

NEWS RELEASE

For Immediate Release
January 24, 2025

Media Contact:
Lauren Ranalli, President & CEO
610-561-6014

FIRST RESOURCE BANCORP, INC. ANNOUNCES ANNUAL EARNINGS; LOANS GREW 13% AND DEPOSITS GREW 11% OVER THE PRIOR YEAR

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

Lauren C. Ranalli, President and CEO, stated, “Despite the challenges faced by the banking industry in 2024, I am happy to report that First Resource Bancorp’s core banking business had an outstanding year. Our net interest margin consistently improved, positioning us for a successful 2025. Although we encountered a single borrower with financial difficulty in the fourth quarter, we proactively reserved for potential losses. While this isolated incident did impact our annual results, we do not see any systemic credit issues in the portfolio. Without this one specific loan reserve, we were on track to surpass our annual budgeted goals for net income and return on equity.”

Highlights for the year ended December 31, 2024, included:

- Total loans grew 13%
- Total deposits grew 11%
- Total assets grew 10%
- Total interest income grew 24%
- Net interest income grew 9%
- Book value per share grew 12% to \$16.73
- Gain on sale of SBA loans and swap loan referral fee income collectively totaled \$334 thousand, more than quadruple the prior year
- Issued \$2.5 million in subordinated debt
- Implemented a 5% stock repurchase program
- Named a “Best Places to Work” company by the Philadelphia Business Journal
- Named Best Commercial Bank and Best Community Bank by the readers of the Main Line Times
- Named Best Bank in Chester County by the readers of The Daily Local News
- Recognized as one of the top 100 performing banks in 2023 with under \$2 billion in assets in the US by American Banker

Ranalli added, “Loans consistently outperformed our projections throughout the year, driven by disciplined pricing strategies that created a tailwind for the Bank’s results. This sustained balance sheet growth, paired with a stable and rising net interest margin, led to a 9% rise year-over-year in net interest income, despite the challenges posed by higher deposit costs. By focusing on the core fundamentals of banking—originating loans and building deposits—we have laid a solid foundation for strong future performance.”

Net income for the quarter ended December 31, 2024, was \$1.0 million, or \$0.33 per common share. This compares to \$1.6 million, or \$0.53 per common share, in the previous quarter, and down from \$1.6 million, or \$0.53 per common share, in the same quarter last year. The annualized return on average assets was 0.63% for the fourth quarter of 2024, down from 1.14% in the fourth quarter of 2023. Similarly, the annualized return on average equity was 7.98% for the fourth quarter of 2024 compared to 14.43% during the same period last year.

Net income for the year ended December 31, 2024 was \$5.3 million, or \$1.73 per common share, representing a 10% decrease from \$5.9 million, or \$1.92 per common share, in the prior year. For the year ended December 31, 2024, return on average assets was 0.87%, compared to 1.09% in 2023, while the return on average equity for 2024 was 10.91% compared to 13.77% in the prior year.

Total interest income rose by \$157 thousand, or 2%, increasing from \$9.5 million in the third quarter of 2024 to \$9.7 million in the fourth quarter of 2024. This growth was largely fueled by a 3% increase in loans during the fourth quarter.

Total interest income rose by \$1.5 million, marking an 18% increase from \$8.2 million in the fourth quarter of 2023 to \$9.7 million in the corresponding period of 2024. This growth was driven by a 13% year-over-year expansion in loans, complemented by an increased rate environment that boosted returns on interest-earning assets.

Total interest income grew \$7.1 million, or 24%, from \$29.5 million for the year ended December 31, 2023, to \$36.5 million for the corresponding period in 2024. The increase was directly related to the expansion of loans and an increased rate environment as previously noted.

Total interest expense fell by 1% in the fourth quarter of 2024 compared to the third quarter. This decline was primarily driven by a 63% reduction in interest expense on FHLB borrowings, resulting from a decrease in the average balance of overnight advances during the fourth quarter of 2024 compared to the third quarter. Additionally, the cost of money market accounts fell 14 basis points and the cost of time deposits decreased 13 basis points from the previous quarter. However, these decreases were partially offset by an increased volume of interest-bearing deposits and an 11% rise in interest expense on subordinated debt.

Total interest expense increased by 23%, climbing from \$3.5 million in the fourth quarter of 2023 to \$4.3 million in the fourth quarter of 2024. This increase was primarily driven by a 37 basis point increase in the cost of time deposits, coupled with a greater volume of interest-bearing deposits year-over-year. Interest expense on subordinated debt increased by 45%, while interest expense on FHLB borrowings decreased by 8% when compared to the fourth quarter of 2023.

