

FIRST RESOURCE BANK



ANNUAL REVIEW
2023



COMPANY UPDATE



Dear Shareholders, Clients and Employees,

I am pleased to provide you with the 2023 Annual Review of First Resource Bank. The year was highlighted by unprecedented growth and continued strong returns for shareholders. With the acquisition of our Lindstrom and Forest Lake locations in our rear-view mirror, we converted those locations into our IT system, as well as completed a core conversion. In spite of historic interest rate increases by the Federal Reserve, returns to shareholders were still very good. We continued on our growth trajectory, and we are looking forward to a bright future.

With the economy facing uncertainty, I could not be prouder of our staff. Growth continued at a strong pace, while at the same time our loan portfolio provided outstanding quality. Our positive company culture never wavered and our staff continued to volunteer in areas of community need.

Today, I am optimistic about the future of First Resource Bank. With new alternatives in funding sources, and with an ability to continue to meet all of the needs of our existing and future client base, the road to growth will remain strong. Led by our experienced bankers, we will continue to be the best bank in the region for successful clients.

With grateful hearts, we at First Resource Bank say thank you!! We are thankful for the investors who continue to believe in us. Thank you to our clients for your continued patronage. And, to our talented staff, you continue to make the best even better. We have all done this together. We continue to build the First Resource story. We are grateful!

A handwritten signature in black ink, appearing to read "Timothy R. Siegle". The signature is fluid and cursive.

Timothy R. Siegle
Chief Executive Officer



Friends of First Resource Bank,

It is my pleasure to share with you another year of substantial advancement. Even with headwinds in the banking industry, we achieved significant growth while also demonstrating financial stability. With your involvement, First Resource Bank remains one of the fastest growing banks in our region. Highlights include:

- Total assets increased by 14.4 percent to \$554,508,000. Over the last four years, total assets have increased by 148 percent.
- Core pre-tax earnings remained stable at \$4,516,000, which is a slight increase compared to one year prior. On average, regional banks experienced earnings deterioration of approximately 20 percent over that same time.
- The bank holds no foreclosed real estate, and loans over 30 days past due are low at 0.01 percent compared to the peer group average of 0.42 percent.
- In our first full year as an SBA Preferred Lender, SBA activity ranked 17 out of 263 banks chartered in Minnesota.
- In response to a rapidly growing customer list of homeowner's associations (HOAs) and HOA management companies, we launched a new HOA Banking Division, OnPoint HOA Financial.

With a vibrant culture, loyal customers, and a strong balance sheet, we are well-positioned to continue with our growth trajectory. Shareholders, clients, and employees remain the cornerstone of our progress. We are so grateful for your support and look forward to building on our momentum.

A handwritten signature in black ink, appearing to read 'A Siegle', with a long, sweeping underline.

