



NEWS RELEASE

For Immediate Release
March 16, 2009

Media Contact:
Glenn Marshall,
President & CEO
610-561-6013

FIRST RESOURCE BANK ANNOUNCES YEAR END RESULTS

EXTON, PA – First Resource Bank (OTC Bulletin Board: FRSB) announced a fourth quarter net loss of \$253,202 for the three months ended December 31, 2008. Pre-tax loss for the quarter ended December 31, 2008 was \$381,158, which compares to pre-tax income of \$16,141 for the quarter ended September 30, 2008 and \$35,328 for the quarter ended December 31, 2007.

Chairman James B. Griffin stated, "2008 was a difficult year for the banking industry and we were not immune from those market forces. Our strategy has always been to create a community bank that could weather the current economic climate, as well as future economic cycles. We continue to believe that long term value can be created in First Resource Bank as we build and grow our lending and deposit relationships in Chester County."

For the year ended December 31, 2008 a net loss of \$282,326 was recorded as compared to net income of \$650,973 for the year ended December 31, 2007. 2007 income included a one-time tax benefit of \$561,000 due to the reversal of a valuation allowance

previously recorded against the Bank's net deferred tax asset. The \$421,656 pre-tax loss for the year ended December 31, 2008 compared to pre-tax income of \$122,562 for the year ended December 31, 2007. Operating results in 2008 were adversely affected by compression of the net interest margin, an increased provision for loan losses and expenses related to one other real estate owned property accepted in lieu of foreclosure.

Net interest income was \$637,393 for the quarter ended December 31, 2008 as compared to \$778,073 for the previous quarter. Net interest income was \$2.9 million for the years ended December 31, 2008 and 2007. Net interest income was flat year over year due to the higher volume of interest earning assets that was offset by a lower margin on those assets. The Federal Open Market Committee lowered the Federal Funds rate by 400 basis points in 2008 to a historic low of a range between 0 and 25 basis points. These dramatic and historic rate cuts have created a difficult interest rate environment for banks.

Deposits decreased \$2.9 million, or 3.5%, during the fourth quarter to a total of \$80.2 million at December 31, 2008. This decline was experienced mainly in the money market deposit portfolio which declined \$2.7 million, \$2 million of which moved into certificates of deposit during the fourth quarter. Total certificates of deposit were down slightly due to our unwillingness to match irrational competitor certificate of deposit interest rates. During 2008, deposits increased \$10.5 from \$69.7 million at December 31, 2007 to \$80.2 million at December 31, 2008. The certificate of deposit portfolio grew

\$11.5 million which was offset by a \$1.2 million decline in money market deposits. Since December 31, 2008, total deposits have grown \$6.3 million, or 7.8%, to \$86.4 million.

The loan portfolio grew \$1.9 million, or 2.1%, during the fourth quarter to \$94.8 million at December 31, 2008. During 2008, loans increased \$13.3 million from \$81.5 million at December 31, 2007 to \$94.8 million at December 31, 2008.

	Dec. 31, 2008	Sept. 30, 2008	Dec. 31, 2007
Commercial real estate	\$ 48,801,638	\$ 44,763,083	\$ 42,312,853
Commercial construction	14,205,845	17,711,333	14,373,943
Commercial business	11,444,273	10,348,947	7,180,765
Consumer	<u>20,372,856</u>	<u>20,093,883</u>	<u>17,627,362</u>
Total loans	<u>\$ 94,824,712</u>	<u>\$ 92,917,246</u>	<u>\$ 81,494,923</u>

The allowance for loan losses to total loans was 1.19% at December 31, 2008 as compared to 1.10% at September 30, 2008 and 1.11% at December 31, 2007. In the fourth quarter charge-offs totaled \$154,980 which increased total charge offs for the year to \$270,085. Charge offs in 2008 represented 0.30% of average loans. Non-performing loans at December 31, 2008 totaled \$3.5 million, comprised of 9 completed residential houses across 4 different borrowers.

