
FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, DC 20549

FORM 8-K

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

Date of report (Date of earliest event reported): October 25, 2022

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

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)

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 October 25, 2022, First Bank (the “Company”) issued a press release announcing its operating results for the three and nine months ended September 30, 2022. A copy of the October 25, 2022 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 October 25, 2022

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: October 26, 2022

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



FOR IMMEDIATE RELEASE

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First Bank Reports Third Quarter 2022 Net Income of \$10.2 Million

***Quarterly Results Reflect Continued Strong Organic Loan Growth, Net Interest Margin Expansion,
and Exceptional Asset Quality Metrics***

HAMILTON, N.J. — October 25, 2022 — (GLOBE NEWSWIRE) — First Bank (Nasdaq Global Market: FRBA) (the “Bank”) today announced results for the third quarter of 2022, highlighted by net income of \$10.2 million, or \$0.52 per diluted share. Return on average assets, return on average equity, and return on average tangible equityⁱ for the third quarter of 2022 were 1.57%, 14.46% and 15.55%, respectively. In the third quarter of 2021, First Bank reported net income of \$9.0 million, or \$0.46 per diluted share, and return on average assets, return on average equity, and return on average tangible equityⁱ of 1.46%, 13.86% and 14.90%, respectively.

Third Quarter 2022 Highlights:

- Total loans of \$2.25 billion on September 30, 2022, reflected growth of \$30.3 million, or 1.4%, from the end of the second quarter of 2022 and were up \$138.5 million, or 6.6%, from December 31, 2021. Organic loan growth, excluding the decline in Paycheck Protection Program (PPP) loans, totaled \$36.5 million in the third quarter of 2022.
- Total deposits of \$2.19 billion on September 30, 2022, were up \$25.0 million, or 1.2%, from the end of the linked second quarter and up \$75.6 million, or 3.6%, from December 31, 2021.
- Asset quality metrics remained solid during the quarter, with annualized net charge offs to average loans of 0.13% during the quarter ended September 30, 2022 and nonperforming loans to total loans of 0.23% as of September 30, 2022, compared to 0.62% on December 31, 2021, and 0.54% on June 30, 2022.
- Continued focus on cost containment resulted in the seventh consecutive quarter of an efficiency ratioⁱⁱ below 50%, at 46.01% for the third quarter of 2022.

President and Chief Executive Officer, Patrick L. Ryan, said, “Our third quarter 2022 performance reflects continued organic loan growth, excluding the decline in PPP loans, of 6.5% annualized and net interest margin expansion driven by higher loan rates which outpaced increases in deposit costs. We have renewed our focus on deposit gathering initiatives and remain focused on generating strong returns for shareholders as we continue to grow organically while thoughtfully managing expenses.”

“Exceptional asset quality metrics are reflected in the decline in nonperforming and past due loans during the current quarter. Annualized net charge offs were 0.13% of average loans for the quarter ended September 30, 2022 and related to opportunities to further strengthen our credit quality.”

“We are pleased to announce another \$0.06 quarterly dividend, reflecting an annualized yield of 1.65% based on our common stock’s October 18, 2022, closing price of \$14.57 per share. From January 1, 2022

through September 30, 2022, we repurchased 245,942 shares of our common stock at an aggregate cost of \$3.4 million, or an average price of \$13.99 per share. We also recently received regulatory approval for a new share repurchase program, which allows us to repurchase up to 1,200,000 shares for an aggregate repurchase price of up to \$19.2 million through September 30, 2023.”

“In August, the Kroll Bond Rating Agency (KBRA) again affirmed our investment grade credit ratings. Their report cited our improved earnings profile in recent years, enhanced core deposit base, and the building of scale within our operating footprint through both effectively integrated acquisitions and organic growth. We believe KBRA’s report is another validation of our approach to building franchise value for our shareholders. We remain focused on opportunities to provide additional value to our shareholders and we believe the recently announced dividend and share repurchase program contribute to this objective.”

“We are confident that our strong financial position will allow us to generate strong shareholder returns as we move forward.”

Income Statement

The Bank’s net interest income for the third quarter of 2022 was \$24.6 million, an increase of \$3.8 million, or 18.2%, compared to \$20.8 million in the third quarter of 2021 and an increase of \$1.7 million, or 7.2%, compared to \$22.9 million in the second quarter of 2022. The increase from the comparable prior year quarter was due to an increase in interest and dividend income of \$5.1 million offset somewhat by an increase of \$1.3 million in total interest expense. The net interest income increase from the linked second quarter of 2022 was due to an increase in interest and dividend income of \$3.1 million partially offset by an increase in total interest expense of \$1.5 million.

