

NEWS RELEASE

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FIRST RESOURCE BANK ANNOUNCES THIRD QUARTER RESULTS

EXTON, PA - First Resource Bank (OTC Bulletin Board: FRSB) announced net income for the three months ended September 30, 2013 was \$263,366 as compared to \$261,407 for the quarter ended June 30, 2013 and net income of \$226,310 for the quarter ended September 30, 2012. After accounting for preferred stock dividends, net income available to common shareholders for the quarter ended September 30, 2013 was \$250,659. This compares to net income available to common shareholders of \$248,700 for the quarter ended June 30, 2013 and \$187,499 for the quarter ended September 30, 2012.

Preferred stock dividends continue to accrue at the lowest rate possible, 1%, under the Small Business Lending Fund due to the Bank's strong loan growth over the past few years. Preferred stock dividend costs declined 76% from \$38,811 for the quarter

ended September 30, 2012 to \$12,707 for the quarter ended September 30, 2013.

Net income for the nine months ended September 30, 2013 was \$764,477 as compared to \$683,302 for the same period in the prior year. After accounting for preferred stock dividends, net income available to common shareholders for the nine months ended September 30, 2013 was \$726,356 as compared to \$528,729 for the same period in the prior year. Preferred stock dividends declined \$116,452, or 75% when comparing the first nine months of 2013 to 2012.

Glenn B. Marshall, President & CEO, stated, "Year to date results are on track for the most profitable year in our history. These strong results enable us to grow our branch footprint next year into the West Chester market. We are very excited about the upcoming Exton branch relocation and the construction of our second branch on top of record earnings this year."

Net interest income was \$1,392,110 for the quarter ended September 30, 2013 as compared to \$1,370,837 for the previous quarter. The net interest margin declined 22 basis points from 3.89% for the quarter ended June 30, 2013 to 3.67% for the quarter ended September 30, 2013. The overall yield on interest earning assets decreased 25 basis points during the third quarter due to higher cash and short term investments as strong

deposit growth exceeded loan growth. Loan yields declined 4 basis points during the third quarter due to continued intense competition for new loans, which has slowed loan growth, as well as the scheduled re-pricing of existing loans during a time of historically low interest rates. The cost of interest bearing liabilities declined 4 basis points during the third quarter, led by a 5 basis point decline in the cost of certificates of deposit.

Deposits increased \$8.0 million, or 6.2% from \$130.4 million at June 30, 2013 to \$138.4 million at September 30, 2013. During the third quarter, certificates of deposit decreased \$735 thousand, or 0.9%, from \$78.5 million at June 30, 2013 to \$77.8 million at September 30, 2013. Money market deposits increased \$7.2 million, or 16.7%, from \$43.1 million at June 30, 2013 to \$50.4 million at September 30, 2013. Non-interest bearing deposits increased \$835 thousand, or 12.9% from \$6.4 million at June 30, 2013 to \$7.3 million at September 30, 2013.

The loan portfolio grew \$336 thousand, or 0.3%, during the third quarter from \$134.0 million at June 30, 2013 to \$134.4 million at September 30, 2013. Significant growth in the commercial real estate portfolio was offset by payoffs of construction loans during the quarter.

The following table illustrates the composition of the loan portfolio:

	Sept. 30, 2013	Dec. 31, 2012	Sept. 30, 2012
Commercial real estate	\$ 87,800,748	\$ 80,500,799	\$ 79,138,808
Commercial construction	7,972,891	8,863,677	9,343,766
Commercial business	13,894,056	14,874,480	14,274,151
Consumer	<u>24,706,611</u>	<u>24,433,976</u>	<u>25,187,745</u>
Total loans	<u>\$134,374,306</u>	<u>\$128,672,932</u>	<u>\$127,944,470</u>

The allowance for loan losses to total loans was 0.93% at September 30, 2013, as compared to 1.04% at June 30, 2013, 1.12% at December 31, 2012 and 1.21% at September 30, 2012. Non-performing assets, which include non-performing loans of \$2.8 million and other real estate owned of \$799 thousand, totaled \$3.6 million at September 30, 2013. Non-performing assets to total assets decreased from 2.55% at June 30, 2013 to 2.25% at September 30, 2013 due to sales of other real estate owned as well as an increase in total assets.

