

NEWS RELEASE

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FIRST RESOURCE BANK ANNOUNCES 19% NET INCOME GROWTH FOR THE FIRST HALF OF 2014

EXTON, PA – First Resource Bank (OTC Bulletin Board: FRSB) announced second quarter financial results through June 30, 2014. Quarterly net income reached a record high as did total loans outstanding. Year to date net income through June 30, 2014 grew 19% as compared the first half of the prior year.

Net income for the three months ended June 30, 2014 was \$300,610 as compared to \$295,749 for the quarter ended March 31, 2014 and net income of \$261,407 for the quarter ended June 30, 2013. After accounting for preferred stock dividends, net income available to common shareholders for the quarter ended June 30, 2014 was \$287,903. This compares to net income available to common shareholders of \$283,041 for the quarter ended March 31, 2014 and \$248,700 for the quarter ended June 30, 2013.

Glenn B. Marshall, President & CEO, stated, “The achievement of record profitability while expanding the retail presence of the Bank is an accomplishment that we are very proud of this year. The Exton branch relocation will be completed in August with construction commencing on the West Chester branch in the same month.”

Net interest income was \$1,505,419 for the quarter ended June 30, 2014 as compared to \$1,458,650 for the previous quarter. The net interest margin improved 12 basis points from 3.81% for the quarter ended March 31, 2014 to 3.93% for the quarter ended June 30, 2014. The overall yield on interest earning assets increased 9 basis points during the second quarter, with loan yields unchanged and the improvement attributed to lower levels of excess cash maintained on the balance sheet. The cost of interest bearing liabilities declined 2 basis points during the second quarter, led by a 2 basis point decline in the cost of certificates of deposit.

Net interest income for the six months ended June 30, 2014 was \$2,964,069, an improvement of \$272 thousand, or 10% over the same period in the prior year. This improvement was attributed to steady loan yields, low levels of excess cash and continued focus on lowering deposit costs.

Deposits decreased \$161 thousand, or 0.1% from \$139.0 million at March 31, 2014 to \$138.8 million at June 30, 2014. During the second quarter, certificates of deposit decreased \$546 thousand, or 0.8%, from \$72.0 million at March 31, 2014 to \$71.4 million at June 30, 2014. Money market deposits decreased \$1.1 million, or 1.9%, from \$57.0 million at March 31, 2014 to \$55.9 million at June 30, 2014. Non-interest bearing deposits increased \$1.3 million, or 17.9% from \$7.3 million at March 31, 2014 to \$8.6 million at June 30, 2014. Interest checking balances increased \$136 thousand, or 5.1% from \$2.7 million at March 31, 2014 to \$2.8 million at June 30, 2014. Year to date total deposits declined \$1.1 million, or 0.8%, primarily due to a decline in certificates of deposit.

The loan portfolio increased \$3.5 million, or 2.5%, during the second quarter from \$139.8 million at March 31, 2014 to \$143.3 million at June 30, 2014. Most of this growth was in the commercial real estate portfolio which grew 3.1% during the second quarter. Year to date loan growth in 2014 was \$3.3 million, or 2.4% due to a slight contraction in the portfolio during the first quarter attributed to an unusually bad winter and intense competition for loans in Chester County.

The following table illustrates the composition of the loan portfolio:

	June 30, 2014	Dec. 31, 2013	June 30, 2013
Commercial real estate	\$ 96,505,031	\$ 92,435,418	\$ 86,395,687
Commercial construction	7,698,285	8,119,740	9,277,161
Commercial business	13,552,767	14,199,765	13,456,844
Consumer	<u>25,539,445</u>	<u>25,243,538</u>	<u>24,908,415</u>
Total loans	<u>\$143,295,528</u>	<u>\$139,998,461</u>	<u>\$134,038,107</u>

The allowance for loan losses to total loans was 0.96% at June 30, 2014 and March 31, 2014 as compared to 0.89% at December 31, 2013 and 1.04% at June 30, 2013. Non-performing assets, which include non-performing loans of \$1.7 million and other real estate owned of \$430 thousand, totaled \$2.2 million at June 30, 2014, a 7% decline as compared to the prior quarter. Non-performing assets to total assets decreased from 1.44% at March 31, 2014 to 1.31% at June 30, 2014 due to a decline in other real estate owned and an increase in total assets.

