



NEWS RELEASE

For Immediate Release
April 23, 2013

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

FIRST RESOURCE BANK ANNOUNCES FIRST QUARTER RESULTS

EXTON, PA - First Resource Bank (OTC Bulletin Board: FRSB) announced net income for the three months ended March 31, 2013 was \$239,704 as compared to \$234,255 for the quarter ended December 31, 2012 and net income of \$243,738 for the quarter ended March 31, 2012. After accounting for preferred stock dividends, net income available to common shareholders for the quarter ended March 31, 2013 was \$226,997. This compares to net income available to common shareholders of \$221,458 for the quarter ended December 31, 2012 and \$180,200 for the quarter ended March 31, 2012.

Glenn B. Marshall, President & CEO, stated, "The first quarter of 2013 had the highest net income to common shareholders in the Bank's history. The benefit of lower preferred stock dividend costs is a significant savings over the prior year's first quarter."

Preferred stock dividend costs declined slightly from \$12,797 for the three months ended December 31, 2012 to \$12,707 for the three months ended December 31, 2012. Due to significant growth in qualified small business loans, the first quarter 2013 dividend rate was 1%, the lowest rate possible under the Small Business Lending Fund program. Preferred stock dividend costs declined 80% from \$63,538 for the quarter ended March 31, 2012 to \$12,707 for the quarter ended March 31, 2013.

Net interest income was \$1,320,752 for the quarter ended March 31, 2013 as compared to \$1,364,413 for the previous quarter. The net interest margin declined 6 basis points from 3.85% for the quarter ended December 31, 2012 to 3.79% for the quarter ended March 31, 2013. The overall yield on interest earning assets fell 8 basis points during the first quarter, including a 4 basis point decline in loan yields. Loan yields continue to experience pressure from intense competition for new loans as well as the scheduled re-pricing of existing loans during a time of historically low interest rates. The cost of interest bearing liabilities declined 3 basis points during the first quarter, led by a 4 basis point decline in the cost of certificates of deposit.

The allowance for loan losses to total loans was 1.02% at March 31, 2013, as compared to 1.12% at December 31, 2012 and 1.17% at March 31, 2012. Non-performing assets, which include

non-performing loans of \$3.1 million and other real estate owned of \$801 thousand, totaled \$3.9 million at March 31, 2013. Non-performing assets to total assets increased from 2.45% at December 31, 2012 to 2.59% at March 31, 2013 due to a slight increase in non-accrual loans and an increase in other real estate owned, coupled with a decline in total assets.

The loan portfolio grew \$2.6 million, or 2.0%, during the first quarter from \$128.7 million at December 31, 2012 to \$131.3 million at March 31, 2013. Growth in the commercial real estate loan portfolio was offset by declines in the commercial business, commercial construction and consumer portfolios during the first quarter.

The following table illustrates the composition of the loan portfolio:

	Mar. 31, 2013	Dec. 31, 2012	Mar. 31, 2012
Commercial real estate	\$ 84,753,204	\$ 80,500,799	\$ 75,750,992
Commercial construction	8,433,410	8,863,677	8,428,437
Commercial business	13,680,515	14,874,480	13,285,683
Consumer	<u>24,411,836</u>	<u>24,433,976</u>	<u>25,300,731</u>
Total loans	<u>\$131,278,965</u>	<u>\$128,672,932</u>	<u>\$122,765,843</u>

Deposits decreased \$3.4 million, or 2.6% from \$131.1 million at December 31, 2012 to \$127.7 million at March 31, 2013. During the first quarter, certificates of deposit decreased \$1.4 million, or 1.9%, from \$75.6 million at December 31, 2012 to \$74.1 million at March 31, 2013. Money market

deposits increased \$2.2 million, or 5.2%, from \$43.4 million at December 31, 2012 to \$45.6 million at March 31, 2013.

Non-interest income for the quarter ended March 31, 2013 was \$93,033, as compared to \$91,209 for the previous quarter.

Non-interest expense increased \$9,696, or 1%, in the three months ended March 31, 2013 as compared to the three months ended December 31, 2012. This increase was due to higher salaries and employee benefits expenses, higher data processing expenses and higher professional fees, offset by lower other real estate owned expenses.

