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COMMERCEONE

SHAREHOLDER UPDATE - Q4 2024



A MESSAGE TO OUR

SHAREHOLDERS

January 24, 2025

I hope you and your family had a safe and joyous holiday season. The prior year was an exciting time for CommerceOne! We added outstanding talent to our team, continued to enhance our product offering, and once again delivered record performance in terms of growth and earnings.

The financial results for the full-year 2024 were at record levels. Revenue totaled \$24.3 million, a 12% increase over the prior year while net income totaled \$9.8 million or \$2.00 per share, a 30% increase over 2023. For the year ended December 31, 2024, KPIs include a net interest margin of 3.57%, a return on assets of 1.48%, a return on equity of 13.90%, and an efficiency ratio of 40.45%. For the quarter ended December 31, 2024, CommerceOne reported a net income of \$2.7 million for the period, or \$0.55 per share. Loans totaled \$610 million, and deposits totaled \$697 million as of December 31, 2024, representing a year-over-year increase of 19% and 24%, respectively.



I am also excited to share news of our office relocation. In 2025, we will move our main office to the John Hand Building in downtown Birmingham. Built in 1912 and located on the corner of First Avenue North and 20th Street, the John Hand Building has a rich history and is the most iconic building in Birmingham. In addition, we will add the CommerceOne brand to the Birmingham skyline with signage atop the 20-story building. We anticipate moving into the new space during the third quarter of 2025.

As we turn the page to another new year, our focus remains on delivering long-term, sustainable, shareholder value, while operating within the principles of safety & soundness, profitability and growth. Please continue to refer prospective clients from your sphere of influence as this is the best way to assist in enhancing shareholder value.

