The bank you keep for life.™

Mifflinburg Bancorp, Inc.

2023

Annual Report

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Letter from the President

Dear Shareholders,

Mifflinburg Bank & Trust (MBT) remains a strong and resilient bank with a capital to asset ratio of 9.77%. The financial industry in general is stable and disciplined with prudent oversite by federal and state regulators. I emphasize this with the understanding that 2023 was a challenging year for many community banks. The significant increase in interest rates over the past year had an adverse effect on many companies' balance sheets and income statements. MBT was no exception to these rate twists; however, our balance sheet is conservatively structured to adjust to changing interest rates due to the constant uncertainty of economic, political, health or social events.

We are in unprecedented times with short term interest rates increasing from 0.25% to 5.50% in just over a year, thus inverting the yield curve. This rapid increase did not allow our earning assets to keep pace with our interest-bearing liabilities; therefore, our net interest margin was compressed for a good part of the year. Net Interest income declined $1,430,000 or 9.00% from 2022 to 2023. The effect on our Net Income was a decline to $4,153,000 in 2023 from $5,983,000 in 2022. Our margin is trending in a positive direction now through strategic adjustments to the balance sheet.

Total Assets grew $12 million or 2.14% in 2023 to a record $561 million compared to $549 million in 2022. This growth is the result of a 2.59% increase in deposits to $473 million in 2023 compared to $461 million in 2022. We also took advantage of the Bank Term Funding Program sponsored by the Federal Reserve Bank, by borrowing $9.5 million at an interest rate below other funding options for the same term. This also allowed us to reduce Federal Home Loan Bank advances by $15.9 million in 2023. Total Loans grew $19.1 million or 5.17% from $369 million in 2022 to $388 million in 2023.

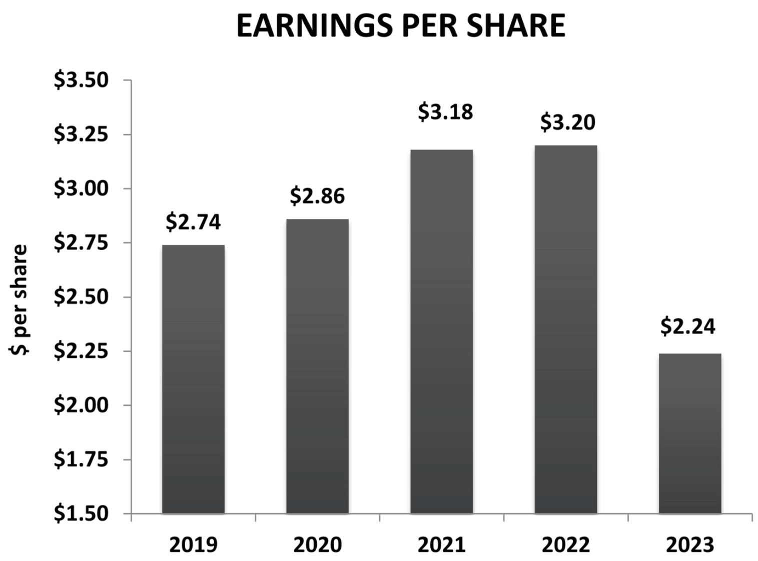
This past year we adopted Accounting Standards Update (ASU) 2016-13, Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the Current Expected Credit Loss (CECL) methodology required by the Financial Accounting Standards Board (FASB). The CECL methodology requires financial institutions to recognize lifetime expected credit losses for a wide range of financial assets based on historical losses, current conditions, and reasonable and supportable forecasts. The purpose of this model is to provide transparency by recognizing expected losses on assets as opposed to accounting for them as they are incurred.

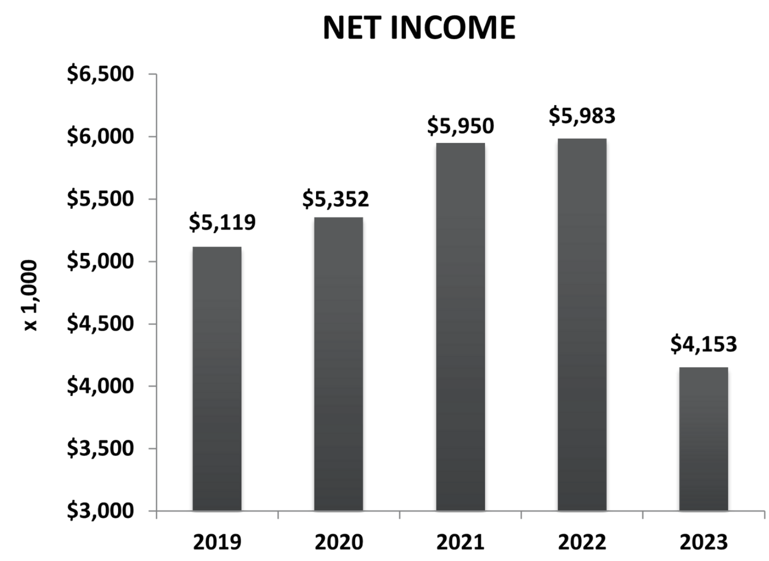
This past year we made the decision to close our New Berlin office. The over-the-counter traffic at this branch did not justify a renewal of our lease agreement. We are maintaining a full-service ATM and night deposit at this location to accommodate customers with routine transactions. Our Mifflinburg office is a short drive for those who prefer personal service.

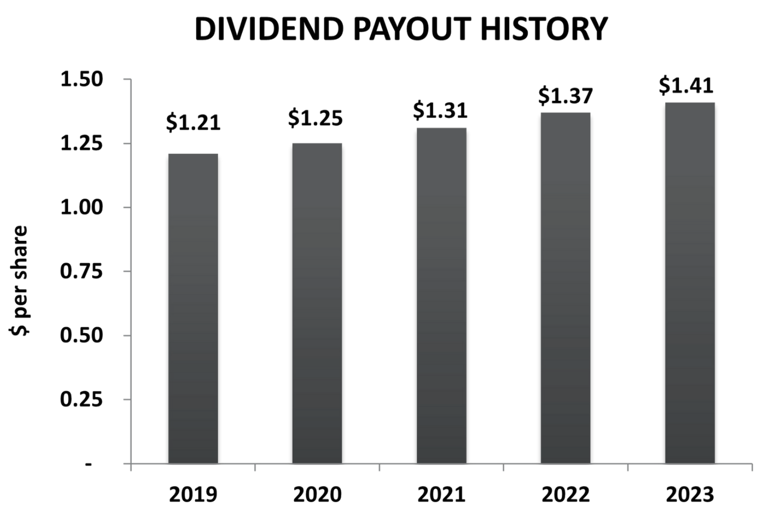
Although it was a challenging year, MBT performed exceptionally well in comparison to our local peers due to our experienced management team, dedicated employees and engaged Board of Directors. Our 2023 earnings and capital position allowed us to pay our 303rd consecutive dividend, resulting in an annual amount of $1.41 per share, a 2.92% increase over 2022. We plan to continue the conservative management style that has kept us a successful company for 151 years. We will remain a strong, competitive bank, making prudent decisions that support our continued course of steady growth, profitability and longevity benefiting our customers, shareholders and our community.

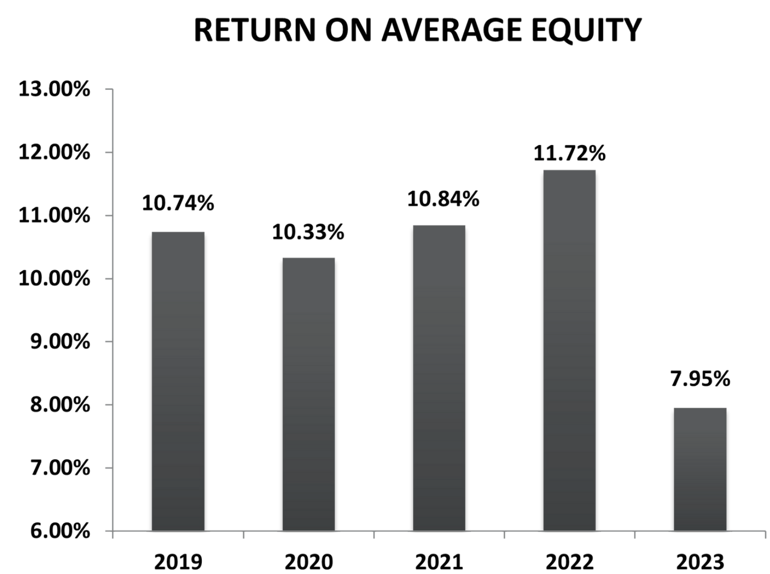
Sincerely,

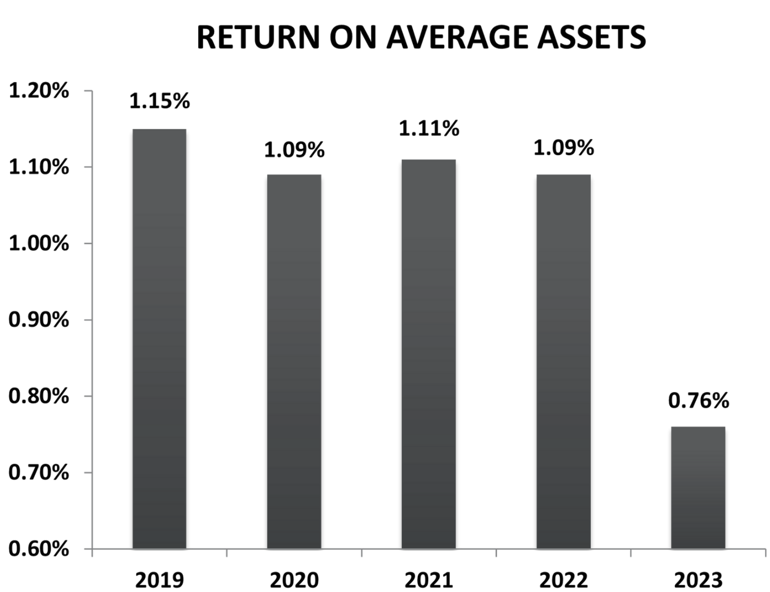
Jeffrey J. Kapsar
President & CEO

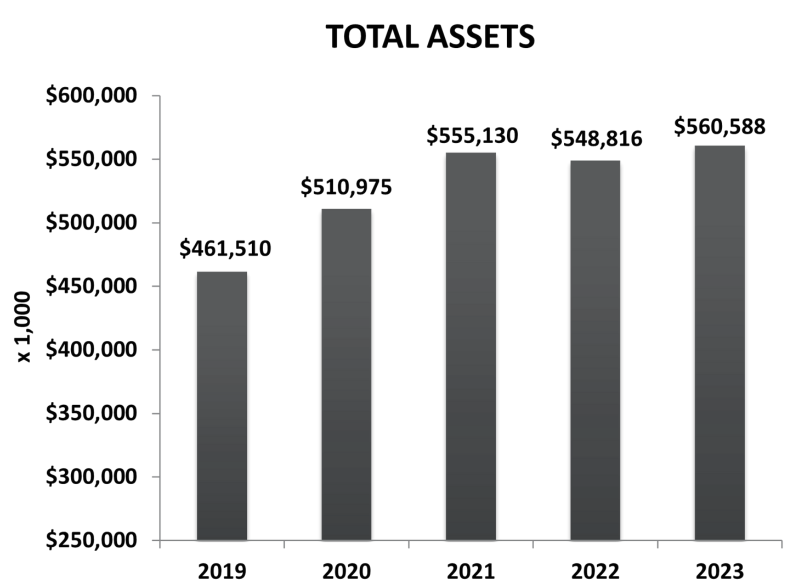

EARNINGS PER SHARE
$ per share
$3.50
$3.25
$3.00
$2.75
$2.50
$2.25
$2.00
$1.75
$1.50
$2.74
$2.86
$3.18
$3.20
$2.24
2019
2020
2021
2022
2023


NET INCOME
x 1,000
$6,500
$6,000
$5,500
$5,000
$4,500
$4,000
$3,500
$3,000
$5,119
$5,352
$5,950
$5,983
$4,153
2019
2020
2021
2022
2023


DIVIDEND PAYOUT HISTORY
$ per share
1.50
1.25
1.00
0.75
0.50
0.25
-
$1.21
$1.25
$1.31
$1.37
$1.41
2019
2020
2021
2022
2023


RETURN ON AVERAGE EQUITY
13.00%
12.00%
11.00%
10.00%
9.00%
8.00%
7.00%
6.00%
10.74%
10.33%
10.84%
11.72%
7.95%
2019
2020
2021
2022
2023


RETURN ON AVERAGE ASSETS
1.20%
1.10%
1.00%
0.90%
0.80%
0.70%
0.60%
1.15%
1.09%
1.11%
1.09%
0.76%
2019
2020
2021
2022
2023


TOTAL ASSETS
x 1,000
$600,000
$550,000
$500,000
$450,000
$400,000
$350,000
$300,000
$250,000
$461,510
$510,975
$555,130
$548,816
$560,588
2019
2020
2021
2022
2023

Independent Auditor's Report

To the Board of Directors and Stockholders
Mifflinburg Bancorp, Inc.

