2016 ANNUAL REPORT

1st Colonial Bancorp, Inc.

1st Colonial Bancorp, Inc.

April 3, 2017

Dear Fellow Shareholders,

As you read our 2016 Annual Report, you will notice that the Company's net income was $3,661,000. This was our largest annual net income figure since we opened in 2000.

Many factors contributed to this success, but overwhelmingly one word describes how we achieved the year we had, and that word is loyalty.

1. **The loyalty of our employees**. Their dedication and intelligence was manifest in their contributions. Their steadfastness was evident in that our turnover was virtually non-existent. The same personnel, whether it be a teller in a branch or a bookkeeper in operations, year-after-year, have been here to serve you.

2. **The loyalty of our customers**. We certainly can't ignore the loyalty of our customers. A stable base of accounts across the board from government, to corporations, to individuals, has certainly been a large factor in our great success.

3. **The loyalty of our officers and directors**. There has been no need to re-educate anyone as to the identity of our officers and directors. Our senior officers and directors have been here from the beginning. We know our customers and are dedicated to serving them as well as our shareholders.

We are optimistic about 2017 and we appreciate your continued support.

Sincerely,

Linda M. Rohrer
Chairman of the Board

Gerard M. Banmiller
President and Chief Executive Officer

1040 Haddon Avenue Collingswood, New Jersey 08108 • (856) 858-1100 • Stock Symbol: FCOB

KPMG

1ST COLONIAL BANCORP, INC. AND SUBSIDIARY

Consolidated Financial Statements

December 31, 2016 and 2015

(With Independent Auditors' Report Thereon)

KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Independent Auditors' Report

The Board of Directors
1st Colonial Bancorp, Inc.:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of 1st Colonial Bancorp, Inc. and its subsidiary, which comprise the consolidated statements of financial condition as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for each of the years in the three year period ended December 31, 2016, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of 1st Colonial Bancorp, Inc. and its subsidiary as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 2016 in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Philadelphia, Pennsylvania
March 31, 2017

1ST COLONIAL BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Financial Condition

December 31, 2016 and 2015

(Dollars in thousands, except share data)

Assets		2016	2015
Cash and due from banks	$	4,815	6,512
Federal funds sold		150	7
Cash and cash equivalents		4,965	6,519
Short-term investments			
Investments held to maturity (fair value of $36,934 at December 31, 2016 and $37,616 at December 31, 2015)		36,934	37,616
Securities available for sale (amortized cost of $77,601 at December 31, 2016 and $105,325 at December 31, 2015)		77,906	105,315
Bank stock, at cost		2,096	1,920
Mortgage loans held for sale		7,264	5,459
Loans		351,997	299,107
Less allowance for loan losses		(4,739)	(4,391)
Net loans		347,258	294,716
Premises and equipment, net		1,399	1,239
Accrued interest receivable		1,253	1,197
Deferred tax assets		892	967
Bank-owned life insurance		6,697	6,503
Real estate owned		131	857
Other assets		1,025	919
Total assets	$	487,820	463,227
Liabilities and Shareholders' Equity			
Liabilities:			
Deposits	$	446,404	428,298
Other borrowings		5,575	3,237
Accrued interest payable		32	10
Other liabilities		1,709	1,596
Total liabilities		453,720	433,141
Shareholders' equity:			
Common stock, $0 par value. Authorized 10,000,000 and 5,000,000 shares; issued and outstanding of 3,885,475 and 3,879,815 shares at December 31, 2016 and 2015		—	—
Preferred stock. Authorized 1,000,000 shares, no shares issued		—	—
Additional paid-in capital		28,281	26,735
Retained earnings		6,483	4,207
Accumulated other comprehensive income (loss)		184	(8)
Treasury stock at cost, 137,876 shares		(848)	(848)
Total shareholders' equity		34,100	30,086
Total liabilities and shareholders' equity	$	487,820	463,227

See accompanying notes to consolidated financial statements.

