

# Northumberland Bancorp

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

December 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 September 30, 2024.

Uncertain timing and quantity of interest rate changes continues to be the buzz in the banking industry and economic news. The Federal Reserve did cut short term rates by a quarter percent at their November 7<sup>th</sup> policy meeting and there may be another quarter percent cut at the scheduled December 18<sup>th</sup> meeting. However, they did make it clear that they are committed to reacting to economic data and not proposed policies of the newly elected incoming administration. Regardless, interest expense continues to be the challenge for community banks while interest income on loans rises slowly in a competitive environment. Evident below and in the enclosed year to date nine-month financial comparison, you can see your Bank continues to make great strides compared to 2023.

- Interest Income increasing by 14.5% to \$21.84 million versus \$19.1 million
- Interest expense increased by 43.5% to \$10.0 million versus \$6.99 million
- Net Interest Income before provision down slightly to \$11.82 million in 2024 versus \$12.1 million for 2023.
- Non-interest income increased by over 35% to \$3.7 million. This was driven by increases in service charge revenue and other noninterest income events. The increase was also greatly driven by an 18.75% increase in Trust and Wealth Management revenue.
- Non-Interest Expense has been held flat year over year, with a slight decrease by .64% over 2023.
- Net income has increased by 57.59% to \$1,825,000 versus \$1,158,000 for the first 9 months of 2023.
- Total assets stood at \$698.7 million compared to \$669.1 million, a 4.43% increase.
- Total deposits increased by 3.54% to \$612.4 million from \$591.5 million.
- Total loans increased 2.38% rising to \$433.2 million from \$423.1 million.

Your financial institution remains in a strong capitalized position by all regulatory definitions and industry comparisons. As of September 30, 2024, tier one leverage, total risk-based capital (RBC), and tier one RBC ratios were 9.59%, 16.65%, and 15.69%, respectively. All ratios exhibited positive changes during the third quarter.

We are working hard with our new partners at Mifflinburg Bank and Trust to merge our two organizations as outlined in the definitive merger agreement announced on September 23. We are very excited about the opportunities this merger of equals will create for our customers as a combined community banking organization. We will keep you informed of our progress as we work to complete the merger during the first half of 2025.

In the meantime, I am pleased to announce your Board of Directors has approved a dividend of \$.23 per share for shareholders of record on December 09, 2024. We thank you for your continued investment and look forward to communicating more as we move through the work of this strategic merger.

Sincerely,



J. Todd Troxell  
President and CEO

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

Balance Sheets (Unaudited)

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash and Due From Banks	\$ 11,924	\$ 12,159
Interest Bearing Balances with Banks	33,136	5,875
Investment Securities	187,289	191,699
Loans Held for Sale	1,955	509
Loans	433,200	423,146
Allowance for Loan Losses	<u>(3,893)</u>	<u>(4,037)</u>
Net Loans	429,307	419,109
Bank Premise and Equipment, Net	8,024	8,624
Accrued Interest Receivable	2,342	2,273
Other Assets	<u>24,714</u>	<u>28,812</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>698,691</u></b>	<b>\$ <u>669,060</u></b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits:		
Non-interest Bearing	140,119	139,404
Interest Bearing	<u>472,322</u>	<u>452,079</u>
Total Deposits	612,441	591,483
Short Term Borrowing	-	-
Long Term Borrowing	20,000	22,000
Subordinated Debt	10,000	10,000
Subordinated Debt - Unamortized Costs	<u>(135)</u>	<u>(155)</u>
Net Subordinated Debt	9,865	9,845
Accrued Interest Payable	562	330
Other Liabilities	<u>2,565</u>	<u>3,004</u>
<b>TOTAL LIABILITIES</b>	<b>\$ <u>645,433</u></b>	<b>\$ <u>626,662</u></b>
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	(10,814)	(21,110)
Comprehensive Income Adjustment	-	-
Minority Interest	-	-
Unearned ESOP Shares	<u>(1,008)</u>	<u>(837)</u>
Retained Earnings	<u>63,863</u>	<u>63,128</u>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>53,258</b>	<b>42,398</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ <u>698,691</u></b>	<b>\$ <u>669,060</u></b>

**For 9 Months Ended 9/30/24**  
**September 30, 2024 and 2023**  
**Amounts in Thousands, except per share data**

STATEMENT OF INCOME (Unaudited)	9 Months Ended	
	<u>2024</u>	<u>2023</u>
<b>INTEREST INCOME</b>		
Interest and Fees on Loans		
Taxable	\$ 16,539	\$ 14,304
Tax Exempt	414	319
Interest on Investment Securities		
Taxable	3,272	3,265
Tax Exempt	411	422
Dividends	347	383
Interest on Interest Bearing Balances with Banks	861	386
<b>TOTAL INTEREST INCOME</b>	<b>\$ 21,844</b>	<b>\$ 19,079</b>
<b>INTEREST EXPENSE</b>		
Deposits	9,005	6,001
Other	1,017	982
<b>TOTAL INTEREST EXPENSE</b>	<b>10,022</b>	<b>6,983</b>
<b>NET INTEREST INCOME</b>	<b>11,822</b>	<b>12,096</b>
Loan Loss Provision	0	(70)
<b>NET INTEREST INCOME AFTER LOAN LOSS PROVISION</b>	<b>\$ 11,822</b>	<b>\$ 12,166</b>
<b>OTHER INCOME</b>		
Change in Fair Value of Equity Securities	5	(5)
Gain (Loss) on Sale of Securities	1	(316)
Service Charges on Deposit Accounts	327	287
Gain (Loss) on Loans Held for Sale	118	121
Other Noninterest Income	2,215	1,782
Trust Department Income	1,032	869
<b>TOTAL OTHER INCOME</b>	<b>\$ 3,698</b>	<b>\$ 2,738</b>
<b>OTHER EXPENSES</b>		
Salaries and Benefits	8,117	7,939
Occupancy Expenses	1,690	1,640
Other	3,767	4,082
<b>TOTAL OTHER EXPENSES</b>	<b>\$ 13,574</b>	<b>\$ 13,661</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>1,946</b>	<b>1,243</b>
Income Taxes	121	85
<b>NET INCOME</b>	<b>\$ 1,825</b>	<b>\$ 1,158</b>
Earnings per share	<b>\$ 1.39</b>	<b>\$ 0.88</b>
Weighted Average Shares Outstanding	1,311,858	1,311,858