



***NEWS RELEASE***

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

**EXTON, PA** - First Resource Bank (OTC Bulletin Board: FRSB) announced a second quarter net loss of \$32,936 for the three months ended June 30, 2009, which compares to a net loss of \$157,580 for the quarter ended March 31, 2009 and net income of \$23,672 for the quarter ended June 30, 2008.

Glenn B. Marshall, President & CEO, stated, "While we are disappointed that the second quarter incurred a net loss, we are pleased to report that, absent the industry-wide FDIC insurance special assessment, the quarter would have generated net income." The FDIC insurance special assessment is calculated as 5 basis points of a bank's total assets less Tier 1 equity. The estimated FDIC insurance special assessment for First Resource Bank is approximately \$55,000.

Net interest income was \$731,097 for the quarter ended June 30, 2009 as compared to \$616,888 for the previous quarter. This

18.5% improvement in net interest income was due in part to a one-time \$36,875 prepayment penalty paid to the Federal Home Loan Bank of Pittsburgh during the first quarter to prepay a \$2 million advance. The remaining net interest income improvement is mainly attributed to the widening of the net interest margin from 2.38% during the first quarter to 2.57% for the second quarter.

The net loss for the six months ended June 30, 2009 was \$190,516 as compared to a net loss of \$39,102 for the six months ended June 30, 2008. This difference is due to increased FDIC insurance expenses, other real estate owned expenses as well as a lower net interest margin.

First Resource Bank experienced significant deposit growth during the second quarter with total deposits increasing \$8.9 million, or 9.8%, to \$100.3 million at June 30, 2009. This deposit growth is the result of new customers as well as several large depositors consolidating their banking relationships at First Resource Bank. Deposit growth was experienced in all sections of the deposit portfolio.

The loan portfolio grew \$1.9 million, or 1.9%, during the second quarter to \$100.0 million at June 30, 2009. During the second quarter, the construction portfolio continued to decline as some construction projects either sold or were moved into permanent financing at completion. Several construction

borrowers have turned their newly constructed dwellings into rental properties to service their debt pending sale of the properties later.

	June 30, 2009	Dec. 31, 2008	June 30, 2008
Commercial real estate	\$ 54,041,594	\$ 48,801,638	\$ 45,224,825
Commercial construction	12,114,745	14,205,945	15,740,019
Commercial business	11,847,236	11,444,273	9,578,888
Consumer	<u>22,045,951</u>	<u>20,372,856</u>	<u>19,626,732</u>
Total loans	<u>\$100,049,526</u>	<u>\$ 94,824,712</u>	<u>\$ 90,170,464</u>

The allowance for loan losses to total loans was 1.18% at June 30, 2009 as compared to 1.16% at March 31, 2009, 1.19% at December 31, 2008 and 1.07% at June 30, 2008. There were no charge-offs during the quarter ended June 30, 2009. Non-performing assets, which include non-performing loans and other real estate owned, totaled \$3.3 million at June 30, 2009, a \$61,000 increase during the quarter. Nonperforming assets to total assets declined from 2.88% at March 31, 2009 to 2.76% at June 30, 2009.

Preferred stock dividends are accrued monthly with the first quarterly dividend payment made on May 15, 2009. Preferred stock dividends of \$41,925 were accrued during the second quarter increasing the net loss attributable to common shareholders to \$74,861. Preferred stock dividends of \$69,875 were accrued during the six months ended June 30, 2009,

increasing the net loss attributable to common shareholders to \$260,391. The Bank's total risk based capital ratio was 12.38% at June 30, 2009, well above the well capitalized regulatory threshold.

Chairman James B. Griffin stated, "We are pleased to have recently announced the adoption of a Stock Purchase Plan enabling registered shareholders the option of buying new shares of common stock directly from First Resource Bank on a quarterly basis. This option will allow shareholders to increase their First Resource Bank stock holdings with no brokerage fees and provides an efficient way to purchase and track their stock certificates through a plan structure."

