NEWS RELEASE

For Immediate Release
October 26, 2018

Media Contact:
Glenn Marshall,
President & CEO
610-561-6013

FIRST RESOURCE BANK ANNOUNCES MOST PROFITABLE QUARTER TO DATE; NET INCOME GREW 6% OVER THE PRIOR QUARTER AND 20% OVER THE PRIOR YEAR THIRD QUARTER

EXTON, PA – First Resource Bank (OTCQX: FRSB) announced financial results for the three months ended September 30, 2018.

Highlights for the third quarter of 2018 included:

- Net income of $554,653 was the highest quarterly profit in the Bank's history
- Net income grew 6% over the quarter ended June 30, 2018 and 20% over the quarter ended September 30, 2017
- Total interest income grew 3% over the quarter ended June 30, 2018 and 17% over the quarter ended September 30, 2017
- Total loans grew $17.0 million, or 8%, in the first nine months of 2018 to a total of $234.4 million at September 30, 2018
- Total deposits grew $11.7 million, or 6%, in the first nine months of 2018 to a total of $222.6 million at September 30, 2018
- Finalist nominated for "Best Investor Relations by a Micro-Cap Company (less than $500mm)" hosted by IR Magazine and in association with OTC Markets Group
- Acquired the site for the third branch location in Wayne, Pennsylvania

Glenn B. Marshall, President & CEO, stated, "While the third quarter of 2018 was our most profitable quarter to date, we are not content unless our balance sheet growth continues to drive increasing profitability. Growth has always been our focus and that is currently challenged by high levels of loan payoffs offsetting strong current loan production and rising interest rates for deposits. We focus on "smart growth" rather than growth at any cost that could hurt the Bank in the future. We are very excited about the opportunity to open our third branch in an incredible market along the Main Line in Wayne, Pennsylvania. This new market significantly enhances the Bank's market area and creates a $12 billion deposit market when combined with our existing branches."

Net income for the quarter ended September 30, 2018 was $554,653, which compares to $520,825 for the previous quarter and $461,704 for the third quarter of the prior year.

Net income for the nine months ended September 30, 2018 was $1,556,470, a 21% increase over the same period in the prior year. The increase in net income is primarily attributable to a 12% increase in net interest income and lower income tax expense as a result of the passage of the Tax Cuts and Jobs Act in 2017, partially offset by lower non-interest income and a higher provision for loan losses and higher non-interest expense.

Net interest income was $2,492,896 for the quarter ended September 30, 2018 as compared to $2,493,870 for the previous quarter, a slight decline. The net interest margin decreased 12 basis points from 3.97% for the quarter ended June 30, 2018 to 3.85% for the quarter ended September 30, 2018. The overall yield on interest earning assets increased 2 basis points during the third quarter led by a 6 basis point increase in loan yields to 5.42%. The cost of interest bearing deposits increased 23 basis points during the third quarter to 1.35%.

Net interest income for the nine months ended September 30, 2018 was $7,384,069, a 12% improvement over net interest income of $6,612,025 for the nine months ended September 30, 2017. This growth was led by a 16% increase in loan interest income.

Non-interest income for the quarter ended September 30, 2018 was $127,457, as compared to $139,730 for the previous quarter and $135,806 for the third quarter of the prior year. There were $12,631 in gains on sales of SBA loans recognized during the third quarter of 2018, as compared to $28,725 in the prior quarter and $41,536 in the third quarter of 2017.

Non-interest income for the nine months ended September 30, 2018 was $382,929 as compared to $496,628 for the same period in the prior year. There was $41,356 in SBA loan sale income in the first nine months of 2018 as compared to $196,873 in the first nine months of 2017.

Non-interest expense increased $25 thousand, or 1%, in the three months ended September 30, 2018 as compared to the prior quarter. The increase was primarily due to an increase in salaries and benefits, advertising and other costs, partially offset by a decrease in data processing costs and professional fees.

Non-interest expense increased $468 thousand, or 9%, in the nine months ended September 30, 2018 as compared to the same period in the prior year. This increase was due to higher salaries and benefits expense, advertising, data processing and other costs, partially offset by lower occupancy costs and professional fees.