Total interest expense increased by 50%, growing from \$10.9 million for the year ended December 31, 2023, to \$16.4 million for the same period in 2024. This sharp increase was primarily driven by a 58 basis point rise in the cost of money market deposits and a 121 basis point increase in the cost of time deposits, along with higher volumes in both categories compared to the same period last year. Additionally, interest expense on FHLB borrowings increased 27%, while interest expense on subordinated debt increased by 19%.

In the fourth quarter of 2024, net interest income grew by \$220 thousand, or 4%, compared to the previous quarter. The net interest margin increased to 3.50% for the fourth quarter of 2024,

up from 3.43% for the third quarter of 2024. While the overall yield on interest-earning assets declined by 2 basis points during the fourth quarter, primarily driven by a 2 basis point decline in loan yields to 6.42% for the quarter, the cost of interest-bearing deposits dropped by 12 basis points to 3.49%. This reduction was driven by decreased costs for money market and time deposit accounts, partially offset by higher volumes in these categories. Consequently, the total cost of deposits decreased by 6 basis points, falling from 2.95% in the third quarter of 2024 to 2.89% in the fourth quarter of 2024.

Net interest income for the year ended December 31, 2024 totaled \$20.2 million, reflecting a 9% improvement compared to \$18.5 million for the year ended December 31, 2023. This growth was driven by a \$7.2 million, or 25%, increase in loan interest income, offset by a \$5.3 million, or 52%, increase in deposit interest expense. The net interest margin declined by 11 basis points, from 3.54% in 2023, to 3.43% in 2024. The overall yield on interest-earning assets rose 59 basis points during 2024, primarily due to a 58 basis point increase in loan yields and increased loan volume. However, higher volumes and costs for money market accounts and time deposit accounts drove an 87 basis point increase in the cost of interest bearing deposits, which rose to 3.53% during 2024. The total cost of deposits climbed 77 basis points from 2.11% during 2023 to 2.88% during 2024. Additionally, the cost of FHLB borrowings increased 57 basis points to 3.66% during 2024 from 3.09% during 2023, while the total cost of interest-bearing liabilities increased 84 basis points, rising from 2.73% during 2023 to 3.57% in 2024.

The provision for credit losses in the fourth quarter of 2024 was \$1.1 million, a significant increase from \$13 thousand in the third quarter. This increase was primarily due to a \$1.0 million specific reserve established during the fourth quarter for a non-accrual commercial loan relationship. Year over year, the provision for credit losses rose \$1.4 million from a credit of \$263 thousand in the fourth quarter of 2023 to \$1.1 million in the fourth quarter of 2024.

“The loan relationship requiring the \$1.0 million specific reserve was originated in 2020. While it had shown weakness in 2022, it regained stability in 2023 and remained so for most of 2024 before encountering more significant challenges in the fourth quarter of this year. By booking this significant specific reserve in 2024, we expect that continued collection efforts in 2025 will have minimal impact on our results going forward,” commented Ranalli.

The provision for credit losses increased from a credit of \$105 thousand for the year ended December 31, 2023 to an expense of \$1.5 million for the year ended December 31, 2024. The negative provision for 2023 was attributable in part to specific reserves totaling \$304 thousand, established at the end of 2022, which were no longer required as those credits stabilized during the year, along with net recoveries of \$80 thousand. The provision for 2024 was mainly due to a \$1.0 million specific reserve and net charge-offs of \$197 thousand.

As of December 31, 2024, the allowance for credit losses to total loans stood at 0.93%, up from the 0.81% recorded on December 31, 2023. Non-performing assets consisted of non-performing loans totaling \$1.3 million. As of both September 30, 2024 and December 31, 2023, there were no non-performing assets. Non-performing assets to total assets stood at 0.19% at December 31, 2024, compared to 0.00% as of both September 30, 2024, and December 31, 2023.

Non-interest income in the fourth quarter of 2024 totaled \$289 thousand, slightly up from \$286 thousand in the previous quarter and \$208 thousand in the fourth quarter of the prior year.

Notably, swap referral fee income contributed \$31 thousand in the fourth quarter of 2024, compared to no swap referral fee income in both the third quarter of 2024 and the fourth quarter of 2023. However, gains on the sale of SBA loans were immaterial in the fourth quarter of 2024, compared to \$59 thousand in the third quarter of 2024 and none in the fourth quarter of 2023.

Non-interest income for the year ended December 31, 2024, reached \$1.3 million, a substantial increase from \$919 thousand for the prior year. Swap referral fee income also saw a notable rise, reaching \$276 thousand for the year ended December 31, 2024, compared to \$76 thousand in the prior year. Additionally, gains on the sale of SBA loans amounted to \$59 thousand for the year ended December 31, 2024, whereas there were no gains recorded in the prior year.

