



1ST SUMMIT BANCORP
of Johnstown, Inc.

125 Donald Lane
PO Box 5480
Johnstown, Pennsylvania 15904

Third Quarter

FINANCIAL REPORT

September 30, 2024

100 YEARS

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



1ST SUMMIT BANCORP
of Johnstown, Inc.

1STSUMMIT.BANK

TO OUR SHAREHOLDERS AND FRIENDS:

We are pleased to announce another quarter of improving financial and operating performance. Net income increased to \$579 thousand or \$0.27 per share for the quarter ended September 30, 2024 from \$330 thousand or \$0.15 per share for the quarter ended June 30, 2024. Net income for the third quarter of 2023 was \$179 thousand or \$0.08 per share. Late in the second quarter of 2024, Management began executing a plan to improve profitability through greater discipline in the pricing of earning assets and moving towards rebalancing the asset and funding mix to improve net interest income.

These measures are primarily responsible for the increase in net income for the third quarter of 2024 and we expect to continue to experience benefits into the fourth quarter and beyond. Additionally, approximately two weeks before quarter end, the Federal Reserve Open Market Committee voted to reduce benchmark interest rates 50 bps. As a significant amount of our assets and liabilities reprice at the start of the fourth quarter we anticipate that the Federal Reserve's reduction in benchmark interest rates will provide additional tailwinds in our effort to improve profitability.

On a pre-tax, pre-provision basis, net income for the three months ended September 30, 2024 was \$24 thousand compared to \$245 thousand for the three months ended June 30, 2024 and a net loss of \$32 thousand for the third quarter of 2023. A negative provision was recorded for the third quarter of 2024 due primarily to reduced levels of non-performing assets which carry a higher reserve percentage. Credit quality has remained strong during the third quarter of 2024, driving the decline in the ratio of our allowance for credit losses to total loans to 95 bps at September 30, 2024 from 104 bps at June 30, 2024.

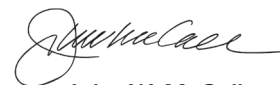
During the quarter ended September 30, 2024, our net interest margin totaled 1.79%, an increase of 9 bps from the prior quarter. The improved margin was due primarily to a targeted reduction in certain earning assets and the use of those proceeds to eliminate costly overnight funding. Overall, total assets declined \$5.6 million for the quarter as a result of this strategy. Going forward, we do not anticipate the need to further de-lever the balance sheet; however, depending upon the trajectory of benchmark interest rates we will plan to continue to improve the mix of earning assets to better capitalize on the current interest rate environment.

Total deposits increased \$7.9 million or 2.6% annualized from June 30, 2024. We continue to maintain a strong base of core deposits in the stable markets in which we operate. The ability to use deposit growth to fund future earning asset growth instead of relying on expensive short-term funding is a key strategic advantage that we believe will help drive further expansion in our net interest margin and overall profitability.

Shares of 1ST SUMMIT BANCORP of Johnstown were available for sale on an over-the-counter exchange the entire quarter and we are pleased to provide current and prospective shareholders with the opportunity to actively trade in our stock. While the closing market price at September 30, 2024 of \$27.00 remains below book value per share of \$47.35 at that same date, we intend to continue to execute on our strategy to improve profitability and financial performance.



J. Eric Renner
President and CEO



John W. McCall
Chairman of the Board

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.

ABOUT 1ST SUMMIT BANCORP OF JOHNSTOWN, INC.

1ST SUMMIT, through its wholly-owned subsidiary, 1ST SUMMIT BANK (the “Bank”), is a community-oriented financial institution that primarily focuses on relationship banking for both consumers and businesses. From 18 full-service community offices and one loan production office, the Bank provides a full-array personal and business banking solutions, investment management and trust services. The Bank serves communities throughout the counties of Cambria, Westmoreland, Blair, Somerset, and Indiana in southwestern PA.

Please visit <https://www.1stsummit.bank> for more information.

