



NEWS RELEASE

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***QUARTERLY PRE-TAX INCOME INCREASES 115%
AT FIRST RESOURCE BANK***

EXTON, PA - First Resource Bank (OTC Bulletin Board: FRSB) is pleased to announce net income of \$596,058 for the quarter ended September 30, 2007, making this its fourth consecutive profitable quarter. Included in net income for the third quarter is a net tax benefit of \$542,053 due to the reversal of a valuation allowance previously recorded against the Bank's deferred tax asset. Pre-tax income for the three months ended September 30, 2007 was \$54,005 which favorably compares to net income of \$25,177 for the quarter ended June 30, 2007, \$8,052 for the quarter ended March 31, 2007, and \$1,963 for the quarter ended December 31, 2006. Pre-tax income of \$54,005 for the quarter ended September 30, 2007 compares to a net loss of \$47,447 for the same quarter in the prior year. The quarter

ended September 30, 2007 was the Bank's ninth full quarter of operations.

President & CEO Glenn B. Marshall stated, "In an industry that has received a fair amount of bad press lately, we are pleased to report continued quality growth in our loan portfolio and stabilization of our cost of funds."

Net interest income for the third quarter of \$754,689 was 3.4% higher than the previous quarter and 24.3% higher than the same quarter in the prior year. The third quarter's net interest margin was 3.60%, which narrowed 11 basis points over the previous quarter's net interest margin of 3.71% due to a decline in loan yields, primarily in loans priced off of the Prime rate. At September 30, 2007, 46.2% of the Bank's loans were priced as a function of the Prime rate.

The loan portfolio grew \$4.5 million, or 6.1%, during the third quarter to \$78.7 million at September 30, 2007. The majority of this loan growth was in the commercial construction portfolio which grew \$2.8 million, or 24.2% during the third quarter. Mr. Marshall noted, "Our Chester County market has had a modest adjustment to housing prices and sales volume. With our advice, our builders have revised their price points and are refocusing on quality locations. We continue to see good sales activity in our customers' portfolios."

Following is detail on the composition of the loan portfolio:

	Sept. 30, 2007	Dec. 31, 2006	Sept. 30, 2006
Commercial real estate	\$ 39,085,790	\$ 29,681,091	\$ 27,770,305
Commercial construction	14,137,540	10,826,194	10,362,810
Commercial business	6,466,648	4,223,770	3,320,520
Consumer	<u>19,021,185</u>	<u>16,419,712</u>	<u>13,649,901</u>
Total loans	<u>\$ 78,711,163</u>	<u>\$ 61,150,767</u>	<u>\$ 55,103,536</u>

The allowance for loan losses to total loans was 1.19% at September 30, 2007 as compared to 1.17% at June 30 and March 31, 2007, and 1.11% at December 31, 2006. There have been no charge-offs to date. There was one additional loan relationship for \$328,000 placed on non-accrual during the third quarter. The non-performing loan portfolio at September 30, 2007 consisted of four consumer home equity loan relationships totaling \$915,000. Collection efforts are progressing on these non-performing loans and management believes that these loans are adequately secured and any potential losses on these loans have been provided for through the allowance for loan losses. There were no other loans more than 90 days past due at September 30, 2007. The Bank has no subprime loans nor is that a business it has ever been involved in since opening.

Deposits grew \$3.9 million, or 5.3%, during the third quarter to a total of \$76.2 million at September 30, 2007. Most of the growth was due to an increase of \$5.1 million in certificates of deposit and an increase of \$1.2 million in money

market deposits, offset by a decrease of \$2.1 million in non-interest bearing deposits. Non-interest bearing deposits declined primarily due to a \$2.0 million decrease in internal accounts used to fund loan closings. These internal account balances were unusually high at the end of the previous quarter due to several large loan closings that happened at the end of June.

Lauren C. Ranalli, Executive Vice President and Chief Financial Officer, stated, "We have allocated all internal resources to the successful deployment of FRed™, First Resource Easy Deposit™, our remote deposit capture product which went live during the third quarter. This product has been successfully installed at new and existing customer locations eliminating their need to spend resources to travel to the Bank and feedback has been very positive. We see FRed™ as a critical component of our business strategy going forward."

