

NEWS RELEASE

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FIRST RESOURCE BANK ANNOUNCES FIRST QUARTER RESULTS

EXTON, PA - First Resource Bank (OTC Bulletin Board: FRSB) announced net income for the three months ended March 31, 2014 was \$295,749 as compared to \$291,181 for the quarter ended December 31, 2013 and net income of \$239,704 for the quarter ended March 31, 2013. After accounting for preferred stock dividends, net income available to common shareholders for the quarter ended March 31, 2014 was \$283,041. This compares to net income available to common shareholders of \$278,472 for the quarter ended December 31, 2013 and \$226,997 for the quarter ended March 31, 2013.

Glenn B. Marshall, President & CEO, stated, "We have successfully begun a year of evolution at First Resource with our first cash dividend and a strong first quarter. Construction of the first of two highly visible branded bank locations in 2014 is well on its way. We are excited about the development of our

branch network and the enhanced deposit generation capabilities of the Bank which will in turn, enhance shareholder value."

Net interest income was \$1,458,650 for the quarter ended March 31, 2014 as compared to \$1,426,007 for the previous quarter. The net interest margin improved 16 basis points from 3.65% for the quarter ended December 31, 2013 to 3.81% for the quarter ended March 31, 2014. The overall yield on interest earning assets increased 15 basis points during the first quarter, with loan yields up 3 basis points. The cost of interest bearing liabilities declined 2 basis points during the first quarter, led by a 2 basis point decline in the cost of money market deposits and a 3 basis point decline in the cost of certificates of deposit.

Deposits decreased \$919 thousand, or 0.7% from \$139.9 million at December 31, 2013 to \$139.0 million at March 31, 2014. During the first quarter, certificates of deposit decreased \$3.7 million, or 4.9%, from \$75.7 million at December 31, 2013 to \$72.0 million at March 31, 2014. Most of this decline was due to scheduled maturities of non-core funding sources that were not renewed. Money market deposits increased \$3.0 million, or 5.6%, from \$54.0 million at December 31, 2013 to \$57.0 million at March 31, 2014. Non-interest bearing deposits increased \$881 thousand, or 13.7% from \$6.4 million at December 31, 2013 to \$7.3 million at March 31, 2014. Interest checking balances decreased \$1.1 million, or 29.4%

from \$3.8 million at December 31, 2013 to \$2.7 million at March 31, 2014.

The loan portfolio declined \$196 thousand, or 0.1%, during the first quarter from \$140.0 million at December 31, 2013 to \$139.8 million at March 31, 2014. Growth in the commercial real estate portfolio was offset by a high level of loan payoffs in every loan category during the first quarter. First quarter challenges included an unusually cold and snowy winter plus continued intense competition for loans in Chester County.

The following table illustrates the composition of the loan portfolio:

	Mar. 31, 2014	Dec. 31, 2013	Mar. 31, 2013
Commercial real estate	\$ 93,596,333	\$ 92,435,418	\$ 84,753,204
Commercial construction	7,455,368	8,119,740	8,433,410
Commercial business	13,696,376	14,199,765	13,680,515
Consumer	<u>25,054,408</u>	<u>25,243,538</u>	<u>24,411,836</u>
Total loans	<u>\$139,802,485</u>	<u>\$139,998,461</u>	<u>\$131,278,965</u>

The allowance for loan losses to total loans was 0.96% at March 31, 2014 as compared to 0.89% at December 31, 2013 and 1.02% at March 31, 2013. Non-performing assets, which include non-performing loans of \$1.7 million and other real estate owned of \$599 thousand, totaled \$2.3 million at March 31, 2014. Non-performing assets to total assets decreased from 1.51% at December 31, 2013 to 1.44% at March 31, 2014 due to a decline in

non-accrual loans and other real estate owned, offset by a decline in total assets.

Non-interest income for the quarter ended March 31, 2014 was \$95,967, as compared to \$99,077 for the previous quarter.

Non-interest expense decreased \$13 thousand, or 1.2%, in the three months ended March 31, 2014 as compared to the three months ended December 31, 2013. This decrease was due to higher salaries and benefits expenses and higher occupancy expenses, which were more than offset by lower other real estate owned expenses and lower other operating expenses.

Selected Financial Data:

Balance Sheets (unaudited)

	March 31, 2014	December 31, 2013
Cash and due from banks	\$ 3,150,945	\$ 606,230
Investments	11,422,073	16,317,779
Loans	139,802,485	139,998,461
Allowance for loan losses	(1,342,124)	(1,252,853)
Premises & equipment	3,799,488	3,515,038
Other assets	<u>5,665,148</u>	<u>6,458,705</u>
Total assets	<u>\$ 162,498,015</u>	<u>\$ 165,643,360</u>
Non-interest bearing deposits	\$ 7,310,013	\$ 6,429,207
Interest-bearing checking	2,690,081	3,809,040
Money market	56,963,228	53,960,919
Time deposits	71,989,492	75,672,226
Total deposits	<u>138,952,814</u>	<u>139,871,392</u>
Short term borrowings	-	2,555,000
Long term borrowings	5,599,000	5,599,000
Other liabilities	<u>682,281</u>	<u>610,372</u>
Total liabilities	<u>145,234,095</u>	<u>148,635,764</u>
Preferred stock	5,083,000	5,083,000
Common stock	1,609,547	1,608,595
Surplus	9,509,762	9,505,069
Accumulated other comprehensive income	117,939	102,015
Retained earnings/ (accumulated deficit)	<u>943,672</u>	<u>708,917</u>
Total stockholders' equity	<u>17,263,920</u>	<u>17,007,596</u>
Total Liabilities & Stockholders' Equity	<u>\$ 162,498,015</u>	<u>\$ 165,643,360</u>

