FOR IMMEDIATE RELEASE

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First Bank Reports Third Quarter 2020 Net Income of $5.9 Million

Net Income of $13.3 Million for First Nine Months of 2020

For the Third Quarter and Nine Months of 2020: Strong Revenue Growth, Continued Solid Organic Loan Origination, Effective Management of Non-Interest Expense

HAMILTON, N.J. — (GLOBE NEWSWIRE) — October 26, 2020 — First Bank (Nasdaq Global Market: FRBA) today announced results for the three and nine months ended September 30, 2020. Net income for the third quarter of 2020 was $5.9 million, or $0.30 per diluted share, compared to $1.1 million, or $0.06 per diluted share, for the third quarter of 2019. Return on average assets and return on average equity for the third quarter of 2020 were 1.03% and 10.20%, respectively, compared with 0.23% and 2.11%, respectively, for the third quarter of 2019. Net income for the first nine months of 2020 was $13.3 million, an increase of $5.1 million, or 61.6%, compared to $8.2 million, for the same period in 2019. Diluted earnings per share for the year-to-date period ended September 30, 2020, were $0.66, an increase of $0.23 or 53.5%, compared to $0.43 per diluted share for the comparable period in 2019. Net income for the three and nine months ended September 30, 2019 was adversely impacted by merger-related expenses. Excluding the impact of these expenses adjusted diluted earnings per share[i], adjusted return on average assets[i] and adjusted return on average equity[i] for the three months ended September 30, 2019 were $0.20, 0.81% and 7.34%, respectively.

Third Quarter 2020 Performance Highlights:

- Total net revenue (net interest income plus non-interest income) of $19.9 million for the quarter increased $5.0 million, or 33.6%, from $14.9 million, compared to the prior year quarter. Total net revenue for the nine months ended September 30, 2020 was $55.2 million, an increase of $10.4 million, or 23.3%, compared to the prior year period.
- Total loans of $2.00 billion at September 30, 2020 increased $260.8 million, or 15.0%, from $1.74 billion on September 30, 2019, and increased $281.1 million, or 16.3%, from December 31, 2019. Total loans on September 30, 2020 included $190.7 million in Paycheck Protection Program ("PPP") loans.
- Total deposits of $1.84 billion at September 30, 2020 increased $182.8 million, or 11.1%, from $1.65 billion on September 30, 2019 and increased $194.6 million, or 11.9%, compared to December 31, 2019.
- Asset quality metrics remained solid and stable during the quarter, despite the ongoing economic uncertainty associated with the COVID-19 pandemic, with net charge-offs of $633,000, or an annualized 0.13% of average loans, for third quarter 2020, compared to net charge-offs of $1.1 million for third quarter 2019. Nonperforming loans were $12.7 million on September 30, 2020, $15.8 million on September 30, 2019, and $14.1 million on June 30, 2020. The ratio of nonperforming loans to total loans was 0.63% at September 30, 2020 compared to 0.91% at September 30, 2019, and 0.72% at June 30, 2020.
- Continued effective non-interest expense management was reflected in the third quarter 2020 efficiency ratio[ii] of 50.08% compared to 57.19% for third quarter 2019, and 53.66% for the linked second quarter of 2020.

“First Bank’s overall performance for third quarter 2020 was very solid despite the ongoing COVID-related challenges to the operating environment,” said Patrick L. Ryan, President and Chief Executive Officer. “Total net revenue increased by more than 33% from third quarter 2019, reflecting strong growth in both net interest income and non-interest income. Total non-interest expense, excluding merger-related costs, was held to a 17.0% increase in the third quarter of 2020 compared to the same period in the prior year, providing significant operating leverage which was reflected in our bottom-line performance.”

“The third quarter net interest margin improved in comparison to both third quarter 2019 and second quarter 2020, driven primarily by our focus on lowering deposit costs and improving our mix. We were able to lower interest bearing deposit costs by 91 basis points compared to third quarter 2019, primarily by allowing higher-cost time deposits to run off and replacing them with lower-cost savings and transaction accounts. Our ratio of non-interest bearing deposits to total deposits has increased to 24.3% at September 30, 2020 compared to 17.0% at September 30, 2019, and CDs now make up slightly less than 30% of total deposits compared to 42.7% at September 30, 2019. We also realized solid loan growth, with average loan balances increasing by $84.3 million from the linked second quarter, primarily a result of organic commercial real estate activity. Our lending pipeline remains strong as we continue to successfully differentiate ourselves with clients by effectively addressing a wide range of needs and providing a superior customer experience.”

“We continue to demonstrate a disciplined approach to managing operating expenses. We believe our third quarter total non-interest expense of $10.0 million, approximates our expected short-term quarterly run rate going forward with potential opportunities for further reductions as we continue to analyze our overall branch footprint as well our staff and office space needs. With a resulting third quarter efficiency ratio of 50.08%, we believe this level of operating expense is appropriate for an institution of our size, and will complement our performance in the fourth quarter of 2020 and the early part of 2021.”

