STRATEGIES FOR SAFEGUARDING SUCCESS: Mitigating Risk Within Your Branch Network

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01 Environmental Influences & Factors To Consider

2024 - 2025 Outlook

A potential global recession

- A bank's ability to generate income and manage costs will be tested in new ways.

Multiple disruptive forces

- High interest rates with reduced core deposits and "hot money", more assertive regulations, and political tensions which are affecting consumer and commercial behavior.

The exponential pace of new technologies

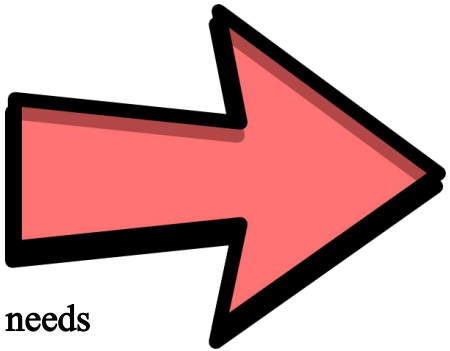
- The impact of AI, open data, digitization of money, digital identity, and fraud concerns.

Revenue models will be tested

- PA Bank ROA was down in 1Q24; 2Q24 loan and deposit growth were below expectations: means continuing pressure on banks to pursue new sources of revenue/gain share of customer wallet.

Strategies

- Streamline processes
- Make data driven decisions
- Embrace technology
- Foster a culture of innovation and adaptability
- Align bank objectives and customer needs
- Prioritize customer centricity
- Create exceptional online and in-person experiences
- Develop data-driven strategic retail plan



Reimagine Your Retail Branch Network

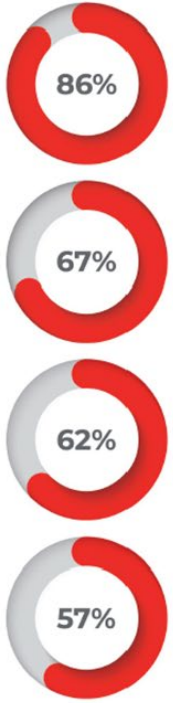
Consumer Usage

86% OF CONSUMERS STILL EXPECT TO USE A PHYSICAL LOCATION IN THE NEXT 12 MONTHS.

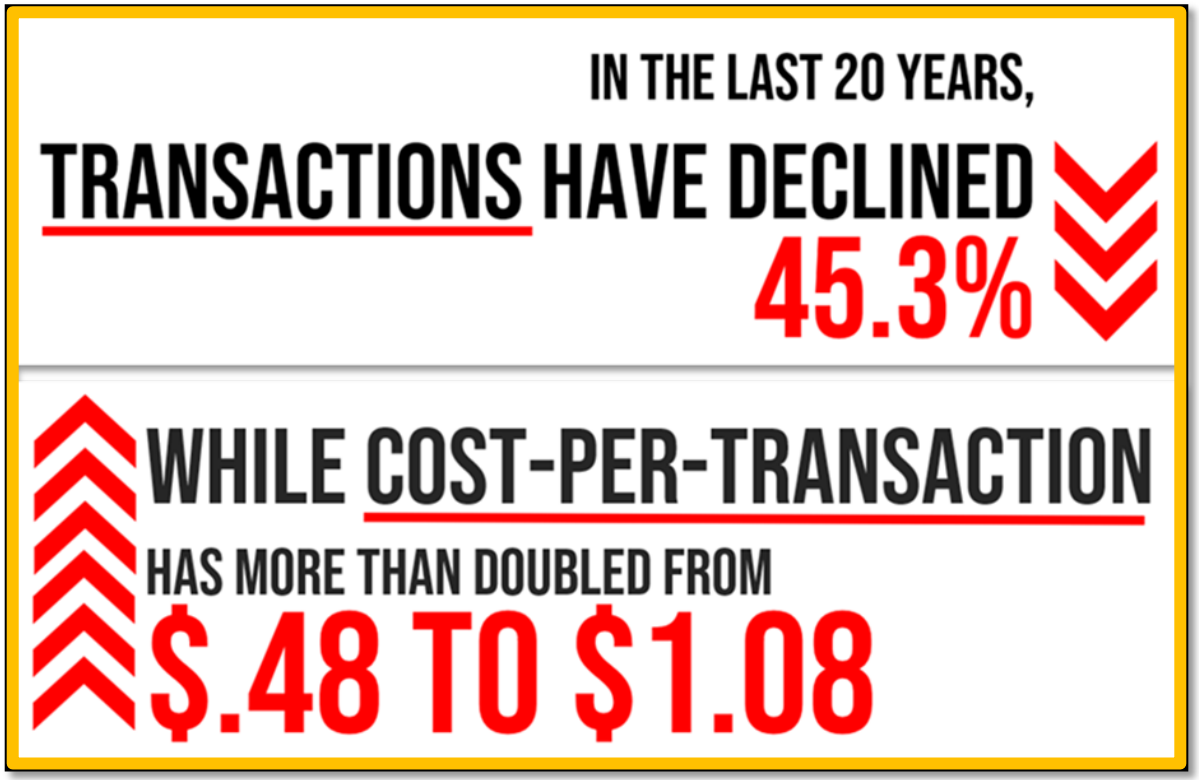
67% OF CONSUMERS LIKE SEEING BRANCHES IN THEIR NEIGHBORHOOD AS IT PORTRAYS THE STABILITY AND AVAILABILITY OF THEIR INSTITUTION.

