

## *NEWS RELEASE*

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### *FIRST RESOURCE BANK ANNOUNCES RECORD ANNUAL EARNINGS; NET INCOME GROWS 5% OVER THE PRIOR YEAR*

EXTON, PA – First Resource Bank (OTCQX: FRSB) announced fourth quarter and full year financial results through December 31, 2014. Net income for the year ended December 31, 2014 was \$1,105,693, growth of 5% over the prior year. The loan portfolio grew 12% in the year ended December 31, 2014 to a record high of \$157.3 million. Total assets grew 9% in 2014 to end the year at \$180.5 million. Net interest income grew 12% for the year ended December 31, 2014 as compared to the prior year.

Net income for the three months ended December 31, 2014 was \$256,007 as compared to \$253,327 for the quarter ended September 30, 2014 and net income of \$291,181 for the quarter ended December 31, 2013. After accounting for preferred stock dividends, net income available to common shareholders for the quarter ended December 31, 2014 was \$243,299. This compares to net income available to common shareholders of \$240,620 for the quarter ended September 30, 2014 and \$278,472 for the quarter ended December 31, 2013.

Glenn B. Marshall, President & CEO, stated, “2014 was a great year for First Resource Bank. We relocated the Exton branch to a superior facility, started construction on the West Chester branch, relocated all corporate and operational employees into a combined corporate office, added an enhanced trading platform by moving our stock trading to the OTCQX marketplace and rebranded the Bank for future growth. We accomplished all of this while producing record profitability for our shareholders.”

Net interest income was \$1,648,820 for the quarter ended December 31, 2014 as compared to \$1,541,575 for the previous quarter. The net interest margin increased 8 basis points from 3.89% for the quarter ended September 30, 2014 to 3.97% for the quarter ended December 31, 2014. The overall yield on interest earning assets increased

7 basis points during the fourth quarter, to 4.83%, with loan yields up 4 basis points, to 5.00%. The total cost of interest bearing liabilities declined 2 basis points during the fourth quarter, led by a 21 basis point decline in the cost of borrowings, caused by an increase in short term borrowings. The deposit cost of funds was unchanged at 0.98%.

Net interest income for the year ended December 31, 2014 was \$6,154,464, an improvement of \$645 thousand, or 12% over the prior year. This improvement was attributed to strong loan growth, steady loan yields and low levels of excess cash. The net interest margin for 2014 was 3.90%, which was 16 basis points higher than the prior year. This margin improvement is mainly attributed to lower cash and short term investments as well as a 9 basis point decline in the cost of deposits, offset by a 4 basis point decline in the yield on loans.

Deposits increased \$618 thousand, or 0.4%, from \$142.7 million at September 30, 2014 to \$143.3 million at December 31, 2014. During the fourth quarter, certificates of deposit increased \$3.0 million, or 4%, from \$75.2 million at September 30, 2014 to \$78.2 million at December 31, 2014. Money market deposits decreased \$2.1 million, or 4%, from \$53.5 million at September 30, 2014 to \$51.4 million at December 31, 2014. Non-interest bearing deposits decreased \$2.1 million, or 18% from \$11.5 million at September 30, 2014 to \$9.4 million at December 31, 2014. Interest-bearing checking balances increased \$1.8 million, or 69% from \$2.6 million at September 30, 2014 to \$4.3 million at December 31, 2014. During the year ended December 31, 2014, total deposits increased \$3.5 million, or 3%, primarily due to an improvement in non-interest bearing deposits and certificates of deposit.

The loan portfolio increased \$7.1 million, or 5%, during the fourth quarter from \$150.2 million at September 30, 2014 to \$157.3 million at December 31, 2014. Approximately half of that growth was in the commercial real estate portfolio, however each section of the loan portfolio grew during the quarter. During the year ended December 31, 2014 the loan portfolio grew \$17.3 million, or 12%. Almost half of this growth was in the commercial real estate portfolio which grew \$9.9 million, or 11% in 2014.

The following table illustrates the composition of the loan portfolio:

	Dec. 31, 2014	Dec. 31, 2013
Commercial real estate	\$ 102,290,962	\$ 92,435,418
Commercial construction	12,235,078	8,119,740
Commercial business	17,483,708	14,199,765
Consumer	<u>25,316,420</u>	<u>25,243,538</u>
Total loans	<u>\$ 157,326,168</u>	<u>\$139,998,461</u>

The allowance for loan losses to total loans was 0.84% at December 31, 2014 as compared to 0.87% at September 30, 2014, 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 \$2.6 million and other real estate owned of \$256 thousand, totaled \$2.9 million at December 31, 2014. Non-performing assets to total assets decreased from 1.76% at September 30, 2014 to 1.57% at December 31, 2014 due to a decrease in nonperforming loans and other real estate owned as well as an increase in total assets.

