



2008

Financial Information





A Message from the Chief Executive Officer April, 2009

This year we celebrate the 75th Anniversary of Firsttrust. While many things have changed in the world and in our industry since we first began doing business in my great grandmother's kitchen in South Philadelphia, we have been guided by the same mission and values. Our commitment to adding value to our customers and communities has never wavered. The protection of our depositor's money, while earning and maintaining the trust of our customers, continues to be our first priority, as it has been since our founding in the midst of the Great Depression in 1934.

Attached you will find a copy of our financial results for the years of 2008 and 2007. We finished the year with total assets of approximately \$2.6 billion, representing an increase of \$218 million over 2007. Our loan portfolio experienced growth of \$153 million, or 7.5% over the previous year, while our deposits grew by \$233 million to \$2.12 billion. Throughout the year, we closely monitored expenses and made many positive adjustments. Importantly, we protected our strong capital base of \$253.0 million and maintained our Capital to Asset ratio of approximately 10%; well in excess of what our regulators define as "well capitalized" for financial institutions.

During 2008, the Federal Reserve lowered interest rates 400 basis points, which negatively impacted our net interest margins. Primarily due to these reductions our net interest income decreased by 6% from a year ago. We were not immune to the economic downturn and incurred loan losses of \$27.9 million. However, we continue to believe that our excellent cash position, conservative portfolio management and commitment to make decisions for the long term health of the organization represent a solid foundation for the continued financial strength of Firsttrust.

While our focus was on the financial stability of the organization, we would like to acknowledge several other efforts, including:

- Remaining true to our commitment to our customers; including providing education about the evolving FDIC insurance program, financial guidance and assurance about the stability of Firsttrust.
- Improved operational efficiency and software designed to provide a platform for a better customer experience, as well as an updated Customer Care Center.
- We continued our long-standing commitment to local non-profit organizations with contributions of more than \$500 thousand.

2008 proved to be an astonishing year for the world and for banking. However, through it all, we at Firsttrust acted in a proactive manner designed to stay true to our mission and our values. Our strong capital position, sound credit culture, proactive asset and liability management, private ownership, talented people, and, most importantly, our understanding that you want to know that your money is safe enables us to provide more than most community banks. We take our responsibility to you very seriously.

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

Sincerely,

A handwritten signature in black ink that reads "R. J. Green". The signature is fluid and cursive, with the first letters of each name being capitalized.

Richard J. Green
Chief Executive Officer

2008 Firsttrust Information

Balance Sheet

<i>(in thousands)</i>	December 31	
	2008	2007
ASSETS		
Cash and balances due from depository institutions	\$84,018	\$57,475
Securities	257,694	196,344
Federal funds sold and securities purchased under agreements to resell	1,072	8,626
Loans and leases, net of unearned income	\$2,237,797	\$2,083,184
LESS: Allowance for loan losses	44,389	43,159
NET LOANS AND LEASES	\$2,193,408	\$2,040,025
Other real estate owned	\$3,554	\$4,177
Fixed assets	13,226	12,032
Other assets	32,906	48,380
TOTAL ASSETS	\$2,585,878	\$2,367,059
LIABILITIES AND CAPITAL		
Deposits	\$2,118,552	\$1,827,406
Other borrowed money	169,509	232,014
Other liabilities	44,840	40,466
TOTAL LIABILITIES	\$2,332,901	\$2,099,886
CAPITAL		
Common stock	3,105	3,105
Surplus	117,157	117,157
Undivided profits and capital reserves	128,009	124,133
Net unrealized holding gains on AFS securities	4,706	22,778
TOTAL CAPITAL	252,977	267,173
TOTAL LIABILITIES AND CAPITAL	\$2,585,878	\$2,367,059

This disclosure statement has been provided by Firsttrust Bank. Firsttrust Bank believes the information contained herein to be accurate and reliable, but because of the possibility of human and mechanical error, its accuracy and completeness is not guaranteed. This statement has not been reviewed or confirmed for accuracy or relevance by the Pennsylvania Department of Banking or any other regulatory agency having jurisdiction over Firsttrust Bank. This statement has not been reviewed or confirmed for accuracy or relevance by the Federal Deposit Insurance Corporation or any other deposit insurer.

I do hereby attest that this Disclosure Statement has been prepared in conformance with the instructions issued by the appropriate federal regulatory authority and is true and correct to the best of my knowledge and belief.



Chief Financial Officer, Firsttrust Bank



Income Statement

<i>(in thousands)</i>	<i>December 31</i>	
	2008	2007
INTEREST INCOME		
Interest and fee income on loans:		
Loans secured by real estate	\$47,920	\$67,248
Other Loans	99,488	91,529
Interest income on investments and securities	13,815	13,335
TOTAL INTEREST INCOME	\$161,223	\$172,112
INTEREST EXPENSE		
Interest on deposits	\$46,397	\$53,647
Interest on borrowed money	9,048	5,938
TOTAL INTEREST EXPENSE	\$55,445	\$59,585
NET INTEREST INCOME	\$105,778	\$112,527
Provisions for loan and lease losses	\$27,962	\$7,750
NON-INTEREST INCOME		
Fees, service charges and other income	\$25,703	\$33,248
Gains (Losses) on sale of securities and loans	516	182
TOTAL NON-INTEREST INCOME	\$26,219	\$33,430
NON-INTEREST EXPENSE		
Operating expense	\$98,496	\$97,019
TOTAL NON-INTEREST EXPENSE	\$98,496	\$97,019
INCOME BEFORE INCOME TAXES	\$5,539	\$41,188
Applicable income taxes	(337)	180
INCOME BEFORE EXTRAORDINARY ITEMS	\$5,876	\$41,008
NET INCOME	\$5,876	\$41,008

Changes in Equity Capital

<i>(in thousands)</i>	2008	2007
Equity capital reported at end of previous period	\$267,173	\$255,334
Net Income	5,876	41,008
LESS: Dividends declared on common stock	2,000	3,000
Change in Net Unrealized Holding Gains	(18,072)	(26,169)
TOTAL EQUITY CAPITAL AT END OF CURRENT PERIOD	\$252,977	\$267,173