62% OF 18–24-YEAR-OLDS ARE AVERSE TO USING MOBILE DEVICES TO SOLVE PROBLEMS.

57% OF CONSUMERS THAT HAVE FINANCIAL ADVICE QUESTIONS WILL VISIT A BRANCH.



Transactional Costs



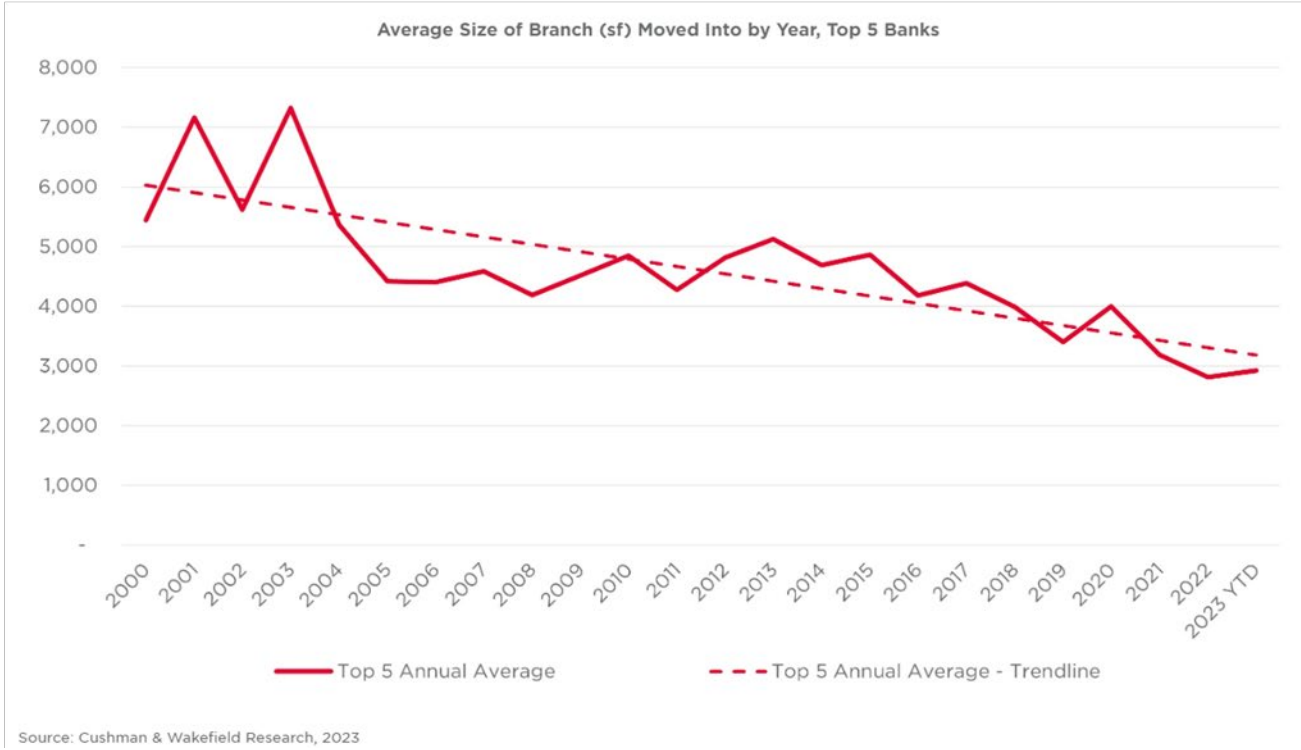
Big Banks:

