



# Earnings Conference Call

July 24, 2012

## Forward-Looking Statements and Associated Risk Factors

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*We make statements in this presentation, and we may from time to time make other statements, regarding our outlook or expectations for earnings, revenues, expenses and/or other matters regarding or affecting us that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Forward-looking statements are typically identified by words such as “believe”, “expect”, “anticipate”, “intend”, “outlook”, “estimate”, “forecast”, “project” and other similar words and expressions.*

*These statements are based on the current beliefs and expectations of management. Since these statements reflect the views of management concerning future events, these statements involve risks, uncertainties, and assumptions. These risks and uncertainties include among others: changes in market interest rates and general and regional economic conditions; changes in government regulations; changes in the value of goodwill and intangible assets; changes in the quality or composition of the loan and investment portfolios; potential breaches of information security, competition from banks and non-banking companies; and other factors discussed in the documents filed by us with the Securities and Exchange Commission from time to time. These factors should be considered in evaluating the forward-looking statements and undue reliance should not be placed on such statements. Actual results or future events could differ, possibly materially, from those that we anticipated in our forward-looking statements, and future results could differ materially from our historical performance. We undertake no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date on which such statements were made.*

*Financial statement information contained in this release should be considered to be an estimate pending the filing with the Securities and Exchange Commission of the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2012. While the Company is not aware of any need to revise the results disclosed in this presentation, accounting literature may require adverse information received by management between the date of this release and the filing of the 10-Q to be reflected in the results of the fiscal period, even though the new information was received by management subsequent to the date of this presentation.*



# Agenda

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- Third Quarter Results
- Strategic Initiative Activities
- Financial Review
- Summary



## Third Quarter Summary

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- Quarterly income of \$6.2MM vs. earnings of \$1.9 MM last year and \$5.7 MM last quarter. YTD earnings of \$17.6MM exceed YTD last years earnings of \$12.2 by 44%.
- Diluted EPS of \$0.17 per share vs. EPS of \$0.05 per share last year and \$0.15 per share last quarter.
- Net Interest Margin of 3.59% vs. 3.57% for the linked quarter
- Commercial Loan Growth
  - Year over year growth of 29% excluding ADC
  - \$167.9MM in originations for the quarter with a record \$107MM in total loans closed in June
  - Large increase in pipeline resulting from NYC team additions and higher productivity in legacy markets
- Deposits increased 11.2% year over year
  - Deposit outstandings in NYC were \$77mm as of June 30, 2012
- Credit metrics
  - Net Charge Offs of Average Loans are 0.55% vs. 1.03% last year
  - NPL decreased by \$7.5MM from the linked quarter



## Strategic Initiative Activities

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- Completed hiring of 6 NYC based teams and restructured the legacy market teams bringing the total teams to 15
- Historically high pipeline of commercial loans and deposits
- Received approval to proceed with closing of Gotham transaction which is expected early to mid August
- Efficiency ratio of 65.53% - improvement driven by net reduction of 96 FTE's since June 30, 2011 and 4.8% growth in revenue
- Capital raise from private equity investors to support growth initiatives
- Initiating fee income generating initiatives
  - Wealth Management has been implemented



# Financial Performance

<i>(\$ in millions, except share data)</i>	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Linked Q $\Delta$
<b>Selected Financial Condition Data <sup>(1)</sup>:</b>						
Total Assets	\$ 2,976.1	\$ 3,137.4	\$ 3,084.2	\$ 3,210.9	<b>\$ 3,150.0</b>	(\$ 60.9)
Net Loans	1,655.9	1,675.9	1,747.6	1,771.3	1,823.4	52.1
Securities	945.2	849.9	967.5	1,027.5	885.4	(142.1)
Deposits	2,098.1	2,296.7	2,135.6	2369.0	2,332.1	(36.9)
Borrowings	401.8	375.0	468.5	313.8	314.1	0.3
Equity	429.0	431.1	437.7	439.7	443.1	3.4
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Diluted earnings per share	\$0.05	(\$0.01)	\$0.15	\$0.15	<b>\$0.17</b>	\$0.02
Net Income	1.9	(0.5)	5.7	5.7	6.2	0.5
Security Gains/Caps/Credit Losses	0.3	4.1	1.9	2.9	2.4	<b>(0.5)</b>
Net Interest Income	22.8	22.8	23.2	23.9	24.1	<b>0.2</b>
Provision	3.6	8.8	2.0	2.9	2.3	<b>(0.6)</b>
Non Interest Income	5.0	5.0	5.2	5.1	5.6	<b>0.5</b>
Non Interest Expense	22.7	24.4	20.7	21.3	21.2	<b>(0.1)</b>
ROA	0.27%	(0.07%)	0.74%	0.73%	.80%	<b>7 bps</b>
ROE	1.83%	(0.45%)	5.26%	5.22%	5.65%	<b>43 bps</b>
ROTE	2.98%	(0.73%)	8.53%	8.30%	9.01%	<b>71 bps</b>

