



1ST SUMMIT BANCORP
of Johnstown, Inc.

2025 ANNUAL SHAREHOLDER MEETING





1ST SUMMIT BANCORP
of Johnstown, Inc.

BUSINESS OF MEETING

CHAIRMAN CALL TO ORDER

ROLL CALL & QUORUM

REPORT OF ALLISON JOHNSON, PRESIDENT & CEO

ELECTION RESULTS

OLD BUSINESS

NEW BUSINESS

ADJOURNMENT

BOARD OF DIRECTORS



REX W. MCQUAIDE

(68)

Over 40 years of experience with the Bank. Vice President and Corporate Counsel for MCS Logistics, Inc., and owner of McQuaide Law Office.



JOHN W. MCCALL

(68)

Dealer administrator of McCall Motors, Inc., a family-owned car dealership in operation for 79 years.



JACQUELINE M. MARTELLA

(60)

Co-Owner of Martella's Pharmacies and CEO of Boswell Prescription/Boswell Pharmacy Services, LLC.



ROBERT P. GARDILL II

(59)

President of General American Resources, Inc., a multi-company corporation including Ace Hardware stores, Payless Car and Truck Rental locations, and other businesses.

BOARD OF DIRECTORS (CONTINUED)



JENNIFER H. LUNDEN

(51)

Associate Attorney with Hergenroeder Rega Ewing & Kennedy, LLC. Ms. Lunden is actively involved in numerous civic and community organizations.



MICHAEL E. ONDESKO JR.

(65)

President and Owner of Dunlo Transfer Co., Inc., and Dunlo Realty, Inc., in operation for over 80 years.



EDWARD J. SHEEHAN

(66)

President and CEO of Concurrent Technologies Corporation, a national independent, nonprofit, applied scientific research and development organization.



ALLISON JOHNSON

(40)

Currently serves as President, CEO and CFO of the Corporation.

SENIOR LEADERSHIP TEAM



ALLISON JOHNSON

President, CEO,
CFO, & Chief
Risk Officer



JOSEPH KELLY

SVP & Chief
Credit Officer



MICHAEL PAULMAN

SVP & Chief
Lending Officer



POLLY PREVITE

SVP & Head of
Retail Banking

SENIOR LEADERSHIP TEAM (CONTINUED)



TIMOTHY SMITH

**SVP & Chief
Information
Officer**



TOBIE GUNBY

**VP & Chief HR
Officer**



DOMENIC CAGLIUSO

**SVP & Head of
Wealth Mgmt.**

FORWARD-LOOKING STATEMENTS

This investor presentation has been prepared by 1st Summit Bancorp, Inc., (the “Company” or “FSMK”) solely for informational purposes based on its own information, as well as information from public sources. Certain of the information contained herein may be derived from information provided by industry sources. The Company believes such information is accurate and that the sources from which it has been obtained are reliable. However, the Company has not independently verified such information and cannot guarantee the accuracy of such information.


This investor presentation has been prepared to assist interested parties in making their own evaluation of the Company and does not purport to contain all of the information that may be relevant. In all cases, interested parties should conduct their own investigation and analysis of the Company and the data set forth in the investor presentation and other information provided by or on behalf of the Company.

Cautionary Statement Regarding Forward-Looking Information


This investor presentation contains statements about future events that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by references to a future period or periods or by the use of the words "believe," "expect," "anticipate," "intend," "estimate," "assume," "will," "should," "could," "plan," and other similar terms or expressions. Forward-looking statements should not be relied on because they involve known and unknown risks, uncertainties and other factors, some of which are beyond the control of the Company. These risks, uncertainties, and other factors may cause the actual results, performance, and achievements of the Company to be materially different from the anticipated future results, performance or achievements expressed in, or implied by, the forward-looking statements. Factors that could cause such differences include, but are not limited to, the impact on us and our customers of a decline in general economic conditions and any regulatory responses thereto; potential recession in the United States and our market areas; the impacts related to or resulting from recent bank failures and any continuation of the recent uncertainty in the banking industry, including the associated impact to the Company and other financial institutions of any regulatory changes or other mitigation efforts taken by government agencies in response thereto; changes in the value of securities in the Company's portfolio; increased competition for deposits and related changes in deposit customer behavior; changes in market interest rates; the persistence of the current inflationary environment in our market areas and the United States; the uncertain impacts of ongoing quantitative tightening and current and future monetary policies of the Board of Governors of the Federal Reserve System; the effects of declines in housing prices in the United States and our market areas; increases in unemployment rates in the United States and our market areas; declines in commercial real estate prices; uncertainty regarding United States fiscal debt and budget matters; the impacts of tariffs, sanctions and other trade policies of the United States and its global trading counterparts; cyber incidents or other failures, disruptions or security breaches; severe weather, natural disasters, acts of war or terrorism or other external events; regulatory considerations; competition and market expansion opportunities; changes in non-interest expenditures or in the anticipated benefits of such expenditures; recent changes in our executive management team; changes in tax laws; and current or future litigation, regulatory examinations or other legal and/or regulatory actions. Therefore, the Company can give no assurance that the results contemplated in the forward-looking statements will be realized and readers are cautioned not to place undue reliance on the forward-looking statements contained in this presentation. For more information about these factors, please see our most recent Annual Report on our website at <https://www.1stsummit.bank/home/who-we-are/meet-1st-summit/investor-info/>.

Any forward-looking statements contained in this presentation are made as of the date hereof, and we undertake no duty, and specifically disclaim any duty, to update or revise any such statements, whether as a result of new information, future events or otherwise, except as required by applicable law.


