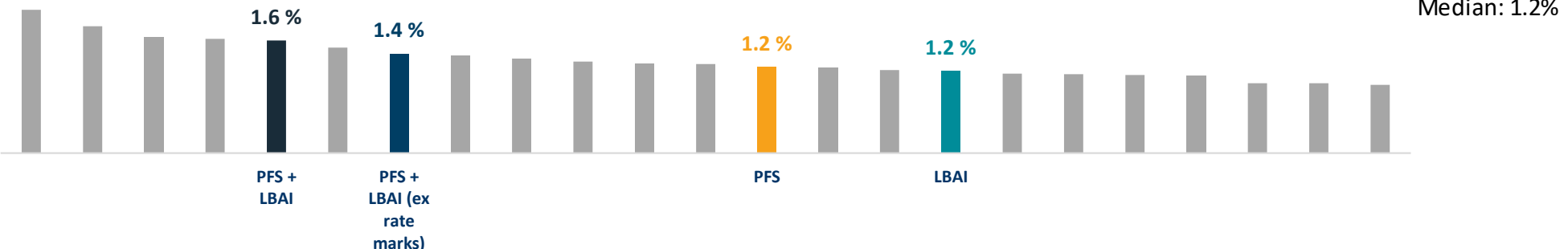
Note: With rate marks assumes the recognition of all purchase accounting marks associated with transactions.  
Without rate marks assumes no interest rate marks are recognized and existing LBAI AOCI is reversed at closing.

# Attractive Pro Forma Profitability Metrics

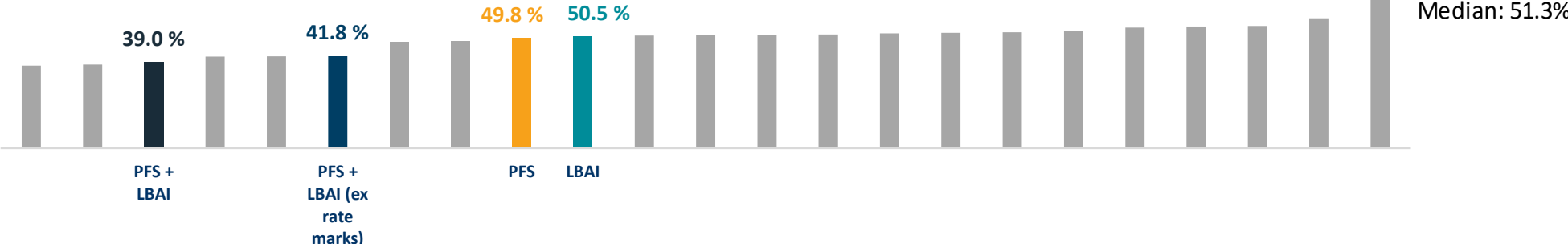
## ROATCE (%)