Opinion
We have audited the consolidated financial statements of Mifflinburg Bancorp, Inc. and its subsidiary (the Company), which comprise the consolidated balance sheet as of December 31, 2023, the related consolidated statements of income, comprehensive income (loss), changes in stockholders' equity and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter
As discussed in Note 1 to the financial statements, the Company has changed its method of accounting for credit losses in 2023 due to the adoption of Accounting Standards Update 2016-13, *Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*, including all related amendments. Our opinion is not modified with respect to this matter.

Other Matter
The financial statements of the Company, as of and for the year ended December 31, 2022, were audited by other auditors, whose report, dated February 24, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information Included in the Annual Report
Management is responsible for the other information included in the annual report. The other information comprises the Letter from the President and Statistical Information but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
March 6, 2024

Mifflinburg Bancorp, Inc. and Subsidiary

Consolidated Balance Sheets

(in thousands, except share and per share data)

December 31,	2023	2022
Assets		
Cash and due from banks	$ 10,087	$ 4,914
Interest-bearing demand deposits	2,119	1,885
Federal funds sold	-	3,741
Total cash and cash equivalents	12,206	10,540
Interest-bearing time deposits	18,285	18,525
Debt securities available-for-sale, at fair value	118,439	126,737
Marketable equity securities, at fair value	322	400
Restricted investments in bank stock, at cost	1,085	1,803
Loans	387,924	368,866
Allowance for credit losses	(3,861)	(4,058)
Net loans	384,063	364,808
Premises and equipment, net	8,545	8,824
Accrued interest receivable	1,603	1,369
Other real estate owned	56	-
Bank owned life insurance	12,708	11,363
Net deferred tax asset	1,949	2,811
Other assets	1,327	1,636
Total Assets	$ 560,588	$ 548,816
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	$ 74,979	$ 89,703
Interest-bearing	397,758	371,098
Total deposits	472,737	460,801
Repurchase agreements	1,231	1,694
Federal funds purchased	435	-
Federal Reserve Bank borrowings	9,500	-
Federal Home Loan Bank advances	15,700	31,646
Accrued interest payable	1,374	294
Other liabilities	4,825	4,411
Total Liabilities	505,802	498,846
Stockholders' Equity		
Common stock, par value $1.00 per share; authorized 5,000,000 shares; issued 2,160,000 shares; outstanding 1,858,536 and 1,854,870 shares at December 31, 2023 and 2022, respectively	2,160	2,160
Capital surplus	1,899	1,891
Retained earnings	62,227	60,930
Accumulated other comprehensive loss	(3,769)	(7,186)
Treasury stock, at cost: 2023: 301,464 shares; 2022: 305,130 shares	(7,731)	(7,825)
Total Stockholders' Equity	54,786	49,970
Total Liabilities and Stockholders' Equity	$ 560,588	$ 548,816

See accompanying notes to consolidated financial statements.

Mifflinburg Bancorp, Inc. and Subsidiary

Consolidated Statements of Income
(in thousands, except per share data)

Years Ended December 31,	2023	2022
Interest and Dividend Income		
Interest and fees on loans	**$ 18,451**	$ 15,128
Interest-bearing deposits in banks	**569**	484
Federal funds sold	**65**	43
Securities:		
Taxable	**1,377**	1,013
Tax-exempt	**1,235**	1,278
Dividends	**226**	78
Total Interest and Dividend Income	**21,923**	18,024
Interest Expense		
Deposits	**6,169**	1,897
Federal Home Loan Bank advances	**1,051**	211
Other borrowings	**246**	29
Total Interest Expense	**7,466**	2,137
Net Interest Income	**14,457**	15,887
Provision for (recovery of) credit losses	**(237)**	-
Net Interest Income after provision for (recovery of) credit losses	**14,694**	15,887
Noninterest Income		
Service charges on deposit accounts	**443**	422
ATM fees and debit card income	**745**	723
Gain on sale of loans	**189**	272
Commissions from investment product sales	**95**	115
Losses on sale of available-for-sale securities	**(399)**	-
Net marketable equity security losses	**(78)**	(37)
Earnings on bank owned life insurance	**245**	217
Other	**195**	321
Total Noninterest Income	**1,435**	2,033
Noninterest Expense		
Salaries and employee benefits	**7,218**	6,748
Net occupancy and equipment expense	**1,167**	1,142
Data processing fees	**643**	650
Pennsylvania shares tax	**394**	400
Professional fees	**141**	167
Advertising expense	**157**	187
FDIC deposit insurance	**246**	148
Other	**1,350**	1,396
Total Noninterest Expense	**11,316**	10,838
Income Before Income Taxes	**4,813**	7,082
Income Taxes	**660**	1,099
Net Income	**$ 4,153**	$ 5,983
Earnings Per Share	**$ 2.24**	$ 3.20

See accompanying notes to consolidated financial statements.

Mifflinburg Bancorp, Inc. and Subsidiary

Consolidated Statements of Comprehensive Income (Loss)

(in thousands)

Years Ended December 31,	**2023**	2022
Net Income	**$ 4,153**	$ 5,983
Other Comprehensive Income (Loss)		
Unrealized holding gains (losses) on debt securities available-for-sale, net of income taxes of $824 and ($2,155), respectively	**3,102**	(8,108)
Reclassification adjustment for losses on available-for-sale securities included in net income, net of income taxes of $84 and $-0-, respectively	**315**	-
Other comprehensive income (loss)	**3,417**	(8,108)
Total Comprehensive Income (Loss)	**$ 7,570**	$ (2,125)

See accompanying notes to consolidated financial statements.

Mifflinburg Bancorp, Inc. and Subsidiary

Consolidated Statements of Changes in Stockholders' Equity

(in thousands, except share and per share data)

	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance, December 31, 2021	$ 2,160	1,835	57,511	922	(7,246)	55,182
Net income	-	-	5,983	-	-	5,983
Other comprehensive loss	-	-	-	(8,108)	-	(8,108)
Purchase of 25,000 shares of treasury stock	-	-	-	-	(800)	(800)
Sale of 8,650 shares of treasury stock	-	56	-	-	221	277
Cash dividends declared ($1.37 per share)	-	-	(2,564)	-	-	(2,564)
Balance, December 31, 2022	**2,160**	**$ 1,891**	**$ 60,930**	**$ (7,186)**	**$ (7,825)**	**$ 49,970**
Net income	**-**	**-**	**4,153**	**-**	**-**	**4,153**
Other comprehensive income	**-**	**-**	**-**	**3,417**	**-**	**3,417**
Adoption of ASC 326 – Financial Instruments – credit losses, net of tax benefit	**-**	**-**	**(241)**	**-**	**-**	**(241)**
Sale of 3,666 shares of treasury stock	**-**	**8**	**-**	**-**	**94**	**102**
Cash dividends declared ($1.41 per share)	**-**	**-**	**(2,615)**	**-**	**-**	**(2,615)**
Balance, December 31, 2023	**$ 2,160**	**$ 1,899**	**$ 62,227**	**$ (3,769)**	**$ (7,731)**	**$ 54,786**

See accompanying notes to consolidated financial statements.

Mifflinburg Bancorp, Inc. and Subsidiary

Consolidated Statements of Cash Flows
(in thousands)

Years Ended December 31,	**2023**	2022
Cash Flows from Operating Activities		
Net income	$ **4,153**	$ 5,983
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	**462**	452
Net (accretion) amortization of discounts and premiums on securities	**(144)**	140
Deferred income taxes	**18**	43
(Recovery of) provision for credit losses	**(226)**	-
Increase in accrued interest receivable	**(234)**	(280)
Increase in accrued interest payable	**1,080**	75
Increase in cash surrender value of bank owned life insurance	**(245)**	(217)
Realized losses on sale of available-for-sale securities	**399**	-
Net marketable equity security losses	**78**	37
Origination of loans held for sale	**(2,027)**	(4,125)
Proceeds from loans sold	**2,209**	4,397
Gain on sale of loans	**(189)**	(272)
Gain on sale of premises and equipment	**(2)**	-
Other assets and liabilities, net	**452**	(738)
Net Cash Provided by Operating Activities	**5,784**	5,495
Cash Flows from Investing Activities		
Debt securities available-for-sale:		
Purchases	**(22,018)**	(39,311)
Proceeds from paydowns, maturities and calls	**29,295**	16,040
Proceeds from sales	**5,091**	-
Net increase in loans	**(19,112)**	(29,782)
Decrease of interest-bearing time deposits	**240**	3,592
Decrease (Increase) in restricted investments in bank stock	**718**	(980)
Proceeds from sale of premises and equipment	**37**	-
Purchase of bank owned life insurance	**(1,100)**	-
Purchases of premises and equipment	**(218)**	(292)
Net Cash Used in Investing Activities	**(7,067)**	(50,733)
Cash Flows from Financing Activities		
Increase (decrease) in deposits	**11,936**	(4,959)
Proceeds from Federal Home Loan Bank advances	**4,000**	24,750
Repayment of Federal Home Loan Bank advances	**(19,946)**	(2,049)
Proceeds from Federal Reserve Bank borrowings	**9,500**	-
Increase in Federal Funds purchased	**435**	-
Decrease in repurchase agreements	**(463)**	(18,425)
Purchase of treasury stock	**-**	(800)
Sale of treasury stock	**102**	277
Dividends paid on common stock	**(2,615)**	(2,564)
Net Cash Provided by (Used In) Financing Activities	**2,949**	(3,770)
Net increase (decrease) in cash and cash equivalents	**1,666**	(49,008)
Cash and Cash Equivalents, Beginning of Year	**10,540**	59,548
Cash and Cash Equivalents, End of Year	$ **12,206**	$ 10,540
Supplementary Cash Flows Information		
Interest paid	$ **6,386**	$ 2,062
Income taxes paid	$ **780**	$ 900
Supplementary Disclosure of Noncash Transactions		
Other real estate acquired in settlement of loans	$ **56**	$ -

See accompanying notes to consolidated financial statements.

1. Description of Business and Summary of Significant Accounting Policies

Mifflinburg Bancorp, Inc. (the Bancorp) is a Pennsylvania Corporation organized as the holding company of Mifflinburg Bank and Trust Company (the Bank). The Bank is a state chartered commercial bank located in Mifflinburg, Pennsylvania, whose principal sources of revenues are derived from its commercial, mortgage, residential real estate, and consumer loan financing as well as a variety of deposit services provided to customers serviced by its eight offices. Milestone Insurance Services, LLC (Milestone) was formed in 2003 and is a wholly owned subsidiary of the Bank. Milestone is licensed to sell title insurance. The Bancorp is supervised by the Board of Governors of the Federal Reserve System while the Bank is subject to regulation and supervision by the Federal Deposit Insurance Company and the Pennsylvania Department of Banking and Securities. A summary of significant accounting and reporting policies applied in the presentation of the accompanying consolidated financial statements follows.