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	FOR THE THREE MONTHS ENDED				
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Interest income:					
Interest and fees on loans	\$ 10,277	\$ 9,811	\$ 9,736	\$ 9,460	\$ 9,310
Interest and dividends on investment securities	3,439	3,632	3,650	3,597	3,411
Other interest income	366	26	10	11	9
Total interest income	14,082	13,469	13,396	13,068	12,730
Interest expense:					
Interest on deposits	7,550	7,176	6,856	6,453	5,470
Interest on FHLB advances and other borrowings	738	857	1,192	1,162	1,435
Total interest expense	8,288	8,033	8,048	7,615	6,905
Net interest income	5,794	5,436	5,348	5,453	5,825
Provision for loan losses	(362)	362	-	131	168
Net interest income after provision for loan losses	6,156	5,074	5,348	5,322	5,657
Noninterest income:					
Service charges and fees	518	521	521	564	553
Wealth management income	640	550	543	520	464
Earnings on bank-owned life insurance	30	394	159	160	116
Merchant services income	545	704	535	558	557
Gain (loss) on sales of investment securities	(28)	20	-	-	-
Change in fair value of equity securities	0	(212)	(80)	884	(115)
Other noninterest income	544	163	172	99	130
Total noninterest income	2,249	2,140	1,850	2,785	1,705
Noninterest expense:					
Salaries and employee benefits	4,488	3,911	4,524	4,183	4,170
Occupancy and equipment expenses	960	944	950	842	1,028
Professional services	266	545	529	191	162
Data processing and network	874	1,017	694	728	653
Regulatory assessments and insurance	171	165	165	126	129
Shares tax expense	227	231	227	224	225
Other operating expenses	1,033	518	1,105	1,284	1,195
Total noninterest expense	8,019	7,331	8,194	7,578	7,562
Income before income tax expense	386	(117)	(996)	529	(200)
Income tax expense	(193)	(447)	(377)	(222)	(379)
Net income	\$ 579	\$ 330	\$ (619)	\$ 751	\$ 179
Earnings per common share:					
Basic	\$ 0.27	\$ 0.15	\$ (0.28)	\$ 0.34	\$ 0.08
Diluted	0.27	0.15	(0.28)	0.34	0.08

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	AS OF				
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
	(Dollars in thousands)				
Assets:					
Cash and due from banks	\$ 11,921	\$ 12,138	\$ 8,582	\$ 12,893	\$ 12,671
Interest-bearing deposits in other banks	26,378	1,622	1,344	455	970
Total cash and cash equivalents	38,299	13,760	9,926	13,348	13,641
Investment securities:					
Equity securities	483	1,318	6,926	7,005	6,122
Available for sale securities, at fair value	268,528	286,693	293,456	291,435	272,704
Held to maturity securities, at amortized cost	222,077	227,478	232,084	236,798	235,623
Total investment securities	491,088	515,489	532,466	535,238	514,449
Loans:					
Loans held for investment	767,887	770,460	764,739	762,411	757,965
Less: allowance for loan and lease losses	(7,310)	(8,028)	(7,835)	(7,871)	(8,140)
Loans, net	760,619	762,432	756,904	754,540	749,825
Operating lease right-of-use assets	2,744	2,904	3,084	3,215	3,399
Premises and equipment, net	14,006	14,226	14,408	14,599	14,106
Accrued interest receivable	4,614	5,058	5,014	4,995	4,710
Goodwill	339	339	339	339	339
Deferred tax asset, net	8,117	9,094	8,695	8,330	12,240
Bank-owned life insurance	24,734	24,705	24,536	24,376	20,965
Federal Home Loan Bank and other bank stock, at cost	2,153	2,935	3,289	3,946	3,601
Other assets	10,137	11,493	9,703	8,791	8,806
Total assets	\$ 1,356,808	\$ 1,362,435	\$ 1,368,364	\$ 1,371,717	\$ 1,346,081
Liabilities and Stockholders' Equity					
Liabilities:					
Deposits:					
Transaction accounts:					
Noninterest-bearing	\$ 113,005	\$ 110,231	\$ 123,164	\$ 120,562	\$ 123,717
Interest-bearing	648,806	646,814	622,253	624,695	612,102
Total transaction accounts	761,811	757,045	745,417	745,257	735,819
Time deposits	443,192	440,067	452,463	440,299	436,715
Total deposits	1,205,003	1,197,112	1,197,880	1,185,556	1,172,534
Accrued interest payable	4,284	4,136	3,489	3,301	2,801
Short-term borrowings	-	29,362	52,885	59,291	58,264
Long-term borrowings	36,186	26,186	6,186	12,186	14,186
Operating lease liability	2,814	2,978	3,160	3,293	3,478
Other liabilities	5,986	6,222	6,212	6,603	7,022
Total liabilities	1,254,315	1,265,996	1,269,812	1,270,230	1,258,285
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	111,250	111,611	112,223	113,784	113,975
Accumulated other comprehensive income (loss)	(23,626)	(31,208)	(29,707)	(28,333)	(42,215)
Treasury stock	(1,929)	(804)	(804)	(804)	(804)
Total stockholders' equity	102,535	96,439	98,552	101,487	87,796
Total liabilities and stockholders' equity	\$ 1,356,808	\$ 1,362,435	\$ 1,368,364	\$ 1,371,717	\$ 1,346,081

