ANNUAL REPORT

Orbisonia Community Bancorp, Inc.

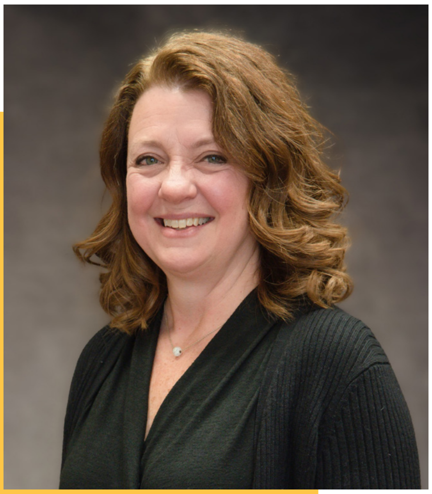
COMMUNITY STATE BANK

2023

ORBISONIA COMMUNITY BANCORP, INC.

Chairman of the Board

As we reflect on the past year, it has been marked by significant developments for Community State Bank. In March 2023, we welcomed Michael J. Bibak as our President and CEO. Mike brings a depth of experience and a fresh perspective that has invigorated the organization. Under his leadership, we will be able to solidify our foundation and position ourselves for future success. His strategic approach will help us navigate challenges and seize opportunities, ensuring that we remain agile and relevant in a rapidly evolving banking landscape.



Jessica Parsons Tice
Chairman of the Board

We also expanded our financial services by acquiring the Brown & Walters Insurance Agency. The bank's decision to purchase the insurance agency is a strategic move aimed at enhancing our offerings to customers while also improving the bottom line. This acquisition will enable us to provide a wider range of products and services, creating new opportunities to meet the ever-changing needs of our customers.

Lastly, Clay McMath and Ray Ghaner, Esq. were invited to join the Board of Directors. Both gentlemen bring a wealth of experience to the table. They not only understand the complexities of running a business but also possess a skill set that aligns perfectly with our organization's needs. Together, these new board members will undoubtedly enhance our board's effectiveness and bring insightful perspectives to our decision-making processes.

We have taken decisive steps towards realizing our Vision of being the preferred, independent, locally-managed bank in our market area. These strategic moves not only strengthen our position in the market but also demonstrate our commitment to providing comprehensive financial solutions to our customers. As we look to the future, we are confident that with the support of our shareholders, customers, and dedicated team of employees, Community State Bank will continue to flourish. Thank you for your continued trust and support.

President & CEO

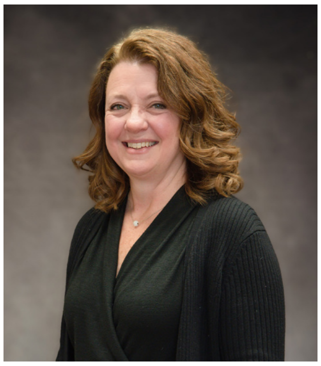
In March of 2023, I was honored to be chosen to assume the position of President and CEO of Community State Bank. Since then I have had the opportunity to meet many of the wonderful people in the four-county region the bank serves. CSB roots run deep here, being one of only a few community banks still headquartered in this region and serving the good people of our communities.

2023 has seen its share of challenges from inflation to unrest in all parts of the world affecting our daily lives. The banking industry, in particular, has seen bank failures across the country as banks struggle to not only compete but keep current and relevant in an ever-changing environment. These challenges sometimes force change, and often create opportunity to better serve our customers; CSB is not blind to these circumstances. The bank has and will continue to make the necessary changes that will enable it to remain strong and independent to serve the people we have since 1951. Change is not easy, but rest assured it is only through this change the bank will avoid the pitfalls of other institutions. One might argue mergers, acquisitions, and failures tend to hurt the consumer. The changes we make will help us avoid these outcomes and provide the strength that will enable the continuation of CSB as a provider of financial services for years to come.

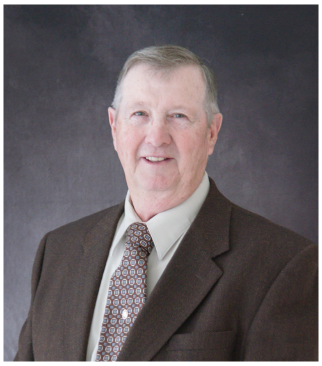
Michael J. Bibak
President
Chief Executive Officer

We strive every day to "enrich lives and elevate communities". We welcome you to come and share in this endeavor with us. As we move into the new year, we are excited for what is to come and for what is to remain the same: Our commitment to the communities we serve.

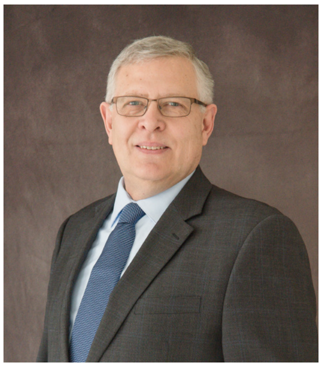
Board of Directors



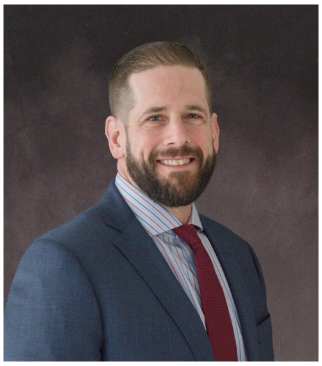
Jessica Parsons Tice
Chairman of the Board



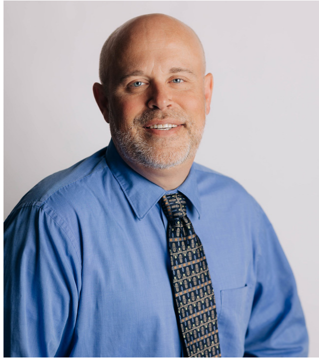
Ramon H. Morgan
Vice-Chairman of the Board



