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Dear Fellow Shareholders,

Many of the challenges faced by the economy in 2020, several as a result of the COVID-19 Pandemic, continued to persist in 2021. These additional challenges included items such as supply chain disruptions, inflationary pressures being other than transitory and the emergence of virulent COVID-19 variants combined to impact a wide variety of businesses across the economy. Given this, we continue to be mindful of the human toll that this Pandemic has claimed, and wish to acknowledge the loss of so many. They and their families remain in our thoughts daily and we remain indebted to the medical professionals who continue to battle the virus and its effects.

Despite the ravages of the virus and the unintended consequences that ultimately resulted, First Commerce Bank was able to generate competitive growth in both the Balance Sheet and Operating results as compared to fiscal year 2020. Total assets increased by $92.3 million or 8.9% to $1.134 billion at December 31, 2021 from $1.041 billion at December 31, 2020. The increase in total assets occurred primarily as a result of a $68.9 million or 8.2% increase in net loans to $909.3 million at December 31, 2021 from $840.4 million at December 31, 2020; a $25.1 million increase in BOLI at December 31, 2021 compared to no such asset at December 31, 2020; and a $17.1 million or 17.7% increase in cash and cash equivalents to $113.3 million at December 31, 2021 from $96.3 million at December 31, 2020. These increases were partially offset by a $15.2 million or 24.8% decrease in investment securities, to $46.2 million at December 31, 2021 from $61.5 million at December 31, 2020. The increase in the loan portfolio resulted primarily from a $100.9 million or 16.3% increase in commercial mortgages, partially offset by a $34.5 million or 44.4% decrease in SBA Loans as a material number of borrowers that participated in the Paycheck Protection Program (PPP), requested and received the forgiveness described in the program. The decrease in the Investment Portfolio is a result of the Federal Reserves' position of maintaining Fed funds rates at or near zero throughout 2021 and the resulting effect on rates throughout the balance of the yield curve, limiting the opportunity to purchase Bank-Qualifying investment securities at attractive prices.

Total liabilities increased by $74.7 million or 8.4% to $962.1 million at December 31, 2021 from $887.4 million at December 31, 2020. The increase in total liabilities was due in large part to an increase in total deposits of $72.1 million or 8.3% to $941.9 million at December 31, 2021 from $869.8 million at December 31, 2020. During fiscal year 2021, the Bank continued the reconfiguration of the retail deposit portfolio, relying less on higher priced, volatile time deposit funding and placing a higher reliance on more stable core deposit balances. As such, core deposit balances increased by $132.1 million or 23.7% to $688.6 million at December 31, 2021 from $556.6 million at December 31, 2020, while time deposit balances decreased by $60.0 million or 19.2% to $253.3 million at December 31, 2021 from $313.3 million at December 31, 2020. The balance sheet continues to remain fully funded through retail deposits with no reliance on any wholesale funding or brokered deposits at either December 31, 2021 or December 31, 2020.

The results of operations for fiscal year 2021 were positively impacted by the Federal Reserves' position of maintaining Fed funds rates at or near zero throughout 2021, resulting in a reduction in our cost of funds to 0.32% for the twelve months ended December 31, 2021 from 1.08% for the twelve months ended December 31, 2020. As a result of this, net income for the fiscal year ending December 31, 2021 increased by $6.1 million or 57.7% to $16.7 million or $0.72 per common share from $10.6 million or $0.46 per common share at December 31, 2020. This increase was primarily driven by an increase in net interest income of $5.3 million or 14.1% to $42.6 million for the twelve months ended December 31, 2021 from $37.3 million for the twelve months ended December 31, 2020. Further, our profitability metrics of Return on Average Assets of 1.50%; Return on Average Equity of 9.66%; Net Interest Margin of 3.99%, Net Interest Spread at 3.72% and an Efficiency Ratio of 49.67% all compare favorably to our peers. The end result of these competitive operating results manifests itself in our strong capital ratios as of December 31, 2021 which are as follows: Our Tier 1 Risk Based Capital Ratio was 18.13%, our Total Risk Based Capital Ratio was 19.39%, our Leverage Capital Ratio was 15.12% and our Common Equity Tier 1 Capital Ratio was 18.13%. All of these capital measurements result in the Bank remaining significantly above the level designated as "well-capitalized" by our regulatory agencies. While these profitability and capital measurements compare favorably with our peers, it remains our goal to both maintain and improve on these metrics in our continuing effort to benefit you, our trusted shareholders.

In the absence of a new variant of the COVID-19 pandemic, there is cautious optimism that the worst is over epidemiologically, however, the residual economic effects may take much longer to normalize. Additionally, and unfortunately, geopolitical unrest is leading to a heightened degree of economic global distress which may translate to continued market uncertainty. Your Board and Management Team will continue to monitor these situations and rely on current economic data, combined with the judicious forethought and patience that has proven to serve us well historically. As prudent stewards of your capital, we commit to making informed decisions in your best interest in our on-going effort to continue to build franchise and shareholder value. We would be remiss if we did not acknowledge the constant support of our shareholders, customers and employees alike. The success we have enjoyed is a direct reflection of that support and we will endeavor to work hard every day to earn your confidence.

Very truly yours,

Benedict Romeo — Donald Mindiak

Benedict Romeo
Chairman of the Board

Donald Mindiak
President & CEO