

NEWS RELEASE

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

EXTON, PA – First Resource Bank (OTCQX: FRSB) announced financial results for the three months ended March 31, 2018.

Highlights for the first quarter of 2018 included:

- Net income of \$480,992 was the highest quarterly profit in the Bank's history
- Net income grew 20% over the quarter ended December 31, 2017 and 18% over the quarter ended March 31, 2017
- Total interest income grew 3% over the quarter ended December 31, 2017 and 14% over the quarter ended March 31, 2017
- Total loans grew 11% when comparing March 31, 2018 to March 31, 2017
- Net interest margin increased 8 basis points from 3.90% in the quarter ended December 31, 2017 to 3.98% for the quarter ended March 31, 2018

Glenn B. Marshall, President & CEO, stated, "We are pleased with first quarter results as we were able to deploy federal income tax savings into enhancing our staffing and moving forward with plans for a third branch, while still achieving record profitability. The Bank's scalability has been enhanced with personnel moves made during the quarter and we are very excited about our planned geographic expansion into the Wayne, Pennsylvania market."

Net income for the quarter ended March 31, 2018 was \$480,992, which compares to \$401,757 for the previous quarter and \$406,553 for the first quarter of the prior year. The first quarter of 2018 was impacted by the lower corporate federal income tax rate as a result of the Tax Cuts and Jobs Act enacted on December 22, 2017.

Net interest income was \$2,397,303 for the quarter ended March 31, 2018 as compared to \$2,348,581 for the previous quarter, an improvement of 2%. The net interest margin increased 8 basis points from 3.90% for the quarter ended December 31, 2017 to 3.98% for the quarter ended March 31, 2018. The overall yield on interest earning assets increased 14 basis points during the first quarter led by a 3 basis point increase in loan yields to 5.23%. The cost of interest bearing deposits increased 3 basis points during the first quarter to 0.96%.

Non-interest income for the quarter ended March 31, 2018 was \$115,742, as compared to \$93,721 for the previous quarter and \$261,270 for the first quarter of the prior year. There were no gains on sales of SBA loan recognized during the first quarter of 2018 and the fourth quarter of 2017,

as compared to \$155 thousand in gains on sales of SBA loans recognized during the first quarter of 2017.

Non-interest expense increased \$169 thousand, or 10%, in the three months ended March 31, 2018 as compared to the prior quarter. The increase was primarily due to an increase in salaries and benefits, occupancy, advertising, data processing and other costs, partially offset by a decrease in professional fees.

Deposits grew a net \$615 thousand from \$210.9 million at December 31, 2017 to \$211.5 million at March 31, 2018. During the first quarter, non-interest bearing deposits increased \$52 thousand, totaling \$25.0 million at December 31, 2017 and March 31, 2018. Interest-bearing checking balances decreased \$1.2 million, or 12%, from \$9.8 million at December 31, 2017 to \$8.6 million at March 31, 2018. Money market deposits decreased \$836 thousand, or 1%, from \$108.5 million at December 31, 2017 to \$107.7 million at March 31, 2018. Certificates of deposit increased \$2.6 million, or 4%, from \$67.7 million at December 31, 2017 to \$70.2 million at March 31, 2018.

The loan portfolio grew \$5.8 million, or 3%, during the first quarter from \$217.5 million at December 31, 2017 to \$223.3 million at March 31, 2018, with the majority of that growth in commercial real estate loans and construction loans.