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,

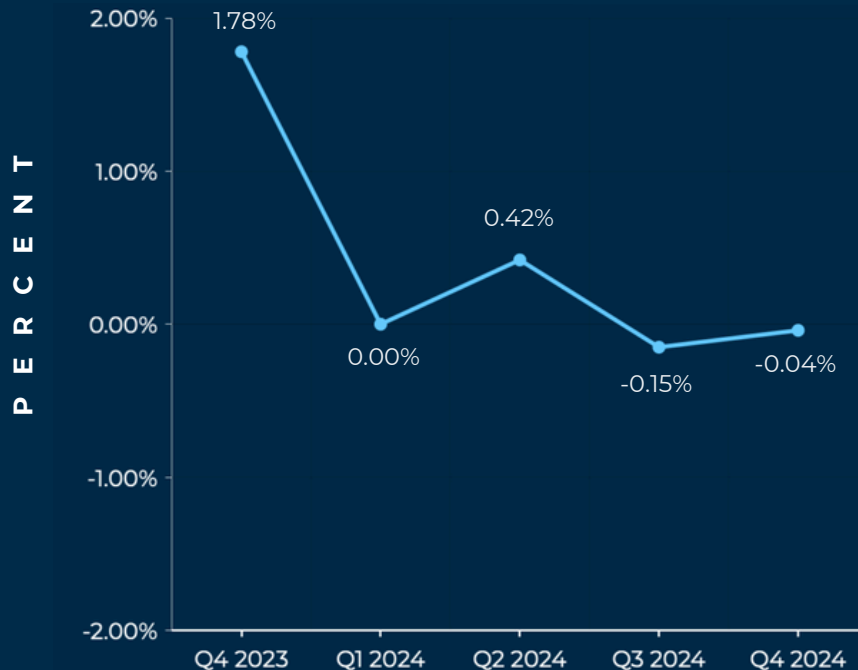


Kenneth W. Till
Chief Executive Officer

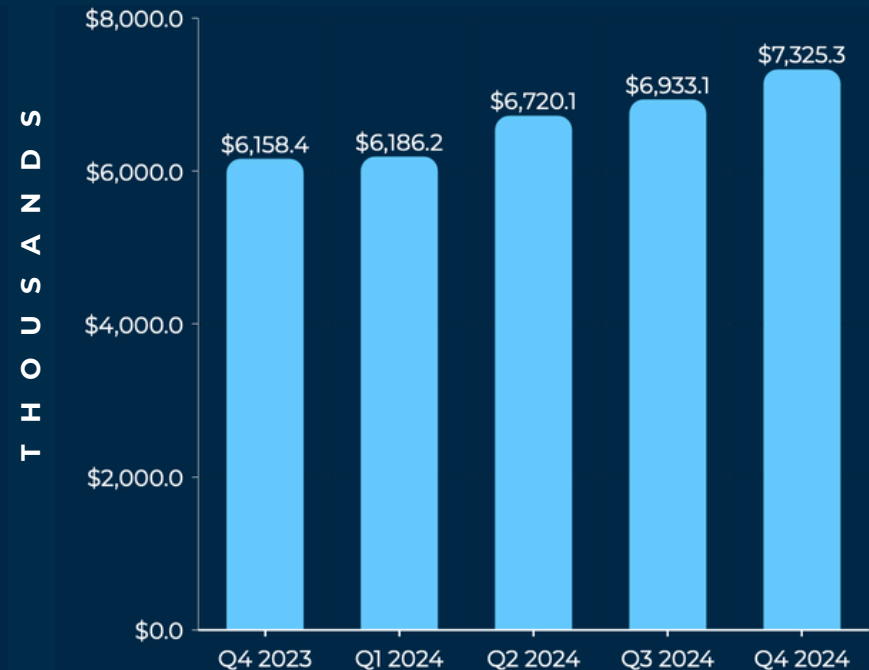


FOURTH QUARTER FINANCIAL REPORT

Net Charge-offs/Average Loans



Allowance For Loan Losses

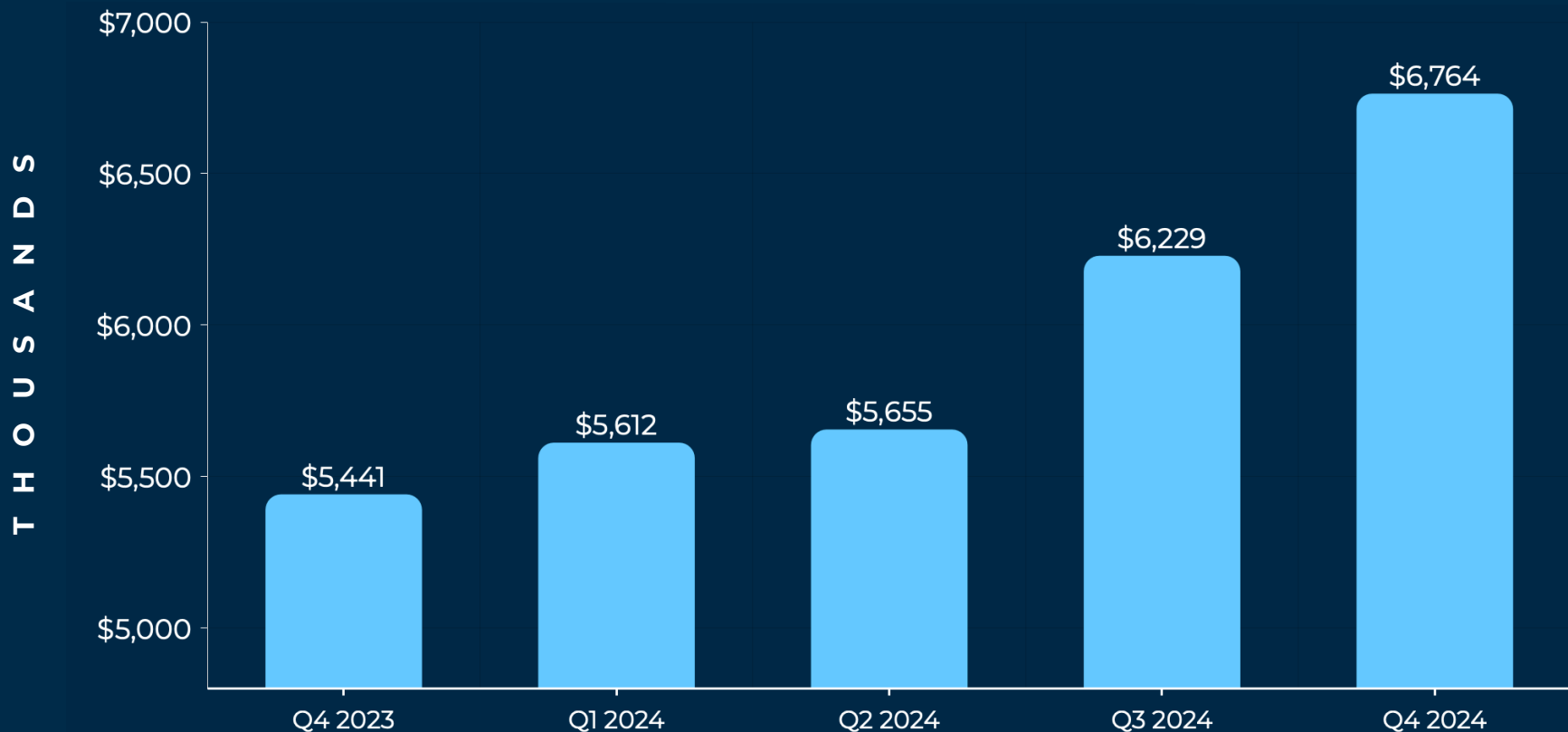


Asset quality is a leading principle for the CommerceOne management team. As of December 31, 2024, CommerceOne reported no past due or non-performing loans. During the fourth quarter, a net recovery of \$55,000 was realized. This recovery was related to a previously charged-off amount in the second quarter. The Bank's allowance for possible future loan losses totaled \$7.3 million or 1.20% of loans outstanding.



