



SHAREHOLDER UPDATE - Q1 2024



A MESSAGE TO OUR

SHAREHOLDERS

April 26, 2024

Thank you to all who were able to join us for our annual shareholder meeting earlier this month. I hope you found the presentation informative. Directors Haskell, Sizemore, Smith, and Till were reelected to three-year terms. For those of you unable to join the meeting, a replay is available here [\[LINK\]](#).

As many of you have heard, our former chair Ronnie Jackson passed away in February. Ronnie was a friend, mentor, and counselor to me for over thirty years. He will be forever missed.

Kevin Kynerd has been appointed to serve as chair of our Board of Directors. Kevin has extensive experience as a bank director and is an exceptional leader. I greatly appreciate Kevin's willingness to serve in this capacity and look forward to working with him.

The financial results for the first quarter of 2024 were again strong. For the three months ended March 31, 2024, KPIs include a net interest margin of 3.52%, return on assets of 1.59%, return on equity of 14.91%, and an efficiency ratio of 40.97%. In addition, our capital levels continue to place CommerceOne among the strongest banks in the nation.



For the quarter that ended March 31, 2024, CommerceOne reported net income of \$2.5 million for the period, or \$0.51 per share. Loans totaled \$509 million, and deposits totaled \$547 million as of March 31, 2024, representing a year-over-year increase of 0.1% and 2.7%, respectively.

The creation of shareholder value remains a top priority for CommerceOne. If you are considering selling a portion of your shares, please contact us. In recent months, a number of clients have expressed interest in purchasing stock in CommerceOne. We are happy to assist with the transaction.

Thank you for your investment, support, and trust.

If you have questions or if we may be of service, please contact us at investor.relations@commerceonebank.com or 205.719.5750.