Non-interest income for the quarter ended September 30, 2013 was \$86,876, as compared to \$88,030 for the previous quarter.

Non-interest income for the nine months ended September 30, 2013 was \$267,939, as compared to \$188,151 for the same period in the prior year. This increase was due to the addition of rental income on a building acquired in August 2012 to house the future branch location in West Chester.

Non-interest expense increased \$49,400, or 5.2%, in the three months ended September 30, 2013 as compared to the three months ended June 30, 2013. This increase was due to higher salaries and benefits, higher depreciation costs and higher other non interest expenses.

Non-interest expense increased \$260,381, or 9.9%, for the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012. This increase was mainly due to higher salaries and benefits associated with a higher headcount, higher depreciation due to the purchase of two buildings over the past year and higher other real estate owned expenses, offset by lower professional fees.

Selected Financial Data:

Balance Sheets (unaudited)

	September 30, 2013	December 31, 2012
Cash and due from banks	\$ 9,977,882	\$ 5,633,237
Investments	9,917,252	10,688,356
Loans	134,374,306	128,672,932
Allowance for loan losses	(1,254,024)	(1,439,935)
Premises & equipment	3,398,524	2,671,344
Other assets	<u>4,929,206</u>	<u>4,825,042</u>
Total assets	<u>\$ 161,343,146</u>	<u>\$ 151,050,976</u>
Non-interest bearing deposits	\$ 7,284,751	\$ 5,236,362
Interest-bearing checking	2,983,292	6,921,675
Money market	50,352,097	43,363,298
Time deposits	77,779,683	75,567,700
Total deposits	<u>138,399,823</u>	<u>131,089,035</u>
Borrowings	5,599,000	3,420,000
Other liabilities	<u>603,403</u>	<u>481,168</u>
Total liabilities	<u>144,602,226</u>	<u>134,990,203</u>
Preferred stock	5,083,000	5,083,000
Common stock	1,607,706	1,528,243
Surplus	9,501,229	9,565,547
Accumulated other comprehensive income (loss)	118,542	179,324
Accumulated deficit	<u>430,443</u>	<u>(295,341)</u>
Total stockholders' equity	<u>16,740,920</u>	<u>16,060,773</u>
Total Liabilities & Stockholders' Equity	<u>\$ 161,343,146</u>	<u>\$ 151,050,976</u>

Performance Statistics (unaudited)

	Qtr Ended Sept. 30, 2013	Qtr Ended June 30, 2013	Qtr Ended Mar. 31, 2013	Qtr Ended Dec. 31, 2012	Qtr Ended Sept. 30, 2012
Net interest margin	3.67%	3.89%	3.79%	3.85%	3.85%
Nonperforming loans/total loans	2.11%	2.19%	2.34%	2.34%	2.61%
Nonperforming assets/ Total assets	2.25%	2.55%	2.59%	2.45%	3.02%
Allowance for loan losses/ Total loans	0.93%	1.04%	1.02%	1.12%	1.21%
Average loans/Average assets	84.4%	88.5%	86.7%	87.2%	86.2%
Non-interest expenses*/ Average assets	2.52%	2.57%	2.55%	2.47%	2.43%
Earnings per share - basic and Diluted	\$0.16	\$0.16	\$0.15	\$0.14	\$0.12

* Annualized

Income Statements (unaudited)

