



**FIRST
COMMERCE
BANCORP, INC.**



2025

Annual Report



**FIRST
COMMERCE
BANCORP, INC.**

March 16, 2026

Dear Fellow Shareholders:

2025 proved to be a transformational year for the Company, the Bank and our shareholders. An ambitious, yet prudent growth strategy was engaged from the beginning of the year to grow the balance sheet organically through in-house originated loan product, funded primarily through retail deposit growth. The successful execution of this initiative resulted in First Commerce Bank recording the fastest growth rate of any Bank headquartered in the State of New Jersey in 2025. The principal balance of net loans receivable increased by \$178.4 million or 14.6% to \$1.4 billion at December 31, 2025, from \$1.22 billion at December 31, 2024. Enhancing this accomplishment, it is instructive to realize that this growth occurred in the face of a \$6.1 million or 36.7% decrease in non-accrual loans as asset quality metrics continue to improve. This asset growth coincided with an eighteen-basis point increase in the average yield of interest earning assets to 5.75% for the year ending December 31, 2025, from 5.57% for the prior year ending time period. Organic retail deposit balances increased by \$137.2 million or 13.6% to \$1.15 billion at December 31, 2025, from \$1.01 billion at December 31, 2024, with approximately 10% of that growth occurring in non-interest-bearing deposits. Likewise, our funding growth occurred consistent with a twenty-two-basis point decrease in the average cost of interest-bearing liabilities to 3.88% for the year ending December 31, 2025, from 4.10% for the prior year ending time period. The overall effect of the aforementioned resulted in the operational enhancement to net income of \$3.7 million or 82.6% to \$8.3 million for the fiscal year ending December 31, 2025, from \$4.5 million for the fiscal year ending December 31, 2024. Additionally, a number of profitability metrics including return on average assets, return on average equity, earnings per share, net interest spread and net interest margin all recorded material year over year improvements.

In an effort to augment the capital position of the Company without diluting our shareholders, we successfully executed a Subordinated Note Offering and by year-end 2025, raised an additional \$40.0 million to assist in the continuing organic growth of the balance sheet. Additionally, we allocated \$21.0 million of the note offering to successfully execute our recently completed Tender Offer, repurchasing 3.0 million shares of our common stock at \$7.00/share, which represented a discount to our tangible book value, thereby enhancing tangible book value per share for our shareholders. Over the last two and a half years as a result of the successful completion of two 10% stock repurchase plans and the Tender Offer, we have been able to repurchase over 7.5 million shares of our common stock, which has resulted in enhanced value creation for our shareholder base.

The result of the conservative balance sheet and prudent risk management practices that we have employed manifests itself in our strong capital ratios as of December 31, 2025, which are as follows: Tier 1 Risk Based Capital Ratio was 11.32%, Total Risk Based Capital Ratio was 14.93%, Leverage Capital Ratio was 10.22% and Common Equity Tier 1 Capital Ratio was 11.32%. All of these capital measurements result in the Bank remaining significantly above the level designated as “well-capitalized” by our regulatory agencies.

A change in leadership at the Federal Reserve Board later this year, coupled with the dynamic domestic economic landscape and geopolitical concerns that currently present themselves in various parts of the globe, provide a challenging environment for business in general and financial institutions in particular, prospectively. Given these circumstances, your Board and Management Team will continue to adhere to our robust set of internal controls, policies and procedures which have served us well in operating a regulatorily compliant, safe and sound financial institution.

The principled and practical approach that we have adopted, coupled with our strong capital base, has resulted in a balance sheet resilient enough to weather market uncertainty and fluctuations which should be reassuring to our shareholder base. These guiding principles form the foundation of what we hold dear; the confidence that you, our dedicated shareholder base, has in our ability to always be available to serve you. Finally, we would like to thank our customers, shareholders and employees for their faith, confidence, dedication and support. It is these attributes that inspire us to do our very best on your behalf every day.

Very truly yours,



Thomas P. Bovino
Chairman of the Board



Donald Mindiak
President & CEO

First Commerce Bancorp, Inc.

Consolidated Financial Statements

December 31, 2025 and 2024

First Commerce Bancorp, Inc.
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Independent Auditor's Report

Board of Directors
First Commerce Bancorp, Inc.
Lakewood, New Jersey

Opinion

We have audited the consolidated financial statements of First Commerce Bancorp, Inc. (the Company) for which comprise the consolidated statements of financial condition as of December 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated and consolidating financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, P.C.

Philadelphia, Pennsylvania
March 16, 2026

First Commerce Bancorp, Inc.
Consolidated Statements of Financial Condition
(dollars in thousands, except share data)

	December 31,	
	2025	2024
Assets		
Cash and cash equivalents:		
Cash on hand	\$ 2,573	\$ 1,790
Interest-bearing deposits in other banks	133,845	130,690
Total cash and cash equivalents	<u>136,418</u>	<u>132,480</u>
Investment securities:		
Available-for-sale, at fair value (amortized cost of \$38,928 and \$300 at December 31, 2025 and 2024, respectively)	38,684	300
Held-to-maturity (fair value of \$126,109 and \$108,345 at December 31, 2025 and 2024, respectively)	125,780	112,107
Less: allowance for credit losses held-to-maturity	<u>(119)</u>	<u>(199)</u>
Investment securities held-to-maturity - net of allowance for credit losses	<u>125,661</u>	<u>111,908</u>
Total investment securities	<u>164,345</u>	<u>112,208</u>
Restricted stock	12,879	9,348
Loans receivable	1,418,701	1,239,031
Less: allowance for credit losses	<u>(16,019)</u>	<u>(14,756)</u>
Net loans receivable	<u>1,402,682</u>	<u>1,224,275</u>
Premises and equipment, net	10,966	17,059
Right-of-use asset	17,119	16,085
Accrued interest receivable	7,594	5,829
Bank owned life insurance	27,697	26,711
Other real estate owned	6,937	-
Deferred tax asset, net	3,496	3,076
Other assets	4,188	4,054
Total Assets	<u>\$ 1,794,321</u>	<u>\$ 1,551,125</u>
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Non-interest bearing	\$ 171,010	\$ 157,684
Interest-bearing	1,124,686	1,017,254
Total deposits	<u>1,295,696</u>	<u>1,174,938</u>
Borrowings	252,500	175,000
Subordinated notes, net	38,953	-
Accrued interest payable	1,965	1,913
Lease liability	18,612	16,773
Other liabilities	<u>11,204</u>	<u>10,232</u>
Total Liabilities	<u>1,618,930</u>	<u>1,378,856</u>
Commitments and contingencies (see Note 9)		
Stockholders' Equity		
Preferred stock; authorized 5,000,000 shares; none issued	-	-
Common stock, par value of \$0 per share; 30,000,000 shares authorized	-	-
Additional paid-in-capital	91,201	89,557
Retained earnings	113,221	104,965
Treasury stock	(28,852)	(22,253)
Accumulated other comprehensive income	<u>(179)</u>	<u>-</u>
Total Stockholders' Equity	<u>175,391</u>	<u>172,269</u>
Total Liabilities and Stockholders' Equity	<u>\$ 1,794,321</u>	<u>\$ 1,551,125</u>
Shares issued	24,462,830	23,995,390
Shares outstanding	19,952,579	20,536,214
Treasury shares	4,510,251	3,459,176

See accompanying notes to consolidated financial statements.

First Commerce Bancorp, Inc.
Consolidated Statements of Income
(dollars in thousands, except share data)

	Years Ended December 31,	
	2025	2024
Interest and Dividend Income:		
Loans, including fees	\$ 78,615	\$ 71,395
Investment securities:		
Available-for-sale	1,459	234
Held-to-maturity	7,419	2,769
Interest-bearing deposits held in other financial institutions	3,307	3,522
Restricted stock dividends	832	746
Total interest and dividend income	<u>91,632</u>	<u>78,666</u>
Interest Expense:		
Deposits	39,947	37,831
Borrowings	9,906	7,921
Subordinated notes	17	-
Total interest expense	<u>49,870</u>	<u>45,752</u>
Net interest income	41,762	32,914
Provision for credit losses	1,352	292
Provision for (reversal of) credit losses for unfunded commitments	323	(157)
(Reversal of) provision for credit losses - held-to-maturity securities	(80)	173
Total provision for credit losses	<u>1,595</u>	<u>308</u>
Net interest income after provision for credit losses	<u>40,167</u>	<u>32,606</u>
Non-interest Income:		
Service charges and fees	1,527	953
Bank owned life insurance income	986	954
Other income	1,058	172
Total non-interest income	<u>3,571</u>	<u>2,079</u>
Non-interest Expenses:		
Salaries and employee benefits	19,388	17,899
Occupancy and equipment expense	4,742	3,717
Advertising and marketing	425	215
Professional fees	2,099	1,699
Data processing expense	1,394	1,434
FDIC insurance assessment	1,083	715
Other operating expenses	3,866	3,410
Total non-interest expenses	<u>32,997</u>	<u>29,089</u>
Income before income taxes	10,741	5,596
Income tax provision	2,485	1,075
Net income	<u>\$ 8,256</u>	<u>\$ 4,521</u>
Earnings per common share - Basic	\$ 0.41	\$ 0.21
Earnings per common share - Diluted	0.41	0.21
Weighted average common shares - Basic	20,138,026	21,483,151
Weighted average common shares - Diluted	20,155,023	21,618,611

See accompanying notes to consolidated financial statements.

First Commerce Bancorp, Inc.
Consolidated Statements of Comprehensive Income
(dollars in thousands)

	Years Ended December 31,	
	2025	2024
Net Income	\$ 8,256	\$ 4,521
Other comprehensive (loss) income		
Unrealized (loss) gain on available-for-sale securities	(244)	510
Tax effect	65	(137)
Reclassification to realized losses	-	(237)
Tax effect	-	64
Total other comprehensive (loss) income	(179)	200
Total comprehensive income	\$ 8,077	\$ 4,721

See accompanying notes to consolidated financial statements.

First Commerce Bancorp, Inc.
Consolidated Statements of Changes in Stockholders' Equity
(dollars in thousands, except share data)

	Number of Common Shares	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
Balance, January 1, 2024	22,830,559	\$ 88,941	\$ 102,219	\$ (6,964)	\$ (200)	\$ 183,996
Net income	-	-	4,521	-	-	4,521
Other comprehensive income	-	-	-	-	200	200
Dividends paid (\$0.04 per share)	-	-	(1,775)	-	-	(1,775)
Stock options exercised	138,400	548	-	-	-	548
Stock compensation expense	-	68	-	-	-	68
Purchase of treasury stock	(2,432,745)	-	-	(15,289)	-	(15,289)
Balance, December 31, 2024	20,536,214	89,557	104,965	(22,253)	-	172,269
Net income	-	-	8,256	-	-	8,256
Other comprehensive income	-	-	-	-	(179)	(179)
Stock options exercised	467,440	1,578	-	-	-	1,578
Stock compensation expense	-	66	-	-	-	66
Purchase of treasury stock	(1,051,075)	-	-	(6,599)	-	(6,599)
Balance, December 31, 2025	19,952,579	\$ 91,201	\$ 113,221	\$ (28,852)	\$ (179)	\$ 175,391

See accompanying notes to consolidated financial statements.

First Commerce Bancorp, Inc.
Consolidated Statements of Cash Flows
(dollars in thousands)

	December 31,	
	2025	2024
Cash Flows from Operating Activities		
Net income	\$ 8,256	\$ 4,521
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of premises and equipment	1,013	1,134
Net accretion of securities discounts	(680)	(216)
Provision for credit losses	1,595	308
Deferred income tax expense	(355)	(202)
Earnings on bank owned life insurance	(986)	(954)
Stock compensation expense	66	68
Loss on disposal of premises and equipment	18	7
Gain on sale of building	(777)	-
Gain on sale of SBA loan	-	(27)
Loss on sale of securities	-	237
Gain on early termination of ROU/lease liability	-	(27)
Amortization of operating right-of-use assets	1,692	855
Payments on operating lease liabilities	(887)	(818)
Increase in accrued interest receivable and other assets	(1,900)	(2,559)
Increase (decrease) in accrued interest payable and other liabilities	1,024	(1,998)
Net Cash Provided by Operating Activities	8,079	329
Cash Flows from Investing Activities		
Net change in loans receivable	(187,020)	11,297
Proceeds from sales of loans	-	1,077
Sale of available-for-sale securities	-	6,425
Purchase of available-for-sale securities	(39,344)	-
Purchase of held-to-maturity securities	(51,998)	(60,817)
Maturities, calls and paydowns of securities available-for-sale	682	2,858
Maturities, calls and paydowns of securities held-to-maturity	39,043	8,481
Purchase of restricted stock	(3,531)	(2,179)
Proceeds from sale of building	8,357	-
Purchase of premises and equipment	(2,520)	(2,339)
Net Cash Used in Investing Activities	(236,331)	(35,197)
Cash Flows from Financing Activities		
Net increase in deposits	120,758	77,140
FHLB advances	180,000	45,000
FHLB repayments	(102,500)	-
Issuance of subordinated notes	40,000	-
Payments for subordinated notes issuance costs	(1,047)	-
Dividends paid	-	(1,775)
Purchase of treasury stock	(6,599)	(15,289)
Proceeds from exercise of stock options	1,578	548
Net Cash Provided by Financing Activities	232,190	105,624
Net increase in cash and cash equivalents	3,938	70,756
Cash and Cash Equivalents, Beginning	132,480	61,724
Cash and Cash Equivalents, Ending	\$ 136,418	\$ 132,480
Supplementary Disclosure of Cash Flow Information		
Cash paid during the year for:		
Interest	\$ 49,817	\$ 45,847
Taxes	\$ 2,924	\$ 949
Supplemental Schedule of non-cash activities:		
Initial recognition of operating right-of-use asset and lease liability	\$ 1,916	\$ 7,510
Transfer of loans to other real estate owned	6,937	-

See accompanying notes to consolidated financial statements.

