

NEWS RELEASE

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FIRST RESOURCE BANK ANNOUNCES 18% NET INCOME GROWTH IN THE FIRST QUARTER

EXTON, PA – First Resource Bank (OTCQX: FRSB) announced financial results for the three months ended March 31, 2015. Net income for the first quarter was \$301,036, which was 18% higher than the prior quarter ended December 31, 2014 and 2% higher than the first quarter of the prior year. After accounting for preferred stock dividends, net income available to common shareholders for the quarter ended March 31, 2015 was \$288,328. This compares to net income available to common shareholders of \$243,299 for the quarter ended December 31, 2014 and \$283,041 for the quarter ended March 31, 2014.

Glenn B. Marshall, President & CEO, stated, “We are very pleased to report record earnings during a quarter that experienced a significant increase in overhead expenses due to the opening of our second branch in April. The West Chester branch is now open and customer feedback has been overwhelmingly positive. We are excited about this physical expansion into a strong deposit market where we already have a sizable customer base.”

Net interest income was \$1,625,573 for the quarter ended March 31, 2015 as compared to \$1,648,820 for the previous quarter. The net interest margin increased 4 basis points from 3.97% for the quarter ended December 31, 2014 to 4.01% for the quarter ended March 31, 2015. The overall yield on interest earning assets increased 6 basis points during the first quarter, to 4.89%, with loan yields down 3 basis points, to 4.97% and investment yields up 86 basis points to 3.22%. Investment yields increased during the first quarter due to a one-time special FHLBank of Pittsburgh dividend. Without that special dividend the net interest margin would have been unchanged from the prior quarter at 3.97%. The total cost of interest bearing liabilities increased 2 basis points during the first quarter, led by a 12 basis point increase in the cost of borrowings,

as the Bank took advantage of low interest rates to lock in longer term funding towards the end of the first quarter. The deposit cost of funds increased 1 basis point to .99%.

Deposits increased \$3.7 million, or 3%, from \$143.3 million at December 31, 2014 to \$147.1 million at March 31, 2015. During the first quarter, certificates of deposit increased \$3.0 million, or 4%, from \$78.2 million at December 31, 2014 to \$81.2 million at March 31, 2015. Money market deposits increased \$546 thousand, or 1%, from \$51.4 million at December 31, 2014 to \$51.9 million at March 31, 2015. Non-interest bearing deposits increased \$719 thousand, or 8% from \$9.4 million at December 31, 2014 to \$10.1 million at March 31, 2015. Interest-bearing checking balances decreased \$531 thousand, or 12% from \$4.3 million at December 31, 2014 to \$3.8 million at March 31, 2015.

The loan portfolio increased \$2.8 million, or 2%, during the first quarter from \$157.3 million at December 31, 2014 to \$160.1 million at March 31, 2015. Most of that growth was in the commercial real estate portfolio. First quarter loan growth was adversely impacted by an unusually cold winter. Included in first quarter loan growth is one \$2.8 million loan held for sale with that sale expected during the second quarter. Slow loan growth during the quarter produced a nominal provision for loan losses which helped net income improve this quarter.

The following table illustrates the composition of the loan portfolio:

	Mar. 31, 2015	Dec. 31, 2014	Mar. 31, 2014
Commercial real estate	\$ 104,221,467	\$ 102,290,962	\$ 93,596,333
Commercial construction	12,313,683	12,235,078	7,455,368
Commercial business	18,593,718	17,483,708	13,696,376
Consumer	<u>24,961,109</u>	<u>25,316,420</u>	<u>25,054,408</u>
Total loans	<u>\$ 160,089,977</u>	<u>\$ 157,326,168</u>	<u>\$ 139,802,485</u>

The allowance for loan losses to total loans was 0.84% at March 31, 2015 as compared to 0.84% at December 31, 2014 and 0.96% at March 31, 2014. Non-performing assets, which include non-performing loans of \$3.1 million and other real estate owned of \$237 thousand, totaled \$3.4 million at March 31, 2015. Non-performing assets to total assets increased from 1.57% at December 31, 2014 to 1.86% at March 31, 2015 due to an increase in nonperforming loans and other real estate owned.

Non-interest income for the quarter ended March 31, 2015 was \$76,290, as compared to \$218,705 for the previous quarter and \$95,967 for the first quarter of the prior year. Prior quarter results included \$103 thousand in SBA loan sale income, of which there were none during the first quarter.

Non-interest expense increased \$55 thousand, or 5%, in the three months ended March 31, 2015 as compared to the prior quarter. This increase was due to higher salaries & benefits and higher professional fees, offset by a decrease in occupancy expenses and other real estate owned expenses. Salaries and benefits expenses increased due to the addition of staff related to the second branch.

As previously announced, the Board of Directors declared a \$0.04 special cash dividend payable to shareholders of record as of May 8, 2015 on May 22, 2015. This is the second special cash dividend in the Bank's history.