Regards,

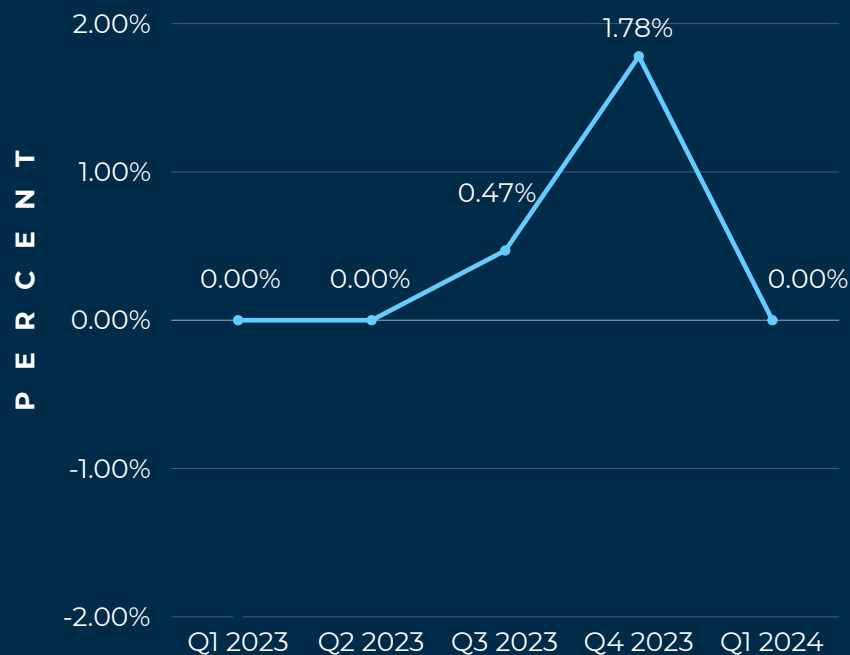


Kenneth W. Till
Chief Executive Officer

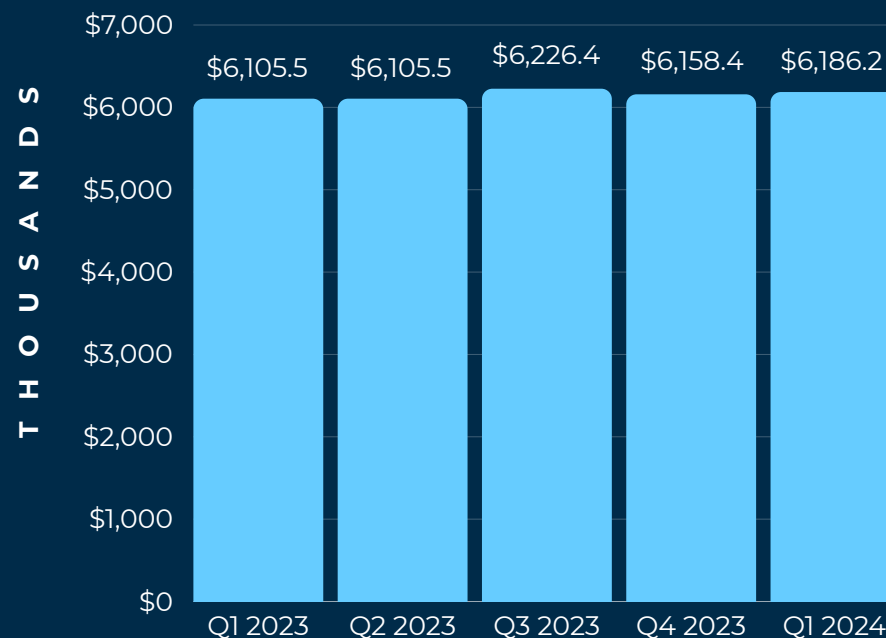


FIRST QUARTER FINANCIAL REPORTS

Net Charge-offs/Average Loans



Allowance For Loan Losses



Asset quality is a leading principle for the CommerceOne management team. As of March 31, 2024, loans on non-accrual status totaled \$3.1 million. There were no loan losses recognized in the first quarter. The non-accrual loan balance is related to a client working through a court-administered liquidation of assets which is expected to conclude in the second half of 2024. The Bank's allowance for possible future loan losses totaled \$6.2 million or 1.21% of loans outstanding.



