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SENIOR MANAGEMENT SPONSOR

APPLE BANK
BOARD OF DIRECTORS AND BOARD COMMITTEE
PRESENTATION COVER SHEET

Name of Presentation	2022-2024 Strategic Plan
Presenter(s)	Jonathan Brickman, Varun Sarna
Individual(s) Who Prepared the Presentation	Jonathan Brickman, Varun Sarna *(with contributions from colleagues across the bank)*
Date of Last Presentation to Board/Board Committee	February 2021
Presentation Summary	The attached presentation summarizes our 2022-2024 Strategic Plan, including but not limited to: 2021 review, short- and long-term strategic goals, and financial projections. The document is being presented in draft form at this meeting for discussion and comment by the Board. The final document will be brought to the Board for approval on February 16, 2022.
Action Requested	Discussion

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as of
February 3, 2022

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Strategic Plan | 2022-2024

Apple Financial Holdings | Apple Bank for Savings

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February 2022

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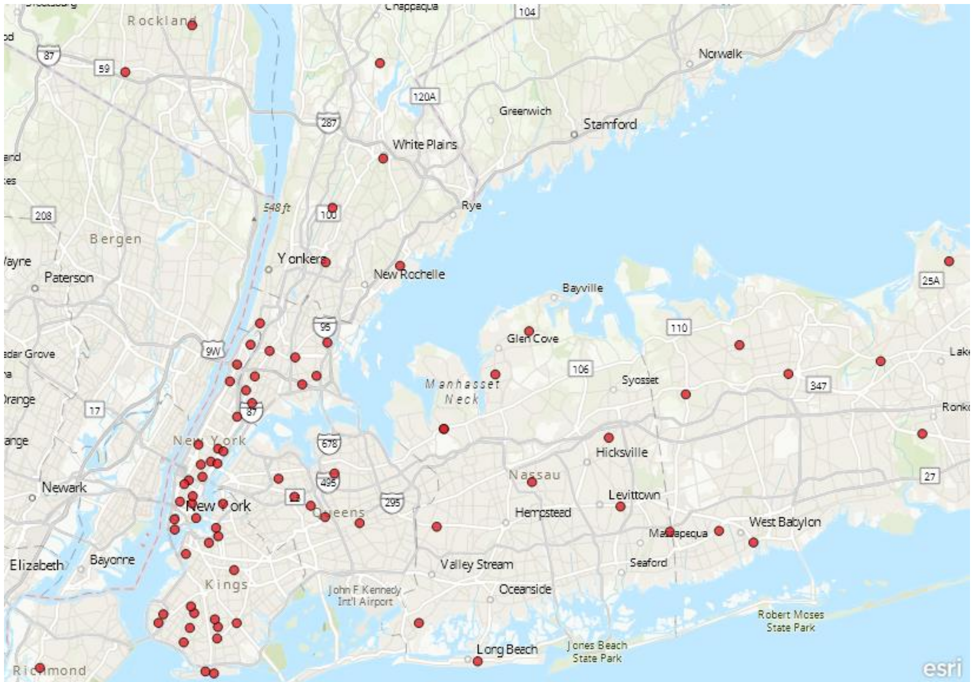
A. Introduction

Introduction | Overview of Apple Bank

Apple Bank currently has 81 branches throughout greater NYC with $16.1bn in assets and $13.8bn in retail deposits.

Branch Footprint



Note: map excludes 2 branches in eastern Long Island (Sag Harbor, East Hampton) and 1 branch in northern Westchester (Mohegan Lake).

Key History Highlights

History

- Founded in 1863
- Significant portion of current management team arrived at Apple in 1991-1992 after Stanley Stahl, NYC real estate developer, acquired Apple Bank in 1990
- Stanley Stahl died in 1999, and his estate, principally Stahl Real Estate and Apple Bank, was transferred into a trust, which the shareholders of the bank represent today.
- In 2013, acquired 29 branches and $3bn of deposits from Emigrant Savings Bank
- In 2016, longtime Chairman, President and CEO, Alan Shamoon, retired and Steve Bush, COO at the time, was promoted to Chairman, President & CEO.

Business Philosophy

- No separation of ownership and control at Apple
- Shareholders have over $1bn of equity and $1bn of deposits at Apple
- Shareholders and Board share regulatory interest in safe and sound operation to a degree that exceeds that of comparable public companies
- Willingness to trade away current income for lower risk
- Focus on long-term, not short-term results

Introduction | Mission Statement & Strategic Objectives

The purpose of the strategic plan is to assess the Bank's performance, set its strategic objectives, position it for success over the next three years amidst evolving economic, competitive, and regulatory environments.

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Mission Statement and Strategic Objectives

- Over the next three years, macro-environment allowing, Apple Bank plans to build steadily on its 2021 results to grow the balance sheet, capital, and earnings, while maintaining strong asset quality and a disciplined risk and compliance profile.
- The Bank has had essentially the same mission, strategic objectives, and business model for 30 years:
  - It seeks attractive risk-adjusted returns over the business cycle by investing in assets that will generate low credit costs and funding them primarily with stable retail deposits. This has resulted in a large allocation of the balance sheet to government-backed assets.
  - It offsets the lower absolute return of these assets with low, albeit increasing, overhead expenses, driven by cost control, a flat organizational structure, and a simple product line.
  - Its assets are concentrated in segments where it can leverage volume over modest fixed costs, a format that favors wholesale over retail assets.
  - It avoids excessive interest rate risk, maintains ample liquidity, uses reasonable leverage, and accepts a moderate amount of mark-to-market accounting volatility in order to achieve its other objectives.
  - Apple conducts its affairs as a responsible business organization in its communities, treating customers and employees fairly and operating in compliance with applicable laws and regulations.

Introduction

Additional notes on this document

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Additional Notes Regarding the Strategic Plan

- The Strategic Plan serves to document our plans over the next three years.
- The plan is subject to change based on market conditions (economy, interest rates, competition, regulatory environment).
- The key elements of the Strategic Plan, including financial forecasts, are monitored regularly through daily statements, monthly financial packages, and quarterly board presentations.
  - Senior management address any significant departures from the plan via regularly-scheduled management or board committees or via non-scheduled updates if appropriate.
- As a private bank, our market value does not fluctuate based on whether we exceed or miss our forecasts.
  - Key decisions are made for the long-term sustainability of the bank

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B. 2021 Review

2021 Year In Review

Positives	Negatives
Macro. Economy returning to normal by most metrics	New Covid variants remain a fear, inflation
Asset Quality. Do not believe material loan losses will emerge from Covid	NPAs and classified assets still much higher than historical levels
Deposits. Deposit costs are at all-time lows (Dec '21 cost of 0.30%)	Deposit growth challenging with current rates; slight dep. declines in '21
Branches. Opened 2 new traditional branches and a digital branch	Some branch deposits are shifting to higher-cost online account (0.50%)
Net Interest Margin. NIM improved throughout the year	Interest rate environment and impact still unclear, shift to more fixed B/S
Lending. Strong year for CRE, new C&I lending channels established	Certain C&I origination channels ended (e.g. GE), spreads tightening
Fee Income. ABS Associates far surpassed historical levels and estimates	Other fee businesses continue to be slightly pressured (checks, overdraft)
HR. Apple back-office employees have a more flexible work arrangement	Wage pressure, turnover, retention, recruiting challenging
Technology. Core conversion mostly on track	Resource intensive project that limits alternative projects
Regulatory. Lowest level of regulatory findings since crossing $10bn	Operating with fear of regulatory findings is expensive & limits progress
Capital. Capital ratios remain strong with leverage ratio increasing	Shift in balance sheet composition is impacting risk-based capital ratios Potential need for capital if we grow assets at a faster rate

Operating Highlights

Internal CAMELS assessment

Capital	• Regulatory risk-based capital ratios are in line with peers, though well above board and regulatory limits • Leverage ratio of 7.35% (+43bps YoY) is low relative to peers; however, Apple Bank's balance sheet composition reflects a much lower risk profile (56% RWA / Assets vs. ~70% for peers); not captured in RWA are 100% RWA CRE assets with average LTVs in the 30s
Asset Quality	• Non-performing assets (NPAs) of $62mm (mostly attributable to 2 relationships) • Current NPAs / Assets = 0.40%; prior to Q3 2020, NPAs / Assets peaked over last 20 years at 0.1% • CRE / multi-family loans have an average LTV of <30% (highest LTV is 68%) • Government-guaranteed loans represent 20% of loans; government-backed assets represent 25%+ of total assets
Management	• Many members of the senior management team have 20+ years of experience at Apple Bank • In the last four years, we have hired 25+ EVPs/SVPs/FVPs and elected 7 new board members – Significantly improved management depth and succession planning
Earnings	• 2021 net income of $51mm (vs. 2020 net income of $23mm) – Net interest margin approached pre-Covid levels towards end of year – Negative provisions of $3mm after significant increase in reserves in 2020 – Continued increase in operating expenses
Liquidity	• Loan / deposit ratio of 76% (61% excluding government-guaranteed loans) • ~30% of assets are in cash & securities • 97% of funding is via branch customer deposits; $3bn+ of FHLB and Fed borrowing capacity • Limited use of non-traditional deposit funding (e.g. FHLB borrowings, brokered deposits, listing services, muni) – FHLB and / or brokered CDs utilized occasionally to manage short-term liquidity
Sensitivity	• Interest rate sensitivity: 39% of assets are rate-sensitive (vs. 44% in 2020) – Shifted asset composition to a more fixed rate position over the last few years as C&I declined and CRE increased – Trade-off between better current yields (fixed rate) vs. long-term interest rate risk protection (floating)

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SWOT Analysis

Grey font denotes in bullet point in previous year

Strengths & Weaknesses

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Strengths

- Credit quality and liquidity profile remain strong (albeit gap to peers not as large as in previous years)
- Funding costs are at historical lows with deposit costs currently near 30bps
- Long-standing and loyal customer base
- Experienced branch staff is a differentiator relative to big and online banks
- Steadily improving technology infrastructure
- Private ownership with long-term investment horizon
  - Operating decisions are not made to maximize short-term profitability

Weaknesses

- Current core infrastructure is outdated and limits the deployment of new applications and products
- Technology interdependencies and sequential needs have resulted in slower than ideal IT deployment
- Aging customer base
  - Average age of deposit customers in mid-60s and older if weighting by deposits

Negative Consequence of Intentional Board & Management Choices:

- Shift to more fixed rate balance sheet over last year will limit upside potential as interest rates increase
- Currently limited asset generation opportunities that generate meaningful marginal profitability
  - Regulatory and compliance costs continue to make low risk loans / strategy challenging

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SWOT Analysis (Cont'd)

Grey font denotes in bullet point in previous year

Opportunities & Threats

Opportunities

Deposit Customers

- Apple Bank's deposit market share still only represents 1% of the NYC MSA
- Re-focus on customer initiatives after years of risk-related infrastructure remediation
- Branch openings to generate additional customers / deposits
- Online account openings to accelerate deposit growth
- Improved business banking and treasury management capabilities to attract more real estate-related deposits; evaluation of other deposit-rich industries

Technology & Operations

- Core conversion to accelerate technology migration, both back-office and customer-facing
- New core system to create more efficient operations and bridge gap on products / services
- Reduced office space needed with greater work-from-home FTEs; potential ability to hire FTEs from outside of NYC area
- Hiring 3rd party vendors as a technology solution provider is becoming a more prevalent solution
- Fintech partnerships to bridge product gap

Other

- Interest rate / spread environment could improve with market volatility
- Improved utilization of bank-owned real estate
- CRE and C&I lending opportunities exist
- Ability to re-evaluate acquisition opportunities

Threats

Macro-Environment

- COVID impact
- Prolonged low interest rate environment / tight spreads
- Prolonged recession, local economic shutdowns
- NYC commercial and residential real estate environment
- Impact of local and federal legislation (e.g. tax rates)
- Cybersecurity always a threat

Banking Industry

- Competition – big banks, online banks, challenger banks
  - Increasing technology spend of larger banking institutions
- Large tech firms entering financial services (Google, Amazon)
- FinTech expanding further into bank products (Venmo)
- Future compliance costs and "trickle-down" regulation

Apple Bank Specific

- Not growing younger and new affluent customer base
- Not retaining next generation after older customers pass away
- Not finding new asset classes that provide similar parameters to current ones (i.e. scalable, minimal credit losses)
- Not offering products / services that peers are offering
- Continued investment in back-office will increasingly depress earnings until we can grow assets substantially
- **Something not currently on the radar!**

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External Factors

Grey font denotes in bullet point in previous year

A summary of external factors that we monitored in 2021 and will continue to follow in 2022 and beyond; the impact of COVID is still a significant focal point

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Interest Rates

- Represents largest driver of Apple Bank net income
- Yield curve steepened over the course of 2021
- Fed expected to raise rates in 2022 and 2023; current forecast for 9 rate hikes through 2024 with terminal Fed Fund rate of 1.50-2.00%
- Fed accelerating tapering of monthly bond buyer over coming months, which should allow for increase in medium-to-longer term rates; offset by flight-to-safety from pandemic and other macro uncertainties

NYC Real Estate

- Rents for residential market rate units have recovered to pre-Covid levels
- The Manhattan office market is in recovery and has shown improvement in asking rents; available sublease space, which surged over the past 24 months, is on the decline
- The retail market continues to adapt to the accelerated adoption of ecommerce throughout the course of the pandemic
- Manhattan hotels reached an inflection point in Q3 2021, and cash flow from hotel operations became positive at many properties

Global, U.S. & NYC Economy

- U.S. and NYC economy continues to improve by most metrics
- Unemployment improved throughout the year, currently 3.9% nationally, 4.3% for NYC-NYS region [1]
  - Wage pressure for certain industries and occupations
  - Expect continued increase in employment as certain government stimulus programs end
- Inflation is increasing at a pace not seen since early 1980s; December CPI of 7.0%, driven largely by energy prices, supply chain, wage pressure [2]

Aviation

- TSA screenings improved throughout the year; approximately 80% of 2019 levels with business and internal travel representing the largest segments that have not returned to normal
- Timing of return to normal conditions still unclear, driven by a myriad of factors: COVID, government policies, change in business travel needs

Government & Regulatory

- Jerome Powell re-nominated for FRB Chair, Lael Brainard nominated as Vice Chair; vacancies for FRB Vice Chair for Supervision and other Governor positions exist; head of OCC still unclear, FDIC’s Jelena McWilliams announced resignation
- Corporate tax rate increases expected

Other Topics

- Bank M&A
- FinTech
- Crypto currencies
- ESG
- Cyber breaches
- USD LIBOR transition; cessation of new LIBOR loans/contracts in 2022

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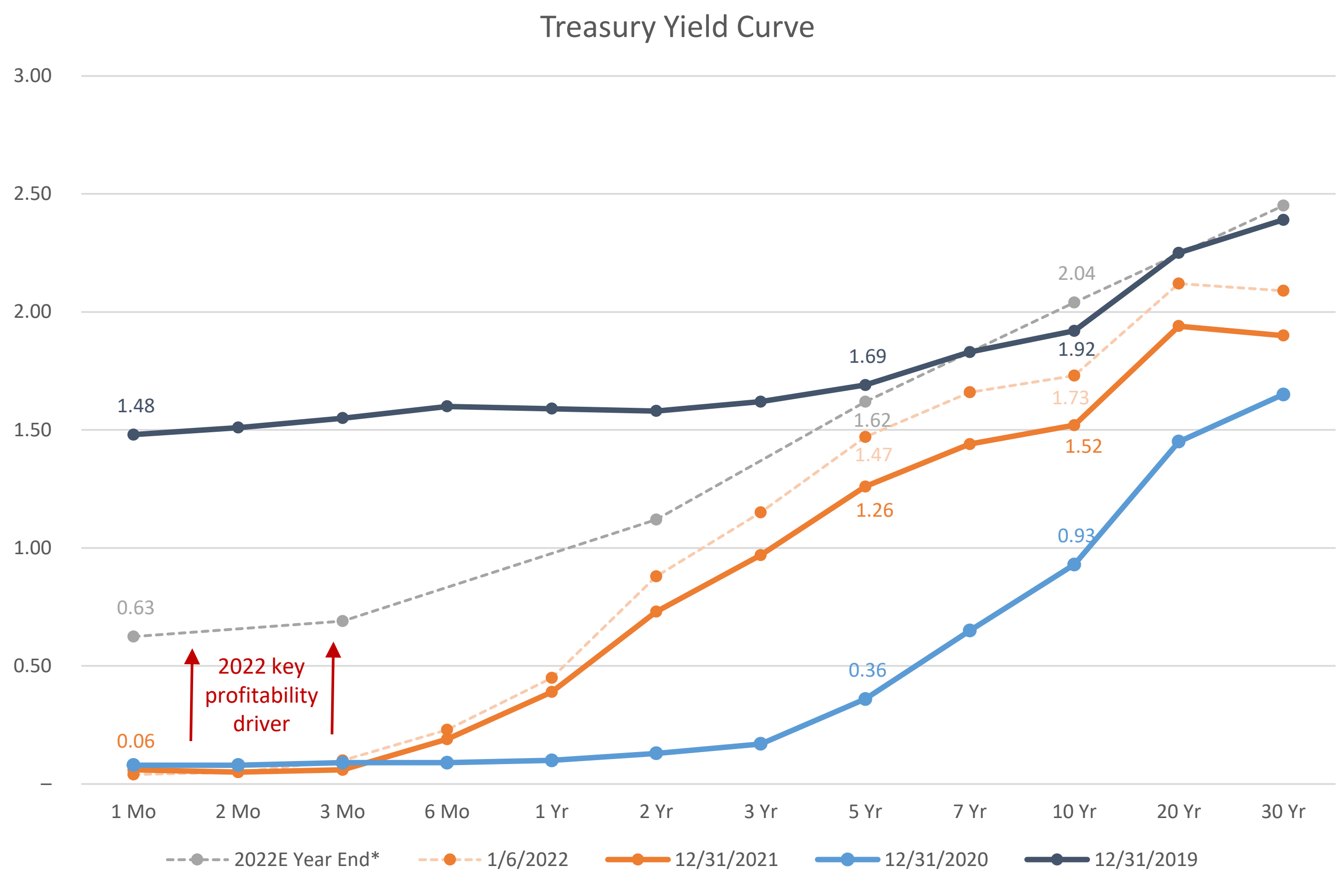
1. NYS Department of Labor as of December 2021.
2. Bureau of Labor Statistics, December 2021.

Interest Rate Environment

Apple Bank relies on the short-end of the curve for C&I lending and the longer end of the curve for CRE lending. While rates at the longer end approached 2019 levels, rates on the shorter-end (i.e. tied to Fed Funds rate) remained low. We expect accelerating tapering by the Fed to increase treasury rates along the curve (subject to other macroeconomic factors) and for the Fed to tighten several times in 2022.



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* Based on Bloomberg consensus forecast on 1/4/2022. 1-Month forecast based on midpoint of Fed Funds range, 3-Month based on 3 Month LIBOR.

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Historical Net Interest Margin, Yields and Costs

NIM has begun to improve after bottoming out in Q1 2021 – largely driven by decreasing funding costs. Larger improvements will require increases in benchmark rates.

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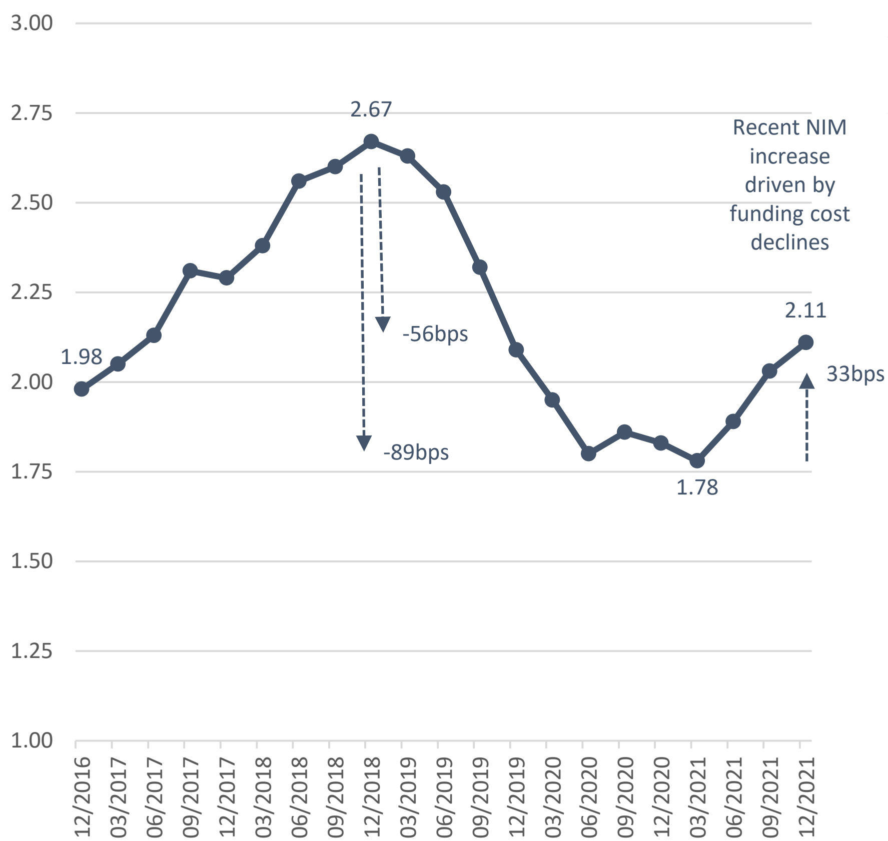
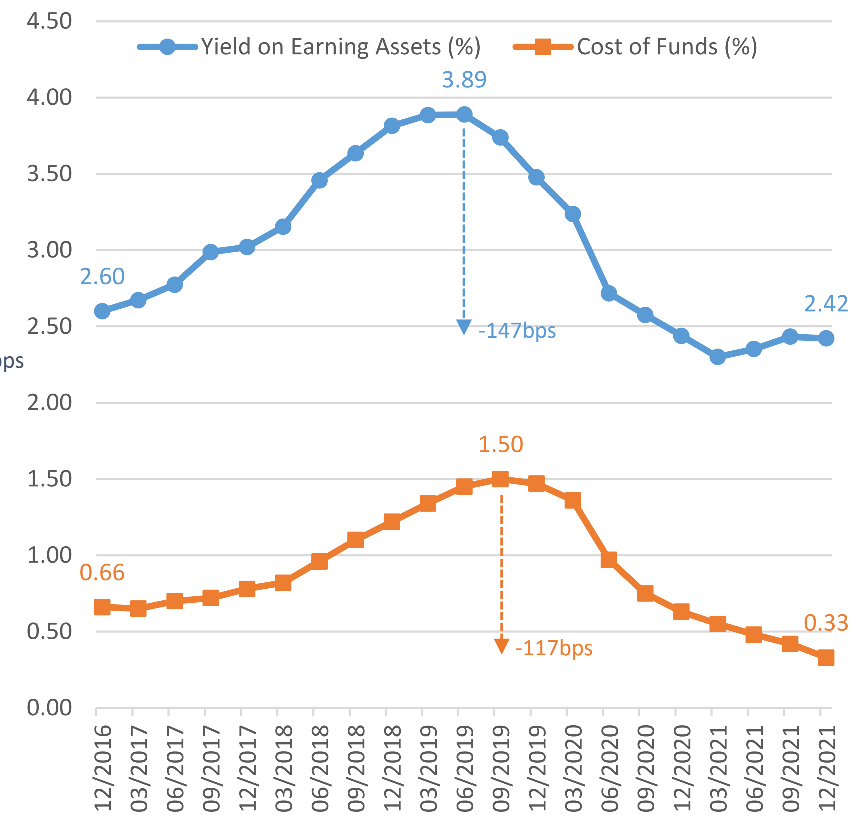
Net Interest Margin (Last 5 Years, Quarterly)



Yields and Costs (Last 5 Years, Quarterly)



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Source: Call Reports.

