GRAND RIVER
COMMERCE, INC.

FINANCIAL STATEMENTS

Quarter Ending

September 30, 2023

GRAND RIVER
COMMERCE, INC.

November 14, 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 nine-month period ended September 30, 2023.

Despite the losses that will be discussed later in this letter, the Company and the Bank remain well-capitalized and have ample liquidity. Multiple key performance indicators are favorable, and both the Company and the Bank continue to be fundamentally strong.

As of September 30, 2023, total assets of the Company stood at $550 million, an increase of $19.8 million from year-end 2022. Growth in loans, residential mortgages held for sale and other assets offset the year-to-date decrease in cash holdings. On an annualized basis, the loan portfolio grew by a healthy $30.4 million, or 8.8%.

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 avoid the distraction and expense associated with troubled credits.

Reflecting our strong asset quality, our allowance for credit losses stood at 1.11% 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 ratio is tied to the adoption of CECL and shifts in loan portfolio composition. A portion of the reserve is now accounted for in Other Liabilities. On a combined basis, reserves as of September 30, 2023 stood at 1.19%.

Despite our inherent strengths, the Company and the Bank reported net losses of $4.8 million and $4.2 million, respectively, at September 30. At the Bank-only level – separate from GRMC – we continued to feel the effects of the Federal Reserve's aggressive rate hike campaign, with year-to-date net income totaling $97,000. Deposit costs have outpaced the aggregate yield on the fixed rate portion of our loan portfolio. The result is continued pressure upon our most basic profitability indicator, our net interest margin. We have implemented a number of initiatives intended to reduce margin compression. Those initiatives are proving to be successful and we're experiencing measurable margin improvement. Assuming that the Federal Reserve pauses its campaign and allows rates to remain stable or decrease, we expect to report continued margin improvement throughout the balance of this year and next. In the interim, net interest income has decreased $1.3 million, or 11%, on a year-over-year basis.

As has been the case for some time, the reported losses were primarily attributable to GRMC. While notable for its strong infrastructure and operating system, its highly experienced leadership team and its cadre of committed lenders, GRMC has not been able to overcome the challenges posed by a market in turmoil and achieve profitability. The fact that many mortgage lenders across the country find themselves in similar circumstances affirms that the challenges aren't unique to

GRMC, but don't change the economic realities. In last quarter's letter, we characterized the situation as unacceptable and unsustainable and indicated that further support for GRMC was predicated upon the success of cost reduction and expense containment measures that had been implemented within the subsidiary. We expressed cautious optimism that those measures would prove to be effective. While some improvement in GRMC's performance is evident, it is insufficient to justify a material extension of its runway. Consequently, while we expect GRMC-related losses to continue through the remainder of 2023, we are taking action to ensure that those losses do not extend into 2024.

Non-interest income increased $2.2 million, or 275%, 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 the production of salable mortgage loans originated by GRMC. Unfortunately, it was eclipsed by growth in non-interest expense, which surged by $7.1 million, or 59%, 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 $153,000 and $1.3 million, respectively, due primarily to necessary investments in revenue-producing employees and critical infrastructure.

Maintaining capital ratios that meet or exceed the regulatory definition of well-capitalized remains a priority. As has been the case since its inception, the Bank again met those requirements as of September 30, 2023. In support of the investment in GRMC, the Company injected $6.0 million of additional capital into the Bank during the course of the year.

In September, the Company secured $7.65 million through a subordinated debt offering. Nearly 22% of the offering proceeds were contributed by insiders, with the remainder coming primarily from a limited number of high-net-worth and institutional investors. Reflecting the confidence of the investment community in the strength of the Company and our unique market opportunity, the offering was significantly over-subscribed. The offering was undertaken to bolster already-strong capital levels and to ensure that sufficient resources were available to support the Bank's growth trajectory. To date, $3.5 million of these proceeds have been down streamed to the Bank, with additional reserves held at the Company. Further detail regarding the offering is available in the Company's September 7, 2023 press release.

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.

As we navigate through this choppy and challenging period, your investment and continued support are appreciated more than ever.