Aaron Siegle
President

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LOCATIONS

MILL DISTRICT

LINO LAKES

STILLWATER

ST. CROIX FALLS

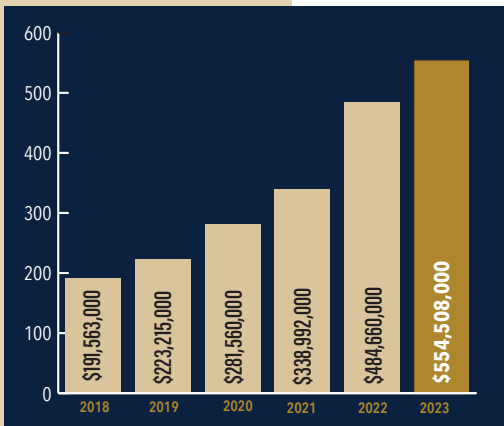
LINDSTROM

FOREST LAKE

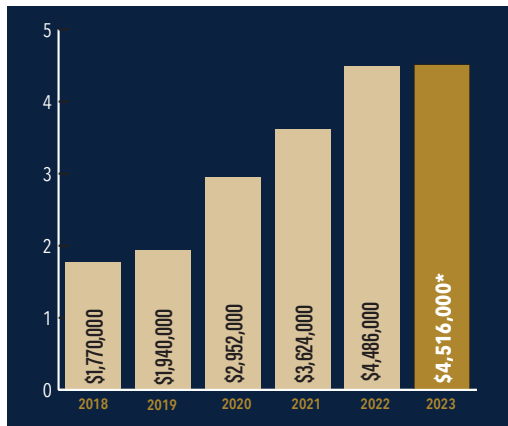
COMPANY OVERVIEW



ASSET GROWTH



EARNINGS GROWTH



**2023 Earnings exclude non-recurring, acquisition, and IT conversion charges. All earnings are pre-tax.*

COMPANY HISTORY

First Resource Bank originated as Eagle Valley Bank, chartered in St. Croix Falls, Wisconsin, in 1919. In 2017, the parent company expanded with the acquisition of First Resource Bank. The merger between Eagle Valley Bank and First Resource Bank took place in 2018, resulting in the current name. In 2022, First Resource Bank acquired two Lake Area Bank branches located in Forest Lake and Lindstrom, Minnesota. In that same year, First Resource Bank achieved the status of becoming an SBA Preferred Lender. Continuing its growth trajectory, in 2023, First Resource Bank launched OnPoint HOA Financial, dedicated to serving its expanding client base of HOAs and property management companies within and beyond Minnesota, furthering its posture as one of the fastest growing banks in the region.

Today, with offices in Forest Lake, Lindstrom, Lino Lakes, Mill District, Stillwater, and St. Croix Falls, First Resource Bank remains committed to offering comprehensive banking services for small businesses, entrepreneurs, and individuals. While we take pride in delivering prompt client service and providing straightforward lending and deposit solutions, we recognize that our people are the cornerstone of our success. We eagerly anticipate further strengthening this foundation as we continue to make history while providing unequalled service, having a team approach, and making a positive impact in the communities we serve.

BALANCE SHEET STATEMENT OF INCOME

ASSETS

	12/31/20	12/31/21	12/31/22	12/31/23
Gross Loans	\$234,736,000	\$288,370,000	\$424,039,000	\$485,112,000
Allowance for Loan and Lease Loss	(\$2,877,000)	(\$3,466,000)	(\$4,642,000)	(\$5,337,000)
Investments	\$38,036,000	\$42,689,000	\$39,993,000	\$50,999,000
TOTAL EARNING ASSETS	\$269,895,000	\$327,593,000	\$459,390,000	\$530,774,000
Cash and Equivalents	\$3,337,000	\$3,320,000	\$5,902,000	\$5,732,000
Fixed Assets	\$3,448,000	\$3,300,000	\$5,183,000	\$5,048,000
Real Estate Owned	\$336,000	\$0	\$0	\$0
Other Assets	\$4,544,000	\$4,779,000	\$14,185,000	\$12,954,000
TOTAL ASSETS	\$281,560,000	\$338,992,000	\$484,660,000	\$554,508,000

LIABILITIES AND CAPITAL

	12/31/20	12/31/21	12/31/22	12/31/23
Demand Deposits	\$110,086,000	\$114,758,000	\$170,639,000	\$169,494,000
Money Market Deposit Accounts	\$74,078,000	\$120,826,000	\$177,954,000	\$178,180,000
Time Deposits	\$53,101,000	\$52,338,000	\$64,065,000	\$98,724,000
TOTAL DEPOSITS	\$237,265,000	\$287,922,000	\$412,658,000	\$446,398,000
Borrowings and Other Liabilities	\$20,573,000	\$20,685,000	\$23,632,000	\$57,053,000
Total Liabilities	\$257,838,000	\$308,607,000	\$436,290,000	\$503,933,000
Total Capital	\$23,722,000	\$30,385,000	\$48,370,000	\$50,575,000
TOTAL LIABILITIES AND CAPITAL	\$281,560,000	\$338,992,000	\$484,660,000	\$554,508,000

STATEMENT OF INCOME

	12/31/20	12/31/21	12/31/22	12/31/23
Interest and Fees on Loans	\$10,873,000	\$11,714,000	\$15,368,000	\$22,179,000
Investment and Other Interest Income	\$245,000	\$152,000	\$792,000	\$1,757,000
TOTAL INTEREST INCOME	\$11,118,000	\$11,866,000	\$16,160,000	\$23,936,000
Interest on Deposits	\$1,194,000	\$833,000	\$2,475,000	\$8,043,000
Interest on Borrowings	\$404,000	\$348,000	\$203,000	\$1,741,000
TOTAL INTEREST EXPENSE	\$1,598,000	\$1,181,000	\$2,678,000	\$9,784,000
NET INTEREST INCOME	\$9,520,000	\$10,685,000	\$13,482,000	\$14,152,000
Non Interest Income	\$364,000	\$503,000	\$1,069,000	\$1,058,000
Gain on Investments	\$0	\$0	\$50,000	\$0
Non Interest Expense	(\$5,910,000)	(\$6,964,000)	(\$8,970,000)	\$11,374,000
Provision for Loans Losses	(\$1,022,000)	(\$600,000)	(\$1,145,000)	\$282,000
NET INCOME (PRE-TAX)	\$2,925,000	\$3,624,000	\$4,486,000	\$3,554,000
Non-recurring/Acquisition/IT Conversion Cost				\$962,000
Normalized Earnings				\$4,516,000



FIRST RESOURCE BANK CAPITALIZES ON SBA PREFERRED LENDER STATUS

SBA Preferred Lender status is given to financial institutions that the SBA has deemed reliable and trustworthy enough to process decisions in-house rather than having to send applications to the SBA for a decision.

