

# Northumberland Bancorp

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September 09, 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 June 30, 2024.

As the narrative around the banking industry and economy shifts away from higher interest rates and the effects on financial institutions to a slowing economy and the possibility of lower interest rates, the second quarter of 2024 was still a challenging one for both banks and most households. Interest expense continues to be a challenge, while interest income on loans is now catching up with those expenses. As highlighted below and with the accompanying financials, you can see your Bank is making great strides as we manage through these interesting economic times.

Select financial highlights include:

- Interest Income increasing by 14.6% to \$14.25 million versus \$12.4 in the first half of 2023
- Interest expense increased by 46.1% to \$6.56 million versus \$4.49 million in the first half of 2023
- Net Interest Income before provision down slightly, 3.15% to \$7.69 million versus \$7.94 million the first 6 months of 2023
- Non-interest income increased by 25.5% to \$2.15 million. This was driven by services charge revenue increasing by 22.1% versus 2023 and Trust and Wealth revenue increasing by 22.0% versus 2023
- Income from "Gain on Sale of Loans" is slightly lower than 2023, but home mortgage activity has been increasing in recent months.
- Non-Interest Expense has been held flat year over year, only increasing by 0.51% over 2023.
- Net income has increased by 10.1% to \$621,000 versus \$564,000 in the first half of 2023
- Total assets stood at \$692.5 million compared to \$682.0 million.
- Total deposits increased by 1.67% to \$611.7 million from \$601.6 million.
- Total loans increased 4.74% rising to \$438.5 million vs \$418.6 million.

Your financial institution remains in a strong capitalized position by all regulatory definitions and industry comparisons. As of June 30, 2024, tier one leverage, total risk-based capital (RBC), and tier one RBC ratios were 9.40%, 16.38%, and 15.41%, respectively.

As the economic and geopolitical landscapes continue to fluctuate, your Bank endeavors in its 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 September 09, 2024. Remember that Northumberland Bancorp shares can be found on the OTC Market under the symbol NUBC and we thank you for your continued business and investment in the Northumberland Bank community.

Sincerely,



J. Todd Troxell  
President and CEO

**NORTHUMBERLAND BANCORP**  
**245 Front Street, Northumberland, PA**  
**June 30, 2024 and 2023**  
**(Dollars in thousands)**

Balance Sheets (Unaudited)

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash and Due From Banks	\$ 10,094	\$ 11,147
Interest Bearing Balances with Banks	20,833	10,882
Investment Securities	189,089	206,835
Loans Held for Sale	660	389
Loans	438,485	418,627
Allowance for Loan Losses	(3,912)	(4,061)
Net Loans	<u>434,573</u>	<u>414,566</u>
Bank Premise and Equipment, Net	8,148	8,764
Accrued Interest Receivable	2,377	2,115
Other Assets	26,711	27,350
<b>TOTAL ASSETS</b>	<u>\$ 692,485</u>	<u>\$ 682,048</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits:		
Non-interest Bearing	140,808	141,543
Interest Bearing	470,870	460,070
Total Deposits	<u>611,678</u>	<u>601,613</u>
Short Term Borrowing	-	-
Long Term Borrowing	20,000	22,000
Subordinated Debt	10,000	10,000
Subordinated Debt - Unamortized Costs	(140)	(160)
Net Subordinated Debt	<u>9,860</u>	<u>9,840</u>
Accrued Interest Payable	455	307
Other Liabilities	2,477	2,225
<b>TOTAL LIABILITIES</b>	<u>\$ 644,470</u>	<u>\$ 635,985</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	3,832	3,832
Treasury Stock; 2024 - 190,642; 2023 - 190,642	(2,765)	(2,765)
Unrealized (Losses) Gains Available for Sale Securities	(15,156)	(17,153)
Comprehensive Income Adjustment	-	-
Minority Interest	-	-
Unearned ESOP Shares	(1,008)	(837)
Retained Earnings	<u>62,962</u>	<u>62,836</u>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>48,015</u>	<u>46,063</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 692,485</u>	<u>\$ 682,048</u>

**For 6 Months Ended 6/30/24**  
**June 30, 2024 and 2023**  
**Amounts in Thousands, except per share data**

STATEMENT OF INCOME (Unaudited)	6 Months Ended	
	<u>2024</u>	<u>2023</u>
<b>INTEREST INCOME</b>		
Interest and Fees on Loans		
Taxable	10,787	\$ 9,258
Tax Exempt	276	211
Interest on Investment Securities		
Taxable	2,120	2,214
Tax Exempt	275	284
Dividends	273	195
Interest on Interest Bearing Balances with Banks	518	270
<b>TOTAL INTEREST INCOME</b>	<u>\$ 14,249</u>	<u>12,432</u>
<b>INTEREST EXPENSE</b>		
Deposits	5,883	3,864
Other	676	627
<b>TOTAL INTEREST EXPENSE</b>	<u>6,559</u>	<u>4,491</u>
<b>NET INTEREST INCOME</b>	<u>7,690</u>	<u>7,941</u>
Loan Loss Provision	0	(70)
<b>NET INTEREST INCOME AFTER LOAN LOSS PROVISION</b>	<u>\$ 7,690</u>	<u>8,011</u>
<b>OTHER INCOME</b>		
Change in Fair Value of Equity Securities	(13)	6
Gain (Loss) on Sale of Securities	0	(316)
Service Charges on Deposit Accounts	217	178
Gain (Loss) on Loans Held for Sale	72	81
Other Noninterest Income	1,192	1,205
Trust Department Income	680	557
<b>TOTAL OTHER INCOME</b>	<u>\$ 2,148</u>	<u>1,711</u>
<b>OTHER EXPENSES</b>		
Salaries and Benefits	5,502	5,277
Occupancy Expenses	1,175	1,116
Other	2,539	2,776
<b>TOTAL OTHER EXPENSES</b>	<u>\$ 9,216</u>	<u>9,169</u>
<b>INCOME BEFORE INCOME TAXES</b>	622	553
Income Taxes	1	(11)
<b>NET INCOME</b>	<u><u>\$ 621</u></u>	<u><u>\$ 564</u></u>
Earnings per share	<u><u>\$ 0.47</u></u>	<u><u>\$ 0.43</u></u>
Weighted Average Shares Outstanding	1,311,858	1,311,858