Sincerely,

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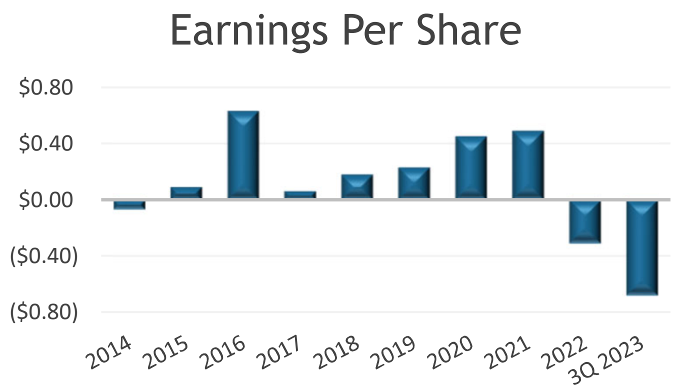
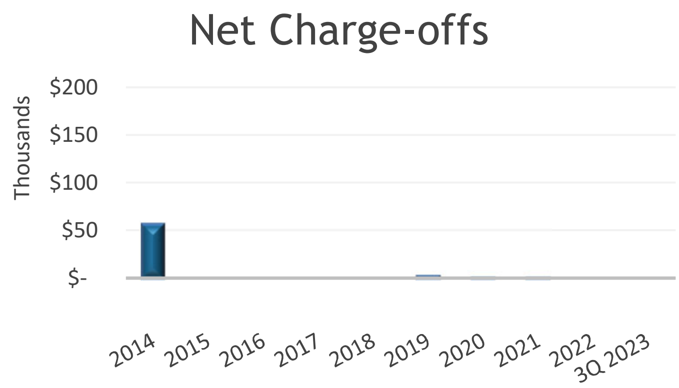
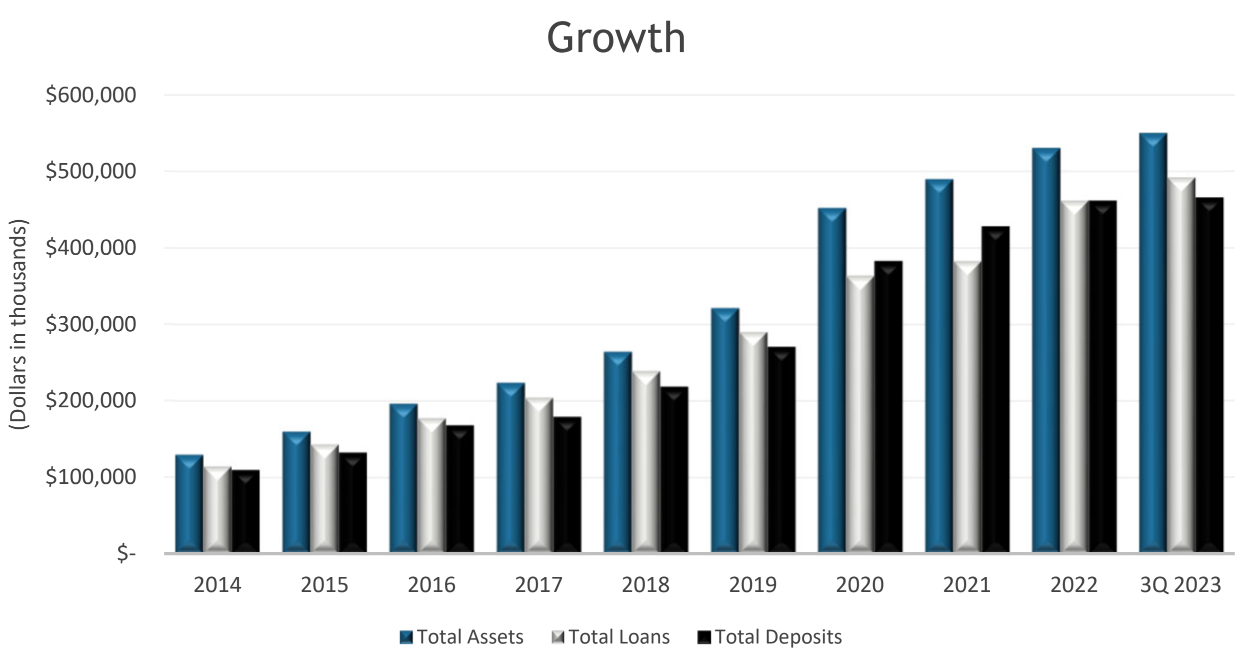
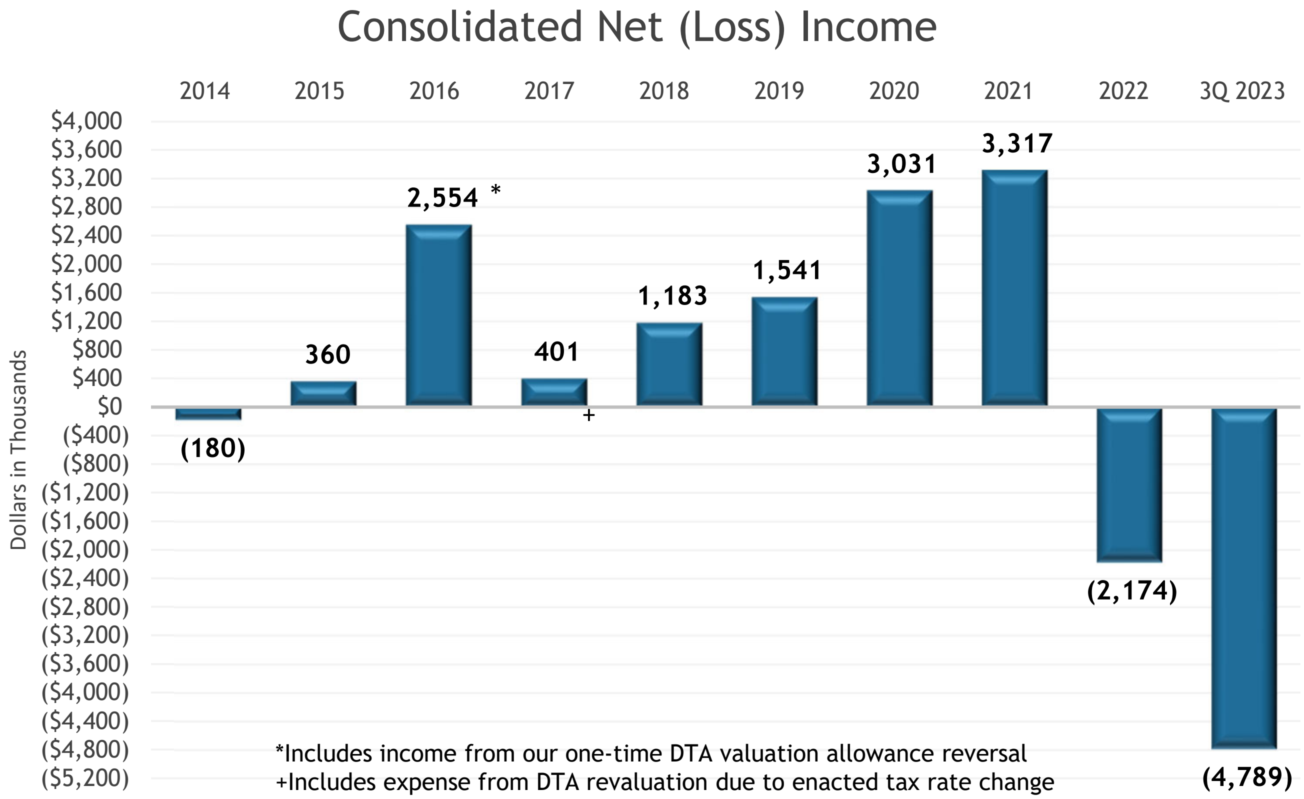
Key ratios