First Commerce Bancorp, Inc. Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Nature of Businesses: First Commerce Bancorp, Inc. (the "Company") is a bank holding company registered under the Bank Holding Company Act of 1956, as amended, and was organized under the laws of the State of New Jersey. The common stock of the Company trades under the symbol "CMRB". The Company's primary business is the ownership and operations of First Commerce Bank (the "Bank"). The Bank is a New Jersey State chartered commercial bank headquartered in Lakewood, New Jersey, and its deposits are insured by the Federal Deposit Insurance Corporation. The Bank conducts a general commercial banking business, principally in the State of New Jersey and provides full-service banking to individuals and businesses, which includes checking, savings, money market and time deposit accounts, as well as commercial loans, commercial mortgages, construction loans, residential and consumer loans. The Bank, as of December 31, 2025, operated 11 branch offices in Allentown, Bordentown, Closter, Englewood, Fairfield, Freehold, Jackson, Lakewood, Robbinsville and Teaneck, New Jersey.

As of the close of business May 31, 2023, the Bank formed a holding company, the Company. All shareholders of the Bank received one share of the Company, with no par value in exchange for each share of the Bank, which had a par value of \$2.00. Following the formation of the Company, immediately began trading its stock on the OTC markets under the symbol CMRB.

The Company owns 100% of the stock in the Bank. The Bank operates as a traditional community bank serving the markets in the communities it serves with an emphasis on commercial consumer banking.

The Bank is subject to the regulations of the FDIC and the NJ Department of Banking and Insurance and undergoes periodic examinations by those regulatory authorities.

Basis of Financial Statement Presentation and Accounting Estimate: The consolidated financial statements of the Company are prepared on accrual basis and include the accounts of the Company and its wholly owned subsidiary, the Bank, and the Bank's wholly owned subsidiaries, First Commerce Real Estate Holdings, LLC, FCB Investments, LLC, FC Delaware Investment Company, Inc. (the "FC Delaware") and the FC Delaware's wholly owned subsidiary, FC Preferred Capital, Inc. All intercompany accounts and transactions have been eliminated in consolidation. The accounting and financial reporting policies of the Company conform to the accounting principles generally accepted in the United States of America. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, as of the date of the consolidated financial statements and the reported amounts of revenue and expenses for the reporting period. Significant estimates that are particularly susceptible to change in the near term relate to the determination of the allowance for credit losses, the valuation of deferred tax assets and fair value disclosures. Actual results could differ from those estimates. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents: For purposes of reporting cash flows, the Company considers cash on hand, amounts due from banks, interest-bearing deposits held in other institutions, federal funds sold and highly liquid debt instruments purchased with original maturities of three months or less to be cash and cash equivalents. Cash flows from short-term loans, deposits and federal funds are reported net in the statements of cash flows.

Investment Securities: Management determines the appropriate classification of investment securities at the time of purchase. As of December 31, 2025 and 2024, the Company's investment portfolio contained available-for-sale and held-to-maturity investment securities.

Investment securities that are classified as available-for-sale are stated at fair value. Unrealized gains and losses on investment securities classified as available-for-sale are excluded from results of operations and are reported as other comprehensive income or loss, a separate component of stockholders' equity, net of taxes. Amounts reclassified from accumulated other comprehensive income for unrealized gain (loss) on securities available-for-sale represent realized securities gains or losses, net of tax effects. Investment securities classified as available-for-sale include investment securities that may be sold in response to changes in interest rates, changes in prepayment risks or for asset/liability management purposes. Accrued interest receivable on available-for-sale investment securities was excluded from the estimate of credit losses.

Investment securities which the Company has the intent and ability to hold until maturity are classified as held-to-maturity and are recorded at cost, adjusted for amortization of premiums and accretion of discounts. Accrued interest receivable on held-to-maturity investment securities was excluded from the estimate of credit losses.

The cost of investment securities is adjusted for amortization of premiums and accretion of discounts to maturity, or in the case of mortgage-backed securities, over the estimated life of the security. Such amortization or accretion recorded as adjustments to interest and dividends are included in interest income from investments using the interest method. Realized gains and losses are included in gains (losses) on sales of investment securities in the consolidated statements of income. Gains and losses on the sale of securities are recorded on the trade date and are determined based on the specific identification method.

First Commerce Bancorp, Inc.
Notes to Consolidated Financial Statements (dollars in thousands)

For available-for-sale debt securities with an unrealized loss position, the Company will determine whether it has the intent to sell the debt security or whether it is more likely than not it will be required to sell the debt security before the recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income with the establishment of an allowance for credit losses. For available-for-sale debt securities that do not meet the criteria, the Company evaluates whether any decline in fair value is due to the credit loss factors. In making this assessment, management considers any changes to the rating of the security by a rating agency and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security is compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit loss is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

The Company segments its HTM portfolio into agency residential mortgage-backed securities, obligations of state and political subdivisions and corporate obligations to determine the ACL. The ACL is determined based on the Company's historical losses, adjusted for qualitative factors including economic forecasts over a two-year reasonable and supportable forecast period. Agency residential mortgage-backed securities includes securities of U.S. government sponsored entities, residential mortgage-backed securities guaranteed by the Federal National Mortgage Association (FNMA), the Government National Mortgage Association (GNMA) and the Federal Home Loan Mortgage Corporation (FHLMC), these securities have the explicit guarantee of the government agency or government sponsored enterprise, therefore, no allowance for credit losses (ACL) was recorded for these securities. With regard to the state and political subdivision securities, the Company considers issuer bond ratings, the financial condition of the issuer, and whether issuers continue to make timely interest and principal payments under the contractual terms of the securities. At December 31, 2025 and 2024, there was no ACL related to these securities. With regard to the corporate debt securities, the Company evaluated these securities under the CECL standards and recorded a \$119 and \$199 ACL related to these securities at December 31, 2025, and 2024, respectively.

Restricted Stock: The Company holds investments in the common stocks of Atlantic Community Bankers Bank ("ACBB") and Federal Home Loan Bank of New York ("FHLB"). These investments in restricted stock are carried at cost. The stocks have no quoted market value and are subject to redemption restrictions. Management reviews for impairment based on the ultimate recoverability of the cost basis in the stock. Management considers such criteria as the significance of the decline in net assets, if any, the length of time the situation has persisted, commitments by the institution to make payments required by law or regulation, the impact of legislative and regulatory changes on the customer base of the institution and the liquidity position of the institution.

Loans receivable: Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are classified as held-for-investment and are reported at their outstanding unpaid principal balances adjusted for charge-offs, the allowance for credit losses and any deferred origination fees or costs. Interest income is accrued on the unpaid principal balance. Accrued interest receivable related to loans receivable totaled \$6,628 at December 31, 2025, and \$5,306 at December 31, 2024, and was reported in accrued interest receivable on the consolidated balance sheets. Loan origination fees or costs are deferred and recognized primarily as an adjustment of the related loan yield using the interest method without anticipating prepayments.

The Company's loan portfolio is segmented as follows:

- Construction and land development
- Commercial loans
- Commercial real estate
- SBA Paycheck Protection Program ("PPP") loans
- Residential 1-4 family real estate
- Residential multi-family real estate
- Home equity and second mortgages
- Consumer

Generally, loans are considered past due when contractual payments are delinquent for 30 days or greater. Loans will generally be placed on non-accrual when the loan has become 90 days past due (unless the loan is well secured and in the process of being collected), or if any of the following conditions exist:

- It becomes evident that the borrower will not make payments, or will not or cannot meet the terms for renewals of a matured loan,
- When full repayment of principal and interest is not expected,
- When the borrower files bankruptcy and an approved plan of reorganization or liquidation is not anticipated in the near future, or
- When foreclosure action is initiated.

All interest accrued but not collected for loans that are placed on non-accrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash basis or cost-recovery method until qualifying for return to accrual. In all cases, loans are placed on non-accrual and some portion or all of the loan is charged-off at an earlier date if collection of principal or interest is considered doubtful.

First Commerce Bancorp, Inc.
Notes to Consolidated Financial Statements

Non-accrual loans may be restored to accrual status provided the following criteria are met:

- The loan is current, and all principal and interest amounts contractually due have been made,
- The loan is well secured and in the process of collection, and
- Prospects for future principal and interest payments are not in doubt, generally demonstrated by performance in accordance with the contracted terms for a reasonable period of time, generally six months.

Allowance for Credit Losses: The allowance for credit losses is maintained at the level considered reasonable by management to cover lifetime expected credit losses inherent in financial assets at the balance sheet date. The measurement of expected credit losses is applicable to loans receivable, off-balance sheet credit exposure such as unfunded loan commitments and investment securities held-to-maturity. Accrued interest receivable is presented separately on the consolidated balance sheets and excluded from the estimate of credit losses. The allowance for credit losses is established through provisions for credit losses charged against earnings. The methodology for determining the allowance for credit losses is considered a significant estimate due to a high degree of judgement, the subjectivity of the assumptions used, and the potential for changes in the forecasted economic environment that could result in changes to the amount of the recorded allowance for credit losses. Loans deemed to be uncollectible are charged against the allowance for credit losses, and subsequent recoveries, if any, are credited to the allowance.

When establishing the allowance for credit losses, expected losses are evaluated and calculated on a collective, or pooled, basis for those loans which share similar characteristics. If the loan does not share risk characteristics with other loans, the Company will evaluate the loan on an individual basis. The Company has segmented its loan portfolio consistent with the manner in which it manages credit risk and calculates estimated credit losses for these loan segments using quantitative models and qualitative factors. The relevant risk characteristics of each loan segment are as follows:

Construction and Land Development: Construction and land development loans consist of vacant land and property that is in the process of improvement. Repayment of these loans can be dependent on the sale of the property to third parties or the successful completion of the improvements by the builder for the end user. In the event a loan is made on property that is not yet improved for the planned development, there is the risk that approvals will not be granted or will be delayed. Construction loans also run the risk that improvements will not be completed on time or in accordance with specifications and projected costs. Construction real estate loans generally have terms commensurate with the size of the project during the construction period and floating interest rates based on a designated index and spread.

Commercial Loans: Commercial loans are for commercial, corporate and business purposes, including issuing letters of credit. The Company's commercial business loan portfolio is comprised of loans for a variety of purposes and generally is secured by accounts receivable, inventory, equipment, machinery and other business assets. Generally commercial business loans have terms of five years or less and fixed interest rates. Presently, many commercial loans have an interest rate floor established. These loans are underwritten after evaluating historical and projected profitability and cash flow to determine the Borrower's ability to repay their obligations as agreed. Primarily, commercial loans are made on the identified cash flow of the Borrower and secondarily on the underlying collateral supporting the loan facility. Accordingly, the repayment of a Commercial loan depends primarily on the creditworthiness of the Borrower (and any Guarantors), while liquidation of collateral is a secondary source of payment.

Commercial Real Estate Loans: Commercial real estate loans are primarily secured by apartment buildings, office and industrial buildings, retail centers and warehouses and various special purpose properties. Generally, although terms vary, non-farm non-residential loans have amortizations no greater than thirty (30) years and at times, have balloon payments. The interest rates thereon may be adjusted at some frequency, based on a designated index and spread. These loans are subject to the underwriting standards and processes similar to Commercial loans, in addition to those underwriting standards for real estate loans. Primarily these loans are viewed as cash flow dependent and secondarily as loans secured by real estate. Repayment of these loans is generally dependent upon the successful operation of the property securing the loan or the principal business conducted on the property securing the loan. In addition, the underwriting considers the amount of the principal advanced relative to the property value. Commercial real estate loans may be adversely affected by conditions in the real estate market, or the economy in general. Management monitors and evaluates commercial real estate loans based upon cash flow estimates, collateral and risk-rating criteria. The Company also utilizes third party experts to provide environmental and market valuations. Substantial effort is required to underwrite, monitor and evaluate commercial real estate loans.

Residential 1-4 Family Real Estate, Home Equity and Second Mortgages: Residential 1-4 family real estate, home equity and second mortgages loans are generally smaller in size and are homogenous because they exhibit similar characteristics. These loans are secured by non-farm property containing one-to-four family dwelling units which include individual condominium dwelling units secured by an interest in the individual housing unit. First mortgages and home equity loans are originated at a loan to value ratio of 80% or less, while home equity lines are originated at a loan to value ratio of 75% or less. Home equity loans have additional risks as a result of typically being in a second lien position or lower in the event collateral is liquidated.

