First Resource Bancorp, Inc.

NEWS RELEASE

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First Resource Bancorp, Inc. Reports Record Second Quarter 2026 Financial Results

EXTON, PA – First Resource Bancorp, Inc. (OTCQX: FRSB), reported strong financial performance for the second quarter ended June 30, 2026.

Lauren C. Ranalli, President and CEO, stated, "Our second quarter results highlight the strength and scalability of our franchise. As First Resource Bank continues to grow, we are seeing improvement across virtually every meaningful financial metric, including earnings, net interest margin, returns on assets and equity, book value per share, and credit quality. We believe long-term value creation is achieved through disciplined growth that strengthens profitability and capital alongside the balance sheet. The results reported this quarter reflect the continued execution of that strategy."

Second Quarter 2026 Highlights

- Net income of $2.8 million exceeded the prior year by 46% and the prior quarter by 13%
- Earnings per common share increased to $0.93, up 48% from the prior year
- Annualized return on average equity was 17.82%
- Annualized return on average assets was 1.36%
- Net interest margin expanded 29 basis points to 4.09%
- Efficiency ratio improved to 54.39% compared to 60.05% a year ago
- Net interest income increased 36% year over year
- Total loans grew 3% during the quarter, or 12% on an annualized basis
- Total deposits grew 4% during the quarter, or 15% on an annualized basis
- Noninterest-bearing deposits grew 5% during the quarter, or 18% on an annualized basis
- Book value per share increased 4% to $21.19
- Non-performing assets to total assets decreased to 0.10%
- Paid second quarterly cash dividend of $0.02 per common share

Earnings and Profitability

For the quarter ended June 30, 2026, net income totaled $2.8 million, compared to $1.9 million for the same period a year ago and $2.5 million for the prior quarter. Earnings per share increased to $0.93, up from $0.63 in the second quarter of 2025 and $0.82 in the first quarter of 2026.

For the six months ended June 30, 2026, net income totaled $5.3 million, compared to $3.6 million for the same period in 2025.

Annualized return on average assets rose to 1.36% for the second quarter of 2026, compared to 1.15% for the same period in 2025. Annualized return on average equity increased to 17.82%, up from 14.38% a year ago, reflecting improved operating leverage and balance sheet growth.

Net Interest Income and Net Interest Margin

Net interest income totaled $8.1 million for the second quarter of 2026, representing an increase of $755 thousand, or 10%, compared to the prior quarter and an increase of 36% compared to the same period a year ago. The net interest margin expanded to 4.09%, up from 3.80% in the first quarter of 2026 and 3.72% in the second quarter of 2025.

Ranalli added, "The net interest margin expansion experienced in the second quarter was partially due to a full recovery of past due interest income on a nonaccrual loan that was paid in full during the quarter. This was a positive outcome for both the margin and our credit quality metrics."

Net interest income totaled $15.4 million for the six months ended June 30, 2026, representing an increase of $4.0 million, or 35%, compared to the same period in 2025.

Total interest income increased to $12.8 million for the second quarter of 2026, representing a 6% increase from the prior quarter and a 24% increase compared to the second quarter of 2025. Quarterly growth was driven primarily by a 3% increase in average loan balances in addition to a 20 basis point increase in loan yields. Year-over-year growth reflected a 15% increase in average loan balances and overall higher loan yields.

Total interest income increased to $24.8 million for the six months ended June 30, 2026, representing a 24% increase from the same period in 2025.

Total interest expense for the second quarter of 2026 was relatively unchanged from the prior quarter, as higher money market balances offset lower time deposit balances and a 20 basis point decline in time deposit costs. Compared to the second quarter of 2025, total interest expense increased 8%, driven by higher volumes of interest-bearing deposits and borrowings, partially mitigated by lower deposit rates.

Total interest expense increased to $9.4 million for the six months ended June 30, 2026, representing a 10% increase from the same period in 2025.

Asset Quality, Provision for Credit Losses, and Allowance for Credit Losses on Loans

The provision for credit losses totaled $386 thousand for the second quarter of 2026, compared to $377 thousand in the first quarter of 2026 and $130 thousand in the second quarter of 2025. As of June 30, 2026, the allowance for credit losses represented 0.79% of total loans, compared to 0.73% at December 31, 2025.