“Our third quarter provision for loan losses of $2.0 million, was down from $3.0 million in the 2020 second quarter, and $2.9 million during the first quarter. Provision amounts for the last three quarters reflect the uncertain economic conditions related to the COVID-19 pandemic, as opposed to actual charge-offs which totaled $2.3 million in the year-to-date period. While it is difficult to predict how our loan portfolio will perform in the ongoing COVID environment, we remain comfortable with our credit metrics and confident that strong credit underwriting standards have the Bank in a good position to manage any potential negative impact. As detailed in the *COVID-19 Response* section that follows, we are experiencing positive trends with our deferred loans down to approximately $31.4 million as of October 15, 2020. We continue to monitor and analyze our COVID-19 deferrals based on asset class and borrower type, but we are pleased with the overall performance of our loan portfolio to date.”

"While additional COVID-related uncertainty likely remains ahead, the underlying strength of our franchise and business strategy will become more apparent as the benefit of our lower funding costs are reflected in our results. Our focus remains on driving organic growth, optimizing the balance sheet and executing on operational efficiency.”

Income Statement

First Bank's net interest income for the third quarter of 2020 was $17.6 million, an increase of $3.7 million, or 26.1%, compared to $14.0 million in the third quarter of 2019. This increase was driven by a $2.5 million decrease in interest expense, in combination with a $1.1 million, or 5.3%, increase in interest and dividend income.

The increase in interest income was primarily a result of a $425.4 million increase in average loans compared with the third quarter of 2019, partially offset by a 66 basis point decline in the average rate for interest earning assets. The increase in average loans was due to a combination of PPP loans, loans acquired on September 30, 2019 via the Grand Bank acquisition and organic commercial loan growth. The reduction in interest expense was primarily a result of an 87 basis point reduction for the average rates paid on interest bearing liabilities. Nine-month 2020 net interest income totaled $49.8 million, an increase of $7.7 million or 18.1%, compared to $42.2 million for the first nine months of 2019. The increase in the 2020 year-to-date net interest income was also driven by strong growth in average loans, which increased by $356.1 million, or 23.4%, from the prior year period.

The third quarter 2020 tax equivalent net interest margin was 3.23%, an increase of eight basis points compared to 3.15% for the prior year quarter, and a 16 basis point increase compared to 3.07% for the linked second quarter of 2020. The increase compared to third quarter 2019 was primarily the result of an 87 basis point reduction in the average cost for interest bearing liabilities, reflective of a 91 basis point decrease in the cost of interest bearing deposits. The cost of money markets and time deposits declined 110 basis points and 77 basis points, respectively. Higher price time deposits have run off as rates have been significantly lowered based on the current interest rate environment. The yield on interest earning assets decreased by 66 basis points, primarily as a result of lower average loan yields which reflected the current lower interest rate environment and the Bank's notable involvement in the PPP lending program.

The tax equivalent net interest margin for the nine months ended September 30, 2020 was 3.19%, a decrease of 13 basis points compared to 3.32% for the same period in 2019. The decrease in the nine-month net interest margin was a result of lower average interest rates for interest-earning assets, which declined by 57 basis points, partially mitigated by a 50 basis point reduction in the cost of total interest bearing liabilities, primarily from interest bearing deposits.

The provision for loan losses for the third quarter of 2020 was $2.0 million, an increase of $439,000 compared to $1.6 million in the third quarter of 2019, and a decrease of $980,000 compared to the linked second quarter of 2020. The increase in the provision compared to third quarter 2019, is primarily attributable to our assessment of the uncertainty caused by the ongoing COVID-19 pandemic and its impact on potential credit losses. The provision for loan losses for the first nine months of 2020 totaled $7.9 million compared to $3.6 million for the same period in 2019. The increase in the nine-month provision for loan losses was primarily a result of the same factor as discussed for the three-month period.

Third quarter 2020 non-interest income was $2.2 million, an increase of $1.3 million, compared to $905,000 in third quarter 2019, primarily the result of a $628,000 increase in loan fees, which included $631,000 in loan swap fees during the current quarter, and a $236,000 increase in gains on recovery of acquired loans compared to the third quarter of 2019. Non-interest income totaled $5.3 million for the nine months ended September 30, 2020, compared to $2.6 million for the same period in 2019. This increase in non-interest income for the first nine months of 2020, was primarily a result of the same sources of revenue described for the three-month period, along with higher income from bank-owned life insurance.

Non-interest expense for third quarter 2020 totaled $10.0 million, a decrease of $1.9 million, compared to $11.9 million for the prior year quarter. The higher non-interest expense during third quarter 2019 was primarily a result of $3.4 million in merger-related expense related to the acquisition of Grand Bank. Excluding the merger-related expenses in third quarter 2019, non-interest expense for third quarter 2020 increased by $1.4 million or 17.0%. Non-interest expense for the third quarter 2020 increased $186,000 to $10.0 million compared to $9.8 million for the linked second quarter of 2020, primarily a result of the increase in salaries and employee benefit costs. The increase in salaries and employee benefit costs compared to the prior quarter was primarily the result of the accounting associated with PPP loan origination costs. During the second quarter of 2020 salaries and employee benefits were reduced by $356,000 to reflect the PPP deferred loan costs.

