

NEWS RELEASE

For Immediate Release
October 29, 2015

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*FIRST RESOURCE BANK ANNOUNCES 20% INCREASE
IN QUARTERLY NET INCOME OVER THE PRIOR YEAR;
TOTAL ASSETS, LOANS AND DEPOSITS ALL REACH RECORD HIGHS*

EXTON, PA – First Resource Bank (OTCQX: FRSB) announced financial results for the three months ended September 30, 2015. Net income for the three months ended September 30, 2015 was \$303,089, which was 20% higher than the third quarter in the prior year. Total assets were \$199.5 million at September 30, 2015, an 11% increase over December 31, 2014. During the first nine months of 2015 loans grew 6% to a record of \$167.2 million and deposits grew 15% to a record of \$165.4 million.

Net income for the three months ended September 30, 2015 of \$303,089 compares to net income of \$329,300 for the three months ended June 30, 2015 and \$253,327 for the three months ended September 30, 2014. After accounting for preferred stock dividends, net income available to common shareholders for the three months ended September 30, 2015 was \$290,381. This compares to net income available to common shareholders of \$316,592 for the three months ended June 30, 2015 and \$240,620 for the quarter ended September 30, 2014.

Glenn B. Marshall, President & CEO, stated, “The third quarter was a strong quarter with no significant unusual items so it is representative of the earnings power of the Bank. The previous quarter included numerous unusual items including a \$389 thousand gain on the sale of the guaranteed portion of an SBA loan as well as expenses relating to the West Chester branch grand opening and a deferred tax write off. We are very proud of the Bank’s year-to-date results and the success of our previously announced common stock and subordinated debt raises which have now been completed.”

Net income for the nine months ended September 30, 2015 was \$933,425, a 10% improvement over the same period in the prior year. Net income available to common shareholders also increased 10% as compared to the prior year, growing from \$811,564

for the nine months ended September 30, 2014 to \$895,301 for the nine months ended September 30, 2015.

Net interest income was \$1,679,581 for the quarter ended September 30, 2015 as compared to \$1,657,079 for the previous quarter, an improvement of 1%. The net interest margin decreased 23 basis points from 3.89% for the quarter ended June 30, 2015 to 3.66% for the quarter ended September 30, 2015. The overall yield on interest earning assets decreased 22 basis points during the third quarter, to 4.57%, mainly due to a higher level of low yielding cash, with loan yields up 4 basis points, to 5.00%. The total cost of interest bearing liabilities increased 3 basis points during the third quarter, led by a 74 basis point increase in the cost of borrowings, as a result of the issuance of \$2 million in subordinated debt on July 31. The deposit cost of funds decreased 1 basis point to 0.97%.

Net interest income for the nine months ended September 30, 2015 was \$4,962,233, a 10% improvement over net interest income of \$4,505,644 for the nine months ended September 30, 2014.

Deposits increased \$1.7 million, or 1%, from \$163.7 million at June 30, 2015 to \$165.4 million at September 30, 2015. During the third quarter, certificates of deposit increased \$3.2 million, or 4%, from \$83.6 million at June 30, 2015 to \$86.8 million at September 30, 2015. Money market deposits increased \$2.0 million, or 4%, from \$56.3 million at June 30, 2015 to \$58.3 million at September 30, 2015. Non-interest bearing deposits increased \$423 thousand, or 3% from \$15.6 million at June 30, 2015 to \$16.0 million at September 30, 2015. Interest-bearing checking balances decreased \$4.0 million, or 48% from \$8.3 million at June 30, 2015 to \$4.3 million at September 30, 2015, with the majority of this decrease attributed to title company customers who have balances that fluctuate significantly due to the timing of their real estate closings. These title company balances were unusually high at June 30, 2015. The deposit portfolio grew \$22.0 million, or 15%, in the first nine months of 2015.

The loan portfolio increased \$3.6 million, or 2%, during the third quarter from \$163.5 million at June 30, 2015 to \$167.2 million at September 30, 2015. Most of that growth was in the commercial real estate and construction portfolios. Year-to-date net loan growth in 2015 was \$9.9 million, or 6%.

The following table illustrates the composition of the loan portfolio:

	Sept. 30, 2015	Dec. 31, 2014	Sept. 30, 2014
Commercial real estate	\$ 106,284,578	\$ 102,290,962	\$ 98,734,904
Commercial construction	15,104,204	12,235,078	10,946,296
Commercial business	20,908,519	17,483,708	15,987,015
Consumer	<u>24,886,179</u>	<u>25,316,420</u>	<u>24,561,708</u>
Total loans	<u>\$ 167,183,480</u>	<u>\$ 157,326,168</u>	<u>\$ 150,229,923</u>

The allowance for loan losses to total loans was 0.83% at September 30, 2015 as compared to 0.84% at December 31, 2014 and 0.87% at September 30, 2014. Non-performing assets, which include non-performing loans of \$2.6 million and other real estate owned of \$117 thousand, totaled \$2.7 million at September 30, 2015, an 11% decline as compared to the prior quarter. Non-performing assets to total assets decreased from 1.56% at June 30, 2015 to 1.34% at September 30, 2015 due to a decline in non-performing loans and an increase in total assets.