Non-performing assets totaled $881 thousand, or 0.10% of total assets, at June 30, 2026, compared to $3.0 million, or 0.37% of total assets, at March 31, 2026. Non-performing assets represented 0.09% and 0.03% of total assets at December 31, 2025, and June 30, 2025, respectively. Two of the Company's three non-accrual loan relationships are fully secured by real estate collateral, while the third required a specific reserve of $127 thousand during the second quarter.

"We were pleased to meaningfully reduce non-performing assets during the second quarter through the successful resolution of a $2.3 million non-accrual commercial loan relationship, which was collected in full. Our lending strategy emphasizes well-structured loans typically supported by real estate collateral. This approach has historically helped limit credit losses and preserve capital when borrower challenges emerge. The positive resolution of this relationship is a tangible example of the effectiveness of our underwriting philosophy and disciplined approach to credit risk management," stated Ranalli.

Non-Interest Income and Expense

Non-interest income totaled $435 thousand for the quarter, representing a decrease of 20% from the prior quarter and an increase of 17% from the same period last year. Gains on the sale of SBA loans were $108 thousand, compared to $274 thousand in the prior quarter and $26 thousand in the second quarter of 2025. There was no swap referral fee income in the second or first quarters of 2026, compared to $108 thousand in the second quarter of 2025. Service charges increased 35% from the prior quarter, primarily due to late fees collected in connection with the previously discussed non-accrual loan resolution.

Non-interest income totaled $979 thousand for the six months ended June 30, 2026, representing a 36% increase compared to $722 thousand for the same period in 2025. Gains on sale of SBA loans were $383 thousand for the six months ended June 30, 2026, compared to $113 thousand for the same period in 2025. There was no swap referral fee income for the six months ended June 30, 2026, compared to $132 thousand in the same period of 2025.

Non-interest expenses increased 6% from the prior quarter and 22% compared to the second quarter of 2025, reflecting higher costs across most operating categories, including one-time renovation costs for our Exton branch which was built in 2014. The ratio of non-interest expense to average assets was 2.27%, compared to 2.21% in the prior quarter and 2.29% in the second quarter of 2025. The efficiency ratio was 54.39%, compared to 55.77% in the prior quarter and 60.05% in the second quarter of 2025.

Non-interest expenses increased 22% for the six months ended June 30, 2026, compared to the same period in 2025, reflecting higher costs across all operating categories.

Balance Sheet

Total deposits increased $27.4 million, or 4%, during the second quarter of 2026, reflecting a shift in deposit mix. Increases in non-interest-bearing deposits and money market balances were partially offset by decreases in interest-bearing checking and time deposits. On a year-over-year basis, total deposits increased $145.7 million, or 24%, driven by growth across all deposit categories except time deposits. Approximately 81% of total deposits were insured or collateralized as of June 30, 2026.

"We are encouraged by the continued growth of our customer deposit base during the second quarter, which supported 3% loan growth while enabling us to reduce non-core deposits by an additional $12.9 million," stated Ranalli.

Total loans increased $21.6 million, or 3%, during the second quarter of 2026 to $726.9 million, driven primarily by strong growth in commercial real estate loans. Compared to June 30, 2025, total loans increased $102.1 million, or 16%, driven by continued strength in commercial real estate and construction lending.

The following table illustrates the composition of the loan portfolio, net of unearned loan origination fees and costs:

	June 30, 2026	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025
Commercial real estate	$ 553,196,932	$ 531,440,586	$ 525,443,319	$ 516,826,603	$ 487,283,100
Commercial construction	89,742,205	88,293,400	68,110,339	49,287,152	52,208,827
Commercial business	64,907,888	67,016,443	66,353,744	69,578,865	66,271,853
Consumer	19,007,086	18,541,133	18,548,853	19,645,273	19,037,313
Total loans	$ 726,854,111	$ 705,291,562	$ 678,456,255	$ 655,337,893	$ 624,801,093

Investment securities totaled $31.1 million at June 30, 2026, compared to $31.8 million at March 31, 2026. The Company's held-to-maturity investment portfolio had an amortized cost of $9.0 million and a fair value of $8.4 million, resulting in an unrealized loss of $561 thousand, compared to an unrealized loss of $683 thousand as of March 31, 2026. On an after-tax basis, this unrealized loss totaled $443 thousand, representing approximately 0.7% of total stockholders' equity as of June 30, 2026.

