



***NEWS RELEASE***

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***FIRST RESOURCE BANK ANNOUNCES  
2012 FIRST QUARTER RESULTS***

**EXTON, PA** - First Resource Bank (OTC Bulletin Board: FRSB) announced net income for the three months ended March 31, 2012 was \$243,738 as compared to \$232,982 for the quarter ended December 31, 2011 and net income of \$174,120 for the quarter ended March 31, 2011. After accounting for preferred stock dividends, net income available to common shareholders for the quarter ended March 31, 2012 was \$180,200. This compares to net income available to common shareholders of \$168,740 for the quarter ended December 31, 2011 and \$101,982 for the quarter ended March 31, 2011.

Glenn B. Marshall, President & CEO, stated, "We are pleased to report the sixth consecutive record quarterly earnings for our common shareholders. During the first quarter we

successfully grew the loan portfolio while maintaining our net interest margin in a highly competitive loan market.”

Net interest income was \$1,302,907 for the quarter ended March 31, 2012 as compared to \$1,301,422 for the previous quarter. The net interest margin widened 1 basis point, from 3.90% for the three months ended December 31, 2011 to 3.91% for the three months ended March 31, 2012. The current interest rate environment and increased competition for quality loan relationships in the Chester County market placed pressure on yields for new loans, with the loan yield falling 20 basis points during the first quarter. The yield on total assets declined only 2 basis points due to lower short term cash balances maintained and a higher yield on the investment portfolio. The deposit cost of funds declined 7 basis points during the first quarter, led by a 12 basis point decline in the cost of certificates of deposit.

The allowance for loan losses to total loans was 1.17% at March 31, 2012, as compared to 1.24% at December 31, 2011 and 1.27% at March 31, 2011. Non-performing assets, which include non-performing loans of \$3.0 million and other real estate owned of \$1.2 million, totaled \$4.2 million at March 31, 2012. Non-performing assets to total assets increased from 2.20% at December 31, 2011 to 2.93% at March 31, 2012 due to \$1.2 million of loans placed on nonaccrual during the first quarter.

Marshall stated, "We are encouraged with our progress in improving credit quality year over year, however, due to the size of the loan portfolio, one individual customer relationship can have an impact on a particular quarter's ratios."

The loan portfolio grew \$5.3 million, or 4.5%, during the first quarter from \$117.5 million at December 31, 2011 to \$122.8 million at March 31, 2012. The vast majority of this loan growth was in the commercial real estate segment of the portfolio.

The following table illustrates the composition of the loan portfolio:

	Mar. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Commercial real estate	\$ 75,750,992	\$ 71,300,163	\$ 71,538,599
Commercial construction	8,428,437	7,165,979	2,840,605
Commercial business	13,285,683	13,507,058	12,276,455
Consumer	<u>25,300,731</u>	<u>25,483,053</u>	<u>26,331,755</u>
Total loans	<u>\$122,765,843</u>	<u>\$117,456,253</u>	<u>\$112,987,414</u>

Deposits increased \$5.1 million, or 4.2% from \$119.9 million at December 31, 2011 to \$125.0 million at March 31, 2012. During the first quarter, certificates of deposit increased \$3.5 million, or 5.0%, from \$70.6 million at December 31, 2011 to \$74.1 million at March 31, 2012. Money market deposits increased \$2.0 million, or 4.8%, from \$42.0 million at December 31, 2011 to \$44.0 million at March 31, 2012.

Non-interest income for the quarter ended March 31, 2012 was \$55,179, as compared to \$38,944 for the previous quarter.

This increase was primarily due to income from the increase in cash surrender value on bank owned life insurance that was purchased during the fourth quarter of 2011.

Non-interest expense decreased \$27,895, or 3.2% in the three months ended March 31, 2012 as compared to the three months ended December 31, 2011. This decrease was primarily due to a decrease in other real estate owned expenses, offset by higher employment expenses.

## Selected Financial Data:

### Balance Sheets (unaudited)

	March 31, 2012	December 31, 2011
Cash and due from banks	\$ 3,377,013	\$ 1,554,676
Investments	12,884,340	12,904,792
Loans	122,765,843	117,456,253
Allowance for loan losses	(1,439,284)	(1,458,824)
Premises & equipment	179,365	162,080
Other assets	5,397,295	5,400,055
<b>Total assets</b>	<b>\$ 143,164,572</b>	<b>\$ 136,019,032</b>
Non-interest bearing deposits	\$ 4,607,126	\$ 5,799,857
Interest-bearing checking	2,218,101	1,499,933
Money market	44,038,616	42,006,348
Time deposits	74,137,467	70,637,139
<b>Total deposits</b>	<b>125,001,310</b>	<b>119,943,277</b>
Borrowings	2,220,000	-
Other liabilities	522,524	859,456
<b>Total liabilities</b>	<b>127,743,834</b>	<b>120,802,733</b>
Preferred stock	5,083,000	5,083,000
Common stock	1,453,094	1,453,094
Surplus	9,629,144	9,629,144
Accumulated other comprehensive income (loss)	120,414	96,174
Accumulated deficit	(864,914)	(1,045,113)
<b>Total stockholders' equity</b>	<b>15,420,738</b>	<b>15,216,299</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>\$ 143,164,572</b>	<b>\$ 136,019,032</b>