During the three months ended September 30, 2015, the Bank issued 360,000 common shares in connection with a \$2.3 million capital offering which was fully subscribed. On July 31, 2015, the Bank issued \$2 million in subordinated debt and then on October 15, 2015 another \$2 million in subordinated debt was issued, all bearing an interest rate of 6.50%.

Non-interest income for the quarter ended September 30, 2015 was \$86,925, as compared to \$463,864 for the previous quarter and \$115,344 for the third quarter of the prior year. Prior quarter results include \$389 thousand in SBA loan sale income, of which there were none during the current quarter or in the third quarter of the prior year.

Non-interest income for the nine months ended September 30, 2015 was \$627,079 as compared to \$310,257 for the same period in the prior year. There was \$389 thousand in SBA loan sale income in the first nine months of 2015 and none in the first nine months of 2014.

Non-interest expense decreased \$134 thousand, or 10%, in the three months ended September 30, 2015 as compared to the prior quarter. All expense categories decreased quarter over quarter, except for salaries and benefits.

Non-interest expense increased \$566 thousand, or 17%, in the nine months ended September 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. Many of these increases are associated with the opening of the West Chester branch in April 2015.

Selected Financial Data:

Balance Sheets (unaudited)

	September 30, 2015	December 31, 2014
Cash and due from banks	\$ 10,725,861	\$ 817,026
Investments	10,946,623	11,711,637
Loans	167,183,480	157,326,168
Allowance for loan losses	(1,383,974)	(1,317,363)
Premises & equipment	6,296,581	5,517,252
Other assets	<u>5,707,752</u>	<u>6,472,819</u>
Total assets	<u>\$ 199,476,323</u>	<u>\$ 180,527,539</u>
Non-interest bearing deposits	\$ 15,982,367	\$ 9,355,013
Interest-bearing checking	4,342,286	4,349,552
Money market	58,290,457	51,400,506
Time deposits	<u>86,776,129</u>	<u>78,243,292</u>
Total deposits	<u>165,391,239</u>	<u>143,348,363</u>
Short term borrowings	-	12,000,000
Long term borrowings	9,409,500	6,499,000
Subordinated debt	1,972,112	-
Other liabilities	<u>1,550,262</u>	<u>654,739</u>
Total liabilities	<u>178,323,113</u>	<u>162,502,102</u>
Preferred stock	5,083,000	5,083,000
Common stock	1,975,520	1,612,283
Surplus	11,473,958	9,523,083
Accumulated other comprehensive income	74,455	91,577
Retained earnings	<u>2,546,277</u>	<u>1,715,494</u>
Total stockholders' equity	<u>21,153,210</u>	<u>18,025,437</u>
Total Liabilities & Stockholders' Equity	<u>\$ 199,476,323</u>	<u>\$ 180,527,539</u>

Performance Statistics (unaudited)

	Qtr Ended Sept. 30, 2015	Qtr Ended June 30, 2015	Qtr Ended Mar. 31, 2015	Qtr Ended Dec. 31, 2014	Qtr Ended Sept. 30, 2014
Net interest margin	3.66%	3.89%	4.01%	3.97%	3.89%
Nonperforming loans/total loans	1.53%	1.66%	1.95%	1.64%	1.77%
Nonperforming assets/ Total assets	1.34%	1.56%	1.86%	1.57%	1.76%
Allowance for loan losses/ Total loans	0.83%	0.83%	0.84%	0.84%	0.87%
Average loans/Average assets	83.4%	88.5%	89.5%	88.1%	87.4%
Non-interest expenses*/ Average assets	2.57%	3.07%	2.89%	2.71%	2.79%
Earnings per share – basic and diluted	\$0.15	\$0.20	\$0.18	\$0.15	\$0.15

* Annualized

Income Statements (unaudited)

