

Dear Shareholder:

We continued our growth story in 2015 at First Resource Bank with year over year increases as follows:

- Assets grew 15%
- Loans grew 12%
- Deposits grew 16%
- Total Interest Income grew 10%
- Pre-tax Income grew 16%
- Net income grew 7%
- Net Income to Common Shareholders grew 8%

We showed a marked improvement in Net Charge-offs over the last two years as evidenced by Net Charge-offs to Total Loans declining from 0.32% in 2014 to 0.09% in 2015, a 72% decline year over year.

These are just a few highlights of the Balance Sheet and Income Statement reflected on the second page of this newsletter and the full press release that appears on our website at [www.FirstResourceBank.com/News](http://www.FirstResourceBank.com/News).

In the November 2015 Newsletter we informed you that on November 17, 2015 we repaid \$3.8 million, or 75%, of Small Business Lending Fund (SBLF) preferred stock which was held by US Treasury. In conjunction with our 2016 operating plan and our strategic planning for 2016-2018, we successfully modeled our desired growth for the Bank without that last 25% of SBLF and applied to the FDIC for permission to redeem it. I am very pleased to tell you that this permission was granted on February 3, 2016. We expect to have this transaction completed prior to the dividend rate increase from the current 1% to the scheduled 9% in mid-March of 2016. The SBLF preferred stock was a valued source of growth capital in a time when raising capital would have been a very dilutive event for our common stock shareholder. We are very pleased to eliminate this preferred stock and close this chapter of the Bank's history.

As always, if you have any questions about our bank, please feel free to call me on my cell at 610.996.6661.

Sincerely,



Glenn B. Marshall, President and CEO  
First Resource Bank

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# The Resource Connection

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## Balance Sheet

	Dec. 31, 2015	Dec. 31, 2014
Cash and due from banks	\$ 1,254,982	\$ 817,026
Investments	19,543,548	11,711,637
Loans	176,102,467	157,326,168
Allowance for loan losses	(1,450,836)	(1,317,363)
Premises and equipment	6,223,326	5,517,252
Other assets	6,378,550	6,472,819
<b>Total assets</b>	<b>\$ 208,052,037</b>	<b>\$ 180,527,539</b>
Deposits	165,983,561	143,348,363
Borrowings	19,586,500	18,499,000
Subordinated debt	3,960,615	-
Other liabilities	966,129	654,739
<b>Total liabilities</b>	<b>190,496,805</b>	<b>162,502,102</b>
Preferred stock	1,271,000	5,083,000
Common stock	1,977,328	1,612,283
Surplus	11,484,125	9,523,083
Accumulated other comprehensive income	32,207	91,577
Retained earnings	2,790,572	1,715,494
<b>Total stockholders' equity</b>	<b>17,555,232</b>	<b>18,025,437</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>\$ 208,052,037</b>	<b>\$ 180,527,539</b>

## Income Statement

	Quarter Ended Dec. 31, 2015	Quarter Ended Dec. 31, 2014	Year Ended Dec. 31, 2015	Year Ended Dec. 31, 2014
Interest income	\$ 2,214,964	\$ 2,003,888	\$ 8,329,493	\$ 7,539,124
Interest expense	461,754	355,068	1,614,050	1,384,660
<b>Net interest income</b>	<b>1,753,210</b>	<b>1,648,820</b>	<b>6,715,443</b>	<b>6,154,464</b>
Provision for loan losses	110,446	296,205	282,375	536,901
Non interest income	75,825	218,705	702,904	528,962
Non interest expense	1,356,947	1,193,685	5,262,729	4,533,592
<b>Pre-tax income</b>	<b>361,642</b>	<b>377,635</b>	<b>1,873,243</b>	<b>1,612,933</b>
Tax expense	109,298	121,628	687,474	507,240
<b>Net income</b>	<b>\$ 252,344</b>	<b>\$ 256,007</b>	<b>\$ 1,185,769</b>	<b>\$ 1,105,693</b>
Preferred stock dividends	(8,047)	(12,708)	(46,171)	(50,830)
<b>Net income available to common shareholders</b>	<b>\$ 244,297</b>	<b>\$ 243,299</b>	<b>\$ 1,139,598</b>	<b>\$ 1,054,863</b>

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