Financial Summary | Balance Sheet, Capital, Asset Quality

Stagnant overall loan growth in 2021, which we offset in part with aggressive deposit pricing; leverage ratio improved, but risk-based capital ratios slipped due to loan composition; NPAs elevated, but resolving over time

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($mm)					CAGR	
	2018	2019	2020	**2021**	'20 - '21	'18 - '21
Balance Sheet						
Assets	$14,307	$15,808	$16,172	**$16,056**	(1%)	4%
Cash & Securities	3,158	4,819	4,590	**4,592**	0%	13%
Loans	10,483	10,088	10,628	**10,483**	(1%)	(0%)
Deposits	12,464	13,466	14,522	**13,982**	(4%)	4%
Borrowings	566	803	12	**452**	3,771%	(7%)
Tangible Equity	921	1,045	1,124	**1,123**	(0%)	7%
Loans / Deposits	84%	75%	73%	**75%**		
					Δ (bps)	
Capital Ratios					'20 - '21	'18 - '21
Tangible Equity / Tangible Assets	6.6%	6.7%	7.1%	**7.1%**	5	55
Leverage Ratio	7.3%	7.3%	6.9%	**7.3%**	42	7
Tier 1 Ratio	13.3%	13.8%	12.9%	**12.8%**	(3)	(43)
Total Risk Based Capital Ratio	13.8%	14.2%	13.7%	**13.5%**	(23)	(29)
CRE / Total Capital	401%	397%	438%	**455%**		
Risk-Weighted Assets / Assets	52%	50%	53%	**56%**		
Asset Quality Ratios						
Non Performing Assets (NPAs)	$1.2	$1.6	$28.9	**$63.0**		
NPAs / Assets	0.01%	0.01%	0.18%	**0.39%**		
Reserves / NPAs	3,095%	2,052%	256%	**93%**		
Reserves / Loans	0.35%	0.33%	0.70%	**0.56%**		
NCOs / Average Loans	(0.01%)	(0.00%)	0.00%	**–**		

- C&I / Export Credit runoff largely deployed into CMBS

- Retail deposits declined 2%, largely with significant cuts to deposit pricing
- Replaced brokered deposits with FHLB borrowings

- Leverage Ratio has improved as Tier 1 Capital has grown; Total RBC ratio has fallen as RWA/Assets ratio has crept up

- Primarily driven by COVID-related stress on two aviation borrowers: Nordic Aviation Capital ($42mm) and Thai Airways ($20mm)

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Source: Call Reports; minor differences exist relative to management reporting.

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Financial Summary | Profitability

2021 earnings recovery driven by stabilizing / improving NIM and stabilized provisions, offset in part by continually increasing operating expenses.

($mm)	2018	2019	2020	**2021**	CAGR '20 - '21	CAGR '18 - '21
Income Statement						
Net Interest Income [1]	$331	$338	$279	**$297**	6%	(4%)
Provision for Loan Losses	$7	($4)	$41	**($5)**		
Non-Interest Income [1]	$13	$9	$15	**$25**	64%	24%
Operating Expenses [1]	$201	$198	$233	**$257**	10%	8%
Memo: Non-Core Expenses	$11	$45	$5	**–**	NA	(100%)
Net Income	$101	$111	$23	**$51**	124%	(20%)

Profitability Ratios	2018	2019	2020	**2021**	Δ (bps) '20 - '21	Δ (bps) '18 - '21
Return on Assets (ROAA)	0.75%	0.76%	0.14%	**0.32%**	17	(44)
Return on Tangible Equity (ROATE)	11.5%	11.1%	2.1%	**4.6%**	249	(690)
Net Interest Margin	2.56%	2.39%	1.86%	**1.95%**	9	(60)
Efficiency Ratio	59%	57%	79%	**80%**	64	2,122
OpEx / Avg. Assets	1.50%	1.35%	1.47%	**1.59%**	12	9

- While assets were flat, NII shifted with change in interest rates and repositioning of balance sheet
- Primary reason for YoY Δ in earnings
- Multi-year investment in people, risk management, and technology
- Improvement in 2021 but still well below 2018/2019 levels

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Source: Call Reports; differences exist relative to management reporting.

1. Differences from management reporting primarily due to treatment of sub-lease & rental income, realized gains, loan service fees, and other minor loan-related fees.

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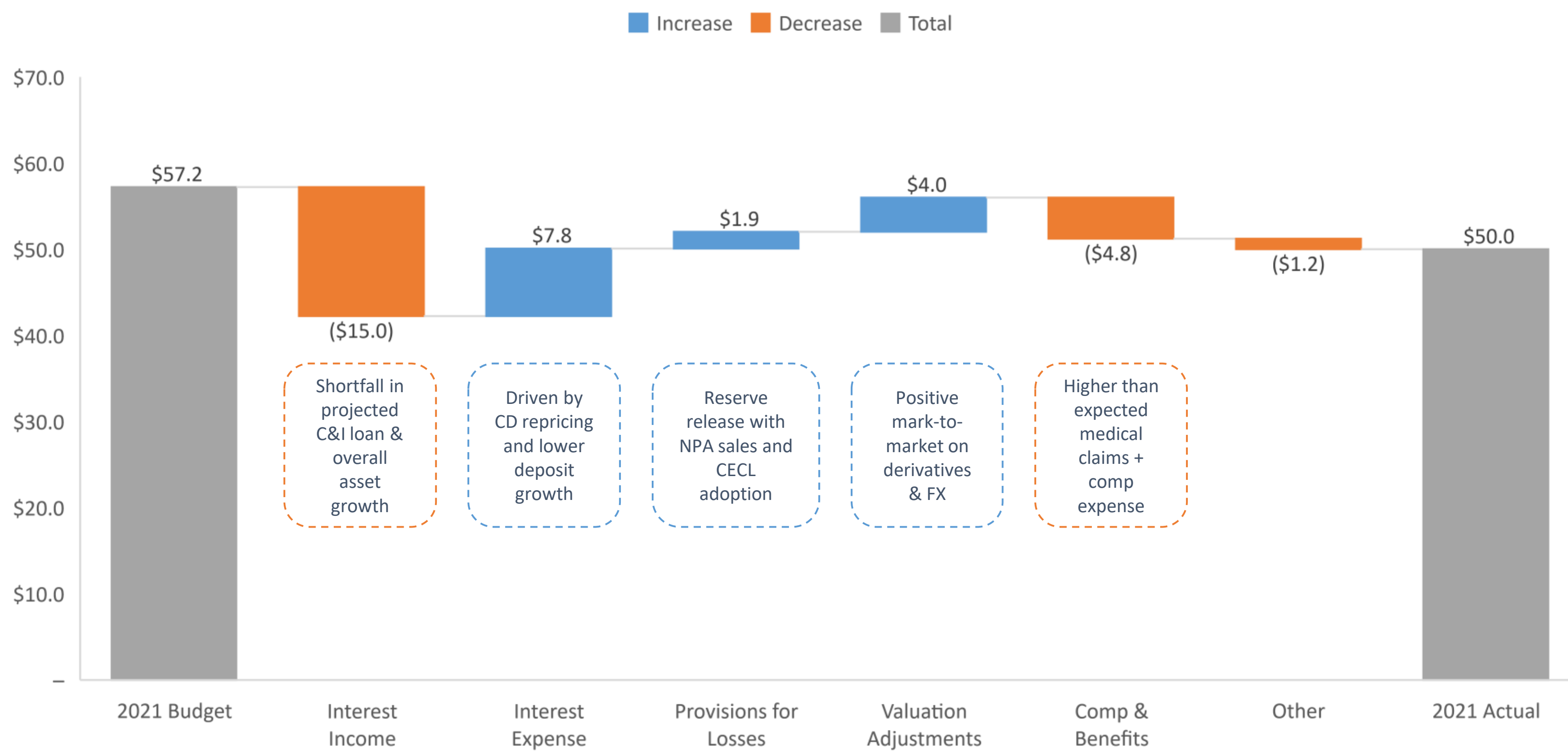
2021 Net Income: Budget-to-Actual Bridge

Although we ended the year ~$7mm (13%) below budget, the variance among the underlying items was much greater; the chart below illustrates the major contributors.

2021 Net Income ($mm)



Source: Management reporting.
Note: Pre-tax adjustments are taxed at 28%.

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C. Peer Analysis

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2021 Bank Industry Themes

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Net Interest Income	• Net interest margins declined at most banks with deposits growing and loans shrinking • Elevated liquidity positions pressured NIM for banks with little room to cut funding costs • NIM retained / improved for banks with higher cost of deposits or large CD / wholesale funding composition
Asset Quality	• Expected credit losses lower than anticipated in 2019-2020; reserve releases and provision reversals across the industry throughout 2021; forecast for reserves to increase in 2022 with loan growth
Operating Expenses	• Branch closures continued across the country as banks could spread distance between branches • Inflation and wage pressure is becoming significant and will drive further need to consolidate branches and focus on technology solutions to drive efficiencies • Ability to control expenses somewhat dependent on each bank's digital banking capabilities, required network investment in work-from-home initiatives, one-time items related to branch closures / restructuring
Fee Income	• Large banks benefited from investment banking revenue • Refi driven mortgage banking revenue subdued in second half of the year • Some banks focused on building more diversified revenue sources – wealth management, niche specialties • Most checking account fees (e.g. overdraft, ATM) are under pressure
M&A	• Most $100mm+ bank M&A announced in 10+ years and several transactions among peers (NYCB, People's, Webster, Sterling, Valley, Investors, Independent, WSFS) • MOEs remained a focus; economics typically strong given low premium and high cost savings; albeit difficult culturally • Foreign banks selling their US bank subsidiaries: BBVA, MUFG, HSBC, BNP Paribas, Leumi • Bank acquisition in the non-bank space: capital markets, asset management, specialty finance, FinTech • Driven for various reasons: cost savings, increasing need to accelerate digitization, geographic or product expansion • Primarily low-premium stock deals to maintain / enhance upside to sellers
Other	• Bank stocks outperformed over the overall stock market, driven by improving economic outlook and forecast for increasing interest rates • Current bank valuations are generally in line with long term trends: P/TBV of 1.7-1.8x and 2-yr forward P/E of 12-13x • Cryptocurrency and blockchain payments are services for many banks (Signature, Silvergate, NYCB, Customers) • Many banks are attempting to build out new niche businesses to differentiate itself (Tech/VC, cannabis, crypto, private banking teams, specialty finance lending, banking as a service, debit/payments, Buy Now/Pay Later partnerships)

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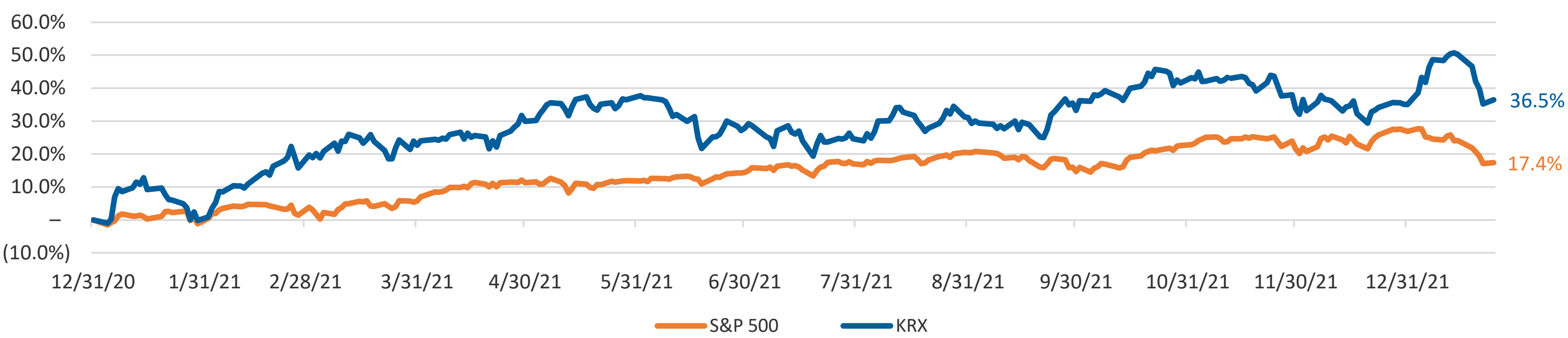
Source: Company earnings releases, investor presentations, and investment banking reports.

Market Performance

Bank stocks outperformed the S&P 500 driven by expected improvement in the economy and the impact of rising interest rates; by the end of 2021, the bank sector was trading around historical P/E multiples.

Indexed Price Performance: S&P 500 vs. Nasdaq Regional Bank Index



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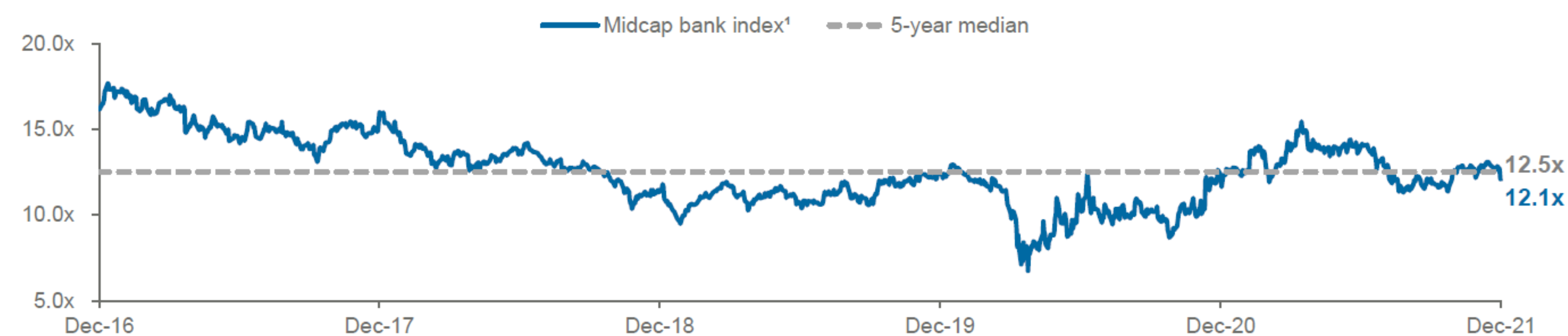
Historical 2-Year forward P/E multiples for the regional bank sector [1]

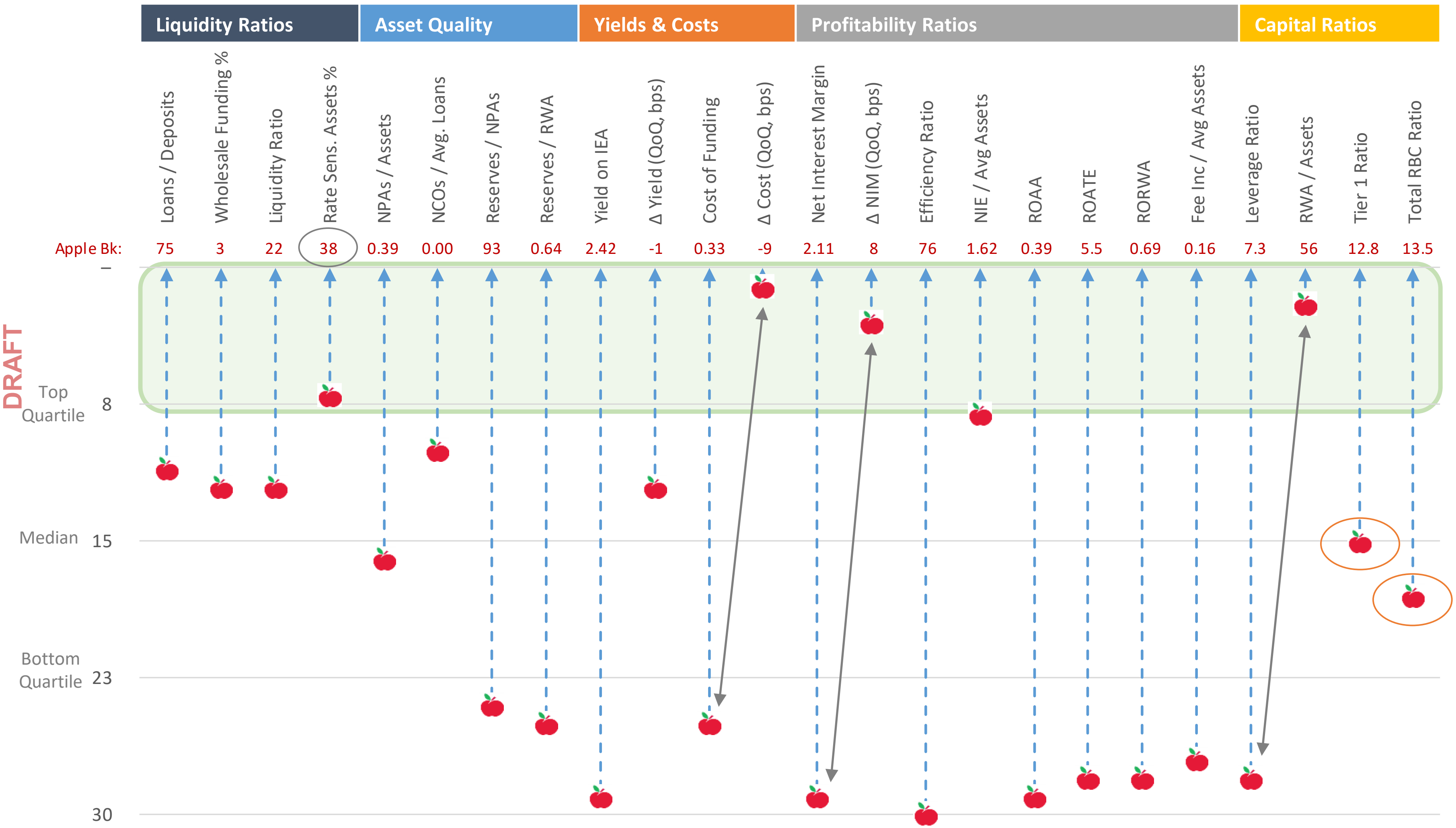


Source: SNL Financial as of 1/24/22.

1. Source: J.P. Morgan investment banking material. Regional bank index represents the Nasdaq Regional Banking Index (KRX).

Peer Analysis | Q4 2021 Summary Financial Performance

Asset sensitivity, while still top quartile, has significantly declined over the last few years; Tier 1 and Total RBC ratios declining relative to peers.



Source: S&P Global Market Intelligence. As of or for the quarter ending 12/31/2021.
Peers include select publicly traded banks in the Northeast & Mid-Atlantic with $10bn+ in assets and NYC with $5-10bn in assets.

D. Risk Assessment

Top and Emerging Risk Landscape

This page highlights top and emerging risks identified in the Bank's Risk Identification process; it is based on input from both the first line of defense and second line of defense, and leverages: RCSAs, Compliance risk assessments, FCC data, audit reports, internal and external incident data, regulatory findings and risk metrics; details and commentary appear on the following pages.

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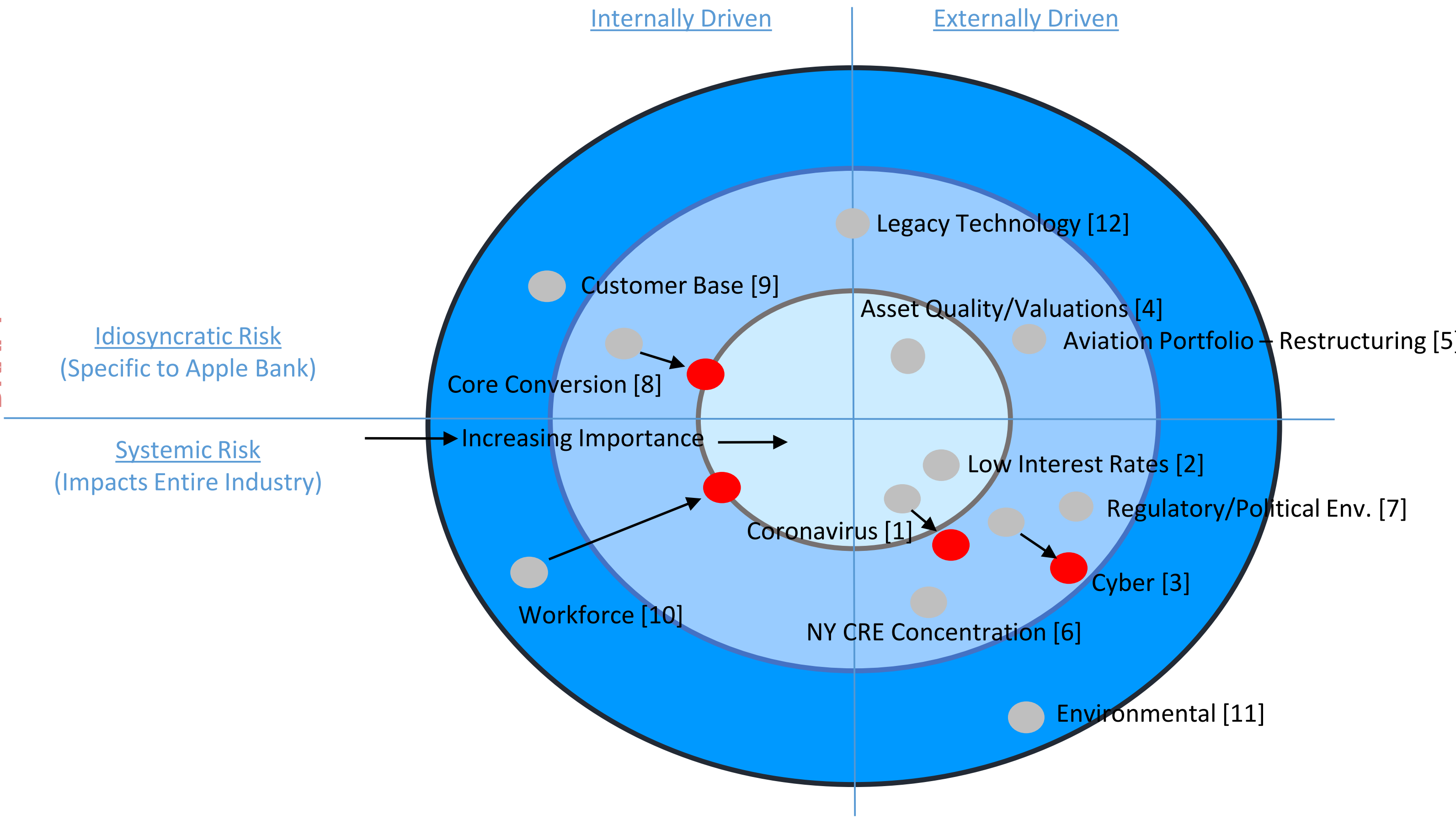

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Numbering is driven by position on the graphic ("bullseye"), always radiating out from the center, which loosely correlates to ranking

2021-Q3 Position 2021 Q4 Position (*if different from Q3*)

Top and Emerging Risk Commentary

#	Top & Emerging Risk	Q4'21 Summarized Commentary	Action & Opportunities
1	**COVID-19**	Bank operating successfully now that pandemic-related risks are better understood; vaccination and testing mandates adopted and proven effective; 95%+ of staff vaccinated; although discovery of new viral strains may be ongoing, recovering and reopening continues	Changes to business and operating practices made to accommodate post-pandemic environment. Risks are understood and will be monitored for each business area
2	**Low Interest Rates – Macroeconomic Environment**	A prolonged low interest rate environment, in addition to fiscal policy considerations and changes to the Fed's purchasing patterns, will be monitored against the Bank's financial performance and asset quality	Bank continues to monitor interest rate environment, implement strategies to grow deposits and address adverse interest rate fluctuations / movement
3	**Cyber**	Bank mitigating cyber risk by implementing additional processes, technology and controls; Bank has a better understanding of key risks by conducting risk assessments and risk quantification on cyber risk appetite; risk metrics will be captured to view data trends over time	Cyber security awareness promoted from top-down: roundtable training for Board, table-top exercises, published newsletters and "lunch & learn" series for Bank colleagues
4	**Asset Quality / Valuations**	Asset quality and valuations beginning to stabilize post-pandemic; aircraft valuations and lease rates improving as vaccination mandates and relaxed global travel restrictions accommodate demand	Internal committees review aviation and CRE accounts, including potential risk of loss. Possibilities of expanding Bank portfolio included in strategic plan
5	**Aviation Portfolio – Restructuring**	The period for restructuring is closing, so the pressure on Lessors and lease rates are stabilizing as a result; industry is witnessing domestic and international recovery and deferral requests subsiding with the exception of two troubled borrowers	Bank will monitor aviation portfolio entering holiday season as domestic/global restrictions continue to relax/lift
6	**NY CRE Concentration**	Retail and boutique hotels more populated QoQ; hotels reopening and occupancy levels increasing; office space occupancy still low as a result of remote working	Bank established key elements in risk management framework that identify, monitor, and control CRE concentration risk

