NEWS RELEASE

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FIRST RESOURCE BANK ANNOUNCES RECORD QUARTERLY NET INCOME; ACHIEVES 22% ORGANIC LOAN GROWTH YEAR-TO-DATE

EXTON, PA – First Resource Bank (OTCQX: FRSB) announced financial results for the three and nine months ended September 30, 2021.

Glenn B. Marshall, CEO, stated, "First Resource Bank has experienced monumental growth in the first nine months of 2021 despite continued disruptions in the world caused by the pandemic. Year-over-year loan growth, excluding PPP loans, was 28%, and total checking deposits increased 51% over that same timeframe. This growth acceleration, coupled with a core processing technology conversion completed during the third quarter, has fueled a transformation of the bank over the past 18 months."

Highlights for the three and nine months ended September 30, 2021 included:

- Third quarter net income of $1.3 million was the highest quarterly profit in the Bank's history
- 22% loan growth achieved during the first nine months of 2021, excluding PPP loan activity
- Approximately 89% of PPP loans have been forgiven as of September 30, 2021
- Non-interest bearing checking deposits grew 25% year to date
- Total checking deposits grew 27% year to date
- Total interest income grew 13% over the prior year third quarter
- Total interest expense declined 27% over the prior year third quarter
- Named the Best Bank in Chester County for the fifth consecutive year by the readers of The Daily Local News

President and Chief Financial Officer, Lauren C. Ranalli, stated, "Improving our deposit mix has enabled First Resource Bank to be more competitive on loan pricing to help continue to grow the loan portfolio. The liquidity surge that we experienced in 2020 has remained and we have turned many of those PPP opportunities into full relationships, including business operating checking accounts. We continue to capitalize on disruption in our local market due to merger activity and we anticipate increased opportunities in the future. First Resource Bank is well positioned to earn new customers that have become disenfranchised after a merger of their existing bank. We've upgraded our internal technology, have plans to continue to enhance our customer facing technology in the near term and are actively engaged in the community to help those businesses find a new banking home."

Net income for the quarter ended September 30, 2021 was $1,293,398, which compares to $1,056,574 for the previous quarter and $815,406 for the third quarter of the prior year.

Total interest income decreased 1% when comparing the third quarter of 2021 to the second quarter of 2021. This decrease was driven by lower fees recognized as interest income in association with PPP loan forgiveness during the third quarter of 2021 as compared to the prior quarter, offset by a 4% organic growth in loans, excluding PPP loans. The Bank recognized $614 thousand in PPP fees in the second quarter of 2021 and $459 thousand in the third quarter of 2021 which represents both the amortization of fees for individual loans based on the original maturity schedule and the balance of fees recognized when the loan is forgiven by the Small Business Administration.

Total interest income rose 13% from $4,142,927 for the three months ended September 30, 2020 to $4,672,144 for the three months ended September 30, 2021. This increase was the result of 9% loan growth when comparing September 30, 2021 to a year prior, which increases to 28% loan growth when excluding PPP loans for both periods. Increased interest income from loan growth was aided by a 15 basis point increase in loan yields when comparing the third quarter of 2020 to the third quarter of 2021. The Bank recognized $205 thousand in PPP fees in the three months ended September 30, 2020 as compared to $459 thousand in the three months ended September 30, 2021. The Bank recognized $363 thousand in PPP fees in the nine months ended September 30, 2020 as compared to $1.5 million for the nine months ended September 30, 2021.

Total interest expense decreased 8% when comparing the third quarter of 2021 to the second quarter of 2021. This decrease was driven by a 7 basis point decrease in the cost of interest-bearing deposits during the quarter. Interest expense on deposits continues to be actively managed to lower costs.

Total interest expense decreased 27% from $851,505 for the three months ended September 30, 2020 to $622,653 for the three months ended September 30, 2021. The vast majority of this decreased expense was related to an overall 44 basis point decline in the cost of interest-bearing deposits, led by a 19 basis point decrease in the cost of money market accounts and a 54 basis point decrease in the cost of certificates of deposit, year over year. Overall interest expense was also mitigated by strong growth in noninterest-bearing deposits, which increased 53% when comparing September 30, 2021 to the year prior.

