



October 20, 2023

Dear Shareholders:

Higher for longer? What does the Federal Reserve mean that rates will stay higher for longer? Without a triggering event, (Pandemic, Credit Crisis, Geopolitical or Economic Crisis), there will likely be 18 months from tightening to easing. Is the Fed even done tightening? As I write this letter there are storm clouds gathering around the bond market due to potential government shutdown, increased government debt, and higher corporate financing costs, etc. Just since my last shareholder letter, the ten-year treasury rate has gone up 100 bps from 3.72% to 4.72%. Energy prices have risen, mortgage rates march towards 8% pushing demand to the lowest level in 27 years, and food and used car prices remain elevated. The labor market continues to be tight with unemployment remaining low. Our primary objectives of protecting deposits and our dividend remain the same as we close out the third quarter. The banking sector remains tough.

I am pleased to announce your third quarter dividend of \$.24 per share. As of September 30, 2023, our total assets were approximately \$573,817,000 as compared to \$556,041,000 (audited) as of December 31, 2022. Net loans outstanding were approximately \$361,885,000 while deposits totaled \$518,742,000. For the first nine months of 2023, net income was approximately \$1,551,000 as compared to the first nine months of 2022 at \$3,847,000. Year-to-date Earnings per share were approximately \$.55 and \$1.35 for the third quarter of 2023 and 2022, respectively.

This year, more than any other year, reminded me why I love coaching a community bank TEAM. Both customers and shareholders have provided positive feedback during the year. One customer took his time to write “In this day and age, you do not get personal service like you do with SCB as you always get a live person on the phone.” Shareholders have reached out saying they like working with us and that we always take their calls and answer their questions. Moreover, our employees continue to be our most important asset. They are involved in the communities and we have received many positive comments about our donations to the charities we support. In addition, our employees have submitted over 102 efficiency ideas this year and a majority have been implemented improving customer service and making their daily operating activities more efficient. Even given this tough year, our employee morale remains high.

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