# NEWS RELEASE

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***FIRST RESOURCE BANCORP, INC. ANNOUNCES RECORD QUARTERLY RESULTS; SECOND QUARTER 2022 NET INCOME GREW 31% OVER THE PRIOR YEAR***

**EXTON, PA** – First Resource Bancorp, Inc. (OTCQX: FRSB) announced financial results for the three months ended June 30, 2022.

Glenn B. Marshall, CEO, stated, "This year has had a very strong start with record quarterly results in the past two quarters. Strong Paycheck Protection Program (PPP) loan income in the prior year was fully replaced by organic loan income. It was a huge hurdle to grow year-to-date revenues in 2022 as compared to 2021 without that PPP income and our team not only met that goal, but they exceeded it."

Highlights for the second quarter of 2022 included:

- Net income of $1.4 million, exceeding the prior year second quarter by 31%
- Total interest expense declined 19% over the prior year second quarter
- Included in the list of 200 top-performing publicly traded banks with assets less than $2 billion published annually by American Banker, based on 2021 results
- Named the Best Community Bank and Best Commercial Bank on the Main Line by readers of Main Line Today
- Named a "Best Places to Work" company by the Philadelphia Business Journal
- Successfully formed a bank holding company, First Resource Bancorp, Inc., to own First Resource Bank as a wholly owned subsidiary

President and Chief Financial Officer, Lauren C. Ranalli, stated, "The significant accomplishments the Bank experienced in the second quarter is a reflection of long-term planning that was carefully executed. The formation of First Resource Bancorp, Inc. had been a topic of discussion for many years and we are thrilled to have brought this plan to fruition as it greatly enhances our capital options in the future. This success was only amplified by learning that we were once again named a Best Places to Work company. We focus just as hard on providing an engaging, fun and inclusive work environment as we do on producing strong financial results. Knowing that our employees value our efforts means everything. We truly believe that happy employees translate into happy customers."

Net income for the quarter ended June 30, 2022 was $1.4 million, or $0.47 per common share, which compares to $1.3 million, or $0.45 per common share, for the previous quarter and $1.1 million, or $0.36 per common share, for the second quarter of the prior year. Annualized return on average assets ("ROAA") was 1.19% for the quarter ended June 30, 2022 compared to 0.94% for the quarter ended June 30, 2021. Annualized return on average equity ("ROAE") was 15.03% for the quarter ended June 30, 2022 compared to 12.85% for the quarter ended June 30, 2021.

Total interest income increased $215 thousand, or 5%, from $4.5 million for the first quarter of 2022 to $4.7 million for the second quarter of 2022. This increase was driven by a 3% organic growth in loans, excluding PPP loans, coupled with an increased rate environment, partially offset by lower fees recognized as interest income in association with PPP loan forgiveness during the second quarter of 2022 as compared to the prior quarter. The Bank recognized $160 thousand of PPP fees in the first quarter of 2022 and $8 thousand in the second quarter of 2022, which represents both the amortization of PPP fees for loans based on the original maturity schedule and the balance of PPP fees recognized when the loans were forgiven by the Small Business Administration. PPP fees have been fully recognized as of June 30, 2022.

Total interest income was $4.7 million for the three months ended June 30, 2021 and 2022. A nominal $2 thousand decrease in total interest income year-over year was the result a decrease in yield in loans due to a reduction of PPP fees recognized, offset by increased volume of loans and investments. Traditional loan growth year-over-year is 17% when excluding PPP loans for both periods. The Bank recognized $614 thousand in PPP fees in the three months ended June 30, 2021 as compared to $8 thousand in the three months ended June 30, 2022.

Total interest expense increased 1% when comparing the second quarter of 2022 to the first quarter of 2022. This increase was the result of a 4 basis point increase in rate on money market accounts, offset by reductions in the average balances of time deposits and FHLB borrowings, quarter over quarter.

Total interest expense decreased 19% from $678 thousand for the three months ended June 30, 2021 to $551 thousand for the three months ended June 30, 2022. The majority of this decreased expense was related to a 14 basis point decline in the cost as well as a lower volume of time deposits, year over year. Interest expense on FHLB borrowings decreased 56% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021 due to FHLB advance prepayments completed in the fourth quarter of 2021.

Net interest income was $4.2 million for the quarter ended June 30, 2022 as compared to $4.0 million for the previous quarter, a $209 thousand, or 5%, increase. The net interest margin increased 11 basis points from 3.62% for the quarter ended March 31, 2022 to 3.73% for the quarter ended June 30, 2022. The overall yield on interest earning assets increased 10 basis points during the second quarter primarily due to an increase in loan balances and a decrease in low yielding cash and investments maintained on the balance sheet. The cost of interest-bearing deposits increased 1 basis point during the second quarter to 0.56%, with the majority of that increase attributed to higher cost money market accounts. The total cost of deposits remained unchanged at 0.40% quarter over quarter.

