

Northumberland Bancorp

245 Front Street • P.O. Box 271 • Northumberland, PA 17857
(570) 473-3531 Fax (570) 473-9697

May 21, 2024

Dear Shareholders

I am pleased to present the financial results and balance sheet condition of Northumberland Bancorp, Inc. including its wholly owned subsidiary, The Northumberland National Bank through March 31, 2024.

The narrative around the banking industry and economy continues to be higher interest rates that are affecting all financial institutions as well as individual households in so many ways. As discussed in the letter to shareholders in the annual report, interest expense continues to be the biggest challenge. While interest income on loans is starting to grow and catch up with interest expense, as you can see in our financials, interest expense is the main driver for lower net interest income versus the same time last year.

Other financial highlights are:

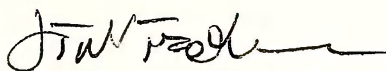
- Net income is reported at \$259,923 compared to \$78,379 for the same period of 2023.
- Total assets stood at \$701 million compared to \$696 million.
- Total deposits increased by 1.02% from \$613 million to \$620 million.
- Total loans increased 4.40% climbing from \$418 million to \$436 million.
- Revenue from Financial Services increased 24.0%.
- Income from "Gain on Sale of Loans" continues to be lower than in past years but is growing slightly, even in the high-rate environment.
- Total interest income increased over 13.7% from \$6.1 million in 2023 to \$7.0 million in 2024.
- Total interest expense increased 38.3% from \$2.3 million in 2023 to \$3.1 million in 2024.

Your financial institution remains in a strong capitalized position by all regulatory definitions and industry comparisons. As of March 31, 2024, tier one leverage, total risk-based capital (RBC), and tier one RBC ratios were 9.60%, 16.21%, and 15.25%, respectively.

As we endure this voyage through uncertain economic and geopolitical times, we will continue our mission to provide outstanding community banking and financial services throughout the Central Susquehanna Valley.

I am pleased to announce your Board of Directors has approved a dividend of \$.23 per share for shareholders of record on May 21, 2024. Remember that Northumberland Bancorp shares can be found on the OTC Market under the symbol NUBC and we thank you for your business and investment in the Northumberland Bank community.

Sincerely,



J. Todd Troxell

President and CEO

NORTHUMBERLAND BANCORP
245 Front Street, Northumberland, PA
For the Quarter Ending
March 31, 2024 and 2023
Amounts in thousands

STATEMENT OF CONDITION (Unaudited)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and Due From Banks	\$ 7,935	\$ 11,424
Interest Bearing Balances with Banks	35,821	23,095
Investment Securities	187,829	208,909
Loans Held for Sale	0	515
Loans	435,880	417,510
Allowance for Loan Losses	3,954	4,081
Net Loans	<u>431,926</u>	<u>413,429</u>
Bank Premise and Equipment, Net	8,296	8,829
Accrued Interest Receivable	2,422	2,144
Other Assets	26,805	27,173
TOTAL ASSETS	<u>\$ 701,034</u>	<u>\$ 695,518</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Non-interest Bearing	\$ 138,884	\$ 151,820
Interest Bearing	480,773	461,588
Total Deposits	<u>619,657</u>	<u>613,408</u>
Short Term Borrowing	0	0
Long Term Borrowing	20,000	22,000
Subordinated Debt	10,000	10,000
Subordinated Debt - Unamortized Costs	<u>(145)</u>	<u>(165)</u>
Net Subordinated Debt	9,855	9,835
Accrued Interest Payable	593	273
Other Liabilities	2,298	1,893
TOTAL LIABILITIES	<u>652,403</u>	<u>647,409</u>
Stockholders' Equity		
Preferred Stock-2,000,000 Shares Authorized; None Outstanding		
Common Stock-Par Value \$0.10; 5,000,000 Authorized 1,502,500 Issued	150	150
Surplus	4,220	3,832
Treasury Stock; 2024 - 190,642; 2023 - 190,642	(2,765)	(2,765)
Unrealized Gains (Loss) Available for Sale Securities	(14,869)	(14,971)
Comprehensive Income Adjustment	0	0
Minority Interest	0	0
Unearned ESOP Shares	(1,008)	(837)
Retained Earnings	<u>62,903</u>	<u>62,700</u>
TOTAL STOCKHOLDERS' EQUITY	<u>48,631</u>	<u>48,109</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 701,034</u>	<u>\$ 695,518</u>

For 3 Months Ended 3/31/24

March 31, 2024 and 2023

Amounts in Thousands, except per share data

STATEMENT OF INCOME (Unaudited)	3 Months Ended	
	<u>2024</u>	<u>2023</u>
INTEREST INCOME		
Interest and Fees on Loans		
Taxable	5,345 \$	4,540
Tax Exempt	130	105
 Interest on Investment Securities		
Taxable	856	1,074
Tax Exempt	138	153
Dividends	290	185
Interest on Interest Bearing Balances with Banks	214	74
TOTAL INTEREST INCOME	6,973	6,131
 INTEREST EXPENSE		
Deposits	2,807	1,883
Other	339	392
TOTAL INTEREST EXPENSE	3,146	2,275
NET INTEREST INCOME	3,827	3,856
Loan Loss Provision	0	(56)
NET INTEREST INCOME AFTER LOAN LOSS PROVISION	3,827	3,912
 OTHER INCOME		
Change in Fair Value of Equity Securities	(12)	6
Gain (Loss) on Sale of Securities	0	(316)
Service Charges on Deposit Accounts	109	87
Gain (Loss) on Loans Held for Sale	42	51
Other Noninterest Income	613	596
Trust Department Income	327	268
TOTAL OTHER INCOME	1,079	692
 OTHER EXPENSES		
Salaries and Benefits	2,815	2,671
Occupancy Expenses	585	554
Other	1,257	1,362
TOTAL OTHER EXPENSES	4,657	4,587
 INCOME BEFORE INCOME TAXES	250	17
Income Taxes	(10)	(61)
NET INCOME	\$ 260	\$ 78
 Earnings per share	\$ 0.20	\$ 0.06
 Weighted Average Shares Outstanding	1,311,858	1,311,858