



2014

## Financial Information





## 2014 Financial Results

The year 2014 was another strong year for Firsttrust. At year end, our total assets grew to \$2.6 billion, and we reported net income of \$23.6 million. Our loans grew to \$2.2 billion, a 5% increase over 2013. Our non-accrual loans decreased by \$3.5 million a 17% decrease over 2013, as we continued to improve the quality of our loan portfolio. Non-accrual loans total just 1% of Total Loans.

Our already strong Tier-One Capital increased to \$330.2 million, representing a regulatory capital ratio of 14.8%, nearly two times what the FDIC classifies as “well-capitalized” and Bauer Financial, Inc.<sup>1</sup> continues to award Firsttrust its highest five-star rating of Superior.

We experienced continued growth in our residential mortgage business and increased growth in Commercial and Real Estate Lending, as well as in Business Banking and SBA Lending units. We continued the expansion of our direct channel capabilities to include both retail and business customers. We further invested in and expanded our digital capabilities to provide our customers with access to their financial information anytime, anywhere, and through multiple channels that suit their desires.

We continue to benefit from the move of our Operations Center to new offices in Horsham. The layout provides workflow synergies across departments, as well as increased cost efficiencies. This, in turn, enhances service to our customers and facilitating continued future growth. In addition, we opened a new branch office at this location to serve customers and businesses in the Horsham community.

We continued to support the communities in which we serve through our 45<sup>th</sup> Annual Samuel A. Green Scholarship Award Program that has provided close to \$1 million in scholarships to more than 1,000 high school students, as well as support of the Center for Literacy, the Franklin Institute, the Barnes Foundation, City Year of Greater Philadelphia, and Variety - The Children’s Charity, to name a few. Throughout the year, Firsttrust provides financial assistance to hundreds of organizations located within the Delaware and Lehigh Valley to support our mission of enriching the communities we serve.

Firsttrust Bank remains the region’s largest and strongest family-owned and managed financial institution. While the past few years have been challenging for our customers, our industry, and our nation, we enter 2015 with more capital and higher reserves. We continue to lend money entrusted to us to help people and businesses in our community to grow and prosper.

On behalf of Timothy J. Abell, our President, myself and all the members of the Firsttrust team, we want to assure you that the safety of our customers’ financial assets continues to be our first priority. We work continuously to earn and maintain your trust.

Thank you for your continued trust in Firsttrust Bank.

Sincerely,

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

Richard J. Green  
C.E.O. and Chairman

<sup>1</sup> Bauer Financial, Inc., an independent bank rating firm, evaluates the health and safe of the country’s financial institutions.

## Income Statement

<i>(in thousands)</i>	<i>December 31</i>	
	2014	2013
<b>INTEREST INCOME</b>		
Interest and fee income on loans:		
Loans secured by real estate	\$71,162	\$68,256
Other Loans	33,000	29,993
Interest income on investments and securities	10,949	7,159
<b>TOTAL INTEREST INCOME</b>	<b>115,111</b>	<b>105,408</b>
<b>INTEREST EXPENSE</b>		
Interest on deposits	4,810	4,992
Interest on borrowed money	1,803	338
<b>TOTAL INTEREST EXPENSE</b>	<b>6,613</b>	<b>5,330</b>
<b>NET INTEREST INCOME</b>	<b>108,498</b>	<b>100,078</b>
Provisions for loan and lease losses	4,297	4,432
<b>NON-INTEREST INCOME</b>		
Fees, service charges and other income	18,000	18,533
Gains (Losses) on sale of securities and loans	3,598	2,458
<b>TOTAL NON-INTEREST INCOME</b>	<b>21,598</b>	<b>20,991</b>
<b>NON-INTEREST EXPENSE</b>		
Operating expense	101,507	91,234
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>101,507</b>	<b>91,234</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>24,292</b>	<b>25,403</b>
Applicable income taxes	685	356
<b>INCOME BEFORE EXTRAORDINARY ITEMS</b>	<b>23,607</b>	<b>25,047</b>
<b>NET INCOME</b>	<b>\$ 23,607</b>	<b>\$ 25,047</b>

### Changes in Equity Capital

<i>(in thousands)</i>	2014	2013
Equity capital reported at end of previous period	\$306,250	\$304,679
Net Income	23,607	25,047
LESS: Distributions	10,000	11,000
Other	0	0
Change in Net Unrealized Holding Gains	10,339	(12,476)
<b>TOTAL EQUITY CAPITAL AT END OF CURRENT PERIOD</b>	<b>\$330,196</b>	<b>\$306,250</b>

## Balance Sheet

December 31

<i>(in thousands)</i>	2014	2013
<b>ASSETS</b>		
Cash and balances due from depository institutions	\$176,209	\$190,282
Securities	250,885	267,587
Federal funds sold and securities purchased under agreements to resell	78	82
Loans and leases, net of unearned income	2,185,790	2,074,336
LESS: Allowance for loan losses	54,355	49,316
Net loans and leases	2,131,435	2,025,020
Other real estate owned	3,521	3,827
Fixed assets	13,682	14,787
Other assets	32,698	36,544
<b>TOTAL ASSETS</b>	<b>\$2,608,508</b>	<b>\$2,538,129</b>
<b>LIABILITIES AND CAPITAL</b>		
Deposits	\$2,090,126	\$2,116,834
Other borrowed money	145,283	75,517
Other liabilities	42,903	39,528
<b>TOTAL LIABILITIES</b>	<b>2,278,312</b>	<b>2,231,879</b>
<b>CAPITAL</b>		
Common stock	3,105	3,105
Surplus	117,157	117,157
Undivided profits and capital reserves	204,799	191,192
Net unrealized holding gains on AFS securities	5,135	(5,204)
<b>TOTAL CAPITAL</b>	<b>330,196</b>	<b>306,250</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$2,608,508</b>	<b>\$2,538,129</b>