



NEWS RELEASE

For Immediate Release
July 23, 2012

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***FIRST RESOURCE BANK ANNOUNCES SECOND QUARTER RESULTS;
STRONG LOAN GROWTH LOWERS PREFERRED STOCK DIVIDEND
COSTS***

EXTON, PA - First Resource Bank (OTC Bulletin Board: FRSB) announced net income for the three months ended June 30, 2012 was \$213,254 as compared to \$243,738 for the quarter ended March 31, 2012 and net income of \$177,047 for the quarter ended June 30, 2011. After accounting for preferred stock dividends, net income available to common shareholders for the quarter ended June 30, 2012 was \$161,030. This compares to net income available to common shareholders of \$180,200 for the quarter ended March 31, 2012 and \$104,909 for the quarter ended June 30, 2011.

Net income for the six months ended June 30, 2012 of \$456,992 compares to net income of \$351,167 for the same period in the prior year. After accounting for preferred stock dividends, net income available to common shareholders for the

six months ended June 30, 2012 was \$341,230, as compared to \$206,891 for the same period in the prior year.

Net interest income was \$1,304,376 for the quarter ended June 30, 2012 as compared to \$1,302,907 for the previous quarter. The net interest margin declined from 3.91% during the first quarter of 2012 to 3.76% during the second quarter of 2012. A 22 basis point reduction in the yield on interest bearing assets was offset by an 8 basis point decline in the cost of interest bearing liabilities. 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.

Glenn B. Marshall, President & CEO, stated, "First Resource Bank continues to post solid quarterly results. We continue to digest credit costs as a result of the economic downturn, but believe that we are seeing stabilization in this area. Strong loan growth in 2012 has provided significant Small Business Lending Fund preferred stock dividend cost savings which will help the Bank absorb ongoing credit costs."

The allowance for loan losses to total loans was 1.16% at June 30, 2012 as compared to 1.17% at March 31, 2012, 1.24% at December 31, 2011 and 1.28% at June 30, 2011. Non-performing assets, which include non-performing loans of \$3.4 million and other real estate owned of \$1.1 million, totaled \$4.5 million at

June 30, 2012. Non-performing assets to total assets increased from 2.93% at March 31, 2012 to 3.04% at June 30, 2012 due to a \$465 thousand commercial mortgage loan placed on nonaccrual during the second quarter.

The loan portfolio grew \$1.2 million, or 0.9%, during the second quarter from \$122.8 million at March 31, 2012 to \$123.9 million at June 30, 2012. This loan growth was experienced in the commercial business loan, commercial real estate loan and commercial construction loan portfolios, while the consumer loan portfolio declined during the quarter. During the first six months of 2012, the loan portfolio grew \$6.5 million, or 5.5%, from \$117.5 million at December 31, 2011 to \$123.9 million at June 30, 2012.

The following table illustrates the composition of the loan portfolio:

	June 30, 2012	Dec. 31, 2011	June 30, 2011
Commercial real estate	\$ 75,867,916	\$ 71,300,163	\$ 70,203,290
Commercial construction	9,583,465	7,165,979	4,932,556
Commercial business	13,927,399	13,507,058	12,044,494
Consumer	<u>24,547,488</u>	<u>25,483,053</u>	<u>25,564,771</u>
Total loans	<u>\$123,926,268</u>	<u>\$117,456,253</u>	<u>\$112,745,111</u>

Consistent with the goals of the Small Business Lending Fund, over the past nine months the Bank has grown qualified small business loans by over 15%. This growth will bring the preferred stock dividend cost down to 1.007% for the fourth

quarter of 2012, as compared to 3.054% for the third quarter and 4.11% for the second quarter. The gradual reduction in preferred stock dividend costs will continue through the rest of the year as the rates reset quarterly.

