



Dear Shareholder:

The Bank followed a tremendous 2016 with an even better 2017 which translated to a record high Net Income for the year ended December 31, 2017 of \$1,687,715; this represents bottom line growth of 32% year over year.

In addition to our record profit, 2017 generated the following financial highlights:

- Total interest income grew 15% over the prior year
- Non-interest bearing deposits grew 33%.
- Interest checking deposits grew 20%.
- Net Interest Margin was 3.86% in 2017 as compared to 3.78% in 2016.
- Named to the OTCQX Best 50 for 2018, ranking #11 and making the list for the third time in the last four years.

As we have executed our strategies and created the desired financial performance, we had not seen what we believed to be the full market valuation in our stock price prior to 2017. We all enjoyed the 19% year over year gains from 2015 to 2016. At the end of the day, we want to perform well financially and have it translate to your benefit, our shareholder, in the way of market value. In 2017, we saw a turnaround in the industry and the Bank's pricing in the market based both on earnings and book value multiples. We were pleased with the December 31, 2017 closing price of \$11.25 and the 37% increase in the stock price year over year as we feel this valuation more accurately reflects the Bank's value.

2017 yielded significant improvement in the Bank's deposit mix which included non-interest bearing deposit growth of 33%, interest checking deposit growth of 20%, and money market deposit growth of 18%. Strong growth in checking and money market deposit balances have allowed the Bank to strategically shed certificates of deposit throughout the year ending December 31, 2017. The Bank continues to see growth in the use of our electronic deposit functions such as our remote deposit scanners (FRed), and deposits through smart phones, as our electronic banking channel averaged 51% of the Bank's daily dollars deposited and 58% of the average daily items deposited in 2017. These technologies are available to every customer, at their home, office, or in the palm of their hand through their smart phone 24/7.

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

BEST 50
OTCQX
2018

Balance Sheet

	Dec. 31, 2017	Dec. 31, 2016
Cash and due from banks	\$ 2,998,367	\$ 3,210,601
Time deposits at other banks	599,000	599,000
Investments	36,219,930	28,360,596
Loans	217,463,906	197,838,848
Allowance for loan losses	(1,751,953)	(1,579,068)
Premises & equipment	5,671,763	5,955,748
Other assets	7,353,942	6,530,305
Total assets	\$ 268,554,955	\$ 240,916,030
Deposits	\$ 210,902,113	\$ 202,655,151
Borrowings	29,284,500	15,607,500
Subordinated debt	3,977,603	3,969,108
Other liabilities	1,227,099	1,065,532
Total liabilities	245,391,315	223,297,291
Common stock	2,621,887	2,100,299
Surplus	15,472,980	12,136,088
Accumulated other comprehensive loss	(89,944)	(73,849)
Retained earnings	5,158,717	3,456,201
Total stockholders' equity	23,163,640	17,618,739
Total Liabilities & Stockholder's Equity	\$ 268,554,955	\$ 240,916,030

Income Statement

	Quarter Ended Dec. 31, 2017	Quarter Ended Dec. 31, 2016	Year Ended Dec. 31, 2017	Year Ended Dec. 31, 2016
Interest income	\$ 2,897,286	\$ 2,587,916	\$ 11,087,542	\$ 9,669,679
Interest expense	548,705	537,356	2,126,936	2,005,708
Net interest income	2,348,581	2,050,560	8,960,606	7,663,971
Provision for loan losses	89,233	91,061	353,316	223,784
Non interest income	93,721	139,274	590,349	370,897
Non interest expense	1,626,022	1,522,221	6,579,965	5,932,128
Pre-tax income	727,047	576,552	2,617,674	1,878,956
Tax expense	325,290	185,562	929,959	597,723
Net income	\$ 401,757	\$ 390,990	\$ 1,687,715	\$ 1,281,233
Preferred stock dividends	-	-	-	(2,577)
Net income available to common shareholders	\$ 401,757	\$ 390,990	\$ 1,687,715	\$ 1,278,656

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Our First Resource Bank team supporting our Philadelphia Eagles Super Bowl Champions! What a great game!