



Dear Shareholder:

Please visit www.FirstResourceBank.com under the Investor button to review the full earnings press release for the Second Quarter of 2018. Highlights of the second quarter included:

- Net income of \$520,825 was the highest quarterly profit in the Bank's history
- Net income grew 8% over the quarter ended March 31, 2018 and 25% over the quarter ended June 30, 2017
- Total interest income grew 7% over the quarter ended March 31, 2018 and 17% over the quarter ended June 30, 2017
- Total loans grew \$10.3 million, or 5%, to a total of \$233.6 million at June 30, 2018
- Total deposits grew \$12.3 million, or 6%, to a total of \$223.8 million at June 30, 2018
- Non-interest bearing deposits increased 19% during the second quarter
- Attracting key personnel at the management level to enhance the Bank's growth opportunities
- Navigating through the township planning commission process for the opening of our third branch in the spring of 2019

We open every internal discussion regarding deposits with "Checking, Checking, Checking." This focus resulted in 19% growth in non-interest bearing checking accounts during the second quarter. From time to time, we have selectively offered deposit specials to fill gaps created by loan growth which was 5% for the second quarter. In June, we identified such an opportunity and saw 6% overall deposit growth for the quarter. Our long-term focus on "Checking, Checking, Checking" continues.

We added depth in two areas critical for our future growth during the quarter. First, we hired Ken Kramer as our Chief Credit Officer. Ken is a long-time community banker with a loan generation, collection and credit skill set. Michelle Vineburg has also joined the Bank as our Compliance Officer as we separate regulatory compliance matters into a dedicated position. Both of these were hires of opportunity and we are happy that both Ken and Michelle became available to join the team.

Our 3rd Branch continues to work its way through the Township approval process. This new market is locally referred to as the Upper Main Line. We will access Berwyn, Devon and Wayne directly with this new location and in conjunction with our Exton and West Chester locations create a triangle that provides coverage for Malvern and Paoli. The current Exton and West Chester markets represent a combined \$5 billion in deposits as reported by banks to the FDIC. The Exton-West Chester-Wayne combined geographic triangle will provide access to a \$12 billion deposit market. We are excited about this expanded checking account growth opportunity and our access to a broader market to grow core deposits and lending relationships.

If you have any questions about the Bank or you need assistance with enhancing your deposit relationship with us, please feel free to call me on my cell at 610-996-6661.

Sincerely,

Glenn B. Marshall, President and CEO

First Resource Bank

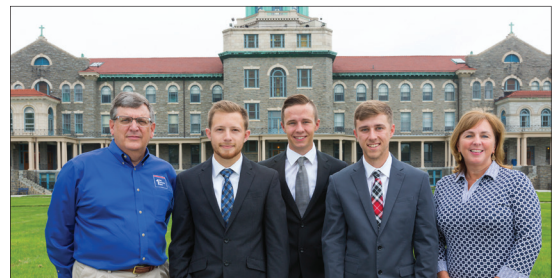


Photo by Shawn Sims

Embracing our community spirit, Glenn Marshall, President and CEO, supported the students from Immaculata University in the 2018 Conference of State Banking Supervisors (CSBS) Community Bank Case Study Competition. The case study evaluated how banks use technology in their daily operations. Pictured above (from left): President and CEO, Glenn Marshall with Immaculata University students Alexander Noel, Nicholas Boule, Connor Lindsay and their professor, Dr. Elizabeth Faunce.

Balance Sheet

	June 30, 2018	Dec. 31, 2017
Cash and due from banks	\$ 5,530,776	\$ 2,998,367
Time deposits at other banks	599,000	599,000
Investments	19,525,126	36,219,930
Loans	233,640,505	217,463,906
Allowance for loan losses	(2,034,295)	(1,751,953)
Premises & equipment	5,747,450	5,671,763
Other assets	8,460,218	7,353,942
Total assets	\$ 271,468,780	\$ 268,554,955
Deposits	\$ 223,808,110	\$ 210,902,113
Borrowings	18,515,500	29,284,500
Subordinated debt	3,981,850	3,977,603
Other liabilities	1,141,561	1,227,099
Total liabilities	247,447,021	245,391,315
Common stock	2,625,130	2,621,887
Surplus	15,503,804	15,472,980
Accumulated other comprehensive loss	(267,709)	(89,944)
Retained earnings	6,160,534	5,158,717
Total stockholders' equity	24,021,759	23,163,640
Total Liabilities & Stockholder's Equity	\$ 271,468,780	\$ 268,554,955

Income Statement

	Quarter Ended June 30, 2018	Quarter Ended June 30, 2017	6 Months Ended June 30, 2018	6 Months Ended June 30, 2017
Interest income	\$ 3,205,315	\$ 2,728,601	\$ 6,187,615	\$ 5,352,724
Interest expense	711,445	524,916	1,296,442	1,052,648
Net interest income	2,493,870	2,203,685	4,891,173	4,300,076
Provision for loan losses	191,321	20,085	325,643	140,109
Non interest income	139,730	99,552	255,472	360,822
Non interest expense	1,800,530	1,668,246	3,595,785	3,307,829
Pre-tax income	641,749	614,906	1,225,217	1,212,960
Tax expense	120,924	197,205	223,400	388,706
Net income	\$ 520,825	\$ 417,701	\$ 1,001,817	\$ 824,254



Photo by Shawn Sims

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First Resource Bank's Millennial Professional Board is a group of Chester County millennials trying to make a positive impact in the community. They held their first charitable event, a pig roast/craft-beer festival named Hog 'N Lager, on Saturday, July 21st at High Point in Malvern. Pictured above are (from left to right): Top row: Anthony Civitello, John Durso, Courtney Zeuner, Rob Whitlatch. Bottom row: Matt Weiss, Meredith Wilson, Alyson Baehrle.