

NEWS RELEASE

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FIRST RESOURCE BANCORP, INC. ANNOUNCES 2025 FIRST QUARTER RESULTS; NET INCOME GREW 27% OVER PRIOR YEAR, NET INTEREST MARGIN EXPANDS

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, 2025.

Lauren C. Ranalli, President and CEO, stated, “First Resource Bancorp achieved record profitability in the first quarter of 2025, driven by an improved net interest margin and robust deposit growth. Our disciplined approach to loan and deposit pricing continues to strengthen our bottom line, while our superior level of customer service has fueled continued balance sheet expansion. We are excited to start the year on such a strong note and look forward to building on this momentum.”

Highlights for the first quarter of 2025 included:

- Net income of \$1.7 million exceeded the prior year by 27% and the prior quarter by 67%
- Net interest margin expanded 10 basis points over the prior quarter to 3.60%
- Total interest income grew 16% over the prior year first quarter
- Net interest income grew 19% over the prior year first quarter
- Earnings per share grew 30% over the prior year first quarter to \$0.56 per share
- Total deposits grew 4% during the first quarter, or 16% annualized
- Book value per share grew 4% to \$17.34 during the first quarter
- Total assets grew \$11.7 million, or 2%, ending the quarter at \$675.3 million
- Non-performing assets to total assets fell to 0.04% from 0.19% from the prior quarter

Ranalli added, “Our performance is driven not only by consistent growth, but also the upward repricing of loans originated during periods of historically low interest rates—a trend we expect to persist through the remainder of this year and into next. We also saw a decline in deposit costs compared to the previous quarter, while still achieving 4% deposit growth in the first quarter. Our strategic approach to rates has allowed us to steadily grow and quickly enhance our net interest margin.”

Net income for the quarter ended March 31, 2025, totaled \$1.7 million, or \$0.56 per common share, marking a significant increase from \$1.0 million, or \$0.33 per share, in the previous quarter, and up from \$1.3 million, or \$0.43 per common share, in the same quarter of 2024. The annualized return on average assets rose to 1.06% for the first quarter of 2025, compared to 0.92% in the first quarter of 2024. Similarly, the annualized return on average equity also improved, reaching 13.31%, up from 11.39% during the same period last year.

Total interest income was \$9.7 million for the first quarter of 2025, a \$95 thousand, or 1%, increase from the fourth quarter of 2024. This growth was fueled by a 1% increase in loans during the first quarter.

Total interest income increased by \$1.4 million, marking a 16% increase from \$8.4 million in the first quarter of 2024 to \$9.7 million in the corresponding period of 2025. This growth was driven by a 10% year-over-year expansion in loans, complemented by an overall increase in loan yields.

Total interest expense fell by 2% in the first quarter of 2025 compared to the fourth quarter of 2024. This decline was primarily driven by a 5 basis point reduction in the cost of money market accounts and a 24 basis point reduction in the cost of time deposits. These savings were partially offset by an increased volume of interest-bearing deposits. Additionally, interest expense on borrowings fell by 15%, resulting from a decrease in the average balance of overnight advances during the first quarter of 2025 compared to the fourth quarter of 2024.

Total interest expense increased by 13%, climbing from \$3.7 million in the first quarter of 2024 to \$4.2 million in the first quarter of 2025. This increase was primarily driven by greater volumes of interest-bearing deposits, partially offset by a 6 basis point decrease in the cost of interest-bearing deposits year-over-year. Interest expense on subordinated debt grew by 45%, while interest expense on borrowings declined by 27% when compared to the first quarter of 2024.

In the first quarter of 2025, net interest income grew by \$163 thousand, or 3%, compared to the previous quarter. The net interest margin also increased to 3.60%, up from 3.50% for the fourth quarter of 2024. The overall yield on interest-earning assets rose by 5 basis points, primarily driven by a 5 basis point increase in loan yields to 6.47% for the quarter. Meanwhile, the cost of interest-bearing deposits dropped by 10 basis points to 3.39%, reflecting lower rates on money market and time deposit accounts, partially offset by increased volumes in those categories. As a result, the total cost of deposits fell by 4 basis points for the quarter, from 2.89% to 2.85%.

