

NEWS RELEASE

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FIRST RESOURCE BANK ANNOUNCES RECORD QUARTERLY NET INCOME; TOTAL ASSETS, LOANS AND DEPOSITS ALL REACH RECORD HIGHS

EXTON, PA – First Resource Bank (OTCQX: FRSB) announced record financial results for the three months ended June 30, 2015. Net income for the quarter ended June 30, 2015 was \$329,300, which was 9% higher than the prior quarter and 10% higher than the second quarter in the prior year. Total assets were \$193.2 million at June 30, 2015, a 7% increase over December 31, 2014. During the first six months loans grew 4% to a record of \$163.5 million and deposits grew 14% to a record of \$163.7 million.

Glenn B. Marshall, President & CEO, stated, “The second quarter was incredibly successful with our most profitable quarter to date, a fully subscribed common equity raise, the opening of our second branch and payment of our second cash dividend. First Resource Bank’s momentum is strong and we are now seeing the results of years of planning and hard work generating record financial results.”

After accounting for preferred stock dividends, net income available to common shareholders for the quarter ended June 30, 2015 was \$316,592. This compares to net income available to common shareholders of \$288,328 for the quarter ended March 31, 2015 and \$287,903 for the quarter ended June 30, 2014.

Net income for the six months ended June 30, 2015 was \$630,336, a 6% improvement over the same period in the prior year. Net income available to common shareholders also increased 6% as compared to the prior year, growing from \$570,944 for the six months ended June 30, 2014 to \$604,920 for the six months ended June 30, 2015.

Net interest income was \$1,657,079 for the quarter ended June 30, 2015 as compared to \$1,625,573 for the previous quarter, an improvement of 2%. The net interest margin decreased 12 basis points from 4.01% for the quarter ended March 31,

2015 to 3.89% for the quarter ended June 30, 2015. The overall yield on interest earning assets decreased 10 basis points during the second quarter, to 4.79%, with loan yields down 1 basis point, to 4.96%, and investment yields down 108 basis points to 2.14%. Investment yields decreased during the second quarter due to a one-time special FHLBank of Pittsburgh dividend received during the first quarter. Without that special dividend the net interest margin for the first quarter would have been 3.97%. The total cost of interest bearing liabilities increased 3 basis points during the second quarter, led by a 36 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 and reduced overnight borrowings during the second quarter. The deposit cost of funds decreased 1 basis point to 0.98%.

Net interest income for the six months ended June 30, 2015 was \$3,282,652, an 11% improvement over net interest income of \$2,964,069 for the six months ended June 30, 2014.

Deposits increased \$16.6 million, or 11%, from \$147.1 million at March 31, 2015 to \$163.7 million at June 30, 2015. During the second quarter, certificates of deposit increased \$2.3 million, or 3%, from \$81.2 million at March 31, 2015 to \$83.6 million at June 30, 2015. Money market deposits increased \$4.3 million, or 8%, from \$51.9 million at March 31, 2015 to \$56.3 million at June 30, 2015. Non-interest bearing deposits increased \$5.5 million, or 54% from \$10.1 million at March 31, 2015 to \$15.6 million at June 30, 2015, with \$3 million of that growth attributed to capital raise subscriptions in process. Interest-bearing checking balances increased \$4.5 million, or 118% from \$3.8 million at March 31, 2015 to \$8.3 million at June 30, 2015, with the majority of this increase attributed to title company customers who have balances that fluctuate significantly due to the nature of their business. The deposit portfolio grew \$20.4 million, or 14.2%, in the first six months of 2015.

The loan portfolio increased \$3.5 million, or 2%, during the second quarter from \$160.1 million at March 31, 2015 to \$163.5 million at June 30, 2015. Most of that growth was in the commercial and commercial real estate portfolio. Second quarter loan growth was net of a \$3.0 million SBA loan sale that closed in June. Year to date net loan growth in 2015 was \$6.2 million, or 4%.

The following table illustrates the composition of the loan portfolio:

	June 30, 2015	Dec. 31, 2014	June 30, 2014
Commercial real estate	\$ 105,614,061	\$ 102,290,962	\$ 96,505,031
Commercial construction	12,436,796	12,235,078	7,698,285
Commercial business	20,878,866	17,483,708	13,552,767
Consumer	<u>24,618,746</u>	<u>25,316,420</u>	<u>25,539,445</u>
Total loans	<u>\$ 163,548,469</u>	<u>\$ 157,326,168</u>	<u>\$ 143,295,528</u>

The allowance for loan losses to total loans was 0.83% at June 30, 2015 as compared to 0.84% at December 31, 2014 and 0.96% at June 30, 2014. Non-performing assets, which include non-performing loans of \$2.7 million and other real estate owned of \$303 thousand, totaled \$3.0 million at June 30, 2015, a 10% decline as compared to the prior quarter. Non-performing assets to total assets decreased from 1.86% at March 31, 2015 to 1.56% at June 30, 2015 due to a decline in non-performing loans and an increase in total assets.