1ST COLONIAL BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Operations

Years ended December 31, 2016, 2015, and 2014

(Dollars in thousands, except share data)

		2016	2015	2014
Interest income:				
Loans	$	15,284	12,579	9,904
Federal funds sold and interest-bearing deposits		103	17	17
Investments:				
Taxable		1,306	1,424	1,246
Nontaxable		309	321	338
Total interest income		17,002	14,341	11,505
Interest expense:				
Deposits		1,924	1,427	922
Other borrowings		26	28	34
Total interest expense		1,950	1,455	956
Net interest income		15,052	12,886	10,549
Provision for loan losses		975	1,222	1,225
Net interest income after provision for loan losses		14,077	11,664	9,324
Other income:				
Service charges on deposit accounts		135	147	167
Gain on sales of mortgage loans held for sale		2,855	2,228	1,038
Mortgage fee income		209	145	85
Increase in cash value of bank-owned life insurance		194	189	186
Other income, service charges, and fees		405	432	450
Gain on sale of securities		—	—	108
Gain on sale of guaranteed portion of SBA loans		108	232	26
Total other income		3,906	3,373	2,060
Other expenses:				
Compensation and employee benefits		6,821	5,653	4,529
Occupancy and equipment expenses		975	844	1,091
Advertising expense		611	470	338
Data processing expense		751	697	639
Professional services		617	513	487
Other operating expenses		1,825	1,588	1,754
FDIC assessments		395	321	278
Loss on real estate owned		155	225	335
Total other expenses		12,150	10,311	9,451
Income before income tax expense		5,833	4,726	1,933
Income tax expense		2,172	1,718	607
Net income	$	3,661	3,008	1,326
Earnings per share:				
Basic earnings per share	$	0.96	0.78	0.34
Diluted earnings per share		0.90	0.73	0.33
Weighted average number of shares outstanding:				
Basic earnings per share	$	3,830,993	3,879,565	3,877,528
Diluted earnings per share		4,088,473	4,096,785	4,008,159

See accompanying notes to consolidated financial statements.

1ST COLONIAL BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Comprehensive Income

Years ended December 31, 2016, 2015, and 2014

(Dollars in thousands, except share data)

	Years ended December 31								
	2016			2015			2014		
	Before tax amount	Tax expense (benefit)	Net of tax amount	Before tax amount	Tax expense (benefit)	Net of tax amount	Before tax amount	Tax expense (benefit)	Net of tax amount
Net income	$ 5,833	2,172	3,661	4,726	1,718	3,008	1,933	607	1,326
Other comprehensive income:									
Net unrealized gains (losses) on available for-sale investment securities:									
Net unrealized holding gains (losses) arising during the period	315	123	192	(51)	(20)	(31)	1,388	554	834
Less reclassification adjustment for net (gains) losses on sales realized in net income	—	—	—	—	—	—	(108)	43	(65)
Total net unrealized gains (losses) on available-for-sale investment securities	315	123	192	(51)	(20)	(31)	1,280	511	769
Other comprehensive income	315	123	192	(51)	(20)	(31)	1,280	511	769
Total comprehensive income	$ 6,148	2,295	3,853	4,675	1,698	2,977	3,213	1,118	2,095

See accompanying notes to consolidated financial statements.

1ST COLONIAL BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Shareholders' Equity

Years ended December 31, 2016, 2015, and 2014

(Dollars in thousands)

