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**FEDERAL DEPOSIT INSURANCE CORPORATION**  
WASHINGTON, DC 20549

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**FORM 8-K**

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**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d) of the**  
**Securities Exchange Act of 1934**

**Date of report (Date of earliest event reported): January 26, 2023**

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**FIRST BANK**  
(Exact Name of Registrant as Specified in Charter)

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**New Jersey**  
(State or Other Jurisdiction  
of Incorporation)

**58481**  
(FDIC Certificate  
Number)

**20-8164471**  
(I.R.S. Employer  
Identification No.)

**2465 Kuser Road**  
**Hamilton, New Jersey 08690**  
(Address of Principal Executive Offices, and Zip Code)

**(877) 821-2265**  
Registrant's Telephone Number, Including Area Code

**Not Applicable**  
(Former Name or Former Address, if Changed Since Last Report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- ☐ Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$5.00 per share	FRBA	Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

**Item 2.02 Results of Operations and Financial Condition**

On January 25, 2023, First Bank (the “Company”) issued a press release announcing its operating results for the three and twelve months ended December 31, 2022. A copy of the January 25, 2023 press release is included as Exhibit 99.1 hereto.

The information in this Item 2.02, including Exhibit 99.1, shall be considered furnished for purposes of the Securities Exchange Act of 1934 (the “Exchange Act”) and shall not be deemed “filed” for any purpose. The information provided in this Item 2.02, including Exhibit 99.1, shall not be deemed incorporated by reference in any filings the Company has made or may make under the Exchange Act or the Securities Act of 1933 (the “Securities Act”), except as otherwise expressly stated in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

99.1 Press release dated January 25, 2023

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FIRST BANK

Dated: January 26, 2023

By: /s/ Andrew L. Hibshman  
Andrew L. Hibshman  
Executive Vice President and  
Chief Financial Officer



**FOR IMMEDIATE RELEASE**

**CONTACT:** Andrew Hibshman, Chief Financial Officer  
(609) 643-0058, [andrew.hibshman@firstbanknj.com](mailto:andrew.hibshman@firstbanknj.com)

## **First Bank Reports Fourth Quarter 2022 Net Income of \$9.1 Million and Full Year Net Income of \$36.3 Million**

***Quarterly Results Highlighted by Agreement to Acquire Malvern Bancorp, Strong Organic Loan Growth, Continued Revenue Expansion, and Outstanding Asset Quality Metrics***

HAMILTON, N.J. — (GLOBE NEWSWIRE) — January 25, 2023 — [First Bank](#) (Nasdaq Global Market: FRBA) today announced results for the fourth quarter and full year 2022. Net income for the fourth quarter of 2022 was \$9.1 million, or \$0.46 per diluted share, compared to \$7.8 million, or \$0.40 per diluted share, for the fourth quarter of 2021. Return on average assets, return on average equity and return on average tangible equity<sup>i</sup> for the fourth quarter of 2022 were 1.35%, 12.61% and 13.53%, respectively, compared to 1.27%, 11.77%, and 12.63%, respectively, for the fourth quarter of 2021. Excluding merger-related expenses, First Bank's fourth quarter 2022 adjusted diluted earnings per share<sup>ii</sup> were \$0.48, adjusted return on average assets<sup>ii</sup> was 1.40% and adjusted return on average tangible equity<sup>ii</sup> was 14.07%. Excluding merger-related expenses, fourth quarter 2021 adjusted diluted earnings per share were \$0.42, adjusted return on average assets was 1.33% and adjusted return on average tangible equity was 13.26%.

Full year 2022 net income was \$36.3 million, an increase of \$860,000, or 2.4%, compared to \$35.4 million for 2021. Diluted earnings per share for 2022 were \$1.84, an increase of \$0.05, or 2.8%, compared to \$1.79 per diluted share for 2021. Return on average assets and return on average equity for the full year 2022 were 1.40% and 13.07%, respectively. Excluding merger-related expenses, full year 2022 adjusted diluted earnings per share were \$1.86, adjusted return on average assets was 1.42% and adjusted return on average equity was 13.20%. Excluding merger-related expenses, full year 2021 adjusted diluted earnings per share were \$1.81, adjusted return on average assets was 1.48% and adjusted return on average equity was 14.16%.

### ***Fourth Quarter and Full Year 2022 Performance Highlights:***

- Announced agreement to acquire Malvern Bancorp, Inc. and Malvern Bank during the fourth quarter of 2022. The acquisition is expected to close in the second quarter of 2023 and will add approximately \$785.3 million of deposits and \$824.7 million of loans.
- Total net revenue (net interest income plus non-interest income) of \$25.2 million for the fourth quarter of 2022 increased \$2.3 million, or 10.3%, compared to the prior year quarter, while full year total net revenue was \$97.5 million, an increase of \$7.8 million, or 8.8%, compared to 2021.
- Total loans of \$2.34 billion at December 31, 2022 reflected growth of \$74.4 million, or 3.3%, from the end of the linked third quarter of 2022 and \$212.4 million, or 10.0%, from December 31, 2021. Excluding Paycheck Protection Program (PPP) loan declines, loan growth was \$74.8 million and \$259.9 million for the quarter and year ended December 31, 2022, respectively. PPP loans outstanding at December 31, 2022 were \$3.5 million.

- Total deposits of \$2.29 billion at December 31, 2022 increased by \$103.8 million, or 4.7%, from the end of the linked third quarter of 2022 and \$179.4 million, or 8.5%, from December 31, 2021. Non-interest-bearing demand deposits decreased to 22.0% of total deposits at December 31, 2022, compared to 26.4% at December 31, 2021, while time deposits increased to 23.1% at December 31, 2022 from 18.5% of total deposits at December 31, 2021.
- Asset quality metrics remained strong during the fourth quarter of 2022, with annualized net recoveries to average loans of 0.04%, and nonperforming loans to total loans of 0.27% at December 31, 2022, compared to 0.61% at December 31, 2021.
- Ongoing focus on cost containment resulted in the eighth consecutive quarter of an efficiency ratio<sup>iii</sup> below 50%, at 47.68% for the fourth quarter of 2022.