Non-interest income increased \$3,495, or 17.7%, to \$23,254 in the third quarter of 2007 as compared to \$19,759 in the second quarter of 2007. Non-interest income increased \$32,524, or 105.8%, to \$63,267 for the nine months ended September 30, 2007 as compared to \$30,743 for the nine months ended September 30, 2006. These increases were due to increased deposit service charges and higher loan related servicing fees. Non-interest income was diversified during 2007 as evidenced by mortgage fees

comprising 47.9% of total non-interest income for the nine months ended September 30, 2007 as compared to 72.1% of total non-interest income for the nine months ended September 30, 2006.

Non-interest expenses increased \$21,589, or 3.4% to \$651,113 for the three months ended September 30, 2007 as compared to \$629,524 for the quarter ended June 30, 2007. This increase was due to higher salaries and benefits expenses and increased depreciation expenses for a diesel generator that was installed at the office and for equipment required for the Bank's adoption of Check 21 and Branch Capture services in connection with the remote deposit capture product.

Non-interest expenses increased \$224,330, or 13.6% to \$1.9 million for the nine months ended September 30, 2007 as compared to \$1.6 million for the nine months ended September 30, 2006. This increase was due to higher salaries and benefits expenses due to 2 additional employees hired in mid to late 2006 as well as general salary increases for existing employees. Other non-interest expense increased primarily due to the reinstatement of insurance premiums by the FDIC effective January 1, 2007 and higher Pennsylvania Bank Shares Tax expense as a result of growth in the balance sheet.

The net \$542,053 tax benefit included in net income for the quarter ended September 30, 2007 was a result of a one-time

\$561,000 tax benefit due to the reversal of a valuation allowance previously recorded against the Bank's net deferred tax asset offset by current tax expense recorded against the Bank's third quarter pre-tax income. Current tax expense will be recorded in all future periods now that the Bank has determined that it is more likely than not that the net deferred tax asset of \$542,000 as of September 30, 2007 will be realized due to our sustained profitability.

Selected Financial Data:

Balance Sheets (unaudited)

	Sept. 30, 2007	Dec. 31, 2006	Sept. 30, 2006
Cash & cash equivalents	\$ 381,859	\$ 488,399	\$ 706,972
Federal funds sold	27,000	6,453,000	945,000
Cash & cash equivalents	<u>408,859</u>	<u>6,941,399</u>	<u>1,651,972</u>
Investments	8,955,594	8,202,332	5,698,368
Loans	78,711,163	61,150,767	55,103,536
Allowance for loan losses	(939,603)	(677,892)	(613,874)
Premises & equipment	414,708	446,235	467,235
Other assets	<u>1,150,859</u>	<u>409,639</u>	<u>356,815</u>
Total assets	<u>\$88,701,580</u>	<u>\$76,472,480</u>	<u>\$62,664,052</u>
Non-interest bearing deposits	\$ 2,740,006	\$ 3,098,554	\$ 2,062,105
Checking	897,595	760,794	633,782
Money market	18,945,193	16,696,159	10,929,176
Time deposits	53,626,845	47,192,218	35,364,274
Total deposits	<u>76,209,639</u>	<u>67,747,725</u>	<u>48,989,337</u>
Borrowings	2,980,000	-	5,000,000
Other liabilities	<u>410,678</u>	<u>325,606</u>	<u>290,126</u>
Total liabilities	<u>79,600,317</u>	<u>68,073,331</u>	<u>54,279,463</u>
Common stock	1,140,517	1,086,111	1,086,111
Surplus	9,043,995	9,033,840	9,014,061
Accumulated other comprehensive income	552	(7,714)	(531)
Accumulated deficit	<u>(1,083,801)</u>	<u>(1,713,088)</u>	<u>(1,715,052)</u>
Total equity	<u>9,101,263</u>	<u>8,399,149</u>	<u>8,384,589</u>
Total Liabilities & Equity	<u>\$88,701,580</u>	<u>\$76,472,480</u>	<u>\$62,664,052</u>

Performance Statistics
(unaudited)

	Qtr Ended Sept 30, 2007	Qtr Ended June 30, 2007	Qtr Ended Mar 31, 2007	Qtr Ended Dec 31, 2006	Qtr Ended Sept 30, 2006
Net interest margin	3.60%	3.71%	3.58%	4.16%	4.36%
Nonperforming loans/total loans	1.16%	0.79%	0.22%	-	-
Allowance for loan losses/ Total loans	1.19%	1.17%	1.17%	1.11%	1.11%
Average loans/Average assets	90.9%	88.9%	83.5%	84.4%	93.4%
Non interest expenses/ Average assets	0.77%	0.79%	0.77%	0.96%	1.06%