FOURTH QUARTER FINANCIAL REPORT

Total Revenue

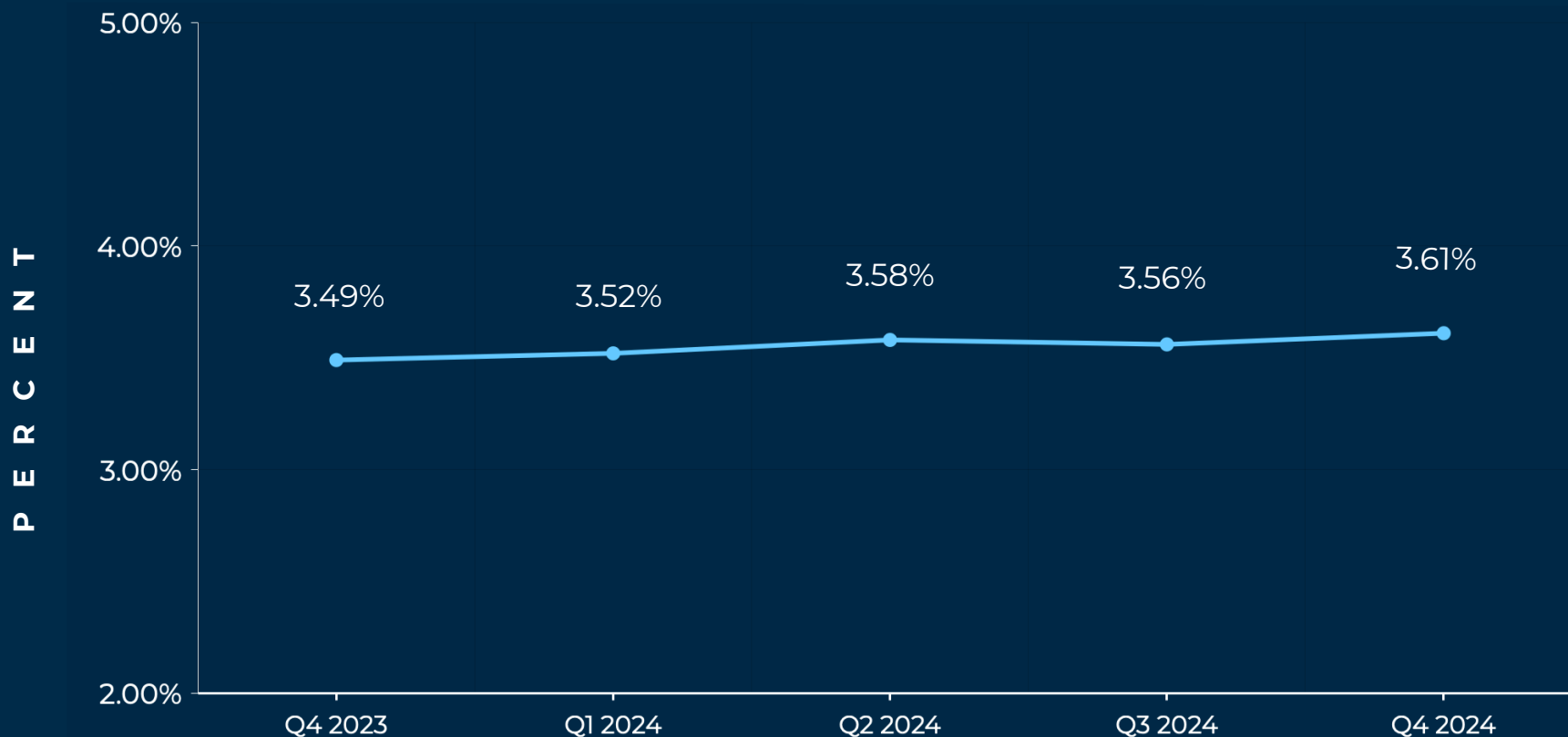


Revenue totaled \$6.8 million for the three months ended December 31, 2024, compared to \$6.2 million for the three months ended September 30, 2024, and \$5.4 million for the fourth quarter of 2023. On a year-over-year basis, revenue for the twelve months ended December 31, 2024, increased 12%. Net interest income represented approximately 97% of total revenue.



