2022 ANNUAL REPORT

JBT BANCORP, INC.

MOMENTUM

Momentum

It's the force that keeps an object moving or keeps an event developing after it has started.

JBT started as an independent community bank in 1873. And as we begin our 150th year, JBT remains independent because we are always moving forward.

As banking and technology advanced through the years, JBT consistently led the way by delivering the products, capabilities, and technology to meet our clients' needs.

*And while we continue our forward momentum, some things never change – our mission to improve the financial lives of clients and to provide JBT **Bank on a Smile**® service!*

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JBT BANCORP, INC.

Khristen Kleinfelter
Assistant Vice President
Digital Banking Manager

Tim Robinson
Business Solutions
Specialist

JBT focuses on helping businesses grow while also providing fraud protection solutions. The Business Solutions team works with businesses to deliver easy-to-use cash management tools designed to maximize earning power and convenience, along with solutions designed to minimize businesses exposure to check fraud and unauthorized electronic debits.

Jessica Francis
Business Solutions Officer

Ed Martel
Chief Operating Officer

Lisa Scaife
Digital Banking
Team Leader

Carolann Westendorp
Business Solutions Officer

Ann Decker
Business Solutions
Officer

Momentum is **Smarter Business Solutions**

Robert B. Weidler Jr.
Chief Financial Officer

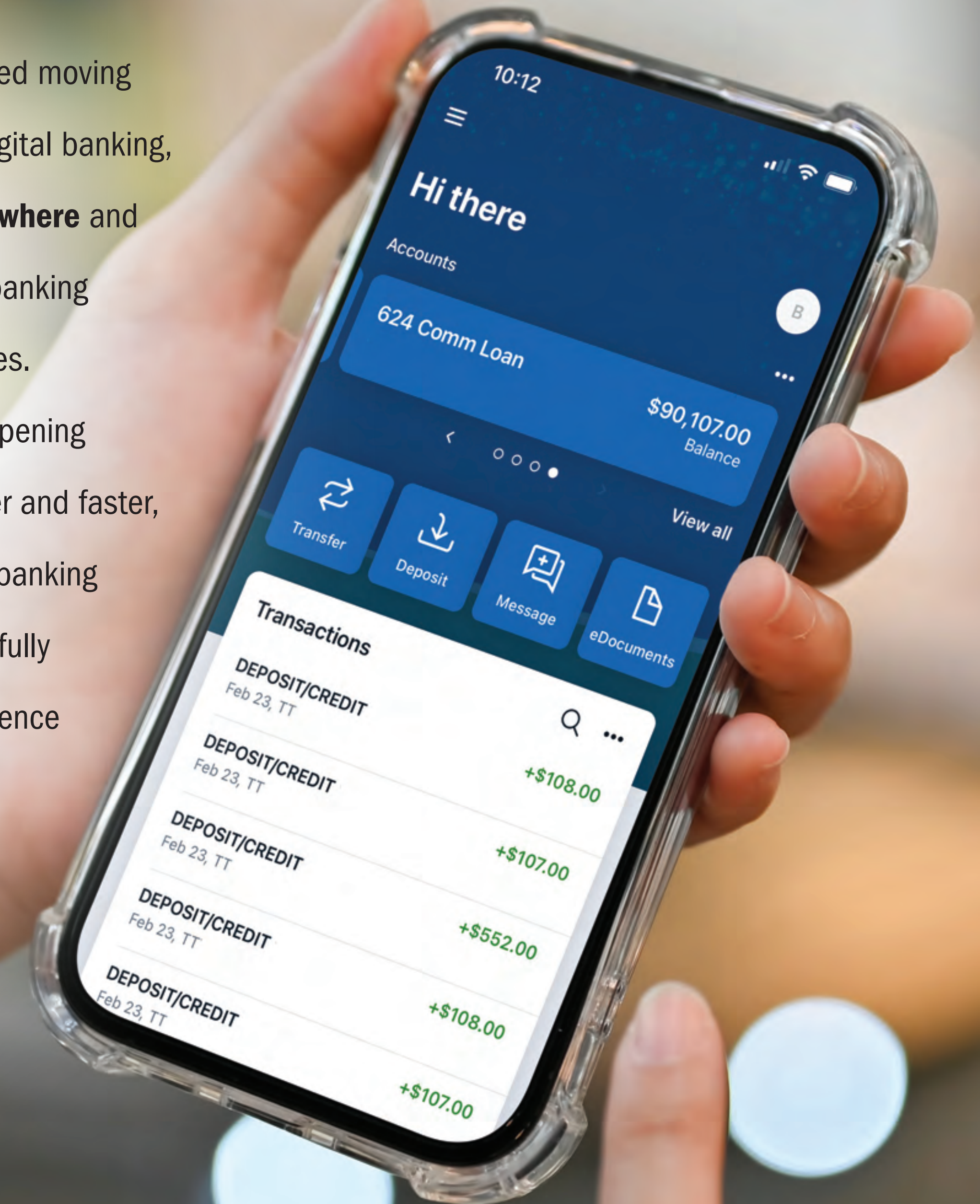
Momentum is *Solid Financial Performance*

JBT's financial performance in 2022 saw a jump of more than **25%** in net income over the previous year, continuing the momentum of the company's impressive performance in 2021. In addition, household growth also continued to rise, with a net gain of nearly **450** business and consumer households.

Momentum is *Digital Conveniences*

During 2022, JBT continued moving forward in the realm of digital banking, launching both **Open Anywhere** and an enhanced JBT digital banking app among other initiatives.

Open Anywhere makes opening JBT accounts online easier and faster, and through JBT's digital banking solutions, clients enjoy a fully integrated banking experience across all their devices (desktop, laptop, tablet, smartphone).



From Ed Martel, JBT Chief Operating Officer, going **Over the Edge** to raise money in support of **Big Brothers Big Sisters**, to JBT's **Thanks-Giving** campaign where each branch selected a non-profit organization to support, involvement with **Community Homes Canal Affordable Housing** initiative, the **Annville Free Library's Next Chapter** campaign, **Salvation Army** bell ringing, and many more financial and volunteer participation efforts, JBT's momentum as an involved, community leader continued to grow in 2022.

Groundbreaking at Community Homes Canal Affordable Housing Site

St. Daniel's Preschool Donation

Annville Free Library's Next Chapter Campaign

< Thanks-Giving Campaign Donations by Each JBT Branch Office

Momentum is Community Connections

Board of Directors

Richard J. Newmaster, Jr. CPA
Chairman
Director - 2004
Chief Financial Officer, Lebanon Seaboard Corp.

Glenn T. Wenger
Vice Chairman
Director - 2008
President, Wengers of Myerstown; Chairman, Ag Industrial, Inc.; President, JK&B Inc.

Edward L. Anspach
Second Vice Chairman and Secretary
Director - 1987
President, Anspach Autos

Troy A. Peters
Director - 2016
President and Chief Executive Officer, JBT Bancorp, Inc., Jonestown Bank & Trust Co.

Jeffrey L. Bohn
Director - 1987
Former Owner & President, JP Donmoyer, Inc.; Executive Director, Shining Light

Lloyd A. Deaven, Jr.
Director - 1998
President, Patriot Auto Parts (Retired)

Jonathon E. Hollinger
Director - 2022
President & CEO, Pleasant View Communities

Edwin C. Hostetter II CPA CGMA
Director - 2013
CPA (Inactive) and Management Consultant; Vice President of Finance / Chief Financial Officer, SSM Group, Inc. (Retired)

Brian R. Miller
Director - 2015
Insurance Agency Principal, Richard S. Miller, Inc.

Sallie A. Neuin
Director - 2009
Lebanon County Treasurer; Lebanon County Tax Claim Director

Sina Patel
Director - 2022
Vice President, Jay Guruji, Inc.

Eric A. Trainer
Director - 2011
Co-owner & Operator, Trainer's Midway Diner, Quality Inn at Midway, Microtel Inn & Suites–Hamburg, Pappy T's Pub & Lounge–Hamburg

Executive Officers

Standing L-R:

Richard M. Rollman
Chief Lending Officer

Michael E. Grenier
Chief Risk Officer

Timothy D. Gingrich
Chief Information Officer

Seated L-R:

Robert B. Weidler Jr.
Chief Financial Officer

Troy A. Peters
President
Chief Executive Officer

Edward T. Martel, Jr.
Chief Operating Officer

Momentum is Forward Thinking

President & CEO Troy A. Peters understands the benefits of building momentum in banking and in life. It's natural to always be moving forward.

Troy A. Peters
President & Chief Executive Officer

Letter to Shareholders

Momentum accurately describes the past year at JBT Bancorp, Inc. After a record setting 2021, the new year began with high expectations and challenging headwinds. Your company stayed true to its plan and continued to gain momentum throughout the year. We remained committed to *Inspiring Confidence* in all of our stakeholders and focused on our core competencies. At year's end, we were stronger and better positioned to build on our momentum.

Performance

It was a strong growth year for Jonestown Bank & Trust Co. and another year of record earnings for the Company. Assets grew by 4.3% to $868 million and net loans were up 12.6% to $777 million. Net income finished at $8 million, up 25.2% from the prior year, and earnings per share were $3.31.

In an attempt to tame inflation, the Federal Open Market Committee increased the Fed Funds rate seven times in 2022, resulting in a 425 basis point increase over the course of the year. This dynamic environment led loan rates to rise faster than deposit rates and the Bank benefited by an increase in margin. Although this rising rate environment made borrowing more expensive, after a prolonged low-rate period, depositors finally welcomed better returns on their account balances. As industry-wide liquidity waned, there was quite a bit of competition for time deposit funds by the end of the year.

Our loan growth is primarily attributable to our indirect auto lending and our commercial lending businesses. Jointly, these two disciplines make up 70% of our loan portfolio and are areas where we have a strong focus and expertise. Although 2022 was the worst year for vehicle sales since 2011, due to both availability and affordability issues, our strategy and dealer base allowed for a 24% growth in our portfolio.

By mid-year, all of the remaining Paycheck Protection Program (PPP) loans that we issued during the pandemic were forgiven by the Small Business Administration. Although the pandemic response and PPP lending seem far in the rear-view mirror, I remain extremely proud of our team's efforts to aid in stabilizing our local communities during the pandemic. The PPP team helped deliver much needed funds to our clients, and ultimately, to their employees.

Credit Quality

We emerged from the challenging past couple of years with excellent credit quality throughout our portfolio. However, we did see a marginal uptick in automobile delinquencies towards the end of the year – potentially a sign of inflationary pressures on household budgets that we will continue to carefully monitor.

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In 2023, we will transition to the Current Expected Credit Loss methodology (CECL), a new accounting standard for estimating allowances for credit losses. We have been working towards CECL implementation for years and we are comfortable with our credit loss provisions. We anticipate that this new standard will not have a material effect on Bank performance going forward.

Cannabis Banking

Our cannabis-related banking business continues to grow and our expertise in this area serves as a differentiator for our company. We added several new client relationships and increased our staff to service and monitor these relationships. This business unit increased its contribution to our non-interest income by over 60% in 2022 compared to the prior year and we foresee continued growth opportunities. Although there has been no movement at the Federal level in legalizing the cannabis industry, we played a large role in drafting and having legislation adopted in Pennsylvania to further protect banks serving the industry.

Delivery Systems

We continue to monitor the evolving habits and expectations of our clients. With this market intelligence, we build and implement our technology, strategic, and digital transformation plans. In late spring, we debuted the redesign of our JBT mobile application. This new app improves the user experience by integrating and unifying our on-line, mobile, and debit card management systems. It increases security and allows for enhanced client optionality and functionality.

As a result of increased electronic banking capabilities and usage, we see less transactional foot traffic in our physical locations. At the end of the year, we consolidated our Ebenezer branch into other nearby offices. While our branch distribution network continues to be essential to us, our clients, and our strategies, we recognize the need to shift from transactional centers to deposit gathering, advice dispensing, and issue resolution hubs.