Non-interest expense for the first nine months of 2020 totaled $29.6 million, a decrease of $493,000, or 1.6%, compared to $30.1 million for the same period in 2019. The first nine months of 2019 included $3.6 million of merger-related expenses compared with no merger-related expense for the nine-month period ended September 30, 2020. Excluding merger-related expenses for the nine month comparative period, non-interest expense would be $3.2 million or 11.9% higher. Salaries and employee benefits and occupancy and equipment costs increased $1.1 million and $753,000, respectively, primarily related to the employees and additional locations added via the Grand Bank acquisition.

Pre-provision net revenue[iii] for the third quarter of 2020 was $9.9 million, an increase of $3.6 million, or 55.8%, compared to $6.4 million for the third quarter of 2019, and up $1.5 million, or 17.6%, compared to $8.4 million in the linked second quarter of 2020.

Income tax expense for the three months ended September 30, 2020 was $2.0 million, with an effective tax rate of 25.5%, compared to $306,000 for the three months ended September 30, 2019, with an effective tax rate of 21.9%, and $1.3 million for the linked second quarter of 2020, with an effective tax rate of 24.7%. Income tax expense for the nine months ended September 30, 2020 was $4.4 million, with an effective tax rate of 24.8% compared to $2.8 million for the first nine months of 2019, with an effective tax rate of 25.3%. Income tax expense for the three and nine months ended September 30, 2020 included an increase in the New Jersey state income tax surcharge from 1.5% to 2.5%.

Balance Sheet

Total assets at September 30, 2020 were $2.31 billion, an increase of $265.0 million, or 13.0%, compared to $2.04 billion at September 30, 2019, and an increase of $298.3 million, or 14.8%, from December 31, 2019. The increase in assets during the nine months ended September 30, 2020 was primarily due to the origination of PPP loans and commercial loan growth. Total loans were $2.00 billion at September 30, 2020, an increase of $260.8 million, or 15.0%, compared to $1.74 billion at September 30, 2019, and an increase of $281.1 million, or 16.3%, from the 2019 year end. Total loans as of September 30, 2020 increased $49.6 million from $1.96 billion at the end of the linked second quarter of 2020. The growth during the third quarter 2020 was mainly derived from organic commercial real estate loan activity with existing and new relationships.

Total deposits were $1.84 billion at September 30, 2020, an increase of $182.8 million, or 11.1%, compared to $1.65 billion at September 30, 2019, and an increase of $194.6 million, or 11.9%, from December 31, 2019. Non-interest bearing deposits totaled $445.5 million at September 30, 2020, an increase of $169.7 million, or 61.5%, from December 31, 2019 reflective of PPP loan program related deposits and continued growth in commercial deposits.

Stockholders' equity was $232.3 million at September 30, 2020, compared to $226.4 million at December 31, 2019. The increase in stockholders' equity for the nine months ended September 30, 2020 was due to year-to-date net income of $13.3 million, $1.5 million in stock option exercises and restricted stock grants or vesting and an increase in accumulated other comprehensive income of $794,000. The increase was partially offset by stock repurchase program activity, whereby $7.9 million of stock was repurchased at an average cost of $7.88 per share, and $1.8 million in cash dividends during the first nine months of 2020.

As of September 30, 2020, the Bank continued to exceed all regulatory capital requirements to be considered well capitalized, with a Tier 1 Leverage ratio of 9.53%, a Tier 1 Risk-Based capital ratio of 10.53%, a Common Equity Tier 1 Capital ratio of 10.53%, and a Total Risk-Based capital ratio of 13.13%.

Asset Quality

First Bank's asset quality metrics have remained relatively stable and favorable during the past 12 months. Net charge-offs were $633,000 for the third quarter of 2020, compared to net charge-offs of $1.1 million for the third quarter of 2019 and net charge-offs of $1.0 million for the second quarter of 2020. Net charge-offs as an annualized percentage of average loans were 0.13% in third quarter 2020, compared to 0.28% in third quarter 2019 and 0.21% in the linked second quarter 2020. Nonperforming loans as a percentage of total loans at September 30, 2020 were 0.63%, compared with 0.91% on September 30, 2019 and 0.72% at June 30, 2020. Nonperforming loans were $12.7 million at September 30, 2020, down from $15.8 million on September 30, 2019, and $14.1 million on June 30, 2020. The allowance for loan losses to nonperforming loans was 179.66% at September 30, 2020, compared with 108.77% at the end of third quarter 2019 and 152.26% at June 30, 2020.

COVID-19 Response

First Bank participated in the PPP, established by the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act), during the first nine months of 2020. PPP is a specialized low-interest loan program funded by the U.S. Treasury Department and administered by the U.S. Small Business Administration (SBA). The PPP provides borrower guarantees for lenders, as well as loan forgiveness incentives for borrowers that utilize the loan proceeds to cover compensation-related business operating costs. As of September 30, 2020, First Bank has 1,147 PPP loans with a current balance of $190.7 million. First Bank generated gross fees of $6.9 million from the SBA related to the origination of these loans. These fees, net of the associated direct origination costs of approximately $529,000, are being amortized through interest income over the life of the PPP loans. As of September 30, 2020, the Bank had $4.8 million in unamortized fees associated with these loans.

