



1 First
Resource
Bancorp, Inc.



2025 | ANNUAL REPORT

Celebrating 20 YEARS



May 2, 2005
Opening Day

August 2007
Launched First Resource
Easy Deposit™ -
Allowing Customers
to Deposit Funds
Electronically



2006
First of 9 Stock
Dividends Paid to
Shareholders



2010
5 Year Anniversary



2014
Moved to
Exton Location



October 2017
Named **Best Bank in Chester County**
by the Daily Local News 2017-2025



April 2015
Opening of our
West Chester Branch



2017
Community Support Milestone-
Over \$1 Million in Community Support Provided



0 Celebrating 20 YEARS

TH ANNIVERSARY



April 2024
Co-Founder and CEO Glenn Marshall Retires and Passes the Torch to Co-Founder, President and CEO Lauren Ranalli



July 2021
Named *Best Bank on the Main Line* by The Main Line Times (2021-2025)



October 2019
Opening of our Wayne Branch



Summer 2019
Employee Milestone- 50 Team Members Employed



2019 - 2025
Recognized by the Philadelphia Business Journal as a *Best Places to Work Company*



May 2025
Celebrated 20 Years of Community Banking at it's Best!



2022
Holding Company- First Resource Bancorp Inc. Formed



2020-2021
471 Businesses Assisted with Paycheck Protection Loans Totaling \$83.4 Million



2020
Loan Milestone- \$1 Billion in Loans Issued Since Opening



LETTER FROM OUR LEADERSHIP

Dear Shareholders,

If there is a single word to describe 2025 at First Resource Bancorp, it is MOMENTUM. 2025 was a transformative year, defined by exceptional financial performance, disciplined execution, and meaningful progress across every key metric. As we celebrated First Resource Bank's 20th anniversary, we delivered record annual results that reflect the strength of our franchise, the dedication of our team, and the continued success of our relationship driven community banking model. Our focus on prudent growth, strong credit discipline, and genuine relationships resulted in materially higher earnings, improved profitability, record balance sheet expansion, and enhanced shareholder value.

Notable highlights for 2025 include:

- Net income of \$8.2 million, a 54% increase over the prior year
- Total loans grew 13%
- Total deposits grew 31%, including 39% growth in noninterest bearing deposits
- Total assets grew 23%
- Net interest income increased 25%
- Net interest margin expanded 32 basis points to 3.75%
- Return on average assets improved to 1.17%
- Return on average equity increased to 14.99%
- Book value per share grew 17% to \$19.56
- Earnings per share increased 57% to \$2.72
- Completed an \$8 million holding company subordinated debt issuance qualifying as Tier 2 capital
- Earned numerous industry and workplace recognitions, including Best Places to Work and multiple regional Best Bank awards

Our net interest margin improved meaningfully throughout 2025, reflecting disciplined loan pricing, an improved funding mix, and proactive balance sheet management. The full year net interest margin expanded to 3.75%, up from 3.43% in 2024. Strong core deposit growth, including significant expansion in noninterest bearing and low cost transaction accounts enhanced liquidity and drove this margin expansion. These factors, combined with thoughtful pricing discipline for both loans and deposits, contributed to sustained margin strength and a substantial increase in net interest income.

Loans and deposits both reached record levels in 2025 as we are increasingly sought out as the premier local community bank in our markets. Increased merger activity among banks continues to create disruption and increases customers' willingness to change banks. Our steady stream of new business reflects a customer focused strategy powered by an engaged, enthusiastic team that's proud of the Company they represent. The energy in our offices is palpable, and this team is determined to continue our success.

LETTER FROM OUR LEADERSHIP

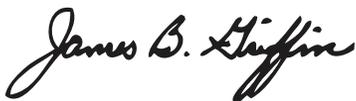
Credit quality remained strong throughout 2025, supported by conservative underwriting standards for new deals and proactive monitoring of the existing loan portfolio. Non performing assets declined year over year and represented just 0.09% of total assets at year end. While isolated charge offs occurred as part of portfolio management, we do not see any systemic credit issues and remain confident in the underlying strength and resilience of our loan portfolio.

A key strategic accomplishment during the year was the successful issuance of \$8 million in subordinated debt at the holding company level. This transaction strengthened our capital base, supported anticipated growth, and enhanced balance sheet flexibility, while being executed in a cost efficient manner.

In May 2025, we proudly celebrated the 20th anniversary of First Resource Bank. From our beginning in 2005 through today, the Bank has undergone significant growth in scale, capabilities, and earnings power. The progress achieved in 2025 represents an inflection point in our history and underscores the strength of the foundation built over the past two decades. We remain committed to disciplined growth, thoughtful capital allocation, and delivering long term value to our shareholders. At First Resource, our mission is to be the best bank. The bank that is loved by our customers, employees, shareholders and communities. When they win, we win. It's that simple.

As always, we extend our sincere gratitude to our employees, customers, Board of Directors, and shareholders for your continued trust and support. Your partnership has been instrumental in our success, and we look forward to building on this momentum in the years ahead.

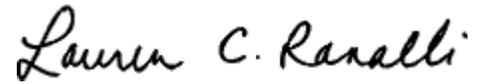
Sincerely,



James B. Griffin
Chair of the Board



Glenn B. Marshall
Vice Chair



Lauren C. Ranalli
President & CEO

First Resource Bancorp, Inc.

Consolidated Financial Statements

December 31, 2025 and 2024

FIRST RESOURCE BANCORP, INC.
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
First Resource Bancorp, Inc.
Exton, Pennsylvania

Opinion

We have audited the accompanying consolidated financial statements of First Resource Bancorp, Inc. and subsidiary (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024; the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the years then ended; and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

PITTSBURGH, PA

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PHILADELPHIA, PA

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Conshohocken, PA 19428
(610) 278-9800

WHEELING, WV

980 National Road
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(304) 233-5030

STEUBENVILLE, OH

511 N. Fourth Street
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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

S. R. Snodgrass, P.C.

Conshohocken, Pennsylvania
February 18, 2026

FIRST RESOURCE BANCORP, INC.
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2025	2024
ASSETS		
Cash and due from banks	\$ 90,422,400	\$ 17,837,920
Time deposits at other banks	100,000	100,000
Securities available-for-sale, at fair value	18,522,753	18,046,845
Securities held-to-maturity, net of reserve of credit losses of \$2,689 and \$1,183 at December 31, 2025 and 2024, respectively (fair value of \$8,432,464 and \$7,452,521 at December 31, 2025 and 2024, respectively)	9,111,858	8,565,022
Loans receivable, net of allowance for credit losses of \$4,977,305 and \$5,574,679 at December 31, 2025 and 2024, respectively	673,478,950	592,889,888
Restricted investment in bank stock	1,501,200	2,537,000
Premises and equipment, net	7,360,342	7,551,410
Accrued interest receivable	2,523,549	2,025,744
Bank owned life insurance	8,879,189	8,608,681
Other assets	5,455,941	5,422,024
TOTAL ASSETS	\$ 817,356,182	\$ 663,584,534
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing	\$ 120,359,227	\$ 86,581,276
Interest-bearing	604,973,180	465,644,572
Total deposits	725,332,407	552,225,848
Short-term borrowings	-	40,000,000
Long-term borrowings	16,012,000	6,250,000
Subordinated debt	10,466,463	8,473,216
Accrued interest payable	798,329	664,334
Other liabilities	5,979,554	5,676,676
TOTAL LIABILITIES	758,588,753	613,290,074
SHAREHOLDERS' EQUITY		
Preferred stock, 489,769 shares authorized, none issued and outstanding	-	-
Common stock, \$1.00 par value; 20,000,000 shares authorized; 3,100,773 shares issued at December 31 for both 2025 and 2024	3,100,773	3,100,773
Additional paid-in capital	19,863,401	19,852,352
Treasury stock, at cost, 96,246 and 94,734 shares outstanding at December 31, 2025 and 2024, respectively	(1,346,793)	(1,316,876)
Accumulated other comprehensive loss	(630,812)	(964,821)
Retained earnings	37,780,860	29,623,032
TOTAL SHAREHOLDERS' EQUITY	58,767,429	50,294,460
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 817,356,182	\$ 663,584,534

See accompanying notes to the consolidated financial statements.

FIRST RESOURCE BANCORP, INC.
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31,	
	2025	2024
INTEREST INCOME		
Loans receivable, including fees	\$ 41,526,888	\$ 35,947,381
Securities	578,889	481,764
Other	813,766	116,090
Total interest income	42,919,543	36,545,235
INTEREST EXPENSE		
Deposits	16,866,920	15,323,408
Borrowings	907,811	1,057,179
Total interest expense	17,774,731	16,380,587
NET INTEREST INCOME	25,144,812	20,164,648
Provision for credit losses	862,329	1,450,788
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	24,282,483	18,713,860
NONINTEREST INCOME		
Service charges and other fees	430,905	414,682
Net gain on sale of SBA loans	113,186	58,929
Swap referral fee income	298,829	275,550
Bank owned life insurance income	270,508	243,017
Other	294,394	269,802
Total noninterest income	1,407,822	1,261,980
NONINTEREST EXPENSE		
Salaries and employee benefits	9,386,471	7,937,802
Occupancy and equipment	1,283,756	1,357,020
Professional fees	622,941	506,816
Advertising and promotion	414,011	317,447
Data processing	865,871	748,042
FDIC premium expense	561,339	470,669
Software expense	456,091	382,967
Other	1,856,664	1,616,072
Total noninterest expense	15,447,144	13,336,835
Income before federal income tax expense	10,243,161	6,639,005
Federal income tax expense	2,085,333	1,328,780
NET INCOME	\$ 8,157,828	\$ 5,310,225

See accompanying notes to the consolidated financial statements.

FIRST RESOURCE BANCORP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,	
	2025	2024
Net income	\$ 8,157,828	\$ 5,310,225
Other comprehensive gain:		
Unrealized gains on available-for-sale securities	422,797	93,246
Tax effect	(88,788)	(19,581)
Total other comprehensive gain	334,009	73,665
 Total Comprehensive Income	 \$ 8,491,837	 \$ 5,383,890

See accompanying notes to the consolidated financial statements.

FIRST RESOURCE BANCORP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2023	\$ 3,093,414	\$ 19,767,634	\$ -	\$ 24,312,929	\$ (1,038,486)	\$ 46,135,491
Net income	-	-	-	5,310,225	-	5,310,225
Other comprehensive gain	-	-	-	-	73,665	73,665
Treasury stock purchase (96,915 shares)	-	-	(1,347,088)	-	-	(1,347,088)
Issuance of common stock from Treasury (2,181 shares)	-	-	30,212	(122)	-	30,090
Issuance of common stock (7,359 shares)	<u>7,359</u>	<u>84,718</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,077</u>
Balance, December 31, 2024	3,100,773	19,852,352	(1,316,876)	29,623,032	(964,821)	50,294,460
Net income	-	-	-	8,157,828	-	8,157,828
Other comprehensive gain	-	-	-	-	334,009	334,009
Treasury stock purchase (10,576 shares)	-	-	(155,474)	-	-	(155,474)
Issuance of common stock from Treasury (9,064 shares)	<u>-</u>	<u>11,049</u>	<u>125,557</u>	<u>-</u>	<u>-</u>	<u>136,606</u>
Balance, December 31, 2025	<u>\$ 3,100,773</u>	<u>\$ 19,863,401</u>	<u>\$ (1,346,793)</u>	<u>\$ 37,780,860</u>	<u>\$ (630,812)</u>	<u>\$ 58,767,429</u>

See accompanying notes to the consolidated financial statements.