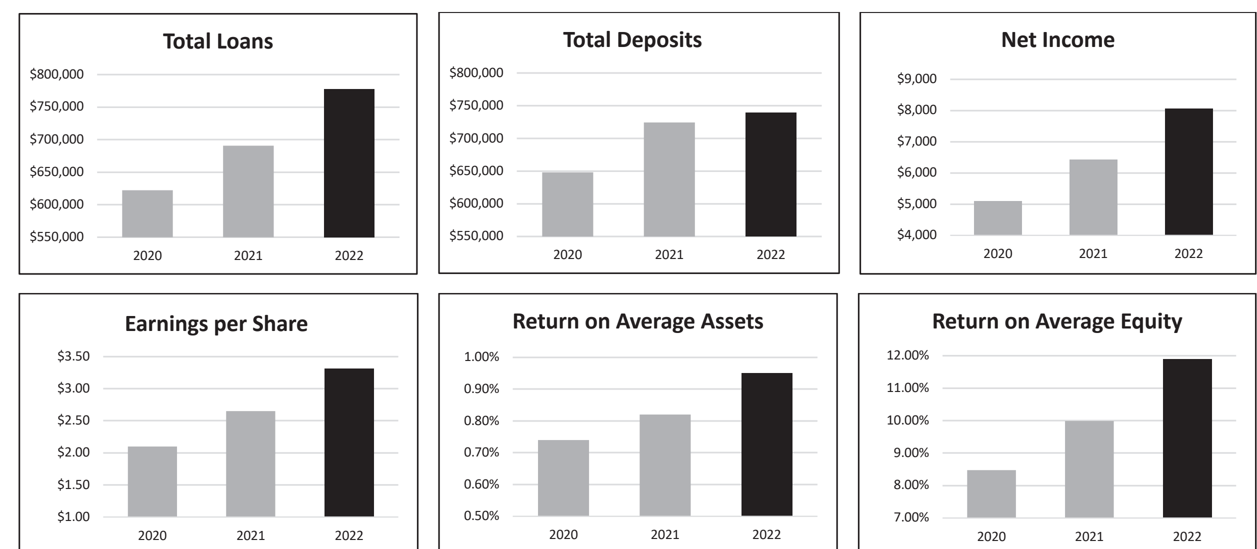
Thank You

Momentum is tremendously helpful in progressing forward and creating the desired future. This coming year, as we celebrate our 150th anniversary of the Bank's founding in 1873, we do so with a long history of building on our past, a strong desire to advance, and a commitment to remaining a long-term relevant and sustainable organization. Given our momentum and the opportunities before us, I am confident we will. Thank you for your continued interest, investment, and support.

Troy A. Peters
President & Chief Executive Officer

Financial Highlights

(Dollars in thousands, except per share amounts)	2022	2021	Change
Results of Operations			
Net interest income	$ 29,565	$ 26,741	10.6%
Provision for loan losses	1,200	936	28.2%
Net income	8,060	6,436	25.2%
Per Share Data			
Basic and diluted earnings	$ 3.31	$ 2.65	24.9%
Cash dividends	0.88	0.84	4.8%
Book value	29.01	27.43	5.8%
Financial Condition at Year-end			
Assets	$ 868,113	$ 832,579	4.3%
Deposits	739,394	724,211	2.1%
Loans Receivable, net	777,754	690,764	12.6%
Allowance for loan loss	9,208	8,318	10.7%
Stockholders' equity	70,602	66,767	5.7%
Financial ratios			
Return on average assets	0.95%	0.82%	15.9%
Return on average equity	11.89%	9.99%	19.0%



INDEPENDENT AUDITOR'S REPORT

Board of Directors and Shareholders
JBT Bancorp, Inc.

Opinion

We have audited the accompanying consolidated financial statements of JBT Bancorp, Inc. and its subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of JBT Bancorp, Inc. and its subsidiary as of December 31, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the JBT Bancorp, Inc. and its subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 JBT Bancorp, Inc. and subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made bymanagement, as well as evaluate the overall presentation of the consolidated 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 financial highlights but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated 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.

Smith Elliott Kearns + Company, LLC

Hagerstown, Maryland
February 24, 2023

Consolidated Balance Sheets

(Dollars in thousands, except per share amounts)	December 31, 2022	2021
ASSETS		
Cash and due from banks	$ 10,662	$ 8,025
Interest bearing deposits in other banks	14,435	64,096
Cash and cash equivalents	25,097	72,121
Securities available for sale	30,483	34,817
Securities held to maturity	400	419
Loans	786,962	699,082
Less allowance for loan losses	9,208	8,318
Net loans	777,754	690,764
Restricted investment in bank stock	2,339	1,681
Foreclosed assets	165	213
Premises and equipment	11,092	11,653
Investment in life insurance	15,942	15,793
Accrued interest receivable	2,681	3,161
Other assets	2,160	1,957
TOTAL ASSETS	$ 868,113	$ 832,579
LIABILITIES		
Deposits:		
Non-interest-bearing	$ 138,456	$ 114,934
Interest-bearing	600,938	609,277
Total deposits	739,394	724,211
Short-term borrowings	24,000	-
Long-term debt	17,647	25,237
Subordinated debt	9,905	9,894
Accrued interest payable and other liabilities	6,565	6,470
TOTAL LIABILITIES	$ 797,511	$ 765,812
STOCKHOLDERS' EQUITY		
Preferred stock, no par value; $1,000 per share liquidation preference; 3,996,000 shares authorized; no shares issued and outstanding	-	-
Common stock, par value $2.00; 6,000,000 shares authorized; issued and outstanding 2,433,696 on December 31, 2022 and December 31, 2021	4,867	4,867
Surplus	7,394	7,394
Retained earnings	60,273	54,355
Accumulated other comprehensive income (loss)	(1,932)	151
TOTAL STOCKHOLDERS' EQUITY	$ 70,602	$ 66,767
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 868,113	$ 832,579

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Income

(Dollars in thousands, except per share amounts)	Years Ended December 31, 2022	2021
INTEREST INCOME		
Loans receivables, including fees	$ 31,563	$ 28,693
Securities:		
Taxable	1,025	641
Tax-exempt	113	115
Other	336	67
Total interest income	$ 33,037	$ 29,516
INTEREST EXPENSE		
Deposits	2,539	2,251
Short-term borrowings	245	-
Long-term debt	303	415
Interest on subordinated debt	385	109
Total interest expense	$ 3,472	$ 2,775
NET INTEREST INCOME	29,565	26,741
Provision for loan losses	1,200	936
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	$ 28,365	$ 25,805
OTHER INCOME		
Service charges on deposit accounts	1,569	1,221
Debit and credit card fees	1,486	1,407
Automated teller machine and internet banking fees	174	173
Mortgage banking activities	225	902
Earnings on investment in life insurance	641	319
Other	263	223
Total other income	$ 4,358	$ 4,245
OTHER EXPENSE		
Salaries and employee benefits	11,905	11,631
Outsourcing services	3,220	2,961
Occupancy	1,352	1,408
Equipment expense	667	746
Marketing	902	800
ATM processing fees	239	314
Pennsylvania bank shares tax	667	592
Federal deposit insurance assessment	513	496
Net (gain) on foreclosed assets	-	(22)
Other	3,360	3,194
Total other expense	$ 22,825	$ 22,120
Income before income taxes	9,898	7,930
Federal income taxes	1,838	1,494
NET INCOME	$ 8,060	$ 6,436
EARNINGS PER SHARE, BASIC AND DILUTED	$ 3.31	$ 2.65
WEIGHTED-AVERAGE SHARES OUTSTANDING	2,433,696	2,432,770

 The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income

(Dollars in thousands, except per share amounts)	Years Ended December 31, 2022	2021
Net Income	$ 8,060	$ 6,436
Unrealized gains (losses) on securities:		
Unrealized holding gains (losses) arising during the year	(2,814)	(739)
Tax effect	591	155
Net unrealized gains (losses) on securities	(2,223)	(584)
Defined benefit pension plan:		
Change in benefit obligations and plan assets	177	629
Tax effect	(37)	(132)
Net change in defined benefit pension plan	140	497
Other comprehensive income (loss)	(2,083)	(87)
Total comprehensive income	$ 5,977	$ 6,349

Consolidated Statements of Stockholders' Equity

(Dollars in thousands, except per share amounts) Years Ended December 31, 2022 and 2021	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2020	$ 4,858	$ 7,302	$ 49,963	$ 238	$ 62,361
Issuance of common stock through:					
Dividend reinvestment plan (4,515 shares)	9	92	-	-	101
Comprehensive income:					
Net income	-	-	6,436	-	6,436
Other comprehensive income, net of taxes	-	-	-	(87)	(87)
Dividends declared ($0.84 per share)	-	-	(2,044)	-	(2,044)
Balance, December 31, 2021	$ 4,867	$ 7,394	$ 54,355	$ 151	$ 66,767
Comprehensive income:					
Net income	-	-	8,060	-	8,060
Other comprehensive (loss), net of taxes	-	-	-	(2,083)	(2,083)
Dividends declared ($0.88 per share)	-	-	(2,142)	-	(2,142)
Balance, December 31, 2022	$ 4,867	$ 7,394	$ 60,273	$ (1,932)	$ 70,602

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

	Years Ended December 31, 2022	2021
OPERATING ACTIVITIES		
Net income	$ 8,060	$ 6,436
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	1,200	936
Depreciation and amortization	692	831
Net amortization of securities premiums and discounts	157	221
Net amortization of deferred loan fees	328	(2,066)
Deferred income taxes	22	688
Loss on disposal of property and equipment	11	65
Net (gain) on foreclosed assets	-	(22)
Net (gain) on sale of loans	(96)	(793)
Proceeds from sales of loans	3,019	23,655
Loans originated for sale	(2,923)	(22,862)
Earnings on investment in Bank-owned life insurance, net	(641)	(319)
Amortization of subordinated debt issuance costs	11	-
(Increase) decrease in accrued interest receivable and other assets	756	1,138
Increase (decrease) in accrued interest payable and other liabilities	356	341
Net cash provided by operating activities	10,952	8,249
INVESTING ACTIVITIES		
Proceeds from maturities and principal repayments		
Securities held to maturity	15	400
Securities available for sale	5,225	6,537
Purchase of securities available for sale	(3,858)	(12,890)
Proceeds of life insurance death benefit	492	-
Net (increase) in loans	(89,842)	(68,510)
Redemption (purchase) of restricted bank stock	(658)	213
Purchase of premises and equipment	(173)	(380)
Proceeds from sale of foreclosed assets	1,372	900
Net cash used for investing activities	(87,427)	(73,730)
FINANCING ACTIVITIES		
Net increase in deposits	15,183	75,968
Proceeds from short term borrowings	24,000	-
Proceeds from long term debt	5,000	9,894
Repayment of long term debt	(12,590)	(9,451)
Proceeds from the issuance of common stock	-	101
Dividends on common stock	(2,142)	(2,044)
Net cash provided by financing activities	29,451	74,468
Increase in cash and cash equivalents	(47,024)	8,987
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	72,121	63,134
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 25,097	$ 72,121
Cash paid during the year for:		
Interest	$ 3,343	$ 2,801
Taxes	1,590	755
Supplemental noncash disclosures:		
Loans transferred to foreclosed assets	$ 1,324	$ 972
Recognition of operating lease right of use asset and liability	270	-

 The accompanying notes are an integral part of these consolidated financial statements.