Non-interest income for the quarter ended June 30, 2009 was \$22,113, as compared to \$19,172 for the previous quarter.

Non-interest income for the six months ended June 30, 2009 was \$41,285 as compared to \$63,159 for the six months ended June 30, 2008. This decline is due to First Resource exiting the residential, primary mortgage business in late 2008. Over 21% of non-interest income recorded during the six months ended June 30, 2008 was mortgage fees.

Non-interest expense increased \$17,611, or 2.4% in the three months ended June 30, 2009 as compared to the three months ended March 31, 2009. Non-interest expense during the second quarter included a \$55,000 FDIC insurance special assessment.

Non-interest expense increased \$145,265, or 10.7% in the six months ended June 30, 2009 as compared to the six months ended June 30, 2008. This increase is primarily attributed to higher FDIC insurance expenses as well as other real estate owned expenses.

Selected Financial Data:

Balance Sheets (unaudited)

	June 30, 2009	Dec. 31, 2008
Cash and due from banks	\$ 8,423,224	\$ 404,594
Federal funds sold	8,000	-
Cash & cash equivalents	<u>8,431,224</u>	<u>404,594</u>
Investments	10,216,884	4,779,304
Loans	100,049,526	94,824,712
Allowance for loan losses	(1,182,161)	(1,127,978)
Premises & equipment	271,260	341,043
Other assets	<u>2,363,836</u>	<u>1,562,956</u>
<b>Total assets</b>	<b><u>\$ 120,150,569</u></b>	<b><u>\$100,784,631</u></b>
Non-interest bearing deposits	\$ 3,918,325	\$ 2,989,961
Interest-bearing checking	1,465,607	1,017,098
Money market	16,469,318	15,539,943
Time deposits	78,399,925	60,619,571
Total deposits	<u>100,253,175</u>	<u>80,166,573</u>
Borrowings	7,928,000	10,993,000
Other liabilities	<u>516,268</u>	<u>420,022</u>
<b>Total liabilities</b>	<b><u>108,697,443</u></b>	<b><u>91,579,595</u></b>
Preferred stock	2,610,833	-
Common stock	1,262,462	1,261,745
Surplus	9,320,542	9,312,743
Accumulated other comprehensive income (loss)	(135,880)	(25,011)
Accumulated deficit	<u>(1,604,831)</u>	<u>(1,344,441)</u>
<b>Total stockholders' equity</b>	<b><u>11,453,126</u></b>	<b><u>9,205,036</u></b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b><u>\$ 120,150,569</u></b>	<b><u>\$100,784,631</u></b>

Performance Statistics  
(unaudited)

	Qtr Ended June 30, 2009	Qtr Ended Mar. 31, 2009	Qtr Ended Dec. 31, 2008	Qtr Ended Sept. 30, 2008	Qtr Ended June 30, 2008
Net interest margin	2.57%	2.38%	2.56%	3.19%	3.06%
Nonperforming loans/total loans	2.37%	2.78%	3.68%	0.89%	0.92%
Nonperforming assets/total assets	2.76%	2.88%	3.81%	1.23%	1.19%
Allowance for loan losses/ Total loans	1.18%	1.16%	1.19%	1.10%	1.07%
Average loans/Average assets	84.8%	89.9%	92.9%	93.0%	92.7%
Non interest expenses/ Average assets	0.64%	0.69%	0.82%	0.73%	0.71%

Income Statements (unaudited)