Basis of Presentation

The accounting policies followed by the Bancorp and the Bank and the methods of applying these policies conform with accounting principles generally accepted in the United States of America (GAAP) and with general practices within the banking industry.

Accounting Standards Adopted in 2023

ASU 2016-13: On January 1, 2023, the Company adopted Accounting Standards Update ("ASU") 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASC 326"). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The CECL methodology requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost are presented at the net amount expected to be collected by using an allowance for credit losses.

In addition, CECL made changes to the accounting for available-for-sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available-for-sale debt securities if management does not intend to sell and does not believe that it is more likely than not, they will be required to sell.

The Company adopted ASC 326 and all related subsequent amendments thereto effective January 1, 2023 using the modified retrospective approach for all financial assets measured at amortized cost and off-balance sheet credit exposures. At adoption, the after-tax impact to retained earnings was a reduction of $241,000 based on our evaluation as of that date. This adjustment consisted of increases to the allowance for credit losses on loans in the amount $27,000, as well as the Company's allowance for unfunded loan commitments in the amount of $277,000.

The Company adopted ASC 326 using the prospective transition approach for debt securities for which other-than-temporary impairment had been recognized prior to January 1, 2023. As of December 31, 2022, the Company did not have any other-than-temporarily impaired investment securities. The Company did not record an allowance for credit losses for securities classified as available-for-sale upon adoption. Refer to Note 2 – Securities for further discussion.

The Company elected not to measure an allowance for credit losses for accrued interest receivable and instead elected to reverse interest income on loans or securities that are placed on nonaccrual status, which is generally when the instrument is 90 days past due, or earlier if the Company believes the collection of interest is doubtful. The Company has concluded that this policy results in the timely reversal of uncollectible interest.

ASU 2022-02: On January 1, 2023, the Company adopted ASU 2022-02, "Financial Instruments-Credit Losses (Topic 326), Troubled Debt Restructurings and Vintage Disclosures." ASU 2022-02 addresses areas identified by the Financial Accounting Standards Board as part of its post-implementation review of the credit losses standard (ASU 2016-13) that introduced the CECL model. The amendments eliminate the accounting guidance for troubled debt restructurings ("TDRs") by creditors that have adopted the CECL model and enhance the disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. In addition, the amendments require that the Company disclose current-period gross write-offs for financing receivables and net investment in leases by year of origination in the vintage disclosures. The Company adopted the standard prospectively and it did not have a material impact on the financial statements

Use of Estimates

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and require disclosure of contingent assets and liabilities as of the date of the consolidated balance sheets and revenues and expenses for the period. Actual results could differ significantly from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Bancorp and the Bank (including the accounts of Milestone), its wholly owned subsidiary (collectively, the Company). All significant intercompany balances and transactions have been eliminated. The entire business of the Company is managed as one operating segment.

Subsequent Events

The Company has evaluated events and transactions occurring subsequent to the balance sheet date of December 31, 2023 for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through March 6, 2024, the date these consolidated financial statements were available to be issued.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Company defines cash equivalents as cash and due from banks, interest-bearing demand deposits and federal funds sold. Federal funds are generally sold for one day periods.

Interest-Bearing Time Deposits

Interest-bearing time deposits have original maturities in excess of one year and are carried at cost.

Debt Securities Available-For-Sale

Debt securities classified as available-for-sale are carried at fair value with unrealized gains and losses net of the related tax effects reflected as a separate component of stockholders' equity. Securities classified as available-for-sale are those debt securities that the Company intends to hold for an indefinite period of time, but not necessarily to maturity. Premium amortization and discount accretion are recorded using the interest method over each security's expected life.

Management evaluates all available-for-sale securities in an unrealized loss position on a quarterly basis, and more frequently when economic or market conditions warrant such evaluation. If the Company has the intent to sell the security or it is more likely than not that the Company will be required to sell the security, the security is written down to fair value and the entire loss is recorded in earnings.

If either of the above criteria is not met, the Company evaluates whether the decline in fair value is the result of credit losses or other factors. In making the assessment, the Company may consider various factors including the extent to which fair value is less than amortized cost, downgrades in the ratings of the security by a rating agency, the failure of the issuer to make scheduled interest or principal payments and adverse conditions specific to the security. If the assessment indicates that a credit loss exists, the present value of cash flows expected to be collected are compared to the amortized cost basis of the security and any deficiency is recorded as an allowance for credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any amount of unrealized loss that has not been recorded through an allowance for credit loss is recognized in other comprehensive income.

Changes in the allowance for credit loss are recorded as a provision for (or recovery of) credit losses in the Consolidated Statements of Income. Losses are charged against the allowance for credit loss when management believes an available-for-sale security is confirmed to be uncollectible or when either of the criteria regarding intent or requirement to sell is met. At December 31, 2023, there was no allowance for credit loss related to the available-for-sale portfolio. Refer to Note 2 – Securities for further discussion.

Accrued interest receivable on available-for-sale securities totaled $628,000 at December 31, 2023 and is included in accrued interest receivable on Consolidated Balance Sheets. Amount was excluded from the estimate of credit losses.

Realized gains and losses on sales of securities represent the differences between net proceeds and cost determined on the average cost method for equity securities and the specific identification method for all other securities.

Marketable Equity Securities

Marketable equity securities are carried at fair value with unrealized gains and losses included in net income.

Restricted Investments in Bank Stock

Restricted investments in bank stock represent required investments in the common stock of correspondent banks and consist of common stock of the Federal Home Loan Bank of Pittsburgh (FHLB) of $1,040,000 and $1,758,000 at December 31, 2023 and 2022, respectively, and other correspondent banks of $45,000 at December 31, 2023 and 2022. As a member of the FHLB, the Bank is required to maintain an investment in FHLB stock based on mortgage loans, advances and other criteria. As no active market exists for this stock, it is carried at cost. All FHLB stock is pledged as collateral for FHLB advances. The Company evaluated its holding of FHLB stock for impairment and deemed the stock to not be impaired at December 31, 2023 and 2022. In making this determination, management concluded that recovery of total outstanding par value, which equals the carrying value, is expected. The decision was based upon review of financial information the FHLB has made publicly available.

Mortgage Banking

Mortgage loans originated and intended for sale in the secondary market at the time of origination are carried at the lower of aggregate cost or estimated fair value, as determined by aggregate outstanding commitments from investors or current investor yield requirements. All sales are made without recourse. Loans are generally sold with the mortgage servicing rights retained by the Company; the mortgage service rights are recognized as assets upon the sale. See further information for accounting for these assets under “Mortgage Servicing.” Gains or losses on sales of mortgage loans are recognized based on the difference between the selling price and the carrying value of the related mortgage loans sold.

Loans Receivable

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are stated at their outstanding unpaid principal balances, net of an allowance for credit losses and any deferred fees or costs. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the yield (interest income) of the related loans. The Company is generally amortizing these amounts over the contractual life of the loan.

The loans receivable portfolio is segmented into commercial and consumer loans. Commercial loans consist of the following classes: commercial (including commercial, agricultural and state and municipal), and commercial real estate (including commercial, construction and land development and farmland). Consumer loans consist of the following classes: residential mortgage, home equity, consumer automobile and other consumer.

For all classes of loans receivable, the accrual of interest is generally discontinued when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about further collectability of principal or interest, even though the loan is currently performing. A loan may remain on accrual status if it is in the process of collection and is either guaranteed or well secured. When a loan is placed on nonaccrual status, unpaid interest is reversed against interest income. Interest received on nonaccrual loans is either applied against principal or reported as interest income, according to management's judgment as to the collectability of principal. Generally, loans are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time (generally six months) and the ultimate collectability of the total contractual principal and interest is no longer in doubt. The past due status of all classes of loans receivable is determined based on contractual due dates for loan payments.

Allowance for credit losses on loans (ACLL)

The allowance for credit losses (allowance) represents an amount which, in management's judgment is adequate to absorb the lifetime expected losses that may be sustained on outstanding loans at the balance sheet date based on the evaluation of the size and current risk characteristics of the loan portfolio, past events, current conditions, reasonable and supportable forecasts of future economic conditions, and prepayment experience. The allowance for credit losses is increased by the provision for loan losses, and decreased by charge-offs, net of recoveries. Loans deemed to be uncollectible are charged against the allowance for credit losses, and subsequent recoveries, if any, are credited to the allowance. All, or part, of the principal balance of loans receivable are charged off to the allowance as soon as it is determined that the repayment of all, or part, of the principal balance is highly unlikely. Non-residential consumer loans are generally charged off no later than 120 days past due on a contractual basis, earlier in the event of bankruptcy, or if there is an amount deemed uncollectible. Because all identified losses are immediately charged off, no portion of the allowance is restricted to any individual loan or groups of loans, and the entire allowance is available to absorb any and all loan losses.

The allowance for credit losses on loans (ACLL) and leases is a valuation account that is used to present the net amount expected to be collected on a loan or lease. The ACL for loans and leases is adjusted through provision for credit losses as a charge against, or credit to, earnings. Loans and leases deemed to be uncollectible are charged against the ACL on loans and leases, and any subsequent recoveries are credited to the ACL. Management evaluates the ACL on a quarterly basis. When changes in the reserve are necessary, an adjustment is made.

Management utilizes a discounted cash flow (DCF) model to calculate the sum of expected losses via a gross loss rate and recovery rate assumption for pools of loans and leases that share similar risk characteristics to determine its allowance for credit loss balance. The FDIC Call Report loan codes were utilized as the grouping mechanism. Management has elected to perform cash flow modeling without the present value component due to lack of loan loss history and simplification of the model.

Management uses relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts in calculating its ACL. Historical credit loss experience provides the basis for the estimation of expected credit losses.

The key inputs to the DCF model are loss rate, probability of default, loss given default, prepayment and curtailment rates, reasonable and supportable economic forecasts, and forecast reversion period.

- Loss Rate - In order to incorporate economic factors into forecasting within the DCF model, management elected to use the Loss Driver method or benchmark data to generate the expected loss rate for the pools of loans and leases. The Loss Driver method analyzes how one or more economic factors change the default rate using a statistical regression analysis. Management selected an economic factor (unemployment rate) that had a strong correlation to historical default rates.

- Probability of Default (PD) and Loss Given Default (LGD) benchmark data was used to generate the expected loss rate for certain pools of loans and leases. Management elected to use benchmark data to generate the PD/LGD rate inputs when the loss driver method proved to provide insufficient loss rates. There were not strong correlations between losses and the economy for historical data or the peer group to provide sufficient enough loss observations to generate a reversion rate that accommodates an economic cycle.

- Prepayment & Curtailment Rates: Due to historical data constraints, management has elected to use peer benchmark prepayment rates in the DCF model for certain call codes. The benchmark data used for each loan segment is based on the corresponding call report code. If observations were insufficient for that specific call code, management elected to apply the rate from the higher-level call code or from a call code with similar prepayment/curtailment behavior. For example, if a Benchmark prepayment rate was not sufficient enough for call code 1d, the prepayment rate of a call code 1 would be utilized instead.

- Reasonable and Supportable Forecasts - The forecast data used in the DCF model is obtained via a subscription to a widely recognized and relied upon company who publishes various forecast scenarios. Management evaluates the various scenarios to determine a reasonable and supportable scenario.

- Forecast Reversion Period - Management uses forecasts to predict how economic factors will perform and has determined to use a four-quarter forecast period as well as a four-quarter straight-line reversion period to series mean (also commonly referred to as the mean reversion period).

The allowance for credit losses calculation includes subjective adjustments for qualitative risk factors that are deemed likely to cause estimated credit losses to differ from historical experience. These qualitative adjustments generally increase allowance levels and include adjustments for factors deemed relevant, including: the nature and volume of portfolio changes, including loan portfolio growth; concentrations of credit based on loan type (such as agricultural lending) or industry; the volume and severity of past due, nonaccrual or adversely classified loans; trends in real estate or other collateral values; lending policies and procedures, including changes in underwriting and collections practices and loan review function; credit review function; lending, credit and other relevant management experience and risk tolerance; external factors and economic conditions not already captured. Each qualitative factor is assigned a value to reflect improvement, no change, minor risk, moderate risk, or major risk conditions based on management's best judgment using relevant information available at the time of the evaluation. Adjustments to the factors are supported through documentation of changes in conditions in a narrative accompanying the allowance calculation.