The increase in interest and dividend income (interest income) during the third quarter of 2022 compared to the third quarter of 2021 and the second quarter of 2022 was primarily due to an increase in our average balance of loans coupled with an increase in the average rate on loans. Average loan balances were \$194.5 million higher and the average rate on loans was 43 basis points higher during the three months ended September 30, 2022 compared to the three months ended September 30, 2021. Average loan balances were \$43.6 million higher and the average rate on loans was 37 basis points higher during the three months ended September 30, 2022 compared to the three months ended June 30, 2022. Compared to the year-ago quarter and the linked second quarter, despite a decrease in PPP loan fees, loan growth and the rising rate environment led to improved interest income. Interest income from loans included \$200,000 in PPP loan fees in the third quarter of 2022 compared to \$768,000 in the third quarter of 2021 and \$493,000 in the linked second quarter of 2022. Also impacting loan interest income in the third quarter of 2022 was loan prepayment income of \$503,000, compared to \$166,000 for the quarter ended September 30, 2021, and \$682,000 for the quarter ended June 30, 2022.

As the industry experienced increases in the Federal Funds effective rate of 300 basis points during the first nine months of 2022, the Bank’s continued efforts to contain deposit costs resulted in the average rate on interest bearing deposits increasing 35 basis points during the quarter ended September 30, 2022, compared to the quarter ended September 30, 2021, and increased 36 basis points compared to the second quarter of 2022.

Net interest income for the nine months ended September 30, 2022 totaled \$68.6 million, an increase of \$7.4 million, or 12.0%, compared to \$61.2 million for the same period in 2021. The increase in the 2022 year to date net interest income was also driven by robust growth in average loans, which increased by \$141.9 million, or 7.0%, from the prior year period coupled with an increase of 11 basis points in the average rate on loans.

The third quarter 2022 tax equivalent net interest margin was 3.97%, an increase of 43 basis points compared to the comparable prior year quarter and an increase of 21 basis points from the linked second quarter of 2022. The Bank's margin continues to benefit from the increase in average interest earning assets, improving earning asset yields and actively managing the cost of funds. The year-to-date tax equivalent net interest margin was 3.77%, an increase of 20 basis points compared to the prior year period. The increase in the nine-month net interest margin was principally a result of the increase in interest earning assets, primarily loans, higher earning asset yields and the relatively stable cost of interest bearing deposits.

The Bank's provision for loan losses was \$216,000 for the third quarter of 2022, compared to \$158,000 in the third quarter of 2021 and \$1.3 million for the linked second quarter 2022. The Bank's provision for loan losses was \$2.2 million for the nine months ended September 30, 2022, compared to a credit to the provision for loan losses of \$1.1 million for the same period in 2021. The provision for loan losses for the three and nine months ended September 30, 2022, reflects consistent organic loan growth and continued strong asset quality.

Third quarter 2022 non-interest income of \$944,000 compares to \$1.9 million during the third quarter of 2021. The decrease between the periods was primarily the result of a decline in Small Business Administration (SBA) loan sales, and a continued decline in loan swap activity, which collectively more than offset the increase in income from service fees from deposit accounts. Non-interest income totaled \$3.7 million for the nine months ended September 30, 2022, compared to \$5.5 million for the same period in 2021. This decrease in non-interest income for the first nine months of 2022 was a result of lower gains on sale of loans, lower loan fees and lower gains on recovery of acquired loans, predominantly the result of a reduction in Small Business Administration loan sales and a decline in loan swap activity, primarily due to the current market conditions.

Non-interest expense for third quarter 2022 of \$11.7 million, increased \$1.2 million, or 11.5%, compared to \$10.5 million for the prior year quarter. The higher non-interest expense compared to third quarter 2021 was primarily a result of a \$403,000, or 6.2%, increase in salaries and employee benefits, along with lesser increases in occupancy and equipment, other professional fees, data processing, and other expense. Partially offsetting these increases were no merger-related expenses to date in 2022. The increase in salaries and employee benefits was due primarily to annual salary increases and an increase in the number of employees, partially due to the employees added from our acquisition of two branches during the fourth quarter of 2021. The increases in the other categories were primarily due to increased activity associated with a growing company and inflationary pressures.

On a linked quarter basis, third quarter 2022 non-interest expense increased \$328,000, or 2.9%, compared to \$11.4 million for the second quarter of 2022. This increase was also primarily due to salary and employee benefits increases from continuing to hire additional talent.

Non-interest expense for the first nine months of 2022 totaled \$34.3 million, an increase of \$2.9 million, or 9.4%, compared to \$31.3 million for the same period in 2021. The increase was primarily a result of higher salaries and employee benefits, other expense, other professional fees, travel and entertainment expense and higher data processing costs, partially offset by lower occupancy and equipment expenses, no merger-related expenses and lower legal fees.