(1) See earnings releases dated July 23, 2012



# Net Interest Margin Component Yields

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	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
Loan Yields	5.41%	5.22%	5.13%	5.03%	5.01%
Investment Yield	2.87%	2.81%	2.96%	2.81%	2.79%
<b>Deposit Cost</b>	<b>0.29%</b>	<b>0.26%</b>	<b>0.23%</b>	<b>0.21%</b>	<b>0.22%</b>
Borrowings	3.67%	3.69%	3.65%	3.52%	3.77%
Cost of Funds	0.83%	0.79%	0.75%	0.68%	0.64%
Net Interest Margin	3.70%	3.58%	3.54%	3.57%	3.59%



# Loan Balance Sheet and Originations

(\$ in millions)

Balances	3Q11	2Q12	3Q12	% LINKED	YOY
C&I	124.3	127.0	139.7	10%	12%
<b>CRE</b>	<b>566.4</b>	<b>765.1</b>	<b>820.6</b>	<b>7%</b>	<b>45%</b>
<b>ADC</b>	<b>193.3</b>	<b>163.8</b>	<b>165.1</b>	<b>1%</b>	<b>(15%)</b>
CBL	179.3	170.8	164.3	(4%)	(8%)
<b>Total Commercial</b>	<b>1,063.3</b>	<b>1,226.7</b>	<b>1,289.7</b>	<b>5%</b>	<b>21%</b>
<b>Total Commercial Excluding ADC</b>	<b>870.0</b>	<b>1,062.9</b>	<b>1,124.6</b>	<b>6%</b>	<b>29%</b>
Consumer	226.5	215.4	213.2	(1%)	(6%)
Residential	395.4	357.0	348.1	(2%)	(12%)
<b>Total</b>	<b>1,685.2</b>	<b>1,799.1</b>	<b>1,851.0</b>	<b>3%</b>	<b>10%</b>

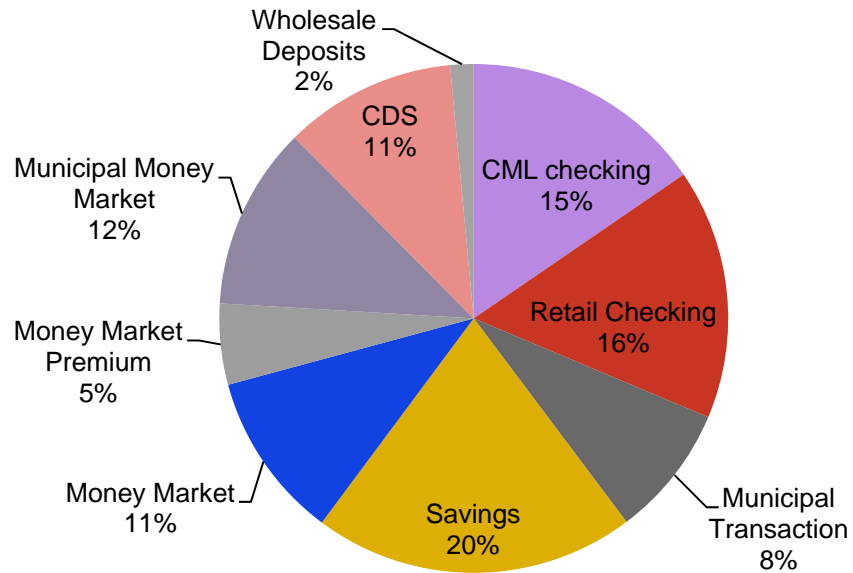
Originations	3Q11	2Q12	3Q12	% LINKED	YOY
Total Commercial	125.5	129.1	167.9	30%	34%
Total Consumer	22.9	37.5	38.3	2%	67%
Total Bank	148.4	166.6	206.2	24%	39%



