

## **NEWS RELEASE**

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### ***FIRST RESOURCE BANCORP, INC. ANNOUNCES 2024 FIRST QUARTER RESULTS; CONTINUED BALANCE SHEET GROWTH OFFSETS MARGIN COMPRESSION***

**EXTON, PA** – First Resource Bancorp, Inc. (OTCQX: FRSB), the holding company for First Resource Bank, announced financial results for the three months ended March 31, 2024.

Lauren C. Ranalli, President and CEO, stated, "In a market where many of our peers are reducing lending, we've seized the chance to further expand the Bank. Our robust loan growth and disciplined pricing strategies have helped offset rising deposit costs to some extent. Net interest income remained largely steady compared to the previous quarter, despite the ongoing margin compression."

Highlights for the first quarter of 2024 included:

- Total interest income grew 31% over the prior year
- Net interest income grew 7% over the prior year
- Total loans grew 4% during the first quarter, or 14% annualized
- Total deposits grew 3% during the first quarter, or 11% annualized
- Swap loan referral income totaled \$182 thousand during the first quarter, more than double the entire prior year
- There were no non-accrual or non-performing loans as of March 31, 2024
- Book value per share grew 3% to \$15.34

Net income for the quarter ended March 31, 2024 was \$1.3 million, or \$0.43 per common share, compared to \$1.6 million, or \$0.53 per common share, for the previous quarter and \$1.3 million, or \$0.41 per common share, for the first quarter of the prior year. Annualized return on average assets was 0.92% for the first quarter of 2024 compared to 1.00% for the first quarter of 2023. Annualized return on average equity was 11.39% for the first quarter of 2024 compared to 12.57% for the same period a year prior.

Total interest income increased quarterly by \$200 thousand, or 2%, from \$8.2 million for the fourth quarter of 2023 to \$8.4 million for the first quarter of 2024. This increase was driven by 4% growth in loans during the first quarter.

Total interest income increased \$2.0 million, marking a 31% rise from \$6.4 million in the first quarter of 2023 to \$8.4 million in the corresponding period of 2024. This increase was driven by a 14% expansion in loans compared to the previous year, complemented by an increased rate environment, favorably affecting interest-earning assets.

Total interest expense increased 7% when comparing the first quarter of 2024 to the fourth quarter of 2023. This increase stemmed from an 8 basis point rise in the cost of money market

accounts and a 29 basis point increase in the cost of time deposits, alongside a higher volume of time deposits quarter over quarter. Additionally, interest expense on FHLB borrowings increased by 7% due to a rise in the average balance and cost of advances during the first quarter of 2024 compared to the fourth quarter of 2023.

Total interest expense increased by 82%, climbing from \$2.0 million in the first quarter of 2023 to \$3.7 million for the first quarter of 2024. The primary driver of this increased expense was a 114 basis point rise in the cost of money market deposits and a 198 basis point increase in the cost of time deposits, coupled with a greater volume of money market accounts and time deposits year over year.

“Rising deposit costs are one of the biggest challenges facing the industry at the moment,” commented Ranalli. “To address this, we’ve allocated substantial internal resources towards optimizing our cost of funds while simultaneously growing our deposit portfolio to support loan growth. Our management team has been bolstered by the addition of an experienced retail banking executive and our lending and deposit teams are collaborating closely, creating synergies via joint calling efforts in the pursuit of new deposit relationships.”

In the first quarter of 2024, net interest income saw a slight decrease of \$49 thousand, or 1%, compared to the previous quarter. The net interest margin also contracted by 4 basis points, declining from 3.39% in the fourth quarter of 2023 to 3.35% in the first quarter of 2024. The overall yield on interest-earning assets rose by 13 basis points during the first quarter, primarily driven by a 12 basis point increase in the yield on loans and an expanded loan volume, resulting in a total yield on loans of 6.14% for the first quarter of 2024. Conversely, due to increases in costs for money market and time deposit accounts, alongside a rise in the volume of time deposit accounts, the cost of interest-bearing deposits increased by 20 basis points to 3.45% during the first quarter. Consequently, the total cost of deposits increased by 18 basis points, climbing from 2.59% in the fourth quarter of 2023 to 2.77% in the first quarter of 2024.

