



NEWS RELEASE

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***FIRST RESOURCE BANK ANNOUNCES
SECOND QUARTER 2008 RESULTS***

EXTON, PA - First Resource Bank (OTC Bulletin Board: FRSB) announced that it returned to profitability in the second quarter with net income of \$23,672 for the three months ended June 30, 2008. Pre-tax income for the quarter ended June 30, 2008 was \$37,497, which compares to pre-tax loss of \$94,136 for the quarter ended March 31, 2008 and pre-tax income of \$25,177 for the quarter ended June 30, 2007.

Net interest income was \$720,504 for the quarter ended June 30, 2008 as compared to \$725,539 for the previous quarter. This modest decline was due to the net interest margin decline from 3.23% for the first quarter to 3.06% for the second quarter of 2008. This decline in the net interest margin is a direct result of the rapid decline in the yield on prime rate based loans due to the precipitous rate cuts announced by the Federal

Reserve's Federal Open Market Committee in the first three months of 2008, the full impact of which was experienced during the second quarter. President & Chief Executive Officer, Glenn B. Marshall, stated, "We believe that our net interest margin may have bottomed out in the second quarter. We expect the majority of our certificate of deposit portfolio to re-price downward during the remainder of 2008, which will positively impact the net interest margin going forward."

The loan portfolio grew \$2.3 million, or 2.6%, during the second quarter to \$90.2 million at June 30, 2008 as follows:

	June 30, 2008	March 31, 2008	June 30, 2007
Commercial real estate	\$ 45,224,825	\$ 45,756,858	\$ 39,611,522
Commercial construction	15,740,019	14,288,686	11,380,661
Commercial business	9,578,888	9,086,959	5,678,403
Consumer	<u>19,626,732</u>	<u>18,758,857</u>	<u>17,495,239</u>
Total loans	<u>\$ 90,170,464</u>	<u>\$ 87,891,360</u>	<u>\$ 74,165,825</u>

The loan portfolio grew \$2.3 million during the second quarter which was less than historical growth on a linked quarter basis. This slower growth can be attributed to tighter underwriting standards as well as an increased level of loan payoffs during the quarter.

Mr. Marshall stated, "Our approach will be to continue to focus on long-term lending relationships. We continue to build these relationships within our local Chester County, Pennsylvania market, which has remained relatively stable

compared to the nationwide real estate issues that have affected many banks around the country. We are focused on the long-term growth of the Bank's portfolio and achieving an improved net interest margin, which will result in more consistent profitability."

The allowance for loan losses is calculated with two distinct components, a general reserve for pass rated loans which increases as loans are closed and a reserve for problem loans. The provision for loan losses of \$38,489 for the three months ended June 30, 2008 was significantly lower than previous quarters due to lower new loan production during the quarter. The allowance for loan losses to total loans was 1.07% at June 30, 2008 as compared to 1.08% at March 31, 2008 and 1.11% at December 31, 2007. There was one \$20,000 loan charge-off during the three months ended June 30, 2008, bringing year to date total loan charge-offs to \$143,000. All charge-offs to date have been home equity lines of credit. Non-performing loans at June 30, 2008 totaled \$827,029, comprised of one \$637,098 commercial construction loan relationship and two unrelated home equity lines of credit totaling \$189,931. There were no additions to the non-performing loan portfolio during the three months ended June 30, 2008, and there were no other loans more than 90 days past due at June 30, 2008.

Deposits decreased \$1.8 million, or 2.3%, during the second quarter to a total of \$78.1 million at June 30, 2008. The majority of this decline was in money market accounts and certificates of deposit. Although deposits were down in the second quarter, when combined with the strong deposit growth in the first quarter, total deposits increased \$8.4 million, or 12.1% during the first half of 2008.

Selected Financial Data:

Balance Sheets (unaudited)

	June 30, 2008	Dec. 31, 2007	June 30, 2007
Cash and due from banks	\$ 1,406,724	\$ 1,506,236	\$ 581,653
Federal funds sold	25,000	26,000	-
Cash & cash equivalents	<u>1,431,724</u>	<u>1,532,236</u>	<u>581,653</u>
Investments	14,154,863	13,285,659	8,572,083
Loans	90,170,464	81,494,923	74,165,825
Allowance for loan losses	(969,285)	(908,342)	(866,778)
Premises & equipment	407,210	381,200	390,132
Other assets	<u>1,556,929</u>	<u>1,516,360</u>	<u>559,688</u>
Total assets	<u>\$106,751,905</u>	<u>\$97,302,036</u>	<u>\$83,402,603</u>
Non-interest bearing deposits	\$ 3,814,056	\$ 2,500,698	\$ 4,926,397
Interest-bearing checking	1,153,387	1,368,086	1,164,687
Money market	18,838,545	16,656,631	17,771,884
Time deposits	54,301,893	49,151,653	48,485,727
Total deposits	<u>78,107,881</u>	<u>69,677,068</u>	<u>72,348,695</u>
Borrowings	19,136,000	18,120,700	2,268,000
Other liabilities	<u>362,875</u>	<u>355,671</u>	<u>341,155</u>
Total liabilities	<u>97,606,756</u>	<u>88,153,439</u>	<u>74,957,850</u>
Common stock	1,198,825	1,197,994	1,140,517
Surplus	9,061,515	9,012,240	9,022,172
Accumulated other comprehensive income (loss)	(13,974)	478	(38,078)
Accumulated deficit	<u>(1,101,217)</u>	<u>(1,062,115)</u>	<u>(1,679,858)</u>
Total stockholders' equity	<u>9,145,149</u>	<u>9,148,597</u>	<u>8,444,753</u>
Total Liabilities & Stockholders' Equity	<u>\$106,751,905</u>	<u>\$97,302,036</u>	<u>\$83,402,603</u>