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Residential Multi-Family Real Estate: Residential multi-family real estate loans generally involve a greater degree of credit risk than residential 1-4 family real estate loans due to the reliance on the successful operation of the project. This loan type is sensitive to adverse economic conditions and carries similar underwriting standards and risks to Commercial Real Estate.

Consumer: The risk involved in consumer loans is predicated on the type and nature of the collateral and, in certain cases, the absence of collateral. Consumer loans include secured and unsecured loans that have been made for a variety of consumer purposes.

Generally speaking, the Company's threshold for loan to value is 70% and for debt service coverage is 1.2 x for all loan categories.

The estimate of expected credit losses is based on relevant information about historical events, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. The Company engages a third-party vendor to assist in the CECL calculation and has established a management team to oversee the quarterly estimation process for the allowance for credit losses. The allowance for credit losses calculation methodology relies on discounted cash flow models that correlate relationships between certain financial metrics and external market and macroeconomic variables. Allowance for credit losses are aggregated for the major loan segments, with similar risk characteristics. However, for the purposes of calculating the reserves, these segments may be further broken down into loan classes by risk characteristics that include but are not limited to regulatory call codes, industry type, geographic location, and collateral type. Some of the key factors that are used in the CECL calculations are: methods based on probability of default, forecasts, expected credit losses, economic conditions and qualitative factors. The qualitative factors include but are not limited to lending policies, portfolio concentrations, industry competition, external loan review and lending management. The Company uses current loan data and loss history, calculates the weighted average remaining maturity in each loan category, and plots peer history against various leading economic indicators to provide a forward-looking feature. The Company then takes that information, adds custom qualitative factors and specific reserves tied to collateral dependent loans to calculate its allowance for credit losses.

The Company utilizes historical loan performance and loss data adjusted for current conditions and reasonable and supportable forecasts to derive loan loss assumptions within its CECL model. The Company has limited historical losses relative to peer banks over its history, hence a broader, external peer loan loss data set is utilized as a proxy for forecasted lifetime loan portfolio losses.

The Company also incorporates a reasonable and supportable loss forecast period to account for the effect of forecasted economic conditions and other factors on the performance of the loan portfolio which could differ from historical loss experience. Forward looking adjustments considers the macro-economic indicator for each loan pool that most closely resembles historical losses for the respective pool. The forecasted losses for each pool are adjusted for a period up to two years depending on the lag period that applies to the corresponding economic indicator. The Company generally utilizes a forecast period ranging over 12 - 24 months. For the contractual term that extends beyond the forecast period, the Company reverts to historical loss rates immediately starting in the quarter after the forecast period for each loan and in each scenario in which the loan's remaining life is longer than the forecast period.

The Company uses several qualitative factors to supplement the other elements of its allowance for credit losses calculation under CECL. These qualitative factors are intended to estimate losses that differ from actual historical loss experience. Relevant factors included, but are not limited to, changes in lending policy, lending staff and management, external loan review, portfolio concentrations, and industry conditions. Although the estimation of credit losses can be somewhat subjective, the application of such qualitative factors must be reasonable and supportable.

Modifications to borrowers experiencing financial difficulty may include interest rate reductions, principal or interest forgiveness, forbearances, term extensions, and other actions intended to minimize economic loss and to avoid foreclosure or repossession of collateral.

U.S. Small Business Association (SBA) Lending Activities: The Company originates loans to customers in its primary market areas under various SBA programs that generally provide for SBA guarantees of between 50% and 100% of each loan. The Company's practice has been to inventory the guaranteed portion of its SBA loans; however, sales to a third party could be contemplated in the future with the Company retaining the servicing while holding the non-guaranteed portion in its portfolio. When the guaranteed portion of an SBA loan is sold, the premium received on the sale and the present value of future cash flows of the servicing assets are recognized in income. Servicing assets are immaterial at December 31, 2025 and 2024.

Concentration of Credit Risk: A major portion of the Company's loans are secured by real estate located in New Jersey, primarily in Bergen, Mercer, Monmouth and Ocean Counties. Accordingly, as with most financial institutions in the market area, the ultimate collectability of a substantial portion of the Company's loan portfolio is susceptible to changes in market conditions in these areas. The Company has implemented a Concentration Policy with oversight from the internal loan review department to track credit that may cause a concentration with quarterly reporting to the Board of Directors.

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Other Real Estate Owned (OREO): Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure, establishing a new cost basis. The difference between the fair value and the cost basis of the loan is recorded as either a charge against the allowance for credit losses or a gain on foreclosure of the asset. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of its carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in loss on other real estate owned, net in the consolidated statements of income. There is one residential property either in foreclosure or in the process of foreclosure in the amount of \$1.6 million at year-end December 31, 2025, and there were no residential properties either in foreclosure or in the process of foreclosure at year-end December 31, 2024.

The following summarizes the roll forward of OREO for the years ended December 31, 2025 and 2024:

	2025	2024
Beginning Balance	\$ -	\$ -
Transfers from loans	6,937	-
Proceeds from sales	-	-
(Loss) on sales	-	-
Valuation allowance reversal upon sale	-	-
	6,937	-
Less: valuation allowance	-	-
Ending Balance	\$ 6,937	\$ -

Premises and Equipment: Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method for financial reporting purposes and accelerated methods for income tax purposes over the useful lives for equipment and the lesser of the term of the lease or the estimated useful life for leasehold improvements. Depreciation expense is recorded in occupancy and equipment expense on the consolidated statements of income. Estimated useful lives for financial reporting purposes range from 3 to 40 years. Repairs and maintenance expenditures are charged to operations as incurred, while major improvements are capitalized.

Transfers of Financial Assets: Transfers of financial assets are accounted for as sales when all of the components meet the definition of a participating interest and when control over the assets has been surrendered. A participating interest generally represents (1) a proportionate (pro rata) ownership interest in an entire financial asset; (2) a relationship where from the date of transfer all cash flows received from the entire financial asset are divided proportionately among the participating interest holders in an amount equal to their share of ownership; (3) the priority of cash flows has certain characteristics, including no reduction in priority, subordination of interest or recourse to the transferor other than standard representation or warranties; and (4) no party has the right to pledge or exchange the entire financial asset unless all participating interest holders agree to pledge or exchange the entire financial asset. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company; (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets; and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity. When a transfer does not meet the requirements for a sale, the transfer is accounted for as a secured borrowing.

Derivative Financial Instruments: At the inception of a derivative contract, the Company designates the derivative as one of three types based on the Company's intentions and belief as to likely effectiveness as a hedge. These three types are (i) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value hedge"), (ii) a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge"), and (iii) an instrument with no hedging designation ("stand-alone derivative"). For a fair value hedge, the gain or loss on the derivative, as well as the offsetting loss or gain on the hedged item attributable to the hedged risk, are recognized in current earnings as fair values change. For a cash flow hedge, the gain or loss on the derivative is reported in other comprehensive income (loss) and is reclassified into earnings in the same periods during which the hedged transaction affects earnings. Changes in the fair value of derivatives not designated or that do not qualify for hedge accounting are reported currently in earnings, as non-interest income. All derivative instruments are recognized on the balance sheet as either an asset (included in "Other assets") or liability (included in "Other liabilities") at their fair value. The Company has master netting agreements with the counterparties with which it does business but reflects gross assets and liabilities at fair value on the consolidated balance sheets. Collateral posted or collateral received is recorded in Other assets or Other liabilities, respectively.

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Changes in fair value on derivatives that qualify for hedge accounting are recorded in interest income or interest expense, based on the item being hedged. Changes in fair value on derivatives not designated or that do not qualify for hedge accounting are reported in non-interest income. Cash flows on hedges are classified in the cash flow statement the same as the cash flows of the items being hedged.

The Company formally documents the relationship between derivatives and hedged items, as well as the risk-management objective and the strategy for undertaking hedge transactions at the inception of the hedging relationship. This documentation includes linking fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivative instruments that are used are highly effective in offsetting changes in fair values or cash flows of the hedged items. The Company discontinues hedge accounting when it determines that the derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item, the derivative is settled or terminates, a hedged forecasted transaction is no longer probable, a hedged firm commitment is no longer firm, or treatment of the derivative as a hedge is no longer appropriate or intended.

When hedge accounting is discontinued, subsequent changes in fair value of the derivative are recorded as non-interest income. When a fair value hedge is discontinued, the hedged asset or liability is no longer adjusted for changes in fair value and the existing basis adjustment is amortized or accreted over the remaining life of the asset or liability. When a cash flow hedge is discontinued but the hedged cash flows or forecasted transactions are still expected to occur, gains or losses that were accumulated in other comprehensive income are amortized into earnings over the same periods which the hedged transactions will affect earnings.

The Company is exposed to losses if a counterparty fails to make its payments under a contract in which the Company is in the net receiving position. The Company anticipates that the counterparties will be able to fully satisfy their obligations under the agreements. All the contracts to which the Company is a party settle monthly or quarterly. In addition, the Company obtains collateral above certain thresholds of the fair value of its derivatives for each counterparty based upon their credit standing and the Company has netting agreements with the dealers with which it does business.

Off-Balance Sheet Financial Instruments: In the ordinary course of business, the Company has entered into off-balance sheet financial instruments consisting of commitments to extend credit and letters of credit. Such financial instruments are recorded in the consolidated statement of financial condition when they are funded.

Income Taxes: Income tax accounting results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the asset and liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax basis of assets and liabilities. Enacted changes in tax rates and laws are recognized in the period in which they occur.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that all or some portion of the deferred tax asset will not be realized.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that ultimately would be sustained. The benefit of a tax position is recognized if it is "more likely than not", based on the technical merits, that the tax position will be realized or sustained upon examination. The term "more likely than not" means a likelihood of more than 50%; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more likely than not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more likely than not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to management's judgment. There are no uncertain tax positions as of December 31, 2025.

Interest and penalties associated with unrecognized tax benefits would be recognized in income tax expense in the consolidated statements of income.

Comprehensive Income: Accounting principles generally accepted in the United States of America require that recognized revenue, expenses, gains and losses be included in net income or loss. Certain changes in assets and liabilities, such as unrealized gains and losses on securities available-for-sale, net of the related tax effect, are reported as a separate component of the equity section of the consolidated statements of financial condition, such items, along with net income or loss, are components of comprehensive income.

Stock-Based Compensation: The Company estimates the fair value of share-based awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as compensation expense in the Company's consolidated statements of income over the requisite service periods. Compensation expense for all share-based awards is recognized using the straight-line method.

Because share-based compensation expense is based on awards that are ultimately expected to vest, share-based compensation expense may be reduced to account for estimated forfeitures. The Company estimates forfeitures at the time of grant and revises them, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

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Leases: Leases are recognized as assets and liabilities on the balance sheet for all leases with a term greater than 12 months. The Company has elected to not recognize assets and liabilities for leases with a term less than 12 months. For all operating leases, the Company recognizes a liability to make lease payments and a “right-of-use” asset.

For operating leases wherein, the Company is the lessee, the Company has elected the practical expedient to not separate lease and non-lease components.

Operating leases, in which the Company is the lessee, are recorded as Right-of-Use (“ROU”) assets and Lease liabilities on our consolidated statements of financial condition. We do not currently have any finance leases in which the Company is the lessee. Operating lease ROU assets represent our right to use an underlying asset during the lease term and operating lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized as lease commencement based on the present value of the remaining lease payments using a discount rate that represents our Incremental Borrowing Rate (“IBR”). The IBR was calculated for each lease determining the rate for a fully collateralized, fully amortizing loan of the same term as the lease. The IBR for each lease is unique based on the lease term. Operating lease expense is recorded in Occupancy and equipment expense, in the consolidated statements of income. Our expected lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option.

Net Income per Common Share: Basic net income per common share was computed by dividing net income by the number of weighted average shares of common stock outstanding. Diluted net income per common share was computed by dividing net income by the number of weighted average shares of common stock outstanding adjusted for outstanding stock options, which are considered common stock equivalents, to the extent dilutive, using the treasury stock method. During the years ended December 31, 2025 and 2024 there were 56,000 and 78,000 options that were anti-dilutive, respectively.

	Years Ended December 31,	
	2025	2024
Net income	\$ 8,256	\$ 4,521
Weighted average common shares outstanding	20,138,026	21,483,151
Effect of diluted stock options	16,997	135,460
Weighted average common shares used to calculate diluted earnings per share	20,155,023	21,618,611
Basic earnings per common share	\$ 0.41	\$ 0.21
Diluted earnings per common share	\$ 0.41	\$ 0.21

Bank Owned Life Insurance (BOLI)

BOLI is carried at the aggregate cash surrender value of life insurance policies owned where the Company is named beneficiary. Increases in cash surrender value derived from crediting rates for underlying insurance policies is credited to non-interest income. As a named beneficiary, the Company is entitled to receive the death benefits which are recorded to bank owned life insurance income on the consolidated statements of income.