### Performance Statistics (unaudited)

	Qtr Ended Mar. 31, 2012	Qtr Ended Dec. 31, 2011	Qtr Ended Sept. 30, 2011	Qtr Ended June 30, 2011	Qtr Ended Mar. 31, 2011
Net interest margin	3.91%	3.90%	3.77%	3.75%	3.91%
Nonperforming loans/total loans	2.48%	1.56%	2.23%	2.77%	2.35%
Nonperforming assets/ Total assets	2.93%	2.20%	2.71%	2.95%	3.32%
Allowance for loan losses/ Total loans	1.17%	1.24%	1.24%	1.28%	1.27%
Average loans/Average assets	84.4%	84.4%	84.9%	84.9%	88.0%
Non interest expenses*/ Average assets	2.45%	2.55%	2.32%	2.52%	2.58%
Earnings per share - basic and diluted	\$0.12	\$0.12	\$0.09	\$0.07	\$0.07

\* Annualized

Income Statements (unaudited)

	Qtr Ended Mar. 31, 2012	Qtr Ended Dec. 31, 2011	Qtr Ended Sept. 30, 2011	Qtr Ended June 30, 2011	Qtr Ended Mar. 31, 2011
<b>INTEREST INCOME</b>					
Loans	\$1,642,566	\$1,651,201	\$1,628,005	\$1,587,688	\$1,585,435
Investments	61,572	63,897	71,048	63,007	55,056
Federal funds sold	-	-	-	-	147
Other	1,017	2,563	3,644	1,899	1,016
Total interest income	<u>1,705,155</u>	<u>1,717,661</u>	<u>1,702,697</u>	<u>1,652,594</u>	<u>1,641,654</u>
<b>INTEREST EXPENSE</b>					
Borrowings	4,647	-	2,338	8,867	13,973
Checking	964	881	877	743	708
Money Market	101,742	101,429	111,541	128,543	137,358
Time deposits	294,895	313,929	316,255	306,267	281,783
Total interest expense	<u>402,248</u>	<u>416,239</u>	<u>431,011</u>	<u>444,420</u>	<u>433,822</u>
Net interest income	<u>1,302,907</u>	<u>1,301,422</u>	<u>1,271,686</u>	<u>1,208,174</u>	<u>1,207,832</u>
Provision for loan losses	<u>159,991</u>	<u>119,904</u>	<u>126,065</u>	<u>151,933</u>	<u>179,756</u>
Net interest income after provision for loan losses	1,142,916	1,181,518	1,145,621	1,056,241	1,028,076
NON INTEREST INCOME	55,179	38,944	39,849	39,053	52,215
<b>NON INTEREST EXPENSE</b>					
Salaries & benefits	435,025	408,677	357,253	346,362	343,817
Occupancy & equipment	77,855	83,108	79,946	74,442	78,339
Data processing	55,714	55,301	53,041	51,552	50,909
Professional fees	93,569	77,539	87,042	103,308	91,089
Advertising	13,269	9,799	8,476	8,045	16,203
Other real estate owned expenses	15,243	90,149	52,502	97,676	71,806
Other non interest Expenses	<u>153,171</u>	<u>147,168</u>	<u>153,718</u>	<u>143,943</u>	<u>162,796</u>
Total non interest Expense	<u>843,846</u>	<u>871,741</u>	<u>791,978</u>	<u>825,328</u>	<u>814,959</u>
Pre-tax income	354,249	348,721	393,492	269,966	265,332
Tax expense	<u>(110,511)</u>	<u>(115,739)</u>	<u>(134,142)</u>	<u>(92,919)</u>	<u>(91,212)</u>
Net income	<u>\$ 243,738</u>	<u>\$ 232,982</u>	<u>\$ 259,350</u>	<u>\$ 177,047</u>	<u>\$ 174,120</u>
Preferred stock dividends and accretion	<u>(63,538)</u>	<u>(64,242)</u>	<u>(132,455)</u>	<u>(72,138)</u>	<u>(72,138)</u>
Net income available to common shareholders	<u>\$ 180,200</u>	<u>\$ 168,740</u>	<u>\$ 126,895</u>	<u>\$ 104,909</u>	<u>\$ 101,982</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.