COMPANY OVERVIEW AT DECEMBER 31, 2024



Assets



Net Loans



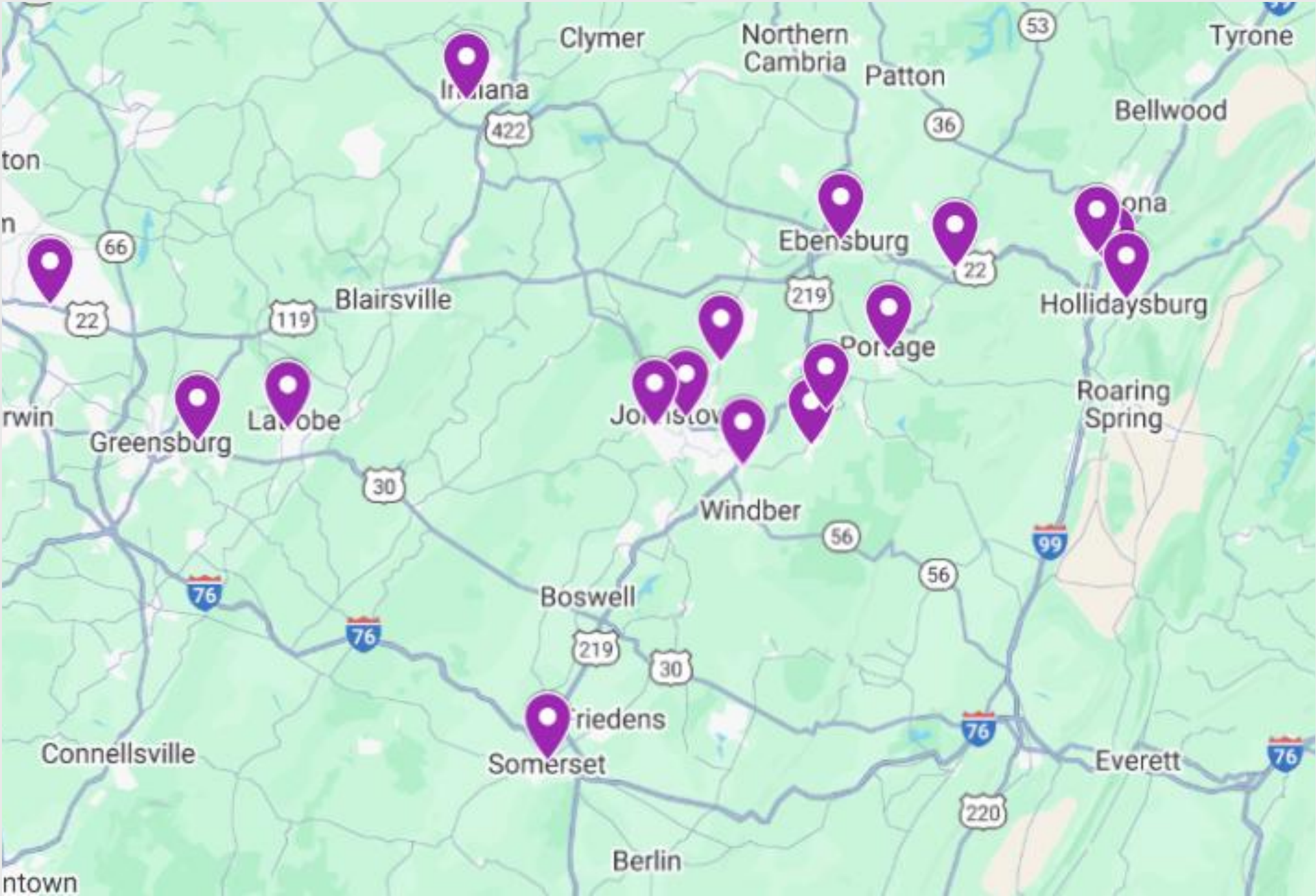
Deposits

\$1.4B

\$776M

\$1.2B

Return on Average Assets	0.23%	Loan to Deposit Ratio	65.01%
Return on Average Tangible Equity	3.28%	Tangible Common Equity / Tangible Assets	6.62%
Net Interest Margin	1.73%	Efficiency Ratio	92.05%



17 Locations

2024 HIGHLIGHTS

FINANCIAL

- Net income of \$3.2 million, an increase of \$547 thousand, or 20.6% from 2023
- Net interest margin of 1.73%, 33 bps decrease from 2023
- Noninterest expense well controlled at approximately \$31 million for 2023 and 2024

OPERATIONAL

- Loan growth of 2.7% and Deposit growth of 1.6%
- Enhanced deposit product offerings and introduced a rewards program
- Implemented a formal hedging program

STRATEGIC

- Eliminated reliance on expensive overnight financing
- Developed strategy to re-balance portfolio of earning assets
- Hired 2 C&I lenders focused on the Pittsburgh market

SUMMARY INCOME STATEMENT

	2024	2023	% Change
Interest income:			
Interest and fees on loans	\$ 39,980	\$ 36,156	11%
Interest and dividends on investment securities	14,315	14,303	0%
Other interest income	359	78	360%
Total interest income	54,654	50,537	8%
Interest expense:			
Interest on deposits	28,733	20,074	43%
Interest on FHLB advances and other borrowings	3,613	5,083	-29%
Total interest expense	32,346	25,157	29%
Net interest income	22,308	25,380	-12%
Provision for credit losses	86	700	-88%
Net interest income after provision for credit losses	22,222	24,680	-10%
Noninterest income	12,007	7,669	57%
Noninterest expense	31,588	30,570	3%
Income before income tax expense	2,641	1,779	48%
Income tax expense (benefit)	(552)	(867)	-36%
Net income	\$ 3,193	\$ 2,646	21%

2024 ASSET SALES

Branch Sale Leaseback

- Recognized immediate gain of \$3.3 million on sale
- Used proceeds on sale to further reduce reliance on expensive overnight financing
- Committed to operating sold branches for fifteen years while shifting maintenance costs to purchaser

Credit Card Portfolio Sale

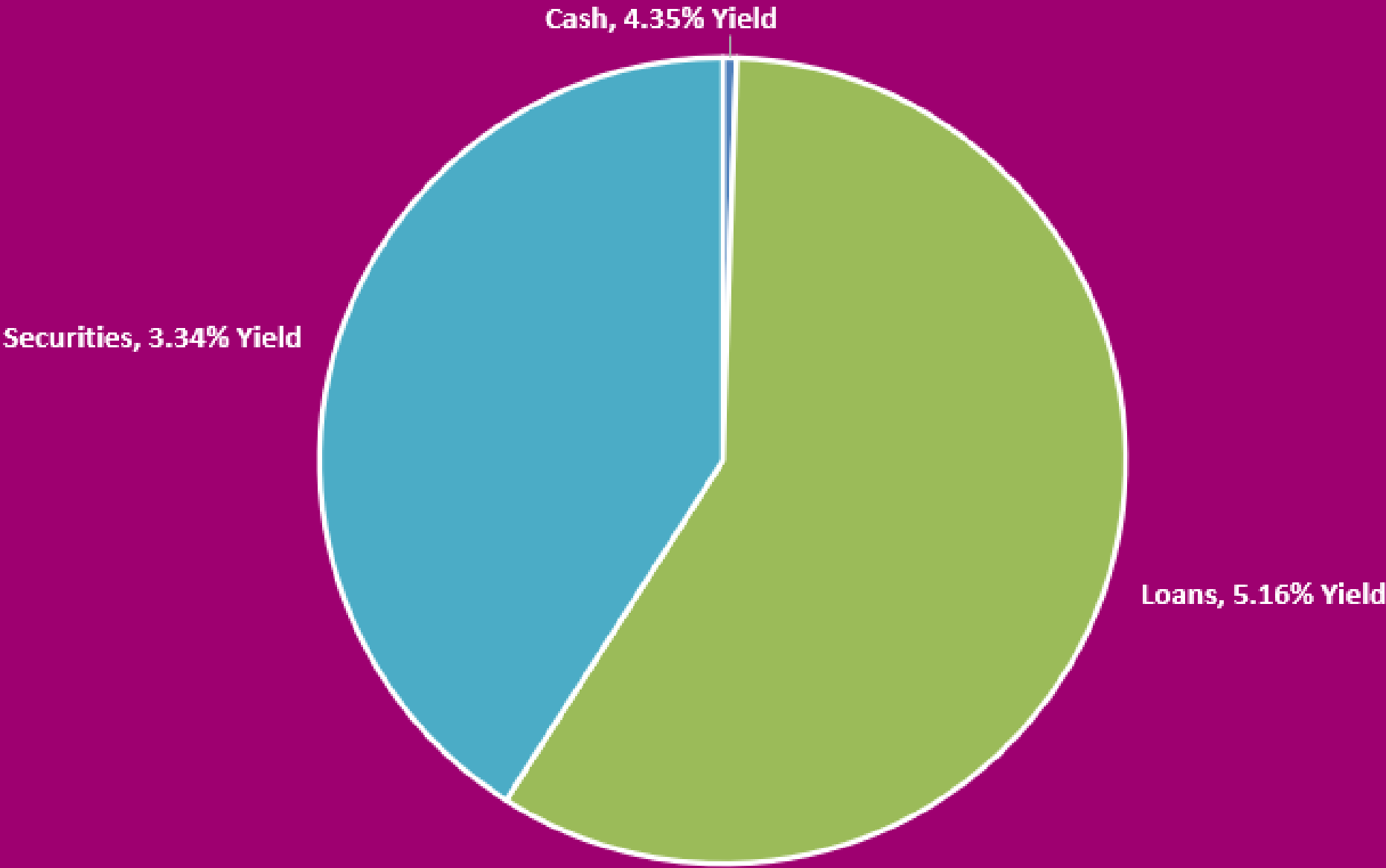
- Recognized immediate gain of \$459 thousand
- Eliminates operational costs of small non-strategic portfolio and related provision expense
- Provides the opportunity to partner with a third-party vendor to offer a more robust program in the future

SUMMARY BALANCE SHEET

	2024	2023	% Change
Assets:			
Interest-bearing deposits in other banks	\$ 7,310	\$ 455	1507%
Investment securities	547,498	535,424	2%
Loans held for investment	782,768	762,411	3%
Total earning assets	1,337,576	1,298,290	3%
Other assets	77,587	73,427	6%
Total assets	<u>\$ 1,415,163</u>	<u>\$ 1,371,717</u>	<u>3%</u>
Liabilities and Stockholders' Equity			
Liabilities:			
Deposits:			
Noninterest-bearing	\$ 114,898	\$ 117,464	-2%
Interest-bearing	649,837	649,749	0%
Time deposits	439,378	418,343	5%
Total deposits	1,204,113	1,185,556	2%
Borrowings	96,186	71,477	35%
Other liabilities	20,903	13,197	58%
Total liabilities	1,321,202	1,270,230	4%
Stockholders' Equity:			
Common stock and surplus	16,840	16,840	0%
Retained earnings	113,223	113,784	0%
Accumulated other comprehensive income (loss)	(32,825)	(28,333)	16%
Treasury stock	(3,277)	(804)	308%
Total stockholders' equity	93,961	101,487	-7%
Total liabilities and stockholders' equity	<u>\$ 1,415,163</u>	<u>\$ 1,371,717</u>	<u>3%</u>