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Apple Bank

Top and Emerging Risk Commentary

#	Top & Emerging Risk	Q4'21 Summarized Commentary	Action & Opportunities
7	**Regulatory / Political Environment**	Senate confirmed Rohit Chopra as the new CFPB director - direction of risk will be determined by the CFBP's agenda and renewed focus on fair lending compliance and AI initiatives	Legal and Compliance departments share weekly Regulatory Change memo; Bank will ensure training is in place for new laws and regulations published
8	**Core Conversion**	Project inherently risky from a resource, time and execution perspective; new risk: finding / hiring talent; challenge remains in resource constraints to execute against strategy and critical timelines	Issues related to workforce, third party integration, competing priorities and timelines are managed and tracked; risk review meetings ongoing to support implementation
9	**Customer Base**	Greater percentage of checking and online accounts opened by students and younger customer base; marketing efforts targeting new, younger demographic; new branch construction is important for expansion strategy	Bank opened 81st branch and "digital branch"; existing branch locations actively renovated. Bank investing in internal and customer-facing technology to manage online-only account
10	**Workforce (rebranded)**	Industry experiencing recruitment challenges; for Bank, witnessed especially in IT and Compliance departments. Resource constraints and gaps in critical roles put upward pressure on risk	WFH policies will be reviewed; more aggressive recruiting to fill in-house positions; employee headcount metrics tracked and discussed in the RPR
11	**Environmental**	Bank monitors risk on business and lending practices, third party relationships, internal frameworks and external regulations. Bank's first Community Impact Statement published; includes monitoring 'disaster areas' and aid to businesses in low/moderate-income communities	Regulatory guidance is monitored by Legal department. Bank performs country risk assessments for countries with Bank exposure that include environmental risk review
12	**Legacy Technology**	Risk improving steadily as Bank replaces older platforms; legacy infrastructure and applications improving significantly; fewer operational risk incidents related to legacy technology are being reported	Outdated infrastructure and applications including BSA, wire applications and MISER will be replaced. Incidents related to vendor SLA's and third party risk are monitored

Risk Appetite Trend and Planned Actions

Risk	Appetite and Trend	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Management's Action / Response
Business Risk	M	L	M	H	H	H	M	M	M	→	Bank is trying to generate revenue by growing its balance sheet without compromising asset quality; continue to execute long-term strategic initiatives
Liquidity Risk	L	L	L	L	L	L	L	L	L	↑	Three CFP Minimal Stress events due to declining cash & deposits, remedied with FHLB borrowings
Capital Risk	L	L	L	L	L	L	L	L	L	→	Apple Bank continues to maintain a strong capital position
Market Risk	L	L	L	L	L	L	L	L	L	→	As the Fed begins to taper its purchases, market is facing greater uncertainty about the future rate path
Interest Rate Risk	M	L	M	M	M	M	M	M	M	↑	Risk and ALM are reviewing the new MountainView Deposit study which seems to indicate our balance sheet is less Asset sensitive than previously reported
Credit Risk – CRE	L	L	L	M	M	M	M	M	M	→	25 Special Mention loans; Avg LTV 31%. Bank monitors macroeconomic conditions in NY metro. Steady improvement post-COVID, may trend yellow for next 6-18mos
Credit Risk – C&I	L	L	L	H	H	H	H	H	H	→	2 Substandard loans in American Air ($96MM) & Fly Leasing ($10MM) and 2 Doubtful loans in Thai Airways (~$20MM) & NAC ($41MM). Air travel improving, but not in all regions. May trend red for next 6-12mos
Model Risk	L	L	L	L	L	L	L	L	L	→	Significant effort by model owners to address past-due findings; timely validations contribute to maintaining Bank-wide model risk low
Reputational Risk	L						L	L	L	→	ERM leading Bank-wide discussions to identify and review ESG-related activity underway
Operational Risk	M	M	M	M	M	M	M	M	M	↑	ORM improving incident analysis to identify trends and continue to monitor action plans
InfoSec	M	H	H	H	H	H	H	H	H	↓	In Q3, InfoSec implemented Risk Quantification process to better understand direction of cyber risk. For Q4, risk outside risk appetite statement but trending downward
AML	M					M	M	M	M	→	Financial Crimes is underway the Verafin implementation project, which is targeted for Q1 2022
Sanctions	L		L	L	L	L	L	L	L	→	Financial Crime completed the implementation of Bank's enterprise Sanction screening solution - Accuity.
Compliance	L		L	L	L	L	L	L	L	→	Weekly QC of all customer complaints and CustomerLine Call Monitoring to address any potential gaps
Vendor Risk	M					M	M	M	M	→	VRM working on upgrading tools (Venminder/Supply Wisdom) and improve related workflows

Apple Bank

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E. Strategic Planning

1. Summary

Summary of Strategic Goals & Objectives

Short Term (2022-2023)

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Technology	• Improving technology will be an emphasis for years to come • **Core conversion** will be the primary focus in 2022 • **Data warehouse** will be a critical data tool for core conversion, but it becomes an increasingly important element for future technology implementations & driving data-based decisions (e.g. marketing, customer behavior, branch and product strategy) • Various Financial Crimes Compliance technology implementations, notably converting to **Verafin** from Abrigo • There are still some key IT infrastructure projects that will get focus from IT department • Post core implementation, expect to allocate more technology resources towards solutions that: (1) improve customer experiences; and (2) create operational efficiencies
Retail	• **Digital Banking**: Create a digital customer experience that matches those of our larger peers, evaluation of digital banking solution, P2P, integrated online account opening, online checking, digital expansion beyond NY • **Deposit Operations**: Create efficiencies post core conversion, centralization efficiencies, product enhancements (e.g cash management, lockbox, teller capture) • **Branch Admin**: Increased focus on wealth management, business banking development, training for IBS & other updates • **Data Analytics**: Utilize customer data to support marketing / branch, increase FinTech product partnerships • **Marketing**: Improve brand affinity across geographic and ethnically diverse neighborhoods, digital marketing, customer engagement, prospective customer targeting • **Facilities**: Evaluation of branch network… branch relocations, branch closures, geographic expansion

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Summary of Strategic Goals & Objectives

Short Term (2022-2023) – Cont'd

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Lending & Investments	• Establish ABL/Lender Finance vertical and consideration for other C&I lending verticals (e.g. syndicated finance) • Reorganize elements of existing lending processes, continued implementation of SABRE • Investments to be deployed for excess liquidity and for continued CMBS investments • Evaluation of technology solutions across various stages of lending (onboarding, monitoring, servicing)
HR	• Plans to reevaluate staffing needs across bank post core conversion and other key implementations; technology investment should create more efficiency, fewer manual processes • Expect employee turnover and wage pressure to continue in 2022, ideally not replacing all who leave • Ability to hire from outside of NYC area to fill certain roles
Financials	• Expect marginally higher net income in 2022 as interest rates are projected to rise • Funding asset growth will be a focal point – trade-off between higher-cost / lower-beta retail deposits vs. lower-cost / higher-beta wholesale • Increase in C&I and other floating rate assets to begin migration back to pre-Covid asset sensitivity; over last two years, floating rate C&I declined while CRE increased, effectively reducing asset sensitivity • Expense base will be higher again in 2022 as compensation expenses are expected to rise further • To neutralize increasing operating costs, we need to continue growing our assets; however, finding assets that we are comfortable with will continue to be a challenge • Ability to grow assets and profitability is governed by existing capital position; will need to evaluate capital needs and sources of capital – insider vs. outsider, assess rating agency path for outside capital needs

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Longer-Term Strategy

Overall, we do not plan to operate significantly differently than we do today; our business model has been similar for 30 years and our value proposition will remain: provide good rates and service to depositors and redeploy those deposits into assets that we believe provide an adequate level of return for the risk.

- There are elements of our business model that we need to address for the period beyond the next 2 years. These include:
  - **Diversifying asset classes**
    - Hiring of new lending teams to diversify balance sheet further
    - Challenge to find scalable and efficient loan classes which do not materially compromise historical lending standards
  - **Diversifying deposit funding base**
    - Business banking capabilities
    - Hiring of business development bankers with relationships in deposit-rich industries (e.g. professional services)
    - Expansion of products & services to capture younger, affluent people
  - **Technology**
    - Longer-term, creating an agile IT environment that allows us to deploy new technology solutions more efficiently
    - New technology solution focus will be on features to improve revenue or reduce cost
    - FinTech partnerships to bridge further product gaps
    - Evaluation of current vendor relationships: Q2, loan origination and servicing platform
  - **Geographic expansion**
    - By early 2022, we would have opened three de novo branches; based on the success of the de novo strategy, we will continue to assess new geographies within the state of NY with attractive demographics elements (Rockland, Brooklyn)
    - We need to evaluate other states for opening branches, e.g. NJ, CT. Potentially FL or other states where our branch customers are moving
  - **Non-organic growth**
    - We plan to evaluate acquisitions -- companies, branches, loan portfolios with lending teams

Longer-Term Strategy (cont'd)

In the 2020 Strategic Plan (2020-2022), pre-Covid, we illustratively provided a 5-year balance sheet scenario of reaching $25bn in assets by 2025. For various reasons, this will now be difficult to meet organically.

Our current 3-year plan, i.e. through 2024, has assets of $19bn – this level relies entirely on organic growth and without incremental capital. Capital and/or acquisitions (companies, portfolios, people) could accelerate growth.

				Remaining		
($mm)	2019	2021	2025	Increase	CAGR	2025 Notes
Cash	$977	$758	$1,250	$492	13%	Maintain 5% cash
Securities	4,017	3,986	5,287	1,301	7%	Securities to replace EXIM shortfall
Cash & Securities	4,994	4,744	6,537	1,793	8%	
Loans						
CRE	4,491	5,585	6,563	977	4%	3.5x Equity =~400% of capital
Export Credit	2,728	2,267	4,000	1,733	15%	Modest reemergence of EXIM
C&I - Current Mix	2,739	2,501	4,000	1,499	12%	
C&I - Alternative Class			2,808	2,808		To be evaluated
Other	130	130	130	–		
Total Loans	10,088	10,483	17,500	7,017	14%	70% loans / assets
ALLL	(33)	(58)	(61)			0.35% of loans
Intangible Assets	274	274	274			
Other Assets	485	614	750			Maintained at 3% of assets
Total Assets	**$15,808**	**$16,056**	**$25,000**	**$8,944**	**12%**	
Retail Deposits	$13,332	$13,827	$20,588	$6,762	10%	85% loan / deposit ratio
Wholesale Funding	814	450	1,959	1,509	44%	Deposit funding gap via wholesale channel
Other Liabilities	341	382	578			Maintained at 2.5% of Liabilities
Total Liabilities	14,487	14,658	23,125			
Equity	1,321	1,398	1,875	477	8%	7.5% Equity / Assets
Liabilities & Equity	**$15,808**	**$16,056**	**$25,000**	**$8,944**	**12%**	

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Apple Bank

2. Consumer Banking

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Strategic Vision & Goals

Continue to expand the Bank's deposit and customer base within and beyond its existing market area by providing well-priced consumer and business products and services through branches and an expanded digital presence while maintaining excellent customer service and leveraging technology, innovation, and analytics.

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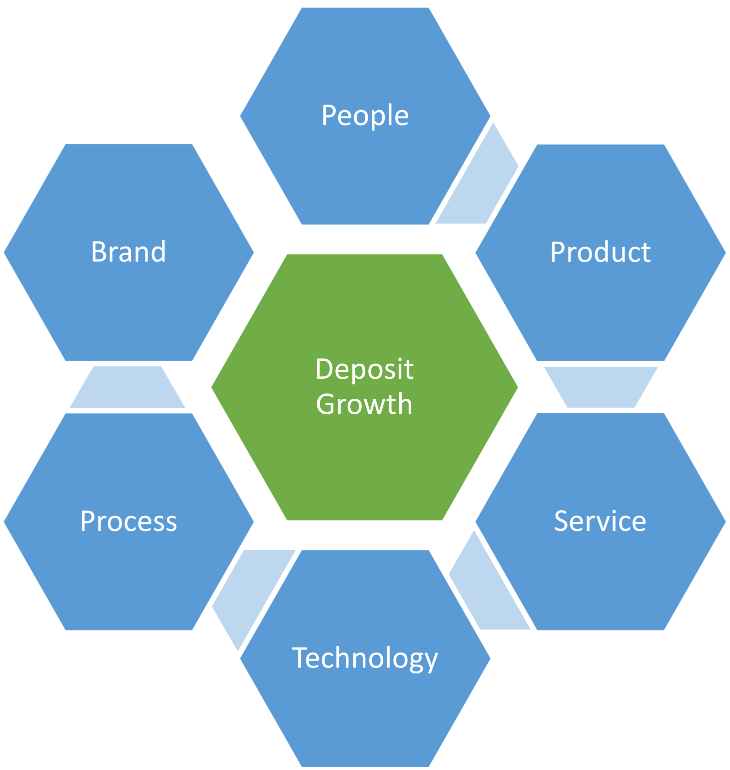
Primary Drivers of Deposit Growth



Overall Strategic Goals

1. **Customer Satisfaction:** Improve independently measured customer satisfaction through offerings and support services
2. **Profitability:** Contribute through product pricing, operating efficiency, and investment in new technology, products, and services
3. **Product Expansion & Enhancement:** Launch new deposit products, lending products, non-deposit investment products (NDIP), and digital services that meet industry standards
4. **Geographic Expansion:** Expand through de novo effort as well as online account openings within and outside of the existing footprint
5. **Digital Banking & Marketing:** Drive increased adoption by marketing capabilities and functionality, including online account opening
6. **Data Analytics:** Expand the use of data analytics in strategic decision-making via periodic reporting, ad-hoc queries, predictive modeling, etc.
7. **Technology & Efficiency:** Allocate and align appropriate resources for the core conversion, other key technology projects and initiatives, and overall process improvement
8. **Branch Optimization:** Continue branch renovation and rebranding to modernize image while identifying cost-saving opportunities through operational adjustments, lease renewals, and relocations

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SWOT Analysis

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Strengths

- Well-established, profitable, expanding branch network
- Branch remodel and rebranding program underway since 2020 improving Apple's image
- Focused and strategic sales and service management processes throughout branch network is effective
- Non-deposit investment products and consumer credit products successfully expanded in 2021
- Digital banking services expansion underway since late 2020, despite limitations due to existing bank technology
- Seasoned and experienced management teams at all levels
- Multi-year internal and customer facing technology modernization underway since 2020
- Analytics program established in 2021 providing deeper insight into business initiatives and customer demographics

Weaknesses

- Internal technology will remain dated and cumbersome until the core conversion project is completed at the end of 2022
- Other technology improvements required in 2023+
- Core conversion project will continue to consume management time through 2022, limiting ability to begin large scale product modernization and enhance digital services until 2023
- Competition remains strong and committed to market
- Aging customer base
- Customer-facing technology, although improving, still trails peers
- Business development and business banking services, although improving, need to be further developed
- New product and change management process within the Bank improving and maturing, but still cumbersome and inefficient

Opportunities

- Continue branch network expansion via the opening of targeted new branch locations within and outside of existing markets
- New consumer products and services introduced in recent years showing early signs of improving the Bank's customer demographics
- Continue employee development and retention programs
- Continue expansion of non-deposit investment and credit products
- Use new data analytics capabilities to better target product development and improve marketing/sales strategies
- Expand Digital Branch's online product offerings to improve Bank's reach and customer demographics
- Expand business banking and business cash management products
- Enhance customer experience through continued implementation of Branch Customer Service Standards and use of customer service metrics and service surveys
- Expand marketing strategies within digital and social media platforms

Threats

- Pandemic expected to continue to create staffing challenges, training limitations and restrictions with executing growth and technology strategies
- Low interest rate environment has reduced deposit growth
- Continued mergers of peers into larger organizations creates scale and scope that continues to be a significant competitive threat
- Reduced customer in-branch visits limit in person sales opportunities
- Growing presence of online banking services of traditional and online only competitors
- Aging customer base will remain a threat for years to come despite signs of early success in reversing this trend

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Consumer Banking Division Functional Overview

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	Where We Are Today	Vision 2022+
Products & Services	• Traditional consumer and business deposit products offered almost exclusively through the branch network • Established an online only product, Simple Savings, in 2021 • Expanded non-deposit product investment offerings significantly in 2021 • Expanded consumer credit offerings in 2021 in partnership with Upstart • Expanded misc. online banking services to consumers and businesses in 2021 • Existing technology results in a cumbersome, substandard customer experience with account opening and service	• Due to constraints of the core conversion project, 2022 will be a planning year for design of new products and services to consumer and business customers to be launched within the new system in 2023 • Redesign entire consumer and business deposit product lines for launch in 2023 after completion of the core conversion project • Expand online account offerings to include a checking product and other investment accounts as core conversion project is completed in later 2022. • Further develop business cash management solutions with integration into the new core system or with Fintech partnerships. • Transformation and further growth of already expanded non-deposit investment business, ABS Associates, into a larger organization with wealth management capabilities in 2022 • New technology expected to improve customer experience with a more efficient, streamlined, mostly paperless interaction with the Bank
Digital Capabilities	• Digital Branch is in early development. Currently offers online account opening for Simple Savings. • Online/mobile services have improved but some basic functionality still missing • Digital marketing, email, customer satisfaction and social media platforms recently developed but not mature	• Review online banking vendor alternatives in 2022, develop and begin implementing multi-year strategy for digital services • Online account opening capabilities to include Checking Account and Savings. • Increased flexibility in establishing customer limits for digital products and services (mRDC, A2A, etc.). • Increased functionality with the online banking user experience. • Zelle and other funds transfer services capabilities
Technology & Analytics	• Core conversion, BSA/AML and wire transfer projects are major technology initiatives to be completed in 2022 • Data analytics capability established in 2021 • Upstart fintech lending partnership established in 2021	• Develop post-core conversion technology plan for 2023+ (further branch automation, digital, back office automation, etc.) • Explore additional Fintech partnerships • Advanced data insights and capabilities for new product development, improved efficiencies and increased profitability.

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Consumer Banking Division Functional Overview

(Cont'd)

	Where We Are Today	Vision 2022+
Branch Footprint	• Continued de novo expansion in NY area in 2021 with two new openings • Continued renovation and rebranding of all locations in 2021 • 81 branches with a strong presence in Manhattan, Brooklyn, Bronx , Queens and Long Island.	• Continue de novo branch expansion in existing markets as well as select out of state areas into which Bank customers have migrated and offer strong growth opportunities • Continue branch renovations and rebranding in 2022+ • Continue to review financial and other options for maturing leases and owned facilities
Branding	• Rebranding to "Apple Bank" substantially completed. • Many facilities rebranded and renovated • Expanded strategic partnerships with Universities, Colleges, Non-Profits, and Charitable Organizations • Customer Service Standards deployed in branches to create consistency in delivery throughout footprint • Have begun early efforts at creating online and social media presence	• Leverage Bank personas to understand customer segmentations, their differences, attitudes and motivations to better prioritize and align products and services. • Relevant, captivating and multi-channel marketing, including leveraging customer emails and social media for special offerings. • Net Promoter and Customer Satisfaction scores to enhance products, marketing initiatives and in-branch experiences.
Profitability & Efficiency	• Centralization and consolidation of branch-based activities has been in process since 2020 • Currently reviewing additional operational efficiencies arising from the core conversion and other technology initiatives in late 2022+	• Review impact of core conversion and other current technology initiatives to be completed in 2022 on back office and branch staffing levels • Review additional technology initiatives for 2023+ that will improve efficiency and reduce staffing within branches and Deposit Operations • Continued migration of specilaized functions out of the branch environment that will provide for a more efficient and flexible branch staffing model

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Overall Strategic Goals | Additional Details by Department

1. Customer Satisfaction

- **Branch Administration**
  - Further develop customer service standards and related branch programs in 2022
  - Continue to develop management training and skills enhancement programs in 2022

- **Deposit Operations**
  - In 2022, review and recommend process and other improvements in branches for implementation in 2023 to improve the customer experience

- **Digital Banking & Marketing**
  - Further develop customer satisfaction measurement program in 2022
  - Improve call center service standards and training in 2022

Overall Strategic Goals | Additional Details by Department

2. Profitability

- **Branch Administration**
  - Further expand ABS Associates product offerings and revenue generating opportunities in 2022
- **Deposit Operations**
  - Continue to identify and implement centralization opportunities in 2022+
  - Develop post-core conversion staffing plan in 2022 for Deposit Operations and branches, together with appropriate stakeholders, for 2023 implementation
  - Review and recommend product and services pricing strategy for implementation in 2023
- **Risk and Analytics**
  - Review and recommend opportunities with Fintech partners for 2022+
  - Review and recommend ways to enhance profitability of Upstart partnership
- **Corporate Real Estate**
  - Identify cost savings through lease renegotiations, branch consolidations, and other branch operating expenses in 2022+

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Overall Strategic Goals | Additional Details by Department

3. Product Expansion and Enhancement

- **Branch Administration**
  - Further expand ABS Associates product offerings and revenue generating opportunities in 2022
  - Develop, with appropriate stakeholders, post-conversion consumer and business deposit product redesign for implementation in 2023
  - Develop comprehensive strategy for enhancement of business banking deposit development and related services

- **Deposit Operations**
  - Develop business plan for expansion of Lease Security business

- **Digital Banking & Marketing**
  - Develop and implement comprehensive marketing programs for all products and services in conjunction with appropriate stakeholders
  - Continue to enhance online/mobile services in 2022+
  - Develop and launch online checking account in 2022
  - Develop online product strategy for 2023+
  - Review and improve creation, distribution and management of branch marketing materials
  - Develop and implement comprehensive social media strategy

- **Risk and Analytics**
  - Provide appropriate business units with ongoing analytics to support and measure underlying programs

Overall Strategic Goals | Additional Details by Department

4. Geographic Expansion

- **Corporate Real Estate**
  - Lead all de novo branch efforts for site location, lease negotiation, design, and construction
  - Identify and initiate at least three de novo projects within the Bank's current footprint in 2022
  - Develop comprehensive strategy for expansion into SE Florida, subject to further due diligence and management review

- **Risk and Analytics**
  - Provide data analytics support to Consumer Banking team for identification of new locations

Overall Strategic Goals | Additional Details by Department

5. Digital Banking & Marketing

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- **Digital Banking & Marketing**
  - Continue to enhance online/mobile services in 2022+
  - Develop and launch online checking account in 2022
  - Conduct review of online banking vendors with appropriate stakeholders
  - Develop online product strategy for 2023+
  - Review and revise existing online transaction limits for various services
  - Implement a stronger control environment for all Digital Banking, Call Center, and Marketing operations
  - Strengthen management team with Digital Banking & Marketing
  - Review and improve creation, distribution and management of branch marketing materials
  - Develop and implement comprehensive social media strategy

- **Deposit Operations**
  - Provide operational support for and oversight of the implementation of digital initiatives

- **Risk and Analytics**
  - Provide appropriate business units with ongoing analytics to support and measure underlying programs

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Overall Strategic Goals | Additional Details by Department

6. Data Analytics

- **Risk and Analytics**
  - Continue to foster the growth of the Bank's consumer lending portfolio via the effective management of the existing Personal Loans portfolio, the launch of an Auto Refinance product and the selection of a third offering to help complete the product suite.
  - Expand the data analytics program by utilizing additional internal data elements and incorporating external data sourced from third parties (e.g., Visa, MX, Q2, etc.) within the data analytics program.
  - Design and launch a Consumer Banking reporting process that provides a comprehensive, reliable, and consistent method for Consumer Banking employees to generate standardized and ad-hoc management reporting, post-core conversion.
  - Provide the necessary resources and expertise to aid the one-time completion of the Bank's core conversion.
  - Establish an ongoing operation to manage the Division's ongoing operational reporting needs through FIS's Business Intelligence Center (BIC)

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Overall Strategic Goals | Additional Details by Department

7. Technology & Efficiency

- **All Departments**
  - Continue to support the successful conversion of the bank's core processing and related systems, Miser, to FIS's IBS platform

- **Deposit Operations**
  - Build a technology plan for 2023+ identifying key initiatives to be considered/undertaken in the branches and Deposit Operations leveraging the IBS banking platform
  - Continue to identify and implement centralization opportunities in 2022+
  - In 2022, together with appropriate stakeholders, develop a post-core conversion staffing plan for Deposit Operations and branches for 2023 implementation

- **Digital Banking & Marketing**
  - Conduct review of online banking vendors with appropriate stakeholders
  - Develop online product strategy for 2023+

8. Branch Optimization

- **Corporate Real Estate**
  - Identify cost savings through lease renegotiations, branch consolidations, and other branch operating expenses in 2022+

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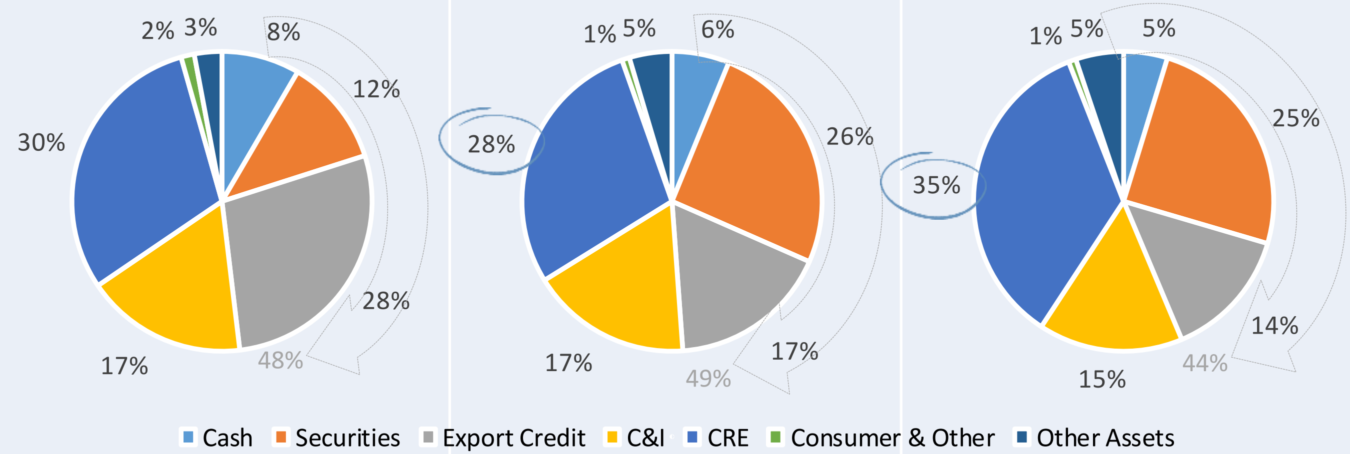
3. Lending & Investments

Balance Sheet Composition | Assets

Over the last 4 years, the export credit portfolio (0% risk-weight, floating rate profile) has declined with proceeds shifting to other earning asset classes with higher risk-weights and a more fixed interest rate profile.