Net interest income for the six months ended June 30, 2022 was $8.2 million, a 7% improvement over net interest income of $7.6 million for the six months ended June 30, 2021. This growth was driven by a 2% increase in loan interest income, a 51% decrease in borrowings interest expense and an 18% decrease in deposit interest expense.

The provision for loan losses decreased from $22 thousand for the three months ended March 31, 2022 to $19 thousand for the three months ended June 30, 2022. The provision for loan losses decreased from $270 thousand for the three months ended June 30, 2021, to $19 thousand for the three months ended June 30, 2022.

Marshall stated, "Significant one-time recoveries of $269 thousand on two charge-offs that date back to 2019 and prior have provided a measurable benefit in the first half of 2022. These recovered funds were available to cover reserve requirements for the majority of our new loans produced in 2022 thereby reducing our normal provision for loan loss expense. Credit quality has remained strong."

The allowance for loan losses to total loans was 0.87% at June 30, 2022, as compared to 0.86% at December 31, 2021 and 0.87% at June 30, 2021. Excluding PPP loans, which are 100% guaranteed by the SBA, the allowance for loan losses to total loans was 0.87% at June 30, 2022, 0.86% at December 31, 2021, 0.93% at June 30, 2021. Non-performing assets consisted of non-performing loans of $244 thousand at June 30, 2022 and March 31, 2022. Non-performing assets to total assets were 0.05% at June 30, 2022 and March 31, 2022.

Non-interest income for the quarter ended June 30, 2022 was $266 thousand, as compared to $383 thousand for the previous quarter and $181 thousand for the second quarter of the prior year. Swap referral fee income received in the second quarter of 2022 was $85 thousand, as compared to $102 thousand in the first quarter of 2022 and zero in the second quarter of 2021. Gain on sale of SBA loans was zero in the second quarter of 2022, as compared to $94 thousand in the first quarter of 2022 and zero in the second quarter of 2021.

Non-interest income for the six months ended June 30, 2022 was $649 thousand as compared to $359 thousand for the same period in the prior year. Swap referral fee income of $187 thousand was received in the first six months of 2022 as compared to none in the first six months of 2021. Gain on sale of SBA loans was $94 thousand for the first six months of 2022 as compared to none in the first six months of 2021.

Non-interest expense increased $23 thousand, or 1%, in the three months ended June 30, 2022 as compared to the prior quarter. Increases in salaries and employee benefits, professional fees and other expenses were partially offset by a decrease in occupancy and equipment. Non-interest expense increased $43 thousand, or 2%, when comparing the second quarter of 2022 to the second quarter of 2021. This increase was primarily attributed to higher salaries and benefits, professional fees, and other costs, partially offset by lower occupancy and equipment and data processing costs. Non-interest expenses to average assets were 2.32% for the three months ended June 30, 2022 as compared to 2.35% for the previous quarter and 2.36% for the second quarter of the prior year.

Deposits grew a net $3.2 million, or 1%, from $412.5 million at March 31, 2022 to $415.7 million at June 30, 2022. During the second quarter, noninterest-bearing deposits increased $1.4 million, or 1%, from $116.9 million at March 31, 2022 to $118.3 million at June 30, 2022. Interest-bearing checking balances increased $1.6 million, or 4%, from $39.7 million at March 31, 2022 to $41.3 million at June 30, 2022. Money market deposits increased $1.5 million, or 1%, from $188.1 million at March 31, 2022 to $189.6 million at June 30, 2022. Certificates of deposit decreased $1.3 million, or 2%, from $67.9 million at March 31, 2022 to $66.5 million at June 30, 2022. Between June 30, 2021 and June 30, 2022, total deposits grew 5%, with strong checking and money market growth partially offset by a decline in non-interest bearing deposits and certificates of deposit.

Ranalli noted, “Deposit rates have started to feel some upward pressure due to the Federal Reserve’s current aggressive rate hike plan. We continue to focus on growing checking deposits and will manage the deposit cost of funds as much as possible.”

The loan portfolio grew $13.1 million during the second quarter from $405.5 million at March 31, 2022 to $418.7 million at June 30, 2022. Excluding PPP loan activity, the loan portfolio increased $13.3 million, or 3%, from $405.3 million at March 31, 2022 to $418.6 million at June 30, 2022, with strong growth in commercial business loans, commercial real estate loans and consumer loans partially offset by a decline in construction loans.

