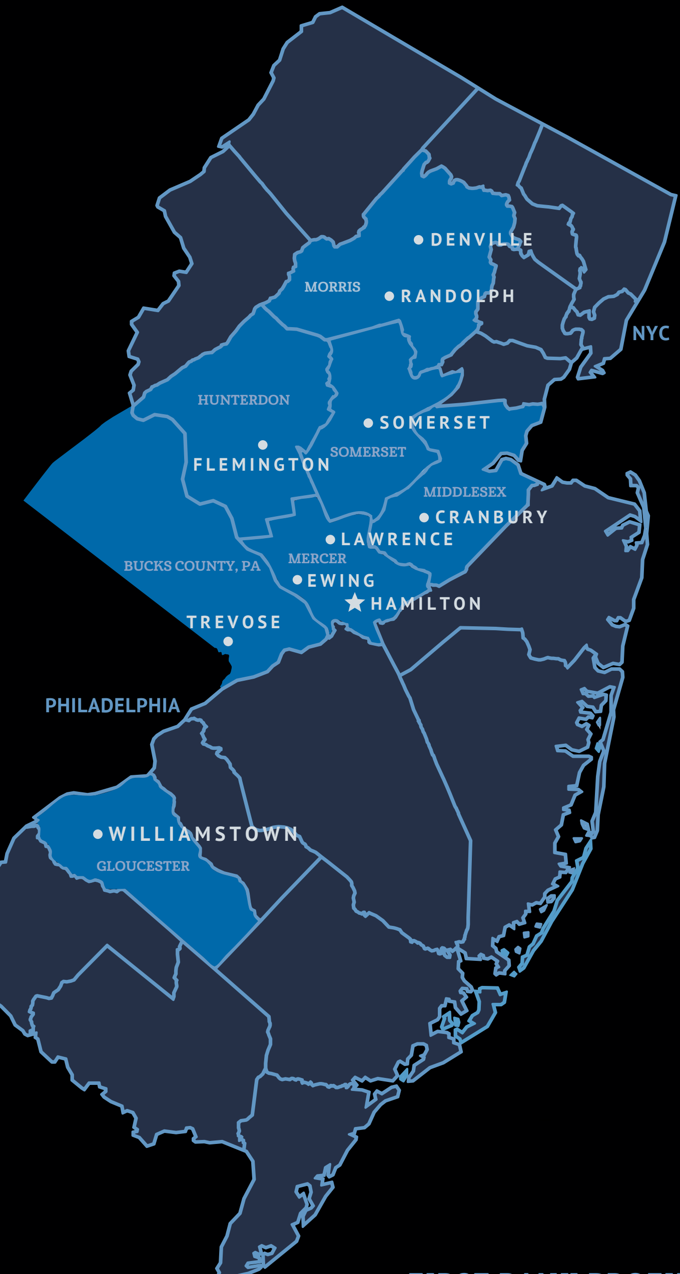
FIRST BANK

SECOND ACT

2016 ANNUAL REPORT

FIRSTBANK



MARKET OVERVIEW / DEMOGRAPHICS

First Bank is headquartered in Hamilton, New Jersey, and its primary service areas include Mercer, Burlington, Hunterdon, Middlesex and Somerset counties in central New Jersey. We also service Morris County in northern New Jersey, Gloucester, Atlantic and Camden counties in southern New Jersey and Bucks County in eastern Pennsylvania. This New York City to Philadelphia corridor area remains one of the more desirable banking markets in the country.

An economic analysis published by a large financial institution in 2016 described our central New Jersey market area as an affluent economy, with a strong, diverse array of employers and ties to New York City's well-paying financial industries. Payroll employment in the region has been growing faster than the rate for the U.S. and the state, while education, healthcare and technology employment have also been instrumental in driving economic expansion. The large presence of well-paying jobs in the region contributes to a median household income which is 34 percent higher than the U.S. average. With a highly educated local labor force, as well as business costs which are reasonable by Mid-Atlantic standards, this area has great long-term growth potential.

FIRST BANK PROFILE

New Jersey state-chartered bank (headquarters – Hamilton, NJ)

10 full-service branches in New Jersey and Pennsylvania

$1.1 billion in assets (at 12/31/16)

Traditional range of deposit and loan products

Market area – New York City to Philadelphia corridor

Bauer Financial 5-Star rated bank (top ranking)

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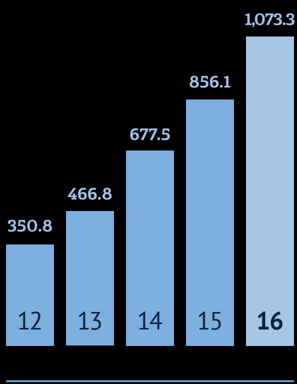
Total Assets

