



March 18, 2024

Dear Fellow Shareholder:

With the advent of the approval of the Holding Company formation by our shareholders at last year's Annual Meeting of Shareholders, a corporate transformation occurred where First Commerce Bank became a wholly owned subsidiary of First Commerce Bancorp, Inc. One important result of this transformation was it allowed management to apply for and receive approval from the Federal Reserve to engage in a stock repurchase plan in an effort to leverage our capital while increasing the book value of the Company. This initiative has proven to be very successful as to date we have repurchased over 1.4 million shares since the inception of the repurchase plan and, as we have purchased all of these shares at a discount to our book value, all such purchases have been accretive to our book value.

While 2023 provided the financial institution industry with a series of challenging circumstances, First Commerce Bancorp, Inc. achieved competitive operating results and grew at a measured pace, consistent with maintaining the regulatory capital levels to remain a "well-capitalized" bank. Total assets increased by \$144.0 million or 11.1% to \$1.44 billion at December 31, 2023, from \$1.29 billion at December 31, 2022. The increase in total assets occurred primarily as a result of a \$136.5 million or 12.4% increase in loans receivable, net to \$1.24 billion at December 31, 2023 from \$1.10 billion at December 31, 2022, and an increase in cash and cash equivalents of \$19.0 million or 44.9% to \$61.7 million at December 31, 2023 from \$42.6 million at December 31, 2022. These increases were partially offset by a decrease in total investment securities of \$10.6 million or 13.3% to \$69.1 million at December 31, 2023 from \$79.7 million at December 31, 2022.

Total liabilities increased by \$140.4 million or 12.6% to \$1.25 billion at December 31, 2023 from \$1.11 billion at December 31, 2022. Total deposits increased by \$71.3 million or 6.9% to \$1.11 billion at December 31, 2023 from \$1.03 billion at December 31, 2022. Since the attraction of retail deposits became even more competitive as the year progressed, First Commerce Bank did avail itself to the wholesale market and utilized the brokered deposit market and wholesale borrowings from the Federal Home Loan Bank. Accordingly, wholesale advances from the Federal Home Loan Bank increased by \$71.0 million or 120.3% to \$130.0 million at December 31, 2023 as compared to \$59.0 million at December 31, 2022.

Despite the challenging environment, the Company achieved operating results that compared favorably with our peers. Net income for the fiscal year ended December 31, 2023, was \$13.8 million or \$0.58 per common share as compared to \$16.6 million or \$0.70 per common share for

the fiscal year ended December 31, 2022. Total interest income increased by \$19.1 million to \$72.1 million year-over-year while total interest expense increased by \$26.1 million to \$32.7 million leading to a slight decrease in net interest income of \$2.6 million or 5.6% to \$44.1 million for the fiscal year ended December 31, 2023, from \$46.7 million for the fiscal year ended December 31, 2022. The Company recorded a \$4.7 million benefit to the provision for credit losses resulting primarily from a reduction in percentages of qualitative factors applied in estimating the provision, aligning the allowance for credit losses with the risk profile of the Company's loan and investment portfolios. Non-operating expenses were managed conservatively with a year-end operating expense ratio of 1.98% comparing favorably with our peers. The result of these competitive operating results manifests itself in our strong capital ratios as of December 31, 2023, which are as follows: Tier 1 Risk Based Capital Ratio was 14.52%, Total Risk Based Capital Ratio was 15.71%, Leverage Capital Ratio was 12.88% and Common Equity Tier 1 Capital Ratio was 14.52%. All of these capital measurements result in the Bank remaining significantly above the level designated as "well-capitalized" by our regulatory agencies.

While the Federal Reserve remained diligent in its monitoring of economic data and continued to emphasize that its decisions on the direction and magnitude of interest rates will be contingent on prospective data, the reality continues to be that despite its best efforts, inflation through 2023 remained stubbornly above its target rate of 2.00%. Additionally, geopolitical events continue to add a level of both uncertainty and instability to the financial markets. As a result of the aforementioned, market rates remained elevated throughout the second half of 2023 to the present, the "higher-for-longer" market rate mindset has become more prevalent and the yield curve continues to remain inverted, putting pressure on the financial institution industry and their profitability metrics.

Notwithstanding the challenges mentioned above, and with additional challenges on the horizon, your Board of Directors and management team prioritize operating a safe and sound financial institution, emphasizing prudent and proactive risk management practices that safeguard assets while endeavoring to provide a competitive return on your investment. We continue to research and engage in initiatives that have the ability to enrich franchise and shareholder value and hold true to these principles for your benefit. Finally, we would like to thank our customers, shareholders and employees for their faith, confidence, dedication and support. It is these attributes that motivate us to do our very best on your behalf.

Very truly yours,



Thomas P. Bovino
Chairman of the Board



Donald Mindiak
President & CEO