FIRST RESOURCE BANCORP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2025	2024
OPERATING ACTIVITIES		
Net income	\$ 8,157,828	\$ 5,310,225
Adjustments to reconcile change in net income to net cash provided by operating activities:		
Provision for credit losses	862,329	1,450,788
Depreciation and amortization	438,209	472,885
Net (accretion) amortization on securities	(956)	34,527
Net amortization of subordinated debt issuance costs	13,269	14,049
Amortization of servicing rights	18,774	13,231
Accretion of discount of SBA loans	(14,544)	(10,408)
Net accretion of deferred loan origination fees	(892,534)	(647,896)
Deferred tax provision (benefit)	84,665	(278,072)
Bank owned life insurance income	(270,508)	(243,017)
Proceeds from sales of SBA loans	1,497,580	2,941,959
SBA loans originated for sale	(1,384,394)	(2,883,030)
Gains on sales of SBA loans originated for sale	(113,186)	(58,929)
Increase in accrued interest receivable	(497,805)	(256,040)
(Increase) decrease in other assets	(226,144)	467,550
Increase (decrease) in accrued interest payable	133,995	(147,784)
Increase (decrease) in other liabilities	301,414	(184,530)
Net cash provided by operating activities	8,107,992	5,995,508
INVESTING ACTIVITIES		
Net increase in loans	(80,541,343)	(66,619,303)
Purchases of securities available-for-sale	(11,653,995)	(10,484,681)
Purchases of securities held-to-maturity	(750,000)	-
Maturities and principal repayments of securities available-for-sale	11,621,513	9,588,522
Maturities and principal repayments of securities held-to-maturity	181,985	184,701
Redemptions (purchase) of restricted bank stock, net	1,035,800	(174,000)
Purchase of premises and equipment	(247,141)	(384,356)
Net cash used for investing activities	(80,353,181)	(67,889,117)
FINANCING ACTIVITIES		
Net increase in deposits	173,106,559	52,934,802
(Decrease) increase in short-term borrowings	(40,000,000)	5,000,000
Proceeds from long-term borrowings	11,762,000	-
Repayment of long-term borrowings	(2,000,000)	(3,280,000)
Proceeds from subordinated debt	7,979,978	2,481,033
Repayment of subordinated debt	(6,000,000)	-
Issuance of common stock	-	92,077
Purchase of treasury stock, net	(18,868)	(1,316,998)
Net cash provided by financing activities	144,829,669	55,910,914
Increase (decrease) in cash and cash equivalents	72,584,480	(5,982,695)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	17,837,920	23,820,615
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 90,422,400	\$ 17,837,920
SUPPLEMENTAL CASH FLOW DISCLOSURE		
Interest paid	\$ 17,640,736	\$ 16,528,371
Federal income taxes paid	1,869,603	1,475,000
State taxes paid	180,911	137,790

See accompanying notes to the consolidated financial statements.

FIRST RESOURCE BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Nature of Operations

First Resource Bank (the “Bank”) is incorporated under the laws of the Commonwealth of Pennsylvania and is a Pennsylvania state-chartered bank. The Bank is a full-service bank providing personal and business lending and deposit services. As a state-chartered bank, the Bank is subject to regulation of the Pennsylvania Department of Banking and Securities and the Federal Deposit Insurance Corporation. The region served by the Bank is the southeastern area of Pennsylvania.

On May 11, 2022, First Resource Bank formed a holding company, First Resource Bancorp, Inc. (the “Company”). All shareholders in First Resource Bank received one share of the Company in exchange for each share of the Bank stock. The Company owns 100% of the stock in the Bank.

The comparative financial statements include the consolidated financial information for the Company for 2025 and 2024. All significant intercompany accounts and transactions have been eliminated for 2025 and 2024.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses.

Significant Group Concentrations of Credit Risk

Most of the Company’s activities are with customers located within Chester, Montgomery and Delaware Counties in Pennsylvania. Note 3 discusses the types of lending that the Company engages in. Although the Company has a diversified loan portfolio, its debtors’ ability to honor their contracts is influenced by the region’s economy. The Company does not have any significant concentrations to any one industry or customer.

Presentation of Cash Flows

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks and federal funds sold. Generally, federal funds are sold for one day periods. As of both December 31, 2025, and December 31, 2024, the Company had no federal funds sold.

The Company maintains cash deposits in other depository institutions that occasionally exceed the amount of deposit insurance available. Management periodically assesses the financial condition of these institutions and believes that the risk of any possible credit loss is minimal.

FIRST RESOURCE BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Comprehensive Income

Accounting principles generally recognized in the United States of America require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on securities available-for-sale, are reported as a separate component of the shareholders' equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

Investment Securities

Management determines the appropriate classification of debt securities at the time of purchase and re-evaluates such designation as of each balance sheet date.

Investment securities classified as available-for-sale are those securities that the Company intends to hold for an indefinite period of time but not necessarily to maturity. Securities available-for-sale are carried at fair value. Any decision to sell a security classified as available-for-sale would be based on various factors, including significant movement in interest rates, changes in maturity mix of the Company's assets and liabilities, liquidity needs, regulatory capital considerations and other similar factors. Unrealized gains and losses are reported as increases or decreases in other comprehensive income (loss), net of the deferred tax effect. Realized gains or losses, determined on the basis of the cost of the specific securities sold, are included in earnings. Premiums and discounts are recognized in interest income using the interest method over the terms of the securities.

Investment securities classified as held-to-maturity are those debt securities the Company has both the intent and ability to hold to maturity regardless of changes in market conditions, liquidity needs or changes in general economic conditions. These securities are carried at cost adjusted for the amortization of premium and accretion of discount, computed by using the interest method over the terms of the securities.

Equity securities are measured at fair value with changes in fair value recognized in net income.

Allowance for Credit Losses - Held-to-Maturity Securities

The Company measures expected credit losses on held-to-maturity debt securities, which are comprised of residential mortgage-backed securities, municipal bonds and corporate bonds. The Company's residential mortgage-backed security holdings are issued by U.S. government entities and agencies and are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies and have a long history of no credit losses.

Accrued interest receivable on held-to-maturity debt securities totaled \$46 thousand and \$29 thousand as of December 31, 2025, and December 31, 2024, respectively, and is included within accrued interest receivable on the Consolidated Balance Sheets. This amount is excluded from the estimate of expected credit losses. Held-to-maturity debt securities are typically classified as nonaccrual when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about the further collectability of principal or interest. When held-to-maturity debt securities are placed on nonaccrual status, unpaid interest credited to income is reversed. The Company had no held-to-maturity securities classified as nonaccrual as of December 31, 2025 and December 31, 2024.

Allowance for Credit Losses - Available-for-Sale Securities

The Company measures expected credit losses on available-for-sale debt securities when the Company does not intend to sell, or when it is not more likely than not that it will be required to

FIRST RESOURCE BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

sell, the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For available-for-sale debt securities that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, the Company considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this evaluation indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, equal to the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

The allowance for credit losses on available-for-sale debt securities is included within Investment securities available-for-sale on the consolidated balance sheet. Changes in the allowance for credit losses are recorded within provision for credit losses on the Consolidated Statement of Income. Losses are charged against the allowance when the Company believes the collectability of an available-for-sale security is in jeopardy or when either of the criteria regarding intent or requirement to sell is met.

Accrued interest receivable on available-for-sale debt securities totaled \$49 thousand and \$16 thousand at December 31, 2025 and 2024, respectively, and is included within accrued interest receivable on the Consolidated Balance Sheets. This amount is excluded from the estimate of expected credit losses. Available-for-sale debt securities are typically classified as nonaccrual when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about the further collectability of principal or interest. When available-for-sale debt securities are placed on nonaccrual status, unpaid interest credited to income is reversed. The Company had no available-for-sale securities classified as nonaccrual as of December 31, 2025 and December 31, 2024.

Loans Receivable

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are stated at their outstanding unpaid principal balances, net of an allowance for credit losses and any deferred fees or costs. Accrued interest receivable totaled \$2.3 million and \$1.9 million at December 31, 2025 and 2024, respectively, and was reported in accrued interest receivable on the Consolidated Balance Sheets and is excluded from the estimate of credit losses. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the yield (interest income) of the related loans. The Company is generally amortizing these amounts over the contractual life of the loan. Premiums and discounts on purchased loans are amortized as adjustments to interest income using the effective yield method.

The loans receivable portfolio is segmented into commercial and consumer loans. Commercial loans consist of the following classes: commercial, commercial real estate, and commercial construction loans. Consumer loans consist of the following classes: home equity loans and consumer loans.

For all classes of loans receivable, the accrual of interest is discontinued when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about further collectability of principal or interest, even though the loan is currently performing. A loan may remain on accrual status if it is in the process of collection and is either guaranteed or well secured. When a loan is placed on nonaccrual status, unpaid interest credited to income in the

FIRST RESOURCE BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

current year is reversed and unpaid interest accrued in prior years is charged against the allowance for credit losses. Interest received on nonaccrual loans, including individually evaluated, generally is either applied against principal or reported as interest income, according to management's judgment as to the collectability of principal. Generally, loans are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time (generally six months), and the ultimate collectability of the total contractual principal and interest is no longer in doubt. The past-due status of all classes of loans receivable is determined based on contractual due dates for loan payments.

Allowance for Credit Losses - Loans

The allowance for credit losses ("ACL") is a valuation reserve established and maintained by charges against income and is deducted from the amortized cost basis of loans to present the net amount expected to be collected on the loans. Loans, or portions thereof, are charged off against the ACL when they are deemed uncollectible. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

The ACL is an estimate of expected credit losses, measured over the contractual life of a loan, that considers our historical loss experience, peer bank loss experience, current conditions and forecasts of future economic conditions. Determination of an appropriate ACL is inherently subjective and may have significant changes from period to period.

The methodology for determining the ACL has two main components: evaluation of expected credit losses for certain groups of homogeneous loans that share similar risk characteristics and evaluation of loans that do not share risk characteristics with other loans.