	2017	2019	2021
Assets ($bn)	$12.8	$15.8	$16.1

Composition



	2017	2019	2021
Risk-weighted Assets / Assets	50%	50%	57%
Yield on I.E.A.	2.86%	3.74%	2.35%
Rate-sensitive Assets / Assets	62%	48%	38%

Source: Management reports.

Balance Sheet Composition | Funding

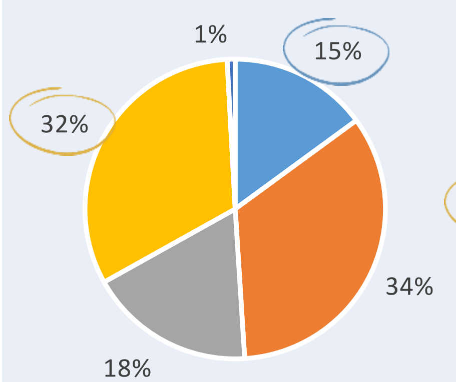
Compared to 2017, 2021 funding composition is similar, though deposits are now 25% greater than 2017 and with a significantly lower cost.

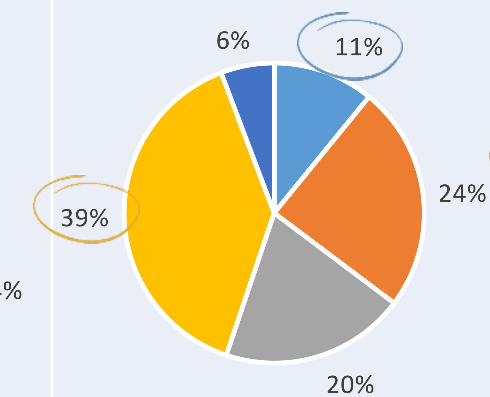
2017-2019: *robust asset growth pipeline, increasing interest rate environment with an asset sensitive profile allowed us to grow deposits at a faster pace; greater reliance on CD funding*

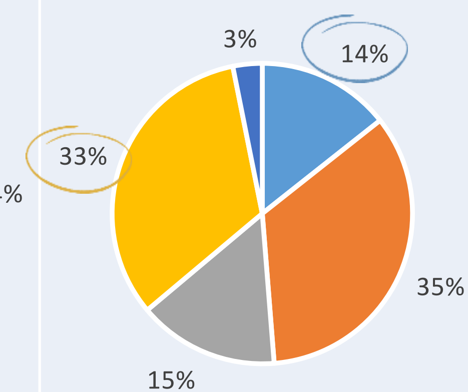
2019-2021: *Covid, Fed drops rates to 0%; Apple cuts deposit rates aggressively; minimal deposit growth, but able to retain deposit customers at lower rates*

	2017	2019	2021
Funding ($bn)	$11.5	$14.1	$14.3

Composition







Transaction · Savings · Money Market · CDs · Wholesale Funding

	2017	2019	2021
Cost of Funds	0.71%	1.44%	0.45%

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Source: Management reports.

Investment Security Review

Investment Review

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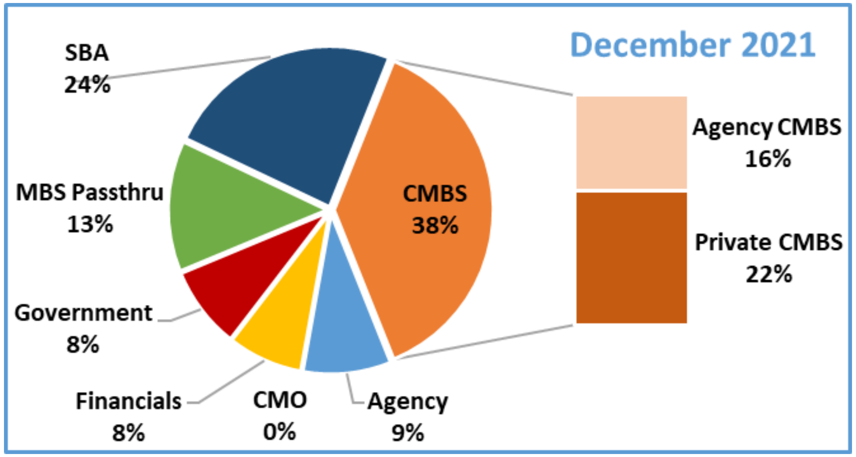
2021 Highlights

- The portfolio grew thru August peaking at $4.1bn as excess cash was redeployed into the portfolio to improve NII. However, deposit runoff left limited liquidity to make significant new purchases in the second half of 2021, resulting in balance declines in Q4.
- The portfolio ended the year just below $4.0bn, a growth of 8% since the prior year, but a decline of 3% since the August 2021 peak.
- Portfolio composition shifted slightly, with larger CMBS (↑5pp) and Government (↑4pp) concentrations, and a smaller SBA concentration (↓9pp).

Portfolio Composition by Investment Type



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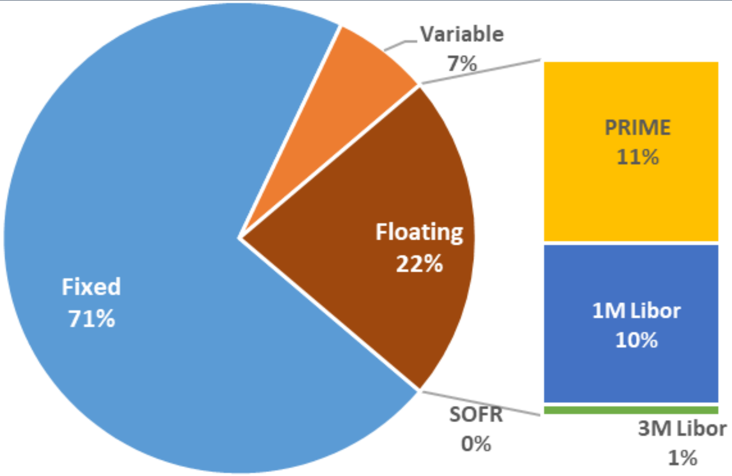
Portfolio Composition by Fixed / Floating



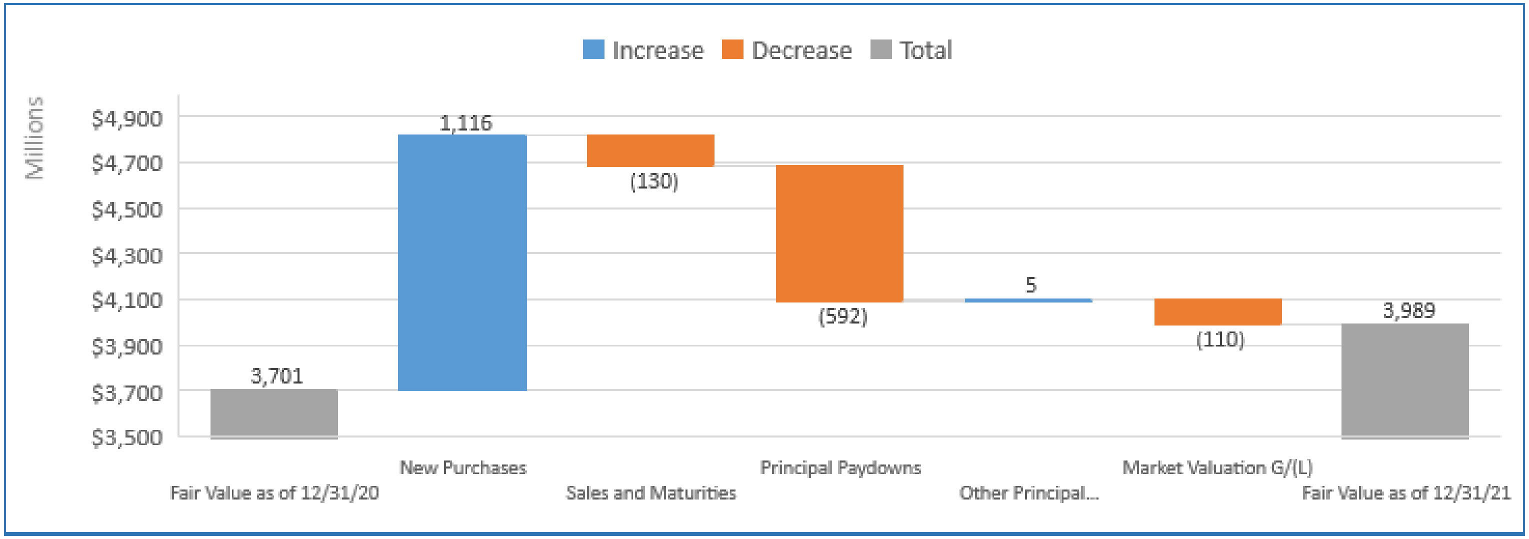
- Short-term Libor rates continued to move lower during the year before rebounding at the end of the year. Treasury yields were up significantly in 2021 with rates up 60bps-90bps in the 2yr-10yr part of the curve.
- The mix of fixed versus floating in the portfolio shifted slightly to more fixed (69% in 2020 vs 71% in 2021).
- 72% of new purchases in 2021 were fixed-rate.
- New purchases added a significant amount of duration with the portfolio duration increasing 10% to 1.55 Million.

Based on fair value (not book value). As a result, investments may not tie exactly to financial statements, which include a combination of fair value (AFS, FAS 159) and book value (HTM).
Excludes Equity CRA investments

Investment Security Review (cont'd)

Year-over-Year Fair Value Change Attribution Analysis

- Investment portfolio purchases of $1.1bn is up significantly from $367mm in 2020
- The increase in rates led a YoY decline in market valuations



	Fair Value as of 12/31/20	New Purchases	Sales and Maturities	Principal Paydowns	Other Principal Adjustments*	Market Valuation G/(L)	Fair Value as of 12/31/21
Agency	$ 328	$ 50	$ (1)	$ (3)	$ (3)	$ (15)	$ 357
Agency CMBS	$ 532	$ 366	$ (20)	$ (229)	$ -	$ (24)	$ 624
Private CMBS	$ 688	$ 284	$ (57)	$ (10)	$ -	$ (21)	$ 883
CMO	$ 1	$ -	$ -	$ (0)	$ -	$ (0)	$ 1
Financials	$ 274	$ 75	$ (51)	$ -	$ -	$ 6	$ 304
Government	$ 158	$ 169	$ -	$ -	$ 8	$ (4)	$ 330
MBS Passthru	$ 499	$ 171	$ (1)	$ (122)	$ -	$ (20)	$ 527
SBA	$ 1,221	$ 1	$ (1)	$ (228)	$ -	$ (32)	$ 962
Total Portfolio	**$ 3,701**	**$ 1,116**	**$ (130)**	**$ (592)**	**$ 5**	**$ (110)**	**$ 3,989**

*Other Principal Adjustments include adjustments made to TIPS and to sinking bonds (i.e. CUSIP 925387AE2)

Investment Security Review (cont'd)

New Security Purchases in 2021

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Security Type	Coupon Type	Coupon	Purchase Amount[1]	Yield to Maturity	Duration	DV01	Number of Purchases
Agency CMBS	FIXED	1.40	$ 366	1.89	3.41	122,605	9
Private CMBS	FLOATING	0.87	$ 235	1.28	1.57	37,093	11
US Treasuries	FIXED	1.05	$ 169	1.47	8.28	144,904	3
30YR Passthru	FIXED	2.18	$ 147	1.97	7.97	112,432	21
Financials	Various	2.53	$ 75	3.37	1.59	11,946	3
Agency	FIXED	0.23	$ 50	0.47	1.85	9,228	1
Private CMBS	FIXED	2.61	$ 48	2.37	8.80	41,356	2
15YR Passthru	FIXED	1.83	$ 24	1.38	5.10	11,111	12
SBA	FIXED	1.37	$ 1	1.70	6.70	832	1
Grand Total		**1.43**	**$ 1,116**	**1.75**	**4.44**	**491,506**	**63**

[1] In Millions

- The portfolio added close to 500k of DV01 worth of duration in 2021
  - Main contributors are US Treasuries, CMBS, and MBS Securities
  - $175 Million face of 10 year Treasuries were purchased early in 2021
- $235mm of private-label CMBS securities purchased was floating-rate, which accounted for all floating rate purchases in 2021
- A $50mm security was sold in the March to lock in securities gains

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Commercial Real Estate Review

Commercial Real Estate Lending

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Current Highlights

- CRE lending has a wide spectrum of quality and risk, and Apple Bank has and will continue to originate loans in the most conservative area of the spectrum: low LTV, high DSCRs
  - Yields on these loans tend to be relatively low, though credit costs and reserve requirements are low as well
- Apple Bank grew CRE loans 7% in 2021 with $500mm+ in originations for the second year in row
- Significant early refinancing activity to lock-in low rates before expected rate increases in 2022
- Continued focus on direct origination instead of reliance on CRE brokers
- Increasing competition from banks with excess liquidity, insurance companies, debt funds and other asset managers looking for asset deployment opportunities with yields
- CRE portfolio continues to shift further towards multifamily rental / cooperate buildings as % of overall CRE portfolio:

	2017	2018	2019	2020	2021
MF % of CRE:	40%	45%	53%	59%	64%

2022 Plans

- Ability to lend is somewhat a function of broader CRE market, interest rates, and competitive dynamics
  - We do not intend to compromise on lending standards for short-term earnings improvement
  - Expectation of lending rates rising with 10-year – historical spreads for our CRE have been 125-175bps
  - With recently announced M&A (Investors, NYCB, Valley, Sterling, Peoples), unclear how competition for transactions with be impacted
- Increasing hires to be able to work on smaller transactions and to review loans outside of existing geographic area
- Increasing collaboration with branch business development team to cultivate deposit relationships; evaluation of lockbox

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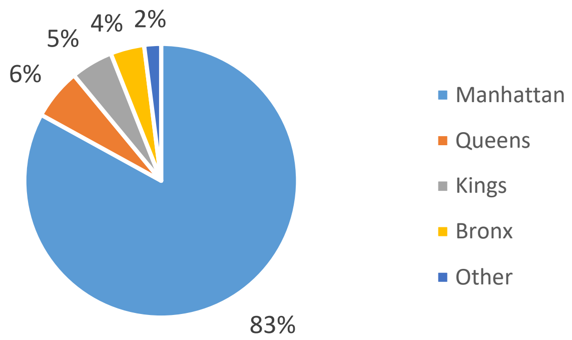
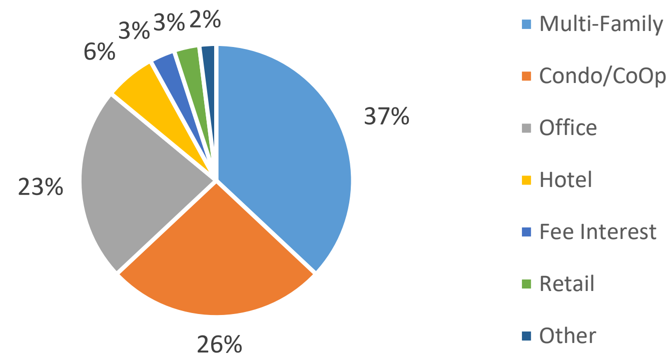
Commercial Real Estate Review (cont’d)

Apple Bank’s CRE portfolio is $5.8bn comprised of loans on 773 properties (1,062 loans) with a weighted average loan-to-value (LTV) of 25% and debt service coverage ratio (DSCR) of 2.96.

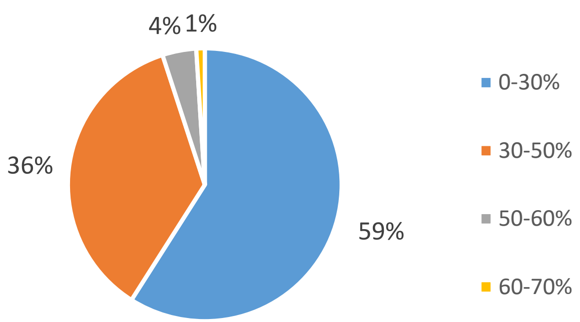
By Geography



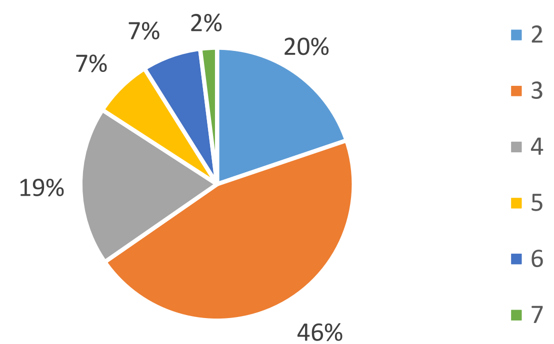
By Property Type



By LTV Range



By Credit Rating



Note: Minor differences may exist to some management reports and call reports; primary difference is that this breakout excludes National Cooperative Bank (NCB) and collateral trust note (CTN) loans .

CRA Lending, Investments & Service

Apple Bank has had a good record of CRA compliance for decades and currently has a "Satisfactory" rating from the FDIC and NYS DFS. There are some potential policy reform changes, which we will continue to monitor.

CRA Type	Highlights	Recent Examples
Lending (50% of CRA Rating)	• Bank purchases large volumes of 1-4 family mortgage loans to borrowers in low-to-moderate income ("LMI") census tracts and to LMI borrowers, even though it no longer originates 1-4 family mortgages. • Apple Bank is an active LMI lender in New York's multifamily housing market. Recently, Apple multifamily lending to LMI areas not as strong as market aggregate. • Commercial mortgage area provides a substantial volume of community development loans that have revitalizing and stabilizing characteristics or provide affordable housing. • Apple Bank sought to expand on its community development lending by making loans directly to non-profits involved in relevant work.	• Key Lending Indicators 2018-2021 (# of loans / aggregate $) – 1-4 Family HMDA: #842 / $267mm – Community Development Loans: #114 / $267mm • Small Business Development / Affordable Housing loans: TruFund, Community Capital New York, Accion East, and Renaissance • Non-profit loans to Leviticus 25:13 Alt. Fund ($6mm) and Pursuit (aka NY Business Development Corp) ($1.5mm line of credit and NY Forward Loan Fund ($5mm)
Investments (25% of CRA Rating)	• Bank purchases RMBS from FNMA's CRA desk, targeted SBA bonds, as well as deposits in community development financial institutions, investment in a CRA mutual fund, low income housing tax credits and financial grants. • The donation of the 125th Street branch building to DREAM in 2017 is an example of support for community development.	• $6mm of FNMA and SBA investments purchases • $5mm investment in a CRA mutual fund • $7mm investment commitment in CDT Equity & Mizzen Investment • $3mm in Low Income Housing Tax Credit loan facility ($0.9mm current drawn amount) • $1.0mm deposits ($250K/bank) at Optus Bank, Lower East Side Peoples CU, Neighborhood Trust Federal CU, Carver
Service (25% of CRA Rating)	• Approximately 53% of Apple's branches are in/adjacent/ servicing LMI tracts and provide equal access to the Bank's products and services to customers in all areas. • Apple also provides community development services in the form of financial education events, homebuyer seminars and through staff service on the boards of community development institutions.	• Financial literacy programs with Cents Ability and Visa, exploring use of FDIC Money Smart • Senior management non-profit board representation • Established relationship in 2021 with Upstart to offer consumer loans

C&I Review

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2021 Highlights

General

- Key hires: Burt Feinberg (ABL/BDC origination), Arthur Prusan (credit risk)
- Project SABRE for reorganization of lending / underwriting / credit
- Aviation lending niche has been challenging since 2020

Export Credit (Guaranteed)

- Export Credit continues to decline, down 12% in 2021, partially driven by (1) reduced aircraft order/delivery in the midst of the pandemic, (2) alternative funding sources, (3) heavy competition driving down spreads

Non-Guaranteed C&I

- Non-guaranteed C&I declined 8% in 2021
- GE Working Capital Solutions ended and had been one of the primary origination sources ($1bn+/yr)
- Improved relationships with other large foreign banks for sourcing transactions, especially receivables
- Continued credit-enhanced aviation lending via AFIC & ACG
- Established infrastructure for ABL/BDC lending

2022 Focus

General

- Continue to build infrastructure to support a larger loan portfolio through improved processes and staffing (e.g. SABRE)
  - More automation, better communication, improved KYC processes
  - Implement front-end loan origination system with RemoteLender; post core conversion, we will evaluate other more integrated loan origination systems
- Plans to evaluate new lines of lending
- Plans to enhance loan profitability analysis in the context of risk, margin, fees, capital requirement

Export Credit (Guaranteed)

- Expect guaranteed portfolio balance to be flat in 2022 with new origination replacing runoff
  - Dependent on large potential payoffs (e.g. VEB), aircraft need / funding options available to aviation borrowers post COVID, competition for larger deals

Non-Guaranteed C&I

- Expansion of ABL/BDC lending
- Evaluation of other lending classes, e.g. syndicated finance

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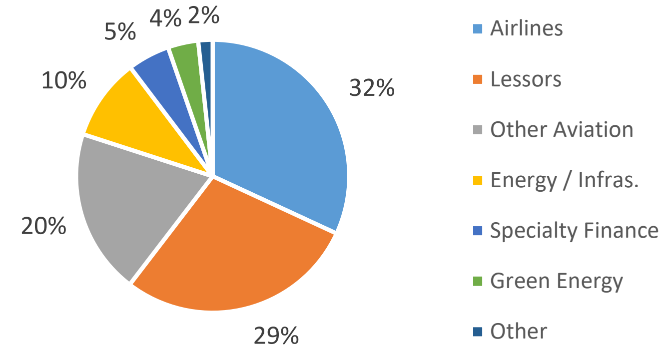
C&I Review (cont'd)

Export Credit (Government Guaranteed) | $2.3bn portfolio

Highlights

- Apple Bank entered into the C&I market in 2009
- Since 2009, Apple has provided billions in aviation, energy / infrastructure related financing with zero credit issues
- In the last 10+ years, we have financed deliveries of approximately 130 Boeing and Airbus aircraft, 15 ATR regional turboprops, 10 Augusta Westland helicopters, 10 Gulfstream business jets, 20 smaller business aircraft, flight simulators, 8 vessels, 4 offshore drilling platforms and a number of other natural resource, supply chain and infrastructure projects
- By the end of 2021, primary origination advisor channels were AirFinance and World Business Capital (WBC)

Portfolio by Sector



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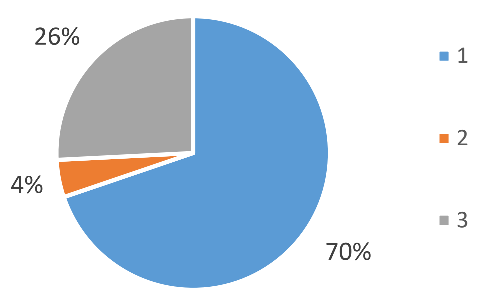
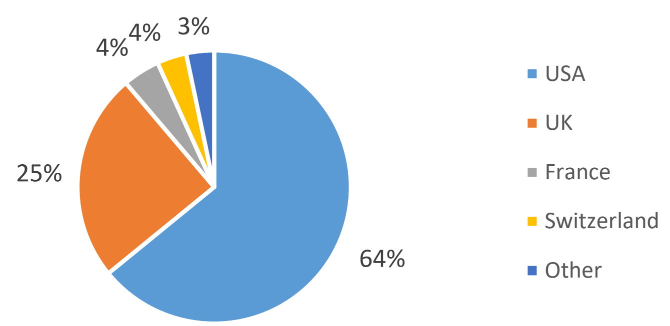
Portfolio by Credit Rating



Portfolio by Country of Ultimate Credit Risk



2-rated loans are primarily France, 3-rated loans are primarily UK.