The provision for credit losses in the first quarter of 2025 was \$174 thousand, down significantly from \$1.1 million in the fourth quarter of 2024. The elevated provision in the previous quarter was primarily attributable to a \$1.0 million specific reserve established for a non-accrual commercial loan relationship, and that amount was subsequently charged off during the first quarter of 2025. An additional \$100 thousand charge-off for an unrelated commercial loan, brought the total charge-offs for the quarter to \$1.1 million. Year over year, the provision for credit losses rose \$110 thousand from \$64 thousand in the first quarter of 2024 to \$174 thousand in the first quarter of 2025.

"The vast majority of the first quarter charge-offs had already been provided for through a specific reserve in the prior quarter, resulting in minimal impact on earnings this quarter," commented Ranalli. "Despite the charge-off decisions, we are actively pursuing all available collection options related to these loans."

As of March 31, 2025, the allowance for credit losses to total loans stood at 0.77%, down from 0.93% as of December 31, 2024. Non-performing assets consisted solely of non-performing loans, totaling \$262 thousand as of March 31, 2025, a decrease from \$1.3 million at the end of the prior quarter. There were no non-performing assets as of March 31, 2024. Non-performing assets to total assets stood at 0.04% at March 31, 2025, compared to 0.19% as of December 31, 2024, and 0.00% at March 31, 2024.

Non-interest income totaled \$349 thousand in the first quarter of 2025, representing a 21% increase from \$289 thousand in the previous quarter, and a 12% decrease from \$396 thousand in the same quarter of the prior year. Notably, swap referral fee income contributed \$24 thousand in the first quarter of 2025, compared to \$31 thousand in the fourth quarter of 2024 and \$182 thousand in the first quarter of 2024. Gains on the sale of SBA loans were \$87 thousand in the first quarter of 2025, compared to an immaterial amount in the fourth quarter of 2024, and none in the first quarter of 2024.

Non-interest expenses increased \$290 thousand, or 9%, in the first quarter of 2025 compared to the prior quarter. This increase was driven by higher salaries & employee benefits, professional fees, advertising, data processing, and other costs. However, these increases were partially offset by decreases in occupancy & equipment.

Non-interest expenses increased \$274 thousand, or 8%, in the first quarter of 2025 compared to the same period in 2024. This rise was driven by increases in all categories when comparing the first quarter of 2025 to the first quarter of 2024. The ratio of non-interest expenses to average assets was 2.25% in the first quarter of 2025, up from 2.07% in the previous quarter and down from 2.28% in the first quarter of the prior year.

Deposits for the first quarter experienced a net increase of \$21.8 million, or 4%, rising from \$552.2 million on December 31, 2024, to \$574.0 million on March 31, 2025. Noninterest-bearing deposits rose by 8% in the first quarter, increasing \$6.8 million to \$93.4 million, up from \$86.6 million in the previous quarter. Interest-bearing checking balances rose by \$6.6 million, or 17%, to \$46.8 million, up from \$40.1 the prior quarter. Money market deposits grew \$10.3 million, or 4%, rising from \$239.8 million at the end of the fourth quarter of 2024, to \$250.1 by the close of the first quarter of 2025. These gains were partially offset by a \$2.0 million, or 1%, decline in time deposits, which fell from \$185.7 million on December 31, 2024, to \$183.7 million on March 31, 2025.

Between March 31, 2024, and March 31, 2025, total deposits grew 12%, driven by increases in interest-bearing checking accounts, money markets, and time deposits. This growth was partially offset by a decline in noninterest-bearing deposits. As of March 31, 2025, approximately 82% of total deposits were insured or otherwise collateralized, up from 81% in the prior quarter.

The loan portfolio expanded by \$6.6 million, representing a 1% increase, from \$598.5 million on December 31, 2024, to \$605.0 million on March 31, 2025. Robust growth in commercial business, construction loans, and consumer loans was partially offset by a decrease in commercial real estate loans when comparing loan balances over the same period.

Ranalli noted, "Robust loan fundings in the first quarter were offset by several large loan payoffs. We consider the resulting relatively slow net loan growth in the first quarter to be an anomaly, with stronger growth expected for the remainder of the year."

Between March 31, 2024 and March 31, 2025, total loans expanded by 10%, with strong growth in all loan categories.