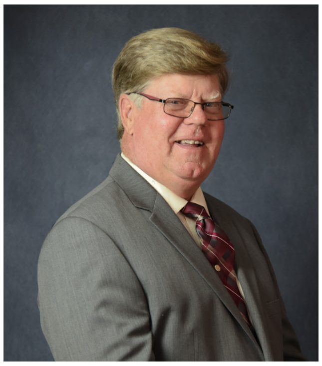
Jan E. Goshorn
Director



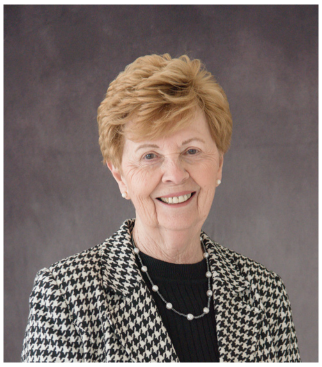
William M. Kick
Director



Clay A. McMath
Director

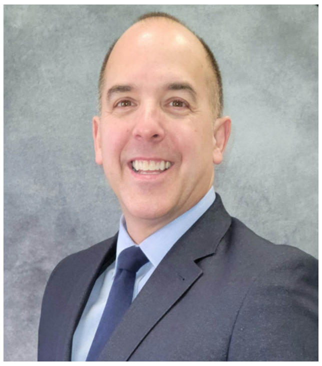


Lyle E. Reed
Director

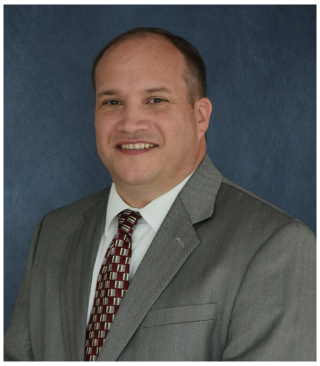


Linda A. Scott
Director

Officers/Administration



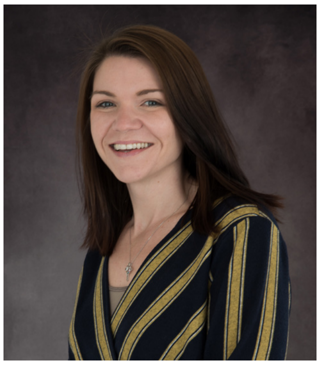
Michael J. Bibak
President
Chief Executive Officer



Kenneth C. Clark, Jr.
Vice President
Risk Manager

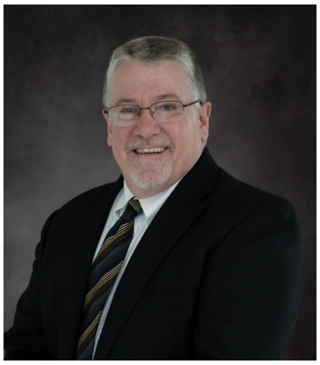
Joshua E. Dortenzo
Vice President
Culture Manager

Denise L. Fife
Vice President
Operations Manager

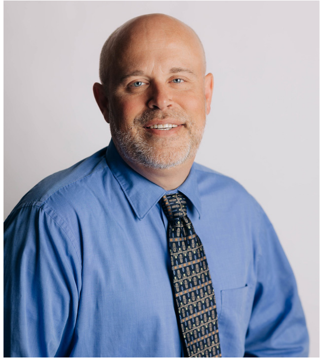


Amber M. Gerholt
Assistant Vice President
Director of Enterprise Risk Management

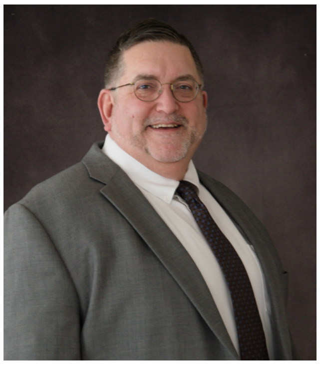
Christopher D. Grace
Vice President
Director of Technology/ISO



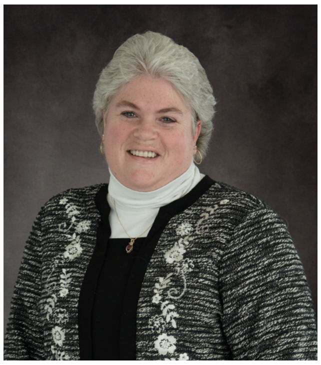
Cloyd M. Honstine
Vice President
Credit Administration Manager



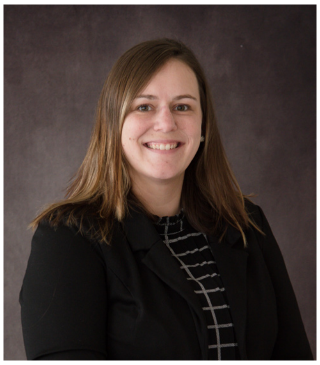
Clay A. McMath
President & CEO
Brown & Walters



Daniel P. Nead
Executive Vice President
Chief Lending Officer

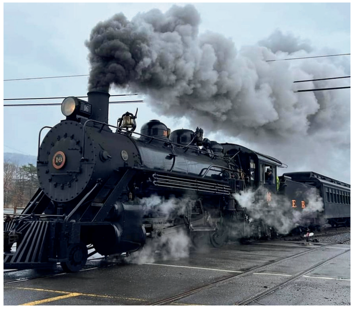


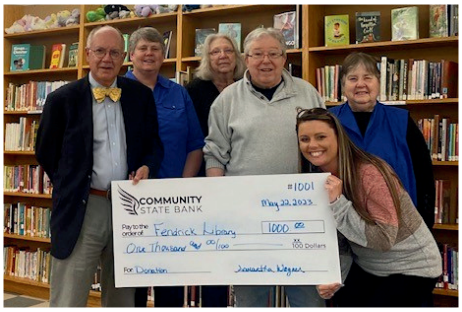
Glenda K. Port
Vice President
Branch Administration Manager

