GRAND RIVER
COMMERCE, INC.

FINANCIAL STATEMENTS

Quarter Ending

June 30, 2023

GRAND RIVER
COMMERCE, INC.

August 15, 2023

To Our Shareholders:

We present for your review the results of operations for Grand River Commerce, Inc. (the "Company") and Grand River Bank (the "Bank"), including the Bank's nationwide mortgage lending subsidiary, Grand River Mortgage Company, LLC ("GRMC"), for the six-month period ended June 30, 2023.

The Company and the Bank continue to be safe, sound and fundamentally strong. Both remain well-capitalized, have ample liquidity and are taking full advantage of the opportunities presented by the resilient West Michigan economy and market.

As of June 30, 2023, total assets of the Company stood at $534 million, an increase of $3.3 million from year-end 2022. Growth in loans, residential mortgages held for sale and other assets has offset the year-to-date decrease in cash holdings. Our loan portfolio grew by $21 million, an annualized rate of 9.4%, on a net basis.

If you think of the Bank in manufacturing terms, deposits are the primary raw material that we turn into the loans that produce the bulk of our revenue. Accordingly, we closely monitor deposit levels and encourage their growth and retention. Compared to last year-end, deposits, which can be volatile, have decreased by $19 million, or 8.3% on an annualized basis. Competition for deposits has continued to escalate throughout 2023-to-date. The unusual circumstances that triggered a small number of bank failures early in the year sent a ripple of anxiety through the system and thrust FDIC coverage into the spotlight. While that anxiety has become less acute, it remains a factor in depositor decision-making. Accordingly, our retail banking team members continue to proactively inform, counsel and reassure both existing and new customers. In addition, we have implemented innovative products that provide even greater safety security and flexibility to our depositors. We anticipate that deposit-gathering and retention will remain a priority for the foreseeable future.

Asset quality remains exceptionally strong. Delinquency is nominal and we have one non-performing loan that is paying as agreed and poses virtually no risk of loss. There have been no charge-offs. Long a hallmark of our Bank, our pristine portfolio allows us to focus on growth and avoids the distraction and expense associated with troubled credits.

Reflecting our historically-strong asset quality, our allowance for credit losses stood at 1.12% at quarter-end, compared to 1.29% at year-end. As reported last quarter, we adopted ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, commonly referred to as CECL, effective January 1, 2023 and adjusted our allowance calculation methodology accordingly. The year to date decrease in the allowance rate is tied to the adoption of CECL. A portion of the reserve is now accounted for in Other Liabilities. On a combined basis, reserves as of June 30, 2023 stood at 1.23%.

Despite our inherent strengths, the Company and the Bank reported net losses of $3.6 million and $3.2 million, respectively, at June 30. While explainable, performance at those levels is neither acceptable nor sustainable. As has been the case for the past several reporting periods, the bulk of the losses were attributable to the Bank's mortgage subsidiary, GRMC Lending. Net of GRMC, the Bank essentially broke even, posting a nominal loss of $9,000.

We spoke at length in our previous quarterly letter about GRMC, the reasons for forming the subsidiary, its performance trajectory and its near-term impact upon consolidated performance. Suffice it to say that the unprecedented rapidity with which the Federal Reserve raised interest rates – unknown and unanticipated when the decision was made to establish GRMC – has continued to compromise their ability to achieve the production volumes and profitability that were expected. After rigorous analysis, we believe that GRMC continues to have potential and that the best means of realizing a return on our significant investment in the subsidiary is to keep it operating until market conditions improve. It is not, however, our intent to subsidize GRMC indefinitely. Providing additional runway is predicated upon the implementation of substantive expense reduction and cost containment measures. Those measures have been initiated and we anticipate being able to share more favorable GRMC performance data at the September 30 reporting period.

To a lesser degree, Bank performance has also been impacted by the Fed's aggressive interest rate intervention. Fed actions caused deposits to reprice upward more quickly than loans, causing the temporary, but meaningful, compression of our primary indicator of profitability, our net interest margin. Many banks across the country are experiencing the same challenge. As our existing loans reprice and new loans are booked at current market rates, the compression will correct itself. In addition, we're taking prudent and reasonable steps to accelerate the restoration of our margin to more traditional levels and we are encouraged by recent results. We anticipate that margin expansion – and improved profitability – will occur during the remainder of this year and beyond. In the interim, net interest income has decreased $487,000, or 7%, on a year-over-year basis.