JBT Bancorp, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in Thousands, except for per share data)

1. Summary of Significant Accounting Policies

Nature of Operations

JBT Bancorp, Inc., (the "Company"), a bank holding company incorporated under the laws of Pennsylvania, was formed under the Agreement and Plan of Share Exchange and Reorganization entered into as of December 8, 2020 by and between Jonestown Bank and Trust Company and JBT Bancorp, Inc. The agreement was approved by shareholder vote on April 27, 2021 and became effective on May 4, 2021. The Company provides a full range of financial services through its wholly-owned subsidiary, Jonestown Bank & Trust Company. Jonestown Bank & Trust Company, (the "Bank"), operates 11 full service offices and 2 limited service offices. As a state bank, the Bank is subject to regulation of the Pennsylvania Department of Banking and Securities and the Federal Deposit Insurance Corporation. The area served by the Company is principally Lebanon County, northern Lancaster County, and eastern Berks County, Pennsylvania.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, and its wholly-owned subsidiary, the Bank. In consolidation, significant intercompany accounts and transactions between the Bank and the Company have been eliminated.

Basis of Accounting

The Company uses the accrual basis of accounting.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, mortgage servicing rights, deferred tax valuation allowances, pension liability, and the determination of impairment of restricted investment in bank stock and of other-than-temporary impairment of securities.

Presentation of Cash Flows

For purposes of reporting cash flows, cash and cash equivalents include cash and due from banks and interest-bearing deposits in other banks with original maturities of 90 days or less, if any.

Securities

Securities classified as available for sale are those securities that the Company intends to hold for an indefinite period of time but not necessarily to maturity. Any decision to sell a security classified as available for sale would be based on various factors, including significant movement in interest rates, changes in maturity mix of the Company's assets and liabilities, liquidity needs, regulatory capital considerations, and other similar factors. Securities available for sale are carried at fair value. Unrealized gains or losses are reported in other comprehensive income, net of the related deferred tax effect. Realized gains or losses, determined on the basis of the cost of the specific securities sold, are included in earnings. Premiums and discounts are recognized in interest income, using the interest method over the terms of the securities.

Bonds, notes, and debentures for which the Company has the positive intent and ability to hold to maturity are reported at cost, adjusted for premiums and discounts that are recognized in interest income using the interest method over the terms of the securities.

1. **Summary of Significant Accounting Policies (continued)**

Securities (continued)

Management determines the appropriate classification of debt securities at the time of purchase and reevaluates such designation as of each consolidated Balance Sheet date.

Securities are evaluated on a periodic basis to determine whether a decline in their value is other than temporary. For debt securities, management considers whether the present value of cash flow expected to be collected is less than the security's amortized cost basis (the difference defined as the credit loss), the magnitude and duration of the decline, the reasons underlying the decline, and the Company's intent to sell the security or whether it is more likely than not that the Company would be required to sell the security before its anticipated recovery in market value, to determine whether the loss in value is other than temporary. Once a decline in value is determined to be other than temporary, if the Company does not intend to sell the security, and it is more likely than not that it will not be required to sell the security before recovery of the security's amortized cost basis, the charge to earnings is limited to the amount of credit loss. Any remaining difference between fair value and amortized cost (the difference defined as the non-credit portion) is recognized in other comprehensive income, net of applicable taxes. Otherwise, the entire difference between fair value and amortized cost is charged to earnings.

Restricted Investments in Bank Stock

Restricted investments in bank stock, which represent required investments in the common stock of correspondent banks, are carried at cost and as of December 31, 2022 and 2021 consist of the common stock of the Federal Home Loan Bank ("FHLB") of Pittsburgh and Atlantic Community Bankers Bank ("ACBB"). Federal law requires a member institution of the FHLB to hold stock of its district FHLB according to a predetermined formula. As of December 31, 2022, and 2021, the recorded investment in restricted bank stock is $2,339 and $1,681, respectively.

Management evaluates the restricted stock for impairment at least annually, or more frequently, if necessary. Management's determination of whether these investments are impaired is based on their assessment of the ultimate recoverability of their cost rather than by recognizing temporary declines in value.

Loans Held for Sale

Loans originated and intended for sale in the secondary market are carried at the lower of cost or fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income. There were no loans held for sale at December 31, 2022 and 2021.

Mortgage loans held for sale are generally sold with the mortgage-servicing rights retained by the Company; however, the Company does sell some mortgage loans with servicing released. The carrying value of mortgage loans sold is reduced by the cost allocated to the associated mortgage-servicing rights. 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

The Company grants mortgage, commercial, and consumer loans to customers. A substantial portion of the loan portfolio is represented by mortgage loans throughout Lebanon County, Pennsylvania. The ability of the Company's debtors to honor their contracts is dependent upon the real estate and general economic conditions in this area.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff generally are stated at their outstanding unpaid principal balances, net of any deferred fees or costs on originated loans. 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.

1. **Summary of Significant Accounting Policies (continued)**

Loans Receivable (continued)

The accrual of interest for all loan segments, except for consumer loans, is discontinued when the contractual payment of principal or interest has become 90 days past due, unless the credit is well-secured and in the process of collection or management has serious doubts about further collectability of principal or interest, even though the loan is currently performing. Consumer loans are charged-off on or before they become 90 days past due. When a loan is placed on nonaccrual status, unpaid interest credited to income in the current year is reversed and unpaid interest accrued in prior years is charged against the allowance for loan losses. Interest received on nonaccrual loans generally 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, and the ultimate collectability of the total contractual principal and interest is no longer in doubt. Loan delinquencies for all loan segments are determined based on contractual terms of the loans.

The Company originated loans through the Paycheck Protection Program (PPP) in 2020 and 2021. These loans were part of the federal government's response to the economic impact of COVID-19 by providing businesses with funding to cover payroll and other operating costs. The loans associated with this program were either to be forgiven, if the business met the requirements for forgiveness, or were to be paid off by their maturity date. The loans were guaranteed by the Small Business Administration (SBA) and had an interest rate of 1%. The Company originated $25 million of these loans and as of December 31, 2021, $2 million were outstanding. Fees recognized from the PPP loans were $89 for 2022 and $855 for 2021.

The Company segregates its loan portfolio into segments with varying risk characteristics. Commercial loans include loans to businesses for general commercial purposes and include permanent and short-term working capital, machinery and equipment financing, and may be either in the form of lines of credit, demand, or term loans. Some commercial and industrial loans may be unsecured to higher rated customers, but the majority of these loans are secured by the borrower's accounts receivable, inventory and machinery and equipment and in many loans, the collateral also includes the business real estate or the business owner's personal real estate or assets. Commercial loans have credit exposure since they are more susceptible to risk of loss during a downturn in the economy as borrowers may have greater difficulty in meeting their debt service requirements and the value of the collateral may decline.

Commercial real estate loans consist of owner occupied and non-owner occupied commercial real estate loans. Owner occupied commercial real estate loans are generally dependent upon the successful operation of the borrower's business, with the cash flows generated from the business being the primary source of repayment of the loan. If the business suffers a downturn in sales or profitability, the borrower's ability to repay the loan could be in jeopardy, which could increase the risk of loss. Non-owner occupied and multi-family commercial real estate loans and non-owner occupied residential loans are dependent on the borrower's ability to generate a sufficient level of occupancy to produce rental income that exceeds debt service requirements and operating expenses. Lower occupancy or lease rates may result in a reduction in cash flows, which may affect the ability of the borrower to meet debt service requirements, and may result in lower collateral values, which represents a higher inherent risk than owner-occupied commercial loans.

Commercial real estate construction loans consist of 1-4 family residential construction and commercial and land development loans. The risk of loss on these loans is contingent on the assessment of the property's value at the completion of the project, which should exceed the property's construction costs. A number of factors can negatively affect the project during the construction phase such as cost overruns, delays in completing the project, competition, and real estate market conditions which may change based on the supply of similar properties in the area. If the collateral value at the completion of the project is not sufficient to cover the outstanding loan balance, repayment of the loan would potentially need to rely on other repayment sources, including the guarantors of the project or other collateral securing the loan.

Residential real estate loans include fixed-rate and adjustable first lien mortgage loans with the underlying 1-4 family owner-occupied residential property securing the loan. Risk exposure is mitigated somewhat through the evaluation of the credit worthiness of the borrower, including credit scores and debt-to-income ratios, and limits on the loan-to-value ratios based on collateral values.

1. Summary of Significant Accounting Policies (continued)

Loans Receivable (continued)

Home equity lines of credit represent a slightly higher risk than residential real estate first liens, as these loans can be secured by first or second liens on residential family owner occupied residential property, but there are loan-to-value limits on the value of the real estate taken as collateral. The credit worthiness of the borrower is considered, including credit scores and debt-to-income ratios.

Indirect automobile and other consumer loans' credit risk are mitigated through evaluation of the credit worthiness of the borrower through credit scores and debt-to-income ratios, and if secured, the collateral value of the assets. However, these loans can be unsecured or secured by assets that may depreciate quickly or may fluctuate and represent a greater risk than 1-4 family residential loans. Indirect automobile loans represent some risk as the initiation of the credit process begins with a consumer and dealer at the point of purchase with the Company then approving or denying the credit based on the consumer's credit worthiness. The student loan portfolio lost its insurance guarantee in 2018 and are essentially unsecured credits.

Allowance for Loan Losses

Management establishes the allowance for loan losses based upon its evaluation of the pertinent factors underlying the types and quality of loans in the portfolio. All commercial loans and commercial real estate loans are reviewed on a regular basis with a focus on larger loans along with loans which have experienced past due payments or financial distress. All commercial loans and commercial real estate loans which are 90 days or more past due are considered for impairment testing. All loans (commercial and consumer) that have been designated a TDR are individually analyzed for impairment.

These loans are analyzed to determine if they are "impaired," which means that it is probable that all amounts of principal and interest will not be collected according to the contractual terms of the loan agreement. All larger commercial loans that are delinquent 90 days or more and residential mortgage loans that are 120 days delinquent are reviewed for the appropriateness of placing them on nonaccrual status and are evaluated for impairment on an individual basis. The remaining loans are evaluated for impairment as groups of loans with similar risk characteristics. The Company allocates allowances based on the factors described below, which conform to the Company's asset classification policy. In reviewing risk within the Company's loan portfolio, management has determined there to be several different risk categories within the loan portfolio. The allowance for loan losses consists of amounts applicable to: (i) the commercial loan portfolio; (ii) the commercial real estate portfolio; (iii) the consumer loan portfolio (indirect and other); (iv) the loans secured by residential real estate portfolio; and (v) home equity lines of credit. Factors considered in this process include general loan terms, collateral, and availability of historical data to support the analysis. Historical loss percentages for each risk category are calculated and used as the basis for calculating allowance allocations based on the last twelve quarters of historical losses. Certain qualitative factors are then added to the historical allocation percentage to get the total factor to be applied to non-classified loans. The following qualitative factors are analyzed:

- Trends in delinquency
- Underlying loan collateral value factors
- Trends in risk ratings
- Economic trends
- Concentrations of credit risk
- Lending policies and procedures
- Quality of loan review
- External factors (competition, legal, regulatory)
- Experience, depth and ability of lending management/staff
- Nature and volume of the portfolio and terms of loans
- Special mention and substandard trends
- Factors unique to home equity lines of credit, municipal loans, indirect loans and education loans

The Company analyzes its loan portfolio each quarter to determine the appropriateness of its allowance for loan losses. While management uses available information to recognize losses on loans, future additions to the allowance may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for losses on loans.

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1. Summary of Significant Accounting Policies (continued)

Allowance for Loan Losses (continued)

Such agencies 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. Because of these factors, management's estimate of credit losses inherent in the loan portfolio and the related allowance may change in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Loan Charge-off Policies

Consumer and residential real estate loans are generally fully or partially charged down to the fair value of collateral securing the asset less estimated selling costs when the loan is 90 days past due for consumer loans and 120 days past due for residential real estate loans unless the loan is in the process of collection. On all other loans, the primary factors considered by management in determining charge-offs include payment status and collateral value but could also include debt service coverage, financial health of the borrower, and other external factors that could impact the ability of the borrower to repay the loan.