Income tax expense for the three months ended September 30, 2022, was \$3.3 million with an effective tax rate of 24.7%, compared to \$3.0 million with an effective tax rate of 24.7% for the third quarter of 2021 and \$2.8 million with an effective tax rate of 24.4% for the second quarter of 2022. Income tax expense for the nine months ended September 30, 2022, was \$8.7 million with an effective tax rate of 24.2%, compared to \$8.9 million for the first nine months of 2021 with an effective tax rate of 24.5%.

Balance Sheet

Total assets on September 30, 2022, were \$2.63 billion, an increase of \$114.9 million, or 4.6%, from December 31, 2021. Total loans increased \$138.5 million, or 6.6%, to \$2.25 billion on September 30, 2022, compared to \$2.11 billion on December 31, 2021. The increase in loans during the nine-month period ended September 30, 2022, reflects net non-PPP organic loan growth of \$185.7 million, offset somewhat by a decline in PPP loans of \$47.2 million, as such loans continue to be forgiven. Total loans increased \$30.3 million, or 1.4%, from \$2.22 billion on June 30, 2022, reflecting organic, net non-PPP loan growth of \$36.5 million, offset somewhat by a decline in PPP loans of \$6.2 million. PPP loans outstanding on September 30, 2022, were \$3.9 million.

Total deposits were \$2.19 billion on September 30, 2022, an increase of \$75.6 million, or 3.6%, from \$2.11 billion on December 31, 2021. Non-interest-bearing deposits totaled \$584.0 million on September 30, 2022, an increase of \$25.2 million, or 4.5%, from December 31, 2021. The Bank continues to focus efforts on deposit gathering initiatives and enhancing its deposit mix and, as of September 30, 2022, non-interest bearing deposits were 26.7% and time deposits were 18.3% of total deposits. Total deposits increased by \$25.0 million, or 1.2%, from June 30, 2022, with interest bearing deposits increasing \$41.4 million, offset somewhat by a \$16.4 million decrease in non-interest bearing deposits.

Stockholders' equity increased to \$280.7 million on September 30, 2022, compared to \$266.7 million on December 31, 2021. The growth of \$14.1 million, or 5.3%, was primarily a result of year-to-date net income of \$27.2 million, partially offset by a \$7.7 million increase in accumulated other comprehensive loss, \$3.4 million in treasury stock purchases and cash dividends paid of \$3.5 million during the nine months ended September 30, 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 September 30, 2022, the Bank continued to exceed all regulatory capital requirements to be considered well capitalized, with a Tier 1 Leverage ratio of 10.51%, a Tier 1 Risk-Based capital ratio of 10.36%, a Common Equity Tier 1 Capital ratio of 10.36%, and a Total Risk-Based capital ratio of 12.47%.

Asset Quality

First Bank's asset quality metrics remained solid during the period ended September 30, 2022. Net charge offs of \$705,000 for the third quarter of 2022 were 0.13% of average loans on an annualized basis. This compares to net recoveries of \$121,000, or annualized recoveries of 0.02% of average loans, for the third quarter of 2021 and net charge offs of \$404,000, or an annualized 0.07%, for the second quarter of 2022. Nonperforming loans were \$5.1 million on September 30, 2022, down from \$13.0 million on December 31, 2021. Nonperforming loans as a percentage of total loans on September 30, 2022, declined to 0.23%, compared to 0.62% on December 31, 2021, and 0.54% on June 30, 2022. The allowance for loan losses to nonperforming loans was 480.61% on September 30, 2022, compared with 182.65% on December 31, 2021, and 210.58% on June 30, 2022.

COVID-19 Response

First Bank participated in the PPP, established by the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act), during 2020 and 2021. The PPP was a specialized low-interest loan program funded by the U.S. Treasury Department and administered by the SBA. The PPP provided borrower guarantees for lenders, as well as loan forgiveness incentives for borrowers that utilized the loan proceeds to cover compensation and other business-related operating costs. The PPP ended on May 31, 2021, but the PPP loan forgiveness process is ongoing. As of September 30, 2022, First Bank had 39 PPP loans with

outstanding balances of \$3.9 million. During the quarter ended September 30, 2022, PPP loans totaling \$6.2 million were forgiven and the Bank realized \$200,000 in loan fees on these loans as any deferred fees remaining on the forgiven loans were accelerated. As of September 30, 2022, the Bank had \$136,000 in remaining unamortized fees associated with outstanding balances of PPP loans.

Cash Dividend Declared

On October 18, 2022, 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 November 11, 2022, payable on November 25, 2022.