“We are proud of our solid performance in the fourth quarter and for the full year of 2022 which was highlighted by continued strong organic loan growth, revenue expansion and outstanding asset quality metrics. We are well positioned heading into 2023, despite the uncertain economic environment,” said Patrick L. Ryan, President and Chief Executive Officer. “In the fourth quarter, we continued to achieve strong organic loan growth, 13.3% annualized, while we continued to benefit from our strong underwriting standards with nonperforming assets to total assets of only 23 basis points at December 31, 2022. Strong commercial and industrial loan opportunities drove the need for accelerated deposit gathering during the quarter and while deposit pricing pressure has impacted our cost of deposits and net interest margin, we continue to operate at healthy profitability levels, achieving peer-leading returns on average assets.”

Mr. Ryan continued, “Our persistent focus on cost containment is essential in the current economic environment. We know how to operate lean, as evidenced by an efficiency ratio below 50% for the last eight consecutive quarters.”

“2023 will be an exciting year for us. Our strategic merger with Malvern Bancorp will provide critical mass and operating leverage in our highly attractive Southeastern Pennsylvania markets. New initiatives in small business and asset-based lending will help drive additional commercial and industrial loan growth. And, perhaps most importantly, new deposit sales teams will help drive additional commercial and municipal deposit growth. Our reputation as a committed and valuable financial partner continues to be strengthened by our earnings profile, our organic expansion, and our growth through acquisitions.”

“We are pleased to announce another \$0.06 quarterly dividend, which reflects an annualized yield of 1.77% based on the January 17, 2023 closing price of our common stock, as part of our ongoing focus on creating shareholder value.”

### ***Income Statement***

First Bank’s net interest income for the fourth quarter of 2022 was \$23.8 million, an increase of \$3.1 million, or 15.1%, compared to \$20.6 million in the fourth quarter of 2021, driven by a \$9.0 million increase in total interest and dividend income, principally loan interest income, offset somewhat by a \$5.9 million increase in total interest expense, primarily from the increase in cost of deposits. Net interest income decreased \$812,000 from the linked third quarter of 2022 due to the increase in interest expense of \$4.3 million partially offset by the increase in interest and dividend income of \$3.5 million.

Full year 2022 net interest income totaled \$92.4 million, an increase of \$10.5 million, or 12.8%, compared to \$81.9 million for 2021. The increase was primarily a result of higher interest income from loans due to substantial loan growth and higher loan yields, which was partially offset by increased interest expense related to the increased cost of deposits. Reflective of the rapidly increasing interest rate environment, the

average cost of interest bearing deposits increased 36 basis points. The average cost of money market and time deposits increased 54 and 31 basis points, respectively. Interest and dividend income increased by \$16.1 million, driven by solid growth in average loans, which increased by \$167.2 million, or 8.2%, from the prior year, and a 30 basis point increase in the average yield on loans.

The fourth quarter 2022 tax equivalent net interest margin was 3.69%, an increase of 17 basis points compared to 3.52% for the prior year quarter and a decrease of 28 basis points compared to 3.97% in the linked third quarter of 2022. The decline in the margin compared to the linked third quarter of 2022 was primarily a result of a 90 basis point increase in the cost of interest bearing deposits. The full year 2022 tax equivalent net interest margin was 3.75%, an increase of 19 basis points compared to 3.56% for the full year 2021. The increase in the full year net interest margin was principally a result of the 39 basis point increase in earning asset yields partially offset by the increase in the cost of interest bearing deposits.

First Bank reported a provision for loan losses of \$716,000 for the fourth quarter of 2022, compared to a provision for loan losses of \$825,000 in the fourth quarter of 2021. The provision for the quarter ended December 31, 2022, was due to loan growth offset somewhat by net recoveries and continued stable asset quality metrics. For full year 2022, the Bank reported a provision for loan losses of \$2.9 million, compared to a credit to the provision of \$232,000 in 2021. Provision expense for the full year 2022 reflected the strong growth in loans, low level of net charge-offs and strong credit quality metrics.

Fourth quarter 2022 non-interest income of \$1.4 million decreased from \$2.2 million during the fourth quarter 2021. The decrease between the periods was primarily the result of a decline in gains on sale of Small Business Administration (SBA) loans and gains on recovery of acquired loans in the fourth quarter 2022. Non-interest income totaled \$5.1 million for the full year ended December 31, 2022, compared to \$7.8 million for 2021, primarily a result of a decrease in gains on the sale of loans, loan fees and gains on recovery of acquired loans.

Non-interest expense for fourth quarter 2022 of \$12.5 million increased \$640,000, or 5.4%, compared to \$11.8 million for the prior year quarter. The higher non-interest expense compared to fourth quarter 2021 was primarily a result of higher marketing and advertising costs, other expense, occupancy and equipment expenses and travel and entertainment costs. The increases in marketing and advertising and travel and entertainment costs were primarily due to these expenses being unusually low in the fourth quarter of 2021. The increases in other expense and occupancy and equipment expenses were primarily due to a full quarter of expenses for the two new branches acquired by the Bank in December 2021.

On a linked quarter basis, fourth quarter 2022 non-interest expense increased \$728,000 to \$12.5 million compared to \$11.7 million for the third quarter of 2022. The increase was primarily due to merger-related costs associated with the pending Malvern Bancorp acquisition and an increase in performance-based bonus accruals. Excluding the merger-related expenses in the fourth quarter of 2022, non-interest expense increased \$276,000, or 2.4%, when compared to the linked prior quarter.

Non-interest expense for the full year 2022 totaled \$46.7 million, an increase of \$3.6 million, or 8.3%, compared to \$43.2 million for 2021. The increase was primarily a result of increased salaries and employee benefits, and to a lesser extent increases in other expense, other professional fees, travel and entertainment and data processing. These increases were primarily due to two new branches acquired by the Bank in December 2021 and other increases associated with the continued growth of the Bank.