Subordinated Debt Issuance Costs

Subordinated debt issuance costs are presented in the consolidated statement of financial condition as a deduction from the carrying amount of the related debt and are amortized over the expected life of the issue as interest expense. The issuance costs are amortized on a method that approximates the effective interest method.

Subsequent Events:

The Company has evaluated subsequent events from the date of the financial statements of December 31, 2025 through the date these financial statements were available to be issued. On January 7, 2026, the Company consummated the purchase of additional BOLI, as a result, the Company recorded an additional \$13.6 million in BOLI asset. On January 28, 2026, the Company announced and initiated a tender offer to buy back 3,000,000 shares of its outstanding common stock at a price of \$7.00 per share. This tender offer concluded on February 27, 2026, the Company accepted for purchase 3,000,000 shares for an aggregate purchase price of \$21.0 million.

Recently Adopted Accounting Pronouncements

On January 1, 2025, the Company adopted ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures.” The ASU requires entities to disclose specific categories in the effective tax rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold, as well as disclosures of income taxes paid disaggregated by jurisdiction. The Company adopted this standard on a retrospective basis, and adoption did not have a significant effect on the Company’s financial condition or results of operations.

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Recently Issued but not Adopted Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, "Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses" amended the Income Statement—Reporting Comprehensive Income topic in the Accounting Standards Codification to require public companies to disclose, in interim and annual reporting periods, additional information about certain expenses in the notes to financial statements. The amendments are effective for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company will apply the amendments retrospectively to all prior periods presented in the financial statements after the effective date. The adoption of ASU 2024-03 is not expected to have a significant impact on the Company's consolidated financial statements.

2. Cash and Cash Equivalents

The Company maintains various deposit accounts with other banks to meet normal funds transaction requirements, to satisfy minimum deposit requirements and to compensate other banks for certain correspondent services. The FDIC insures these accounts up to \$250 per account. Management is responsible for assessing the credit risk of its correspondent banks.

3. Investment Securities

Investment securities consist of the following:

<i>December 31, 2025</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investment Securities				
Held-to-maturity:				
Mortgage-backed - government sponsored enterprises (GSE) - residential	\$ 96,444	\$ 1,063	\$ (2,006)	\$ 95,501
Corporate bonds	28,557	1,357	(62)	29,852
SBA pools	779	-	(23)	756
Total held-to-maturity securities	\$ 125,780	\$ 2,420	\$ (2,091)	\$ 126,109

<i>December 31, 2025</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investment securities				
Available-for-Sale:				
Mortgage-backed - government sponsored enterprises (GSE) - residential	\$ 1,623	\$ 11	\$ -	\$ 1,634
Corporate bonds	12,342	8	(38)	12,312
Collateralized loan obligations (CLOs)	24,963	-	(225)	24,738
Total available-for-sale securities	\$ 38,928	\$ 19	\$ (263)	\$ 38,684
Total investment securities	\$ 164,708	\$ 2,439	\$ (2,354)	\$ 164,793

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<i>December 31, 2024</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investment Securities				
Held-to-maturity:				
Mortgage-backed - GSE - residential	\$ 75,787	\$ 14	\$ (4,267)	\$ 71,534
Corporate bonds	35,425	812	(265)	35,972
SBA pools	895	-	(56)	839
Total held-to-maturity securities	\$ 112,107	\$ 826	\$ (4,588)	\$ 108,345

<i>December 31, 2024</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investment securities				
Available-for-sale:				
State and political sub-division	\$ 300	-	-	\$ 300
Total available-for-sale securities	\$ 300	\$ -	\$ -	\$ 300
Total investment securities	\$ 112,407	\$ 826	\$ (4,588)	\$ 108,645

The amortized cost and fair value of investment securities at December 31, 2025 and 2024, by contractual maturity, are shown below. Expected cash flows from mortgage-backed securities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. Therefore, these securities are not included in the maturity categories of the following summary:

<i>December 31, 2025</i>	Amortized Cost	Fair Value
Investment securities held-to-maturity:		
Due within one year or less	\$ -	\$ -
Due within one through five years	3,433	3,648
Due within five through ten years	25,332	26,410
Due after ten years	571	550
Mortgage-backed - GSE – residential	96,444	95,501
Total held-to-maturity securities	\$ 125,780	\$ 126,109

<i>December 31, 2025</i>	Amortized Cost	Fair Value
Investment securities available-for-sale:		
Due within one year or less	\$ -	\$ -
Due within one through five years	5,500	5,485
Due within five through ten years	4,342	4,321
Due after ten years	27,463	27,244
Mortgage-backed - GSE – residential	1,623	1,634
Total available-for-sale securities	\$ 38,928	\$ 38,684
Total investment securities	\$ 164,708	\$ 164,793

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<i>Year Ended December 31, 2024</i>	Amortized Cost	Fair Value
Investment securities held-to-maturity:		
Due within one year or less	\$ -	\$ -
Due within one through five years	5,216	5,179
Due within five through ten years	30,466	31,041
Due after ten years	638	591
Mortgage-backed - GSE – residential	75,787	71,534
Total held-to-maturity securities	\$ 112,107	\$ 108,345

<i>Year Ended December 31, 2024</i>	Amortized Cost	Fair Value
Investment securities available-for-sale:		
Due within one year or less	\$ 300	\$ 300
Due within one through five years	-	-
Due within five through ten years	-	-
Due after ten years	-	-
Mortgage-backed - GSE – residential	-	-
Total available-for-sale securities	\$ 300	\$ 300
Total investment securities	\$ 112,407	\$ 108,645

At December 31, 2025 and 2024, investment securities held-to-maturity with an amortized cost of \$6,171 and \$4,801, respectively, were pledged to secure public funds on deposit. Accrued interest receivable on available-for-sale investment securities was \$353 and \$4 at December 31, 2025 and 2024, respectively. Accrued interest receivable on held-to-maturity investment securities was \$613 and \$518 as of December 31, 2025 and 2024, respectively.

The fair value of investment securities with unrealized losses by length of time that the individual investment securities have been in a continuous loss position at December 31, 2025 and 2024 is as follows:

	Total Number in a Loss Position	Less than 12 Months		12 Months or More		Total	
		Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<i>December 31, 2025</i>							
Investment securities held-to-maturity:							
Mortgage-backed - GSE - residential	45	\$ 1,059	\$ (10)	\$ 36,353	\$ (1,996)	\$ 37,412	\$ (2,006)
Corporate Bonds	1	2,750	(62)	-	-	2,750	(62)
SBA Pools	1	-	-	756	(23)	756	(23)
Total unrealized losses on held-to-maturity securities	47	\$ 3,809	\$ (72)	\$ 37,109	\$ (2,019)	\$ 40,918	\$ (2,091)
Investment securities available-for-sale:							
Corporate Bonds	4	\$ 7,804	\$ (38)	\$ -	\$ -	\$ 7,804	\$ (38)
Collateralized loan obligations (CLOs)	9	24,739	(225)	-	-	24,739	(225)
Total unrealized losses on available-for-sale securities	13	\$ 32,543	\$ (263)	\$ -	\$ -	\$ 32,543	\$ (263)
Total unrealized losses on securities	60	\$ 36,352	\$ (335)	\$ 37,109	\$ (2,019)	\$ 73,461	\$ (2,354)

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<i>December 31, 2024</i>	Total	Less than 12 Months		12 Months or More		Total	
	Number in a Loss Position	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Investment securities held-to-maturity:							
Mortgage-backed - GSE - residential	57	\$ 29,213	\$ (462)	\$ 41,731	\$ (3,805)	70,944	(4,267)
Corporate Bonds	6	13,135	(265)	-	-	13,135	(265)
SBA Pools	1	-	-	839	(56)	839	(56)
Total unrealized losses on held-to-maturity securities	64	\$ 42,348	\$ (727)	\$ 42,570	\$ (3,861)	\$ 84,918	\$ (4,588)
Investment securities available-for-sale:							
State and political sub-division	1	\$ -	\$ -	\$ 300	\$ -	\$ 300	\$ -
Total unrealized losses on available-for-sale securities	1	\$ -	\$ -	\$ 300	\$ -	\$ 300	\$ -
Total unrealized losses on securities	65	\$ 42,348	\$ (727)	\$ 42,870	\$ (3,861)	\$ 85,218	\$ (4,588)

The unrealized losses in each of the categories presented in the tables above are primarily driven by market interest rate fluctuations. The Company evaluates the investment securities in a loss position at least on a quarterly basis and determined that declines in fair value are attributable to market volatility, not credit quality or other factors. The investment securities issued by the U.S. government sponsored entities, residential mortgage-backed securities guaranteed by Ginnie Mae, Freddie Mac or Fannie Mae are guaranteed by the U.S. government sponsored enterprises and have no history of credit losses. Furthermore, the Company determined that it is not more than likely than not that it will intend to sell these investment securities before recovery of their amortized cost, which may be at maturity.

At December 31, 2025 and 2024, the Company evaluated its held-to-maturity debt securities under the CECL standards and based on the credit reviews of the issuers of the corporate debt securities, the Company recorded an allowance for credit losses of \$119 and \$199, respectively. The decrease in the ACL was due to a decrease in corporate bonds held year over year. There was no allowance for credit losses recorded for available-for-sale debt securities at December 31, 2025 and 2024.

4. Loans Receivable

The following table summarizes the loans outstanding, by class of loans, at December 31, 2025 and 2024:

	Years Ended December 31,	
	2025	2024
Construction and land development	\$ 48,904	\$ 97,197
Commercial loans	42,819	45,604
Commercial real estate	1,222,263	1,027,606
SBA PPP loans	-	13
Residential 1-4 family real estate	7,785	12,383
Residential multi-family real estate	97,332	54,156
Home equity and second mortgages	1,583	2,590
Consumer	921	614
Total	\$ 1,421,607	\$ 1,240,163
Net deferred fees	(2,906)	(1,132)
Subtotal	1,418,701	1,239,031
Less: Allowance for credit losses	(16,019)	(14,756)
Total	\$ 1,402,682	\$ 1,224,275

First Commerce Bancorp, Inc.
Notes to Consolidated Financial Statements
(dollars in thousands)

The following tables provides the aging of the loan portfolio by loan class at December 31, 2025 and 2024.

<i>December 31, 2025</i>	30-59 Days Past Due	60-89 Days Past Due	90+ Days and Still Accruing	Non- Accrual	Total Past Due	Current	Total Loans
Construction and land development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,904	\$ 48,904
Commercial loans	-	-	-	2,103	2,103	40,716	42,819
Commercial real estate	147	-	-	6,290	6,437	1,215,826	1,222,263
SBA PPP Loans	-	-	-	-	-	-	-
Residential 1-4 family real estate	360	-	-	2,131	2,491	5,294	7,785
Residential multifamily real estate	-	-	-	-	-	97,332	97,332
Home equity and second mortgages	-	-	-	-	-	1,583	1,583
Consumer	-	-	-	-	-	921	921
Total	\$ 507	\$ -	\$ -	\$ 10,524	\$ 11,031	\$ 1,410,576	\$ 1,421,607

<i>December 31, 2024</i>	30-59 Days Past Due	60-89 Days Past Due	90+ Days and Still Accruing	Non- Accrual	Total Past Due	Current	Total Loans
Construction and land development	\$ -	\$ -	\$ -	\$ 6,971	\$ 6,971	\$ 90,226	\$ 97,197
Commercial loans	-	33	-	5,864	5,897	39,707	45,604
Commercial real estate	4,672	-	20,894	3,168	28,734	998,872	1,027,606
SBA PPP Loans	-	-	-	-	-	13	13
Residential 1-4 family real estate	-	-	-	630	630	11,753	12,383
Residential multifamily real estate	-	-	-	-	-	54,156	54,156
Home equity and second mortgages	-	-	-	-	-	2,590	2,590
Consumer	-	-	-	-	-	614	614
Total	\$ 4,672	\$ 33	\$ 20,894	\$ 16,633	\$ 42,232	\$ 1,197,931	\$ 1,240,163

Non-performing loans are those past due 90 days or more or on non-accrual. There were no loans 90 days or more past due and still accruing loans at December 31, 2025. There was one commercial real estate loan in the amount of \$20,894 which was 90 days or more past due and still accruing at December 31, 2024.

The following table presents the recorded investment in non-accrual loans as of December 31, 2025 and 2024:

	December 31, 2025			December 31, 2024		
	Non-accrual Loans with No Allowance	Non-accrual Loans with an Allowance	Total Non- accrual Loans	Non-accrual Loans with No Allowance	Non-accrual Loans with an Allowance	Total Non- accrual Loans
Construction and land development	\$ -	\$ -	\$ -	\$ 6,971	\$ -	\$ 6,971
Commercial loans	2,103	-	2,103	5,864	-	5,864
Commercial real estate	6,290	-	6,290	3,168	-	3,168
SBA PPP Loans	-	-	-	-	-	-
Residential 1-4 family real estate	2,131	-	2,131	630	-	630
Residential multifamily real estate	-	-	-	-	-	-
Home equity and second mortgages	-	-	-	-	-	-
Consumer	-	-	-	-	-	-
Total	\$ 10,524	\$ -	\$ 10,524	\$ 16,633	\$ -	\$ 16,633

First Commerce Bancorp, Inc.
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(dollars in thousands)

Loans are collateral-dependent when the debtor is experiencing financial difficulty and repayment is expected to be provided substantially through the sale or operation of the collateral. The expected credit loss for collateral dependent loans is measured as the difference between the amortized cost basis of the loan and the fair value of the collateral, which is adjusted to reflect the estimated cost to sell. Fair value estimates for collateral dependent loans are derived from appraised values based on the current market value or the "as is" value of the collateral, normally from recently received and reviewed appraisals. Current appraisals are ordered on a regular basis based on the inspection date or more often if market conditions necessitate. If the calculated expected credit loss is determined to be permanent or not recoverable, the amount of the expected credit loss is charged off.