The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. The Company has identified the following portfolio segments and measures the allowance for credit losses using the average charge-off method:

1. Commercial loans are made to entrepreneurs, proprietors, professionals, partnerships, LLP's, LLC's and corporations. The assets financed are used within the business for its ongoing operation. Repayment of these kinds of loans generally comes from the cash flow of the business or the ongoing conversions of assets, such as accounts receivable and inventory, to cash. These loans can be affected by economic conditions. Commercial term loans may have maturities up to 10 years and generally have fixed interest rates for up to five years. Commercial lines of credit are renewed annually and generally carry variable interest rates. Typical collateral for commercial loans include the borrower's accounts receivable, inventory and machinery and equipment.
2. Commercial real estate loans include long-term loans financing commercial properties, either owner occupied or rental properties. Repayment of this kind of loan is dependent upon either the ongoing cash flow of the borrowing entity or the resale of or lease of the subject property. These loans can be affected by economic conditions and the value of the underlying properties. Commercial real estate loans require a loan to value ratio of not greater than 80 percent. Loan amortizations vary from one year to twenty-five years and terms typically do not exceed 10 years. Interest rates can be either floating or adjustable periods of up to five years with either a rate reset provision or a balloon payment.
3. Commercial construction loans include loans to finance the construction or rehabilitation of either commercial properties or 1-to-4 family residential structures. A significant portion of the commercial construction portfolio finances 1-to-4 family

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residential properties. Construction loans generally are considered to involve a higher degree of risk of loss than occupied real estate due to the volatility in construction costs. Inspections are performed prior to disbursement of loan proceeds as construction progresses to mitigate these risks. These loans can also be affected by economic conditions. The commercial construction portfolio is focused on small spot lot builders and smaller building companies. These loans carry variable interest rates and are usually interest only loans with maturities ranging from one year to three years.

4. Home equity loans, home equity lines of credit, residential mortgages and residential construction loans are secured by the borrower's residential real estate in either a first or second lien position. These loans can be affected by economic conditions and the value of the underlying property. The risk is considered low on loans in these categories that are secured by first liens. The credit risk is considered slightly higher on loans in these categories with second liens as these loans are dependent on the value of the underlying properties and have the added risk of the subordinate collateral positions. Home equity loans require a loan to value ratio of not greater than 80 percent with limited exceptions. Home equity lines of credit have variable rates. Closed end home equity loans have maturities up to fifteen years and carry fixed interest rates. Residential mortgages have adjustable rates and terms up to thirty years.
5. Other consumer loans include installment loans, car loans and overdraft lines of credit. The majority of these loans are unsecured and therefore are considered to involve a higher risk of loss.
6. Cash collateralized loans consist of loans secured by deposit accounts. These loans have low credit risk as they are fully secured by their collateral.

Historical credit loss experience is the basis for the estimation of expected credit losses. We apply historical loss rates to pools of loans with similar risk characteristics. After consideration of the historic loss calculation, management applies qualitative adjustments to reflect the current conditions and reasonable and supportable forecasts not already reflected in the historical loss information at the balance sheet date. Our reasonable and supportable forecast adjustment is based on national economic forecasts and management judgement. For periods beyond our reasonable and supportable forecast, we revert to historical loss rates. The qualitative adjustments for current conditions are based upon the following risk factors:

1. Lending policies and procedures, including underwriting standards and collection, charge-off, and recovery practices.
2. National, regional, and local economic and business conditions as well as the condition of various market segments, including the value of underlying collateral for collateral dependent loans.
3. Nature and volume of the portfolio and terms of loans.
4. Experience, ability, and depth of lending management and staff.
5. Volume and severity of past due, classified and nonaccrual loans and other loan modifications.
6. Quality of the Company's loan review system, and the degree of oversight by the Company's Board of Directors.
7. Existence and effect of any concentrations of credit and changes in the level of such concentrations.

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8. Effect of external factors, such as competition and legal and regulatory requirements.

These modified historical loss rates are multiplied by the outstanding principal balance of each loan over the estimated life of each loan to calculate a required reserve.

The Company has elected to exclude accrued interest receivable from the measurement of its ACL. When a loan is placed on non-accrual status, any outstanding accrued interest is reversed against interest income.

The ACL for individual loans begins with the use of normal credit review procedures to identify whether a loan no longer shares similar risk characteristics with other pooled loans and therefore, should be individually assessed. Factors considered by management in determining when a loan should be individually evaluated include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. Specific reserves are established based on the following three acceptable methods for measuring the ACL: 1) the present value of expected future cash flows discounted at the loan's original effective interest rate; 2) the loan's observable market price; or 3) the fair value of the collateral when the loan is collateral dependent. Our individual loan evaluations consist primarily of the fair value of collateral method because most of our loans are collateral dependent. Collateral values are discounted to consider disposition costs when appropriate. A specific reserve is established or a charge-off is taken if the fair value of the loan is less than the loan balance.

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The allowance for credit losses on off-balance sheet credit exposures is adjusted through the provision for credit loss expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life.

Accounting Pronouncements Adopted in 2025

During the year ended December 31, 2025, the Company adopted ASU 2023-09, "Improvements to Income Tax Disclosure", which expands the disclosure requirements for income taxes.

The amendment in this update improves financial reporting by requiring disclosure of greater disaggregation of information in the income tax rate reconciliation. The amendment in this update also improves financial reporting by requiring disclosure of income taxes paid by jurisdiction to improve visibility of income taxes paid information. The adoption did not have a material impact on the Company's consolidated financial statements. See Note 12 *Income Taxes* for more information.

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U.S. Small Business Association (SBA) Lending Activities

The Company originates loans to customers in its primary market area under an SBA program that generally provides for SBA guarantees of up to 90 percent of each loan. The Company generally sells the guaranteed portion of its SBA loans to a third party and retains the servicing, holding the nonguaranteed portion (retained interest) in its portfolio. A portion of the premium on the sale of SBA loans is recognized as gain on sale of loans at the time of the sale by allocating the carrying amount between the asset sold and the retained interest, including servicing assets, based on their relative fair values. The remaining portion of the premium is recorded as a discount on the remaining life of the loan as an adjustment to yield. The retained interest, net of any discount, is included in loans receivable in the accompanying balance sheets.

Servicing assets are recognized separately when rights are acquired through the sale of the SBA guaranteed portion. These servicing rights are initially measured at fair value at the date of sale and included in the gain on sale. To determine the fair value of servicing rights, the Company uses market prices for comparable mortgage servicing contracts, when available, or alternatively, uses a valuation model that calculates the present value of estimated future net servicing income. In using this valuation method, the Company incorporates assumptions that market participants would use in estimating future net servicing income, which includes estimates of the cost to service, the discount rate, custodial earnings rate, an inflation rate, ancillary income, prepayment speeds, default rates, late fees and losses.

Servicing rights are amortized in proportion to, and over the period of, the estimated net servicing income or net servicing loss and measured for impairment based on fair value at each reporting date. The amortization of the servicing rights is analyzed periodically and is adjusted to reflect changes in prepayment rates and other estimates.

Serviced loans sold to others are not included in the accompanying balance sheets. Income (losses) and fees collected for loan servicing are included within other income on the statements of income. Servicing fees, which totaled \$43,637 and \$16,267 for the years ended December 31, 2025 and 2024, respectively, are reported net of amortization of the servicing rights.

Transfers of Financial Assets

Transfers of financial assets, including loan and loan participation sales, are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Bank Owned Life Insurance

The Company invests in bank owned life insurance (BOLI) as a source of funding for employee benefit expenses. BOLI involves the purchasing of life insurance by the Company on a chosen group of officers. The Bank is the owner and beneficiary of the policies. This life insurance investment is carried at the cash surrender value of the underlying policies. Increases in cash surrender value are recorded in other income.

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Restricted Investment in Bank Stock

Restricted stock at December 31, 2025 and 2024 is comprised of stock in the Federal Home Loan Bank of Pittsburgh (FHLB) in the amount of \$1,451,200 and \$2,487,000, respectively, and in Atlantic Community Bankers Bank (ACBB) in the amount of \$50,000 for both years. Federal law requires a member institution of the Federal Home Loan Bank to hold stock according to a predetermined formula. All restricted stock is recorded at cost.

Other Real Estate Owned

Other real estate owned (OREO) is comprised of property acquired through a foreclosure proceeding or acceptance of a deed-in-lieu of foreclosure and loans classified as in-substance foreclosure. Such assets are recorded in other assets in the accompanying balance sheets. A loan is classified as in-substance foreclosure when the Company has taken possession of the collateral regardless of whether formal proceedings take place. OREO initially is recorded at fair value, net of estimated selling costs, at the date of foreclosure establishing a new cost basis. Any write-downs based on fair value at the date of foreclosure are charged to the allowance for credit losses. If an increase in cost basis results, it is classified as non-interest income unless there has been a prior charge-off, in which case a recovery to the allowance for loan losses is recorded. After foreclosure, valuations are periodically performed by management and the assets are carried at the lower of cost or fair value minus estimated costs to sell. Revenues and expenses from operations and write-downs are included in other expenses. In addition, any gain or loss realized upon disposal is included in other expense. The Company had OREO of \$-0- at December 31, 2025 and December 31, 2024.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are depreciated over the lesser of the useful life, or term of the lease, including renewal options, if reasonably assured, on a straight-line basis.

Advertising Costs

The Company follows the policy of charging the costs of advertising to expense as incurred.

Employee Benefit Plans

The Company has established a 401(k) Plan (the "Plan"). All employees are eligible to participate after they have attained the age of 18. The employees may contribute up to the maximum percentage allowable by law of their compensation to the Plan. During 2025 and 2024, the Company has elected to make a 3 percent safe harbor contribution for all employees. This contribution is vested immediately. The Company's contribution to the Plan for the years ended December 31, 2025 and 2024 was \$229,183 and \$207,951, respectively.

The Company has implemented non-qualified Supplemental Executive Retirement Plans for certain executive officers that provide for payments upon retirement, death or disability. As of December 31, 2025 and 2024, other liabilities include \$744,150 and \$734,503 accrued under these plans, respectively. For the years ended December 31, 2025 and 2024, salaries and employee benefits expense includes \$50,976 and \$50,700 expensed under these plans, respectively. For the years ended December 31, 2025 and 2024, payments for these plans totaled \$41,329 and \$27,553, respectively.

FIRST RESOURCE BANCORP, INC.
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Income Taxes

Deferred income taxes are provided on the balance sheet method whereby deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Off-Balance Sheet Financial Instruments

In the ordinary course of business, the Company has entered into off-balance sheet financial instruments consisting of commitments to extend credit and letters of credit. Such financial instruments are recorded in the balance sheets when they are funded.

Operating Segments

ASC Topic 280 - Segmented Reporting identifies operating segments as components of an enterprise which are evaluated regularly by the Corporation's Chief Operating Decision Maker, our Chief Executive Officer, in deciding how to develop strategy, allocate and assess performance.

While the Company monitors the revenue streams of the various products and services, operations are managed, and financial performance is evaluated on an entity-wide basis. The Corporation provides a variety of financial services to customers located within Chester, Montgomery, and Delaware Counties in Pennsylvania. Its primary deposit products are checking, savings, and term certificate accounts, and its primary lending products are commercial, residential and construction mortgages, small business, and consumer loans.

Management has determined that the Company has one reportable segment consisting of Community Banking. Operating segments are aggregated into one segment, as operating results for all segments are similar. Accordingly, all the financial service operations are considered by management to be aggregated in one reportable operating segment.

