



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,

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



*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
<b>Total assets</b>	<b>\$ 240,779,069</b>	<b>\$ 240,916,030</b>
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
<b>Total liabilities</b>	<b>222,676,994</b>	<b>223,297,291</b>
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
<b>Total stockholders' equity</b>	<b>18,102,075</b>	<b>17,618,739</b>
<b>Total Liabilities &amp; Stockholder's Equity</b>	<b>\$ 240,779,069</b>	<b>\$ 240,916,030</b>

## 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
<b>Net interest income</b>	<b>2,096,391</b>	<b>1,815,523</b>
Provision for loan losses	120,024	24,861
Non interest income	261,270	72,934
Non interest expense	1,639,583	1,495,970
<b>Pre-tax income</b>	<b>598,054</b>	<b>367,626</b>
Tax expense	191,501	113,507
<b>Net income</b>	<b>\$ 406,553</b>	<b>\$ 254,119</b>
Preferred stock dividends	-	(2,577)
<b>Net income available to common shareholders</b>	<b>\$ 406,553</b>	<b>\$ 251,542</b>

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