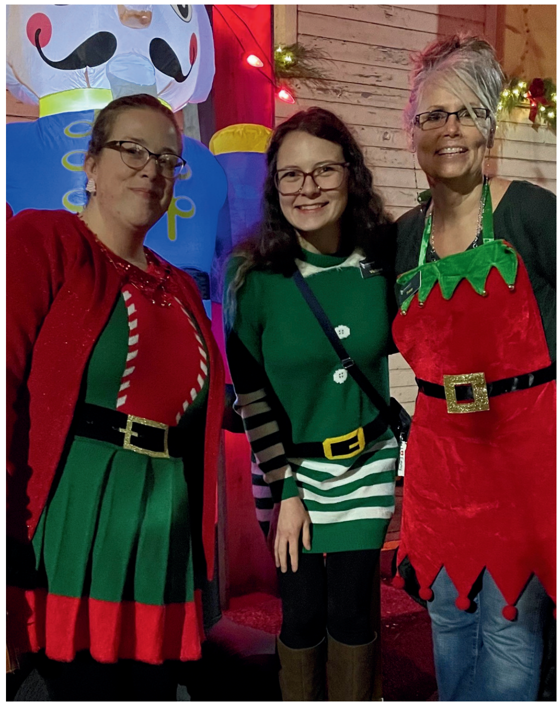


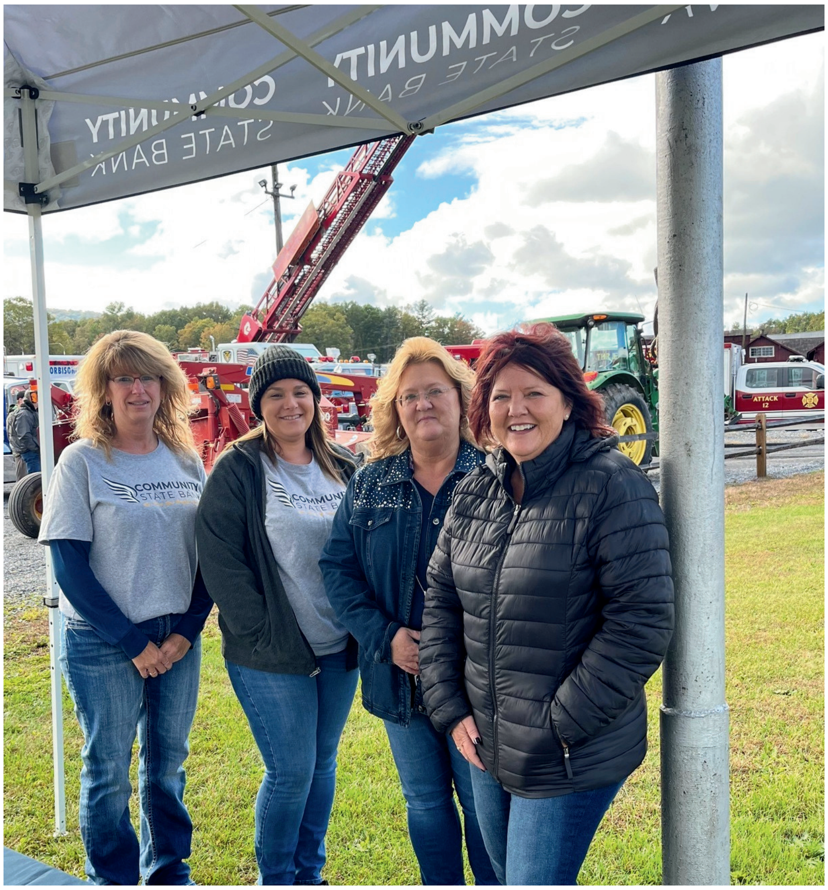
Nicole Wilson, CPA
Executive Vice President
Chief Financial Officer