Income tax expense for the three months ended December 2022 was \$2.9 million with an effective tax rate of 24.3%, compared to \$2.4 million with an effective tax rate of 23.2% for the fourth quarter of 2021 and \$3.3 million with an effective tax rate of 24.7% for the third quarter of 2022. Income tax expense for the

full year ended December 31, 2022, was \$11.6 million with an effective tax rate of 24.2%, compared to \$11.3 million for the full year 2021 with an effective tax rate of 24.2%.

### ***Balance Sheet***

Total assets at December 31, 2022 were \$2.73 billion, an increase of \$209.2 million, or 8.3%, compared to \$2.52 billion at December 31, 2021. Total loans increased \$212.4 million, or 10.0%, to \$2.34 billion at December 31, 2022 compared to \$2.13 billion at December 31, 2021. Total loans as of December 31, 2022 increased \$74.4 million, or 3.3%, from \$2.26 billion at September 30, 2022. The increase in loans during the fourth quarter of 2022 was due to commercial and industrial and commercial real estate loan growth.

Total deposits were \$2.29 billion at December 31, 2022, an increase of \$103.8 million, or 4.7%, compared to \$2.19 billion at September 30, 2022, and an increase of \$179.4 million, or 8.5%, from December 31, 2021. Non-interest-bearing deposits totaled \$503.9 million at December 31, 2022, a decrease of \$80.2 million, or 13.7%, from September 30, 2022, primarily due to a shift in the mix of deposits to interest-bearing accounts, which increased \$183.9 million, or 11.5% in the fourth quarter. The shift in deposits was due, in part, to certain higher non-interest bearing balances shifting to interest bearing accounts as a result of a notably higher interest rate environment.

Stockholders' equity was \$289.6 million at December 31, 2022, compared to \$266.7 million on December 31, 2021. The growth of \$22.9 million, or 8.6%, in stockholders' equity was primarily a result of full year 2022 net income of \$36.3 million, partially offset by a \$7.1 million increase in accumulated other comprehensive loss, \$3.5 million in treasury stock purchases and cash dividends paid of \$4.7 million for the full year ending December 31, 2022. The increase in accumulated other comprehensive loss was due to an increase in unrealized losses on the Bank's available for sale investment securities, primarily resulting from the current interest rate environment.

As of December 31, 2022, the Bank continued to exceed all regulatory capital requirements to be considered well capitalized, with a Tier 1 Leverage ratio of 10.41%, a Tier 1 Risk-Based capital ratio of 10.40%, a Common Equity Tier 1 Capital ratio of 10.40%, and a Total Risk-Based capital ratio of 12.49%.

### ***Asset Quality***

First Bank's asset quality metrics have remained solid during the year ended December 31, 2022. Net recoveries were \$213,000 for the fourth quarter of 2022, compared to net charge-offs of \$6,000 for the fourth quarter of 2021 and net charge-offs of \$705,000 for the third quarter of 2022. Net recoveries as an annualized percentage of average loans were 0.04% in fourth quarter 2022, compared to annualized net charge-offs of 0.00% in fourth quarter 2021. Nonperforming loans were \$6.3 million at December 31, 2022, down from \$13.0 million on December 31, 2021, and up slightly from \$5.1 million on September 30, 2022. Nonperforming loans as a percentage of total loans at December 31, 2022 were 0.27%, compared with 0.61% at December 31, 2021 and 0.23% at September 30, 2022. The allowance for loan losses to nonperforming loans was 407.58% at December 31, 2022, compared with 182.65% at December 31, 2021, and 480.61% at September 30, 2022.

### ***Cash Dividend Declared***

On January 17, 2023, First Bank's Board of Directors declared a quarterly cash dividend of \$0.06 per share to common stockholders of record at the close of business on February 10, 2023, payable on February 24, 2023.

### ***Conference Call***

First Bank will host its earnings call on Thursday, January 26, 2023 at 9:00 AM eastern time. The direct dial toll free number for the live call is 1-844-200-6205 and the access code is 106228. For those unable to participate in the call, a replay will be available on First Bank's website at [www.firstbanknj.com](http://www.firstbanknj.com) under the "About Us" tab. Click on "Investor Relations" to access the replay of the conference call.

### ***About First Bank***

First Bank is a New Jersey state-chartered bank with 18 full-service branches in Cinnaminson, Cranbury, Delanco, Denville, Ewing, Flemington (2), Hamilton, Lawrence, Monroe, Pennington, Randolph, Somerset and Williamstown, New Jersey; and Doylestown, Trevese, Warminster and West Chester, Pennsylvania. With \$2.7 billion in assets as of December 31, 2022, First Bank offers a full range of deposit and loan products to individuals and businesses throughout the New York City to Philadelphia corridor. First Bank's common stock is listed on the Nasdaq Global Market under the symbol "FRBA."

