

## *NEWS RELEASE*

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### *FIRST RESOURCE BANK ANNOUNCES 11% YEAR TO DATE NET INCOME GROWTH OVER THE PRIOR YEAR*

EXTON, PA – First Resource Bank (OTCQB: FRSB) announced third quarter financial results through September 30, 2014. Year to date net income through September 30, 2014 grew 11% from \$764,477 for the nine months ended September 30, 2013 to \$849,686 for the nine months ended September 30, 2014. The loan portfolio grew 7.3% in the nine months ended September 30, 2014 to a record high of \$150.2 million.

Net income for the three months ended September 30, 2014 was \$253,327 as compared to \$300,610 for the quarter ended June 30, 2014 and net income of \$263,366 for the quarter ended September 30, 2013. After accounting for preferred stock dividends, net income available to common shareholders for the quarter ended September 30, 2014 was \$240,620. This compares to net income available to common shareholders of \$287,903 for the quarter ended June 30, 2014 and \$250,659 for the quarter ended September 30, 2013.

During the third quarter, the Exton branch was successfully relocated to a new, larger facility to better serve our customers. Construction began on the second branch located in West Chester towards the end of the third quarter. Glenn B. Marshall, President & CEO, stated, "The addition of our second branch in a large deposit market area will significantly enhance our ability to gather deposits. The Bank also launched free mobile check deposit services over the summer, which complements our existing remote deposit capture product. Giving customers the technology to make deposits via their smartphones and scanners will diminish the need for a large number of physical branches. The locations of our two branches in key Chester County markets will allow us to continue to grow the balance sheet efficiently with a small number of physical locations."

James B. Griffin, Chairman of the Board, said, "During the third quarter, we integrated our executive staff, our lending team, and our operations department into a larger office space, bringing efficiencies to our loan production. The relocation of our Exton branch also went very smoothly thanks to the teamwork of our staff. The Bank was able to absorb this transition while posting a very profitable quarter. I look forward to the expansion of our branch network into the West Chester marketplace in the first quarter of 2015."

Net interest income was \$1,541,575 for the quarter ended September 30, 2014 as compared to \$1,505,419 for the previous quarter. The net interest margin declined 4 basis points from 3.93% for the quarter ended June 30, 2014 to 3.89% for the quarter ended September 30, 2014. The overall yield on interest earning assets decreased 5 basis points during the third quarter, with loan yields down 10 basis points. Approximately half of this loan yield decline was due to two loans that were placed on nonaccrual in the third quarter. The cost of interest bearing liabilities declined 2 basis points during the third quarter, led by a 3 basis point decline in the cost of certificates of deposit.

Net interest income for the nine months ended September 30, 2014 was \$4,505,644, an improvement of \$422 thousand, or 10% over the same period in the prior year. This improvement was attributed to strong loan growth, steady loan yields and low levels of excess cash.

Deposits increased \$3.9 million, or 2.8%, from \$138.8 million at June 30, 2014 to \$142.7 million at September 30, 2014. During the third quarter, certificates of deposit increased \$3.8 million, or 5.3%, from \$71.4 million at June 30, 2014 to \$75.2 million at September 30, 2014. Money market deposits decreased \$2.4 million, or 4.4%, from \$55.9 million at June 30, 2014 to \$53.5 million at September 30, 2014. Non-interest bearing deposits increased \$2.9 million, or 33.1% from \$8.6 million at June 30, 2014 to \$11.5 million at September 30, 2014. Interest checking balances decreased \$254 thousand, or 9.0% from \$2.8 million at June 30, 2014 to \$2.6 million at September 30, 2014. Year to date total deposits increased \$2.9 million, or 2.0%, primarily due to an improvement in non-interest bearing deposits.

The loan portfolio increased \$6.9 million, or 4.8%, during the third quarter from \$143.3 million at June 30, 2014 to \$150.2 million at September 30, 2014. Significant growth in the commercial, commercial real estate and construction portfolios was offset by a decline in the consumer portfolio. Year to date loan growth in 2014 was \$10.2 million, or 7.3%. Most of this growth was in the commercial real estate portfolio which grew 6.8% in the first nine months of 2014.