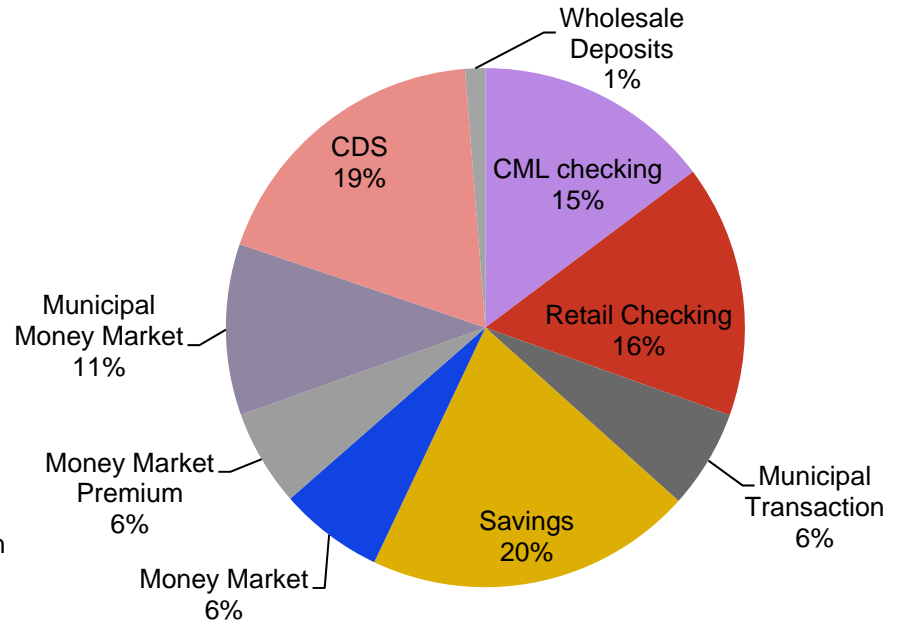


# Deposit Slide

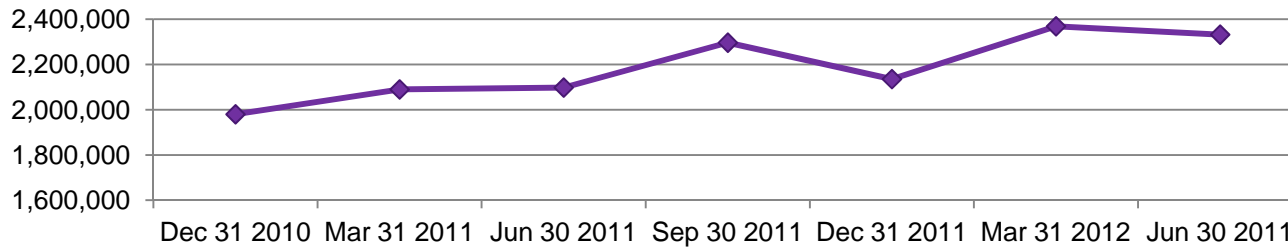
June 30, 2012  
Total Deposits \$2,332,091