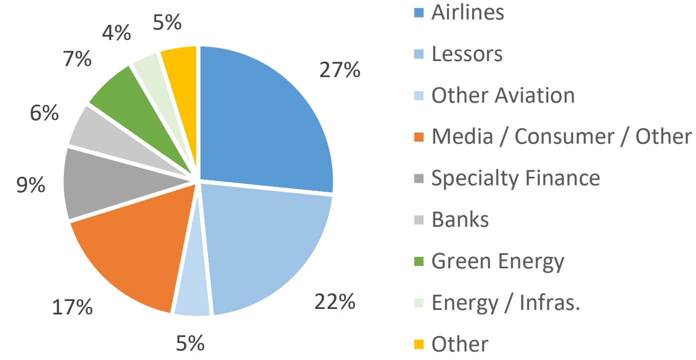
C&I Review (cont'd)

Non-Guaranteed C&I | $2.5bn portfolio

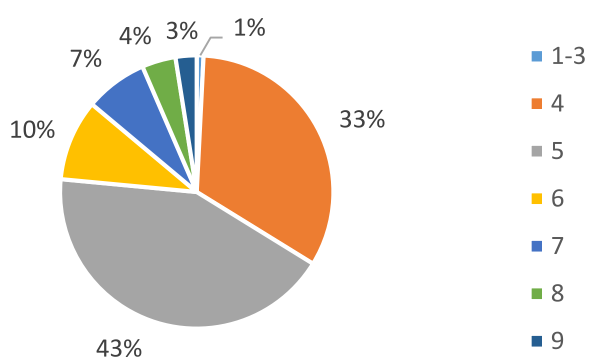
Highlights

- Lend to a limited number of industry sectors to allow Apple to leverage industry knowledge it has developed since 2009
- In many cases, borrower credit is enhanced by corporate parent and/or third party credit enhancements via guarantees or insurance
- Aviation related loans are with the major players: top tier aircraft lessors, top tier airlines, and OEMs
- We are selective about structure, terms, duration, counterparties, collateral and size and look for risk mitigants in each transaction
- These commercial relationships take many forms: receivables financing, secured and unsecured loans and lines reflect different types of underlying risk exposures

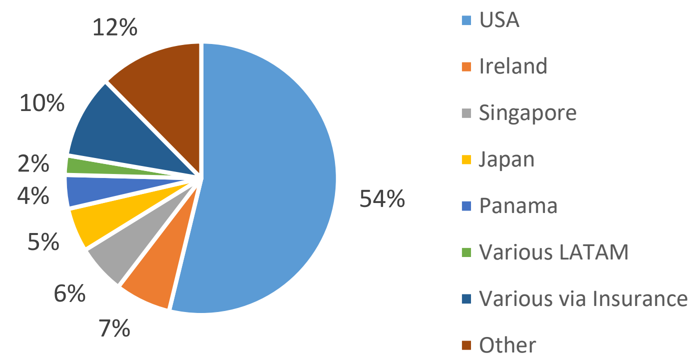
Portfolio by Sector



Portfolio by Credit Rating



Portfolio by Country of Ultimate Credit Risk



Note: Loan portfolio data as of 12/31/20.

C&I Review (cont'd)

New Lending Areas: (1) Asset Based Lending (ABL), and (2) Lender Finance, including Business Development Companies (BDCs), Direct Lending Funds or Specialty Finance

Description	Revolving loans that share a common lending architecture via the establishment of a borrowing base with margined advances at prudent percentages against the value of the underlying collateral, ongoing collateral monitoring and adjustments to the borrowing base to true up loan to value to reflect changes in collateral value. Diversification, concentration limits, collateral eligibility requirements also serve to protect lenders in these structures
Go to Market Strategy	Based on the number of well established market players Apple intends on pursuing the market by participating in transactions led by reputable banks in the ABL and Lender Finance market • Allows Apple to scale with less human resources than being a direct player • Allows Apple to be selective in choosing opportunities while selectively developing a sizable portfolio • Allows Apple to learn best practices from industry leaders • Apple may staff the following positions: Group Head/Lead, Sr. Originator, Sr. Underwriter

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Traditional Asset Based Lending (ABL)

- Loans backed by collateral such as accounts receivable, inventory with advance rates up to 90% of eligible collateral and to a lesser extent machinery/equipment at lower advance rates
- **Deal Size and Pricing:**
  - Up to $50mm participation in facilities ranging from $50mm to $3bn
  - 3-5 Year Term
  - Pricing: Libor or SOFR + 1.25% to + 2.50%, 25bs unused fee and 10-25 bps up front fee

Lender Finance

- Loans to business development companies (BDCs) and direct lending funds secured by underlying leveraged loans that comprise the borrower's portfolio with advance rates up to ~80%
- Loans to Specialty Finance companies secured by underlying asset secured portfolio loans that in turn may be subject to their own advance rates
- **Deal Size and Pricing:**
  - Up to $50mm participation in upsizing and renewal of existing credit facilities or new facilities - Facility sizes from $80mm to $2bn
  - Up to 7 year Term
  - Pricing: Libor or SOFR + 1.75% to + 3.00% depending on the loan mix, track record and reputation

C&I Review (cont'd)

ABL & Lender Finance (con'td)

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ABL

- **Portfolio Growth Expectations:**
  - Aspirational Growth Case
    - FYE '22 ending assets of ~$400mm/$200mm committed/funded
    - FYE '24 ending assets of ~$1,280mm/$640mm committed/funded
  - Slow Growth Case
    - FYE '22 ending assets of ~$240mm/$120mm committed/funded
    - FYE '24 ending asset of $800mm/$400mm committed/funded
- **Target Market:**
  - Companies generally with revenues of $100mm+
  - Agent Banks include: Major Agents – B of A, Wells Fargo, PNC, JP Morgan, Goldman Sachs , Citibank
  - 60% of loans are to retail, manufacturing and wholesale sectors
  - Borrower/Obligor have higher PD's than average commercial loans; we gain comfort in strong collateral support and low LGD
- **Loss Data:**
  - Low LGD product
  - Max loss was 123bps in 2010 similar to AA rated credits during the great recession
  - Average losses since the great recession ~20bps
  - Following the great recession, regulatory guidance has constrained banks from originating special mention credits and low losses reflect this even during Covid.

Lender Finance

- **Portfolio Growth Expectations:**
  - Aspirational Growth Case
    - FYE '22 ending assets of ~$360mm/$288mm committed/funded
    - FYE '24 ending assets of ~$1,040mm/$832mm committed/funded
  - Slow Growth Case
    - FYE "22 ending assets of ~$200mm/$160mm committed/funded
    - FYE '24 ending assets of ~$760mm/$608mm committed/funded
- **Target Market:**
  - Top fifty public BDCs with total market capitalization of $54bn
  - BDCs by law are limited to 2/1 debt to equity
  - Direct lending funds run by reputable assets managers (e.g. Neuberger Berman)
  - Top BDCs include: Ares, FS/KKR and Owl Rock
- **Loss Data:**
  - Low LGD product
  - Loans to BDCs are protected from losses by Advance Rates (lending up to 80% and effective advance rates often 60% or less) and Fund Equity which is at least 30%.

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C&I Review (cont'd)

Accounts Receivable Financing

Overview

- Over the last few years, Apple Bank has increased receivables financing, in which we purchase accounts receivables at discounted prices
- Primary seller had been GE until it ended its GE Capital Working Solutions program in early 2021
- Other large sellers of receivables include Lionsgate, Novelis, Novo Nordisk
- Discounts ~1.50-2.00% range, though early payments generate higher yields
- **Primary benefits**
  - Receivables are largely short-term
    - Lower credit risk, offset longer-dated term loans
  - Ability to ramp up or ramp down based on liquidity profile and alternative lending opportunities
  - Ability to scale size with limited incremental costs
- **Considerations**
  - Unsecured
  - Reliance on indirect credit underwriting (i.e. reliance on public data, qualitative factors and / or third party credit diligence)

Energy

- $125mm balance of which $110mm maturing in 2022
- Nextera is largest of segment ($79mm) and primary green energy projects; remainder includes utilities via GE: Southern Power, NYPA, Tenn Valley Authority, SoCal PPA

Media / Consumer / Other

- We underwrite credit risk on a more indirect basis (i.e. limited direct contact with invoice payer), and, as a result, focus on purchasing invoices for large, investment grade public companies and their subsidiaries
- Key Attributes
  - Media receivables purchases primary from **Lionsgate**
  - Beverage receivable purchases primarily from **Novelis**
  - Healthcare receivables from **Novo Nordisk**
  - Telecom receivable purchases primary from **Flextronics**
  - Primary 1 year but extend as far as 4 years (longer dated amortize)
  - Origination channels include LiquidX, bank relationships (BNP, DB)
- 2021 year-end balance: $340mm
- Larger customers

amazon
VIACOMCBS
NETFLIX
hulu
World Wide Technology
AutoZone
Haier
MCKESSON
AmerisourceBergen
ABInBev
pepsi

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C&I Review (cont'd)

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C&I by Industry ($)

Industry	Gtd	Non-Gtd	Grand Total
Airlines	727,354,697	669,614,158	1,396,968,855
Lessors	648,883,362	548,088,992	1,196,972,354
Other Aviation	446,389,882	117,317,755	563,707,637
Media-Consumer-Other	17,795,835	430,507,332	448,303,167
Specialty Finance	114,430,971	227,381,808	341,812,779
Energy & Infras.	221,304,971	90,645,590	311,950,560
Green Energy	81,478,039	172,935,315	254,413,355
Banks	20,852,225	138,499,997	159,352,222
Commodities & Supply C..		71,989,403	71,989,403
Vessels		32,862,442	32,862,442
Small Business & Other		14,824,771	14,824,771
Grand Total	2,278,489,982	2,514,667,564	4,793,157,545

C&I by Industry (%)

Industry	Gtd	Non-Gtd	Grand To..
Airlines	31.9%	26.6%	29.1%
Lessors	28.5%	21.8%	25.0%
Other Aviation	19.6%	4.7%	11.8%
Media-Consumer-..	0.8%	17.1%	9.4%
Specialty Finance	5.0%	9.0%	7.1%
Energy & Infras.	9.7%	3.6%	6.5%
Green Energy	3.6%	6.9%	5.3%
Banks	0.9%	5.5%	3.3%
Commodities & Su..		2.9%	1.5%
Vessels		1.3%	0.7%
Small Business & O..		0.6%	0.3%
Grand Total	100.0%	100.0%	100.0%

Aviation

~80% Receivables

2022 Focus

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C&I By Loan Type ($)

PRODUCT TYPE	Gtd	Non-Gtd	Grand Total
Term Loan	2,226,893,289	1,581,755,430	3,808,648,719
Account Receivable		485,825,295	485,825,295
Revolving Credit	51,596,693	372,086,841	423,683,534
Letter of Credit		74,999,997	74,999,997
Grand Total	2,278,489,982	2,514,667,564	4,793,157,545

C&I By Loan Type (%)

PRODUCT TYPE	Gtd	Non-Gtd	Grand To..
Term Loan	97.7%	62.9%	79.5%
Account Receivable		19.3%	10.1%
Revolving Credit	2.3%	14.8%	8.8%
Letter of Credit		3.0%	1.6%
Grand Total	100.0%	100.0%	100.0%

As of December 31, 2021. Balances exclude FX translations and deferred fees & discounts, which are included on our balance sheet.

4. Information Technology

Information Technology Summary

2021 Highlights

Year in Review

- Augmented the organization with the hiring of key talents in Infrastructure, Application Support and Business Continuity/Disaster Recovery
- Core conversion and enterprise data warehouse (EDW) implementations well underway – these represent the largest, most complex projects at the bank
- Miser Business Intelligence (BI) tool implemented and used extensively by Consumer Banking and Internal Audit and feeding extracts for key FCC and InfoSec solutions
- Network infrastructure upgrades: deployment of new VMWare servers in Scarsdale along with VxRail infrastructure hardware & software; next phase ready to shift more to cloud-based servers (AWS) for disaster recovery purposes
- Network segmentation underway to organize network server systems – in addition to better organization, segmentation isolates and secures individual segments for better InfoSec controls
- Deployment of Network Access Control to improve the Bank's internal network security posture
- Improved IT change management system via ServiceNow
- Replacement of Fortis scanning with Docuware

Note: The IT section of this Strategic Plan represents a summary of our IT Strategic Plan, which is a more fulsome, detailed review of our IT environment and goals. This summary focuses more on larger projects and excludes many risk and governance initiatives.

Information Technology Summary (Cont'd)

2022-2024 Project Focus

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2022

Internal

- Core conversion and EDW implementations
  - User entitlements, content management system (FCM) / Document Imaging System, FIS Output Systems (FOS) for printing & mailing
- Voice telephone system re-design via Cisco VoIP
- Replacement of key FCC solutions: Verafin (Abrigo), Finastra (WirePro Abrigo), Accuity interfaces for sanctions screenings
- Network infrastructure upgrades (e.g. replacement of servers) and continued migration to cloud-based solutions
- Logical access control via centralized team to improve / control user access and create stronger data security and increased controls
- Improve business continuity / resiliency program; VSphere disaster recovery implementation
- WiFi access at corporate locations; creates more flexible workspace

Customer-Facing

- Consumer banking solutions: Integrated online account opening,
- Business banking solutions: business mRDC, business ACH, business positive pay
- ATMs– contactless card and door features, FX capabilities

2023-2024

Internal

- Evaluation of Office365 as replacement to Google Workspace
- FIS IBS Business Continuity/Disaster Recovery Exercise
- Upgrade Business Continuity Management System

Customer-Facing

- Increased support to implement products & solutions across the bank
- Evaluation of digital banking solution for retail and business (currently Q2)

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Note: The IT section of this Strategic Plan represents a summary of our IT Strategic Plan, which is a more fulsome, detailed review of our IT environment and goals. This summary focuses more on larger projects and excludes many risk and governance initiatives.

2022 IT Infrastructure Focus

Office Productivity Suite (Office 365)

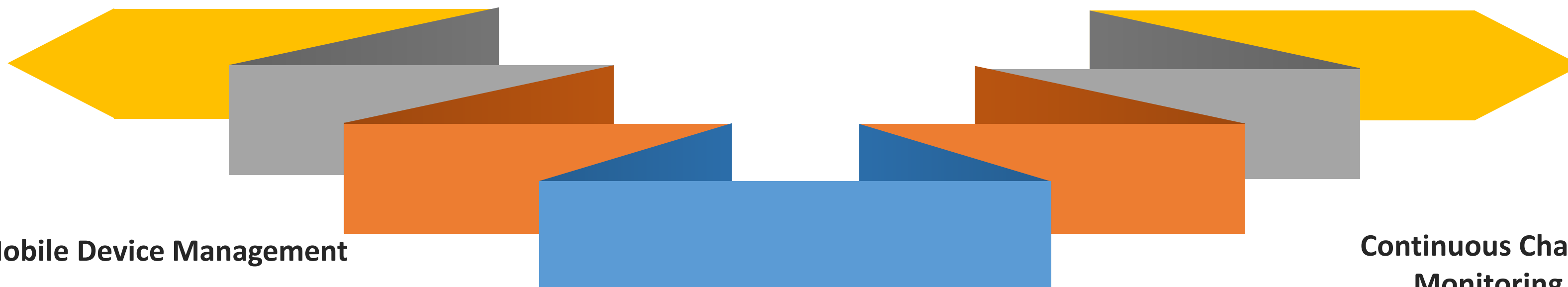
Migration of Google Workspace (Email, Calendar, Contacts, Documents) to Microsoft Office 365, to be completed in 2023

Wi-Fi Network

Secure Wi-Fi technology will be used to provide employees and guests with secure access to the local network and Internet, for devices that are within Wi-Fi network range.

Logical Access Control & Role Based Access

Continue moving from decentralized logical access control system to a centralized system that IT will manage. This will lead to a role-based access system.



Mobile Device Management

Re-address the deployment and management of mobile devices as driven by Information Security.

Data Center Disaster Recovery Solution

Complete the implementation of the Amazon AWS and VCDR solutions to enhance server disaster recovery.

Virtual Desktop Infrastructure

Replacing all locally-managed devices with a fully connected network; ensuring management and patching, and continuous connectivity to Apple Bank.

Continuous Change Monitoring

Monitor infrastructure that includes network devices, servers, and Active Directory, to provide a method to detect unauthorized changes.

Competing Technology Priorities

Competing priorities and prioritizing & coordinating appropriately will be a challenge over the next few years. Beyond IT-specific projects (e.g. IT infrastructure), different groups have a range of initiatives with varying levels of IT & Project Management support required.

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General Assessment

- The Core Conversion will dominate focus over the next year
- Timing for any items that are not directly related to the core needs to be evaluated on a case-by-case basis
- Projects **Sequential** to core include:
  - Core infrastructure required
  - Heavy project management resources needed
- Projects **Concurrent** to core include:
  - Compliance driven requirement
  - Current solution no longer works
  - Core implementation is minimal
  - Minimal project management and other key stakeholder resources required

Customer-Facing Initiatives

- Integrated online account openings with fuller deposit product suite
- Evaluation of broader digital banking relationship (Q2)
- Business banking capabilities
  - Treasury management, business mRDC, ACH origination, lockbox, wire solution
- Zelle
- Enhancing call center using interactive voice responses (IVR)
- Integrating account validation tool like Plaid
- Relationship management product
- Improved customer self-service capabilities

Internal Initiatives

- **Technology**
  - Data Warehouse
  - Integrated digital storage system (FCM)
  - Continued migration to cloud-based software
  - Deployment of WiFi
  - Continued roll-out of Voice-over-IP communications
  - Secure Printing
- **Other Business Areas**
  - PeopleSoft GL
  - FCC initiatives
  - Teller capture
  - Loan origination system for short-term (RemoteLender) and long-term

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Apple Bank

Note: The IT section of this Strategic Plan represents a summary of our IT Strategic Plan, which is a more fulsome, detailed review of our IT environment and goals. This summary focuses more on larger projects and excludes many risk and governance initiatives.

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Technology Budget | Summary

Technology expenses are expected to increase by ~$5.4mm / 24% next year; much of the increase is driven by investments in technology infrastructure and risk-related software.

($000s)	Actual		Budget			2021-2022 Increase	
	2020	2021	2022	2023	2024	$	%
INCOME STATEMENT							
IT Software/Maintenance & Subscriptions	7,113	11,173	16,583	17,032	17,233	5,410	48%
IT Data Processing	5,950	6,524	6,685	7,724	7,724	161	2%
Telecom Data Lines	2,406	2,660	2,499	2,239	1,939	(161)	(6%)
Telephone	1,248	1,081	1,094	1,094	1,094	13	1%
Small Equipment / Software	215	142	141	141	141	(1)	(1%)
Technology Consulting	1,380	1,087	1,022	440	440	(65)	(6%)
Total Technology Expenses	**$18,312**	**$22,667**	**$28,024**	**$28,670**	**$28,571**	**$5,357**	**24%**
CAPITAL PROJECTS							
Core Conversion			3,569	–	–		
IT Equipment			6,107	1,250	1,250		
IT Software			1,588	1,525	1,250		
Total Capital Investments	N/A		**$11,264**	**$2,775**	**$2,500**		
Est. I/S Impact (Depreciation)			1,212	2,660	3,372		

Note: Total Technology Expenses will not match Technology/Subscriptions forecast shown in other areas of the Strategic Plan, as the totals shown above include technology-related consulting.

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Apple Bank

Technology Budget | Largest Components

The vendors below represent ~75% of technology-related spending in 2022.

Vendor	2022 Proj. ('000s)	Primary DEPT	Primary Purpose
FIS	$3,780	IT	Core
Verizon	2,116	IT	Telecom
Q2 Software Inc.	1,928	IT	Digital banking
Insight Direct	1,693	IT	Network / server / cloud infrastructure
Moody's	1,641	Finance & Treas.	CECL, credit research, FCC screens
Upstart Network Inc.	1,200	Retail	Consumer lending
Verafin	945	FCC	FCC
Horizon VDI	660	IT	Remote Access
New Horizon Communications	624	IT	Telecom
Microsoft	621	IT	Microsoft software licenses
Quadient (fka NeoPost)	618	IT	Postage
CDI / ServiceNow	550	IT	ServiceNow workflow licenses
NCR	537	IT	ATM maintenance
McCracken	474	Finance & Treas.	Loan servicing
MetricStream	400	Risk / InfoSec	Risk / internal audit tracking
FIS QualiFile	390	Retail	New account verification
ADP	388	HR	HR
LexisNexis Risk Solution	360	FCC	Legal & FCC screens
GuidePoint Security, LLC (Deepw	324	Risk / InfoSec	InfoSec software
Citywide Business Machines	322	IT	Printer support across branch network
EverSec Group	317	Risk / InfoSec	InfoSec software
Glory Global Solutions	312	IT	Teller / cash dispensers
CDW	295	IT	IT purchasing
Harland Clarke	275	Retail	Call center support
UpCurve - Google	255	IT	Google business suite
Banker's Toolbox/Abrigo	252	FCC	FCC
Trepp	251	Lending / Credit	REVAD / CMBS
Subtotal	$21,527		

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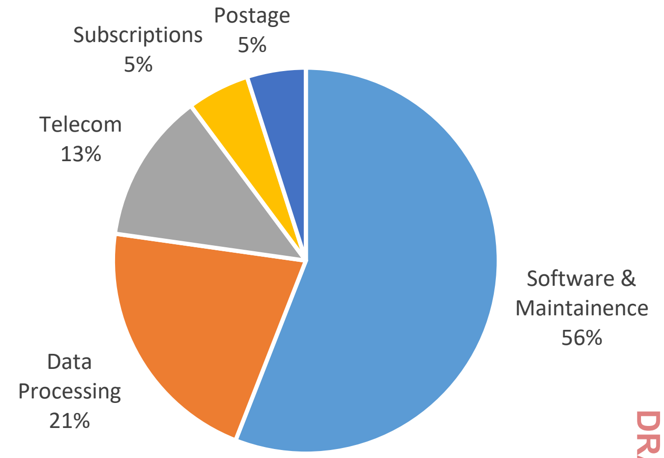
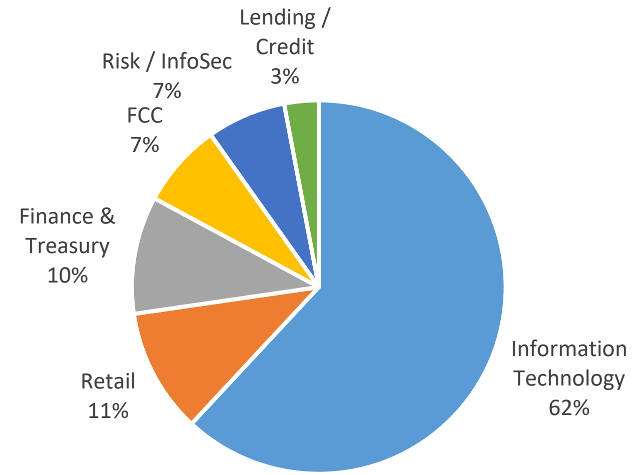
Operating Expenses By Category



Operating Expenses By Department



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Note: categorization of vendor / department / category is inexact and numbers may not tie precisely to other reference areas.