Deposits declined a net $1.2 million from $223.8 million at June 30, 2018 to $222.6 million at September 30, 2018. During the third quarter, non-interest bearing deposits decreased $1.4 million, or 5%, from $29.8 million at June 30, 2018 to $28.4 million at September 30, 2018. Interest-bearing checking balances increased $592 thousand, or 6%, from $9.8 million at June 30, 2018 to $10.4 million at September 30, 2018. Money market deposits increased $485 thousand, or 1%, from $93.9 million at June 30, 2018 to $94.4 million at September 30, 2018. Certificates of deposit decreased $829 thousand, or 1%, from $90.3 million at June 30, 2018 to $89.5 million at September 30, 2018. The deposit portfolio grew $11.7 million, or 6%, in the first nine months of 2018, with a $4.0 million increase in total checking balances and a $21.8 million increase in certificates of deposit, partially offset by a $14.1 million decline in money market balances. The deposit portfolio experienced year-over-year growth of $13.1 million, or 6%, from September 30, 2017 to September 30, 2018.

The loan portfolio grew $805 thousand during the third quarter from $233.6 million at June 30, 2018 to $234.4 million at September 30, 2018. Year-to-date net loan growth in 2018 was $17.0 million, or 8%, with the vast majority of that growth in commercial real estate loans. Year-over-year net loan growth was $26.2 million, or 13%.

The following table illustrates the composition of the loan portfolio:

	Sept. 30, 2018	Dec. 31, 2017	Sept. 30, 2017
Commercial real estate	$ 162,293,415	$ 147,895,320	$ 139,790,700
Commercial construction	19,677,666	19,794,234	20,762,572
Commercial business	30,502,311	28,315,241	27,041,481
Consumer	21,972,580	21,459,111	20,604,959
Total loans	$ 234,445,972	$ 217,463,906	$ 208,199,712

The allowance for loan losses to total loans was 0.85% at September 30, 2018 as compared to 0.81% at December 31, 2017 and 0.86% at September 30, 2017. Non-performing assets, which include non-performing loans of $2.8 million and other real estate owned of $199 thousand, totaled $3.0 million at September 30, 2018, a 14% decrease as compared to the prior quarter primarily due to one loan relationship returning to accrual status during the quarter. Non-performing assets to total assets decreased from 1.30% at June 30, 2018 to 1.12% at September 30, 2018.

Total stockholder's equity increased 2% from $24.0 million at June 30, 2018 to $24.6 million at September 30, 2018, primarily due to net income generated. Book value per share increased 20 cents, or 2% during the third quarter of 2018 to $9.35 per share at September 30, 2018. In the first nine months of 2018 book value per share has grown 52 cents, or 6%.

Total assets decreased $457 thousand during the third quarter of 2018. Loan growth was offset by a decline in the investment portfolio during the third quarter.

Selected Financial Data:

Balance Sheets (unaudited)

	September 30, 2018	December 31, 2017
Cash and due from banks	$ 5,596,444	$ 2,998,367
Time deposits at other banks	599,000	599,000
Investments	18,295,328	36,219,930
Loans	234,445,972	217,463,906
Allowance for loan losses	(1,997,080)	(1,751,953)
Premises & equipment	5,694,165	5,671,763
Other assets	8,378,420	7,353,942
Total assets	$ 271,012,249	$ 268,554,955
Non-interest bearing deposits	$ 28,361,179	$ 24,987,354
Interest-bearing checking	10,390,542	9,755,198
Money market	94,411,684	108,500,566
Time deposits	89,483,371	67,658,995
Total deposits	222,646,776	210,902,113
Short term borrowings	-	17,997,000
Long term borrowings	18,515,500	11,287,500
Subordinated debt	3,983,973	3,977,603
Other liabilities	1,296,703	1,227,099
Total liabilities	246,442,952	245,391,315
Total stockholders' equity	24,569,297	23,163,640
Total liabilities & stockholders' equity	$ 271,012,249	$ 268,554,955

Performance Statistics
(unaudited)

	Qtr Ended Sept. 30, 2018	Qtr Ended June 30, 2018	Qtr Ended Mar. 31, 2018	Qtr Ended Dec. 31, 2017	Qtr Ended Sept. 30, 2017
Net interest margin	3.85%	3.97%	3.98%	3.90%	3.96%
Nonperforming loans/ Total loans	1.21%	1.42%	1.35%	1.39%	1.54%
Nonperforming assets/ Total assets	1.12%	1.30%	1.17%	1.13%	1.28%
Allowance for loan losses/ Total loans	0.85%	0.87%	0.85%	0.81%	0.86%
Average loans/Average assets	86.1%	86.6%	86.1%	84.3%	84.6%
Non-interest expenses*/ Average assets	2.68%	2.72%	2.84%	2.57%	2.68%
Earnings per share – basic and diluted	$0.21	$0.20	$0.18	$0.15	$0.18
Book value per share	$9.35	$9.15	$8.97	$8.83	$8.72
Total shares outstanding	2,626,633	2,625,130	2,623,575	2,621,887	2,619,773