FOURTH QUARTER FINANCIAL REPORT

Net Interest Margin

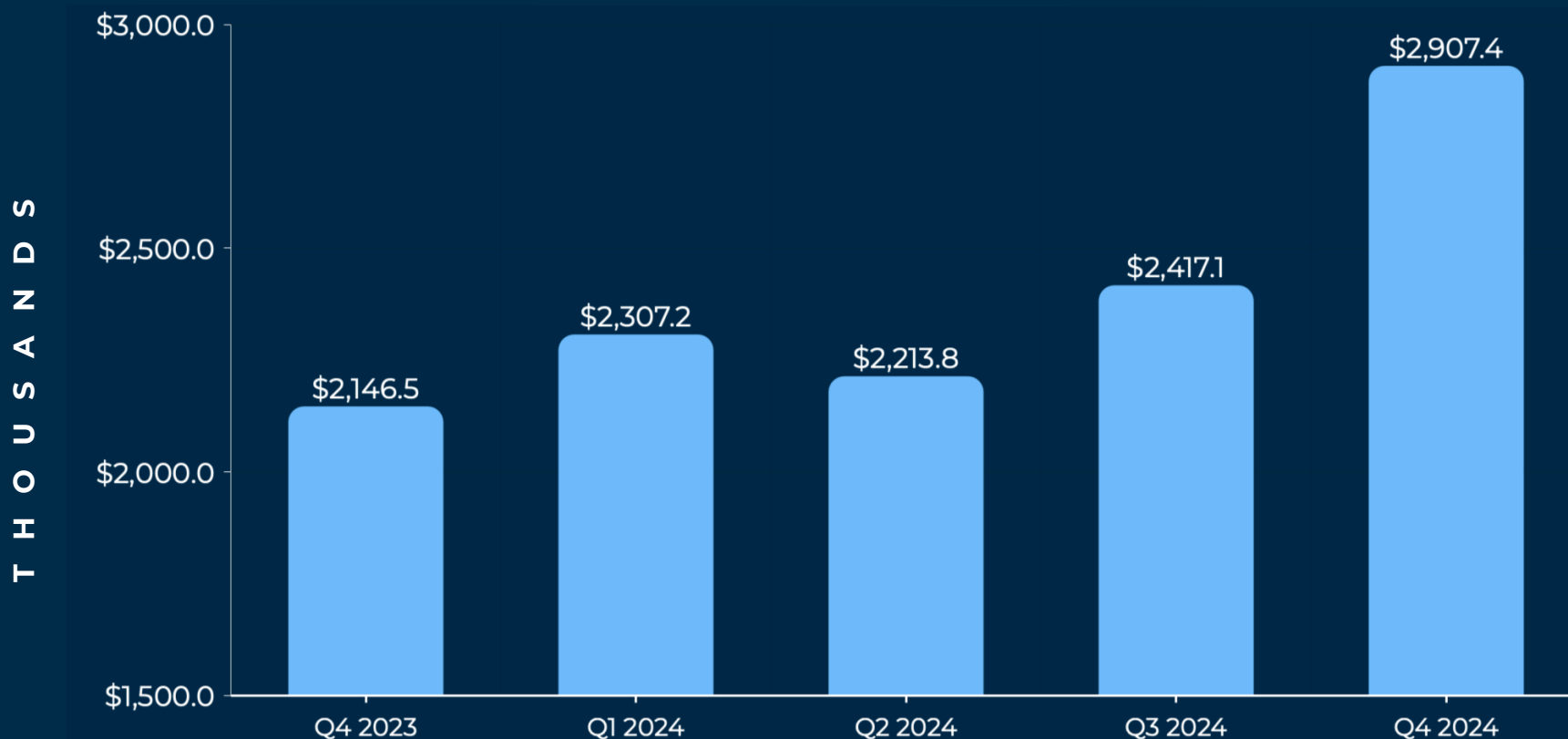


For the three months ended December 31, 2024, CommerceOne reported a net interest margin (NIM) of 3.61%, which was driven by a 6.55% average yield on earning assets and an average cost of funds of 3.30%. The fourth quarter NIM of 3.61% represents an increase of 5 basis points from the 3.56% NIM for the third quarter of 2024 and a 12-basis point increase compared to the fourth quarter of the prior year. The higher linked quarter NIM during the fourth quarter was due to lower relative funding costs and a shift in balance sheet mix.