Conference Call

First Bank will host its earnings call on Wednesday, October 26, 2022, 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 906842. For those unable to participate in the call, a replay will be available by dialing 1-866-813-9403 (access code 006079) from one hour after the end of the conference call until January 24, 2023. Replay information will also be available on First Bank's website at 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, Trevoise, Warminster and West Chester, Pennsylvania. With \$2.6 billion in assets as of September 30, 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, 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, sustain its internal growth rate, and 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's operations, 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; and possible changes in trade, monetary and fiscal policies, laws and regulations and other activities of governments, agencies, and similar organizations. 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.

ⁱ 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.

ⁱⁱ 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>September 30, 2022</u>	<u>December 31, 2021</u>
Assets		
Cash and due from banks	\$ 50,888	\$ 25,076
Federal funds sold	25,000	-
Interest bearing deposits with banks	31,629	129,431
Cash and cash equivalents	107,517	154,507
Interest bearing time deposits with banks	1,293	2,170
Investment securities available for sale, at fair value	98,305	94,584
Investment securities held to maturity (fair value of \$39,674 at September 30, 2022 and \$39,718 at December 31, 2021)	43,910	39,547
Restricted investment in bank stocks	6,439	5,856
Other investments	8,335	8,062
Loans, net of deferred fees and costs	2,250,529	2,111,991
Less: Allowance for loan losses	24,545	23,746
Net loans	2,225,984	2,088,245
Premises and equipment, net	10,140	9,883
Other real estate owned, net	293	772
Accrued interest receivable	6,898	5,681
Bank-owned life insurance	57,745	56,633
Goodwill	17,826	17,826
Other intangible assets, net	1,773	2,145
Deferred income taxes	13,544	11,081
Other assets	25,210	13,306
Total assets	<u>\$ 2,625,212</u>	<u>\$ 2,510,298</u>
Liabilities and Stockholders' Equity		
Liabilities:		
Non-interest bearing deposits	\$ 584,024	\$ 558,775
Interest bearing deposits	1,606,168	1,555,827
Total deposits	2,190,192	2,114,602
Borrowings	90,806	81,835
Subordinated debentures	29,703	29,620
Accrued interest payable	900	399
Other liabilities	32,862	17,176
Total liabilities	2,344,463	2,243,632
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; 21,072,290 shares issued and 19,447,206 shares outstanding at September 30, 2022 and 20,851,506 shares issued and 19,472,364 shares outstanding at December 31, 2021	104,481	103,704
Additional paid-in capital	80,368	79,563
Retained earnings	119,598	95,924
Accumulated other comprehensive loss	(7,939)	(206)
Treasury stock, 1,625,084 shares at September 30, 2022 and 1,379,142 shares at December 31, 2021	(15,759)	(12,319)
Total stockholders' equity	280,749	266,666
Total liabilities and stockholders' equity	<u>\$ 2,625,212</u>	<u>\$ 2,510,298</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Interest and Dividend Income				
Investment securities—taxable	\$ 788	\$ 571	\$ 2,053	\$ 1,596
Investment securities—tax-exempt	39	40	109	133
Interest bearing deposits with banks, Federal funds sold and other	498	168	888	524
Loans, including fees	26,673	22,150	72,697	66,345
Total interest and dividend income	27,998	22,929	75,747	68,598
Interest Expense				
Deposits	2,737	1,266	5,008	4,579
Borrowings	258	442	796	1,449
Subordinated debentures	440	440	1,321	1,321
Total interest expense	3,435	2,148	7,125	7,349
Net interest income	24,563	20,781	68,622	61,249
Provision for loan losses	216	158	2,156	(1,057)
Net interest income after provision for loan losses	24,347	20,623	66,466	62,306
Non-Interest Income				
Service fees on deposit accounts	236	173	731	514
Loan fees	(33)	139	314	954
Income from bank-owned life insurance	369	378	1,112	1,050
Gains on sale of loans	2	651	292	1,500
Gains on recovery of acquired loans	122	170	456	681
Other non-interest income	248	390	769	844
Total non-interest income	944	1,901	3,674	5,543
Non-Interest Expense				
Salaries and employee benefits	6,880	6,477	20,122	18,175
Occupancy and equipment	1,477	1,260	4,282	4,497
Legal fees	188	139	502	639
Other professional fees	619	451	1,998	1,510
Regulatory fees	252	189	678	685
Directors' fees	172	220	570	655
Data processing	674	537	1,859	1,680
Marketing and advertising	164	150	505	525
Travel and entertainment	91	44	290	83
Insurance	187	191	538	483
Other real estate owned expense, net	72	16	269	97
Merger-related expenses	-	145	-	145
Other expense	961	703	2,655	2,153
Total non-interest expense	11,737	10,522	34,268	31,327
Income Before Income Taxes	13,554	12,002	35,872	36,522
Income tax expense	3,348	2,966	8,685	8,932
Net Income	\$ 10,206	\$ 9,036	\$ 27,187	\$ 27,590
Basic earnings per common share	\$ 0.52	\$ 0.46	\$ 1.39	\$ 1.40
Diluted earnings per common share	\$ 0.52	\$ 0.46	\$ 1.38	\$ 1.39
Cash dividends per common share	\$ 0.06	\$ 0.03	\$ 0.18	\$ 0.09
Basic weighted average common shares outstanding	19,451,189	19,629,134	19,523,069	19,659,227
Diluted weighted average common shares outstanding	19,668,133	19,842,817	19,742,399	19,851,429

