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Bucks County Banks Plan to Unite to Form New Mutual Organization

With a shared commitment to the people and communities they serve, First Savings Bank of Perkasie and First Federal of Bucks County look to grow together as one

PERKASIE, Pa. (Nov. 19, 2014) – Local banking in Bucks County is about to become even stronger, as two longtime community banks move to unite their businesses to form a new mutual organization. The boards of directors of First Savings Bank of Perkasie and First Federal of Bucks County have approved an agreement that will pave the way for the two to become one. The new bank will remain an independent, mutual financial organization, owned by and responsive to its customers.

The unification will extend the banks' footprint, combine their capital reserves, and allow them to offer a wider array of financial products and services, while reinforcing their commitments to their local communities, customers, and team members.

"This union brings together two local companies that share the same philosophy and commitment to our communities," said Jeane Coyle, President and CEO of First Federal of Bucks County. "Together, we can offer financial services that span our customers' lives, from their initial savings and checking accounts to their mortgages, retirement planning and insurance needs, while serving all of Bucks County, from Bristol to Quakertown."

Based in Perkasie, Pa., First Savings offers banking, insurance, investments, and trust services at 12 locations throughout Central and Upper Bucks. First Federal is based in Bristol, Pa., and offers personal and business banking at 12 locations mostly in Lower Bucks. Together, they employ about 300 people.

Bank leaders began discussing the possibility of joining forces earlier this year after First Savings President and CEO Frederick Schea announced plans to retire by the end of 2016.

"Jeane and I, and the members of our boards of directors, have known each other and worked together in professional and community organizations for years," said Schea. "The unification of our two banks will strengthen the role of the community bank in Bucks County and help us to guarantee that we remain independent for years to come."

Because the two banks have no overlap in locations, bank leaders do not anticipate that any of the current offices will be closed as a result of the proposed unification. Employees who deal directly with customers, such as commercial and consumer relationship managers and branch and customer service

staff, therefore, will be largely unaffected. Any staff reductions due to duplication in management or support staff are expected to be achieved largely through attrition.

The new bank will have a new name but will remain a mutual organization. When finalized, the new bank will be the largest mutual organization in Bucks County and the third-largest in Pennsylvania, with $1.8 billion in assets.

"Being a mutual means we don't have to answer to stockholders. We answer only to our customers," said Bob Byers, Jr., chairman of the First Savings Bank of Perkasie board of directors. "That enables us to remain independent and focus on operating in a manner that serves the communities in which we live and work."

Both banks' boards of directors voted earlier this week to approve the agreement to combine. The proposed transaction must receive approval from the Federal Reserve, the Pennsylvania Department of Banking and Securities, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency. The closing is anticipated in the second quarter of 2015.

Bill Larkin Jr., chairman of the First Federal of Bucks County board of directors, said transition teams have been formed at both banks to identify and coordinate policies and procedures moving forward. Bank leaders are working closely to communicate clearly with employees, existing customers, community partners, and the public.

"Both banks support the important community partners and nonprofit organizations that do so much to strengthen our neighborhoods and enrich the quality of life for everyone who calls Bucks County home," said Larkin. "We are excited about the growth opportunities this union presents, and we intend to use those advantages not only to honor our corporate social responsibilities but to build upon them."

In the end, said Coyle, the unification of the two long-established banks helps ensure that Bucks County always has a locally owned community bank upon which to rely.

"Banking is what we do, but this unification is not about cutting costs," said Coyle, who will be President and CEO of the new bank. "It is about ensuring that we will continue to serve our communities with compassion, integrity and efficiency for many years to come."

About First Federal of Bucks County

Founded in 1885, First Federal of Bucks County holds $739 million in assets and operates 12 locations throughout Bucks County. Because it is a Federally Chartered Mutual Savings Association, the bank is not publicly traded and is "owned" by the Association's customers. The mission of First Federal is to serve businesses and individuals in Bucks County and the surrounding counties – and to be an integral part of the community.

About First Savings Bank of Perkasie

Founded in 1922, First Savings Bank of Perkasie is one of the largest and strongest community banks in Central and Upper Bucks County. Today, First Savings Bank offers personal banking, business banking,

insurance, investment and trust services at 12 locations. First Savings Bank is part of a two-tier mutual holding company structure and is the wholly-owned subsidiary of FSB Bankshares Corporation. FSB Mutual Holdings, Inc. is a mutual holding company and owns FSB Bankshares Corporation. It is anticipated that the new bank will continue to utilize First Savings Bank's mutual holding company structure. A mutual organization, First Savings holds just over $1 billion in assets and values the role it plays in supporting the community.

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