

Dear Shareholder:

On the heels of consecutively being awarded "Best Bank of Chester County" (2017 & 2018) from the readers of the [Daily Local News](#), as well as achieving back to back "Best Bank" awards from [Suburban Life](#) magazine (2018 & 2019), the [Philadelphia Business Journal](#) has named First Resource Bank one of the "Best Places to Work" in the Philadelphia region for 2019. We were pretty pumped to be the only bank in the greater Philadelphia area to receive this honor.

With construction of our Wayne location well underway, we anticipate opening for business the week of September 16. There are still a thousand things to accomplish but we're very excited to expand into the Delaware County market and offer our new neighbors an enhanced level of banking services. In preparation, our future Wayne team members have been training all summer to ensure our new branch will offer the same quality customer experience provided at our current locations. Keep an eye on our social media and our emails for specific details on the branch opening so you can drop by to say hello.

The press release detailing the results of the 2nd quarter of 2019 is on our website for your review under the Investor Relations button. The highlights are as follows:

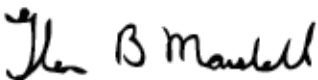
- Net income of \$631,520 was the highest quarterly profit in the Bank's history
- Net income grew 70% over the quarter ending March 31, 2019 and 21% over the quarter ending June 30, 2018
- Total interest income grew 6% over the quarter ending March 31, 2019 and 19% over the quarter ending June 30, 2018
- Total loans grew 5% during the second quarter
- Non-interest bearing deposits increased 19% during the quarter
- 5% stock dividend paid in May

I pulled out my press release from June 30th of last year to review our year over year growth. It's easy to get consumed by a detailed analysis of quarter over quarter results, but if we don't step back from time to time and look at the overall picture we can lose sight of the long term results. With the first two quarters behind us, now's a good time to take that view of our year over year growth which is as follows:

- Asset growth of 15%
- Loan growth of 16%
- Deposit growth of 13%
- Total Checking growth of 45%

With the many recent additions to our shareholder's email contact list, I've been contemplating if the production of a paper version of this newsletter still makes sense. If you are an active reader of the newsletter and have not reached out to be added to our email list, please email me at gmarshall@firstresourcebank.com so I can get you added to the list. If you'd prefer to still receive a hard copy please let me know. We're always looking to provide information in the fastest and most efficient manner.

Sincerely,



Glenn B. Marshall, President & CEO
First Resource Bank



We are making great strides on the progress of our new Wayne location. #WeAreComingToWayne

Balance Sheet

| | June 30, 2019 | Dec. 31, 2018 |
|-----------------------------------------------------|-----------------------|-----------------------|
| Cash and due from banks | \$ 7,879,783 | \$ 5,734,677 |
| Time deposits at other banks | 599,000 | 599,000 |
| Investments | 18,812,402 | 37,762,190 |
| Loans | 270,515,799 | 244,697,677 |
| Allowance for loan losses | (2,522,821) | (1,990,253) |
| Premises & equipment | 8,039,706 | 6,647,166 |
| Other assets | 9,310,379 | 8,996,941 |
| Total assets | \$ 312,634,248 | \$ 302,447,398 |
| Deposits | \$ 253,250,513 | \$236,201,896 |
| Borrowings | 27,367,023 | 35,515,900 |
| Subordinated debt | 3,990,344 | 3,986,097 |
| Other liabilities | 1,411,385 | 1,466,037 |
| Total liabilities | 286,019,265 | 277,169,930 |
| Common stock | 2,764,241 | 2,628,316 |
| Surplus | 16,723,830 | 15,535,963 |
| Accumulated other comprehensive income (loss) | 84,741 | (210,735) |
| Retained earnings | 7,042,171 | 7,323,924 |
| Total stockholders' equity | 26,614,983 | 25,277,468 |
| Total Liabilities & Stockholder's Equity | \$ 312,634,248 | \$ 302,447,398 |

Income Statement

| | Quarter End June 30, 2019 | Quarter End June 30, 2018 | 6 Months Ending June 30, 2019 | 6 Months Ending June 30, 2018 |
|----------------------------|------------------------------|------------------------------|----------------------------------|----------------------------------|
| Interest income | \$ 3,819,446 | \$ 3,205,315 | \$ 7,415,809 | \$ 6,187,615 |
| Interest expense | 1,065,036 | 711,445 | 2,035,372 | 1,296,442 |
| Net interest income | 2,754,410 | 2,493,870 | 5,380,437 | 4,891,173 |
| Provision for loan losses | 158,992 | 191,321 | 634,944 | 325,643 |
| Non interest income | 262,597 | 139,730 | 418,852 | 255,472 |
| Non interest expense | 2,075,482 | 1,800,530 | 3,929,083 | 3,595,785 |
| Pre-tax income | 782,533 | 641,749 | 1,235,262 | 1,225,217 |
| Tax expense | 151,013 | 120,924 | 232,522 | 223,400 |
| Net income | \$ 631,520 | \$ 520,825 | \$ 1,002,740 | \$ 1,001,817 |



We are very proud of our new award, (*Philadelphia Business Journal's*) 2019 Best Places to Work! We were the only bank that was given this award.

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