Servicing

Servicing assets are recognized as separate assets when rights are acquired through the sale of loans. Capitalized servicing rights are reported in other assets and are amortized as a reduction of noninterest income in proportion to, and over the period of, the estimated future net servicing income of the underlying loans. Servicing assets are evaluated for impairment based upon the fair value of the rights as compared with amortized cost. Impairment is determined by stratifying rights by predominant characteristics, such as interest rates and terms. Fair value is determined using prices for similar assets with similar characteristics, when available, or based upon discounted cash flows using market-based assumptions. Impairment is recognized through a valuation allowance for an individual stratum, to the extent that fair value is less than the capitalized amount for the stratum.

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net expenses from foreclosed assets. Residential real estate in the process of foreclosure was $108 and $300 at December 31, 2022 and 2021, respectively. There was no residential or commercial real estate held as other real estate owned at December 31, 2022 and 2021. Other foreclosed assets were $165 and $213 at December 31, 2022 and 2021, respectively.

Company Premises and Equipment

Land is carried at cost. The company capitalizes any premises and equipment purchase of two thousand dollars or greater. Company premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed principally on the straight-line method over the estimated useful lives or lease term, if shorter, of the related assets and range from 3 to 40 years.

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.

1. **Summary of Significant Accounting Policies (continued)**

Investment in Life Insurance

The Company invests in split-dollar bank-owned life insurance ("BOLI") as a source of funding for employee benefit expenses. BOLI involves the purchasing of life insurance by the Company on a chosen group of employees. The Company is the owner and the Company and the employee's beneficiary are beneficiaries of the policies. This life insurance investment is carried at the cash surrender value of the underlying policies. Income from the increase in cash surrender value of the policies is included in other income on the Consolidated Statements of Income. Some of the BOLI policies have a post-retirement death benefit. The liability for this benefit was $938 and $869 at December 31, 2022 and 2021, respectively. The expense related to the liability for future benefits of the Company's split-dollar bank-owned life insurance was $69 and $52 for the years ended December 31, 2022 and 2021, respectively.

Income Taxes

Deferred taxes are provided on the liability method, whereby deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. The Company follows generally accepted accounting principles, which provides guidance on accounting for uncertainty in income taxes recognized in a Company's consolidated financial statements. The Company's policy is to charge penalties and interest to income tax expense as incurred. The Company's federal and state tax returns are subject to examination by the Internal Revenue Service and state tax authorities, generally for a period of three years after the returns are filed.

Revenue Recognition

All of the Company's revenue from contracts with customers within the scope of FASB ASC 606, Revenue from Contracts with Customers, is recognized within noninterest income in the Consolidated Statements of Income. Consistent with ASC 606, noninterest income covered by this guidance is recognized as services are transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for those services.

Interest Income – The Company's interest income is generated from various sources, including loans outstanding and investments, and is recognized on an accrual basis according to loan agreements, securities contracts or other such written contracts. These revenues are outside the scope of ASC 606.

Service Charges on Deposit Accounts – The Company earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as ATM use fees, internet banking fees, stop payment charges, and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. Overdraft fees are recognized at the point in time the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance.

Debit and Credit Card Fees – The Company earns interchange fees from debit/credit cardholder transactions conducted through the Discover payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder.

Automated Teller Machine and Internet Banking Fees – The Company earns fees from noncustomer use of company-owned automated teller machines on a usage basis. Fees are assessed for internet banking-related services on a monthly basis based on the type of service provided.

JBT Bancorp, Inc.

1. **Summary of Significant Accounting Policies (continued)**

Revenue Recognition (continued)

Mortgage Banking Income – Income consists of gains on mortgages sold to FHLB and servicing of sold loans. Income is recognized on the date of the sale. FHLB also pays a monthly fee to service the mortgages for them compensating the Company for collecting monthly payments on the loan and providing customer service on the loans.

Earnings on Investments in Life Insurance - Increases in the cash surrender value of life insurance are not within the scope of ASC 606.

Gains/Losses on Sales of OREO – The Company records a gain or loss on the sale of OREO when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. If the Company finances the sale of OREO to the buyer, the Company assesses whether the buyer is committed to perform their obligations under the contract and whether collectability of the transaction price is probable. Once these criteria are met, the OREO asset is derecognized and the gain or loss on the sale is recorded upon the transfer of control of the property to the buyer. In determining the gain or loss on the sale, the Company adjusts the transaction price and related gain (loss) on sale if a significant financing component is present.

Gain/Losses on Sales of Investments – Gains presented in other income represent amounts realized on the sale of investment securities and are not within the scope of ASC 606.

Other – these are comprised primarily of merchant card fees, credit card fees, wire transfer fees, and rental of safe deposit boxes. Merchant card fees represent fees the Company earns from a third party for enrolling a customer in the processor's program. Credit card fees represent a fee earned by the Company for a successful referral to a card-issuing company. All of these fees are transaction based and are recognized at the time of the transaction except for safe deposit fees which are recorded annually as received for rental of the box for one year.

Advertising

Advertising, marketing, and public relations costs are expensed as incurred. The Company's expenditures in this category were $902 and $800 for the years ended December 31, 2022 and 2021, respectively.

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 in the Consolidated Balance Sheets when they are funded.

Earnings per Share

Basic earnings per share represent net income available to common shareholders divided by the weighted-average number of shares outstanding during the period. Dividends on preferred stock are deducted from net income in calculating earnings per common share.

Comprehensive Income

Accounting principles generally accepted in the United States of America require 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 available-for-sale securities and unrecognized gains and losses, prior service costs, and transition assets or obligations for defined benefit pension plans are reported as a separate component of the equity section of the Consolidated Balance Sheets, such items, along with net income, are components of comprehensive income.

Leases

The Company follows Accounting Standard Update (ASU) 2016-02, *Leases* (Topic 842) in accounting for right-of-use ("ROU") assets and lease liabilities.

1. **Summary of Significant Accounting Policies (continued)**

Leases (continued)

Lease agreements are entered into to obtain the right to use assets for business operations. Lease liabilities and ROU assets are recognized when entering into operating leases and represent obligations and rights to use these assets over the period of the leases and may be re-measured for certain modifications, resolution of certain contingencies involving variable consideration, or exercise of options (renewal, extension, or termination) under the lease.

Operating lease liabilities include fixed and in-substance fixed payments for the contractual duration of the lease. The lease payments are discounted using a rate determined when the lease is recognized. As the discount rate implicit in the lease is typically not known, an estimated discount rate that approximates a collateralized borrowing rate for the estimated duration of the lease is used. The discount rate is updated when re-measurement events occur. The related operating lease ROU assets may differ from operating lease liabilities due to initial direct costs, deferred or prepaid lease payments and lease incentives.

Operating lease liabilities are presented in accrued interest payable and other liabilities and the related operating lease ROU assets in premises and equipment. The amortization of operating lease ROU assets and the accretion of operating lease liabilities are reported together as fixed lease expense and are included in occupancy expense within noninterest expense. The fixed lease expense is recognized on a straight-line basis over the life of the lease.

Some of the operating leases include variable lease payments which are periodic adjustments of our payments for the use of the asset based on changes in factors such as consumer price indices, fair market value, tax rates imposed by taxing authorities, or lessor cost of insurance. To the extent not included in operating lease liabilities and operating lease ROU assets, these variable lease payments are recognized as incurred in occupancy expense within noninterest expense.

For substantially all of our leased assets, the consideration paid under the contract for maintenance or other services is accounted for as lease payments. In addition, for certain asset classes, the Company has elected to exclude leases with original terms of less than one year from the operating lease ROU assets and lease liabilities. The related short-term lease expense is included in occupancy expense.

Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss) and related tax effects are presented in the following table:

(Dollars in 000s)

	Unrealized Gains\(Losses) on Securities	Defined Benefit Pension Plan	Total
Balance, December 31, 2020	$ 1,146	$ (908)	$ 238
Change in unrealized (losses) on securities available for sale	(739)	-	(739)
Change in benefit obligation and plan assets	-	629	629
Tax effect of current period changes	155	(132)	23
Balance, December 31, 2021	$ 562	$ (411)	$ 151
Change in unrealized (losses) on securities available for sale	(2,814)	-	(2,814)
Change in benefit obligation and plan assets	-	177	177
Tax effect of current period changes	591	(37)	554
Balance, December 31, 2022	$ (1,661)	$ (271)	$ (1,932)

Reclassifications

Certain reclassifications have been made to prior period balances to conform to the current year presentation.

2. **Restrictions on Cash and Due from Bank Balances**

The Bank is required to maintain cash reserve target balances with Atlantic Community Bankers Bank. The required reserve balances were $100 at December 31, 2022 and 2021. The Bank maintains balances with its correspondent banks that may exceed federal insured limits, which management considers a normal business risk.

3. **Securities**

The amortized cost and fair value of securities are presented in the following tables:

December 31, 2022 *(Dollars in 000s)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities:				
US Government agency	$ 1,566	$ 32	$ -	$ 1,598
Obligations of states and political subdivisions	5,546	-	332	5,214
Corporate debt	11,247	-	961	10,286
Mortgage-backed securities in government-sponsored entities	14,227	1	843	13,385
Total	$ 32,586	$ 33	$ 2,136	$ 30,483
Held-to-maturity securities:				
Investment note receivable	$ 400	$ -	$ -	$ 400
Total	$ 400	$ -	$ -	$ 400

December 31, 2021 *(Dollars in 000s)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities:				
US Government agency	$ 2,196	$ 29	$ -	$ 2,225
Obligations of states and political subdivisions	5,631	280	19	5,892
Corporate debt	11,250	58	136	11,172
Mortgage-backed securities in government-sponsored entities	15,029	564	65	15,528
Total	$ 34,106	$ 931	$ 220	$ 34,817
Held-to-maturity securities:				
Mortgage-backed securities in government-sponsored entities	$ 19	$ -	$ -	$ 19
Investment note receivable	400	-	-	400
Total	$ 419	$ -	$ -	$ 419

Securities with a fair value of $7,833 and $5,185 at December 31, 2022 and 2021, respectively, were pledged to secure public deposits and for other purposes as required or permitted by law. No securities were sold in 2022 or 2021.

3. Securities (continued)

The amortized cost and fair value of securities by contractual maturity are shown in the following table. Expected maturities may differ from contractual maturities because borrowers may have the right to prepay obligations with or without call or prepayment penalties.

December 31, 2022	Available for Sale		Held to Maturity	
	Amortized	Fair	Amortized	Fair
(Dollars in 000s)	Cost	Value	Cost	Value
Due in one year or less	$ -	$ -	$ 400	$ 400
Due after one year through five years	1,412	1,393	-	-
Due after five years through ten years	13,868	12,920	-	-
Due after ten years	3,079	2,785	-	-
Mortgage-backed securities in government-sponsored entities	14,227	13,385	-	-
Total	$ 32,586	$ 30,483	$ 400	$ 400

The following table shows the gross unrealized losses and fair value, aggregated by investment category and length of time individual securities have been in a continuous unrealized loss position at December 31, 2022 and 2021:

December 31, 2022	Less Than Twelve Months		Twelve Months or Greater		Total	
(Dollars in 000s)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available-for-sale securities:						
Obligations of states and political subdivisions	$ 4,486	$ 53	$ 728	$ 279	$ 5,214	$ 332
Corporate debt	4,192	310	6,094	651	10,286	961
Mortgage-backed securities in government-sponsored entites	11,803	471	1,500	372	13,303	843
Total	$ 20,481	$ 834	$ 8,322	$ 1,302	$ 28,803	$ 2,136

December 31, 2021	Less Than Twelve Months		Twelve Months or Greater		Total	
(Dollars in 000s)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available-for-sale securities:						
Obligations of states and political subdivisions	$ 989	$ 19	$ -	$ -	$ 989	$ 19
Coroporate debt	6,611	136	-	-	6,611	136
Mortgage-backed securities in government-sponsored entites	1,893	65	-	-	1,893	65
Total	$ 9,493	$ 220	$ -	$ -	$ 9,493	$ 220

In management's opinion, the unrealized losses reflect changes in interest rates subsequent to the acquisition of specific securities. At December 31, 2022, the Company had 73 securities in a loss position totaling $2,136 and Management believes that the unrealized losses are temporary and the Company: (a) does not have the intent to sell any of the debt securities prior to recovery; and (b) it is more likely than not that it will not have to sell any of the debt securities prior to recovery. In addition, management feels that these losses are the result of interest rate changes that are not expected to result in the non-collection of principal and interest during the period. At December 31, 2021, the Company had 8 securities in a loss position totaling $220.