- Opening 500 Branches

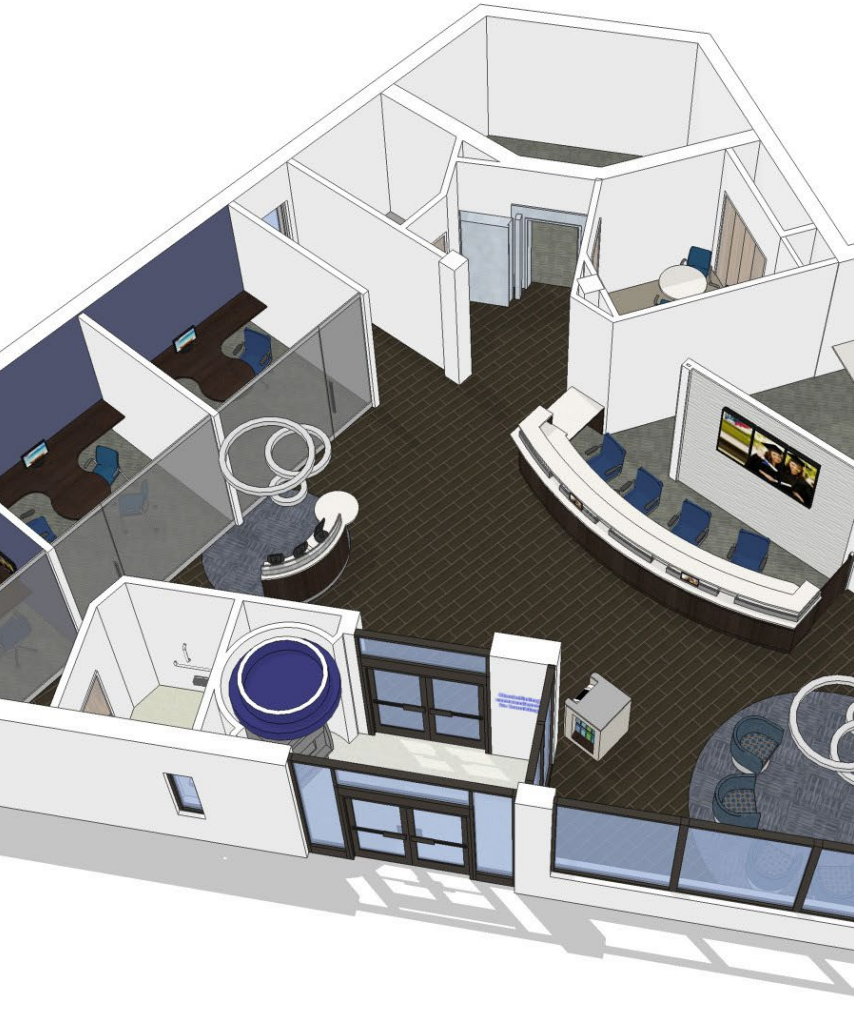
- Opening 100 Branches

They Are Getting Smaller

The historical leasing and purchasing behavior of the five largest banks shows that the average new branch location has decreased its square footage by 46% from 2000-2023.



Source: Cushman & Wakefield Research, 2023



Less is More

Traditional Banks:

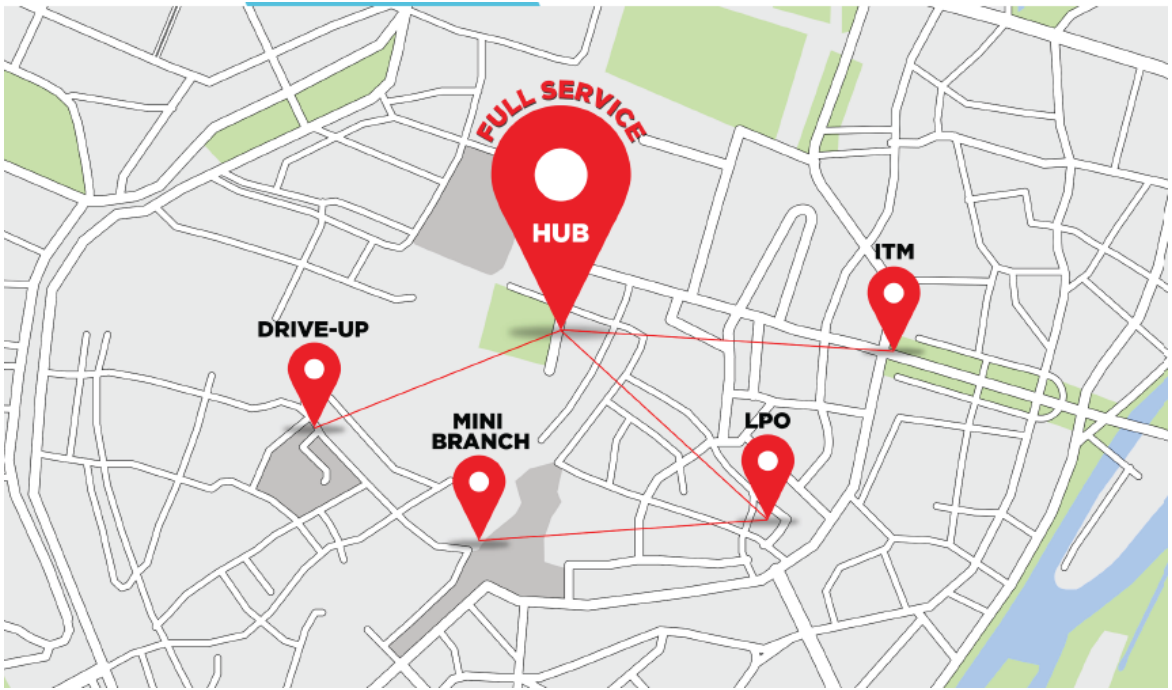
- Designed for High Transaction Volume
- 4,000 to 6,000 Square Feet

