

NEWS RELEASE

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Media Contact:
Glenn Marshall,
President & CEO
610-561-6013

*FIRST RESOURCE BANK ANNOUNCES MOST PROFITABLE QUARTER TO DATE;
QUARTERLY NET INCOME INCREASED 37% OVER THE PRIOR YEAR SECOND QUARTER*

EXTON, PA – First Resource Bank (OTCQX: FRSB) announced financial results for the three months ended June 30, 2017.

Highlights for the second quarter of 2017 included:

- Net income was \$417,701, an increase of 3% over the first quarter of 2017 and 37% over the second quarter of 2016
- The net interest margin expanded from 3.70% in the first quarter to 3.87% in the second quarter
- Total checking deposits grew 12.4%
- Sold \$4.1 million in common stock

Glenn B. Marshall, President & CEO, stated, “Not only was the second quarter of 2017 the highest quarterly net income in the Bank’s history, those record results were attained without the benefit of any gains on sale of SBA loans during the quarter. The ongoing core profitability of the Bank coupled with new growth capital positions us well for the future.”

Net income for the quarter ended June 30, 2017 was \$417,701, which compares to \$406,553 for the previous quarter and \$304,115 for the second quarter of the prior year.

Net income for the six months ended June 30, 2017 was \$824,254, a 48% increase over the same period in the prior year. The increase in net income is primarily attributable to a 17% increase in net interest income as well as \$155 thousand in gains on sales of SBA loans in the first quarter of 2017, where there were none in the first half of 2016. Net income available to common shareholders increased 48% as compared to the prior year, increasing from \$555,657 for the six months ended June 30, 2016 to \$824,254 for the six months ended June 30, 2017. The first quarter of 2016 was the last quarter to incur preferred stock dividends due to the redemption of all preferred stock during that quarter.

Net interest income was \$2,203,685 for the quarter ended June 30, 2017 as compared to \$2,096,391 for the previous quarter, an improvement of 5%. The net interest margin increased 17 basis points from 3.70% for the quarter ended March 31, 2017 to 3.87% for the quarter ended June 30, 2017. The overall yield on interest earning assets increased 17 basis points during the second quarter led by an improvement in loan yields of 7 basis points, to 5.18%. The total cost of interest bearing liabilities

increased 1 basis point during the second quarter, led by a 1 basis point increase in the cost of interest bearing deposits, to 0.91%.

Net interest income for the six months ended June 30, 2017 was \$4,300,076, a 17% improvement over net interest income of \$3,683,898 for the six months ended June 30, 2016. This growth was driven by a 14% increase in loan interest income.

Non-interest income for the quarter ended June 30, 2017 was \$99,552, as compared to \$261,270 for the previous quarter and \$80,743 for the second quarter of the prior year. There were no gains on sales of SBA loans recognized during the second quarter of 2017, as compared to \$155 thousand in gains in the prior quarter and no gains in the second quarter of 2016.

Non-interest income for the six months ended June 30, 2017 was \$360,822 as compared to \$153,677 for the same period in the prior year. There was \$155 thousand in SBA loan sale income in the first six months of 2017 and none in the first six months of 2016.

Non-interest expense increased \$29 thousand, or 2%, in the three months ended June 30, 2017 as compared to the prior quarter. The increase was primarily due to growth in salaries and benefits expense and professional fees, partially offset by a decrease in other expense.

Non-interest expense increased \$371 thousand, or 13%, in the six months ended June 30, 2017 as compared to the same period in the prior year. This increase was due to higher salaries and benefits expense, higher professional fees, advertising, data processing, software and SBA loan expenses, partially offset by lower occupancy costs.

Deposits grew a net \$103 thousand from \$204.1 million at March 31, 2017 to \$204.2 million at June 30, 2017, with significant growth in checking deposits offset by a decline in certificates of deposit. During the second quarter, non-interest bearing deposits increased \$3.0 million, or 15%, from \$20.0 million at March 31, 2017 to \$23.0 million at June 30, 2017. Interest-bearing checking balances increased \$586 thousand, or 7%, from \$8.5 million at March 31, 2017 to \$9.1 million at June 30, 2017. Money market deposits grew \$3.0 million, or 3%, from \$95.4 million at March 31, 2017 to \$98.4 million at June 30, 2017. Certificates of deposit decreased \$6.4 million, or 8%, from \$80.2 million at March 31, 2017 to \$73.8 million at June 30, 2017. The deposit portfolio grew \$1.6 million, or 1%, in the first six months of 2017, with a \$5.1 million increase in total checking balances and a \$6.4 million increase in money market deposits offset by a \$10.0 million decline in certificates of deposit.