Glenn B. Marshall, President & CEO, stated, "Throughout the year we have worked to identify the stressed credits in the loan portfolio and we have aggressively pursued collection on those accounts. In an extended economic downturn it is difficult to predict all the cash flow and collateral issues that may come to light over time, but we believe that we have been conservative in

providing adequate reserves for loan losses based on the information available.”

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%.

Non interest income for the year ended December 31, 2008 was \$104,898 which was 18.7% higher than the previous year's non interest income. In addition, prior year's non interest income was heavily dependent on mortgage fee income while the year ended December 31, 2008 had almost 83% of non interest income derived from other sources. First Resource Bank exited the mortgage broker business during the fourth quarter of 2008.

Non interest expense increased \$69,694, or 9.5% in the three months ended December 31, 2008 as compared to the three months ended September 30, 2008. This increase is primarily attributed to a \$66,000 write down recorded in the fourth quarter for the Bank's other real estate owned property that is under agreement of sale. Non interest expense increased \$333,498 from \$2.6 million for the year ended December 31, 2007 to \$2.9 million for the year ended December 31, 2008. This increase is due in part

due to higher salaries and benefits expenses due to additional staff added in 2008 as well as an increase in other real estate owned expenses of \$86,000 in 2008, of which \$66,000 was the other real estate owned write down previously mentioned.

Mr. Marshall stated, "Cost reductions have been made aggressively throughout the Bank and we expect to see the benefit of these cuts towards the latter half of 2009. While these decisions are never easy, they are beneficial to the long term health of the Bank. We continue to be concerned about our 2009 profitability with the addition of increased and special assessments by FDIC which burden healthy community banks around the country."

Selected Financial Data:

Balance Sheets (unaudited)

	Dec. 31, 2008	Dec. 31, 2007
Cash and due from banks	\$ 404,594	\$ 1,506,236
Federal funds sold	-	26,000
Cash & cash equivalents	<u>404,594</u>	<u>1,532,236</u>
Investments	4,779,304	13,285,659
Loans	94,824,712	81,494,923
Allowance for loan losses	(1,127,978)	(908,342)
Premises & equipment	341,043	381,200
Other assets	<u>1,562,956</u>	<u>1,516,360</u>
Total assets	<u>\$100,784,631</u>	<u>\$97,302,036</u>
Non-interest bearing deposits	\$ 2,989,961	\$ 2,500,698
Interest-bearing checking	1,017,098	1,368,086
Money market	15,539,943	16,656,631
Time deposits	60,619,571	49,151,653
Total deposits	<u>80,166,573</u>	<u>69,677,068</u>
Borrowings	10,993,000	18,120,700
Other liabilities	<u>420,022</u>	<u>355,671</u>
Total liabilities	<u>91,579,595</u>	<u>88,153,439</u>
Common stock	1,261,745	1,197,994
Surplus	9,312,743	9,012,240
Accumulated other comprehensive income (loss)	(25,011)	478
Accumulated deficit	<u>(1,344,441)</u>	<u>(1,062,115)</u>
Total stockholders' equity	<u>9,205,036</u>	<u>9,148,597</u>
Total Liabilities & Stockholders' Equity	<u>\$100,784,631</u>	<u>\$97,302,036</u>

Performance Statistics (unaudited)

	Qtr Ended Dec. 31, 2008	Qtr Ended Sept. 30, 2008	Qtr Ended June 30, 2008	Qtr Ended Mar. 31, 2008	Qtr Ended Dec. 31, 2007
Net interest margin	2.56%	3.19%	3.06%	3.23%	3.59%
Nonperforming loans/total loans	3.68%	0.89%	0.92%	1.03%	0.48%
Allowance for loan losses/ Total loans	1.19%	1.10%	1.07%	1.08%	1.11%
Average loans/Average assets	92.9%	93.0%	92.7%	93.4%	93.6%
Non interest expenses/ Average assets	0.82%	0.73%	0.71%	0.74%	0.80%

Income Statements (unaudited)