Non-interest income for the quarter ended December 31, 2014 was \$218,705, as compared to \$115,344 for the previous quarter and \$99,077 for the fourth quarter of the prior year. During the fourth quarter of 2014, the Bank sold its first SBA guaranteed loan for a gain of \$104 thousand. In addition, the Bank recognized \$50 thousand of gains on the sale of securities in the fourth quarter.

Non-interest income for the year ended December 31, 2014 was \$528,962, as compared to \$367,016 for the prior year, an improvement of 44%. This increase is attributed to the gain on sale of an SBA loan and gains on sales of securities during the fourth quarter.

Non-interest expense increased \$20 thousand, or 2%, in the three months ended December 31, 2014 as compared to the prior quarter. This increase was due to higher occupancy expenses, and higher other expenses, offset by a decrease in professional fees and advertising expenses.

Non-interest expense increased \$597 thousand, or 15%, in the year ended December 31, 2014 as compared to the same period in the prior year. This increase was due to higher salaries and benefits expenses, occupancy expense, professional fees, advertising expenses and other expenses, offset by lower other real estate expenses.

## Selected Financial Data:

### Balance Sheets (unaudited)

	December 31, 2014	December 31, 2013
Cash and due from banks	\$ 817,026	\$ 606,230
Investments	11,711,637	16,317,779
Loans	157,326,168	139,998,461
Allowance for loan losses	(1,317,363)	(1,252,853)
Premises & equipment	5,517,252	3,515,038
Other assets	<u>6,472,819</u>	<u>6,458,705</u>
 Total assets	 <u>\$ 180,527,539</u>	 <u>\$ 165,643,360</u>
 Non-interest bearing deposits	 \$ 9,355,013	 \$ 6,429,207
Interest-bearing checking	4,349,552	3,809,040
Money market	51,400,506	53,960,919
Time deposits	<u>78,243,292</u>	<u>75,672,226</u>
Total deposits	<u>143,348,363</u>	<u>139,871,392</u>
Short term borrowings	12,000,000	2,555,000
Long term borrowings	6,499,000	5,599,000
Other liabilities	<u>654,739</u>	<u>610,372</u>
 Total liabilities	 <u>162,502,102</u>	 <u>148,635,764</u>
 Preferred stock	 5,083,000	 5,083,000
Common stock	1,612,283	1,608,595
Surplus	9,523,083	9,505,069
Accumulated other comprehensive income	91,577	102,015
Retained earnings	<u>1,715,494</u>	<u>708,917</u>
Total stockholders' equity	<u>18,025,437</u>	<u>17,007,596</u>
 Total Liabilities & Stockholders' Equity	 <u>\$ 180,527,539</u>	 <u>\$ 165,643,360</u>

### Performance Statistics (unaudited)

	Qtr Ended Dec. 31, 2014	Qtr Ended Sept. 30, 2014	Qtr Ended June 30, 2014	Qtr Ended Mar. 31, 2014	Qtr Ended Dec. 31, 2013
Net interest margin	3.97%	3.89%	3.93%	3.81%	3.65%
Nonperforming loans/total loans	1.64%	1.77%	1.21%	1.24%	1.31%
Nonperforming assets/ Total assets	1.57%	1.76%	1.31%	1.44%	1.51%
Allowance for loan losses/ Total loans	0.84%	0.87%	0.96%	0.96%	0.89%
Average loans/Average assets	88.1%	87.4%	86.8%	85.2%	83.5%
Non-interest expenses*/ Average assets	2.71%	2.79%	2.81%	2.54%	2.53%
Earnings per share – basic and diluted	\$0.15	\$0.15	\$0.18	\$0.18	\$0.17

