



1ST SUMMIT BANCORP
of Johnstown, Inc.

125 Donald Lane
PO Box 5480
Johnstown, Pennsylvania 15904

First Quarter

FINANCIAL REPORT

March 31, 2024

100

YEARS

**For the Community.
For Brighter Tomorrows.**



1ST SUMMIT BANCORP
of Johnstown, Inc.

1STSUMMIT.BANK

TO OUR SHAREHOLDERS AND FRIENDS:

For the first quarter of 2024, we reported a net loss of \$619 thousand or \$0.04 per share. We continue to experience financial headwinds caused by persistent higher short-term interest rates needed to fight above average inflation. Economic data released during the first quarter indicates that inflationary pressures have not eased and the period of higher short-term interest rates may persist longer than expected.

Despite the continued challenges this high interest rate environment presents, 1ST SUMMIT has managed through many similar economic and market challenges over the last century. This year we are extremely excited to be celebrating our 100th year Anniversary. For a century, 1ST SUMMIT BANK has been committed to our community bank roots, building meaningful relationships with our customers and supporting the communities we serve.

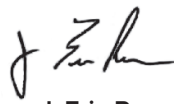
As we begin the 2024 year, loans and deposits increased for the first quarter 1.22% and 4.17% annualized, respectively. We continue to see migration from lower cost interest-bearing checking accounts into more expensive interest-bearing money market accounts and time deposits. Additionally, the majority of our deposit growth continues to flow into higher rate deposit products. This dynamic puts negative pressure on our net interest margin which was 1.65% for the first quarter of 2024 compared to 1.71% for the fourth quarter of 2023.

In response to current conditions, we are considering various strategies to improve our mix and duration of interest-earning assets and re-balance interest bearing liabilities. We believe that these strategies will help to ensure that further earnings deterioration is not accelerated and that we are well positioned to continue our growth trajectory once these current conditions subside. 1ST SUMMIT BANCORP currently benefits from a stable deposit base, strong credit quality, and a secure capital position. At March 31, 2024, our total risk based capital ratio was 17.2%.

We have a sustained history of taking a long-term strategic view and doing what is best for our customers, employees, and shareholders. We will not waiver in this approach during the current challenging operating environment and we believe that we will emerge stronger and capable of capitalizing on any and all opportunities that arise within our markets.



John W. McCall
Chairman of the Board



J. Eric Renner
President & CEO

FORWARD LOOKING STATEMENTS

Litigation Reform Act of 1995 that are subject to risks and uncertainties and are made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended. Any statements about our expectations, beliefs, plans, predictions, protections, forecasts, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. Forward-looking statements are typically, but not exclusively, identified by the use of forward-looking terminology such as “believes,” “expects,” “could,” “may,” “will,” “should,” “seeks,” “likely,” “intends” “plans,” “pro forma,” “projects,” “estimates” or “anticipates” or the negative of these words and phrases or similar words or phrases that are predictions of or indicate future events or trends and that do not relate solely to historical matters. Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Factors that could cause our actual results to differ materially from those described in the forward-looking statements include, among others:(i) changes in general business, (ii) changes in interest rates or in the quality or composition of our loan and investment portfolios; (iii) adequacy of loan loss reserves; (iv) increased competition; (v) loss of certain key officers; (vi) continued relationships with major customers; (vii) deposit attrition; (viii) rapidly changing technology; (ix) unanticipated regulatory or judicial proceedings and liabilities and other costs; (x) changes in the cost of funds, demand for loan products, or demand for financial services; (xi) other economic, competitive, governmental, or technological factors affecting our operations, markets, products, services, and prices; and (xii) our success at managing the foregoing items. For a discussion of additional factors that could cause our actual results to differ materially from those described in the forward-looking statements, please see the risk factors discussed in our most recent Annual Report on our website at [https:// www.1stsummit.bank/home/who-we-are/meet-1st-summit/investor-info/](https://www.1stsummit.bank/home/who-we-are/meet-1st-summit/investor-info/).