AT 12-31, $ IN MILLIONS

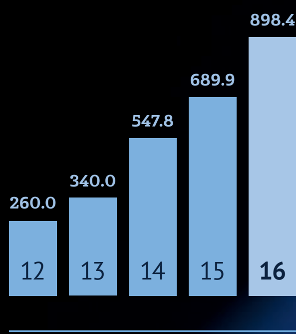
5-year CAGR = 32.3%



Total Loans

AT 12-31, $ IN MILLIONS

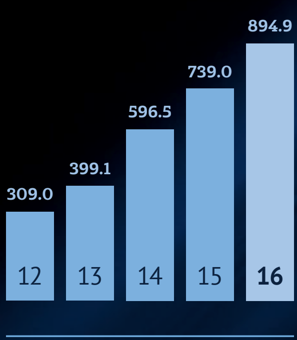
5-year CAGR = 34.1%



Total Deposits

AT 12-31, $ IN MILLIONS

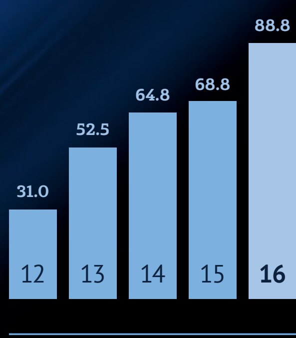
5-year CAGR = 30.7%



Total Stockholders' Equity

AT 12-31, $ IN MILLIONS

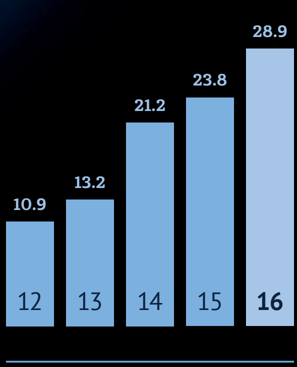
5-year CAGR = 29.9%



Net Interest Income

AT 12-31, $ IN MILLIONS

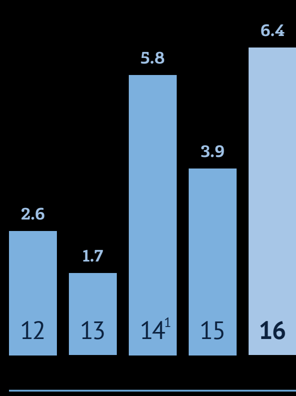
5-year CAGR = 27.4%



Net Income

AT 12-31, $ IN MILLIONS

5-year CAGR = 25.0%



[1] 2014 net income includes $2.6 million tax-free bargain purchase gain from acquisition of HCB.

INVESTMENT RATIONALE

Demonstrated ability to achieve highly desirable loan growth rates, driven primarily by consistently strong performance in traditional, in-market commercial banking since its inception, while maintaining superior asset quality metrics

Solid competitive footprint in the New York City to Philadelphia corridor

Effective management of non-interest expense with a focus on using operating leverage as an ongoing contributor to earnings growth

Leveraging supplemental funding sources to complement effective deposit gathering that has more than quadrupled deposits since the end of 2011

A strong capital position, and a proven ability to access the capital markets, enabling First Bank to continue to build shareholder value through strong organic growth, as well as appropriate acquisition opportunities

The Bank's management and board have a significant ownership investment of approximately 20%

Our 2016 results reflected strong loan and deposit growth, managed expense growth and highly favorable asset quality metrics.

TO OUR SHAREHOLDERS,
STAKEHOLDERS, EMPLOYEES
AND FRIENDS:

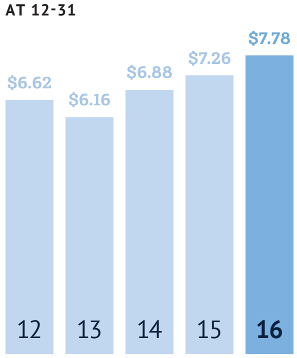
2016: ACHIEVING "ESCAPE VELOCITY"

In an environment where we're constantly pushing ourselves to get better, faster, I appreciate this letter as an opportunity to step back. From that more-distant vantage point, I'm able to provide a clearer, more honest assessment of what happened, what worked, and what we could have done better.

In short, 2016 was a very good year. We made a ton of progress in a variety of areas, and it was gratifying to see the stock price move up accordingly. As a reminder, despite several years of excellent top line growth, we had a lot to prove heading into the year. After making significant investments in the franchise in 2015, I'm sure many were left wondering: would it pay off? We raised capital that carried a significant interest expense, we had newer branches that needed to grow, and we added staff in 2015. As a result of the added expenses associated with these investments, core profit growth did not match the levels from prior years. In 2016, we needed to put it all together: I. continued strong top-line growth, II. excellent bottom-line growth, and III. healthy shareholder returns. I'm proud to report that we delivered all three.

Let me briefly provide a few data points to support this assertion. Total assets grew $217 million (our highest annual increase ever, even including the year we finalized the acquisition of HCB). Total loans increased $209 million, another annual dollar-growth record. Total deposits grew $156 million. After several years of strong growth, even these numbers were better than expected. But, more importantly, the bottom-line growth figures were even better. Net income reached $6.4 million, an increase of $2.5 million or 65%. Our key profit ratios improved nicely as well: ROA (return on assets) increased to 0.66%, up from 0.51% in 2015 and ROE (return on equity) improved to 8.08%, up from 5.74% in 2015. Certainly, we have room for continued improvement with these ratios. But, we made substantial progress over the past twelve months.

Book Value per Common Share
AT 12-31



Importantly, in addition to strong growth and profit, the final piece to our puzzle fell in to place in 2016. We finally saw significant, sustained share price improvement. In fact, our stock price moved from just over $6.50 per share at the start of the year to just over $11.50 at the end of the year. That's an increase of $5.00 per share, or 77% for the year. Many banks enjoyed improved share price performance during the year, but I'm confident our increase was well within the top quartile. I know many of our early investors were waiting patiently for this type of breakout performance. As a shareholder with a major asset concentration in this bank, I too was looking forward to the time when we finally got noticed. I think we're all pleased with the price movement of the stock throughout the year.

2016 was a transformative year, during which we surpassed the $1 billion threshold for total assets, realized strong double-digit growth in loans and booked record profits for the year.

For the past couple of years we have been working toward the well-publicized $1.0 billion asset threshold. There is a lot of industry data that shows how both earnings performance and stock price performance tend to improve once you achieve the magical $1.0 billion level. Well, as many of you already know, we eclipsed $1.0 billion as of September 30, 2016. It is important to note that nothing specific actually happens once you reach $1.0 billion in assets. No new revenue streams magically appear; you don't automatically get added to any stock market indices; you can't suddenly charge more for loans or pay less on deposits. Therefore, I was concerned we might not see any difference once we hit $1.0 billion. Thankfully, I was wrong. The invisible hand worked its magic. To be fair, the growth and profit improvement in 2016 was not magic. It was the result of continued hard work and diligent expense control.

Exceptional growth usually requires additional capital, so I'd be remiss if I didn't mention the common stock offering we conducted at the end of June, 2016. Over the summer we finalized an investment of $13.7 million from a group of four, highly-regarded institutional investors. The investment provided funds for continued growth, and helped raise our profile in the investment community.

The other exciting news from 2016 relates to our newly-minted dividend. In the fourth quarter of 2016, the Board of Directors approved a quarterly cash dividend of $0.02 per share. The appropriate balance between retaining capital for growth and providing cash back to shareholders can be difficult to assess. We think we've struck the right balance. With a dividend of $0.02 per share, the bulk of profits are being retained in the business to fund our substantial growth initiatives.