The following table illustrates the composition of the loan portfolio:

| | June 30, 2022 | Dec. 31, 2021 | June 30, 2021 |
|---|---|---|---|
| Commercial real estate | $ 344,077,132 | $ 312,736,636 | $ 277,919,949 |
| Commercial construction | 23,651,993 | 22,167,820 | 30,724,320 |
| Commercial business | 36,531,634 | 39,273,664 | 56,477,796 |
| Consumer | 14,400,492 | 14,052,015 | 15,644,478 |
| Total loans | $ 418,661,251 | $ 388,230,135 | $ 380,766,543 |

Total stockholder’s equity increased $1.1 million, or 3%, from $36.3 million at March 31, 2022 to $37.4 million at June 30, 2022, 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 June 30, 2022, book value per share grew 35 cents, or 3%, to $12.75.

## Selected Financial Data:

Balance Sheets (unaudited)

| | June 30, 2022 | December 31, 2021 |
|---|---|---|
| Cash and due from banks | $ 20,970,079 | $ 10,545,913 |
| Time deposits at other banks | 100,000 | 100,000 |
| Investments | 21,417,862 | 53,419,674 |
| Loans | 418,661,251 | 388,230,135 |
| Allowance for loan losses | (3,635,433) | (3,322,979) |
| Premises & equipment | 7,981,164 | 8,075,525 |
| Other assets | 11,878,405 | 12,016,270 |
| Total assets | $ 477,373,328 | $ 469,064,538 |
| Noninterest-bearing deposits | $ 118,252,025 | $ 113,175,651 |
| Interest-bearing checking | 41,273,376 | 31,251,216 |
| Money market | 189,608,095 | 184,581,051 |
| Time deposits | 66,527,561 | 70,978,824 |
| Total deposits | 415,661,057 | 399,986,742 |
| Short term borrowings | 6,250,000 | 9,000,000 |
| Long term borrowings | 9,530,000 | 15,280,000 |
| Subordinated debt | 5,959,391 | 5,953,144 |
| Other liabilities | 2,579,517 | 3,293,450 |
| Total liabilities | 439,979,965 | 433,513,336 |
| Common stock | 2,932,440 | 2,928,166 |
| Surplus | 18,110,322 | 18,067,622 |
| Accumulated other comprehensive (loss) income | (848,201) | 69,182 |
| Retained earnings | 17,198,802 | 14,486,232 |
| Total stockholders’ equity | 37,393,363 | 35,551,202 |
| Total Liabilities & Stockholders’ Equity | $ 477,373,328 | $ 469,064,538 |

Performance Statistics
(unaudited)

| | Qtr Ended June 30, 2022 | Qtr Ended Mar. 31, 2022 | Qtr Ended Dec. 31, 2021 | Qtr Ended Sept. 30, 2021 | Qtr Ended June 30, 2021 |
|---|---|---|---|---|---|
| Net interest margin | 3.73% | 3.62% | 3.40% | 3.67% | 3.77% |
| Nonperforming loans/ Total loans | 0.06% | 0.06% | 0.00% | 0.03% | 0.04% |
| Nonperforming assets/ Total assets | 0.05% | 0.05% | 0.00% | 0.02% | 0.04% |
| Allowance for loan losses/ Total loans | 0.87%** | 0.89%** | 0.86%** | 0.86%** | 0.87%** |
| Average loans/Average assets | 88.0% | 85.2% | 80.0% | 82.8% | 86.4% |
| Non-interest expenses*/ Average assets | 2.32% | 2.35% | 2.43% | 2.27% | 2.36% |
| Efficiency ratio | 60.6% | 61.3% | 70.8% | 61.5% | 62.5% |
| Earnings per share – basic and diluted*** | $0.47 | $0.45 | $0.32 | $0.44 | $0.36 |
| Book value per share*** | $12.75 | $12.40 | $12.14 | $11.86 | $11.42 |
| Total shares outstanding*** | 2,932,440 | 2,930,134 | 2,928,166 | 2,925,874 | 2,923,777 |
| Weighted average shares outstanding*** | 2,931,285 | 2,929,243 | 2,927,008 | 2,924,797 | 2,922,612 |

* Annualized

** Excluding PPP loans, the allowance for loan losses/total loans was 0.87% at June 30, 2022, 0.89% at March 31, 2022, 0.86% at December 31, 2021, 0.88% at September 30, 2021, and 0.93% at June 30, 2021.