Marshall stated, "While total deposits did not increase significantly during the second quarter we are very happy with the deposit mix improvement due to strong growth in checking deposits. We have added significant resources over the past year to help grow checking deposits and we are now seeing the results of those efforts."

The loan portfolio grew \$3.1 million, or 2%, during the second quarter from \$202.0 million at March 31, 2017 to \$205.1 million at June 30, 2017, with the majority of that growth in commercial real estate loans. Year-to-date net loan growth in 2017 was \$7.3 million, or 4%, led by increases in commercial real estate and construction lending, offset by declines in commercial business and consumer lending.

The following table illustrates the composition of the loan portfolio:

	June 30, 2017	Dec. 31, 2016	June 30, 2016
Commercial real estate	\$ 138,997,879	\$ 130,284,708	\$ 126,009,639
Commercial construction	19,925,026	17,024,921	15,242,006
Commercial business	25,350,384	26,435,709	22,447,349
Consumer	<u>20,829,024</u>	<u>24,093,510</u>	<u>23,207,672</u>
Total loans	<u>\$ 205,102,313</u>	<u>\$ 197,838,848</u>	<u>\$ 186,906,666</u>

The allowance for loan losses to total loans was 0.80% at June 30, 2017 as compared to 0.81% at March 31, 2017, 0.80% at December 31, 2016 and 0.77% at June 30, 2016. Non-performing assets consisted of non-performing loans of \$2.0 million at June 30, 2017, a 41% increase as compared to the prior quarter. This increase is due to one consumer loan that was over 90 days delinquent at June 30. Non-performing assets to total assets increased from 0.60% at March 31, 2017 to 0.83% at June 30, 2017.

Total stockholder's equity increased 24% from \$18.1 million at March 31, 2017 to \$22.4 million at June 30, 2017. The majority of this growth is due to 513,100 shares of common stock sold during the second quarter of 2017 with gross proceeds of \$4.1 million.

Selected Financial Data:
Balance Sheets (unaudited)

	June 30, 2017	December 31, 2016
Cash and due from banks	\$ 8,878,887	\$ 3,210,601
Time deposits at other banks	599,000	599,000
Investments	19,998,203	28,360,596
Loans	205,102,313	197,838,848
Allowance for loan losses	(1,648,400)	(1,579,068)
Premises & equipment	5,829,462	5,955,748
Other assets	<u>6,390,686</u>	<u>6,530,305</u>
Total assets	<u>\$ 245,150,151</u>	<u>\$ 240,916,030</u>
Non-interest bearing deposits	\$ 22,950,955	\$ 18,849,933
Interest-bearing checking	9,098,467	8,106,745
Money market	98,402,256	91,971,538
Time deposits	<u>73,759,985</u>	<u>83,726,935</u>
Total deposits	<u>204,211,663</u>	<u>202,655,151</u>
Long term borrowings	13,387,500	15,607,500
Subordinated debt	3,973,356	3,969,108
Other liabilities	<u>1,195,663</u>	<u>1,065,532</u>
Total liabilities	<u>222,768,182</u>	<u>223,297,291</u>
Common stock	2,617,596	2,100,299
Surplus	15,438,362	12,136,088
Accumulated other comprehensive income (loss)	45,556	(73,849)
Retained earnings	<u>4,280,455</u>	<u>3,456,201</u>
Total stockholders' equity	<u>22,381,969</u>	<u>17,618,739</u>
Total Liabilities & Stockholders' Equity	<u>\$ 245,150,151</u>	<u>\$ 240,916,030</u>

Performance Statistics
(unaudited)

	Qtr Ended June 30, 2017	Qtr Ended Mar. 31, 2017	Qtr Ended Dec. 31, 2016	Qtr Ended Sept. 30, 2016	Qtr Ended June 30, 2016
Net interest margin	3.87%	3.70%	3.71%	3.69%	3.86%
Nonperforming loans/ Total loans	0.99%	0.71%	0.73%	1.39%	1.28%
Nonperforming assets/ Total assets	0.83%	0.60%	0.63%	1.21%	1.16%
Allowance for loan losses/ Total loans	0.80%	0.81%	0.80%	0.79%	0.77%
Average loans/Average assets	84.3%	82.3%	83.9%	85.2%	88.5%
Non-interest expenses*/ Average assets	2.78%	2.75%	2.61%	2.67%	2.80%
Earnings per share – basic and diluted	\$0.18	\$0.19	\$0.19	\$0.16	\$0.15
Book value per share	\$8.55	\$8.61	\$8.39	\$8.30	\$8.13
Total shares outstanding	2,617,596	2,102,476	2,100,299	2,082,721	2,080,360