Non-interest income increased $1.4 million, or 246%, over the same period last year due to an increase in the volume of residential mortgage loan activity. This increase is almost entirely tied to growth in production of salable mortgage loans at GRMC.

Non-interest expense increased $5.8 million, or 80%, over the prior-year period. As noted earlier, the majority of the increase was attributable to expenses associated with GRMC. Over the same period, net of GRMC-related expenses, Company and Bank NIE increased approximately $73,000 and $844,000, respectively.

Maintaining capital ratios that meet or exceed the regulatory definition of well-capitalized continues to be a priority. As has been the case since its inception, the Bank again met those requirements as of June 30, 2023. In support of the investment in GRMC, the Company injected $2.5 million of additional capital into the Bank during the first quarter.

Our financial results are always available via the Investor Relations section of our website, www.grandriverbank.com. We encourage you to use this comprehensive resource to track performance and to gain valuable information about your investment in our Company. Thank you for your investment and your continued support.

GRAND RIVER
COMMERCE, INC.

Sincerely,

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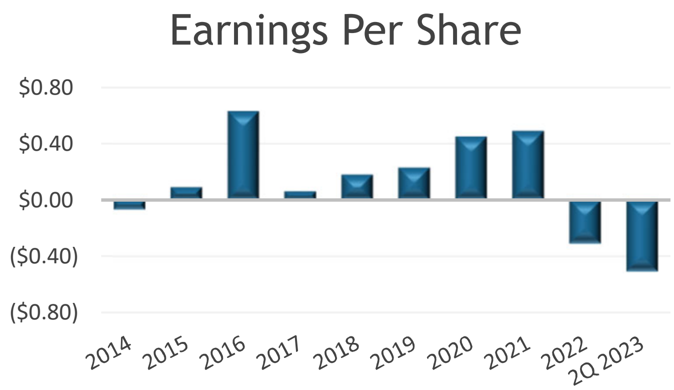
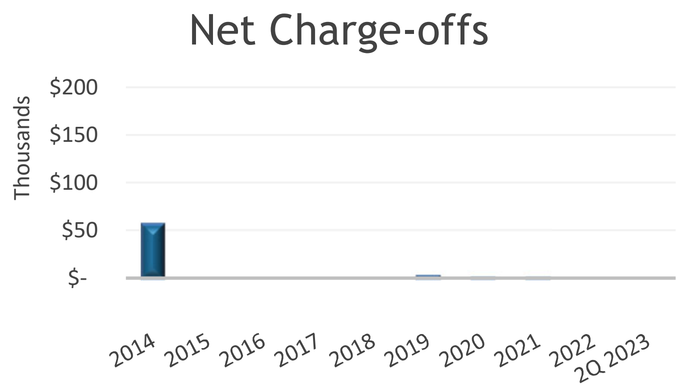
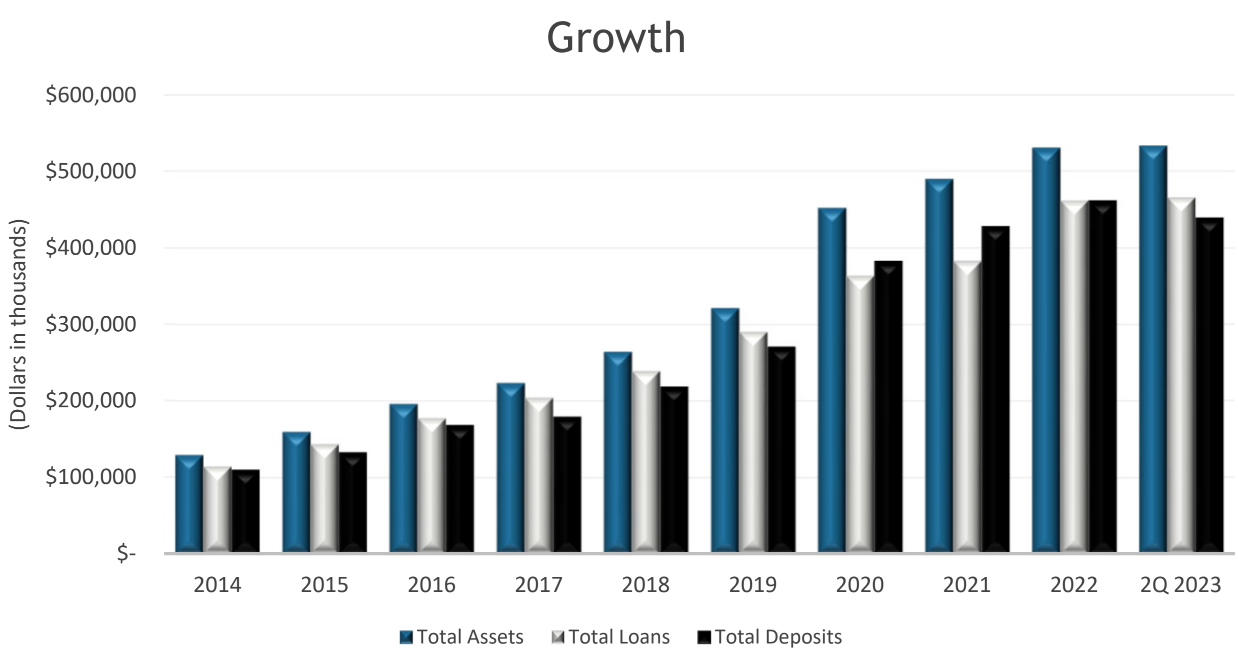
Key ratios



