

Northumberland Bancorp

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June 6, 2025

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, 2025.

As I write this letter, the public commentary is positive concerning lower inflation as well as favorable national unemployment rates. Based on this, the current administration in Washington is urging Federal Reserve Chair Powell to cut benchmark interest rates. Banks should see a lowering effect on interest rate expenses and possibly increase lending activity if this happens.

Regardless, as you review the attached Income Statement and Balance Sheet, your bank has experienced increased earnings over the same period last year and remains very stable and well capitalized.

Here are the financial highlights when comparing the first quarter of 2024 to the first quarter of 2025:

- Net income is reported at \$813,000 compared to \$260,000 for the same period of 2024.
- Total assets stood at \$688 million compared to \$701 million.
- Total deposits down marginally from \$620 million to \$602 million.
- Total loans increased, climbing from \$436 million to a historic high of \$444 million.
- Total interest income increased from \$6.9 million in 2024 to \$7.2 million.
- Total interest expense is beginning to exhibit a decline going from \$3.1 million in 2024 to \$3.0 million in 2025.

Your financial institution remains in a strong capitalized position by all regulatory definitions and industry comparisons. As of March 31, 2025, tier one leverage, total risk-based capital (RBC), and tier one RBC ratios were 9.97%, 16.36%, and 15.42%, respectively. This is a positive trend compared to this same period in 2024 where the ratios stood at 9.60%, 16.21%, and 15.25%, respectively.

I am pleased to announce your Board of Directors has approved a dividend of \$.23 per share for shareholders of record on June 9th, 2025. As we await certain regulatory approvals, we continue to anticipate the closing of the "merger of equals" transaction with Mifflinburg Bank during 2025 as approved by NUBC shareholders at the recent April 29th meeting. We will keep all stakeholders informed as appropriate.

Sincerely,



J. Todd Troxell
President and CEO

NORTHUMBERLAND BANCORP
245 Front Street, Northumberland, PA
For the Quarter Ending
March 31, 2025 and 2024
Amounts in thousands

STATEMENT OF CONDITION (Unaudited)

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and Due From Banks	\$ 8,119	\$ 7,935
Interest Bearing Balances with Banks	31,308	35,821
Investment Securities	172,835	187,829
Loans Held for Sale	0	0
Loans	444,742	435,880
Allowance for Loan Losses	3,870	3,954
Net Loans	<u>440,872</u>	<u>431,926</u>
 Bank Premise and Equipment, Net	 7,678	 8,296
Accrued Interest Receivable	2,251	2,422
Other Assets	24,997	26,805
TOTAL ASSETS	\$ <u>688,060</u>	\$ <u>701,034</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits:

Non-interest Bearing	\$ 144,250	\$ 138,884
Interest Bearing	458,273	480,773
Total Deposits	<u>602,523</u>	<u>619,657</u>
Short Term Borrowing	0	0
Long Term Borrowing	20,000	20,000
Subordinated Debt	10,000	10,000
Subordinated Debt - Unamortized Costs	<u>(125)</u>	<u>(145)</u>
Net Subordinated Debt	9,875	9,855
Accrued Interest Payable	586	593
Other Liabilities	1,860	2,298
TOTAL LIABILITIES	634,844	652,403

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

Surplus

Treasury Stock; 2025 - 190,642; 2024 - 190,642

Unrealized Gains (Loss) Available for Sale Securities

Comprehensive Income Adjustment

Minority Interest

Unearned ESOP Shares

Retained Earnings

TOTAL STOCKHOLDERS' EQUITY

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

For 3 Months Ended 3/31/25

March 31, 2025 and 2024

Amounts in Thousands, except per share data

STATEMENT OF INCOME (Unaudited)	3 Months Ended	
	<u>2025</u>	<u>2024</u>
INTEREST INCOME		
Interest and Fees on Loans		
Taxable	5,766	\$ 5,345
Tax Exempt	142	130
Interest on Investment Securities		
Taxable	894	856
Tax Exempt	138	138
Dividends	131	290
Interest on Interest Bearing Balances with Banks	160	214
TOTAL INTEREST INCOME	<u>7,231</u>	<u>6,973</u>
INTEREST EXPENSE		
Deposits	2,757	2,807
Other	334	339
TOTAL INTEREST EXPENSE	<u>3,091</u>	<u>3,146</u>
NET INTEREST INCOME	<u>4,140</u>	<u>3,827</u>
Loan Loss Provision	7	0
NET INTEREST INCOME AFTER LOAN LOSS PROVISION	<u>4,133</u>	<u>3,827</u>
OTHER INCOME		
Change in Fair Value of Equity Securities	(12)	(12)
Gain (Loss) on Sale of Securities	0	0
Service Charges on Deposit Accounts	103	109
Gain (Loss) on Loans Held for Sale	32	42
Other Noninterest Income	538	613
Trust Department Income	321	327
TOTAL OTHER INCOME	<u>982</u>	<u>1,079</u>
OTHER EXPENSES		
Salaries and Benefits	2,429	2,815
Occupancy Expenses	700	585
Other	1,039	1,256
TOTAL OTHER EXPENSES	<u>4,168</u>	<u>4,656</u>
INCOME BEFORE INCOME TAXES	947	250
Income Taxes	134	(10)
NET INCOME	<u>\$ 813</u>	<u>\$ 260</u>
Earnings per share	<u>\$ 0.62</u>	<u>\$ 0.20</u>
Weighted Average Shares Outstanding	1,311,858	1,311,858