The following table discloses the carrying value of collateral dependent loans as of the dates indicated:

	Collateral class	December 31,	
		2025	2024
(in thousands)			
Commercial and industrial	Business Assets	\$ -	\$ 138
Commercial real estate:			
Owner-occupied	Commercial real estate	1,508	-
Non-owner occupied	School	4,086	-
Investor – 1 st lien	1-4 Family property	4,246	1,678
Investor – Jr. lien	1-4 Family property	684	1,171
Construction and development	Mixed use property	-	6,971
Construction and development	Land	-	2,527
Multi-family	Commercial real estate	-	1,529
Residential real estate:			
Residential mortgage and first lien home equity loans	Residential real estate	-	2,352
Home equity—second lien loans and revolving lines of credit	Residential real estate	-	267
Total		<u>\$ 10,524</u>	<u>\$ 16,633</u>

Loans are measured for impairment on a loan-by-loan basis for commercial and industrial loans and commercial real estate loans by either the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent. Large groups of smaller balance homogeneous loans are collectively evaluated for impairment.

First Commerce Bancorp, Inc.
Notes to Consolidated Financial Statements
(dollars in thousands)

The following table presents the Company's loan portfolio based on its internal risk ratings by origination year as of December 31, 2025:

Years Ended,	2025	2024	2023	2022	2021	Prior	Revolving	Total
Construction and land development								
Pass	\$ 38,137	\$ 10,767	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,904
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Non-rated	-	-	-	-	-	-	-	-
Total construction and land development	38,137	10,767	-	-	-	-	-	48,904
Gross charge-offs, YTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial loans								
Pass	\$ 8,554	\$ 1,310	\$ 176	\$ 355	\$ 1,476	\$ 10,343	\$ 16,254	\$ 38,468
Special mention	-	-	-	-	-	190	2,058	2,248
Substandard	-	-	-	-	-	1,641	462	2,103
Doubtful	-	-	-	-	-	-	-	-
Non-rated	-	-	-	-	-	-	-	-
Total commercial loans	8,554	1,310	176	355	1,476	12,174	18,774	42,819
Gross charge-offs, YTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial real estate								
Pass	\$ 257,203	\$ 65,306	\$ 161,521	\$ 295,168	\$ 144,856	\$ 256,800	\$ -	\$ 1,180,854
Special mention	-	-	-	2,394	2,966	21,186	-	26,546
Substandard	-	-	-	4,086	6,716	4,061	-	14,863
Doubtful	-	-	-	-	-	-	-	-
Non-rated	-	-	-	-	-	-	-	-
Total commercial real estate	257,203	65,306	161,521	301,648	154,538	282,047	-	1,222,263
Gross charge-offs, YTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16	\$ -	\$ 16
SBA PPP loans								
Pass	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Non-rated	-	-	-	-	-	-	-	-
Total SBA PPP loans	-	-	-	-	-	-	-	-
Gross charge-offs, YTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

First Commerce Bancorp, Inc.
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The following table presents the Company's loan portfolio based on its internal risk ratings by origination year as of December 31, 2025 (continued):

Years Ended,	2025	2024	2023	2022	2021	Prior	Revolving	Total
Residential 1-4 family real estate								
Pass	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	2,131	-	2,131
Doubtful	-	-	-	-	-	-	-	-
Non-rated	-	-	-	-	-	5,654	-	5,654
Total residential 1-4 family real estate	-	-	-	-	-	7,785	-	7,785
Gross charge-offs, YTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-rated loans:								
Performing	-	-	-	-	-	5,654	-	5,654
Non-performing	-	-	-	-	-	-	-	-
Total non-rated residential 1-4 family real estate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,654	\$ -	\$ 5,654
Residential multifamily real estate								
Pass	\$ 44,395	\$ 1,635	\$ 13,482	\$ 15,009	\$ 9,653	\$ 13,158	\$ -	\$ 97,332
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Non-rated	-	-	-	-	-	-	-	-
Total residential multifamily real estate	44,395	1,635	13,482	15,009	9,653	13,158	-	97,332
Gross charge-offs, YTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Home equity and second mortgages								
Pass	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Non-rated	-	-	-	-	-	1,583	-	1,583
Total home equity and second mortgages	-	-	-	-	-	1,583	-	1,583
Gross charge-offs, YTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-rated loans:								
Performing	-	-	-	-	-	1,583	-	1,583
Non-performing	-	-	-	-	-	-	-	-
Total non-rated home equity and second mortgages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,583	\$ -	\$ 1,583

First Commerce Bancorp, Inc.
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(dollars in thousands)

The following table presents the Company's loan portfolio based on its internal risk ratings by origination year as of December 31, 2025 (continued):

Years Ended,	2025	2024	2023	2022	2021	Prior	Revolving	Total
Consumer loans								
Pass	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Non-rated	419	-	-	-	-	502	-	921
Total consumer loans	419	-	-	-	-	502	-	921
Gross charge-offs, YTD	\$ 141	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141
Non-rated loans:								
Performing	419	-	-	-	-	502	-	921
Non-performing	-	-	-	-	-	-	-	-
Total non-rated consumer loans	\$ 419	\$ -	\$ -	\$ -	\$ -	\$ 502	\$ -	\$ 921
Total								
Pass	\$ 348,289	\$ 79,018	\$ 175,179	\$ 310,532	\$ 155,985	\$ 280,301	\$ 16,254	\$ 1,365,558
Special mention	-	-	-	2,394	2,966	21,376	2,058	28,794
Substandard	-	-	-	4,086	6,716	7,833	462	19,097
Doubtful	-	-	-	-	-	-	-	-
Non-rated	419	-	-	-	-	7,739	-	8,158
Total loans	348,708	79,018	175,179	317,012	165,667	317,249	18,774	1,421,607
Gross charge-offs, YTD	\$ 141	\$ -	\$ -	\$ -	\$ -	\$ 16	\$ -	\$ 157
Non-rated loans:								
Performing	419	-	-	-	-	7,739	-	8,158
Non-performing	-	-	-	-	-	-	-	-
Total non-rated loans	\$ 419	\$ -	\$ -	\$ -	\$ -	\$ 7,739	\$ -	\$ 8,158

First Commerce Bancorp, Inc.
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(dollars in thousands)

The following table presents the Company's loan portfolio based on its internal risk ratings by origination year as of December 31, 2024:

Years Ended,	2024	2023	2022	2021	2020	Prior	Revolving	Total
Construction and land development								
Pass	\$ 26,071	\$ 8,952	\$ 55,203	\$ -	\$ -	\$ -	\$ -	\$ 90,226
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	6,971	-	6,971
Doubtful	-	-	-	-	-	-	-	-
Non-rated	-	-	-	-	-	-	-	-
Total construction and land development	26,071	8,952	55,203	-	-	6,971	-	97,197
Gross charge-offs, YTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-rated loans:								
Performing	-	-	-	-	-	-	-	-
Non-performing	-	-	-	-	-	-	-	-
Total non-rated construction and land development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial loans								
Pass	\$ 1,166	\$ 271	\$ 438	\$ 1,435	\$ 872	\$ 12,291	\$ 22,676	\$ 39,149
Special mention	-	-	-	-	129	210	-	339
Substandard	-	-	-	-	38	5,502	576	6,116
Doubtful	-	-	-	-	-	-	-	-
Non-rated	-	-	-	-	-	-	-	-
Total commercial loans	1,166	271	438	1,435	1,039	18,003	23,252	45,604
Gross charge-offs, YTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-rated loans:								
Performing	-	-	-	-	-	-	-	-
Non-performing	-	-	-	-	-	-	-	-
Total non-rated commercial loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial real estate								
Pass	\$ 74,844	\$ 168,568	\$ 281,871	\$ 169,133	\$ 67,235	\$ 233,847	\$ -	\$ 995,498
Special mention	-	-	93	-	4,495	19,963	-	24,551
Substandard	-	-	4,355	-	-	3,202	-	7,557
Doubtful	-	-	-	-	-	-	-	-
Non-rated	-	-	-	-	-	-	-	-
Total commercial real estate	74,844	168,568	286,319	169,133	71,730	257,012	-	1,027,606
Gross charge-offs, YTD	\$ -	\$ -	\$ 114	\$ -	\$ -	\$ 268	\$ -	\$ 382
Non-rated loans:								
Performing	-	-	-	-	-	-	-	-
Non-performing	-	-	-	-	-	-	-	-
Total non-rated commercial real estate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SBA PPP loans								
Pass	\$ -	\$ -	\$ -	\$ -	\$ 13	\$ -	\$ -	\$ 13
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Non-rated	-	-	-	-	-	-	-	-
Total SBA PPP loans	-	-	-	-	13	-	-	13
Gross charge-offs, YTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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(dollars in thousands)

The following table presents the Company's loan portfolio based on its internal risk ratings by origination year as of December 31, 2024 (continued):

Years Ended,	2024	2023	2022	2021	2020	Prior	Revolving	Total
Non-performing	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	630	-	630
Doubtful	-	-	-	-	-	-	-	-
Non-rated	-	-	-	-	-	11,753	-	11,753
Total residential 1-4 family real estate	-	-	-	-	-	12,383	-	12,383
Gross charge-offs, YTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-rated loans:								
Performing	-	-	-	-	-	11,753	-	11,753
Non-performing	-	-	-	-	-	-	-	-
Total non-rated residential 1-4 family real estate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,753	\$ -	\$ 11,753
Residential multifamily real estate								
Pass	\$ 1,650	\$ 13,672	\$ 15,368	\$ 9,876	\$ 443	\$ 13,148	\$ -	\$ 54,157
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Non-rated	-	-	-	-	-	-	-	-
Total residential multifamily real estate	1,650	13,672	15,368	9,876	443	13,148	-	54,157
Gross charge-offs, YTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-rated loans:								
Performing	-	-	-	-	-	-	-	-
Non-performing	-	-	-	-	-	-	-	-
Total non-rated residential multifamily real estate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Home equity and second mortgages								
Pass	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Non-rated	-	-	-	-	-	2,590	-	2,590
Total home equity and second mortgages	-	-	-	-	-	2,590	-	2,590
Gross charge-offs, YTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-rated loans:								
Performing	-	-	-	-	-	2,590	-	2,590
Non-performing	-	-	-	-	-	-	-	-
Total non-rated home equity and second mortgages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,590	\$ -	\$ 2,590

First Commerce Bancorp, Inc.
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(dollars in thousands)

The following table presents the Company's loan portfolio based on its internal risk ratings by origination year as of December 31, 2024 (continued):

Years Ended,	2024	2023	2022	2021	2020	Prior	Revolving	Total
Consumer loans								
Pass	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-rated	415	-	-	-	-	199	-	614
Total consumer loans	415	-	-	-	-	199	-	614
Gross charge-offs, YTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-rated loans:								
Performing	415	-	-	-	-	199	-	614
Non-performing	-	-	-	-	-	-	-	-
Total non-rated consumer loans	\$ 415	\$ -	\$ -	\$ -	\$ -	\$ 199	\$ -	\$ 614
Total								
Pass	\$ 82,836	\$ 191,463	\$ 352,880	\$ 180,444	\$ 68,563	\$ 259,286	\$ 22,676	\$ 1,158,148
Special mention	-	-	93	-	4,624	20,173	-	24,890
Substandard	20,894	-	4,355	-	38	16,305	576	42,168
Doubtful	-	-	-	-	-	-	-	-
Non-rated	415	-	-	-	-	14,542	-	14,957
Total loans	104,145	191,463	357,328	180,444	73,225	310,306	23,252	1,240,163
Gross charge-offs, YTD	\$ -	\$ -	\$ 114	\$ -	\$ -	\$ 268	\$ -	\$ 382
Non-rated loans:								
Performing	415	-	-	-	-	14,542	-	14,957
Non-performing	-	-	-	-	-	-	-	-
Total non-rated loans	\$ 415	\$ -	\$ -	\$ -	\$ -	\$ 14,542	\$ -	\$ 14,957

No interest income was recorded on nonaccrual loans for the years ended December 31, 2025 and 2024.

First Commerce Bancorp, Inc.
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(dollars in thousands)

The following table summarizes the allowance for credit losses as of and for the years ended December 31, 2025 and 2024, by loan category and the amount by category of the loans evaluated individually or collectively for impairment under the CECL methodology. There were no acquired loans with impaired credit quality as of or during the years ended December 31, 2025 and 2024.