Earnings Per Share
$0.80
$0.40
$0.00
($0.40)
($0.80)
2014
2015
2016
2017
2018
2019
2020
2021
2022
2Q 2023

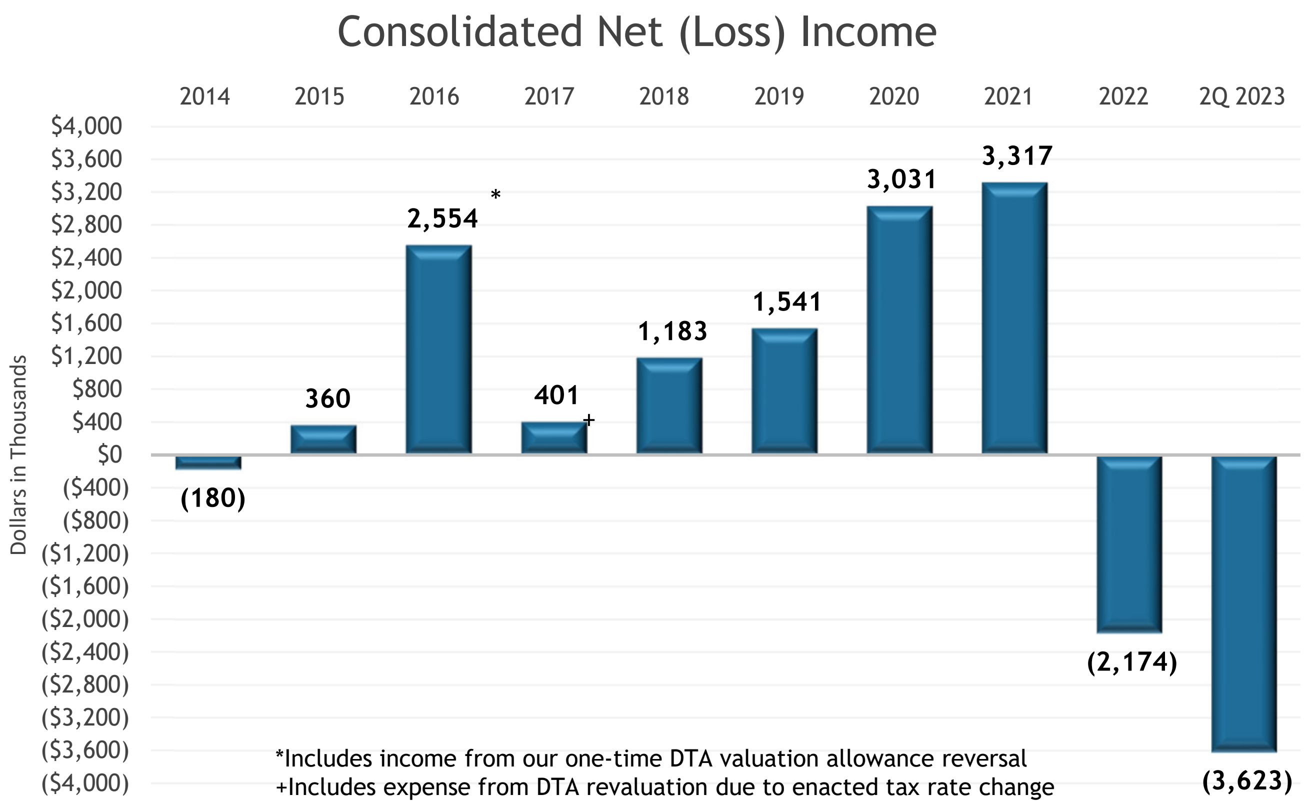


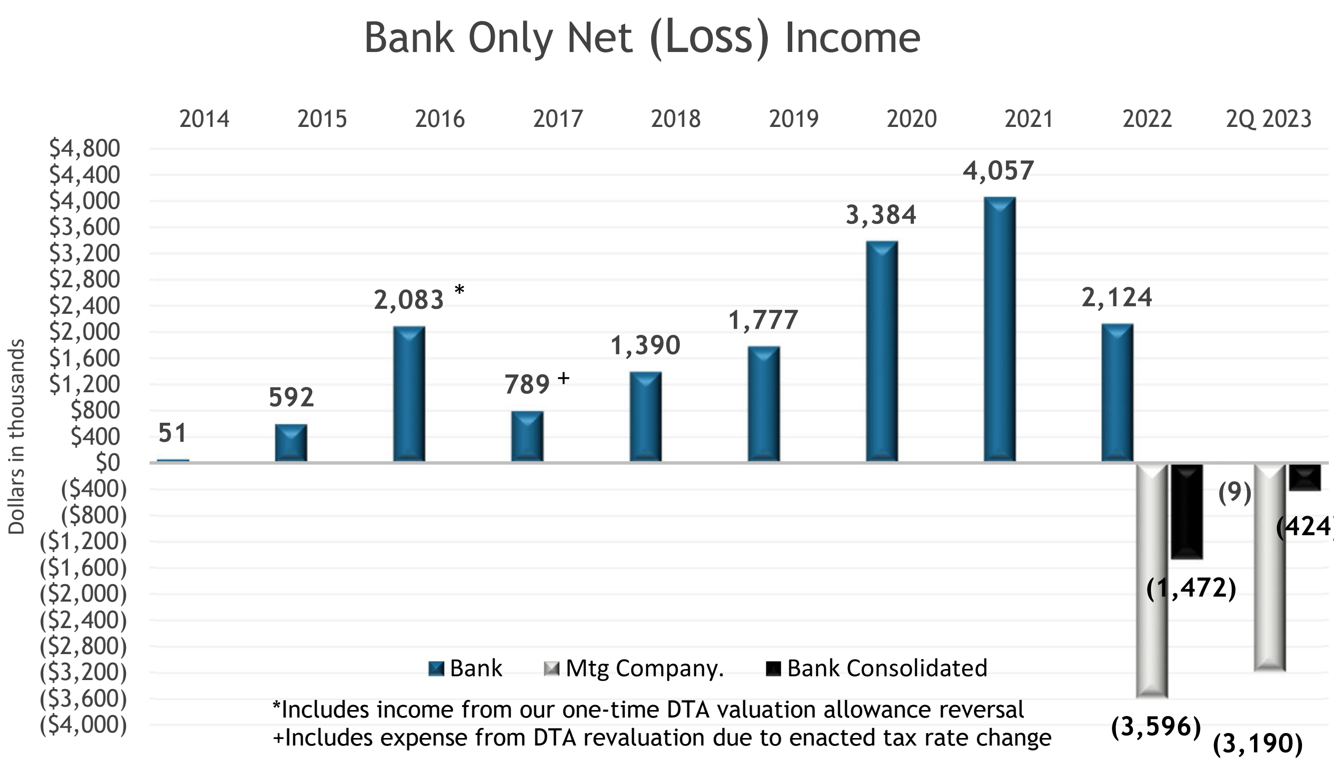
Net Charge-offs
Thousands
$200
$150
$100
$50
$-
2014
2015
2016
2017
2018
2019
2020
2021
2022
2Q 2023



Growth
(Dollars in thousands)
$600,000
$500,000
$400,000
$300,000
$200,000
$100,000
$-
2014
2015
2016
2017
2018
2019
2020
2021
2022
2Q 2023
Total Assets
Total Loans
Total Deposits

Key ratios (continued)





Grand River Commerce, Inc.