LOAN COMPOSITION (UNAUDITED)

	AS OF				
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
	(Dollars in thousands)				
Loans:					
Commercial and industrial loans	\$ 135,290	\$ 140,042	\$ 139,012	\$ 139,962	\$ 141,651
Real estate:					
1-4 single family residential loans	398,383	397,495	397,325	392,421	390,329
Construction, land and development loans	15,388	18,679	18,881	21,386	20,674
Commercial real estate loans (including multifamily)	192,816	188,264	186,271	180,572	179,229
Consumer loans and leases	26,010	25,980	23,250	28,070	26,082
Total loans held in portfolio	<u>\$ 767,887</u>	<u>\$ 770,460</u>	<u>\$ 764,739</u>	<u>\$ 762,411</u>	<u>\$ 757,965</u>

DEPOSIT COMPOSITION (UNAUDITED)

	AS OF				
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Deposits:					
Noninterest-bearing demand deposits	\$ 113,005	\$ 110,231	\$ 123,164	\$ 120,562	\$ 123,717
Interest-bearing demand deposits	286,899	274,830	272,936	306,649	309,513
Savings and money market accounts	361,907	371,984	349,317	318,046	302,589
Time deposits	443,192	440,067	452,463	440,299	436,715
Total deposits	<u>\$ 1,205,003</u>	<u>\$ 1,197,112</u>	<u>\$ 1,197,880</u>	<u>\$ 1,185,556</u>	<u>\$ 1,172,534</u>

AVERAGE BALANCES AND YIELDS (UNAUDITED)

	THREE MONTHS ENDED					
	September 30, 2024			September 30, 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	\$ 22,764	\$ 366	6.38%	\$ 6,308	\$ 9	0.58%
Loans(2)	768,493	10,277	5.31%	751,888	9,310	5.02%
Investment securities and other	505,255	3,439	2.70%	523,358	3,411	2.64%
Total interest-earning assets	1,296,512	14,082	4.31%	1,281,554	12,730	4.03%
Noninterest-earning assets	60,946			74,383		
Total assets	\$ 1,357,458			\$ 1,355,937		
Interest-bearing liabilities:						
Interest-bearing demand deposits	\$ 276,093	\$ 465	0.67%	\$ 289,062	\$ 299	0.42%
Savings and money market accounts	369,756	2,683	2.88%	329,345	1,893	2.33%
Time deposits	441,873	4,402	3.95%	406,619	3,278	3.27%
FHLB advances and other borrowings	48,132	738	6.08%	101,293	1,435	5.75%
Total interest-bearing liabilities	1,135,854	8,288	2.89%	1,126,319	6,905	2.49%
Noninterest-bearing liabilities and shareholders' equity:						
Noninterest-bearing demand deposits	116,662			122,518		
Other liabilities	10,222			15,234		
Stockholders' equity	94,720			91,866		
Total liabilities and stockholders' equity	\$ 1,357,458			\$ 1,355,937		
Net interest rate spread			1.41%			1.54%
Net interest income and margin	\$ 5,794		1.79%	\$ 5,825		1.84%
Net interest income and margin (tax equivalent)(3)	\$ 6,123		1.89%	\$ 6,137		1.94%

(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 September 30, 2024 and September 30, 2023, respectively.

AVERAGE BALANCES AND YIELDS (UNAUDITED)

	THREE MONTHS ENDED					
	September 30, 2024			June 30, 2024		
	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	\$ 22,764	\$ 366	6.38%	\$ 1,561	\$ 26	6.68%
Loans(2)	768,493	10,277	5.31%	767,240	9,811	5.13%
Investment securities and other	505,255	3,439	2.70%	514,488	3,632	2.83%
Total interest-earning assets	1,296,512	14,082	4.31%	1,283,289	13,469	4.21%
Noninterest-earning assets	60,946			78,972		
Total assets	\$ 1,357,458			\$ 1,362,261		
Interest-bearing liabilities:						
Interest-bearing demand deposits	\$ 276,093	\$ 465	0.67%	\$ 275,624	\$ 396	0.58%
Savings and money market accounts	369,756	2,683	2.88%	371,919	2,490	2.69%
Time deposits	441,873	4,402	3.95%	434,907	4,290	3.96%
FHLB advances and other borrowings	48,132	738	6.08%	56,318	857	6.10%
Total interest-bearing liabilities	1,135,854	8,288	2.89%	1,138,768	8,033	2.83%
Noninterest-bearing liabilities and shareholders' equity:						
Noninterest-bearing demand deposits	116,662			119,292		
Other liabilities	10,222			9,830		
Stockholders' equity	94,720			94,371		
Total liabilities and stockholders' equity	\$ 1,357,458			\$ 1,362,261		
Net interest rate spread			1.41%			1.38%
Net interest income and margin	\$ 5,794		1.79%	\$ 5,436		1.70%
Net interest income and margin (tax equivalent)(3)	\$ 6,123		1.89%	\$ 5,665		1.77%

(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 September 30, 2024 and June 30, 2024, respectively.