5. Human Resources

Human Resources | Headcount Summary

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FTE Headcount Breakdown	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Plan 2022	Plan 2023	Change '18A-'21A (3 YRS)	Change '21A-'22P (1 YR)
Branches	634	654	671	666	755	755	32	89
Depositor Services	23	38	46	26	37	37	3	11
Digital Banking (excl. Marketing)	31	33	48	45	58	58	14	13
Branch Operations	5	9	27	64	79	79	59	15
Other	36	52	72	79	101	101	42	22
Total Retail Banking	729	785	864	880	1,030	1,030	150	150
Lending (Comm'l, Mortgage)	16	14	19	20	20	20	5	–
Investments	2	2	2	2	2	2	–	–
Line Functions	**747**	**801**	**885**	**902**	**1,052**	**1,052**	**155**	**150**
Credit & Market Risk Mgmt. [1]	19	25	27	27	28	28	8	1
Risk [2]	22	28	35	41	45	45	19	4
Legal & Compliance	10	34	38	40	44	44	30	4
Financial Crimes Compliance	45	69	74	72	75	75	27	3
Internal Audit	23	27	27	27	27	27	4	–
Risk & Audit Functions	**119**	**183**	**201**	**207**	**219**	**219**	**88**	**12**
IT [2]	54	58	68	81	99	99	27	18
Project Management [3]	1	6	12	11	11	11	10	–
Accounting	49	57	63	65	67	67	16	2
Security	6	5	3	3	3	3	(3)	–
HR	12	14	19	20	21	21	8	1
Facilities	13	16	15	16	16	16	3	–
Corporate Support	**135**	**156**	**180**	**196**	**217**	**217**	**61**	**21**
Executive	**2**	**2**	**2**	**2**	**2**	**2**	**–**	**–**
Total Full-Time Equivalent Staff	**1,003**	**1,142**	**1,268**	**1,307**	**1,490**	**1,490**	**304**	**183**
Total Headcount	**1,028**	**1,173**	**1,289**	**1,327**	**1,514**	**1,514**	**299**	**187**

← Branches unlikely to be fully staffed at any given point; budget assumes ~40% of non-officer open positions remain unfilled.

Note: 2018-2019 includes some department reclassifications to align with current organizational structure (e.g. Executive, IT, Risk).

1. Includes Credit Administration, REVAD, and Asset & Liability Management.
2. Vendor Management and Information Security re-classified historically from IT to Risk to reflect current organizational structure.
3. Project Management department was established in 2020; prior to 2020, Project Management employees sat in IT.

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Apple Bank

Human Resources | Salary Expense by Division

($000s)	Actual 2019	Actual 2020	Actual 2021	Budget 2022	Budget 2023	2021 - 2022 Growth $	2021 - 2022 Growth %
Branches	33,213	35,231	37,305	41,201	42,759	3,896	10%
Retail Admin	3,380	5,313	5,998	7,101	7,341	1,103	18%
Branch Operations	1,108	3,115	4,344	5,526	6,299	1,183	27%
Digital Banking	2,506	4,190	4,748	6,248	6,799	1,500	32%
Other	2,965	4,237	5,625	7,041	7,584	1,416	25%
Retail Banking	**$43,173**	**$52,085**	**$58,020**	**$67,118**	**$70,783**	**$9,098**	**16%**
Lending & Investments	5,027	4,932	5,024	5,063	5,187	39	1%
Loan Credit	2,686	3,363	3,563	3,634	3,751	71	2%
Lending Functions	**$7,713**	**$8,295**	**$8,587**	**$8,697**	**$8,938**	**$110**	**1%**
Risk	4,002	7,126	7,735	9,367	9,728	1,633	21%
Legal & Compliance	4,737	6,498	7,305	7,805	8,248	500	7%
Financial Crimes Compliance	6,675	8,114	8,620	8,837	9,137	217	3%
Internal Audit	4,299	4,729	4,855	5,087	5,213	232	5%
Risk & Audit Functions	**$19,713**	**$26,465**	**$28,515**	**$31,097**	**$32,326**	**$2,582**	**9%**
IT & Project Management	7,049	9,771	12,051	14,022	14,826	1,972	16%
Accounting	5,551	6,987	7,777	8,421	8,654	645	8%
Other	11,761	13,251	17,246	19,366	18,124	2,120	12%
Total Compensation	**$94,960**	**$116,854**	**$132,195**	**$148,720**	**$153,651**	**$16,526**	**13%**

57% increase

Branches unlikely to be fully staffed at any given point; budget assumes ~40% of non-officer open positions remain unfilled

Includes allocation for Core retention bonus and ABL/Lender Finance team

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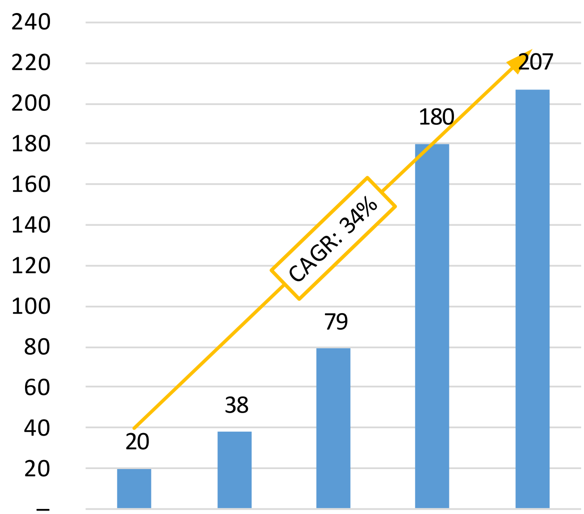
Note: Excludes commissions and deferred origination costs. 2022-2023 assumes equal percentage raises across the bank.

Apple Bank

Recent Hiring in Risk-Related Functions

Crossing $10bn in 2013, Apple Bank had 20 employees in risk-related functions (2% of FTEs); by 2021, we had 207 (16% of FTEs representing 25% of bank salaries).

Risk-related FTEs [1]

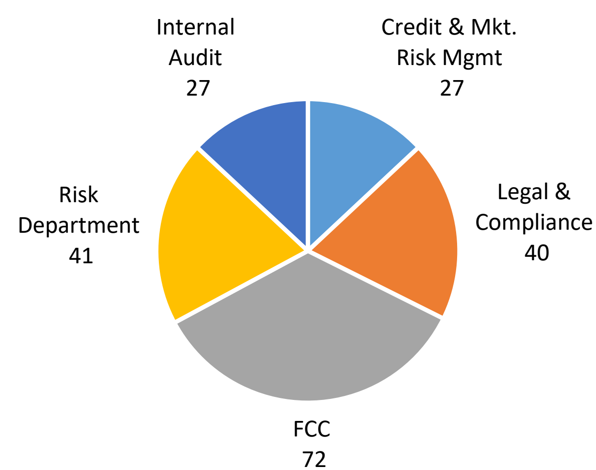


	2013	2015	2017	2019	2021	CAGR
Assets ($bn)	$11.6	$12.8	$12.8	$15.8	$16.1	4%
Total FTEs	832	815	865	1,142	1,307	6%
Risk FTEs	20	38	79	180	207	34%
Risk FTEs / FTEs	2.4%	4.7%	9.1%	15.8%	15.8%	
Assets/FTE ($mm)	$14	$16	$15	$14	$12	
Assets/Risk FTE ($mm)	$582	$337	$162	$88	$78	

Highlights

- Apple Bank has continued to invest heavily in people with risk-related backgrounds
- Excluded from risk functions headcount are additional business line employees hired to accommodate increasing demands from risk
  - 20+ FTEs in Consumer Banking dedicated to risk, FCC/BSA, and customer onboarding process
  - Significant hiring across 1st Line functions to accommodate internal audit and risk findings

Risk-related FTEs by Department (2021)



1. Risk-related FTEs include: Credit & Market Risk Management, Legal & Compliance, FCC, Risk department, and Internal Audit.

Apple Bank

F. 2022-2024 Financial Plan

Financial Plan Introduction

Key Elements of Financial Forecasting

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- Financial forecast represents best efforts at the end of 2021
  - Year-end 2021 financials referenced are shown on a preliminary basis – some minor financial transactions are expected to occur after the completion of our forecast and Strategic Plan

- Some of the largest variables in predicting earnings are mostly out of our control:
  - Interest rates – both absolute yields and yield curve shape
  - Competitor deposit & loan pricing
  - Tax rate increases

- Key variables that we can control:
  - Balance sheet composition (e.g. reducing cash & securities and redeploying into higher margin lending)
  - Our own deposit pricing (although pricing implications exist relative to competitor rates; also, we cannot control migration into deposit products)
  - Operating expenses (to a degree); for example: advertising spend, back-office hiring

- Management continually evaluates balance sheet growth and funding and adapts based on market conditions
  - Trade-off between liquidity and profitability (e.g. higher deposit rates to retain deposits / lower deposit rates to improve short-term profitability)

- Non-interest income and expenses are calculated based on division head's best estimates at year-end
  - Hiring needs are subject to change; however, key hires require approvals from CEO and Head of HR
  - Timing of capital projects often reflects optimistic view; slippage, though not ideal, may improve short-term profitability

- Our projections are a set of baseline numbers; we are not making critical decisions purely to reach or exceed the baseline forecasts in the Strategic Plan
  - As a private company, we do not provide earnings guidance that could impact our stock price for exceeding, meeting, or falling short of budget

- Projections are provided in the Strategic Plan on an annual basis, though monthly forecasts exist and variance analysis will be shown primarily on a year-to-date basis
  - Monthly growth tends to be ~1/12th of annual growth (but not always)

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Summary Projections

We are forecasting ~10% earnings growth driven by a growing balance sheet and improving NIM, partially offset by increasing operating expenses.

($mm)	Actual				Forecast		
	2019	2020	2021	2022	2023	2024	Notes
Balance Sheet							
Assets	$15,808	$16,174	$16,057	$16,971	$17,849	$18,708	
Total Deposits	$13,346	$14,395	$13,827	$14,705	$15,332	$16,049	
Income Statement							
Net Interest Income	$333	$276	$293	$338	$359	$367	NIM expansion, asset growth
Non Interest Income	$22	$37	$37	$38	$41	$41	
Total Revenue	$355	$313	$330	$376	$400	$409	
Non Interest Expense	$208	$243	$265	$290	$290	$290	~9% increase in 2022; flat in '23-'24
Provision for Loan Losses	($4)	$39	($3)	$7	$3	$5	
Net Income	**$111**	**$23**	**$50**	**$57**	**$77**	**$82**	
Profitability Ratios							
Return on Assets	0.76%	0.14%	0.31%	0.34%	0.44%	0.45%	
Return on Equity	8.7%	1.7%	3.6%	4.1%	5.4%	5.6%	
Return on Tangible Equity	11.1%	2.1%	4.4%	5.0%	6.7%	6.9%	
Net Interest Margin	**2.36%**	**1.83%**	**1.93%**	**2.15%**	**2.15%**	**2.11%**	Largely benchmark-driven
Efficiency Ratio	58%	78%	80%	77%	72%	71%	Expense savings initiatives in '23-'24
Non-Interest Expense / Avg Assets	1.41%	1.53%	1.64%	1.76%	1.66%	1.59%	
Capital Ratios							
Leverage Ratio	7.3%	6.9%	7.3%	7.3%	7.4%	7.5%	
Total Risk-Based Capital Ratio	14.2%	13.8%	13.5%	12.6%	12.3%	11.9%	Driven by increasing RWA / Assets
Risk-wtd. Assets / Assets	50%	53%	56%	60%	62%	65%	

Source: Management reporting. Minor classification differences exist relative to call reports.

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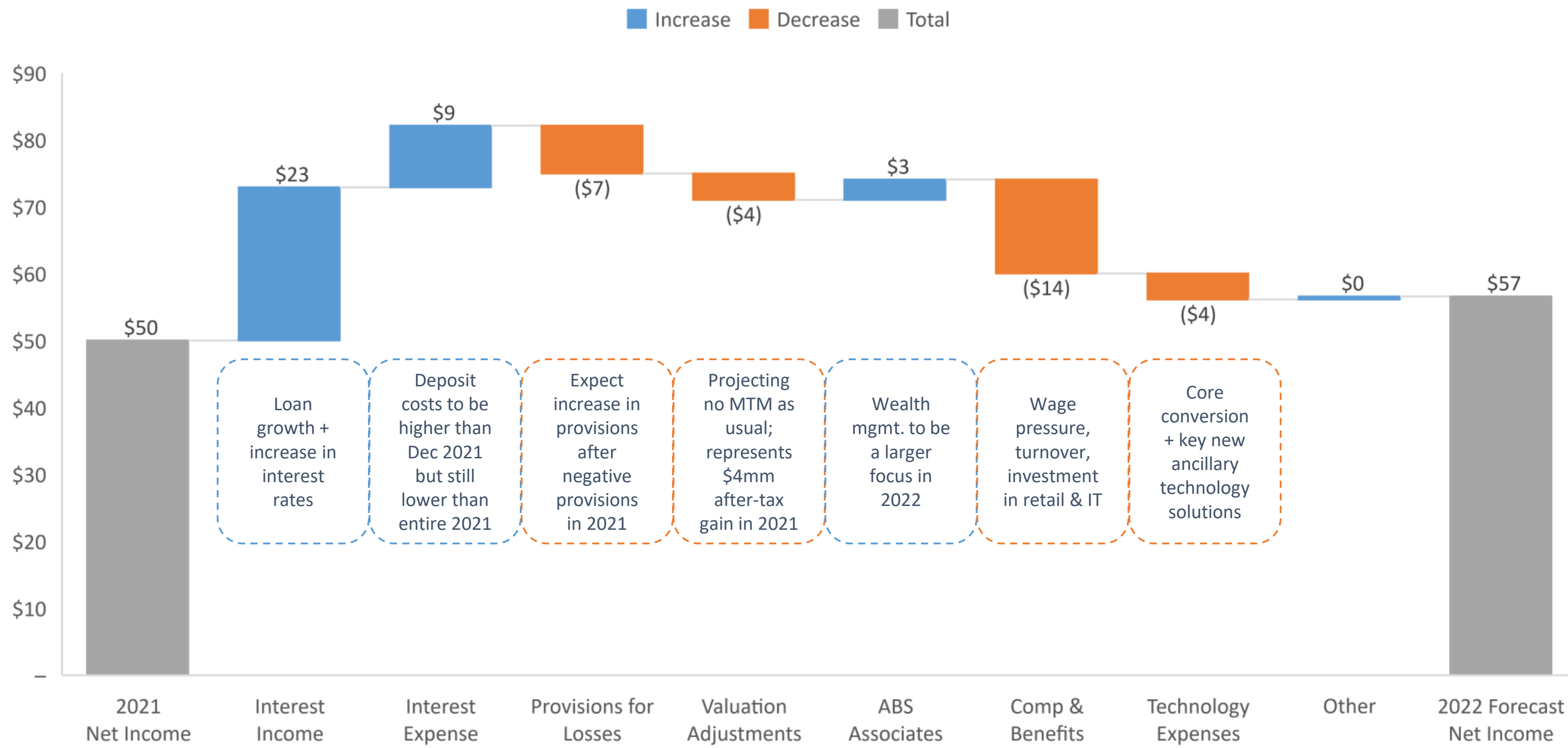
2021-2022 Actual-to-Forecast Net Income Bridge

We expect earnings to grow by ~13% in 2022. The key drivers are summarized below.

2021-2022 Net Income Bridge ($mm)



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Source: Management reporting.

Note: Pre-tax adjustments are taxed at 28%.

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Illustrative Impact of Asset Growth, NIM, and Expenses

Illustratively, assuming a constant operating expense base, every $500mm of asset growth results in $6-7mm of net income, and every 5bps of NIM implies $6mm of net income.

For every $5mm of operating expenses, we need to add $250-500mm of incremental assets to offset increasing operating expenses.

For 2022, we estimate ~$25mm of incremental operating expenses, implying the need to grow assets by ~$1.5bn just to offset the additional expenses

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Net Income Estimates at Various Asset Levels and NIMs

($mm)		Average Assets				
		$16,000	**$16,250**	**$16,500**	**$16,750**	**$17,000**
	2.00%	$32	$36	$39	$43	$46
	2.05%	$38	$41	$45	$48	$52
Net	**2.10%**	$43	$47	$51	$54	$58
Interest	**2.15%**	$49	$52	**$56**	$60	$64
Margin	**2.20%**	$54	$58	$62	$66	$69
	2.25%	$60	$64	$67	$71	$75
	2.30%	$65	$69	$73	$77	$81

2022 Base Case

Assets Required to Neutralize Increasing Operating Expenses

($mm)		Net Interest Margin on Incremental Assets				
		1.00%	**1.25%**	**1.50%**	**1.75%**	**2.00%**
	–	–	–	–	–	–
	$5	$500	$400	$333	$286	$250
Increase in	**$10**	$1,000	$800	$667	$571	$500
Operating	**$15**	$1,500	$1,200	$1,000	$857	$750
Expenses	**$20**	$2,000	$1,600	$1,333	$1,143	$1,000
	$25	$2,500	$2,000	$1,667	$1,429	$1,250
	$30	$3,000	$2,400	$2,000	$1,714	$1,500

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Summary of Key Assumptions

2022 Assumptions

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Balance Sheet

- Asset Growth: +6%
  - Largely driven by non-guaranteed C&I growth (ABL / Lender Finance) and CRE
  - Loans: +10%
    - CRE: +8%
    - Export Credit: -5%
    - Non-Guaranteed C&I: +28%
- Deposit Growth: +2%
  - Wholesale funding (FHLB borrowings or brokered CDs) to fund liquidity gaps

Income Statement

- Net interest income driven by (1) loan growth; (2) rising interest rates; (3) higher-rate CDs continuing to mature in early 2022
- $7mm of provisions driven by growth in non-guaranteed C&I loans
  - Partially offset by reserve releases as existing NPAs pay down
- 20%+ growth in fee income driven by ABS Associates
- Bottoms-up department-by-department operating budget
- We are forecasting a $25mm / 9% increase in operating expenses; of the increase…
  - Salary / benefits ↑ $18mm (75% of increase)
  - Technology ↑ $6mm
  - Rent ↑ $2mm
  - Cleaning & security ↓ $4mm
- Assumes most open positions are filled by April 2022

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Summary of Key Assumptions (cont'd)

We have identified the key variables that we believe could impact our base-line forecast

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Balance Sheet & Net Interest Margin	• Changing interest rate environment is the largest variable that is substantially out of our control – 5bps of NIM equates to ~$6mm of net income • Additional lending lines could impact asset growth and asset & yield composition • Funding costs will be dependent on our ability to grow deposits, the deposit rates we offer, and the reliance on wholesale funding – When competitors begin increasing rates, we will have to determine how best to respond
Provision Expense and Fair Market Value Adjustments	• Provision expenses could differ from current assumptions – Changes in our credit outlook for specific loans could increase or decrease provisions – A large reserve allocated to Thai ($17mm / 85% reserve) and NAC ($11mm / 25% reserve) could change; additional qualitative reserve buffer to account for Omicron • Fair market value (FMV) adjustments – We assume no incremental FMV, though it could be significant depending on changes in rates and FX
Operating Expenses	• Employee hiring estimates and timing of hiring could change – Pace of wage pressure, employee turnover, benefit costs (i.e. health insurance) will impact projections • We may not be able to deploy IT projects as quickly as we envision; additional IT-related expenses could be greater than estimated or not fully budgeted • Beyond 2022, we have estimated to keep operating expenses flat, which implies $10-15mm of general cost saving to our bottoms-up budget; these levels are preliminary and we expect to hone in on amounts towards the end of 2022 – Key elements: reduced salary/benefits costs after the implementation of key technologies
Other	• We have forecasted an effective tax rate of 28%, though the rate could increase at both the federal and state levels • Consideration of additional Tier 1 capital to support balance sheet expansion – Every $50mm of Tier 1 equates to ~$700mm of asset growth, assuming similar asset composition • We have assumed 100% organic growth; however, acquisitions to build scale or accelerate growth are something that we will evaluate

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Interest Rate Assumptions

We have used Bloomberg consensus interest rates for Fed Funds and Treasury benchmark assumptions.

Interest Rate Assumptions

- Short-term rates are expected to increase 3 times in 2022 and 4 times in 2023; longer-term rates rise but not by the same magnitude, effectively flattening the yield curve
- Longer-term rates have direct impact on our CRE portfolio; however, Apple Bank's income is driven far more by the short-end of the curve
  - C&I portfolio is primarily 3-month LIBOR driven; a segment of our deposit costs is driven by short-term treasury rates
  - CRE portfolio is primarily benchmarked off of treasuries, though lending competition drives treasury spreads

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Rate	Q4 21 (a)	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 2024
Fed Funds Rate	0.13	0.13	0.27	0.47	0.64	0.87	1.07	1.23	1.43	1.57
3-Mo LIBOR	**0.22**	**0.25**	**0.36**	**0.52**	**0.69**	**0.89**	**1.05**	**1.29**	**1.43**	**1.48**
US 5-Year	1.26	1.32	1.42	1.53	1.62	1.73	1.79	1.89	1.94	2.03
US 10-Year	**1.52**	**1.71**	**1.85**	**1.95**	**2.04**	**2.10**	**2.17**	**2.26**	**2.34**	**2.45**
US 30-Year	1.90	2.14	2.26	2.36	2.45	2.52	2.58	2.67	2.67	2.85

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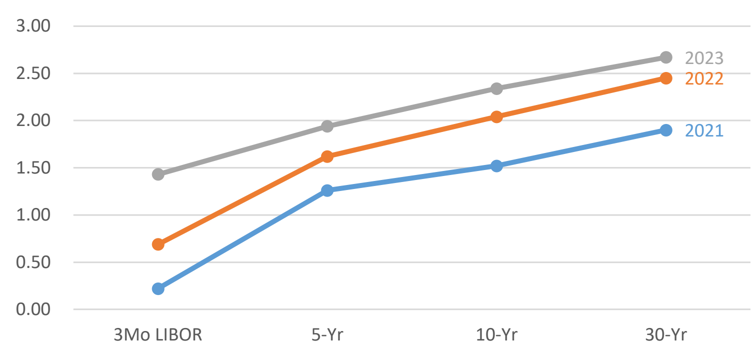

Source: Bloomberg as of 1/4/2022.

Apple Bank

Balance Sheet | Assets

We project assets to grow at a moderate pace driven largely by CRE and non-guaranteed C&I lending (including new ABL / Lender Finance lending class).

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OVERALL

- Reflects continued prudent redeployment of excess cash and maturing / prepaying export credit loans into CRE and non-guaranteed C&I loans
- Assets expected to grow at 5%, though composition of balance sheet to have a higher risk-weighted profile
  - RWA / Assets to increase from 56% to 65% at 2024
- Low asset growth allows us to maintain a leverage ratio above 7%; however, reallocation of balance sheet will decrease Tier 1 and Total RBC ratios

CASH & SECURITIES

- Plan to maintain ~$700-800mm of cash
- Security portfolio expected to remain relatively flat, with excess funding deployed more aggressively into loans

LOANS

- Loan portfolio expected to grow 8% per year, inclusive of export credit run-off
  - CRE loans +8%
  - Non-guaranteed C&I loans +18%
  - Export credit loans -6%

Assets

($mm)		Base Case			
	2021	2022	2023	2024	3-yr CAGR
Cash	$758	$718	$764	$801	2%
Securities	3,986	3,927	3,975	3,955	(0%)
Loans					
CRE	5,585	6,019	6,472	6,950	8%
Export Credit	2,267	2,146	2,012	1,864	(6%)
C&I	2,501	3,195	3,646	4,156	18%
Consumer / Other	130	126	127	131	0%
Total Loans	10,483	11,486	12,257	13,101	8%
ALLL	(58)	(65)	(69)	(73)	
Net Loans	10,425	11,421	12,189	13,027	
Other Tangible Assets	614	631	648	650	
Intangibles	274	274	274	274	
Total Assets	**$16,057**	**$16,971**	**$17,849**	**$18,708**	**5%**
Risk-Weighted Assets	$9,070	$10,172	$11,099	$12,136	10%
As a % of Assets:					
Risk-Weighted Assets	*56%*	*60%*	*62%*	*65%*	
Cash & Securities	*30%*	*27%*	*27%*	*25%*	
Total Loans	*65%*	*68%*	*69%*	*70%*	
CRE	*35%*	*35%*	*36%*	*37%*	
Export Credit	*14%*	*13%*	*11%*	*10%*	
C&I	*16%*	*19%*	*20%*	*22%*	

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Source: Management reporting.