\* Annualized

## Income Statements (unaudited)

	Qtr. Ended Dec. 31, 2014	Qtr. Ended Sept. 30, 2014	Qtr. Ended June 30, 2014	Qtr. Ended Mar. 31, 2014	Qtr. Ended Dec. 31, 2013
<b>INTEREST INCOME</b>					
Loans, including fees	\$1,940,824	\$1,825,644	\$1,784,064	\$1,743,733	\$1,727,215
Securities	63,004	58,636	59,811	60,488	57,162
Other	60	46	910	1,904	5,729
Total interest income	<u>2,003,888</u>	<u>1,884,326</u>	<u>1,844,785</u>	<u>1,806,125</u>	<u>1,790,106</u>
<b>INTEREST EXPENSE</b>					
Borrowings	25,173	21,576	17,893	17,478	17,947
Checking	720	672	712	660	851
Money Market	96,203	99,246	100,541	99,206	97,839
Time deposits	232,972	221,257	220,220	230,131	247,462
Total interest expense	<u>355,068</u>	<u>342,751</u>	<u>339,366</u>	<u>347,475</u>	<u>364,099</u>
Net interest income	<u>1,648,820</u>	<u>1,541,575</u>	<u>1,505,419</u>	<u>1,458,650</u>	<u>1,426,007</u>
Provision for loan losses	<u>296,205</u>	<u>116,176</u>	<u>27,270</u>	<u>97,250</u>	<u>57,640</u>
Net interest income after provision for loan losses	1,352,615	1,425,399	1,478,149	1,361,400	1,368,367
<b>NON-INTEREST INCOME</b>	218,705	115,344	98,946	95,967	99,077
<b>NON-INTEREST EXPENSE</b>					
Salaries & benefits	565,894	572,973	562,031	527,231	500,167
Occupancy & equipment	196,056	157,885	139,784	113,157	96,881
Data processing	76,368	69,316	68,379	66,469	64,230
Professional fees	60,069	76,624	93,708	88,923	93,486
Advertising	29,792	51,268	33,200	17,537	22,794
Other real estate	42,789	35,000	59,689	42,730	69,025
Other	222,717	210,872	183,345	169,786	192,127
Total non-interest Expense	<u>1,193,685</u>	<u>1,173,938</u>	<u>1,140,136</u>	<u>1,025,833</u>	<u>1,038,710</u>
Income before income tax expense	377,635	366,805	436,959	431,534	428,734
Federal Income Tax expense	<u>121,628</u>	<u>113,478</u>	<u>136,349</u>	<u>135,785</u>	<u>137,553</u>
Net income	<u>\$ 256,007</u>	<u>\$ 253,327</u>	<u>\$ 300,610</u>	<u>\$ 295,749</u>	<u>\$ 291,181</u>
Preferred stock dividends	<u>(12,708)</u>	<u>(12,707)</u>	<u>(12,707)</u>	<u>(12,708)</u>	<u>(12,709)</u>
Net income available to common shareholders	<u>\$ 243,299</u>	<u>\$ 240,620</u>	<u>\$ 287,903</u>	<u>\$ 283,041</u>	<u>\$ 278,472</u>

Income Statements (unaudited)

	Twelve Months Ended December 31, 2014	Twelve Months Ended December 31, 2013
<b>INTEREST INCOME</b>		
Loans, including fees	\$ 7,294,265	\$ 6,723,468
Securities	241,939	197,089
Other	<u>2,920</u>	<u>12,142</u>
Total interest income	<u>7,539,124</u>	<u>6,932,699</u>
<b>INTEREST EXPENSE</b>		
Borrowings	82,120	52,513
Checking	2,764	2,955
Money Market	395,196	356,505
Time deposits	<u>904,580</u>	<u>1,011,020</u>
Total interest expense	<u>1,384,660</u>	<u>1,422,993</u>
Net interest income	<u>6,154,464</u>	<u>5,509,706</u>
Provision for loan losses	<u>536,901</u>	<u>395,493</u>
Net interest income after provision for loan losses	5,617,563	5,114,213
NON-INTEREST INCOME	528,962	367,016
<b>NON-INTEREST EXPENSE</b>		
Salaries & benefits	2,228,129	1,938,876
Occupancy & equipment	606,882	378,400
Data processing	280,532	253,775
Professional fees	319,324	298,433
Advertising	131,797	104,108
Other real estate	180,208	219,614
Other	<u>786,720</u>	<u>743,215</u>
Total non-interest expense	<u>4,533,592</u>	<u>3,936,421</u>
Income before income tax expense	1,612,933	1,544,808
Federal Income Tax expense	<u>507,240</u>	<u>489,150</u>
Net income	<u>\$ 1,105,693</u>	<u>\$ 1,055,658</u>
Preferred stock dividends	<u>(50,830)</u>	<u>(50,830)</u>
Net income available to common shareholders	<u>\$ 1,054,863</u>	<u>\$ 1,004,828</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.