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Scott E. Fritz
President, Chief Executive Officer

Kimberly A. Benner
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 Second 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 second quarter ending June 30, 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 June 30, 2026):

- **Net income before income taxes** of $1,381,000 increased from the prior year period by $10,000.
- **Net interest income after provision for credit losses** increased by 748,000 to $9.5 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 $10.8 million, up from $9.8 million, driven primarily by increased personnel as we continue to make investments in our mortgage department, higher costs of health benefits and higher costs of technology.

Balance Sheet Highlights (as of June 30, 2026):

- **Total assets** declined $6.1 million to $669.7 million from June 30, 2025 to June 30, 2026 as part of the bank's strategy to reposition the balance sheet beginning in 2024.
- **Cash and cash equivalents** increased $1.3 million to $35.6 million year over year, positioning the bank well for continued loan growth in the second half of 2026.
- **Loans** increased $5.9 million to $441.3 million, up from $435.4 million in the previous year.
- **Book value per share** increased to $16.45 from $14.44.

While we remain cautious given the broader economic climate, we are encouraged by the momentum of the first half of 2026. 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)

Assets	Jun 30 2026	Jun 30 2025
Cash and cash equivalents	$ 35,629	$ 34,314
Securities	154,243	165,740
Loans held for sale, at fair value	638	1,270
Loans receivable net of the allowance for credit losses	441,328	435,424
Premises/equipment, net	6,183	5,743
Other assets	31,606	33,212
Total Assets	$ 669,627	$ 675,703

Liabilities and Shareholders' Equity

Liabilities		
Non-interest bearing deposits	$ 113,794	$ 107,909
Interest bearing deposits	464,743	482,536
Total Deposits	578,537	590,445
Long-term debt	34,000	34,000
Other liabilities	10,534	10,391
Total Liabilities	623,071	634,836

Shareholders' Equity		
Common stock: Par value	$ 14,160	$ 14,160
Surplus	720	720
Undivided profits	45,111	43,738
Treasury Stock	- 72	- 72
Accumulated other comprehensive income	-13,363	-17,679
Total Shareholders' Equity	46,556	40,867
Total Liabilities and Shareholders' Equity	$ 669,627	$ 675,703

Selected Financial Data

Jun 30, 2026 & Jun 30, 2025	2026	2025
Return on average assets (annualized)	0.41%	0.45%
Return on average equity (annualized)	5.95%	7.48%
Book value	$ 16.45	$ 14.44

CONSOLIDATED INCOME STATEMENT

(Dollars in thousands except per share amounts; unaudited)

	Six Months Ended Jun 30 2026	Jun 30 2025
Interest Income		
Loans receivable	$ 11,896	$ 12,082
Taxable securities	1,316	1,539
Tax-exempt securities	848	843
Other	635	376
Total Interest Income	14,695	14,840
Interest Expense		
Deposits	4,696	5,055
Borrowed funds	474	1,036
Total interest expense	5,170	6,091
Net Interest Income	9,525	8,749
Provision for credit losses	66	18
Net Interest Income after Provision for Credit Losses	9,459	8,731
Other Income		
Income from Fiduciary Activities	345	361
Service charges on deposits	403	402
Other income	1,993	1,637
Total other income	2,741	2,400
Other Expenses		
Salaries/employee benefits	5,914	5,305
Net Occupancy & Equipment	797	751
Marketing	109	99
Other operating expenses	3,999	3,605
Total other expenses	10,819	9,760
Income Before Income Taxes	1,381	1,371
Federal income taxes	13	- 128
Net income	$ 1,368	$ 1,499
Net income per Share	$0.48	$0.53