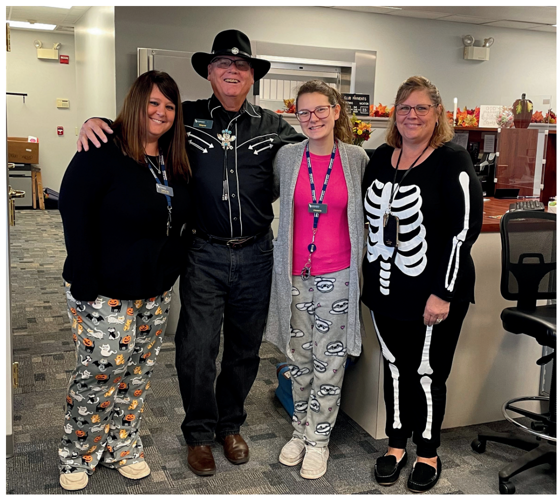
CSB 2023 at a Glance

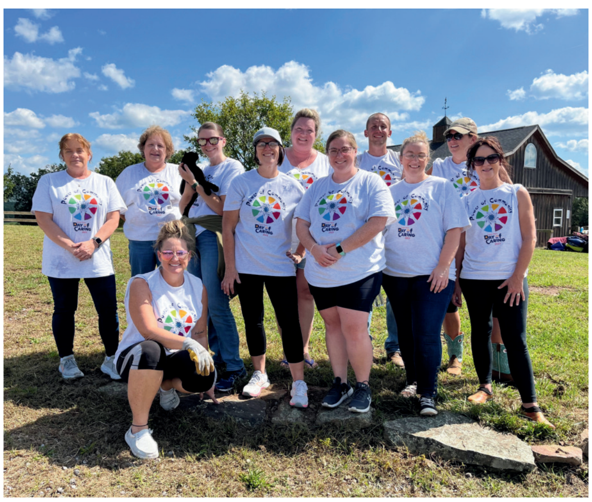


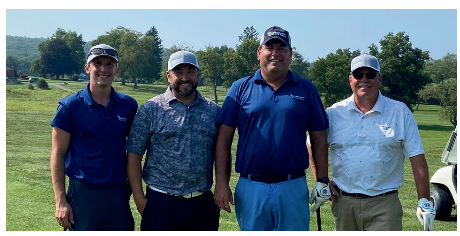


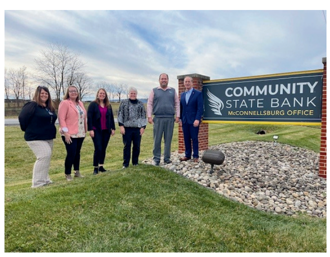


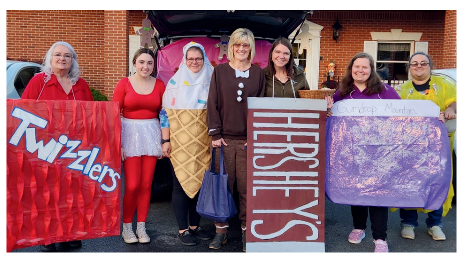




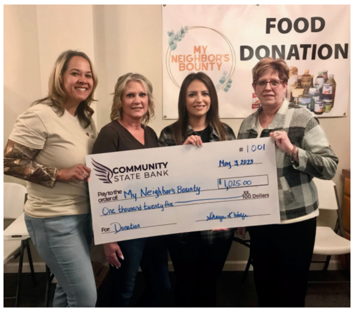


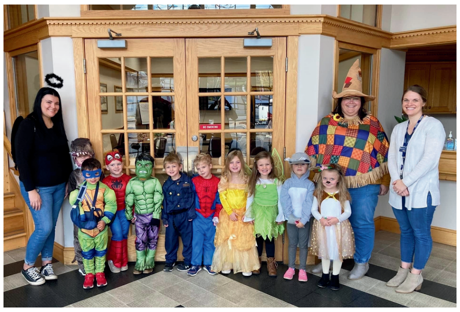


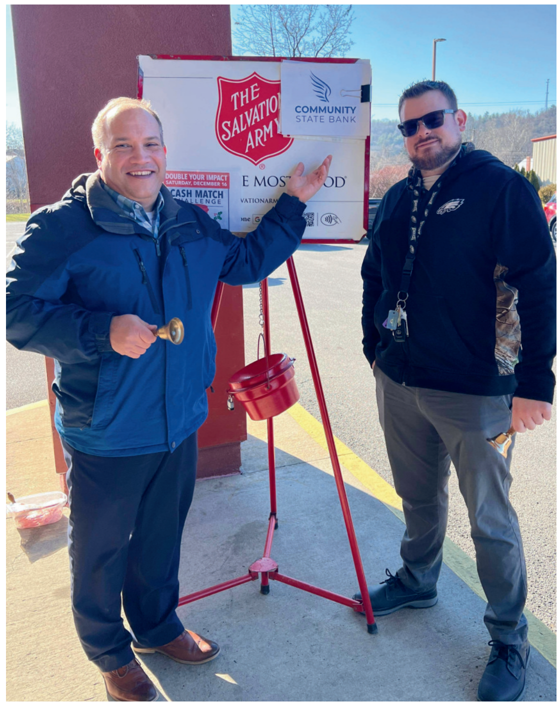


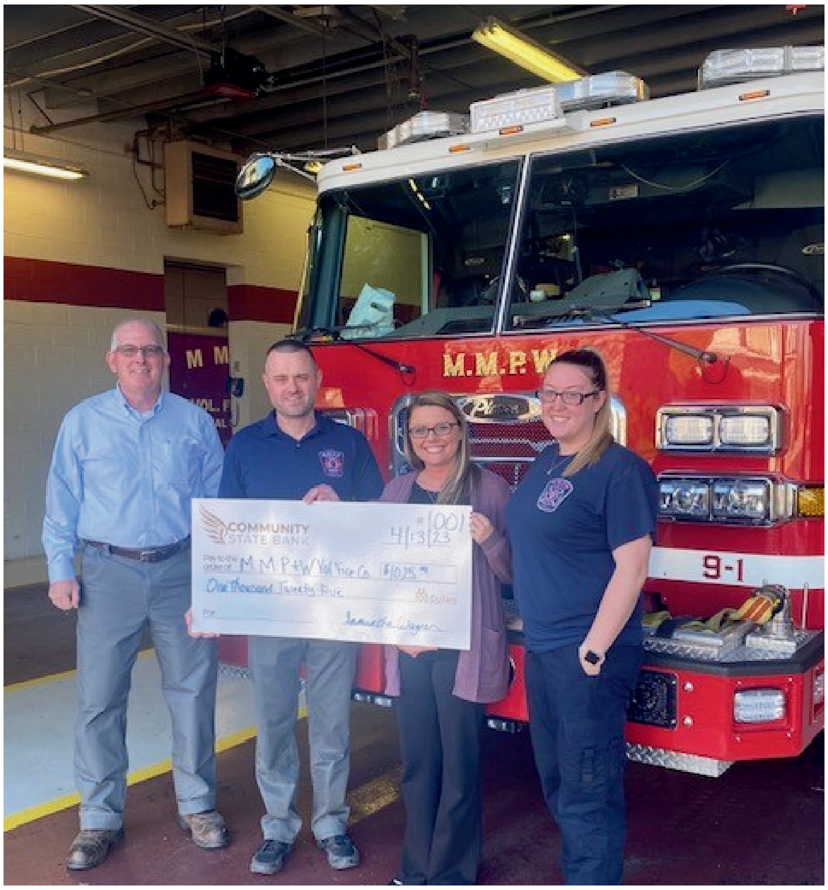


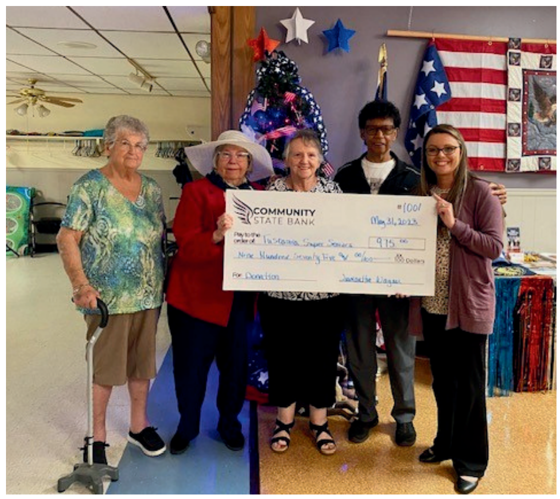
CSB 2023 at a Glance

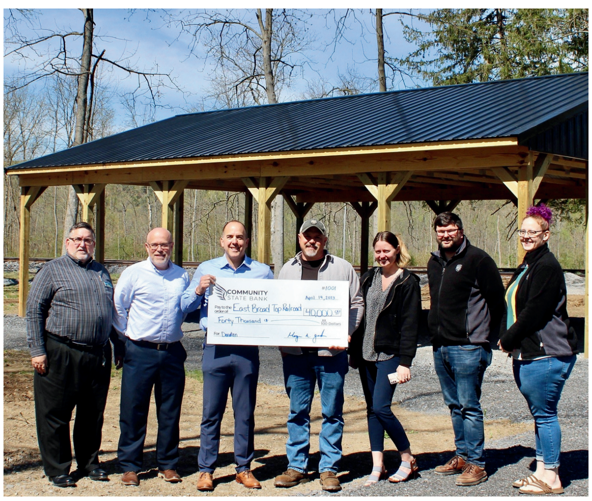


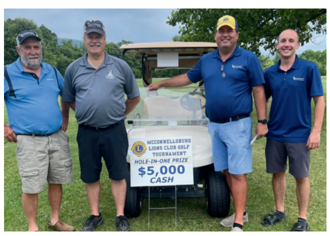


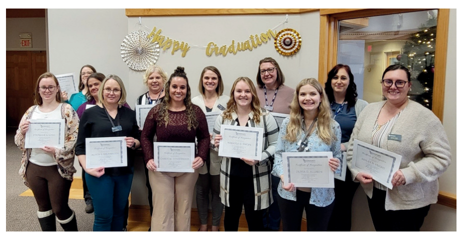


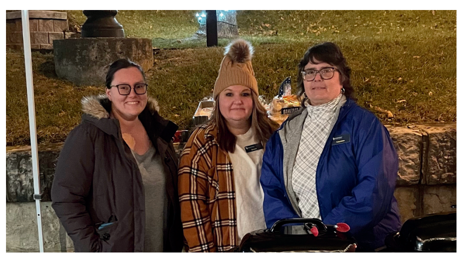












ORBISONIA COMMUNITY BANCORP, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2023