FOURTH QUARTER FINANCIAL REPORT

Non-Interest Expenses

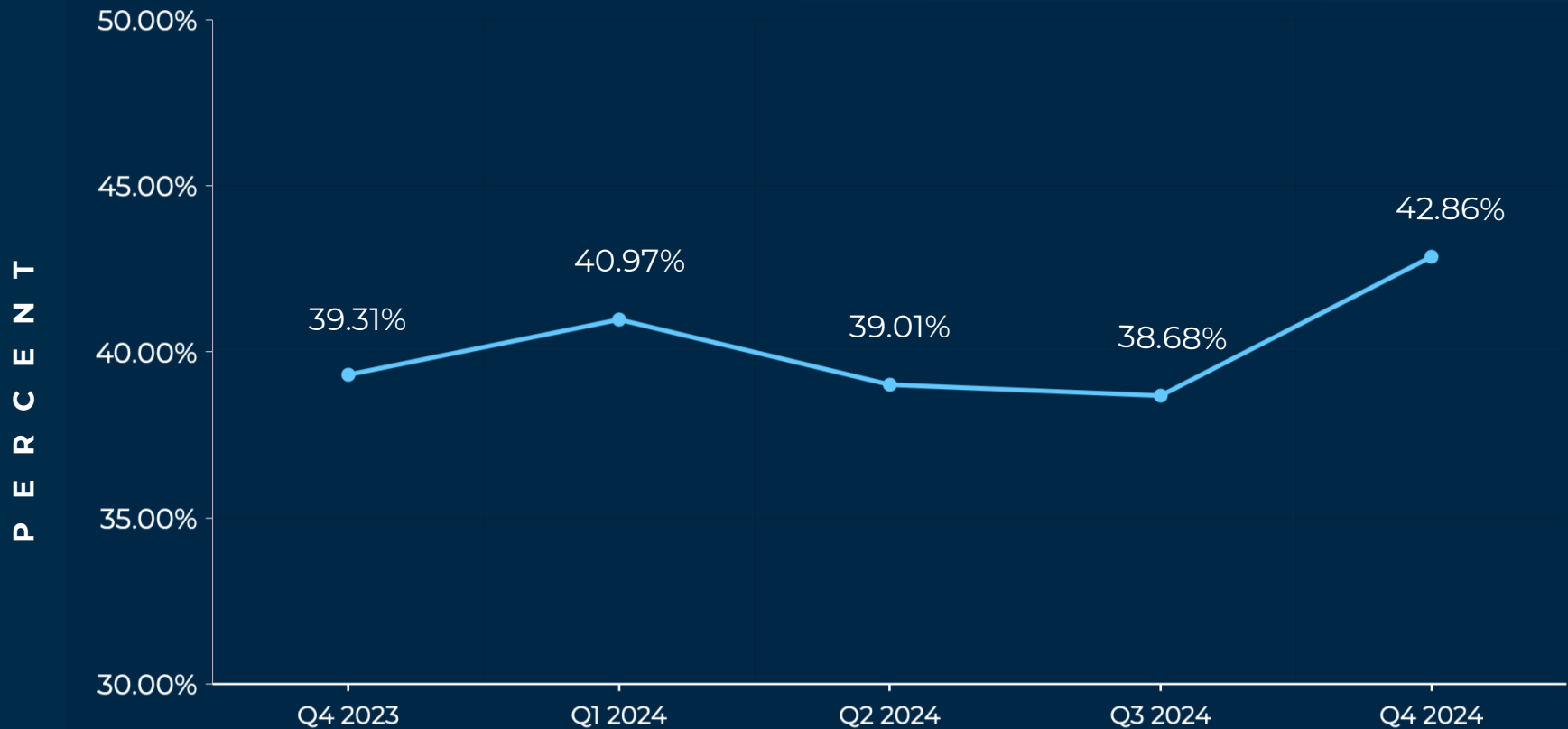


Non-interest expenses totaled \$2.9 million for the three months ended December 31, 2024, \$2.4 million for the three months ended September 30, 2024, and \$2.1 million for the three months ended December 31, 2023. On a year-over-year basis, non-interest expenses for the nine months ended December 31, 2024, increased \$1.4 million or 16.3% due to higher compensation costs, business development, and technology expenses. Non-interest expenses include salaries and benefits (constituting 64% of the total), occupancy costs, and other non-interest expenses. As of December 31, 2024, CommerceOne had 40 full-time equivalent associates.



FOURTH QUARTER FINANCIAL REPORT

Efficiency Ratio



The efficiency ratio for the second quarter was 42.9% compared to 38.7% for the prior quarter and 39.3% for the fourth quarter of the prior year. The increase compared to the prior quarter was driven primarily by higher compensation and incentive costs.