The following table illustrates the composition of the loan portfolio:

	Sept 30, 2014	Dec. 31, 2013	Sept. 30, 2013
Commercial real estate	\$ 98,734,904	\$ 92,435,418	\$ 87,800,748
Commercial construction	10,946,296	8,119,740	7,972,891
Commercial business	15,987,015	14,199,765	13,894,056
Consumer	<u>24,561,708</u>	<u>25,243,538</u>	<u>24,706,611</u>
Total loans	<u>\$150,229,923</u>	<u>\$139,998,461</u>	<u>\$134,374,306</u>

The allowance for loan losses to total loans was 0.87% at September 30, 2014 as compared to 0.96% at June 30, 2014 and March 31, 2014 and 0.89% at December 31, 2013. Non-performing assets, which include non-performing loans of \$2.7 million and other real estate owned of \$354 thousand, totaled \$3.0 million at September 30, 2014. Non-performing assets to total assets increased from 1.31% at June 30, 2014 to 1.76% at September 30, 2014 due to an increase in nonperforming loans.

Mr. Marshall stated, "In September, the Bank had a unique opportunity to eliminate 20.7% of its prior month's problem loans, with the sale of a single large Promissory Note. Problem loans include all loans over 30 days past due, plus nonaccrual loans. The Bank weighed the one-time charge-off of \$55,705 in September against the expected costs of foreclosure, stabilization, marketing and sale of the underlying property. We determined that our decision produced a lesser financial detriment to the Bank when compared to the costs over multiple future quarters which were expected to exceed the one-time charge."

Non-interest income for the quarter ended September 30, 2014 was \$115,344, as compared to \$98,946 for the previous quarter and \$86,876 for the third quarter of the prior year.

Non-interest income for the nine months ended September 30, 2014 was \$310,257, as compared to \$267,939 for the same period in the prior year, a 15.8% improvement.

Non-interest expense increased \$34 thousand, or 3.0%, in the three months ended September 30, 2014 as compared to the prior quarter. This increase was due to higher salaries and benefits expenses, higher occupancy expenses, advertising expenses, and other non-interest expenses, offset by a decrease in professional fees and other real estate owned expenses.

Non-interest expense increased \$442 thousand, or 15.3%, in the nine months ended September 30, 2014 as compared to the same period in the prior year. This increase was due to higher salaries and benefits expenses, higher occupancy expense, higher professional fees and higher advertising expenses.

## Selected Financial Data:

### Balance Sheets (unaudited)

	September 30, 2014	December 31, 2013
Cash and due from banks	\$ 837,719	\$ 606,230
Investments	10,004,026	16,317,779
Loans	150,229,923	139,998,461
Allowance for loan losses	(1,301,897)	(1,252,853)
Premises & equipment	5,104,870	3,515,038
Other assets	6,312,360	6,458,705
<b>Total assets</b>	<b>\$ 171,187,001</b>	<b>\$ 165,643,360</b>
Non-interest bearing deposits	\$ 11,471,016	\$ 6,429,207
Interest-bearing checking	2,572,137	3,809,040
Money market	53,469,187	53,960,919
Time deposits	75,217,872	75,672,226
Total deposits	142,730,212	139,871,392
Short term borrowings	3,541,500	2,555,000
Long term borrowings	6,499,000	5,599,000
Other liabilities	593,557	610,372
<b>Total liabilities</b>	<b>153,364,269</b>	<b>148,635,764</b>
Preferred stock	5,083,000	5,083,000
Common stock	1,611,418	1,608,595
Surplus	9,518,862	9,505,069
Accumulated other comprehensive income	137,258	102,015
Retained earnings	1,472,194	708,917
<b>Total stockholders' equity</b>	<b>17,822,732</b>	<b>17,007,596</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>\$ 171,187,001</b>	<b>\$ 165,643,360</b>

### Performance Statistics (unaudited)

	Qtr Ended Sept. 30, 2014	Qtr Ended June 30, 2014	Qtr Ended Mar. 31, 2014	Qtr Ended Dec. 31, 2013	Qtr Ended Sept. 30, 2013
Net interest margin	3.89%	3.93%	3.81%	3.65%	3.66%
Nonperforming loans/total loans	1.77%	1.21%	1.24%	1.31%	2.11%
Nonperforming assets/ Total assets	1.76%	1.31%	1.44%	1.51%	2.25%
Allowance for loan losses/ Total loans	0.87%	0.96%	0.96%	0.89%	0.93%
Average loans/Average assets	87.4%	86.8%	85.2%	83.5%	84.4%
Non-interest expenses*/ Average assets	2.79%	2.81%	2.54%	2.53%	2.52%
Earnings per share – basic and diluted	\$0.15	\$0.18	\$0.18	\$0.17	\$0.16