Performance Statistics (unaudited)

	Qtr Ended June 30, 2008	Qtr Ended Mar. 31, 2008	Qtr Ended Dec. 31, 2007	Qtr Ended Sept 30, 2007	Qtr Ended June 30, 2007
Net interest margin	3.06%	3.23%	3.59%	3.60%	3.71%
Nonperforming loans/total loans	0.92%	1.03%	0.48%	1.16%	0.79%
Allowance for loan losses/ Total loans	1.07%	1.08%	1.11%	1.19%	1.17%
Average loans/Average assets	92.7%	93.4%	93.6%	90.9%	88.9%
Non interest expenses/ Average assets	0.71%	0.74%	0.80%	0.77%	0.79%

Income Statements (unaudited)

	Qtr Ended June 30, 2008	Qtr Ended Mar. 31, 2008	Qtr Ended Dec. 31, 2007	Qtr Ended Sept. 30, 2007	Qtr Ended June 30, 2007
INTEREST INCOME					
Loans	\$1,491,209	\$1,533,961	\$1,606,329	\$1,559,217	\$1,439,434
Investments	43,536	37,506	51,293	71,010	69,034
Federal funds sold	5,568	6,616	368	14,335	48,869
Other	66	140	145	204	1,214
Total interest income	<u>1,540,379</u>	<u>1,578,223</u>	<u>1,658,135</u>	<u>1,644,766</u>	<u>1,558,551</u>
INTEREST EXPENSE					
Borrowings	77,493	65,691	51,502	6,291	1,441
Checking	2,144	2,631	2,447	2,766	2,735
Money Market	124,712	152,605	183,065	214,885	203,405
Time deposits	615,526	631,757	648,941	666,135	621,352
Total interest expense	<u>819,875</u>	<u>852,684</u>	<u>885,955</u>	<u>890,077</u>	<u>828,933</u>
Net interest income	<u>720,504</u>	<u>725,539</u>	<u>772,180</u>	<u>754,689</u>	<u>729,618</u>
Provision for loan losses	<u>38,489</u>	<u>165,738</u>	<u>68,980</u>	<u>72,825</u>	<u>94,676</u>
NON INTEREST INCOME					
Mortgage fee income	2,214	11,129	7,022	7,818	9,713
Other income	32,887	16,929	18,106	15,436	10,046
Total non interest income	<u>35,101</u>	<u>28,058</u>	<u>25,128</u>	<u>23,254</u>	<u>19,759</u>
NON INTEREST EXPENSE					
Salaries & benefits	339,595	357,128	342,404	330,995	320,053
Occupancy & equipment	98,922	88,143	89,325	86,212	79,554
Data processing	49,689	49,787	50,184	44,064	41,588
Professional fees	55,617	53,479	54,380	62,836	61,092
Advertising	23,590	19,223	31,023	26,273	27,421
Other non interest expenses	112,206	114,235	125,684	100,733	99,816
Total non interest expense	<u>679,619</u>	<u>681,995</u>	<u>693,000</u>	<u>651,113</u>	<u>629,524</u>
Pre-tax income (loss)	37,497	(94,136)	35,328	54,005	25,177
Tax benefit (expense)	<u>(13,825)</u>	<u>31,362</u>	<u>(13,642)</u>	<u>542,053</u>	<u>-</u>
Net income (loss)	<u>\$ 23,672</u>	<u>\$ (62,774)</u>	<u>\$ 21,686</u>	<u>\$ 596,058</u>	<u>\$ 25,177</u>

Income Statements (unaudited)

	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
INTEREST INCOME		
Loans	\$3,025,170	\$2,756,794
Investments	81,042	114,356
Federal funds sold	12,184	166,607
Other	206	1,681
Total interest income	<u>3,118,602</u>	<u>3,039,438</u>
INTEREST EXPENSE		
Borrowings	143,184	1,441
Checking	4,775	4,680
Money Market	277,317	399,048
Time deposits	<u>1,247,283</u>	<u>1,231,434</u>
Total interest expense	<u>1,672,559</u>	<u>1,636,603</u>
Net interest income	<u>1,446,043</u>	<u>1,402,835</u>
Provision for loan losses	<u>204,227</u>	<u>188,886</u>
NON INTEREST INCOME		
Mortgage fee income	13,343	22,486
Other income	<u>49,816</u>	<u>17,526</u>
Total non interest income	<u>63,159</u>	<u>40,012</u>
NON INTEREST EXPENSE		
Salaries & benefits	696,723	649,633
Occupancy & equipment	187,065	168,357
Data processing	99,476	85,081
Professional fees	109,096	102,466
Advertising	42,813	41,246
Other non interest expense	<u>226,441</u>	<u>173,948</u>
Total non interest expense	<u>1,361,614</u>	<u>1,220,731</u>
Pre-tax income (loss)	(56,639)	33,230
Tax benefit (expense)	<u>17,537</u>	<u>-</u>
Net income (loss)	<u>\$ (39,102)</u>	<u>\$ 33,230</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.