FOURTH QUARTER FINANCIAL REPORT

Net Income

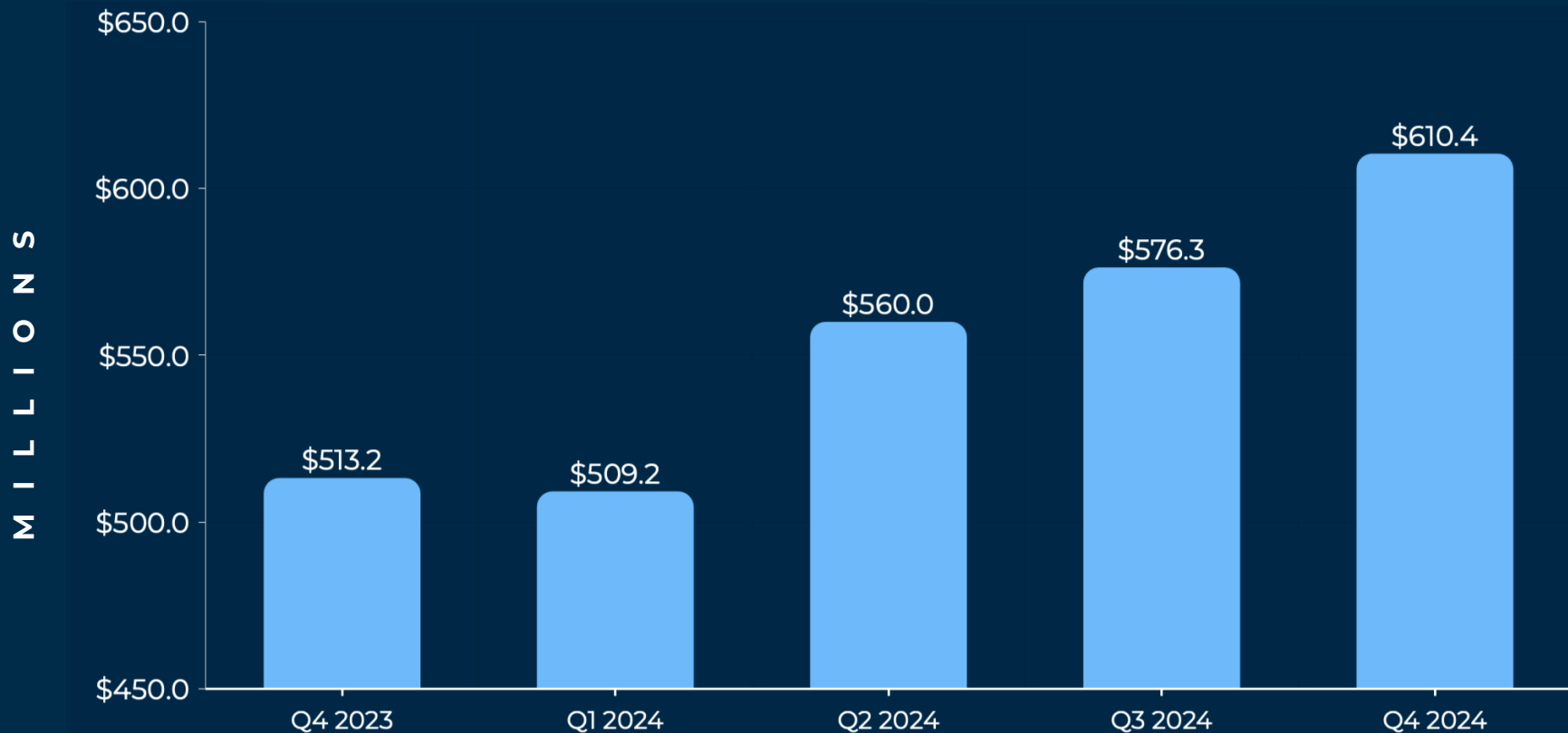


Net income totaled \$2.7 million for the three months ended December 31, 2024, compared to \$2.9 million for the three months ended September 30, 2024, and \$786,000 for the fourth quarter of the prior year. For the twelve months ended December 31, 2024, net income totaled \$9.8 million or \$2.00 per share.