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

(dollars in thousands, unaudited)

	Three Months Ended September 30,					
	2022			2021		
	Average Balance	Interest	Average Rate (5)	Average Balance	Interest	Average Rate (5)
Interest earning assets						
Investment securities (1) (2)	\$ 145,783	\$ 835	2.27%	\$ 122,494	\$ 619	2.00%
Loans (3)	2,224,829	26,673	4.76%	2,030,351	22,150	4.33%
Interest bearing deposits with banks, Federal funds sold and other	74,493	406	2.16%	163,386	62	0.15%
Restricted investment in bank stocks	5,248	72	5.44%	6,833	90	5.23%
Other investments	8,223	20	0.96%	6,542	16	0.97%
Total interest earning assets (2)	2,458,576	28,006	4.52%	2,329,606	22,937	3.91%
Allowance for loan losses	(25,283)			(23,388)		
Non-interest earning assets	142,449			150,399		
Total assets	\$ 2,575,742			\$ 2,456,617		
Interest bearing liabilities						
Interest bearing demand deposits	\$ 338,639	\$ 397	0.47%	\$ 225,546	\$ 51	0.09%
Money market deposits	713,594	1,458	0.81%	657,058	424	0.26%
Savings deposits	182,771	228	0.49%	185,093	178	0.38%
Time deposits	350,859	654	0.74%	446,865	613	0.54%
Total interest bearing deposits	1,585,863	2,737	0.68%	1,514,562	1,266	0.33%
Borrowings	64,330	258	1.59%	103,055	442	1.70%
Subordinated debentures	29,685	440	5.93%	29,576	440	5.95%
Total interest bearing liabilities	1,679,878	3,435	0.81%	1,647,193	2,148	0.52%
Non-interest bearing deposits	590,421			534,586		
Other liabilities	25,350			16,242		
Stockholders' equity	280,093			258,596		
Total liabilities and stockholders' equity	\$ 2,575,742			\$ 2,456,617		
Net interest income/interest rate spread (2)		24,571	3.71%		20,789	3.39%
Net interest margin (2) (4)			3.97%			3.54%
Tax equivalent adjustment (2)		(8)			(8)	
Net interest income		\$ 24,563			\$ 20,781	

(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)

	Nine Months Ended September 30,					
	2022			2021		
	Average Balance	Interest	Average Rate (5)	Average Balance	Interest	Average Rate (5)
Interest earning assets						
Investment securities (1) (2)	\$ 140,452	\$ 2,185	2.08%	\$ 113,586	\$ 1,757	2.07%
Loans (3)	2,179,357	72,697	4.46%	2,037,460	66,345	4.35%
Interest bearing deposits with banks, Federal funds sold and other	101,101	627	0.83%	130,189	202	0.21%
Restricted investment in bank stocks	5,428	200	4.93%	7,784	275	4.72%
Other investments	8,129	61	1.00%	6,526	47	0.96%
Total interest earning assets (2)	<u>2,434,467</u>	<u>75,770</u>	<u>4.16%</u>	<u>2,295,545</u>	<u>68,626</u>	<u>4.00%</u>
Allowance for loan losses	(24,608)			(23,829)		
Non-interest earning assets	145,989			139,743		
Total assets	<u><u>\$ 2,555,848</u></u>			<u><u>\$ 2,411,459</u></u>		
Interest bearing liabilities						
Interest bearing demand deposits	\$ 322,353	\$ 595	0.25%	\$ 212,518	\$ 165	0.10%
Money market deposits	719,028	2,548	0.47%	617,249	1,368	0.30%
Savings deposits	184,767	572	0.41%	179,184	574	0.43%
Time deposits	340,822	1,293	0.51%	478,934	2,472	0.69%
Total interest bearing deposits	1,566,970	5,008	0.43%	1,487,885	4,579	0.41%
Borrowings	69,571	796	1.53%	126,220	1,449	1.53%
Subordinated debentures	29,659	1,321	5.94%	29,547	1,321	5.96%
Total interest bearing liabilities	<u>1,666,200</u>	<u>7,125</u>	<u>0.57%</u>	<u>1,643,652</u>	<u>7,349</u>	<u>0.60%</u>
Non-interest bearing deposits	593,638			501,809		
Other liabilities	21,284			15,798		
Stockholders' equity	274,726			250,200		
Total liabilities and stockholders' equity	<u><u>\$ 2,555,848</u></u>			<u><u>\$ 2,411,459</u></u>		
Net interest income/interest rate spread (2)		68,645	3.59%		61,277	3.40%
Net interest margin (2) (4)			3.77%			3.57%
Tax equivalent adjustment (2)		(23)			(28)	
Net interest income		<u><u>\$ 68,622</u></u>			<u><u>\$ 61,249</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.