Non-interest income for the quarter ended June 30, 2015 was \$463,864, as compared to \$76,290 for the previous quarter and \$98,946 for the second quarter of the prior year. Current quarter results include \$389 thousand in SBA loan sale income, of which there were none during the prior quarter or in the second quarter of the prior year.

Non-interest income for the six months ended June 30, 2015 was \$540,154, as compared to \$194,913 for the same period in the prior year. There was \$389 thousand in SBA loan sale income in the first six months of 2015 and none in the first six months of 2014.

Non-interest expense increased \$147 thousand, or 12%, in the three months ended June 30, 2015 as compared to the prior quarter. All expense categories increased quarter over quarter, primarily due to the opening of the second branch location during the second quarter.

Non-interest expense increased \$478 thousand, or 22%, in the six months ended June 30, 2015 as compared to the same period in the prior year. This increase was due to higher salaries and benefits expenses, higher occupancy, data processing, loan and supplies expense, partially offset by lower professional fees and other real estate owned expense.

Included in federal income tax expense for the three months ended June 30, 2015 is a one-time \$99 thousand write down of a deferred tax asset related to stock options that expired unexercised.

The common equity raise announced on June 2, 2015 was fully subscribed by July 1, 2015, including the optional 40,000 extra shares permitted per the Offering Circular. A total of 360,000 shares were issued in July pursuant to this Offering. A limited amount of the Bank's 6.50% subordinated debt remains available.

Selected Financial Data:

Balance Sheets (unaudited)

	June 30, 2015	December 31, 2014	
Cash and due from banks	\$ 12,484,486	\$ 817,026	
Investments	6,162,622	11,711,637	
Loans	163,548,469	157,326,168	
Allowance for loan losses	(1,364,055)	(1,317,363)	
Premises & equipment	6,387,004	5,517,252	
Other assets	<u>5,961,395</u>	<u>6,472,819</u>	
 Total assets	 <u>\$ 193,179,921</u>	 <u>\$ 180,527,539</u>	
 Non-interest bearing deposits	 \$ 15,559,490	 \$ 9,355,013	
Interest-bearing checking	8,332,779	4,349,552	
Money market	56,251,591	51,400,506	
Time deposits	<u>83,586,956</u>	<u>78,243,292</u>	
Total deposits	<u>163,730,816</u>	<u>143,348,363</u>	
Short term borrowings	-	12,000,000	
Long term borrowings	10,061,500	6,499,000	
Other liabilities	<u>841,019</u>	<u>654,739</u>	
 Total liabilities	 <u>174,633,335</u>	 <u>162,502,102</u>	
 Preferred stock	 5,083,000	 5,083,000	
Common stock	1,613,592	1,612,283	
Surplus	9,529,877	9,523,083	
Accumulated other comprehensive income	64,222	91,577	
Retained earnings	<u>2,255,895</u>	<u>1,715,494</u>	
Total stockholders' equity	<u>18,546,586</u>	<u>18,025,437</u>	
 Total Liabilities & Stockholders' Equity	 <u>\$ 193,179,921</u>	 <u>\$ 180,527,539</u>	

Performance Statistics (unaudited)

	Qtr Ended June 30, 2015	Qtr Ended Mar. 31, 2015	Qtr Ended Dec. 31, 2014	Qtr Ended Sept. 30, 2014	Qtr Ended June 30, 2014
Net interest margin	3.89%	4.01%	3.97%	3.89%	3.93%
Nonperforming loans/total loans	1.66%	1.95%	1.64%	1.77%	1.21%
Nonperforming assets/ Total assets	1.56%	1.86%	1.57%	1.76%	1.31%
Allowance for loan losses/ Total loans	0.83%	0.84%	0.84%	0.87%	0.96%
Average loans/Average assets	88.5%	89.5%	88.1%	87.4%	86.8%
Non-interest expenses*/ Average assets	3.07%	2.89%	2.71%	2.79%	2.81%
Earnings per share – basic and diluted	\$0.20	\$0.18	\$0.15	\$0.15	\$0.18

* Annualized

Income Statements (unaudited)

