



NEWS RELEASE

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***FIRST RESOURCE BANK ACHIEVES RECORD
QUARTERLY PRE-TAX PROFITABILITY***

EXTON, PA - First Resource Bank (OTC Bulletin Board: FRSB) announced fourth quarter pre-tax profitability of \$107,002 as compared to a pre-tax loss of \$187,157 for the quarter ended September 30, 2009 and a pre-tax loss of \$381,158 for the quarter ended December 31, 2008. Fourth quarter net income of \$69,617 for the three months ended December 31, 2009 compares to a net loss of \$124,006 for the quarter ended September 30, 2009 and a net loss of \$253,202 for the quarter ended December 31, 2008. This significant improvement is related to a lower provision for loan losses and a conscious decrease in non-interest expenses.

The net loss for the year ended December 31, 2009 was \$244,905 as compared to a net loss of \$282,326 for the year ended December 31, 2008. This difference is due to higher net

interest income and lower salaries, benefits and advertising expenses, offset by higher provisions for loan losses, FDIC insurance expenses and other real estate owned expenses.

Glenn B. Marshall, President & CEO, stated, "We are disappointed with the 2009 net loss, but we are optimistic that the fourth quarter results are indicative of our expected performance in 2010. The fourth quarter illustrates the benefit of an improved net interest margin, the disposition of three other real estate owned properties and numerous cost savings measures implemented in 2009."

Net interest income was \$919,237 for the quarter ended December 31, 2009, as compared to \$821,273 for the previous quarter. The net interest margin improved 20 basis points, from 2.78% for the three months ended September 30, 2009 to 2.98% for the three months ended December 31, 2009. This net interest margin improvement was mainly due to lower deposit costs in the fourth quarter as scheduled maturities of brokered funding and borrowings were replaced with lower cost retail deposits.

The allowance for loan losses to total loans was 1.32% at December 31, 2009 as compared to 1.19% at September 30, 2009, and 1.19% at December 31, 2008. Three other real estate owned properties were sold during the fourth quarter, leaving two remaining properties. Non-performing assets, which include non-performing loans of \$1.3 million and other real estate owned of

\$1.1 million, totaled \$2.4 million at December 31, 2009. This represents a \$709 thousand, or 22.9%, decrease during the quarter due to the sale of other real estate owned properties. Non-performing assets to total assets declined from 3.70% at December 31, 2008 and 2.54% at September 30, 2009 to 1.81% at December 31, 2009.

James B. Griffin, Chairman of the Board stated, "Management has worked hard to reduce non-performing assets, improve the net interest margin, and decrease non-interest expenses. The Bank continues to analyze the risks inherent in the portfolio, and works to balance the risks for improved performance. As a result, the Bank is better positioned for growth in 2010."

The loan portfolio grew \$8.9 million, or 9.4%, during the year from \$94.8 million at December 31, 2008 to \$103.7 million at December 31, 2009. Loan growth during the fourth quarter was \$135,000 as new loan activity was offset by several loan payoffs. This net growth is a function of the shift in the portfolio, reducing construction lending from \$14.2 million at December 31, 2008 to \$10.7 million at September 30, 2009 to \$8.9 million at December 31, 2009.

	Dec. 31, 2009	Sept. 30, 2009	Dec. 31, 2008
Commercial real estate	\$ 59,639,428	\$ 58,090,976	\$ 48,801,638
Commercial construction	8,845,112	10,706,152	14,205,945
Commercial business	12,197,348	12,491,687	11,444,273
Consumer	<u>23,058,326</u>	<u>22,316,759</u>	<u>20,372,856</u>
Total loans	<u>\$103,740,214</u>	<u>\$103,605,574</u>	<u>\$ 94,824,712</u>

Deposits grew significantly during the fourth quarter, with total deposits increasing \$8.1 million, or 7.9% to \$110.8 million at December 31, 2009. Virtually all of this deposit growth was within the money market product which represented 32% of total deposits at December 31, 2009 as compared to 19% at December 31, 2008. During 2009 total deposits increased \$30.6 million, or 38.2%, from \$80.2 million at December 31, 2008 to \$110.8 million at December 31, 2009.

