

FIRST COMMUNITY FINANCIAL CORPORATION

June 21, 2024

Dear Shareholders,

I hope this letter finds you well. I am pleased to provide you with a brief update on our progress year to date and express our appreciation for your continued support and confidence.

Our company remains strong, resilient and well capitalized. We have made strides in executing our strategic plan, which includes our initiatives to grow deposits and improve loan yields to result in increased net interest margin and profitability. Our team is working diligently to ensure that we not only meet, but also exceed our objectives.

With that said, we want to provide you with an update regarding our company's dividend and share our outlook for the future. After careful consideration and thorough analysis, the Board of Directors has decided that we will not be paying a dividend for the 2nd quarter. This decision was not made lightly and reflects our commitment to invest in strategic opportunities that will drive sustainable growth.

We believe this approach is in the best interest of the company and its shareholders. Our priority remains to return to our historical profitability levels and create long-term value as we have demonstrated over the past 160 years.

We are optimistic about our future prospects and are dedicated to executing our strategic initiatives effectively. As we continue to make progress, we will closely evaluate our financial performance and capital allocation strategy. It is our intention to revisit the dividend in the future, with the goal of resuming dividend payments as soon as it is prudent to do so.

We appreciate your continued support as we navigate the challenges of this current monetary cycle and work towards achieving our financial and operational goals. Thank you for your trust and confidence in our vision and strategy.

Should you have any questions or require further information, please do not hesitate to reach out to our investor relations team.

Warm regards,



Scott Fritz
President and CEO
Pennian Bank
717-436-2144

First Community Financial Corporation

Quarterly Financials
June 30, 2024

BALANCE SHEET

as of June 30, 2024

(Dollars in thousands except per share amounts)

	Jun 30 2024	Jun 30 2023
	(unaudited)	(unaudited)
Assets		
Cash & Cash Equivalents	\$22,681	\$17,473
Securities	182,721	182,297
Loans receivable net of the allowance for loan losses	464,260	464,436
Premises/equipment, net	5,227	4,868
Other assets	34,134	32,022
Total Assets	\$709,023	\$704,660
Liabilities and Shareholders' Equity		
Liabilities		
Non-interest bearing deposits	\$111,062	\$120,286
Interest bearing deposits	472,916	482,752
Total Deposits	583,978	603,038
Long-term FHLB Advances	75,000	34,000
Other liabilities	11,215	28,897
Total Liabilities	\$670,193	\$665,935
Shareholders' Equity		
Common stock: Par value	\$14,160	\$14,160
Surplus	720	720
Undivided profits	41,490	42,059
Treasury Stock	-72	-72
Accumulated other comprehensive income	-17,468	-18,142
Total Shareholders' Equity	\$38,830	\$38,725
Total Liabilities and Shareholders' Equity	\$709,023	\$704,660

Selected Financial Data

Jun 30, 2024 & Jun 30, 2023 annualized

	2024	2023
Return on average assets	0.10%	0.35%
Return on average equity	1.80%	6.28%
Book value	\$13.72	\$13.69

INCOME STATEMENT

for the 6 Months Ending June 30, 2024

(Dollars in thousands except per share amounts)

	Jun 30 YTD 2024	Jun 30 YTD 2023
	(unaudited)	(unaudited)
Interest Income		
Loans	\$11,862	\$10,811
Taxable securities	1,749	1,538
Tax-exempt securities	841	868
Other	384	304
Total Interest Income	14,836	13,521
Interest Expense		
Deposits	5,134	3,711
Borrowed Funds	2,099	1,069
Total interest expense	7,233	4,780
Net Interest Income	7,603	8,741
Provision for loan losses	176	308
Net Interest Income after Provision for Loan Losses	7,427	8,433
Other Income		
Income from Fiduciary Activities	293	377
Service charges on deposits	405	396
Other income	1,288	1,091
Total Other Income	1,986	1,864
Other Expenses		
Salaries/employee benefits	4,870	4,815
Net Occupancy & Equipment	748	736
Marketing	101	195
Other operating expenses	3,494	3,288
Total other expenses	9,213	9,034
Income Before Income Taxes	200	1,263
Federal income taxes	-153	47
Net Income	\$353	\$1,216
Net Income per Share	\$0.12	\$0.43