



2012

Financial Information



2012 Financial Results

The year 2012 was another strong year for Firsttrust. At year end, while our total assets remained at \$2.4 billion, we reported net income of \$29.3 million, representing an increase of 10.8% over our 2011 results. Our loans increased to \$2.0 billion, a 10% increase over 2011. Our non-accrual loans decreased \$28.5 million, a 24% decrease over 2011, as we continued to improve the quality of our loan portfolio.

Our already strong Tier-One Capital increased by \$23.7 million over 2011, to \$304.6 million, representing a capital ratio of 13.7%, nearly two times what the FDIC classifies as “well-capitalized” and Bauer Financial, Inc.¹ continues to award Firsttrust its highest five-star rating of Superior.

Two of our newer product offerings, the Residential Mortgage Division and our U.S. Small Business Administration (“SBA”) division grew dramatically in order to serve our customers’ needs. We have also expanded our mobile banking products to include text alerts and mobile transfers. We have further invested in technology to enable our customers to apply for mortgages on-line and to open deposit accounts on-line. We will continue to invest in and expand our digital capabilities with an eye toward enabling our customers with access to their financial information anytime, anywhere, and through multiple channels that suit their desires.

In order to improve our customer service, we will be moving our Customer Care Center to a new nearby location by this fall.

In addition, we continue to support the communities in which we serve, including sponsorship of the Center for Literacy, the Drexel LeBow non-profit business case competition, the Franklin Institute, the Philadelphia Horticultural Society and continued support of City Year and Variety - The Children’s Charity. Last year, we also partnered with Federation Housing to build and open the Samuel A. Green House which provides affordable housing for low income seniors. Throughout the year, Firsttrust provided financial assistance to hundreds of organizations located within the Delaware and Lehigh Valley.

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 2013 with more capital and higher reserves, we did not take any federal bailout money, and did not sell any key assets. We continue to lend money entrusted to us to help people and businesses in our community to 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". The signature is written in a cursive, flowing style.

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

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



2012 Firsttrust Information
Balance Sheet

<i>(in thousands)</i>	<i>December 31</i>	
	2012	2011
ASSETS		
Cash and balances due from depository institutions	\$153,222	\$410,838
Securities	250,167	232,301
Federal funds sold and securities purchased under agreements to resell	86	90
Loans and leases, net of unearned income	\$2,008,795	\$1,821,657
LESS: Allowance for loan losses	46,631	44,911
NET LOANS AND LEASES	\$1,962,164	\$1,776,742
Other real estate owned	\$4,429	\$6,201
Fixed assets	8,195	9,361
Other assets	54,152	51,659
TOTAL ASSETS	\$2,432,415	\$2,487,192
LIABILITIES AND CAPITAL		
Deposits	\$2,084,455	\$2,144,943
Other borrowed money	743	5,963
Other liabilities	42,535	55,312
TOTAL LIABILITIES	\$2,127,733	\$2,206,218
CAPITAL		
Common stock	3,105	3,105
Surplus	117,157	117,157
Undivided profits and capital reserves	177,147	150,807
Net unrealized holding gains on AFS securities	7,273	9,905
TOTAL CAPITAL	304,682	280,974
TOTAL LIABILITIES AND CAPITAL	\$2,432,415	\$2,487,192

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.

Peter A. Nolan
Chief Financial Officer, Firsttrust Bank



Income Statement

December 31

<i>(in thousands)</i>	2012	2011
INTEREST INCOME		
Interest and fee income on loans:		
Loans secured by real estate	\$43,766	\$64,396
Other Loans	52,323	35,508
Interest income on investments and securities	9,759	11,428
TOTAL INTEREST INCOME	\$105,848	\$111,332
INTEREST EXPENSE		
Interest on deposits	\$7,649	\$12,787
Interest on borrowed money	41	242
TOTAL INTEREST EXPENSE	\$7,690	\$13,029
NET INTEREST INCOME	\$98,158	\$98,303
Provisions for loan and lease losses	\$3,861	(\$9,267)
NON-INTEREST INCOME		
Fees, service charges and other income	\$20,219	\$16,659
Gains (Losses) on sale of securities and loans	\$4,270	10,221
TOTAL NON-INTEREST INCOME	\$24,489	\$26,880
NON-INTEREST EXPENSE		
Operating expense	\$88,838	\$107,910
TOTAL NON-INTEREST EXPENSE	\$88,838	\$107,910
INCOME BEFORE INCOME TAXES	\$29,948	\$26,540
Applicable income taxes	608	60
INCOME BEFORE EXTRAORDINARY ITEMS	\$29,340	\$26,480
NET INCOME	\$29,340	\$26,480

Changes in Equity Capital

<i>(in thousands)</i>	2012	2011
Equity capital reported at end of previous period	\$280,975	\$255,878
Net Income	29,340	26,480
LESS: Dividends declared on common stock	3,000	4,000
Other		
Change in Net Unrealized Holding Gains	(2,633)	2,616
TOTAL EQUITY CAPITAL AT END OF CURRENT PERIOD	\$304,682	\$280,974