



## Letter From The President

Dear Shareholder:

### We're excited about our expansion and profitability!

In a separate mailer, I shared our marketing piece (delivered to every customer) regarding our branching plans over the next 15 months. If you missed that piece, we announced that we are moving the

Exton branch to a location less than a mile north on Route 100, next to the Wawa. This full service branch site will have an updated look and will serve as the prototype for future branches, including the West Chester branch expected to open in September 2014. We anticipate the Exton branch relocation will be completed during the first quarter of 2014. The rebranding of our retail presence will continue to add value to the Bank as we carefully evolve the institution's deposit base to generate profitability and value for our shareholders.

The second quarter of 2013 marked the fifth consecutive quarter of increasing profitability in net income to common shareholders and once again the best quarter the Bank has ever posted. We have made a fair amount of headway in the last eighteen months in our net income to common shareholders as the preferred dividend related to the Small Business Lending Fund has declined. The dividend has been reduced from 5% to the current 1% level based on our qualified lending activity. The second quarter also achieved the best quarter ever for net income before dividends.

Please see the complete Press Release on our website under the News button with a summary on page 2 of this Newsletter.

Sincerely,

Glenn B. Marshall, President and CEO  
First Resource Bank



## Financial Highlights

### Balance Sheet

	June 30, 2013	Dec. 31, 2012
Cash and due from banks	\$ 2,032,863	\$ 5,633,237
Investments	8,692,769	10,688,356
Loans	134,038,107	128,672,932
Allowance for loan losses	(1,389,870)	(1,439,935)
Premises & equipment	3,347,758	2,671,344
Other assets	4,966,715	4,825,042
<b>Total assets</b>	<b>\$ 151,688,342</b>	<b>\$ 151,050,976</b>
Deposits	130,358,769	131,089,035
Borrowings	4,295,000	3,420,000
Other liabilities	551,719	481,168
<b>Total liabilities</b>	<b>135,205,488</b>	<b>134,990,203</b>
Preferred stock	5,083,000	5,083,000
Common stock	1,606,677	1,528,243
Surplus	9,496,800	9,565,547
Accumulated other comprehensive income	116,592	179,324
Retained earnings/deficit	179,785	(295,341)
<b>Total stockholders' equity</b>	<b>16,482,854</b>	<b>16,060,773</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>\$ 151,688,342</b>	<b>\$ 151,050,976</b>

### Income Statement

	Quarter Ended June 30, 2013	Quarter Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Interest income	\$ 1,719,316	\$ 1,701,343	\$ 3,388,183	\$ 3,406,498
Interest expense	348,479	396,967	696,594	799,215
<b>Net interest income</b>	<b>1,370,837</b>	<b>1,304,376</b>	<b>2,691,589</b>	<b>2,607,283</b>
Provision for loan losses	119,002	149,677	250,789	309,668
Non interest income	88,030	59,705	181,063	114,884
Non interest expense	957,465	904,476	1,890,846	1,748,322
Pre-tax income	382,400	309,928	731,017	664,177
Tax expense	120,993	96,674	229,906	207,185
<b>Net income</b>	<b>\$ 261,407</b>	<b>\$ 213,254</b>	<b>\$ 501,111</b>	<b>\$ 456,992</b>
Preferred stock dividends and accretion	(12,707)	(52,224)	(25,414)	(115,762)
<b>Net income attributed to common shareholders</b>	<b>\$ 248,700</b>	<b>\$ 161,030</b>	<b>\$ 475,697</b>	<b>\$ 341,230</b>

### First Resource Bank

101 Marchwood Road  
Exton, PA 19341



Watch for our grand opening in Exton in the Spring of 2014!