FIRST QUARTER FINANCIAL REPORTS

Total Revenue

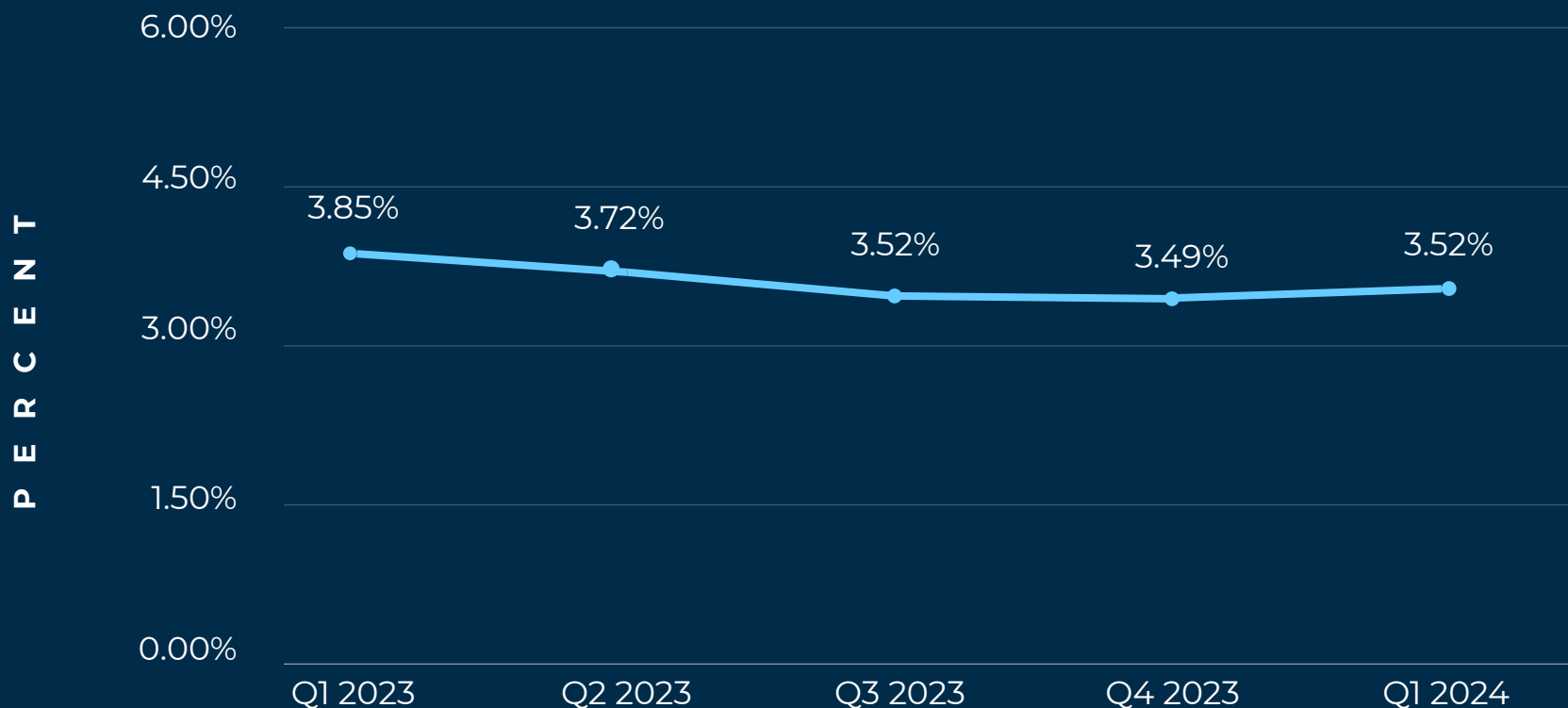


Revenue totaled \$5.6 million for the three months ended March 31, 2024, compared to \$5.4 million for the three months ended December 31, 2023, and \$5.5 million for the first quarter of 2023. On a year-over-year basis, revenue for the three months ended March 31, 2024, increased 2.4%. Net interest income represented approximately 98% of total revenue.