During 2009, the Bank participated in the United States Department of the Treasury's Capital Purchase Program. Preferred stock was issued in two separate transactions resulting in net proceeds of \$5,040,833. Preferred stock dividends are accrued monthly with the third quarterly dividend payment made on November 16, 2009. Preferred stock dividends and accretion were \$48,303 for the fourth quarter resulting in net income available to common shareholders of \$21,314. Preferred stock dividends and accretion were \$160,103 for the year ended December 31, 2009, resulting in a net loss attributable to common shareholders of \$405,008.

Non-interest income for the quarter ended December 31, 2009 was \$1,202, as compared to \$20,021 for the previous quarter. This decline was due to a net loss of \$18,000 on other real estate owned properties during the fourth quarter. Gains on sales of other real estate owned of \$16,000 were offset by a

write-down of \$34,000 on one of the remaining properties held at December 31, 2009.

Non-interest income for the year ended December 31, 2009 was \$62,508 as compared to \$104,898 for the year ended December 31, 2008. This decline is due to First Resource exiting the brokered residential mortgage business in late 2008. Over 17% of non-interest income recorded during the year ended December 31, 2008 was mortgage fees.

Non-interest expense decreased \$88,515, or 11.7% in the three months ended December 31, 2009 as compared to the three months ended September 30, 2009. This decrease was primarily due to lower other real estate owned expenses in the fourth quarter.

Non-interest expense increased \$33,220, or 11% in the year ended December 31, 2009 as compared to the year ended December 31, 2008. Lower salaries, employee benefits and advertising expenses were offset by higher other real estate owned expenses and FDIC insurance expenses. FDIC insurance expense was \$237,083 for the year ended December 31, 2009 compared to \$58,665 for the year ended December 31, 2008.

Selected Financial Data:

Balance Sheets (unaudited)

	Dec. 31, 2009	Dec. 31, 2008
Cash and due from banks	\$ 11,123,360	\$ 404,594
Federal funds sold	-	-
Cash & cash equivalents	<u>11,123,360</u>	<u>404,594</u>
Investments	15,229,190	4,779,304
Loans	103,740,214	94,824,712
Allowance for loan losses	(1,364,884)	(1,127,978)
Premises & equipment	192,363	341,043
Other assets	<u>3,116,423</u>	<u>1,562,956</u>
Total assets	<u>\$ 132,036,666</u>	<u>\$100,784,631</u>
Non-interest bearing deposits	\$ 2,672,825	\$ 2,989,961
Interest-bearing checking	1,143,283	1,017,098
Money market	35,778,349	15,539,943
Time deposits	71,188,321	60,619,571
Total deposits	<u>110,782,778</u>	<u>80,166,573</u>
Borrowings	5,928,000	10,993,000
Other liabilities	<u>1,345,273</u>	<u>420,022</u>
Total liabilities	<u>118,056,051</u>	<u>91,579,595</u>
Preferred stock	5,040,833	-
Common stock	1,343,873	1,261,745
Surplus	9,468,406	9,312,743
Accumulated other comprehensive income (loss)	(123,048)	(25,011)
Accumulated deficit	<u>(1,749,449)</u>	<u>(1,344,441)</u>
Total stockholders' equity	<u>13,980,615</u>	<u>9,205,036</u>
Total Liabilities & Stockholders' Equity	<u>\$ 132,036,666</u>	<u>\$100,784,631</u>

Performance Statistics
(unaudited)

	Qtr Ended Dec. 31, 2009	Qtr Ended Sept. 30, 2009	Qtr Ended June 30, 2009	Qtr Ended Mar. 31, 2009	Qtr Ended Dec. 31, 2008
Net interest margin	2.98%	2.78%	2.57%	2.38%	2.56%
Nonperforming loans/total loans	1.27%	1.23%	2.37%	2.78%	3.68%
Nonperforming assets/ Total assets	1.81%	2.59%	2.76%	2.88%	3.81%
Allowance for loan losses/ Total loans	1.32%	1.19%	1.18%	1.16%	1.19%
Average loans/Average assets	81.9%	86.3%	84.8%	89.9%	92.9%
Non interest expenses/ Average assets	0.55%	0.63%	0.64%	0.69%	0.82%

Income Statements (unaudited)