Deposits increased \$4.8 million, or 3.9% from \$125.0 million at March 31, 2012 to \$129.8 million at June 30, 2012. During the second quarter, certificates of deposit increased \$797 thousand, or 1.1%, from \$74.1 million at March 31, 2012 to \$74.9 million at June 30, 2012. Money market deposits increased \$1.6 million, or 3.7%, from \$44.0 million at March 31, 2012 to \$45.7 million at June 30, 2012. During the first six months of 2012, total deposits grew \$9.9 million, or 8.2%, from \$120.0 million at December 31, 2011 to \$129.8 million at June 30, 2012. Growth was experienced in all aspects of the deposit portfolio.

Non-interest income for the quarter ended June 30, 2012 was \$59,705, as compared to \$55,179 for the previous quarter. This increase was primarily due to an increase in loan late fees collected. Non-interest income for the six months ended June 30, 2012 was \$114,884, as compared to \$60,414 for the same period in the prior year. This increase was primarily due to the income associated with the increase in cash surrender value of bank owned life insurance which was purchased during the fourth quarter of 2011.

Non-interest expense increased \$60,631, or 7.2% in the three months ended June 30, 2012 as compared to the three months ended March 31, 2012. This increase was primarily due to a \$61 thousand write down on an other real estate owned property. Non-interest expense for the six months ended June 30, 2012 was \$1.7 million, an increase of \$139 thousand, or 8.6%, as compared to the same period in the prior year. This increase was primarily due to an increase in salaries and benefits expenses associated with the expansion of the employee base.

Selected Financial Data:

Balance Sheets (unaudited)

	June 30, 2012	December 31, 2011
Cash and due from banks	\$ 8,236,201	\$ 1,554,676
Investments	11,847,416	12,904,792
Loans	123,926,268	117,456,253
Allowance for loan losses	(1,441,187)	(1,458,824)
Premises & equipment	218,085	162,080
Other assets	5,259,583	5,400,055
Total assets	\$ 148,046,366	\$ 136,019,032
Non-interest bearing deposits	\$ 7,007,082	\$ 5,799,857
Interest-bearing checking	2,195,985	1,499,933
Money market	45,685,406	42,006,348
Time deposits	74,933,974	70,637,139
Total deposits	129,822,447	119,943,277
Borrowings	2,220,000	-
Other liabilities	378,851	859,456
Total liabilities	132,421,298	120,802,733
Preferred stock	5,083,000	5,083,000
Common stock	1,526,436	1,453,094
Surplus	9,558,758	9,629,144
Accumulated other comprehensive income (loss)	161,176	96,174
Accumulated deficit	(704,302)	(1,045,113)
Total stockholders' equity	15,625,068	15,216,299
Total Liabilities & Stockholders' Equity	\$ 148,046,366	\$ 136,019,032

Performance Statistics (unaudited)

	Qtr Ended June 30, 2012	Qtr Ended Mar. 31, 2012	Qtr Ended Dec. 31, 2011	Qtr Ended Sept. 30, 2011	Qtr Ended June 30, 2011
Net interest margin	3.76%	3.91%	3.90%	3.77%	3.75%
Nonperforming loans/total loans	2.75%	2.48%	1.56%	2.23%	2.77%
Nonperforming assets/ Total assets	3.04%	2.93%	2.20%	2.71%	2.95%
Allowance for loan losses/ Total loans	1.16%	1.17%	1.24%	1.24%	1.28%
Average loans/Average assets	84.9%	84.4%	84.4%	84.9%	84.9%
Non interest expenses*/ Average assets	2.52%	2.45%	2.55%	2.32%	2.52%
Earnings per share - basic and diluted	\$0.11	\$0.12	\$0.12	\$0.09	\$0.07

* Annualized

Income Statements (unaudited)