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Net Interest Margin

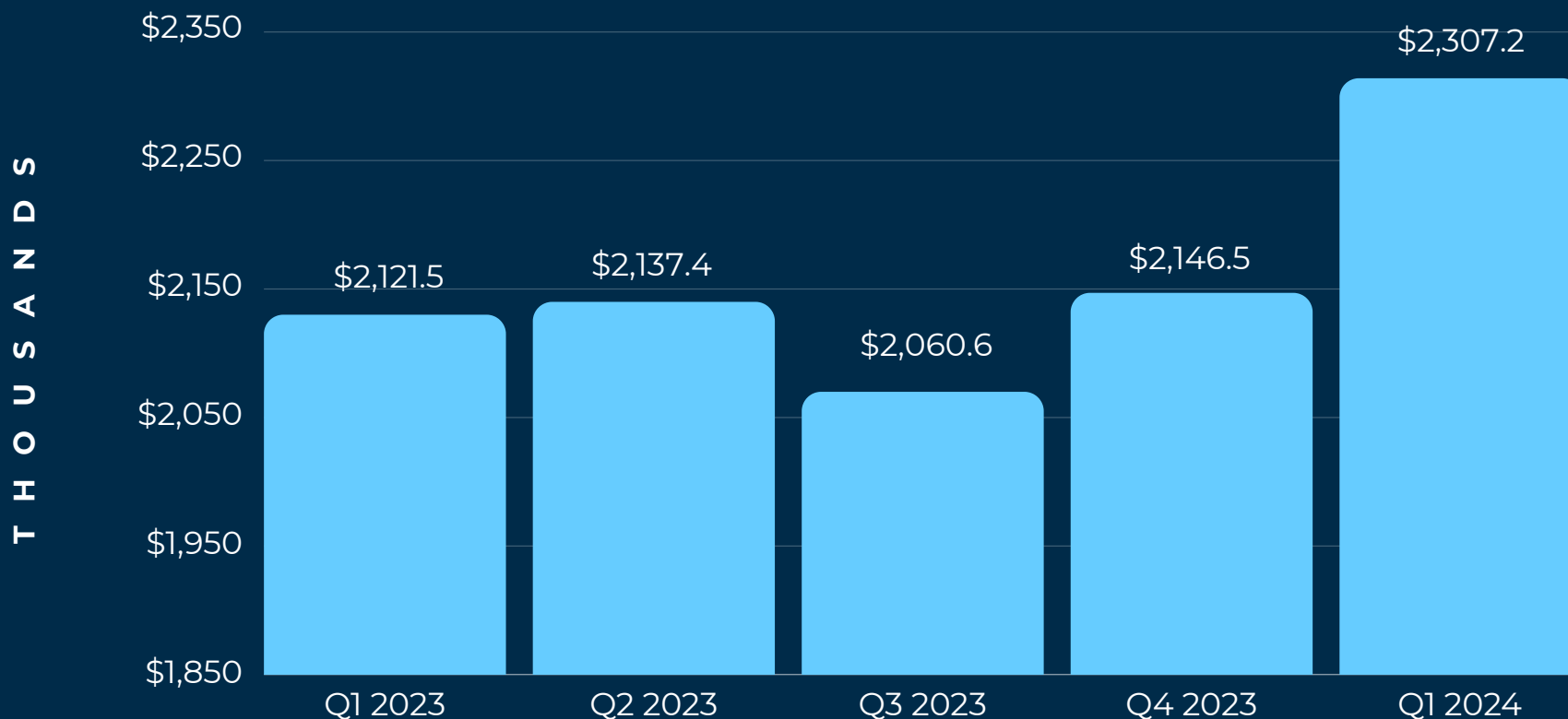


For the three months ended March 31, 2024, CommerceOne reported a net interest margin (NIM) of 3.52%, which was driven by a 6.76% average yield on earning assets and an average cost of funds of 3.64%. The first quarter NIM of 3.52% represents an increase of 3 basis points from the 3.49% NIM for the fourth quarter of 2023 and a 33 basis point decrease compared to the first quarter of the prior year. The higher linked quarter NIM during the first quarter was due to a modestly higher yield on earning assets.