	Common stock	Preferred stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total shareholders' equity
Balance at December 31, 2013	$ —	—	24,190	2,183	(746)	(848)	24,779
Stock dividend	—	—	1,050	(1,050)	—	—	—
Stock issued	—	—	32	—	—	—	32
Stock issuance expenses	—	—	(2)	—	—	—	(2)
Purchase of treasury stock	—	—	—	—	—	—	—
Net unrealized gain on securities available for sale, net of tax	—	—	—	—	769	—	769
Stock-based compensation	—	—	82	—	—	—	82
Net income	—	—	—	1,326	—	—	1,326
Balance at December 31, 2014	—	—	25,352	2,459	23	(848)	26,986
Stock dividend	—	—	1,260	(1,260)	—	—	—
Stock issued	—	—	—	—	—	—	—
Stock issuance expenses	—	—	(2)	—	—	—	(2)
Purchase of treasury stock	—	—	—	—	—	—	—
Net unrealized gain on securities available for sale, net of tax	—	—	—	—	(31)	—	(31)
Stock-based compensation	—	—	125	—	—	—	125
Net income	—	—	—	3,008	—	—	3,008
Balance at December 31, 2015	—	—	26,735	4,207	(8)	(848)	30,086
Stock dividend	—	—	1,385	(1,385)	—	—	—
Stock issued	—	—	38	—	—	—	38
Stock issuance expenses	—	—	(5)	—	—	—	(5)
Purchase of treasury stock	—	—	—	—	—	—	—
Net unrealized gain on securities available for sale, net of tax	—	—	—	—	192	—	192
Stock-based compensation	—	—	128	—	—	—	128
Net income	—	—	—	3,661	—	—	3,661
Balance at December 31, 2016	$ —	—	28,281	6,483	184	(848)	34,100

See accompanying notes to consolidated financial statements.

1ST COLONIAL BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

Years ended December 31, 2016, 2015, and 2014

(Dollars in thousands)

		2016	2015	2014
Cash flows from operating activities:				
Net income	$	3,661	3,008	1,326
Adjustments to reconcile net income to net cash (used in) provided by operating activities:				
Depreciation and amortization		162	145	375
Amortization of premium on securities, net		739	372	(950)
Amortization of deferred fees/cost, net		122	99	67
Stock-based compensation		128	125	82
Gain on sales of mortgage loans held for sale		(2,855)	(2,228)	(1,038)
Gain on sales of guaranteed portion of SBA loans		(108)	(232)	(26)
Gain on sale of securities		—	—	(108)
Loss on real estate owned		155	224	335
Provision for loan losses		975	1,222	1,225
Cash disbursed for mortgage banking activities		(103,189)	(74,374)	(38,662)
Cash received for mortgage banking activities		104,239	74,895	38,412
Increase in accrued interest receivable		(56)	(236)	(94)
Decrease (increase) deferred income tax benefit		(50)	333	137
Increase in other assets		(105)	(413)	(27)
Increase in cash value of bank-owned life insurance, net		(194)	(189)	(186)
Increase in accrued interest payable		22	4	1
Increase in other liabilities		113	741	31
Total adjustments		98	488	(426)
Net cash (used in) provided by operating activities		3,759	3,496	900
Cash flows from investing activities:				
Proceeds from maturities and sales of securities available for sale		3,710	8,096	5,831
Proceeds from maturities of securities held to maturity		47,877	31,230	42,571
Proceeds from sales of short-term investments		—	—	250
Purchases of securities available for sale		—	(21,343)	(44,906)
Purchases of securities held to maturity		(47,195)	(44,052)	(35,087)
Purchase of Federal Home Loan Bank stock		(176)	(265)	(95)
Repayment of principal of securities available for sale		23,274	20,328	19,777
Proceeds from sale of real estate owned		839	694	1,782
Increase in loans receivable, net		(53,799)	(54,138)	(58,940)
Capital expenditures		(323)	(180)	(159)
Net cash used in investing activities		(25,793)	(59,630)	(68,976)
Cash flows from financing activities:				
Net increase in deposits		18,108	50,364	70,955
Net decrease in other borrowings		2,339	16	(366)
Proceeds from sale of stock		38	—	32
Stock issuance costs		(5)	(2)	(2)
Net cash provided by financing activities		20,480	50,378	70,619
Net (decrease) increase in cash and cash equivalents		(1,554)	(5,756)	2,543
Cash and cash equivalents at beginning of year		6,519	12,275	9,732
Cash and cash equivalents at end of year	$	4,965	6,519	12,275
Supplemental disclosures:				
Cash paid during the year for:				
Interest	$	1,928	1,450	955
Income taxes paid		2,237	1,100	300
Noncash items:				
Net change in unrealized gain on securities available for sale, net of taxes of $123, $(20) and $511 for 2016, 2015 and 2014, respectively	$	192	(31)	769
Transfer to real estate owned		268	—	2,073