As a result of our success in 2016, we finally achieved "escape velocity." By that I mean we're moving on to the next stage in our development. We're leaving our old space, moving toward new horizons. As we look out toward that future, we see the changing political, tax, and regulatory landscape, and our improved share price, generating strong prospects heading into 2017.

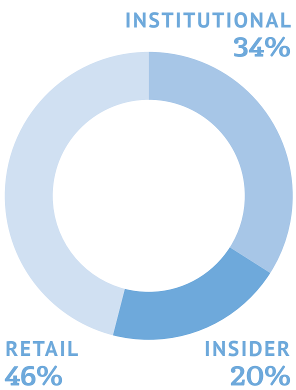
BEFORE WE DISCUSS OUR PROSPECTS FOR 2017 AND BEYOND, I'D LIKE TO PROVIDE A LITTLE MORE DETAIL ON OUR RESULTS FOR 2016.

Our success in 2016 was driven by several factors: I. continued strong, high-quality loan growth, II. disciplined deposit growth, III. a steady net interest margin, and IV. diligent expense control.

A successful capital raise in 2016 strengthened our balance sheet and elevated institutional investor interest and ownership in First Bank.

LOAN GROWTH As mentioned above, the total loan portfolio grew $209 million in 2016. As a reminder, we basically offer loan products into three, distinct customer segments: I. consumers, II. businesses, and III. commercial real estate owners and developers. Over the past couple of years our business mix has started to shift away from lending to businesses toward more real estate development lending. Part of that shift is understandable as commercial real estate development has picked up significantly in our core markets and it remains an important segment where we have expertise and we want to service our customer base. In 2016 commercial real estate loans grew to become 56% of our total loans outstanding, up from 47% a couple of years ago. Loans to businesses declined to 35% of total loans, down from 41%. Going forward, we will be working toward a goal of 10% consumer loans, 45% loans to businesses, and 45% commercial real estate loans. In fact, this shifting business mix will be one of our most important strategic goals in 2017 and beyond.

FRBA Stock Ownership
AT 12-31-16



DEPOSIT GROWTH Our total deposits increased from $739 million at the end of 2015 to $895 million at the end of 2016, an increase of $156 million or 21%. Our non-interest bearing deposits increased to $119 million at the end of 2016, up from $100 million at the end of 2015. This equates to 13.2% of total deposits at the end of 2016, basically in line with where we finished 2015. This is a ratio we watch closely and we'll be working hard to increase non-interest bearing deposits going forward. We took strategic steps to improve our deposit mix and lower our cost of funds in 2016. That required an occasional need to tap non-core funding sources during periods of the year with peak loan demand. While the impact was not dramatic, we did have some success lowering our funding costs with this strategy. For example, our overall cost of funds came down from 1.10% in the fourth quarter of 2015 to 1.03% in the fourth quarter of 2016. We still have a lot more work to do in this area of low-cost, core-deposit generation. To that end, we are in the planning stages of some initiatives to help drive core, non-CD deposit growth going forward, with a particular emphasis on commercial deposit growth.

NET INTEREST MARGIN Our tax equivalent net interest margin in the fourth quarter of 2016 was 3.12%, up slightly from 3.05% in the fourth quarter of 2015. As you may recall, we lived in the world of "lower for longer" during most of 2016. That meant loan yields continued to be pressured while deposit rates did not have much room to move lower. As such, we felt a flat (to slightly increasing) margin was a reasonably positive outcome. We'd certainly love to get that margin up closer to the 3.50% to 4.00% levels banks used to enjoy. Perhaps the projected rising rate environment in 2017 will give us that opportunity? My personal views on margins are less optimistic. Over time, I certainly think we can do better. Rising rates and a steeper yield curve (if they materialize) should help. But, I'm guessing rates won't move too much higher, and the potential for increased deposit competition could dilute the margin benefit of higher asset yields. Plus, balance sheets don't change overnight. It will take a while for some of these benefits to materialize. We've built a bank to make money in a low rate, low-margin environment. We're not planning to change our approach. If our margin improves more than we are planning, then we'll realize even stronger results.

EXPENSE CONTROL Perhaps I'm most proud of the following statistic: 2016 net interest income growth of 21% compared to non-interest expense growth of 3%. We certainly hoped we would see significant operating leverage in 2016, but this spread exceeded our most optimistic projections. We may not be able to continue with that level of performance, but expense growth should not go significantly higher than current levels. With our growth engine humming, expense control will drive continued profit improvement. That trend should continue, even if at a slightly slower pace.

SO, HOW DID THOSE DEVELOPMENTS IMPACT PROFITABILITY IN 2016?

NET INCOME As a result of the items mentioned above, net income exceeded our expectations for 2016. For the year, as mentioned above, we earned $6.4 million, an increase of $2.5 million or 65% compared to 2015. Importantly, this was largely a "core earnings" number. There was very little in the way of unusual, one-time income or expense items during the year. As a result of the strong profits, earnings per share for the year reached $0.61, an increase of $0.20 per share, despite the additional shares issued in June 2016.

PRE-PROVISION, NET REVENUE (PPNR) This is a metric we follow to see how we're progressing when you extract some of the non-operating components of profitability. The metric is calculated by taking our net interest income (before the provision for loan losses), adding non-interest income excluding non-recurring items (gains or losses on sales or securities, bargain purchase gains, and gains on recovery of acquired loans), and subtracting non-interest expense excluding non-recurring items (merger-related expenses). We look at this on a quarterly basis to get a sense of our core operating earnings trends. This is a non-GAAP measure. You will find each of the components listed above broken out in our audited financial statements.

PPNR of $11.6 million in 2016 was up $4.1 million (55%) compared to $7.5 million in 2015. Not surprising, in a year with relatively few unusual items, core profit growth matched GAAP net income growth.

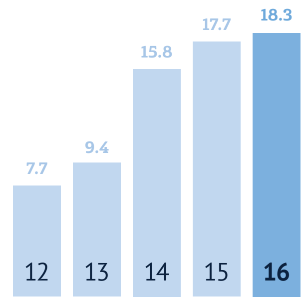
2017: COMMENCING "ACT 2" — BRINGING OUR BANK TO THE NEXT LEVEL

After a really strong year in 2016, where do we go from here? Thankfully, there is plenty more to do, and plenty more upside in the First Bank franchise. I heard a quote from a fellow banker the other day that has stuck with me. He said "the first billion is the hardest billion." I hope he's right, and I'm excited to push forward and find out. Here is my view on our prospects for 2017 and beyond.