Net interest income was $4,049,491 for the quarter ended September 30, 2021 as compared to $4,063,786 for the previous quarter, a nominal decrease. The net interest margin decreased 10 basis points from 3.77% for the quarter ended June 30, 2021 to 3.67% for the quarter ended September 30, 2021. The overall yield on interest earning assets decreased 17 basis points during the third quarter primarily due to a lower loan to asset ratio at September 30, 2021 as compared to June 30, 2021. The cost of interest-bearing deposits decreased 7 basis points during the third quarter to 0.62%, with the majority of that decrease attributed to lower cost certificates of deposit. Continued growth in noninterest-bearing deposits fueled a decline in the total cost of deposits from 0.50% at June 30, 2021 to 0.43% at September 30, 2021.

Net interest income for the nine months ended September 30, 2021 was $11,683,982, a 26% improvement over net interest income of $9,245,164 for the nine months ended September 30, 2020. This growth was driven by a 14% increase in loan interest income, higher fee recognition on PPP loans and a 38% decrease in deposit interest expense.

The provision for loan losses decreased from $270,453 for the three months ended June 30, 2021 to $6,834 for the three months ended September 30, 2021. The provision for loan losses decreased from $129,894 for the three months ended September 30, 2020, to $6,834 for the three months ended September 30, 2021.

Marshall stated, “Credit quality continues to be incredibly strong and as uncertainty related to the pandemic continues to wane, increased reserves related to that event decline as well. Our customers have performed strongly throughout the pandemic requiring smaller additions to the allowance for loan losses this quarter."

The allowance for loan losses to total loans was 0.86% at September 30, 2021 as compared to 0.87% at June 30, 2021, 0.86% at December 31, 2020 and 0.78% at September 30, 2020. Excluding PPP loans, which are 100% guaranteed by the SBA, the allowance for loan losses to total loans was 0.88% at September 30, 2021, 0.93% at June 30, 2021, 0.95% at December 31, 2020 and 0.93% at September 30, 2020. Non-performing assets consisted of non-performing loans of $97 thousand at September 30, 2021, a 41% decline from the prior quarter. Non-performing assets to total assets were 0.02% at September 30, 2021, down from 0.04% in the prior quarter.

Non-interest income for the quarter ended September 30, 2021 was $179,004, as compared to $181,213 for the previous quarter and $136,863 for the third quarter of the prior year.

Non-interest income for the nine months ended September 30, 2021 was $537,978 as compared to $557,403 for the same period in the prior year. Swap referral fee income of $175,100 was received in the first nine months of 2020 as compared to none in the first nine months of 2021. This decline in swap fee income is attributed to lower customer demand in 2021 due to the interest rate environment.

Non-interest expense decreased $52,856, or 2%, in the three months ended September 30, 2021 as compared to the prior quarter. The decrease was primarily due to decreases in salaries and benefits, occupancy, advertising, and data processing, partially offset by increases in professional fees, and other operating expenses. Part of the decrease in salaries and benefits expenses and data processing expenses are attributed to a significant technology enhancement project during the second quarter. Non-interest expense increased $318 thousand, or 14%, when comparing the third quarter of 2021 to the third quarter of 2020. This increase was primarily attributed to an increase in salaries and benefits costs, data processing and other costs. The technology enhancement project during the second quarter of 2021 included numerous one-time expenses in each of those categories.

Deposits grew a net $7.4 million, or 2%, from $394.4 million at June 30, 2021 to $401.8 million at September 30, 2021. During the third quarter, noninterest-bearing deposits increased $1.1 million, or 1%, from $123.5 million at June 30, 2021 to $124.6 million at September 30, 2021. Interest-bearing checking balances increased $2.6 million, or 9%, from $30.2 million at June 30, 2021 to $32.8 million at September 30, 2021. Money market deposits increased $12.1 million, or 8%, from $158.8 million at June 30, 2021 to $170.9 million at September 30, 2021. Certificates of deposit decreased $8.3 million, or 10%, from $81.9 million at June 30, 2021 to $73.6 million at September 30, 2021. Between September 30, 2020 and September 30, 2021, total deposits grew 22%, with tremendous checking and money market growth partially offset by a decline in certificates of deposit.