The accounting policies for the Community Banking segment are the same as those of our consolidated entity.

The chief operating decision maker assesses performance and decides how to allocate resources based on net income that is also reported on the income statement as consolidated net income. The measure of segment assets is reported on the balance sheet as total consolidated assets.

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2. SECURITIES

The amortized cost and fair value of securities available-for-sale and held-to-maturity at December 31, 2025 and 2024, are summarized as follows:

		2025				
		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
Available-for-Sale						
Mortgage-backed securities in						
government-sponsored entities	\$	19,321,249	31,763	(830,259)	-	\$ 18,522,753
Total	\$	<u>19,321,249</u>	<u>31,763</u>	<u>(830,259)</u>	<u>-</u>	<u>\$ 18,522,753</u>
		2025				
		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Allowance for Credit Losses
Held-to-Maturity						
Mortgage-backed securities in	\$	2,010,169	-	(357,526)	1,652,643	-
government-sponsored entities						
Corporate bonds		1,750,000	330	(114,790)	1,635,540	2,652
Municipal bonds		5,354,378	4,437	(214,534)	5,144,281	37
Total	\$	<u>9,114,547</u>	<u>4,767</u>	<u>(686,850)</u>	<u>8,432,464</u>	<u>\$ 2,689</u>
		2024				
		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
Available-for-Sale						
U.S. government securities	\$	9,997,812	-	(9,512)	-	\$ 9,988,300
Mortgage-backed securities in						
government-sponsored entities		9,270,326	1,008	(1,212,789)	-	8,058,545
Total	\$	<u>19,268,138</u>	<u>1,008</u>	<u>(1,222,301)</u>	<u>-</u>	<u>\$ 18,046,845</u>
		2024				
		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Allowance for Credit Losses
Held-to-Maturity						
Mortgage-backed securities in	\$	2,195,915	-	(461,614)	1,734,301	-
government-sponsored entities						
Corporate bonds		1,000,000	-	(215,000)	785,000	998
Municipal bonds		5,370,290	-	(437,070)	4,933,220	185
Total	\$	<u>8,566,205</u>	<u>-</u>	<u>(1,113,684)</u>	<u>7,452,521</u>	<u>\$ 1,183</u>

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The following tables summarize debt securities available-for-sale in an unrealized loss position for which an allowance for credit losses has not been recorded at December 31, 2025 and 2024, aggregated by security type and length of time in a continuous loss position:

		2025					
		Less than Twelve Months		Twelve Months or Greater		Total	
		Fair	Gross	Fair	Gross	Fair	Gross
		Value	Unrealized	Value	Unrealized	Value	Unrealized
			Losses		Losses		Losses
Available-for-Sale							
Mortgage-backed securities in							
government-sponsored entities							
	\$	7,942,434	\$ (47,816)	\$ 6,416,906	\$ (782,443)	\$ 14,359,340	\$ (830,259)
Total		<u>\$ 7,942,434</u>	<u>\$ (47,816)</u>	<u>\$ 6,416,906</u>	<u>\$ (782,443)</u>	<u>\$ 14,359,340</u>	<u>\$ (830,259)</u>
		2024					
		Less than Twelve Months		Twelve Months or Greater		Total	
		Fair	Gross	Fair	Gross	Fair	Gross
		Value	Unrealized	Value	Unrealized	Value	Unrealized
			Losses		Losses		Losses
Available-for-Sale							
U.S. government securities							
	\$	9,988,300	\$ (9,512)	-	-	\$ 9,988,300	\$ (9,512)
Mortgage-backed securities in							
government-sponsored entities							
		477,955	(9,223)	7,517,353	(1,203,566)	7,995,308	(1,212,789)
Total		<u>\$ 10,466,255</u>	<u>\$ (18,735)</u>	<u>\$ 7,517,353</u>	<u>\$ (1,203,566)</u>	<u>\$ 17,983,608</u>	<u>\$ (1,222,301)</u>

At December 31, 2025, the fair value of available-for-sale securities in an unrealized loss position for which an allowance for credit losses had not been recorded was \$14,359,340, including unrealized losses of \$830,259. The holdings were comprised of eight mortgage-backed securities that have been in a gross unrealized loss position for less than 12 months with depreciation of one percent from the Company's amortized cost basis. At December 31, 2025, the Company had thirty-three mortgage-backed securities that have been in a gross unrealized loss position for greater than 12 months with depreciation of twelve percent from the Company's amortized cost basis.

At December 31, 2024, the fair value of available-for-sale securities in an unrealized loss position for which an allowance for credit losses had not been recorded was \$17,983,608, including unrealized losses of \$1,222,301. The holdings were comprised of one U.S. government security and one mortgage-backed security that have been in a gross unrealized loss position for less than 12 months with depreciation of zero percent from the Company's amortized cost basis. At December 31, 2024, the Company had thirty-six mortgage-backed securities that have been in a gross unrealized loss position for greater than 12 months with depreciation of fourteen percent from the Company's amortized cost basis.

Unrealized losses on available-for-sale securities have not been recognized into income because the issuers bonds are either explicitly or implicitly guaranteed by the U.S. government, management does not intend to sell and it is likely that management will not be required to sell the securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in interest rates and other market conditions. The issuers continue to make timely principal and interest payments on the bonds. The fair value is expected to recover as the bonds approach maturity.

There was no allowance for credit losses on securities available-for-sale at December 31, 2025 and 2024.

FIRST RESOURCE BANCORP, INC.
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The following tables present the activity in the allowance for credit losses for debt securities held-to-maturity by major security type for the years ended December 31, 2025 and 2024:

		2025				
		Beginning Balance	Charge-offs	Recoveries	Provisions (Reductions)	Ending Balance
Allowance for credit losses:						
Corporate bonds	\$	998	\$ -	\$ -	\$ 1,654	\$ 2,652
Municipal bonds		185	-	-	(148)	37
	\$	1,183	\$ -	\$ -	\$ 1,506	\$ 2,689
		2024				
		Beginning Balance	Charge-offs	Recoveries	Provisions (Reductions)	Ending Balance
Allowance for credit losses:						
Corporate bonds	\$	1,744	\$ -	\$ -	\$ (746)	\$ 998
Municipal bonds		289	-	-	(104)	185
	\$	2,033	\$ -	\$ -	\$ (850)	\$ 1,183

As of December 31, 2025 and 2024, no ACL was required for mortgage-backed securities. The Company does not have the intent to sell and does not believe it will be more likely than not to be required to sell any of these securities prior to a recovery of their fair value to amortized cost, which may be at maturity.

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Credit Quality Indicators

The Company monitors the credit quality of debt securities held-to-maturity primarily through utilizing credit rating. The Company monitors the credit rating on a quarterly basis. The following tables summarize the amortized cost of debt securities held-to-maturity at December 31, 2025 and 2024, aggregated by credit quality indicator:

		2025		
		Mortgage-backed securities in government sponsored entites	Corporate Bonds	Municipal Bonds
Held to Maturity	Credit Rating			
	AAA/AA/A	\$ 2,010,169	\$ -	\$ 5,354,378
	BBB/BB/B	-	1,750,000	-
	Lower than B	-	-	-
	Total	\$ 2,010,169	\$ 1,750,000	\$ 5,354,378
		2024		
		Mortgage-backed securities in government sponsored entites	Corporate Bonds	Municipal Bonds
Held to Maturity	Credit Rating			
	AAA/AA/A	\$ 2,195,915	\$ -	\$ 5,370,290
	BBB/BB/B	-	1,000,000	-
	Lower than B	-	-	-
	Total	\$ 2,195,915	\$ 1,000,000	\$ 5,370,290

The underlying issuers continue to make timely principal and interest payments on the securities.

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The amortized cost and fair value of securities as of December 31, 2025, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because the securities may be called without any penalties.

	Available-for-Sale		Held-to-Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due less than one year	\$ -	\$ -	\$ -	\$ -
Due after one year through five years	-	-	2,602,675	2,538,314
Due after five years through ten years	-	-	4,501,703	4,241,507
Due over ten years	-	-	-	-
			7,104,378	6,779,821
U.S. government mortgage-backed securities - residential	19,321,249	18,522,753	2,010,169	1,652,643
	\$ 19,321,249	\$ 18,522,753	\$ 9,114,547	\$ 8,432,464

Securities with a carrying value of \$8,646,270 and \$9,622,346 at December 31, 2025 and 2024, respectively, were pledged to the Federal Reserve Bank of Philadelphia for discount window borrowings.

During the years ended December 31, 2025 and 2024, there were no securities sold by the Company.

3. LOANS RECEIVABLE

The composition of loans receivable at December 31, 2025 and 2024, is as follows:

	2025	2024
Commercial	\$ 66,273,771	\$ 59,791,370
Commercial real estate	526,794,034	482,360,992
Commercial construction	68,576,333	40,117,628
Home equity	17,152,967	16,579,415
Consumer, other	1,365,654	1,301,226
Total Loans	680,162,759	600,150,631
Unearned net loan origination fees and costs	(1,706,504)	(1,686,064)
Allowance for credit losses	(4,977,305)	(5,574,679)
Net Loans	\$ 673,478,950	\$ 592,889,888

Loan Sales

The Company originates and sells loans secured by the SBA. The Company retains the unguaranteed portion of the loan and the servicing on the loans sold and receives a fee based upon the principal balance outstanding.

During the year ended December 31, 2025, the Company sold two SBA loans originated for sale for total proceeds of \$1,497,580 which resulted in realized gains of \$113,186. During the year ended December 31, 2024, the Company sold one SBA loan originated for sale for total proceeds of

FIRST RESOURCE BANCORP, INC.
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\$2,941,959 which resulted in realized gains of \$58,929. There were no SBA loans originated for sale held at December 31, 2025 and 2024.

Loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balances of loans serviced for others were \$4,711,080 and \$3,532,610 at December 31, 2025 and 2024, respectively.

The following summarizes the activity pertaining to the servicing rights using the amortization method for the years ended December 31, 2025 and 2024:

	2025	2024
Beginning balance	\$ 55,802	\$ 18,136
Additions	23,105	48,931
Application of valuation allowance	949	1,966
Amortization	(18,774)	(13,231)
Ending Balance	\$ 61,082	\$ 55,802

The risks inherent in the servicing rights relate primarily to changes in prepayments that result from shifts in interest rates. The servicing rights are included in other assets in the consolidated balance sheets.

The following summarizes the activity pertaining to the valuation allowance for impairment of servicing rights for the years ended December 31, 2025 and 2024:

	2025	2024
Beginning balance	\$ 949	\$ 2,915
Recoveries credited to operations	(949)	(1,966)
Ending Balance	\$ -	\$ 949

Changes in the valuation allowance are included in other expenses in the Consolidated Statements of Income.