### ***Forward Looking Statements***

This press release contains certain forward-looking statements, either express or implied, within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include information regarding First Bank's future financial performance, business and growth strategy, projected plans and objectives, and related transactions, integration of acquired businesses, including the proposed acquisition of Malvern Bancorp, Inc. and Malvern Bank, First Bank's ability to recognize anticipated operational efficiencies, and other projections based on macroeconomic and industry trends, which are inherently unreliable due to the multiple factors that impact economic trends, and any such variations may be material. Such forward-looking statements are based on various facts and derived utilizing important assumptions, current expectations, estimates and projections about First Bank, any of which may change over time and some of which may be beyond First Bank's control. Statements preceded by, followed by or that otherwise include the words "believes," "expects," "anticipates," "intends," "projects," "estimates," "plans" and similar expressions or future or conditional verbs such as "will," "should," "would," "may" and "could" are generally forward-looking in nature and not historical facts, although not all forward-looking statements include the foregoing. Further, certain factors that could affect our future results and cause actual results to differ materially from those expressed in the forward-looking statements include, but are not limited to: whether First Bank can: successfully implement its growth strategy, including identifying acquisition targets and consummating suitable acquisitions; continue to sustain its internal growth rate; provide competitive products and services that appeal to its customers and target markets; difficult market conditions and unfavorable economic trends in the United States generally, and particularly in the market areas in which First Bank operates and in which its loans are concentrated, including the effects of inflation and declines in housing market values; the impact of disease pandemics, including COVID-19, on First Bank, its operations and its customers and employees; an increase in unemployment levels and slowdowns in economic growth; First Bank's level of nonperforming assets and the costs associated with resolving any problem loans including litigation and other costs; changes in market interest rates may increase funding costs and reduce earning asset yields thus reducing margin; the impact of changes in interest rates and the credit quality and strength of underlying collateral and the effect of such changes on the market value of First Bank's investment securities portfolio; the extensive federal and state regulation, supervision and examination governing almost every aspect of First Bank's operations including changes in regulations affecting financial institutions, and expenses associated with complying with such regulations; uncertainties in tax estimates and valuations, including due to changes in state and federal tax law; First Bank's ability to comply with applicable capital and liquidity requirements, including First Bank's ability to generate liquidity internally or raise capital on favorable terms, including continued access to the debt and equity capital markets; possible changes in trade, monetary and fiscal policies, laws and regulations and other activities of governments, agencies, and similar organizations. First Bank's ability to obtain regulatory approvals and meet other closing conditions to its proposed acquisition of Malvern Bancorp and Malvern Bank; delays in closing the merger; difficulties and delays in integrating the acquired business or fully realizing cost savings and other benefits of the proposed merger; and business disruptions following the merger. For discussion of these and other risks that may cause actual results to differ from expectations, please refer to "Forward-Looking Statements" and "Risk Factors" in First Bank's Annual Report on Form 10-K and any updates to those risk factors set forth in First Bank's proxy statement, subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K. If one or more events related to these or other risks or uncertainties materialize, or if First Bank's underlying assumptions prove to be incorrect, actual results may differ materially from what First Bank anticipates. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and First Bank does not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. All forward-looking statements, expressed or implied, included in this communication are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that First Bank or persons acting on First Bank's behalf may issue.

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<sup>i</sup> Return on average tangible equity is a non-U.S. GAAP financial measure and is calculated by dividing net income by average tangible equity (average equity minus average goodwill and other intangible assets). For a reconciliation of this non-U.S. GAAP financial measure, along with the other non-U.S. GAAP financial measures in this press release, to their comparable U.S. GAAP measures, see the financial reconciliations at the end of this press release.

<sup>ii</sup> Adjusted diluted earnings per share, adjusted return on average assets and adjusted return on average tangible equity are non-U.S. GAAP financial measures and are calculated by dividing net income adjusted for certain merger-related expenses and other one-time gains or expenses by diluted weighted average shares, average assets and average tangible equity, respectively. For a reconciliation of these non-U.S. GAAP financial measures, along with the other non-U.S. GAAP financial measures in this press release, to their comparable U.S. GAAP measures, see the financial reconciliations at the end of this press release.

<sup>iii</sup> The efficiency ratio is a non-U.S. GAAP financial measure and is calculated by dividing non-interest expense less merger-related expenses by adjusted total revenue (net interest income plus non-interest income). For a reconciliation of this non-U.S. GAAP financial measure, along with the other non-U.S. GAAP financial measures in this press release, to their comparable U.S. GAAP measures, see the financial reconciliations at the end of this press release.



**FIRST BANK AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**

(in thousands, except for share data, unaudited)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<b>Assets</b>		
Cash and due from banks	\$ 17,577	\$ 25,076
Interest bearing deposits with banks	108,339	129,431
Cash and cash equivalents	125,916	154,507
Interest bearing time deposits with banks	1,293	2,170
Investment securities available for sale, at fair value	98,956	94,584
Investment securities held to maturity (fair value of \$42,465 at December 31, 2022 and \$39,718 at December 31, 2021)	47,193	39,547
Restricted investment in bank stocks	6,214	5,856
Other investments	8,372	8,062
Loans, net of deferred fees and costs	2,337,814	2,125,437
Less: Allowance for loan losses	25,474	23,746
Net loans	2,312,340	2,101,691
Premises and equipment, net	10,550	9,883
Other real estate owned, net	-	772
Accrued interest receivable	8,164	5,681
Bank-owned life insurance	58,107	56,633
Goodwill	17,826	17,826
Other intangible assets, net	1,579	2,145
Deferred income taxes	13,155	11,081
Other assets	23,275	13,306
Total assets	<u>\$ 2,732,940</u>	<u>\$ 2,523,744</u>
<b>Liabilities and Stockholders' Equity</b>		
Liabilities:		
Non-interest bearing deposits	\$ 503,856	\$ 558,775
Interest bearing deposits	1,790,096	1,555,827
Total deposits	2,293,952	2,114,602
Borrowings	90,932	95,281
Subordinated debentures	29,731	29,620
Accrued interest payable	1,218	399
Other liabilities	27,545	17,176
Total liabilities	2,443,378	2,257,078
Stockholders' Equity:		
Preferred stock, par value \$2 per share; 10,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, par value \$5 per share; 40,000,000 shares authorized; 21,082,819 shares issued and 19,451,755 shares outstanding at December 31, 2022 and 20,851,506 shares issued and 19,472,364 shares outstanding at December 31, 2021	104,512	103,704
Additional paid-in capital	80,695	79,563
Retained earnings	127,532	95,924
Accumulated other comprehensive loss	(7,334)	(206)
Treasury stock, 1,631,064 shares at December 31, 2022 and 1,379,142 shares at December 31, 2021	(15,843)	(12,319)
Total stockholders' equity	289,562	266,666
Total liabilities and stockholders' equity	<u>\$ 2,732,940</u>	<u>\$ 2,523,744</u>

