



NEWS RELEASE

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FIRST RESOURCE BANK ANNOUNCES THIRD QUARTER RESULTS

EXTON, PA - First Resource Bank (OTC Bulletin Board: FRSB) announced a third quarter net loss of \$124,006 for the three months ended September 30, 2009, which compares to a net loss of \$32,936 for the quarter ended June 30, 2009 and net income of \$9,978 for the quarter ended September 30, 2008.

Net interest income was \$821,273 for the quarter ended September 30, 2009 as compared to \$731,097 for the previous quarter. The third quarter of 2009 had the highest net interest income for the Bank since it opened in May 2005. The net interest margin improved 21 basis points, from 2.57% for the three months ended June 30, 2009 to 2.78% for the three months ended September 30, 2009. This net interest margin improvement was mainly due to lower deposit costs in the third quarter as scheduled maturities of brokered funding and borrowings were replaced with lower cost retail deposits.

The net loss for the nine months ended September 30, 2009 was \$314,522 as compared to a net loss of \$29,123 for the nine months ended September 30, 2008. This difference is due to higher provisions for loan losses, higher FDIC insurance expenses and higher other real estate owned expenses.

Glenn B. Marshall, President & CEO, stated, "We continue to aggressively work through our identified problem loans to successfully obtain the collateral so that it can be sold. The Bank is in a far better position to redeploy these funds received into new earning assets than to passively watch our position erode. There continues to be cash flow stress in the marketplace and borrowing base but we are happy to report that the past due loans other than the non-performing assets were 0.06% at September 30, 2009."

The allowance for loan losses to total loans was 1.19% at September 30, 2009 as compared to 1.18% at June 30, 2009, 1.19% at December 31, 2008 and 1.10% at September 30, 2008. Two other real estate owned properties were acquired late in the third quarter which required loan charge-offs of \$220,000 due to deteriorated market values of the properties. Of the five other real estate owned properties held by the Bank, two were sold in early October and another is under agreement of sale. Non-performing assets, which include non-performing loans of \$1.3 million and other real estate owned of \$1.8 million, totaled

\$3.1 million at September 30, 2009, a \$220,000 decrease during the quarter due to the charge-offs previously mentioned. Non-performing assets to total assets declined from 2.76% at June 30, 2009 to 2.59% at September 30, 2009.

The loan portfolio grew \$3.6 million, or 3.6%, during the third quarter to \$103.6 million at September 30, 2009.

	Sept. 30, 2009	Dec. 31, 2008	Sept. 30, 2008
Commercial real estate	\$ 58,090,976	\$ 48,801,638	\$ 44,763,083
Commercial construction	10,706,152	14,205,945	17,711,333
Commercial business	12,491,687	11,444,273	10,348,947
Consumer	<u>22,316,759</u>	<u>20,372,856</u>	<u>20,093,883</u>
Total loans	<u>\$103,605,574</u>	<u>\$ 94,824,712</u>	<u>\$ 92,917,246</u>

Deposit growth continued in the third quarter, with total deposits increasing \$2.5 million, or 2.5% to \$102.7 million at September 30, 2009. The portfolio mix changed significantly during the quarter with money market deposits representing 24% of total deposits at September 30, 2009 as compared to only 16% at the close of the previous quarter. This shift significantly reduced the portfolio's funding dependence on certificates of deposit.

Preferred stock dividends are accrued monthly with the second quarterly dividend payment made on August 17, 2009. Preferred stock dividends of \$41,925 were accrued during the third quarter increasing the net loss attributable to common shareholders to \$165,931. Preferred stock dividends of \$111,800

were accrued during the nine months ended September 30, 2009, increasing the net loss attributable to common shareholders to \$426,322.

Non-interest income for the quarter ended September 30, 2009 was \$20,021, as compared to \$22,113 for the previous quarter.