	Qtr Ended June 30, 2012	Qtr Ended Mar. 31, 2012	Qtr Ended Dec. 31, 2011	Qtr Ended Sept. 30, 2011	Qtr Ended June 30, 2011
INTEREST INCOME					
Loans	\$1,640,648	\$1,642,566	\$1,651,201	\$1,628,005	\$1,587,688
Investments	58,312	61,572	63,897	71,048	63,007
Federal funds sold	-	-	-	-	-
Other	2,383	1,017	2,563	3,644	1,899
Total interest income	<u>1,701,343</u>	<u>1,705,155</u>	<u>1,717,661</u>	<u>1,702,697</u>	<u>1,652,594</u>
INTEREST EXPENSE					
Borrowings	6,925	4,647	-	2,338	8,867
Checking	1,398	964	881	877	743
Money Market	101,368	101,742	101,429	111,541	128,543
Time deposits	287,276	294,895	313,929	316,255	306,267
Total interest expense	<u>396,967</u>	<u>402,248</u>	<u>416,239</u>	<u>431,011</u>	<u>444,420</u>
Net interest income	<u>1,304,376</u>	<u>1,302,907</u>	<u>1,301,422</u>	<u>1,271,686</u>	<u>1,208,174</u>
Provision for loan losses	<u>149,677</u>	<u>159,991</u>	<u>119,904</u>	<u>126,065</u>	<u>151,933</u>
Net interest income after provision for loan losses	1,154,699	1,142,916	1,181,518	1,145,621	1,056,241
NON INTEREST INCOME	59,705	55,179	38,944	39,849	39,053
NON INTEREST EXPENSE					
Salaries & benefits	420,646	435,025	408,677	357,253	346,362
Occupancy & equipment	85,686	77,855	83,108	79,946	74,442
Data processing	55,748	55,714	55,301	53,041	51,552
Professional fees	87,868	93,569	77,539	87,042	103,308
Advertising	12,952	13,269	9,799	8,476	8,045
Other real estate owned expenses	71,100	15,243	90,149	52,502	97,676
Other non interest Expenses	<u>170,476</u>	<u>153,171</u>	<u>147,168</u>	<u>153,718</u>	<u>143,943</u>
Total non interest Expense	<u>904,476</u>	<u>843,846</u>	<u>871,741</u>	<u>791,978</u>	<u>825,328</u>
Pre-tax income	309,928	354,249	348,721	393,492	269,966
Tax expense	<u>(96,674)</u>	<u>(110,511)</u>	<u>(115,739)</u>	<u>(134,142)</u>	<u>(92,919)</u>
Net income	<u>\$ 213,254</u>	<u>\$ 243,738</u>	<u>\$ 232,982</u>	<u>\$ 259,350</u>	<u>\$ 177,047</u>
Preferred stock dividends and accretion	<u>(52,224)</u>	<u>(63,538)</u>	<u>(64,242)</u>	<u>(132,455)</u>	<u>(72,138)</u>
Net income available to common shareholders	<u>\$ 161,030</u>	<u>\$ 180,200</u>	<u>\$ 168,740</u>	<u>\$ 126,895</u>	<u>\$ 104,909</u>

Income Statements (unaudited)

	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
INTEREST INCOME		
Loans	\$3,283,214	\$3,173,123
Investments	119,884	118,063
Federal funds sold	-	147
Other	3,400	2,915
Total interest income	<u>3,406,498</u>	<u>3,294,248</u>
INTEREST EXPENSE		
Borrowings	11,572	22,840
Checking	2,362	1,451
Money Market	203,110	265,901
Time deposits	582,171	588,050
Total interest expense	<u>799,215</u>	<u>878,242</u>
Net interest income	<u>2,607,283</u>	<u>2,416,006</u>
Provision for loan losses	<u>309,668</u>	<u>331,689</u>
Net interest income after provision for loan losses	2,297,615	2,084,317
NON INTEREST INCOME	114,884	60,414
NON INTEREST EXPENSE		
Salaries & benefits	855,671	690,179
Occupancy & equipment	163,541	152,781
Data processing	111,462	102,461
Professional fees	181,437	194,397
Advertising	26,221	24,248
Other real estate owned expenses	86,343	138,628
Other non interest expense	323,647	306,739
Total non interest expense	<u>1,748,322</u>	<u>1,609,433</u>
Pre-tax income	664,177	535,298
Tax expense	<u>(207,185)</u>	<u>(184,131)</u>
Net income	<u>\$ 456,992</u>	<u>\$ 351,167</u>
Preferred stock dividends and accretion	<u>(115,762)</u>	<u>(144,276)</u>
Net income available to common shareholders	<u>\$ 341,230</u>	<u>\$ 206,891</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. 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.