Note: Projections were based on Q3 YTD actuals. While we have included year-end actuals as reference, actual growth rates may differ from forecast assumptions due to timing of projections.

Apple Bank

Balance Sheet | Liabilities & Equity

We are projecting 2% retail deposit growth in 2022, while funding remainder of asset growth via wholesale channels.

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LIABILITIES

- Traditional deposits represent ~95% of our liabilities
- We estimate 2% deposit growth in 2022 and 4% thereafter, though growth will depend largely on: (1) our ability to find suitable use of funds, (2) competitor pricing, (3) how we choose to react to competitor pricing
- Shortfalls in deposit growth will be replaced with wholesale funding, either FHLB borrowings or brokered CDs
  - We have $3bn of wholesale capacity
  - Wholesale funding cost expected to rise faster than retail deposit cost
- Other deposit initiatives that could accelerate our growth (beyond rate) could include digital banking services (i.e. online account opening), success of new marketing initiatives, new branch openings

EQUITY

- Equity is expected to grow on average by 2% per year (weighted towards outer years)
- Additional capital information is included on the following slide

Liabilities & Equity

($mm)		Base Case			
	2021	2022	2023	2024	3-yr CAGR
Checking	$2,049	$2,118	$2,182	$2,247	3%
Savings & MMDA	7,072	6,910	7,090	7,415	2%
CDs	4,705	5,056	5,341	5,501	5%
Retail Deposits	13,827	14,086	14,614	15,164	3%
Wholesale Deposits	–	619	718	885	NA
Borrowings	450	494	712	788	21%
Wholesale Funding	450	1,113	1,430	1,673	55%
Other Liabilities	383	368	370	372	(1%)
Total Liabilities	14,660	15,567	16,414	17,210	5%
Total Equity	1,397	1,404	1,435	1,498	2%
Total Liabilities & Equity	**$16,057**	**$16,971**	**$17,849**	**$18,708**	**5%**
Loans / Retail Deposits	76%	82%	84%	86%	
Wholesale / Funding	3%	7%	9%	10%	

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Source: Management reporting.

Note: Projections were based on Q3 YTD actuals. While we have included year-end actuals as reference, actual growth rates may differ from forecast assumptions due to timing of projections.

Balance Sheet | Capital

We continue to grow capital and maintain a position in excess of Board-approved internal minimum capital ratios. By 2024, we do begin to approach some capital

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- The Bank plans to operate at capital levels that are well in excess of the Bank's Board-approved internal minimum capital ratios
- Given the low risk-weighted composition of our balance sheet, our capital focus is more on Tier 1 and Total Risk-Based Capital levels
  - Current plan includes a gradual shift to a higher RWA / Assets ratio
- As we redeploy government assets into CRE/C&I loans, our Tier 1 and Total RBC will decrease
- The plan reflects $7.5mm in annualized dividend payments on the $142mm in Tier 1-qualifying 5.25% preferred stock
- We are considering additional Tier 1 capital to support balance sheet growth; however, we have not incorporated that into projections
  - Each $50mm of Tier 1 capital would support an incremental ~$700mm of asset growth

Capital and Capital Ratios

($mm)		Base Case			
	2021	2022	2023	2024	3-yr CAGR
CAPITAL					
Tier 1 Capital	$1,165	$1,218	$1,292	$1,371	6%
Total Risk Based Capital	1,226	1,286	1,364	1,448	6%
Total RWA	9,070	10,172	11,099	12,136	10%
Average Tangible Assets	15,874	16,589	17,435	18,264	5%
RATIOS					3-yr Δ bps
Tier 1 Leverage	7.3%	7.3%	7.4%	7.5%	17
Tier 1 Risk Based Capital	12.8%	12.0%	11.6%	11.3%	(155)
Total Risk Based Capital	13.5%	12.6%	12.3%	11.9%	(159)
CRE / Total Capital	455%	468%	475%	480%	
NG C&I / Total Capital	204%	248%	267%	287%	
RWA / Assets	56%	60%	62%	65%	

Select Board limits include:
- Total RBC ratio: 11.5%
- CRE / Total Capital: 500%
- NG C&I / Capital: 300%

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Source: Management reporting.
Note: Projections were based on Q3 YTD actuals.

Capital Alternatives

To the extent that we grow our assets at a faster rate than what we support via internal capital generation, we will need to evaluate alternative forms of capital.

Low Regulatory Capital & Cost

High Regulatory Capital & Cost

Capital Instrument	Benefits & Considerations
Senior Debt	• Not regulatory capital at holding company level • Tier 1 at the bank level • Non dilutive to equity ownership • Holdco loan typically secured by subsidiary bank stock • Senior debt is typically unsecured • Rating agency likely required
Subordinated Debt	• Tier 2 capital at issuing level • Tier 1 at bank level if issued at holding co. • Requires dividend from bank to pay interest • Popular bank investment • Rating agency likely required – Kroll popular rating agency for subordinated debt • Peers have recently raised sub-debt at a cost of 3.00-3.50%
Preferred Equity	• Counts as Tier 1 if non-cumulative and perpetual • Fixed or floating rate structures, perpetual term • Investor base may be limited given lack of upside • For Apple Bank, outside investors would need to be institutional (vs. retail) • Would likely need rating from a larger Moody's, S&P or Fitch for institutional demand • Peers have recently raised preferred at a cost: 5.00-5.50%
Common Equity	• Tier 1 common; all proceeds count as regulatory capital at all levels • Tier 1 common ratio could get more scrutiny if incremental regulatory capital comes from subdebt or preferred • Ability to payout a common dividend • For public banks, can negatively impact per share performance metrics and dilutive to existing shareholders

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Income Statement | Net Interest Income

~90% of Apple Bank's revenue comes from net interest income.

- Net interest income projections are based on our balance sheet (1) growth, (2) composition, and (3) yields / costs
- We are projecting NIM to increase from 1.93% in 2021 to 2.15% in 2022
  - Assuming three rate hikes in 2022, four in 2023, and three in 2024
  - High-cost CD maturities in early 2022 continue to benefit funding costs in the near-term
- Asset yields will be dependent on finding appropriate loan opportunities
  - Less rate sensitive than in the recent past given higher allocation to CRE
  - Ramp-up of ABL / Lender Finance business will be impactful
- On the funding side, we are projecting a modest decline in deposit costs in 2022 driven by CD maturities, but expect a ramp-up soon thereafter
- Competitor pricing and the speed in which we react continue to be two of the biggest variables in projecting NIM

Net Interest Income

($mm)		Base Case			
	2021	2022	2023	2024	3-yr CAGR
Interest Income	$358	$390	$460	$538	15%
Interest Expense	65	52	101	170	38%
Net Interest Income	$293	$338	$359	$367	8%
AVERAGE BALANCES					
Cash	$838	$690	$748	$783	
Securities	3,854	3,952	3,955	3,959	
Loans	10,539	11,001	11,894	12,632	
Earning Assets	15,230	15,718	16,674	17,427	
Retail Deposits	14,086	14,042	14,428	14,953	
Funding	14,321	14,707	15,669	16,382	
YIELDS & COSTS					
Cash	0.11%	0.33%	1.00%	1.59%	
Securities	2.04%	2.14%	2.23%	2.26%	
Loans	2.65%	2.70%	2.98%	3.36%	
Earning Assets	**2.35%**	**2.48%**	**2.71%**	**3.08%**	
Retail Deposits	0.45%	0.34%	0.60%	0.95%	
Funding	**0.45%**	**0.35%**	**0.65%**	**1.04%**	
Net Interest Margin	**1.93%**	**2.15%**	**2.15%**	**2.11%**	

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Source: Management reporting.
Note: Projections were based on Q3 YTD actuals.

Income Statement | Non-Interest Income

Excluding fair value adjustments / gain on sales of securities, we expect non-interest income to grow ~$6.6mm / 21% in 2022, driven in large part by increased revenue at ABS Associates.

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FAIR VALUE ADJUSTMENTS

- This primarily represents fair value adjustments on FX and derivatives and gain on sales of securities

DEPOSIT FEES

- Expected to continue declining slightly as services become less frequently used or are offered for free by competitors

BRANCH FEES / ABS ASSOCIATES

- ABS Associates revenue expected to ramp up significantly beginning 2H 2022 with hiring of key officer and additional agents
- Debit and branch FX fees also expected to trend up given increased usage and stabilized operating environment / tourism

OTHER NON-INTEREST INCOME

- The largest components of other income are:
  - Branch sublease and rental income of ~$6mm
  - Loan service fees of ~$3mm
  - BOLI: ~$8mm / year in tax-deductible "fee income"; ~$285mm CSV following $20mm investment with NYL in Nov 2021; ~4% blended pre-tax equivalent yield

($000s)	Actual		Plan			CAGR
	2020	2021	2022	2023	2024	'21 - '24
FV Adjustments / Gain on Sales	**9,235**	**5,463**	**–**	**–**	**–**	(100%)
Service charges	$827	$761	$783	$757	$733	(1%)
Return check fees	1,220	1,101	1,041	1,041	1,041	(2%)
Deluxe check fees	366	292	268	241	217	(9%)
Wire transfers	193	200	197	197	197	(1%)
Extended OD charges	271	229	216	216	216	(2%)
Deposit fees	**$2,875**	**$2,583**	**$2,504**	**$2,452**	**$2,403**	**(2%)**
ATM fees	2,438	2,632	2,801	2,801	2,801	2%
ABS Associates	2,186	4,198	8,400	11,200	11,424	40%
Safe deposit fees	1,685	1,664	1,731	1,731	1,731	1%
Debit fees	1,374	1,783	1,981	2,179	2,397	10%
Branch FX	497	536	677	812	853	17%
Credit card	206	195	193	193	193	–
Other Misc	236	349	350	350	350	–
Branch fees	**$8,623**	**$11,356**	**$16,133**	**$19,266**	**$19,749**	**20%**
Sublease & rental income	6,706	6,081	6,139	6,145	6,142	–
Loan service fees	2,147	2,819	2,800	2,800	2,800	–
BOLI & FHLB income	7,420	8,089	9,948	10,062	9,999	7%
Other non-interest inc.	259	377	375	375	375	–
Other fees	**$16,532**	**$17,367**	**$19,262**	**$19,382**	**$19,316**	**4%**
Total Non-Interest Income	**$37,266**	**$36,769**	**$37,899**	**$41,100**	**$41,468**	**4%**
Excl. FV Adj. / Gains on Sale	**$28,031**	**$31,306**	**$37,899**	**$41,100**	**$41,468**	**10%**

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Source: Management reporting.

Note: Forecast is created based on Q3 YTD financial results and 2022-2024 growth rate assumptions were based on a projected 2021 year-end. Average growth rates are rounded for illustrative purposes to better illustrate underlying growth rate assumptions.

Apple Bank

Income Statement | Operating Expenses

In 2022, we are projecting a ~$25mm or 9% increase in operating expenses.

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- We are projecting a **~$25mm increase** in operating expenses **to $290mm**
- **~75% of the increase is related to compensation & benefits (+$18mm)**
  - Upward wage pressure, ABS Associates agent commissions, continued hiring, core-related bonuses, etc.
- Additional areas with increasing costs include:
  - **Technology – Increasing ~$5mm** due to new products / vendors
  - **Rent – Increasing ~$2mm** due to contractual rent increases and new branches
  - **Advertising – Increasing ~$1.4mm**; plan to ramp up as needed to support deposit retention / growth
- We expect **significant savings ($4mm)** due to reduced cleaning and security expenses as the operating environment stabilizes (COVID)
- For most other core expense categories, we expect expenses to increase more modestly (e.g. 3%)
- Forecast assumes expense savings initiatives drive ~$9-15mm of savings in 2023-2024, respectively
  - Savings not yet identified, but expected to be technology-driven

($000s)	Actual		Plan			CAGR
	2020	2021	2022	2023	2024	'21 - '24
Compensation	**$114,624**	**$130,119**	**$147,982**	**$153,856**	**$156,974**	**6%**
Benefits	**$22,019**	**$28,215**	**$28,709**	**$29,432**	**$29,991**	**2%**
Rent	22,290	23,183	25,094	25,381	26,038	4%
Real estate taxes	6,809	7,055	7,271	7,416	7,565	2%
Cleaning & security	8,557	7,928	3,975	3,545	3,616	(23%)
Utilities, repairs, etc.	6,442	7,251	7,600	7,752	7,907	3%
Facilities	**$44,099**	**$45,417**	**$43,940**	**$44,094**	**$45,126**	**–**
Real estate	5,553	7,097	7,456	8,355	8,773	7%
Technology	2,615	2,152	3,060	4,079	4,186	25%
Depreciation	**$8,168**	**$9,249**	**$10,516**	**$12,433**	**$12,959**	**12%**
Technology / Subscriptions	**$16,932**	**$21,581**	**$27,003**	**$28,230**	**$28,131**	**9%**
Advertising	2,676	3,638	4,996	5,496	5,770	17%
FDIC insurance	5,852	7,593	7,272	6,909	7,047	(2%)
Consulting	6,653	4,155	3,528	2,022	1,737	(25%)
Other	14,486	15,461	16,017	16,685	17,628	4%
Core other non-int. exp.	**$29,666**	**$30,847**	**$31,814**	**$31,112**	**$32,182**	**1%**
BSA civil money penalties	7,500	–	–	–	–	NA
Other non-int. expenses	**$37,166**	**$30,847**	**$31,814**	**$31,112**	**$32,182**	**1%**
Prelim. expense savings	**–**	**–**	**–**	**($9,158)**	**($15,362)**	
Total non-interest expenses	**$243,008**	**$265,428**	**$289,963**	**$290,000**	**$290,000**	**3%**

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Source: Management reporting.

Note: Forecast is created based on Q3 YTD financial results and 2022-2024 growth rate assumptions were based on a projected 2021 year-end. Average growth rates are rounded for illustrative purposes to better illustrate underlying growth rate assumptions.

Apple Bank

2022-2024 Financial Plan | Balance Sheet Summary

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($mm)	Actual		Plan			CAGR	
	2020	2021	2022	2023	2024	'20-'21	'21-'24
Balance Sheet							
Cash & Equivalents	$1,086	$758	$718	$764	$801	(30%)	2%
Investment Securities	3,683	3,986	3,927	3,975	3,955	8%	(0%)
Loans:							
Commercial Real Estate	5,204	5,585	6,019	6,472	6,950	7%	8%
Commercial - Export Credit	2,579	2,267	2,146	2,012	1,864	(12%)	(6%)
Commercial - Non-Guaranteed	2,735	2,501	3,195	3,646	4,156	(9%)	18%
Residential, Consumer & Other	110	130	126	127	131	18%	0%
Total Gross Loans	$10,628	$10,483	$11,486	$12,257	$13,101	(1%)	8%
Allowance for Loan Losses	(74)	(58)	(65)	(69)	(73)	(22%)	8%
Other Tangible Assets	578	614	631	648	650	6%	2%
Intangible Assets	274	274	274	274	274	(0%)	0%
Total Assets	**$16,174**	**$16,057**	**$16,971**	**$17,849**	**$18,708**	**(1%)**	**5%**
Deposits:							
Checking	$1,733	$2,049	$2,118	$2,182	$2,247	18%	3%
Savings & MMDA	6,743	7,072	6,910	7,090	7,415	5%	2%
CDs	5,575	4,705	5,056	5,341	5,501	(16%)	5%
Retail Deposits	$14,051	$13,827	$14,086	$14,614	$15,164	(2%)	3%
Wholesale Funding	344	450	1,113	1,430	1,673	31%	55%
Other Liabilities	380	383	368	370	372	1%	(1%)
Total Liabilities	**$14,775**	**$14,660**	**$15,567**	**$16,414**	**$17,210**	**(1%)**	**5%**
Total Stockholders' Equity	**$1,399**	**$1,397**	**$1,404**	**$1,435**	**$1,498**	(0%)	2%
Total Liabilities & Stockholders' Equity	**$16,174**	**$16,057**	**$16,971**	**$17,849**	**$18,708**	**(1%)**	**5%**

Source: Management reporting. Minor classification differences exist relative to call reports.

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Apple Bank

2022-2024 Financial Plan | Income Statement Summary

($mm)	Actual		Plan			CAGR	
	2020	2021	2022	2023	2024	'20-'21	'21-'24
<u>Income Statement</u>							
Interest Income	$407	$358	$390	$460	$538	(12%)	15%
Interest Expense	132	65	52	101	170	(51%)	38%
Net Interest Income	**$276**	**$293**	**$338**	**$359**	**$367**	**6%**	**8%**
Provision for Loan Losses	39	(3)	7	3	5	NM	NM
Non-Interest Income:							
FV Adjustments / Gains on Sale	$9	$5	–	–	–	(41%)	(100%)
Branch Fees	9	11	16	19	20	32%	20%
Deposit Fees	3	3	3	2	2	(10%)	(2%)
Rental Income & Loan Fees	9	9	9	9	9	1%	0%
BOLI, FHLB, Other Income	8	8	10	10	10	10%	7%
Total Non-Interest Income	**$37**	**$37**	**$38**	**$41**	**$41**	**(1%)**	**4%**
Non-Interest Expenses:							
Compensation & Benefits	$137	$158	$177	$183	$187	16%	6%
Occupancy, Equipment, Technology	69	76	81	85	86	10%	4%
Other Expenses	37	31	32	22	17	(17%)	(18%)
Total Non-Interest Expenses	**$243**	**$265**	**$290**	**$290**	**$290**	**9%**	**3%**
Pre-Tax Income	$31	$67	$79	$107	$114	118%	19%
Taxes	8	17	22	30	32	115%	22%
Net Income	**$23**	**$50**	**$57**	**$77**	**$82**	**119%**	**18%**

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Source: Management reporting. Classification differences exist relative to call reports.

2022-2024 Financial Plan | Profitability & Capital Ratios

	Actual		Plan			Δ bps	
	2020	2021	2022	2023	2024	'20-'21	'21-'24
Profitability							
ROAA	0.14%	0.32%	0.34%	0.44%	0.45%	18	13
Net Interest Margin	1.83%	1.93%	2.15%	2.15%	2.11%	10	18
Efficiency Ratio	78%	80%	77%	72%	71%	240	(918)
Operating Expenses / Avg. Assets	1.49%	1.63%	1.76%	1.66%	1.59%	14	(4)
Capital Ratios							
Tier 1 Leverage	6.9%	7.3%	7.3%	7.4%	7.5%	42	17
Tier 1 Risk Based Capital	12.9%	12.8%	12.0%	11.6%	11.3%	(6)	(155)
Total Risk Based Capital	13.8%	13.5%	12.6%	12.3%	11.9%	(28)	(159)

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Source: Management reporting. Classification differences exist relative to call reports.

G. Appendix

Peer Analysis | Liquidity

While many peers grapple with excess liquidity, Apple Bank has increasingly begun leaning on low-cost wholesale funding to bridge liquidity gaps; we maintain an asset sensitive position, though less so than historically.

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Rank	Bank	Loans / Deposits (%)	Rank	Bank	Wholesale Funding / Funding (%)	Rank	Bank	Liquidity Ratio (%) [1]	Rank	Bank	Rate-Sensitive Assets / Assets (%)
1	Amalgamated Bk	52	1	WSFS Financial	0	1	Eastern Bkshs	47	1	Signature Bk	53
2	Cmnty Bank System	57	2	Amalgamated Bk	0	2	Signature Bk	43	2	People's United	47
3	WSFS Financial	60	3	Eastern Bkshs	1	3	Eagle Bancorp	39	3	Berkshire Hills	46
4	Signature Bk	61	4	Independent Bank	1	4	Amalgamated Bk	38	4	Fulton Finl Corp	42
5	Eastern Bkshs	62	5	NW Bancshares	2	5	Berkshire Hills	38	5	FNB Corp	41
6	Berkshire Hills	68	6	NBT Bancorp Inc	2	6	WSFS Financial	34	6	NBT Bancorp Inc	39
7	People's United	70	7	Dime Community	2	7	Cmnty Bank System	33	7	Apple Bk for Svgs	38
8	Eagle Bancorp	71	8	Ocean Frst Finl	2	8	People's United	29	8	Eagle Bancorp	36
9	NBT Bancorp Inc	73	9	Peapack Gladstone	2	9	NW Bancshares	27	9	Customers Bncp Inc	34
10	Webster Financial	75	10	Cmnty Bank System	2	10	Independent Bank	24	10	Independent Bank	34
11	Apple Bk for Svgs	75	11	Fulton Finl Corp	3	11	Customers Bncp Inc	24	11	Sterling Bncp	33
12	FNB Corp	79	12	Apple Bk for Svgs	3	12	Apple Bk for Svgs	22	12	Dime Community	31
13	Independent Bank	80	13	Webster Financial	3	13	Webster Financial	20	13	WSFS Financial	30
14	NW Bancshares	81	14	Sterling Bncp	3	14	NBT Bancorp Inc	19	14	NW Bancshares	30
15	Fulton Finl Corp	85	15	Berkshire Hills	3	15	Northfield Bncp	17	15	Amalgamated Bk	29
16	Provident Fnl Svcs	85	16	Lakeland Bancorp	3	16	Fulton Finl Corp	15	16	Peapack Gladstone	29
17	Lakeland Bancorp	86	17	Signature Bk	4	17	Kearny Finl Corp	15	17	Lakeland Bancorp	28
18	Customers Bncp Inc	87	18	FNB Corp	5	18	FNB Corp	13	18	Eastern Bkshs	27
19	Dime Community	88	19	People's United	6	19	NY Community Bncp	13	19	Provident Fnl Svcs	24
20	Kearny Finl Corp	88	20	Sandy Spring Bncp	6	20	Dime Community	13	20	Ocean Frst Finl	24
21	Ocean Frst Finl	89	21	Valley Natl Bncp	8	21	Sandy Spring Bncp	12	21	Flushing Financial	22
22	Northfield Bncp	91	22	Northfield Bncp	11	22	Valley Natl Bncp	12	22	Sandy Spring Bncp	21
23	Peapack Gladstone	91	23	Provident Fnl Svcs	12	23	Sterling Bncp	11	23	ConnectOne Bncp In	20
24	Sterling Bncp	94	24	Customers Bncp Inc	17	24	Lakeland Bancorp	11	24	Investors Bncp Inc	20
25	Sandy Spring Bncp	94	25	Investors Bncp Inc	18	25	Provident Fnl Svcs	11	25	Webster Financial	19
26	Valley Natl Bncp	96	26	ConnectOne Bncp In	18	26	ConnectOne Bncp In	11	26	Cmnty Bank System	19
27	Flushing Financial	104	27	Flushing Financial	18	27	Flushing Financial	10	27	NY Community Bncp	19
28	ConnectOne Bncp In	108	28	Kearny Finl Corp	19	28	Investors Bncp Inc	9	28	Valley Natl Bncp	18
29	Investors Bncp Inc	108	29	Eagle Bancorp	27	29	Ocean Frst Finl	8	29	Kearny Finl Corp	14
30	NY Community Bncp	130	30	NY Community Bncp	42	30	Peapack Gladstone	4	30	Northfield Bncp	9

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Source: S&P Global Market Intelligence. Peers include select publicly traded banks in the Northeast & Mid-Atlantic with $10bn+ in assets and NYC with $5-10bn in assets.

1. (Cash & Balances Due + Securities + Fed Funds Sold & Repos + Trading Account Assets - Pledged Securities) / Total Liabilities

Peer Analysis | Asset Quality

We expect to see continued improvement in non-performing assets as the environment stabilizes.