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Orbisonia Community Bancorp, Inc.
Orbisonia, Pennsylvania

Opinion

We have audited the accompanying consolidated financial statements of Orbisonia Community Bancorp, Inc. and subsidiary (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022; the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended; and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Company changed its method of accounting for credit losses effective January 1, 2023, due to the adoption of Accounting Standards Codification (ASC) Topic 326, *Financial Instruments – Credit Losses*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

S. R. Snodgrass, P.C.

Cranberry Township, Pennsylvania
March 4, 2024

ORBISONIA COMMUNITY BANCORP, INC.
Consolidated Balance Sheets
December 31, 2023 and 2022

	December 31, 2023	December 31, 2022
ASSETS		
Cash and due from banks	$ 7,272,576	$ 10,054,885
Interest-bearing deposits in other banks	1,040,358	844,640
Federal funds sold	2,755,000	-
Total cash and cash equivalents	11,067,934	10,899,525
Equity securities	473,324	580,320
Investment securities available for sale	73,240,925	79,855,607
Loans, net of unearned discount and allowance for credit losses ($3,084,459 and $3,781,353 at 2023 and 2022, respectively)	350,653,285	339,412,536
Premises and equipment	5,462,764	5,588,639
Restricted bank stock	1,674,000	1,078,900
Accrued interest receivable	1,210,111	1,151,118
Bank-owned life insurance	9,829,314	9,763,887
Foreclosed assets	213,582	25,000
Goodwill	1,127,949	-
Other intangible assets, net	1,727,228	-
Other assets	4,296,336	4,482,795
TOTAL ASSETS	**$ 460,976,752**	**$ 452,838,327**
LIABILITIES		
Deposits:		
Noninterest-bearing	$ 40,080,841	$ 41,035,804
Interest-bearing	354,402,825	365,196,463
Total deposits	394,483,666	406,232,267
Federal Home Loan Bank borrowings	25,018,333	10,027,500
Other borrowings	1,067,176	-
Accrued interest payable	169,770	56,254
Other liabilities	2,771,203	2,140,582
TOTAL LIABILITIES	**423,510,148**	**418,456,603**
STOCKHOLDERS' EQUITY		
Capital stock, voting common, par value $0.125; 8,000,000 shares authorized and 1,600,000 issued shares, 1,539,061 shares outstanding at 2023 and 2022	200,000	200,000
Additional paid-in-capital	2,031,687	2,051,068
Retained earnings	43,494,538	41,773,768
Accumulated other comprehensive loss	(7,097,771)	(8,486,881)
Less cost of treasury stock (60,939 shares 2023 and 2022)	(1,161,850)	(1,156,231)
TOTAL STOCKHOLDERS' EQUITY	**37,466,604**	**34,381,724**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 460,976,752**	**$ 452,838,327**

ORBISONIA COMMUNITY BANCORP, INC.
Consolidated Statements of Income
Years Ended December 31, 2023 and 2022

	Year Ended December 31, 2023	Year Ended December 31, 2022
INTEREST AND DIVIDEND INCOME		
Interest and fees on loans	$ 18,442,523	$ 15,814,785
Interest and dividends on investment securities	1,754,513	1,617,208
Interest on federal funds sold and other	271,655	59,371
Total interest and dividend income	**20,468,691**	**17,491,364**
INTEREST EXPENSE		
Interest on deposits	3,723,603	1,821,552
Interest on borrowings	1,164,964	36,175
Total interest expense	**4,888,567**	**1,857,727**
Net interest income	**15,580,124**	**15,633,637**
CREDIT LOSS EXPENSE - LOANS	995,000	495,000
Net interest income after provision for credit losses	**14,585,124**	**15,138,637**
OTHER INCOME		
Service charges on deposit accounts	689,204	585,686
Other service charges	384,777	471,509
Insurance commissions	925,587	-
Wealth management services	417,126	307,068
Earnings on bank-owned life insurance	235,452	162,517
Gain (loss) on sales of foreclosed assets	15,064	(30,226)
Gain on sale of equipment	3,510	-
Change in fair value of equity securities	(106,996)	(18,135)
Gain on sale of loans, net	-	7,995
Other income	37,932	29,756
Total other income	**2,601,656**	**1,516,170**
OTHER EXPENSE		
Salaries and wages	6,211,982	5,518,446
Retirement plans and other employee benefits	2,252,257	1,924,681
Occupancy expense	1,180,595	1,092,408
Data processing	1,657,589	1,728,335
Telecommunications expense	527,049	748,061
Pennsylvania shares tax	207,913	294,426
Professional fees	681,440	584,191
Insurance expense	339,185	237,055
Loan expense	266,133	332,356
Intangible amortization expense	238,773	-
Other operating expenses	1,638,754	1,513,041
Total other expense	**15,201,670**	**13,973,000**
Income before income taxes	**1,985,110**	**2,681,807**
APPLICABLE INCOME TAXES	269,536	394,642
Net income	**$ 1,715,574**	**$ 2,287,165**
Earnings per share of common stock:		
Net income	$ 1.11	$ 1.49
Weighted-average shares outstanding	1,538,919	1,537,810

ORBISONIA COMMUNITY BANCORP, INC.
Consolidated Statements of Comprehensive Income (Loss)
Years Ended December 31, 2023 and 2022

	Year Ended December 31, 2023	2022
Net income	$ 1,715,574	$ 2,287,165
Other comprehensive income (loss):		
Unrealized holding gains (losses) on securities available for sale arising during the year	1,758,367	(10,952,538)
Tax effect	(369,257)	2,300,033
Total other comprehensive income (loss)	1,389,110	(8,652,505)
Total comprehensive income (loss)	**$ 3,104,684**	**$ (6,365,340)**

ORBISONIA COMMUNITY BANCORP, INC.
Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2023 and 2022

