
BOARD OF DIRECTORS

John P. Henry, III
Chairman

David L. Swartz
Vice-Chairman

Scott E. Fritz
President, Chief Executive Officer

James M. Sheaffer
Secretary

Daniel L. Benner

Matthew J. Ford

Robin Holman Loy

David M. McMillen

Timothy P. Stayer

EXECUTIVE OFFICERS

Scott E. Fritz
President, Chief Executive Officer

Kimberly A. Benner
EVP, Director of Wealth Management

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

2 North Main Street, Mifflintown, PA 17059
717-436-2144 | pennian.bank

or email:

jennifer.mahoney@pennian.bank
bobbi.leister@pennian.bank

2023 Third Quarter Financial Report

**FIRST COMMUNITY
FINANCIAL CORPORATION**

LETTER TO SHAREHOLDERS

We are pleased to report financial results for the third 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 remain higher than longer-term rates. 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. Market rates appear to be approaching a stabilized range and the yield curve is beginning to trend towards flattening. A continued transition to a flat or more normalized yield curve will provide significant relief for the bank over the coming fiscal year.

The Board of Directors has declared a quarterly regular cash dividend of \$0.16 per share. The cash dividends will be paid on December 15, 2023, to shareholders of record as of December 8, 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)

	Sep 30 2023	Sep 30 2022
Assets		
Cash and cash equivalents	\$ 13,240	\$ 19,546
Securities	171,377	190,656
Loans receivable net of the allowance for loan losses	469,806	450,334
Premises/equipment, net	4,762	5,098
Other assets	37,554	34,874
Total Assets	\$ 696,739	\$ 700,508
Liabilities and Shareholders' Equity		
Liabilities		
Non-interest bearing deposits	\$ 104,796	\$ 122,442
Interest bearing deposits	486,314	477,491
Total Deposits	591,110	599,933
Long-term debt	34,000	33,000
Other liabilities	37,256	32,043
Total Liabilities	662,366	664,976
Shareholders' Equity		
Common stock: Par value	\$ 14,160	\$ 14,160
Surplus	720	720
Undivided profits	42,199	41,581
Treasury Stock	- 72	- 72
Accumulated other comprehensive income	-22,634	-20,857
Total Shareholders' Equity	34,373	35,532
Total Liabilities and Shareholders' Equity	\$ 696,739	\$ 700,508

Selected Financial Data

Sep 30, 2023 & Sep 30, 2022	2023	2022
Return on average assets (annualized)	0.34%	0.71%
Return on average equity (annualized)	6.22%	10.30%
Book value	\$ 12.15	\$ 12.56

CONSOLIDATED INCOME STATEMENT

(Dollars in thousands except per share amounts; unaudited)

	Nine Months Ended	
	Sep 30 2023	Sep 30 2022
Interest Income		
Loans receivable	\$ 16,650	\$ 13,481
Taxable securities	2,295	2,077
Tax-exempt securities	1,301	1,308
Other	473	171
Total Interest Income	20,719	17,037
Interest Expense		
Deposits	6,196	1,451
Borrowed funds	1,684	510
Total interest expense	7,880	1,961
Net Interest Income	12,839	15,076
Provision for loan losses	394	550
Net Interest Income after Provision for Loan Losses	12,445	14,526
Other Income		
Income from Fiduciary Activities	535	532
Service charges on deposits	635	590
Other income	1,657	1,540
Total other income	2,827	2,662
Other Expenses		
Salaries/employee benefits	7,152	6,674
Net Occupancy & Equipment	1,100	1,230
Marketing	285	255
Other operating expenses	4,880	4,737
Total other expenses	13,417	12,896
Income Before Income Taxes	1,855	4,292
Federal income taxes	48	506
Net income	\$ 1,807	\$ 3,786
Net income per Share	\$0.64	\$1.34