FIRST RESOURCE BANCORP, INC.
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4. ALLOWANCE FOR CREDIT LOSSES

The following tables summarizes the activity in the allowance for credit losses by loan class for the years ended December 31, 2025 and 2024, and information in regards to the allowance for credit losses and the recorded investment in loans receivable by loan class as of December 31, 2025 and 2024, respectively:

	2025					
	Commercial	Commercial Real Estate	Commercial Construction	Home Equity	Consumer, Other	Total
Allowance for credit losses:						
Beginning balance:	\$ 1,557,310	\$ 3,438,934	\$ 428,639	\$ 134,679	\$ 15,117	\$ 5,574,679
Charge-offs	(1,462,325)	-	-	-	-	(1,462,325)
Recoveries	5,592	-	-	-	-	5,592
Provisions	418,634	137,225	278,150	27,534	(2,184)	859,359
Ending balance	<u>\$ 519,211</u>	<u>\$ 3,576,159</u>	<u>\$ 706,789</u>	<u>\$ 162,213</u>	<u>\$ 12,933</u>	<u>\$ 4,977,305</u>
Ending balance individually evaluated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Ending balance collectively evaluated	<u>\$ 519,211</u>	<u>\$ 3,576,159</u>	<u>\$ 706,789</u>	<u>\$ 162,213</u>	<u>\$ 12,933</u>	<u>\$ 4,977,305</u>
Loans receivable:						
Individually evaluated	\$ 8,402,310	\$ 1,261,517	\$ 297,575	\$ 216,105	\$ -	\$ 10,177,507
Collectively evaluated	57,871,461	525,532,517	68,278,758	16,936,862	1,365,654	669,985,252
Ending balance	<u>\$ 66,273,771</u>	<u>\$ 526,794,034</u>	<u>\$ 68,576,333</u>	<u>\$ 17,152,967</u>	<u>\$ 1,365,654</u>	<u>\$ 680,162,759</u>
	2024					
	Commercial	Commercial Real Estate	Commercial Construction	Home Equity	Consumer, Other	Total
Allowance for credit losses:						
Beginning balance:	\$ 495,182	\$ 2,911,806	\$ 757,385	\$ 131,814	\$ 15,119	\$ 4,311,306
Charge-offs	-	-	-	(204,239)	-	(204,239)
Recoveries	7,078	-	-	-	-	7,078
Provisions	1,055,050	527,128	(328,746)	207,104	(2)	1,460,534
Ending balance	<u>\$ 1,557,310</u>	<u>\$ 3,438,934</u>	<u>\$ 428,639</u>	<u>\$ 134,679</u>	<u>\$ 15,117</u>	<u>\$ 5,574,679</u>
Ending balance individually evaluated	<u>\$ 1,046,893</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,046,893</u>
Ending balance collectively evaluated	<u>\$ 510,417</u>	<u>\$ 3,438,934</u>	<u>\$ 428,639</u>	<u>\$ 134,679</u>	<u>\$ 15,117</u>	<u>\$ 4,527,786</u>
Loans receivable:						
Individually evaluated	\$ 2,581,828	\$ 1,210,981	\$ -	\$ -	\$ -	\$ 3,792,809
Collectively evaluated	57,209,542	481,150,011	40,117,628	16,579,415	1,301,226	596,357,822
Ending balance	<u>\$ 59,791,370</u>	<u>\$ 482,360,992</u>	<u>\$ 40,117,628</u>	<u>\$ 16,579,415</u>	<u>\$ 1,301,226</u>	<u>\$ 600,150,631</u>

FIRST RESOURCE BANCORP, INC.
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Credit Quality Indicators

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually to classify the loans as to credit risk. This analysis is done for all loans at the time of initial approval and annually for loans with an outstanding balance greater than \$1 million. The Company uses the following definitions for risk ratings:

Special Mention. Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard. Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful. Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

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Based on the most recent analysis performed, the following table presents the classes of the loan portfolio by internal risk rating system as of December 31, 2025 and 2024 under ASC 326:

	Term Loans Amortized Costs Basis by Origination Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	2025	2024	2023	2022	2021	Prior			
December 31, 2025									
Commercial									
Risk Rating									
Pass	\$ 4,614,599	\$ 5,667,205	\$ 3,139,893	\$ 3,476,964	\$ 3,692,511	\$ 2,251,051	\$ 35,029,238	\$ -	\$ 57,871,461
Special Mention	-	35,241	2,223,378	174,032	-	733,005	5,236,654	-	8,402,310
Substandard	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 4,614,599</u>	<u>\$ 5,702,446</u>	<u>\$ 5,363,271</u>	<u>\$ 3,650,996</u>	<u>\$ 3,692,511</u>	<u>\$ 2,984,056</u>	<u>\$ 40,265,892</u>	<u>\$ -</u>	<u>\$ 66,273,771</u>
Commercial and industrial									
Current period gross charge-offs	\$ -	\$ -	\$ 100,000	\$ 362,356	\$ -	\$ 999,969	\$ -	\$ -	\$ 1,462,325
Commercial real estate									
Risk Rating									
Pass	\$ 104,008,260	\$ 69,657,953	\$ 56,345,230	\$ 87,108,159	\$ 91,649,249	\$ 116,763,666	\$ -	\$ -	\$ 525,532,517
Special Mention	-	-	79,153	-	-	1,182,364	-	-	1,261,517
Substandard	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 104,008,260</u>	<u>\$ 69,657,953</u>	<u>\$ 56,424,383</u>	<u>\$ 87,108,159</u>	<u>\$ 91,649,249</u>	<u>\$ 117,946,030</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 526,794,034</u>
Commercial real estate									
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial construction									
Risk Rating									
Pass	\$ 41,975,387	\$ 13,795,107	\$ 4,699,139	\$ -	\$ 316,370	\$ -	\$ 7,492,755	\$ -	\$ 68,278,758
Special Mention	-	-	297,575	-	-	-	-	-	297,575
Substandard	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 41,975,387</u>	<u>\$ 13,795,107</u>	<u>\$ 4,996,714</u>	<u>\$ -</u>	<u>\$ 316,370</u>	<u>\$ -</u>	<u>\$ 7,492,755</u>	<u>\$ -</u>	<u>\$ 68,576,333</u>
Commercial construction									
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Home equity									
Risk Rating									
Pass	\$ 1,661,150	\$ 4,190,167	\$ 251,719	\$ 256,294	\$ 1,988,624	\$ 3,821,414	\$ 4,767,494	\$ -	\$ 16,936,862
Special Mention	-	-	-	-	-	-	216,105	-	216,105
Substandard	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 1,661,150</u>	<u>\$ 4,190,167</u>	<u>\$ 251,719</u>	<u>\$ 256,294</u>	<u>\$ 1,988,624</u>	<u>\$ 3,821,414</u>	<u>\$ 4,983,599</u>	<u>\$ -</u>	<u>\$ 17,152,967</u>
Home equity									
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Consumer, other									
Risk Rating									
Pass	\$ 5,991	\$ 568,750	\$ -	\$ -	\$ -	\$ 707,918	\$ 82,995	\$ -	\$ 1,365,654
Special Mention	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 5,991</u>	<u>\$ 568,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 707,918</u>	<u>\$ 82,995</u>	<u>\$ -</u>	<u>\$ 1,365,654</u>
Consumer, other									
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total									
Risk Rating									
Pass	\$ 152,265,387	\$ 93,879,182	\$ 64,435,981	\$ 90,841,417	\$ 97,646,754	\$ 123,544,049	\$ 47,372,482	\$ -	\$ 669,985,252
Special Mention	-	35,241	2,600,106	174,032	-	1,915,369	5,452,759	-	10,177,507
Substandard	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 152,265,387</u>	<u>\$ 93,914,423</u>	<u>\$ 67,036,087</u>	<u>\$ 91,015,449</u>	<u>\$ 97,646,754</u>	<u>\$ 125,459,418</u>	<u>\$ 52,825,241</u>	<u>\$ -</u>	<u>\$ 680,162,759</u>

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	Term Loans Amortized Costs Basis by Origination Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	2024	2023	2022	2021	2020	Prior			
December 31, 2024									
Commercial									
Risk Rating									
Pass	\$ 6,454,679	\$ 6,029,600	\$ 4,885,695	\$ 4,633,826	\$ 1,480,292	\$ 1,555,228	\$ 32,170,222	\$ -	\$ 57,209,542
Special Mention	-	-	-	-	-	929,321	390,181	-	1,319,502
Substandard	-	-	262,357	-	999,969	-	-	-	1,262,326
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 6,454,679</u>	<u>\$ 6,029,600</u>	<u>\$ 5,148,052</u>	<u>\$ 4,633,826</u>	<u>\$ 2,480,261</u>	<u>\$ 2,484,549</u>	<u>\$ 32,560,403</u>	<u>\$ -</u>	<u>\$ 59,791,370</u>
Commercial and industrial									
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial real estate									
Risk Rating									
Pass	\$ 69,655,182	\$ 73,418,909	\$ 99,123,127	\$ 104,975,067	\$ 48,829,048	\$ 85,148,678	\$ -	\$ -	\$ 481,150,017
Special Mention	-	-	-	-	-	1,210,981	-	-	1,210,981
Substandard	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 69,655,182</u>	<u>\$ 73,418,909</u>	<u>\$ 99,123,127</u>	<u>\$ 104,975,067</u>	<u>\$ 48,829,048</u>	<u>\$ 86,359,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 482,360,992</u>
Commercial real estate									
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial construction									
Risk Rating									
Pass	\$ 24,651,609	\$ 8,572,738	\$ 449,945	\$ 316,370	\$ -	\$ 149,121	\$ 5,977,845	\$ -	\$ 40,117,628
Special Mention	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 24,651,609</u>	<u>\$ 8,572,738</u>	<u>\$ 449,945</u>	<u>\$ 316,370</u>	<u>\$ -</u>	<u>\$ 149,121</u>	<u>\$ 5,977,845</u>	<u>\$ -</u>	<u>\$ 40,117,628</u>
Commercial construction									
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Home equity									
Risk Rating									
Pass	\$ 4,587,102	\$ 271,622	\$ 1,036,746	\$ 2,194,764	\$ 2,217,390	\$ 2,096,920	\$ 4,174,871	\$ -	\$ 16,579,415
Special Mention	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 4,587,102</u>	<u>\$ 271,622</u>	<u>\$ 1,036,746</u>	<u>\$ 2,194,764</u>	<u>\$ 2,217,390</u>	<u>\$ 2,096,920</u>	<u>\$ 4,174,871</u>	<u>\$ -</u>	<u>\$ 16,579,415</u>
Home equity									
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 204,239	\$ -	\$ -	\$ 204,239
Consumer, other									
Risk Rating									
Pass	\$ 568,750	\$ 131,986	\$ -	\$ -	\$ 22,584	\$ 478,519	\$ 99,387	\$ -	\$ 1,301,226
Special Mention	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 568,750</u>	<u>\$ 131,986</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,584</u>	<u>\$ 478,519</u>	<u>\$ 99,387</u>	<u>\$ -</u>	<u>\$ 1,301,226</u>
Consumer, other									
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total									
Risk Rating									
Pass	\$ 105,917,322	\$ 88,424,855	\$ 105,495,513	\$ 112,120,027	\$ 52,549,314	\$ 89,428,466	\$ 42,422,325	\$ -	\$ 596,357,822
Special Mention	-	-	-	-	-	2,140,302	390,181	-	2,530,483
Substandard	-	-	262,357	-	999,969	-	-	-	1,262,326
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 105,917,322</u>	<u>\$ 88,424,855</u>	<u>\$ 105,757,870</u>	<u>\$ 112,120,027</u>	<u>\$ 53,549,283</u>	<u>\$ 91,568,768</u>	<u>\$ 42,812,506</u>	<u>\$ -</u>	<u>\$ 600,150,631</u>