Loans that do not share risk characteristics are evaluated on an individual basis. The Company designates individually evaluated loans on nonaccrual status as collateral dependent loans, as well as other loans that management of the Company designates as having higher risk and loans for which the repayment is expected to be provided substantially through the operation or sale of the collateral. These loans do not share common risk characteristics and are not included within the collectively evaluated loans for determining the allowance for credit losses. Under CECL, for collateral dependent loans, the Company has adopted the practical expedient to measure the allowance for credit losses based on the fair value of collateral. The allowance for credit losses is calculated on an individual loan basis based on the shortfall between the fair value of the loan's collateral, which is adjusted for liquidation costs/discounts, and amortized cost. If the fair value of the collateral exceeds the amortized cost, no allowance is required.

An unallocated component is maintained to cover uncertainties that could affect management's estimate of expected losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

The Company has elected to exclude accrued interest from the amortized cost basis in its determination of the allowance for credit losses for both loans, as well as elected the policy to write-off accrued interest receivable directly through the reversal of interest income. Accrued interest receivable totaled $967,000 at December 31, 2023, and is included in “Accrued Interest Receivable” on the Company’s Consolidated Balance Sheets

The adoption of CECL did not result in a significant change to any other credit risk management and monitoring processes, including identification of past due or delinquent borrowers, nonaccrual practices or charge-off policy.

Commercial lending, including commercial real estate loans generally present a higher level of risk than residential mortgage loans. This greater risk is due to several factors, including the concentration of principal in a limited number of loans and borrowers, the effect of general economic conditions on income producing properties and the increased difficulty of evaluating and monitoring these types of loans. Furthermore, the repayment of loans secured by commercial and industrial real estate is typically dependent upon the successful operation of the related real estate project or business. If the cash flow from the project is reduced, the borrower's ability to repay the loan may be impaired. Consumer loans may entail greater credit risk than do residential mortgage loans, particularly in the case of consumer loans which are unsecured or are secured by rapidly depreciable assets, such as automobiles. Home equity loans also entail greater risk than residential mortgage loans due to being in a junior lien position. In such cases, any repossessed collateral for a defaulted consumer loan may not provide an adequate source of repayment of the outstanding loan balance as a result of the greater likelihood of damage, loss or depreciation. In addition, consumer loan collections are dependent on the borrower's continuing financial stability, and thus are more likely to be affected by adverse personal circumstances. Furthermore, the application of various federal and state laws, including bankruptcy and insolvency laws, may limit the amount which can be recovered on such loans.

For commercial loans secured by real estate, estimated fair values are determined primarily through third-party appraisals. When a real estate secured loan becomes impaired, a decision is made regarding whether an updated certified appraisal of the real estate is necessary. This decision is based on various considerations, including the age of the most recent appraisal, the loan-to-value ratio based on the original appraisal and the condition of the property. Appraised values may be discounted to arrive at the estimated selling price of the collateral, which is considered to be the estimated fair value. The discounts also include estimated costs to sell the property.

In addition, Federal and State regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for credit losses and may require the Company to recognize additions to the allowance based on their judgments about information available to them at the time of their examination, which may not be currently available to management. Based on management's comprehensive analysis of the loan portfolio, management believes the current level of the allowance for credit losses is adequate at December 31, 2023.

Allowance for Credit Losses – Unfunded Commitments

Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit issued to meet customer financing needs. The Company’s exposure to credit loss in the event of nonperformance by the other party to the financial instrument for off-balance sheet loan commitments is represented by the contractual amount of those instruments. Such financial instruments are recorded when they are funded.

The Company records an allowance for credit losses on off-balance sheet credit exposures, unless the commitments to extend credit are unconditionally cancelable, through a charge to provision for (or recovery of) credit losses in the Consolidated Statements of Income. The allowance for credit losses on off-balance sheet credit exposures is estimated by loan segment at each balance sheet date under the CECL model using the same methodology as the loan portfolio, taking into consideration the likelihood that funding will occur as well as any third-party guarantees. The allowance for unfunded commitments is included in other liabilities on the Company’s Consolidated Balance Sheets.

Other Real Estate Owned

Foreclosed assets held for sale consist of real estate acquired in settlement of foreclosed loans and is initially recorded at fair value less estimated costs to sell at the time of transfer from loans to foreclosed, establishing a new cost basis. Subsequent to the transfer, foreclosed assets are carried at the lower of the adjusted cost or fair value less costs to sell. Additional write-downs are charged against operating expenses. Costs related to the acquisition and holding of foreclosed assets are charged to operations when incurred. The fair value of real estate acquired through foreclosure is generally determined by reference to an outside appraisal. The Company held foreclosed assets for sale of $56,000 at December 31, 2023 and did not hold any for sale as of December 31, 2022.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation. Repairs and maintenance expenditures are expensed as incurred. The costs of major additions and improvements are capitalized. When premises or equipment are retired or sold, the remaining cost and accumulated depreciation are removed from the accounts and any gain or loss is credited or charged to income. Depreciation is computed using straight-line and accelerated methods over the estimated useful lives of the assets. Premises and equipment are reviewed by management at least annually for potential impairment and whenever events or circumstances indicate that carrying amounts may not be recoverable.

Bank Owned Life Insurance

The Company invests in bank owned life insurance (BOLI) as a source of funding for employee and director benefit expenses. BOLI involves the purchasing of life insurance by the Company on a chosen group of officers and directors. The Company is the owner and beneficiary of the policies. This life insurance investment is carried at the cash surrender value of the underlying policies. Income from the increase in the cash surrender value of the policies is included with noninterest income on the Consolidated Statements of Income. The policies can be liquidated, if necessary, with tax costs associated. However, the Company intends to hold these policies and accordingly, the Company has not provided for deferred income taxes on the earnings from the increase in cash surrender value.

The Company recognizes a liability for postretirement benefits provided through an endorsed split-dollar life insurance arrangement. The liability for post-retirement benefits under these arrangements was $838,000 and $715,000 at December 31, 2023 and 2022, respectively, and is included in other liabilities on the Consolidated Balance Sheets. Expense in the years ended December 31, 2023 and 2022 was $123,000 and $62,000, respectively.

Mortgage Servicing

The Company retains the servicing rights on certain mortgage loans sold to the FHLB and Fannie Mae and receives mortgage banking fee income based upon the principal balance outstanding. The mortgage servicing rights recorded as an asset are not material. Total loans serviced for the FHLB and Fannie Mae amounted to $55,080,000 and $57,716,000 at December 31, 2023 and 2022, respectively. These mortgage loans sold and serviced by the Company are not reflected in the Company's Consolidated Balance Sheets.

Revenue Recognition

The Company earns income from various sources, including loans, investment securities, bank-owned life insurance, deposit accounts and sales of assets.

Interest income on loans is accrued on the unpaid principal balance and recorded daily. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method. Other loan fees, including late charges, are recognized as they occur.

Interest income on debt securities is recognized on the accrual basis. Purchase premiums and discounts are recognized using the interest method over the term of the securities. Dividends on equity securities are recorded when declared.

Service charges on deposit accounts include maintenance and analysis fees and overdraft fees. Automated teller machine (ATM) fees and debit card income include fees for withdrawals by our deposit customers from other bank ATMs and interchange fees related to the acceptance and settlement of debit card transactions. Revenue is recognized when the Company's performance obligation is completed which is generally monthly for account services or when a transaction has occurred.

Commissions from investment product sales are received from third parties based on the sale of the third party's investment and insurance products to the Company's customers. The Company's performance obligation is complete when the sale occurs.

Earnings on bank-owned life insurance policies represent the increase in the cash surrender value of these policies as well as any gains resulting from settlement of the policies.

Other income includes other fees and revenue, which are generally transactional in nature and are recorded as they occur.

Gains or losses on sales of assets are generally recognized when the asset has been legally transferred to the buyer and the Company has no continuing involvement with the asset. The Company does not generally finance the sale.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Advertising

Advertising costs are expensed as incurred.

Income Taxes

Current income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur.

Deferred income tax expense results from changes in certain deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

The Company accounts for uncertain tax positions if it is more-likely-than-not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more-likely-than-not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to management's judgment.

The Company recognizes interest and penalties on income taxes as a component of income tax expense. There were none during the years ended December 31, 2023 and 2022.

Earnings Per Share

The Company does not have any common stock equivalents and, therefore, presents only basic earnings per share, which represents net income divided by the weighted average shares outstanding during the period. The weighted average shares outstanding during 2023 and 2022 were 1,854,900 and 1,870,606, respectively.

Treasury Stock

The acquisition of treasury stock is recorded under the cost method. The subsequent disposition or sale of the treasury stock is recorded using the average cost method.

Off-Balance Sheet Financial Instruments

In the ordinary course of business, the Company has entered into off-balance sheet financial instruments consisting of commitments to extend credit and letters of credit. Such financial instruments are recorded on the consolidated balance sheets as they are funded.

Comprehensive Income (Loss)

GAAP requires that recognized revenue, expenses, gains, and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on debt securities available-for-sale, are reported as a separate component of the equity section of the balance sheet, such items, along with net income are components of comprehensive income (loss) and reflected in the consolidated statements of comprehensive income (loss).

The only other comprehensive income item that the Company presently has is unrealized gains or losses on debt securities available-for-sale.

Items reclassified out of accumulated other comprehensive loss to net income related solely to the losses on the available for sale securities sold during 2023.

Recent Accounting Pronouncement

In December 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." The amendments in this ASU require an entity to disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold, which is greater than five percent of the amount computed by multiplying pretax income by the entity's applicable statutory rate, on an annual basis. Additionally, the amendments in this ASU require an entity to disclose the amount of income taxes paid (net of refunds received) disaggregated by federal, state, and foreign taxes and the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions that are equal to or greater than five percent of total income taxes paid (net of refunds received). Lastly, the amendments in this ASU require an entity to disclose income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign and income tax expense (or benefit) from continuing operations disaggregated by federal, state, and foreign. This ASU is effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied on a prospective basis; however, retrospective application is permitted. The Company does not expect the adoption of ASU 2023-09 to have a material impact on its consolidated financial statements.

2. Securities

The amortized cost and fair value of debt securities available-for-sale are as follows at December 31 (in thousands):

	2023				2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury	**$ 3,414**	**$ 36**	**$ (9)**	**$ 3,441**	$ 10,082	$ 3	$ (98)	$ 9,987
U.S. government agencies	**22,682**	**62**	**(632)**	**22,112**	36,030	-	(2,023)	34,007
Taxable state and Municipal	**7,930**	**-**	**(742)**	**7,188**	9,878	-	(1,161)	8,717
Tax exempt state and municipal	**58,750**	**26**	**(2,608)**	**56,168**	61,539	6	(4,430)	57,115
U.S. government sponsored enterprise mortgage-backed	**25,377**	**142**	**(700)**	**24,819**	12,225	1	(942)	11,284
Corporate	**5,057**	**-**	**(346)**	**4,711**	6,079	-	(452)	5,627
Total debt securities available-for-sale	**$ 123,210**	**$ 266**	**$ (5,037)**	**$ 118,439**	$ 135,833	$ 10	$ (9,106)	$ 126,737

The amortized cost and estimated fair value of debt securities available-for-sale at December 31, 2023, by expected maturity for mortgage-backed securities and debt securities with call features and by contractual maturity for all other securities, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties (in thousands).