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
Balance, December 31, 2021	$ 200,000	$ 2,032,631	$ 40,317,314	$ 165,624	$ (1,260,172)	$ 41,455,397
Net income	-	-	2,287,165	-	-	2,287,165
Other comprehensive loss, net of taxes	-	-	-	(8,652,505)	-	(8,652,505)
Sale of treasury stock (7,126 shares)	-	18,437	-	-	134,772	153,209
Purchase of treasury stock (1,434 shares)	-	-	-	-	(30,831)	(30,831)
Cash dividends declared on common stock ($0.54 per share)	-	-	(830,711)	-	-	(830,711)
Balance December 31, 2022	**200,000**	**2,051,068**	**41,773,768**	**(8,486,881)**	**(1,156,231)**	**34,381,724**
Net income	-	-	1,715,574	-	-	1,715,574
Cumulative effect of adoption of ASU 2016-13	-	-	790,000	-	-	790,000
Other comprehensive income, net of taxes	-	-	-	1,389,110	-	1,389,110
Establish deferred equity compensation plan (1,000 shares)	-	(19,381)	-	-	19,381	-
Purchase of treasury stock (1,000 shares)	-	-	-	-	(25,000)	(25,000)
Cash dividends declared on common stock ($0.51 per share)	-	-	(784,804)	-	-	(784,804)
Balance December 31, 2023	**$ 200,000**	**$ 2,031,687**	**$ 43,494,538**	**$ (7,097,771)**	**$ (1,161,850)**	**$ 37,466,604**

ORBISONIA COMMUNITY BANCORP, INC.
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	Year Ended December 31, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,715,574	$ 2,287,165
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,226,337	1,270,674
Provision for credit losses	995,000	495,000
(Gain) loss on sales of foreclosed assets	(15,064)	30,226
Gain on sale of equipment	(3,510)	-
Deferred income taxes	53,132	(83,380)
Change in fair value of equity securities	106,996	18,135
Origination of loans held for sale	-	(334,878)
Proceeds from sales of loans	-	342,873
Gain on sale of loans, net	-	(7,995)
Earnings on bank-owned life insurance	(235,452)	(162,517)
Increase in accrued interest receivable	(58,993)	(137,130)
Increase in accrued interest payable	113,516	10,968
Other, net	251,885	435,336
Net cash provided by operating activities	**4,149,421**	**4,164,477**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities of available-for-sale securities	435,000	450,000
Proceeds from principal paydowns of available-for-sale securities	7,274,249	9,720,976
Purchases of available-for-sale securities	-	(19,868,706)
Proceeds from redemption of restricted bank stock	423,400	18,500
Purchases of restricted bank stock	(1,018,500)	(432,400)
Acquisition, net of cost acquired	(1,985,808)	-
Net increase in loans	(11,500,945)	(30,442,138)
Purchases of bank premises and equipment	(283,857)	(222,621)
Proceeds from sale of other real estate and repossessed assets	83,678	51,774
Proceeds from sale of equipment	3,510	-
Proceeds from bank-owned life insurance payout	170,025	-
Net cash used for investing activities	**(6,399,248)**	**(40,724,615)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in deposits	(11,762,793)	17,581,923
Advances on FHLB borrowings	45,000,000	30,010,400
Repayment of borrowings	(30,009,167)	(20,019,567)
Dividends paid	(784,804)	(830,711)
Purchases of treasury stock	(25,000)	(30,831)
Proceeds from sale of treasury stock	-	153,209
Net cash provided by financing activities	**2,418,236**	**26,864,423**
Net increase (decrease) in cash and cash equivalents	**168,409**	**(9,695,715)**
Cash and cash equivalents, beginning balance	**10,899,525**	**20,595,240**
Cash and cash equivalents, ending balance	**$ 11,067,934**	**$ 10,899,525**

ORBISONIA COMMUNITY BANCORP, INC.
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	Year Ended December 31,			
		2023		2022
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:				
Cash paid during the year for:				
Interest	$	4,775,051	$	1,846,759
Income taxes		355,000		400,000
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:				
Other real estate and repossessed assets acquired in settlement of loans	$	265,196	$	38,500
Liability for future payments in business combination		1,153,144		-

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Orbisonia Community Bancorp, Inc. (the "Corporation")'s primary activity consists of owning and supervising its subsidiary, Community State Bank of Orbisonia (the "Bank"), which is engaged in providing banking and bank-related services in South Central Pennsylvania, principally Huntingdon, Fulton, Franklin, Bedford, and Juniata Counties. Its nine offices are located in Orbisonia, Waterfall, Mount Union, Smithfield, Saxton, Three Springs, McConnellsburg, St Thomas, and Mercersburg, Pennsylvania. During the year ended December 31, 2023, the Bank acquired C. McMath Insurance Agency (the "Insurance Agency"). The Insurance Agency is a wholly-owned subsidiary of the Bank and provides insurance and insurance-related services in South Central Pennsylvania, centralized in Orbisonia, Pennsylvania.

Principles of Consolidation and Basis of Accounting

The consolidated financial statements include the accounts of the Corporation, the Bank, and the Insurance Agency. All significant intercompany transactions and accounts have been eliminated. The Corporation uses the accrual basis of accounting.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, 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 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 relate to the valuation of available for sale investment securities, determination of the allowance for credit losses on loans, the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans, the valuation of deferred tax assets, the valuation of assets purchased in business combinations, and Level III fair value measurements and disclosures. In connection with the determination of the allowance for credit losses on loans and foreclosed real estate, management obtains independent appraisals for significant properties. Additionally, the valuation of deferred tax assets is dependent upon management's judgment regarding the Corporation's ability to generate taxable income in order to fully utilize the assets. The valuation of investments and assets purchased in business combinations is obtained from a third-party valuation firm.

While management uses available information to recognize losses on loans and foreclosed real estate, 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 Corporation's allowance for credit losses on loans and foreclosed real estate. Such agencies may require the Corporation 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.

Cash and Cash Equivalents

For purposes of the Consolidated Statements of Cash Flows, cash and cash equivalents include those amounts included in the Consolidated Balance Sheet captions "cash and due from banks," "interest-bearing deposits in other banks," and "federal funds sold," which all have original maturities of 90 days or less. The Corporation has elected to present the net increase or decrease in loans and deposits in the Consolidated Statements of Cash Flows. There are no significant cash restrictions other than the amount noted in the following Correspondent Bank Accounts disclosure.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Correspondent Bank Accounts

The Corporation is required to maintain certain minimum cash balances for electronic funds transfer transactions. The required cash balance was $554,000 at December 31, 2023 and 2022, respectively. The Corporation maintains balances with its correspondent banks that may exceed federally insured limits, which management considers to be a normal business risk.

Equity Securities

Equity securities are held at fair value. The change in the unrealized gains and losses for equity securities is reported in other income in the Consolidated Statements of Income. Dividends on equity securities are recognized as income when earned.