Non-interest income for the nine months ended September 30, 2009 was \$61,306 as compared to \$84,942 for the nine months ended September 30, 2008. This decline is due to First Resource exiting the brokered residential mortgage business in late 2008. Over 16% of non-interest income recorded during the nine months ended September 30, 2008 was mortgage fees.

Non-interest expense decreased \$5,646, or 0.7% in the three months ended September 30, 2009 as compared to the three months ended June 30, 2009. Non-interest expense during the fourth quarter included \$82,000 in other real estate owned expenses, while the second quarter results included a one-time \$55,000 FDIC insurance special assessment.

Non-interest expense increased \$168,347, or 8.0% in the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This increase is primarily attributed to \$146,085 in higher FDIC insurance expenses as well as \$90,729 in additional other real estate owned expenses, offset by numerous cost saving measures implemented in 2009.

Selected Financial Data:

Balance Sheets (unaudited)

	Sept. 30, 2009	Dec. 31, 2008
Cash and due from banks	\$ 515,393	\$ 404,594
Federal funds sold	-	-
Cash & cash equivalents	<u>515,393</u>	<u>404,594</u>
Investments	15,510,609	4,779,304
Loans	103,605,574	94,824,712
Allowance for loan losses	(1,234,043)	(1,127,978)
Premises & equipment	228,748	341,043
Other assets	<u>3,305,258</u>	<u>1,562,956</u>
Total assets	<u>\$ 121,931,539</u>	<u>\$100,784,631</u>
Non-interest bearing deposits	\$ 4,979,336	\$ 2,989,961
Interest-bearing checking	1,176,941	1,017,098
Money market	24,820,715	15,539,943
Time deposits	71,738,245	60,619,571
Total deposits	<u>102,715,237</u>	<u>80,166,573</u>
Borrowings	7,167,000	10,993,000
Other liabilities	<u>446,573</u>	<u>420,022</u>
Total liabilities	<u>110,328,810</u>	<u>91,579,595</u>
Preferred stock	2,617,333	-
Common stock	1,339,247	1,261,745
Surplus	9,452,673	9,312,743
Accumulated other comprehensive income (loss)	(35,764)	(25,011)
Accumulated deficit	(1,770,760)	(1,344,441)
Total stockholders' equity	<u>11,602,729</u>	<u>9,205,036</u>
Total Liabilities & Stockholders' Equity	<u>\$ 121,931,539</u>	<u>\$100,784,631</u>

Performance Statistics
(unaudited)

	Qtr Ended Sept. 30, 2009	Qtr Ended June 30, 2009	Qtr Ended Mar. 31, 2009	Qtr Ended Dec. 31, 2008	Qtr Ended Sept. 30, 2008
Net interest margin	2.78%	2.57%	2.38%	2.56%	3.19%
Nonperforming loans/total loans	1.23%	2.37%	2.78%	3.68%	0.89%
Nonperforming assets/ Total assets	2.59%	2.76%	2.88%	3.81%	1.23%
Allowance for loan losses/ Total loans	1.19%	1.18%	1.16%	1.19%	1.10%
Average loans/Average assets	86.3%	84.8%	89.9%	92.9%	93.0%
Non interest expenses/ Average assets	0.63%	0.64%	0.69%	0.82%	0.73%

Income Statements (unaudited)