(5) Annualized.

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

	As of or For the Quarter Ended				
	9/30/2022	6/30/2022	3/31/2022	12/31/2021	9/30/2021
EARNINGS					
Net interest income	\$ 24,563	\$ 22,910	\$ 21,149	\$ 20,641	\$ 20,781
Provision for loan losses	216	1,298	642	825	158
Non-interest income	944	1,463	1,267	2,211	1,901
Non-interest expense	11,737	11,409	11,122	11,825	10,522
Income tax expense	3,348	2,843	2,494	2,363	2,966
Net income	10,206	8,823	8,158	7,839	9,036
PERFORMANCE RATIOS					
Return on average assets (1)	1.57%	1.38%	1.31%	1.27%	1.46%
Adjusted return on average assets (1) (2)	1.57%	1.38%	1.31%	1.33%	1.48%
Return on average equity (1)	14.46%	12.92%	12.25%	11.77%	13.86%
Adjusted return on average equity (1) (2)	14.46%	12.92%	12.25%	12.36%	14.04%
Return on average tangible equity (1) (2)	15.55%	13.93%	13.22%	12.63%	14.90%
Adjusted return on average tangible equity (1) (2)	15.55%	13.93%	13.22%	13.26%	15.09%
Net interest margin (1) (3)	3.97%	3.76%	3.57%	3.52%	3.54%
Total cost of deposits (1)	0.50%	0.23%	0.19%	0.21%	0.25%
Efficiency ratio (2)	46.01%	46.81%	49.62%	49.57%	45.75%
SHARE DATA					
Common shares outstanding	19,447,206	19,483,415	19,634,744	19,472,364	19,464,388
Basic earnings per share	\$ 0.52	\$ 0.45	\$ 0.42	\$ 0.40	\$ 0.46
Diluted earnings per share	0.52	0.45	0.41	0.40	0.46
Adjusted diluted earnings per share (2)	0.52	0.45	0.41	0.42	0.46
Tangible book value per share (2)	13.43	13.08	12.79	12.67	12.45
Book value per share	14.44	14.10	13.81	13.69	13.37
MARKET DATA					
Market value per share	\$ 13.67	\$ 13.98	\$ 14.22	\$ 14.51	\$ 14.09
Market value / Tangible book value	101.80%	106.84%	111.14%	114.53%	113.21%
Market capitalization	\$ 265,843	\$ 272,378	\$ 279,206	\$ 282,544	\$ 274,253
CAPITAL & LIQUIDITY					
Tangible stockholders' equity / tangible assets (2)	10.02%	10.00%	9.84%	9.91%	10.01%
Stockholders' equity / assets	10.69%	10.70%	10.53%	10.62%	10.67%
Loans / deposits	102.75%	102.54%	98.80%	99.88%	97.96%
ASSET QUALITY					
Net charge-offs (recoveries)	\$ 705	\$ 404	\$ 247	\$ 6	\$ (121)
Nonperforming loans	5,107	11,888	12,591	13,001	11,488
Nonperforming assets	5,400	12,181	12,884	13,773	11,967
Net charge offs (recoveries) / average loans (1)	0.13%	0.07%	0.05%	0.00%	(0.02)%
Nonperforming loans / total loans	0.23%	0.54%	0.59%	0.62%	0.57%
Nonperforming assets / total assets	0.21%	0.47%	0.50%	0.55%	0.49%
Allowance for loan losses / total loans	1.09%	1.13%	1.12%	1.12%	1.14%
Allowance for loan losses / total loans (excluding PPP loans)	1.09%	1.13%	1.13%	1.15%	1.19%
Allowance for loan losses / nonperforming loans	480.61%	210.58%	191.72%	182.65%	199.57%
OTHER DATA					
Total assets	\$ 2,625,212	\$ 2,568,137	\$ 2,573,845	\$ 2,510,298	\$ 2,438,020
Total loans	2,250,529	2,220,223	2,151,751	2,111,991	2,004,289
Total deposits	2,190,192	2,165,163	2,177,895	2,114,602	2,045,966
Total stockholders' equity	280,749	274,702	271,068	266,666	260,179
Number of full-time equivalent employees (4)	228	233	219	217	209