June 30, 2011  
Total Deposits \$2,098,073



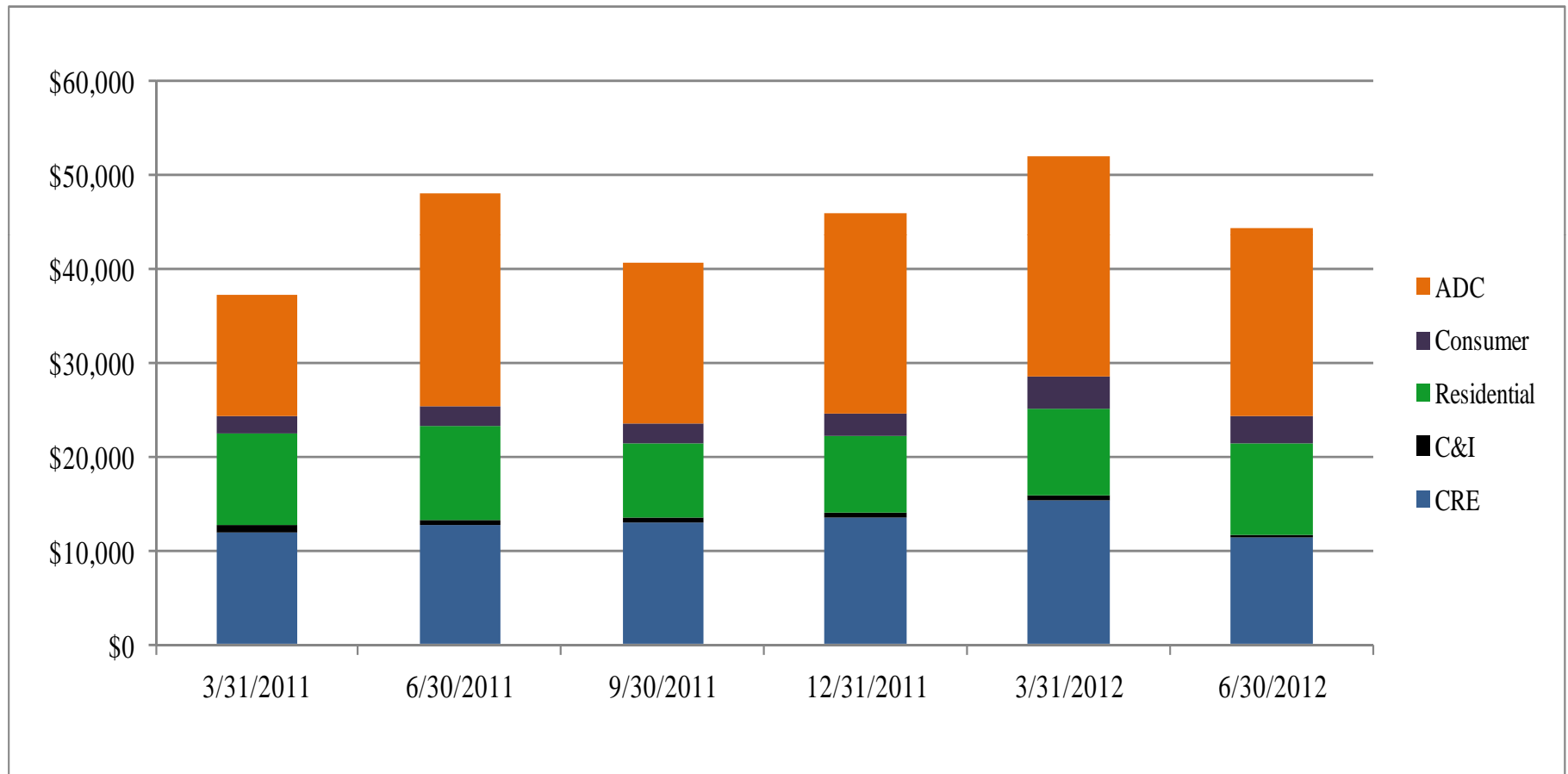
Total Deposits



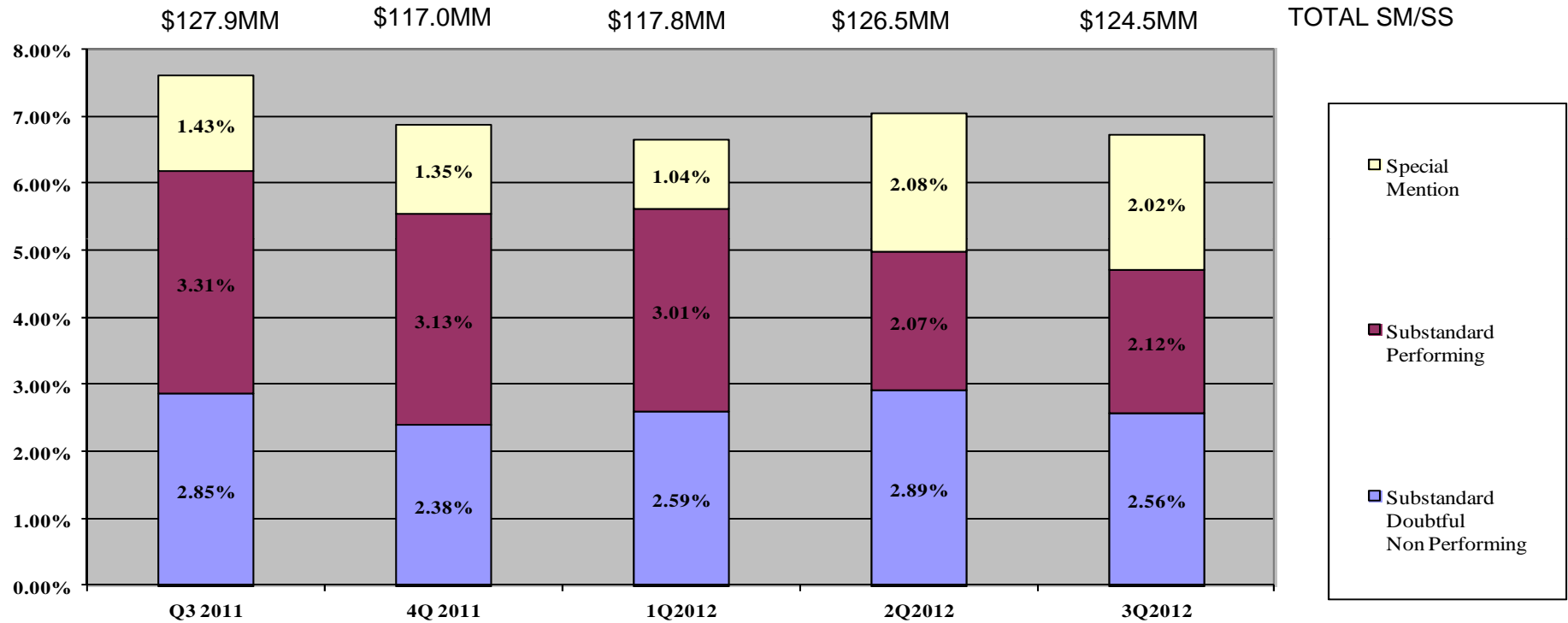
# Non-Performing Loan Trend by Category

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Non-Accrual and Past Due 90 Days



