



FIRST
OTTAWA
BANCSHARES, INC.

October 20th, 2021

Dear Shareholders,

During the third quarter we opened our third Chicagoland branch at 1315 N. North Branch Street on Goose Island. Goose Island is a 160-acre artificial island formed by the North Branch of the Chicago River on the west and the North Branch Canal on the east and lies about 2 miles from Navy Pier. The new branch provides a convenient location for our downtown partners, bankers, and clients and demonstrates commitment to our Chicagoland expansion strategy.

On September 17th, The First National Bank of Ottawa changed its name to American Commercial Bank & Trust, National Association. We made this momentous decision because our name no longer reflected the majority of our clients, strategic growth initiatives, business relationships and employees.

In 1865, when the bank was chartered, banking laws and regulations were very different. As late as 1985, banks were not permitted to have branches outside of the county where their main branch was located. When regulations finally permitted, The First National Bank began a process of expansion to leverage our personnel, capital, and system investments.

In 2003, we purchased two branches in Streator and strategically decided to do business there as Streator National Bank, *a Division of The First National Bank of Ottawa*.

In 2005, we purchased land and built a new branch in Morris and strategically decided to do business as Morris National Bank and Trust, *a Division of The First National Bank of Ottawa*.

In 2007, we purchased land and built a new branch in Yorkville and strategically decided to do business as Yorkville National Bank and Trust, *a Division of The First National Bank of Ottawa*.

In 2018, we embarked on our most aggressive growth strategy. In 2019 and 2020 we opened branches in Lisle and Schaumburg where we did business as American Commercial Bank & Trust, *a Division of The First National Bank of Ottawa*.

Since 2018, bank assets have grown from under \$300 million to nearly \$1 billion. Profits and the value of our shareholder's investment have risen dramatically as a result.

In Ottawa we will continue to do business as The First National Bank of Ottawa, but now as *a Division of American Commercial Bank & Trust*. Our corporate address remains the same.

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The following are unaudited, Net Income and Earnings Per Share for First Ottawa Bancshares for the third quarter of 2021 compared to the same quarter of 2020:

	2021	2020
Net Income (YTD)	\$9,185K	\$2,674K
Earnings Per Share (YTD)	\$10.89	\$3.24

The following are unaudited, key ratios for American Commercial Bank & Trust for the third quarter of 2021 compared to the same quarter of 2020:

ROAA (YTD)	1.41%	0.66%
ROAE (YTD)	16.14%	7.78%
Net Interest Margin (As of 9/30/21)	3.47%	2.93%
Tier 1 leverage (As of 9/30/21)	8.99%	9.31%

Average Balances, Allowance for Loan Losses, and Credit Quality

Third quarter 2021 compared to third quarter 2020, average total loans (net of the allowance), increased by \$241 million (43%), to \$798 million. Average total deposits increased by \$220 million (37%), to \$816 million. The allowance for loan losses totaled \$11.4 million compared to \$7.3 million for the prior year quarter. Classified assets for the quarter improved to 5.64% of Capital as compared to 7.15% for the prior year quarter.

Outlook

In the third quarter, earnings and growth exceeded expectations fueled by continued strength in commercial credit, residential mortgage originations, and realization of origination fees related to the SBA PPP program. Stress in the credit portfolio remains muted with past due ratios and forbearance agreements improving from already positive levels. We maintained a disciplined contribution to our loan loss reserves in response to healthy levels of new client opportunities and concerns of Covid 19 variants creating elevated risk and early signs of persistent inflation.

On behalf of your Board of Directors, we thank you for your loyalty to First Ottawa Bancshares, Inc. and American Commercial Bank & Trust.

Sincerely



Steven M. Gonzalo, President & CEO
First Ottawa Bancshares