Today's Branch:

- Conversational vs Transactional
- Multifunctional
- High-Touch Interactions
- 1,500 to 2,500 Square Feet

Revised Hub and Spoke Model

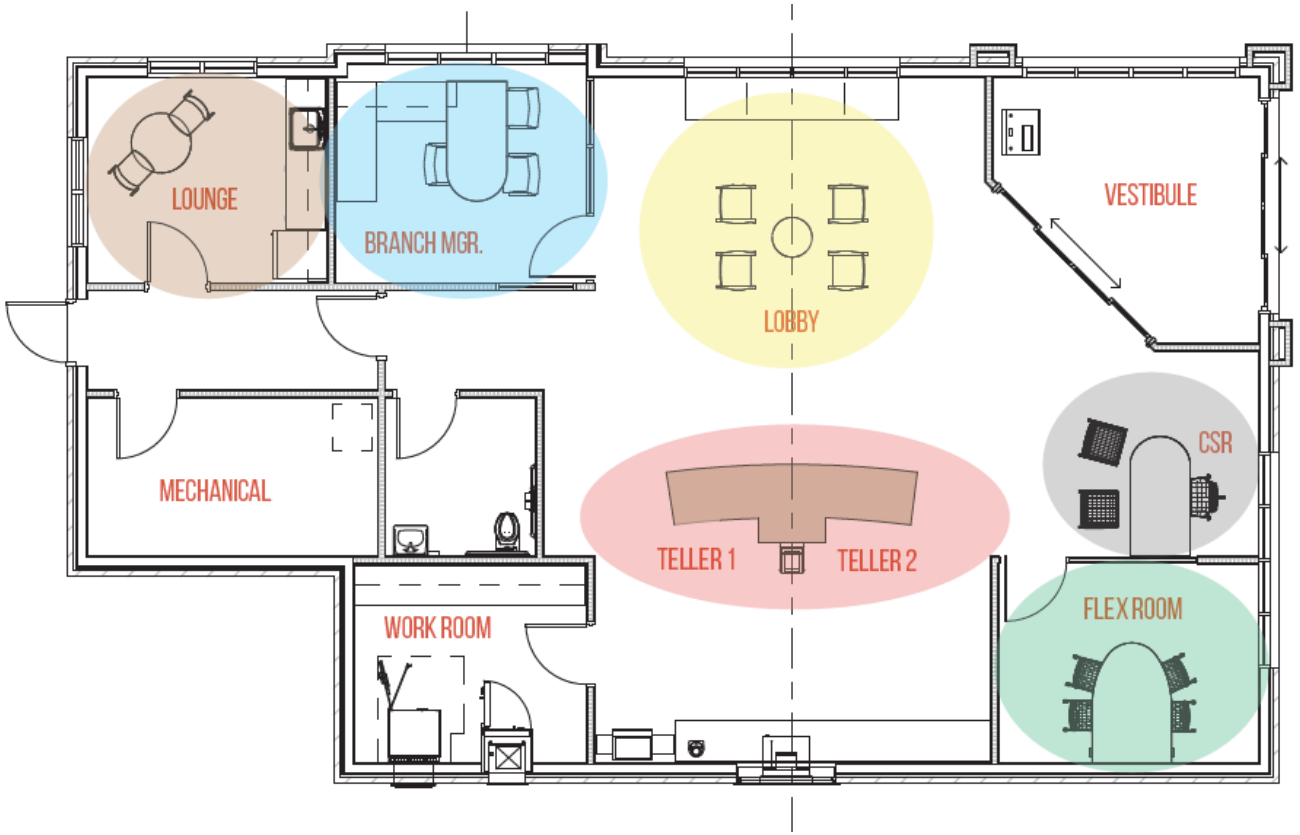
Change the shape of your network to focus on and support the new definition of convenience.



