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John W. McCall
Chairman

J. Eric Renner
President & CEO

Rex W. McQuaide, 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 Resources
Officer



1ST SUMMIT BANCORP
of Johnstown, Inc.

125 Donald Lane
Post Office Box 5480
Johnstown, Pennsylvania 15904

Fourth Quarter

FINANCIAL REPORT

December 31, 2023



1ST SUMMIT BANCORP

1STSUMMIT.BANK

TO OUR SHAREHOLDERS & FRIENDS:

As we close out 2023, 1ST SUMMIT BANCORP looks forward to celebrating our 100th year anniversary and continuing our heritage of building meaningful relationships with our customers, shareholders, and communities. We are looking to the future with unwavering confidence.

2023 was a challenging year for the banking industry. We have seen the Federal Reserve increase interest rates by some 525 basis points over the last two years as they battle to tame inflation. This extremely high interest rate environment has put tremendous pressure on bank margins. However, as inflation has been falling, there does appear to be some positive stabilization taking place.

Reported net income totaled \$2.6 million for the full year of 2023, a decline of \$8.9 million compared to a record net income of \$11.5 million in 2022. The decline in net income year-over-year was driven by a \$11.2 million or 30.4% decline in the Company's net interest income. While higher rates and positive loan growth did drive a lift in interest income, up \$5.8 million or 13%, this was offset by the 208% or \$17 million increase experienced in the Company's interest expense paid on deposits and borrowings. We expect our operating earnings to improve once short-term rates decline, coupled with the many other initiatives we are taking to grow higher yielding loans and gather lower-cost core deposits. The two new community offices we opened in Altoona and Greensburg in the fourth quarter of 2023 will be instrumental in achieving these growth objectives.

From a balance sheet perspective, our loan portfolio grew \$28.4 million or 4%. With the rapid rise in interest rates, the mix of our deposits shifted from lower-cost checking and savings to more expensive CDs as deposit customers demanded higher returns. Despite the deposit volatility and competitive environment in 2023, total deposits ended the year \$25 million higher than 2022.

The Company is well capitalized with equity capital of over \$101 million, or 7.4% of assets at year end and a total risk-based capital ratio of 17.4%, which is significantly above the 10% to be considered well capitalized. The cash dividend in 2023 was \$1.72 per share, up \$.01 per share over the prior year. This marked the 47th straight year of a cash dividend increase. Additionally, asset quality remains strong with nonperforming assets at 0.59% of total assets. The allowance for loan losses also remains strong at 1.03% of total loans.

We have had many accomplishments in 2023 and our strong capital position and a solid balance sheet will allow us to be future focused as we move into 2024. As always, we are grateful 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 DECEMBER 31, 2023

Financial Highlights
(in thousands except per share data)

	2023	2022
NET INCOME		
Interest income	\$ 13,068	\$ 12,382
Interest expense	7,615	3,313
Net interest income	5,453	9,069
Provision for loan losses	131	30
Net Interest Income After Provision	5,322	9,039
Other income:		
Service fees	564	479
Loss on sale of debt securities	-	-
Wealth management income	520	515
Other income	817	765
Total Other Income	1,901	1,759
Other expense:		
Salaries and benefits	4,183	4,495
Premises and equipment	842	1,094
FDIC insurance	126	95
Other expense	2,427	2,030
Total Other Expense	7,578	7,714
Income Before Taxes	(355)	3,084
Income tax (benefit) expense	(408)	338
*Income before change in fair value of equity securities	\$ 53	\$ 2,746
*Change in fair value of equity securities	884	345
*Income tax (benefit) expense on change in fair value of equity securities	186	72
NET INCOME	\$ 751	\$ 3,019
PER SHARE DATA	2023	2022
*Adjusted Net Income	\$ 0.02	\$ 1.25
Net Income	\$ 0.34	\$ 1.38
Cash Dividends	\$ 0.43	\$ 0.43
Book Value	\$ 46.32	\$ 46.26
Tangible Book Value Excluding AOCI	\$ 59.10	\$ 60.20

	December 31,	
	2023	2022
BALANCE SHEET		
Total assets	\$1,371,718	\$ 1,361,775
Net loans	754,540	726,537
Investment securities	535,239	559,959
Deposits	1,185,556	1,160,735
Average assets	1,390,979	1,367,060
Borrowed funds	71,477	90,324
Shareholders' equity	101,487	101,285
Allowance for loan and lease losses	\$ 7,871	\$ 7,498

(Unaudited)

TWELVE MONTHS ENDING DECEMBER 31, 2023

Financial Highlights
(in thousands except per share data)

	2023	2022
NET INCOME		
Interest income	\$ 50,822	\$ 45,040
Interest expense	25,157	8,159
Net interest income	25,665	36,881
Provision for loan losses	700	368
Net Interest Income After Provision	24,965	36,513
Other income:		
Service fees	2,039	1,899
Loss on sale of debt securities	(113)	-
Wealth management income	2,072	2,024
Other income	3,846	2,857
Total Other Income	7,844	6,780
Other expense:		
Salaries and benefits	17,068	17,229
Premises and equipment	4,261	4,338
FDIC insurance	627	360
Other expense	8,614	7,388
Total Other Expense	30,570	29,315
Income Before Taxes	2,239	13,978
Income tax (benefit) expense	(770)	1,762
*Income before change in fair value of equity securities	\$ 3,009	\$ 12,216
*Change in fair value of equity securities	(460)	(890)
*Income tax (benefit) expense on change in fair value of equity securities	(97)	(187)
NET INCOME	\$ 2,646	\$ 11,513
PER SHARE DATA	2023	2022
*Adjusted Net Income	\$ 1.37	\$ 5.58
Net Income	\$ 1.21	\$ 5.26
Cash Dividends	\$ 1.72	\$ 1.71
Book Value	\$ 46.32	\$ 46.26
Tangible Book Value Excluding AOCI	\$ 59.10	\$ 60.20

	2023	2022
PERFORMANCE RATIOS		
Return on average assets	0.19 %	0.84 %
Return on average equity	2.74 %	10.90 %
Net interest margin	2.06 %	2.93 %
Allowance for loan losses to total loans	1.03 %	1.02 %
Non-performing loans to total loans	0.99 %	0.57 %
Non-performing assets to total assets	0.59 %	0.34 %
Net overhead to average assets	2.20 %	2.14 %
Total risk-based capital	9.88 %	10.12 %

(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.