## ROAA (%)



## Efficiency Ratio (%)



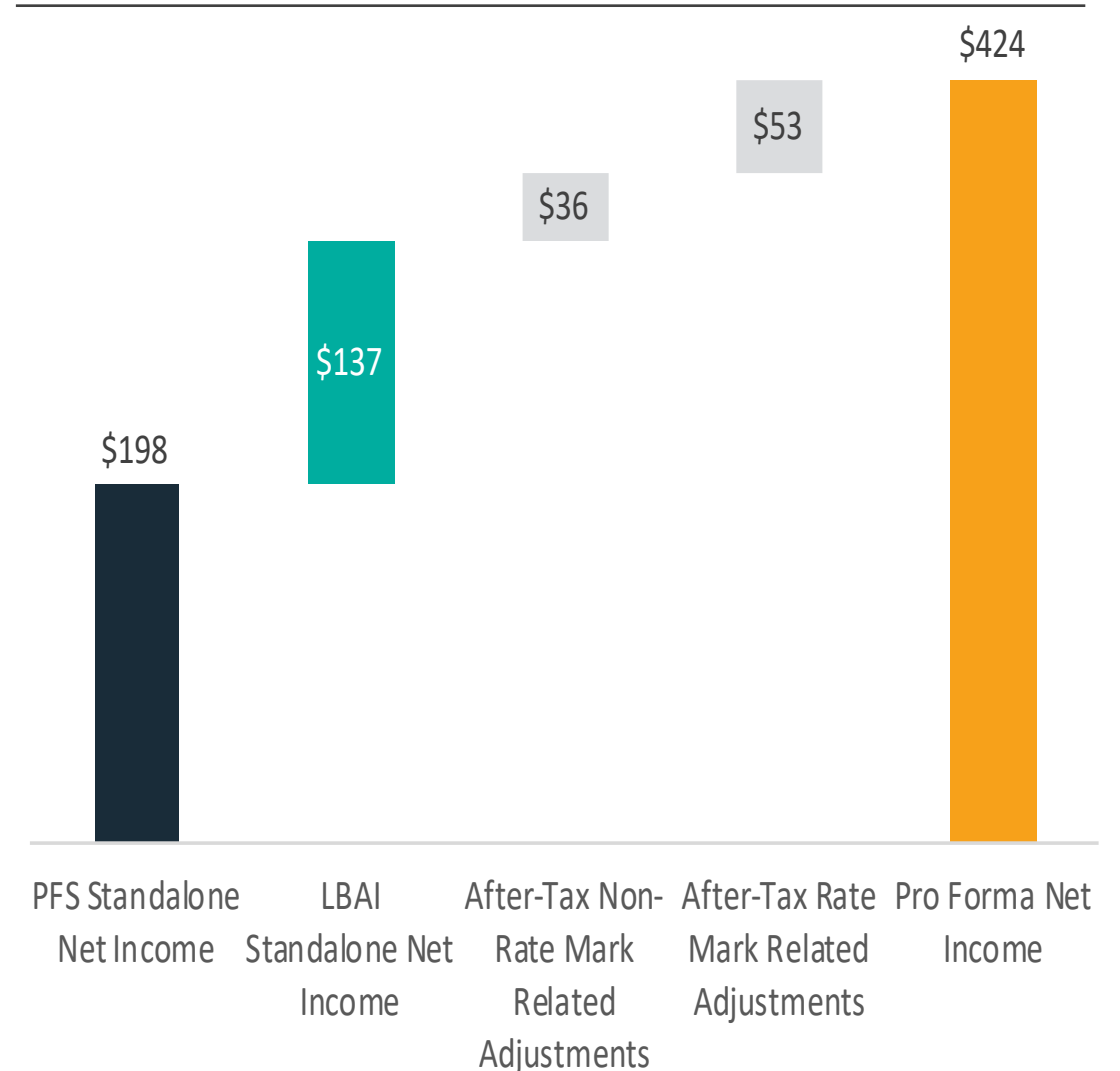
Note: PFS + LBAI pro forma metrics based on 2024 estimates to include fully phased-in cost savings; stand-alone PFS, stand-alone LBAI, and peer group estimates per Street consensus for 2023E; peer group is nationwide public banks with assets between \$20B and \$30B, excludes merger targets and banks without public estimates.  
Source: FactSet

# Pro Forma Net Income and EPS Accretion Reconciliation

## Earnings per Share

	2024E	
(\$ in millions, except per share)	Pro Forma	
PFS Net Income Estimate <sup>1</sup>	\$198	
LBAI Net Income Estimate <sup>1</sup>	\$137	
PFS EPS Estimate	\$2.64	
LBAI EPS Estimate	2.11	
<b>After-Tax Transaction Adjustments</b>		
Cost Savings - Fully Realized	\$50	
Reversal of LBAI Existing Intangible Amortization	1	
Newly Created Intangible Amortization	(19)	
Accretion of Non-PCD Credit Mark	8	
Opportunity Cost of Cash	(3)	
Accretion of Securities Interest Rate Mark	24	
Accretion of Loan Interest Rate Mark	34	
Amortization of Liability Interest Rate Mark	(6)	
<b>Pro Forma Net Income - With Rate Accretion</b>	<b>\$424</b>	
<b>Pro Forma Net Income - Without Rate Accretion</b>	<b>371</b>	
Pro Forma Average Diluted Shares	130	<b>Price / PF EPS<sup>2</sup></b>
<b>PFS Pro Forma EPS - With Rate Accretion</b>	<b>\$3.27</b>	<b>7.1x</b>
<b>PFS Pro Forma EPS - Without Rate Accretion</b>	<b>2.86</b>	<b>8.1x</b>
<b>PFS Accretion (%) - With Rate Accretion</b>	<b>24%</b>	
<b>PFS Accretion (%) - Without Rate Accretion</b>	<b>9%</b>	
<b>PFS Accretion (\$) - With Rate Accretion</b>	<b>\$0.63</b>	
<b>PFS Accretion (\$) - Without Rate Accretion</b>	<b>0.23</b>	

## Earnings Buildup



1) Assumes 6% net income growth from 2023E consensus estimates

2) Provident share price as of September 26, 2022

Note: With rate marks assumes the monetization of all purchase accounting marks associated with transactions.