First Bank continues to monitor and analyze its COVID-19 related financial hardship payment deferrals (COVID-19 deferrals) based on asset class and borrower type. As of October 15, 2020, the Bank's population of COVID-19 deferrals was $31.4 million, or 1.6% of total loans, down from a peak of $433.7 million. The $31.4 million includes $24.1 in loans still on deferral and $7.3 million in loans that have recently reached the end of their deferral period as of October 15, 2020 and have not yet been granted an additional deferral or resumed making payments.

The $31.4 million in COVID-19 deferrals is comprised of loans across a diverse list of industries and are primarily secured by real estate. The largest industry components are arts, entertainment and recreation at $10.0 million, restaurants at $5.7 million, transportation at $2.6 million, retail at $2.6 million, and hospitality at $1.8 million.

Consistent with industry regulatory guidance, borrowers that were otherwise current on loan payments that were granted COVID-19 related financial hardship payment deferrals continue to be reported as current loans throughout the agreed upon deferral period, continue to accrue interest and are not required to be accounted for as a troubled debt restructuring.

Cash Dividend Declared

On October 20, 2020, First Bank's Board of Directors declared a quarterly cash dividend of $0.03 per share to common stockholders of record at the close of business on November 6, 2020, payable on November 20, 2020.

Share Repurchase Program

On October 23, 2020, the Bank received regulatory approval for the repurchase of up to 1.5 million shares of First Bank common stock in the open market. This new share repurchase program was also approved by the Bank's board and will run through September 30, 2021. No shares were repurchased during the quarter ended September 30, 2020, however 1.0 million shares of common stock have been repurchased during first six months of 2020 for an aggregate purchase price of approximately $7.9 million under First Bank's previous share repurchase program.

Conference Call

First Bank will host its earnings call on Tuesday, October 27, 2020 at 9:00 AM eastern time. The direct dial toll free number for the call is 1-844-825-9784. For those unable to participate in the call, a replay will be available by dialing 1-877-344-7529 (access code 10148521) from one hour after the end of the conference call until January 28, 2021. 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, Hamilton, Hamilton Square, Lawrence, Mercerville, Pennington, Randolph, Somerset and Williamstown, New Jersey; and Doylestown, Trevose, Warminster and West Chester, Pennsylvania. With $2.3 billion in assets as of September 30, 2020, 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; 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 declines in housing market values; the impact of disease pandemics, such as the novel strain of coronavirus disease (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, including the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations being issued in accordance with this statute and potential 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. 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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[i] Adjusted diluted earnings per share, adjusted return on average assets and adjusted return on average 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 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.

[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.

[iii] Pre-provision net revenue is a non-U.S. GAAP financial measure and is calculated by adding net interest income and non-interest income and subtracting non-interest expense adjusted by certain non-recurring items. 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.

iv Certain reclassifications, none of which are material, have been made to prior period information to conform to the current 2020 quarter presentation.

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

	September 30, 2020 (unaudited)	December 31, 2019
Assets		
Cash and due from banks	$ 24,393	$ 16,751
Federal funds sold	-	40,000
Interest bearing deposits with banks	60,007	25,041
Cash and cash equivalents	84,400	81,792
Interest bearing time deposits with banks	6,162	6,087
Investment securities available for sale, at fair value	70,413	47,462
Investment securities held to maturity (fair value of $41,482 at September 30, 2020 and $47,100 at December 31, 2019)	40,841	46,612
Restricted investment in bank stocks	6,872	6,652
Other investments	6,483	6,388
Loans, net of deferred fees and costs	2,004,650	1,723,574
Less: Allowance for loan losses	22,806	17,245
Net loans	1,981,844	1,706,329
Premises and equipment, net	11,018	11,881
Other real estate owned, net	703	1,363
Accrued interest receivable	7,694	4,810
Bank-owned life insurance	50,013	49,580
Goodwill	16,253	16,253
Other intangible assets, net	1,855	2,083
Deferred income taxes	10,104	10,400
Other assets	15,242	13,895
Total assets	$ 2,309,897	$ 2,011,587
Liabilities and Stockholders' Equity		
Liabilities:		
Non-interest bearing deposits	$ 445,514	$ 275,778
Interest bearing deposits	1,389,913	1,365,089
Total deposits	1,835,427	1,640,867
Borrowings	196,210	105,476
Subordinated debentures	29,481	21,964
Accrued interest payable	1,055	1,076
Other liabilities	15,424	15,811
Total liabilities	2,077,597	1,785,194
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; 20,694,892 shares issued and 19,694,892 shares outstanding at September 30, 2020 and 20,458,665 shares issued and outstanding at December 31, 2019	102,898	101,887
Additional paid-in capital	78,637	78,112
Retained earnings	57,828	46,367
Accumulated other comprehensive income	821	27
Treasury stock, 1,000,000 shares at June 30, 2020	(7,884)	-
Total stockholders' equity	232,300	226,393
Total liabilities and stockholders' equity	$ 2,309,897	$ 2,011,587

