



NEWS RELEASE

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FIRST RESOURCE BANK PROFITABILITY CONTINUES

EXTON, PA - First Resource Bank (OTC Bulletin Board: FRSB) is pleased to announce that it has achieved its second consecutive profitable quarter, reporting net income of \$8,052 for the quarter ended March 31, 2007. This compares to net income of \$1,963 in for the quarter ending December 31, 2006. The quarter ended March 31, 2007 was the Bank's seventh full quarter of operations.

President & CEO Glenn B. Marshall stated, "The first quarter is historically a tough period due to the short number of days in February. We continued to control overhead which allowed us to remain profitable despite a tough interest rate environment and additional reserves established for specific consumer loan delinquencies. I look forward to demonstrating increasing profitability throughout 2007."

Net interest income for the first quarter of \$673,215 was 3.7% higher than the previous quarter. The first quarter's net interest margin was 3.58%, as compared to the fourth quarter's 4.16%. The net interest margin narrowed due to the combination of growth in the investment portfolio, which has a lower yield than the loan portfolio; a fifteen basis point decline in loan yields due to competition in the market; and a three basis point increase in the deposit cost of funds.

A key operating strategy continues to be to limit the size of the investment portfolio, allowing the Bank to deploy cash into higher-yielding loans whenever possible. Prior to December 2006, the investment portfolio mainly consisted of short term securities that typically matured within one week. These investments were purchased as part of the Bank's tax planning strategy over quarter ends. During the first quarter, an investment portfolio consisting of callable U.S. Government Agency Bonds of \$4.5 million was established to employ excess cash on hand. These bonds will be utilized as collateral for open but unused credit facilities to enhance the Bank's liquidity planning. The investment portfolio's yield was 5.45% for the quarter ended March 31, 2007, significantly below the loan portfolio's yield of 8.37% for the same quarter.

The loan portfolio grew \$5.1 million, or 8.3%, during the first quarter to \$66.2 million at March 31, 2007. Virtually all

of this loan growth was in the commercial real estate portfolio. Mr. Marshall noted, "We saw significant turnover in the commercial construction loan portfolio during the quarter as several projects were sold, resulting in loan payoffs. This turnover is good because it means our builders are producing quality products and pricing them appropriately in a changing real estate market to achieve efficient profitability. The Bank anticipates the reinvestment of these dollars in new projects being evaluated by these builders." Following is detail on the composition of the loan portfolio:

	March 31, 2007	Dec. 31, 2006	March 31, 2006
Commercial real estate	\$ 34,505,463	\$ 29,681,091	\$ 17,595,385
Commercial construction	10,740,664	10,826,194	8,469,000
Commercial business	4,612,089	4,223,770	3,872,361
Consumer	<u>16,346,702</u>	<u>16,419,712</u>	<u>9,378,409</u>
Total loans	<u>\$ 66,204,918</u>	<u>\$ 61,150,767</u>	<u>\$ 39,315,155</u>

The allowance for loan losses to total loans was 1.17% at March 31, 2007, as compared to 1.11% for the previous quarter. There have been no charge-offs to date. Two consumer home equity loans totaling \$148,652 were placed on non-accrual in the first quarter. These loans were placed on non-accrual due to their delinquent status of over 90 days. Collection efforts are underway on these loans and management believes that losses on these loans have been provided for through the allowance for loan losses. There were no other loans greater than 90 days past

due at March 31, 2007. There were no nonperforming loans in any prior quarter since the Bank opened.

Deposits grew \$2.2 million, or 3.3%, during the first quarter to a total of \$70.0 million at March 31, 2007. Deposit growth was experienced in all areas of the portfolio. Lauren C. Ranalli, Executive Vice President and Chief Financial Officer, stated, "Deposit growth lagged loan growth during the quarter by design. Management's focus was the deployment of excess liquidity gathered toward the end of 2006. Deposit strategies continue to be planned and implemented to match the loan portfolio demands."

First Resource Bank, a full-service community bank offers a full array of depository products and customized lending products to help customers achieve their personal and business financial goals. The Bank's branch and corporate headquarters is a full-service banking facility at the corner of Route 100 and Marchwood Road, in Exton, PA.

Selected Financial Data:

Balance Sheets (unaudited)