While forward-looking statements reflect our good-faith beliefs, they are not guarantees of future performance. All forward-looking statements are necessarily only estimates of future results. Accordingly, actual results may differ materially from those contemplated, expressed in or implied by the particular forward-looking statement due to additional risks and uncertainties of which the Company is not currently aware or which it does not currently view as, but in the future may become, material to its business or operating results. Due to these and other possible uncertainties and risks, we can give no assurance that the results contemplated in the forward-looking statements will be realized and, therefore, you are cautioned not to place undue reliance on such statements. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events or circumstances, except as required by applicable law. All forward-looking statements, express or implied, included in this press release are qualified in their entirety by this cautionary statement.

CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	FOR THE THREE MONTHS ENDED				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Interest income:					
Interest and fees on loans	\$ 9,736	\$ 9,460	\$ 9,310	\$ 9,155	\$ 8,780
Interest and dividends on investment securities	3,650	3,597	3,411	3,460	3,610
Other interest income	10	11	9	12	7
Total interest income	<u>13,396</u>	<u>13,068</u>	<u>12,730</u>	<u>12,627</u>	<u>12,397</u>
Interest expense:					
Interest on deposits	6,856	6,453	5,470	4,642	3,509
Interest on FHLB advances and other borrowings	1,192	1,162	1,435	1,331	1,155
Total interest expense	<u>8,048</u>	<u>7,615</u>	<u>6,905</u>	<u>5,973</u>	<u>4,664</u>
Net interest income	5,348	5,453	5,825	6,654	7,733
Provision for loan losses	-	131	168	221	180
Net interest income after provision for loan losses	<u>5,348</u>	<u>5,322</u>	<u>5,657</u>	<u>6,433</u>	<u>7,553</u>
Noninterest income:					
Service charges and fees	521	564	553	475	447
Wealth management income	543	520	464	520	568
Earnings on bank-owned life insurance	159	160	116	112	112
Merchant services income	535	558	557	906	505
Gain (loss) on sales of investment securities	-	-	-	(113)	-
Change in fair value of equity securities	(80)	884	(115)	(419)	(810)
Other noninterest income	172	99	130	86	505
Total noninterest income	<u>1,850</u>	<u>2,785</u>	<u>1,705</u>	<u>1,567</u>	<u>1,327</u>
Noninterest expense:					
Salaries and employee benefits	4,524	4,183	4,170	4,421	4,294
Occupancy and equipment expenses	950	842	1,028	1,203	1,188
Professional services	529	191	162	212	207
Data processing and network	694	728	653	453	349
Regulatory assessments and insurance	165	126	129	186	186
Shares tax expense	227	224	225	224	225
Other operating expenses	1,105	1,284	1,195	1,191	1,091
Total noninterest expense	<u>8,194</u>	<u>7,578</u>	<u>7,562</u>	<u>7,890</u>	<u>7,540</u>
Income before income tax expense	(996)	529	(200)	110	1,340
Income tax expense	(377)	(222)	(379)	(186)	(80)
Net income	<u>\$ (619)</u>	<u>\$ 751</u>	<u>\$ 179</u>	<u>\$ 296</u>	<u>\$ 1,420</u>
Earnings per common share:					
Basic	\$ (0.04)	\$ 0.04	\$ 0.01	\$ 0.44	\$ 0.22
Diluted	(0.04)	0.04	0.01	0.44	0.22

CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	AS OF				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
	(Dollars in thousands)				
Assets:					
Cash and due from banks	\$ 8,582	\$ 12,893	\$ 12,671	\$ 12,760	\$ 11,114
Interest-bearing deposits in other banks	1,344	455	970	761	1,228
Total cash and cash equivalents	<u>9,926</u>	<u>13,348</u>	<u>13,641</u>	<u>13,521</u>	<u>12,342</u>
Investment securities:					
Equity securities	6,926	7,005	6,122	6,237	7,733
Available for sale securities, at fair value	293,456	291,435	272,704	290,438	301,499
Held to maturity securities, at amortized cost	232,084	236,798	235,623	241,050	246,313
Total investment securities	<u>532,466</u>	<u>535,238</u>	<u>514,449</u>	<u>537,725</u>	<u>555,545</u>
Loans:					
Loans held for investment	764,739	762,411	757,965	753,702	734,466
Less: allowance for loan and lease losses	(7,835)	(7,871)	(8,140)	(8,287)	(8,406)
Loans, net	<u>756,904</u>	<u>754,540</u>	<u>749,825</u>	<u>745,415</u>	<u>726,060</u>
Operating lease right-of-use assets	3,084	3,215	3,399	3,126	2,347
Premises and equipment, net	14,408	14,599	14,106	13,153	13,181
Accrued interest receivable	5,014	4,995	4,710	4,715	4,693
Goodwill	339	339	339	339	389
Deferred tax asset, net	8,695	8,330	12,240	9,359	8,695
Bank-owned life insurance	24,536	24,376	20,965	20,849	20,737
Federal Home Loan Bank and other bank stock, at cost	3,289	3,946	3,601	4,532	4,035
Other assets	9,703	8,791	8,806	8,293	7,892
Total assets	<u>\$ 1,368,364</u>	<u>\$ 1,371,717</u>	<u>\$ 1,346,081</u>	<u>\$ 1,361,027</u>	<u>\$ 1,355,916</u>
Liabilities and Stockholders' Equity					
Liabilities:					
Deposits:					
Transaction accounts:					
Noninterest-bearing	\$ 123,164	\$ 120,562	\$ 123,717	\$ 126,359	\$ 129,594
Interest-bearing	622,253	624,695	612,102	597,197	618,004
Total transaction accounts	745,417	745,257	735,819	723,556	747,598
Time deposits	452,463	440,299	436,715	429,199	402,911
Total deposits	<u>1,197,880</u>	<u>1,185,556</u>	<u>1,172,534</u>	<u>1,152,755</u>	<u>1,150,509</u>
Accrued interest payable	3,489	3,301	2,801	2,397	1,616
Short-term borrowings	52,885	59,291	58,264	80,746	66,213
Long-term borrowings	6,186	12,186	14,186	16,186	16,186
Operating lease liability	3,160	3,293	3,478	3,206	2,428
Other liabilities	6,212	6,603	7,022	6,716	14,627
Total liabilities	<u>1,269,812</u>	<u>1,270,230</u>	<u>1,258,285</u>	<u>1,262,006</u>	<u>1,251,579</u>
Stockholders' Equity:					
Common stock	11,015	11,015	11,015	11,015	11,015
Capital surplus	5,825	5,825	5,825	5,825	5,825
Retained earnings	112,223	113,784	113,975	114,738	115,385
Accumulated other comprehensive income (loss)	(29,707)	(28,333)	(42,215)	(31,791)	(27,122)
Treasury stock	(804)	(804)	(804)	(766)	(766)
Total stockholders' equity	<u>98,552</u>	<u>101,487</u>	<u>87,796</u>	<u>99,021</u>	<u>104,337</u>
Total liabilities and stockholders' equity	<u>\$ 1,368,364</u>	<u>\$ 1,371,717</u>	<u>\$ 1,346,081</u>	<u>\$ 1,361,027</u>	<u>\$ 1,355,916</u>

LOAN COMPOSITION (UNAUDITED)

	AS OF				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Loans:					
Commercial and industrial loans	\$ 139,012	\$ 139,962	\$ 141,651	\$ 145,608	\$ 135,643
Real estate:					
1-4 single family residential loans	397,325	392,421	390,329	383,751	375,886
Construction, land and development loans	18,881	21,386	20,674	22,753	24,050
Commercial real estate loans (including multifamily)	186,271	180,572	179,229	174,126	166,400
Consumer loans and leases	23,250	28,070	26,082	27,464	32,487
Total loans held in portfolio	<u>\$ 764,739</u>	<u>\$ 762,411</u>	<u>\$ 757,965</u>	<u>\$ 753,702</u>	<u>\$ 734,466</u>

