
BOARD OF DIRECTORS

John P. Henry, III
Chairman

Daniel B. Brown
Vice-Chairman

Scott E. Fritz
President, Chief Executive Officer

David L. Swartz
Secretary

Daniel L. Benner

Matthew J. Ford

Robin Holman Loy

David M. McMillen

James M. Sheaffer

Timothy P. Stayer

EXECUTIVE OFFICERS

Scott E. Fritz
President, Chief Executive Officer

Kimberly A. Benner
EVP, Trust and Financial Services
Division Manager

William R. Feist IV
EVP, Chief Lending Officer

William B. Martin
EVP, Chief Financial Officer

Michael A. Moore
EVP, Chief Risk Officer

FIRST COMMUNITY
FINANCIAL CORPORATION

CONTACT US

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2023 Second Quarter Financial Report

FIRST COMMUNITY
FINANCIAL CORPORATION

LETTER TO SHAREHOLDERS

We are pleased to report financial results for the second quarter of 2023 (unaudited) for First Community Financial Corporation.

The Federal Reserve has raised the overnight Fed Funds Target Rate by 525 basis points over a sixteen month period during 2022 and 2023. The rate increased from 0.25% to 5.50%. This rapid large increase has led to a severe yield curve inversion, where short-term rates are higher than longer-term rates as financial markets have reeled in response. This has resulted in compression of net interest margins across the banking industry and has reduced net income for banks. In addition to its rate policy, the Fed has also implemented quantitative tightening which has further exacerbated the situation. Eventually market rates will stabilize and the yield curve will normalize, leading to relief for the banking industry.

The Board of Directors has declared a quarterly regular cash dividend of \$0.16 per share. The cash dividends will be paid on September 22, 2023, to shareholders of record as of September 15, 2023.

We appreciate your investment and support in First Community Financial Corporation. Our team is working hard to make sure we are serving our customers and adding value for our shareholders. We look forward to a productive year and we remain focused on sustainable and profitable growth.

Sincerely,



Scott E. Fritz

CONSOLIDATED BALANCE SHEET

(Dollars in thousands except per share amounts; unaudited)

	Jun 30 2023	Jun 30 2022
Assets		
Cash and cash equivalents	\$ 17,473	\$ 22,389
Securities	182,297	204,822
Loans receivable net of the allowance for loan losses	468,000	437,382
Premises/equipment, net	4,868	5,194
Other assets	32,022	31,836
Total Assets	\$ 704,660	\$ 701,623
Liabilities and Shareholders' Equity		
Liabilities		
Non-interest bearing deposits	\$ 120,286	\$ 120,003
Interest bearing deposits	482,752	494,353
Total Deposits	603,038	614,356
Long-term debt	34,000	33,000
Other liabilities	28,897	14,057
Total Liabilities	665,935	661,413
Shareholders' Equity		
Common stock: Par value	\$ 14,160	\$ 14,160
Surplus	720	720
Undivided profits	42,059	40,781
Treasury Stock	- 72	- 72
Accumulated other comprehensive income	-18,142	-15,379
Total Shareholders' Equity	38,725	40,210
Total Liabilities and Shareholders' Equity	\$ 704,660	\$ 701,623

Selected Financial Data

Jun 30, 2023 & Jun 30, 2022	2023	2022
Return on average assets (annualized)	0.35%	0.72%
Return on average equity (annualized)	6.28%	9.50%
Book value	\$ 13.69	\$ 14.21

CONSOLIDATED INCOME STATEMENT

(Dollars in thousands except per share amounts; unaudited)

	Three Months Ended	
	Jun 30 2023	Jun 30 2022
Interest Income		
Loans receivable	\$ 10,811	\$ 8,691
Taxable securities	1,538	1,359
Tax-exempt securities	868	874
Other	304	95
Total Interest Income	13,521	11,019
Interest Expense		
Deposits	3,711	930
Borrowed funds	1,069	305
Total interest expense	4,780	1,235
Net Interest Income	8,741	9,784
Provision for loan losses	308	200
Net Interest Income after Provision for Loan Losses	8,433	9,584
Other Income		
Income from Fiduciary Activities	377	354
Service charges on deposits	396	393
Other income	1,091	1,029
Total other income	1,864	1,776
Other Expenses		
Salaries/employee benefits	4,815	4,243
Net Occupancy & Equipment	736	850
Marketing	195	166
Other operating expenses	3,288	3,233
Total other expenses	9,034	8,492
Income Before Income Taxes	1,263	2,868
Federal income taxes	47	334
Net income	\$ 1,216	\$ 2,534
Net income per Share	\$0.43	\$0.90