**FIRST BANK AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(in thousands, except for share data, unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
<b>Interest and Dividend Income</b>				
Investment securities—taxable	\$ 945	\$ 553	\$ 2,998	\$ 2,149
Investment securities—tax-exempt	40	36	149	169
Interest bearing deposits with banks, Federal funds sold and other	1,205	136	2,093	660
Loans, including fees	29,324	21,791	102,021	88,136
Total interest and dividend income	31,514	22,516	107,261	91,114
<b>Interest Expense</b>				
Deposits	6,875	1,105	11,883	5,684
Borrowings	448	330	1,244	1,779
Subordinated debentures	440	440	1,761	1,761
Total interest expense	7,763	1,875	14,888	9,224
Net interest income	23,751	20,641	92,373	81,890
Provision for loan losses	716	825	2,872	(232)
Net interest income after provision for loan losses	23,035	19,816	89,501	82,122
<b>Non-Interest Income</b>				
Service fees on deposit accounts	210	246	941	760
Loan fees	369	384	683	1,338
Income from bank-owned life insurance	362	386	1,474	1,436
Gains on sale of loans	4	392	296	1,892
Gains on recovery of acquired loans	216	554	672	1,235
Other non-interest income	285	249	1,054	1,093
Total non-interest income	1,446	2,211	5,120	7,754
<b>Non-Interest Expense</b>				
Salaries and employee benefits	7,261	7,229	27,383	25,404
Occupancy and equipment	1,407	1,265	5,689	5,762
Legal fees	193	130	695	769
Other professional fees	651	623	2,649	2,133
Regulatory fees	173	170	851	855
Directors' fees	173	221	743	876
Data processing	617	584	2,476	2,264
Marketing and advertising	177	1	682	526
Travel and entertainment	189	65	479	148
Insurance	189	172	727	655
Other real estate owned expense, net	26	68	295	165
Merger-related expenses	452	498	452	643
Other expense	957	799	3,612	2,952
Total non-interest expense	12,465	11,825	46,733	43,152
<b>Income Before Income Taxes</b>	12,016	10,202	47,888	46,724
Income tax expense	2,916	2,363	11,601	11,295
<b>Net Income</b>	\$ 9,100	\$ 7,839	\$ 36,287	\$ 35,429
Basic earnings per common share	\$ 0.47	\$ 0.40	\$ 1.86	\$ 1.81
Diluted earnings per common share	\$ 0.46	\$ 0.40	\$ 1.84	\$ 1.79
Cash dividends per common share	\$ 0.06	\$ 0.06	\$ 0.24	\$ 0.15
Basic weighted average common shares outstanding	19,446,770	19,469,404	19,503,837	19,611,381
Diluted weighted average common shares outstanding	19,649,282	19,725,294	19,716,661	19,815,747

**FIRST BANK AND SUBSIDIARIES**  
**AVERAGE BALANCE SHEETS WITH INTEREST AND AVERAGE RATES**

(dollars in thousands, unaudited)

	Three Months Ended December 31,					
	2022			2021		
	Average Balance	Interest	Average Rate (5)	Average Balance	Interest	Average Rate (5)
<b>Interest earning assets</b>						
Investment securities (1) (2)	\$ 152,386	\$ 993	2.59%	\$ 133,768	\$ 596	1.77%
Loans (3)	2,277,238	29,324	5.11%	2,035,059	21,791	4.25%
Interest bearing deposits with banks, Federal funds sold and other	112,829	1,067	3.75%	145,742	46	0.13%
Restricted investment in bank stocks	5,545	85	6.08%	5,912	73	4.90%
Other investments	8,381	53	2.51%	7,323	17	0.92%
<b>Total interest earning assets (2)</b>	<b>2,556,379</b>	<b>31,522</b>	<b>4.89%</b>	<b>2,327,804</b>	<b>22,523</b>	<b>3.84%</b>
Allowance for loan losses	(24,981)			(23,529)		
Non-interest earning assets	149,409			143,124		
<b>Total assets</b>	<b>\$ 2,680,807</b>			<b>\$ 2,447,399</b>		
<b>Interest bearing liabilities</b>						
Interest bearing demand deposits	\$ 328,191	\$ 800	0.97%	\$ 265,789	\$ 59	0.09%
Money market deposits	721,866	3,375	1.85%	656,772	404	0.24%
Savings deposits	183,746	417	0.90%	181,253	165	0.36%
Time deposits	489,478	2,283	1.85%	399,768	477	0.47%
Total interest bearing deposits	1,723,281	6,875	1.58%	1,503,582	1,105	0.29%
Borrowings	70,941	448	2.51%	83,066	330	1.58%
Subordinated debentures	29,713	440	5.92%	29,603	440	5.95%
<b>Total interest bearing liabilities</b>	<b>1,823,935</b>	<b>7,763</b>	<b>1.69%</b>	<b>1,616,251</b>	<b>1,875</b>	<b>0.46%</b>
Non-interest bearing deposits	538,304			550,718		
Other liabilities	32,285			16,214		
Stockholders' equity	286,283			264,216		
<b>Total liabilities and stockholders' equity</b>	<b>\$ 2,680,807</b>			<b>\$ 2,447,399</b>		
Net interest income/interest rate spread (2)		23,759	3.20%		20,648	3.38%
Net interest margin (2) (4)			3.69%			3.52%
Tax equivalent adjustment (2)		(8)			(7)	
Net interest income		<u>\$ 23,751</u>			<u>\$ 20,641</u>	

(1) Average balance of investment securities available for sale is based on amortized cost.

(2) Interest and average rates are presented on a tax equivalent basis using a federal income tax rate of 21%.

(3) Average balances of loans include loans on nonaccrual status.

(4) Net interest income divided by average total interest earning assets.

(5) Annualized.