The provision for credit losses was \$64 thousand in the first quarter of 2024 compared to a negative \$263 thousand in the fourth quarter of 2023. The negative reserve observed in the fourth quarter of 2023 was unusual, partly due to specific reserves established as of September 30, 2023, for credits that were resolved during the fourth quarter and became unnecessary as of December 31, 2023. Year over year, the provision for credit losses decreased to \$64 thousand in the first quarter of 2024 from \$66 thousand in the first quarter of 2023.

As of March 31, 2024, the allowance for credit losses to total loans stood at 0.80%, slightly lower than the 0.81% recorded at December 31, 2023, and lower than the 0.91% reported at March 31, 2023. At both March 31, 2024 and December 31, 2023, there were no non-performing assets.

Non-interest income in the first quarter of 2024 amounted to \$396 thousand, a notable increase compared to \$208 thousand in the previous quarter and \$200 thousand in the first quarter of the prior year. Specifically, swap referral fee income totaled \$182 thousand in the first quarter of 2024, compared to none in the fourth and first quarters of 2023.

Non-interest expenses increased \$210 thousand, or 7%, in the first quarter of 2024 compared to the prior quarter. Increases in salaries & employee benefits, professional fees, data processing, and other costs were partially offset by decreases in occupancy & equipment and advertising.

Non-interest expenses increased \$424 thousand, or 15%, when comparing the first quarter of 2024 to the first quarter of 2023. Non-interest expenses to average assets were 2.28% for the first quarter of 2024 compared to 2.15% for the previous quarter and 2.29% for the first quarter of the prior year.

Deposits increased a net \$13.9 million, or 3%, from \$499.3 million at December 31, 2023 to \$513.2 million at March 31, 2024. During the first quarter, non-interest-bearing deposits increased \$1.1 million, or 1%, from \$95.4 million at December 31, 2023 to \$96.4 million at March 31, 2024. Interest-bearing checking balances decreased \$3.3 million, or 8%, from \$39.8 million at December 31, 2023 to \$36.5 million at March 31, 2024. Money market deposits increased \$3.5 million, or 1%, from \$231.4 million at December 31, 2023 to \$234.9 million at March 31, 2024. Certificates of deposit increased \$12.6 million, or 10%, from \$132.7 million at December 31, 2023 to \$145.4 million at March 31, 2024. Between March 31, 2023 and March 31, 2024, total deposits grew 10%, with strong non-interest-bearing checking, money market, and time deposit growth partially offset by a decline in interest-bearing checking. At March 31, 2024, approximately 81% of total deposits were insured or otherwise collateralized, slightly up from 80% in the prior quarter.

The loan portfolio expanded by \$18.6 million, representing a 4% increase, from \$531.4 million at December 31, 2023 to \$550.0 million at March 31, 2024. While there was robust growth in commercial real estate loans and commercial business loans, this was partially offset by decreases in construction loans and consumer loans when comparing loan balances at December 31, 2023 to loan balances at March 31, 2024. The decrease in construction loans was largely attributed to projects reaching completion and transitioning to permanent financing within the commercial real estate portfolio.

Ranalli added “Commercial real estate loans represent a significant concentration for the Bank which we monitor very closely. This type of lending is a core competency for us and we have the proper risk management tools in place to continuously track this exposure.”