Selected Financial Data*

(dollars in thousands, except share data)	*For the six months ended June 30,* 2023	*For the year ended December 31,* 2022	2021	2020	2019	2018
Summary Income Statement Data:						
Total interest income	$ 12,375	$ 19,073	$ 16,085	$ 15,085	$ 13,189	$ 10,415
Total interest expense	5,863	4,083	2,530	3,859	4,300	2,434
Net interest income	6,512	14,990	13,555	11,226	8,889	7,981
Provision for loan losses	-	1,063	160	1,531	536	273
Non interest income	2,041	1,134	3,181	4,314	1,789	679
Non interest expense	13,140	17,868	12,333	10,136	8,177	6,881
Income (loss) before income taxes	(4,587)	(2,807)	4,243	3,873	1,965	1,506
Income tax expense	(964)	(633)	926	842	424	323
Net income (loss)	(3,623)	(2,174)	3,317	3,031	1,541	1,183
Pre-provision / Pre-tax income	(4,587)	(1,744)	4,403	5,404	2,501	1,779
Per Share Income Data:						
Shares outstanding - ending	7,041,423	7,026,423	6,761,758	6,731,809	6,733,809	6,713,809
Shares outstanding - average	7,035,152	6,962,466	6,749,388	6,733,633	6,727,211	6,707,220
Shares outstanding - diluted average	7,095,152	7,074,279	7,119,295	7,078,933	7,072,511	7,095,261
Earnings per common share	$ (0.51)	$ (0.31)	$ 0.49	$ 0.45	$ 0.23	$ 0.18
Cash dividends per share	-	-	-	-	-	-
Share market high / low YTD	3.82-6.00	5.50-7.39	5.05-7.75	4.20-6.35	5.70-8.10	5.85 - 6.50
Closing share price	3.96	5.50	7.50	5.05	5.75	6.24
Book value per share	5.59	6.10	6.72	6.28	5.81	5.55
Tangible book value per share	5.59	6.10	6.72	6.09	5.70	5.46
Share price to book	71%	90%	112%	80%	99%	112%
Selected Balance Sheet Data:						
Total assets	$ 533,527	$ 530,250	$ 489,452	$ 451,919	$ 321,326	$ 264,321
Loans, net of allowance for loan losses	476,810	455,362	377,343	358,500	286,723	236,062
Memo: Paycheck Protection Program Loans (Net of Unearned Fees and Costs	-	-	4,287	47,286	-	-
Total deposits	442,588	461,677	427,859	382,864	270,962	218,914
Shareholder's equity	39,363	42,839	45,437	42,244	39,104	37,277
Bank Asset Quality Data:						
Nonperforming Assets	$ 1,209	$ 1,244	$ 1,311	$ -	$ -	$ -
NPAs/ Assets	0.2%	0.2%	0.3%	0%	0%	0%
NPAs & 90+ PD/ Assets	0.2%	0.2%	0.3%	0%	0%	0%
Nonaccrual & 90+ & OREO/ Assets	0.0%	0.0%	0.0%	0%	0%	0%
NCOs/ Avg Loans	0.0%	0.0%	0.0%	0%	0%	0%
Loan Loss Reserves/ Gross Loans	1.12%	1.29%	1.27%	1.30%	1.10%	1.10%
Performance Ratios:						
Return on average shareholder's equity	-17.48%	-4.84%	7.54%	7.51%	4.04%	3.24%
Return on average assets	-1.39%	-0.43%	0.69%	0.76%	0.52%	0.49%
Avg. shareholders' equity to avg. assets	7.96%	8.89%	9.19%	10.12%	12.91%	15.09%
Asset Growth Rate Annualized	1%	8%	8%	41%	22%	18%
Efficiency ratio	153.63%	110.82%	73.69%	65.23%	76.58%	79.46%
Bank Regulatory Capital Ratios:						
Common equity tier 1 capital ratio	9.63%	9.82%	11.14%	12.61%	11.28%	11.21%
Tier 1 leverage capital ratio	8.83%	8.85%	8.87%	9.12%	10.50%	10.48%
Tier 1 risk based capital ratio	9.63%	9.82%	11.14%	12.61%	11.28%	11.21%
Total risk based capital ratio	10.86%	11.07%	12.36%	13.86%	12.33%	12.29%
Capital Buffer	2.86%	3.07%	4.36%	5.86%	4.33%	4.29%
YTD average assets	**$ 520,574**	**$ 505,311**	**$ 478,673**	**$ 398,858**	**$ 295,619**	**$ 242,043**
YTD average equity	**$ 41,449**	**$ 44,911**	**$ 44,000**	**$ 40,381**	**$ 38,178**	**$ 36,523**