	Qtr. Ended Sept. 30, 2015	Qtr. Ended June 30, 2015	Qtr. Ended Mar. 31, 2015	Qtr. Ended Dec. 31, 2014	Qtr. Ended Sept. 30, 2014
INTEREST INCOME					
Loans, including fees	\$2,045,914	\$1,999,455	\$1,923,274	\$1,940,824	\$1,825,644
Securities	42,312	37,383	57,947	63,004	58,636
Other	<u>6,983</u>	<u>1,198</u>	<u>63</u>	<u>60</u>	<u>46</u>
Total interest income	<u>2,095,209</u>	<u>2,038,036</u>	<u>1,981,284</u>	<u>2,003,888</u>	<u>1,884,326</u>
INTEREST EXPENSE					
Deposits	358,649	346,228	332,872	329,895	321,175
Borrowings	34,170	34,729	22,839	25,173	21,576
Subordinated debt	<u>22,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest expense	<u>415,628</u>	<u>380,957</u>	<u>355,711</u>	<u>355,068</u>	<u>342,751</u>
Net interest income	<u>1,679,581</u>	<u>1,657,079</u>	<u>1,625,573</u>	<u>1,648,820</u>	<u>1,541,575</u>
Provision for loan losses	<u>62,090</u>	<u>92,217</u>	<u>17,622</u>	<u>296,205</u>	<u>116,176</u>
Net interest income after provision for loan losses	1,617,491	1,564,862	1,607,951	1,352,615	1,425,399
NON-INTEREST INCOME					
BOLI income	30,000	30,098	30,072	30,740	31,012
Gain on sale of SBA loans	-	389,160	-	103,661	-
Gain on sale of securities	-	-	15,641	50,286	-
Other	<u>56,925</u>	<u>44,606</u>	<u>30,577</u>	<u>34,018</u>	<u>84,332</u>
Total non-interest income	86,925	463,864	76,290	218,705	115,344
NON-INTEREST EXPENSE					
Salaries & benefits	704,651	688,885	673,716	565,894	572,973
Occupancy & equipment	179,855	190,100	151,801	196,056	157,885
Professional fees	64,368	89,414	82,427	60,069	76,624
Advertising	31,117	63,304	23,176	29,792	51,268
Data processing	78,694	82,476	74,957	76,368	69,316
Other real estate	(18,034)	44,113	25,361	42,789	35,000
Other	<u>220,843</u>	<u>237,545</u>	<u>217,013</u>	<u>222,717</u>	<u>210,872</u>
Total non-interest expense	<u>1,261,494</u>	<u>1,395,837</u>	<u>1,248,451</u>	<u>1,193,685</u>	<u>1,173,938</u>
Income before income tax expense	442,922	632,889	435,790	377,635	366,805
Federal Income Tax expense	<u>139,833</u>	<u>303,589</u>	<u>134,754</u>	<u>121,628</u>	<u>113,478</u>
Net income	<u>\$ 303,089</u>	<u>\$ 329,300</u>	<u>\$ 301,036</u>	<u>\$ 256,007</u>	<u>\$ 253,327</u>
Preferred stock dividends	<u>(12,708)</u>	<u>(12,708)</u>	<u>(12,708)</u>	<u>(12,708)</u>	<u>(12,707)</u>
Net income available to common shareholders	<u>\$ 290,381</u>	<u>\$ 316,592</u>	<u>\$ 288,328</u>	<u>\$ 243,299</u>	<u>\$ 240,620</u>

Income Statements (unaudited)

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
INTEREST INCOME		
Loans	\$ 5,968,643	\$ 5,353,441
Investments	137,642	178,935
Other	<u>8,244</u>	<u>2,860</u>
Total interest income	<u>6,114,529</u>	<u>5,535,236</u>
INTEREST EXPENSE		
Deposits	1,037,749	972,645
Borrowings	91,738	56,947
Subordinated debt	<u>22,809</u>	<u>-</u>
Total interest expense	<u>1,152,296</u>	<u>1,029,592</u>
Net interest income	<u>4,962,233</u>	<u>4,505,644</u>
Provision for loan losses	<u>171,929</u>	<u>240,696</u>
Net interest income after provision for loan losses	4,790,304	4,264,948
NON-INTEREST INCOME		
BOLI income	90,170	93,260
Gain on sale of SBA loans	389,160	-
Gain on sale of securities	15,641	50,286
Other	<u>132,108</u>	<u>166,711</u>
Total non-interest income	627,079	310,257
NON-INTEREST EXPENSE		
Salaries & benefits	2,067,252	1,662,235
Occupancy & equipment	521,756	410,826
Professional fees	236,209	259,255
Advertising	117,597	102,005
Data processing	236,127	204,164
Other real estate owned expenses	51,440	137,419
Other non-interest expense	<u>675,401</u>	<u>564,003</u>
Total non-interest expense	<u>3,905,782</u>	<u>3,339,907</u>
Pre-tax income	1,511,601	1,235,298
Tax expense	<u>578,176</u>	<u>385,612</u>
Net income	<u>\$ 933,425</u>	<u>\$ 849,686</u>
Preferred stock dividends	<u>(38,124)</u>	<u>(38,122)</u>
Net income available to common shareholders	<u>\$ 895,301</u>	<u>\$ 811,564</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.