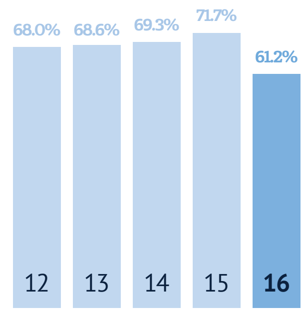
PROFIT IMPROVEMENT SHOULD CONTINUE The operating leverage story at First Bank is not over. Our net income, Earnings per Share (EPS), Return on Assets (ROA), and Return on Equity (ROE) should all continue to improve, and that's without any help from a rising net interest margin, easing regulations, and lower corporate taxes. If any or all of those "upside scenarios" materialize, we should see some really exciting results.

CONTINUED GROWTH IN CENTRAL NJ, NORTHERN NJ, AND EASTERN PA
Each market and each team produced strong results in 2016. Based upon the quality of our teams in each market, the changing competitive landscape from community bank consolidation, and the strength of our pipelines, I remain optimistic that each market can be a growth engine for us.

Non-interest Expense
AT 12-31, $ IN MILLIONS



Efficiency Ratio[1]
AT 12-31



[1] Non-GAAP financial measure that we believe provides management and investors with information that is useful in understanding our financial performance and condition.

We finished the year with strong capital levels, and remain positioned for growth in 2017.

2016 PERFORMANCE HIGHLIGHTS

Net income for 2016 of $6.4 million, an increase of $2.5 million, or 64.8%

Total assets surpass $1 billion threshold, $1.1 billion at 12/31/16

Total net revenue (net interest income + non-interest income) increased by 19.9% to $30.5 million

Total loans were up $208.5 million, or 30.2%, to $898.4 million at 12/31/16

Total deposits at year-end of $894.9 million, up 21.1% compared to 2015

Continued strong asset quality metrics with annualized net loan charge-offs to average loans of just 0.10%

Raised $13.7 million in new capital through private placement of common stock

THE RE-EMERGENCE OF M&A As disciplined acquirers, up to this point our acquisition options have been limited. Now that our higher stock price provides a stronger "currency," and with the potential for more sellers to emerge after the recent run-up in buyer stock prices, I expect that M&A could re-emerge as a growth vehicle. M&A can also be a driving force for additional operational efficiencies and better operating leverage.

ENHANCED CORE, COMMERCIAL DEPOSIT GENERATION New initiatives should help produce meaningful commercial deposit growth. If successful, the impact on our cost of funds and underlying franchise value could be significant.

REBALANCED BUSINESS MIX Our efforts to drive additional business lending should help create additional franchise value, help with commercial deposit gathering efforts, and reduce commercial real estate (CRE) lending concentrations.

WHAT COULD PREVENT US FROM ACHIEVING OUR GOALS IN 2017?

While the current signals seem to portend bright prospects, there are potential challenges that we are prepared to handle, should they emerge.

POLITICAL INSTABILITY While the pro-business approach championed by the current administration should be good news for banks, unrest at home or abroad has the potential to derail the economic recovery. We are not ignoring the very realistic risk of negative outcomes stemming from unpopular policies.

ECONOMIC DOWNTURN OR CRE SLOWDOWN This is basically the credit deterioration scenario. We are maintaining strict and prudent underwriting standards to make sure we're not overly exposed if the economy turns toward recession or if commercial real estate markets reverse their current active development and occupancy trends.

OVERZEALOUS LOAN OR DEPOSIT COMPETITION While loan competition has been strong for the past several years, fortunately the competition has been more focused on lower rates rather than looser credit standards. I'm sure the aggressive loan pricing will continue, but I'm hopeful credit standards will remain at reasonable levels. We will slow growth before we'll follow an overly aggressive lending market. The damage from the last recession is still fresh in our minds. Banks with great credit quality will be the ones that emerge successfully from the next recession. Deposit competition is another concern as many bankers hope the industry will move slowly to raise deposit rates when interest rates start to rise. If banks cannot hold the line on deposit pricing, a significant portion of the potential benefits from higher rates may never materialize.

REGULATORY PRESSURE As a bank experiencing strong growth, regulatory pushback is always a concern. In general, strong growth is a concern for regulators. Thus far, feedback from the regulators has been very good. Nevertheless, we need to remain diligent to make sure we're constantly out in front of key risk management initiatives. The regulator focus on CRE lending is a particular area of concern, given the importance of CRE lending to our overall business plan. Should the regulators require a shift to reduce CRE loans, growth could slow.

AN INABILITY TO RAISE CAPITAL Our strategic plan calls for growth. Growth would need to slow if we cannot find access to reasonably-priced capital. At the moment, we remain confident that capital can be raised to help fund our continued expansion efforts.

Despite these very real risks, a balanced view of key trends leads me to believe that we have significant upside potential heading into 2017.

PERFORMING WITH THE LIGHTS ON

At the end of last year, we felt we were "ready to get noticed." Thankfully, that has happened. Now, our job will be to perform at a high level with more people watching, and the lights turned up bright. Trading at higher multiples of book value and earnings creates added pressure. We think we're ready for the challenge.

I'm confident we can perform because our playbook hasn't changed. We're not looking to try and become something new and different. We built a base so that we'd be in a position to grow without having to take on new forms of risk. We do not need to change our market area. There is plenty of business in our New York City to Philadelphia corridor. We don't need to add new lines of business. We don't need to acquire to grow. Additional investments will be needed as we grow, but it can be incremental. We can remain true to who we are and still reach new and higher size and performance levels.

Plus, our elevated status in the market will help with our recruiting efforts. As we push to continue to upgrade our operations, it will be easier to attract and retain top-quality talent. For some, the move to community banking is a bit of a leap of faith. Now, the leap doesn't seem quite so far. This new reality will only help us and make us more likely to achieve our goals moving forward.

So, to summarize where we are at this moment, I feel good about what we've accomplished. It's been a lot of hard work, and there is still plenty of room for improvement. But, as we enter "Act 2" we have put ourselves in a great position to take advantage of the multitude of opportunities that stand before us. Time will tell if we can fully grasp this opportunity, but I like our chances.