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Rank	Bank	NPAs / Assets (%)
1	NY Community Bncp	0.09
2	Independent Bank	0.21
3	WSFS Financial	0.21
4	Lakeland Bancorp	0.25
5	Northfield Bncp	0.25
6	Eagle Bancorp	0.26
7	Ocean Frst Finl	0.27
8	Eastern Bkshs	0.28
9	Peapack Gladstone	0.30
10	Cmnty Bank System	0.30
11	Customers Bncp Inc	0.31
12	Flushing Financial	0.31
13	Dime Community	0.34
14	NBT Bancorp Inc	0.36
15	FNB Corp	0.37
16	Apple Bk for Svgs	0.39
17	Sandy Spring Bncp	0.39
18	Investors Bncp Inc	0.42
19	Signature Bk	0.46
20	Berkshire Hills	0.46
21	Sterling Bncp	0.56
22	Provident Fnl Svcs	0.56
23	People's United	0.64
24	Webster Financial	0.64
25	Fulton Finl Corp	0.68
26	Valley Natl Bncp	0.73
27	Amalgamated Bk	0.77
28	Kearny Finl Corp	1.13
29	NW Bancshares	1.19
30	ConnectOne Bncp In	1.30

Rank	Bank	NCOs / Avg. Loans (%)
1	Independent Bank	(0.09)
2	Webster Financial	(0.02)
3	Provident Fnl Svcs	(0.01)
4	Lakeland Bancorp	(0.01)
5	Northfield Bncp	(0.01)
6	Valley Natl Bncp	(0.01)
7	Dime Community	(0.00)
8	Flushing Financial	(0.00)
9	Ocean Frst Finl	(0.00)
10	Apple Bk for Svgs	–
11	ConnectOne Bncp In	0.01
12	Sandy Spring Bncp	0.01
13	FNB Corp	0.02
14	People's United	0.03
15	Investors Bncp Inc	0.03
16	NY Community Bncp	0.05
17	Eastern Bkshs	0.05
18	Fulton Finl Corp	0.07
19	Eagle Bancorp	0.07
20	Cmnty Bank System	0.09
21	Kearny Finl Corp	0.10
22	WSFS Financial	0.11
23	Customers Bncp Inc	0.21
24	NBT Bancorp Inc	0.22
25	Signature Bk	0.22
26	Berkshire Hills	0.22
27	NW Bancshares	0.22
28	Sterling Bncp	0.23
29	Amalgamated Bk	0.44
30	Peapack Gladstone	0.62

Rank	Bank	Reserves / NPAs (%)
1	NY Community Bncp	383
2	Independent Bank	348
3	Peapack Gladstone	342
4	Northfield Bncp	288
5	WSFS Financial	287
6	Lakeland Bancorp	286
7	Eagle Bancorp	243
8	FNB Corp	235
9	Customers Bncp Inc	230
10	Sandy Spring Bncp	224
11	NBT Bancorp Inc	214
12	Investors Bncp Inc	208
13	Dime Community	205
14	Berkshire Hills	202
15	Sterling Bncp	167
16	Ocean Frst Finl	156
17	Flushing Financial	148
18	Eastern Bkshs	147
19	Fulton Finl Corp	144
20	Webster Financial	136
21	Valley Natl Bncp	113
22	Cmnty Bank System	110
23	Provident Fnl Svcs	104
24	Apple Bk for Svgs	93
25	Signature Bk	88
26	People's United	84
27	ConnectOne Bncp In	75
28	Amalgamated Bk	66
29	NW Bancshares	59
30	Kearny Finl Corp	59

Rank	Bank	Reserves / RWA (%)
1	Berkshire Hills	1.35
2	Peapack Gladstone	1.29
3	Webster Financial	1.26
4	Fulton Finl Corp	1.24
5	FNB Corp	1.18
6	Sterling Bncp	1.17
7	NBT Bancorp Inc	1.13
8	Sandy Spring Bncp	1.13
9	Investors Bncp Inc	1.09
10	Kearny Finl Corp	1.07
11	Customers Bncp Inc	1.07
12	Valley Natl Bncp	1.06
13	ConnectOne Bncp In	1.06
14	Independent Bank	1.04
15	NW Bancshares	1.04
16	Lakeland Bancorp	0.93
17	WSFS Financial	0.92
18	Eagle Bancorp	0.89
19	Amalgamated Bk	0.87
20	Dime Community	0.86
21	People's United	0.82
22	Provident Fnl Svcs	0.75
23	Cmnty Bank System	0.71
24	Eastern Bkshs	0.66
25	Apple Bk for Svgs	0.64
26	Signature Bk	0.61
27	Flushing Financial	0.60
28	Ocean Frst Finl	0.55
29	NY Community Bncp	0.46

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Source: S&P Global Market Intelligence. Peers include select publicly traded banks in the Northeast & Mid-Atlantic with $10bn+ in assets and NYC with $5-10bn in assets.
Note: Northfield Bancorp adopted the Community Bank Leverage Ratio framework in 2020, and is no longer reporting risk-weighted assets.

Peer Analysis | Yields & Costs

Yields have stabilized while costs continue to decline as legacy higher-rate CDs mature; we expect faster and more meaningful improvement in margins when short-term rates lift-off.

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Rank	Bank	Yield on Int. Earning Assets (%)	Rank	Bank	Δ Yield on I.E.A. (QoQ, bps)	Rank	Bank	Cost of Funding (%)	Rank	Bank	Δ Cost of Funds (QoQ, bps)
1	Customers Bncp Inc	4.57	1	Independent Bank	26	1	Independent Bank	0.05	1	Apple Bk for Svgs	(9)
2	ConnectOne Bncp In	4.22	2	NBT Bancorp Inc	18	2	Eastern Bkshs	0.06	2	Customers Bncp Inc	(6)
3	Flushing Financial	3.78	3	Amalgamated Bk	8	3	Webster Financial	0.08	3	Investors Bncp Inc	(5)
4	Sandy Spring Bncp	3.66	4	Ocean Frst Finl	4	4	People's United	0.09	4	Berkshire Hills	(5)
5	Investors Bncp Inc	3.50	5	WSFS Financial	3	5	Sterling Bncp	0.09	5	Signature Bk	(4)
6	Valley Natl Bncp	3.45	6	Valley Natl Bncp	3	6	Cmnty Bank System	0.09	6	Sandy Spring Bncp	(4)
7	Sterling Bncp	3.44	7	Eastern Bkshs	2	7	WSFS Financial	0.09	7	Lakeland Bancorp	(4)
8	Kearny Finl Corp	3.42	8	Peapack Gladstone	2	8	Dime Community	0.09	8	Valley Natl Bncp	(4)
9	Dime Community	3.34	9	Sandy Spring Bncp	0	9	Sandy Spring Bncp	0.10	9	Ocean Frst Finl	(4)
10	Ocean Frst Finl	3.27	10	ConnectOne Bncp In	0	10	NBT Bancorp Inc	0.10	10	Flushing Financial	(4)
11	Northfield Bncp	3.26	11	Cmnty Bank System	0	11	Amalgamated Bk	0.10	11	NY Community Bncp	(2)
12	NBT Bancorp Inc	3.24	12	Apple Bk for Svgs	(1)	12	Fulton Finl Corp	0.11	12	Eagle Bancorp	(2)
13	Lakeland Bancorp	3.24	13	Berkshire Hills	(1)	13	NW Bancshares	0.12	13	Kearny Finl Corp	(2)
14	Provident Fnl Svcs	3.20	14	Provident Fnl Svcs	(1)	14	Berkshire Hills	0.16	14	Northfield Bncp	(2)
15	NW Bancshares	3.18	15	Signature Bk	(2)	15	Signature Bk	0.19	15	WSFS Financial	(2)
16	WSFS Financial	3.17	16	NY Community Bncp	(3)	16	Lakeland Bancorp	0.19	16	FNB Corp	(2)
17	Independent Bank	3.17	17	Sterling Bncp	(3)	17	Valley Natl Bncp	0.20	17	Provident Fnl Svcs	(2)
18	NY Community Bncp	3.16	18	Investors Bncp Inc	(4)	18	Ocean Frst Finl	0.20	18	NBT Bancorp Inc	(2)
19	Eagle Bancorp	2.93	19	Kearny Finl Corp	(5)	19	Eagle Bancorp	0.21	19	ConnectOne Bncp In	(2)
20	Amalgamated Bk	2.92	20	Northfield Bncp	(5)	20	FNB Corp	0.22	20	People's United	(1)
21	Fulton Finl Corp	2.91	21	Flushing Financial	(6)	21	Provident Fnl Svcs	0.22	21	Cmnty Bank System	(1)
22	Cmnty Bank System	2.84	22	Fulton Finl Corp	(6)	22	Peapack Gladstone	0.23	22	Dime Community	(1)
23	Webster Financial	2.82	23	Dime Community	(8)	23	Northfield Bncp	0.31	23	Webster Financial	(1)
24	Berkshire Hills	2.80	24	Webster Financial	(10)	24	Customers Bncp Inc	0.32	24	Fulton Finl Corp	(1)
25	Peapack Gladstone	2.78	25	People's United	(10)	25	Apple Bk for Svgs	0.33	25	Peapack Gladstone	(1)
26	FNB Corp	2.77	26	NW Bancshares	(13)	26	Flushing Financial	0.37	26	Sterling Bncp	–
27	People's United	2.66	27	Lakeland Bancorp	(18)	27	ConnectOne Bncp In	0.40	27	NW Bancshares	–
28	Eastern Bkshs	2.56	28	Eagle Bancorp	(18)	28	Kearny Finl Corp	0.44	28	Amalgamated Bk	–
29	Apple Bk for Svgs	2.42	29	FNB Corp	(19)	29	Investors Bncp Inc	0.45	29	Independent Bank	1
30	Signature Bk	2.18	30	Customers Bncp Inc	(49)	30	NY Community Bncp	0.70	30	Eastern Bkshs	4

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Source: S&P Global Market Intelligence. Peers include select publicly traded banks in the Northeast & Mid-Atlantic with $10bn+ in assets and NYC with $5-10bn in assets.

Apple Bank

Peer Analysis | Profitability

Profitability remains depressed amidst the low interest rate environment.

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Rank	Bank	Return on Assets (%)
1	Customers Bncp Inc	2.08
2	ConnectOne Bncp In	1.63
3	Sterling Bncp	1.46
4	WSFS Financial	1.45
5	Sandy Spring Bncp	1.41
6	Investors Bncp Inc	1.35
7	Eagle Bancorp	1.32
8	Webster Financial	1.26
9	NBT Bancorp Inc	1.23
10	Northfield Bncp	1.18
11	Dime Community	1.14
12	Cmnty Bank System	1.12
13	Valley Natl Bncp	1.08
14	Provident Fnl Svcs	1.08
15	Lakeland Bancorp	1.06
16	Kearny Finl Corp	1.05
17	NY Community Bncp	1.03
18	FNB Corp	0.99
19	Signature Bk	0.96
20	Peapack Gladstone	0.96
21	Fulton Finl Corp	0.94
22	People's United	0.92
23	Amalgamated Bk	0.90
24	Flushing Financial	0.89
25	NW Bancshares	0.82
26	Ocean Frst Finl	0.72
27	Berkshire Hills	0.71
28	Eastern Bkshs	0.67
29	Apple Bk for Svgs	0.39
30	Independent Bank	0.04

Rank	Bank	Return on Tangible Equity (%)
1	Customers Bncp Inc	29.3
2	Sandy Spring Bncp	16.7
3	NBT Bancorp Inc	15.8
4	Webster Financial	15.7
5	WSFS Financial	15.5
6	Cmnty Bank System	15.3
7	Investors Bncp Inc	15.1
8	ConnectOne Bncp In	14.9
9	Sterling Bncp	14.9
10	FNB Corp	14.4
11	Eagle Bancorp	14.1
12	Signature Bk	14.0
13	Dime Community	13.7
14	Lakeland Bancorp	13.5
15	NY Community Bncp	13.1
16	Provident Fnl Svcs	12.9
17	People's United	12.6
18	Kearny Finl Corp	12.1
19	Flushing Financial	11.9
20	Amalgamated Bk	11.9
21	Valley Natl Bncp	11.8
22	Fulton Finl Corp	11.4
23	Peapack Gladstone	10.8
24	NW Bancshares	10.6
25	Ocean Frst Finl	9.5
26	Northfield Bncp	9.2
27	Berkshire Hills	7.4
28	Apple Bk for Svgs	5.5
29	Eastern Bkshs	4.9
30	Independent Bank	0.6

Rank	Bank	Return on Risk-Weighted Assets (%)
1	Customers Bncp Inc	3.15
2	Cmnty Bank System	2.42
3	WSFS Financial	2.21
4	Eagle Bancorp	1.85
5	Webster Financial	1.84
6	Sandy Spring Bncp	1.84
7	Sterling Bncp	1.81
8	NBT Bancorp Inc	1.80
9	ConnectOne Bncp In	1.78
10	Investors Bncp Inc	1.70
11	Kearny Finl Corp	1.68
12	Amalgamated Bk	1.54
13	Signature Bk	1.47
14	People's United	1.42
15	Dime Community	1.42
16	NY Community Bncp	1.40
17	Lakeland Bancorp	1.39
18	Valley Natl Bncp	1.38
19	Provident Fnl Svcs	1.38
20	FNB Corp	1.35
21	Peapack Gladstone	1.22
22	NW Bancshares	1.22
23	Fulton Finl Corp	1.20
24	Flushing Financial	1.16
25	Eastern Bkshs	1.06
26	Berkshire Hills	1.05
27	Ocean Frst Finl	0.95
28	Apple Bk for Svgs	0.69
29	Independent Bank	0.06

Rank	Bank	Fee Income / Avg. Assets (%)[1]
1	Peapack Gladstone	1.17
2	WSFS Financial	1.08
3	NW Bancshares	0.99
4	Eastern Bkshs	0.93
5	NBT Bancorp Inc	0.91
6	Fulton Finl Corp	0.90
7	Webster Financial	0.83
8	Berkshire Hills	0.81
9	Sandy Spring Bncp	0.79
10	FNB Corp	0.77
11	Cmnty Bank System	0.68
12	Provident Fnl Svcs	0.62
13	Independent Bank	0.54
14	People's United	0.53
15	Sterling Bncp	0.45
16	Amalgamated Bk	0.39
17	Ocean Frst Finl	0.38
18	Valley Natl Bncp	0.36
19	Dime Community	0.33
20	Eagle Bancorp	0.30
21	Lakeland Bancorp	0.27
22	Customers Bncp Inc	0.24
23	Kearny Finl Corp	0.22
24	Northfield Bncp	0.21
25	ConnectOne Bncp In	0.20
26	Investors Bncp Inc	0.18
27	Apple Bk for Svgs	0.16
28	Flushing Financial	0.12
29	NY Community Bncp	0.10
30	Signature Bk	0.09

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Apple Bank

Source: S&P Global Market Intelligence. Peers include select publicly traded banks in the Northeast & Mid-Atlantic with \$10bn+ in assets and NYC with \$5-10bn in assets.
Note: Northfield Bancorp adopted the Community Bank Leverage Ratio framework in 2020, and is no longer reporting risk-weighted assets.
1. Fee income for last 12 months (LTM) and adjusted for trading account revenue, which primarily includes fair value adjustments.

Peer Analysis | Profitability (cont'd)

Net interest margin is improving, albeit slowly; efficiency ratio remains elevated as we have continued to invest in back-office enhancements despite depressed revenue.

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Rank	Bank	Net Interest Margin (%)
1	Customers Bncp Inc	4.18
2	ConnectOne Bncp In	3.78
3	Sandy Spring Bncp	3.53
4	Sterling Bncp	3.39
5	Flushing Financial	3.29
6	Valley Natl Bncp	3.23
7	Dime Community	3.17
8	WSFS Financial	3.12
9	NBT Bancorp Inc	3.10
10	Independent Bank	3.08
11	Lakeland Bancorp	3.01
12	Ocean Frst Finl	3.00
13	Northfield Bncp	2.99
14	Investors Bncp Inc	2.98
15	Provident Fnl Svcs	2.97
16	Kearny Finl Corp	2.96
17	NW Bancshares	2.89
18	Fulton Finl Corp	2.78
19	Amalgamated Bk	2.77
20	Cmnty Bank System	2.77
21	Webster Financial	2.74
22	Berkshire Hills	2.64
23	FNB Corp	2.57
24	Eagle Bancorp	2.57
25	Eastern Bkshs	2.56
26	People's United	2.51
27	Peapack Gladstone	2.48
28	NY Community Bncp	2.42
29	Apple Bk for Svgs	2.11
30	Signature Bk	1.93

Rank	Bank	Δ Net Interest Margin (QoQ, bps)
1	Independent Bank	27
2	NBT Bancorp Inc	20
3	Apple Bk for Svgs	8
4	Valley Natl Bncp	8
5	Amalgamated Bk	7
6	Ocean Frst Finl	6
7	WSFS Financial	5
8	Berkshire Hills	4
9	Peapack Gladstone	3
10	Signature Bk	3
11	ConnectOne Bncp In	2
12	Investors Bncp Inc	1
13	Provident Fnl Svcs	1
14	Cmnty Bank System	1
15	Eastern Bkshs	0
16	Sterling Bncp	(1)
17	Sandy Spring Bncp	(1)
18	NY Community Bncp	(2)
19	Northfield Bncp	(3)
20	Kearny Finl Corp	(3)
21	Flushing Financial	(4)
22	Dime Community	(6)
23	Fulton Finl Corp	(6)
24	NW Bancshares	(8)
25	Webster Financial	(9)
26	Lakeland Bancorp	(12)
27	People's United	(13)
28	FNB Corp	(17)
29	Eagle Bancorp	(20)
30	Customers Bncp Inc	(45)

Rank	Bank	Efficiency Ratio (%)
1	Signature Bk	32
2	ConnectOne Bncp In	37
3	Customers Bncp Inc	38
4	NY Community Bncp	38
5	Eagle Bancorp	44
6	Sterling Bncp	45
7	Dime Community	48
8	Northfield Bncp	49
9	Valley Natl Bncp	50
10	Sandy Spring Bncp	50
11	Investors Bncp Inc	51
12	Independent Bank	52
13	Lakeland Bancorp	53
14	Peapack Gladstone	55
15	Provident Fnl Svcs	55
16	Webster Financial	55
17	People's United	55
18	Kearny Finl Corp	56
19	FNB Corp	58
20	NBT Bancorp Inc	59
21	Cmnty Bank System	60
22	Ocean Frst Finl	61
23	Flushing Financial	62
24	Amalgamated Bk	63
25	WSFS Financial	64
26	Eastern Bkshs	65
27	Fulton Finl Corp	66
28	NW Bancshares	66
29	Berkshire Hills	74
30	Apple Bk for Svgs	76

Rank	Bank	Non-Int. Expenses / Avg. Assets (%)
1	Signature Bk	0.65
2	NY Community Bncp	0.88
3	Eagle Bancorp	1.22
4	ConnectOne Bncp In	1.40
5	Northfield Bncp	1.53
6	Investors Bncp Inc	1.57
7	Dime Community	1.59
8	Apple Bk for Svgs	1.62
9	Sterling Bncp	1.64
10	People's United	1.64
11	Kearny Finl Corp	1.64
12	Customers Bncp Inc	1.66
13	Valley Natl Bncp	1.67
14	Lakeland Bancorp	1.67
15	Independent Bank	1.80
16	Provident Fnl Svcs	1.83
17	FNB Corp	1.83
18	Ocean Frst Finl	1.91
19	Flushing Financial	1.94
20	Amalgamated Bk	1.94
21	Peapack Gladstone	1.99
22	Webster Financial	2.00
23	Sandy Spring Bncp	2.07
24	Eastern Bkshs	2.17
25	NW Bancshares	2.30
26	Fulton Finl Corp	2.36
27	Berkshire Hills	2.40
28	NBT Bancorp Inc	2.50
29	WSFS Financial	2.56
30	Cmnty Bank System	2.60

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Source: S&P Global Market Intelligence. Peers include select publicly traded banks in the Northeast & Mid-Atlantic with $10bn+ in assets and NYC with $5-10bn in assets.

Apple Bank

Peer Analysis | Capital

While our leverage ratio is bottom quartile, we also have amongst the lowest risk-weighted assets / assets ratio. Risk-based capital ratios will also need to be monitored as we re-position and/or grow the balance sheet.

Rank	Bank	Leverage Ratio (%)
1	Eastern Bkshs	13.2
2	Sterling Bncp	12.8
3	Northfield Bncp	12.2
4	Independent Bank	11.6
5	ConnectOne Bncp In	11.4
6	Valley Natl Bncp	10.5
7	WSFS Financial	10.4
8	Flushing Financial	10.4
9	NW Bancshares	10.3
10	Eagle Bancorp	10.2
11	Berkshire Hills	10.1
12	Sandy Spring Bncp	10.1
13	Peapack Gladstone	10.0
14	Dime Community	10.0
15	Lakeland Bancorp	9.7
16	Fulton Finl Corp	9.4
17	NY Community Bncp	9.3
18	NBT Bancorp Inc	9.3
19	Kearny Finl Corp	9.2
20	Ocean Frst Finl	9.1
21	Investors Bncp Inc	9.0
22	Provident Fnl Svcs	8.9
23	Webster Financial	8.7
24	People's United	8.6
25	FNB Corp	8.3
26	Amalgamated Bk	8.2
27	Customers Bncp Inc	7.9
28	Apple Bk for Svgs	7.3
29	Signature Bk	7.3
30	Cmnty Bank System	7.3

Rank	Bank	Risk-Weighted Assets / Assets (%)
1	Cmnty Bank System	46
2	Apple Bk for Svgs	56
3	Amalgamated Bk	58
4	Kearny Finl Corp	62
5	Eastern Bkshs	63
6	People's United	65
7	Signature Bk	65
8	WSFS Financial	65
9	Customers Bncp Inc	66
10	NW Bancshares	67
11	Berkshire Hills	68
12	NBT Bancorp Inc	68
13	Webster Financial	69
14	Independent Bank	69
15	Eagle Bancorp	71
16	FNB Corp	73
17	NY Community Bncp	73
18	Ocean Frst Finl	76
19	Lakeland Bancorp	76
20	Sandy Spring Bncp	77
21	Flushing Financial	77
22	Fulton Finl Corp	78
23	Valley Natl Bncp	78
24	Provident Fnl Svcs	78
25	Peapack Gladstone	79
26	Investors Bncp Inc	79
27	Dime Community	80
28	Sterling Bncp	80
29	ConnectOne Bncp In	92

Rank	Bank	Tier 1 Ratio (%)
1	Eastern Bkshs	18.1
2	WSFS Financial	15.1
3	Eagle Bancorp	15.0
4	Sterling Bncp	15.0
5	Cmnty Bank System	14.9
6	NW Bancshares	14.9
7	Berkshire Hills	14.8
8	Kearny Finl Corp	14.2
9	Amalgamated Bk	14.0
10	Independent Bank	13.8
11	Flushing Financial	13.6
12	NBT Bancorp Inc	13.4
13	Sandy Spring Bncp	13.0
14	People's United	12.9
15	Apple Bk for Svgs	12.8
16	Peapack Gladstone	12.8
17	Lakeland Bancorp	12.7
18	Webster Financial	12.7
19	Valley Natl Bncp	12.7
20	Dime Community	12.5
21	Fulton Finl Corp	12.0
22	ConnectOne Bncp In	12.0
23	NY Community Bncp	12.0
24	Customers Bncp Inc	11.8
25	Ocean Frst Finl	11.6
26	Investors Bncp Inc	11.3
27	Provident Fnl Svcs	10.9
28	FNB Corp	10.7
29	Signature Bk	10.5

Rank	Bank	Total Risk-Based Capital Ratio (%)
1	Eastern Bkshs	18.8
2	WSFS Financial	15.9
3	Berkshire Hills	15.9
4	Eagle Bancorp	15.8
5	NW Bancshares	15.7
6	Sterling Bncp	15.7
7	Cmnty Bank System	15.6
8	Amalgamated Bk	14.9
9	Kearny Finl Corp	14.9
10	Independent Bank	14.8
11	NBT Bancorp Inc	14.5
12	Flushing Financial	14.1
13	Peapack Gladstone	14.1
14	People's United	14.0
15	Sandy Spring Bncp	13.8
16	Webster Financial	13.7
17	Lakeland Bancorp	13.7
18	Apple Bk for Svgs	13.5
19	Valley Natl Bncp	13.5
20	Dime Community	13.4
21	ConnectOne Bncp In	13.4
22	Customers Bncp Inc	13.1
23	Fulton Finl Corp	12.9
24	FNB Corp	12.8
25	Investors Bncp Inc	12.4
26	NY Community Bncp	12.4
27	Ocean Frst Finl	12.2
28	Signature Bk	11.8
29	Provident Fnl Svcs	11.5

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Source: S&P Global Market Intelligence. Peers include select publicly traded banks in the Northeast & Mid-Atlantic with $10bn+ in assets and NYC with $5-10bn in assets.
Note: Northfield Bancorp adopted the Community Bank Leverage Ratio framework in 2020, and is no longer reporting risk-based capital ratios.

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