



## Letter From **The President**

Dear Shareholder:

**For the third quarter of 2012, the Bank had its best net income to common shareholders in our history. The year to date net income to common shareholders for the first three quarters has already exceeded the results for last year.**

On the Small Business Lending Fund front, our loan production has pushed our lending totals to achieve a 1.01% dividend in the fourth quarter of 2012, and a 1.00% dividend level for the first quarter of 2013. Lowering the dividend rate was one of our primary goals for 2012 and represents a substantial benefit to the shareholders in 2012 and the future.

The Bank is seeing continued price pressure on lending in the local Chester County market with limited opportunities to lower our funding costs. We see some improvement in the real estate market sales volume, which could benefit sales of property held as collateral for nonperforming loans. We continue to reserve to the most current valuations available in market data.

We began our advanced marketing in the West Chester market with our participation in a large community fundraising event sponsored by the Rotary Club of West Chester. The 10th Annual Chili Cookoff featured participants from non-profit organizations, hometown cooks, and businesses from all across the West Chester area. Our goal was to expand our name recognition in the marketplace in advance of opening our second location. Our booth won second prize for "Best Decorated Booth" (see picture). You really couldn't miss us! It was a great showing by the FRB team!

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

	Sept. 30, 2012	Dec. 31, 2011
Cash and due from banks	\$ 1,033,224	\$ 1,554,676
Investments	11,290,499	12,904,792
Loans	127,944,470	117,456,253
Allowance for loan losses	(1,542,264)	(1,458,824)
Premises & equipment	2,692,341	162,080
Other assets	5,346,102	5,400,055
<b>Total assets</b>	<b>\$ 146,764,372</b>	<b>\$ 136,019,032</b>
Deposits	125,712,514	119,943,277
Borrowings	4,760,000	-
Other liabilities	434,039	859,456
<b>Total liabilities</b>	<b>130,906,553</b>	<b>120,802,733</b>
Preferred stock	5,083,000	5,083,000
Common stock	1,527,385	1,453,094
Surplus	9,562,183	9,629,144
Accumulated other comprehensive loss	202,055	96,174
Accumulated deficit	(516,804)	(1,045,113)
<b>Total stockholders' equity</b>	<b>15,857,819</b>	<b>15,216,299</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>\$ 146,764,372</b>	<b>\$ 136,019,032</b>

### Income Statement

	Quarter Ended Sept. 30, 2012	Quarter Ended Sept. 30, 2011	Nine Months Ended Sept. 30, 2012	Nine Months Ended Sept. 30, 2011
Interest income	\$ 1,727,097	\$ 1,702,697	\$ 5,133,595	\$ 4,996,945
Interest expense	372,436	431,011	1,171,651	1,309,253
<b>Net interest income</b>	<b>1,354,661</b>	<b>1,271,686</b>	<b>3,961,944</b>	<b>3,687,692</b>
Provision for loan losses	206,403	126,065	516,071	457,754
Non interest income	73,267	39,849	188,151	131,117
Non interest expense	889,008	791,978	2,637,330	2,432,265
Pre-tax income	332,517	393,492	966,694	928,790
Tax expense	106,207	134,142	313,392	318,273
<b>Net income</b>	<b>\$ 226,310</b>	<b>\$ 259,350</b>	<b>\$ 683,302</b>	<b>\$ 610,517</b>
Preferred stock dividends and accretion	(38,811)	(132,455)	(154,573)	(276,731)
<b>Net income attributed to common shareholders</b>	<b>\$ 187,499</b>	<b>\$ 126,895</b>	<b>\$ 528,729</b>	<b>\$ 333,786</b>

**First Resource Bank**  
101 Marchwood Road  
Exton, PA 19341

Berks County  
Montgomery County  
Chester County  
Delaware County  
Lancaster County

Exton  
West Chester

**New Branch Coming Soon!**  
Our West Chester location opening 2014

FRed™ – First Resource Easy Deposit™ Remote Deposit Capture System  
Deposit checks from any business location