NEWS RELEASE

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FIRST RESOURCE BANK ANNOUNCES FIRST QUARTER RESULTS; NET INCOME GREW 41% OVER THE FIRST QUARTER OF THE PRIOR YEAR

EXTON, PA – First Resource Bank (OTCQX: FRSB) announced financial results for the three months ended March 31, 2021.

Highlights for the first quarter of 2021 included:

- Net income grew 41% over the first quarter of the prior year
- Total interest income grew 7% over the prior year, while total interest expense declined 35% in that same time period
- Total deposits grew 7% in the quarter, led by total checking deposit growth of 11%
- Total loans grew 12%
- $23.3 million of new Paycheck Protection Program (PPP) loans completed
- Total assets increased 5%, ending the quarter at $444 million

Glenn B. Marshall, CEO, stated, "Growth is the word that best summarizes the first quarter of 2021 at First Resource Bank. Loan and deposit growth started the year incredibly strong and we continue to see tangible benefits on both sides of the balance sheet from our participation in this latest round of the Paycheck Protection Program. The first quarter 41% increase in profitability over the prior year, coupled with significant balance sheet growth during the quarter, sets the year up for success."

Net income for the quarter ended March 31, 2021 was $905,664, which compares to $1,118,435 for the previous quarter and $640,139 for the first quarter of the prior year.

Total interest income decreased 6% when comparing the first quarter of 2021 to the fourth quarter of 2020. This decrease was driven by lower fees recognized as interest income in association with PPP loan forgiveness during the first quarter of 2021 as compared to the prior quarter.

Total interest income rose 7% from $3,979,535 for the three months ended March 31, 2020 to $4,272,194 for the three months ended March 31, 2021. This increase was the result of 34% loan growth when comparing March 31, 2021 to a year prior, partially mitigated by a 68 basis point decline in loan yields when comparing the first quarter of 2020 to the first quarter of 2021. This loan yield decline is a result of lower yielding PPP loans booked in the second and third quarters of 2020 and the first quarter of 2021 and the impact of the Federal Reserve 150 basis point rate cuts in March 2020, partially offset by fees recognized in association with PPP loan forgiveness during the first quarter.

Total interest expense decreased 15% when comparing the first quarter of 2021 to the fourth quarter of 2020. This decrease was driven by a 13 basis point decrease in the cost of deposits during the quarter. Interest expense on deposits continues to be actively managed to lower costs.

Total interest expense decreased 35% from $1,075,516 for the three months ended March 31, 2020 to $701,489 for the three months ended March 31, 2021. The vast majority of this decreased expense was related to an overall 84 basis point decline in the cost of interest bearing deposits, led by a 63 basis point decrease in the cost of money market accounts and an 81 basis point decrease in the cost of certificates of deposit, year over year. Overall interest expense was also mitigated by strong growth in non-interest bearing deposits, which increased 108% when comparing March 31, 2021 to the year prior.

Net interest income was $3,570,705 for the quarter ended March 31, 2021 as compared to $3,718,405 for the previous quarter, a decline of 4%. The net interest margin decreased 10 basis points from 3.69% for the quarter ended December 31, 2020 to 3.59% for the quarter ended March 31, 2021. The overall yield on interest earning assets decreased 21 basis points during the first quarter led by a 44 basis point decrease in loan yields to 4.74%, which was partially mitigated by lower cash balances in the first quarter of 2021 as compared to the fourth quarter of 2020. The cost of interest bearing deposits decreased 13 basis points during the first quarter to 0.77%, with the majority of that decrease attributed to lower cost money market accounts and certificates of deposit.

The provision for loan losses increased from $229,538 for the three months ended December 31, 2020 to $240,153 for the three months ended March 31, 2021. The provision for loan losses increased from $144,033 for the three months ended March 31, 2020, to $240,153 for the three months ended March 31, 2021.

Marshall noted, "The increase in provision for loan loss expense is directly attributed to higher growth in loans. Credit quality remains incredibly strong and there were no new issues noted during the quarter."

The allowance for loan losses to total loans was 0.83% at March 31, 2021 as compared to 0.86% at December 31, 2020 and 0.89% at March 31, 2020. Excluding PPP loans, which are 100% guaranteed by the SBA, the allowance for loan losses to total loans was 0.95% at March 31, 2021 and December 31, 2020. Non-performing assets consisted of non-performing loans of $382 thousand at March 31, 2021, unchanged from the prior quarter. Non-performing assets to total assets were 0.09% at March 31, 2021, unchanged from the prior quarter.