	Amortized Cost	Fair Value
Due in one year or less	**$ 11,963**	**$ 11,746**
Due after one year through five years	**69,231**	**66,934**
Due after five years through ten years	**30,472**	**29,004**
Due after ten years	**11,544**	**10,755**
Total	**$ 123,210**	**$ 118,439**

The following table shows the Company's debt securities available-for-sale gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31 (in thousands):

December 31, 2023	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury	**$ 1,232**	**$ 4**	**$ 245**	**$ 5**	**$ 1,477**	**$ 9**
U.S. government agencies	**896**	**1**	**16,527**	**631**	**17,423**	**632**
Taxable state and municipal	**470**	**30**	**6,719**	**712**	**7,189**	**742**
Tax-exempt state and municipal	**3,389**	**42**	**44,786**	**2,566**	**48,175**	**2,608**
U.S. government sponsored enterprise mortgage-backed	**3,201**	**17**	**9,884**	**683**	**13,085**	**700**
Corporate	**-**	**-**	**4,711**	**346**	**4,711**	**346**
Total debt securities available-for-sale	**$ 9,188**	**$ 94**	**$ 82,872**	**$ 4,943**	**$ 92,060**	**$ 5,037**

December 31, 2022	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury	$ 8,529	$ 63	$ 964	$ 35	$ 9,493	$ 98
U.S. government agencies	16,164	671	17,843	1,352	34,007	2,023
Taxable state and municipal	2,619	189	6,098	972	8,717	1,161
Tax-exempt state and municipal	38,502	2,574	16,150	1,856	54,652	4,430
U.S. government sponsored enterprise mortgage-backed	9,399	642	1,861	300	11,260	942
Corporate	3,784	220	1,844	232	5,628	452
Total debt securities available-for-sale	$ 78,997	$ 4,359	$ 44,760	$ 4,747	$ 123,757	$ 9,106

At December 31, 2023, the $94,000 unrealized loss (less than 12 months) was attributed to 24 different securities. The $4,943,000 unrealized loss (12 months or more) was attributed to 194 securities. At December 31, 2022, the $4,359,000 unrealized loss (less than 12 months) was attributed to 181 different securities. The $4,747,000 unrealized loss (12 months or more) was attributed to 99 securities. None of the unrealized losses are individually significant. Management believes, based upon an evaluation of the issuers of the debt securities, that the unrealized losses on debt securities were the result of fluctuations in market interest rates subsequent to purchase and not a result of credit risk. Management has the intent and ability to hold investments and does not believe it will have to sell the securities until the earlier of maturity or market price recovery, accordingly, there was no allowance for credit losses on available for sale securities at December 31, 2023.

During the twelve months ended December 31, 2023, the Company sold available-for-sale securities with a total par value of $5.5 million resulting in a gross pre-tax loss of $399,000. The Company did not sell or recognize any gain or loss for any securities for the year-ended December 31, 2022.

Securities with a carrying value of $85,485,000 and $68,002,000 at December 31, 2023 and 2022, respectively, were pledged to secure public deposits and for other purposes as required by law.

As of December 31, 2023 and December 31, 2022, the Company had $322,000 and $400,000, respectively, in marketable equity securities recorded at fair value. The following is a summary of unrealized and realized gains and losses recognized in net income on marketable equity securities during the twelve months ended December 31, 2023 and 2022 (in thousands):

	2023	2022
Net change in the unrealized gains and losses recognized during the period on marketable equity securities	**$ (78)**	$ (37)
Add: Net realized gains recognized on marketable equity securities sold during the period	**-**	-
Net losses recognized in net income during the period on marketable equity securities still held at the reporting date	**$ (78)**	$ (37)

3. Loans

Major categories of loans are summarized as follows as of December 31 (in thousands):

	2023	2022
Commercial	**$ 73,142**	$ 77,093
Commercial real estate	**182,463**	161,367
Residential mortgage	**118,934**	116,339
Home equity	**5,800**	7,114
Consumer, automobile	**6,546**	5,538
Consumer, other	**1,787**	2,116
	388,672	369,567
Less: net deferred loan fees	**(748)**	(701)
Total loans net of deferred loan fees	**387,924**	368,866
Less: allowance for credit losses	**(3,861)**	(4,058)
Net Loans	**$ 384,063**	$ 364,808

In the normal course of business, loans are extended to directors, executive officers, and their affiliates.

A summary of loan activity for those directors, executive officers, and their affiliates is as follows (in thousands):

December 31, 2022	New Loans	Repayments	December 31, 2023
$ 3,854	**$ 94**	**$ (374)**	**$ 3,574**

December 31, 2021	New Loans	Repayments	December 31, 2022
$ 2,770	$ 1,795	$ (711)	$ 3,854

The Company grants commercial, residential, and personal loans to customers primarily in Union, Centre, and Snyder Counties, Pennsylvania. Although the Company has a diversified loan portfolio, a significant portion of its debtors' ability to honor their contracts is dependent on the economic conditions within this region. Additionally, approximately 16% and 15% of the Company's loans at December 31, 2023 and 2022, respectively, are to individuals and corporations in the agricultural business.

4. Allowance for Credit Losses

On January 1, 2023, the Company adopted the CECL methodology as required under ASC 326. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loan receivables. For further discussion on the Company's accounting policies and policy elections related to the accounting standard update refer to Note 1. All loan information presented as of December 31, 2023 is in accordance with ASC 326. All loan information presented prior to December 31, 2023 is in accordance with previous applicable GAAP.

Credit Quality Indicators

A Loan Risk Rating Grading System has been developed and is being utilized to categorize loans with similar characteristics. There are six (6) "Pass" Ratings and the standard "Classified" Watchlist Ratings. The loans are assessed based upon the information in the Loan Committee Package and a lender identified score. Further, any reassessment would be performed when the annual loan review is performed or when the loan account exhibits signs of financial difficulty or improvement. The definition of each Loan Risk Rating is outlined below:

Pass (Grades 1-6) – These loans are to customers with credit quality ranging from an acceptable to very high quality and are protected by the current net worth and paying capacity of the obligor or by the value of the underlying collateral.

Special Mention (Grade 7) – This loan grade is in accordance with regulatory guidance and includes loans where a potential weakness or risk exists, which could cause a more serious problem if not corrected.

Substandard (Grade 8) – This loan grade is in accordance with regulatory guidance and includes loans that have a well-defined weakness based on objective evidence and are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

Doubtful (Grade 9) – This loan grade is in accordance with regulatory guidance and includes loans that have all the weaknesses inherent in a substandard asset. In addition, these weaknesses make collection or liquidation in full highly questionable and improbable, based on existing circumstances.

Loss (Grade 10) – This loan grade is in accordance with regulatory guidance and includes loans that are considered uncollectible, or of such value that continuance as an asset is not warranted.

To help ensure that risk ratings are accurate and reflect the present and future capacity of borrowers to repay the loan as agreed, the Company's loan rating process includes several layers of internal and external oversight. The Company's loan officers are responsible for the timely and accurate risk rating of the loans in each of their portfolios at origination and on an ongoing basis under the supervision of management. All commercial, agricultural and state and political relationships over $500,000 are reviewed annually to ensure the appropriateness of the loan grade. In addition, the Company engages an external consultant on an annual basis to: 1) review a minimum of 50% of the dollar volume of the commercial and agricultural loan portfolios, including 2) review of a sample of existing or new credit relationships with aggregate commitments greater than or equal to $1.0 million, 3) review a sample of loan relationships which are over 90 days past due, or classified Special Mention, Substandard, Doubtful, or Loss, 4) review a sample of borrowings extended to directors or executive officers, including any new borrowings made in the last year, and 5) review of other loans which management or the consultant may deem appropriate.

The following table presents the classes of the loan portfolio summarized by the aggregate pass rating and the classified ratings of special mention, substandard and doubtful within the Company's internal risk rating system as of December 31 (in thousands):

	Term Loans by Year of Origination							
December 31, 2023	2023	2022	2021	2020	2019	Prior	Revolving	Total
Commercial & Industrial								
Pass	$ 6,157	$ 7,297	$ 17,490	$ 5,420	$ 776	$ 5,893	$ 28,723	$ 71,756
Special Mention	126	-	-	-	-	40	500	666
Substandard	-	-	-	3	-	3	714	720
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Commercial & Industrial - Total	6,283	7,297	17,490	5,423	776	5,936	29,937	73,142
Current Year Gross Charge-Offs	-	-	-	5	-	-	-	5
Commercial Real Estate								
Pass	34,733	30,180	38,454	17,501	10,937	42,686	200	174,691
Special Mention	-	584	-	-	2,396	-	-	2,980
Substandard	-	-	4,480	-	-	312	-	4,792
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Commercial Real Estate - Total	34,733	30,764	42,934	17,501	13,333	42,998	200	182,463
Current Year Gross Charge-Offs	-	-	-	-	-	-	-	-
Residential Mortgage								
Pass	17,408	17,121	22,705	20,784	9,739	29,982	-	117,739
Special Mention	-	27	105	-	181	384	-	697
Substandard	-	-	-	-	-	498	-	498
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Residential Mortgage - Total	17,408	17,148	22,810	20,784	9,920	30,864	-	118,934
Current Year Gross Charge-Offs	-	-	-	-	-	-	-	-
Home Equity								
Pass	-	-	-	-	-	400	5,400	5,800
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Home Equity - Total	-	-	-	-	-	400	5,400	5,800
Current Year Gross Charge-Offs	-	-	-	-	-	-	-	-
Consumer - Other								
Pass	871	459	163	37	27	2	204	1,763
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	24	-	-	-	-	-	-	24
Loss	-	-	-	-	-	-	-	-
Consumer - Other - Total	895	459	163	37	27	2	204	1,787
Current Year Gross Charge-Offs	-	-	-	-	2	2	-	4
Consumer - Auto								
Pass	2,982	1,813	780	321	553	58	-	6,507
Special Mention	7	-	16	-	-	5	-	28
Substandard	-	-	5	-	6	-	-	11
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Consumer - Auto - Total	2,989	1,813	801	321	559	63	-	6,546
Current Year Gross Charge-Offs	-	1	5	2	-	4	-	12
Overall - Total	$ 62,308	$ 57,481	$ 84,198	$ 44,066	$ 24,615	$ 80,263	$ 35,741	$ 388,672

There were no revolving to term loans as of December 31, 2023.

December 31, 2022	Pass	Special Mention	Sub-standard	Doubtful	Loss	Total
Commercial	$ 75,879	$ 453	$ 761	$ -	$ -	$ 77,093
Commercial real estate	157,628	2,762	977	-	-	161,367
Residential mortgage	114,295	1,438	606	-	-	116,339
Home equity	7,114	-	-	-	-	7,114
Consumer, automobile	5,400	80	58	-	-	5,538
Consumer, other	2,096	3	17	-	-	2,116
Total	$ 362,412	$ 4,736	$ 2,419	$ -	$ -	$ 369,567

The performance and credit quality of the loan portfolio is also monitored by analyzing the age of the loans receivable as determined by the length of time a recorded payment is past due. The following table presents the classes of the loan portfolio summarized by past due and nonaccrual status as of December 31 (in thousands):

December 31, 2023	30-89 Days Past Due	Greater than 90 Days and Accruing	Non-accrual	Total Past Due and Non-accrual	Current	Total Loans Receivable
Commercial	**$ 81**	**$ -**	**$ 3**	**$ 84**	**$ 73,058**	**$ 73,142**
Commercial real estate	**-**	**-**	**-**	**-**	**182,463**	**182,463**
Residential mortgage	**446**	**-**	**285**	**731**	**118,203**	**118,934**
Home equity	**83**	**-**	**-**	**83**	**5,717**	**5,800**
Consumer, automobile	**85**	**-**	**5**	**90**	**6,456**	**6,546**
Consumer, other	**9**	**-**	**-**	**9**	**1,778**	**1,787**
Total	**$ 704**	**$ -**	**$ 293**	**$ 997**	**$ 387,675**	**$ 388,672**