The following table illustrates the composition of the loan portfolio:

| | Mar. 31, 2018 | Dec. 31, 2017 | Mar. 31, 2017 |
|-------------------------|-----------------------|-----------------------|-----------------------|
| Commercial real estate | \$ 151,113,428 | \$ 147,895,320 | \$ 133,235,684 |
| Commercial construction | 22,295,657 | 19,794,234 | 19,716,986 |
| Commercial business | 28,297,067 | 28,315,241 | 26,727,194 |
| Consumer | <u>21,600,352</u> | <u>21,459,111</u> | <u>22,347,176</u> |
| Total loans | <u>\$ 223,306,504</u> | <u>\$ 217,463,906</u> | <u>\$ 202,027,040</u> |

The allowance for loan losses to total loans was 0.85% at March 31, 2018 as compared to 0.81% at December 31, 2017 and 0.81% at March 31, 2017. Non-performing assets consisted of non-performing loans of \$3.0 million at March 31, 2018, a 1% decrease as compared to the prior quarter. Non-performing assets to total assets increased from 1.13% at December 31, 2017 to 1.17% at March 31, 2018.

Total stockholder's equity increased 2% from \$23.2 million at December 31, 2017 to \$23.5 million at March 31, 2018, primarily due to net income generated. Book value per share increased 14 cents during the first quarter of 2018 to \$8.97 per share at March 31, 2018.

Total assets decreased \$10.7 million, or 4% during the first quarter of 2018. This decline was primarily the result of short term investments purchased near year-end that matured early in the first quarter which were funded with overnight borrowings.

Selected Financial Data:
Balance Sheets (unaudited)

| | March 31, 2018 | December 31, 2017 |
|---------------------------------------------------------|------------------------------|------------------------------|
| Cash and due from banks | \$ 1,689,709 | \$ 2,998,367 |
| Time deposits at other banks | 599,000 | 599,000 |
| Investments | 20,353,738 | 36,219,930 |
| Loans | 223,306,504 | 217,463,906 |
| Allowance for loan losses | (1,888,321) | (1,751,953) |
| Premises & equipment | 5,755,854 | 5,671,763 |
| Other assets | <u>8,000,132</u> | <u>7,353,942</u> |
| Total assets | <u>\$ 257,816,616</u> | <u>\$ 268,554,955</u> |
| Non-interest bearing deposits | \$ 25,039,012 | \$ 24,987,354 |
| Interest-bearing checking | 8,574,495 | 9,755,198 |
| Money market | 107,664,560 | 108,500,566 |
| Time deposits | <u>70,238,585</u> | <u>67,658,995</u> |
| Total deposits | <u>211,516,652</u> | <u>210,902,113</u> |
| Short term borrowings | 2,653,000 | 17,997,000 |
| Long term borrowings | 14,915,500 | 11,287,500 |
| Subordinated debt | 3,979,726 | 3,977,603 |
| Other liabilities | <u>1,227,818</u> | <u>1,227,099</u> |
| Total liabilities | <u>234,292,696</u> | <u>245,391,315</u> |
| Total stockholders' equity | <u>23,523,920</u> | <u>23,163,640</u> |
| Total Liabilities & Stockholders' Equity | <u>\$ 257,816,616</u> | <u>\$ 268,554,955</u> |

Performance Statistics
(unaudited)

| | Qtr Ended Mar. 31, 2018 | Qtr Ended Dec. 31, 2017 | Qtr Ended Sept. 30, 2017 | Qtr Ended June 30, 2017 | Qtr Ended Mar. 31, 2017 |
|-------------------------------------------|-------------------------------|-------------------------------|--------------------------------|-------------------------------|-------------------------------|
| Net interest margin | 3.98% | 3.90% | 3.96% | 3.87% | 3.70% |
| Nonperforming loans/ Total loans | 1.35% | 1.39% | 1.54% | 0.99% | 0.71% |
| Nonperforming assets/ Total assets | 1.17% | 1.13% | 1.28% | 0.83% | 0.60% |
| Allowance for loan losses/ Total loans | 0.85% | 0.81% | 0.86% | 0.80% | 0.81% |
| Average loans/Average assets | 86.1% | 84.3% | 84.6% | 84.3% | 82.3% |
| Non-interest expenses*/ Average assets | 2.84% | 2.57% | 2.68% | 2.78% | 2.75% |
| Earnings per share – basic and diluted | \$0.18 | \$0.15 | \$0.18 | \$0.18 | \$0.19 |
| Book value per share | \$8.97 | \$8.83 | \$8.72 | \$8.55 | \$8.61 |
| Total shares outstanding | 2,623,575 | 2,621,887 | 2,619,773 | 2,617,596 | 2,102,476 |