Investment Securities and Allowance for Credit Losses

The Corporation's investments in securities are classified in three specific categories and accounted for as follows:

Trading Securities: Securities held principally for resale in the near term are classified as trading securities and recorded at their fair values. Unrealized gains and losses on trading securities are included in other income.

Securities to be Held to Maturity: Bonds and notes for which the Corporation has the positive intent and ability to hold to maturity are reported at cost, adjusted for amortization of premiums and accretion of discounts, which are recognized in interest income using the interest method over the period to maturity.

Securities Available for Sale: Securities available for sale consist of bonds and notes not classified as trading securities nor as securities to be held to maturity. Securities available for sale are carried at fair value. These are securities that management intends to use as part of its asset and liability management strategy and may be sold in response to changes in interest rates, resultant prepayment risk, changes in the maturity mix of the Corporation's assets and liabilities, liquidity needs, regulatory capital considerations, and other similar factors. Unrealized holding gains and losses, net of tax, on debt securities available for sale are reported at a net amount in a separate component ("accumulated other comprehensive income") of stockholders' equity until realized. Realized gains and losses on sales of securities are based on net proceeds and the adjusted book value of the securities sold using the specific identification method. Purchase discounts are amortized to earnings by the interest method from the purchase date to maturity date. Purchase premiums are amortized to earnings by the interest method from the purchase date to call date.

Management determines the appropriate classification of securities at the time of purchase and re-evaluates such designation as of each balance sheet date. The Corporation has no investment securities classified as "held to maturity" or "trading securities" at December 31, 2023 and 2022.

Interest on securities are recognized as income when earned.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Securities and Allowance for Credit Losses (Continued)

The Corporation measures expected credit losses on available for sale debt securities when the Corporation does not intend to sell, or when it is not more likely than not that it will be required to sell, the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For available for sale debt securities that do not meet the aforementioned criteria, the Corporation evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, the Corporation considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this evaluation indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, equal to the amount that the fair value is less than the amortized cost basis. Economic forecast data is utilized to calculate the present value of expected cash flows. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

The allowance for credit losses on available for sale debt securities is included within Investment securities available for sale on the Consolidated Balance Sheets. Changes in the allowance for credit losses are recorded within Provision for credit losses on the Consolidated Statements of Income. Losses are charged against the allowance when the Corporation believes the collectability of an available for sale security is in jeopardy or when either of the criteria regarding intent or requirement to sell is met. As of December 31, 2023, the Corporation has not identified any security with a decline in fair value resulting from credit losses or related factors and therefore has not recorded an allowance for credit losses for available for sale debt securities.

Accrued interest receivable on available for sale debt securities totaled $420,274 at December 31, 2023 and is included within Accrued Interest Receivable on the Consolidated Balance Sheets. This amount is excluded from the estimate of expected credit losses. Available for sale debt securities are typically classified as nonaccrual when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about the further collectability of principal or interest. When available for sale debt securities are placed on nonaccrual status, unpaid interest credited to income is reversed. As of December 31, 2023, the Corporation has not identified any security with a decline in fair value resulting from credit losses or related factors and therefore has no available for sale debt securities that have been placed on nonaccrual status.

Credit Losses on Investment Securities – Prior to adopting ASU 2016-13

The Corporation adopted ASU No. 2016-13 effective January 1, 2023. Financial statement amounts related to Investment Securities recorded as of December 31, 2022 and for the periods ending December 31, 2022 are presented in accordance with the accounting policies described in the following sections. The following sections were carried forward from the financial statements for the year ended December 31, 2022.

Other-than-temporary impairment (OTTI) loss is recognized in earnings through the income statement in the period in which OTTI loss is taken, except for the non-credit component of OTTI losses on debt securities, which are recognized in other comprehensive income.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans

Loans are stated at the amount of unpaid principal, reduced by net deferred loan origination fees, an unearned discount, and an allowance for credit losses. Unearned discount on installment loans is recognized as income over the terms of the loans by the interest method. Interest on other loans is calculated by using the simple interest method on daily balances of the principal amount outstanding. Interest income is accrued on the unpaid principal balance. Accrued interest receivable totaled $789,837 at December 31, 2023 and was reported in Accrued Interest Receivable on the Consolidated Balance Sheets and is excluded from the estimate of credit losses. Loan origination fees are being deferred and amortized as an adjustment of the related loan's yield. The Corporation is amortizing these amounts over the contractual life of the related loans.

The Corporation segregates its loan portfolio into loan segments with varying risk characteristics, comparable to the categorization of loans for the quarterly Call Report. The homogenous loan pools are further summarized into the following portfolio segments: Commercial, Residential Mortgage, HELOC/Jr. Lines/Lines of Credit, and Installment Individuals. The makeup of these segments is described below:

Commercial: 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 construction and land development loans consist of one-to-four 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.

Also included in commercial loans are farm and agricultural loans to local family-owned farmers for the operation of farm activities, including raising and selling cattle or milk produced and raising and selling crops. The risks to repayment of farm loans include unfavorable weather conditions that can affect the production of crops for sale or feed, milk production, and mortality rates of cattle that can be affected if cattle become ill, and milk prices paid, which can vary, depending on market prices and government subsidies. Collateral for these types of loans typically consists of real estate of farms, but can also include equipment or cattle.

At December 31, 2023 and 2022, respectively, there was $24,792,331 and $22,223,371 in commercial loans not secured by real estate and $70,695,046 and $61,851,497 in commercial loans secured by real estate.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans (Continued)

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.

Residential Mortgage: Residential real estate loans include adjustable and fixed-rate first lien mortgage loans, with the underlying one-to-four family owner-occupied residential property securing the loan. Risk exposure is mitigated somewhat through the evaluation of the credit worthiness of the borrower, including debt-to-income ratios, and limits on the loan-to-value ratios. Home equity term loans represent a slightly higher risk than one-to-four family first liens, as these loans can be first or second liens on one-to-four 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 debt-to-income ratios.

HELOC/Jr. Liens/Lines of Credit: Home equity lines of credit represent a slightly higher risk than one-to-four family first liens, as these loans can be first or second liens on one-to-four 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 debt-to-income ratios.

Installment/Individuals: Installment and other consumer loans' credit risk are mitigated through evaluation of the credit worthiness of the borrower through 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 one-to-four family residential loans.

