



***NEWS RELEASE***

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***FIRST RESOURCE BANK ANNOUNCES FIRST QUARTER RESULTS***

**EXTON, PA** - First Resource Bank (OTC Bulletin Board: FRSB) announced a first quarter net loss of \$157,580 for the three months ended March 31, 2009, which compares to a net loss of \$253,202 for the previous quarter. This net loss was primarily driven by a compressed net interest margin and increased provisions for loan losses.

Net interest income was \$616,888 for the quarter ended March 31, 2009 as compared to \$637,393 for the previous quarter. During the first quarter of 2009, the Federal Open Market Committee lowered the Federal Funds rate by 75 basis points to a historic low of a range between 0 and 25 basis points. This last rate cut had a dramatic effect on our net interest margin which declined from 2.56% for the three months ended December 31, 2008 to 2.38% for the three months ended March 31, 2009.

Glenn B. Marshall, President & CEO, stated, "The last 75 basis point rate cut by the Federal Open Market Committee had a significant impact on our Prime based loan portfolio. Over the past 18 months we have worked hard to reduce Prime rate based loans as a percentage of total loans in anticipation of this difficult rate environment."

As a result of these unprecedented rate cuts, some aspects of the balance sheet were restructured including the prepayment of \$2 million in FHLBank of Pittsburgh advances. The prepayment penalties associated with this balance sheet restructuring are expected to be recaptured over the remainder of 2009 with the net effect being a positive addition to the year's results. This one-time prepayment penalty is included in borrowings interest expense and as a result caused 14 basis points of the net interest margin's decline in the first quarter.

Deposits increased \$11.1 million, or 13.9%, during the first quarter to a total of \$91.3 million at March 31, 2009. The majority of this growth was in the certificate of deposit portfolio.

The loan portfolio grew \$3.3 million, or 3.5%, during the first quarter to \$98.2 million at March 31, 2009. Over the past several months the commercial construction portfolio declined as illustrated in the table below:

	Mar. 31, 2009	Dec. 31, 2008	Mar. 31, 2008
Commercial real estate	\$ 53,163,550	\$ 48,801,638	\$ 45,756,858
Commercial construction	12,393,351	14,205,945	14,288,686
Commercial business	11,830,863	11,444,273	9,086,959
Consumer	<u>20,779,856</u>	<u>20,372,856</u>	<u>18,796,857</u>
Total loans	<u>\$ 98,167,620</u>	<u>\$ 94,824,712</u>	<u>\$ 87,929,360</u>

The allowance for loan losses to total loans was 1.16% at March 31, 2009 as compared to 1.19% at December 31, 2008 and 1.08% at March 31, 2008. In the first quarter charge-offs totaled \$111,000 all related to one commercial construction property that was transferred to other real estate owned during the quarter. Non-performing loans at March 31, 2009 totaled \$2.7 million, a decline of \$760,000, or 21.8% during the quarter.

Chairman James B. Griffin stated, "We will continue to concentrate on the traditional community bank model, growing deposits and providing loans to service the community. With focus on increasing the net interest margin and containing overhead costs, the Bank will emerge through this volatile time in the banking industry."

On January 30, 2009, the Bank issued 2,600 shares of Series 2009A Preferred Stock and a warrant to purchase 130 shares of Series 2009B Preferred Stock to the United States Department of the Treasury for gross proceeds of \$2.6 million pursuant to the Capital Purchase Plan. The warrant was immediately exercised and 130 shares of the Series 2009B Preferred Stock were issued

to the Department of the Treasury. The Series 2009A Preferred Stock pays an annual dividend of 5% for the first five years and 9% per year thereafter. The Series 2009B Preferred Stock pays an annual dividend of 9%.

Preferred stock dividends are accrued monthly in accordance with the above referenced terms with the first payment scheduled for May 15, 2009. Preferred stock dividends of \$27,950 were accrued during the first quarter increasing the net loss attributable to common shareholders to \$185,530. The Bank's total risk based capital ratio was 12.66% at March 31, 2009, well above the well capitalized regulatory threshold.

Non interest income for the quarter ended March 31, 2009 was \$19,172. Included in non interest income during the first quarter is a gain of \$2,740 on the sale of a residential property held as other real estate owned.

Non interest expense decreased \$58,577, or 7.3% in the three months ended March 31, 2009 as compared to the three months ended December 31, 2008. Non interest expense in the fourth quarter of 2008 included a non recurring \$66,000 write down on other real estate owned which was subsequently sold in the first quarter.

Mr. Marshall noted, "By deploying our new capital we plan to grow the loan portfolio by \$30 million over the next 15 to 18 months. The combination of quality loan growth, realization of

cost containment measures executed during the first quarter and a constant focus on lowering our cost of funds, we feel that these platforms for growth and profitability will improve our performance in 2009 and 2010. We await further guidance from the FDIC regarding potential special FDIC insurance assessments to gauge their significance to 2009 and 2010 results."