Balance Sheet*
Grand River Commerce, Inc.

	6/30/2023	12/31/2022	$ Change
Assets			
Cash and due from banks	$ 22,447	$ 47,731	$ (25,284)
Federal funds sold	459	648	(189)
Total Cash and Cash Equivalents	22,906	48,379	(25,473)
Securities, available for sale	14,281	15,036	(755)
FHLB & FRB stock, at cost	2,989	1,788	1,201
Loans held for sale	5,213	433	4,780
All Other Loans	482,217	461,290	20,927
Less: allowance for credit losses	5,407	5,928	(521)
Net Loans	476,810	455,362	21,448
Premises and equipment, net	2,253	2,472	(219)
DTA, net	2,309	2,191	118
Interest receivable and other assets	6,766	4,589	2,177
Total assets	**$ 533,527**	**$ 530,250**	**$ 3,277**
Liabilities			
Non-interest bearing deposits	102,572	124,424	(21,852)
Interest bearing deposits	340,016	337,253	2,763
Total Deposits	442,588	461,677	(19,089)
FHLB borrowings	39,500	14,500	25,000
Fed Funds Purchased & Other Borrowings	-	-	-
Interest payable and other liabilities	4,018	3,189	829
Subordinated Debt	8,058	8,045	13
Total liabilities	494,164	487,411	6,753
Equity			
Common stock	70	70	-
Additional paid-in capital	38,802	38,614	188
Additional paid-in capital Warrants	2,542	2,542	-
Retained Earnings(Accumulated deficit)	199	3,822	(3,623)
Accumulated other comprehensive income(loss)	(2,250)	(2,209)	(41)
Total equity	39,363	42,839	(3,476)
Total liabilities and equity	**$ 533,527**	**$ 530,250**	**$ 3,277**

*Source: 2023 unaudited; 2022: condensed from audited financial statements.

Statement of Operations*
Grand River Commerce, Inc.

	YTD 6/30/2023	YTD 6/30/2022	$ Change
Interest Income			
Loans, including fees	$ 11,607	$ 7,749	$ 3,858
Securities	200	195	5
Federal funds sold and other income	568	175	393
Total interest income	12,375	8,119	4,256
Interest Expense			
Deposits	5,112	816	4,296
Borrowings	751	304	447
Total interest expense	5,863	1,120	4,743
Net interest income	6,512	6,999	(487)
Provision for loan losses	-	325	(325)
Net interest income after provision for loan losses	6,512	6,674	(162)
Non-interest income			
Service charges and other fees	24	20	4
Gain on sale of loans	1,368	431	937
Gain on Fair Value of IRLC's and LHFS**	388	-	388
Other income	162	111	51
Total non-interest income	2,041	562	1,380
Non-interest expense			
Salaries and benefits	7,726	5,215	2,511
Occupancy & equipment expense	777	489	288
Data processing & computer support	207	173	34
Professional Services	758	300	458
Insurance	288	201	87
Software	540	257	283
Other	2,844	686	2,158
Total non-interest expense	13,140	7,321	5,819
Income before taxes	**$ (4,587)**	**$ (85)**	**$ (4,601)**
Income tax expense	(964)	(26)	(938)
Net income	**$ (3,623)**	**$ (59)**	**$ (3,663)**

*Source: unaudited

**Income recognized on the fair value of Interest Rate Lock Commitments (IRLC's) and Loans Held For Sale (LHFS).