* Annualized

Income Statements (unaudited)

	Qtr. Ended June 30, 2017	Qtr. Ended Mar. 31, 2017	Qtr. Ended Dec. 31, 2016	Qtr. Ended Sept. 30, 2016	Qtr. Ended June 30, 2016
INTEREST INCOME					
Loans, including fees	\$2,615,571	\$2,503,577	\$2,497,685	\$2,378,314	\$2,288,773
Securities	102,142	98,823	78,237	61,203	61,264
Other	10,888	21,723	11,994	11,099	132
Total interest income	<u>2,728,601</u>	<u>2,624,123</u>	<u>2,587,916</u>	<u>2,450,616</u>	<u>2,350,169</u>
INTEREST EXPENSE					
Deposits	408,308	409,673	412,849	396,349	362,111
Borrowings	49,122	50,935	56,665	56,907	52,197
Subordinated debt	67,486	67,124	67,842	67,847	67,486
Total interest expense	<u>524,916</u>	<u>527,732</u>	<u>537,356</u>	<u>521,103</u>	<u>481,794</u>
Net interest income	<u>2,203,685</u>	<u>2,096,391</u>	<u>2,050,560</u>	<u>1,929,513</u>	<u>1,868,375</u>
Provision for loan losses	<u>20,085</u>	<u>120,024</u>	<u>91,061</u>	<u>43,737</u>	<u>64,125</u>
Net interest income after provision for loan losses	2,183,600	1,976,367	1,959,499	1,885,776	1,804,250
NON-INTEREST INCOME					
BOLI income	28,522	28,370	29,129	29,528	29,330
Gain on sale of SBA loans	-	155,337	54,708	-	-
Other	71,030	77,563	55,437	48,418	51,413
Total non-interest income	<u>99,552</u>	<u>261,270</u>	<u>139,274</u>	<u>77,946</u>	<u>80,743</u>
NON-INTEREST EXPENSE					
Salaries & benefits	895,634	863,822	840,314	830,995	809,699
Occupancy & equipment	187,672	190,781	193,331	190,840	192,932
Professional fees	144,447	113,494	92,623	73,631	72,489
Advertising	47,905	42,475	23,352	35,394	38,667
Data processing	98,353	96,278	88,497	91,782	87,968
Other	294,235	332,733	284,104	250,501	239,039
Total non-interest expense	<u>1,668,246</u>	<u>1,639,583</u>	<u>1,522,221</u>	<u>1,473,143</u>	<u>1,440,794</u>
Income before income tax expense	614,906	598,054	576,552	490,579	444,199
Federal Income Tax expense	<u>197,205</u>	<u>191,501</u>	<u>185,562</u>	<u>158,570</u>	<u>140,084</u>
Net income	<u>\$ 417,701</u>	<u>\$ 406,553</u>	<u>\$ 390,990</u>	<u>\$ 332,009</u>	<u>\$ 304,115</u>

Income Statements (unaudited)

	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
INTEREST INCOME		
Loans	\$ 5,119,148	\$ 4,504,457
Investments	200,965	125,450
Other	<u>32,611</u>	<u>1,240</u>
Total interest income	<u>5,352,724</u>	<u>4,631,147</u>
INTEREST EXPENSE		
Deposits	817,981	716,738
Borrowings	100,057	95,540
Subordinated debt	<u>134,610</u>	<u>134,971</u>
Total interest expense	<u>1,052,648</u>	<u>947,249</u>
Net interest income	<u>4,300,076</u>	<u>3,683,898</u>
Provision for loan losses	<u>140,109</u>	<u>88,986</u>
Net interest income after provision for loan losses	4,159,967	3,594,912
NON-INTEREST INCOME		
BOLI income	56,892	58,611
Gain on sale of SBA loans	155,337	-
Other	<u>148,593</u>	<u>95,066</u>
Total non-interest income	360,822	153,677
NON-INTEREST EXPENSE		
Salaries & benefits	1,759,456	1,642,693
Occupancy & equipment	378,453	387,627
Professional fees	257,941	149,340
Advertising	90,380	80,715
Data processing	194,631	174,482
Other non-interest expense	<u>626,968</u>	<u>501,907</u>
Total non-interest expense	<u>3,307,829</u>	<u>2,936,764</u>
Pre-tax income	1,212,960	811,825
Tax expense	<u>388,706</u>	<u>253,591</u>
Net income	<u>\$ 824,254</u>	<u>\$ 558,234</u>
Preferred stock dividends	<u>-</u>	<u>(2,577)</u>
Net income available to common shareholders	<u>\$ 824,254</u>	<u>\$ 555,657</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 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.