The following table illustrates the composition of the loan portfolio:

	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Commercial real estate	\$ 444,909,373	\$ 413,221,898	\$ 383,875,127
Commercial construction	35,337,226	48,838,199	39,761,445
Commercial business	51,780,407	50,224,869	42,682,372
Consumer	<u>17,979,804</u>	<u>19,099,155</u>	<u>16,793,036</u>
Total loans	<u>\$ 550,006,810</u>	<u>\$ 531,384,121</u>	<u>\$ 483,111,980</u>

Investment securities totaled \$17.4 million at March 31, 2024 as compared to \$25.8 million at December 31, 2023. At March 31, 2024, the held-to-maturity investment portfolio book value was \$8.7 million, with a fair market value of \$7.7 million, resulting in an unrealized loss of \$998 thousand. This unrealized loss, net of tax, of \$788 thousand is less than 1.7% of total equity at March 31, 2024. The remainder of the investment portfolio was classified as available for sale with a book value of \$10.0 million and a fair value of \$8.7 million, resulting in an unrealized loss of \$1.3 million. This unrealized loss, net of tax, of \$1.1 million is included in accumulated other comprehensive loss on the balance sheet.

Total stockholders' equity saw a \$1.3 million increase, representing a 3% rise, from \$46.1 million at December 31, 2023 to \$47.5 million at March 31, 2024, primarily due to net income generated. During the quarter ended March 31, 2024, book value per share increased by 43 cents, or 3%, reaching \$15.34.

Selected Financial Data:  
Balance Sheets (unaudited)

	March 31, 2024	December 31, 2023
Cash and due from banks	\$ 22,314,437	\$ 23,820,615
Time deposits at other banks	100,000	100,000
Investments	17,382,019	25,840,840
Loans	550,006,810	531,384,121
Allowance for credit losses	(4,383,877)	(4,311,306)
Premises & equipment	7,683,039	7,639,939
Other assets	<u>17,923,286</u>	<u>18,142,682</u>
<b>Total assets</b>	<b><u>\$ 611,025,714</u></b>	<b><u>\$ 602,616,891</u></b>
Noninterest-bearing deposits	\$ 96,439,591	\$ 95,384,366
Interest-bearing checking	36,493,267	39,760,054
Money market	234,873,774	231,407,653
Time deposits	<u>145,383,468</u>	<u>132,738,973</u>
Total deposits	<u>513,190,100</u>	<u>499,291,046</u>
Short term borrowings	28,000,000	35,000,000
Long term borrowings	9,530,000	9,530,000
Subordinated debt	5,981,258	5,978,134
Other liabilities	<u>6,842,893</u>	<u>6,682,220</u>
<b>Total liabilities</b>	<b><u>563,544,251</u></b>	<b><u>556,481,400</u></b>
Common stock	3,096,138	3,093,414
Surplus	19,796,666	19,767,634
Accumulated other comprehensive loss	(1,055,206)	(1,038,486)
Retained earnings	<u>25,643,865</u>	<u>24,312,929</u>
<b>Total stockholders' equity</b>	<b><u>47,481,463</u></b>	<b><u>46,135,491</u></b>
<b>Total liabilities &amp; stockholders' equity</b>	<b><u>\$ 611,025,714</u></b>	<b><u>\$ 602,616,891</u></b>

Performance Statistics  
(unaudited)

	Qtr Ended Mar. 31, 2024	Qtr Ended Dec. 31, 2023	Qtr Ended Sep. 30, 2023	Qtr Ended Jun. 30, 2023	Qtr Ended Mar. 31, 2023
Net interest margin	3.35%	3.39%	3.57%	3.64%	3.57%
Nonperforming loans/ total loans	0.00%	0.00%	0.14%	0.15%	0.16%
Nonperforming assets/ total assets	0.00%	0.00%	0.13%	0.14%	0.14%
Allowance for credit losses/ total loans	0.80%	0.81%	0.88%	0.89%	0.91%
Average loans/average assets	92.4%	91.1%	92.2%	91.6%	91.6%
Non-interest expenses*/ average assets	2.28%	2.15%	2.19%	2.29%	2.29%
Efficiency ratio	65.5%	63.1%	60.1%	62.5%	63.6%
Earnings per share – basic and diluted**	\$0.43	\$0.53	\$0.51	\$0.47	\$0.41
Book value per share**	\$15.34	\$14.91	\$14.31	\$13.85	\$13.43
Total shares outstanding**	3,096,138	3,093,414	3,090,838	3,088,019	3,085,576
Weighted average shares outstanding**	3,094,951	3,092,277	3,089,441	3,086,782	3,084,634

