



NEWS RELEASE

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FIRST RESOURCE BANK ANNOUNCES THIRD QUARTER RESULTS

EXTON, PA - First Resource Bank (OTC Bulletin Board: FRSB) announced third quarter net income of \$9,978 for the three months ended September 30, 2008. Pre-tax income for the quarter ended September 30, 2008 was \$16,141, which compares to pre-tax income of \$37,497 for the quarter ended June 30, 2008 and \$54,005 for the quarter ended September 30, 2007.

Net interest income was \$778,073 for the quarter ended September 30, 2008 as compared to \$720,504 for the previous quarter. This 8% increase in net interest income was caused by the increase in net interest margin from 3.06% for the three months ended June 30, 2008 to 3.19% for the three months ended September 30, 2008. This net interest margin improvement was lead by a 27 basis point decline in the cost of certificates of deposit as existing deposits re-priced lower during the quarter.

Deposits increased \$4.9 million, or 6.3%, during the third quarter to a total of \$83.1 million at September 30, 2008. This strong deposit growth was mainly in certificates of deposit which grew \$6.0 million, or 9.9%, mainly due to growth in CDARS®, Certificate of Deposit Account Registry Service, deposits. Mr. Marshall stated, "We use CDARS offensively to gather deposits away from our larger competitors that do not effectively market the product at a grass roots level as we do. Most of our deposit growth during the quarter came from existing customers that consolidated their bank relationships at First Resource Bank due to our ability to offer the combination of superior customer service and safety in form of FDIC insurance up to \$50 million per depositor through the CDARS® program."

The loan portfolio grew \$2.7 million, or 3.0%, during the third quarter to \$92.9 million at September 30, 2008 as follows:

	Sept. 30, 2008	June 30, 2008	Sept. 30, 2007
Commercial real estate	\$ 44,763,083	\$ 45,224,825	\$ 39,085,790
Commercial construction	17,711,333	15,740,019	14,137,540
Commercial business	10,348,947	9,578,888	6,466,648
Consumer	<u>20,093,883</u>	<u>19,626,732</u>	<u>19,021,185</u>
Total loans	<u>\$ 92,917,246</u>	<u>\$ 90,170,464</u>	<u>\$ 78,711,163</u>

Mr. Marshall stated, "We anticipate a peak in our construction lending activities at September 30, 2008 with the completion of multiple commercial and residential rental

projects and their movement to the occupied permanent mortgage phase of the credit facility during the fourth quarter.”

The allowance for loan losses to total loans was 1.10% at September 30, 2008 as compared to 1.07% at June 30, 2008 and 1.11% at December 31, 2007. There were no loan charge-offs during the three months ended September 30, 2008. Non-performing loans at September 30, 2008 totaled \$826,429, comprised of one \$637,098 commercial construction loan relationship and two unrelated home equity lines of credit totaling \$189,331. There were no additions to the non-performing loan portfolio during the three months ended September 30, 2008, and there were no additions to loans exceeding 90 days past due at September 30, 2008.

Non interest income declined in the third quarter due to the discontinuance of our mortgage brokerage relationship and a decline in loan fees. The second quarter of 2008 had unusually high loan fees for several loans that were fully participated out to other banks.

Non interest expense increased \$53,898, or 7.9% in the three months ended September 30, 2008 as compared to the three months ended June 30, 2008. This increase was largely due to a \$30,000 termination fee paid to an investment banker related to a proposed common stock offering that was abandoned due to poor capital market conditions. This expense is included in

professional fees. In addition, salaries and benefits increased due to the addition of one employee during the three months ended September 30, 2008.

During the third quarter, a common stock offering commenced which raised \$388,438 in new capital as of September 30, 2008. This offering will continue during the fourth quarter however the outcome of it is uncertain in this difficult capital market. Management is currently assessing the opportunities presented in the United States Treasury Capital Purchase Plan.

Selected Financial Data:

Balance Sheets (unaudited)

	Sept. 30, 2008	Dec. 31, 2007	Sept. 30, 2007
Cash and due from banks	\$ 955,411	\$ 1,506,236	\$ 381,859
Federal funds sold	-	26,000	27,000
Cash & cash equivalents	<u>955,411</u>	<u>1,532,236</u>	<u>408,859</u>
Investments	8,385,515	13,285,659	8,955,594
Loans	92,917,246	81,494,923	78,711,163
Allowance for loan losses	(1,019,483)	(908,342)	(939,603)
Premises & equipment	376,475	381,200	414,708
Other assets	<u>1,535,301</u>	<u>1,516,360</u>	<u>1,150,859</u>
Total assets	<u>\$103,150,465</u>	<u>\$97,302,036</u>	<u>\$88,701,580</u>
Non-interest bearing deposits	\$ 3,465,930	\$ 2,500,698	\$ 2,740,006
Interest-bearing checking	1,024,950	1,368,086	897,595
Money market	18,269,025	16,656,631	18,945,193
Time deposits	60,290,876	49,151,653	53,626,845
Total deposits	<u>83,050,781</u>	<u>69,677,068</u>	<u>76,209,639</u>
Borrowings	10,253,000	18,120,700	2,980,000
Other liabilities	<u>381,516</u>	<u>355,671</u>	<u>410,678</u>
Total liabilities	<u>93,685,297</u>	<u>88,153,439</u>	<u>79,600,317</u>
Common stock	1,261,419	1,197,994	1,140,517
Surplus	9,316,460	9,012,240	9,043,995
Accumulated other comprehensive income (loss)	(21,473)	478	552
Accumulated deficit	(1,091,238)	(1,062,115)	(1,083,801)
Total stockholders' equity	<u>9,465,168</u>	<u>9,148,597</u>	<u>9,101,263</u>
Total Liabilities & Stockholders' Equity	<u>\$103,150,465</u>	<u>\$97,302,036</u>	<u>\$88,701,580</u>