EARNING ASSETS

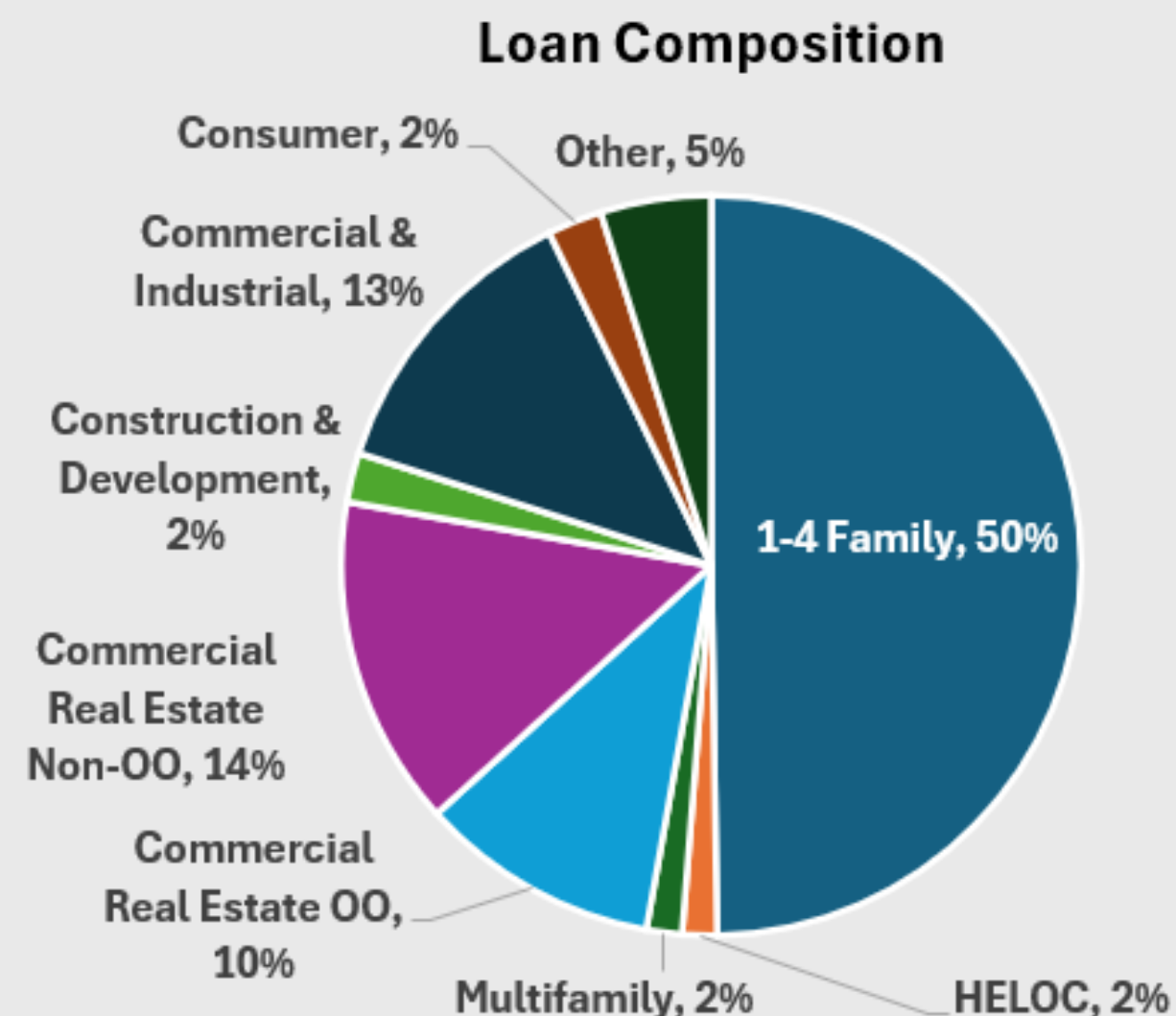
Earning Asset Mix and Yields



Asset Class	Current Mix	Goal
Cash	1%	5%
Securities	41%	30%
Loans	58%	65%

Yields shown above are tax equivalent yields.

LOAN PORTFOLIO



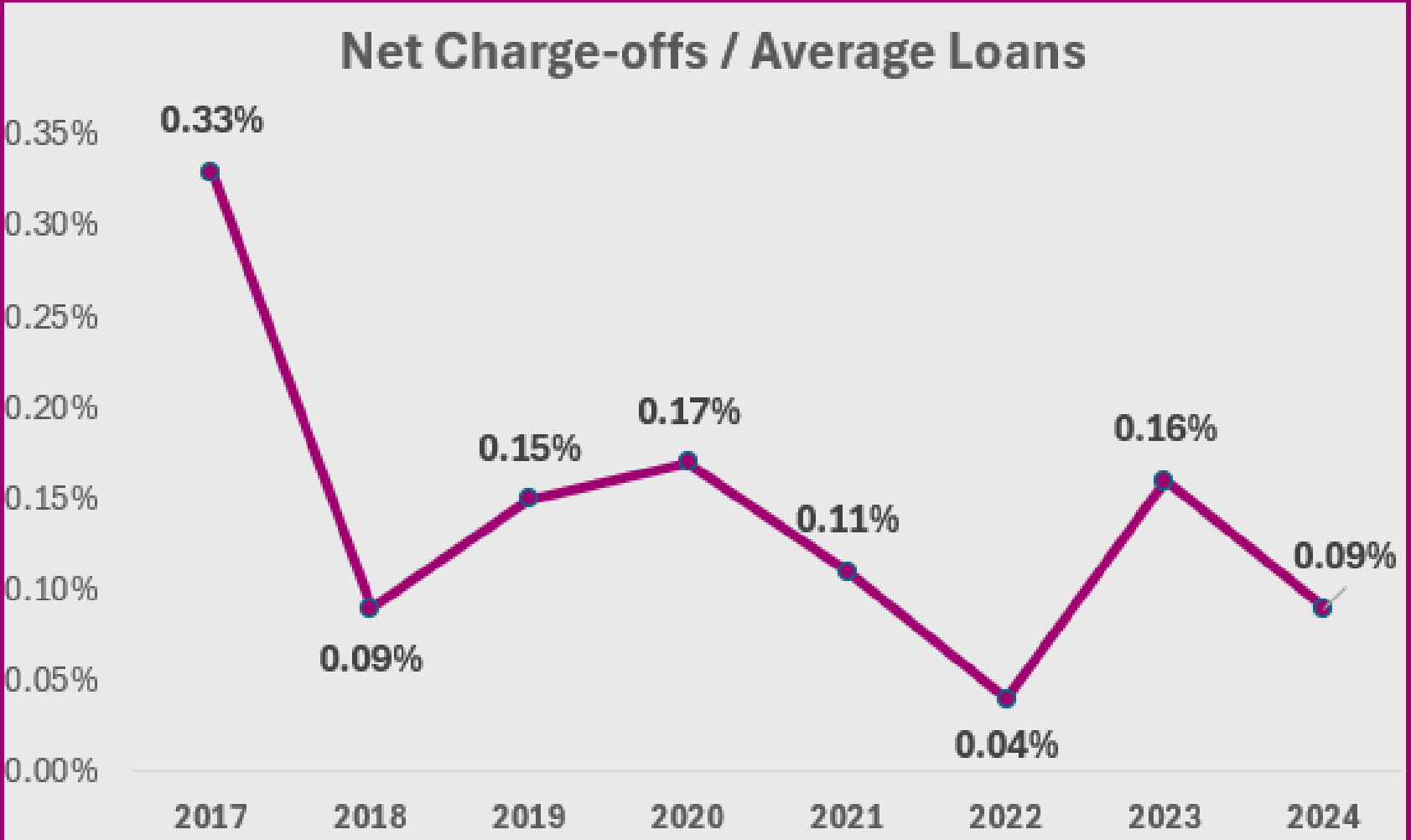
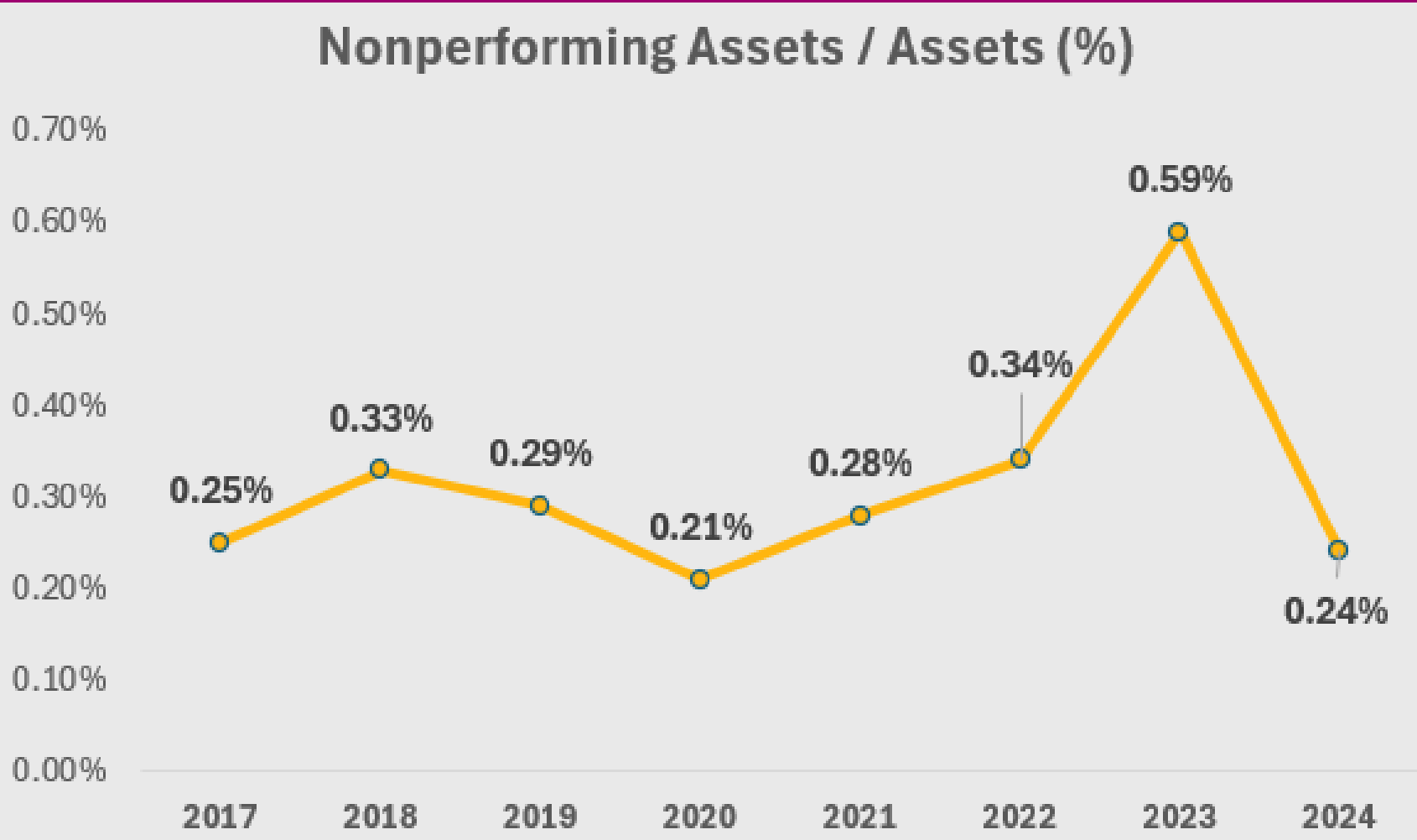
66.17% FIXED RATE
WTD AVG RATE 4.57%