	Qtr. Ended June 30, 2015	Qtr. Ended Mar. 31, 2015	Qtr. Ended Dec. 31, 2014	Qtr. Ended Sept. 30, 2014	Qtr. Ended June 30, 2014
INTEREST INCOME					
Loans, including fees	\$1,999,455	\$1,923,274	\$1,940,824	\$1,825,644	\$1,784,064
Securities	37,383	57,947	63,004	58,636	59,811
Other	1,198	63	60	46	910
Total interest income	<u>2,038,036</u>	<u>1,981,284</u>	<u>2,003,888</u>	<u>1,884,326</u>	<u>1,844,785</u>
INTEREST EXPENSE					
Deposits	346,228	332,872	329,895	321,175	321,473
Borrowings	34,729	22,839	25,173	21,576	17,893
Total interest expense	<u>380,957</u>	<u>355,711</u>	<u>355,068</u>	<u>342,751</u>	<u>339,366</u>
Net interest income	<u>1,657,079</u>	<u>1,625,573</u>	<u>1,648,820</u>	<u>1,541,575</u>	<u>1,505,419</u>
Provision for loan losses	<u>92,217</u>	<u>17,622</u>	<u>296,205</u>	<u>116,176</u>	<u>27,270</u>
Net interest income after provision for loan losses	1,564,862	1,607,951	1,352,615	1,425,399	1,478,149
NON-INTEREST INCOME					
BOLI income	30,098	30,072	30,740	31,012	31,216
Gain on sale of SBA loans	389,160	-	103,661	-	-
Gain on sale of securities	-	15,641	50,286	-	-
Other	44,606	30,577	34,018	84,332	67,730
Total non-interest income	<u>463,864</u>	<u>76,290</u>	<u>218,705</u>	<u>115,344</u>	<u>98,946</u>
NON-INTEREST EXPENSE					
Salaries & benefits	688,885	673,716	565,894	572,973	562,031
Occupancy & equipment	190,100	151,801	196,056	157,885	139,784
Professional fees	89,414	82,427	60,069	76,624	93,708
Advertising	63,304	23,176	29,792	51,268	33,200
Data processing	82,476	74,957	76,368	69,316	68,379
Other real estate	44,113	25,361	42,789	35,000	59,689
Other	237,545	217,013	222,717	210,872	183,345
Total non-interest expense	<u>1,395,837</u>	<u>1,248,451</u>	<u>1,193,685</u>	<u>1,173,938</u>	<u>1,140,136</u>
Income before income tax expense	632,889	435,790	377,635	366,805	436,959
Federal Income Tax expense	<u>303,589</u>	<u>134,754</u>	<u>121,628</u>	<u>113,478</u>	<u>136,349</u>
Net income	<u>\$ 329,300</u>	<u>\$ 301,036</u>	<u>\$ 256,007</u>	<u>\$ 253,327</u>	<u>\$ 300,610</u>
Preferred stock dividends	<u>(12,708)</u>	<u>(12,708)</u>	<u>(12,708)</u>	<u>(12,707)</u>	<u>(12,707)</u>
Net income available to common shareholders	<u>\$ 316,592</u>	<u>\$ 288,328</u>	<u>\$ 243,299</u>	<u>\$ 240,620</u>	<u>\$ 287,903</u>

Income Statements (unaudited)

	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
INTEREST INCOME		
Loans	\$ 3,922,729	\$ 3,527,797
Investments	95,330	120,299
Other	<u>1,261</u>	<u>2,814</u>
Total interest income	<u>4,019,320</u>	<u>3,650,910</u>
INTEREST EXPENSE		
Deposits	679,100	651,470
Borrowings	<u>57,568</u>	<u>35,371</u>
Total interest expense	<u>736,668</u>	<u>686,841</u>
Net interest income	<u>3,282,652</u>	<u>2,964,069</u>
Provision for loan losses	<u>109,839</u>	<u>124,520</u>
Net interest income after provision for loan losses	3,172,813	2,839,549
NON-INTEREST INCOME		
BOLI income	60,170	62,248
Gain on sale of SBA loans	389,160	-
Gain on sale of securities	15,641	-
Other	<u>75,183</u>	<u>132,665</u>
Total non-interest income	540,154	194,913
NON-INTEREST EXPENSE		
Salaries & benefits	1,362,601	1,089,262
Occupancy & equipment	341,901	252,941
Professional fees	171,841	182,631
Advertising	86,480	50,737
Data processing	157,433	134,848
Other real estate owned expenses	69,474	102,419
Other non-interest expense	<u>454,558</u>	<u>353,131</u>
Total non-interest expense	<u>2,644,288</u>	<u>2,165,969</u>
Pre-tax income	1,068,679	868,493
Tax expense	<u>438,343</u>	<u>272,134</u>
Net income	<u>\$ 630,336</u>	<u>\$ 596,359</u>
Preferred stock dividends	<u>(25,416)</u>	<u>(25,415)</u>
Net income available to common shareholders	<u>\$ 604,920</u>	<u>\$ 570,944</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.