Having achieved the status of becoming an SBA Preferred Lender in September of 2022, First Resource Bank fully deployed its lending expertise in 2023 with an impressive \$10.1 million in SBA approved loans, a significant increase over the previous year total of \$5.1 million. As noteworthy, \$2.6 million of the 2022 SBA loan total took place during Q4 of that year, further showcasing the importance of receiving this SBA designation.

How did we achieve this? First Resource Bank has a dedicated SBA lending team that is amongst the most accomplished in the Twin Cities. Listening to and understanding the needs of the small business owner are an integral part of our success – and theirs. Within this process, we help businesses organize and strategize to meet their short-term and long-term goals. We help determine the best loan and deposit products available to their unique needs, and then we set out to service this relationship throughout the entire process. Our extensive network of seasoned local professionals in accounting, legal and consulting is second to none, and we utilize these professional relationships to facilitate the growing and changing needs of our SBA clients.

- Working Capital Lines
- Manufacturing
- Equipment Purchases
- Real Estate
- Inventory
- Business Acquisitions
- Business Startups
- Debt Consolidation
- Business Expansion
- Export Working Capital

**SIMPLIFYING THE SMALL BUSINESS LOAN
PROCESS FOR EVERY CLIENT, EVERY TIME**

**FIRST RESOURCE
BANK**

DEPOSITS



CONSUMER SERVICES

- Checking and Savings Accounts
- Money Market Accounts
- Certificates of Deposit
- IRA Certificates of Deposit
- Debit and Credit Cards
- Online and Mobile Banking
- Mobile Deposit
- Electronic Statements and Notices
- Online Bill Pay
- Bank to Bank Transfers
- P2P Payments
- Same Day ACH
- QuickBooks® Direct Connect
- Online Card Management
- Additional Online Security (Text and Phone Verification)
- Sweeps
- Wire Services
- Notary Services
- Card Services / Instant Issue
- Insured Cash Sweep (ICS™) & CDARS
- IRA Savings Accounts

COMMERCIAL SERVICES

- Checking and Savings Accounts
- Money Market Accounts
- Certificates of Deposit
- Debit and Credit Cards
- Online and Mobile Banking
- Mobile Deposit
- Electronic Statements and Notices
- Online Bill Pay
- Bank to Bank Transfers
- Same Day ACH
- QuickBooks® Direct Connect
- Online Card Management
- Electronic Reporting
- Additional Online Security (Text and Phone Verification)
- ACH Origination
- ACH Filter (Fraud Protection)
- Check Positive Pay (Fraud Protection)
- Online Wire Transfer
- Remote Deposit Capture
- Merchant Card Services
- Sweeps
- Card Services / Instant Issue



LOANS

COMMERCIAL LOANS

- Owner Occupied Buildings
- Multifamily Buildings
- Equipment Financing
- Receivables and Inventory Financing
- SBA Financing
- Residential Rental Homes
- Construction / Bridge Loans
- Office Buildings
- Industrial Properties
- Property Rehabilitation
- New Construction
- Commercial Vehicle
- Commercial Lease

CONSUMER LOANS

- Residential Owner-Occupied Homes
- Vacation Homes
- Secondary Market Home Loans
- Home Equity Lines of Credit
- Construction Home Loans
- Personal Lines of Credit
- Ready Reserves

Member
FDIC





BANK TRANSITIONS MADE EASY BANKING SOLUTIONS MADE EVERY DAY

In response to the rapid expansion of First Resource Bank's client base, which includes homeowner's associations (HOAs) and property management companies, we are excited to introduce our new division, OnPoint HOA Financial. Specifically designed to address the banking needs of HOAs and property management companies, both inside and outside Minnesota, OnPoint operates within the secure framework of First Resource Bank.



Tailored for this growing client base, OnPoint HOA Financial provides comprehensive banking services, unique cash management products, and an exclusive lending suite. Our dedicated OnPoint team follows a well-defined process to seamlessly transition new business accounts to the Bank while ensuring minimal disruption to the client's organization. OnPoint HOA Financial. Transition to better banking.

