

## 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.**

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## 1ST SUMMIT BANCORP CORPORATE OFFICERS

**J. Eric Renner**  
President & CEO

**Carol A. Myers**  
EVP, Treasurer, & Chief  
Enterprise Risk Officer

**Timothy W. Smith**  
SVP & Secretary

**Michael J. Paulman**  
SVP

**Polly A. Previte**  
SVP

## 1ST SUMMIT BANK LEADERSHIP TEAM

**J. Eric Renner**  
President & CEO

**Carol A. Myers**  
EVP, Sr. Chief Financial Officer,  
& Chief Enterprise Risk Officer

**Timothy W. Smith**  
SVP &  
Chief Information Officer

**Polly A. Previte**  
SVP & Head of Retail Banking

**Karen M. Mento**  
SVP &  
Chief Administrative Officer

**Michael J. Paulman**  
SVP & Chief Lending Officer

**Domenic M. Cagliuso**  
SVP & Sr. Wealth Management  
Division Head

**Joseph P. Kelly**  
SVP & Chief Credit Officer

**Jocelyn A. Sauter**  
SVP & Chief Human Resource  
Officer



**1ST SUMMIT BANCORP**  
of Johnstown, Inc.

125 Donald Lane  
Post Office Box 5480  
Johnstown, Pennsylvania 15904

*First Quarter*

## FINANCIAL REPORT

*March 31, 2023*



**1ST SUMMIT BANCORP**

**1STSUMMIT.BANK**

## TO OUR SHAREHOLDERS & FRIENDS:

As we report first quarter results, the media can't seem to stop reporting on what to worry about at your bank. We are experiencing the fastest rate increases since the 1980s and the fastest shrinkage in the money supply since the 1930s. Of course, this is going to produce challenges for the banking industry. There are times when interest rates are favorable for banks and times when they are not. Just as in any other rate cycle, 1ST SUMMIT BANCORP will get through this. We are a strong, well-capitalized, well-diversified community bank.

Results for the quarter were mixed. While assets were down from year end, assets were up from a year earlier, at \$1.36 billion, an increase of \$33 million, with loans up over \$43 million from the prior year, first quarter.

Banks are experiencing earnings challenges this year as the Federal Reserve increased short-term interest rates at a pace faster than they have since the 1980s. With long-term rates not moving as fast, we now have an inverted yield curve. The effect is that it reduces the bank's ability to make up any shortfall in income by investing for the long term. This inverted yield curve puts pressure on financial institutions as is evident in the value of our equity securities portfolio. While our equity portfolio has been highly profitable for many years, the market value decline in this portfolio has become highly volatile but is not a reflection of our earnings power. Our operating earnings are satisfactory and should strengthen once short-term rates begin to decline. And, when the equity portfolio rebounds, it will have a positive impact on income.

The Company is well capitalized with equity capital of over \$104 million, or 7.7% of assets at quarter end and a total risk-based capital ratio of 17.9%, well above the 10% required to be considered well capitalized.

Your company continues to explore options to improve and further expand our branch banking presence within the counties we currently serve. Your company is fortunate to have a strong capital position and a solid balance sheet that will allow us to continue to grow and serve our customers.

As always, we thank you for your continued support and confidence in 1ST SUMMIT BANCORP.



John W. McCall  
Chairman of the Board



J. Eric Renner  
President and CEO

## QUARTER ENDING MARCH 31, 2023

Financial Highlights  
(in thousands except per share data)

	2023	2022
<b>NET INCOME</b>		
Interest income .....	\$ 12,397	\$ 10,187
Interest expense .....	4,664	1,305
Net interest income .....	7,733	8,882
Provision for loan losses .....	180	136
<b>Net Interest Income After Provision</b> .....	<b>7,553</b>	8,746
Other income:		
Service fees .....	447	442
Gain on sale of securities .....	-	-
Wealth management income ..	568	448
Other income .....	1,122	633
<b>Total Other Income</b> .....	<b>2,137</b>	1,523
Other expense:		
Salaries and benefits .....	4,294	4,083
Premises and equipment .....	1,188	1,072
FDIC insurance .....	186	88
Other expense .....	1,872	1,689
<b>Total Other Expense</b> .....	<b>7,540</b>	6,932
<b>Income Before Taxes</b> .....	<b>2,150</b>	3,337
Income tax expense .....	90	407
*Income before change in fair value of equity securities..	\$ 2,060	\$ 2,930
*Change in fair value of equity securities .....	(810)	(252)
*Income tax (benefit) expense on change in fair value of equity securities .....	(170)	(53)
<b>NET INCOME</b> .....	<b>\$ 1,420</b>	\$ 2,731
<b>PER SHARE DATA**</b>	<b>2023</b>	<b>2022</b>
*Adjusted Net Income .....	\$ 0.94	\$ 1.34
Net Income .....	\$ 0.65	\$ 1.25
Cash Dividends .....	\$ 0.43	\$ 0.42
Book Value .....	\$ 47.62	\$ 51.27
Market Value .....	\$ 74.00	\$ 69.00

	March 31,	
	2023	2022
<b>BALANCE SHEET</b>		
Total assets .....	\$ 1,355,916	\$ 1,322,647
Net loans .....	726,060	682,934
Investment securities .....	555,545	575,093
Deposits .....	1,150,509	1,152,274
Average assets .....	1,389,164	1,325,773
Borrowed funds .....	90,589	48,823
Shareholders' equity .....	104,337	112,260
Allowance for loan and lease losses .....	\$ 8,406	\$ 7,524

(Unaudited)

## THREE MONTHS ENDING MARCH 31, 2023

Financial Highlights  
(in thousands except per share data)

	2023	2022
<b>NET INCOME</b>		
Interest income .....	\$ 12,397	\$ 10,187
Interest expense .....	4,664	1,305
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Book Value .....	\$ 47.62	\$ 51.27
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	2023	2022
<b>PERFORMANCE RATIOS</b>		
Return on average assets .....	0.41 %	0.82 %
Return on average equity .....	5.52 %	8.76 %
Net interest margin .....	2.44 %	2.90 %
Allowance for loan losses to total loans .....	1.14 %	1.09 %
Non-performing loans to total loans	0.62 %	0.55 %
Non-performing assets to total assets .....	0.37 %	0.29 %
Net overhead to average assets...	2.17 %	2.09 %
Tier 1 capital ratio .....	10.11 %	9.96 %

(Unaudited)

\*This calculation is a non-GAAP measure which adjusts for the impact of the Financial Instruments Rule ASU 2016-01 which requires mark to market accounting through earnings on equity securities.

\*\*Restated for comparative purposes to reflect 100% stock dividend in April 2022.