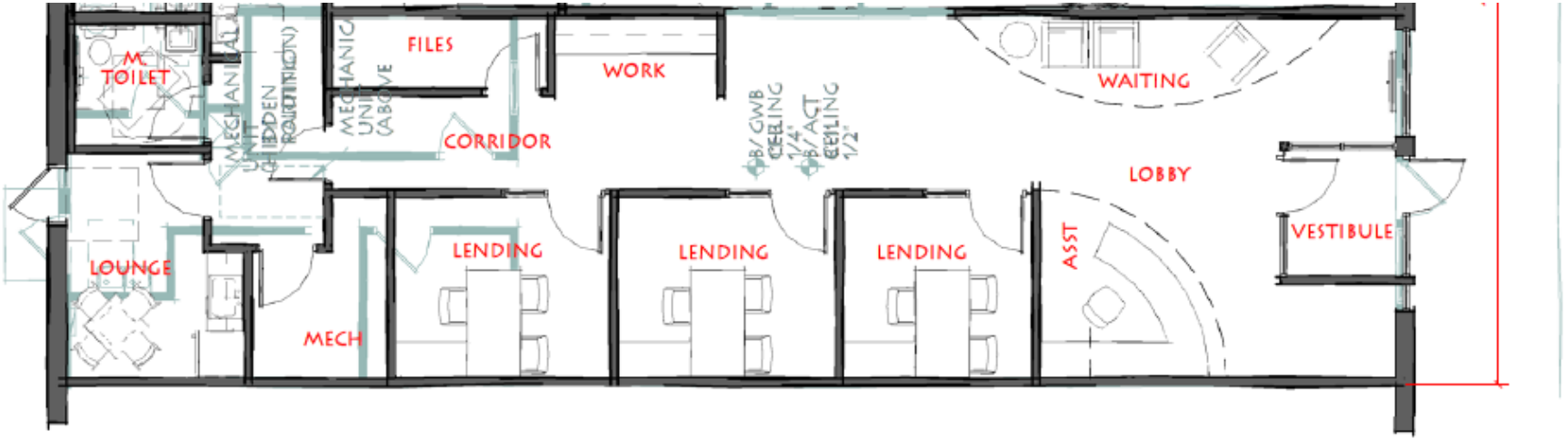
Deliberately closing branches in some geographies, opening “mini-branch cafes” in others, and streamlining branch operations with technology creates a perceived presence, maximum impact, and minimum spend.

HUB Branch – Floor Plan Example

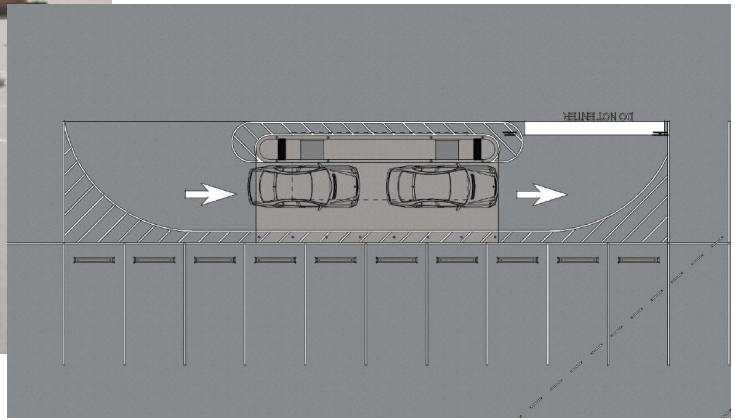
Micro Branch– Floor Plan Example



LPO – Floor Plan Example



ITM Example



02 Evaluating Your Existing Retail Branch Network

Retail Branch Optimization

Rather than abandon the branch, the strategic demand is to optimize.