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Non-Interest Expenses

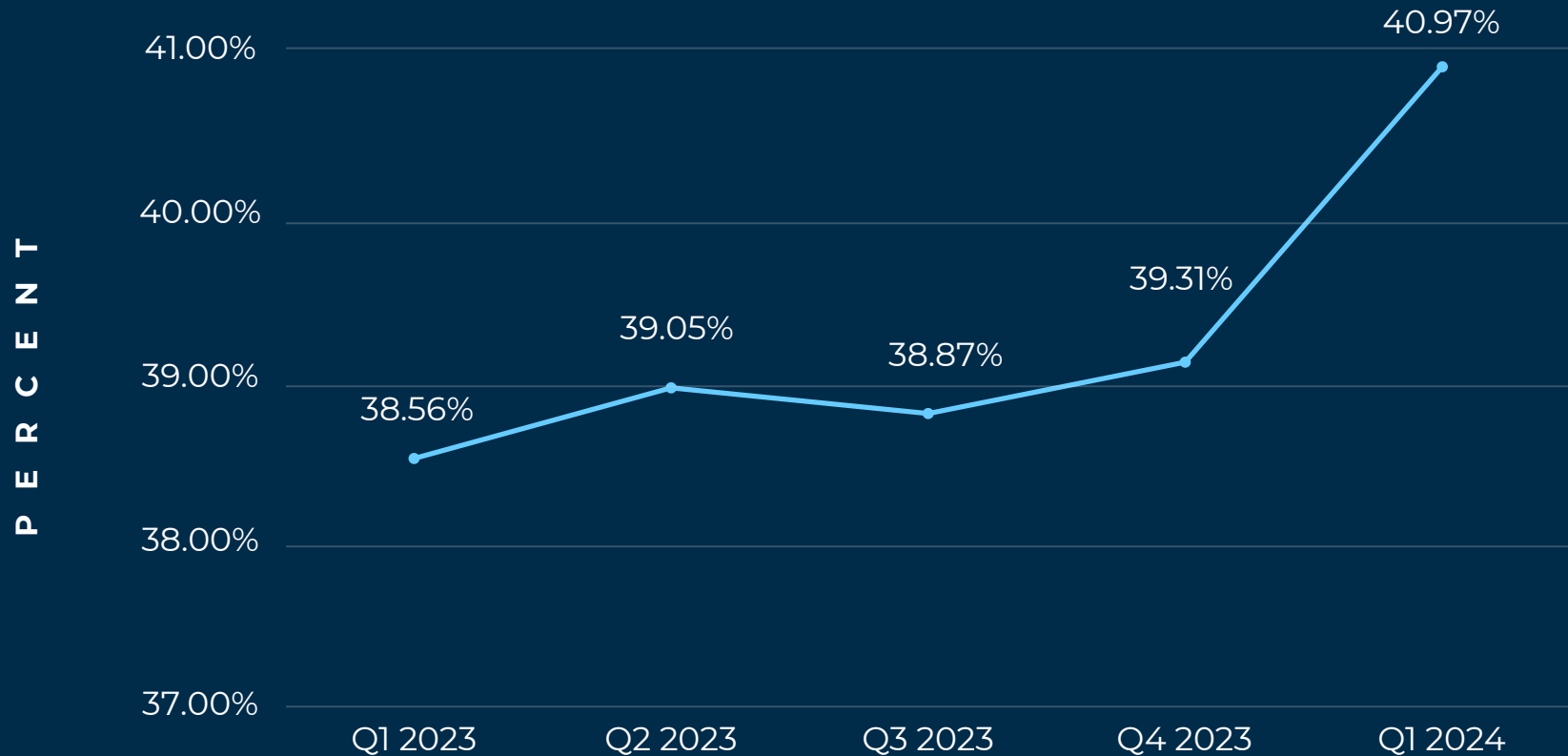


Non-interest expenses totaled \$2.3 million for the three months ended March 31, 2024, \$2.1 million for the three months ended December 31, 2023, and March 31, 2023. On a year-over-year basis, non-interest expenses for the three months ended March 31, 2024, increased \$186,000 or 9% due primarily to higher compensation costs, business development, and technology expenses. Non-interest expenses include salaries and benefits (constituting 63% of the total), occupancy costs, and other non-interest expenses. As of March 31, 2024, CommerceOne had 35 full-time equivalent associates.