33.83% VARIABLE RATE
WTD AVG RATE 6.32%

Loan Type	Amount (\$ 000's)	% of Total Loans
1-4 Family	389,407	50%
HELOC	11,840	2%
Multifamily	12,168	2%
Commercial Real Estate OO	82,134	10%
Commercial Real Estate Non-OO	113,091	14%
Construction & Development	16,877	2%
Commercial & Industrial	100,775	13%
Consumer	18,696	2%
Other	37,780	5%
Total Loans	782,768	

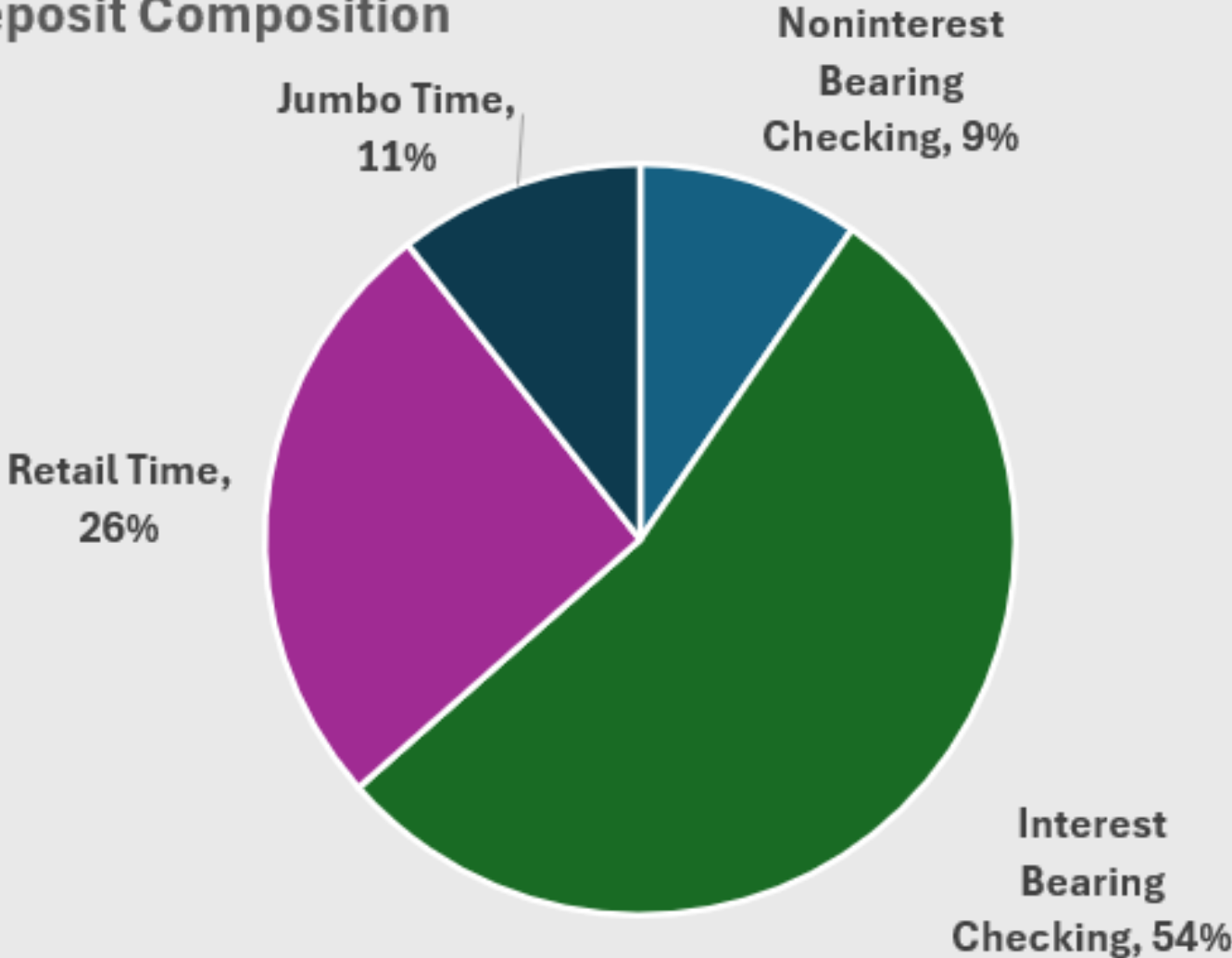
Loan Segment	Weighted Average Rate
Commercial and Industrial	5.61%
CRE - All Other	5.69%
CRE - NOO	5.69%
Residential Mortgage	4.53%
Construction	6.90%
Consumer	8.05%