In closing, I'd like to recognize the tremendous support and assistance we received from our board member and original shareholder, Dr. Maria Jinks. Dr. Jinks will continue to serve out her term, but she is not standing for re-election at the annual meeting. The demands placed upon the time of a bank director are enormous, so it's never a total shock when someone chooses to step down. Nevertheless, we would never have reached our current position without her energy, guidance and support and her presence will be missed.

Lastly, a special thanks to our customers, employees, and shareholders. Without all three working together the Bank cannot be successful. We appreciate your support and dedication and we hope to have more good news to report as we move forward.

Sincerely,

Patrick L. Ryan
President and CEO

Welcome Home.

Now that our higher stock price provides a stronger "currency," we expect that M&A could re-emerge as a growth vehicle.

We entered 2017 in a very good place with a strong competitive posture, growing brand awareness and improved operating efficiency.

We continue to make investments in our business to support our growth initiatives.

THE NEW YORK CITY TO PHILADELPHIA CORRIDOR REMAINS ONE OF THE MORE DESIRABLE BANKING MARKETS IN THE COUNTRY.

CURTAIN UP ON AN ATTRACTIVE MARKET Headquartered in Hamilton, New Jersey, First Bank has established an attractive and growing banking franchise in targeted markets within the corridor between New York City and Philadelphia. We currently operate nine full-service branch locations throughout the state of New Jersey, as well as a location in neighboring Bucks County in eastern Pennsylvania.

After a recapitalization of the Bank in 2008, we moved quickly to open three New Jersey branch locations in 2009, including in the Mercer County towns of Lawrence and Ewing, and in Williamstown in Gloucester County. Our largest retail presence is in Mercer County, where in 2011 we added a third location in the building that houses our corporate headquarters. Mercer County is an attractive location for several reasons. In addition to being centrally located within our targeted market area it offers solid demographics, with an estimated population of just over 370,000 and median household income of $72,800, which is 35% higher than the U.S. median income.

In July 2013, we announced the acquisition of Heritage Community Bank based in Morris County, NJ. The merger closed on March 7, 2014. With the acquisition we added locations in Randolph and Denville, along with $132.3 million in assets, $123.4 million in deposits, and $98.2 million in loans at the transaction close. With an estimated population of just under 500,000, and a median household income of $100,000, or nearly twice the national average, it's easy to see why we considered this an excellent market in which to invest. In 2013 we also opened a new branch location in Somerset, which utilized a smaller economical footprint, reasonable rental rate, and required a minimal capital investment. Similar to Morris County, Somerset County has a median household income in excess of $100,000, as well as a significant population of just under 325,000 residents. Our Somerset location also serves to provide a continuous market presence between our Mercer and Morris locations.

Stretching east from Mercer County to the Atlantic Ocean is Middlesex County, which has an estimated population of 840,000 and a median household income of just under $80,000. We entered this market in late 2014 with the opening of a branch in Cranbury.

Also during 2014, we expanded into eastern Pennsylvania by retaining a team of lenders to service the Bucks County market. Bucks County is a suburban area north and east of Philadelphia that also possesses attractive demographics with a population of 625,000 and a median household income of approximately $77,000. To further develop and service that market, in the first quarter of 2015 we opened our first Pennsylvania branch in Trevose, which also functions as the regional headquarters for our anticipated expansion in the Pennsylvania market.

Early in 2016 we opened our tenth branch with a new location in Flemington, New Jersey. This expansion into Hunterdon County, another affluent area with a median annual household income of more than $105,000 and a population in excess of 125,000, links our Bucks County market to our north and eastern New Jersey locations.

First Bank is headquartered in Hamilton, New Jersey.

We demonstrated the ability to achieve highly desirable loan growth rates, while maintaining superior asset quality metrics.

OUR LOAN PORTFOLIO GREW BY MORE THAN $200 MILLION, OR 30 PERCENT, IN 2016 INCREASING TO $898 MILLION AT YEAR-END.

RAVE REVIEWS FOR STRONG PORTFOLIO GROWTH "Community banking" accurately describes First Bank's primary business. We are proud to be a true community bank, providing a wide range of commercial and retail related banking services to attractive markets throughout New Jersey and in eastern Pennsylvania. Our primary focus is to grow our loan portfolio, primarily commercial loans, and to fund these loans using deposits generated through our branches.

We attract customers by offering a competitive range of lending products, including commercial and industrial loans, commercial real estate loans, residential real estate loans and consumer and other loans. Although we have a wide range of customers, our typical customers tend to be real estate developers, high net-worth individuals, and professional firms such as accountants, attorneys and physicians.

Our commercial and industrial loans are targeted primarily at small- to mid-sized businesses for financing inventory or equipment or to provide short-term working capital. Our typical small-business customers have less than $10 million in annual revenue and borrowing needs which are under $2 million. Our medium size customers have annual revenue under $100 million and are typically seeking to borrow between $2 million and $20 million.

First Bank offers a wide variety of real estate loans to businesses and investors for the acquisition and refinancing of commercial real estate. Commercial real estate loans represent the largest component of our portfolio and are composed of owner-occupied, investor, construction and development, and multi-family loans.

We believe that we have been able to differentiate our institution from competitors by providing current and potential customers with quicker decisions on loan requests, demonstrating greater flexibility in meeting credit needs and by offering access to our highest level of management. By complementing these factors with the direct and personal approach of our lenders, we believe that we have a compelling value proposition for potential borrowers.

Combining this business approach with a dynamic and affluent market that boasts a diverse local economy, it's easy to understand how First Bank was able to realize the strong growth it experienced in 2016. Our loan portfolio grew by more than $200 million, or 30 percent, in 2016, increasing from $690 million at the end of 2015 to $898 million at December 31, 2016. This strong growth came primarily from our commercial real estate segments, including investor real-estate loans and owner-occupied real estate loans. The loan pipeline at 2016 year-end remained strong and we expect to see this activity reflected in our results in 2017.

A 2016 INVESTMENT OF $13.7 MILLION FROM A GROUP OF FOUR, HIGHLY-REGARDED INSTITUTIONAL INVESTORS PROVIDED FUNDS FOR CONTINUED GROWTH.

