



Dear Shareholder:

We are a Chester County based bank with both of our branches and 74% of our loans in the county. Doing a really good job at home is an important element to our success. We were thrilled when the Daily Local News, our local newspaper, informed us that their online and hard copy readers voted First Resource Bank as 2017 "Best Bank in Chester County". We have worked hard over the last 12 years to build a loyal client base and a name in the community. This recognition is just one public reflection of our efforts.

Absolutely not to be overlooked are the highlights of third quarter and year to date results. Highlights for the third quarter of 2017 included:

- Net income was \$461,704, an increase of 11% over the second quarter of 2017 and 39% over the third quarter of 2016
- Non-interest bearing deposits grew 8%
- The net interest margin expanded from 3.87% in the second quarter to 3.96% in the third quarter
- \$42 thousand in gains on sales of SBA loans were recognized

As I stated in our quarterly earnings press release, the third quarter of 2017 was the seventh consecutive quarter with increasing profitability. In the first nine months of 2017 we have already surpassed net income for the entire year in 2016. Our deposit growth has been focused on business checking and strategies implemented are yielding solid results. We are very happy with the performance of our West Chester branch which has grown in excess of \$55 million in deposits since opening in April 2014.

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". The signature is written in a cursive, slightly slanted style.

Glenn B. Marshall, President and CEO
First Resource Bank



Thank you to our shareholders and clients for voting First Resource Bank the 2017 Best Bank of Chester County.

Balance Sheet

	Sept. 30, 2017	Dec. 31, 2016
Cash and due from banks	\$ 8,621,596	\$ 3,210,601
Time deposits at other banks	599,000	599,000
Investments	21,189,896	28,360,596
Loans	208,199,712	197,838,848
Allowance for loan losses	(1,780,771)	(1,579,068)
Premises & equipment	5,745,523	5,955,748
Other assets	6,394,773	6,530,305
Total assets	\$ 248,969,729	\$ 240,916,030
Deposits	\$ 209,531,624	\$ 202,655,151
Borrowings	11,287,500	15,607,500
Subordinated debt	3,975,479	3,969,108
Other liabilities	1,327,178	1,065,532
Total liabilities	226,121,781	223,297,291
Common stock	2,619,773	2,100,299
Surplus	15,456,912	12,136,088
Accumulated other comprehensive income (loss)	29,103	(73,849)
Retained earnings/ (accumulated deficit)	4,742,160	3,456,201
Total stockholders' equity	22,847,948	17,618,739
Total Liabilities & Shareholders' Equity	\$ 248,969,729	\$ 240,916,030

Income Statement

	Quarter Ended Sept. 30, 2017	Quarter Ended Sept. 30, 2016	Nine Months Ended Sept. 30, 2017	Nine Months Ended Sept. 30, 2016
Interest income	\$ 2,837,532	\$ 2,450,616	\$ 8,190,256	\$ 7,081,763
Interest expense	525,583	521,103	1,578,231	1,468,352
Net interest income	2,311,949	1,929,513	6,612,025	5,613,411
Provision for loan losses	123,974	43,737	264,083	132,723
Non interest income	135,806	77,946	496,628	231,623
Non interest expense	1,646,114	1,473,143	4,953,943	4,409,907
Pre-tax income	677,667	490,579	1,890,627	1,302,404
Tax expense	215,963	158,570	604,669	412,161
Net income	\$ 461,704	\$ 332,009	\$ 1,285,958	\$ 890,243
Preferred stock dividends	-	-	-	(2,577)
Net income available to common shareholders	\$ 461,704	\$ 332,009	\$ 1,285,958	\$ 887,666



First Resource Bank employees showing great support of our local Exton Chamber of Commerce at Casino Night.

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