CREDIT QUALITY

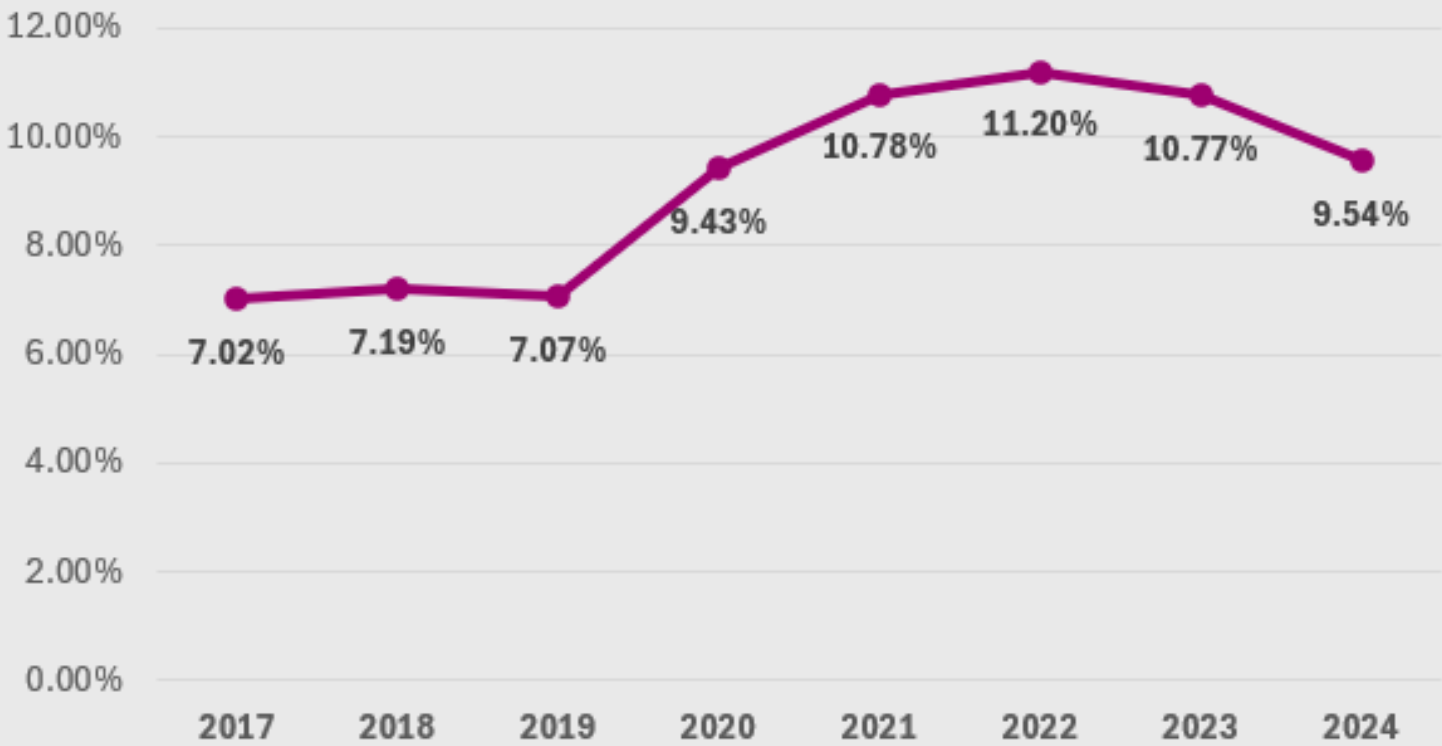


DEPOSITS

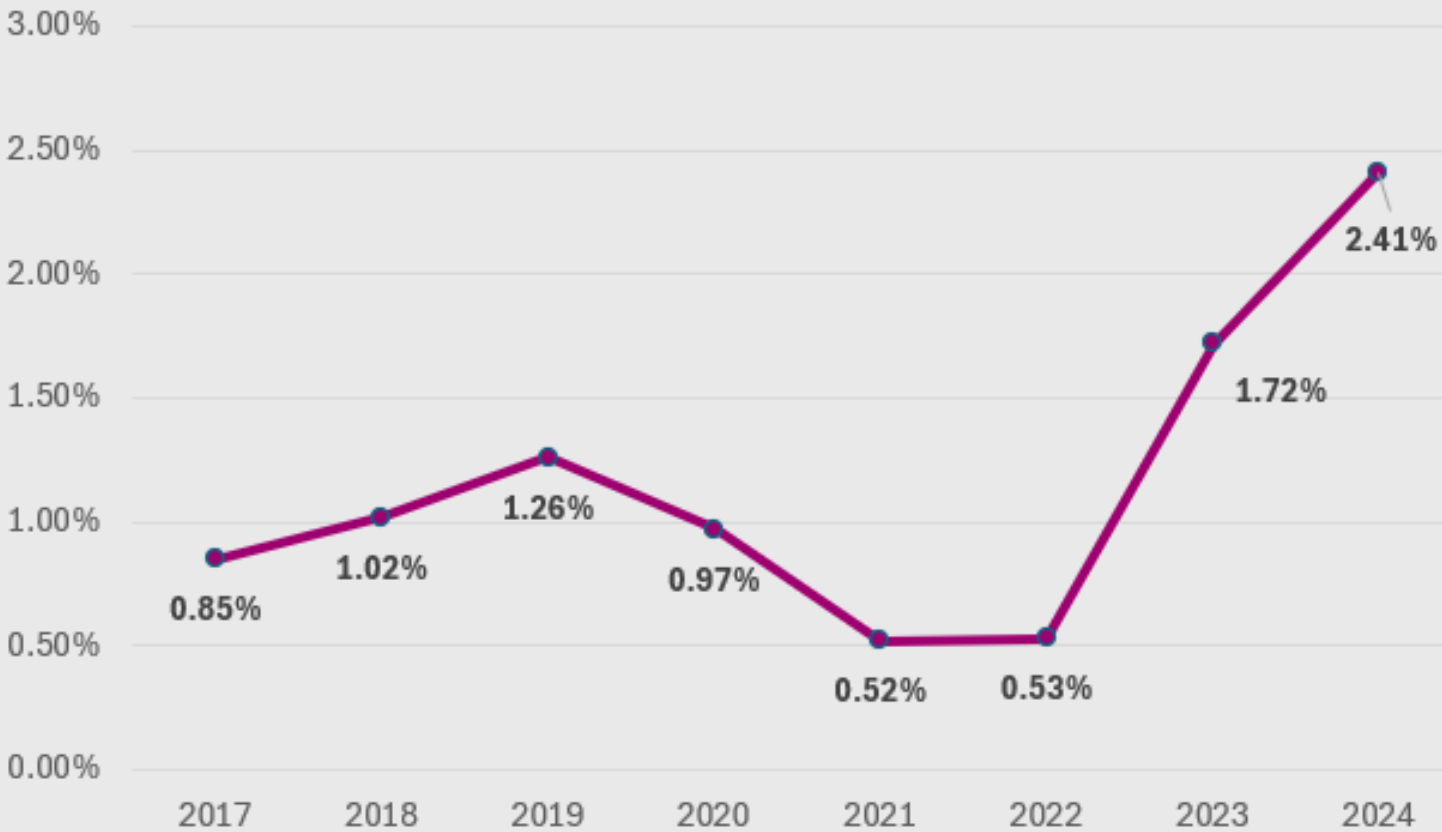
Deposit Composition



Noninterest Bearing Deposits / Deposits (%)