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,	
	2020	**2019**	**2020**	**2019**
Interest and Dividend Income				
Investment securities—taxable	$ 567	$ 496	$ 1,729	$ 1,574
Investment securities—tax-exempt	66	87	220	276
Interest bearing deposits with banks, Federal funds sold and other	146	689	772	1,665
Loans, including fees	21,142	19,540	63,393	57,620
Total interest and dividend income	21,921	20,812	66,114	61,135
Interest Expense				
Deposits	3,265	5,706	13,216	15,934
Borrowings	586	731	1,695	1,831
Subordinated debentures	440	399	1,374	1,195
Total interest expense	4,291	6,836	16,285	18,960
Net interest income	17,630	13,976	49,829	42,175
Provision for loan losses	1,997	1,558	7,906	3,644
Net interest income after provision for loan losses	15,633	12,418	41,923	38,531
Non-Interest Income				
Service fees on deposit accounts	153	129	440	337
Loan fees	682	54	1,580	221
Income from bank-owned life insurance	336	277	1,272	818
Gains on sale of other real estate owned	300	-	308	81
Gains on sale of loans	65	5	218	72
Gains on recovery of acquired loans	500	264	974	586
Other non-interest income	210	176	556	468
Total non-interest income	2,246	905	5,348	2,583
Non-Interest Expense				
Salaries and employee benefits	5,516	4,937	16,208	15,154
Occupancy and equipment	1,633	1,200	4,597	3,844
Legal fees	218	197	673	436
Other professional fees	460	450	1,485	1,237
Regulatory fees	293	67	803	361
Directors' fees	219	192	649	586
Data processing	424	386	1,418	1,268
Marketing and advertising	113	225	338	675
Travel and entertainment	18	93	132	339
Insurance	187	89	505	273
Other real estate owned expense, net	73	46	292	240
Merger-related expenses	-	3,418	-	3,646
Other expense	799	628	2,543	2,077
Total non-interest expense	9,953	11,928	29,643	30,136
Income Before Income Taxes	7,926	1,395	17,628	10,978
Income tax expense	2,023	306	4,375	2,779
Net Income	$ 5,903	$1,089	$ 13,253	$ 8,199
Basic earnings per common share	$ 0.30	$0.06	$ 0.67	$ 0.44
Diluted earnings per common share	$ 0.30	$0.06	$ 0.66	$ 0.43
Cash dividends per common share	$ 0.03	$0.03	$ 0.06	$ 0.09
Basic weighted average common shares outstanding	19,542,231	18,694,801	19,835,359	18,667,440
Diluted weighted average common shares outstanding	19,635,127	18,976,574	20,016,732	18,961,434

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

	Three Months Ended September 30,					
	2020			2019		
	Average Balance	Interest	Average Rate (5)	Average Balance	Interest	Average Rate (5)
Interest earning assets						
Investment securities (1) (2)	$ 114,481	$ 647	2.25%	$ 90,732	$ 601	2.63%
Loans (3)	1,989,565	21,142	4.23%	1,564,182	19,540	4.96%
Interest bearing deposits with banks, Federal funds sold and other	55,188	42	0.30%	95,689	535	2.22%
Restricted investment in bank stocks	6,837	89	5.18%	7,629	106	5.51%
Other investments	6,479	15	0.92%	6,324	48	3.01%
Total interest earning assets (2)	2,172,550	21,935	4.02%	1,764,556	20,830	4.68%
Allowance for loan losses	(22,184)			(16,885)		
Non-interest earning assets	138,937			112,147		
Total assets	$ 2,289,303			$ 1,859,818		
Interest bearing liabilities						
Interest bearing demand deposits	$ 157,845	$ 84	0.21%	$ 133,580	$ 188	0.56%
Money market deposits	545,569	730	0.53%	347,322	1,423	1.63%
Savings deposits	143,817	250	0.69%	78,461	155	0.78%
Time deposits	577,259	2,201	1.52%	681,740	3,940	2.29%
Total interest bearing deposits	1,424,490	3,265	0.91%	1,241,103	5,706	1.82%
Borrowings	148,588	586	1.57%	131,678	731	2.20%
Subordinated debentures	29,464	440	5.97%	21,919	399	7.28%
Total interest bearing liabilities	1,602,542	4,291	1.07%	1,394,700	6,836	1.94%
Non-interest bearing deposits	441,103			243,401		
Other liabilities	15,536			16,958		
Stockholders' equity	230,122			204,759		
Total liabilities and stockholders' equity	$ 2,289,303			$ 1,859,818		
Net interest income/interest rate spread (2)		17,644	2.95%		13,994	2.74%
Net interest margin (2) (4)			3.23%			3.15%
Tax equivalent adjustment (2)		(14)			(18)	
Net interest income		$ 17,630			$ 13,976	