\* Annualized

## Income Statements (unaudited)

	Qtr. Ended Sept. 30, 2014	Qtr. Ended June 30, 2014	Qtr. Ended Mar. 31, 2014	Qtr. Ended Dec. 31, 2013	Qtr. Ended Sept. 30, 2013
<b>INTEREST INCOME</b>					
Loans	\$1,825,644	\$1,784,064	\$1,743,733	\$1,727,215	\$1,701,342
Investments	58,636	59,811	60,488	57,162	48,632
Other	46	910	1,904	5,729	4,436
Total interest income	<u>1,884,326</u>	<u>1,844,785</u>	<u>1,806,125</u>	<u>1,790,106</u>	<u>1,754,410</u>
<b>INTEREST EXPENSE</b>					
Borrowings	21,576	17,893	17,478	17,947	14,527
Checking	672	712	660	851	695
Money Market	99,246	100,541	99,206	97,839	92,181
Time deposits	221,257	220,220	230,131	247,462	254,897
Total interest expense	<u>342,751</u>	<u>339,366</u>	<u>347,475</u>	<u>364,099</u>	<u>362,300</u>
Net interest income	<u>1,541,575</u>	<u>1,505,419</u>	<u>1,458,650</u>	<u>1,426,007</u>	<u>1,392,110</u>
Provision for loan losses	<u>116,176</u>	<u>27,270</u>	<u>97,250</u>	<u>57,640</u>	<u>87,064</u>
Net interest income after provision for loan losses	1,425,399	1,478,149	1,361,400	1,368,367	1,305,046
NON-INTEREST INCOME	115,344	98,946	95,967	99,077	86,876
<b>NON-INTEREST EXPENSE</b>					
Salaries & benefits	572,973	562,031	527,231	500,167	486,315
Occupancy & equipment	157,885	139,784	113,157	96,881	96,004
Data processing	69,316	68,379	66,469	64,230	61,136
Professional fees	76,624	93,708	88,923	93,486	63,585
Advertising	51,268	33,200	17,537	22,794	34,268
Other real estate owned expenses	35,000	59,689	42,730	69,025	68,514
Other non-interest Expenses	<u>210,872</u>	<u>183,345</u>	<u>169,786</u>	<u>192,127</u>	<u>197,043</u>
Total non-interest Expense	<u>1,173,938</u>	<u>1,140,136</u>	<u>1,025,833</u>	<u>1,038,710</u>	<u>1,006,865</u>
Pre-tax income	366,805	436,959	431,534	428,734	385,057
Tax expense	<u>(113,478)</u>	<u>(136,349)</u>	<u>(135,785)</u>	<u>(137,553)</u>	<u>(121,691)</u>
Net income	<u>\$ 253,327</u>	<u>\$ 300,610</u>	<u>\$ 295,749</u>	<u>\$ 291,181</u>	<u>\$ 263,366</u>
Preferred stock dividends	<u>(12,707)</u>	<u>(12,707)</u>	<u>(12,708)</u>	<u>(12,709)</u>	<u>(12,707)</u>
Net income available to common shareholders	<u>\$ 240,620</u>	<u>\$ 287,903</u>	<u>\$ 283,041</u>	<u>\$ 278,472</u>	<u>\$ 250,659</u>

Income Statements (unaudited)

	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
<b>INTEREST INCOME</b>		
Loans	\$ 5,353,441	\$ 4,996,253
Investments	178,935	139,927
Other	<u>2,860</u>	<u>6,413</u>
Total interest income	<u>5,535,236</u>	<u>5,142,593</u>
<b>INTEREST EXPENSE</b>		
Borrowings	56,947	34,566
Checking	2,044	2,104
Money Market	298,993	258,666
Time deposits	<u>671,608</u>	<u>763,558</u>
Total interest expense	<u>1,029,592</u>	<u>1,058,894</u>
Net interest income	<u>4,505,644</u>	<u>4,083,699</u>
Provision for loan losses	<u>240,696</u>	<u>337,853</u>
Net interest income after provision for loan losses	4,264,948	3,745,846
NON-INTEREST INCOME	310,257	267,939
<b>NON-INTEREST EXPENSE</b>		
Salaries & benefits	1,662,235	1,438,709
Occupancy & equipment	410,826	281,519
Data processing	204,164	189,545
Professional fees	259,255	204,947
Advertising	102,005	81,314
Other real estate owned expenses	137,419	150,589
Other non-interest expense	<u>564,003</u>	<u>551,088</u>
Total non-interest expense	<u>3,339,907</u>	<u>2,897,711</u>
Pre-tax income	1,235,298	1,116,074
Tax expense	<u>(385,612)</u>	<u>(351,597)</u>
Net income	<u>\$ 849,686</u>	<u>\$ 764,477</u>
Preferred stock dividends	<u>(38,122)</u>	<u>(38,121)</u>
Net income available to common shareholders	<u>\$ 811,564</u>	<u>\$ 726,356</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](http://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.