<i>December 31, 2025</i>	Construction and Land Development	Commercial Loans	Commercial Real Estate	SBA Loans	Residential 1-4 Family Real Estate	Residential Multi-Family Real Estate	Home Equity and Second Mortgages	Consumer	Unallocated	Total
Allowance:										
Balance, beginning	\$ 433	\$ 461	\$ 13,107	\$ (102)	\$ 49	\$ 787	\$ 19	\$ 2	\$ -	\$ 14,756
Charge-offs	-	-	(16)	-	-	-	-	(141)	-	(157)
Recoveries	-	58	10	-	-	-	-	-	-	68
Provisions (Reversals)	(212)	23	578	102	(28)	757	(11)	143	-	1,352
Balance, Ending	\$ 221	\$ 542	\$ 13,679	\$ -	\$ 21	\$ 1,544	\$ 8	\$ 4	\$ -	\$ 16,019

<i>December 31, 2024</i>	Construction and Land Development	Commercial Loans	Commercial Real Estate	SBA PPP Loans	Residential 1-4 Family Real Estate	Residential Multi-Family Real Estate	Home Equity and Second Mortgages	Consumer	Unallocated	Total
Allowance:										
Balance, beginning	\$ 471	\$ 106	\$ 12,814	\$ -	\$ 156	\$ 900	\$ 22	\$ 1	\$ -	\$ 14,470
Charge-offs	-	-	(267)	(114)	-	-	-	-	-	(381)
Recoveries	-	-	296	12	-	-	67	-	-	375
Provisions (Reversals)	(38)	355	264	-	(107)	(113)	(70)	1	-	292
Balance, Ending	\$ 433	\$ 461	\$ 13,107	\$ (102)	\$ 49	\$ 787	\$ 19	\$ 2	\$ -	\$ 14,756

The Company did not have any loans modifications for the year ended December 31, 2025 and 2024.

During 2025, the increase in the ACL and the related provision expense compared to the same period in 2024 primarily reflected higher expected lifetime credit losses driven by significant loan growth.

5. Premises and Equipment

Premises and equipment at December 31, 2025 and 2024 are summarized as follows:

	December 31,	
	2025	2024
Land and land improvements	\$ 2,510	\$ 5,501
Leasehold improvements	3,411	4,093
Building	4,511	10,285
Building improvements	1,039	1,073
Furniture and equipment	4,438	5,636
Computers	814	1,251
Vehicles	52	32
Software	1,889	1,078
Total premises and equipment	18,664	28,949
Less accumulated depreciation and amortization	(7,698)	(11,890)
Total premises and equipment, net	\$ 10,966	\$ 17,059

On February 19, 2025, the Company consummated the sale of one of its properties located in Lakewood, NJ, as a result, the Company recorded a net gain on sale of premises and equipment of approximately \$777. This gain was reported in Other income on the consolidated statements of income.

Depreciation expense was \$1,013 and \$1,134 for 2025 and 2024, respectively. These expenses were reported in Occupancy and equipment expense on the consolidated statements of income.

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(dollars in thousands)

6. Leases

Our leases relate to Company branches with remaining lease terms of generally four to thirty-five years. Certain lease arrangements contain extension options which typically range from five to ten years at the then fair market rental rates. As of December 31, 2025, operating lease ROU assets and lease liabilities were \$17,119 and \$18,612, respectively. As of December 31, 2024, operating lease ROU assets and lease liabilities were \$16,085 and \$16,773, respectively. As of December 31, 2025 and 2024, the Company has only operating leases. The lease expense was \$1,692 and \$855 for the years ended December 31, 2025 and 2024, respectively, and is recorded in Occupancy and equipment expense on the consolidated statements of income. As of December 31, 2025 and 2024, short-term leases were immaterial. The cash paid against the lease liability for the years ended December 31, 2025 and 2024, was \$887 and \$818, respectively.

The table below summarizes information related to our operating leases:

	December 31,	
	2025	2024
Right-of-use asset	\$ 17,119	\$ 16,085
Lease liability	18,612	16,773
Weighted remaining lease term in years	4.7	5.1
Weighted average discount rate	4.5%	4.5%

Expected future minimum lease payments under all leases are as follows:

	Amounts
2026	\$ 1,563
2027	1,603
2028	1,660
2029	1,714
2030	1,586
Thereafter	18,149
Total lease payments	26,275
Imputed interest	(7,663)
Present value of lease liabilities	\$ 18,612

7. Deposits

The composition of deposits at December 31, 2025 and 2024 is as follows:

	December 31,	
	2025	2024
Non-interest bearing demand deposits	\$ 171,010	\$ 157,684
Interest-bearing accounts:		
NOW accounts	91,047	85,925
Money market checking accounts	277,236	272,704
Savings deposits	75,324	35,686
Certificates of deposit	534,534	459,925
Brokered certificates of deposit	146,545	163,014
Total	\$ 1,295,696	\$ 1,174,938

Deposit overdrafts, which are immaterial, are included within "Loans receivables" on the consolidated statement of financial condition.

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At December 31, 2025, the scheduled maturities of certificates of deposits are as follows:

	Amounts
2026	\$ 588,364
2027	90,678
2028	1,231
2029	558
2030	248
Thereafter	-
Total	\$ 681,079

Certificates of deposit with balances of \$250 or more totaled approximately \$167,711 and \$139,228 at December 31, 2025 and 2024, respectively.

8. Borrowings and Subordinated Notes

In May 2011, the Company entered into a Master Agreement with the FHLB to receive advances with terms varying from one day through ten years. Maximum borrowing capacity with the FHLB as of December 31, 2025 and 2024 was \$456,484 and \$397,981 respectively, of which \$252,500 and \$175,000 were outstanding at December 31, 2025 and 2024, respectively. In addition, the Company has established a borrowing capacity at the Federal Reserve Bank discount window. As of December 31, 2025, the maximum borrowing capacity at the discount window was \$30,211. The Company has a \$10,000 unsecured federal funds borrowing agreement with ACBB and a \$20,000 unsecured federal funds borrowing agreement with Pacific Community Bankers Bank ("PCBB"). There were no borrowings with ACBB or PCBB at December 31, 2025 and 2024.

At December 31, 2025 and 2024, advances available to the Company from the FHLB are collateralized by approximately \$708,312 and \$683,305, respectively, in Commercial real estate loans.

On December 30, 2025, the Company issued subordinated notes in the amount of \$38,953, net of issuance cost. The subordinated notes have a fixed to float interest rate of 7.75% and mature on December 30, 2035. The Company has the option to call the notes on December 30, 2030, or convert them to a quarterly reset rate of three-month term SOFR plus 432 basis points.

The following table presents information regarding the Company's outstanding borrowings and subordinated notes at December 31, 2025 and 2024:

		December 31, 2025				December 31, 2024	
Issue Date	Maturity Date	Amount	Interest Rate	Issue Date	Maturity Date	Amount	Interest Rate
1/18/2024	1/20/2026	\$ 15,000	4.57%	3/13/2023	3/13/2025	\$ 25,000	4.57%
3/7/2023	3/9/2026	80,000	5.06%	5/6/2024	5/6/2025	7,500	5.37%
5/6/2024	5/6/2026	3,000	5.09%	11/30/2023	12/1/2025	25,000	5.00%
9/11/2024	9/11/2026	15,000	3.85%	1/18/2024	1/20/2026	15,000	4.57%
3/7/2025	3/8/2027	25,000	4.20%	3/7/2023	3/9/2026	80,000	5.06%
4/17/2025	4/19/2027	25,000	3.95%	5/6/2024	5/6/2026	3,000	5.09%
5/6/2024	5/6/2027	4,500	4.91%	9/11/2024	9/11/2026	15,000	3.85%
6/30/2025	6/30/2027	20,000	3.91%	5/6/2024	5/6/2027	4,500	4.91%
10/17/2025	10/18/2027	15,000	3.60%				
10/21/2025	10/21/2027	10,000	3.60%				
12/11/2025	12/13/2027	20,000	3.66%				
12/11/2025	12/11/2028	20,000	3.69%				
Total borrowings		\$ 252,500				\$ 175,000	
Weighted average interest rate			4.31%	Weighted average interest rate			4.85%
12/30/2025	12/30/2035	\$ 40,000	7.75%				
Less issuance cost		(1,047)					
Total subordinated notes, net		\$ 38,953					
Weighted average interest rate			7.75%				

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At December 31, 2025, the scheduled maturities of the borrowings and subordinated notes are as follows:

	Amounts
2026	\$ 113,000
2027	119,500
2028	20,000
2029	-
2030	-
Thereafter	40,000
Total	\$ 292,500

9. Commitments and Contingencies

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit, which are conditional commitments issued by the Company to guarantee the performance of an obligation or service of a customer to a third party. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated financial statements.

Credit policies and procedures, including collateral requirements, where applicable, for commitments to extend credit and standby letters of credit are the same as those applicable to loans and the credit risk associated with these instruments is considered in management's assessment of adequacy of the allowance for credit losses.

Unused Commitments	December 31,	
	2025	2024
Unused home equity credit lines	\$ 2,610	\$ 3,875
Commitments to fund loans secured by real estate	112,483	39,260
Other unused loan commitments	22,570	31,018
Total	\$ 137,663	\$ 74,153

Financial instruments whose contract amounts represent credit risk, which are not reflected in the Company's consolidated financial statements consisted of the following:

Outstanding loan commitments representing the unused portion of loan commitments available to individuals and companies as long as there is no violation of any condition established in the contract. Outstanding loan commitments generally have a fixed expiration date of one year or less, except for home equity credit line commitments which generally have a fixed expiration date of up to twenty years. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company, upon extension of credit, is based upon management's credit evaluation of the customer. Various types of collateral may be held, including property and marketable securities. The credit risk involved in these financial instruments is essentially the same as that involved in extending loan facilities to customers. The allowance recognized associated with unused commitments is included in other liabilities on the consolidated statements of financial conditions.

Following is a roll forward of the allowance for unfunded commitments for credit losses at December 31, 2025 and 2024:

	December 31,	
	2025	2024
Beginning balance	\$ 429	\$ 586
Additions (reversals) of credit loss for unfunded commitments	323	(157)
Ending balance	\$ 752	\$ 429

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. As of December 31, 2025, and 2024, standby letters of credit with customers were \$875 and \$908, respectively. These balances are included in other unused loan commitments in the unused commitments table.

The Company is involved, from time to time, as a plaintiff or defendant in various legal actions arising in the normal course of business. As of December 31, 2025, the Company was not involved in any material legal matters, the outcome of which, if determined in a manner adverse to the Company, would have a material adverse effect on the Company's consolidated statements of financial condition or consolidated statements of income.

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10. Income Taxes

All of the Company's income tax expense as reported for the years ended December 31, 2025, and 2024 is attributable to domestic operations.

The components of the income tax provision for the years ended December 31, 2025 and 2024 are as follows:

	Years Ended December 31,	
	2025	2024
Current expense:		
Federal	\$ 2,052	\$ 937
State	788	340
Deferred expense (benefit):		
Federal	(241)	(176)
State	(114)	(26)
Total income tax provision	\$ 2,485	\$ 1,075

The Company did not have any income tax expense (benefit) in foreign jurisdictions for the years ended December 31, 2025 and 2024.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities for the years ended December 31, 2025 and 2024 are as follows:

	Years Ended December 31,	
	2025	2024
Deferred tax assets:		
Unrealized loss on available-for-sale securities	\$ 65	\$ -
Allowance for credit losses	4,223	3,894
Other	273	419
Lease liabilities	4,871	4,368
Total deferred tax assets	9,432	8,681
Deferred tax liabilities:		
Right-of-use assets	(4,480)	(4,188)
Depreciation	(744)	(753)
Prepaid expenses	(35)	(115)
Deferred loan costs	(565)	(537)
Other	(112)	(12)
Total deferred tax liabilities	(5,936)	(5,605)
Deferred tax asset, net	\$ 3,496	\$ 3,076

A valuation allowance is established when it is more likely than not that some portion of deferred tax assets will not be realized. As of December 31, 2025, and 2024, management evaluated positive and negative evidence impacting the realization of deferred tax assets and determined no valuation allowance is required.

Applicable income taxes for financial reporting differ from the amount computed by applying the statutory federal tax rate to income before federal taxes. The reasons for these differences are as follows:

	Year Ended December 31, 2025		Year Ended December 31, 2024	
	Amount	% of Pretax Income	Amount	% of Pretax Income
Statutory rate applied to income before taxes	\$ 2,256	21.00%	\$ 1,175	21.00%
Increase (decrease) in taxes resulting from:				
State taxes, net of federal income tax benefit (a)	532	4.96%	240	4.29%
Nontaxable or nondeductible items				
BOLI Income	(207)	-1.93%	(200)	-3.57%
Other	104	0.97%	(5)	-0.10%
Other adjustments				
Out of period adjustments (b)	(200)	-1.86%	(135)	-2.41%
Total income tax provision	\$ 2,485	23.14%	\$ 1,075	19.21%

(a) State taxes in New Jersey made up the majority (greater than 50 percent) of the tax effect in this category.