	Qtr Ended Dec. 31, 2008	Qtr Ended Sept. 30, 2008	Qtr Ended June 30, 2008	Qtr Ended Mar. 31, 2008	Qtr Ended Dec. 31, 2007
INTEREST INCOME					
Loans	\$1,381,175	\$1,544,802	\$1,491,209	\$1,533,961	\$1,606,329
Investments	48,792	43,174	43,536	37,506	51,293
Federal funds sold	210	4,970	5,568	6,616	368
Other	2,396	16	66	140	145
Total interest income	<u>1,432,573</u>	<u>1,592,962</u>	<u>1,540,379</u>	<u>1,578,223</u>	<u>1,658,135</u>
INTEREST EXPENSE					
Borrowings	90,679	93,502	77,493	65,691	51,502
Checking	1,248	1,975	2,144	2,631	2,447
Money Market	88,161	123,127	124,712	152,605	183,065
Time deposits	615,092	596,285	615,526	631,757	648,941
Total interest expense	<u>795,180</u>	<u>814,889</u>	<u>819,875</u>	<u>852,684</u>	<u>885,955</u>
Net interest income	<u>637,393</u>	<u>778,073</u>	<u>720,504</u>	<u>725,539</u>	<u>772,180</u>
Provision for loan losses	<u>235,296</u>	<u>50,198</u>	<u>38,489</u>	<u>165,738</u>	<u>68,980</u>
NON INTEREST INCOME					
Mortgage fee income	4,017	725	2,214	11,129	7,022
Other income	15,939	21,058	32,887	16,929	18,106
Total non interest income	<u>19,956</u>	<u>21,783</u>	<u>35,101</u>	<u>28,058</u>	<u>25,128</u>
NON INTEREST EXPENSE					
Salaries & benefits	378,001	363,709	339,595	357,128	342,404
Occupancy & equipment	98,673	99,655	98,922	88,143	89,325
Data processing	53,460	50,256	49,689	49,787	50,184
Professional fees	52,275	75,081	55,617	53,479	54,380
Advertising	13,435	21,133	23,590	19,223	31,023
Other non interest expenses	207,367	123,683	112,206	114,235	125,684
Total non interest expense	<u>803,211</u>	<u>733,517</u>	<u>679,619</u>	<u>681,995</u>	<u>693,000</u>
Pre-tax income (loss)	(381,158)	16,141	37,497	(94,136)	35,328
Tax benefit (expense)	<u>127,956</u>	<u>(6,163)</u>	<u>(13,825)</u>	<u>31,362</u>	<u>(13,642)</u>
Net income (loss)	<u>\$ (253,202)</u>	<u>\$ 9,978</u>	<u>\$ 23,672</u>	<u>\$ (62,774)</u>	<u>\$ 21,686</u>

Income Statements (unaudited)

	Year Ended Dec. 31, 2008	Year Ended Dec. 31, 2007
INTEREST INCOME		
Loans	\$5,951,147	\$5,922,339
Investments	173,008	236,659
Federal funds sold	17,364	181,310
Other	2,618	2,030
Total interest income	<u>6,144,137</u>	<u>6,342,338</u>
INTEREST EXPENSE		
Borrowings	327,365	59,234
Checking	7,998	9,893
Money Market	488,605	796,999
Time deposits	2,458,660	2,546,510
Total interest expense	<u>3,282,628</u>	<u>3,412,636</u>
Net interest income	<u>2,861,509</u>	<u>2,929,702</u>
Provision for loan losses	<u>489,721</u>	<u>330,691</u>
NON INTEREST INCOME		
Mortgage fee income	18,085	37,326
Other income	86,813	51,069
Total non interest income	<u>104,898</u>	<u>88,395</u>
NON INTEREST EXPENSE		
Salaries & benefits	1,438,433	1,323,031
Occupancy & equipment	385,393	343,894
Data processing	203,192	179,330
Professional fees	236,452	219,683
Advertising	77,381	98,542
Other non interest expense	557,491	400,364
Total non interest expense	<u>2,898,342</u>	<u>2,564,844</u>
Pre-tax income (loss)	(421,656)	122,562
Tax benefit	<u>139,330</u>	<u>528,411</u>
Net income (loss)	<u>\$ (282,326)</u>	<u>\$ 650,973</u>

###

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.