December 31, 2022	30-89 Days Past Due	Greater than 90 Days and Accruing	Non-accrual	Total Past Due and Non-accrual	Current	Total Loans Receivable
Commercial	$ 30	$ -	$ 117	$ 147	$ 76,946	$ 77,093
Commercial real estate	-	-	112	112	161,255	161,367
Residential mortgage	871	-	55	926	115,413	116,339
Home equity	-	-	-	-	7,114	7,114
Consumer, automobile	99	-	19	118	5,420	5,538
Consumer, other	13	-	1	14	2,102	2,116
Total	$ 1,013	$ -	$ 304	$ 1,317	$ 368,250	$ 369,567

The following table presents nonaccrual loans, by loan class, as of December 31, 2023 (in thousands):

December 31, 2023	Nonaccruals with No Allowance for Credit Losses	Nonaccruals with an Allowance for Credit Losses
Commercial	$ **3**	$ **-**
Commercial real estate	**-**	**-**
Residential mortgage	**285**	**-**
Home equity	**-**	**-**
Consumer, automobile	**5**	**-**
Consumer, other	**-**	**-**
Total	$ **293**	$ **-**

The following tables summarize the activity in the allowance for credit losses by loan class for the years ended December 31, 2023 and 2022 and information in regard to the allowance for credit losses and the recorded investment in loans receivable by loan class as of December 31, 2023 and 2022 (in thousands):

December 31, 2023	Beginning Balance	Adjustments to allowance for adoption of ASC 326	Charge-offs	Recoveries	Provision (Credits)	Ending Balance
Commercial	$ **834**	$ **251**	$ **(5)**	$ **10**	$ **(297)**	$ **793**
Commercial real estate	**1,629**	**355**	**-**	**-**	**(243)**	**1,741**
Residential mortgage	**1,145**	**(326)**	**-**	**-**	**(27)**	**792**
Home equity	**69**	**14**	**-**	**-**	**(23)**	**60**
Consumer, automobile	**118**	**(37)**	**(12)**	**13**	**3**	**85**
Consumer, other	**27**	**6**	**(4)**	**-**	**15**	**44**
Unallocated	**236**	**(236)**	**-**	**-**	**346**	**346**
Total	$ **4,058**	$ **27**	$ **(21)**	$ **23**	$ **(226)**	$ **3,861**

December 31, 2022	Beginning Balance	Charge-offs	Recoveries	Provisions (Credits)	Ending Balance
Commercial	$ 715	$ (18)	$ -	$ 137	$ 834
Commercial real estate	1,569	-	-	60	1,629
Residential mortgage	1,172	-	-	(27)	1,145
Home equity	61	-	-	8	69
Consumer, automobile	139	(14)	22	(29)	118
Consumer, other	32	(16)	-	11	27
Unallocated	396	-	-	(160)	236
Total	$ 4,084	$ (48)	$ 22	$ -	$ 4,058

	Allowance for Credit Losses Ending Balance December 31, 2023			Loans Receivable Ending Balance December 31, 2023		
	Individually Evaluated	Collectively Evaluated	Total	Individually Evaluated	Collectively Evaluated	Total
Commercial	$ -	$ 793	$ 793	$ 126	$ 73,016	$ 73,142
Commercial real estate	-	1,741	1,741	4,755	177,708	182,463
Residential mortgage	5	787	792	498	118,436	118,934
Home equity	-	60	60	-	5,800	5,800
Consumer, automobile	-	85	85	-	6,546	6,546
Consumer, other	24	20	44	24	1,763	1,787
Unallocated	-	346	346	-	-	-
Total	$ 29	$ 3,832	$ 3,861	$ 5,403	$ 383,269	$ 388,672

	Allowance for Credit Losses Ending Balance December 31, 2022			Loans Receivable Ending Balance December 31, 2022		
	Individually Evaluated	Collectively Evaluated	Total	Individually Evaluated	Collectively Evaluated	Total
Commercial	$ 84	$ 750	$ 834	$ 594	$ 76,499	$ 77,093
Commercial real estate	-	1,629	1,629	568	160,799	161,367
Residential mortgage	8	1,137	1,145	272	116,067	116,339
Home equity	-	69	69	-	7,114	7,114
Consumer, automobile	2	116	118	38	5,500	5,538
Consumer, other	-	27	27	-	2,116	2,116
Unallocated	-	236	236	-	-	-
Total	$ 94	$ 3,964	$ 4,058	$ 1,472	$ 368,095	$ 369,567

The Company reviews individually evaluated loans for collateral dependency. Collateral dependent loans are loans for which repayment is expected to be provided substantially through the operation or sale of the collateral. Under ASU 2016-13, for collateral dependent loans, the Company has adopted the practical expedient to measure the allowance for credit losses based on the fair value of the collateral. The allowance for credit losses is calculated on an individual loan basis on the shortfall between the fair value of the loan's collateral, which is adjusted for liquidation costs, and amortized cost. If the fair value of the collateral exceeds the amortized cost, no allowance is required. The following table details the amortized costs of the collateral dependent loans as of December 31, 2023 (in thousands):

December 31, 2023	Real Estate Collateral	Other Collateral	Total
Commercial	$ 126	$ -	$ 126
Commercial real estate	4,755	-	4,755
Residential mortgage	498	-	498
Home equity	-	-	-
Consumer, automobile	-	-	-
Consumer, other	-	-	-
Total	$ 5,379	$ -	$ 5,379

In accordance with CECL, the Company identifies individually evaluated loans when their risk characteristics become different from their pool. Under previous GAAP, the Company identifies loans for potential impairment through a variety of means. When the Company determined that it was probable all principal and interest amounts due would not be collected in accordance with the contractual terms of the loan agreement, the loan was generally deemed impaired and individually evaluated. A summary of individually evaluated loans as of December 31, 2022 follows (in thousands):

December 31, 2022	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Commercial real estate	$ 568	$ 568	$ -	$ 576	$ 26
Residential mortgage	56	56	-	56	1
With an allowance recorded:					
Commercial	594	594	84	620	37
Residential mortgage	216	216	8	218	13
Consumer, automobile	38	38	2	43	2
Total:					
Commercial	$ 594	$ 594	$ 84	$ 620	$ 37
Commercial real estate	568	568	-	576	26
Residential mortgage	272	272	8	274	14
Consumer, automobile	38	38	2	43	2

From time to time, loans to borrowers experiencing financial difficulty may be modified. Generally, the modifications we grant are extensions of terms, deferrals of payments for an extended period or interest rate reductions. Occasionally, we may modify a loan by providing principal forgiveness. In some cases, we will modify a loan by providing multiple types, or combinations, of concessions.

The following table presents the amortized cost basis of loans at December 31, 2023 that were both experiencing financial difficulty and modified during the year ended December 31, 2023. The percentage of amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each financing receivable is also presented below (in thousands):

December 31, 2023	**Principal Forgiveness**	**Payment Delay**	**Term Extension**	**Interest Rate Reduction**	**Combination Term Extension and Payment Delay**	**Total**	**% of Total Class of Financing Receivable**
Commercial	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**0.0%**
Commercial real estate	**-**	**-**	**126**	**-**	**-**	**126**	**0.1%**
Residential mortgage	**-**	**-**	**-**	**-**	**-**	**-**	**0.0%**
Home equity	**-**	**-**	**-**	**-**	**-**	**-**	**0.0%**
Consumer, automobile	**-**	**-**	**-**	**-**	**-**	**-**	**0.0%**
Consumer, other	**-**	**-**	**-**	**24**	**-**	**24**	**1.3%**
Total	**$ -**	**$ -**	**$ 126**	**$ 24**	**$ -**	**$ 150**	**0.0%**

There were no commitments to lend additional funds under these modifications as of December 31, 2023.

The ACLL incorporates an estimate of lifetime expected credit losses and is recorded on each loan upon origination or acquisition. The assessment of whether a borrower is experiencing financial difficulty is made at the time of the modification. Because the effect of most modifications made to borrowers experiencing financial difficulty is already included in the ACLL because of the measurement methodologies used to estimate the allowance, a change to the ACLL is generally not recorded upon modification. When principal forgiveness is granted, the amortized cost basis of the loan is written off against the ACLL.

The financial effect of the modifications made to borrowers experiencing financial difficulty was that one Commercial real estate loan had a term extension of 60 months and one Consumer, other loan had an interest rate reduction of 3.50%, for the year ended December 31, 2023.

No loans have defaulted that were modified during the year ended December 31, 2023.

All loans that were modified for the year ended December 31, 2023 payment status is current.

A summary of loan modifications that occurred in 2022 is as follows (in thousands):

	2022	
	Number of Loans	Post-Modification recorded Investment
Commercial:		
Extended maturity date and reduced monthly payment	2	$ 524
Total	2	$ 524

At December 31, 2023 there is one residential loan in the amount of $56,000 held in foreclosed status. At December 31, 2022, the Company did not hold any foreclosed properties as a result of obtaining physical possession. At December 31, 2023 there was one residential loan in the amount of $79,000 in the process of foreclosure. At December 31, 2022 there was one residential loan in the amount of $56,000 and one commercial real estate loan in the amount of $112,000 in the process of foreclosure.

Unfunded Commitments

The Company maintains an allowance for off-balance sheet credit exposures such as unfunded balances for existing lines of credit, commitments to extend future credit, as well as both standby and commercial letters of credit when there is a contractual obligation to extend credit and when this extension of credit is not unconditionally cancellable by the Company. The allowance for off-balance sheet credit exposures is adjusted as a provision for (or recovery of) credit losses and is included in provision for (recovery of) credit losses in the Consolidated Statements of Income. The estimate includes consideration of the likelihood that funding will occur, which is based on a historical funding study derived from internal information, and an estimate of expected credit losses on commitments expected to be funded over its estimated life, which are the same loss rates that are used in computing the allowance for loan credit losses. The allowance for credit losses for unfunded loan commitments of $266,000 and $- at December 31, 2023 and December 31, 2022, respectively, is separately classified within Other Liabilities on the Consolidated Balance Sheets. The following table presents the balance and activity in the allowance for credit losses for unfunded loan commitments for the year-ended December 31, 2023 (in thousands):

	Allowance for Credit Losses Unfunded Commitments
Beginning balance, December 31, 2022	$ -
Adjustments to allowance for unfunded commitments for adoption of ASC 326	**277**
Provision for (recovery of) credit losses	**(11)**
Ending balance, December 31, 2023	**$ 266**

5. Premises and Equipment

Major classifications of premises and equipment are summarized as follows at December 31 (in thousands):

December 31,	**2023**	2022
Land	**$ 2,476**	$ 2,476
Construction in progress	**7**	-
Buildings	**10,121**	10,087
Furniture and fixtures	**4,272**	4,142
Automobiles	**162**	162
Total	**17,038**	16,867
Less accumulated depreciation	**(8,493)**	(8,043)
Net	**$ 8,545**	$ 8,824

6. Deposits

Aggregate time deposits in denominations of $250,000 or more were $37,239,000 and $13,889,000 at December 31, 2023 and 2022, respectively.

A summary of the maturity of time deposits as of December 31, 2023 is as follows (in thousands):

Year Ending December 31,		
2024	$	**73,766**
2025		**29,549**
2026		**4,273**
2027		**2,728**
2028		**798**
Total	$	**111,114**

At December 31, 2023 and 2022, deposits from related parties totaled $1,419,000 and $1,430,000, respectively.

7. Securities Sold Under Agreements to Repurchase

The Company enters into agreements under which it sells securities subject to an obligation to repurchase the same or similar securities. Under these arrangements, the Company may transfer legal control over the assets but still retain effective control through an agreement that entitles and obligates the Company to repurchase the assets.

As a result, these repurchase agreements are accounted for as collateralized financing agreements (i.e., secured borrowings) and not as a sale and subsequent repurchase of securities. The obligation to repurchase the securities is reflected as a liability in the Company's consolidated balance sheets, while the securities underlying the repurchase agreements remain in the respective investment securities asset accounts. In other words, there is no offsetting or netting of the investment securities assets with the repurchase agreement liabilities.