**FIRST BANK AND SUBSIDIARIES**  
**AVERAGE BALANCE SHEETS WITH INTEREST AND AVERAGE RATES**  
(dollars in thousands, unaudited)

	Year Ended December 31,					
	2022			2021		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
<b>Interest earning assets</b>						
Investment securities (1) (2)	\$ 143,460	\$ 3,178	2.22%	\$ 118,673	\$ 2,353	1.98%
Loans (3)	2,204,028	102,021	4.63%	2,036,855	88,136	4.33%
Interest bearing deposits with banks, Federal funds sold and other	104,057	1,694	1.63%	134,109	248	0.18%
Restricted investment in bank stocks	5,457	285	5.22%	7,312	348	4.76%
Other investments	8,193	114	1.39%	6,727	64	0.95%
<b>Total interest earning assets (2)</b>	<u>2,465,195</u>	<u>107,292</u>	<u>4.35%</u>	<u>2,303,676</u>	<u>91,149</u>	<u>3.96%</u>
Allowance for loan losses	(24,702)			(23,753)		
Non-interest earning assets	146,851			140,594		
<b>Total assets</b>	<u><u>\$ 2,587,344</u></u>			<u><u>\$ 2,420,517</u></u>		
<b>Interest bearing liabilities</b>						
Interest bearing demand deposits	\$ 323,824	\$ 1,395	0.43%	\$ 225,945	\$ 224	0.10%
Money market deposits	719,743	5,923	0.82%	627,211	1,772	0.28%
Savings deposits	184,510	989	0.54%	179,705	739	0.41%
Time deposits	378,292	3,576	0.95%	458,980	2,949	0.64%
Total interest bearing deposits	1,606,369	11,883	0.74%	1,491,841	5,684	0.38%
Borrowings	69,916	1,244	1.78%	115,343	1,779	1.54%
Subordinated debentures	29,672	1,761	5.93%	29,561	1,761	5.96%
<b>Total interest bearing liabilities</b>	<u>1,705,957</u>	<u>14,888</u>	<u>0.87%</u>	<u>1,636,745</u>	<u>9,224</u>	<u>0.56%</u>
Non-interest bearing deposits	579,691			514,137		
Other liabilities	24,057			15,903		
Stockholders' equity	277,639			253,732		
<b>Total liabilities and stockholders' equity</b>	<u><u>\$ 2,587,344</u></u>			<u><u>\$ 2,420,517</u></u>		
Net interest income/interest rate spread (2)		92,404	3.48%		81,925	3.40%
Net interest margin (2) (4)			3.75%			3.56%
Tax equivalent adjustment (2)		(31)			(35)	
Net interest income		<u><u>\$ 92,373</u></u>			<u><u>\$ 81,890</u></u>	

(1) Average balance of investment securities available for sale is based on amortized cost.

(2) Interest and average rates are presented on a tax equivalent basis using a federal income tax rate of 21%.

(3) Average balances of loans include loans on nonaccrual status.

(4) Net interest income divided by average total interest earning assets.

**FIRST BANK AND SUBSIDIARIES**  
**QUARTERLY FINANCIAL HIGHLIGHTS**  
(in thousands, except for share and employee data, unaudited)

	As of or For the Quarter Ended				
	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021
<b>EARNINGS</b>					
Net interest income	\$ 23,751	\$ 24,563	\$ 22,910	\$ 21,149	\$ 20,641
Provision for loan losses	716	216	1,298	642	825
Non-interest income	1,446	944	1,463	1,267	2,211
Non-interest expense	12,465	11,737	11,409	11,122	11,825
Income tax expense	2,916	3,348	2,843	2,494	2,363
Net income	9,100	10,206	8,823	8,158	7,839
<b>PERFORMANCE RATIOS</b>					
Return on average assets (1)	1.35%	1.57%	1.38%	1.31%	1.27%
Adjusted return on average assets (1) (2)	1.40%	1.57%	1.38%	1.31%	1.33%
Return on average equity (1)	12.61%	14.46%	12.92%	12.25%	11.77%
Adjusted return on average equity (1) (2)	13.11%	14.46%	12.92%	12.25%	12.36%
Return on average tangible equity (1) (2)	13.53%	15.55%	13.93%	13.22%	12.63%
Adjusted return on average tangible equity (1) (2)	14.07%	15.55%	13.93%	13.22%	13.26%
Net interest margin (1) (3)	3.69%	3.97%	3.76%	3.57%	3.52%
Total cost of deposits (1)	1.21%	0.50%	0.23%	0.19%	0.21%
Efficiency ratio (2)	47.68%	46.01%	46.81%	49.62%	49.57%
<b>SHARE DATA</b>					
Common shares outstanding	19,451,755	19,447,206	19,483,415	19,634,744	19,472,364
Basic earnings per share	\$ 0.47	\$ 0.52	\$ 0.45	\$ 0.42	\$ 0.40
Diluted earnings per share	0.46	0.52	0.45	0.41	0.40
Adjusted diluted earnings per share (2)	0.48	0.52	0.45	0.41	0.42
Tangible book value per share (2)	13.89	13.43	13.08	12.79	12.67
Book value per share	14.89	14.44	14.10	13.81	13.69
<b>MARKET DATA</b>					
Market value per share	\$ 13.76	\$ 13.67	\$ 13.98	\$ 14.22	\$ 14.51
Market value / Tangible book value	99.07%	101.80%	106.84%	111.14%	114.53%
Market capitalization	\$ 267,656	\$ 265,843	\$ 272,378	\$ 279,206	\$ 282,544
<b>CAPITAL &amp; LIQUIDITY</b>					
Tangible stockholders' equity / tangible assets (2)	9.96%	9.97%	9.95%	9.79%	9.85%
Stockholders' equity / assets	10.60%	10.64%	10.64%	10.48%	10.57%
Loans / deposits	101.91%	103.34%	103.15%	99.41%	100.51%
<b>ASSET QUALITY</b>					
Net (recoveries) charge-offs	\$ (213)	\$ 705	\$ 404	\$ 247	\$ 6
Nonperforming loans	6,250	5,107	11,888	12,591	13,001
Nonperforming assets	6,250	5,400	12,181	12,884	13,773
Net (recoveries) charge offs / average loans (1)	(0.04%)	0.13%	0.07%	0.05%	0.00%
Nonperforming loans / total loans	0.27%	0.23%	0.53%	0.58%	0.61%
Nonperforming assets / total assets	0.23%	0.20%	0.47%	0.50%	0.55%
Allowance for loan losses / total loans	1.09%	1.08%	1.12%	1.12%	1.12%
Allowance for loan losses / total loans (excluding PPP loans)	1.09%	1.09%	1.13%	1.13%	1.15%
Allowance for loan losses / nonperforming loans	407.58%	480.61%	210.58%	191.72%	182.65%
<b>OTHER DATA</b>					
Total assets	\$ 2,732,940	\$ 2,638,060	\$ 2,581,192	\$ 2,587,038	\$ 2,523,744
Total loans	2,337,814	2,263,377	2,233,278	2,164,944	2,125,437
Total deposits	2,293,952	2,190,192	2,165,163	2,177,895	2,114,602
Total stockholders' equity	289,562	280,749	274,702	271,068	266,666
Number of full-time equivalent employees (4)	238	228	233	219	217