	Qtr Ended June 30, 2009	Qtr Ended Mar. 31, 2009	Qtr Ended Dec. 31, 2008	Qtr Ended Sept. 30, 2008	Qtr Ended June 30, 2008
<b>INTEREST INCOME</b>					
Loans	\$1,400,491	\$1,336,813	\$1,381,175	\$1,544,802	\$1,491,209
Investments	83,303	46,231	48,792	43,174	43,536
Federal funds sold	-	-	210	4,970	5,568
Other	2,762	1,978	2,396	16	66
Total interest income	<u>1,486,556</u>	<u>1,385,022</u>	<u>1,432,573</u>	<u>1,592,962</u>	<u>1,540,379</u>
<b>INTEREST EXPENSE</b>					
Borrowings	67,298	119,526	90,679	93,502	77,493
Checking	788	627	1,248	1,975	2,144
Money Market	64,377	61,015	88,161	123,127	124,712
Time deposits	622,996	586,966	615,092	596,285	615,526
Total interest expense	<u>755,459</u>	<u>768,134</u>	<u>795,180</u>	<u>814,889</u>	<u>819,875</u>
Net interest income	<u>731,097</u>	<u>616,888</u>	<u>637,393</u>	<u>778,073</u>	<u>720,504</u>
Provision for loan losses	<u>39,942</u>	<u>129,450</u>	<u>235,296</u>	<u>50,198</u>	<u>38,489</u>
NON INTEREST INCOME	22,113	19,172	19,956	21,783	35,102
<b>NON INTEREST EXPENSE</b>					
Salaries & benefits	327,726	376,593	378,001	363,709	339,595
Occupancy & equipment	99,384	100,578	98,673	99,655	98,922
Data processing	55,775	53,558	53,460	50,256	49,689
Professional fees	62,853	65,239	52,275	75,081	55,617
Advertising	9,986	6,889	13,435	21,133	23,590
Other non interest Expenses	<u>206,521</u>	<u>141,777</u>	<u>207,367</u>	<u>123,683</u>	<u>112,206</u>
Total non interest Expense	<u>762,245</u>	<u>744,634</u>	<u>803,211</u>	<u>733,517</u>	<u>679,619</u>
Pre-tax income (loss)	(48,977)	(238,024)	(381,158)	16,141	37,498
Tax benefit (expense)	<u>16,041</u>	<u>80,444</u>	<u>127,956</u>	<u>(6,163)</u>	<u>(13,825)</u>
Net income (loss)	<u>\$ (32,936)</u>	<u>\$ (157,580)</u>	<u>\$ (253,202)</u>	<u>\$ 9,978</u>	<u>\$ 23,673</u>
Preferred stock dividends	<u>(41,925)</u>	<u>(27,950)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss) attributed to common shareholders	<u>\$ (74,861)</u>	<u>\$ (185,530)</u>	<u>\$ (253,202)</u>	<u>\$ 9,978</u>	<u>\$ 23,673</u>

Income Statements (unaudited)

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
INTEREST INCOME		
Loans	\$2,737,304	\$3,025,170
Investments	129,534	81,042
Federal funds sold	-	12,184
Other	4,740	206
Total interest income	<u>2,871,578</u>	<u>3,118,602</u>
INTEREST EXPENSE		
Borrowings	186,824	143,184
Checking	1,415	4,775
Money Market	125,392	277,317
Time deposits	1,209,962	1,247,283
Total interest expense	<u>1,523,593</u>	<u>1,672,559</u>
Net interest income	<u>1,347,985</u>	<u>1,446,043</u>
Provision for loan losses	<u>169,392</u>	<u>204,227</u>
NON INTEREST INCOME	41,285	63,159
NON INTEREST EXPENSE		
Salaries & benefits	704,319	696,723
Occupancy & equipment	199,962	187,065
Data processing	109,333	99,476
Professional fees	128,092	109,096
Advertising	16,875	42,813
Other non interest expense	348,298	226,441
Total non interest expense	<u>1,506,879</u>	<u>1,361,614</u>
Pre-tax income (loss)	(287,001)	(56,639)
Tax benefit	<u>96,485</u>	<u>17,537</u>
Net income (loss)	<u>\$ (190,516)</u>	<u>\$ (39,102)</u>
Preferred stock dividends	<u>(69,875)</u>	<u>-</u>
Net income (loss) attributed to common shareholders	<u>\$ (260,391)</u>	<u>\$ (39,102)</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.