The following table presents the liabilities subject to an enforceable master netting arrangement or repurchase agreements as of December 31, 2023 and 2022 (dollars in thousands):

				Gross Amounts Not Offset in the Balance Sheets		
December 31, 2023	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Balance Sheets	Net Amounts of Liabilities Presented in the Balance Sheets	Financial Instruments	Cash Collateral Pledged	Net Amount
Repurchase agreements:						
Commercial customers [a]	**$ 1,231**	**$ -**	**$ 1,231**	**$ 1,231**	**$ -**	**$ -**

December 31, 2022	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Balance Sheets	Net Amounts of Liabilities Presented in the Balance Sheets	Gross Amounts Not Offset in the Balance Sheets: Financial Instruments	Gross Amounts Not Offset in the Balance Sheets: Cash Collateral Pledged	Net Amount
Repurchase agreements:						
Commercial customers [(a)]	$ 1,694	$ -	$ 1,694	$ 1,694	$ -	$ -

[(a)] As of December 31, 2023 and 2022, the fair value of securities pledged in connection with repurchase agreements was $1,364 and $1,859, respectively.

8. Federal Funds Purchased

The Company maintains a federal funds borrowing agreement with Atlantic Community Bankers Bank with an available borrowing capacity of $8 million. Fed funds outstanding amounted to $435,000 and $0 as of December 31, 2023 and 2022, respectively. This agreement is subject to annual renewal, incurs no service charges, and is unsecured.

9. Borrowings

The Company maintains a borrowing agreement with the FHLB of Pittsburgh with an available funding capacity of approximately $171 million as of December 31, 2023. This agreement is subject to annual renewal, incurs no service charges, and is secured by FHLB stock and a blanket security agreement on outstanding residential mortgage loans.

Federal Home Loan Bank advances consist of separate loans with the FHLB of Pittsburgh as of December 31 as follows (dollars in thousands):

	2023		2022	
	Amount	Weighted Average Rate	Amount	Weighted Average Rate
FHLB fixed-rate advances maturing:				
2023	**$ -**	**-** %	$ 19,946	4.34 %
2024	**1,200**	**1.28**	1,200	1.28
2025	**9,500**	**3.54**	5,500	2.49
2026	**4,000**	**3.91**	4,000	3.91
2027	**500**	**1.19**	500	1.19
2028	**500**	**1.22**	500	1.22
Total	**$ 15,700**		$ 31,646	

On March 12, 2023, the Federal Reserve Bank of Philadelphia ("Reserve Bank") made available the Bank Term Funding Program ("BTFP"), which enhances the ability of banks to borrow against the par value of certain high-quality, unencumbered investments. On December 21, 2023, the Company obtained a $9.5 million BTFP advance to secure lower funding costs relative to Federal Funds purchased. The BTFP advance has a term of one year, bears interest at a fixed rate of 4.88%, and can be prepaid without penalty prior to maturity. At December 31, 2023, the Company has pledged as collateral for the BTFP advance investment securities with a par value and fair value of $9.8 million and $9.2 million, respectively. BTFP loans outstanding amounted to $9,500,000 and $0 as of December 31, 2023 and 2022, respectively.

10. Income Taxes

The provision for income taxes consists of the following (in thousands):

Year Ended December 31,		**2023**		2022
Current tax expense	$	**642**	$	1,056
Deferred tax expense		**18**		43
Total Provision	$	**660**	$	1,099

The tax effects of deductible and taxable temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31 are as follows (in thousands):

December 31,		**2023**		2022
Deferred tax assets:				
Allowance for credit losses	$	**867**	$	852
Deferred compensation		**519**		498
Net unrealized losses on securities		**1,007**		1,910
Total		**2,393**		3,260
Deferred tax liabilities:				
Premises and equipment		**196**		203
Deferred loan origination costs		**88**		91
Other		**160**		155
Total		**444**		449
Net Deferred Tax Asset	$	**1,949**	$	2,811

A reconciliation between the expected statutory income tax rate of 21% for the years ended December 31, 2023 and 2022, respectively, and the effective income tax rate on income before income taxes is as follows (dollars in thousands):

	2023		2022	
	Amount	Percentage	Amount	Percentage
Provision at statutory rate	$ **1,011**	**21.0** %	$ 1,487	21.0 %
Tax-exempt interest	**(350)**	**(7.3)**	(360)	(5.1)
Nondeductible interest expense	**46**	**1.0**	14	0.2
Bank owned life insurance	**(52)**	**(1.1)**	(46)	(0.7)
Other, net	**5**	**0.1**	4	0.1
Applicable Income Taxes and Effective Rates	$ **660**	**13.7** %	$ 1,099	15.5 %

11. Benefits Plans

Section 401(k) Plan

The Company sponsors a contributory defined contribution Section 401(k) plan covering substantially all employees who have completed one year of service, have worked 1,000 hours and have attained age twenty-one. The plan permits employees to make pretax contributions which are matched by the Company up to four percent of the employee's compensation. The Company's contributions were $160,000 and $149,000 in 2023 and 2022, respectively. Contributions made by the Company vest immediately.

The Company has a profit-sharing employer contribution component to the 401(k) Plan. The profit-sharing employer contribution is made at the discretion of management and the Board of Directors based upon current year earnings. The Company's contributions were $96,000 and $-0- in 2023 and 2022, respectively. Contributions made by the Company vest ratably beginning after the second year of service and are fully vested after an employee completes six years of service.

Employee Stock Option Plan

The Company sponsors an Employee Stock Option Plan (ESOP) covering substantially all employees who have completed one year of service, have worked 1,000 hours and have attained age twenty-one. Contributions to the plan are permitted based upon management’s discretion. The Company's contributions were $206,000 and $277,000 in 2023 and 2022, respectively. Contributions made by the Company vest ratably beginning after the second year of service and are fully vested after an employee completes six years of service. The number of shares held by the plan were 75,080 and 72,905 at December 31, 2023 and 2022, respectively. All shares are allocated to participants.

Deferred Directors' Compensation

The Company maintains deferred compensation plans with directors through which the payments of the directors' fees are deferred. The future liability of these agreements, which is payable in ten annual installments, was financed through the purchase of life insurance contracts.

The present value of the future liability of the plans at December 31, 2023 and 2022 was $908,000 and $932,000, respectively, and is included in other liabilities in the consolidated balance sheets. The related expenses amounted to $81,000 and $55,000 for 2023 and 2022, respectively.

Supplemental Retirement Plans

The Company has an unfunded, non-qualified supplemental executive retirement plan (SERP) for certain key executives. The SERP is designed to provide certain executives, upon attaining age 65, with projected annual distributions. The liability of the SERP at December 31, 2023 and 2022 was $1,503,000 and $1,388,000, respectively, and is included in other liabilities in the consolidated balance sheets. The related expense amounted to $168,000 and $145,000 for the years ended December 31, 2023 and 2022, respectively. The Company offsets the cost of these plans through the purchase of bank-owned life insurance as noted below.

Bank Owned Life Insurance

The Company holds bank-owned life insurance (BOLI) with a cash value of $12,708,000 and $11,363,000 at December 31, 2023 and 2022, respectively. Three additional split-dollar life insurance policies with an initial cash outlay of $1.1 million were added during the year-ended December 31, 2023. The Plan provides that the Company and the officers and directors share in the rights to the death benefits of bank owned split-dollar life insurance policies (the "BOLI Policies") and provides for additional compensation to the officers and directors, equal to any income tax consequences related to the Supplemental Plan until retirement. The amount of the BOLI Policies has been calculated so that the projected increases in their cash surrender value will substantially offset the Company's expense related to the Supplemental Retirement Plans. In addition, the BOLI Policies are intended to provide the directors with $100,000 of supplemental life insurance and the executive officers with supplemental life insurance equal to three times salary. Neither the insurance company nor the Company has guaranteed any minimum cash value.

12. Regulatory Matters

Cash and Due from Banks

Deposits with correspondent financial institutions are insured up to $250,000 per institution. The Company maintains cash and cash equivalents with certain correspondent financial institutions in excess of the insured amount.

Regulatory Capital Requirements

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of its assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the maintenance of minimum amounts and ratios (set forth in the following table) of total capital, Tier 1 capital (as defined in the regulations) and common equity Tier 1 capital to risk-weighted assets, and of Tier 1 capital to average assets. A capital conservation buffer of 2.50 percent, comprised of common equity Tier I capital, is also established above the regulatory minimum capital requirements and must be maintained to avoid limitations on capital distributions.

The Bank has elected the community bank leverage ratio framework. This framework simplifies the regulatory capital requirements by requiring the Bank meet only the Tier 1 capital to average assets (leverage) ratio. The Bank must only maintain a leverage ratio greater than the 9 percent required minimum to be considered well capitalized under this framework. The Bank can opt out of the new framework and return to the risk-weighting framework at any time.

Management believes, as of December 31, 2023, that the Bank meets all capital adequacy requirements to which they are subject. As of December 31, 2023, the most recent notification from the Federal Deposit Insurance Corporation categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, an institution must maintain minimum ratios as set forth in the following tables. There are no conditions or events since that notification that management believes have changed the Bank's category. The Bank's actual capital amounts and ratios are as follows as of December 31, 2023 and 2022 (dollar in thousands):

December 31, 2023	Actual		To be Well Capitalized under Prompt Corrective Action Provisions (CBLR)	
	Amount	Ratio	Amount	Ratio
Tier 1 (Core) Capital to average total assets				
Bank	$ **55,730**	**10.09%**	$ **49,724**	**9.00%**

December 31, 2022	Actual		To be Well Capitalized under Prompt Corrective Action Provisions (CBLR)	
	Amount	Ratio	Amount	Ratio
Tier 1 (Core) Capital to average total assets				
Bank	$ 54,415	10.08%	$ 48,599	9.00%

The Federal Reserve Bank has established capital guidelines for bank holding companies. These guidelines allow small bank holding companies, as defined, an exemption from regulatory capital requirements. The Bancorp meets the eligibility criteria and is exempt from regulatory capital requirements.

Dividends

Banking regulations limit the amount of dividends that may be paid by the Bank to the Company without prior regulatory approval and are subject to the minimum capital ratio requirements noted above.

13. Commitments and Standby Letters of Credit

In the normal course of business, the Company makes various commitments which are not reflected in the accompanying consolidated financial statements. The Company offers such products to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. These instruments involve to varying degrees elements of credit, interest rate, or liquidity risk in excess of the amount recognized in the consolidated balance sheet.

The Company's maximum exposure to credit loss from nonperformance by the other party to the financial instruments for commitments to extend credit and standby letters of credit is represented by the contractual amount of these instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Company on extension of credit is based on management's credit assessment of the counterparty.

Financial instruments whose contract amounts represent credit risk at December 31 are as follows (in thousands):

December 31,	**2023**	2022
Commitments to extend credit	**$ 77,158**	$ 67,214
Standby letters of credit	**698**	783

Commitments to extend credit are legally binding agreements to lend to customers as long as there are no violations of the agreements. Commitments generally have fixed expiration dates or other termination clauses and may require payment of fees. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future liquidity requirements.

Outstanding letters of credit written are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The majority of these standby letters of credit expire within the next twelve months. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending other loan commitments. The Company requires collateral supporting these letters of credit as deemed necessary. The current amount of the liability as of December 31, 2023 and 2022 for guarantees under standby letters of credit is not material.