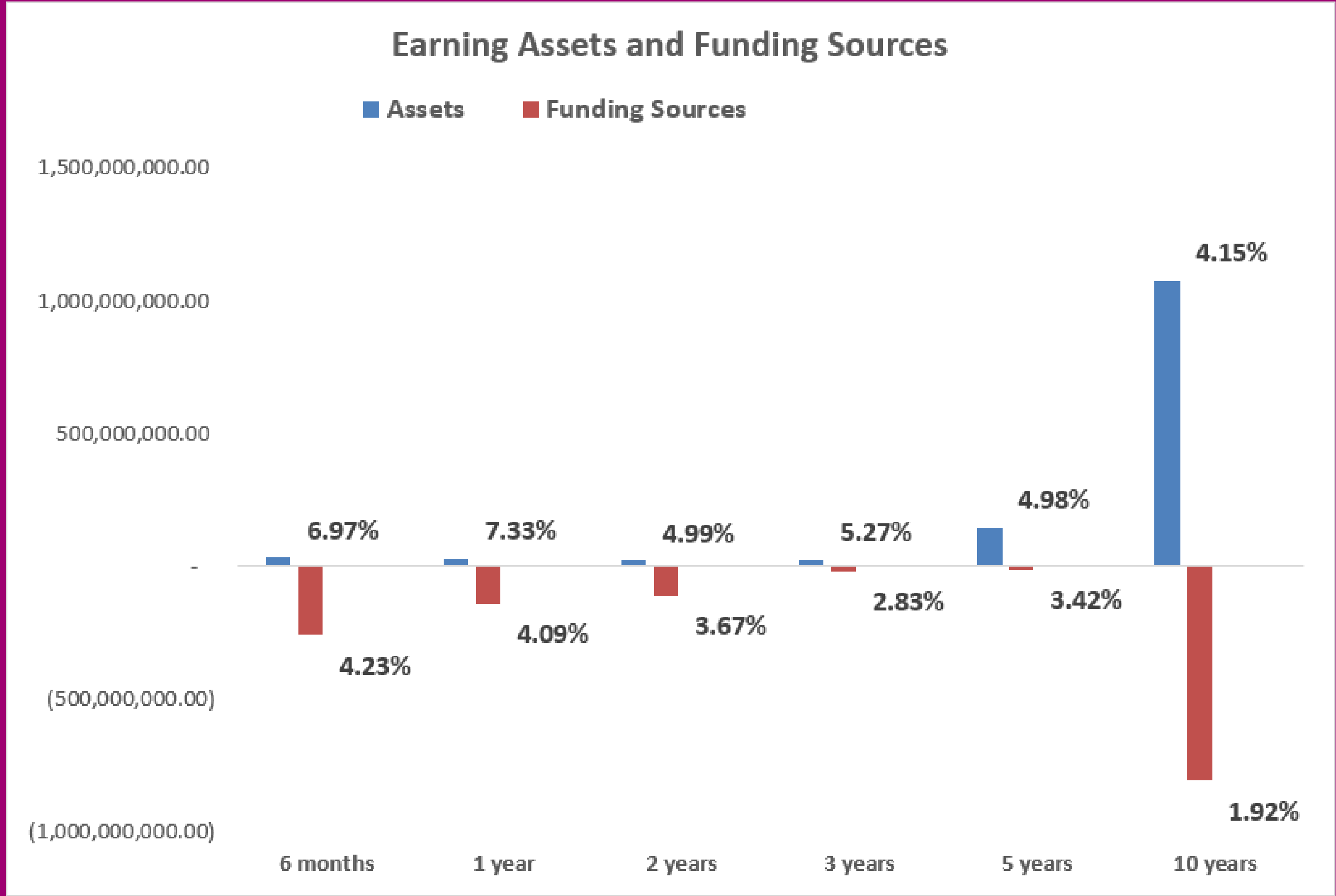


Cost of Deposits



Deposit Type	Amount (\$ 000's)	% of Total Deposits
Noninterest Bearing Checking	114,898	10%
Interest Bearing Checking	649,837	54%
Retail Time	311,456	26%
Jumbo Time	127,922	11%
Total Deposits	1,204,113	

DURATION SUMMARY



BALANCE SHEET MIX GOAL

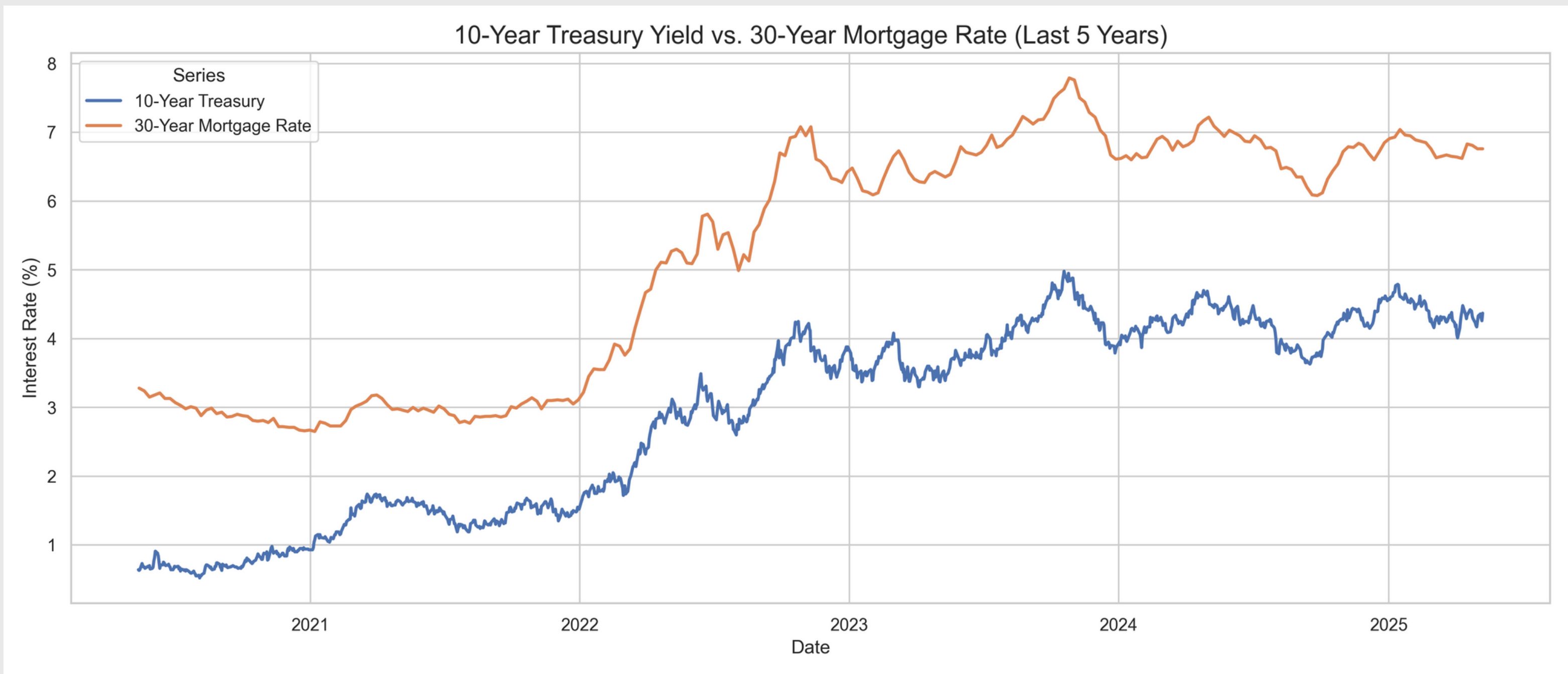
Five Year Strategic Goal

- Achieve and maintain loan to deposit ratio of 85%
- Expand earning assets by \$350 million
- Expand net interest margin by 40 basis points
- Achieve target mix of Commercial Real Estate, Commercial and Industrial Loans and Mortgage Loans