Non-interest expenses decreased \$86 thousand, or 3%, in the fourth quarter of 2024 compared to the prior quarter. This decrease was driven by lower salaries and employee benefits, occupancy & equipment, and professional fee expenses. However, these decreases were partially offset by increases in advertising, data processing, and other costs.

“We have always maintained a prudent focus on managing overhead expenses. In April of 2024 we relocated to a new corporate office, incurring approximately 8 months of “double rent” due to the timing of the move and the expiration of our prior lease. The previous office lease obligation concluded at the end of November and will not impact our expenses in 2025. Our new corporate office is designed to foster an employee-friendly, open, and collaborative environment that supports our staff while providing ample space for growth as the bank continues to expand,” commented Ranalli.

Non-interest expenses increased \$194 thousand, or 6%, in the fourth quarter of 2024 compared to the same period in 2023. This rise was driven by increases in salaries & employee benefits, occupancy & equipment, data processing, and other costs, though it was partially offset by decreases in professional fees and advertising costs when comparing the fourth quarter of 2024 to the fourth quarter of 2023. The ratio of non-interest expenses to average assets improved to 2.07% in the fourth quarter of 2024, down from 2.17% in the previous quarter and 2.15% in the fourth quarter of the prior year.

Non-interest expenses for the year ended December 31, 2024, totaled \$13.3 million compared to \$12.1 million for the prior year. The increase of \$1.2 million, or 10%, was mostly attributed to higher salaries and employee benefits associated with an expanded workforce, along with increased occupancy costs, data processing, and other expenses.

Deposits for the fourth quarter experienced a net increase of \$5.1 million, or 1%, rising from \$547.1 million on September 30, 2024, to \$552.2 million on December 31, 2024. During the fourth quarter, non-interest-bearing deposits declined by \$7.1 million, or 8%, from \$93.7 million on September 30, 2024, to \$86.6 million on December 31, 2024. Interest-bearing checking balances fell by \$4.6 million, or 10%, from \$44.7 million on September 30, 2024, to \$40.1 million on December 31, 2024. Money market deposits increased \$3.7 million, or 2%, from \$236.1 million on September 30, 2024, to \$239.8 million on December 31, 2024. Additionally, certificates of deposit increased \$13.1 million, or 8%, from \$172.6 million on September 30, 2024, to \$185.7 million on December 31, 2024.

Between December 31, 2023 and December 31, 2024, total deposits grew 11%, driven by increases in interest-bearing checking accounts, money markets, and time deposits, which

were partially offset by a decline in non-interest-bearing checking. As of December 31, 2024, approximately 81% of total deposits were insured or otherwise collateralized, down from 82% in the prior quarter.

The loan portfolio expanded by \$15.2 million, representing a 3% increase, from \$583.2 million on September 30, 2024, to \$598.5 million on December 31, 2024. Robust growth in commercial business, commercial real estate, and construction loans was partially offset by a decrease in consumer loans when comparing loan balances over the same period. Total loans grew 13% in 2024, fueled by significant growth in commercial real estate and commercial business loans, partially offset by declines in construction and consumer loans.

The following table illustrates the composition of the loan portfolio:

	Dec. 31, 2024	Dec. 31, 2023
Commercial real estate	\$ 480,933,654	\$ 413,221,898
Commercial construction	39,760,197	48,838,199
Commercial business	59,862,802	50,224,869
Consumer	<u>17,907,914</u>	<u>19,099,155</u>
Total loans	<u>\$ 598,464,567</u>	<u>\$ 531,384,121</u>

Investment securities totaled \$26.6 million on December 31, 2024, compared to \$16.8 million on September 30, 2024. As of December 31, 2024, the held-to-maturity investment portfolio had a book value of \$8.6 million and a fair market value of \$7.5 million, resulting in an unrealized loss of \$1.1 million, compared to an unrealized loss of \$887 thousand as of September 30, 2024. This unrealized loss, net of tax, amounts to \$880 thousand, representing approximately 1.7% of total equity as of December 31, 2024. The remainder of the investment portfolio was classified as available for sale, with a book value of \$19.3 million and a fair value of \$18.0 million, resulting in an unrealized loss of \$1.2 million, compared to \$1.0 million as of September 30, 2024. This unrealized loss, net of tax, totals \$965 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 December 31, 2024, the Company repurchased 831 shares at a total cost of \$12 thousand at an average price of \$14.49 per share. During the year ended December 31, 2024, the Company repurchased 96,915 shares at a total cost of \$1.3 million and an average price of \$13.79 per share. As of December 31, 2024, there were 59,007 shares remaining available for repurchase under the program.