(1) Annualized.

(2) Non-U.S. GAAP financial measure that we believe provides management and investors with information that is useful in understanding our financial performance and condition. See accompanying table, "Non-U.S. GAAP Financial Measures," for calculation and reconciliation.

(3) Tax equivalent using a federal income tax rate of 21%.

(4) Includes 8 full-time equivalent seasonal interns as of June 30, 2022.

**FIRST BANK AND SUBSIDIARIES**  
**QUARTERLY FINANCIAL HIGHLIGHTS**  
(dollars in thousands, unaudited)

	As of the Quarter Ended				
	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021
<b>LOAN COMPOSITION</b>					
Commercial and industrial	\$ 354,203	\$ 323,984	\$ 321,205	\$ 321,979	\$ 350,103
Commercial real estate:					
Owner-occupied	533,426	517,448	523,108	499,379	475,576
Investor	951,115	942,151	925,643	896,435	855,913
Construction and development	142,876	126,206	117,011	96,585	109,292
Multi-family	215,990	214,819	201,269	193,865	173,728
Total commercial real estate	1,843,407	1,800,624	1,767,031	1,686,264	1,614,509
Residential real estate:					
Residential mortgage and first lien home equity loans	93,847	96,194	98,841	99,992	106,204
Home equity–second lien loans and revolving lines of credit	33,551	31,670	30,491	30,485	31,375
Total residential real estate	127,398	127,864	129,332	130,477	137,579
Consumer and other	16,318	14,654	19,694	30,096	27,762
Total loans prior to deferred loan fees and costs	2,341,326	2,267,126	2,237,262	2,168,816	2,129,953
Net deferred loan fees and costs	(3,512)	(3,749)	(3,984)	(3,872)	(4,516)
Total loans	\$ 2,337,814	\$ 2,263,377	\$ 2,233,278	\$ 2,164,944	\$ 2,125,437
<b>LOAN MIX</b>					
Commercial and industrial	15.2%	14.3%	14.4%	14.8%	16.5%
Commercial real estate:					
Owner-occupied	22.8%	22.9%	23.4%	23.1%	22.4%
Investor	40.7%	41.6%	41.5%	41.4%	40.2%
Construction and development	6.1%	5.6%	5.2%	4.5%	5.1%
Multi-family	9.2%	9.5%	9.0%	8.9%	8.2%
Total commercial real estate	78.8%	79.6%	79.1%	77.9%	75.9%
Residential real estate:					
Residential mortgage and first lien home equity loans	4.0%	4.3%	4.4%	4.6%	5.0%
Home equity–second lien loans and revolving lines of credit	1.4%	1.4%	1.4%	1.4%	1.5%
Total residential real estate	5.4%	5.7%	5.8%	6.0%	6.5%
Consumer and other	0.7%	0.6%	0.9%	1.4%	1.3%
Net deferred loan fees and costs	(0.1%)	(0.2%)	(0.2%)	(0.1%)	(0.2%)
Total loans	100.0%	100.0%	100.0%	100.0%	100.0%

**FIRST BANK AND SUBSIDIARIES**  
**QUARTERLY FINANCIAL HIGHLIGHTS**  
(dollars in thousands, unaudited)

	As of the Quarter Ended				
	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021
<b>DEPOSIT COMPOSITION</b>					
Non-interest bearing demand deposits	\$ 503,856	\$ 584,025	\$ 600,402	\$ 597,333	\$ 558,775
Interest bearing demand deposits	322,944	343,042	318,687	314,564	293,647
Money market and savings deposits	935,311	860,577	929,075	936,848	871,074
Time deposits	531,841	402,549	316,999	329,150	391,106
Total Deposits	<u>\$ 2,293,952</u>	<u>\$ 2,190,193</u>	<u>\$ 2,165,163</u>	<u>\$ 2,177,895</u>	<u>\$ 2,114,602</u>
<b>DEPOSIT MIX</b>					
Non-interest bearing demand deposits	22.0%	26.7%	27.7%	27.4%	26.4%
Interest bearing demand deposits	14.1%	15.7%	14.7%	14.5%	13.9%
Money market and savings deposits	40.8%	39.3%	42.9%	43.0%	41.2%
Time deposits	23.1%	18.3%	14.7%	15.1%	18.5%
Total Deposits	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

**FIRST BANK AND SUBSIDIARIES**  
**NON-U.S. GAAP FINANCIAL MEASURES**  
(in thousands, except for share data, unaudited)