(b) Out of period adjustments were provision to return adjustments.

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The Company's tax years that remain subject to examination by taxing authorities are for the tax years after 2022 for federal and after 2020 for state. The Company's New Jersey tax returns are currently under audit for the tax years 2020 through 2023. Management has evaluated the Company's positions and concluded that the Company has no uncertain tax positions that require adjustment to the financial statements. There were no interest and penalties recognized in 2025 and 2024.

The following summarizes the taxes paid by district for the years ended December 31, 2025:

	Years Ended December 31,	
	2025	2024
Federal	\$ 2,235	\$ 550
State		
New Jersey	625	162
New York	52	111
Pennsylvania	-	10
Local		
New York City	12	116
Total taxes	\$ 2,924	\$ 949

11. Stockholders' Equity

As of the close of business May 31, 2023, the Bank formed a holding company, the Company. Pursuant to the plan of acquisition, the Company was authorized to issue 30,000,000 shares of common stock, no par value per share. All shareholders of the Bank received one share, no par value, of the Company in exchange for one share, \$2.00 par value, of the Bank. As of the date of formation, there were 23,788,990 shares of common stock issued and outstanding which was subsequently transferred to the Company and \$45,570 in common stock in the Bank was transferred to the Company in the form of additional paid-in-capital. The Company owns 100% of the stock of the Bank and the Bank continues to operate as a traditional community bank. The Company immediately began trading on the OTC markets under the symbol CMRB.

Regulatory Capital: The Company is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory – and possibly additional discretionary – actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company must meet specific capital guidelines that involve quantitative measures of its assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company's capital amounts, and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company to maintain minimum amounts and ratios (set forth in the following table) of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital (as defined) to average assets (as defined). Management determined, as of December 31, 2025 and 2024, that the Company meets all capital adequacy requirements to which it is subject.

The minimum capital level requirements applicable to the Company for 2025 and 2024 include: (i) Tier 1 capital ratio of 9.0%; (ii) total capital ratio of 10.5%; (iii) Tier 1 leverage ratio of 6.5% and (iv) common equity Tier 1 capital ratio of 7.0% for all institutions. The amended rules also establish a "capital conservation buffer" of 2.5% above the new regulatory minimum capital ratios that increased each year until fully phased in January 2019. An institution will be subject to limitations on paying dividends, engaging in share repurchases and paying discretionary bonuses if its capital level falls below the buffer amount. These limitations will establish a maximum percentage of eligible retained income that could be utilized for such actions.

As of December 31, 2025, the most recent notification from the Federal Deposit Insurance Corporation categorized the Company as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized the Company must maintain minimum total risk-based, Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the table that follows. There are no conditions or events since that notification that management believes have changed the Company's category.

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The following is a summary of the Company's and the Bank's actual capital amounts and ratios compared to the FDIC minimum capital adequacy requirements for classification as a well-capitalized institution:

<i>December 31, 2025</i>	Actual		For Capital Adequacy Purposes		Minimum Capital Adequacy with Capital Buffer		To be Well Capitalized under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Risk-based capital:								
Tier 1								
Company	\$ 175,565	11.32% \geq	\$ 93,025 \geq	6.00% \geq	\$ 139,538 \geq	9.00% \geq	N/A \geq	N/A
Bank	174,184	11.23% \geq	93,025 \geq	6.00% \geq	139,538 \geq	9.00% \geq	124,034 \geq	8.00%
Total Risk-based capital								
Company	231,408	14.93% \geq	124,034 \geq	8.00% \geq	162,794 \geq	10.50% \geq	N/A \geq	N/A
Bank	191,074	12.32% \geq	124,034 \geq	8.00% \geq	162,794 \geq	10.50% \geq	155,042 \geq	10.00%
Leverage (Tier 1) capital								
Company	175,565	10.22% \geq	68,737 \geq	4.00% \geq	111,697 \geq	6.50% \geq	N/A \geq	N/A
Bank	174,184	10.14% \geq	68,743 \geq	4.00% \geq	111,707 \geq	6.50% \geq	85,928 \geq	5.00%
Common equity (Tier 1) capital								
Company	175,565	11.32% \geq	69,769 \geq	4.50% \geq	108,529 \geq	7.00% \geq	N/A \geq	N/A
Bank	174,184	11.23% \geq	69,769 \geq	4.50% \geq	108,529 \geq	7.00% \geq	155,042 \geq	6.50%

<i>December 31, 2024</i>	Actual		For Capital Adequacy Purposes		Minimum Capital Adequacy with Capital Buffer		To be Well Capitalized under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Risk-based capital:								
Tier 1								
Company	\$ 172,256	13.26% \geq	\$ 77,972 \geq	6.00% \geq	\$ 116,958 \geq	9.00% \geq	N/A \geq	N/A
Bank	168,594	12.98% \geq	77,927 \geq	6.00% \geq	116,891 \geq	9.00% \geq	103,903 \geq	8.00%
Total Risk-based capital								
Company	187,640	14.44% \geq	103,963 \geq	8.00% \geq	136,451 \geq	10.50% \geq	N/A \geq	N/A
Bank	183,977	14.17% \geq	103,903 \geq	8.00% \geq	136,373 \geq	10.50% \geq	129,879 \geq	10.00%
Leverage (Tier 1) capital								
Company	172,256	11.11% \geq	62,045 \geq	4.00% \geq	100,823 \geq	6.50% \geq	N/A \geq	N/A
Bank	168,594	11.31% \geq	59,628 \geq	4.00% \geq	96,896 \geq	6.50% \geq	74,535 \geq	5.00%
Common equity (Tier 1) capital								
Company	172,256	13.26% \geq	58,479 \geq	4.50% \geq	90,968 \geq	7.00% \geq	N/A \geq	N/A
Bank	168,594	12.98% \geq	58,445 \geq	4.50% \geq	90,915 \geq	7.00% \geq	84,421 \geq	6.50%

Dividend Restrictions: Banking regulations limit the number of dividends that may be paid without prior regulatory agency approval. Since the Bank's deposits are insured by the FDIC, no dividends may be paid by the Bank to the Company if the Bank is in default on any assessment due the FDIC.

In addition, dividends paid by the Company would be prohibited if the effect thereof would cause the Company's capital to be reduced below applicable minimum capital requirements. As of December 31, 2025, and 2024, there are no dividend restrictions.

12. Employee Benefit Plans

The Company has an approved savings plan under Section 401(k) of the Internal Revenue Code. All full-time employees age of 21 or older are eligible to participate in the plan. Under the plan, the Company is allowed to make elective matching contributions. As of December 31, 2024, the Company increased its match to 50% of the first 6% of the employee's wages with a cap of 50% of the employee's contribution. The Company made contributions of \$249 and \$205 for the years ended December 31, 2025 and 2024, respectively. This expense is recorded in salaries and employee benefits in the consolidated statements of income.

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13. Fair Value

Fair Value Measurements: The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Accounting guidance defines the fair value of a financial instrument as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

If there has been a significant decrease in the volume and the level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions. A three-level hierarchy exists for fair value measurements based upon the inputs to the valuation of an asset or liability. The classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Level 1: Valuation is based on quoted prices in active markets for identical assets or liabilities;

Level 2: Valuation is determined from observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument;

Level 3: Valuation is derived from model-based and other techniques in which at least one significant input is unobservable in the market and which may be based on the Company's own estimates about assumptions that a market participant would use to value the asset or liability.

Assets measured at fair value on a recurring basis are summarized below:

Fair Value Measurements at December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment securities available-for-sale:				
Mortgage-backed - GSE - residential	\$ -	\$ 1,634	\$ -	\$ 1,634
Corporate bonds	-	12,312	-	12,312
Collateralized loan obligations (CLOs)	-	24,738	-	24,738
Loans receivable included in fair value hedging relationship	-	722,573	-	722,573
Total	\$ -	\$ 761,257	\$ -	\$ 761,257
Financial Liabilities				
Interest rate swaps on loan pools	\$ -	\$ 1,105	\$ -	\$ 1,105

Fair Value Measurements at December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment securities available-for-sale:				
State and political sub-division	\$ -	\$ 300	\$ -	\$ 300
Loans receivable included in fair value hedging relationship	-	807,852	-	807,852
Total	\$ -	\$ 808,152	\$ -	\$ 808,152
Financial Liabilities				
Interest rate swaps on loan pools	\$ -	\$ 1,155	\$ -	\$ 1,155

The fair value of available-for-sale securities is the market value based upon quoted market prices for similar assets or, due to the limited market activity of the instrument, externally developed models that use significant observable inputs (Level 2). In the absence of current market activity, securities may be evaluated by reference to similarly situated bonds. There was no change in valuation techniques used to measure fair value or transfer of levels for the years ended December 31, 2025 and 2024.

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The fair value of interest rate swaps is determined using inputs that are observable in the marketplace obtained from third parties including yield curves, publicly available volatilities, and floating indexes (Level 2).

The Company has designated certain fixed-rate commercial and consumer loan portfolios as the hedged items in fair value hedge relationships to manage exposure to changes in benchmark interest rates. The carrying amount of these loans is adjusted for changes in fair value attributable to the hedged risk, with such adjustments recognized in earnings. The fair value of loans is estimated using a discounted cash flow methodology that incorporates observable market inputs, including current interest rates, loan-specific credit spreads, prepayment assumptions, and expected cash flows. These fair value estimates are considered Level 2 measurements within the fair value hierarchy as the valuation techniques rely primarily on observable market data.

The Company's financial assets subject to fair value adjustment on a non-recurring basis are summarized below:

Fair Value Measurements at December 31, 2025				
	Level 1	Level 2	Level 3	Total
Financial Assets				
OREO	\$ -	\$ -	\$ 6,937	\$ 6,937
Total	\$ -	\$ -	\$ 6,937	\$ 6,937

There was no OREO at December 31, 2024.

Individually Evaluated Loans

Loans are generally not recorded at fair value on a recurring basis. Periodically, the Company records non-recurring adjustments to the carrying value of loans based on fair value measurements for partial charge-offs of the uncollectible portions of those loans. Non-recurring adjustments can also include certain allocated amounts for collateral-dependent loans calculated when establishing the allowance for credit losses. Such amounts are generally based on the fair value of the underlying collateral supporting the loan and, as a result, the carrying value of the loan less the calculated valuation amount does not necessarily represent the fair value of the loan. Real estate collateral is typically valued using appraisals or other indications of value based on recent comparable sales of similar properties or assumptions generally observable in the marketplace. However, the choice of observable data is subject to significant judgment, and there are often adjustments based on judgment in order to make observable data comparable and to consider the impact of time, the condition of properties, interest rates, and other market factors on current values. Additionally, commercial real estate appraisals frequently involve discounting of projected cash flows, which relies inherently on unobservable data. Therefore, non-recurring fair value measurement adjustments relating to real estate collateral have generally been classified as Level 3. Estimates of fair value for other collateral supporting commercial loans are generally based on assumptions not observable in the marketplace and therefore such valuations have been classified as Level 3.

The Company had no collateral dependent loans as of December 31, 2025 and 2024, with a reserve.

The following table present additional qualitative information about assets measured at fair value on a non-recurring basis and for which the Company has utilized Level 3 inputs to determine fair value:

Qualitative Information about Level 3 Fair Value Measurement at December 31, 2025				
	Fair Value	Valuation Techniques	Unobservable Input	Discount ⁽¹⁾
OREO	\$ 6,937	Appraisal of collateral ⁽¹⁾	Appraisal adjustments	13.02%

(1) Appraisals may be adjusted for of qualitative factors such as economic conditions and estimated liquidation expenses are presented as a percent of the appraised value.

Fair Value of Financial Instruments: In addition to the disclosures of financial instruments recorded at fair value, generally accepted accounting principles require the disclosure of the estimated fair value for certain of the Company's financial instruments. The majority of the Company's assets and liabilities are considered financial instruments. However, many of these instruments lack an available market. In addition, the Company's general practice and intent is to hold its financial instruments to maturity. Fair value estimates have been determined based on the methodologies management considers most appropriate for each financial instrument.

The carrying value of the following short-term financial instruments approximates their fair value. These instruments generally have limited credit exposure, no stated or short-term maturities and carry interest rates that approximate market value.

- Cash and cash equivalents
- Restricted stock
- Accrued interest receivable
- Demand, savings, money market and NOW deposits
- Accrued interest payable

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The fair value methodology for investment securities available-for-sale is described above. Investment securities held-to-maturity are similarly measured using quoted prices from an independent third party that provides valuation services by using quotes for similar assets, with similar terms, in actively traded markets.

For short-term loans and variable rate loans which re-price within 90 days, the carrying value was considered to approximate fair value. For other types of loans, fair value was estimated by discounting cash flows using interest rates approximating current market rates for similar loans and adjusted to reflect credit risk. Where quoted market prices are available, such market prices were used as estimates for fair value.

The fair values of time deposits were estimated by discounting contractual cash flows using the current market rates for instruments with similar maturities.

The estimated fair values of FHLB borrowings are based on the discounted value of estimated cash flows. The discount rate is estimated using current market rates for similar instruments.

