

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First Resource Bank

Person to be contacted regarding this report:	Lauren Ranalli	RSSD: (For Bank Holding Companies)	
UST Sequence Number:	687	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	5,017,000	FDIC Certificate Number: (For Depository Institutions)	57967
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	Jan 30, 2009	City:	Exton
Date Repaid ¹ :	N/A	State:	Pennsylvania

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	At December 31, 2008, our total risk based capital was 10.54%, slightly over the well capitalized requirement of 10.0%. We effectively would have had to stop lending if we had not received our TARP CPP investment. The loan portfolio grew from \$94.8 million at 12/31/08 to \$113.0 million at 12/31/10.
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	Loan growth was experienced in consumer closed end loans secured by 1-4 family properties, real estate loans secured by multifamily properties, owner occupied nonfarm residential real estate and other nonfarm residential real estate loan products.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/> Make other investments	
<input type="checkbox"/> Increase reserves for non-performing assets	
<input type="checkbox"/> Reduce borrowings	
<input type="checkbox"/> Increase charge-offs	
<input type="checkbox"/> Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/> Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

The primary purpose of the TARP CPP funds was to keep First Resource Bank lending in our local community. As stated above, the Bank was effectively limited to the loan level at 12/31/08 prior to the influx of CPP funding. The CPP funds have allowed the loan portfolio to grow 19% during a time when the traditional capital markets were unavailable to small community banks due to global economic turmoil.

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

We were able to keep lending throughout the recession. Without the TARP CPP funds, loan growth would have been nonexistent over the past two years. The growth in the loan portfolio, along with across the board cost saving measures, has allowed the Bank to return to profitability and build a stable foundation for the future.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.