FOCUS ON COMMERCIAL AND INDUSTRIAL LOANS

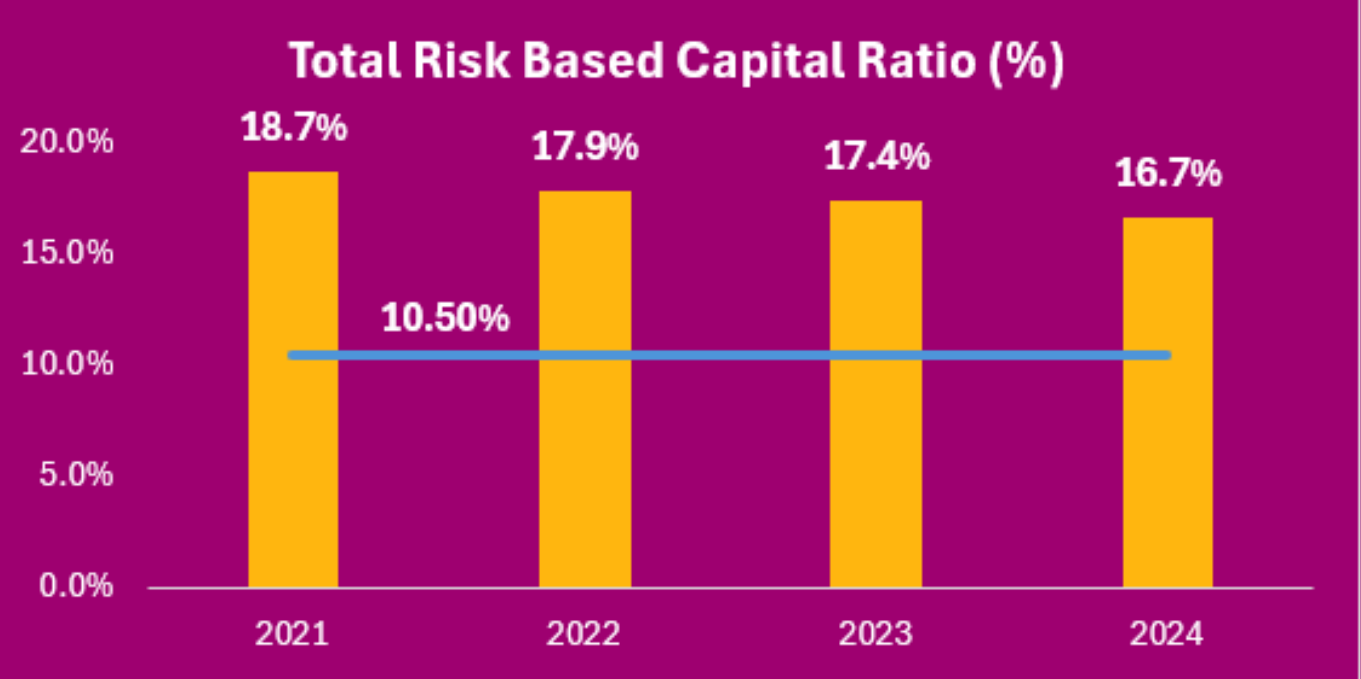
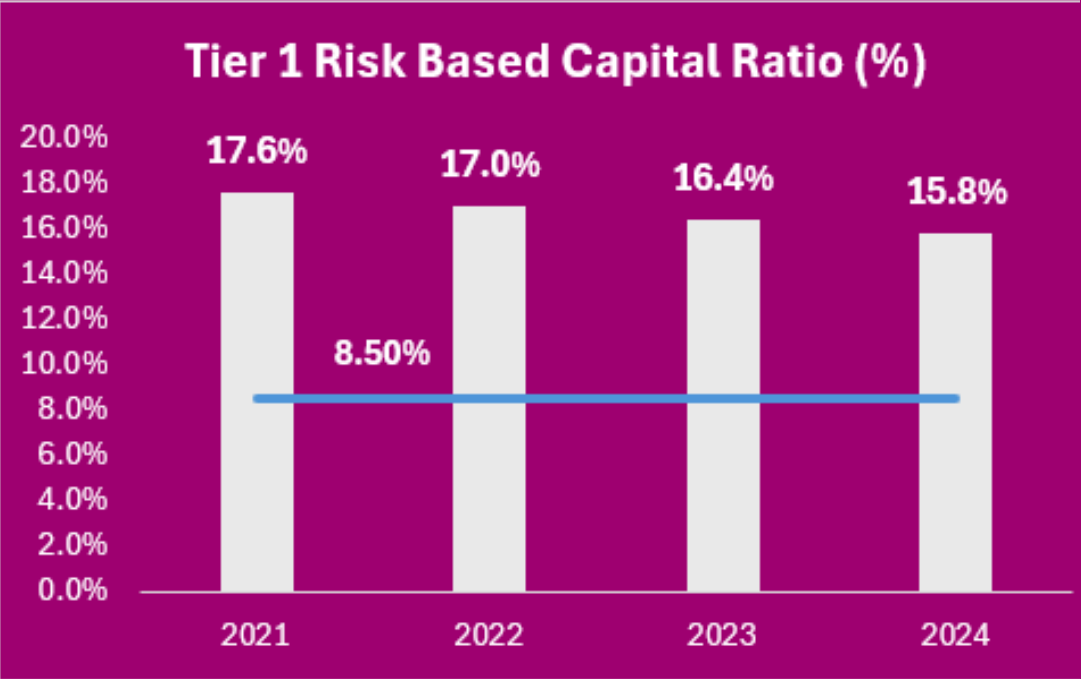
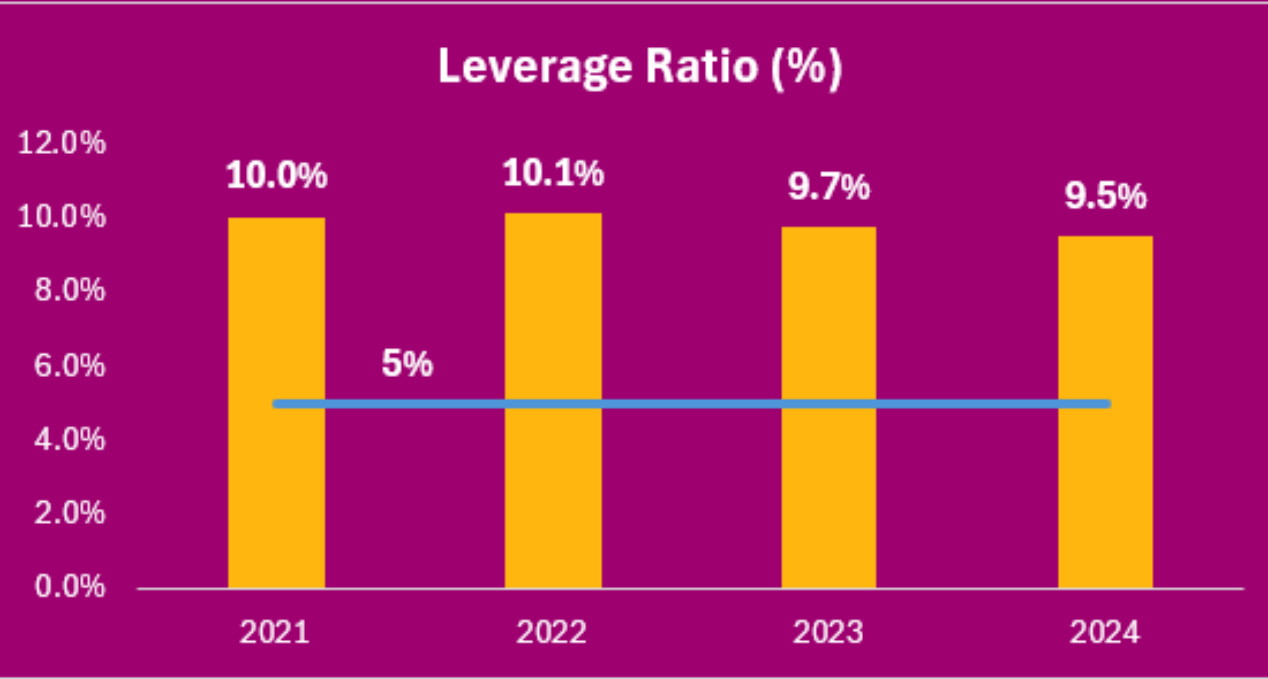
- Management intends to focus on increasing the commercial and industrial loan portfolio during 2025 and beyond.
 - These business loans typically provide deposits in the form of operating and payroll transaction accounts.
 - Three to five year duration assists with balancing the overall duration of earning assets.
 - Relationships provide the opportunity to expand treasury management services and increase non-interest income

COMMITMENT TO MORTGAGE PRODUCTION



Spread between the 10-Year Treasury yield and 30 year mortgage rates continues to depress mortgage production.