Selected Financial Data:

Balance Sheets (unaudited)

	March 31, 2015	December 31, 2014	
Cash and due from banks	\$ 2,634,680	\$ 817,026	
Investments	6,594,795	11,711,637	
Loans	160,089,977	157,326,168	
Allowance for loan losses	(1,348,294)	(1,317,363)	
Premises & equipment	6,260,549	5,517,252	
Other assets	6,164,177	6,472,819	
Total assets	\$ 180,395,884	\$ 180,527,539	
Non-interest bearing deposits	\$ 10,073,965	\$ 9,355,013	
Interest-bearing checking	3,818,331	4,349,552	
Money market	51,946,525	51,400,506	
Time deposits	81,246,491	78,243,292	
Total deposits	147,085,312	143,348,363	
Short term borrowings	3,850,600	12,000,000	
Long term borrowings	10,499,000	6,499,000	
Other liabilities	718,105	654,739	
Total liabilities	162,153,017	162,502,102	
Preferred stock	5,083,000	5,083,000	
Common stock	1,613,009	1,612,283	
Surplus	9,526,705	9,523,083	
Accumulated other comprehensive income	80,850	91,577	
Retained earnings	1,939,303	1,715,494	
Total stockholders' equity	18,242,867	18,025,437	
Total Liabilities & Stockholders' Equity	\$ 180,395,884	\$ 180,527,539	

Performance Statistics (unaudited)

	Qtr Ended Mar. 31, 2015	Qtr Ended Dec. 31, 2014	Qtr Ended Sept. 30, 2014	Qtr Ended June 30, 2014	Qtr Ended Mar. 31, 2014
Net interest margin	4.01%	3.97%	3.89%	3.93%	3.81%
Nonperforming loans/total loans	1.95%	1.64%	1.77%	1.21%	1.24%
Nonperforming assets/ Total assets	1.86%	1.57%	1.76%	1.31%	1.44%
Allowance for loan losses/ Total loans	0.84%	0.84%	0.87%	0.96%	0.96%
Average loans/Average assets	89.5%	88.1%	87.4%	86.8%	85.2%
Non-interest expenses*/ Average assets	2.89%	2.71%	2.79%	2.81%	2.54%
Earnings per share – basic and diluted	\$0.18	\$0.15	\$0.15	\$0.18	\$0.18

* Annualized

Income Statements (unaudited)

	Qtr. Ended Mar. 31, 2015	Qtr. Ended Dec. 31, 2014	Qtr. Ended Sept. 30, 2014	Qtr. Ended June 30, 2014	Qtr. Ended Mar. 31, 2014
INTEREST INCOME					
Loans, including fees	\$1,923,274	\$1,940,824	\$1,825,644	\$1,784,064	\$1,743,733
Securities	57,947	63,004	58,636	59,811	60,488
Other	63	60	46	910	1,904
Total interest income	<u>1,981,284</u>	<u>2,003,888</u>	<u>1,884,326</u>	<u>1,844,785</u>	<u>1,806,125</u>
INTEREST EXPENSE					
Borrowings	22,839	25,173	21,576	17,893	17,478
Checking	977	720	672	712	660
Money Market	91,234	96,203	99,246	100,541	99,206
Time deposits	240,661	232,972	221,257	220,220	230,131
Total interest expense	<u>355,711</u>	<u>355,068</u>	<u>342,751</u>	<u>339,366</u>	<u>347,475</u>
Net interest income	<u>1,625,573</u>	<u>1,648,820</u>	<u>1,541,575</u>	<u>1,505,419</u>	<u>1,458,650</u>
Provision for loan losses	<u>17,622</u>	<u>296,205</u>	<u>116,176</u>	<u>27,270</u>	<u>97,250</u>
Net interest income after provision for loan losses	1,607,951	1,352,615	1,425,399	1,478,149	1,361,400
NON-INTEREST INCOME					
	76,290	218,705	115,344	98,946	95,967
NON-INTEREST EXPENSE					
Salaries & benefits	673,716	565,894	572,973	562,031	527,231
Occupancy & equipment	151,801	196,056	157,885	139,784	113,157
Data processing	74,957	76,368	69,316	68,379	66,469
Professional fees	82,427	60,069	76,624	93,708	88,923
Advertising	23,176	29,792	51,268	33,200	17,537
Other real estate	25,361	42,789	35,000	59,689	42,730
Other	217,013	222,717	210,872	183,345	169,786
Total non-interest Expense	<u>1,248,451</u>	<u>1,193,685</u>	<u>1,173,938</u>	<u>1,140,136</u>	<u>1,025,833</u>
Income before income tax expense	435,790	377,635	366,805	436,959	431,534
Federal Income Tax expense	<u>134,754</u>	<u>121,628</u>	<u>113,478</u>	<u>136,349</u>	<u>135,785</u>
Net income	<u>\$ 301,036</u>	<u>\$ 256,007</u>	<u>\$ 253,327</u>	<u>\$ 300,610</u>	<u>\$ 295,749</u>
Preferred stock dividends	<u>(12,708)</u>	<u>(12,708)</u>	<u>(12,707)</u>	<u>(12,707)</u>	<u>(12,708)</u>
Net income available to common shareholders	<u>\$ 288,328</u>	<u>\$ 243,299</u>	<u>\$ 240,620</u>	<u>\$ 287,903</u>	<u>\$ 283,041</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.