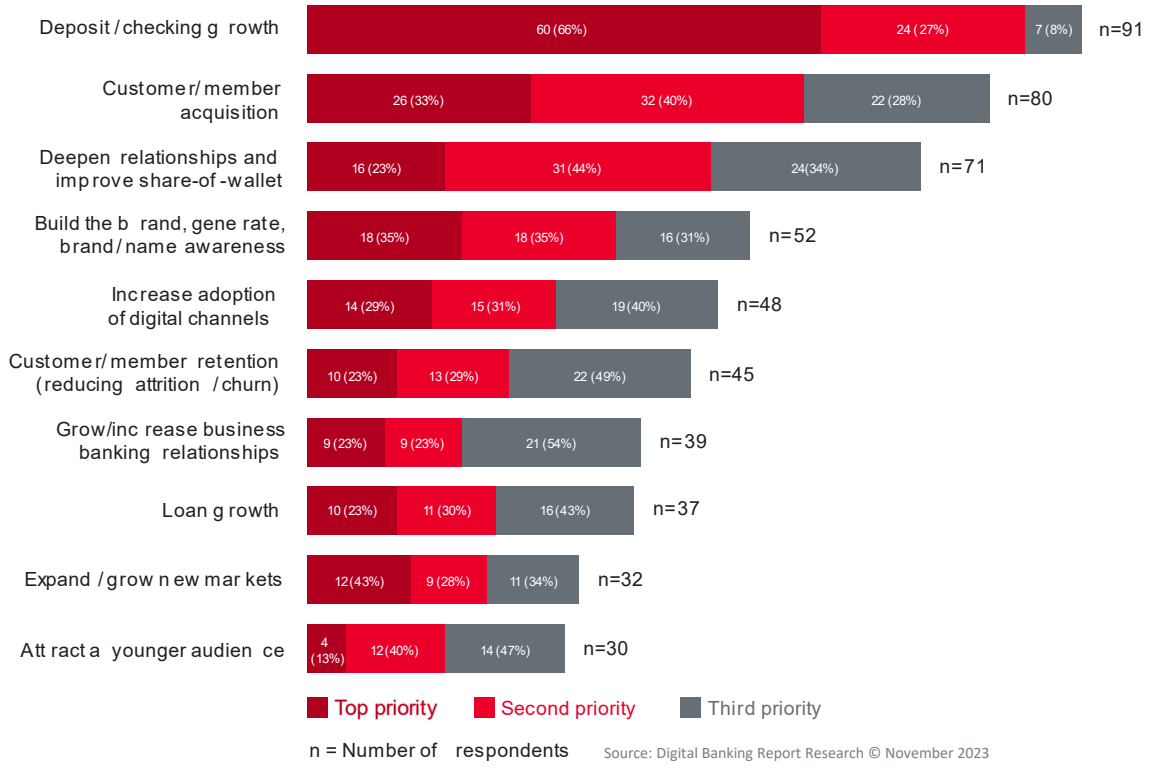
Retail Optimization

03

Mitigating Risk By Using The Right Data For Growth Opportunities

Strategy First

- What are your top 3 strategic goals?
- What is your top retail banking goal?
- What is your top staff/organizational goal?
- How do these goals impact your strategic retail plan?



Strategy Drives Opportunity

Current Market

Data/Analysis to

- Deepen relationships/share of wallet
- Attract more customers
- Determine gaps in coverage

Analysis will inform:

- Branch optimization
- Marketing strategies and product offers
- Consideration of additional facilities
  - ATM/ITM
  - Drive-up
  - Satellite
  - LPO

New Markets (See Section 4)

Site Specific Demographic Analysis

A detailed comprehensive study allows you to get an in-depth look at your market segment like never before.