(1) Average balance of investment securities available for sale is based on amortized cost.
(2) Interest and average rates are tax equivalent 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,					
	2020			2019		
	Average Balance	Interest	Average Rate (5)	Average Balance	Interest	Average Rate (5)
Interest earning assets						
Investment securities (1) (2)	$ 103,901	$ 1,995	2.56%	$ 94,626	$ 1,908	2.70%
Loans (3)	1,879,604	63,393	4.51%	1,523,463	57,620	5.06%
Interest bearing deposits with banks, Federal funds sold and other	88,816	385	0.58%	70,847	1,229	2.32%
Restricted investment in bank stocks	6,646	291	5.85%	6,766	299	5.91%
Other investments	6,452	96	1.99%	6,279	137	2.92%
Total interest earning assets (2)	2,085,419	66,160	4.24%	1,701,981	61,193	4.81%
Allowance for loan losses	(19,910)			(16,084)		
Non-interest earning assets	131,472			111,199		
Total assets	$ 2,196,981			$ 1,797,096		
Interest bearing liabilities						
Interest bearing demand deposits	$ 161,032	$ 377	0.31%	$ 144,213	$ 706	0.65%
Money market deposits	507,031	3,358	0.88%	340,690	4,131	1.62%
Savings deposits	135,447	840	0.83%	79,185	425	0.72%
Time deposits	623,599	8,641	1.85%	648,032	10,672	2.20%
Total interest bearing deposits	1,427,109	13,216	1.24%	1,212,120	15,934	1.76%
Borrowings	118,486	1,695	1.91%	113,327	1,831	2.16%
Subordinated debentures	27,990	1,374	6.55%	21,893	1,195	7.28%
Total interest bearing liabilities	1,573,585	16,285	1.38%	1,347,340	18,960	1.88%
Non-interest bearing deposits	378,954			231,767		
Other liabilities	16,269			16,755		
Stockholders' equity	228,173			201,234		
Total liabilities and stockholders' equity	$ 2,196,981			$ 1,797,096		
Net interest income/interest rate spread (2)		49,875	2.86%		42,233	2.93%
Net interest margin (2) (4)			3.19%			3.32%
Tax equivalent adjustment (2)		(46)			(58)	
Net interest income		$ 49,829			$ 42,175	

(1) Average balances of investment securities available for sale are based on amortized cost.
(2) Interest and average rates are tax equivalent 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				
	9/30/2020	**6/30/2020**	**3/31/2020**	**12/31/2019**	**9/30/2019 (1)**
EARNINGS					
Net interest income	$ 17,630	$ 16,328	$ 15,871	$ 16,191	$ 13,976
Provision for loan losses	1,997	2,977	2,932	340	1,558
Non-interest income	2,246	1,888	1,222	1,608	905
Non-interest expense	9,953	9,775	9,923	9,424	11,928
Income tax expense	2,023	1,347	1,005	2,789	306
Net income	5,903	4,117	3,233	5,246	1,089
PERFORMANCE RATIOS					
Return on average assets (2)	1.03%	0.74%	0.63%	1.02%	0.23%
Adjusted return on average assets (2) (3)	1.03%	0.74%	0.63%	1.16%	0.81%
Return on average equity (2)	10.20%	7.33%	5.69%	9.24%	2.11%
Adjusted return on average equity (2) (3)	10.20%	7.33%	5.69%	10.53%	7.34%
Return on average tangible equity (2) (3)	11.08%	7.97%	6.19%	10.06%	2.31%
Adjusted return on average tangible equity (2) (3)	11.08%	7.97%	6.19%	11.46%	8.02%
Net interest margin (2) (4)	3.23%	3.07%	3.30%	3.34%	3.15%
Total cost of deposits (2)	0.70%	0.98%	1.29%	1.39%	1.52%
Efficiency ratio (3)	50.08%	53.66%	58.03%	52.64%	57.19%
Pre-provision net revenue (3)	$ 9,923	$ 8,441	$ 7,170	$ 8,375	$ 6,371
SHARE DATA					
Common shares outstanding	19,694,892	19,629,892	20,141,204	20,458,665	20,460,078
Basic earnings per share	$ 0.30	$ 0.21	$ 0.16	$ 0.26	$ 0.06
Diluted earnings per share	0.30	0.21	0.16	0.25	0.06
Adjusted diluted earnings per share (3)	0.30	0.21	0.16	0.29	0.20
Tangible book value per share (3)	10.88	10.61	10.33	10.17	9.92
Book value per share	11.79	11.54	11.23	11.07	10.83
MARKET DATA					
Market value per share	$ 6.20	$ 6.52	$ 6.94	$ 11.05	$ 10.83
Market value / Tangible book value	57.01%	61.46%	67.20%	108.66%	109.59%
Market capitalization	$ 122,108	$ 127,987	$ 139,780	$ 226,068	$ 221,583
CAPITAL & LIQUIDITY					
Tangible stockholders' equity / tangible assets (3)	9.35%	9.12%	10.03%	10.44%	10.02%
Stockholders' equity / assets	10.06%	9.84%	10.81%	11.25%	10.83%
Loans / deposits	109.22%	101.65%	101.90%	105.04%	105.52%
ASSET QUALITY					
Net charge-offs	$ 633	$ 1,013	$ 699	$ 325	$ 1,084
Nonperforming loans	12,694	14,082	13,814	22,746	15,841
Nonperforming assets	13,397	15,224	14,975	24,108	17,705
Net charge offs / average loans (2)	0.13%	0.21%	0.16%	0.07%	0.28%
Nonperforming loans / total loans	0.63%	0.72%	0.79%	1.32%	0.91%
Nonperforming assets / total assets	0.58%	0.66%	0.72%	1.20%	0.87%
Allowance for loan losses / total loans	1.14%	1.10%	1.11%	1.00%	0.99%
Allowance for loan losses / total loans (excluding PPP loans)	1.25%	1.20%	1.11%	1.00%	0.99%
Allowance for loan losses / nonperforming loans	179.66%	152.26%	141.00%	75.82%	108.77%
OTHER DATA					
Total assets	$ 2,309,897	$ 2,300,594	$ 2,092,444	$ 2,011,587	$ 2,044,938
Total loans	2,004,650	1,955,007	1,758,364	1,723,574	1,743,897
Total deposits	1,835,427	1,923,266	1,725,547	1,640,867	1,652,608
Total stockholders' equity	232,300	226,450	226,259	226,393	221,510
Number of full-time equivalent employees (5)	204	209	208	216	216