The Company's investments are exposed to various risks, such as interest rate, market, currency and credit risks. Market risks include global events, such as pandemic or international conflict, which could impact the value of investment securities. Due to the level of risk associated with certain investments and the level of uncertainty related to the changes in the value of the investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect investment assets reported in the consolidated financial statements.

4. Loans Receivable and Allowance for Loan Losses

Loans receivable consist of the following:

	December 31,	
(Dollars in 000s)	2022	2021
Commercial	$ 41,474	$ 39,135
Commercial real estate	224,671	200,125
Commercial real estate construction	4,467	14,595
Secured by residential real estate	193,742	167,914
Home equity lines of credit	32,161	39,780
Indirect automobile financing	279,488	224,078
Consumer - other	10,959	11,460
SBA PPP	-	1,995
Gross loans	786,962	699,082
Less allowance for loan losses	9,208	8,318
Net loans	$ 777,754	$ 690,764

Net deferred costs included in the table above total $13,516 and $10,791 as of December 31, 2022 and 2021, respectively.

Allowance for Loan Losses

Management has an established methodology to determine the adequacy of the allowance for loan losses that assesses the risks and losses inherent in the loan portfolio. For purposes of determining the allowance for loan losses, the Company has segmented certain loans in the portfolio by product type. Loans are segmented into the following pools: commercial loans, commercial real estate loans, residential real estate loans, home equity lines of credit, and consumer loans. Historical loss percentages for each risk category are calculated and used as the basis for calculating allowance allocations. These historical loss percentages are calculated over a three-year period for all loan segments. Qualitative factors are reviewed each quarter and adjusted based upon relevant changes within the portfolio. The following qualitative factors are analyzed for the loan portfolio:

- Trends in delinquency
- Underlying loan collateral value factors
- Trends in risk ratings
- Economic trends
- Concentrations of credit risk
- Lending policies and procedures
- Quality of loan review
- External factors (competition, legal, regulatory)
- Experience, depth and ability of lending management/staff
- Nature and volume of the portfolio and terms of loans
- Special mention and substandard trends
- Factors unique to home equity lines of credit, municipal loans, indirect loans and education loans

4. Loans Receivable and Allowance for Loan Losses (continued)

Loans by Segment

The total allowance reflects management's estimate of loan losses inherent in the loan portfolio at the Consolidated Balance Sheet date. The Company considers the allowance for loan losses of $9,208 adequate to cover loan losses inherent in the loan portfolio at December 31, 2022. The following table presents, by portfolio segment, the allowance for loan losses for the years ended December 31:

As of December 31, 2022

(Dollars in 000s)	Commercial	Commercial Real Estate	Secured by Residential Real Estate	Home Equity Lines of Credit	Consumer Indirect Autos	Consumer Other	Not Allocated	Total
Allowance for credit losses:								
Beginning Balance	$ 340	$ 2,361	$ 1,537	$ 446	$ 3,126	$ 508	$ -	$ 8,318
Charge-offs	(25)	-	-	-	(824)	(170)	-	(1,019)
Recoveries	34	84	1	4	532	54	-	709
Provision	20	2	308	(111)	838	143	-	1,200
Ending Balance	$ 369	$ 2,447	$ 1,846	$ 339	$ 3,672	$ 535	$ -	$ 9,208
Ending balance: individually evaluated for impairment	$ -	$ -	$ 18	$ -	$ -	$ -	$ -	$ 18
Ending balance: collectively evaluated for impairment	$ 369	$ 2,447	$ 1,828	$ 339	$ 3,672	$ 535	$ -	$ 9,190
Loans receivable:								
Ending balance, net of fee	$ 41,474	$ 229,138	$ 193,742	$ 32,161	$ 279,488	$ 10,959		$ 786,962
Ending balance: individually evaluated for impairment	$ 100	$ 6,565	$ 1,226	$ 76	$ -	$ -		$ 7,967
Ending balance: collectively evaluated for impairment	$ 41,374	$ 222,573	$ 192,516	$ 32,085	$ 279,488	$ 10,959		$ 778,995

As of December 31, 2021

(Dollars in 000s)	Commercial	Commercial Real Estate	Secured by Residential Real Estate	Home Equity Lines of Credit	Consumer Indirect Autos	Consumer Other	SBA PPP	Not Allocated	Total
Allowance for credit losses:									
Beginning Balance	$ 449	$ 1,905	$ 1,669	$ 523	$ 2,502	$ 569	$ -	$ 58	$ 7,675
Charge-offs	-	-	(25)	-	(704)	(263)	-	-	(992)
Recoveries	9	-	45	26	541	78	-	-	699
Provision	(118)	456	(152)	(103)	787	124	-	(58)	936
Ending Balance	$ 340	$ 2,361	$ 1,537	$ 446	$ 3,126	$ 508	$ -	$ -	$ 8,318
Ending balance: individually evaluated for impairment	$ -	$ -	$ 20	$ -	$ -	$ -	$ -	$ -	$ 20
Ending balance: collectively evaluated for impairment	$ 340	$ 2,361	$ 1,517	$ 446	$ 3,126	$ 508	$ -	$ -	$ 8,298
Loans receivable:									
Ending balance, net of fee	$ 39,135	$ 214,720	$ 167,914	$ 39,780	$ 224,078	$ 11,460	$ 1,995		$ 699,082
Ending balance: individually evaluated for impairment	$ 149	$ 8,085	$ 1,754	$ 519	$ -	$ -	$ -		$ 10,507
Ending balance: collectively evaluated for impairment	$ 38,986	$ 206,635	$ 166,160	$ 39,261	$ 224,078	$ 11,460	$ 1,995		$ 688,575

4. Loans Receivable and Allowance for Loan Losses (continued)

Credit Quality Information

The following tables represent credit exposures by internally assigned grades for only those loans segments that are risk rated such as commercial, commercial real estate, and commercial real estate construction for the years ended December 31, 2022 and 2021. The grading analysis estimates the capability of the borrower to repay the contractual obligations of the loan agreements as scheduled or at all. The Company's internal credit risk grading system is based on definitions determined by the Company.

The Company's internally assigned grades are as follows:

Pass – loans which are protected by the current net worth and paying capacity of the obligor or by the value of the underlying collateral. There are five sub-grades within the pass category to further distinguish the loan.

Special Mention – loans where a potential weakness or risk exists, which could cause a more serious problem if not corrected.

Substandard – 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 – loans classified as doubtful 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 – loans classified as a loss are considered uncollectible, or of such value that continuance as an asset is not warranted.

As of December 31, 2022

(Dollars in 000s)	Commercial	Commercial Real Estate	Commercial Real Estate Construction
Pass	$ 40,877	$ 213,076	$ 4,159
Special Mention	-	-	-
Substandard	597	11,595	308
Doubtful	-	-	-
Loss	-	-	-
Ending Balance	$ 41,474	$ 224,671	$ 4,467

As of December 31, 2021

(Dollars in 000s)	Commercial	Commercial Real Estate	Commercial Real Estate Construction
Pass	$ 38,465	$ 188,341	$ 14,273
Special Mention	-	-	-
Substandard	670	11,784	322
Doubtful	-	-	-
Loss	-	-	-
Ending Balance	$ 39,135	$ 200,125	$ 14,595

4. Loans Receivable and Allowance for Loan Losses (continued)

Credit Quality Information (continued)

The following tables present performing and nonperforming residential real estate and consumer loans based on payment activity for the year ended December 31, 2022 and 2021. Payment activity is reviewed by management on a monthly basis to determine how loans are performing. Loans are considered to be nonperforming when they become 90 days past due or non-accrual loans.

As of December 31, 2022				
(Dollars in 000s)	Secured by Residential Real Estate	Home Equity Lines of Credit	Indirect Automobile Financing	Other Consumer Loans
Performing	$ 193,256	$ 31,764	$ 279,412	$ 10,856
Nonperforming	486	397	76	103
Total	$ 193,742	$ 32,161	$ 279,488	$ 10,959

As of December 31, 2021					
(Dollars in 000s)	Secured by Residential Real Estate	Home Equity Lines of Credit	Indirect Automobile Financing	Other Consumer Loans	SBA PPP
Performing	$ 167,459	$ 39,142	$ 224,008	$ 11,440	$ 1,995
Nonperforming	455	638	70	20	-
Total	$ 167,914	$ 39,780	$ 224,078	$ 11,460	$ 1,995

Accruing and Nonaccrual Loans

Generally, all loans except for consumer loans are placed on non-accrual once the loan becomes 90 days past due. Consumer loans are generally charged-off on or before 120 days past due. A nonaccrual loan will generally only be placed back on accrual status after the borrower has become current and has demonstrated six consecutive months of non-delinquency. When a loan is placed in nonaccrual status, previously accrued but unpaid interest is deducted from interest income. The following tables present the classes of the loan portfolio summarized by the aging categories of accruing loans and for nonaccrual loans as of December 31, 2022 and 2021.

As of December 31, 2022	Accruing Loans						
(Dollars in 000s)	30-59 Days Past Due	60-89 Days Past Due	90 Days Or Greater	Total Past Due	Current	Nonaccrual Loans	Gross Loans
Commercial	$ 8	$ 100	$ -	$ 108	$ 41,366	$ -	$ 41,474
Commercial real estate	-	65	-	65	224,559	47	224,671
Commercial real estate	-	-	-	-	4,467	-	4,467
construction					-		
Secured by residential	762	-	-	762	192,494	486	193,742
real estate					-		
Home equity lines of credit	203	170	102	475	31,391	295	32,161
Indirect auto financing	2,752	388	76	3,216	276,272	-	279,488
Consumer - other	21	6	103	130	10,829	-	10,959
Total	$ 3,746	$ 729	$ 281	$ 4,756	$ 781,378	$ 828	$ 786,962

4. Loans Receivable and Allowance for Loan Losses (continued)

Accruing and Nonaccrual Loans (continued)

As of December 31, 2021	Accruing Loans						
(Dollars in 000s)	30-59 Days Past Due	60-89 Days Past Due	90 Days Or Greater	Total Past Due	Current	Nonaccrual Loans	Gross Loans
Commercial	$ 30	$ -	$ -	$ 30	$ 39,056	$ 49	$ 39,135
Commercial real estate	23	-	-	23	200,007	95	200,125
Commercial real estate	-	-	-	-	14,595	-	14,595
construction					-		
Secured by residential	187	-	-	187	167,272	455	167,914
real estate					-		
Home equity lines of credit	221	-	75	296	38,921	563	39,780
Indirect auto financing	1,464	251	70	1,785	222,293	-	224,078
Consumer - other	21	-	1	22	11,419	19	11,460
SBA PPP	-	-	-	-	1,995	-	1,995
Total	$ 1,946	$ 251	$ 146	$ 2,343	$ 695,558	$ 1,181	$ 699,082

Impaired Loans

Management considers larger commercial loans and commercial real estate loans which are 90 days or more past due, residential mortgage loans that are 120 days delinquent, and loans that are not expected to be collected as per the original loan contract to be impaired. Non-commercial loans are generally not evaluated for impairment unless designated as a troubled debt restructuring. All substandard and doubtful loans are reviewed to determine if the loan is impaired. These loans are analyzed to determine if it is probable that all amounts will not be collected according to the contractual terms of the loan agreement. If management determines that the value of the impaired loan is less than the recorded investment in the loan (net of previous charge-offs, deferred loan fees, or costs and unamortized premium or discount), impairment is recognized through an allowance estimate or a charge-off to the allowance.