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

	AS OF				
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
(Dollars in thousands, except per share data)					
Total stockholders' equity	\$ 102,535	\$ 96,439	\$ 98,552	\$ 101,487	\$ 87,796
Less:					
Goodwill and other intangible assets	339	339	339	339	339
Tangible stockholders' equity	<u>\$ 102,196</u>	<u>\$ 96,100</u>	<u>\$ 98,213</u>	<u>\$ 101,148</u>	<u>\$ 87,457</u>
Shares outstanding	2,165,510	2,190,510	2,190,510	2,190,510	2,190,510
Book value per share	\$ 47.35	\$ 44.03	\$ 44.99	\$ 46.33	\$ 40.08
Less:					
Goodwill and other intangible assets per share	<u>\$ 0.16</u>	<u>\$ 0.15</u>	<u>\$ 0.15</u>	<u>\$ 0.15</u>	<u>\$ 0.15</u>
Tangible book value per share	<u>\$ 47.19</u>	<u>\$ 43.88</u>	<u>\$ 44.84</u>	<u>\$ 46.18</u>	<u>\$ 39.93</u>

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

	AS OF OR FOR THE THREE MONTHS ENDED				
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
(Dollars in thousands, except per share data)					
Net interest margin - GAAP basis:					
Net interest income	\$ 5,794	\$ 5,436	\$ 5,348	\$ 5,453	\$ 5,825
Average interest-earning assets	1,296,512	1,283,289	1,298,594	1,263,760	1,281,554
Net interest margin	1.79%	1.70%	1.65%	1.71%	1.84%
Net interest margin - Non-GAAP basis:					
Net interest income	\$ 5,794	\$ 5,436	\$ 5,348	\$ 5,453	\$ 5,825
Plus:					
Impact of fully taxable equivalent adjustment	329	229	270	313	312
Net interest income on a fully taxable equivalent basis	<u>\$ 6,123</u>	<u>\$ 5,665</u>	<u>\$ 5,618</u>	<u>\$ 5,766</u>	<u>\$ 6,137</u>
Average interest-earning assets	1,296,512	1,283,289	1,298,594	1,263,760	1,281,554
Net interest margin on a fully taxable equivalent basis - Non-GAAP basis	1.89%	1.77%	1.74%	1.81%	1.94%

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

	AS OF				
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
(Dollars in thousands)					
Total stockholders' equity to total assets - GAAP basis:					
Total stockholders' equity (numerator)	\$ 102,535	\$ 96,439	\$ 98,552	\$ 101,487	\$ 87,796
Total assets (denominator)	1,356,808	1,362,435	1,368,364	1,371,717	1,346,081
Total stockholders' equity to total assets	7.56%	7.08%	7.20%	7.40%	6.52%
Tangible equity to tangible assets - Non-GAAP basis:					
Tangible equity:					
Total stockholders' equity	\$ 102,535	\$ 96,439	\$ 98,552	\$ 101,487	\$ 87,796
Less:					
Goodwill and other intangible assets	339	339	339	339	339
Total tangible common equity (numerator)	<u>\$ 102,196</u>	<u>\$ 96,100</u>	<u>\$ 98,213</u>	<u>\$ 101,148</u>	<u>\$ 87,457</u>
Tangible assets:					
Total assets	1,356,808	1,362,435	1,368,364	1,371,717	1,346,081
Less:					
Goodwill and other intangible assets	339	339	339	339	339
Total tangible assets (denominator)	<u>\$ 1,356,469</u>	<u>\$ 1,362,096</u>	<u>\$ 1,368,025</u>	<u>\$ 1,371,378</u>	<u>\$ 1,345,742</u>
Tangible equity to tangible assets	7.53%	7.06%	7.18%	7.38%	6.50%

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.

CORPORATE OFFICERS

J. Eric Renner
President & CEO

Allison S. 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

FINANCIAL INFORMATION

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

Stock Transfer Agent & Registrar
ClearTrust, LLC
16540 Pointe Village Drive, Suite 210
Lutz, FL 33558
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