AN ELEVATED PERFORMANCE ATTRACTS A LARGER AUDIENCE 2016 was a transformative year for First Bank as we surpassed the $1 billion threshold for total assets, realized strong double-digit growth in loans and deposits, and generated record profits for the year.

Our non-interest expense was well managed for the year growing only 3.4 percent, and our asset quality metrics were stable and remained favorable despite the significant growth realized in our loan portfolio. Our ability to manage operating expense growth while significantly growing earning assets resulted in net income of $6.4 million for 2016, a very strong 65 percent improvement over last year.

In June 2016, we conducted a very successful capital raise through the private placement of 1.9 million shares of common stock which raised $13.7 million in additional equity. This additional capital was used primarily to fund the Bank's organic growth initiatives, as well as for general corporate purposes. As our 2016 results clearly illustrate, our team was very successful at putting this additional funding to work in the second half of the year.

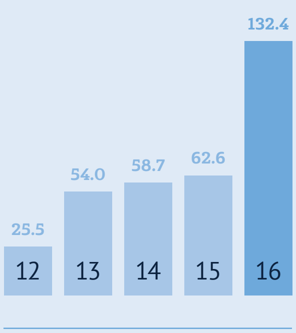
Along with providing additional capital to support growth, our capital raise elevated institutional investor interest in and ownership of First Bank. At the end of 2016 institutional investors held 3.9 million shares, or 34.4 percent of shares outstanding, up from 1.9 million shares and 19.7 percent at the end of 2015.

On November 16, 2016 the Bank announced that the Board of Directors had declared an initial quarterly cash dividend of $0.02 per share payable to common shareholders during the first quarter of 2017. Our Board believes that this dividend provides shareholders an added tangible benefit, and that it is appropriate given our current financial performance, momentum and near-term prospects.

We finished 2016 with strong capital levels — in excess of well-capitalized for regulatory purposes — which resulted from our mid-year capital raise and a strong increase in retained earnings for the twelve month period. Our stable asset quality metrics at year-end compare favorably to peer and industry averages and are reflective of our disciplined risk management and underwriting standards. In short, we finished 2016 and began 2017 in a very good place. Our focus is now on extending the very positive performance we achieved last year well into the future. The First Bank team is excited by the progress that we've made and energized to keep this performance going.

Market Capitalization

AT 12-31, $ IN MILLIONS



Selected Financial Highlights

AT OR FOR THE YEAR ENDED DECEMBER 31,	2016	2015	2014[1]	2013	2012
Selected Balance Sheet Data			(In thousands, except per share data)		
Total assets	$ 1,073,294	$ 856,106	$ 677,458	$ 466,792	$ 350,782
Total loans	898,429	689,887	547,759	339,975	260,039
Allowance for loan losses	9,826	7,940	6,104	4,675	4,084
Total deposits	894,934	739,021	596,482	399,113	309,048
Total borrowings	64,510	24,000	14,000	14,000	10,219
Total subordinated debentures	21,641	21,533	-	-	-
Total stockholders' equity	88,806	68,763	64,759	52,507	31,025
Average total assets	963,448	764,400	597,811	396,974	311,809
Average stockholders' equity	79,317	67,708	61,530	34,107	26,348
Selected Income Statement Data					
Interest and dividend income	$ 38,327	$ 30,764	$ 25,350	$ 16,620	$ 14,210
Interest expense	9,424	6,941	4,137	3,414	3,278
Net interest income	28,903	23,823	21,213	13,206	10,932
Provision for loan losses	2,697	2,669	2,438	1,543	1,366
Net interest income after provision for loan losses	26,206	21,154	18,775	11,663	9,566
Non-interest income	1,630	1,643	5,099	512	394
Non-interest expense	18,332	17,725	15,820	9,388	7,702
Income before income taxes	9,504	5,072	8,054	2,787	2,258
Income tax expense (benefit)	3,098	1,185	2,218	1,079	(330)
Net income	$ 6,406	$ 3,887	$ 5,836	$ 1,708	$ 2,588
Common Share Data					
Diluted earnings per share	$ 0.61	$ 0.41	$ 0.63	$ 0.33	$ 0.63
Diluted weighted average common shares outstanding	10,580,040	9,492,289	9,309,134	5,172,233	4,083,012
Book value per common share	$ 7.78	$ 7.26	$ 6.88	$ 6.16	$ 6.62
Common shares outstanding	11,410,274	9,470,157	9,408,491	8,520,299	4,686,965
Selected Performance Ratios					
Return on average assets	0.66%	0.51%	0.98%	0.43%	0.83%
Return on average equity	8.08%	5.74%	9.48%	5.01%	9.82%
Net interest margin, tax equivalent[2]	3.11%	3.27%	3.75%	3.47%	3.68%
Selected Asset Quality Ratios					
Nonperforming loans to total loans[3]	0.66%	0.57%	1.30%	0.98%	1.28%
Nonperforming assets to total assets[4]	0.68%	0.64%	1.39%	1.09%	1.69%
Allowance for loan losses to total loans	1.09%	1.15%	1.11%	1.38%	1.57%
Allowance for loan losses to nonperforming loans	164.67%	203.43%	85.83%	140.14%	122.90%
Net loan charge offs to average loans	0.10%	0.14%	0.22%	0.32%	0.25%
Capital Ratios					
Stockholders' equity to assets	8.27%	8.03%	9.56%	11.25%	8.84%
Tier 1 leverage capital	8.56%	8.22%	9.72%	11.89%	8.89%
Common equity tier 1 capital[5]	8.78%	8.58%	-	-	-
Tier 1 risk-based capital	8.78%	8.58%	10.96%	14.11%	10.53%
Total risk-based capital	11.91%	12.29%	12.00%	15.35%	11.78%

1 Includes effects of the acquisition of Heritage Community Bank.
2 The tax equivalent adjustment is calculated using a federal income tax rate of 34 percent.
3 Nonperforming loans consist of nonaccrual loans and loans past due 90 days or more and still accruing.
4 Nonperforming assets consist of nonperforming loans, other real estate owned and other repossessed assets.
5 New regulatory capital measure calculated under Basel III rules which became effective January 1, 2015.