4. Loans Receivable and Allowance for Loan Losses (continued)

Impaired Loans (continued)

The following table includes the recorded investment and unpaid principal balances for impaired financing receivables with the associated allowance amount, if applicable.

As of and for the year ended December 31, 2022					
(Dollars in 000s)	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Commercial	$ 100	$ 100	$ -	$ 100	$ 5
Commercial real estate	6,565	6,848	-	6,923	321
Commercial real estate construction	-	-	-	-	-
Secured by residential real estate	950	1,012	-	993	42
Home equity lines of credit	76	108	-	85	6
Indirect auto financing	-	-	-	-	-
Consumer - other	-	-	-	-	-
Subtotal	$ 7,691	$ 8,068	$ -	$ 8,101	$ 374
With an allowance recorded:					
Commercial	$ -	$ -	$ -	$ -	$ -
Commercial real estate	-	-	-	-	-
Commercial real estate construction	-	-	-	-	-
Secured by residential real estate	276	276	18	292	14
Home equity lines of credit	-	-	-	-	-
Indirect auto financing	-	-	-	-	-
Consumer - other	-	-	-	-	-
Subtotal	$ 276	$ 276	$ 18	$ 292	$ 14
Total Impaired:					
Commercial	$ 100	$ 100	$ -	$ 100	$ 5
Commercial real estate	6,565	6,848	-	6,923	321
Commercial real estate construction	-	-	-	-	-
Secured by residential real estate	1,226	1,288	18	1,285	56
Home equity lines of credit	76	108	-	85	6
Indirect auto financing	-	-	-	-	-
Consumer - other	-	-	-	-	-
Total	$ 7,967	$ 8,344	$ 18	$ 8,393	$ 388

4. Loans Receivable and Allowance for Loan Losses (continued)

Impaired Loans (continued)

As of and for the year ended December 31, 2021					
(Dollars in 000s)	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Commercial	$ 149	$ 153	$ -	$ 148	$ 3
Commercial real estate	8,085	8,358	-	8,165	376
Commercial real estate construction	-	-	-	-	-
Secured by residential real estate	1,202	1,407	-	1,251	44
Home equity lines of credit	519	556	-	494	11
Indirect auto financing	-	-	-	-	-
Consumer - other	-	-	-	-	-
Subtotal	$ 9,955	$ 10,474	$ -	$ 10,058	$ 434
With an allowance recorded:					
Commercial	$ -	$ -	$ -	$ -	$ -
Commercial real estate	-	-	-	-	-
Commercial real estate construction	-	-	-	-	-
Secured by residential real estate	552	552	20	559	23
Home equity lines of credit	-	-	-	-	-
Indirect auto financing	-	-	-	-	-
Consumer - other	-	-	-	-	-
Subtotal	$ 552	$ 552	$ 20	$ 559	$ 23
Total Impaired:					
Commercial	$ 149	$ 153	$ -	$ 148	$ 3
Commercial real estate	8,085	8,358	-	8,165	376
Commercial real estate construction	-	-	-	-	-
Secured by residential real estate	1,754	1,959	20	1,810	67
Home equity lines of credit	519	556	-	494	11
Indirect auto financing	-	-	-	-	-
Consumer - other	-	-	-	-	-
Total	$ 10,507	$ 11,026	$ 20	$ 10,617	$ 457

Troubled Debt Restructurings

In situations where, for economic or legal reasons related to a borrower's financial difficulties, management may grant a concession for other than an insignificant period of time to the borrower that would not otherwise be considered, the related loan is classified as a Troubled Debt Restructuring ("TDR"). Management strives to identify borrowers in financial difficulty early and work with them to modify more affordable terms before their loan reaches nonaccrual status. These modified terms may include rate reductions, principal forgiveness, payment forbearance and other actions intended to minimize the economic loss and to avoid foreclosure or repossession of the collateral. In cases where borrowers are granted new terms that provide for a reduction of either interest or principal, management measures any impairment on the restructuring by calculating the present value of the revised loan terms and comparing this balance to the Company's investment in the loan prior to the restructuring. As these loans are individually evaluated for impairment, they are excluded from pooled portfolios when calculating the allowance for loan and lease losses and a separate allocation within the allowance for loan and lease losses is provided. Management continually evaluates loans that are considered TDRs, including payment history under the modified loan terms, the borrower's ability to continue to repay the loan based on continued evaluation of their operating results, and cash flows from operations.

4. Loans Receivable and Allowance for Loan Losses (continued)

Troubled Debt Restructurings (continued)

There were no loan modifications that were considered TDRs completed in the year ended December 31, 2022. Loan modifications considered TDRs completed in the year ended December 31, 2021, were as follows:

(Dollars in 000s)	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
2021			
Troubled debt restructurings:			
Secured by residential real estate	2	$ 177	$ 177
Home equity lines of credit	1	75	75
Total	3	$ 252	$ 252

All of the TDRs are performing and are in compliance with their modified terms and there were no commitments to lend more funds to these borrowers. The restructuring of the majority of loans for 2021 was either an extension of the maturity date or temporary reduction or moratorium on the payment terms or amounts. No modifications involved any changes in principal balances for 2022 or 2021.

5. Mortgage Servicing

The Company entered into agreements to sell residential mortgages to the FHLB of Pittsburgh. An older agreement included a maximum credit enhancement of $167 which the Company may be required to pay if realized losses on any of the sold mortgages exceed the amount held in the FHLB's Spread Account. The FHLB of Pittsburgh had funded the Spread Account at 0.04 percent of the outstanding balance when the Company was selling under this agreement. The Company's historical losses on residential mortgages have been lower than the amount that will be funded to the Spread Account. Therefore, the Company does not anticipate paying a credit enhancement and has not recorded a liability for the credit enhancement. As compensation for the credit enhancement, the FHLB of Pittsburgh is paying the Company 0.10 percent of the outstanding loan balance in the portfolio on a monthly basis.

Loans serviced for others are not included in the accompanying Consolidated Balance Sheets. The unpaid principal balances of mortgage loans serviced for others were $81,710 and $89,066 at December 31, 2022 and 2021, respectively.

The Company retains the servicing on certain loans sold to the FHLB and receives a fee based upon the principal balance outstanding. The balance of mortgage servicing rights included in other assets on the Consolidated Balance Sheets was $318 and $381 at December 31, 2022 and 2021. Mortgage servicing fee income for the years ended December 31, 2022 and 2021 was $129 and $109, respectively, and is included in mortgage banking activities in the Consolidated Statements of Income.

The following summarizes mortgage servicing rights capitalized and amortized:

(Dollars in 000s)	Years Ended December 31, 2022	2021
Beginning Balance	$ 381	$ 317
Mortgage servicing rights capitalized	25	180
Mortgage servicing rights amortized	(88)	(116)
Ending balance	$ 318	$ 381

6. Premises and Equipment

Components of premises and equipment are as follows:

(Dollars in 000s)	December 31, 2022	2021
Land and improvements	$ 2,253	$ 2,253
Buildings	10,375	10,313
Furniture and equipment	3,891	3,921
Right of use assets	1,846	1,877
Total premises and equipment	$ 18,365	$ 18,364
Accumulated depreciation	7,273	6,711
Net premises and equipment	$ 11,092	$ 11,653

Depreciation expense for the years ended December 31, 2022 and 2021 as $691 and $715, respectively.

The Company leases land and office space under operating leases. Rental expense for these leases was $378 and $375 for years ended December 31, 2022 and 2021, respectively. Future lease payments under operating leases are presented below:

(Dollars in 000s)	December 31, 2022
2023	$ 296
2024	301
2025	311
2026	303
2027	259
Thereafter	644
Total	2,114
Less: Inputed interest	245
Total operating lease liabilities	$ 1,869

All leases are operating leases. Below is a table of the operating lease right of use (ROU) assets included in premises and equipment and lease liabilities included in accrued interest payable and other liabilities along with remaining average lease term and discount rate:

(Dollars in 000s)	December 31, 2022	2021
Right of use assets	$ 1,846	$ 1,877
Lease liability	1,869	1,901
Weighted average remaining lease term in years	7.06	8.03
Weighted average discount rate	3.69%	3.42%

6. Premises and Equipment (continued)

Our operating leases predominantly expire within the next 1 to 10 years with the longest expiring in 10 years.

Location Name	Term	Expiration of Term	Lessee Renewal Options
Smile Center	5 years	2023	Two 5 year renewal periods
Ephrata	15 years	2026	One 15 year period
Quentin	5 years	2028	One 5 year renewal period
Northside	20 years	2030	Two 5 year renewal periods
Lititz	15 years	2032	One 15 year period

The Company does not include renewal or termination options in the establishment of the lease term when it is not reasonably certain that they will be exercised.

7. Deposits

The composition of deposits is as follows:

(Dollars in 000s)	December 31, 2022	December 31, 2021
Demand, non-interest-bearing	$ 138,456	$ 114,934
Checking with interest and money market	361,103	371,779
Savings	82,355	79,632
Time deposits greater than $250,000	28,573	24,838
Other time deposits	128,907	133,028
Total	$ 739,394	$ 724,211

At December 31, 2022, the scheduled maturities of time deposits are as follows:

(Dollars in 000s)	Years Ended December 31,
2023	$ 101,991
2024	39,461
2025	6,253
2026	8,016
2027 and greater	1,759
Total	$ 157,480

8. Employee Benefits

The Company has a defined contribution 401(k) plan for employees who meet the eligibility requirements set forth in the plan. All of the Company's employees that are 21 years and older are eligible for the plan. The Company matches 100% of elective contributions of employees not to exceed 4% of the employee's salary, plus 50% of the employee's elective contribution that exceed 4% of their salary but not to exceed 6% of their salary. The Company's contributions to this plan were $379 in 2022 and $352 in 2021.

The Company has a noncontributory defined benefit pension plan (the "Plan") covering substantially all employees hired prior to February 1, 2006. The Plan's benefit formulas generally base payments to retired employees upon their length of service and the employees' average monthly compensation. This plan was frozen as of December 31, 2012 and no employees are accruing any more benefits.

8. Employee Benefits (continued)

The following table sets forth the Plan's funded status and the amounts recognized in the Company's consolidated financial statements. The measurement date for purposes of these valuations was December 31, 2022 and 2021.

(Dollars in 000s)	December 31, 2022	December 31, 2021
Change in benefit obligation		
Benefit obligation at beginning of year	$ 4,165	$ 4,504
Interest cost	116	112
Actuarial (gain) loss	(1,028)	(270)
Benefits paid	(110)	(107)
Settlements	(428)	(74)
Benefit obligation at end of year	2,715	4,165
Change in plan assets		
Fair value of plan assets at beginning of year	4,494	4,197
Actual return on plan assets	(692)	478
Employer contribution	-	-
Benefits paid	(110)	(107)
Settlements	(428)	(74)
Fair value of plan assets at end of year	3,264	4,494
Funded status included in other assets	$ 549	$ 329
Amounts recognized in the Balance Sheets consist of:		
Accrued benefit cost in other assets	$ 549	$ 329
Accumulated other comprehensive loss	343	522
Net amount recognized	$ 892	$ 851
Amounts recognized in accumulated other comprehensive income (loss) consist of:		
Net actuarial loss	$ (343)	$ (522)
Deferred tax benefit	72	111
Total	$ (271)	$ (411)

Net periodic pension expense included the following components:

(Dollars in 000s)	Years Ended December 31, 2022	Years Ended December 31, 2021
Interest cost	$ 116	$ 112
Expected return on plan assets	(221)	(207)
Settlement Charge	54	-
Net amortization and deferral	9	88
Net periodic pension expense (benefit)	$ (42)	$ (7)

The components of net periodic benefit cost are included in salaries and employee benefits in the Consolidated Statements of Income.