14. Parent Company Statements

The following is condensed financial information for the Bancorp on a parent company only basis (in thousands):

Condensed Balance Sheets

December 31,	**2023**	2022
Assets:		
Cash and cash equivalents	$ **2,095**	$ 1,464
Investment in subsidiary	**51,983**	47,254
Debt securities available-for-sale	**351**	837
Marketable equity securities	**322**	400
Other assets	**35**	15
Total Assets	$ **54,786**	$ 49,970
Liabilities and Stockholders' Equity:		
Stockholders' equity	$ **54,786**	$ 49,970
Total Liabilities and Stockholders' Equity	$ **54,786**	$ 49,970

Condensed Income Statements

December 31,	**2023**	2022
Income:		
Equity in undistributed earnings of subsidiary	$ **1,557**	$ 3,476
Dividends from subsidiary	**2,615**	2,564
Dividend income	**109**	37
Net marketable equity security losses	**(78)**	(37)
Total Income	**4,203**	6,040
Operating expenses	**66**	63
Income before income taxes	**4,137**	5,977
Income tax benefit	**(16)**	(6)
Net Income	$ **4,153**	$ 5,983

Condensed Statements of Cash Flows

December 31,	**2023**	2022
Cash Flows From Operating Activities:		
Net income	**$ 4,153**	$ 5,983
Equity in undistributed earnings of subsidiary	**(1,557)**	(3,476)
Net marketable equity security losses	**78**	37
Other, net	**(16)**	(10)
Net Cash Provided By Operating Activities	**2,658**	2,534
Cash Flows From Investing Activities:		
Security purchases	**-**	(990)
Proceeds from maturities of available-for-sale securities	**486**	607
Net change in interest bearing time deposits	**-**	497
Net Cash Provided By Investing Activities	**486**	114
Cash Flows From Financing Activities:		
Acquisition of treasury stock	**-**	(800)
Sale of treasury stock	**102**	277
Dividends paid	**(2,615)**	(2,564)
Net Cash Used In Financing Activities	**(2,513)**	(3,087)
Net Increase (Decrease) in Cash and Cash Equivalents	**631**	(439)
Cash and Cash Equivalents, Beginning of Year	**1,464**	1,903
Cash and Cash Equivalents, End of Year	**$ 2,095**	$ 1,464

15. Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value measurements and disclosure topic specifies a hierarchy of valuation techniques based on whether the inputs to these valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. U.S. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair Value Hierarchy

U.S. GAAP establishes a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Based on the underlying inputs, each fair value measurement in its entirety is reported in one of the three levels. These levels are:

Level 1 - Valuation is based on quoted prices in active markets for identical assets and liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 - Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

An asset or liability's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following describes the valuation techniques used by the Company to measure certain financial assets and liabilities recorded at fair value on a recurring basis in the financial statements:

Securities Available for Sale & Equity Securities

Debt securities available for sale and equity securities are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted market prices, when available (Level 1). If quoted market prices are not available, fair values are measured utilizing independent valuation techniques of identical or similar securities for which significant assumptions are derived primarily from or corroborated by observable market data (Level 2). If the inputs used to provide the evaluation for certain securities are unobservable and/or there is little, if any, market activity then the security would fall to the lowest level of the hierarchy (Level 3).

The Company's investment portfolio is valued using fair value measurements that are considered to be Level 1 or Level 2. The Bank has contracted with a securities portfolio accounting service provider for valuation of its securities portfolio. Most security types are priced using the vendor’s internally developed pricing software, however, subscription pricing services may be used to supplement the internal pricing system. The software uses the discounted cash flow analysis based on the net present value of a security’s projected cash flow to arrive at fair market value. Generally, the methodology involves market quotes, current yields, proprietary models, as well as extensive quality control programs. Valuations for direct obligations of the U.S. Treasury, exchange listed stock and preferred stock are obtained from on-line real-time databases.

The vendor utilizes proprietary valuation matrices for valuing all municipal securities. The initial curves for determining the price, movement, and yield relationships within the municipal matrices are derived from industry benchmark curves or sourced from a municipal trading desk. The securities are further broken down according to issuer, credit support, state of issuance and rating to incorporate additional spreads to the industry benchmark curves.

The following table presents the balances of financial assets measured at fair value on a recurring basis(in thousands):

December 31, 2023	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities available-for-sale:				
U.S. Treasury	$ **3,441**	$ **3,441**	$ **-**	$ **-**
U.S. government agencies	**22,112**	**-**	**22,112**	**-**
Taxable state and municipal	**7,188**	**-**	**7,188**	**-**
Tax-exempt state and municipal	**56,168**	**-**	**56,168**	**-**
U.S. government sponsored enterprise mortgage-backed	**24,819**	**-**	**24,819**	**-**
Corporate	**4,711**	**-**	**4,711**	**-**
Total Debt Securities Available-for-Sale	$ **118,439**	$ **3,441**	$ **114,998**	$ **-**
Marketable equity securities	$ **322**	$ **322**	$ **-**	$ **-**

December 31, 2022	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities available-for-sale:				
U.S. Treasury	$ 9,987	$ 9,987	$ -	$ -
U.S. government agencies	34,007	-	34,007	-
Taxable state and municipal	8,717	-	8,717	-
Tax-exempt state and municipal	57,115	-	57,115	-
U.S. government sponsored enterprise mortgage-backed	11,284	-	11,284	-
Corporate	5,627	-	5,627	-
Total Debt Securities Available-for-Sale	$ 126,737	$ 9,987	$ 116,750	$ -
Marketable equity	$ 400	$ 400	$ -	$ -

Assets Measured at Fair Value on a Non-recurring Basis

Certain assets are measured at fair value on a nonrecurring basis in accordance with generally accepted accounting principles. Adjustments to the fair value of these assets usually result from the application of lower-of-cost-or-market accounting or write-downs of individual assets.

Collateral Dependent Loans with an ACL

In accordance with ASC 326, we may determine that an individual loan exhibits unique risk characteristics which differentiate it from other loans within our loan pools. In such cases, the loans are evaluated for expected credit losses on an individual basis and excluded from the collective evaluation. Specific allocations of the ACL are determined by analyzing the borrower's ability to repay amounts owed, collateral deficiencies, the relative risk grade of the loan and economic conditions affecting the borrower's industry, among other things. A loan is considered to be collateral dependent when, based upon management's assessment, the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. In such cases, expected credit losses are based on the fair value of the collateral at the measurement date, adjusted for estimated selling costs if satisfaction of the loan depends on the sale of the collateral. We reevaluate the fair value of collateral supporting collateral dependent loans on a quarterly basis. The fair value of real estate collateral supporting collateral dependent loans is evaluated by appraisal services using a methodology that is consistent with the Uniform Standards of Professional Appraisal Practice.

Other Real Estate Owned

Other real estate owned (OREO) is measured at fair value less costs to sell. Valuation of OREO is determined using current appraisals from independent parties, a Level 2 input. If current appraisals cannot be obtained, or if declines in value are identified after a recent appraisal is received, appraisal values may be discounted, resulting in a Level 3 estimate. If the Company markets the property with a realtor, estimated selling costs reduce the fair value, resulting in a valuation based on Level 3 inputs. Fair value adjustments are recorded in the period incurred and expensed against current earnings. The Bank held no OREO at December 31, 2022.

The following table presents the Company's assets that were measured at fair value on a nonrecurring basis as of December 31, 2023 (dollars in thousands).

December 31, 2023	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Collateral Dependent, net	$ **208**	$ **-**	$ **208**	$ **-**
OREO	$ **56**	$ **-**	$ **-**	$ **56**

For financial assets measured at fair value on a nonrecurring basis, the fair value measurements by level within the fair value hierarchy used at December 31, 2022 are as follows (in thousands):

December 31, 2022	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Impaired loans, net	$ 754	$ -	$ -	$ 754

The following table presents additional quantitative information about assets measured at fair value on a nonrecurring basis and for which Level 3 inputs were utilized to determine fair value at December 31, 2023 and 2022 (in thousands):

December 31, 2023	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
Collateral Dependent, net	**$ 208**	**Appraisal of collateral**	**Appraisal adjustments**	**20% (20)%**
			Liquidation expenses	**10% (10)%**
OREO	**$ 56**	**Appraisal of collateral**	**Appraisal adjustments**	**49% (49)%**

December 31, 2022	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
Impaired loans, net	$ 754	Appraisal of collateral	Appraisal adjustments	30 - 80% (68)%
			Liquidation expenses	0 - 10% (6)%

The Company had no financial liabilities measured at fair value on a nonrecurring basis as of December 31, 2023 or 2022.

The following information should not be interpreted as an estimate of the fair value of the entire Company since the fair value calculation is only provided for a limited portion of the Company's assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparisons between the Company's disclosures and those of other companies may not be meaningful. The following methods and assumptions were used to estimate the fair values of the Company's financial instruments carried at fair value at December 31, 2023 and 2022.

The estimated fair values (in thousands) of the Company's financial instruments were as follows at December 31, 2023 and 2022.

December 31, 2023	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	**$ 12,206**	**$ 12,206**	**$ 12,206**	**$ -**	**$ -**
Interest-bearing time deposits	**18,285**	**18,043**	**-**	**18,043**	**-**
Debt securities available-for-sale	**118,439**	**118,439**	**3,441**	**114,998**	**-**
Marketable equity securities	**322**	**322**	**322**	**-**	**-**
Restricted investments in bank stock	**1,085**	**1,085**	**-**	**1,085**	**-**
Net loans	**384,063**	**362,724**	**-**	**-**	**362,724**
Accrued interest receivable	**1,603**	**1,603**	**-**	**1,603**	**-**
Bank owned life insurance	**12,708**	**12,708**	**-**	**12,708**	**-**
Financial liabilities:					
Deposits	**472,737**	**471,334**	**-**	**471,334**	**-**
Repurchase agreements	**1,231**	**1,231**	**-**	**1,231**	**-**
Federal funds purchased	**435**	**435**	**-**	**435**	**-**
FHLB advances	**15,700**	**15,383**	**-**	**15,383**	**-**
Federal Reserve Bank borrowings	**9,500**	**9,500**	**-**	**9,500**	**-**
Accrued interest payable	**1,374**	**1,374**	**-**	**1,374**	**-**
Off-balance sheet financial instruments:					
Commitments to extend credit and letters of credit	**-**	**-**	**-**	**-**	**-**

December 31, 2022	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	$ 10,540	$ 10,540	$ 10,540	$ -	$ -
Interest-bearing time deposits	18,525	17,942	-	17,942	-
Debt securities available-for-sale	126,737	126,737	9,987	116,750	-
Marketable equity securities	400	400	400	-	-
Restricted investments in bank stock	1,803	1,803	-	1,803	-
Net loans	364,808	348,496	-	-	348,496
Accrued interest receivable	1,369	1,369	-	1,369	-
Bank owned life insurance	11,363	11,363	-	11,363	-
Financial liabilities:					
Deposits	460,801	460,286	-	460,286	-
Repurchase agreements	1,694	1,694	-	1,694	-
FHLB advances	31,646	31,099	-	31,099	-
Accrued interest payable	294	294	-	294	-
Off-balance sheet financial instruments:					
Commitments to extend credit and letters of credit	-	-	-	-	-

Notes

Notes

Year in Review

Our Officers

JEFFREY J. KAPSAR
PRESIDENT & CHIEF EXECUTIVE OFFICER

THOMAS L. EBERHART
EXECUTIVE VP & CHIEF OPERATING OFFICER

THOMAS C. GRAVER, JR., CPA
EXECUTIVE VP & CHIEF FINANCIAL OFFICER

GARRY R. BENFER
SR. VP & CHIEF CREDIT OFFER

THOMAS E. BECK, CPA
SR. VP & CHIEF RISK OFFICER

THOMAS R. CRISSINGER, JR.
SR. VP & SR. LOAN OFFICER

MANDI L. RUHL
SR. VP OF RETAIL BANKING

LISA K. ERICKSON
SR. VP OF HUMAN RESOURCES

Our Directors

RICHARD J. DRZEWIECKI
CHAIR

JEFFREY J. KAPSAR
VICE CHAIR

JOHN R. SHOWERS
SECRETARY

ROBERT C. MUSSER

ROBERT S. PIERCE

BETSY R. ROBERTSON

Director Emeritus

ROBERT K. LYNCH

D. ROGER SHUCK

ROBERT E. VALENTINE

W. GALE REISH

JOHN D. GRIFFITH

THOMAS E. BOOP

Our Vision

To be your community's trusted financial resource.

Our Mission

We provide innovative solutions tailored to meet every customer's financial needs with dedicated employees who share in our company's success.

Our Values

Recognize and respect the needs of others
Working together as one team
Commitment to our mission
Honesty, integrity and trust
Pride in ourselves and the organization