The remainder of the Company's investment portfolio was classified as available-for-sale and had a book value of $23.2 million and a fair value of $22.1 million at June 30, 2026. This resulted in an unrealized loss of $1.1 million, compared to a similar amount at March 31, 2026. The after-tax unrealized loss of $880 thousand is reflected in accumulated other comprehensive loss within stockholders' equity.

Total assets increased 4% during the quarter, driven primarily by loan growth and higher cash balances associated with deposit growth.

Total stockholders' equity increased $2.7 million, or 4%, during the second quarter of 2026, rising from $61.0 million at March 31, 2026, to $63.8 million at June 30, 2026. This increase was driven primarily by net income earned during the quarter. During the quarter, the Company paid a cash dividend of $0.02 per common share. Book value per share increased by $0.89, or 4%, during the second quarter to $21.19 per share at June 30, 2026.

Selected Financial Data:

Consolidated Balance Sheets (unaudited)

	June 30, 2026	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025
Assets:					
Cash and due from banks	$ 62,564,468	$ 52,953,190	$ 90,422,400	$ 29,590,356	$ 34,917,531
Time deposits at other banks	100,000	100,000	100,000	100,000	100,000
Investments	31,068,571	31,759,063	27,634,611	19,065,497	16,473,298
Loans receivable	726,854,111	705,291,562	678,456,255	655,337,893	624,801,093
Allowance for credit losses	(5,739,175)	(5,338,337)	(4,977,305)	(4,706,905)	(4,733,781)
Premises & equipment	7,258,468	7,312,947	7,360,342	7,467,535	7,561,092
Other assets	18,862,663	18,923,756	18,359,879	18,030,984	18,141,421
Total assets	$ 840,969,106	$ 811,002,181	$ 817,356,182	$ 724,885,360	$ 697,260,654
Liabilities:					
Noninterest-bearing deposits	$ 125,099,120	$ 119,590,197	$ 120,359,227	$ 99,688,828	$ 99,411,113
Interest-bearing checking	58,644,735	66,652,272	69,271,915	55,875,100	43,620,103
Money market	401,304,624	349,036,565	326,603,007	257,517,175	256,694,537
Time deposits	160,401,444	182,731,610	209,098,258	217,695,517	200,018,778
Total deposits	745,449,923	718,010,644	725,332,407	630,776,620	599,744,531
Short term borrowings	-	-	-	8,000,000	20,000,000
Long term borrowings	14,162,000	14,162,000	16,012,000	13,887,000	8,210,000
Subordinated debt	10,470,219	10,468,289	10,466,463	8,485,386	8,481,329
Other liabilities	7,124,273	7,338,138	6,777,883	7,320,262	6,830,863
Total liabilities	777,206,415	749,979,071	758,588,753	668,469,268	643,266,723
Stockholders' Equity					
Common stock	3,100,773	3,100,773	3,100,773	3,100,773	3,100,773
Additional paid-in capital	19,916,183	19,892,023	19,863,401	19,857,275	19,855,264
Treasury stock	(1,290,483)	(1,318,700)	(1,346,793)	(1,375,079)	(1,409,115)
Accumulated other comprehensive loss	(880,267)	(843,939)	(630,812)	(638,426)	(766,374)
Retained earnings	42,916,485	40,192,953	37,780,860	35,471,549	33,213,383
Total stockholders' equity	63,762,691	61,023,110	58,767,429	56,416,092	53,993,931
Total liabilities & stockholders' equity	$ 840,969,106	$ 811,002,181	$ 817,356,182	$ 724,885,360	$ 697,260,654

Performance Statistics (unaudited)

	Three Months Ended				
	June 30, 2026	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025
Per Share Data:					
Earnings per share – basic	$ 0.93	$ 0.82	$ 0.78	$ 0.75	$ 0.63
Earnings per share – diluted	$ 0.92	$ 0.82	$ 0.78	$ 0.75	$ 0.63
Total shares outstanding	3,008,592	3,006,555	3,004,527	3,002,485	3,000,028
Weighted average shares outstanding	3,007,673	3,005,613	3,003,726	3,001,454	2,999,200
Book value per share	$ 21.19	$ 20.30	$ 19.56	$ 18.79	$ 18.00
Performance Ratios:					
Return on average assets *	1.36%	1.24%	1.18%	1.29%	1.15%
Return on average equity *	17.82%	16.64%	15.87%	16.19%	14.38%
Net interest margin	4.09%	3.80%	3.77%	3.87%	3.72%
Non-interest expenses* to average assets	2.27%	2.21%	2.15%	2.21%	2.29%
Efficiency ratio	54.39%	55.77%	56.25%	56.11%	60.05%
Asset Quality Ratios:					
Non-performing loans to total loans	0.12%	0.43%	0.11%	0.00%	0.03%
Non-performing assets to total assets	0.10%	0.37%	0.09%	0.00%	0.03%
Allowance for credit losses to total loans	0.79%	0.76%	0.73%	0.72%	0.76%