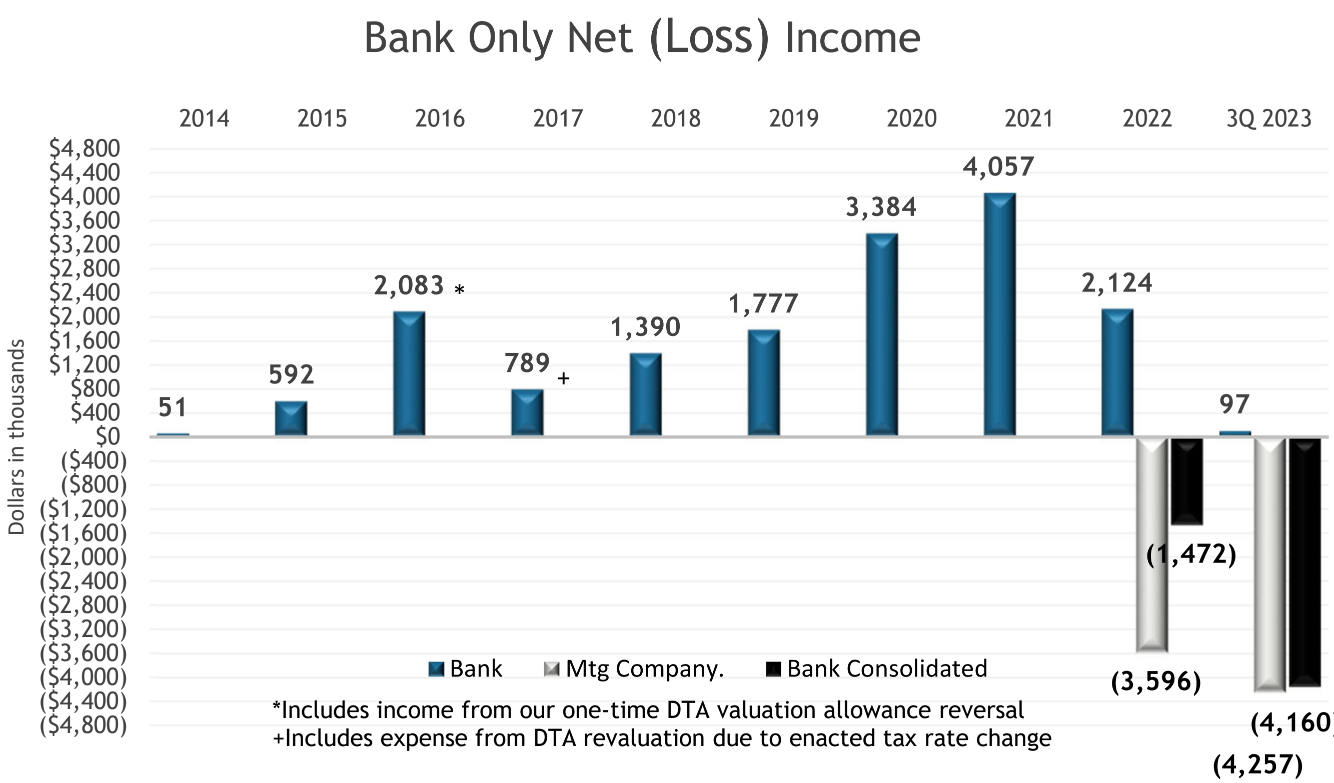

Earnings Per Share
$0.80
$0.40
$0.00
($0.40)
($0.80)
2014
2015
2016
2017
2018
2019
2020
2021
2022
3Q 2023


Net Charge-offs
Thousands
$200
$150
$100
$50
$-
2014
2015
2016
2017
2018
2019
2020
2021
2022
3Q 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
3Q 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 nine months ended September 30,* 2023	*For the year ended December 31,* 2022	2021	2020	2019	2018
Summary Income Statement Data:						
Total interest income	$ 19,332	$ 19,073	$ 16,085	$ 15,085	$ 13,189	$ 10,415
Total interest expense	9,422	4,083	2,530	3,859	4,300	2,434
Net interest income	9,910	14,990	13,555	11,226	8,889	7,981
Provision for loan losses	(85)	1,063	160	1,531	536	273
Non interest income	3,013	1,134	3,181	4,314	1,789	679
Non interest expense	19,069	17,868	12,333	10,136	8,177	6,881
Income (loss) before income taxes	(6,061)	(2,807)	4,243	3,873	1,965	1,506
Income tax expense	(1,272)	(633)	926	842	424	323
Net income (loss)	(4,789)	(2,174)	3,317	3,031	1,541	1,183
Pre-provision / Pre-tax income	(6,146)	(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	7,037,265	6,962,466	6,749,388	6,733,633	6,727,211	6,707,220
Shares outstanding - diluted average	7,312,102	7,074,279	7,119,295	7,078,933	7,072,511	7,095,261
Earnings per common share	$ (0.68)	$ (0.31)	$ 0.49	$ 0.45	$ 0.23	$ 0.18
Cash dividends per share	-	-	-	-	-	-
Share market high / low YTD	3.13-6.00	5.50-7.39	5.05-7.75	4.20-6.35	5.70-8.10	5.85 - 6.50
Closing share price	3.70	5.50	7.50	5.05	5.75	6.24
Book value per share	5.32	6.10	6.72	6.28	5.81	5.55
Tangible book value per share	5.32	6.10	6.72	6.09	5.70	5.46
Share price to book	70%	90%	112%	80%	99%	112%
Selected Balance Sheet Data:						
Total assets	$ 550,034	$ 530,250	$ 489,452	$ 451,919	$ 321,326	$ 264,321
Loans, net of allowance for loan losses	486,275	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	465,593	461,677	427,859	382,864	270,962	218,914
Shareholder's equity	37,456	42,839	45,437	42,244	39,104	37,277
Bank Asset Quality Data:						
Nonperforming Assets	$ 1,191	$ 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	1.11%	1.29%	1.27%	1.30%	1.10%	1.10%
Performance Ratios:						
Return on average shareholder's equity	-13.85%	-4.84%	7.54%	7.51%	4.04%	3.24%
Return on average assets	-1.20%	-0.43%	0.69%	0.76%	0.52%	0.49%
Avg. shareholders' equity to avg. assets	8.65%	8.89%	9.19%	10.12%	12.91%	15.09%
Asset Growth Rate Annualized	5%	8%	8%	41%	22%	18%
Efficiency ratio	147.56%	110.82%	73.69%	65.23%	76.58%	79.46%
Bank Regulatory Capital Ratios:						
Common equity tier 1 capital ratio	10.04%	9.82%	11.14%	12.61%	11.28%	11.21%
Tier 1 leverage capital ratio	9.00%	8.85%	8.87%	9.12%	10.50%	10.48%
Tier 1 risk based capital ratio	10.04%	9.82%	11.14%	12.61%	11.28%	11.21%
Total risk based capital ratio	11.25%	11.07%	12.36%	13.86%	12.33%	12.29%
Capital Buffer	3.25%	3.07%	4.36%	5.86%	4.33%	4.29%
YTD average assets	**$ 532,951**	**$ 505,311**	**$ 478,673**	**$ 398,858**	**$ 295,619**	**$ 242,043**
YTD average equity	**$ 46,091**	**$ 44,911**	**$ 44,000**	**$ 40,381**	**$ 38,178**	**$ 36,523**