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The performance and credit quality of the loan portfolio is also monitored by analyzing the age of the loans receivable as determined by the length of time a recorded payment is past due. The following table presents the classes of the loan portfolio summarized by the past due status as of December 31, 2025 and 2024:

	2025						
	30-59 Days Past Due	60-89 Days Past Due	90 Days or Greater Past Due	Total Past Due Loans	Total Current Loans	Total Loans	Accruing Loans 90 or More Days Past Due
Commercial	\$ -	\$ 768,246	\$ 400,466	\$ 1,168,712	\$ 65,105,059	\$ 66,273,771	\$ -
Commercial real estate	1,122,463	1,182,364	-	2,304,827	524,489,207	526,794,034	-
Commercial construction	-	-	-	-	68,576,333	68,576,333	-
Home equity	-	-	216,105	216,105	16,936,862	17,152,967	-
Consumer, other	-	-	-	-	1,365,654	1,365,654	-
Total	\$ 1,122,463	\$ 1,950,610	\$ 616,571	\$ 3,689,644	\$ 676,473,115	\$ 680,162,759	\$ -

	2024						
	30-59 Days Past Due	60-89 Days Past Due	90 Days or Greater Past Due	Total Past Due Loans	Total Current Loans	Total Loans	Accruing Loans 90 or More Days Past Due
Commercial	\$ 262,357	\$ -	\$ -	\$ 262,357	\$ 59,529,013	\$ 59,791,370	\$ -
Commercial real estate	301,878	141,994	-	443,872	481,917,120	482,360,992	-
Commercial construction	-	-	-	-	40,117,628	40,117,628	-
Home equity	-	-	-	-	16,579,415	16,579,415	-
Consumer, other	-	-	-	-	1,301,226	1,301,226	-
Total	\$ 564,235	\$ 141,994	\$ -	\$ 706,229	\$ 599,444,402	\$ 600,150,631	\$ -

FIRST RESOURCE BANCORP, INC.
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The following table presents nonaccrual loans by classes of the loan portfolio as of December 31, 2025 and 2024:

	2025	2024
Commercial	\$ 435,707	\$ 1,262,326
Commercial real estate	79,153	-
Commercial construction	-	-
Home equity	216,105	-
Consumer, other	-	-
	<u>\$ 730,965</u>	<u>\$ 1,262,326</u>

The Company had nonaccrual loans totaling \$730,965 without ACL, all of which were real estate collateral dependent at December 31, 2025 and nonaccrual loans totaling \$1,262,326 with ACL, all of which were real estate collateral dependent at December 31, 2024.

The Company had no loans past due over 90 days and still accruing as of December 31, 2025 and 2024.

Modifications to Borrowers Experiencing Financial Difficulty

The Company may grant a modification to borrowers in financial distress by providing a temporary reduction in interest rate, or an extension of a loan's stated maturity date. Loan modifications are intended to minimize the economic loss and to avoid foreclosure or repossession of the collateral.

The Company identifies loans for potential restructure primarily through direct communication with the borrower and evaluation of the borrower's financial statements, revenue projections, tax returns, and credit reports. Even if the borrower is not presently in default, management will consider the likelihood that cash flow shortages, adverse economic conditions, and negative trends may result in a payment default in the near future.

There were no modifications of loans to borrowers experiencing financial difficulty during the years ended December 31, 2025 and 2024.

There were no payment defaults for loan granted modifications due to a borrower experiencing financial difficulty within twelve months of the modification date, during the years ended December 31, 2025 and 2024.

At December 31, 2025 and 2024, the Company had \$-0- and \$-0-, respectively, of residential real estate held in other real estate owned. At December 31, 2025 and 2024, the Company had initiated foreclosure proceedings on approximately \$-0- and \$-0-, respectively, of loans secured by residential real estate.

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5. PREMISES AND EQUIPMENT

The components of premises and equipment at December 31, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Land	\$ 2,609,586	\$ 2,609,586
Land improvements	814,031	814,031
Buildings	5,106,117	5,106,117
Leasehold improvements	88,194	86,266
Furniture, fixtures, and equipment	1,981,843	1,926,295
Computer equipment and data processing software	1,515,495	1,368,812
	<u>12,115,266</u>	<u>11,911,107</u>
Less accumulated depreciation	<u>(4,754,924)</u>	<u>(4,359,697)</u>
Total	<u>\$ 7,360,342</u>	<u>\$ 7,551,410</u>

Depreciation and amortization expense was \$438,209 and \$472,885 for the years ended December 31, 2025 and 2024, respectively.

6. DEPOSITS

The components of deposits at December 31, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Demand, noninterest-bearing	\$ 120,359,227	\$ 86,581,276
Demand, interest-bearing	69,271,915	40,119,102
Money market accounts	326,603,007	239,828,130
Time, \$250,000 and over	74,959,897	71,867,914
Time, other	134,138,361	113,829,426
Total	<u>\$ 725,332,407</u>	<u>\$ 552,225,848</u>

At December 31, 2025, the scheduled maturities of time deposits are as follows:

2026	\$ 200,036,751
2027	4,797,068
2028	1,158,243
2029	2,958,685
2030	147,511
Total	<u>\$ 209,098,258</u>

At December 31, 2025 and 2024, the Company had brokered deposits of \$44,154,000 and \$26,506,000, respectively.

Deposit overdrafts totaling \$353,518 and \$11,709 at December 31, 2025 and 2024, respectively, are included within loans receivable on the Consolidated Balance Sheets.

Included in deposit accounts are deposits for two customer relationships totaling \$83,552,641 at December 31, 2025. Management believes liquidity is adequate to compensate for these deposit levels.

FIRST RESOURCE BANCORP, INC.
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7. BORROWINGS

As of December 31, 2025, there were no short-term borrowing advances from the Federal Home Loan Bank (FHLB). Short-term borrowings at December 31, 2024, consist of an advance from the FHLB of \$40,000,000, due January 2, 2025, with interest at 4.771%. The Company utilizes overnight borrowings from the FHLB for cash flow needs.

Long-term borrowings at December 31, 2025 and 2024, consisted of FHLB borrowings with the following maturity dates and interest rates:

Description	Maturity Date	Interest Rate	2025	2024
Fixed rate	01/08/25	1.709%	\$ -	\$ 2,000,000
Fixed rate	03/16/26	1.236%	1,850,000	1,850,000
Fixed rate	02/01/27	3.849%	1,852,000	-
Fixed rate	03/01/27	1.309%	2,400,000	2,400,000
Fixed rate	04/19/27	3.848%	2,480,000	-
Fixed rate	06/07/27	3.954%	1,480,000	-
Fixed rate	08/20/27	3.769%	1,000,000	-
Fixed rate	09/07/27	3.562%	2,825,000	-
Fixed rate	10/06/27	3.642%	2,125,000	-
Total			\$ <u>16,012,000</u>	\$ <u>6,250,000</u>

Borrowings from the FHLB are secured by a blanket lien on the Bank's assets. The Bank has a maximum borrowing capacity with the FHLB of approximately \$289,942,800 at December 31, 2025. At December 31, 2025, the Bank had borrowed \$16,012,000 as outstanding advances and the FHLB had issued letters of credit on the Bank's behalf, totaling \$61,795,905 against its available credit lines.

The Bank has a \$20,000,000 unsecured federal funds line of credit with Pacific Coast Bankers Bank, and a \$6,000,000 unsecured federal funds line of credit and a \$2,000,000 federal funds line of credit secured by investments with Atlantic Community Bankers Bank. There were no federal funds purchased outstanding at December 31, 2025 and 2024.

The Bank also has access to borrowings from the Federal Reserve Bank Discount Window. All borrowings through this facility are secured by specific pledge of investments. There were no borrowings outstanding under this facility at December 31, 2025 and 2024.

The Company has a \$3,000,000 unsecured revolving line of credit with Atlantic Community Bankers Bank. There were no borrowings outstanding under this facility at December 31, 2025 and 2024.

FIRST RESOURCE BANCORP, INC.
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8. SUBORDINATED DEBT

On December 15, 2025, the Bank exercised its right to redeem \$6.0 million in subordinated notes at par, plus accrued interest, in accordance with the terms of the indenture.

On December 15, 2025, the Company issued \$8.0 million in subordinated notes. These notes have a maturity date of December 15, 2035, and bear interest at a fixed rate of 6.00%. The Company may, at its option, at any time on an interest payment date on or after December 15, 2030, redeem the notes, in whole or in part, at par plus accrued interest to the date of redemption.

On August 1, 2024, the Company issued \$2.5 million in subordinated notes. These notes have a maturity date of September 15, 2034, and bear interest at a fixed rate of 6.50%. The Bancorp may, at its option, at any time on an interest payment date on or after September 15, 2029, redeem the notes, in whole or in part, at par plus accrued interest to the date of redemption.

The principal and unamortized debt issuance costs of subordinated debt at December 31, 2025 and 2024, are as follows:

	December 31, 2025		
	Unamortized Debt Issuance		
	Principal	Costs	Net
6.0% subordinated notes, due December 15, 2035	\$ 8,000,000	\$ 19,856	\$ 7,980,144
6.5% subordinated notes, due September 15, 2034	2,500,000	13,681	2,486,319
	\$ 10,500,000	\$ 33,537	\$ 10,466,463
	December 31, 2024		
	Unamortized Debt Issuance		
	Principal	Costs	Net
6.0% subordinated notes, due December 15, 2030	\$ 6,000,000	\$ 9,371	\$ 5,990,629
6.5% subordinated notes, due September 15, 2034	2,500,000	17,413	2,482,587
	\$ 8,500,000	\$ 26,784	\$ 8,473,216

All subordinated notes are not subject to repayment at the option of the noteholders. These notes are all unsecured and rank junior in right of payment to the Bank's obligations to its general creditors and qualify as Tier 2 capital for regulatory purposes.

FIRST RESOURCE BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. LEASES

In 2023, the Company entered into an operating lease agreement for its corporate office location. This lease commenced in April 2024 and has a ten-year term.

The Company also has lease agreements for office equipment.

The Company accounts for its leases in accordance with Topic 842, Leases. All of the leases in which the Company is the lessee are classified as operating leases. In accordance with Topic 842, operating lease agreements are required to be recognized on the Consolidated Balance Sheets as a right of use asset and a corresponding lease liability. The Company has elected not to include short term leases (i.e., leases with initial terms of twelve months or less) on the Consolidated Balance Sheets.