* Annualized

Consolidated Income Statements (unaudited)

	Three Months Ended				
	June 30, 2026	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025
Interest income:					
Loans, including fees	$ 12,017,007	$ 11,182,544	$ 11,098,085	$ 10,719,087	$ 10,126,623
Securities	328,305	280,104	206,991	136,606	118,920
Other	439,133	560,555	599,764	138,292	28,289
Total interest income	12,784,445	12,023,203	11,904,840	10,993,985	10,273,832
Interest expense:					
Deposits	4,405,473	4,395,446	4,520,311	4,231,636	4,111,978
Borrowings	119,399	122,789	125,620	77,963	85,822
Subordinated debt	162,556	162,556	137,058	134,682	134,681
Total interest expense	4,687,428	4,680,791	4,782,989	4,444,281	4,332,481
Net interest income	8,097,017	7,342,412	7,121,851	6,549,704	5,941,351
Provision for credit losses	386,010	377,167	368,729	189,087	130,416
Net interest income after provision for credit losses	7,711,007	6,965,245	6,753,122	6,360,617	5,810,935
Non-interest income:					
Service charges and other fees	175,655	130,399	116,476	107,182	97,887
BOLI income	69,341	68,580	69,075	68,585	66,998
Gain on sale of SBA loans	108,308	274,352	-	-	26,326
Swap referral fee income	-	-	69,890	96,813	107,925
Other	81,640	70,899	81,363	76,913	73,275
Total non-interest income	434,944	544,230	336,804	349,493	372,411
Non-interest expense					
Salaries & benefits	2,769,316	2,657,536	2,635,943	2,370,422	2,253,069
Occupancy & equipment	424,243	349,732	313,743	316,684	318,631
Professional fees	176,904	173,999	137,279	143,108	192,378
Advertising	124,258	126,442	87,011	104,356	113,923
Data processing	246,663	245,419	240,384	213,565	207,430
FDIC premium expense	180,310	191,252	166,763	135,382	128,019
Other	719,020	653,955	614,101	587,553	577,942
Total non-interest expense	4,640,714	4,398,335	4,195,224	3,871,070	3,791,392
Income before federal income tax expense	3,505,237	3,111,140	2,894,702	2,839,040	2,391,954
Federal income tax expense	721,573	638,956	585,391	580,874	488,827
Net income	$ 2,783,664	$ 2,472,184	$ 2,309,311	$ 2,258,166	$ 1,903,127

Consolidated Income Statements (unaudited)

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Interest income:		
Loans, including fees	$ 23,199,551	$ 19,709,716
Securities	608,409	235,292
Other	999,688	75,710
Total interest income	24,807,648	20,020,718
Interest expense:		
Deposits	8,800,919	8,114,973
Borrowings	242,188	163,125
Subordinated debt	325,112	269,363
Total interest expense	9,368,219	8,547,461
Net interest income	15,439,429	11,473,257
Provision for credit losses	763,177	304,513
Net interest income after provision for credit losses	14,676,252	11,168,744
Non-interest income:		
Service charges and other fees	306,054	207,247
BOLI income	137,921	132,848
Gain on sale of SBA loans	382,660	113,186
Swap referral fee income	-	132,126
Other	152,539	136,118
Total non-interest income	979,174	721,525
Non-interest expense		
Salaries & benefits	5,426,852	4,380,106
Occupancy & equipment	773,975	653,329
Professional fees	350,903	342,554
Advertising	250,700	222,644
Data processing	492,082	411,922
FDIC premium expense	371,562	259,194
Other	1,372,975	1,111,101
Total non-interest expense	9,039,049	7,380,850
Income before federal income tax expense	6,616,377	4,509,419
Federal income tax expense	1,360,529	919,068
Net income	$ 5,255,848	$ 3,590,351

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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.