(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				
	9/30/2022	6/30/2022	3/31/2022	12/31/2021	9/30/2021
LOAN COMPOSITION					
Commercial and industrial	\$ 323,984	\$ 321,205	\$ 321,979	\$ 350,103	\$ 308,991
Commercial real estate:					
Owner-occupied	512,261	517,791	493,999	470,022	444,635
Investor	934,490	917,905	888,622	848,021	832,727
Construction and development	126,206	117,011	96,585	109,292	112,112
Multi-family	214,819	201,269	193,865	173,728	145,245
Total commercial real estate	<u>1,787,776</u>	<u>1,753,976</u>	<u>1,673,071</u>	<u>1,601,063</u>	<u>1,534,719</u>
Residential real estate:					
Residential mortgage and first lien home equity loans	96,194	98,841	99,992	106,204	103,890
Home equity–second lien loans and revolving lines of credit	31,670	30,491	30,485	31,375	29,998
Total residential real estate	<u>127,864</u>	<u>129,332</u>	<u>130,477</u>	<u>137,579</u>	<u>133,888</u>
Consumer and other	<u>14,654</u>	<u>19,694</u>	<u>30,096</u>	<u>27,762</u>	<u>31,946</u>
Total loans prior to deferred loan fees and costs	<u>2,254,278</u>	<u>2,224,207</u>	<u>2,155,623</u>	<u>2,116,507</u>	<u>2,009,544</u>
Net deferred loan fees and costs	<u>(3,749)</u>	<u>(3,984)</u>	<u>(3,872)</u>	<u>(4,516)</u>	<u>(5,255)</u>
Total loans	<u><u>\$ 2,250,529</u></u>	<u><u>\$ 2,220,223</u></u>	<u><u>\$ 2,151,751</u></u>	<u><u>\$ 2,111,991</u></u>	<u><u>\$ 2,004,289</u></u>
LOAN MIX					
Commercial and industrial	14.4%	14.5%	15.0%	16.6%	15.4%
Commercial real estate:					
Owner-occupied	22.8%	23.3%	23.0%	22.3%	22.2%
Investor	41.5%	41.3%	41.3%	40.1%	41.5%
Construction and development	5.6%	5.3%	4.5%	5.2%	5.6%
Multi-family	9.5%	9.1%	9.0%	8.2%	7.2%
Total commercial real estate	<u>79.4%</u>	<u>79.0%</u>	<u>77.8%</u>	<u>75.8%</u>	<u>76.5%</u>
Residential real estate:					
Residential mortgage and first lien home equity loans	4.3%	4.4%	4.6%	5.0%	5.2%
Home equity–second lien loans and revolving lines of credit	1.4%	1.4%	1.4%	1.5%	1.5%
Total residential real estate	<u>5.7%</u>	<u>5.8%</u>	<u>6.0%</u>	<u>6.5%</u>	<u>6.7%</u>
Consumer and other	<u>0.7%</u>	<u>0.9%</u>	<u>1.4%</u>	<u>1.4%</u>	<u>1.7%</u>
Net deferred loan fees and costs	<u>(0.2%)</u>	<u>(0.2%)</u>	<u>(0.2%)</u>	<u>(0.3%)</u>	<u>(0.3%)</u>
Total loans	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>