*** Per share data for prior periods was restated to reflect the 5% stock dividend paid in May 2021.

Income Statements (unaudited)

| | Qtr. Ended June 30, 2022 | Qtr. Ended Mar. 31, 2022 | Qtr. Ended Dec. 31, 2021 | Qtr. Ended Sept. 30, 2021 | Qtr. Ended June 30, 2021 |
|---|---|---|---|---|---|
| INTEREST INCOME | | | | | |
| Loans, including fees | $4,597,848 | $4,401,051 | $4,426,009 | $4,566,386 | $4,641,636 |
| Securities | 115,791 | 112,463 | 98,387 | 89,968 | 94,794 |
| Other | 26,483 | 11,699 | 19,496 | 15,790 | 5,775 |
| Total interest income | 4,740,122 | 4,525,213 | 4,543,892 | 4,672,144 | 4,742,205 |
| INTEREST EXPENSE | | | | | |
| Deposits | 412,378 | 394,432 | 414,096 | 424,240 | 481,151 |
| Borrowings | 45,690 | 58,137 | 96,950 | 105,289 | 104,145 |
| Subordinated debt | 93,125 | 93,123 | 93,124 | 93,124 | 93,123 |
| Total interest expense | 551,193 | 545,692 | 604,170 | 622,653 | 678,419 |
| Net interest income | 4,188,929 | 3,979,521 | 3,939,722 | 4,049,491 | 4,063,786 |
| Provision for loan losses | 19,150 | 21,560 | 59,554 | 6,834 | 270,453 |
| Net interest income after provision for loan losses | 4,169,779 | 3,957,961 | 3,880,168 | 4,042,657 | 3,793,333 |
| NON-INTEREST INCOME | | | | | |
| BOLI income | 47,100 | 46,591 | 47,390 | 47,555 | 47,505 |
| Referral fee income | 84,725 | 101,974 | - | - | - |
| Gain on sale of SBA loans | - | 94,392 | - | - | - |
| Other | 134,583 | 139,833 | 132,942 | 131,449 | 133,708 |
| Total non-interest income | 266,408 | 382,790 | 180,332 | 179,004 | 181,213 |
| NON-INTEREST EXPENSE | | | | | |
| Salaries & benefits | 1,643,403 | 1,628,813 | 1,584,108 | 1,559,849 | 1,592,369 |
| Occupancy & equipment | 233,866 | 253,088 | 247,547 | 253,349 | 255,537 |
| Professional fees | 151,939 | 130,894 | 139,071 | 104,768 | 98,035 |
| Advertising | 81,856 | 80,926 | 92,159 | 81,789 | 87,788 |
| Data processing | 134,463 | 136,335 | 150,659 | 160,971 | 188,220 |
| Other | 452,282 | 445,110 | 703,462 | 441,218 | 432,851 |
| Total non-interest expense | 2,697,809 | 2,675,166 | 2,917,006 | 2,601,944 | 2,654,800 |
| Income before federal income tax expense | 1,738,378 | 1,665,585 | 1,143,494 | 1,619,717 | 1,319,746 |
| Federal income tax expense | 352,887 | 338,506 | 227,367 | 326,319 | 263,172 |
| Net income | $1,385,491 | $1,327,079 | $ 916,127 | $1,293,398 | $1,056,574 |

Income Statements (unaudited)

| | Six Months Ended June 30, 2022 | Six Months Ended June 30, 2021 |
|---|---|---|
| INTEREST INCOME | | |
| Loans | $ 8,998,899 | $ 8,811,548 |
| Investments | 228,254 | 191,054 |
| Other | 38,182 | 11,797 |
| Total interest income | 9,265,335 | 9,014,399 |
| INTEREST EXPENSE | | |
| Deposits | 806,810 | 980,773 |
| Borrowings | 103,827 | 212,888 |
| Subordinated debt | 186,248 | 186,247 |
| Total interest expense | 1,096,885 | 1,379,908 |
| Net interest income | 8,168,450 | 7,634,491 |
| Provision for loan losses | 40,710 | 510,606 |
| Net interest income after provision for loan losses | 8,127,740 | 7,123,885 |
| NON-INTEREST INCOME | | |
| BOLI income | 93,691 | 92,028 |
| Referral fee income | 186,699 | - |
| Gain on sale of SBA loans | 94,392 | - |
| Other | 274,416 | 266,946 |
| Total non-interest income | 649,198 | 358,974 |
| NON-INTEREST EXPENSE | | |
| Salaries & benefits | 3,272,216 | 3,024,628 |
| Occupancy & equipment | 486,954 | 518,038 |
| Professional fees | 282,833 | 187,448 |
| Advertising | 162,782 | 149,471 |
| Data processing | 270,798 | 337,853 |
| Other non-interest expense | 897,392 | 816,802 |
| Total non-interest expense | 5,372,975 | 5,034,240 |
| Income before federal income tax expense | 3,403,963 | 2,448,619 |
| Federal income tax expense | 691,393 | 486,381 |
| Net income | $ 2,712,570 | $ 1,962,238 |

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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.