Non-interest income for the quarter ended March 31, 2021 was $177,761, as compared to $224,391 for the previous quarter and $284,006 for the first quarter of the prior year. There was no swap referral fee income received in the first quarter of 2021, as compared to $69,000 in the fourth quarter of 2020 and $148,000 in the first quarter of 2020.

Non-interest expense increased $65 thousand, or 3%, in the three months ended March 31, 2021 as compared to the prior quarter. The increase was primarily due to an increase in salaries and benefits, occupancy, and other costs, partially offset by a decrease in advertising costs. Non-interest expense increased $129 thousand, or 6%, when comparing the first quarter of 2021 to the first quarter of 2020. This increase was primarily attributed to an increase in salaries and benefits costs.

Deposits grew a net $24.1 million, or 7%, from $358.0 million at December 31, 2020 to $382.1 million at March 31, 2021. During the first quarter, non-interest bearing deposits increased $5.7 million, or 6%, from $99.9 million at December 31, 2020 to $105.6 million at March 31, 2021. Interest-bearing checking balances increased $8.1 million, or 34%, from $23.7 million at December 31, 2020 to $31.8 million at March 31, 2021. Money market deposits increased $13.6 million, or 10%, from $140.5 million at December 31, 2020 to $154.1 million at March 31, 2021. Certificates of deposit decreased $3.3 million, or 4%, from $93.9 million at December 31, 2020 to $90.6 million at March 31, 2021. Between March 31, 2021 and March 31, 2020, total deposits have grown 41% with tremendous checking and money market growth partially offset by a decline in certificates of deposit.

President and Chief Financial Officer, Lauren C. Ranalli, stated, “Total checking deposits increased 11% in the first quarter, reducing our reliance on higher cost forms of funding. We continue to expand new relationships we have earned through our participation in the Paycheck Protection Program as well as referrals from existing customers. The disruption in our market is palpable and we are well positioned to continue to earn new customers.”

The loan portfolio increased $40.9 million, or 12%, during the first quarter from $338.9 million at December 31, 2020 to $379.8 million at March 31, 2021, with strong growth in commercial real estate, construction loans and commercial business loans partially offset by a decline in consumer loans. Excluding PPP activity, net loan growth was 9.4% for the quarter.

The following table illustrates the composition of the loan portfolio:

	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
Commercial real estate	$ 258,294,933	$ 227,224,196	$ 207,501,619
Commercial construction	28,258,507	24,925,050	24,410,257
Commercial business	75,300,652	66,555,149	34,845,303
Consumer	17,991,186	20,235,647	17,518,022
Total loans	$ 379,845,278	$ 338,940,042	$ 284,275,201

Total stockholder’s equity increased $884 thousand, or 3%, from $31.5 million at December 31, 2020 to $32.3 million at March 31, 2021, primarily due to net income generated, partially offset by a decline in the unrealized gain/loss position of the investment portfolio. During the quarter ended March 31, 2021, book value per share grew 30 cents, or 3%, to $11.62.

Total assets increased $20.0 million, or 5% during the first quarter of 2021, with growth in loans primarily funded by deposit growth and investment maturities.

Selected Financial Data:
Balance Sheets (unaudited)

	March 31, 2021	December 31, 2020
Cash and due from banks	$ 29,235,562	$ 26,008,820
Time deposits at other banks	599,000	599,000
Investments	17,189,160	43,060,035
Loans	379,845,278	338,940,042
Allowance for loan losses	(3,164,133)	(2,907,023)
Premises & equipment	8,326,566	8,380,269
Other assets	12,371,457	10,353,164
Total assets	$ 444,402,890	$ 424,434,307
Non-interest bearing deposits	$ 105,562,406	$ 99,898,323
Interest-bearing checking	31,826,348	23,726,721
Money market	154,117,023	140,480,421
Time deposits	90,619,835	93,919,651
Total deposits	382,125,612	358,025,116
Short term borrowings	-	-
Long term borrowings	21,158,000	24,206,000
Subordinated debt	5,943,773	7,940,649
Other liabilities	2,835,531	2,806,732
Total liabilities	412,062,916	392,978,497
Total stockholders’ equity	32,339,974	31,455,810
Total Liabilities & Stockholders’ Equity	$ 444,402,890	$ 424,434,307

Performance Statistics
(unaudited)