# Criticized/Classified Loans (% of Total Loan Portfolio)



# Credit Quality

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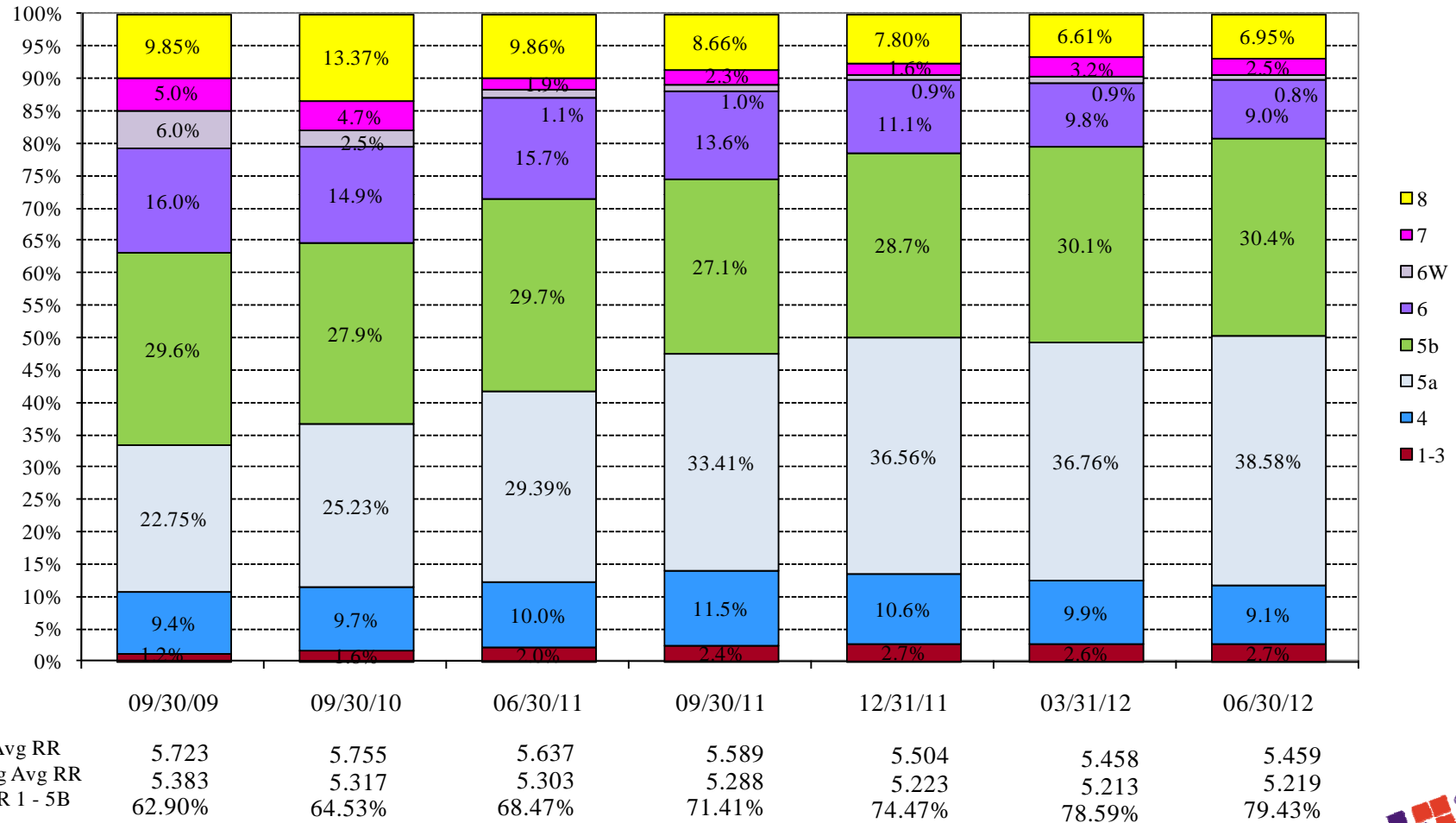
	Year Ended 9/30/09	Year Ended 9/30/10	Year Ended 9/30/11	3Q11	1Q12	2Q12	3Q12	Peer As Of 3/31/12 1-5B MidAtlantic Banks*
Non-performing loans to total loans	1.55%	1.58%	2.38%	2.85%	2.59%	2.89%	2.40%	2.83%
Net charge-offs to average loans (1)	0.58%	0.57%	2.41%	1.03%	0.37%	0.74%	0.55%	0.37%
Loan loss reserve to total loans	1.76%	1.81%	1.64%	1.74%	1.59%	1.54%	1.49%	1.41%
Loan loss reserve to non-performing loans	114%	115%	69%	61%	62%	53%	62%	53%
Non-performing assets to total assets	0.93%	1.02%	1.46%	1.79%	1.67%	1.80%	1.64%	1.90%
Special Mention (MM)	\$36.9	\$37.9	\$23.0	\$24.1	\$18.4	\$37.4	\$37.6	
Substandard/Doubtful (MM)	\$89.9	\$132.1	\$94.0	\$103.8	\$99.4	\$89.1	\$86.9	

\* Source: SNL  
(1) Annualized



# Risk Rating

## 06/30/12 Risk Rating Report All Source Risk Rating % Comparisons Commercial Loans - Excluding Business Banking Loans



## Third Quarter Summary

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- Initial results from strategy execution
  - Historically high commercial loan and deposit bookings and pipelines
- Solid year over year financial performance
  - Earnings up 44%
- Improved credit quality
- Approval of Gotham acquisition with expected closing in early to mid August
- Capital raise to support growth have been identified
- Focus on execution of strategy
  - Drive enhanced productivity from team based relationship approach
  - Improve efficiency ratios by driving top line revenue growth
  - Improve fee income by executing specific client centric initiatives
  - Continue to improve credit performance