The loan portfolio declined $1.6 million during the third quarter from $380.8 million at June 30, 2021 to $379.2 million at September 30, 2021. Excluding PPP loan activity, the loan portfolio increased $14.0 million, or 4%, from $356.4 million at June 30, 2021 to $370.4 million at September 30, 2021, with strong growth in commercial real estate loans and commercial business loans partially offset by a decline in construction loans and consumer loans. Year-to-date loan growth in 2021 was $40.3 million or 12%. Excluding PPP loan activity, year-to-date loan growth was $65.8 million, or 22%. The loan portfolio grew $32.2 million, or 9% from $347.0 million at September 30, 2020 to $379.2 million at September 30, 2021. Excluding PPP loans, the loan portfolio grew $80.2 million, or 28% from September 30, 2020 to September 30, 2021.

The following table illustrates the composition of the loan portfolio:

	September 30, 2021	Dec. 31, 2020	September 30, 2020
Commercial real estate	$ 295,356,032	$ 227,224,196	$ 214,601,741
Commercial construction	25,483,655	24,925,050	22,869,475
Commercial business	43,112,165	66,555,149	88,868,441
Consumer	15,245,369	20,235,647	20,680,420
Total loans	$ 379,197,221	$ 338,940,042	$ 347,020,077

Total stockholder's equity increased $1.3 million, or 4%, from $33.4 million at June 30, 2021 to $34.7 million at September 30, 2021, primarily due to net income generated. During the quarter ended September 30, 2021, book value per share grew 44 cents, or 4%, to $11.86.

Total assets increased $10.4 million, or 2% during the third quarter of 2021, with growth in cash and due from banks funded by deposit growth. PPP loan activity of $15.6 million in net payoffs (forgiveness payments less new originations) in the third quarter of 2021 were replaced with $14.0 million in organic loan growth.

Selected Financial Data:
Balance Sheets (unaudited)

	September 30, 2021	December 31, 2020
Cash and due from banks	$ 54,840,411	$ 26,008,820
Time deposits at other banks	100,000	599,000
Investments	17,098,565	43,060,035
Loans	379,197,221	338,940,042
Allowance for loan losses	(3,268,906)	(2,907,023)
Premises & equipment	8,176,244	8,380,269
Other assets	11,797,807	10,353,164
Total assets	$ 467,941,342	$ 424,434,307
Noninterest-bearing deposits	$ 124,606,595	$ 99,898,323
Interest-bearing checking	32,779,767	23,726,721
Money market	170,876,537	140,480,421
Time deposits	73,566,332	93,919,651
Total deposits	401,829,231	358,025,116
Short term borrowings	-	-
Long term borrowings	21,158,000	24,206,000
Subordinated debt	5,950,020	7,940,649
Other liabilities	4,293,197	2,806,732
Total liabilities	433,230,448	392,978,497
Total stockholders’ equity	34,710,894	31,455,810
Total Liabilities & Stockholders’ Equity	$ 467,941,342	$ 424,434,307

Performance Statistics
(unaudited)

	Qtr Ended Sept. 30, 2021	Qtr Ended June 30, 2021	Qtr Ended Mar. 31, 2021	Qtr Ended Dec. 31, 2020	Qtr Ended Sept. 30, 2020
Net interest margin	3.67%	3.77%	3.59%	3.69%	3.53%
Nonperforming loans/ Total loans	0.03%	0.04%	0.10%	0.11%	0.40%
Nonperforming assets/ Total assets	0.02%	0.04%	0.09%	0.09%	0.35%
Allowance for loan losses/ Total loans	0.86%**	0.87%**	0.83%**	0.86%**	0.78%**
Average loans/Average assets	82.8%	86.4%	84.4%	81.4%	88.7%
Non-interest expenses*/ Average assets	2.27%	2.36%	2.29%	2.20%	2.34%
Earnings per share – basic and diluted***	$0.44	$0.36	$0.31	$0.39	$0.28
Book value per share***	$11.86	$11.42	$11.07	$10.78	$10.41
Total shares outstanding***	2,925,874	2,923,777	2,921,312	2,918,668	2,915,612

* Annualized

** Excluding PPP loans, the allowance for loan losses/total loans was 0.88% at September 30, 2021, 0.93% at June 30, 2021, 0.95% at March 31, 2021, 0.95% at December 31, 2020, and 0.93% at September 30, 2020.