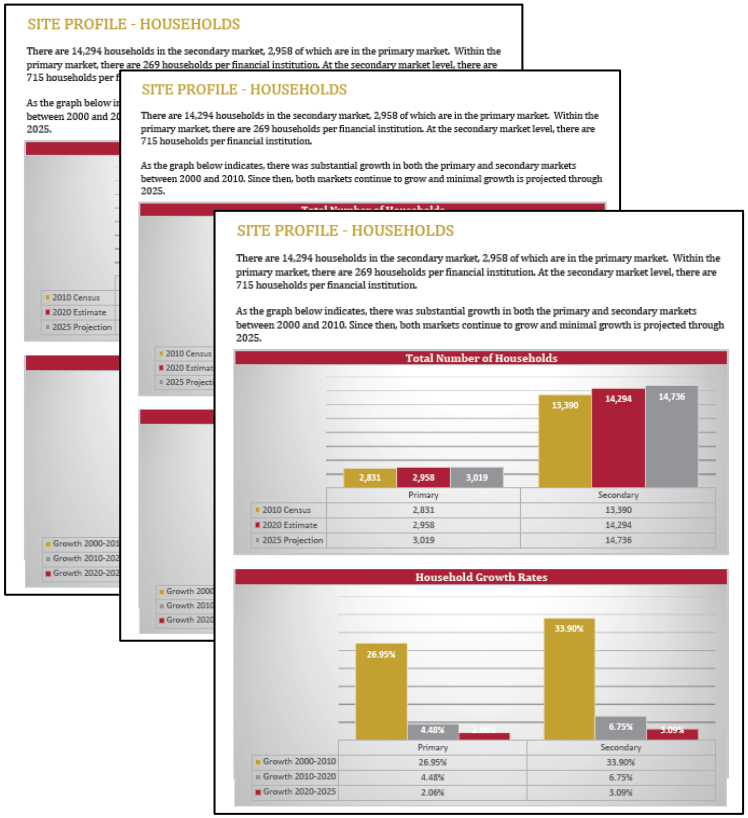
Data to Inform Strategy

Household level data
- Age, income, homeownership

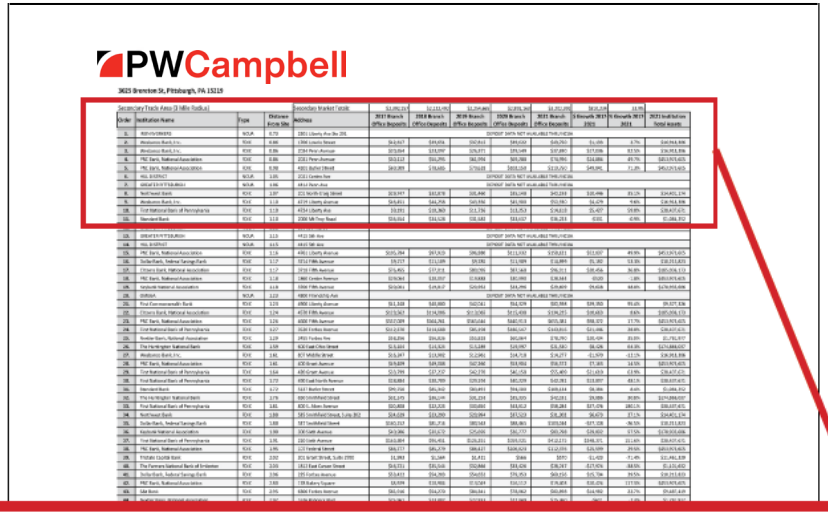
Segment level data
- Target income, employment

Financial data
- Banking, account balance and participation
- Financial clout

Market data
- Retail and commercial
- Financial institutions
- Psychographic (lifestyle) analysis



Review Market Competition



Secondary Trade Area (3 Mile Radius)				Secondary Market Totals:	$2,392,157	$2,222,492	$2,254,665	$2,891,163	$3,202,391	$810,234	33.9%	
Order	Institution Name	Type	Distance From Site	Address	2017 Branch Office Deposits	2018 Branch Office Deposits	2019 Branch Office Deposits	2020 Branch Office Deposits	2021 Branch Office Deposits	$ Growth 2017-2021	% Growth 2017-2021	2021 Institution Total Assets
1.	IRON WORKERS	NCUA	0.73	2201 Liberty Ave Ste 201	DEPOSIT DATA NOT AVAILABLE THRU NCUA							
2.	Wesbanco Bank, Inc.	FDIC	0.86	1706 Lowrie Street	$42,617	$39,651	$37,815	$39,622	$43,750	$1,133	2.7%	$16,918,386
3.	Wesbanco Bank, Inc.	FDIC	0.86	2034 Penn Avenue	$20,654	$23,097	$26,371	$29,549	$37,690	$17,036	82.5%	$16,918,386
4.	PNC Bank, National Association	FDIC	0.86	2031 Penn Avenue	$50,112	$56,295	$61,994	$69,288	$74,996	$24,884	49.7%	$453,973,605
5.	PNC Bank, National Association	FDIC	0.98	4101 Butler Street	$69,909	$78,685	$79,628	$102,150	$119,750	$49,841	71.3%	$453,973,605
6.	HILL DISTRICT	NCUA	1.05	2021 Centre Ave	DEPOSIT DATA NOT AVAILABLE THRU NCUA							
7.	GREATER PITTSBURGH	NCUA	1.06	4414 Penn Ave	DEPOSIT DATA NOT AVAILABLE THRU NCUA							
8.	Northwest Bank	FDIC	1.07	201 North Craig Street	$29,747	$32,878	$31,460	$35,148	$40,193	$10,446	35.1%	$14,401,174
9.	Wesbanco Bank, Inc.	FDIC	1.10	4719 Liberty Avenue	$46,451	$44,258	$43,350	$45,900	$50,930	$4,479	9.6%	$16,918,386
10.	First National Bank of Pennsylvania	FDIC	1.10	4724 Liberty Ave	$9,191	$10,360	$11,736	$13,253	$14,618	$5,427	59.0%	$38,437,671
11.	Standard Bank	FDIC	1.10	2000 Mt Troy Road	$36,554	$34,528	$31,582	$33,637	$36,223	-$331	-0.9%	$1,084,292