See accompanying notes to consolidated financial statements.

(1) Nature of Operations

1st Colonial Bancorp, Inc. (the Company) is a Pennsylvania corporation headquartered in Collingswood, New Jersey, and the parent company of 1st Colonial Community Bank (the Bank). The Bank opened for business on June 30, 2000, and provides a wide range of business and consumer financial services through its two New Jersey branch offices located in Collingswood and Westville.

The Company was organized as the holding company for the Bank, in connection with the reorganization approved by the Bank's shareholders at the annual meeting on June 12, 2002. As a bank holding company registered under the Bank Holding Company Act of 1956, the Company is subject to the supervision and regulation of the Board of Governors of the Federal Reserve System (the FRB). The Bank was a national bank until November 1, 2012 when it was granted a state charter by the New Jersey Department of Banking and Insurance. The Bank's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). The Company's operations and those of the Bank are subject to supervision and regulation by FRB, the FDIC, and the New Jersey Department of Banking and Insurance. The principal activity of the Bank is to provide its local communities with general commercial and retail banking services. The Bank is managed as one business segment.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying consolidated financial statements include the accounts of the parent company, 1st Colonial Bancorp, Inc. and its wholly owned subsidiary, 1st Colonial Community Bank. Prior period amounts have been reclassified, where necessary, to conform to current year classification.

(b) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

(c) Cash and Cash Equivalents

For purposes of reporting cash flows, cash, and cash equivalents include cash and amounts due from banks and federal funds sold. Generally, federal funds sold are repurchased the following day.

(d) Short-Term Investments

The Bank's short-term investments comprise certificates of deposit carried at cost.

(e) Investments Held to Maturity

Debt securities that management has the positive intent and ability to hold until maturity are classified as held to maturity and are carried at their remaining unpaid principal balance, net of unamortized premiums or unaccreted discounts. Premiums are amortized and discounts are accreted using a method that produces results that approximate level yield over the estimated remaining term of the underlying security.

(Continued)

(f) Securities Available for Sale

Securities not classified as held to maturity are classified as available-for-sale and are stated at fair value. Unrealized gains and losses are excluded from earnings and are reported as accumulated other comprehensive (loss) income, net of tax, as a separate component of shareholders' equity, until realized. Gains and losses are determined using the specific-identification method and are accounted for on a trade-date basis.

(g) Bank Stock

The Bank carries its investments in Atlantic Community Bankers Bank (ACBB) stock and Federal Home Loan Bank (FHLB) stock at their amortized cost because they do not have a readily determinable fair value. These investments are included in bank stock in the consolidated statements of financial condition.

The Bank is required to maintain an investment in ACBB stock. The Bank had $40,000 and $40,000 in ACBB stock at December 31, 2016 and 2015, respectively.

