



Pre-Recapitalization Portfolio Clean Up Continues in Q1; Patrick M. Ryan and Samuel D. Marrazzo Join Board of Directors

June 2, 2011

Fellow Shareholders:

With our net interest margin stabilized at healthy levels and having achieved core operating profitability, managing credit issues will be critical to achieving consistent earnings. The portfolio we acquired in the 2008 recapitalization showed additional weakness in Q1 2011. Specifically, we wrote off the majority of a significant pre-recapitalization loan relationship that defaulted in March, leading to a loss for the quarter of \$815,000. We expect to return to profitability in the second quarter of 2011.

Strategic update: loan demand was strong during the first quarter. Loan growth of \$21.9 million in the quarter equates to a 57% annualized growth rate. As you might expect, in an economy when many banks are not lending, 57% annualized loan growth compares very favorably to average growth rates for other NJ banks. While this loan growth was unusually strong and not expected to be maintained at this high level, our pipeline remains strong and we expect loan growth will continue throughout 2011.

We are pleased to report that Patrick M. Ryan and Samuel D. Marrazzo were approved by the regulators and shareholders and joined the Board in May. As many of you know, Mr. Ryan was the former CEO and President of Yardville National Bank – a \$3.0 billion super community bank in the central NJ area. His 40+ years of banking experience and his business relationships throughout the region will be tremendous assets for the bank and the Board of Directors going forward. Mr. Marrazzo is a highly accomplished businessman in the Mercer County area, having managed successful supermarket operations for over 40 years. Mr. Marrazzo also brings bank board experience to First Bank, having been a Director for Yardville National Bank for over 10 years.

In other exciting news, our title insurance joint venture with Signature Title (named Community Commercial Title) and our residential mortgage partnership with Aurora Financial are now fully operational. Both of these ventures should provide additional non-interest income for the bank. If you (or friends and family) have title insurance or residential mortgage needs, please do not hesitate to contact us.

Financial update: the net interest margin (NIM) of 3.80% for the first quarter of 2011 is a significant increase over the 2.31% margin for the first quarter ended March 31, 2010. At 89% net loans to deposits, the opportunities for additional margin expansion in the current rate environment will be minimal. At this point, we do not need additional margin expansion to

create solid operating profits. Continued growth at our current margin will allow us leverage our fixed cost base and drive overall profitability higher.

For the quarter, First Bank reported a net loss of \$815,000, disappointing results on the heels of our recent positive news. As mentioned above, issues with the pre-recapitalization loan portfolio led to the first quarter loss. We continue to monitor that portfolio closely and we believe we have adequately reserved for potential losses in that portfolio.

Net interest income for the quarter equaled \$1.97 million, an increase of \$56,000 (3%) from the previous quarter. Non-interest expense for the quarter equaled \$1.62 million, an increase of \$22,000 (1%) compared to the fourth quarter of 2010. This continued trend of net interest income growth exceeding non-interest expense growth will help drive future profitability.

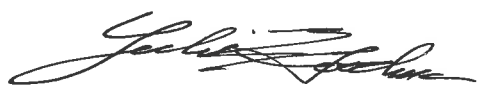
Regulatory update: as mentioned in our previous letter, our Order with the FDIC and NJ Department of Banking and Insurance has been terminated. Our dialogue with both the NJ DOBI and the FDIC has remained positive and productive since the Order was terminated. It is becoming clear that now, more than ever, banks must have good regulatory relations if they want to achieve their strategic goals. Our ability to work through the regulatory agreement leaves us well positioned to execute on key strategic growth initiatives.

Conclusion: as we saw again in Q1 2011, credit quality problems can offset other positive developments throughout the bank. The magnitude of the credit problems that have arisen from the relatively small pre-recapitalization portfolio have been disappointing. Nevertheless, we believe we are getting those problems behind us.

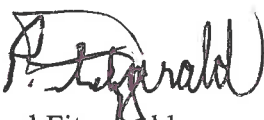
Our core business is strong: the margin is healthy; loan growth is good and the pipeline is robust; the post-recapitalization asset quality has been solid; we have added strength to our board; and, we have good regulatory relationships.

Thank you again for your continued support. We will never forget our mission to generate good returns for our shareholders.

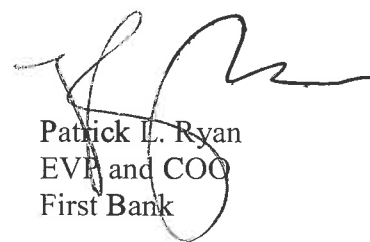
Sincerely,



Leslie E. Goodman
Chairman of the Board
First Bank



Paul Fitzgerald
President and CEO
First Bank



Patrick L. Ryan
EVP and COO
First Bank

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