* Annualized

Income Statements (unaudited)

| | Qtr. Ended Mar. 31, 2018 | Qtr. Ended Dec. 31, 2017 | Qtr. Ended Sept 30, 2017 | Qtr. Ended June 30, 2017 | Qtr. Ended Mar. 31, 2017 |
|--------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| INTEREST INCOME | | | | | |
| Loans, including fees | \$2,849,596 | \$2,768,463 | \$2,714,301 | \$2,615,571 | \$2,503,577 |
| Securities | 130,141 | 113,230 | 109,255 | 102,142 | 98,823 |
| Other | <u>2,563</u> | <u>15,593</u> | <u>13,976</u> | <u>10,888</u> | <u>21,723</u> |
| Total interest income | <u>2,982,300</u> | <u>2,897,286</u> | <u>2,837,532</u> | <u>2,728,601</u> | <u>2,624,123</u> |
| INTEREST EXPENSE | | | | | |
| Deposits | 441,063 | 433,287 | 410,731 | 408,308 | 409,673 |
| Borrowings | 76,810 | 47,575 | 47,005 | 49,122 | 50,935 |
| Subordinated debt | <u>67,124</u> | <u>67,843</u> | <u>67,847</u> | <u>67,486</u> | <u>67,124</u> |
| Total interest expense | <u>584,997</u> | <u>548,705</u> | <u>525,583</u> | <u>524,916</u> | <u>527,732</u> |
| Net interest income | <u>2,397,303</u> | <u>2,348,581</u> | <u>2,311,949</u> | <u>2,203,685</u> | <u>2,096,391</u> |
| Provision for loan losses | <u>134,322</u> | <u>89,233</u> | <u>123,974</u> | <u>20,085</u> | <u>120,024</u> |
| Net interest income after provision for loan losses | 2,262,981 | 2,259,348 | 2,187,975 | 2,183,600 | 1,976,367 |
| NON-INTEREST INCOME | | | | | |
| BOLI income | 35,040 | 28,258 | 28,473 | 28,522 | 28,370 |
| Gain on sale of SBA loans | - | - | 41,536 | - | 155,337 |
| Other | <u>80,702</u> | <u>65,463</u> | <u>65,797</u> | <u>71,030</u> | <u>77,563</u> |
| Total non-interest income | 115,742 | 93,721 | 135,806 | 99,552 | 261,270 |
| NON-INTEREST EXPENSE | | | | | |
| Salaries & benefits | 1,028,005 | 923,583 | 947,285 | 895,634 | 863,822 |
| Occupancy & equipment | 194,772 | 175,539 | 188,968 | 187,672 | 190,781 |
| Professional fees | 87,452 | 90,275 | 82,922 | 144,447 | 113,494 |
| Advertising | 62,222 | 24,802 | 41,717 | 47,905 | 42,475 |
| Data processing | 105,617 | 102,435 | 93,119 | 98,353 | 96,278 |
| Other | <u>317,187</u> | <u>309,388</u> | <u>292,103</u> | <u>294,235</u> | <u>332,733</u> |
| Total non-interest expense | <u>1,795,255</u> | <u>1,626,022</u> | <u>1,646,114</u> | <u>1,668,246</u> | <u>1,639,583</u> |
| Income before income tax expense | 583,468 | 727,047 | 677,667 | 614,906 | 598,054 |
| Federal income tax expense | <u>102,476</u> | <u>325,290</u> | <u>215,963</u> | <u>197,205</u> | <u>191,501</u> |
| Net income | <u>\$ 480,992</u> | <u>\$ 401,757</u> | <u>\$ 461,704</u> | <u>\$ 417,701</u> | <u>\$ 406,553</u> |

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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.

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.