Without rate marks assumes no interest rate marks are monetized and existing LBAI AOCI is reversed at closing.

# Tangible Book Value & TCE Impact

	\$mm	TCE / TA	Basic Shares	\$ per Share
PFS Equity as of June 30, 2022	\$1,585			
Less: Goodwill and other intangible assets	(462)			
PFS Tangible Book Value / TCE Ratio as of June 30, 2022	\$1,123	8.8%	75.2	\$14.95
Plus: Three quarters of consensus net earnings prior to close <sup>1</sup>	138			
Plus: Three quarters of common dividends	(54)			
Plus: Amortization of intangibles	3			
Plus: Other changes to common shares outstanding	0		0.1	
Standalone PFS Tangible Book Value / TCE Ratio as close	\$1,210	8.8%	75.3	\$16.07
<b>Pro Forma</b>				
Standalone PFS Tangible Book Value / TCE Ratio as close	\$1,210		75.3	\$16.07
Plus: Merger consideration	1,263		54.5	
Less: Total intangibles created without Interest Rate Mark Adjustments	(360)			
Less: After-tax Non-PCD Double Count	(28)			
Less: After-tax one-time transaction costs	(73)			
Pro Forma PFS Tangible Book Value / TCE Ratio at close - Without Rate Marks	\$2,012	8.3%	129.8	\$15.50
Less: Total intangibles created from Interest Rate Mark Adjustments	(287)			
Pro Forma PFS Tangible Book Value / TCE Ratio at close - With Rate Marks	\$1,724	7.2%	129.8	\$13.28
<b>Dilution (bps / \$) - With Rate Marks</b>		<b>(154) bps</b>		<b>(\$2.78)</b>
<b>Dilution (bps / \$) - Without Rate Marks</b>		<b>(45) bps</b>		<b>(\$0.57)</b>
<b>Dilution (%) - With Rate Marks</b>				<b>(17.3%)</b>
<b>Dilution (%) - Without Rate Marks</b>				<b>(3.6%)</b>

1) Includes PFS ESOP-related common equity adjustments

Note: With rate marks assumes the monetization of all purchase accounting marks associated with transactions.

Without rate marks assumes no interest rate marks are monetized and existing LBAI AOCI is reversed at closing.

# Rapid Capital Generation Post Closing

Dollars in millions

	Projected Balances as of		
	3/31/2023	12/31/2023	12/31/2024
<b><i>Tangible Common Equity Build Reconciliation</i></b>			
Starting Tangible Common Equity		\$1,724	\$1,952
PFS & LBAI Consensus Net Income <sup>1</sup>		239	335
After-Tax Cost Savings (75% phase-in in 2023)		28	51
After-Tax Purchase Accounting		45	62
After-Tax Other Pro Forma Adjustments <sup>2</sup>		(19)	(24)
Dividends		(93)	(125)
Other Adjustments <sup>3</sup>		28	35
<b><i>Ending Tangible Common Equity</i></b>	<b>\$1,724</b>	<b>\$1,952</b>	<b>\$2,287</b>
<b><i>Pro Forma Consolidated Capital Ratios</i></b>			
TCE / TA	7.2%	7.9%	8.7%
Tier 1 Leverage Ratio	7.8%	8.5%	9.4%
CET 1 Ratio	9.2%	10.0%	11.1%
Tier 1 Ratio	9.2%	10.0%	11.1%
Total Risk-Based Ratio	10.8%	11.6%	12.7%

- 1) Assumes 2023E consensus estimates and 6% long-term annual net income growth rate for both institutions
- 2) Includes opportunity cost of financing, new CDI amortization expense, and reversal of LBAI's stand-alone core deposit intangible expense
- 3) Includes unwinding of Provident's ESOP and reversal of core deposit intangible on balance sheet



# In Summary



Creates a **premier super-community bank**



**Financially compelling**: size and scale creates **unparalleled strategic positioning in the Tri-State area**



Ability to deliver greater value to all constituents: **employees, customers, communities & ultimately shareholders**



Internal rate of return of approximately **20%**



**Low execution risk** between two partners with **significant M&A experience** and material, low-risk **purchase accounting accretion**

**Thank You**

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