Performance Statistics (unaudited)

	Qtr Ended Mar. 31, 2014	Qtr Ended Dec. 31, 2013	Qtr Ended Sept. 30, 2013	Qtr Ended June 30, 2013	Qtr Ended Mar. 31, 2013
Net interest margin	3.81%	3.65%	3.66%	3.87%	3.78%
Nonperforming loans/total loans	1.24%	1.31%	2.11%	2.19%	2.34%
Nonperforming assets/ Total assets	1.44%	1.51%	2.25%	2.55%	2.59%
Allowance for loan losses/ Total loans	0.96%	0.89%	0.93%	1.04%	1.02%
Average loans/Average assets	85.2%	83.5%	84.4%	88.5%	86.7%
Non-interest expenses*/ Average assets	2.54%	2.53%	2.52%	2.57%	2.55%
Earnings per share - basic and Diluted	\$0.18	\$0.17	\$0.16	\$0.16	\$0.15

* Annualized

Income Statements (unaudited)

	Qtr. Ended Mar. 31, 2014	Qtr. Ended Dec. 31, 2013	Qtr. Ended Sept. 30, 2013	Qtr. Ended June 30, 2013	Qtr. Ended Mar. 31, 2013
INTEREST INCOME					
Loans	\$1,743,733	\$1,727,215	\$1,701,342	\$1,677,372	\$1,617,539
Investments	60,488	57,162	48,632	41,480	49,815
Other	1,904	5,729	4,436	464	1,513
Total interest income	<u>1,806,125</u>	<u>1,790,106</u>	<u>1,754,410</u>	<u>1,719,316</u>	<u>1,668,867</u>
INTEREST EXPENSE					
Borrowings	17,478	17,947	14,527	10,450	9,589
Checking	660	851	695	637	772
Money Market	99,206	97,839	92,181	82,420	84,065
Time deposits	230,131	247,462	254,897	254,972	253,689
Total interest expense	<u>347,475</u>	<u>364,099</u>	<u>362,300</u>	<u>348,479</u>	<u>348,115</u>
Net interest income	<u>1,458,650</u>	<u>1,426,007</u>	<u>1,392,110</u>	<u>1,370,837</u>	<u>1,320,752</u>
Provision for loan losses	<u>97,250</u>	<u>57,640</u>	<u>87,064</u>	<u>119,002</u>	<u>131,787</u>
Net interest income after provision for loan losses	1,361,400	1,368,367	1,305,046	1,251,835	1,188,965
NON-INTEREST INCOME	95,967	99,077	86,876	88,030	93,033
NON-INTEREST EXPENSE					
Salaries & benefits	527,231	500,167	486,315	469,194	483,200
Occupancy & equipment	113,157	96,881	96,004	90,158	95,357
Data processing	66,469	64,230	61,136	65,009	63,400
Professional fees	88,923	93,486	63,585	64,576	76,786
Advertising	17,537	22,794	34,268	31,735	15,311
Other real estate owned expenses	42,730	69,025	68,514	62,075	20,000
Other non-interest Expenses	<u>169,786</u>	<u>192,127</u>	<u>197,043</u>	<u>174,718</u>	<u>179,327</u>
Total non-interest Expense	<u>1,025,833</u>	<u>1,038,710</u>	<u>1,006,865</u>	<u>957,465</u>	<u>933,381</u>
Pre-tax income	431,534	428,734	385,057	382,400	348,617
Tax expense	<u>(135,785)</u>	<u>(137,553)</u>	<u>(121,691)</u>	<u>(120,993)</u>	<u>(108,913)</u>
Net income	<u>\$ 295,749</u>	<u>\$ 291,181</u>	<u>\$ 263,366</u>	<u>\$ 261,407</u>	<u>\$ 239,704</u>
Preferred stock dividends	<u>(12,708)</u>	<u>(12,709)</u>	<u>(12,707)</u>	<u>(12,707)</u>	<u>(12,707)</u>
Net income available to common shareholders	<u>\$ 283,041</u>	<u>\$ 278,472</u>	<u>\$ 250,659</u>	<u>\$ 248,700</u>	<u>\$ 226,997</u>

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About First Resource Bank

First Resource Bank is a locally owned and operated Pennsylvania state-chartered bank, 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 www.firstresourcebank.com. Member FDIC.

This press release contains statements that are not of historical facts and may pertain to future operating results or events or management's expectations regarding those results or events. These are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934. These forward-looking statements may include, but are not limited to, statements about our plans, objectives, expectations and intentions and other statements contained in this press release that are not historical facts. When used in this press release, the words "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", or words of similar meaning, or future or conditional verbs, such as "will", "would", "should", "could", or "may" are generally intended to identify forward-looking statements. These forward-looking statements are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are either beyond our control or not reasonably capable of predicting at this time. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. Actual results may differ materially from the results discussed in these forward-looking statements. Readers of this press release are accordingly cautioned not to place undue reliance on forward-looking statements. First Resource Bank disclaims any intent or obligation to update publicly any of the forward-looking statements herein, whether in response to new information, future events or otherwise.