(1) Includes effects of Grand Bank merger effective September 30, 2019.
(2) Annualized.
(3) 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.
(4) Tax equivalent using a federal income tax rate of 21%.
(5) Includes 4 full-time equivalent seasonal interns as of June 30, 2020.

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

	As of the Quarter Ended				
	9/30/2020	**6/30/2020**	**3/31/2020**	**12/31/2019**	**9/30/2019 (1)**
LOAN COMPOSITION					
Commercial and industrial	$ 430,722	$ 428,494	$ 247,654	$ 239,090	$ 236,932
Commercial real estate:					
Owner-occupied	402,147	392,096	387,217	395,995	405,485
Investor	721,029	689,891	678,568	673,300	685,006
Construction and development	146,057	131,791	124,496	105,709	113,281
Multi-family	133,778	132,942	131,566	119,005	103,858
Total commercial real estate	1,403,011	1,346,720	1,321,847	1,294,009	1,307,630
Residential real estate:					
Residential mortgage and first lien home equity loans	117,530	117,796	118,020	123,917	127,337
Home equity–second lien loans and revolving lines of credit	27,600	29,371	33,764	32,555	35,264
Total residential real estate	145,130	147,167	151,784	156,472	162,601
Consumer and other	32,531	40,230	38,902	35,810	38,584
Total loans prior to deferred loan fees and costs	2,011,394	1,962,611	1,760,187	1,725,381	1,745,747
Net deferred loan fees and costs	(6,744)	(7,604)	(1,823)	(1,807)	(1,850)
Total loans	$ 2,004,650	$ 1,955,007	$ 1,758,364	$ 1,723,574	$ 1,743,897
LOAN MIX					
Commercial and industrial	21.5%	21.9%	14.1%	13.9%	13.6%
Commercial real estate:					
Owner-occupied	20.1%	20.1%	22.0%	23.0%	23.3%
Investor	36.0%	35.3%	38.6%	39.1%	39.3%
Construction and development	7.3%	6.7%	7.1%	6.1%	6.5%
Multi-family	6.6%	6.8%	7.5%	6.9%	6.0%
Total commercial real estate	70.0%	68.9%	75.2%	75.1%	75.0%
Residential real estate:					
Residential mortgage and first lien home equity loans	5.8%	6.0%	6.7%	7.2%	7.3%
Home equity–second lien loans and revolving lines of credit	1.4%	1.5%	1.9%	1.9%	2.0%
Total residential real estate	7.2%	7.5%	8.6%	9.1%	9.3%
Consumer and other	1.6%	2.1%	2.2%	2.0%	2.2%
Net deferred loan fees and costs	(0.3%)	(0.4%)	(0.1%)	(0.1%)	(0.1%)
Total loans	100.0%	100.0%	100.0%	100.0%	100.0%

(1) Includes effects of Grand Bank merger effective September 30, 2019.

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

	As of the Quarter Ended				
	9/30/2020	6/30/2020	3/31/2020	12/31/2019	9/30/2019 (1)
DEPOSIT COMPOSITION					
Non-interest bearing demand deposits	$ 445,514	$ 459,123	$ 291,949	$ 275,778	$ 280,216
Interest bearing demand deposits	156,059	165,081	161,726	170,951	154,293
Money market and savings deposits	695,224	703,365	611,098	521,263	512,000
Time deposits	538,630	595,697	660,774	672,875	706,099
Total Deposits	$ 1,835,427	$ 1,923,266	$ 1,725,547	$ 1,640,867	$ 1,652,608
DEPOSIT MIX					
Non-interest bearing demand deposits	24.3%	23.9%	16.9%	16.8%	17.0%
Interest bearing demand deposits	8.5%	8.6%	9.4%	10.4%	9.3%
Money market and savings deposits	37.9%	36.5%	35.4%	31.8%	31.0%
Time deposits	29.3%	31.0%	38.3%	41.0%	42.7%
Total Deposits	100.0%	100.0%	100.0%	100.0%	100.0%

(1) Includes effects of Grand Bank merger effective September 30, 2019.