DEPOSIT COMPOSITION (UNAUDITED)

	AS OF				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Deposits:					
Noninterest-bearing demand deposits	\$ 123,164	\$ 120,562	\$ 123,717	\$ 126,359	\$ 129,594
Interest-bearing demand deposits	272,936	306,649	309,513	294,824	296,565
Savings and money market accounts	349,317	318,046	302,589	302,373	321,439
Time deposits	452,463	440,299	436,715	429,199	402,911
Total deposits	<u>\$ 1,197,880</u>	<u>\$ 1,185,556</u>	<u>\$ 1,172,534</u>	<u>\$ 1,152,755</u>	<u>\$ 1,150,509</u>

AVERAGE BALANCES AND YIELDS (UNAUDITED)

	THREE MONTHS ENDED					
	March 31, 2024			March 31, 2023		
	Average Balance (1)	Interest/ Expense	Annualized Yield/Rate	Average Balance (1)	Interest/ Expense	Annualized Yield/Rate
(Dollars in thousands)						
Interest-earning assets:						
Interest-earning deposits in other banks	\$ 690	\$ 10	5.81%	\$ 651	\$ 7	4.36%
Loans(2)	763,475	9,736	5.11%	724,718	8,780	4.91%
Investment securities and other	534,429	3,650	2.74%	549,762	3,610	2.66%
Total interest-earning assets	<u>1,298,594</u>	<u>13,396</u>	<u>4.14%</u>	<u>1,275,131</u>	<u>12,397</u>	<u>3.94%</u>
Noninterest-earning assets	72,643			76,729		
Total assets	<u>\$ 1,371,237</u>			<u>\$ 1,351,860</u>		
Interest-bearing liabilities:						
Interest-bearing demand deposits	\$ 281,069	\$ 374	0.53%	\$ 304,818	\$ 427	0.57%
Savings and money market accounts	331,259	2,433	2.95%	329,865	1,222	1.50%
Time deposits	447,041	4,049	3.63%	385,317	1,860	1.96%
FHLB advances and other borrowings	82,722	1,192	5.78%	83,325	1,155	5.62%
Total interest-bearing liabilities	<u>1,142,091</u>	<u>8,048</u>	<u>2.83%</u>	<u>1,103,325</u>	<u>4,664</u>	<u>1.71%</u>
“Noninterest-bearing liabilities and shareholders’ equity:”						
Noninterest-bearing demand deposits	118,710			129,729		
Other liabilities	11,882			15,798		
Stockholders’ equity	98,554			103,008		
Total liabilities and stockholders’ equity	<u>\$ 1,371,237</u>			<u>\$ 1,351,860</u>		
Net interest rate spread			1.31%			2.23%
Net interest income and margin		<u>\$ 5,348</u>	<u>1.65%</u>		<u>\$ 7,733</u>	<u>2.46%</u>
Net interest income and margin (tax equivalent)(3)		<u>\$ 5,618</u>	<u>1.74%</u>		<u>\$ 8,040</u>	<u>2.56%</u>

(1) Average balances presented are derived from daily average balances.

(2) Includes loans on nonaccrual status.

(3) In order to make pretax income and resultant yields on tax-exempt loans comparable to those on taxable loans, a tax-equivalent adjustment has been computed using a federal tax rate of 21% for the three months ended March 31, 2024 and March 31, 2023, respectively.