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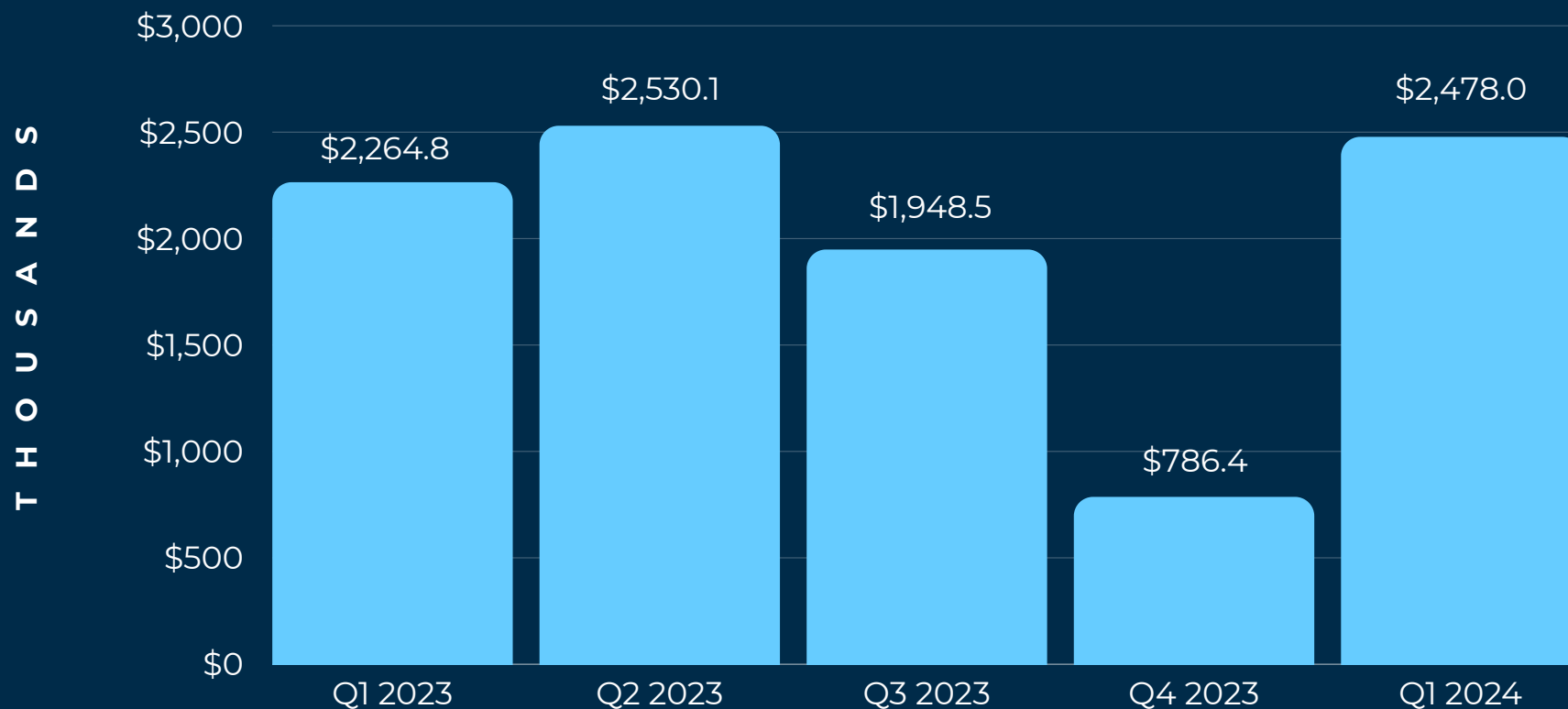
Efficiency Ratio



The efficiency ratio for the first quarter was 41.0% compared to 39.3% for the prior quarter and 38.6% for the first quarter of the prior year. The modest increase compared to the prior quarter was driven primarily by higher compensation costs in the first quarter.