During 2006, the Bank became a member of the Federal Home Loan Bank of New York (FHLB). The Bank is required to acquire and hold shares of capital stock in the FHLB based upon a percentage of the Bank's FHLB borrowings, unused borrowing capacity and the amount of residential first mortgage loans sold to the FHLB. The Bank had $2,056,000 and $1,880,000 in FHLB stock at December 31, 2016 and 2015, respectively. The Bank carries its investment in FHLB stock at cost, or par value, and evaluates FHLB stock for impairment based on the ultimate recoverability of par value rather than by recognizing temporary declines in value. As part of the impairment assessment of FHLB stock, management considers, among other things, (i) the significance and length of time any declines in net assets of the FHLB compared to its capital stock, (ii) commitments by the FHLB to make payments required by law or regulations and the level of such payments in relation to its operating performance; (iii) the impact of legislative and regulatory changes on financial institutions and, accordingly, the customer base of the FHLB; and (iv) the liquidity position of the FHLB. The FHLB has access to the U.S. government-Sponsored Enterprise Credit Facility, a secured lending facility that serves as a liquidity backstop, substantially reducing the likelihood that the FHLB would need to sell securities to raise liquidity and, thereby, cause the realization of large economic losses. The FHLB is rated AAA and is likely to remain unchanged based on expectations that the FHLB has a very high degree of government support and was in compliance with all regulatory capital requirements as of December 31, 2016. Based on the above, we have determined there was no other-than-temporary impairment related to our FHLB stock investment as of December 31, 2016.

(h) Mortgage Loans Held for Sale

The Bank originates and sells residential mortgage loans servicing released to the secondary market. This activity enables the Bank to fulfill the credit needs of the community while reducing its overall exposure to interest rate and credit risk. These loans are reported at the lower of their cost or fair market value.

(i) Loans

Loans are stated at the principal amount outstanding, net of deferred loan fees and costs. Interest income is accrued on the principal amount outstanding. Loan origination fees and related direct costs are deferred and amortized to interest income over the term of the respective loan as a yield adjustment.

Loans are reported as nonaccrual if they are past due as to principal or interest payments for a period of 90 days or more. Exceptions may be made if a loan is deemed by management to be well collateralized and in the process of collection. Loans that are on a current payment status may also be classified as nonaccrual if there is serious doubt as to the borrower's ability to continue interest or principal payments. When a loan is placed in the nonaccrual category, interest accruals cease, and uncollected accrued interest receivable is reversed and charged against current interest income. Nonaccrual loans are generally not returned to accruing status until principal and interest payments have been brought current and full collectability is reasonably assured. Impaired loans are measured based on the present value of expected future discounted cash flows, the market price of the loan, or the fair value of the underlying collateral if the loan is collateral dependent. For purposes of applying the measurement criteria for impaired loans, the Bank excludes large groups of smaller-balance homogeneous loans, primarily consisting of residential real estate and consumer loans, as well as commercial loans with balances of less than $100,000. The recognition of interest income on impaired loans is the same as for nonaccrual loans discussed above.

(j) Allowance for Loan Losses

The allowance for loan losses reflects management's best estimate of losses, both known and inherent, in the existing loan portfolio. Management uses significant estimates to determine the allowance for loan losses. Management's estimates consider such factors as changes in the nature and volume of the portfolio, overall portfolio quality, and review of specific problem loans, and current economic conditions that may affect the borrowers' ability to pay. The provision for loan losses charged to operating expenses represents the amount necessary to maintain an appropriate allowance. Loan losses are charged directly against the allowance for loan losses when loans are determined to be uncollectible. Recoveries on previously charged-off loans are added to the allowance when received.

In addition, regulatory authorities, as an integral part of their examinations, periodically review the allowance for loan losses. They may require additions to the allowance based upon their judgments about information available to them at the time of examination.

(k) Premises and Equipment

Premises and equipment are recorded at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the expected useful lives of the assets. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the useful lives or the remaining lease term. Software costs, furniture, and equipment have depreciable lives of 3 to 10 years. Building and improvements have estimated useful lives of 30 to 35 years. The costs of maintenance and repairs are expensed as they are incurred, and renewals and betterments are capitalized.