	Qtr Ended Sept. 30, 2013	Qtr Ended June 30, 2013	Qtr Ended Mar. 31, 2013	Qtr Ended Dec. 31, 2012	Qtr Ended Sept. 30, 2012
INTEREST INCOME					
Loans	\$1,701,342	\$1,677,372	\$1,617,539	\$1,671,869	\$1,668,250
Investments	48,632	41,480	49,815	53,718	56,433
Federal funds sold	-	-	-	-	-
Other	4,436	464	1,513	88	2,414
Total interest income	<u>1,754,410</u>	<u>1,719,316</u>	<u>1,668,867</u>	<u>1,725,675</u>	<u>1,727,097</u>
INTEREST EXPENSE					
Borrowings	14,527	10,450	9,589	10,974	8,358
Checking	695	637	772	565	801
Money Market	92,181	82,420	84,065	82,226	87,113
Time deposits	254,897	254,972	253,689	267,497	276,164
Total interest expense	<u>362,300</u>	<u>348,479</u>	<u>348,115</u>	<u>361,262</u>	<u>372,436</u>
Net interest income	<u>1,392,110</u>	<u>1,370,837</u>	<u>1,320,752</u>	<u>1,364,413</u>	<u>1,354,661</u>
Provision for loan losses	<u>87,064</u>	<u>119,002</u>	<u>131,787</u>	<u>174,979</u>	<u>206,403</u>
Net interest income after provision for loan losses	1,305,046	1,251,835	1,188,965	1,189,434	1,148,258
NON-INTEREST INCOME	86,876	88,030	93,033	91,209	73,267
NON-INTEREST EXPENSE					
Salaries & benefits	486,315	469,194	483,200	438,058	454,317
Occupancy & equipment	96,004	90,158	95,357	88,799	80,580
Data processing	61,136	65,009	63,400	35,430	57,384
Professional fees	63,585	64,576	76,786	50,791	59,616
Advertising	34,268	31,735	15,311	15,978	19,071
Other real estate owned expenses	68,514	62,075	20,000	117,646	36,866
Other non-interest Expenses	<u>197,043</u>	<u>174,718</u>	<u>179,327</u>	<u>176,983</u>	<u>181,174</u>
Total non-interest Expense	<u>1,006,865</u>	<u>957,465</u>	<u>933,381</u>	<u>923,685</u>	<u>889,008</u>
Pre-tax income	385,057	382,400	348,617	356,958	332,517
Tax expense	<u>(121,691)</u>	<u>(120,993)</u>	<u>(108,913)</u>	<u>(122,703)</u>	<u>(106,207)</u>
Net income	<u>\$ 263,366</u>	<u>\$ 261,407</u>	<u>\$ 239,704</u>	<u>\$ 234,255</u>	<u>\$ 226,310</u>
Preferred stock dividends and accretion	<u>(12,707)</u>	<u>(12,707)</u>	<u>(12,707)</u>	<u>(12,797)</u>	<u>(38,811)</u>
Net income available to common shareholders	<u>\$ 250,659</u>	<u>\$ 248,700</u>	<u>\$ 226,997</u>	<u>\$ 221,458</u>	<u>\$ 187,499</u>

Income Statements (unaudited)

	Nine Months Ended Sept. 30, 2013	Nine Months Ended Sept. 30, 2012
INTEREST INCOME		
Loans	\$4,996,253	\$4,951,464
Investments	139,927	176,317
Federal funds sold	-	-
Other	6,413	5,814
Total interest income	<u>5,142,593</u>	<u>5,133,595</u>
INTEREST EXPENSE		
Borrowings	34,566	19,930
Checking	2,104	3,163
Money Market	258,666	290,223
Time deposits	763,558	858,335
Total interest expense	<u>1,058,894</u>	<u>1,171,651</u>
Net interest income	<u>4,083,699</u>	<u>3,961,944</u>
Provision for loan losses	<u>337,853</u>	<u>516,071</u>
Net interest income after provision for loan losses	3,745,846	3,445,873
NON-INTEREST INCOME	267,939	188,151
NON-INTEREST EXPENSE		
Salaries & benefits	1,438,709	1,309,988
Occupancy & equipment	281,519	244,121
Data processing	189,545	168,846
Professional fees	204,947	241,053
Advertising	81,314	45,292
Other real estate owned expenses	150,589	123,209
Other non-interest expense	551,088	504,821
Total non-interest expense	<u>2,897,711</u>	<u>2,637,330</u>
Pre-tax income	1,116,074	996,694
Tax expense	<u>(351,597)</u>	<u>(313,392)</u>
Net income	<u>\$ 764,477</u>	<u>\$ 683,302</u>
Preferred stock dividends and accretion	<u>(38,121)</u>	<u>(154,573)</u>
Net income available to common shareholders	<u>\$ 726,356</u>	<u>\$ 528,729</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.