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Net Income

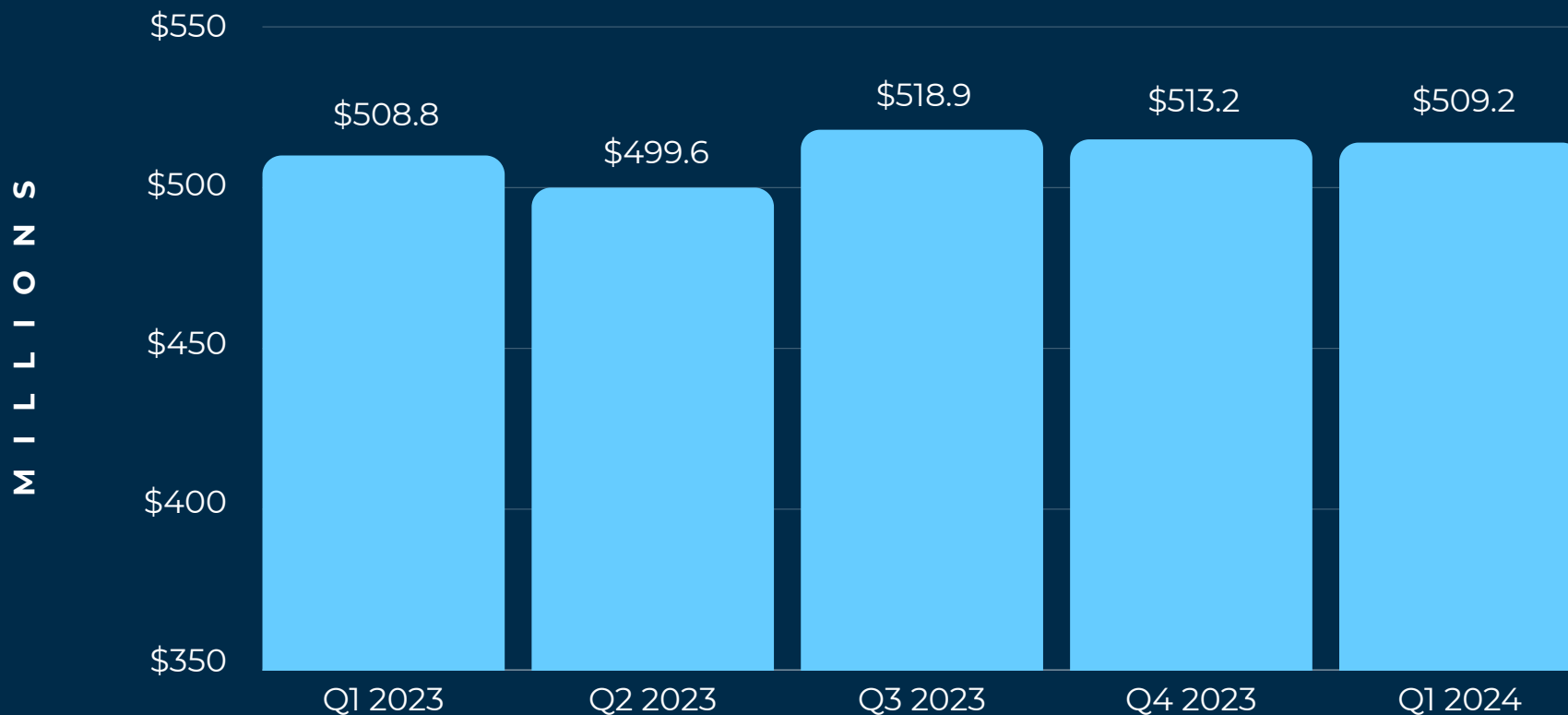


Net income totaled \$2.5 million for the three months ended March 31, 2024, compared to \$786,000 for the three months ended December 31, 2023, and \$2.3 million for the first quarter of the prior year. For the three months ended March 31, 2024, net income totaled \$0.51 per share.