Balance Sheet*
Grand River Commerce, Inc.

	9/30/2023	12/31/2022	$ Change
Assets			
Cash and due from banks	$ 28,364	$ 47,731	$ (19,367)
Federal funds sold	449	648	(199)
Total Cash and Cash Equivalents	28,813	48,379	(19,566)
Securities, available for sale	13,374	15,036	(1,662)
FHLB & FRB stock, at cost	2,989	1,788	1,201
Loans held for sale	7,602	433	7,169
All Other Loans	491,754	461,290	30,464
Less: allowance for credit losses	5,479	5,928	(449)
Net Loans	486,275	455,362	30,913
Premises and equipment, net	2,131	2,472	(341)
DTA, net	2,593	2,191	402
Interest receivable and other assets	6,257	4,589	1,668
Total assets	**$ 550,034**	**$ 530,250**	**$ 19,784**
Liabilities			
Non-interest bearing deposits	101,265	124,424	(23,159)
Interest bearing deposits	364,328	337,253	27,075
Total Deposits	465,593	461,677	3,916
FHLB borrowings	27,500	14,500	13,000
Fed Funds Purchased & Other Borrowings	-	-	-
Interest payable and other liabilities	4,162	3,189	973
Subordinated Debt	15,323	8,045	7,278
Total liabilities	512,578	487,411	25,167
Equity			
Common stock	70	70	-
Additional paid-in capital	38,466	38,614	(148)
Additional paid-in capital Warrants	2,542	2,542	-
Retained Earnings(Accumulated deficit)	(967)	3,822	(4,789)
Accumulated other comprehensive income(loss)	(2,655)	(2,209)	(446)
Total equity	37,456	42,839	(5,383)
Total liabilities and equity	**$ 550,034**	**$ 530,250**	**$ 19,784**

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

Statement of Operations*
Grand River Commerce, Inc.

	YTD 9/30/2023	YTD 9/30/2022	$ Change
Interest Income			
Loans, including fees	$ 18,114	$ 12,322	$ 5,792
Securities	343	289	54
Federal funds sold and other income	875	602	273
Total interest income	19,332	13,213	6,119
Interest Expense			
Deposits	8,183	1,588	6,595
Borrowings	1,239	456	783
Total interest expense	9,422	2,044	7,378
Net interest income	9,910	11,169	(1,259)
Provision for loan losses	(85)	620	(705)
Net interest income after provision for loan losses	9,995	10,549	(554)
Non-interest income			
Service charges and other fees	36	30	6
Gain on sale of loans	2,296	579	1,717
Gain on Fair Value of IRLC's and LHFS**	424	19	405
Other income	257	175	82
Total non-interest income	3,013	803	2,210
Non-interest expense			
Salaries and benefits	11,458	8,240	3,218
Occupancy & equipment expense	1,195	767	428
Data processing & computer support	317	265	52
Professional Services	1,100	682	418
Insurance	461	298	163
Software	859	458	401
Other	3,679	1,270	2,409
Total non-interest expense	19,069	11,980	7,089
Income before taxes	**$ (6,061)**	**$ (628)**	**$ (5,433)**
Income tax expense	(1,272)	(161)	(1,111)
Net income	**$ (4,789)**	**$ (467)**	**$ (4,322)**

*Source: unaudited

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