* Annualized

Income Statements (unaudited)

	Qtr. Ended Sept. 30, 2018	Qtr. Ended June 30, 2018	Qtr. Ended Mar. 31, 2018	Qtr. Ended Dec. 31, 2017	Qtr. Ended Sept. 30, 2017
INTEREST INCOME					
Loans, including fees	$3,179,807	$3,076,950	$2,849,596	$2,768,463	$2,714,301
Securities	115,250	126,632	130,141	113,230	109,255
Other	20,705	1,733	2,563	15,593	13,976
Total interest income	3,315,762	3,205,315	2,982,300	2,897,286	2,837,532
INTEREST EXPENSE					
Deposits	655,163	513,174	441,063	433,287	410,731
Borrowings	99,856	130,785	76,810	47,575	47,005
Subordinated debt	67,847	67,486	67,124	67,843	67,847
Total interest expense	822,866	711,445	584,997	548,705	525,583
Net interest income	2,492,896	2,493,870	2,397,303	2,348,581	2,311,949
Provision for loan losses	109,544	191,321	134,322	89,233	123,974
Net interest income after provision for loan losses	2,383,352	2,302,549	2,262,981	2,259,348	2,187,975
NON-INTEREST INCOME					
BOLI income	38,163	37,564	35,040	28,258	28,473
Gain on sale of SBA loans	12,631	28,725	-	-	41,536
Other	76,663	73,441	80,702	65,463	65,797
Total non-interest income	127,457	139,730	115,742	93,721	135,806
NON-INTEREST EXPENSE					
Salaries & benefits	1,089,077	1,055,702	1,028,005	923,583	947,285
Occupancy & equipment	178,176	178,119	194,772	175,539	188,968
Professional fees	84,445	99,919	87,452	90,275	82,922
Advertising	52,808	45,638	62,222	24,802	41,717
Data processing	107,734	111,828	105,617	102,435	93,119
Other	313,657	309,324	317,187	309,388	292,103
Total non-interest expense	1,825,897	1,800,530	1,795,255	1,626,022	1,646,114
Income before income tax expense	684,912	641,749	583,468	727,047	677,667
Federal income tax expense	130,259	120,924	102,476	325,290	215,963
Net income	$ 554,653	$ 520,825	$ 480,992	$ 401,757	$ 461,704

Income Statements (unaudited)

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
INTEREST INCOME		
Loans	$ 9,106,353	$ 7,833,449
Investments	372,023	310,220
Other	25,001	46,587
Total interest income	9,503,377	8,190,256
INTEREST EXPENSE		
Deposits	1,609,400	1,228,712
Borrowings	307,451	147,062
Subordinated debt	202,457	202,457
Total interest expense	2,119,308	1,578,231
Net interest income	7,384,069	6,612,025
Provision for loan losses	435,187	264,083
Net interest income after provision for loan losses	6,948,882	6,347,942
NON-INTEREST INCOME		
BOLI income	110,767	85,365
Gain on sale of SBA loans	41,356	196,873
Other	230,806	214,390
Total non-interest income	382,929	496,628
NON-INTEREST EXPENSE		
Salaries & benefits	3,172,784	2,706,741
Occupancy & equipment	551,067	567,421
Professional fees	271,816	340,863
Advertising	160,668	132,097
Data processing	325,179	287,750
Other non-interest expense	940,168	919,071
Total non-interest expense	5,421,682	4,953,943
Pre-tax income	1,910,129	1,890,627
Tax expense	353,659	604,669
Net income	$ 1,556,470	$ 1,285,958

###

About First Resource Bank

First Resource Bank is a locally owned and operated Pennsylvania state-chartered bank with two full-service branches, serving the banking needs of businesses, professionals and individuals in Chester County, Pennsylvania. The Bank offers a full range of deposit and credit services with a high level of personalized service. First Resource Bank also offers a broad range of traditional financial services and products, competitively priced and delivered in a responsive manner to small businesses, professionals and residents in the local market. For additional information visit our website at. Member FDIC.