Non-interest income for the quarter ended June 30, 2014 was \$98,946, as compared to \$95,967 for the previous quarter and \$88,030 for the second quarter of the prior year.

Non-interest income for the six months ended June 30, 2014 was \$194,913, as compared to \$181,063 for the same period in the prior year, a 7.6% improvement.

Non-interest expense increased \$114 thousand, or 11.1%, in the three months ended June 30, 2014 as compared to the prior quarter. This increase was due to higher salaries and benefits expenses, higher occupancy expenses, advertising expenses, other real estate owned expenses and other non-interest expenses. Salaries and benefits expenses increased during the second quarter mainly due to an expansion of the lending team.

Non-interest expense increased \$275 thousand, or 14.6%, in the six months ended June 30, 2014 as compared to the same period in the prior year. This increase was due to higher salaries and benefits expenses, higher professional fees and higher other real estate owned expenses.

First Resource Bank Chairman, James B. Griffin, stated, "The Bank paid its first cash dividend in the second quarter and grew its retained earnings in excess of \$500,000 in the first half of 2014. The Board of Directors was pleased to provide our shareholders with a cash return on their investment, while working hard to expand the retail branch network."

Selected Financial Data:

Balance Sheets (unaudited)

	June 30, 2014	December 31, 2013
Cash and due from banks	\$ 2,974,506	\$ 606,230
Investments	10,465,108	16,317,779
Loans	143,295,528	139,998,461
Allowance for loan losses	(1,371,341)	(1,252,853)
Premises & equipment	4,699,987	3,515,038
Other assets	<u>6,201,100</u>	<u>6,458,705</u>
Total assets	<u>\$ 166,264,888</u>	<u>\$ 165,643,360</u>
Non-interest bearing deposits	\$ 8,619,917	\$ 6,429,207
Interest-bearing checking	2,826,519	3,809,040
Money market	55,902,314	53,960,919
Time deposits	<u>71,443,194</u>	<u>75,672,226</u>
Total deposits	<u>138,791,944</u>	<u>139,871,392</u>
Short term borrowings	3,666,000	2,555,000
Long term borrowings	5,599,000	5,599,000
Other liabilities	<u>621,419</u>	<u>610,372</u>
Total liabilities	<u>148,678,363</u>	<u>148,635,764</u>
Preferred stock	5,083,000	5,083,000
Common stock	1,610,450	1,608,595
Surplus	9,513,935	9,505,069
Accumulated other comprehensive income	147,565	102,015
Retained earnings	<u>1,231,575</u>	<u>708,917</u>
Total stockholders' equity	<u>17,586,525</u>	<u>17,007,596</u>
Total Liabilities & Stockholders' Equity	<u>\$ 166,264,888</u>	<u>\$ 165,643,360</u>

Performance Statistics (unaudited)

	Qtr Ended June 30, 2014	Qtr Ended Mar. 31, 2014	Qtr Ended Dec. 31, 2013	Qtr Ended Sept. 30, 2013	Qtr Ended June 30, 2013
Net interest margin	3.93%	3.81%	3.65%	3.66%	3.87%
Nonperforming loans/total loans	1.21%	1.24%	1.31%	2.11%	2.19%
Nonperforming assets/ Total assets	1.31%	1.44%	1.51%	2.25%	2.55%
Allowance for loan losses/ Total loans	0.96%	0.96%	0.89%	0.93%	1.04%
Average loans/Average assets	86.8%	85.2%	83.5%	84.4%	88.5%
Non-interest expenses*/ Average assets	2.81%	2.54%	2.53%	2.52%	2.57%
Earnings per share – basic and diluted	\$0.18	\$0.18	\$0.17	\$0.16	\$0.16

* Annualized

Income Statements (unaudited)