Selected Financial Data:

Balance Sheets (unaudited)

	March 31, 2013	December 31, 2012
Cash and due from banks	\$ 2,619,714	\$ 5,633,237
Investments	9,455,252	10,688,356
Loans	131,278,965	128,672,932
Allowance for loan losses	(1,340,091)	(1,439,935)
Premises & equipment	2,752,899	2,671,344
Other assets	4,957,218	4,825,042
Total assets	\$ 149,723,957	\$ 151,050,976
Non-interest bearing deposits	\$ 5,677,611	\$ 5,236,362
Interest-bearing checking	2,239,518	6,921,675
Money market	45,598,550	43,363,298
Time deposits	74,139,798	75,567,700
Total deposits	127,655,477	131,089,035
Borrowings	5,320,000	3,420,000
Other liabilities	463,873	481,168
Total liabilities	133,439,350	134,990,203
Preferred stock	5,083,000	5,083,000
Common stock	1,529,316	1,528,243
Surplus	9,569,485	9,565,547
Accumulated other comprehensive income (loss)	171,151	179,324
Accumulated deficit	(68,345)	(295,341)
Total stockholders' equity	16,284,607	16,060,773
Total Liabilities & Stockholders' Equity	\$ 149,723,957	\$ 151,050,976

Performance Statistics (unaudited)

	Qtr Ended Mar. 31, 2013	Qtr Ended Dec. 31, 2012	Qtr Ended Sept. 30, 2012	Qtr Ended June 30, 2012	Qtr Ended Mar. 31, 2012
Net interest margin	3.79%	3.85%	3.85%	3.76%	3.91%
Nonperforming loans/total loans	2.34%	2.34%	2.61%	2.75%	2.48%
Nonperforming assets/ Total assets	2.59%	2.45%	3.02%	3.04%	2.93%
Allowance for loan losses/ Total loans	1.02%	1.12%	1.21%	1.16%	1.17%
Average loans/Average assets	86.7%	87.2%	86.2%	84.9%	84.4%
Non interest expenses*/ Average assets	2.55%	2.47%	2.43%	2.52%	2.45%
Earnings per share - basic and Diluted	\$0.15	\$0.14	\$0.12	\$0.11	\$0.12

* Annualized

Income Statements (unaudited)

	Qtr Ended Mar. 31, 2013	Qtr Ended Dec. 31, 2012	Qtr Ended Sept. 30, 2012	Qtr Ended June 30, 2012	Qtr Ended Mar. 31, 2012
INTEREST INCOME					
Loans	\$1,617,539	\$1,671,869	\$1,668,250	\$1,640,648	\$1,642,566
Investments	49,815	53,718	56,433	58,312	61,572
Federal funds sold	-	-	-	-	-
Other	1,513	88	2,414	2,383	1,017
Total interest income	<u>1,668,867</u>	<u>1,725,675</u>	<u>1,727,097</u>	<u>1,701,343</u>	<u>1,705,155</u>
INTEREST EXPENSE					
Borrowings	9,589	10,974	8,358	6,925	4,647
Checking	772	565	801	1,398	964
Money Market	84,065	82,226	87,113	101,368	101,742
Time deposits	253,689	267,497	276,164	287,276	294,895
Total interest expense	<u>348,115</u>	<u>361,262</u>	<u>372,436</u>	<u>396,967</u>	<u>402,248</u>
Net interest income	<u>1,320,752</u>	<u>1,364,413</u>	<u>1,354,661</u>	<u>1,304,376</u>	<u>1,302,907</u>
Provision for loan losses	<u>131,787</u>	<u>174,979</u>	<u>206,403</u>	<u>149,677</u>	<u>159,991</u>
Net interest income after provision for loan losses	1,188,965	1,189,434	1,148,258	1,154,699	1,142,916
NON INTEREST INCOME	93,033	91,209	73,267	59,705	55,179
NON INTEREST EXPENSE					
Salaries & benefits	483,200	438,058	454,317	420,646	435,025
Occupancy & equipment	95,357	88,799	80,580	85,686	77,855
Data processing	63,400	35,430	57,384	55,748	55,714
Professional fees	76,786	50,791	59,616	87,868	93,569
Advertising	15,311	15,978	19,071	12,952	13,269
Other real estate owned expenses	20,000	117,646	36,866	71,100	15,243
Other non interest Expenses	<u>179,327</u>	<u>176,983</u>	<u>181,174</u>	<u>170,476</u>	<u>153,171</u>
Total non interest Expense	<u>933,381</u>	<u>923,685</u>	<u>889,008</u>	<u>904,476</u>	<u>843,846</u>
Pre-tax income	348,617	356,958	332,517	309,928	354,249
Tax expense	<u>(108,913)</u>	<u>(122,703)</u>	<u>(106,207)</u>	<u>(96,674)</u>	<u>(110,511)</u>
Net income	<u>\$ 239,704</u>	<u>\$ 234,255</u>	<u>\$ 226,310</u>	<u>\$ 213,254</u>	<u>\$ 243,738</u>
Preferred stock dividends and accretion	<u>(12,707)</u>	<u>(12,797)</u>	<u>(38,811)</u>	<u>(52,224)</u>	<u>(63,538)</u>
Net income available to common shareholders	<u>\$ 226,997</u>	<u>\$ 221,458</u>	<u>\$ 187,499</u>	<u>\$ 161,030</u>	<u>\$ 180,200</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.