Performance Statistics (unaudited)

	Qtr Ended Sept. 30, 2008	Qtr Ended June 30, 2008	Qtr Ended Mar. 31, 2008	Qtr Ended Dec. 31, 2007	Qtr Ended Sept 30, 2007
Net interest margin	3.19%	3.06%	3.23%	3.59%	3.60%
Nonperforming loans/total loans	0.89%	0.92%	1.03%	0.48%	1.16%
Allowance for loan losses/ Total loans	1.10%	1.07%	1.08%	1.11%	1.19%
Average loans/Average assets	93.0%	92.7%	93.4%	93.6%	90.9%
Non interest expenses/ Average assets	0.73%	0.71%	0.74%	0.80%	0.77%

Income Statements (unaudited)

	Qtr Ended Sept. 30, 2008	Qtr Ended June 30, 2008	Qtr Ended Mar. 31, 2008	Qtr Ended Dec. 31, 2007	Qtr Ended Sept. 30, 2007
INTEREST INCOME					
Loans	\$1,544,802	\$1,491,209	\$1,533,961	\$1,606,329	\$1,559,217
Investments	43,174	43,536	37,506	51,293	71,010
Federal funds sold	4,970	5,568	6,616	368	14,335
Other	16	66	140	145	204
Total interest income	<u>1,592,962</u>	<u>1,540,379</u>	<u>1,578,223</u>	<u>1,658,135</u>	<u>1,644,766</u>
INTEREST EXPENSE					
Borrowings	93,502	77,493	65,691	51,502	6,291
Checking	1,975	2,144	2,631	2,447	2,766
Money Market	123,127	124,712	152,605	183,065	214,885
Time deposits	596,285	615,526	631,757	648,941	666,135
Total interest expense	<u>814,889</u>	<u>819,875</u>	<u>852,684</u>	<u>885,955</u>	<u>890,077</u>
Net interest income	<u>778,073</u>	<u>720,504</u>	<u>725,539</u>	<u>772,180</u>	<u>754,689</u>
Provision for loan losses	<u>50,198</u>	<u>38,489</u>	<u>165,738</u>	<u>68,980</u>	<u>72,825</u>
NON INTEREST INCOME					
Mortgage fee income	725	2,214	11,129	7,022	7,818
Other income	21,058	32,887	16,929	18,106	15,436
Total non interest income	<u>21,783</u>	<u>35,101</u>	<u>28,058</u>	<u>25,128</u>	<u>23,254</u>
NON INTEREST EXPENSE					
Salaries & benefits	363,709	339,595	357,128	342,404	330,995
Occupancy & equipment	99,655	98,922	88,143	89,325	86,212
Data processing	50,256	49,689	49,787	50,184	44,064
Professional fees	75,081	55,617	53,479	54,380	62,836
Advertising	21,133	23,590	19,223	31,023	26,273
Other non interest expenses	123,683	112,206	114,235	125,684	100,733
Total non interest expense	<u>733,517</u>	<u>679,619</u>	<u>681,995</u>	<u>693,000</u>	<u>651,113</u>
Pre-tax income (loss)	16,141	37,497	(94,136)	35,328	54,005
Tax benefit (expense)	<u>(6,163)</u>	<u>(13,825)</u>	<u>31,362</u>	<u>(13,642)</u>	<u>542,053</u>
Net income (loss)	<u>\$ 9,978</u>	<u>\$ 23,672</u>	<u>\$ (62,774)</u>	<u>\$ 21,686</u>	<u>\$ 596,058</u>

Income Statements (unaudited)

	Nine Months Ended Sept. 30, 2008	Nine Months Ended Sept. 30, 2007
INTEREST INCOME		
Loans	\$4,569,972	\$4,316,010
Investments	124,216	185,366
Federal funds sold	17,154	180,942
Other	222	1,885
Total interest income	<u>4,711,564</u>	<u>4,684,203</u>
INTEREST EXPENSE		
Borrowings	236,686	7,732
Checking	6,750	7,446
Money Market	400,444	613,934
Time deposits	<u>1,843,568</u>	<u>1,897,569</u>
Total interest expense	<u>2,487,448</u>	<u>2,526,681</u>
Net interest income	<u>2,224,116</u>	<u>2,157,522</u>
Provision for loan losses	<u>254,425</u>	<u>261,711</u>
NON INTEREST INCOME		
Mortgage fee income	14,068	30,304
Other income	<u>70,874</u>	<u>32,963</u>
Total non interest income	<u>84,942</u>	<u>63,267</u>
NON INTEREST EXPENSE		
Salaries & benefits	1,060,432	980,627
Occupancy & equipment	286,720	254,569
Data processing	149,732	129,146
Professional fees	184,177	165,303
Advertising	63,946	67,519
Other non interest expense	<u>350,124</u>	<u>274,680</u>
Total non interest expense	<u>2,095,131</u>	<u>1,871,844</u>
Pre-tax income (loss)	(40,498)	87,234
Tax benefit (expense)	<u>11,375</u>	<u>542,053</u>
Net income (loss)	<u>\$ (29,123)</u>	<u>\$ 629,287</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.