

LETTER TO SHAREHOLDERS

FIRST COMMUNITY
FINANCIAL CORPORATION

Dear Shareholder,

JUNE 2025

We are pleased to share our financial results for **First Community Financial Corporation** for the first quarter ended **March 31, 2025**. The attached statements reflect encouraging progress and demonstrate that the balance sheet strategies implemented in 2024 are delivering results.

Income Statement Highlights (as of March 31, 2025):

- **Net income** of \$760,000, a strong improvement from Q1 2024.
- **Net interest income after provision** increased to \$4.53 million, up from \$3.54 million, driven by better loan yields and lower funding costs.
- **Interest expense** declined by \$603,000, due to a reduced reliance on wholesale funding.
- **Other income** rose 33% to \$1.21 million, with gains in the wealth management and mortgage groups.
- **Operating expenses** remained well-managed despite increased revenue.
- **Income before taxes** improved to \$856,000.

Balance Sheet Highlights (as of March 31, 2025):

- **Return on average assets** improved to 0.46% (annualized)
- **Return on average equity** increased to 7.82% (annualized)
- **Book value per share** rose to \$14.59 from \$13.50

While we remain cautious given the broader economic climate, we are encouraged by these early signs of momentum. Our commitment to sound credit practices, prudent cost control, and sustainable growth continues to guide our strategy.

Thank you for your ongoing support.

Sincerely,



Scott E. Fritz
President & Chief Executive Officer

FIRST COMMUNITY FINANCIAL CORPORATION

QUARTERLY FINANCIALS

March 31, 2025

BALANCE SHEET

as of March 31, 2025

(Dollars in thousands except per share amounts; unaudited)

	Mar 31
Assets	<u>2025</u>
Cash and cash equivalents	\$ 15,089
Securities	172,637
Loans receivable net of the allowance for loan losses	442,520
Premises/equipment, net	5,887
Other assets	<u>33,499</u>
Total Assets	\$ 669,632

Liabilities and Shareholders' Equity

Liabilities

Non-interest bearing deposits	\$ 109,190
Interest bearing deposits	<u>467,676</u>
Total Deposits	576,866
Long-term debt	36,000
Other liabilities	<u>15,481</u>
Total Liabilities	\$ 628,347

Shareholders' Equity

Common stock: Par value	\$ 14,160
Surplus	720
Undivided profits	42,999
Treasury Stock	- 72
Accumulated other comprehensive income	<u>-16,522</u>
Total Shareholders' Equity	<u>41,285</u>
Total Liabilities and Shareholders' Equity	\$ <u>669,632</u>

Selected Financial Data

Mar 31, 2025 (annualized)	<u>2025</u>
Return on average assets	0.46%
Return on average equity	7.82%
Book value	\$ 14.59

INCOME STATEMENT

for the 3 Months Ending March 31, 2025

(Dollars in thousands except per share amounts; unaudited)

	Mar 31 YTD
Interest Income	<u>2025</u>
Loans receivable	\$ 6,203
Taxable securities	798
Tax-exempt securities	419
Other	<u>148</u>
Total Interest Income	\$ 7,568

Interest Expense

Deposits	\$ 2,492
Borrowed funds	<u>555</u>
Total interest expense	3,047

Net Interest Income 4,521

Provision for loan losses -7

**Net Interest Income after
Provision for Loan Losses** \$ 4,528

Other Income

Income from Fiduciary Activities	\$ 211
Service charges on deposits	199
Other income	<u>796</u>
Total other income	\$ 1,206

Other Expenses

Salaries/employee benefits	\$ 2,599
Net Occupancy & Equipment	377
Marketing	53
Other operating expenses	<u>1,849</u>
Total other expenses	\$ 4,878

Income Before Income Taxes 856

Federal income taxes 96

Net income \$ 760

Net income per Share \$0.27