The following table presents the balance sheet classification of our ROU assets and lease liabilities, included in other assets and other liabilities, respectively.

Year Ending December 31, 2025	Amount
Lease ROU assets	\$ 2,890,243
Lease liabilities	2,902,280

The calculation of the ROU assets and lease liabilities in the table above are impacted by the length of the lease term and the discount rate used to calculate the present value of the minimum lease payments, which is the Company's incremental borrowing rate for a loan term similar to the lease term. The weighted-average remaining lease term was 8.2 years and the weighted-average discount rate was 4.89% as of December 31, 2025.

Lease expense was \$439,057 and \$493,397 for the years ended December 31, 2025 and 2024, respectively.

Cash paid on operating lease liabilities amounted to \$407,368 and \$513,073 for the years ended December 31, 2025 and 2024, respectively.

Future minimum lease payments by year and in the aggregate for leases as of December 31, 2025 are as follows:

Year Ending December 31,	Amount
2026	\$ 415,656
2027	417,030
2028	422,650
2029	428,184
2030	434,721
Thereafter	1,421,125
Subtotal	\$ 3,539,366
Less: imputed interest	(637,086)
Total	\$ 2,902,280

FIRST RESOURCE BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. EMPLOYMENT AGREEMENTS

The Company has an employment agreement with its President & Chief Executive Officer. The agreement includes minimum annual salary commitments, change of control provisions and certain retirement benefits. The Company also has change of control agreements with various officers. The change in control provisions in these agreements provides that upon resignation after a change in the control of the Company, as defined in the agreement, the individual will receive monetary compensation in the amount set forth in the agreement.

11. SHAREHOLDERS' EQUITY

Director Fee Plan

The Company has a Director Fee Plan. The Plan allows for non-employee directors to elect to receive a specified percentage of fees for services on the Board of Directors in the form of shares of the Company's common stock. The purchase price for these shares is the volume weighted average price of the Company's common stock as reported on the over-the-counter market on the OTCQX Marketplace, for the calendar quarter for which a Director's compensation is payable. During 2025 and 2024, the Company issued 5,067 and 5,028 shares of common stock under this Plan.

Employee Stock Purchase Plan

The Company has an Employee Stock Purchase Plan. The Employee Plan allows employees with at least six months of service and who customarily work more than five months per calendar year to purchase shares through a payroll deduction at a price set by the Capital Committee between 85 percent and 100 percent of the fair market value of such share on each quarterly purchase date. Payroll deductions for this Plan cannot exceed the lower of 5 percent of the employee's compensation or \$2,500 per quarter. During 2025 and 2024, the Company issued 3,997 and 4,512 shares of common stock under this Plan.

Equity Incentive Plan

The Company has an Equity Incentive Plan (the "Plan"). The Plan authorizes the Board of Directors to award incentive stock options, nonqualified stock options, restricted stock, restricted stock units, and other equity-based awards to employees and non-employee directors up to an aggregate of 150,000 shares of common stock.

Restricted stock units (RSUs) are accounted for under ASC 718 and are measured at grant-date fair value and recognized as compensation expense over the requisite service period on a straight-line basis, with forfeitures recognized as they occur. RSUs do not convey voting rights and do not receive dividends until shares are issued upon vesting. Upon vesting, the Company may withhold shares to satisfy employee tax-withholding obligations.

During 2025, 13,500 restricted stock units were granted to certain officers and directors of the Bank as compensation. These RSUs vest over 5 years and were measured at the fair market value of a share of common stock at the time of the grants.

FIRST RESOURCE BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table presents a rollforward of RSU activity for the year ended December 31, 2025:

	2025	
	Units	Weighted-Average Grant Date Fair Value
Outstanding at beginning of year	-	N/A
Granted	13,500	\$ 18.90
Vested	-	N/A
Forfeited	-	N/A
Outstanding at end of year	13,500	\$ 18.90

As of December 31, 2025, total unrecognized compensation cost related to unvested restricted stock units was \$249,155, which is expected to be recognized over a weighted average period of 4.9 years.

Stock Repurchase Program

On August 12, 2024, the Company announced a stock repurchase program, which authorizes the repurchase of up to 155,922 shares of its outstanding common stock. As of December 31, 2025, there were no shares available for repurchase under the program.

During 2025, the Company repurchased 10,576 shares at a weighted-average price of \$14.57 per share. During 2024, the Company repurchased 96,915 shares at a weighted-average price of \$13.79 per share. The stock repurchase program expired on July 16, 2025.

12. FEDERAL INCOME TAXES

The components of federal income tax expense for the years ended December 31, 2025 and 2024, are as follows:

	2025	2024
Current expense	\$ 2,000,668	\$ 1,606,852
Deferred expense (benefit)	84,665	(278,072)
Total	\$ 2,085,333	\$ 1,328,780

A reconciliation of the statutory federal income tax at a rate of 21 percent for 2025 and 2024 to federal income tax expense included in the Consolidated Statements of Income for the years ended December 31, 2025 and 2024, are as follows:

	2025		2024	
Federal income tax at a statutory rate	\$ 2,151,064	21.0%	\$ 1,394,191	21.0%
Tax exempt interest	(26,100)	(0.3%)	(26,169)	(0.4%)
Bank-owned life insurance income	(44,469)	(0.4%)	(39,390)	(0.6%)
Other	4,838	0.1%	148	0.0%
Total	\$ 2,085,333	20.4%	\$ 1,328,780	20.0%

FIRST RESOURCE BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The components of the net deferred tax asset at December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Deferred tax assets:		
Allowance for credit losses	\$ 1,001,073	\$ 1,093,392
Unrealized loss on available-for-sale securities	167,684	256,471
Supplemental executive retirement plan	156,271	154,245
Nonaccrual interest	3,174	3,789
Other	<u>111,568</u>	<u>106,455</u>
Total gross deferred tax assets	<u>1,439,770</u>	<u>1,614,352</u>
Deferred tax liabilities:		
Deferred loan costs	(192,860)	(190,671)
Depreciation on premises and equipment	(192,319)	(201,046)
Prepaid expenses	<u>(28,750)</u>	<u>(23,342)</u>
Total gross deferred tax liabilities	<u>(413,929)</u>	<u>(415,059)</u>
Net deferred tax assets, included in other assets	<u>\$ 1,025,841</u>	<u>\$ 1,199,293</u>

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Management believes it is more likely than not that the Company will realize the benefits of these deferred tax assets at December 31, 2025.

The Company follows the provisions of Financial Accounting Standards Board ASC 740, *Accounting for Uncertainty in Income Taxes*. A tax position is recognized as a benefit only if it is more likely than not that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that has a likelihood of being realized on examination of more than 50 percent. For tax positions not meeting the more-likely-than-not test, no tax benefit is recorded. Under the more-likely-than-not threshold guidelines, the Company believes no significant uncertain tax positions exist, either individually or in the aggregate, that would give rise to the non-recognition of an existing tax benefit. As of December 31, 2025 and 2024, the Company had no material unrecognized tax benefits or accrued interest and penalties. The Company's policy is to account for interest as a component of interest expense and penalties as a component of other expense. The Company is no longer subject to examination by taxing authorities for the years before January 1, 2022.

13. TRANSACTIONS WITH EXECUTIVE OFFICERS, DIRECTORS AND PRINCIPAL STOCKHOLDERS

The Company has had, and may be expected to have in the future, banking transactions in the ordinary course of business with its executive officers, directors, principal stockholders, their immediate families and affiliated companies (commonly referred to as related parties). Loans receivable of related parties totaled \$2,456,274 at December 31, 2025, and \$2,581,630 at December 31, 2024. During 2025, \$156,783 of advances were made and repayments totaled \$282,139. Deposits of related parties totaled \$27,854,859 and \$14,276,322 at December 31, 2025 and 2024, respectively.

The Company paid legal fees of approximately \$3,288 and \$3,965 to a law firm of a director for the years ended December 31, 2025 and 2024, respectively.

FIRST RESOURCE BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

A summary of the Company's financial instrument commitments at December 31, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
Commitments to grant loans	\$ 19,805,000	\$ 7,499,626
Unfunded commitments under lines of credit	109,945,082	94,239,566
Standby letters of credit	18,172,139	11,791,062

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The Company evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation. Collateral held varies but may include personal or commercial real estate, accounts receivable, inventory and equipment.

Outstanding letters of credit written are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The majority of these standby letters of credit expire within the next twelve months. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending other loan commitments. The Company requires collateral supporting these letters of credit as deemed necessary. The maximum undiscounted exposure related to those commitments at December 31, 2025 and 2024 was \$18,172,139 and \$11,791,062, respectively. The current amount of the liability as of December 31, 2025 and 2024, for guarantees under standby letters of credit issued is not material.

15. REGULATORY MATTERS

The Company and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet the minimum capital requirements can initiate certain mandatory and possibly additional discretionary-actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk-weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth below) of Total, Tier I, and Common Equity Tier I capital (as defined in the regulations) to risk-weighted assets, and of Tier I capital to average assets.

FIRST RESOURCE BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Management believes, as of December 31, 2025, that the Bank meets all capital adequacy requirements to which it is subject.

In July 2013, the federal banking agencies adopted revisions to the agencies' capital adequacy guidelines and prompt corrective action rules, which were designed to enhance such requirements and implement the revised standards of the Basel Committee on Banking Supervision, commonly referred to as Basel III, that (i) introduced a new capital ratio pursuant to the prompt corrective action provisions, the common equity tier 1 capital to risk weighted assets ratio, (ii) increased the adequately capitalized and well capitalized thresholds for the Tier I risk based capital ratios to 6 percent and 8 percent, respectively, (iii) changed the treatment of certain capital components for determining Tier I and Tier II capital, and (iv) changed the risk weighting of certain assets and off balance sheet items in determining risk weighted assets. The rules, which were effective January 1, 2015, also require that banks maintain a "capital conservation buffer" of 250 basis points in excess of the "minimum capital ratio." The minimum capital ratio is equal to the prompt corrective action adequately capitalized threshold ratio. The capital conservation buffer was phased in over four years beginning on January 1, 2016, with a maximum buffer of 0.625 percent of risk weighted assets for 2016, 1.25 percent for 2017, 1.875 percent for 2018, and 2.5 percent for 2019 and thereafter. Failure to maintain the required capital conservation buffer will result in limitations on capital distributions and on discretionary bonuses to executive officers.

FIRST RESOURCE BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments.

In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

Fair value measurement guidance establishes a fair value hierarchy that prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurements) and the lowest priority to unobservable inputs (Level III measurements). The three levels of the fair value hierarchy are as follows:

Level I - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level II - Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Level III - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e. supported with little or no market activity).

