



July 20, 2023

Dear Shareholders:

I learned two things on our annual family vacation to Cape May this year. One is that hot dogs with 50% inflation do not nearly taste as good no matter how great the toppings of mac and cheese, mash potatoes, bacon or whatever is on them. When one hot dog costs \$5.99, that is too much! The other is that Risk Management is just as important regarding submersibles as it is in banking. They may have tested the Titan under extreme pressure but did they perform stress tests to understand the effects on the submersible on repeated dives under that extreme pressure? It is also important to say that the submersible industry is not regulated.

There were lots of good questions at the Annual Shareholder's meeting this year. It is an unprecedented time in our industry and I appreciated the shareholders taking their time to attend and asking good and thoughtful questions. There was interaction and good discussion on various topics. I reiterated that our objectives in 2023 were to protect our deposits, protect the dividend, and focus on risk management by expanding our liquidity and capital stress tests under various scenarios. We continue to have very good loan growth and our asset quality remains excellent.

I am pleased to announce your second quarter dividend of \$.24 per share. As of June 30, 2023, our total assets were approximately \$574,937,000 as compared to \$556,041,000 (audited) as of December 31, 2022. Net loans outstanding were approximately \$353,934,000 while deposits totaled \$513,937,000. For the first six months of 2023, net income was approximately \$1,034,000 as compared to the first six months of 2022 at \$2,717,000. Year-to-date Earnings per share were approximately \$.36 and \$.96 for the second quarter of 2023 and 2022, respectively.

The inflation index the Fed focuses on is still a long way away from their 2% goal. It does not seem there will be any relief on the deposit pricing wars anytime soon. The economy continues to surprise, consumers continue to spend, and the unemployment rate remains low. We have a great team and we will battle this together. We were pleased to find out that we were named as one of the top 200 community banks in the nation for 2022 (banks with less than \$2 billion in assets) based on three-year average Return on Equity for the 13th consecutive year.

We will continue to work hard every day to earn your support and preserve our independence.

On behalf of the Team at Susquehanna,

David S. Runk
President and CEO