	March 31, 2007	Dec. 31, 2006	March 31, 2006
Cash & cash equivalents	\$ 827,623	\$ 488,399	\$ 329,800
Federal funds sold	<u>1,575,000</u>	<u>6,453,000</u>	<u>248,000</u>
Cash & cash equivalents	<u>2,402,623</u>	<u>6,941,399</u>	<u>577,800</u>
Investments	10,718,156	8,202,332	20,101,372
Loans	66,204,918	61,150,767	39,315,155
Allowance for loan losses	(772,102)	(677,892)	(448,883)
Premises & equipment	407,934	446,235	496,604
Other assets	<u>509,899</u>	<u>409,639</u>	<u>267,690</u>
 Total assets	 <u>\$79,471,428</u>	 <u>\$76,472,480</u>	 <u>\$60,309,738</u>
 Non-interest bearing deposits	 \$ 2,812,111	 \$ 3,098,554	 \$ 2,940,634
Checking	885,373	760,794	614,904
Money market	17,351,051	16,696,159	8,928,017
Time deposits	<u>48,925,769</u>	<u>47,192,218</u>	<u>19,157,696</u>
Total deposits	<u>69,974,304</u>	<u>67,747,725</u>	<u>31,641,251</u>
Borrowings	-	-	19,925,000
Other liabilities	<u>1,069,369</u>	<u>325,606</u>	<u>248,224</u>
 Total liabilities	 <u>71,043,673</u>	 <u>68,073,331</u>	 <u>51,814,475</u>
 Common stock	 1,140,517	 1,086,111	 1,086,111
Surplus	9,001,257	9,033,840	8,977,259
Accumulated other comprehensive income	(8,983)	(7,714)	-
Accumulated deficit	<u>(1,705,036)</u>	<u>(1,713,088)</u>	<u>(1,568,107)</u>
Total equity	<u>8,427,755</u>	<u>8,399,149</u>	<u>8,495,263</u>
 Total Liabilities & Equity	 <u>\$79,471,428</u>	 <u>\$76,472,480</u>	 <u>\$60,309,738</u>

Performance Statistics (unaudited)

	Qtr Ended Mar. 31, 2007	Qtr Ended Dec. 31, 2006	Qtr Ended Sept 30, 2006	Qtr Ended June 30, 2006	Qtr Ended Mar 31, 2006
Net interest margin	3.58%	4.16%	4.36%	4.38%	4.42%
Nonperforming loans/total loans	0.22%	-	-	-	-
Allowance for loan losses/ Total loans	1.17%	1.11%	1.11%	1.13%	1.14%
Average loans/Average assets	83.5%	84.4%	93.4%	90.1%	90.7%
Non interest expenses/ Average assets	0.77%	0.96%	1.06%	1.10%	1.30%

Income Statements (unaudited)

	Qtr Ended Mar. 31, 2007	Qtr Ended Dec. 31, 2006	Qtr Ended Sept 30, 2006	Qtr Ended June 30, 2006	Qtr Ended Mar 31, 2006
INTEREST INCOME					
Loans	\$1,317,359	\$1,227,401	\$1,108,805	\$ 901,682	\$ 640,981
Investments	45,322	14,117	31,775	27,554	23,579
Federal funds sold	117,738	47,405	17,053	39,232	25,753
Other	467	953	243	812	562
Total interest income	<u>1,480,886</u>	<u>\$1,289,876</u>	<u>1,157,876</u>	<u>969,280</u>	<u>690,875</u>
INTEREST EXPENSE					
Short term borrowings	-	3,134	25,515	26,281	23,002
Checking	1,945	1,711	1,663	2,015	1,846
Money Market	195,644	149,758	115,876	80,961	64,643
Time deposits	610,082	486,309	407,642	322,059	191,335
Total interest expense	<u>807,671</u>	<u>640,912</u>	<u>550,696</u>	<u>431,316</u>	<u>280,826</u>
Net interest income	<u>673,215</u>	<u>648,964</u>	<u>607,180</u>	<u>537,964</u>	<u>410,049</u>
Provision for loan losses	<u>94,210</u>	<u>64,018</u>	<u>69,734</u>	<u>95,257</u>	<u>122,561</u>
NON INTEREST INCOME					
Mortgage fee income	12,773	11,506	5,135	7,660	9,355
Other income	<u>7,481</u>	<u>5,229</u>	<u>3,814</u>	<u>2,998</u>	<u>1,780</u>
Total non interest income	<u>20,254</u>	<u>16,735</u>	<u>8,949</u>	<u>10,658</u>	<u>11,135</u>
NON INTEREST EXPENSE					
Salaries & benefits	329,579	299,209	297,086	276,828	255,700
Occupancy & equipment	88,803	83,236	82,719	81,212	73,833
Data processing	43,494	42,876	39,280	39,724	41,848
Professional fees	41,375	58,768	58,032	48,561	42,739
Advertising	13,825	23,687	35,991	26,688	18,656
Other non interest expenses	<u>74,131</u>	<u>91,942</u>	<u>80,734</u>	<u>79,849</u>	<u>68,035</u>
Total non interest expense	<u>591,207</u>	<u>599,718</u>	<u>593,842</u>	<u>552,862</u>	<u>500,811</u>
Pre-tax income	<u>\$ 8,052</u>	<u>\$ 1,963</u>	<u>\$ (47,447)</u>	<u>\$ (99,497)</u>	<u>\$ (202,188)</u>
Tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss)	<u>\$ 8,052</u>	<u>\$ 1,963</u>	<u>\$ (47,447)</u>	<u>\$ (99,497)</u>	<u>\$ (202,188)</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.