An asset or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

For financial assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used at December 31, 2025 and 2024 are as follows:

	December 31, 2025			
	Level I	Level II	Level III	Total
Fair value measured on a recurring basis:				
Mortgage-backed securities in government-sponsored entities	\$ -	\$ 18,522,753	\$ -	\$ 18,522,753
Total	\$ -	\$ 18,522,753	\$ -	\$ 18,522,753
	December 31, 2024			
	Level I	Level II	Level III	Total
Fair value measured on a recurring basis:				
U.S. government securities	\$ -	\$ 9,988,300	\$ -	\$ 9,988,300
Mortgage-backed securities in government-sponsored entities	-	8,058,545	-	8,058,545
Total	\$ -	\$ 18,046,845	\$ -	\$ 18,046,845

FIRST RESOURCE BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For financial assets measured at fair value on a nonrecurring basis, the fair value measurements by level within the fair value hierarchy used at December 31, 2025 and 2024, is as follows:

	December 31, 2025			
	Level I	Level II	Level III	Total
Fair value measured on a nonrecurring basis:				
Individually evaluated loans, net of ACL	\$ -	\$ -	\$ 10,177,507	\$ 10,177,507
Total	\$ -	\$ -	\$ 10,177,507	\$ 10,177,507

	December 31, 2024			
	Level I	Level II	Level III	Total
Fair value measured on a nonrecurring basis:				
Servicing rights	\$ -	\$ 55,802	\$ -	\$ 55,802
Individually evaluated loans, net of ACL	-	-	2,745,916	2,745,916
Total	\$ -	\$ 55,802	\$ 2,745,916	\$ 2,801,718

Quantitative information about Level III Fair Value Measurements at December 31, 2025 and 2024 is included in the table below:

	December 31, 2025			
	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
Individually evaluated loans	\$ 10,177,507	Appraisal of collateral	Liquidation expenses	7.3%-8.3% (7.7%)

	December 31, 2024			
	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
Individually evaluated loans	\$ 2,745,916	Appraisal of collateral	Liquidation expenses	7.8%-12.9% (9.1%)

The following information should not be interpreted as an estimate of the fair value of the entire Company since a fair value calculation is only provided for a limited portion of the Company's assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparisons between the Company's disclosures and those of other companies may not be meaningful.

The fair value estimates, and methods and assumptions used to estimate the fair value estimates, for certain of the Company's financial instruments are set forth below:

Securities

The fair value of securities available-for-sale (carried at fair value) and held-to-maturity (carried at amortized cost) are determined by matrix pricing (Level II), which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted market prices

FIRST RESOURCE BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the specific securities but rather by relying on the securities' relationship to other benchmark quoted prices.

Individually Evaluated Loans (Generally Carried at Fair Value)

This category consists of loans that were individually evaluated for credit loss, net of related ACL, and have been classified as Level 3 assets. All of these loans are considered collateral-dependent; therefore, all of the Company's individually assessed loans, whether reporting a specific allowance allocation or not, are considered collateral-dependent. The Company utilized Level 3 inputs such as independent appraisals of the underlying collateral, which generally includes various Level 3 inputs which are not observable. Appraisals may be adjusted downward by management for qualitative factors such as economic conditions and estimated liquidation expenses.

Servicing Rights (Carried at Lower of Cost or Fair Value)

The fair values of the servicing rights are based on a valuation model that calculates the present value of estimated net servicing income. The valuation incorporates assumptions that market participants would use in estimating future net servicing income.

FIRST RESOURCE BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following tables summarize the carrying amount and fair value estimates of the Company's financial instruments at December 31, 2025 and 2024, (in thousands):

	2025				
	Carrying Value	Level I	Level II	Level III	Fair Value
Financial assets:					
Cash and short-term time deposits	\$ 90,522	\$ 90,522	\$ -	\$ -	\$ 90,522
Securities available for sale	18,523	-	18,523	-	18,523
Securities held to maturity	9,112	-	8,432	-	8,432
Loans receivable, net	673,479	-	-	677,826	677,826
Restricted investment in bank stock	1,501	-	1,501	-	1,501
Servicing rights	60	-	69	-	69
Accrued interest receivable	2,524	-	2,524	-	2,524
Financial liabilities:					
Demand and savings deposits	\$ 516,234	\$ -	\$ 516,234	\$ -	\$ 516,234
Time deposits	209,098	-	209,156	-	209,156
Accrued interest payable	798	-	798	-	798
Short-term borrowings	-	-	-	-	-
Long-term borrowings	16,012	-	15,955	-	15,955
Subordinated debt	10,466	-	11,877	-	11,877
Off-balance sheet assets:					
Commitments to extend credit	\$ -	\$ -	\$ -	\$ -	\$ -
Unfunded commitments under lines of credit	-	-	-	-	-
2024					
	Carrying Value	Level I	Level II	Level III	Fair Value
Financial assets:					
Cash and short-term time deposits	\$ 17,938	\$ 17,938	\$ -	\$ -	\$ 17,938
Securities available for sale	18,047	-	18,047	-	18,047
Securities held to maturity	8,565	-	7,453	-	7,453
Loans receivable, net	592,890	-	-	581,497	581,497
Restricted investment in bank stock	2,537	-	2,537	-	2,537
Servicing rights	56	-	56	-	56
Accrued interest receivable	2,026	-	2,026	-	2,026
Financial liabilities:					
Demand and savings deposits	\$ 366,529	\$ -	\$ 366,529	\$ -	\$ 366,529
Time deposits	185,697	-	185,611	-	185,611
Accrued interest payable	664	-	664	-	664
Short-term borrowings	40,000	-	40,000	-	40,000
Long-term borrowings	6,250	-	6,086	-	6,086
Subordinated debt	8,473	-	9,307	-	9,307
Off-balance sheet assets:					
Commitments to extend credit	\$ -	\$ -	\$ -	\$ -	\$ -
Unfunded commitments under lines of credit	-	-	-	-	-

FIRST RESOURCE BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. REVENUE RECOGNITION

The revenue standard's core principle is built on the contract between a vendor and a customer for the provision of goods and services. It attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled.

Management determined that revenue derived from financial instruments, including revenue from loans receivable and securities, along with non-interest income resulting from gains (losses) from the sale of securities or SBA loans, commitment and other loan related fees as well as income from bank owned life insurance are not within the scope of Topic 606.

Topic 606 is applicable to non-interest income streams such as service charges on deposits and other non-interest income. Noninterest revenue streams in-scope of Topic 606 are discussed below.

Service Charges on Deposit Accounts

Service charges on deposit accounts consist of monthly service charges, check orders, other deposit account related fees, wire transfers, returned deposit fees, and safe deposit box rentals. The Company's performance obligation for monthly service fees is generally satisfied, and the related revenue recognized, over the period in which the service is provided. Check orders and other deposit account related fees are largely transactional based, and therefore, the Company's performance obligation is satisfied, and related revenue recognized, at a point in time. Payment for service charges on deposit accounts is primarily received immediately or in the following month through a direct charge to customers' accounts. The Company's performance obligation for wire transfers, returned deposit fees, and safe deposit box rental are largely satisfied, and related revenue recognized, when the services are rendered or upon completion. Payment is typically received immediately or in the following month.

Swap Referral Fee Income

Referral fee income consists of fees paid by a third-party correspondent bank to the Company for referring borrowers to the correspondent bank to execute interest rate swaps. These transactions are transactional in nature, and therefore, the Company's performance obligation is satisfied, and related revenue recognized, at a point in time.

Other

Other fees are primarily comprised of debit card income, ATM fees, merchant services income, and other service charges. Debit card income is primarily comprised of interchange fees earned whenever the Company's debit cards are processed through card payment networks such as MasterCard, Visa and STAR. The interchange fees are presented net of any associated costs. ATM fees are primarily generated when a non-Company customer uses a Company ATM. Merchant services income mainly represents fees charged to merchants to process their debit and credit card transactions. Other noninterest income consists primarily of other non-recurring revenue which is not recorded in the categories listed above. This revenue is miscellaneous in nature and is recognized as income upon receipt.

FIRST RESOURCE BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following presents noninterest income, segregated by revenue streams in-scope and out-of-scope of Topic 606, for the years ended December 31, 2025 and 2024.

	<u>2025</u>	<u>2024</u>
Noninterest income		
In-scope of Topic 606		
Service charges on deposits	\$ 430,905	\$ 414,682
Swap referral fee income	298,829	275,550
Other	<u>294,394</u>	<u>269,802</u>
Noninterest income (in-scope of Topic 606)	1,024,128	960,034
Noninterest income (out of scope of Topic 606)	<u>383,694</u>	<u>301,946</u>
Total	<u>\$ 1,407,822</u>	<u>\$ 1,261,980</u>

Contract Balances

A contract asset balance occurs when an entity performs a service for a customer before the customer pays consideration (resulting in a contract receivable) or before payment is due (resulting in a contract asset). A contract liability balance is an entity's obligation to transfer a service to a customer for which the entity has already received payment (or payment is due) from the customer. The Company's non-interest revenue streams are largely based on transactional activity. Consideration is often received immediately or shortly after the Company satisfies its performance obligation and revenue is recognized. The Company does not typically enter into long-term revenue contracts with customers, and therefore, does not experience significant contract balances. As of December 31, 2025 and December 31, 2024, the Company did not have any contract balances.

18. SUBSEQUENT EVENTS

The Company has evaluated events and transactions occurring subsequent to the balance sheet date of December 31, 2025, for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through February 18, 2026, the date these financial statements were available to be issued.

NOTES

2025 ACHIEVEMENTS



**Best Places to Work
Company from Philadelphia
Business Journal**

7 Years in a Row



**Best Bank in Chester County
from the Daily Local News**

9 Years in a Row



**Best Community Bank
Along the Main Line and
Best Bank Branch Manager
from the Main Line Times**

Joe DiTommaso
5 Years in a Row

2025 LEADERSHIP

BOARD OF DIRECTORS

PAMELA M. CYR

President, Title Alliance, LTD

JOSEPH J. DISCIULLO

President, Zeke's Inc.

ANN DUKE, ESQUIRE

Principal Attorney, Duke Law Offices, PC

JAMES B. GRIFFIN

President, James B. Griffin, P.C.

Chairman, First Resource Bank

MICHAEL HOHL

Owner, Estimator & Project Manager,
Lyons & Hohl Site Contractors

GLENN B. MARSHALL

Vice Chair, Retired Chief Executive Officer,
First Resource Bank

RICHARD D. ORLOW

Counsel, Piazza Management Company

LAUREN C. RANALLI

President & CEO, First Resource Bank

ROBERT E. RIGG

Managing Partner,
J&R Real Estate and Silver Oak Properties

EXECUTIVE MANAGEMENT

LAUREN C. RANALLI

President & Chief Executive Officer

NATALIE M. CARROZZA

Executive Vice President & Chief Risk Officer

KRISTEN FRIES

Executive Vice President & Chief Financial Officer

LEE HERZER

Executive Vice President & Chief Lending Officer

BRIAN S. JACKSON

Executive Vice President & Chief Information Officer

JENNIFER MACMULLEN

Executive Vice President &
Chief Retail Banking Officer

BRIDGET M. MORAN

Executive Vice President & Chief Operating Officer

FRANK ROTHENBERGER

Executive Vice President & Chief Credit Officer

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