Total stockholders' equity increased by \$863 thousand, or 2%, rising from \$49.4 million on September 30, 2024, to \$50.3 million on December 31, 2024, largely driven by net income. During the quarter ended December 31, 2024, book value per share increased by 28 cents, or 2%, reaching \$16.73. Book value has grown by 12% in 2024. Total stockholders' equity increased \$4.2 million, or 9%, from \$46.1 million at December 31, 2023 to \$50.3 million at December 31, 2024, primarily due to net income generated, partially offset by an increase in treasury stock.

Selected Financial Data:
Consolidated Balance Sheets (unaudited)

	December 31, 2024	December 31, 2023
Cash and due from banks	\$ 17,837,920	\$ 23,820,615
Time deposits at other banks	100,000	100,000
Investments	26,611,867	25,840,840
Loans	598,464,567	531,384,121
Allowance for credit losses	(5,574,679)	(4,311,306)
Premises & equipment	7,551,410	7,639,939
Other assets	<u>18,593,449</u>	<u>18,142,682</u>
Total assets	<u>\$ 663,584,534</u>	<u>\$ 602,616,891</u>
Noninterest-bearing deposits	\$ 86,581,276	\$ 95,384,366
Interest-bearing checking	40,119,102	39,760,054
Money market	239,828,130	231,407,653
Time deposits	<u>185,697,340</u>	<u>132,738,973</u>
Total deposits	<u>552,225,848</u>	<u>499,291,046</u>
Short term borrowings	40,000,000	35,000,000
Long term borrowings	6,250,000	9,530,000
Subordinated debt	8,473,216	5,978,134
Other liabilities	<u>6,341,010</u>	<u>6,682,220</u>
Total liabilities	<u>613,290,074</u>	<u>556,481,400</u>
Common stock	3,100,773	3,093,414
Surplus	19,852,352	19,767,634
Treasury stock	(1,316,876)	-
Accumulated other comprehensive loss	(964,821)	(1,038,486)
Retained earnings	<u>29,623,032</u>	<u>24,312,929</u>
Total stockholders' equity	<u>50,294,460</u>	<u>46,135,491</u>
Total liabilities & stockholders' equity	<u>\$ 663,584,534</u>	<u>\$ 602,616,891</u>

Performance Statistics
(unaudited)

	Qtr Ended Dec. 31, 2024	Qtr Ended Sep. 30, 2024	Qtr Ended Jun. 30, 2024	Qtr Ended Mar. 31, 2024	Qtr Ended Dec. 31, 2023
Net interest margin	3.50%	3.43%	3.43%	3.35%	3.39%
Nonperforming loans/ total loans	0.21%	0.00%	0.00%	0.00%	0.00%
Nonperforming assets/ total assets	0.19%	0.00%	0.00%	0.00%	0.00%
Allowance for credit losses/ total loans	0.93%	0.76%	0.77%	0.80%	0.81%
Average loans/average assets	93.2%	92.9%	92.7%	92.4%	91.1%
Non-interest expenses*/ average assets	2.07%	2.17%	2.21%	2.28%	2.15%
Efficiency ratio	58.3%	62.3%	63.3%	65.5%	63.1%
Earnings per share – basic and diluted	\$0.33	\$0.53	\$0.44	\$0.43	\$0.53
Book value per share	\$16.73	\$16.45	\$15.78	\$15.34	\$14.91
Total shares outstanding	3,006,039	3,004,689	3,098,431	3,096,138	3,093,414
Weighted average shares outstanding	3,005,408	3,055,157	3,097,433	3,094,951	3,092,277

* Annualized

	Year Ended Dec. 31, 2024	Year Ended Dec. 31, 2023
Net interest margin	3.43%	3.54%
Return on average assets	0.87%	1.09%
Return on average equity	10.91%	13.77%
Earnings per share-basic and diluted	\$1.73	\$1.92

Consolidated Income Statements (unaudited)