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

Income Statements (unaudited)

	Qtr. Ended Sept. 30, 2021	Qtr. Ended June 30, 2021	Qtr. Ended Mar. 31, 2021	Qtr. Ended Dec. 31, 2020	Qtr. Ended Sept. 30, 2020
INTEREST INCOME					
Loans, including fees	$4,566,386	$4,641,636	$4,169,912	$4,439,471	$4,038,794
Securities	89,968	94,794	96,260	93,928	101,768
Other	15,790	5,775	6,022	10,990	2,365
Total interest income	4,672,144	4,742,205	4,272,194	4,544,389	4,142,927
INTEREST EXPENSE					
Deposits	424,240	481,151	499,622	581,982	653,243
Borrowings	105,289	104,145	108,743	117,995	120,795
Subordinated debt	93,124	93,123	93,124	126,007	77,467
Total interest expense	622,653	678,419	701,489	825,984	851,505
Net interest income	4,049,491	4,063,786	3,570,705	3,718,405	3,291,422
Provision for loan losses	6,834	270,453	240,153	229,538	129,894
Net interest income after provision for loan losses	4,042,657	3,793,333	3,330,552	3,488,867	3,161,528
NON-INTEREST INCOME					
BOLI income	47,555	47,505	44,523	36,852	37,125
Referral fee income	-	-	-	69,000	-
Gain on sale of SBA loans	-	-	-	-	-
Other	131,449	133,708	133,238	118,539	99,738
Total non-interest income	179,004	181,213	177,761	224,391	136,863
NON-INTEREST EXPENSE					
Salaries & benefits	1,559,849	1,592,369	1,432,259	1,405,431	1,386,212
Occupancy & equipment	253,349	255,537	262,501	238,406	261,166
Professional fees	104,768	98,035	89,413	95,238	96,936
Advertising	81,789	87,788	61,683	80,279	72,390
Data processing	160,971	188,220	149,633	146,147	131,351
Other	441,218	432,851	383,951	349,074	336,144
Total non-interest expense	2,601,944	2,654,800	2,379,440	2,314,575	2,284,199
Income before income tax expense	1,619,717	1,319,746	1,128,873	1,398,683	1,014,192
Federal income tax expense	326,319	263,172	223,209	280,248	198,786
Net income	$1,293,398	$1,056,574	$905,664	$1,118,435	$ 815,406

Income Statements (unaudited)

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
INTEREST INCOME		
Loans	$ 13,377,934	$ 11,732,761
Investments	281,022	324,673
Other	27,587	52,260
Total interest income	13,686,543	12,109,694
INTEREST EXPENSE		
Deposits	1,405,013	2,281,736
Borrowings	318,177	370,357
Subordinated debt	279,371	212,437
Total interest expense	2,002,561	2,864,530
Net interest income	11,683,982	9,245,164
Provision for loan losses	517,440	324,972
Net interest income after provision for loan losses	11,166,542	8,920,192
NON-INTEREST INCOME		
BOLI income	139,583	111,242
Referral fee income	-	175,100
Gain on sale of SBA loans	-	-
Other	398,395	271,061
Total non-interest income	537,978	557,403
NON-INTEREST EXPENSE		
Salaries & benefits	4,584,477	4,087,719
Occupancy & equipment	771,387	741,752
Professional fees	292,216	287,589
Advertising	231,260	202,679
Data processing	498,824	406,770
Other non-interest expense	1,258,020	1,104,593
Total non-interest expense	7,636,184	6,831,102
Pre-tax income	4,068,336	2,646,493
Tax expense	812,700	513,961
Net income	$ 3,255,636	$ 2,132,532

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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.