(Continued)

(l) Real Estate Owned

Real estate owned is comprised of properties acquired through foreclosure proceedings or acceptance of a deed in lieu of foreclosure. Real estate owned is recorded at the lower of the carrying value of the loan or the fair value of the property, net of estimated selling costs. Costs relating to the development or improvement of properties are capitalized, while expenses related to the operation and maintenance of properties are expensed as incurred. Gains or losses upon dispositions are reflected in earnings as realized. The Bank had Real estate owned in the amount of $131,000 and $857,000 at December 31, 2016 and 2015, respectively.

(m) Bank-Owned Life Insurance

The Bank purchased $5 million of Bank-Owned Life Insurance (BOLI) on selected officers and key employees, $4 million was purchased in July 2005, and an additional $1 million was purchased in December 2009. The asset is carried at its cash surrender value of $6,697,000 at December 31, 2016. Income of $194,000 was recognized on BOLI for 2016 and is included in other income. The Bank has an agreement to split the benefits with the employees if the employee is still working or is on disability at time of death. The maximum amount that will be paid to all employees is $795,000.

(n) Earnings Per Share

Basic earnings per share is calculated as net income divided by the weighted average number of shares outstanding. Dilutive earnings per share include dilutive common stock equivalents as computed under the treasury stock method using average common stock prices.

(o) Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as well as operating loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is established against deferred tax assets when, in the judgment of management, it is more likely than not that such deferred tax assets will not become available.

(p) Stock Options

As of December 31, 2016, the Company had four stock-based compensation plans, which are described more fully in note 18. The Company accounts for all share-based payments to employees, including grants of employee stock options, to be recognized as compensation expense in the consolidated financial statements based on their fair values. That expense will be recognized on a straight-line basis over the period during which services are provided in exchange for the award, known as the requisite service period (usually, the vesting period).

(Continued)

(q) Recent Accounting Pronouncements

In August 2014, the FASB issued ASU 2014-14 – *Receivables – Troubled Debt Restructurings by Creditors: Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure*. The amendments in this update affect creditors that hold government guaranteed mortgage loans, including those guaranteed by the Federal Housing Administration and the U.S. Department of Veterans Affairs. The amendments in this update require that a mortgage loan be derecognized and that a separate other receivable be recognized upon foreclosure if the following conditions are met (i) the loan has a government guarantee that is not separable from the loan before foreclosure, (ii) at the time of foreclosure, the creditor has the intent to convey the real estate property to the guarantor and make a claim on the guarantee, and the creditor has the ability to recover under that claim, and (iii) at the time of foreclosure, any amount of the claim that is determined on the basis of the fair value of the real estate is fixed. Upon foreclosure, the separate other receivable should be measured based on the amount of the loan balance (principal and interest) expected to be recovered from the guarantor. The amendments in this update are effective for private business entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. The Company does not anticipate any material impact to the consolidated financial statements related to this guidance.

In June 2014, the FASB issued ASU 2014-12 – *Compensation – Stock Compensation: Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period*. Current U.S. GAAP does not contain explicit guidance on whether to treat a performance target that could be achieved after the requisite service period as a performance condition that affects vesting or as a nonvesting condition that affects the grant-date fair value of an award. The amendments in this update provide explicit guidance for those awards. For all entities, the amendments are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. The Company does not anticipate any material impact to the consolidated financial statements related to this guidance.

In May 2014, the FASB issued ASU 2014-09 – *Revenue from Contracts with Customers*. The new standard requires an entity to recognize revenue depicting the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods or services. For private entities, the amendments in this Update are effective for annual reporting periods beginning after December 15, 2017. The Company is in the process of evaluating the impact of this guidance and does not anticipate a material impact to the consolidated financial statements at this time.

(3) Common Stock Dividends

On January 30, 2017, the Company declared a 5% stock dividend to all shareholders of record as of April 3, 2017 payable on April 17, 2017. On January 17, 2016, the Company declared a 5% stock dividend to all shareholders of record as of April 1, 2016 payable on April 15, 2016. On December 17, 2014, the Company declared a 5% stock dividend to all shareholders of record as of April 1, 2015 payable on April 15, 2015.