\* Annualized

\*\* Per share data for prior periods was restated to reflect the 5% stock dividend paid in June 2023.

Income Statements (unaudited)

	Qtr. Ended Mar. 31, 2024	Qtr. Ended Dec. 31, 2023	Qtr. Ended Sep. 30, 2023	Qtr. Ended Jun. 30, 2023	Qtr. Ended Mar. 31, 2023
<b>INTEREST INCOME</b>					
Loans, including fees	\$8,228,102	\$7,941,483	\$7,633,163	\$6,923,177	\$6,223,153
Securities	120,713	133,125	125,882	120,133	131,350
Other	31,735	105,679	33,221	67,207	28,174
Total interest income	<u>8,380,550</u>	<u>8,180,287</u>	<u>7,792,266</u>	<u>7,110,517</u>	<u>6,382,677</u>
<b>INTEREST EXPENSE</b>					
Deposits	3,519,176	3,277,096	2,696,301	2,267,015	1,819,643
Borrowings	105,860	98,901	195,150	64,267	126,620
Subordinated debt	93,124	93,124	93,124	93,123	93,124
Total interest expense	<u>3,718,160</u>	<u>3,469,121</u>	<u>2,984,575</u>	<u>2,424,405</u>	<u>2,039,387</u>
Net interest income	<u>4,662,390</u>	<u>4,711,166</u>	<u>4,807,691</u>	<u>4,686,112</u>	<u>4,343,290</u>
Provision for credit losses	<u>63,651</u>	<u>(263,073)</u>	<u>71,017</u>	<u>20,327</u>	<u>66,299</u>
Net interest income after provision for credit losses	4,598,739	4,974,239	4,736,674	4,665,785	4,276,991
<b>NON-INTEREST INCOME</b>					
Service charges and other fees	100,164	94,656	109,894	107,841	99,570
BOLI income	51,356	50,730	50,237	49,281	47,691
Swap referral fee income	182,060	-	75,649	-	-
Other	62,548	62,701	61,527	55,740	53,013
Total non-interest income	<u>396,128</u>	<u>208,087</u>	<u>297,307</u>	<u>212,862</u>	<u>200,274</u>
<b>NON-INTEREST EXPENSE</b>					
Salaries & benefits	2,045,083	1,873,831	1,893,558	1,844,356	1,834,921
Occupancy & equipment	289,202	289,361	282,025	260,284	257,741
Professional fees	137,482	123,336	119,258	119,447	115,303
Advertising	81,745	83,506	58,354	65,917	67,195
Data processing	176,685	167,921	172,288	159,795	147,808
Other	584,926	567,428	543,465	611,336	468,225
Total non-interest expense	<u>3,315,123</u>	<u>3,105,383</u>	<u>3,068,948</u>	<u>3,061,135</u>	<u>2,891,193</u>
Income before federal income tax expense	1,679,744	2,076,943	1,965,033	1,817,512	1,586,072
Federal income tax expense	<u>348,807</u>	<u>429,920</u>	<u>401,490</u>	<u>366,371</u>	<u>321,784</u>
Net income	<u>\$1,330,937</u>	<u>\$1,647,023</u>	<u>\$1,563,543</u>	<u>\$1,451,141</u>	<u>\$1,264,288</u>

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#### About First Resource Bancorp, Inc.

First Resource Bancorp, Inc. is the holding company of 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](http://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.