FOURTH QUARTER FINANCIAL REPORT

Total Loans

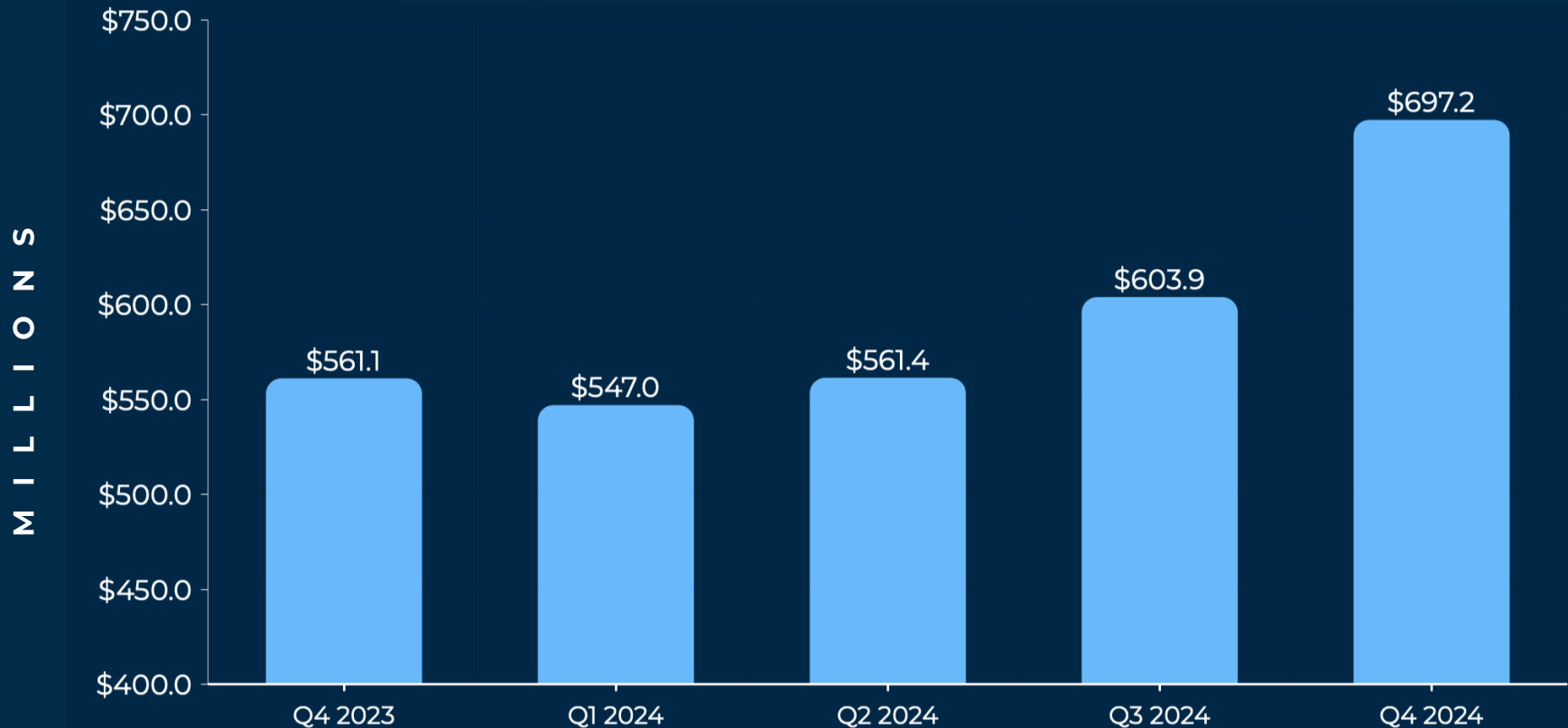


Loan balances of \$610.4 million are diversified with no undue concentrations with regard to industry, loan type, or collateral. Loan balances increased \$97.2 million or 19% compared to the fourth quarter of 2023 and increased 6% on a linked-quarter basis. As of December 31, 2024, the average loan size was \$523,000 with an average yield of 6.72%.



FOURTH QUARTER FINANCIAL REPORT

Total Deposits



Deposit balances totaled \$697.2 million as of December 31, 2024. This represents an increase of 24% compared to fourth-quarter 2023 balances and an increase of 15% on a linked-quarter basis. The deposit mix includes 68% in money market accounts and 18% in non-interest-bearing accounts.



FOURTH QUARTER FINANCIAL REPORT

Balance Sheet (Unaudited)

(in thousands, except per share data)

	Dec. 31, 2024	Dec. 31, 2023	Change
Loans, net of unearned income	610,445	513,201	19%
Total assets	774,258	628,225	23%
Deposits	697,234	561,063	24%
Total equity	75,571	65,646	15%
Book value per share	\$ 15.39	\$ 13.44	14%

Income Statement (Unaudited)

(in thousands)

	Quarter to Date			Year to Date		
	Dec. 31, 2024	Dec. 31, 2023	Change	Dec. 31, 2024	Dec. 31, 2023	Change
Net interest income	6,584	5,308	24%	23,625	21,164	12%
Provision for loan losses	274	2,259	-88%	1,294	3,078	-58%
Total non-interest income	180	133	35%	634	494	28%
Total non-interest expense	2,907	2,147	35%	9,845	8,466	16%
Net income	\$ 2,686	\$ 786	242%	\$ 9,804	\$ 7,530	30%



FOURTH QUARTER FINANCIAL REPORT

Financial Ratios (Unaudited)

	Quarter to Date		Year to Date	
	Dec. 31,	Dec. 31,	Dec. 31,	Dec. 31,
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Return on average assets	1.47%	0.52%	1.48%	1.29%
Return on average equity	14.31%	4.81%	13.90%	12.08%
Efficiency ratio	42.86%	39.31%	40.45%	38.95%
Earnings per share	\$ 0.55	\$ 0.16	\$ 2.00	\$ 1.54
Net Interest margin	3.61%	3.49%	3.57%	3.65%





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