Selected Financial Data:

Balance Sheets (unaudited)

	March 31, 2009	Dec. 31, 2008
Cash and due from banks	\$ 4,650,508	\$ 404,594
Federal funds sold	-	-
Cash & cash equivalents	<u>4,650,508</u>	<u>404,594</u>
Investments	9,073,611	4,779,304
Loans	98,167,620	94,824,712
Allowance for loan losses	(1,143,250)	(1,127,978)
Premises & equipment	305,933	341,043
Other assets	<u>1,796,882</u>	<u>1,562,956</u>
<b>Total assets</b>	<b><u>\$ 112,851,304</u></b>	<b><u>\$100,784,631</u></b>
Non-interest bearing deposits	\$ 3,414,892	\$ 2,989,961
Interest-bearing checking	992,907	1,017,098
Money market	14,937,591	15,539,943
Time deposits	71,958,735	60,619,571
Total deposits	<u>91,304,125</u>	<u>80,166,573</u>
Borrowings	7,928,000	10,993,000
Other liabilities	<u>1,973,948</u>	<u>420,022</u>
<b>Total liabilities</b>	<b><u>101,206,073</u></b>	<b><u>91,579,595</u></b>
Preferred stock	2,604,333	-
Common stock	1,262,039	1,261,745
Surplus	9,311,913	9,312,743
Accumulated other comprehensive income (loss)	(3,083)	(25,011)
Accumulated deficit	<u>(1,529,971)</u>	<u>(1,344,441)</u>
<b>Total stockholders' equity</b>	<b><u>11,645,231</u></b>	<b><u>9,205,036</u></b>
<b>Total Liabilities &amp;     Stockholders' Equity</b>	<b><u>\$ 112,851,304</u></b>	<b><u>\$100,784,631</u></b>

Performance Statistics  
(unaudited)

	Qtr Ended Mar. 31, 2009	Qtr Ended Dec. 31, 2008	Qtr Ended Sept. 30, 2008	Qtr Ended June 30, 2008	Qtr Ended Mar. 31, 2008
Net interest margin	2.38%	2.56%	3.19%	3.06%	3.23%
Nonperforming loans/total loans	2.78%	3.68%	0.89%	0.92%	1.03%
Allowance for loan losses/ Total loans	1.16%	1.19%	1.10%	1.07%	1.08%
Average loans/Average assets	89.9%	92.9%	93.0%	92.7%	93.4%
Non interest expenses/ Average assets	0.69%	0.82%	0.73%	0.71%	0.74%

Income Statements (unaudited)

	Qtr Ended Mar. 31, 2009	Qtr Ended Dec. 31, 2008	Qtr Ended Sept. 30, 2008	Qtr Ended June 30, 2008	Qtr Ended Mar. 31, 2008
<b>INTEREST INCOME</b>					
Loans	\$1,336,813	\$1,381,175	\$1,544,802	\$1,491,209	\$1,533,961
Investments	46,231	48,792	43,174	43,536	37,506
Federal funds sold	-	210	4,970	5,568	6,616
Other	1,978	2,396	16	66	140
Total interest income	<u>1,385,022</u>	<u>1,432,573</u>	<u>1,592,962</u>	<u>1,540,379</u>	<u>1,578,223</u>
<b>INTEREST EXPENSE</b>					
Borrowings	119,526	90,679	93,502	77,493	65,691
Checking	627	1,248	1,975	2,144	2,631
Money Market	61,015	88,161	123,127	124,712	152,605
Time deposits	586,966	615,092	596,285	615,526	631,757
Total interest expense	<u>768,134</u>	<u>795,180</u>	<u>814,889</u>	<u>819,875</u>	<u>852,684</u>
Net interest income	<u>616,888</u>	<u>637,393</u>	<u>778,073</u>	<u>720,504</u>	<u>725,539</u>
Provision for loan losses	<u>129,450</u>	<u>235,296</u>	<u>50,198</u>	<u>38,489</u>	<u>165,738</u>
NON INTEREST INCOME	19,172	19,956	21,783	35,102	28,058
<b>NON INTEREST EXPENSE</b>					
Salaries & benefits	376,593	378,001	363,709	339,595	357,128
Occupancy & equipment	100,578	98,673	99,655	98,922	88,143
Data processing	53,558	53,460	50,256	49,689	49,787
Professional fees	65,239	52,275	75,081	55,617	53,479
Advertising	6,889	13,435	21,133	23,590	19,223
Other non interest expenses	<u>141,777</u>	<u>207,367</u>	<u>123,683</u>	<u>112,206</u>	<u>114,235</u>
Total non interest expense	<u>744,634</u>	<u>803,211</u>	<u>733,517</u>	<u>679,619</u>	<u>681,995</u>
Pre-tax income (loss)	(238,024)	(381,158)	16,141	37,497	(94,136)
Tax benefit (expense)	<u>80,444</u>	<u>127,956</u>	<u>(6,163)</u>	<u>(13,825)</u>	<u>31,362</u>
Net income (loss)	<u>\$ (157,580)</u>	<u>\$ (253,202)</u>	<u>\$ 9,978</u>	<u>\$ 23,672</u>	<u>\$ (62,774)</u>
Preferred stock dividends	<u>(27,950)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss) attributed to common shareholders	<u>\$ (185,530)</u>	<u>\$ (253,202)</u>	<u>\$ 9,978</u>	<u>\$ 23,672</u>	<u>\$ (62,774)</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](http://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.