	Qtr Ended Sept. 30, 2009	Qtr Ended June 30, 2009	Qtr Ended Mar. 31, 2009	Qtr Ended Dec. 31, 2008	Qtr Ended Sept. 30, 2008
INTEREST INCOME					
Loans	\$1,452,715	\$1,400,491	\$1,336,813	\$1,381,175	\$1,544,802
Investments	97,029	83,303	46,231	48,792	43,174
Federal funds sold	-	-	-	210	4,970
Other	3,113	2,762	1,978	2,396	16
Total interest income	<u>1,552,857</u>	<u>1,486,556</u>	<u>1,385,022</u>	<u>1,432,573</u>	<u>1,592,962</u>
INTEREST EXPENSE					
Borrowings	62,907	67,298	119,526	90,679	93,502
Checking	850	788	627	1,248	1,975
Money Market	86,510	64,377	61,015	88,161	123,127
Time deposits	581,317	622,996	586,966	615,092	596,285
Total interest expense	<u>731,584</u>	<u>755,459</u>	<u>768,134</u>	<u>795,180</u>	<u>814,889</u>
Net interest income	<u>821,273</u>	<u>731,097</u>	<u>616,888</u>	<u>637,393</u>	<u>778,073</u>
Provision for loan losses	<u>271,852</u>	<u>39,942</u>	<u>129,450</u>	<u>235,296</u>	<u>50,198</u>
NON INTEREST INCOME	20,021	22,113	19,172	19,956	21,783
NON INTEREST EXPENSE					
Salaries & benefits	323,840	327,726	376,593	378,001	363,709
Occupancy & equipment	97,153	99,384	100,578	98,673	99,655
Data processing	52,406	55,775	53,558	53,460	50,256
Professional fees	51,342	62,853	65,239	52,275	75,081
Advertising	5,151	9,986	6,889	13,435	21,133
Other non interest Expenses	<u>226,707</u>	<u>206,521</u>	<u>141,777</u>	<u>207,367</u>	<u>123,683</u>
Total non interest Expense	<u>756,599</u>	<u>762,245</u>	<u>744,634</u>	<u>803,211</u>	<u>733,517</u>
Pre-tax income (loss)	(187,157)	(48,977)	(238,024)	(381,158)	16,141
Tax benefit (expense)	<u>63,151</u>	<u>16,041</u>	<u>80,444</u>	<u>127,956</u>	<u>(6,163)</u>
Net income (loss)	<u>\$ (124,006)</u>	<u>\$ (32,936)</u>	<u>\$ (157,580)</u>	<u>\$ (253,202)</u>	<u>\$ 9,978</u>
Preferred stock dividends	<u>(41,925)</u>	<u>(41,925)</u>	<u>(27,950)</u>	<u>-</u>	<u>-</u>
Net income (loss) attributed to common shareholders	<u>\$ (165,931)</u>	<u>\$ (74,861)</u>	<u>\$ (185,530)</u>	<u>\$ (253,202)</u>	<u>\$ 9,978</u>

Income Statements (unaudited)

	Nine Months Ended Sept. 30, 2009	Nine Months Ended Sept. 30, 2008
INTEREST INCOME		
Loans	\$4,190,019	\$4,569,972
Investments	226,563	124,216
Federal funds sold	-	17,154
Other	7,853	222
Total interest income	<u>4,424,435</u>	<u>4,711,564</u>
INTEREST EXPENSE		
Borrowings	249,731	236,686
Checking	2,265	6,750
Money Market	211,902	400,444
Time deposits	1,791,279	1,843,568
Total interest expense	<u>2,255,177</u>	<u>2,487,448</u>
Net interest income	<u>2,169,258</u>	<u>2,224,116</u>
Provision for loan losses	<u>441,244</u>	<u>254,425</u>
NON INTEREST INCOME	61,306	84,942
NON INTEREST EXPENSE		
Salaries & benefits	1,028,159	1,060,432
Occupancy & equipment	297,115	286,720
Data processing	161,739	149,732
Professional fees	179,434	184,177
Advertising	22,026	63,946
Other non interest expense	575,005	350,124
Total non interest expense	<u>2,263,478</u>	<u>2,095,131</u>
Pre-tax income (loss)	(474,158)	(40,498)
Tax benefit	<u>159,636</u>	<u>11,375</u>
Net income (loss)	<u>\$ (314,522)</u>	<u>\$ (29,123)</u>
Preferred stock dividends	<u>(111,800)</u>	<u>-</u>
Net income (loss) attributed to common shareholders	<u>\$ (426,322)</u>	<u>\$ (29,123)</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.