The following table illustrates the composition of the loan portfolio:

	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Commercial real estate	\$ 476,539,433	\$ 480,933,654	\$ 444,909,373
Commercial construction	46,800,635	39,760,197	35,337,226
Commercial business	63,018,850	59,862,802	51,780,407
Consumer	<u>18,681,505</u>	<u>17,907,914</u>	<u>17,979,804</u>
Total loans	<u>\$ 605,040,423</u>	<u>\$ 598,464,567</u>	<u>\$ 550,006,810</u>

Investment securities totaled \$16.8 million on March 31, 2025, compared to \$26.6 million on December 31, 2024. The held-to-maturity investment portfolio had a book value of \$8.5 million and a fair market value of \$7.5 million, resulting in an unrealized loss of \$1.0 million, compared to an unrealized loss of \$1.1 million at year-end 2024. After tax, this loss amounts to \$799 thousand, representing approximately 1.5% of total equity as of March 31, 2025. The remainder of the investment portfolio was classified as available-for-sale, with a book value of \$9.4 million and a fair value of \$8.3 million, resulting in an unrealized loss of \$1.1 million, compared to \$1.2 million as of December 31, 2024. This unrealized loss, net of tax, totals \$841 thousand and is reflected in accumulated other comprehensive loss on the balance sheet.

On August 12, 2024, the Company announced a stock repurchase program authorizing the repurchase of up to 155,922 shares of its common stock. During the quarter ended March 31, 2025, the Company repurchased 9,248 shares at a total cost of \$136 thousand and an average price of \$14.62 per share, a significant discount to book value per share of \$17.34 at the end of the first quarter. As of March 31, 2025, 49,759 shares remained available for repurchase under the program.

Total stockholders' equity increased by \$1.7 million, or 3%, rising from \$50.3 million on December 31, 2024, to \$52.0 million on March 31, 2025, largely driven by net income. During the quarter ended March 31, 2025, book value per share increased by 61 cents, or 4%, reaching \$17.34.

Selected Financial Data:

Consolidated Balance Sheets (unaudited)

	March 31, 2025	December 31, 2024
Cash and due from banks	\$ 32,001,499	\$ 17,837,920
Time deposits at other banks	100,000	100,000
Investments	16,832,703	26,611,867
Loans	605,040,423	598,464,567
Allowance for credit losses	(4,649,701)	(5,574,679)
Premises & equipment	7,612,821	7,551,410
Other assets	<u>18,343,387</u>	<u>18,593,449</u>
Total assets	<u>\$ 675,281,132</u>	<u>\$ 663,584,534</u>
Noninterest-bearing deposits	\$ 93,370,878	\$ 86,581,276
Interest-bearing checking	46,765,157	40,119,102
Money market	250,128,786	239,828,130
Time deposits	<u>183,711,945</u>	<u>185,697,340</u>
Total deposits	<u>573,976,766</u>	<u>552,225,848</u>
Short term borrowings	30,000,000	40,000,000
Long term borrowings	4,250,000	6,250,000
Subordinated debt	8,477,273	8,473,216
Other liabilities	<u>6,574,889</u>	<u>6,341,010</u>
Total liabilities	<u>623,278,928</u>	<u>613,290,074</u>
Common stock	3,100,773	3,100,773
Surplus	19,854,676	19,852,352
Treasury stock	(1,422,978)	(1,316,876)
Accumulated other comprehensive loss	(840,523)	(964,821)
Retained earnings	<u>31,310,256</u>	<u>29,623,032</u>
Total stockholders' equity	<u>52,002,204</u>	<u>50,294,460</u>
Total liabilities & stockholders' equity	<u>\$ 675,281,132</u>	<u>\$ 663,584,534</u>

Performance Statistics
(unaudited)