The accumulated benefit obligation was $2,715 and $4,165 at December 31, 2022 and 2021, respectively. The change in the accumulated benefit obligation was primarily driven by the change in the discount rate.

The following is a summary of actuarial assumptions used for the Company's pension plan:

	December 31, 2022	December 31, 2021
Discount rate	5.02%	2.83%
Expected long-term return on Plan assets	5.00%	5.00%
Rate of compensation increase	N/A	N/A

The estimated net actuarial gain to be amortized into net periodic pension cost in 2023 is $25.

8. Employee Benefits (continued)

The selected long-term rate of return on Plan assets (5.00 percent) was primarily based on the asset allocation of the Plan's assets. Analysis of the historic returns on these asset classes and projections of expected future returns were considered in setting the long-term rate of return.

The Company's pension plan target asset allocations, by asset category, are as follows:

	December 31, 2022	December 31, 2021
Equities	65%	65%
Fixed income	35%	35%
Other	0%	0%
Total	100%	100%

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value:

(Dollars in 000s)	As of December 31, 2022 Level I	Level II	Level III	Total
Assets:				
Mutual funds:				
Equities				
Large-Cap Value	$ 232	$ -	$ -	$ 232
Large Cap Core	273	-	-	273
Mid-Cap Core	248	-	-	248
Small-Cap Core	174	-	-	174
International Growth	348	-	-	348
International Value	216	-	-	216
Large Cap Growth	333	-	-	333
Small/Midcap Growth	83	-	-	83
Fixed income				
Fixed Income- Core Plus	825	-	-	825
Intermediate Duration	282	-	-	282
Common Collective Trusts-Equity	-	244		244
Cash Equivalent	6	-	-	6
Total assets at fair value	$ 3,020	$ 244	$ -	$ 3,264

(Dollars in 000s)	As of December 31, 2021 Level I	Level II	Level III	Total
Assets:				
Mutual funds:				
Equities				
Large-Cap Value	$ 282	$ -	$ -	$ 282
Large-Cap Core	382	-	-	382
Mid-Cap Core	349	-	-	349
Small-Cap Core	230	-	-	230
International Growth	506	-	-	506
International Value	265	-	-	265
Large Cap Growth	545	-	-	545
Small/Midcap Growth	117	-	-	117
Fixed Income				
Fixed Income- Core Plus	1,086	-	-	1,086
Intermediate Duration	361	-	-	361
Common Collective Trusts-Equity		290	-	290
Cash Equivalent	81	-	-	81
Total assets at fair value	$ 4,204	$ 290	$ -	$ 4,494

The Company does not expect to contribute to its pension plan in 2023.

8. Employee Benefits (continued)

The following benefit payments are expected to be paid:

(Dollars in 000s)	Years Ended December 31,
2023	$ 134
2024	136
2025	141
2026	147
2027	151
2028 through 2032	795
	$ 1,504

In December 2020 the Company entered into supplemental executive retirement plan agreements ("SERP") with three named executive officers. Each SERP provides for the monthly payment of a fixed cash benefit over a period of fifteen (15) years commencing on the first day of the month following the executive's separation from service occurring on or after reaching normal retirement age, reduced by fifty percent (50%) if a change in control occurs followed within twenty-four (24) months by separation from service prior to normal retirement age. Separate clauses provide for payment of the accrued benefit over a sixty (60) month period in the event of early termination or disability, or an immediate payout of the accrued benefit in the event of death. The accrued liability for the SERP plans was $544 at December 31, 2022 and $248 at December 31, 2021. The expense related to the plan was $296 in 2022 and $248 in 2021 and is included as a component of salaries and benefits expense in the Consolidated Statements of Income.

9. Short-Term Borrowings

Short-term borrowings generally consist of federal funds purchased through an unsecured line with Atlantic Community Bankers Bank ("ACBB") and advances from the FHLB of Pittsburgh. The $7.5 million line with ACBB renews annually and currently expires in June of 2023 and was not used in 2022 or 2021. Advances from the FHLB of Pittsburgh are collateralized by an investment in common stock of the FHLB and by a lien on qualified loan receivables comprised principally of real estate secured loans with an approximate value of $395,124 at December 31, 2022. The total maximum borrowing capacity at December 31, 2022 was $277,304 of which $75,607 is outstanding and includes $33,960 in total letters of credit to municipalities to secure deposits. The Bank has available an $85 million line of credit with FHLB of Pittsburgh which expires in June 2023. The interest rate on this line was 4.45% and 0.28% at December 31, 2022 and 2021, respectively. The outstanding balances under this line were $24,000 and $0 at December 31, 2022 and 2021, respectively.

(Dollars in 000s)	As of and for the Year Ended December 31, 2022
Balance at year-end	$ 24,000
Average balance outstanding during the year	6,279
Maximum amount outstanding at any month-end	24,000
Weighted-average interest rate:	
As of year-end	4.45 %
Paid during the year	3.90 %

10. Long-Term and Subordinated Debt

As a member of the FHLB of Pittsburgh the Bank is able to access a number of credit products which are used to provide liquidity. The total outstanding balance of long-term debt totaled $17,647 at December 31, 2022 and $25,237 at December 31, 2021.

10. Long-Term and Subordinated Debt (continued)

The Company entered into an unsecured subordinated debt of $10 million with ACBB on December 22, 2021, with a maturity date of December 2031. The note carries a fixed rate of 3.75% for five years and then a variable rate based on 30-day Secured Overnight Financing Rate (SOFR) plus 3.50% for the last five years. Interest is payable quarterly in arrears at each quarter-end date beginning March 31, 2022. The debt can be redeemed in whole or in part with required notice beginning December 2026.

Long-term debt is composed of the following FHLB fixed-rate advances and ACBB subordinated debt:

(Dollars in 000s)			December 31,	
Maturity Date	Type	Rate	2022	2021
Mar 2022	Non-amortizing	0.92	$ -	$ 6,250
May 2022	Non-amortizing	2.37	-	3,000
May 2022	Non-amortizing	2.33	-	3,000
Feb 2023	Non-amortizing	1.32	6,250	6,250
Mar 2023	Non-amortizing	1.03	3,125	3,125
May 2023	Amortizing	4.57	95	316
May 2023	Amortizing	4.68	52	171
Aug 2024	Non-amortizing	3.52	5,000	-
Mar 2025	Non-amortizing	1.11	3,125	3,125
Dec 2031	Non-amortizing subordinated debt	3.75	10,000	10,000
	Unamortized debt costs		(95)	(106)
Total			$ 27,552	$ 35,131

The following table represents maturities/repayments of the remaining FHLB of Pittsburgh advances and ACBB subordinated debt at December 31, 2022:

(Dollars in 000s)	Amount
2023	$ 9,522
2024	5,000
2025	3,125
2026	-
2027	-
Thereafter	10,000
Total	$ 27,647

11. Related-Party Transactions

The Company has had banking transactions in the ordinary course of business with its executive officers, directors, principal stockholders, and their affiliated companies (related parties) on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with others. A summary of loan activity during the year ended December 31, 2022 is as follows:

Balance at December 31, 2021	Additions	Amount Collected	Balance at December 31, 2022
$1,072	$1,958	$998	$2,032

Deposits from related parties totaled $2,326 and $1,737 as of December 31, 2022 and 2021 respectively.

12. Off-Balance Sheet Commitments

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and letters of credit. Those instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the Consolidated Balance Sheets.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and letters of credit is represented by the contractual amount of those instruments.

The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation. Collateral held varies but may include personal or commercial real estate, accounts receivable, inventory, and equipment.

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 12 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. Management believes that the proceeds obtained through a liquidation of such collateral would be sufficient to cover the maximum potential amount of future payments required under the corresponding guarantees.

A summary of the Company's financial instrument commitments is as follows:

	December 31,	
(Dollars in 000s)	2022	2021
Commitments to extend credit	$ 12,334	$ 16,501
Unfunded commitments	125,681	116,779
Standby letters of credit	5,456	7,061
Total	$ 143,471	$ 140,341

13. Income Taxes

The provision for federal income taxes consisted of the following:

	Years Ended December 31,	
(Dollars in 000s)	2022	2021
Current	$ 1,816	$ 806
Deferred	22	688
Total	$ 1,838	$ 1,494

13. Income Taxes (continued)

Reconciliation of the statutory income tax expense computed at 21% to the income tax expense included in the Statements of Income is as follows:

(Dollars in 000s)	Years Ended December 31, 2022 Amount	2022 % of Pretax Income	2021 Amount	2021 % of Pretax Income
Provision at statutory rate	$ 2,079	21.0 %	$ 1,665	21.0 %
Tax exempt interest, net	(118)	(1.2)	(113)	(1.4)
Life insurance	(135)	(1.4)	(67)	(0.8)
Other, net	12	0.1	9	0.1
Actual tax expense and effective rate	$ 1,838	18.5 %	$ 1,494	18.9 %

Net deferred tax assets (liabilities) consisted of the following components:

(Dollars in 000s)	As of December 31, 2022	2021
Deferred tax assets:		
Allowance for loan losses	$ 1,934	$ 1,747
Other pension adjustments	72	110
Nonaccrual loan interest	26	29
Net unrealized loss on securities	442	-
Deferred loan fees	455	391
Other	257	162
Total deferred tax assets	3,186	2,439
Deferred tax liabilities:		
Accrued pension	(188)	(179)
Net unrealized gain on securities	-	(149)
Premises and equipment	(295)	(574)
Deferred loan costs	(3,300)	(2,653)
Mortgage servicing rights	(67)	(80)
Prepaid expenses	(138)	(137)
Total deferred tax liabilities	(3,988)	(3,772)
Net deferred tax assets (liability)	$ (802)	$ (1,333)

14. Concentration of Credit Risk

The Company grants commercial, residential, and consumer loans to customers primarily located in Lebanon County, Pennsylvania. The concentrations of credit by type of loan are set forth in Note 4. Although the Company has a diversified loan portfolio, its debtors' ability to honor their contracts is influenced by the region's economy.

15. Regulatory Matters

The Federal Reserve has set the limit to qualify as a small bank holding company at $3 billion which exempts it from risk-based capital and leverage rules, including Basel III. The Bank continues to be subject to 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 Bank's 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 the Bank's assets and liabilities and certain off-balance sheet items as calculated under regulatory accounting practices.

The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components and other factors.

15. Regulatory Matters (continued)

The Bank opted into the Community Bank Leverage Ratio (CBLR) framework in 2020 and is not required to calculate or report risk-based capital ratios. A qualifying community banking organization is defined as having less than $10 billion in total consolidated assets, a leverage ratio greater than 9%, off-balance sheet exposures of 25% or less of total consolidated assets, and trading assets and liabilities of 5% or less of total consolidated assets. The CARES Act of 2020 temporarily lowered the 9% threshold to 8% through December 31, 2020, 8.5% for 2021 and back to 9% thereafter. If the Bank fails to satisfy one or more of the qualifying CBLR framework criteria, but maintains a leverage ratio of greater than 8.0%, the Bank would have a grace period of up to two quarters during which it could continue to use the CBLR framework and deemed to meet the "well capitalized" capital ratio requirements. If the Bank can return to compliance with all the qualifying criteria at the end of the grace period, it continues to be deemed to meet the "well capitalized" ratio requirements and be in compliance with the generally applicable capital rule.