AVERAGE BALANCES AND YIELDS (UNAUDITED)

	THREE MONTHS ENDED					
	March 31, 2024			December 31, 2023		
	Average Balance (1)	Interest/Expense	Annualized Yield/Rate	Average Balance (1)	Interest/Expense	Annualized Yield/Rate
(Dollars in thousands)			(Dollars in thousands)			
Interest-earning assets:						
Interest-earning deposits in other banks	690	\$ 10	5.81%	\$ 699	\$ 11	6.24%
Loans(2)	763,475	9,736	5.11%	753,262	9,460	4.98%
Investment securities and other	534,429	3,650	2.74%	509,799	3,597	2.80%
Total interest-earning assets	1,298,594	13,396	4.14%	1,263,760	13,068	4.10%
Noninterest-earning assets	72,643			84,806		
Total assets	\$ 1,371,237			\$ 1,348,566		
Interest-bearing liabilities:						
Interest-bearing demand deposits	\$ 281,069	\$ 374	0.53%	\$ 301,962	\$ 416	0.55%
Savings and money market accounts	331,259	2,433	2.95%	305,769	2,296	2.98%
Time deposits	447,041	4,049	3.63%	434,237	3,741	3.42%
FHLB advances and other borrowings	82,722	1,192	5.78%	78,422	1,162	5.88%
Total interest-bearing liabilities	1,142,091	8,048	2.83%	1,120,390	7,615	2.70%
Noninterest-bearing liabilities and shareholders' equity:						
Noninterest-bearing demand deposits	118,710			131,001		
Other liabilities	11,882			10,511		
Stockholders' equity	98,554			86,664		
Total liabilities and stockholders' equity	\$ 1,371,237			\$ 1,348,566		
Net interest rate spread			1.31%			1.41%
Net interest income and margin	\$ 5,348		1.65%	\$ 5,453		1.71%
Net interest income and margin (tax equivalent)(3)	\$ 5,618		1.74%	\$ 5,766		1.81%

(1) Average balances presented are derived from daily average balances.

(2) Includes loans on nonaccrual status.

(3) In order to make pretax income and resultant yields on tax-exempt loans comparable to those on taxable loans, a tax-equivalent adjustment has been computed using a federal tax rate of 21% for the three months ended March 31, 2024 and December 31, 2023, respectively.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES - NET INTEREST MARGIN ON A FULLY TAXABLE EQUIVALENT BASIS (UNAUDITED)

	AS OF OR FOR THE THREE MONTHS ENDED				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
(Dollars in thousands, except per share data)					
Net interest margin - GAAP basis:					
Net interest income	\$ 5,348	\$ 5,453	\$ 5,825	\$ 6,654	\$ 7,733
Average interest-earning assets	1,298,594	1,263,760	1,281,554	1,286,471	1,275,131
Net interest margin	1.65%	1.71%	1.80%	2.07%	2.46%
Net interest margin - Non-GAAP basis:					
Net interest income	\$5,348	\$5,453	\$5,825	\$6,654	\$7,733
Plus:					
Impact of fully taxable equivalent adjustment	270	313	315	312	307
Net interest income on a fully taxable equivalent basis	\$ 5,618	\$ 5,766	\$ 6,140	\$ 6,966	\$ 8,040
Average interest-earning assets	1,298,594	1,263,760	1,281,554	1,286,471	1,275,131
Net interest margin on a fully taxable equivalent basis - Non-GAAP basis	1.74%	1.81%	1.90%	2.17%	2.56%

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES - TANGIBLE BOOK VALUE PER SHARE (UNAUDITED)

	AS OF				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
(Dollars in thousands, except per share data)					
Total stockholders' equity	\$ 98,552	\$ 101,487	\$ 87,796	\$ 99,021	\$ 104,337
Less:					
Goodwill and other intangible assets	339	339	339	339	389
Tangible stockholders' equity	\$ 98,213	\$ 101,148	\$ 87,457	\$ 98,682	\$ 103,948
Shares outstanding	2,190,510	2,190,510	2,190,510	2,191,010	2,191,010
Book value per share	\$ 44.99	\$ 46.33	\$ 40.08	\$ 45.19	\$ 47.62
Less:					
Goodwill and other intangible assets per share	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.18
Tangible book value per share	\$ 44.84	\$ 46.18	\$ 39.93	\$ 45.04	\$ 47.44

