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EVP, Director of Wealth Management

William R. Feist IV
EVP, Chief Lending Officer

Teresa L. Greider
EVP, Chief Financial Officer

Michael A. Moore
EVP, Chief Risk Officer

**FIRST COMMUNITY
FINANCIAL CORPORATION**

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2026 First Quarter Financial Report

**FIRST COMMUNITY
FINANCIAL CORPORATION**

LETTER TO SHAREHOLDERS

We are pleased to share our financial results for First Community Financial Corporation for the first quarter ended March 31, 2026. The attached statements reflect encouraging progress into 2026 and demonstrate that the balance sheet strategies implemented in 2024 are continuing to deliver results.

Income Statement Highlights (as of March 31, 2026):

- **Net income** of \$593,000 is down from the prior year period by \$167,000. The quarter ended March 31, 2025 included recovery of interest on a nonaccrual loan of approximately \$284,000, resulting in a net positive increase of \$117,000.
- **Net interest income after provision** increased slightly to \$4.6 million, despite shrinkage of both the loan and deposit portfolios, as we continue to focus on higher yields on loans and managing costs of deposits.
- **Operating expenses** increased to \$5.3 million, up from \$4.9 million, driven primarily by increased personnel, higher costs of health benefits and higher costs of technology.

Balance Sheet Highlights (as of March 31, 2026):

- **Total assets** declined \$10.7 million to \$658.9 million from March 31, 2025 to March 31, 2026 as part of the bank's strategy to reposition the balance sheet beginning in 2024.
- **Cash and cash equivalents** increased \$26.4 million to \$41.5 million year over year, positioning the bank well for loan growth in 2026.
- **Book value per share** increased to \$15.90 from \$14.59.

While we remain cautious given the broader economic climate, we are encouraged by the momentum of the first quarter. We feel the balance sheet shift over the past two years has positioned us well for loan and deposit growth in 2026. We remain committed to sound credit practices, prudent cost control and sustainable growth.

Thank you for your ongoing support.

Sincerely,



Scott E. Fritz

CONSOLIDATED BALANCE SHEET

(Dollars in thousands except per share amounts; unaudited)

	Mar 31 2026	Mar 31 2025
Assets		
Cash and cash equivalents	\$ 41,506	\$ 15,089
Securities	156,160	172,637
Loans held for sale, at fair value	880	470
Loans receivable net of the allowance for credit losses	422,383	442,050
Premises/equipment, net	5,914	5,887
Other assets	32,068	33,499
Total Assets	\$ 658,911	\$ 669,632

Liabilities and Shareholders' Equity

Liabilities

Non-interest bearing deposits	\$ 109,175	\$ 109,190
Interest bearing deposits	460,362	467,676
Total Deposits	569,537	576,866
Long-term debt	34,000	36,000
Other liabilities	10,422	15,481
Total Liabilities	613,959	628,347

Shareholders' Equity

Common stock: Par value	\$ 14,160	\$ 14,160
Surplus	720	720
Undivided profits	44,506	42,999
Treasury Stock	- 72	- 72
Accumulated other comprehensive income	-14,362	-16,522
Total Shareholders' Equity	44,952	41,285
Total Liabilities and Shareholders' Equity	\$ 658,911	\$ 669,632

Selected Financial Data

Mar 31, 2026 & Mar 31, 2025	2026	2025
Return on average assets (annualized)	0.36%	0.46%
Return on average equity (annualized)	5.11%	7.82%
Book value	\$ 15.89	\$ 14.59

CONSOLIDATED INCOME STATEMENT

(Dollars in thousands except per share amounts; unaudited)

	Three Months Ended	
	Mar 31 2026	Mar 31 2025
Interest Income		
Loans receivable	\$ 5,802	\$ 6,203
Taxable securities	676	798
Tax-exempt securities	425	419
Other	287	148
Total Interest Income	7,190	7,568
Interest Expense		
Deposits	2,193	2,492
Borrowed funds	357	555
Total interest expense	2,550	3,047
Net Interest Income	4,640	4,521
Provision for credit losses	41	- 7
Net Interest Income after Provision for Credit Losses	4,599	4,528
Other Income		
Income from Fiduciary Activities	180	211
Service charges on deposits	202	199
Other income	890	796
Total other income	1,272	1,206
Other Expenses		
Salaries/employee benefits	2,980	2,599
Net Occupancy & Equipment	397	377
Marketing	43	53
Other operating expenses	1,880	1,849
Total other expenses	5,300	4,878
Income Before Income Taxes	571	856
Federal income taxes	- 22	96
Net income	\$ 593	\$ 760
Net income per Share	\$0.21	\$0.27