BOARD OF DIRECTORS

Patrick M. Ryan Chairman

Owner of North Buffalo Advisors, LLC; former President and Chief Executive Officer of Yardville National Bank

DIRECTOR SINCE 2011

BOARD COMMITTEES

Asset/Liability, Compliance, Information Technology

Leslie E. Goodman Vice Chairman

Principal of The Eagle Group of Princeton, Inc.; Director of Wawa, Inc.

DIRECTOR SINCE 2008

BOARD COMMITTEES

Compensation and Personnel (Chair), Asset/Liability (Chair)

Patrick L. Ryan

President and Chief Executive Officer of First Bank; former Executive Vice President and Chief Operating Officer of First Bank

DIRECTOR SINCE 2008

BOARD COMMITTEES

Asset/Liability, Compliance, Information Technology

Elbert G. Basolis, Jr.

President and owner of Garrison Enterprises Inc.

DIRECTOR SINCE 2008

BOARD COMMITTEES

Nominating and Governance, Compensation and Personnel, Information Technology (Chair)

Anthony J. Cimino

Chairman of the Board of Spiezle Architectural Group; Senior Executive Vice President of the Kaufman Zita Group

DIRECTOR SINCE 2016

BOARD COMMITTEES

Asset/Liability, Compensation and Personnel, Audit and Risk Management

Peter D. Halstead

Retired career commercial banker and corporate financial consultant

DIRECTOR SINCE 2008

BOARD COMMITTEES

Audit and Risk Management, Asset/Liability, Compliance

Gary S. Hofing

Principal of The Eagle Group of Princeton, Inc; former Vice President of Hofing Management, LLC

DIRECTOR SINCE 2016

BOARD COMMITTEES

Asset/Liability, Information Technology

Deborah Hanson Imperatore

Principal, Executive Vice President and Fund Manager of The Hampshire Companies

DIRECTOR SINCE 2016

BOARD COMMITTEES

Asset/Liability, Nominating and Governance, Audit and Risk Management, Compliance, Information Technology

Glenn M. Josephs

Partner, Friedman, LLP, formerly Partner, Bagell, Josephs, Levine and Company, LLC

DIRECTOR SINCE 2008

BOARD COMMITTEES

Audit and Risk Management (Chair), Nominating and Governance, Compliance

Samuel D. Marrazzo

President and founder of Marrazzo's Thriftway

DIRECTOR SINCE 2011

BOARD COMMITTEES

Nominating and Governance, Compliance

Raymond F. Nisivoccia

Partner, Nisivoccia, LLP

DIRECTOR SINCE 2014

BOARD COMMITTEES

Audit and Risk Management, Nominating and Governance, Information Technology

John E. Strydesky

Certified Public Accountant; owner of Strydesky & Company, CPAs/Business Consultants

DIRECTOR SINCE 2010

BOARD COMMITTEES

Audit and Risk Management, Compensation and Personnel, Asset/Liability, Compliance (Chair)

Dr. Maria K. Jinks

The First Bank Board of Directors thanks Dr. Maria K. Jinks for her seven years of service as a First Bank director. Dr. Jinks has decided not to stand for re-election to the board in 2017. Dr. Jinks was an active contributor to the board during her tenure, chairing the Nominating and Governance Committee, and serving on both the Audit and Risk Management and Compensation and Personnel Committees.

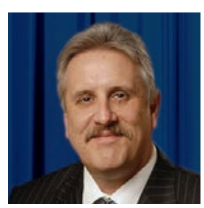
EXECUTIVE MANAGEMENT TEAM

Patrick L. Ryan
President and Chief Executive Officer

Pat Ryan has served as President and Chief Executive Officer of First Bank since 2013. In 2008, Mr. Ryan worked with the investor group that recapitalized the Bank, joined the Bank's Board of Directors and was appointed Chief Operating Officer. Prior to this time he was First Senior Vice President, Emerging Markets Manager for Yardville National Bank. Mr. Ryan joined Yardville National Bank in 2005 as head of Strategic Planning and Corporate Development, responsible for strategy, mergers and acquisitions, branch expansion, investor relations, research and analysis. He left Yardville National Bank in 2007 when it was acquired by PNC Corporation.

Peter J. Cahill
Executive Vice President
and Chief Lending Officer

Peter Cahill has served as Executive Vice President and Chief Lending Officer of First Bank since December 2013. Mr. Cahill joined the Bank in 2008 and was appointed Chief Lending Officer. Prior to joining First Bank he served as Senior Vice President/Sales Manager for PNC Financial Services Group, from October 2007 to October 2008. In addition, Mr. Cahill held senior level positions with Midlantic National Bank, Fleet Boston and Yardville National Bank. Mr. Cahill has more than 30 years of banking experience.



Stephen F. Carman
Executive Vice President
and Chief Financial Officer

Steve Carman has served as Executive Vice President and Chief Financial Officer of First Bank since December 2013. Mr. Carman joined the bank in 2008 and was appointed Chief Financial Officer. Mr. Carman served as Executive Vice President and Chief Financial Officer of Yardville National Bank from 1992 until 2007. Mr. Carman spent his entire 30-year banking career prior to joining First Bank at Yardville National Bank. He left Yardville in 2007 when it was acquired by PNC Corporation.