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

	As of or For the Quarter Ended				
	9/30/2020	**6/30/2020**	**3/31/2020**	**12/31/2019**	**9/30/2019 (1)**
Return on Average Tangible Equity					
Net income (numerator)	$ 5,903	$ 4,117	$ 3,233	$ 5,246	$ 1,089
Average stockholders' equity	$ 230,122	$ 225,905	$ 228,471	$ 225,200	$ 204,759
Less: Average Goodwill and other intangible assets, net	18,156	18,236	18,309	18,377	17,412
Average Tangible stockholders' equity (denominator)	$ 211,966	$ 207,669	$ 210,162	$ 206,823	$ 187,347
Return on Average Tangible equity	11.08%	7.97%	6.19%	10.06%	2.31%
Tangible Book Value Per Share					
Stockholders' equity	$ 232,300	$ 226,450	$ 226,259	$ 226,393	$ 221,510
Less: Goodwill and other intangible assets, net	18,108	18,192	18,245	18,336	18,485
Tangible stockholders' equity (numerator)	$ 214,192	$ 208,258	$ 208,014	$ 208,057	$ 203,025
Common shares outstanding (denominator)	19,694,892	19,629,892	20,141,204	20,458,665	20,460,078
Tangible book value per share	$ 10.88	$ 10.61	$ 10.33	$ 10.17	$ 9.92
Tangible Equity / Assets					
Stockholders' equity	$ 232,300	$ 226,450	$ 226,259	$ 226,393	$ 221,510
Less: Goodwill and other intangible assets, net	18,108	18,192	18,245	18,336	18,485
Tangible equity (numerator)	$ 214,192	$ 208,258	$ 208,014	$ 208,057	$ 203,025
Total assets	$ 2,309,897	$ 2,300,594	$ 2,092,444	$ 2,011,587	$ 2,044,938
Less: Goodwill and other intangible assets, net	18,108	18,192	18,245	18,336	18,485
Adjusted total assets (denominator)	$ 2,291,789	$ 2,282,402	$ 2,074,199	$ 1,993,251	$ 2,026,453
Tangible equity / assets	9.35%	9.12%	10.03%	10.44%	10.02%
Efficiency Ratio (2)					
Non-interest expense	$ 9,953	$ 9,775	$ 9,923	$ 9,424	$ 11,928
Less: Merger-related expenses	-	-	-	-	3,418
Adjusted non-interest expense (numerator)	$ 9,953	$ 9,775	$ 9,923	$ 9,424	$ 8,510
Net interest income	$ 17,630	$ 16,328	$ 15,871	$ 16,191	$ 13,976
Non-interest income	2,246	1,888	1,222	1,608	905
Total revenue	19,876	18,216	17,093	17,799	14,881
Adjusted total revenue (denominator)	$ 19,876	$ 18,216	$ 16,912	$ 17,609	$ 14,881
Efficiency ratio	50.08%	53.66%	58.67%	53.52%	57.19%
Pre-Provision Net Revenue (2)					
Net interest income	$ 17,630	$ 16,328	$ 15,871	$ 16,191	$ 13,976
Non-interest income	2,246	1,888	1,222	1,608	905
Less: Non-interest expense	9,953	9,775	9,923	9,424	11,928
Add: Merger-related expenses	-	-	-	-	3,418
Pre-provision net revenue	$ 9,923	$ 8,441	$ 7,170	$ 8,375	$ 6,371

(1) Includes effects of Grand Bank merger effective September 30, 2019.

(2) During the quarter ended 6/30/2020 the efficiency ratio and pre-provision net revenue calculations were changed from the way these amounts were calculated in previous period reports. The prior quarter numbers above have been adjusted accordingly. Gains on recovery of acquired loans are no longer removed from the

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

	For the Quarter Ended				
	9/30/2020	**6/30/2020**	**3/31/2020**	**12/31/2019**	**9/30/2019** [(1)]
Adjusted diluted earnings per share, Adjusted return on average assets, and Adjusted return on average equity [(2)]					
Net income	$ 5,903	$ 4,117	$ 3,233	$ 5,246	$ 1,089
Add: Merger-related expenses [(3)]	-	-	-	-	2,700
Add: Deferred Tax Asset revaluation	-	-	-	730	-
Adjusted net income	$ 5,903	$ 4,117	$ 3,233	$ 5,976	$ 3,789
Diluted weighted average common shares outstanding	19,635,127	19,744,575	20,565,867	20,666,729	18,976,574
Average assets	$ 2,289,303	$ 2,251,396	$ 2,049,229	$ 2,037,127	$ 1,859,818
Average equity	$ 230,122	$ 225,905	$ 228,471	$ 225,200	$ 204,759
Average Tangible Equity	$ 211,966	$ 207,669	$ 210,162	$ 206,823	$ 187,347
Adjusted diluted earnings per share	$ 0.30	$ 0.21	$ 0.16	$ 0.29	$ 0.20
Adjusted return on average assets [(4)]	1.03%	0.74%	0.63%	1.16%	0.81%
Adjusted return on average equity [(4)]	10.20%	7.33%	5.69%	10.53%	7.34%
Adjusted return on average tangible equity [(4)]	11.08%	7.97%	6.19%	11.46%	8.02%

(1) Includes effects of Grand Bank merger effective September 30, 2019.
(2) During the quarter ended 6/30/2020 the adjusted net income calculation was changed from the way it was calculated in previous period reports. The prior quarter amounts above have been adjusted accordingly. Gains on recovery of acquired loans are no longer removed from adjusted net income as management has determined that these amounts have become part of our core operations and should not be removed in our adjusted totals.