



April 20, 2023

Dear Shareholders:

I used to enjoy roller coasters when I was younger. The anticipation of climbing up, up, up; then down so fast that you had butterflies in your stomach before twisting and turning around the curves before coming to a complete dead stop. What a thrill! I am not of the same mindset for what we have experienced over the last year in the banking world. The fastest and most dramatic rise in interest rates in monetary history followed directly by a crisis in confidence due to two very specialized bank failures have our team focused on resiliency and safety and soundness.

Susquehanna Community Bank remains safe and sound. We are a community bank focused on deposits received from people we know, lending to individuals and businesses we know all in our local communities we know. However, 2023 is going to be a bumpy road ahead. The dramatic rise in interest rates is increasing our deposit costs, reducing our margin, causing unrealized losses in our investment portfolio, and declines in equity. Moreover, the slow-down in the housing market and lower mortgage fees persists as well. We will most likely be facing an earnings recession this year. We have taken proactive steps to address our margin in the scenario that rates stay higher for longer. We are experiencing good loan growth to start the year and the quality of our portfolio remains excellent.

I am pleased to announce your first quarter dividend of \$.24 per share. As of March 31, 2023, total assets were approximately \$565,761,000 as compared to \$556,041,000 (audited) as of December 31, 2022. Net loans outstanding were approximately \$340,026,000 while deposits totaled \$523,780,000. For the first three months of 2023, net income was approximately \$487,000 as compared to the first three months of 2022 at \$1,439,000. The first quarter of 2022 had some one time investment gains and higher mortgage fees but a real tough quarter indeed.

I also wish to remind you of the upcoming Annual Shareholders' Meeting scheduled for June 27, 2023, at 10:00 a.m. at the Best Western Hotel in Lewisburg, PA. Information pertaining to the meeting will be mailed around the middle of May. Please take the time to vote your proxy. If you have questions, please contact Karla Landis at (570) 568-2622 or email at klandis@scb.bank.

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