	Qtr. Ended Dec. 31, 2024	Qtr. Ended Sep. 30, 2024	Qtr. Ended Jun. 30, 2024	Qtr. Ended Mar. 31, 2024	Qtr. Ended Dec. 31, 2023
INTEREST INCOME					
Loans, including fees	\$9,512,689	\$9,346,895	\$8,859,695	\$8,228,102	\$7,941,483
Securities	115,291	123,678	122,082	120,713	133,125
Other	<u>24,256</u>	<u>25,135</u>	<u>34,964</u>	<u>31,735</u>	<u>105,679</u>
Total interest income	<u>9,652,236</u>	<u>9,495,708</u>	<u>9,016,741</u>	<u>8,380,550</u>	<u>8,180,287</u>
INTEREST EXPENSE					
Deposits	4,057,530	3,979,691	3,767,011	3,519,176	3,277,096
Borrowings	90,767	245,596	173,198	105,860	98,901
Subordinated debt	<u>134,681</u>	<u>120,829</u>	<u>93,124</u>	<u>93,124</u>	<u>93,124</u>
Total interest expense	<u>4,282,978</u>	<u>4,346,116</u>	<u>4,033,333</u>	<u>3,718,160</u>	<u>3,469,121</u>
Net interest income	<u>5,369,258</u>	<u>5,149,592</u>	<u>4,983,408</u>	<u>4,662,390</u>	<u>4,711,166</u>
Provision for credit losses	<u>1,127,547</u>	<u>13,317</u>	<u>246,273</u>	<u>63,651</u>	<u>(263,073)</u>
Net interest income after provision for credit losses	4,241,711	5,136,275	4,737,135	4,598,739	4,974,239
NON-INTEREST INCOME					
Service charges and other fees	114,958	94,812	104,748	100,164	94,656
BOLI income	66,248	65,800	59,613	51,356	50,730
Gain on sale of SBA loans	(367)	59,296	-	-	-
Swap referral fee income	31,030	-	62,460	182,060	-
Other	<u>77,225</u>	<u>65,944</u>	<u>64,085</u>	<u>62,548</u>	<u>62,701</u>
Total non-interest income	289,094	285,852	290,906	396,128	208,087
NON-INTEREST EXPENSE					
Salaries & benefits	1,948,007	1,999,957	1,944,755	2,045,083	1,873,831
Occupancy & equipment	336,629	368,339	362,850	289,202	289,361
Professional fees	109,819	128,748	130,767	137,482	123,336
Advertising	77,809	76,383	81,510	81,745	83,506
Data processing	201,671	189,429	180,257	176,685	167,921
Other	<u>625,603</u>	<u>622,590</u>	<u>636,589</u>	<u>584,926</u>	<u>567,428</u>
Total non-interest expense	<u>3,299,538</u>	<u>3,385,446</u>	<u>3,336,728</u>	<u>3,315,123</u>	<u>3,105,383</u>
Income before federal income tax expense	1,231,267	2,036,681	1,691,313	1,679,744	2,076,943
Federal income tax expense	<u>223,486</u>	<u>413,607</u>	<u>342,880</u>	<u>348,807</u>	<u>429,920</u>
Net income	<u>\$1,007,781</u>	<u>\$1,623,074</u>	<u>\$1,348,433</u>	<u>\$1,330,937</u>	<u>\$1,647,023</u>

Consolidated Income Statements (unaudited)

	Year Ended December 31, 2024	Year Ended December 31, 2023
INTEREST INCOME		
Loans, including fees	\$ 35,947,381	\$ 28,720,976
Securities	481,764	510,490
Other	<u>116,090</u>	<u>234,281</u>
Total interest income	<u>36,545,235</u>	<u>29,465,747</u>
INTEREST EXPENSE		
Deposits	15,323,408	10,060,055
Borrowings	615,421	484,938
Subordinated debt	<u>441,758</u>	<u>372,495</u>
Total interest expense	<u>16,380,587</u>	<u>10,917,488</u>
Net interest income	<u>20,164,648</u>	<u>18,548,259</u>
Provision for credit losses	<u>1,450,788</u>	<u>(105,430)</u>
Net interest income after provision for credit losses	18,713,860	18,653,689
NON-INTEREST INCOME		
Service charges and other fees	414,682	411,961
BOLI income	243,017	197,939
Gain on sale of SBA loans	58,929	-
Swap referral fee income	275,550	75,649
Other	<u>269,802</u>	<u>232,981</u>
Total non-interest income	1,261,980	918,530
NON-INTEREST EXPENSE		
Salaries & benefits	7,937,802	7,446,666
Occupancy & equipment	1,357,020	1,089,411
Professional fees	506,816	477,344
Advertising	317,447	274,972
Data processing	748,042	647,812
Other	<u>2,469,708</u>	<u>2,190,454</u>
Total non-interest expense	<u>13,336,835</u>	<u>12,126,659</u>
Income before federal income tax expense	6,639,005	7,445,560
Federal income tax expense	<u>1,328,780</u>	<u>1,519,565</u>
Net income	<u>\$ 5,310,225</u>	<u>\$ 5,925,995</u>

###

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.