

Dear Shareholder:

Our second quarter was the Bank's most profitable quarter ever, with total assets, loans and deposits all reaching record high levels.

The second quarter of 2015 produced quarterly net income to common shareholders of \$316,592; this was the first time the Bank's quarterly results were in excess of \$300,000. Net income to common shareholders for the six months ended June 30, 2015 was \$604,920, which was 6% higher than the first six months of the previous year. As always, the detailed financial press release for each quarter is located at [www.FirstResourceBank.com/News](http://www.FirstResourceBank.com/News).



In our strategic planning a few years ago, we identified SBA lending as the best non-interest income business line for First Resource Bank to pursue. After our research, due diligence and planning was completed, we started SBA lending in mid-2014. To date, this business line has contributed gains on sales of SBA loans of \$103,661 in the fourth quarter of 2014 and \$389,160 in the second quarter of 2015. Our SBA loan pipeline is still growing and we anticipate some future quarters without similar gains on sales of SBA loans, but we are very excited about this non-interest income source as a contributor to our annual profitability in this growth period of the Bank.

The common stock offering was closed 30 days early with the overage portion sold in its entirety. This added \$2.3 million to our common equity in July and has already increased our legal lending limit. The subordinated debt offering continues to be marketed and is anticipated to close in the next 30 days. If you have interest in reviewing the subordinated debt materials, please contact me.



The Board of Directors declared and paid a 4 cent per common share cash dividend in May 2015. This was the second cash dividend in the Bank's history and we are focused on balancing shareholder returns with the need to invest additional capital into the growth of the Bank.

Not to be overshadowed by this quarter's strong financial results, we successfully opened the West Chester branch on April 8. This branch is an important step in the growth of the First Resource Bank franchise and we are thrilled to watch it grow and serve a new group of customers in a thriving deposit market.

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*

Glenn B. Marshall, President and CEO  
First Resource Bank

# The Resource Connection

Volume 05 • Issue 18 • July 2015

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## Balance Sheet

	June 30, 2015	Dec. 31, 2014
Cash and due from banks	\$ 12,484,486	\$ 817,026
Investments	6,162,622	11,711,637
Loans	163,548,469	157,326,168
Allowance for loan losses	(1,364,055)	(1,317,363)
Premises and equipment	6,387,004	5,517,252
Other assets	5,961,395	6,472,819
<b>Total assets</b>	<b>\$ 193,179,921</b>	<b>\$ 180,527,539</b>
Deposits	163,730,816	143,348,363
Borrowings	10,061,500	18,499,000
Other liabilities	841,019	654,739
<b>Total liabilities</b>	<b>174,633,335</b>	<b>162,502,102</b>
Preferred stock	5,083,000	5,083,000
Common stock	1,613,592	1,612,283
Surplus	9,529,877	9,523,083
Accumulated other comprehensive income	64,222	91,577
Retained earnings	2,255,895	1,715,494
<b>Total stockholders' equity</b>	<b>18,546,586</b>	<b>18,025,437</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>\$ 193,179,921</b>	<b>\$ 180,527,539</b>

## Income Statement

	Quarter Ended June 30, 2015	Quarter Ended June 30, 2014	6 Months Ended June 30, 2015	6 Months Ended June 30, 2014
Interest income	\$ 2,038,036	\$ 1,844,785	\$ 4,019,320	\$ 3,650,910
Interest expense	380,957	339,366	736,668	686,841
<b>Net interest income</b>	<b>1,657,079</b>	<b>1,505,419</b>	<b>3,282,652</b>	<b>2,964,069</b>
Provision for loan losses	92,217	27,270	109,839	124,520
Non interest income	463,864	98,946	540,154	194,913
Non interest expense	1,395,837	1,140,136	2,644,288	2,165,969
<b>Pre-tax income</b>	<b>632,889</b>	<b>436,959</b>	<b>1,068,679</b>	<b>868,493</b>
Tax expense	303,589	136,349	438,343	272,134
<b>Net income</b>	<b>\$ 329,300</b>	<b>\$ 300,610</b>	<b>\$ 630,336</b>	<b>\$ 596,359</b>
Preferred stock dividends	(12,708)	(12,707)	(25,416)	(25,415)
<b>Net income available to common shareholders</b>	<b>\$ 316,592</b>	<b>\$ 287,903</b>	<b>\$ 604,920</b>	<b>\$ 570,944</b>

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2015

First Resource Bank  
Named to 2015  
OTCQX Best 50!