Management believes, as of December 31, 2022, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2022, the most recent notification from the Federal Deposit Insurance Corporation categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. 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 as of December 31 are also presented below:

(Dollars in 000s)	Actual Amount	Actual Ratio	To Be Well Capitalized Under Prompt Corrective Action Provisions ≥ Amount	≥ Ratio
Community Bank Leverage Ratio				
2022	$ 79,456	9.19 %	$ 43,220	5.00 %
2021	$ 70,074	8.57 %	$ 40,881	5.00 %

The Bank is subject to certain restrictions on the amount of dividends that it may declare without prior regulatory approval. At December 31, 2022, $44,880 of retained earnings was available for dividend declaration without prior regulatory approval, subject to the above regulatory capital requirements.

16. Fair Value

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy are described as follows:

Level I: Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization can access at the measurement date.

Level II: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level III: Inputs that are unobservable inputs for the asset or liability.

16. Fair Value (continued)

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

All securities available for sale are priced using pricing models, quoted prices of securities with similar characteristics or using discounted cash flows and therefore are classified in the level 2 hierarchy.

For financial assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used at December 31, 2022 and 2021 are as follows:

	As of December 31, 2022			
(Dollars in 000s)	Level I	Level II	Level III	Total
Assets measured on a recurring basis:				
Available-for-sale securities:				
US Government agency	$ -	$ 1,598	$ -	$ 1,598
Obligations of states and political subdivisions	-	5,214	-	5,214
Other corporate debt	-	10,286	-	10,286
Mortgage-backed securities in government-sponsored entities	-	13,385	-	13,385
Total	$ -	$ 30,483	$ -	$ 30,483

	As of December 31, 2021			
(Dollars in 000s)	Level I	Level II	Level III	Total
Assets measured on a recurring basis:				
Available-for-sale securities:				
US Government agency	$ -	$ 2,225	$ -	$ 2,225
Obligations of states and political subdivisions	-	5,892	-	5,892
Other corporate debt	-	11,172		11,172
Mortgage-backed securities in government-sponsored entities	-	15,528	-	15,528
Total	$ -	$ 34,817	$ -	$ 34,817

Certain financial assets are measured at fair value on a nonrecurring basis in accordance with accounting principles generally accepted in the United States of America. 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.

The following describes the valuation techniques used by the Company to measure certain financial assets recorded at fair value on a nonrecurring basis in the consolidated financial statements.

Other Real Estate Owned

Certain assets such as other real estate owned (OREO) acquired through foreclosure are initially recorded at fair value of the property at the transfer date less estimated selling costs. At or near the time of foreclosure, real estate appraisals are obtained on the properties acquired through foreclosure in order to establish fair value. Appraised values are typically determined utilizing an income or market valuation approach based on an appraisal conducted by an independent, licensed appraiser outside of the Company using observable market data or on a recent sale offer (Level 2). However, if the appraisal for the acquired property is over two years old, then the fair value is considered Level 3. The estimate of costs to sell the property is based on historical transactions of similar holdings. There were no OREO properties with write-downs during the years ended December 31, 2022 or 2021.

16. Fair Value (continued)

Impaired Loans

Loans of a commercial nature are designated as impaired when, in the judgment of management based on current information and events, it is probable that all amounts due will not be collected according to the contractual terms of the loan agreement. The measurement of loss associated with impaired loans can be based on either the observable market price of the loan, the fair value of the collateral (if collateral dependent), or the present value of expected future cash flows. Fair value is measured based on the value of the collateral securing the loan less estimated costs to sell or the expected present value of future cash flows. Collateral may be in the form of real estate or business assets including equipment, inventory, and accounts receivable. The value of the collateral is typically determined utilizing an income or market valuation approach based on an appraisal conducted by an independent, licensed appraiser outside of the Company using observable market data (Level 2). However, if the collateral is a house or building in the process of construction or if an appraisal of the real estate property is stale, then the fair value is considered Level 3. The value of business equipment is based upon an outside appraisal if deemed significant, or the net book value on the applicable business' financial statements if not considered significant. Likewise, values for inventory and accounts receivable collateral are based on financial statement balances or aging reports (Level 3). Impaired loans with an allocation to the allowance for loan losses are measured at fair value on a nonrecurring basis. Any fair value adjustments are recorded in the period incurred as provision for loan losses on the Consolidated Statements of Income.

The fair value of impaired loans reported below is based on the total impaired loans with a specific allowance for loan loss allocation less the total allocations for such loans, while the fair value measurement level is based on the age of the underlying appraisal of the collateral securing the loans. Specific allocations to the allowance for loan losses for impaired loans were $18 and $20 at December 31, 2022 and 2021, respectively.

There were no loans held for sale as of December 31, 2022 or December 31, 2021.

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 and 2021 are as follows:

	As of December 31, 2022				
(Dollars in 000s)	Level I	Level II	Level III	Total	Gain\(Losses)
Impaired loans	$ -	$ -	$ 258	$ 258	$ -
Total	$ -	$ -	$ 258	$ 258	$ -

	As of December 31, 2021				
(Dollars in 000s)	Level I	Level II	Level III	Total	Gain\(Losses)
Impaired loans	$ -	$ -	$ 532	$ 532	$ -
Total	$ -	$ -	$ 532	$ 532	$ -

The following table provides a listing of the significant unobservable inputs used in the fair value measurement process for items valued utilizing Level III techniques:

	As of December 31, 2022			
(Dollars in 000s)	Fair Value	Valuation Techniques	Unobservable Input	Range
Impaired Loans	$ 258	Appraised collateral values	Discount for time since appraisal	0-22%
		and discounted cash flows	Selling costs	0-8%

	As of December 31, 2021			
(Dollars in 000s)	Fair Value	Valuation Techniques	Unobservable Input	Range
Impaired Loans	$ 532	Appraised collateral values	Discount for time since appraisal	0-30%
		and discounted cash flows	Selling costs	0-8%

17. Fair Values of Financial Instruments

The following information should not be interpreted as an estimate of the fair value of the entire Company, since a 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 estimated fair values of the Company's financial instruments were as follows at December 31, 2022 and 2021:

			As of December 31, 2022		
(Dollars in 000s)	Carrying Amount	Fair Value	Level I	Level II	Level III
Financial assets:					
Cash and due from banks	$ 10,662	$ 10,662	$ 10,662	$ -	$ -
Interest Bearing Balances with other Banks	14,435	14,435	14,435	-	-
Available-for-sale securities	30,483	30,483	-	30,483	-
Held-to-maturity securities	400	400	-	400	-
Net loans	777,754	745,288	-	745,030	258
Accrued interest receivable and dealer reserve	2,681	2,681	2,681	-	-
Restricted investment in bank stock	2,339	2,339	2,339	-	-
Mortgage servicing rights	318	613	-	613	-
Financial liabilities:					
Deposits	$ 739,394	$ 736,263	$ -	$ 736,263	$ -
Short-term borrowings	24,000	24,000	-	24,000	-
Long-term debt	17,647	17,336	-	17,336	-
Subordinated debt	9,905	9,661	-	9,661	-
Accrued interest payable	263	263	263	-	-

			As of December 31, 2021		
(Dollars in 000s)	Carrying Amount	Fair Value	Level I	Level II	Level III
Financial assets:					
Cash and due from banks	$ 8,025	$ 8,025	$ 8,025	$ -	$ -
Interest Bearing Balances with other Banks	64,096	64,096	64,096	-	-
Available-for-sale securities	34,817	34,817	-	34,817	-
Held-to-maturity securities	419	419	-	419	-
Net loans	690,764	704,004	-	703,472	532
Accrued interest receivable and dealer reserve	3,161	3,161	3,161	-	-
Restricted investment in Bank stock	1,681	1,681	1,681	-	-
Mortgage servicing rights	381	571	-	571	-
Financial liabilities:					
Deposits	$ 724,211	$ 731,227	$ -	$ 731,227	$ -
Long-term debt	25,237	25,316	-	25,316	-
Subordinated debt	9,894	9,894	-	9,894	-
Accrued interest payable	134	134	134	-	-

18. Parent Company Financial Statements

Presented below are the parent company financial statements for the year ending December 31, 2022, and the period ending December 31, 2021 for activity since the effective date of May 4, 2021.

Condensed Balance Sheets

	December 31, 2022	December 31, 2021
Assets		
Cash and cash equivalents	$ 2,976	$ 6,444
Investment in bank subsidiary	77,524	70,225
Other assets	7	2
Total assets	$ 80,507	$ 76,671
Liabilities and stockholders' equity		
Subordinated debt	9,905	9,894
Accrued interest payable	-	10
Total liabilities	9,905	$ 9,904
Stockholders' equity	70,602	66,767
Total liabilities and stockholders' equity	$ 80,507	$ 76,671

Condensed Statements of Income

	For the Period Ended December 31, 2022	For the Period Ended December 31, 2021
Interest expense	$ 384	$ 10
Noninterest expense	24	-
Income (loss) before equity in undistributed net income of subsidiary	(408)	(10)
Undistributed net income of subsidiary	8,382	4,238
Net income before income taxes	7,974	4,228
Income tax expense (benefit)	(86)	(2)
Net income	$ 8,060	$ 4,230

Statements of Comprehensive Income

	For the Period Ended December 31, 2022	For the Period Ended December 31, 2021
Net Income	$ 8,060	$ 4,230
Unrealized gains (losses) on securities:		
Unrealized holding (losses) arising during the period	(2,814)	(532)
Tax effect	591	112
Net unrealized (losses) on securities	(2,223)	(420)
Defined benefit pension plan:		
Change in benefit obligations and plan assets	177	629
Tax effect	(37)	(132)
Net change in defined benefit pension plan	140	497
Other comprehensive income	(2,083)	77
Total comprehensive income	$ 5,977	$ 4,307

18. Parent Company Financial Statements (continued)

Statements of Cash Flows

	For the Period Ended December 31,	
	2022	2021
OPERATING ACTIVITIES		
Net income	$ 8,060	$ 4,230
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in undistributed (earnings) of bank subsidiary	(8,382)	(3,165)
Net change in other liabilities	(10)	10
Net change in other assets	(5)	(2)
Net cash provided (used) by operating activities	(337)	1,073
INVESTING ACTIVITIES		
Investment in bank subsidiary	(1,000)	(3,500)
Net cash used for investing activities	(1,000)	(3,500)
FINANCING ACTIVITIES		
Proceeds from issuance of subordinatd debt	-	10,000
Debt financing costs	-	(106)
Amortization of debt financing costs	11	-
Dividends on common stock	(2,142)	(1,023)
Net cash provided (used) by financing activities	(2,131)	8,871
Increase (decrease) in cash and cash equivalents	(3,468)	6,444
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6,444	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 2,976	$ 6,444

19. Contingencies

The Company is subject to claims and lawsuits which arise primarily in the ordinary course of business. Based on information presently available and advice received from legal counsel representing the Company in connection with any such claims and lawsuits, it is the opinion of management that the disposition or ultimate determination of any such claims and lawsuits will not have a material adverse effect on the financial position, results of operations or liquidity of the Company.

20. Subsequent Events

Management has reviewed events occurring through February 24, 2023, the date the consolidated financial statements were available to be issued and no subsequent events occurred requiring disclosure.

JBT sponsored this ice sculpture on display at the recent Fire & Ice Festival held in Lititz, PA.

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Newmanstown 610-589-1234
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Robesonia 610-693-4584
Cornwall Manor 717-769-2818

This statement has not been reviewed, or confirmed for accuracy or relevance, by the Federal Deposit Insurance Corporation.

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