

Dear Shareholder:



I was looking back over the last few newsletters before sitting down to write this latest edition. We had been anticipating a surge in deposit activity in 2016. We laid the ground work for this deposit growth with quality staff additions and enhancements to our processes over the fourth quarter of 2015 through the first half of this year. We have had a real focus on our funding mix and the acquisition of checking balances available from the upheaval of the mergers in the market. When it rains, it pours. We had 10% deposit growth in the month of July. We have continued to see the benefit of our efforts with core deposit growth in the entire second half of the year. Loans broke through the winter blues with a strong growth from early March through the writing of this Newsletter. We continue to see daily high points in both deposits and

loans in the Bank as of the writing of this newsletter.

Growth is the story of 2016!

This growth has produced the best quarter in the Bank's history in the third quarter of 2016. These results were achieved without the benefit of any one-time Small Business Administration (SBA) loan sale gains. While gains on sales of SBA loans are an excellent source of non-interest income, their timing can be unpredictable. We remain focused on growing the loan portfolio to enhance our recurring interest income stream. Our top line growth in third quarter year over year is 17%.

If you are local to West Chester, PA, I hope you stopped by to see the Bank team serving hot chocolate at the 2016 QVC West Chester Christmas Parade on Friday, December 2, 2016.



The full earnings press release appears on our website under the News button. The second page of this Newsletter provides the highlights of the Balance Sheet and Income Statement as of September 30, 2016.

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

The Resource Connection

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1 First Resource Bank

Balance Sheet

	Sept. 30, 2016	Dec. 31, 2015
Cash and due from banks	\$ 10,037,080	\$ 1,254,982
Investments	11,859,957	19,543,548
Loans	189,041,202	176,102,467
Allowance for loan losses	(1,484,874)	(1,450,836)
Premises and equipment	6,030,382	6,223,326
Other assets	6,226,638	6,378,550
Total assets	\$ 221,710,385	\$ 208,052,037
Deposits	183,791,296	165,983,561
Borrowings	15,607,500	19,586,500
Subordinated debt	3,966,985	3,960,615
Other liabilities	1,056,938	966,129
Total liabilities	204,422,719	190,496,805
Preferred stock	-	1,271,000
Common stock	2,082,721	1,977,328
Surplus	12,033,806	11,484,125
Accumulated other comprehensive income	105,928	32,207
Retained earnings	3,065,211	2,790,572
Total stockholders' equity	17,287,666	17,555,232
Total Liabilities & Stockholder's Equity	\$ 221,710,385	\$ 208,052,037

Income Statement

	Quarter Ended Sept. 30, 2016	Quarter Ended Sept. 30, 2015	9 Months Ended Sept. 30, 2016	9 Months Ended Sept. 30, 2015
Interest income	\$ 2,450,616	\$ 2,095,209	\$ 7,081,763	\$ 6,114,529
Interest expense	521,103	415,628	1,468,352	1,152,296
Net interest income	1,929,513	1,679,581	5,613,411	4,962,233
Provision for loan losses	43,737	62,090	132,723	171,929
Non interest income	77,946	86,925	231,623	627,079
Non interest expense	1,473,143	1,261,494	4,409,907	3,905,782
Pre-tax income	490,579	442,922	1,302,404	1,511,601
Tax expense	158,570	139,833	412,161	578,176
Net income	\$ 332,009	\$ 303,089	\$ 890,243	\$ 933,425
Preferred stock dividends	-	(12,708)	(2,577)	(38,124)
Net income available to common shareholders	\$ 332,009	\$ 290,381	\$ 887,666	\$ 895,301

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Our #FRBGBE First Resource Bank Give Back event in October was also a shred event. We collected \$1,003.00 for Pals for Life!