RECONCILIATION OF NON-GAAP FINANCIAL
MEASURES - TANGIBLE EQUITY TO TANGIBLE ASSETS
(UNAUDITED)

	AS OF				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
	(Dollars in thousands)				
Total stockholders' equity to total assets - GAAP basis:					
Total stockholders' equity (numerator)	\$ 98,552	\$ 101,487	\$ 87,796	\$ 99,021	\$ 104,337
Total assets (denominator)	1,368,364	1,371,717	1,346,081	1,361,027	1,355,916
Total stockholders' equity to total assets	7.20%	7.40%	6.52%	7.28%	7.69%
Tangible equity to tangible assets - Non-GAAP basis:					
Tangible equity:					
Total stockholders' equity	\$ 98,552	\$ 101,487	\$ 87,796	\$ 99,021	\$ 104,337
Less:					
Goodwill and other intangible assets	339	339	339	339	389
Total tangible common equity (numerator)	<u>\$ 98,213</u>	<u>\$ 101,148</u>	<u>\$ 87,457</u>	<u>\$ 98,682</u>	<u>\$ 103,948</u>
Tangible assets:					
Total assets	1,368,364	1,371,717	1,346,081	1,361,027	1,355,916
Less:					
Goodwill and other intangible assets	339	339	339	339	389
Total tangible assets (denominator)	<u>\$ 1,368,025</u>	<u>\$ 1,371,378</u>	<u>\$ 1,345,742</u>	<u>\$ 1,360,688</u>	<u>\$ 1,355,527</u>
Tangible equity to tangible assets	7.18%	7.38%	6.50%	7.25%	7.67%

1ST SUMMIT BANCORP
BOARD OF DIRECTORS

John W. McCall
Chairman

J. Eric Renner
President & CEO

Rex W. McQuaide, Esq.

Edward J. Sheehan, Jr.

Michael E. Ondesko, Jr.

Robert P. Gardill, II

Jacqueline M. Martella

Jennifer H. Lunden, Esq.

1ST SUMMIT BANCORP
CORPORATE OFFICERS

J. Eric Renner
President & CEO

Allison Johnson
Executive Vice President & Chief
Financial Officer/Chief Enterprise Risk Officer

Timothy W. Smith
Senior Vice President & Secretary

Michael J. Paulman
Senior Vice President

Polly A. Previte
Senior Vice President

1ST SUMMIT BANK
SENIOR LEADERSHIP TEAM

J. Eric Renner
President & CEO

Allison Johnson
Executive Vice President & Chief Financial Officer/
Chief Enterprise Risk Officer

Timothy W. Smith
Senior Vice President & Chief Information Officer

Polly A. Previte
Senior Vice President & Head of Retail Banking

Karen M. Mento
Senior Vice President & Chief Administrative Officer

Michael J. Paulman
Senior Vice President & Chief Lending Officer

Joseph P. Kelly, Jr.
Senior Vice President & Chief Credit Officer

Domenic M. Cagliuso
Senior Vice President & Wealth Management Division Head

Tobie Gunby
Vice President & Chief Human Resource Officer

FINANCIAL INFORMATION

Stock Information

1ST SUMMIT BANCORP of Johnstown, Inc. common stock is traded on OTC Pink under the symbol "FSMK."

Stock Transfer Agent & Registrar

ClearTrust, LLC
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813-235-4490
inbox@ClearTrustTransfer.com
www.cleartrustonline.com

Market Maker

Janney Montgomery Scott LLC
Contact: Eugene Bodo
Office: 215-665-6566 | Cell: 610-766-0015

Investor Relations Contact

Annette Rose
814-262-4043
arose@1stsummit.bank

SUBSIDIARIES



1ST SUMMIT BANK
Member FDIC

Main Office

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www.1stSummit.Bank

18 Community Offices and 1 Loan Production Office

Serving Cambria, Somerset, Indiana, Blair, and Westmoreland counties.