Income Statements (unaudited)

	Qtr Ended Sept 30, 2007	Qtr Ended June 30, 2007	Qtr Ended Mar 31, 2007	Qtr Ended Dec 31, 2006	Qtr Ended Sept 30, 2006
INTEREST INCOME					
Loans	\$1,559,217	\$1,439,434	\$1,317,359	\$1,227,401	\$1,108,805
Investments	71,010	69,034	45,322	14,117	31,775
Federal funds sold	14,335	48,869	117,738	47,405	17,053
Other	204	1,214	467	953	243
Total interest income	<u>1,644,766</u>	<u>1,558,551</u>	<u>1,480,886</u>	<u>\$1,289,876</u>	<u>1,157,876</u>
INTEREST EXPENSE					
Short term borrowings	6,291	1,441	-	3,134	25,515
Checking	2,766	2,735	1,945	1,711	1,663
Money Market	214,885	203,405	195,644	149,758	115,876
Time deposits	666,135	621,352	610,082	486,309	407,642
Total interest expense	<u>890,077</u>	<u>828,933</u>	<u>807,671</u>	<u>640,912</u>	<u>550,696</u>
Net interest income	<u>754,689</u>	<u>729,618</u>	<u>673,215</u>	<u>648,964</u>	<u>607,180</u>
Provision for loan losses	<u>72,825</u>	<u>94,676</u>	<u>94,210</u>	<u>64,018</u>	<u>69,734</u>
NON INTEREST INCOME					
Mortgage fee income	7,818	9,713	12,773	11,506	5,135
Other income	15,436	10,046	7,481	5,229	3,814
Total non interest Income	<u>23,254</u>	<u>19,759</u>	<u>20,254</u>	<u>16,735</u>	<u>8,949</u>
NON INTEREST EXPENSE					
Salaries & benefits	330,995	320,053	329,579	299,209	297,086
Occupancy & equipment	86,212	79,554	88,803	83,236	82,719
Data processing	44,064	41,588	43,494	42,876	39,280
Professional fees	62,836	61,092	41,375	58,768	58,032
Advertising	26,273	27,421	13,825	23,687	35,991
Other non interest Expenses	<u>100,733</u>	<u>99,816</u>	<u>74,131</u>	<u>91,942</u>	<u>80,734</u>
Total non interest Expense	<u>651,113</u>	<u>629,524</u>	<u>591,207</u>	<u>599,718</u>	<u>593,842</u>
Pre-tax income	<u>\$ 54,005</u>	<u>\$ 25,177</u>	<u>\$ 8,052</u>	<u>\$ 1,963</u>	<u>\$ (47,447)</u>
Tax benefit (expense)	<u>542,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss)	<u>\$ 596,058</u>	<u>\$ 25,177</u>	<u>\$ 8,052</u>	<u>\$ 1,963</u>	<u>\$ (47,447)</u>

Income Statements (unaudited)

	9 Months ended Sept 30, 2007	9 Months ended Sept 30, 2006
INTEREST INCOME		
Loans	\$ 4,316,010	\$ 2,651,471
Investments	185,366	82,907
Federal funds sold	180,942	82,038
Other	1,885	1,619
Total interest income	<u>4,684,203</u>	<u>2,818,035</u>
INTEREST EXPENSE		
Short term borrowings	7,732	74,799
Checking	7,446	5,525
Money Market	613,934	261,480
Time deposits	1,897,569	921,037
Total interest expense	<u>2,526,681</u>	<u>1,262,841</u>
Net interest income	<u>2,157,522</u>	<u>1,555,194</u>
Provision for loan losses	<u>261,711</u>	<u>287,552</u>
NON INTEREST INCOME		
Mortgage fee income	30,304	22,151
Other income	32,963	8,592
Total non interest income	<u>63,267</u>	<u>30,743</u>
NON INTEREST EXPENSE		
Salaries & benefits	980,627	829,613
Occupancy & equipment	254,569	237,761
Data processing	129,146	120,851
Professional fees	165,303	149,332
Advertising	67,519	81,334
Other non interest expense	274,680	228,623
Total non interest expense	<u>1,871,844</u>	<u>1,647,514</u>
Pre-tax income	<u>\$ 87,234</u>	<u>\$ (349,129)</u>
Tax benefit (expense)	<u>542,053</u>	<u>-</u>
Net income (loss)	<u>\$ 629,287</u>	<u>\$ (349,129)</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. Member FDIC.