Navigating Your Transition Toward a More Profitable Solution

Division of
FIRST RESOURCE
BANK

COMPANY HIGHLIGHTS

IMPACTING LAWMAKERS IN WASHINGTON, DC



EMPLOYEES IN A BOX

A tenacious team of First Resource Bank snow stompers participated in Stillwater's 2023 World Snow Sculpting Competition – an event also sponsored by the bank. The team prepared a 12 ft snowcube for world-renowned sculptors to turn into unique creations. Hundreds of people visited the area to view the sculptures and take part in the week-long event.



JIM LEHR CELEBRATES 10 YEARS AT FIRST RESOURCE BANK

Beginning his banking career 30 years ago as a mortgage loan processor, Jim Lehr, Vice President - Commercial Lending, has been an invaluable member of the First Resource Bank team for the past 10 years. Notwithstanding his banking expertise, Jim's strength lies in forging strong relationships with his clients while watching their businesses thrive. "Jim is that business banker that every business is looking for," commented Marc Cove, Chief Development Officer. "You could not have a better partner." When asked what Jim appreciates about FRB, "I like working with the best," remarks Jim. "I think we have the 'A' team here, probably one of the finest teams that I've ever been around."



We congratulate Jim and wish him another 10 successful years with First Resource Bank.

BOARD OF DIRECTORS



Larry Holtz - Chairman of the Board

Larry Holtz has served as Chairman of the Board for First Resource Bank (fka Eagle Valley Bank) since 2009. Prior to joining First Resource Bank, Holtz held various positions with RBC Dain Rauscher, where he worked for more than 22 years. Holtz was named President of RBC Dain Rauscher's Fixed Income Group in January 2002, and from 2004 to 2008 Holtz served as head of Municipal Markets for RBC's Global Markets Division.



Timothy Siegle - Chief Executive Officer

Tim Siegle began as CEO of First Resource Bank at the start of 2020. Siegle was previously the Chairman and CEO of United Valley Bank (Cavalier, ND), where he joined in 1996. Under his management, United Valley grew from \$40 million in total assets to over \$450 million. Siegle is the past President and a Director for the Bank Holding Company Association and is a prior President of the North Dakota Bankers Association.



Aaron Siegle - President

Aaron Siegle has served as President of First Resource Bank since 2018. He began employment at a previous affiliate, Eagle Valley Bank, in 2013. In 2022, Siegle was named "Rising Star in Banking" by BankBeat Magazine. Since being named President, Siegle has overseen and driven significant asset growth and expansion into new markets. Prior to joining First Resource Bank, Siegle was a commissioned bank examiner for the FDIC. Siegle is a graduate of the University of North Dakota School of Law.



BOARD OF DIRECTORS



John Seidel - Director Of Special Assets / Senior Credit Advisor

John Seidel served as CEO of First Resource Bank (fka Eagle Valley Bank) from 2009 through 2019. Seidel has approximately 35 years of successful growth in commercial and retail banking in the Twin Cities market. From February 2002 through December 2006, Seidel was the President, CEO, and director of American Bancorporation, St. Paul, MN. Between 1990 and 2002, Seidel was the President, CEO, and Director of Dakota Bancshares.



Nick Vivian - Director

Nick Vivian is a managing partner with Eckberg Lammers, PC where he leads the firm's transactional practice. Eckberg Lammers, PC is a regional law firm located in Stillwater, MN, Bloomington, MN and Hudson, WI. Vivian is a graduate of Northern Michigan University (Marquette, MI) and the Hamline University School of Law (St. Paul, MN). Vivian is also an owner of, and serves as General Counsel for Northland Lawn & Sport, LLC, a six-location John Deere dealership network spanning Northern Minnesota, Northern Wisconsin and Michigan's Upper Peninsula.



Charlie Anderson - Chief Operating Officer

Charlie Anderson serves as the Chief Operating Officer of First Resource Bank. In his role, Anderson manages operations and helps formulate the strategic direction with the executive team. Prior to joining First Resource Bank, Anderson worked at Piper Jaffray (now Piper Sandler) for 17 years. Anderson is a CFA Charterholder and is a graduate of the School of Banking at the University of Wisconsin.

BUSINESS OFFICERS



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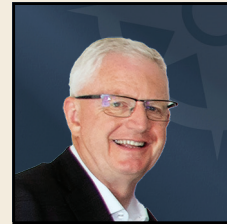
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Michele Tait
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