

March 30, 2018

Dear Fellow Shareholders:

By nearly every measure, First Commerce Bank was challenged throughout the year, and our Board of Directors and Senior Management team worked to address those challenges. During the first 6 months of 2017, the growth in our loan portfolio far exceeded the growth in retail deposits as short-term interest rates rose rapidly.

As a result of these developments, our strategic focus shifted from a growth strategy to one of ensuring a balanced, asset and liability distribution to ensure appropriate liquidity and less risk as interest rates rose. The multi-year rise in financial markets coupled with economic growth and expansion have drawn deposit funds from banks resulting in the increased use of wholesale funding such as broker certificates of deposit and borrowing from the Federal Home Loan Bank. This has also been true of First Commerce Bank.

The year 2017 was, and likely 2018 will be, a transitional period for First Commerce Bank, as we seek to improve our infrastructure to catch up with our growth. This has meant strengthening our management team, enhancing the Bank's liquidity and reviewing our loan criteria, to more selectively originate loans while improving overall credit quality.

In strengthening our management team, we wish to announce the appointments of Peter Cappello, Executive Vice President/Chief Lending Officer and Margaret Sepp, Executive Vice President/Chief Risk Officer. Mrs. Sepp's responsibilities include Audit, Compliance Information Technology and the overall Risk Management of the Bank. We continue to recruit and strengthen the infrastructure of our Bank.

Going forward, our lending will be focused on relationship banking, as we seek customer's deposit relationships, in addition to their credit relationships, to reduce our dependence on volatile funding sources such as brokered deposits. Moreover, relationship lending will result in a more strategically balanced loan portfolio with avoidance of transaction lending. While we continue to make loans and extend credit, we must review our loan concentrations to ensure our portfolio does not present undo risk to our shareholders. Therefore, based on reviewing of our credit criteria, we are being more selective in the loans we originate.

We are implementing new products, such as Premier Interest Checking, for both consumers and businesses which couples a higher interest rate NOW account with our Money Market Express account and includes VIP Services. Furthermore, we expect to introduce mobile banking during the month of April, and ZELLE payment systems, to be offered in June.

Although our net loans and total assets increased from \$782.3 million and \$867.4 million respectively, at year end 2016 to \$898.4 million and \$1.0 billion, respectively at year end 2017, the loan portfolio and total assets actually decreased during the fourth quarter, from a high of \$964 million and \$1.05 billion, respectively at September 30, 2017.



Despite the challenges faced during 2017, the Bank earned \$13.6 million, or \$0.60 per share, compared to \$11.7 million, or \$0.52 per share, in 2016. In addition, we remain well capitalized at year end, with a Tier 1 Leverage Capital Ratio of 11.4%, a Common Equity Tier 1 Capital Ratio of 13.4%, a Tier 2 Risk based Capital Ratio of 13.4% and a Total Risk Based Capital Ratio of 14.7%, all substantially above regulatory requirements.

We expect our transition to continue in 2018. While we will continue to make new loans, the growth in our loan portfolio will not match that of prior years. We will look to increase our securities portfolio, as a secondary source of liquidity. We will incur additional compensation expense, as we continue to augment our management team. The result will be a safer and stronger bank for our shareholders.

During 2017, First Commerce Bank opened its 9th Branch Office in Fairfield, Essex County, New Jersey. In February, 2018, we opened our 10th Branch Office in Bordentown, New Jersey. We now have Branch Offices in the following counties:

Bergen County: Closter, Englewood, Teaneck and Montvale

Essex County: Fairfield

Monmouth County: Freehold, Allentown

Ocean County: Lakewood

Burlington County: Bordentown

As we continue to adapt to an ever-changing banking environment, our success will be marked by our being a trusted partner for our customers, to delivering future franchise value to our shareholders and providing a rewarding work environment for our family of employees. We thank our Board colleagues for their guidance, their hard work and integrity, and our customers and shareholders for their trust.

Abraham S. Opatut
Chairman of the Board

C. Herbert Schneider
President & CEO