	Qtr Ended Mar. 31, 2021	Qtr Ended Dec. 31, 2020	Qtr Ended Sept. 30, 2020	Qtr Ended June 30, 2020	Qtr Ended Mar. 31, 2020
Net interest margin	3.59%	3.69%	3.53%	3.50%	3.69%
Nonperforming loans/ Total loans	0.10%	0.11%	0.40%	0.41%	0.49%
Nonperforming assets/ Total assets	0.09%	0.09%	0.35%	0.36%	0.41%
Allowance for loan losses/ Total loans	0.83%**	0.86%**	0.78%**	0.76%**	0.89%
Average loans/Average assets	84.4%	81.4%	88.7%	87.4%	84.9%
Non-interest expenses*/ Average assets	2.29%	2.20%	2.34%	2.50%	2.71%
Earnings per share – basic and diluted	$0.33	$0.41	$0.29	$0.24	$0.23
Book value per share	$11.62	$11.32	$10.93	$10.65	$10.39
Total shares outstanding	2,782,251	2,779,607	2,776,551	2,773,686	2,770,755

* Annualized

** Excluding PPP loans, the allowance for loan losses/total loans was 0.95% at March 31, 2021, 0.95% at December 31, 2020, 0.93% at September 30, 2020 and 0.91% at June 30, 2020.

Income Statements (unaudited)

	Qtr. Ended Mar. 31, 2021	Qtr. Ended Dec. 31, 2020	Qtr. Ended Sept. 30, 2020	Qtr. Ended June 30, 2020	Qtr. Ended Mar. 31, 2020
INTEREST INCOME					
Loans, including fees	$4,169,912	$4,439,471	$4,038,794	$3,879,732	$3,814,235
Securities	96,260	93,928	101,768	104,900	118,005
Other	6,022	10,990	2,365	2,600	47,295
Total interest income	4,272,194	4,544,389	4,142,927	3,987,232	3,979,535
INTEREST EXPENSE					
Deposits	499,622	581,982	653,243	742,578	885,915
Borrowings	108,743	117,995	120,795	127,446	122,116
Subordinated debt	93,124	126,007	77,467	67,485	67,485
Total interest expense	701,489	825,984	851,505	937,509	1,075,516
Net interest income	3,570,705	3,718,405	3,291,422	3,049,723	2,904,019
Provision for loan losses	240,153	229,538	129,894	51,045	144,033
Net interest income after provision for loan losses	3,330,552	3,488,867	3,161,528	2,998,678	2,759,986
NON-INTEREST INCOME					
BOLI income	44,523	36,852	37,125	37,067	37,050
Referral fee income	-	69,000	-	27,100	148,000
Gain on sale of SBA loans	-	-	-	-	-
Other	133,238	118,539	99,738	72,367	98,956
Total non-interest income	177,761	224,391	136,863	136,534	284,006
NON-INTEREST EXPENSE					
Salaries & benefits	1,432,259	1,405,431	1,386,212	1,373,036	1,328,471
Occupancy & equipment	262,501	238,406	261,166	228,216	252,370
Professional fees	89,413	95,238	96,936	98,492	92,161
Advertising	61,683	80,279	72,390	64,011	66,278
Data processing	149,633	146,147	131,351	135,936	139,483
Other	383,951	349,074	336,144	396,808	371,641
Total non-interest expense	2,379,440	2,314,575	2,284,199	2,296,499	2,250,404
Income before income tax expense	1,128,873	1,398,683	1,014,192	838,713	793,588
Federal income tax expense	223,209	280,248	198,786	161,726	153,449
Net income	$905,664	$1,118,435	$ 815,406	$ 676,987	$ 640,139

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About First Resource Bank

First Resource Bank is a locally owned and operated Pennsylvania state-chartered bank with three full-service branches, serving the banking needs of businesses, professionals and individuals in the Delaware Valley. The Bank offers a full range of deposit and credit services with a high level of personalized service. First Resource Bank also offers a broad range of traditional financial services and products, competitively priced and delivered in a responsive manner to small businesses, professionals and residents in the local market. For additional information visit our website at www.firstresourcebank.com. Member FDIC.

This press release contains statements that are not of historical facts and may pertain to future operating results or events or management's expectations regarding those results or events. These are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934. These forward-looking statements may include, but are not limited to, statements about our plans, objectives, expectations and intentions and other statements contained in this press release that are not historical facts. When used in this press release, the words "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", or words of similar meaning, or future or conditional verbs, such as "will", "would", "should", "could", or "may" are generally intended to identify forward-looking statements. These forward-looking statements are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are either beyond our control or not reasonably capable of predicting at this time. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. Actual results may differ materially from the results discussed in these forward-looking statements. Readers of this press release are accordingly cautioned not to place undue reliance on forward-looking statements. First Resource Bank disclaims any intent or obligation to update publicly any of the forward-looking statements herein, whether in response to new information, future events or otherwise.