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

	As of the Quarter Ended				
	9/30/2022	6/30/2022	3/31/2022	12/31/2021	9/30/2021
DEPOSIT COMPOSITION					
Non-interest bearing demand deposits	\$ 584,025	\$ 600,402	\$ 597,333	\$ 558,775	\$ 536,905
Interest bearing demand deposits	343,041	318,687	314,564	293,647	241,869
Money market and savings deposits	860,577	929,075	936,848	871,074	845,607
Time deposits	402,549	316,999	329,150	391,106	421,585
Total Deposits	<u>\$ 2,190,192</u>	<u>\$ 2,165,163</u>	<u>\$ 2,177,895</u>	<u>\$ 2,114,602</u>	<u>\$ 2,045,966</u>
DEPOSIT MIX					
Non-interest bearing demand deposits	26.7%	27.7%	27.4%	26.4%	26.3%
Interest bearing demand deposits	15.7%	14.7%	14.5%	13.9%	11.8%
Money market and savings deposits	39.3%	42.9%	43.0%	41.2%	41.3%
Time deposits	18.3%	14.7%	15.1%	18.5%	20.6%
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				
	9/30/2022	6/30/2022	3/31/2022	12/31/2021	9/30/2021
Return on Average Tangible Equity					
Net income (numerator)	\$ 10,206	\$ 8,823	\$ 8,158	\$ 7,839	\$ 9,036
Average stockholders' equity	\$ 280,093	\$ 273,829	\$ 270,147	\$ 264,216	\$ 258,596
Less: Average Goodwill and other intangible assets, net	19,669	19,823	19,916	17,910	17,937
Average Tangible stockholders' equity (denominator)	<u>\$ 260,424</u>	<u>\$ 254,006</u>	<u>\$ 250,231</u>	<u>\$ 246,306</u>	<u>\$ 240,659</u>
Return on Average Tangible equity (1)	15.55%	13.93%	13.22%	12.63%	14.90%
Tangible Book Value Per Share					
Stockholders' equity	\$ 280,749	\$ 274,702	\$ 271,068	\$ 266,666	\$ 260,179
Less: Goodwill and other intangible assets, net	19,599	19,768	19,854	19,971	17,920
Tangible stockholders' equity (numerator)	<u>\$ 261,150</u>	<u>\$ 254,934</u>	<u>\$ 251,214</u>	<u>\$ 246,695</u>	<u>\$ 242,259</u>
Common shares outstanding (denominator)	19,447,206	19,483,415	19,634,744	19,472,364	19,464,388
Tangible book value per share	\$ 13.43	\$ 13.08	\$ 12.79	\$ 12.67	\$ 12.45
Tangible Equity / Assets					
Stockholders' equity	\$ 280,749	\$ 274,702	\$ 271,068	\$ 266,666	\$ 260,179
Less: Goodwill and other intangible assets, net	19,599	19,768	19,854	19,971	17,920
Tangible stockholders' equity (numerator)	<u>\$ 261,150</u>	<u>\$ 254,934</u>	<u>\$ 251,214</u>	<u>\$ 246,695</u>	<u>\$ 242,259</u>
Total assets	\$ 2,625,212	\$ 2,568,137	\$ 2,573,845	\$ 2,510,298	\$ 2,438,020
Less: Goodwill and other intangible assets, net	19,599	19,768	19,854	19,971	17,920
Tangible total assets (denominator)	<u>\$ 2,605,613</u>	<u>\$ 2,548,369</u>	<u>\$ 2,553,991</u>	<u>\$ 2,490,327</u>	<u>\$ 2,420,100</u>
Tangible stockholders' equity / tangible assets	10.02%	10.00%	9.84%	9.91%	10.01%
Efficiency Ratio					
Non-interest expense	\$ 11,737	\$ 11,409	\$ 11,122	\$ 11,825	\$ 10,522
Less: Merger-related expenses	-	-	-	498	145
Adjusted non-interest expense (numerator)	<u>\$ 11,737</u>	<u>\$ 11,409</u>	<u>\$ 11,122</u>	<u>\$ 11,327</u>	<u>\$ 10,377</u>
Net interest income	\$ 24,563	\$ 22,910	\$ 21,149	\$ 20,641	\$ 20,781
Non-interest income	944	1,463	1,267	2,211	1,901
Total revenue	<u>\$ 25,507</u>	<u>\$ 24,373</u>	<u>\$ 22,416</u>	<u>\$ 22,852</u>	<u>\$ 22,682</u>
Efficiency ratio	46.01%	46.81%	49.62%	49.57%	45.75%

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

	For the Quarter Ended				
	9/30/2022	6/30/2022	3/31/2022	12/31/2021	9/30/2021
Adjusted diluted earnings per share, Adjusted return on average assets, and Adjusted return on average equity					
Net income	\$ 10,206	\$ 8,823	\$ 8,158	\$ 7,839	\$ 9,036
Add: Merger-related expenses ⁽¹⁾	-	-	-	393	115
Adjusted net income	<u>\$ 10,206</u>	<u>\$ 8,823</u>	<u>\$ 8,158</u>	<u>\$ 8,232</u>	<u>\$ 9,151</u>
Diluted weighted average common shares outstanding	19,668,133	19,794,657	19,768,452	19,725,294	19,842,817
Average assets	\$ 2,575,742	\$ 2,568,443	\$ 2,522,775	\$ 2,447,399	\$ 2,456,617
Average equity	\$ 280,093	\$ 273,829	\$ 270,147	\$ 264,216	\$ 258,596
Average Tangible Equity	\$ 260,424	\$ 254,006	\$ 250,231	\$ 246,306	\$ 240,659
Adjusted diluted earnings per share	\$ 0.52	\$ 0.45	\$ 0.41	\$ 0.42	\$ 0.46
Adjusted return on average assets ⁽²⁾	1.57%	1.38%	1.31%	1.33%	1.48%
Adjusted return on average equity ⁽²⁾	14.46%	12.92%	12.25%	12.36%	14.04%
Adjusted return on average tangible equity ⁽²⁾	15.55%	13.93%	13.22%	13.26%	15.09%

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

(2) Annualized.