CAPITAL CONSIDERATIONS

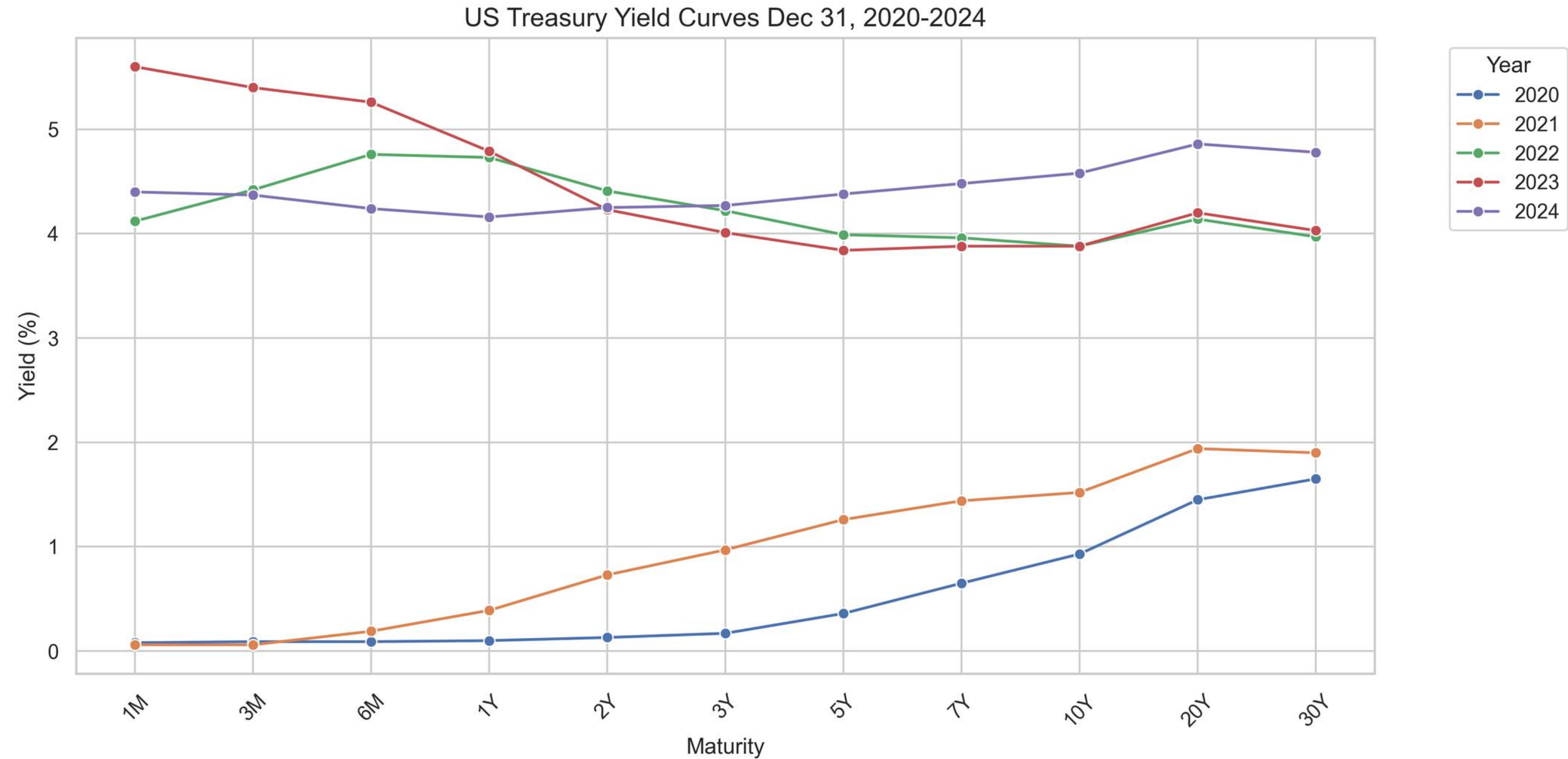


Note: Amounts are reflected as of December 31 for each year presented.

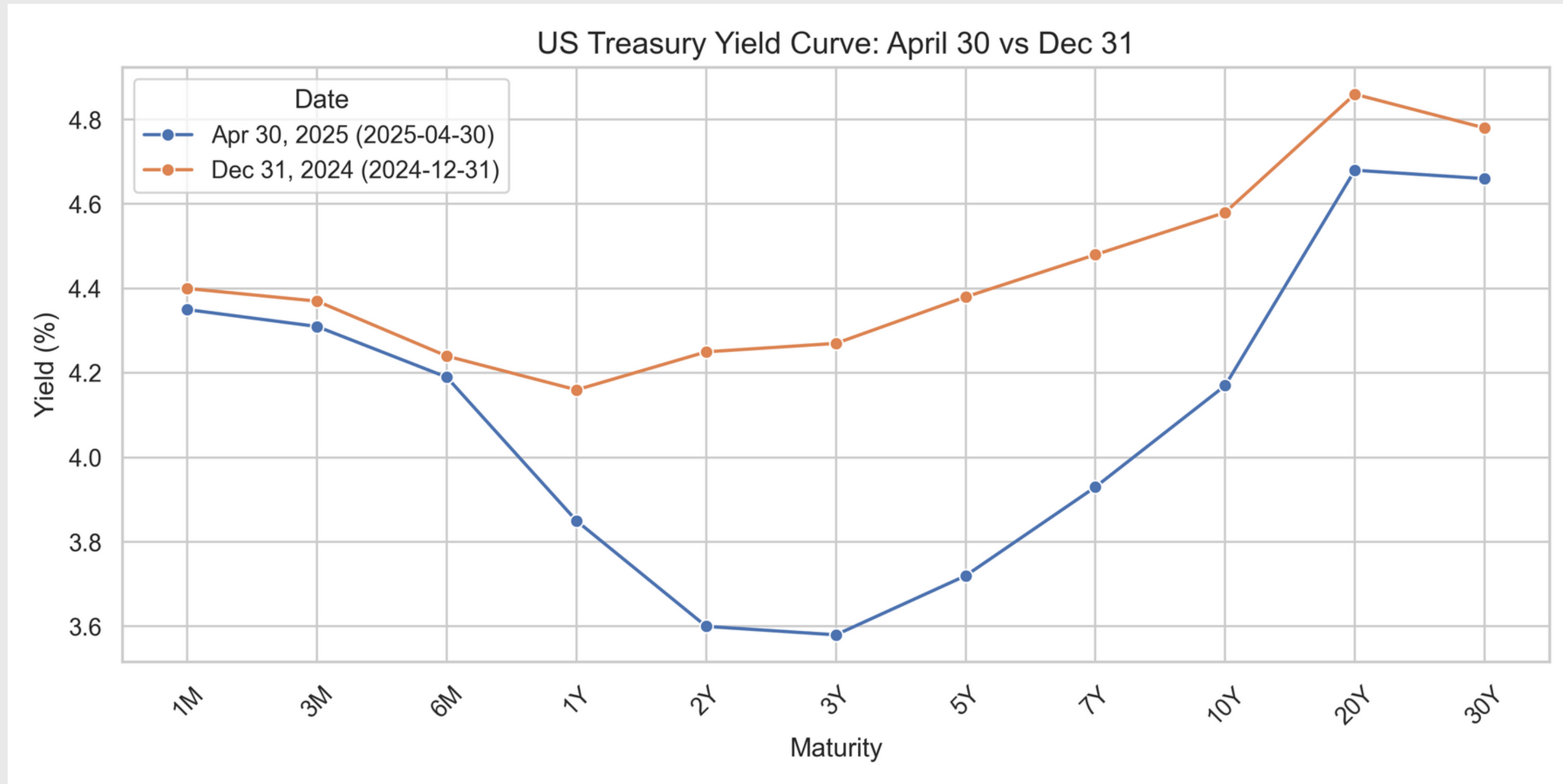
STATE OF THE ECONOMY

- Management is monitoring macro-economic trends for potential impacts to interest rates and credit quality.
 - Federal Reserve Open Market Committee policies could result in higher interest rates for longer than previously expected.
 - GDP growth is decelerating which may result in a recession.
 - Layoff announcements from major corporations may cause a spike in the unemployment %.
 - Significant uncertainty remains in the U.S. economy related to the impact of the trade war with current trading partners.

HISTORICAL YIELD CURVE SHIFTS



CURRENT YIELD CURVE



Major Shift in Treasury yields between 6 months and 10 years presents an opportunity to realign funding yet does not improve the economic value of long duration assets.

STRATEGIC INITIATIVES

CUSTOMER FOCUS

- Increase engagement with customers to improve service
- Decrease processing times on account opening and loan origination
- Improve product offerings and ensure customers have access to the latest tools and services

TECHNOLOGY

- Identify cost effective tools and software to reduce back-office costs
- Automate low-value tasks and re-focus effort on higher value activities
- Improve Treasury Management offerings for business customers

AGILE FINANCIAL FRAMEWORK

- Initiate real-time analytics to monitor markets and opportunities
- Partner with vendors to quickly deploy financial strategies as market shifts occur
- Improve communication throughout the Bank to ensure initiatives are executed across functions



CLOSING REMARKS

- Management is committed to increasing shareholder value through a combination of improved financial results and continued dividend payments. Management will also continue to explore other avenues to increase shareholder value.
- Capital levels and credit quality provide a strong foundation for future growth as further shifts in interest rates present opportunities.
- Re-balancing the mix of earning assets and funding duration will ensure that the Bank is positioned as slightly asset sensitive to neutral on an ongoing basis.

