



Dear Shareholder:

I am happy to report that the second quarter of 2017 was First Resource Bank's best quarter ever! Highlights for the second quarter of 2017 included:

- Net income was \$417,701, an increase of 3% over the first quarter of 2017 without the benefit of any SBA gains on sale in the second quarter.
- Second quarter of 2017 net income increased 37% over the second quarter of 2016
- The net interest margin expanded from 3.70% in the first quarter to 3.87% in the second quarter
- Total checking deposits grew 12.4%
- Sold \$4.1 million in common stock

We have continued our focus on small business checking on the deposit side shedding certificate of deposits and other wholesale funding. Over the last few years, we have seen increasing improvement in this checking mix every quarter. This deposit mix in combination with smart loan growth continue to support a strong net interest margin which is evident in this quarter's numbers.

As occurs from time to time, the Bank has the opportunity to look hard at growth for growth sake or smart growth. We continue to see good loan growth but have also taken the opportunity over the last six months to not add any low rate long term interest rate commitments which would be growth for growth sake but hurts us down the road as the deposit cost of funds increases. We continue to attempt to avoid adding these 7 year and 10 year fixed rate credits which will make little sense in a future interest rate environment.

Please keep an eye out for our new website to be launched in the fall. We are in the process of proofing the pages for this enhanced mobile and web portal access point to the Bank.

The full earnings press release appears on our website under the News button. The second page of this Newsletter provides the highlights of the Balance Sheet and Income Statement as of June 30, 2017.

As always, if you have any questions about our Bank, please feel free to call me on my cell at 610-996-6661.

Sincerely,

A handwritten signature in black ink that reads "Glenn B Marshall".

Glenn B. Marshall, President and CEO
First Resource Bank



Visit us at our West Chester or Exton branch today.

Balance Sheet

	June 30, 2017	Dec. 31, 2016
Cash and due from banks	\$ 8,878,887	\$ 3,210,601
Investments	20,597,203	28,959,596
Loans	205,102,313	197,838,848
Allowance for loan losses	(1,648,400)	(1,579,068)
Premises & equipment	5,829,462	5,955,748
Other assets	6,390,686	6,530,305
Total assets	\$ 245,150,151	\$ 240,916,030
Deposits	\$ 204,211,663	\$ 202,655,151
Borrowings	13,387,500	15,607,500
Subordinated debt	3,973,356	3,969,108
Other liabilities	1,195,663	1,065,532
Total liabilities	222,768,182	223,297,291
Common stock	2,617,596	2,100,299
Surplus	15,438,362	12,136,088
Accumulated other comprehensive income (loss)	45,556	(73,849)
Retained earnings/ (accumulated deficit)	4,280,455	3,456,201
Total stockholders' equity	22,381,969	17,618,739
Total Liabilities & Stockholder's Equity	\$ 245,150,151	\$ 240,916,030

Income Statement

	Quarter Ended June 30, 2017	Quarter Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Interest income	\$ 2,728,601	\$ 2,350,169	\$ 5,352,724	\$ 4,631,147
Interest expense	524,916	481,794	1,052,648	947,249
Net interest income	2,203,685	1,868,375	4,300,076	3,683,898
Provision for loan losses	20,085	64,125	140,109	88,986
Non interest income	99,552	80,743	360,822	153,677
Non interest expense	1,668,246	1,440,794	3,307,829	2,936,764
Pre-tax income	614,906	444,199	1,212,960	811,825
Tax expense	197,205	140,084	388,706	253,591
Net income	\$ 417,701	\$ 304,115	\$ 824,254	\$ 558,234
Preferred stock dividends	-	-	-	(2,577)
Net income available to common shareholders	\$ 417,701	\$ 304,115	\$ 824,254	\$ 555,657



First Resource Bank is a proud supporter of the Chester County Detachment Marine Corps League which holds its Annual Golf Classic in Memory of Brandon Hardy. The Marine Corps League sends supplies to our troops, and financially supports our wounded warriors, disabled veterans, and the families of fallen Marines.

**Visit Us in Exton or
West Chester Today!**

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