	Qtr Ended Dec. 31, 2009	Qtr Ended Sept. 30, 2009	Qtr Ended June 30, 2009	Qtr Ended Mar. 31, 2009	Qtr Ended Dec. 31, 2008
INTEREST INCOME					
Loans	\$1,494,117	\$1,452,715	\$1,400,491	\$1,336,813	\$1,381,175
Investments	108,477	97,029	83,303	46,231	48,792
Federal funds sold	506	-	-	-	210
Other	4,315	3,113	2,762	1,978	2,396
Total interest income	<u>1,607,415</u>	<u>1,552,857</u>	<u>1,486,556</u>	<u>1,385,022</u>	<u>1,432,573</u>
INTEREST EXPENSE					
Borrowings	56,815	62,907	67,298	119,526	90,679
Checking	808	850	788	627	1,248
Money Market	133,715	86,510	64,377	61,015	88,161
Time deposits	496,840	581,317	622,996	586,966	615,092
Total interest expense	<u>688,178</u>	<u>731,584</u>	<u>755,459</u>	<u>768,134</u>	<u>795,180</u>
Net interest income	<u>919,237</u>	<u>821,273</u>	<u>731,097</u>	<u>616,888</u>	<u>637,393</u>
Provision for loan losses	<u>145,353</u>	<u>271,852</u>	<u>39,942</u>	<u>129,450</u>	<u>235,296</u>
NON INTEREST INCOME	1,202	20,021	22,113	19,172	19,956
NON INTEREST EXPENSE					
Salaries & benefits	328,651	323,840	327,726	376,593	378,001
Occupancy & equipment	88,289	97,153	99,384	100,578	98,673
Data processing	52,783	52,406	55,775	53,558	53,460
Professional fees	42,486	51,342	62,853	65,239	52,275
Advertising	1,558	5,151	9,986	6,889	13,435
Other non interest Expenses	<u>154,317</u>	<u>226,707</u>	<u>206,521</u>	<u>141,777</u>	<u>207,367</u>
Total non interest Expense	<u>668,084</u>	<u>756,599</u>	<u>762,245</u>	<u>744,634</u>	<u>803,211</u>
Pre-tax income (loss)	107,002	(187,157)	(48,977)	(238,024)	(381,158)
Tax benefit (expense)	<u>(37,385)</u>	<u>63,151</u>	<u>16,041</u>	<u>80,444</u>	<u>127,956</u>
Net income (loss)	<u>\$ 69,617</u>	<u>\$ (124,006)</u>	<u>\$ (32,936)</u>	<u>\$ (157,580)</u>	<u>\$ (253,202)</u>
Preferred stock dividends and accretion	<u>(48,303)</u>	<u>(41,925)</u>	<u>(41,925)</u>	<u>(27,950)</u>	<u>-</u>
Net income (loss) attributed to common shareholders	<u>\$ 21,314</u>	<u>\$ (165,931)</u>	<u>\$ (74,861)</u>	<u>\$ (185,530)</u>	<u>\$ (253,202)</u>

Income Statements (unaudited)

	Year Ended Dec. 31, 2009	Year Ended Dec. 31, 2008
INTEREST INCOME		
Loans	\$5,684,136	\$5,951,147
Investments	335,040	173,008
Federal funds sold	506	17,364
Other	<u>12,168</u>	<u>2,618</u>
Total interest income	<u>6,031,850</u>	<u>6,144,137</u>
INTEREST EXPENSE		
Borrowings	306,546	327,365
Checking	3,073	7,998
Money Market	345,617	488,605
Time deposits	<u>2,288,119</u>	<u>2,458,660</u>
Total interest expense	<u>2,943,355</u>	<u>3,282,628</u>
Net interest income	<u>3,088,495</u>	<u>2,861,509</u>
Provision for loan losses	<u>586,597</u>	<u>489,721</u>
NON INTEREST INCOME	62,508	104,898
NON INTEREST EXPENSE		
Salaries & benefits	1,356,810	1,438,433
Occupancy & equipment	385,404	385,393
Data processing	214,522	203,192
Professional fees	221,920	236,452
Advertising	23,584	77,381
Other non interest expense	<u>729,322</u>	<u>557,491</u>
Total non interest expense	<u>2,931,562</u>	<u>2,898,342</u>
Pre-tax income (loss)	(367,156)	(421,656)
Tax benefit	<u>122,251</u>	<u>139,330</u>
Net income (loss)	<u>\$ (244,905)</u>	<u>\$ (282,326)</u>
Preferred stock dividends and accretion	<u>(160,103)</u>	<u>-</u>
Net income (loss) attributed to common shareholders	<u>\$ (405,008)</u>	<u>\$ (282,326)</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.