	Qtr. Ended June 30, 2014	Qtr. Ended Mar. 31, 2014	Qtr. Ended Dec. 31, 2013	Qtr. Ended Sept. 30, 2013	Qtr. Ended June 30, 2013
INTEREST INCOME					
Loans	\$1,784,064	\$1,743,733	\$1,727,215	\$1,701,342	\$1,677,372
Investments	59,811	60,488	57,162	48,632	41,480
Other	910	1,904	5,729	4,436	464
Total interest income	<u>1,844,785</u>	<u>1,806,125</u>	<u>1,790,106</u>	<u>1,754,410</u>	<u>1,719,316</u>
INTEREST EXPENSE					
Borrowings	17,893	17,478	17,947	14,527	10,450
Checking	712	660	851	695	637
Money Market	100,541	99,206	97,839	92,181	82,420
Time deposits	220,220	230,131	247,462	254,897	254,972
Total interest expense	<u>339,366</u>	<u>347,475</u>	<u>364,099</u>	<u>362,300</u>	<u>348,479</u>
Net interest income	<u>1,505,419</u>	<u>1,458,650</u>	<u>1,426,007</u>	<u>1,392,110</u>	<u>1,370,837</u>
Provision for loan losses	<u>27,270</u>	<u>97,250</u>	<u>57,640</u>	<u>87,064</u>	<u>119,002</u>
Net interest income after provision for loan losses	1,478,149	1,361,400	1,368,367	1,305,046	1,251,835
NON-INTEREST INCOME	98,946	95,967	99,077	86,876	88,030
NON-INTEREST EXPENSE					
Salaries & benefits	562,031	527,231	500,167	486,315	469,194
Occupancy & equipment	139,784	113,157	96,881	96,004	90,158
Data processing	68,379	66,469	64,230	61,136	65,009
Professional fees	93,708	88,923	93,486	63,585	64,576
Advertising	33,200	17,537	22,794	34,268	31,735
Other real estate owned expenses	59,689	42,730	69,025	68,514	62,075
Other non-interest Expenses	<u>183,345</u>	<u>169,786</u>	<u>192,127</u>	<u>197,043</u>	<u>174,718</u>
Total non-interest Expense	<u>1,140,136</u>	<u>1,025,833</u>	<u>1,038,710</u>	<u>1,006,865</u>	<u>957,465</u>
Pre-tax income	436,959	431,534	428,734	385,057	382,400
Tax expense	<u>(136,349)</u>	<u>(135,785)</u>	<u>(137,553)</u>	<u>(121,691)</u>	<u>(120,993)</u>
Net income	<u>\$ 300,610</u>	<u>\$ 295,749</u>	<u>\$ 291,181</u>	<u>\$ 263,366</u>	<u>\$ 261,407</u>
Preferred stock dividends	<u>(12,707)</u>	<u>(12,708)</u>	<u>(12,709)</u>	<u>(12,707)</u>	<u>(12,707)</u>
Net income available to common shareholders	<u>\$ 287,903</u>	<u>\$ 283,041</u>	<u>\$ 278,472</u>	<u>\$ 250,659</u>	<u>\$ 248,700</u>

Income Statements (unaudited)

	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
INTEREST INCOME		
Loans	\$ 3,527,797	\$ 3,294,911
Investments	120,299	91,295
Other	<u>2,814</u>	<u>1,977</u>
Total interest income	<u>3,650,910</u>	<u>3,388,183</u>
INTEREST EXPENSE		
Borrowings	35,371	20,039
Checking	1,372	1,409
Money Market	199,747	166,485
Time deposits	<u>450,351</u>	<u>508,661</u>
Total interest expense	<u>686,841</u>	<u>696,594</u>
Net interest income	<u>2,964,069</u>	<u>2,691,589</u>
Provision for loan losses	<u>124,520</u>	<u>250,789</u>
Net interest income after provision for loan losses	2,839,549	2,440,800
NON-INTEREST INCOME	194,913	181,063
NON-INTEREST EXPENSE		
Salaries & benefits	1,089,262	952,394
Occupancy & equipment	252,941	185,515
Data processing	134,848	128,409
Professional fees	182,631	141,362
Advertising	50,737	47,046
Other real estate owned expenses	102,419	82,075
Other non-interest expense	<u>353,131</u>	<u>354,045</u>
Total non-interest expense	<u>2,165,969</u>	<u>1,890,846</u>
Pre-tax income	868,493	731,017
Tax expense	<u>(272,134)</u>	<u>(229,906)</u>
Net income	<u>\$ 596,359</u>	<u>\$ 501,111</u>
Preferred stock dividends	<u>(25,415)</u>	<u>(25,414)</u>
Net income available to common shareholders	<u>\$ 570,944</u>	<u>\$ 475,697</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.