Financial Clout

Financial Clout Demand 2023	Primary Market Area (1 miles)					Secondary Market Area (3 miles)				
	Product Count	% of HHs (Area)	% HHs (USA)	Avg $ Balance (Area)	Avg $ Balance (USA)	Product Count	% of HHs (Area)	% HHs (USA)	Avg $ Balance (Area)	Avg $ Balance (USA)
Non-Traditional Savings Account Type: 529/State Sponsored Education Account	62	5.88%	5.99%	-	-	323	5.23%	5.99%	-	-
Auto Loan(s)	326	30.72%	34.49%	$14,030	$16,014	1,865	30.24%	34.49%	$13,491	$16,014
Auto Loan Applied On Own	129	12.12%	15.48%	$12,789	$14,215	713	11.57%	15.48%	$12,317	$14,215
Auto Loan Handled By Dealer	202	19.04%	19.50%	$14,318	$16,717	1,169	18.96%	19.50%	$13,851	$16,717
Mortgage	401	37.78%	35.38%	$157,631	$188,030	1,878	30.45%	35.38%	$162,098	$188,030
Second Mortgage	31	2.92%	2.90%	$237,379	$259,985	141	2.29%	2.90%	$244,024	$259,985
Fixed Rate Mortgage	320	30.19%	27.90%	$187,854	$217,259	1,475	23.92%	27.90%	$193,035	$217,259
Adjustable Rate Mortgage	39	3.67%	3.42%	$175,693	$193,183	173	2.81%	3.42%	$185,238	$193,183
Student Loan(s)	146	13.75%	18.91%	$29,331	$30,301	973	15.77%	18.91%	$28,591	$30,301
Any Line of Credit (HELOC)	180	17.00%	18.12%	$18,133	$14,276	1,065	17.27%	18.12%	$15,647	$14,276
Home Equity Line of Credit (HELOC)	125	11.79%	9.13%	$33,102	$30,044	584	9.47%	9.13%	$33,816	$30,044
Non-HELOC Line of Credit	54	5.11%	8.76%	$5,947	$5,187	459	7.44%	8.76%	$4,888	$5,187
Home Equity Loan(s)	108	10.17%	7.50%	$158,865	$185,576	506	8.21%	7.50%	$158,526	$185,576
Any Credit (Loan Mortgage Line of Credit Credit Card) Account	1,001	94.39%	91.57%	$100,984	$113,880	5,702	92.46%	91.57%	$87,962	$113,880
401(k)	269	25.34%	28.27%	$231,253	$221,084	1,489	24.15%	28.27%	$216,180	$221,084
401(k) Invested in Stocks	58	5.47%	6.39%	$214,216	$210,584	315	5.11%	6.39%	$198,707	$210,584
401(k) Invested in Bonds/Interest-Earning Assets	39	3.65%	4.23%	$141,699	$140,052	217	3.52%	4.23%	$129,790	$140,052
401(k) Split Investments (Stocks/Bonds/Interest-Earning Assets)	122	11.45%	12.11%	$303,094	$291,488	665	10.78%	12.11%	$287,858	$291,488
Roth 401(k)	36	3.43%	4.44%	$160,010	$155,211	200	3.24%	4.44%	$146,080	$155,211
403(b)	52	4.88%	4.12%	$245,646	$228,116	286	4.63%	4.12%	$230,123	$228,116
Regular or other IRA	251	23.64%	21.70%	$321,016	$368,933	1,312	21.27%	21.70%	$315,765	$368,933
Regular IRA Invested in Stocks	51	4.85%	5.19%	-	-	273	4.42%	5.19%	-	-
Regular IRA Other Investments	62	5.89%	4.51%	-	-	325	5.27%	4.51%	-	-
Roth IRA	133	12.51%	13.68%	$164,124	$162,996	710	11.51%	13.68%	$156,830	$162,996
Roth IRA Invested in Stocks	38	3.58%	4.00%	-	-	200	3.24%	4.00%	-	-
Roth IRA Split Investments (Stocks/Bonds/Interest-Earning Assets)	57	5.34%	5.89%	-	-	300	4.87%	5.89%	-	-
Roth IRA Other Investments	24	2.29%	2.23%	-	-	131	2.12%	2.23%	-	-
Rollover IRA	122	11.47%	11.34%	$300,239	$339,103	634	10.28%	11.34%	$295,081	$339,103
Rollover IRA Invested in Stocks	25	2.36%	2.82%	-	-	136	2.20%	2.82%	-	-
Rollover IRA Split Investments (Stocks/Bonds/Interest-Earning Assets)	59	5.56%	5.41%	-	-	304	4.93%	5.41%	-	-
Rollover IRA Other Investments	23	2.21%	1.78%	-	-	121	1.96%	1.78%	-	-
Traditional Pension Plan	216	20.35%	17.87%	$259,091	$299,858	1,151	18.66%	17.87%	$252,999	$299,858

Mosaic Summary

experian

F F22 F23

F22 Fast Track Couples

Active, young, upper established suburban couples and families living upwardly-mobile lifestyles

3.20% | 2.35%

Who we are

Head of household age	Type of property
31–35	Single family
445 | 50.3%	123 | 97.0%

Household income	Household size
$100,000–$124,999	1 person
276 | 24.1%	114 | 53.6%

Home ownership	Age of children
Homeowner	7–9
126 | 80.6%	146 | 16.1%

Channel preference

TV		
208	120	121
338	84	42

Key features

- Credit-aware
- Comfortable spender
- Active lifestyles
- Tech-savvy
- Music lovers
- Football fans

Technology adoption

Journeymen

Data to Form Strategy in Current Market

1. Drive more revenue by understanding your customers and non-customers in the immediate community

2. Competition and Clout data informs viability of market – maintain or grow

3. Demographics and mosaic psychographic (lifestyle) data provides detail for marketing and sales – for positioning, outreach, promotions, and offers to increase current customer share of wallet and additional market penetration/customer acquisition