FIRST QUARTER FINANCIAL REPORTS

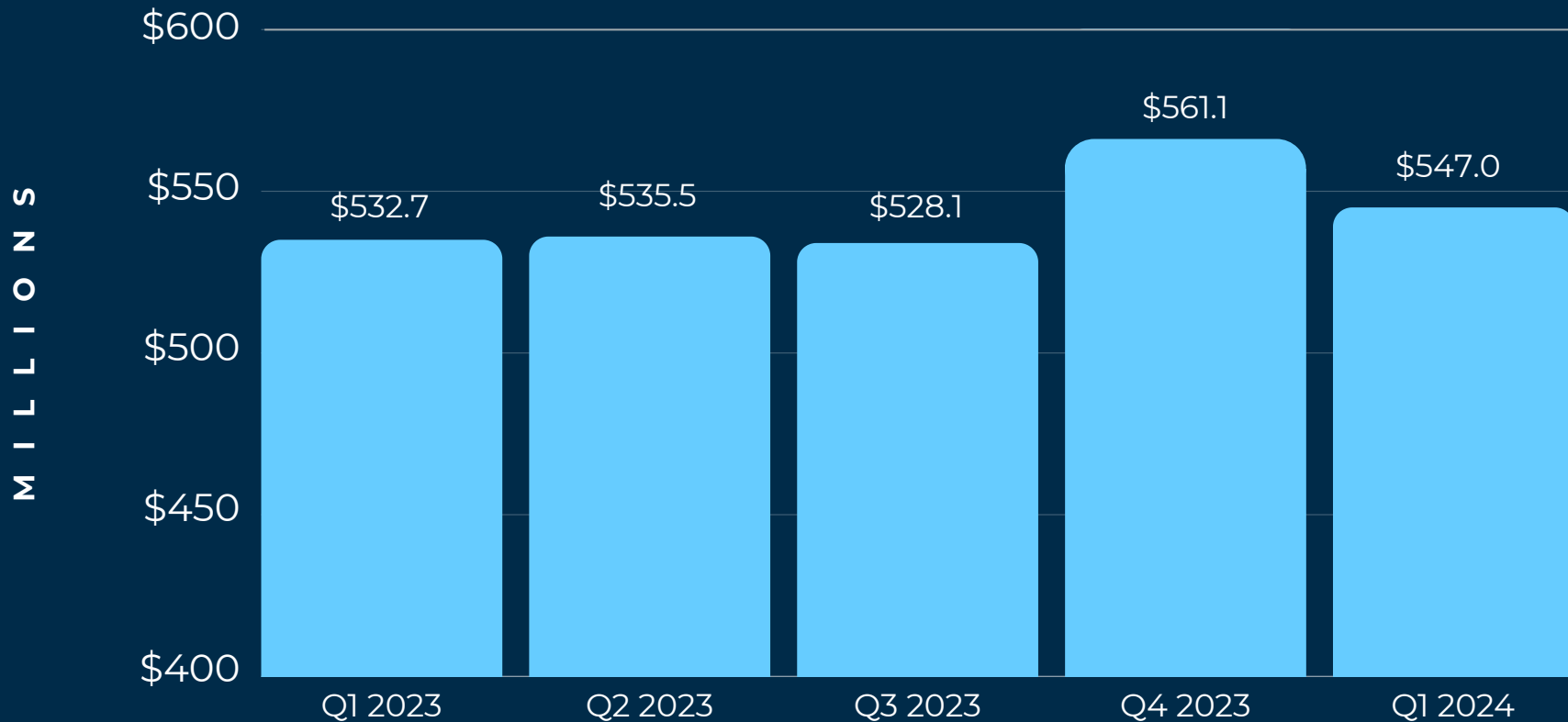
Total Loans



Loan balances of \$509.2 million are diversified with no undue concentrations with regard to industry, loan type, or collateral. Loan balances were relatively flat compared to the first quarter of 2023 but declined 1% on a linked-quarter basis. As of March 31, 2024, the average loan size was \$478,000 with an average yield of 7.05%.

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Total Deposits



Deposit balances totaled \$547.0 million as of March 31, 2024. This represents an increase of 3% compared to first-quarter 2023 balances but a decrease of 3% on a linked-quarter basis. The deposit mix includes 59% in money market accounts and 18% in non-interest-bearing accounts.



FIRST QUARTER FINANCIAL REPORTS

Balance Sheet (Unaudited)

(in thousands, except per share data)

	March 31, 2024	March 31, 2023	Change
Loans, net of unearned income	\$ 509,220	\$ 508,791	0%
Total assets	616,669	595,512	4%
Deposits	547,031	532,740	3%
Total equity	\$ 67,690	\$ 59,680	13%
Book value per share	\$ 13.86	\$ 12.28	13%

Income Statement (Unaudited)

(in thousands)

	Quarter to Date		
	March 31, 2024	March 31, 2023	Change
Net interest income	\$ 5,474	\$ 5,353	2%
Provision for loan losses	(19)	303	-106%
Total non-interest income	138	129	7%
Total non-interest expense	2,307	2,122	9%
Net income	\$ 2,478	\$ 2,265	9%



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Financial Ratios (Unaudited)

	Quarter to Date	
	March 31, 2024	March 31, 2023
Return on average assets	1.59%	1.62%
Return on average equity	14.91%	15.45%
Efficiency ratio	40.97%	38.56%
Earnings per share	\$ 0.51	\$ 0.47
Net Interest margin	3.52%	3.85%





2100 SOUTHBRIDGE PKWY STE 385
BIRMINGHAM, AL 35209