



Dear Shareholder:

2017 is off to a great start with record profitability in the first quarter.

Below are the first quarter highlights:

- Net income of \$406,553, which was **60%** higher than the prior year first quarter and **4%** higher than the fourth quarter of 2016
- Total interest income and net interest income grew **15%** over the prior year
- Gains of **\$155,337** on the sale of SBA loans were recognized
- Cost of interest bearing deposits declined 4 basis points

The first quarter of 2017 was the fifth consecutive quarter of increasing profitability. We remain focused on growing the balance sheet in an efficient way, avoiding short term pricing decisions to attract loan volume on terms that will hurt us down the road. Our funding mix has improved with organic deposit growth replacing certificates of deposit and non-core sources of funds as they mature. We continue to focus on growing checking deposits to improve our deposit mix and lower our cost of funds.

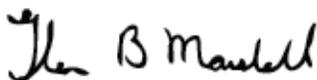
The full earnings press release appears on our website under the News button. The second page of this Newsletter provides the highlights of the Balance Sheet and Income Statement as of March 31, 2017.

Your Proxy package with our 2016 Annual Report, Proxy materials and the ever important Voting Card should be in your hands by now. If you are having an issue, please call me so we can get it resolved quickly.

Please remember to Vote. This is an important shareholder process.

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



*First Resource Bank President and CEO Glenn Marshall
with Sister Regina at Bishop Shanahan's Athletic Field*

Balance Sheet

| | Mar. 31, 2017 | Dec. 31, 2016 |
|---|-----------------------|-----------------------|
| Cash and due from banks | \$ 8,096,173 | \$ 3,210,601 |
| Investments | 19,999,954 | 28,959,596 |
| Loans | 202,027,040 | 197,838,848 |
| Allowance for loan losses | (1,633,246) | (1,579,068) |
| Premises & equipment | 5,908,898 | 5,955,748 |
| Other assets | 6,380,250 | 6,530,305 |
| Total assets | \$ 240,779,069 | \$ 240,916,030 |
| Deposits | \$ 204,109,101 | \$ 202,655,151 |
| Borrowings | 13,387,500 | 15,607,500 |
| Subordinated debt | 3,971,232 | 3,969,108 |
| Other liabilities | 1,209,161 | 1,065,532 |
| Total liabilities | 222,676,994 | 223,297,291 |
| Preferred stock | - | - |
| Common stock | 2,102,476 | 2,100,299 |
| Surplus | 12,150,497 | 12,136,088 |
| Accumulated other comprehensive income (loss) | (13,652) | (73,849) |
| Retained earnings/ (accumulated deficit) | 3,862,754 | 3,456,201 |
| Total stockholders' equity | 18,102,075 | 17,618,739 |
| Total Liabilities & Stockholder's Equity | \$ 240,779,069 | \$ 240,916,030 |

Income Statement

| | Quarter Ended Mar. 31, 2017 | Quarter Ended Mar. 31, 2016 |
|--|-----------------------------|-----------------------------|
| Interest income | \$ 2,624,123 | \$ 2,280,978 |
| Interest expense | 527,732 | 465,455 |
| Net interest income | 2,096,391 | 1,815,523 |
| Provision for loan losses | 120,024 | 24,861 |
| Non interest income | 261,270 | 72,934 |
| Non interest expense | 1,639,583 | 1,495,970 |
| Pre-tax income | 598,054 | 367,626 |
| Tax expense | 191,501 | 113,507 |
| Net income | \$ 406,553 | \$ 254,119 |
| Preferred stock dividends | - | (2,577) |
| Net income available to common shareholders | \$ 406,553 | \$ 251,542 |

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