	Qtr Ended Mar. 31, 2025	Qtr Ended Dec. 31, 2024	Qtr Ended Sep. 30, 2024	Qtr Ended Jun. 30, 2024	Qtr Ended Mar. 31, 2024
Net interest margin	3.60%	3.50%	3.43%	3.43%	3.35%
Nonperforming loans/ total loans	0.04%	0.21%	0.00%	0.00%	0.00%
Nonperforming assets/ total assets	0.04%	0.19%	0.00%	0.00%	0.00%
Allowance for credit losses/ total loans	0.77%	0.93%	0.76%	0.77%	0.80%
Average loans/average assets	93.0%	93.2%	92.9%	92.7%	92.4%
Non-interest expenses*/ average assets	2.25%	2.07%	2.17%	2.21%	2.28%
Efficiency ratio	61.0%	58.3%	62.3%	63.3%	65.5%
Earnings per share – basic and diluted	\$0.56	\$0.33	\$0.53	\$0.44	\$0.43
Book value per share	\$17.34	\$16.73	\$16.45	\$15.78	\$15.34
Total shares outstanding	2,998,977	3,006,039	3,004,689	3,098,431	3,096,138
Weighted average shares outstanding	3,003,194	3,005,408	3,055,157	3,097,433	3,094,951

* Annualized

Consolidated Income Statements (unaudited)

	Qtr. Ended Mar. 31, 2025	Qtr. Ended Dec. 31, 2024	Qtr. Ended Sep. 30, 2024	Qtr. Ended Jun. 30, 2024	Qtr. Ended Mar. 31, 2024
INTEREST INCOME					
Loans, including fees	\$9,583,093	\$9,512,689	\$9,346,895	\$8,859,695	\$8,228,102
Securities	116,372	115,291	123,678	122,082	120,713
Other	<u>47,421</u>	<u>24,256</u>	<u>25,135</u>	<u>34,964</u>	<u>31,735</u>
Total interest income	<u>9,746,886</u>	<u>9,652,236</u>	<u>9,495,708</u>	<u>9,016,741</u>	<u>8,380,550</u>
INTEREST EXPENSE					
Deposits	4,002,995	4,057,530	3,979,691	3,767,011	3,519,176
Borrowings	77,303	90,767	245,596	173,198	105,860
Subordinated debt	<u>134,682</u>	<u>134,681</u>	<u>120,829</u>	<u>93,124</u>	<u>93,124</u>
Total interest expense	<u>4,214,980</u>	<u>4,282,978</u>	<u>4,346,116</u>	<u>4,033,333</u>	<u>3,718,160</u>
Net interest income	<u>5,531,906</u>	<u>5,369,258</u>	<u>5,149,592</u>	<u>4,983,408</u>	<u>4,662,390</u>
Provision for credit losses	<u>174,097</u>	<u>1,127,547</u>	<u>13,317</u>	<u>246,273</u>	<u>63,651</u>
Net interest income after provision for credit losses	5,357,809	4,241,711	5,136,275	4,737,135	4,598,739
NON-INTEREST INCOME					
Service charges and other fees	109,360	114,958	94,812	104,748	100,164
BOLI income	65,850	66,248	65,800	59,613	51,356
Gain on sale of SBA loans	86,860	(367)	59,296	-	-
Swap referral fee income	24,201	31,030	-	62,460	182,060
Other	<u>62,843</u>	<u>77,225</u>	<u>65,944</u>	<u>64,085</u>	<u>62,548</u>
Total non-interest income	349,114	289,094	285,852	290,906	396,128
NON-INTEREST EXPENSE					
Salaries & benefits	2,127,037	1,948,007	1,999,957	1,944,755	2,045,083
Occupancy & equipment	334,698	336,629	368,339	362,850	289,202
Professional fees	150,176	109,819	128,748	130,767	137,482
Advertising	108,721	77,809	76,383	81,510	81,745
Data processing	204,492	201,671	189,429	180,257	176,685
Other	<u>664,334</u>	<u>625,603</u>	<u>622,590</u>	<u>636,589</u>	<u>584,926</u>
Total non-interest expense	<u>3,589,458</u>	<u>3,299,538</u>	<u>3,385,446</u>	<u>3,336,728</u>	<u>3,315,123</u>
Income before federal income tax expense	2,117,465	1,231,267	2,036,681	1,691,313	1,679,744
Federal income tax expense	<u>430,241</u>	<u>223,486</u>	<u>413,607</u>	<u>342,880</u>	<u>348,807</u>
Net income	<u>\$1,687,224</u>	<u>\$1,007,781</u>	<u>\$1,623,074</u>	<u>\$1,348,433</u>	<u>\$1,330,937</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. 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.