	As of or For the Quarter Ended				
	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021
<b>Return on Average Tangible Equity</b>					
Net income (numerator)	\$ 9,100	\$ 10,206	\$ 8,823	\$ 8,158	\$ 7,839
Average stockholders' equity	\$ 286,283	\$ 280,093	\$ 273,829	\$ 270,147	\$ 264,216
Less: Average Goodwill and other intangible assets, net	19,533	19,669	19,823	19,916	17,910
Average Tangible stockholders' equity (denominator)	<u>\$ 266,750</u>	<u>\$ 260,424</u>	<u>\$ 254,006</u>	<u>\$ 250,231</u>	<u>\$ 246,306</u>
Return on Average Tangible equity (1)	13.53%	15.55%	13.93%	13.22%	12.63%
<b>Tangible Book Value Per Share</b>					
Stockholders' equity	\$ 289,562	\$ 280,749	\$ 274,702	\$ 271,068	\$ 266,666
Less: Goodwill and other intangible assets, net	19,405	19,599	19,768	19,854	19,971
Tangible stockholders' equity (numerator)	<u>\$ 270,157</u>	<u>\$ 261,150</u>	<u>\$ 254,934</u>	<u>\$ 251,214</u>	<u>\$ 246,695</u>
Common shares outstanding (denominator)	19,451,755	19,447,206	19,483,415	19,634,744	19,472,364
Tangible book value per share	\$ 13.89	\$ 13.43	\$ 13.08	\$ 12.79	\$ 12.67
<b>Tangible Equity / Assets</b>					
Stockholders' equity	\$ 289,562	\$ 280,749	\$ 274,702	\$ 271,068	\$ 266,666
Less: Goodwill and other intangible assets, net	19,405	19,599	19,768	19,854	19,971
Tangible stockholders' equity (numerator)	<u>\$ 270,157</u>	<u>\$ 261,150</u>	<u>\$ 254,934</u>	<u>\$ 251,214</u>	<u>\$ 246,695</u>
Total assets	\$ 2,732,940	\$ 2,638,060	\$ 2,581,192	\$ 2,587,038	\$ 2,523,744
Less: Goodwill and other intangible assets, net	19,405	19,599	19,768	19,854	19,971
Tangible total assets (denominator)	<u>\$ 2,713,535</u>	<u>\$ 2,618,461</u>	<u>\$ 2,561,424</u>	<u>\$ 2,567,184</u>	<u>\$ 2,503,773</u>
Tangible stockholders' equity / tangible assets	9.96%	9.97%	9.95%	9.79%	9.85%
<b>Efficiency Ratio</b>					
Non-interest expense	\$ 12,465	\$ 11,737	\$ 11,409	\$ 11,122	\$ 11,825
Less: Merger-related expenses	452	-	-	-	498
Adjusted non-interest expense (numerator)	<u>\$ 12,013</u>	<u>\$ 11,737</u>	<u>\$ 11,409</u>	<u>\$ 11,122</u>	<u>\$ 11,327</u>
Net interest income	\$ 23,751	\$ 24,563	\$ 22,910	\$ 21,149	\$ 20,641
Non-interest income	1,446	944	1,463	1,267	2,211
Total revenue	<u>\$ 25,197</u>	<u>\$ 25,507</u>	<u>\$ 24,373</u>	<u>\$ 22,416</u>	<u>\$ 22,852</u>
Less: Gains on sale of investment securities, net	-	-	-	-	-
Less: Gains on recovery of acquired loans	-	-	-	-	-
Adjusted total revenue (denominator)	<u>\$ 25,197</u>	<u>\$ 25,507</u>	<u>\$ 24,373</u>	<u>\$ 22,416</u>	<u>\$ 22,852</u>
Efficiency ratio	47.68%	46.01%	46.81%	49.62%	49.57%



**FIRST BANK AND SUBSIDIARIES**  
**NON-U.S. GAAP FINANCIAL MEASURES**  
(dollars in thousands, except for share data, unaudited)

	For the Quarter Ended				
	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021
<b>Adjusted diluted earnings per share, Adjusted return on average assets, and Adjusted return on average equity</b>					
Net income	\$ 9,100	\$ 10,206	\$ 8,823	\$ 8,158	\$ 7,839
Add: Merger-related expenses <sup>(1)</sup>	357	-	-	-	393
Adjusted net income	<u>\$ 9,457</u>	<u>\$ 10,206</u>	<u>\$ 8,823</u>	<u>\$ 8,158</u>	<u>\$ 8,232</u>
Diluted weighted average common shares outstanding	19,649,282	19,668,133	19,794,657	19,768,452	19,725,294
Average assets	\$ 2,680,807	\$ 2,575,742	\$ 2,568,443	\$ 2,522,775	\$ 2,447,399
Average equity	\$ 286,283	\$ 280,093	\$ 273,829	\$ 270,147	\$ 264,216
Average Tangible Equity	\$ 266,750	\$ 260,424	\$ 254,006	\$ 250,231	\$ 246,306
Adjusted diluted earnings per share	\$ 0.48	\$ 0.52	\$ 0.45	\$ 0.41	\$ 0.42
Adjusted return on average assets <sup>(2)</sup>	1.40%	1.57%	1.38%	1.31%	1.33%
Adjusted return on average equity <sup>(2)</sup>	13.11%	14.46%	12.92%	12.25%	12.36%
Adjusted return on average tangible equity <sup>(2)</sup>	14.07%	15.55%	13.93%	13.22%	13.26%

(1) Items are tax-effected using a federal income tax rate of 21%.

(2) Annualized.

**FIRST BANK AND SUBSIDIARIES**  
**NON-U.S. GAAP FINANCIAL MEASURES**  
(dollars in thousands, except for share data, unaudited)

	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Adjusted diluted earnings per share,</b>		
<b>Adjusted return on average assets, and</b>		
<b>Adjusted return on average equity</b>		
Net income	\$ 36,287	\$ 35,429
Add: Merger-related expenses <sup>(1)</sup>	357	508
Adjusted net income	<u>\$ 36,644</u>	<u>\$ 35,937</u>
Diluted weighted average common shares outstanding	19,716,661	19,815,747
Average assets	\$ 2,587,344	\$ 2,420,517
Average equity	\$ 277,639	\$ 253,732
Average Tangible Equity	\$ 257,905	\$ 235,764
Adjusted diluted earnings per share	\$ 1.86	\$ 1.81
Adjusted return on average assets	1.42%	1.48%
Adjusted return on average equity	13.20%	14.16%
Adjusted return on average tangible equity	14.21%	15.24%

(1) Tax-effected using a federal income tax rate of 21%