FIRST BANK OFFICERS

PRESIDENT & CEO

Patrick L. Ryan

EXECUTIVE VICE PRESIDENTS

Peter J. Cahill
Chief Lending Officer

Stephen F. Carman
Treasurer / Chief Financial Officer

FIRST SENIOR VICE PRESIDENTS

Andrew L. Hibshman
Chief Accounting Officer

David D. Lidster
Chief Technology Officer

Gene C. McCarthy
Market Executive and Commercial Lending Team Leader

Susan M. Paglione
Retail Administration and Business Development Officer

Marian Sorrentino
Bank Secrecy Act and Security Officer

SENIOR VICE PRESIDENTS

Kimberly Cerasi
Human Resources

Scott W. Civil
Commercial Lending Team Leader

Michael B. Cook
Commercial Lending-Relationship Manager

Marianne E. DeSimone
Market Executive

David J. DiStefano
Market Executive

Elizabeth Gorman
Credit Officer

John P. Samborski
Commercial Lending-Relationship Manager

Donald Theobald, Jr.
Controller

VICE PRESIDENTS

Belinda L. Blazic
Manager-Loan Administration

Joseph F. Browarski
Commercial Lending-Relationship Manager

Elizabeth F. Camishion
Systems Application Administrator

Brent C. Cronnell
Regional Manager

Kimberly Dargay
Branch Manager

Anthony DeLuca
Commercial Lending-Relationship Manager

Michael J. Fischer
Commercial Lending-Relationship Manager

Luisa Franco
Compliance and CRA Officer

Margaret A. Frey
Commercial Lending-Relationship Manager

Nancy C. German
Deposit Operations Officer

Robert Gossenberger
Branch Manager
Business Development Officer

Christopher M. Kelly
Commercial Lending-Relationship Manager

Maria E. Mayshura
Internal Audit Manager

Daniel C. McAdams
Regional Manager

Tina Middleton
Commercial Lending-Relationship Manager

Carol Monaghan
Branch Manager

Gregorio Perri, Jr.
Consumer Lending Manager

John C. Pettit
Branch Manager
Business Development Officer

Donna M. Picciallo
Commercial Lending-Relationship Manager

Frank P. Puleio
Business Development Officer

Katherine M. Rowley
Branch Manager

Sandra K. Ryan
Business Development Officer

Jared E. Utz
Commercial Lending-Relationship Manager

Gregory Weckel
Information Technology Manager

ASSISTANT VICE PRESIDENTS

Alexandra Acevedo
Branch Manager

Brian W. Ballentine
Branch Operations Manager

James Bernhard
Assistant Security Officer and BSA Investigator

Sharon E. Bokma
Assistant Branch Manager

Michael P. Cahill
Commercial Lending-Relationship Manager

Keith M. Jolliffe
Credit Department Manager

Brian C. Kelly
Commercial Lending-Relationship Manager

Jason M. Koenigsberg
Branch Manager

Stacy L. Schwartz
Deposit Operations Supervisor

Sharon A. Unger
Assistant Branch Manager
IRA Specialist

ASSISTANT TREASURERS

Donna Bencivengo
Executive Assistant and Corporate Secretary

Jo Ann W. Cackowski
Commercial Real Estate Loan Administrator

Joan S. Costa
Commercial Loan Administrator

Deborah Josephson
Loan Accounting Manager

Traci L. Sundberg
BSA Specialist

Carrie M. Walchko
Assistant Branch Manager

Jennifer Wallace-Dressner
Senior Finance and Operations Assistant

Caryn Wilson
Retail Administrative Assistant and Retail Training Administrator

ADMINISTRATIVE OFFICES

2465 Kuser Road
Hamilton, NJ 08690
609.643.4211

OFFICE LOCATIONS

CRANBURY
2664 US Route 130
Cranbury, NJ 08512
609.642.1064

DENVILLE
530 E. Main St. (Rte 53)
Denville, NJ 07834
973.625.1407

EWING
1340 Parkway Avenue
Ewing, NJ 08628
609.643.0470

FLEMINGTON
334 Highway 31 North
Flemington, NJ 08822
908.751.0318

HAMILTON
2465 Kuser Road
Hamilton, NJ 08690
609.528.4400

LAWRENCE
590 Lawrence Square Blvd. South
Lawrence, NJ 08648
609.587.3111

RANDOLPH
1206 Sussex Turnpike
Randolph, NJ 07869
973.895.5800

SOMERSET
225 DeMott Lane
Somerset, NJ 08873
732.649.1999

TREVOSE
4956-66 Old Street Road
Trevose, PA 19053
267.984.4537

WILLIAMSTOWN
1020 North Black Horse Pike
Williamstown, NJ 08094
856.728.3400

CORPORATE + SHAREHOLDER INFORMATION

CORPORATE HEADQUARTERS

FIRST BANK
2465 Kuser Road
Hamilton, NJ 08690
609.643.4211
firstbanknj.com

ANNUAL SHAREHOLDER MEETING INFORMATION

The Annual Shareholders' Meeting will be held at 10:00 a.m. on April 25, 2017 at:
The Stone Terrace
2275 Kuser Road
Hamilton, NJ 08690

INVESTOR RELATIONS

Shareholders seeking information about us may obtain press releases and FDIC filings by visiting firstbanknj.com. Additional inquiries can be directed to:

Chief Financial Officer
2465 Kuser Road
Hamilton, New Jersey 08690
or by calling 609.643.0136

SHAREHOLDER ACCOUNT INQUIRIES

Shareholders who wish to change the name, address or ownership of their stock or replace lost certificates or require additional services should contact our Stock Registrar and Transfer Agent.

STOCK REGISTRAR AND TRANSFER AGENT

Computershare
P.O. Box 30170
College Station, TX 77842-3170
800.368.5948

Overnight Mailing Address:
Computershare
211 Quality Circle, Suite 210
College Station, TX 77845
www-us.computershare.com/investor

STOCK LISTING

First Bank's common stock is traded on the NASDAQ Global Market under the symbol FRBA.

ANALYST COVERAGE

The following analysts published research on First Bank:

Joe Gladue
Merion Capital Group
484.588.2887
jgladue@merioncapitalgroup.com

Bryce Rowe
Robert W. Baird & Company
804.447.8019
browe@rwbaird.com

Robert Haderer
Sandler O'Neill + Partners
212.466.7923
rhaderer@sandleroneill.com

SAFE-HARBOR STATEMENT

The First Bank Annual Report contains certain forward-looking statements, either expressed or implied, which are provided to assist the reader in understanding anticipated future financial performance. These statements involve certain risks, uncertainties, estimates and assumptions made by management, which are subject to factors beyond First Bank's control and could impede its ability to achieve these goals. These factors include those listed in our Annual Report on Form 10-K under the caption "Item 1A-Risk Factors", and general economic conditions, trends in interest rates, the ability of our borrowers to repay their loans, changes in laws and regulations, and results of regulatory exams, among other factors.

FIRSTBANK

2465 KUSER ROAD HAMILTON, NEW JERSEY 08690 877.821.BANK
FIRSTBANKNJ.COM NASDAQ: FRBA