

*2007*

*FINANCIAL REPORT*



15 E. Ridge Pike    Conshohocken, PA 19428    [firsttrust.com](http://firsttrust.com)

MEMBER FDIC





**A Message from the Chief Executive Officer  
May, 2008**

Attached you will find a copy of our financial results for 2007. We are pleased to report that 2007 was another very strong year for Firstrust. Despite the adverse change in market dynamics and lower interest rate environment, we are very pleased with our financial results, as well as the investments and progress we have made in our business.

We finished the year with total assets of \$2.37 billion, which represented a \$101 million increase over 2006. This growth has been concentrated in our loan portfolio, which increased by 8% year over year. Our capital position increased to \$267 million, which represents 11% of our total assets and is well above regulatory requirements. We continue to manage Firstrust to be able to weather rough storms and believe that a strong capital position and strong ratio of loan loss reserves are important components of financial strength.

Our net interest income for the year totaled \$112 million, down 2% from 2006's record level. Our interest rate margins narrowed as the Federal Reserve lowered interest rates. Our net income of \$41 million, inclusive of a \$20 million non-recurring gain, grew significantly from 2006's results of \$20 million. Therefore, our core net income was consistent with that realized in 2006's strong results.

We also want to acknowledge some other accomplishments that we achieved in 2007. Specifically,

- We opened our 24<sup>th</sup> full-service branch in Newtown;
- We introduced Ready Deposit, which enables customers to make deposits from their location, and finished the year with 101 business customers already using this service.
- We made excellent progress on the integration of Firstrust Financial Resources, our wealth management subsidiary;
- We contributed almost \$1 million to over 300 local non-profit organizations;
- We added many new, experienced and talented people to our growing team.

The primary advantages of Firstrust, our strong capital position, our sound credit culture, our proactive asset and liability management, our private ownership, and most importantly, our talented people, have enabled us to lessen the negative impact of a great deal of the difficulties facing our industry.

We believe that we have great opportunities in front of us. While low stock prices, unhappy shareholders, larger credit losses and potential merger discussions may be preoccupying other bank's management teams, Firstrust remains focused on our mission statement and how we can better serve and grow our customer base.

We have a tremendously energized and focused management team – and a remarkable, dedicated group of colleagues across our organization. If we stay the course and deliver superior customer service consistently, we believe we can make a real difference in the way customers view their bank.

We thank you for your business and continued confidence in Firstrust.

Sincerely,

A handwritten signature in black ink that reads "R. J. Green".

Richard J. Green  
Chief Executive Officer

## 2007 Financial Statement

### Balance Sheet

<i>(in thousands)</i>	December 31	
	2007	2006
<b>ASSETS</b>		
Cash and balances due from depository institutions	\$57,475	\$71,425
Securities	196,344	219,205
Federal funds sold and securities purchased under agreements to resell	8,626	61,906
Loans and leases, net of unearned income	2,083,184	1,918,171
LESS: Allowance for loan losses	43,159	45,581
<b>NET LOANS AND LEASES</b>	<b>2,040,025</b>	<b>1,872,590</b>
Other real estate owned	4,177	471
Fixed assets	12,032	11,749
Other assets	48,380	29,422
<b>TOTAL ASSETS</b>	<b>\$2,367,059</b>	<b>\$2,266,768</b>
<b>LIABILITIES AND CAPITAL</b>		
Deposits	\$1,827,406	\$1,815,640
Other borrowed money	232,014	109,019
Other liabilities	40,466	86,795
<b>TOTAL LIABILITIES</b>	<b>2,099,886</b>	<b>2,011,454</b>
<b>CAPITAL</b>		
Common stock	3,105	3,105
Surplus	117,157	117,157
Undivided profits and capital reserves	124,133	86,125
Net unrealized holding gains on AFS securities	22,778	48,947
<b>TOTAL CAPITAL</b>	<b>267,173</b>	<b>255,334</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$2,367,059</b>	<b>\$2,266,788</b>

## Income Statement

<i>(in thousands)</i>	December 31	
	2007	2006
<b>INTEREST INCOME</b>		
Interest and fee income on loans:		
Loans secured by real estate	\$67,248	\$68,399
Other Loans	91,529	81,721
Interest income on investments and securities	13,335	11,943
<b>TOTAL INTEREST INCOME</b>	<b>172,112</b>	<b>162,063</b>
<b>INTEREST EXPENSE</b>		
Interest on deposits	53,647	42,114
Interest on borrowed money	5,938	5,125
<b>TOTAL INTEREST EXPENSE</b>	<b>59,585</b>	<b>47,239</b>
<b>NET INTEREST INCOME</b>	<b>112,527</b>	<b>114,824</b>
Provisions for loan and lease losses	7,750	6,848
<b>NON-INTEREST INCOME</b>		
Fees, service charges and other income	33,248	13,273
Gains (Losses) on sale of securities and loans	182	135
<b>TOTAL NON-INTEREST INCOME</b>	<b>33,430</b>	<b>13,408</b>
<b>NON-INTEREST EXPENSE</b>		
Operating expense	97,019	101,167
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>97,019</b>	<b>101,167</b>
<b>INCOME BEFORE INCOME TAXES</b>	41,188	20,217
Applicable income taxes	180	148
<b>INCOME BEFORE EXTRAORDINARY ITEMS</b>	41,008	20,069
<b>NET INCOME</b>	<b>\$41,008</b>	<b>\$20,069</b>

## Changes in Equity Capital

<i>(in thousands)</i>	2007	2006
Equity capital reported at end of previous period	\$255,334	\$249,677
Net Income	41,008	20,069
LESS: Dividends declared on common stock	3,000	17,000
Change in Net Unrealized Holding Gains	(26,169)	2,588
<b>TOTAL EQUITY CAPITAL AT END OF PERIOD</b>	<b>\$267,173</b>	<b>\$255,334</b>