The fair value of commitments to extend credit is estimated using the fees currently charged for similar agreements. For fixed rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair value of standby letters of credit is based on fees currently charged for similar agreements plus the estimated cost to terminate or otherwise settle the obligations. Fair values of these unrecognized financial instruments are considered immaterial.

The following are the estimated fair values of the Company's financial instruments as of December 31, 2025 and 2024:

	Level in Fair Value Hierarchy	2025		2024	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:					
Cash and cash equivalents	Level 1	\$ 136,418	\$ 136,418	\$ 132,480	\$ 132,480
Investment securities	Level 2	164,345	164,793	112,208	108,646
Restricted stock	Level 2	12,879	12,879	9,348	9,348
Loans receivable, net	Level 3	1,402,682	1,405,499	1,224,275	1,240,613
Accrued interest receivable	Level 2	7,594	7,594	5,829	5,829
Financial liabilities:					
Demand, savings and NOW deposits	Level 2	614,617	588,374	551,999	538,876
Certificates of deposits	Level 2	681,079	682,593	622,939	567,871
Borrowings & subordinated notes	Level 2	291,453	294,638	175,000	183,642
Accrued interest payable	Level 2	1,965	1,965	1,913	1,913

14. Stock-Based Compensation

During 2009, the shareholders of the Bank approved the Company's 2009 Equity Incentive Plan (stock option plan or the Plan), which permits the grant of share options or restricted stock awards to Directors, employees and service providers for up to 209,475 shares of common stock, as adjusted for the 5% stock dividend issued during 2010 and 2011. These options may be incentive or non-qualified stock options. Stock options and stock awards are generally granted with an exercise price equal to the fair value of the Company's common stock on the date of grant. To date, 240,295 options have been granted and 62,130 options have been forfeited under the plan and 38,310 expired under the plan.

On April 28, 2011 the Company's shareholders approved the 2011 Equity Compensation Plan. A maximum of 842,856 awards, as adjusted for the 2011 5% stock dividend, may be granted under the Plan. These awards may be incentive or non-qualified stock options or shares of restricted stock. To date, 884,900 options have been granted and 47,460 options have been forfeited under the plan and 5,416 expired under the plan.

On April 21, 2015 the Company's shareholders approved the 2015 Equity Compensation Plan A and B. A combined maximum of 1,400,000 awards may be granted under the Plans. These awards may be incentive or non-qualified stock options or shares of restricted common stock. To date, 1,694,700 options have been granted and 330,330 options have been forfeited under the plan with 35,630 options available to be granted.

The stock options granted under each of the plans have a vesting term of 5 years and expire in 10 years from the date of each grant.

There were no option awards granted during the year ended December 31, 2025 and 2024.

First Commerce Bancorp, Inc.
Notes to Consolidated Financial Statements
(dollars in thousands)

The activity in the stock option plan during the year ended December 31, 2025 and 2024 is summarized as follows:

<i>December 31, 2025</i>	Number of Options	Weighted Average Exercise Price	Remaining Term (years)	Aggregate Intrinsic Value
Outstanding at beginning of year	875,070	\$ 4.59	2.4	\$ -
Granted in 2025	-	-	-	-
Exercised in 2025	(467,440)	4.00	-	-
Forfeited or expired in 2025	(200,560)	4.01	-	-
Outstanding at end of year	207,070	\$ 6.38	4.2	\$ -
Vested and Exercisable at end of year	150,928	\$ 5.90	3.2	\$ 51
Weighted average fair value of options granted			\$ -	
Unvested options as of December 31, 2025			56,142	

<i>December 31, 2024</i>	Number of Options	Weighted Average Exercise Price	Remaining Term (years)	Aggregate Intrinsic Value
Outstanding at beginning of year	1,023,320	\$ 4.50	2.4	\$ -
Granted in 2024	-	-	-	-
Exercised in 2024	(138,400)	3.96	-	-
Forfeited or expired in 2024	(9,850)	3.77	-	-
Outstanding at end of year	875,070	\$ 4.59	2.4	\$ 357
Vested and Exercisable at end of year	797,414	\$ 4.27	1.9	\$ 585
Weighted average fair value of options granted			\$ -	
Unvested options as of December 31, 2024			77,656	

Total compensation cost that has been charged to expense for these options and awards totaled \$66 and \$68 for 2025 and 2024, respectively. As of December 31, 2025, there was approximately \$134 of total unrecognized compensation cost related to non-vested options which is expected to be recognized over a weighted average period of 2.6 years.

15. Related Party Transactions

Loans to related parties include loans made to certain Officers, Directors, and their affiliated interests. All such loans are current and performing in accordance with their original terms. As of December 31, 2025, and 2024, outstanding loans to Officers, Directors, and their affiliated interests amounted to \$2,789 and \$2,899, respectively.

	December 31,	
	2025	2024
Beginning Balance	\$ 2,899	\$ 3,222
New Loans	-	-
Loan Paydowns	(110)	(323)
Ending Balance	\$ 2,789	\$ 2,899

Related party deposits were \$18,083 and \$24,375 as of December 31, 2025 and 2024, respectively.

In 2016, the Company entered into a lease for a branch in Robbinsville, New Jersey from an entity whose principal is also an investor of the Company. Rent paid including common area maintenance and real estate taxes for the location was \$222 and \$206 in 2025, and 2024, respectively.

The Company engages one of its director's law firm for services for the Company. The firm was paid \$53 and \$87 in 2025, and 2024, respectively.

First Commerce Bancorp, Inc.
Notes to Consolidated Financial Statements
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16. Revenue Recognition

Service Charges on Deposit Accounts

Service charges on deposit accounts consist of monthly service charges, check orders, other deposit account related fees, wire transfers, returned deposit fees, and safe deposit box rentals. The Company's performance obligation for monthly service fees is generally satisfied, and the related revenue recognized, over the period in which the service is provided. Deposit account related fees are largely transactional based, and therefore, the Company's performance obligation is satisfied, and related revenue recognized, at a point in time. Payment for service charges on deposit accounts is primarily received immediately or in the following month through a direct charge to customers' accounts. The Company's performance obligation for wire transfers, returned deposit fees, and safe deposit box rental are largely satisfied, and related revenue recognized, when the services are rendered. Payment is typically received immediately.

Other

Other fees are primarily comprised of debit card income, ATM fees, merchant services income, and other service charges. Debit card income is primarily comprised of interchange fees earned whenever the Company's debit cards are processed through card payment networks such as MasterCard, Visa and STAR. ATM fees are primarily generated when a non-Bank customer uses a Company ATM. Merchant services income mainly represents fees charged to merchants to process their debit and credit card transactions. Other non-interest income consists primarily of other non-recurring revenue which is not recorded in the categories listed above. This revenue is miscellaneous in nature and is recognized as income upon receipt.

The following presents non-interest income, segregated by revenue streams in-scope and out-of-scope of ASC Topic 606, *Revenue from Contracts with Customers* (Topic 606), for the years ended December 31, 2025 and 2024.

	Years Ended December 31,	
	2025	2024
Non-interest income		
In-scope of Topic 606:		
Service charges on deposits	\$ 852	\$ 685
Other	675	268
Non-interest income (in scope of Topic 606)	1,527	953
Non-interest income (out of scope of Topic 606)	2,044	1,126
Total non-interest income	\$ 3,571	\$ 2,079

Contract Balances

A contract asset balance occurs when an entity performs a service for a customer before the customer pays consideration (resulting in a contract receivable) or before payment is due (resulting in a contract asset). A contract liability balance is an entity's obligation to transfer a service to a customer for which the entity has already received payment (or payment is due) from the customer. The Company's non-interest revenue streams are largely based on transactional activity. Consideration is often received immediately or shortly after the Company satisfies its performance obligation and revenue is recognized. The Company does not typically enter into long-term revenue contracts with customers, and therefore, does not experience significant contract balances. As of December 31, 2025 and 2024, the Company did not have any contract balances.

Contract Acquisition Costs

The Company expenses contract acquisition costs immediately because the contract life is one year or less.

First Commerce Bancorp, Inc.
Notes to Consolidated Financial Statements
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17. Derivatives
Fair Value Hedges

Interest rate swaps of certain loans were designated as fair value hedges totaling \$100,000 notional amount as of December 31, 2025. The hedges were determined to be effective during all periods presented and are expected to remain effective during the remaining terms.

The following tables summarizes the derivatives designated as hedges:

	December 31, 2025			December 31, 2024		
	Notional	Fair Value		National	Fair Value	
		Assets	Liabilities		Assets	Liabilities
Fair value hedges:						
Interest rate swaps on loan pools	\$ 100,000	\$ -	\$ (1,105)	\$ 100,000	\$ -	\$ (1,155)
Total		\$ -	\$ (1,105)		\$ -	\$ (1,155)

Derivatives in Fair Value Hedging Relationships	Location of Gain or (Loss) Recognized in Income on Derivative	Gain (Loss) Recognized in Income on Derivative	Hedged Items in Fair Value Hedging Relationships	Location of Gain or (Loss) Recognized in Income on Related Hedged Item	Gain (Loss) Recognized in Income on Related Hedged Items
Year Ended December 31, 2025					
Interest rate contracts	Interest income/(expense)	\$ (1,105)	Fixed rate loans	Interest income/(expense)	\$ 895
Total		\$ (1,105)			\$ 895
Year Ended December 31, 2024					
Interest rate contracts	Interest income/(expense)	\$ (1,155)	Fixed rate loans	Interest income/(expense)	\$ 1,375
Total		\$ (1,155)			\$ 1,375

Line item on the balance sheet in which the hedged item is included	December 31, 2025		December 31, 2024	
	Carrying Amount of the Hedged Assets	Cumulative Amount of Fair Value Hedging Adjustment (Added) from the Carrying amount of the Hedged Assets	Carrying Amount of the Hedged Assets	Cumulative Amount of Fair Value Hedging Adjustment (Added) from the Carrying amount of the Hedged Assets
Loans receivable	\$ 721,479	\$ (1,094)	\$ 806,652	\$ (1,200)

Year Ended	Gross Amounts of Recognized Liabilities		Gross Amounts Not Offset in the Statement of Financial Position		Net Amount
	Offset in the Statement of Financial Position	Presented in the Statement of Financial Position	Financial Instruments	Cash Collateral Pledged	
December 31, 2025	\$ (1,105)	\$ -	\$ -	\$ 2,183	\$ 1,078
December 31, 2024	\$ (1,155)	\$ -	\$ -	\$ 2,163	\$ 1,008

First Commerce Bancorp, Inc.
Notes to Consolidated Financial Statements
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18. Segment Reporting

The Company is a bank holding company, whose principal activity is the ownership and management of its wholly-owned subsidiary, First Commerce Bank. As a community-oriented financial institution, substantially all of the Company's operations involve the delivery of loan and deposit products or the provision of financial advice to customers. Management makes operating decisions and assesses performance based on an ongoing review of these banking operations, which constitute the Company's only operating segment for financial reporting purposes.

The accounting policies of the banking operations segment are the same as those described in the summary of significant accounting policies. The measure of segment assets is reported on the balance sheet as total consolidated assets. The role of chief operating decision maker ("CODM") is the Company's Chief Executive Officer, who manages the business on a consolidated basis. The CODM evaluates performance and allocates resources primarily based on consolidated net income along with key components of the consolidated statements of financial condition, including total assets and capital levels, to determine capital allocation, strategic initiatives, and reinvestment decisions. The CODM considers budget-to-actual variances on a monthly basis for profit measures when making decisions about allocating capital and personnel to the operating segment. The CODM use the Consolidated Statements of Income and Consolidated Balance Sheets to ascertain measures or performance such as revenue, profit or loss, significant expenses and assets.

Depreciation expense was \$1,013 and \$1,134 for 2025 and 2024, respectively. These expenses were reported in Occupancy and equipment expense on the consolidated statements of income.

BOARD OF DIRECTORS

Thomas P. Bovino
Chairman of the Board

Abraham M. Penzer
Vice Chairman

Michael Merkin
Corporate Secretary

Eliezer Weinman
Assistant Corporate Secretary

Donald Mindiak
President & Chief Executive Officer

Salvatore Alfieri

Gershon Biegeleisen

Aaron Sussman

OFFICERS

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Chairman of the Board

Abraham M. Penzer
Vice Chairman of the Board

Michael Merkin
Corporate Secretary

Eliezer Weinman
Assistant Corporate Secretary

Donald Mendiak
President and
Chief Executive Officer

Eliyohu Rennert
Executive Vice President
Chief Loan Officer

Gregory Garcia
Executive Vice President
Chief Operating Officer

Debra Morgan
Senior Vice President
Chief Retail Officer

Mary Kay Malec
Senior Vice President
Human Resources Officer

Daniel R. Beagle Jr.
Senior Vice President
Chief Risk Officer

David Onderko
Senior Vice President
Chief Financial Officer

Tonia Thompson
Senior Vice President
Chief BSA/AML
Compliance Officer

Rhiannon Williams
Senior Vice President
Chief Credit Officer

Jonathan Miller
Senior Vice President
Chief Technology Officer

LaTifa Sciscoe
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Chief Information Security Officer

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