The accrual of interest income on all loan segments (including impaired loans) ceases when principal or interest is past due 90 days or more and collateral is inadequate to cover principal and interest or immediately if, in the opinion of management after considering economic and business conditions and collection efforts, the borrower's financial condition is such that collection of all principal and interest is unlikely. A loan may remain on accrual status if it is in the process of collection and is either guaranteed or well secured. Interest accrued but not collected as of the date of placement on nonaccrual status is reversed and charged against current income unless fully collateralized. Subsequent payments received are applied to the outstanding principal balance. Interest income generally is not recognized on specific individually evaluated loans unless the likelihood of further loss is remote. Generally, loans are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time (generally six months), and the ultimate collectability of the total contractual principal and interest is no longer in doubt. The past-due status of all classes of loans receivable is determined based on contractual due dates for loan payments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Credit Losses – Subsequent to Adopting ASU-2016-13

The allowance for credit losses is a valuation reserve established and increased through a provision for credit losses charged to expense and reduced by charge-offs, net of recoveries. Loans are charged-off against the allowance for credit losses when management believes that the collectability of the principal is unlikely. Subsequent recoveries, if any, are credited to the allowance, but do not exceed the aggregate of amounts previously charged-off. The Corporation has elected to exclude accrued interest receivable from the measurement of its allowance for credit losses. The allowance for credit losses is an amount that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible based on management's evaluation of the collectability of loans in light of historical loss experience, current conditions in the economy and loan portfolio, and forecasts of future economic conditions. This evaluation is inherently subjective and may have significant changes from period to period.

The methodology for determining the allowance for credit losses is calculated quarterly based on two main components: evaluation of expected credit losses for certain groups of homogenous loans that share similar risk characteristics and individual evaluation of loans that do not share risk characteristics with other loans.

Historical credit loss experience is the basis for the estimation of expected credit losses. Historical loss rates are applied over the remaining lifetime of each loan pool. After consideration of the historic loss calculation, management applies qualitative adjustments to reflect the current conditions and reasonable and supportable forecasts of broader economic data like unemployment, changes in housing prices, and gross domestic product, not already reflected in the historical loss information at the balance sheet date. The qualitative adjustments for current conditions are based upon the bank's underwriting standards, changes in lending policies and practices, experience and ability of lending staff, quality of the bank's loan review system, level of delinquent, nonaccrual, and problem loans, growth in loans, the existence of and changes in concentrations, and other external factors. These modified historical loss rates are multiplied by the outstanding principal balance of each loan to calculate a required reserve.

Individual loans are selected to be evaluated for impairment once a specific loan is identified as no longer sharing similar characteristics with other pooled loans. Loans internally graded as substandard or doubtful or loans that are on nonaccrual are individually evaluated for possible designation as impaired when the balance of the loan exceeds $25,000. Specific reserves are established based on the following three acceptable methods for measuring the allowance for credit losses: 1) the present value of expected future cash flows discounted at the loan's original effective interest rate; 2) the loan's observable market price; or 3) the fair value of the collateral when the loan is collateral dependent. Collateral values for collateral dependent loans are discounted to consider disposition costs when appropriate. A specific reserve is established or a charge-off is taken if the fair value of the loan is less than the loan balance. The Corporation has elected to exclude accrued interest receivable from the measurement of the specific reserve. When a loan is placed on nonaccrual status, any outstanding accrued interest is generally reversed against interest income.

Allowance for Loan Losses – Prior to adopting ASU 2016-13

The allowance for loan losses is increased through a provision for loan losses charged to expense and reduced by charge-offs, net of recoveries. Loans are charged-off against the allowance for loan losses when management believes that the collectability of the principal is unlikely. Subsequent recoveries, if any, are credited to the allowance. The allowance for loan losses is an amount that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible based on management's evaluation of the collectability of loans in light of historical loss experience, the nature and volume of the loan portfolio, overall loan portfolio quality, review of specific problem loans, loan delinquencies, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective, as it requires estimates that are

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses – Prior to adopting ASU 2016-13 (Continued)

susceptible to significant revision as more information becomes available. Loan delinquencies for all loan segments are determined based on contractual terms of the loan.

The provision for loan and lease losses and the appropriate level of the allowance for loan and lease losses is determined in accordance with generally accepted accounting principles quarterly. Individual loans are selected to be evaluated for impairment based on an internal credit rating system and the delinquency status of the loan. Loans internally graded as substandard or doubtful or loans that become delinquent more than 90 days are individually evaluated for possible designation as impaired.

Loans that are internally classified as substandard may demonstrate some of the following characteristics: earnings may not cover debt service and overhead; lacks ability to borrow additional funds; low quality value of assets; debt capacity is strained; no access to other financing; or delinquencies in repayment history exist.

Loans that are internally classified as doubtful have all the weaknesses inherent in a loan classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. The possibility of loss is extremely high, but because of certain important and reasonable specific pending factors that may work to the advantage of strengthening of the assets, its classification as an estimated loss is deferred until its more exact status may be determined.

Loans that are deemed to not be impaired based on the Bank's impairment evaluation are grouped by portfolio segments. The following portfolio segments of loans are utilized by the Bank:

- Commercial and industrial loans
- Construction/land development
- Farm loans
- Commercial real estate
- Consumer retail loans
- Loans secured by 1-4 family real estate
- Obligations of political subdivisions

The Bank utilizes a 24-month rolling average historical loss ratio when determining the estimated allowance amount for loans evaluated collectively. The Bank also takes into account various qualitative or environmental factors that are likely to cause estimated credit losses to differ from historical loss experiences. These factors include:

- Changes in loan portfolio volume and nature
- Level/changes of past-due and non-accrual loans
- Changes in loan review/oversight
- Impacts and effects of loan concentrations
- Market changes to collateral values
- Experience and depth of lending officers
- Impact of competition and legal conditions
- National and local economic conditions
- Changes in lending policies and underwriting policies

An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance for loan losses reflects the margin of

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses – Prior to adopting ASU 2016-13 (Continued)

imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

A loan is considered a troubled debt restructuring (TDR) if the terms of a loan, such as the interest rate or repayment schedule, or both, are modified due to the financial difficulties of the borrower, to terms that the Corporation would not grant to a non-troubled borrower.

Loans of a commercial nature and loans determined to be troubled debt restructurings (TDR's) are subject to impairment evaluation by management. Loans classified as doubtful or loss and TDR's are considered impaired. Loans with a book balance exceeding $25,000 that are classified as substandard, doubtful, or loss and loans with a book balance exceeding $25,000 that are placed on nonaccrual status are evaluated for possible impairment. A loan is considered impaired when, based on current information and events, it is probable that scheduled collections of principal and interest will not be made according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired.

Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the Corporation's effective interest rate, the loan's obtainable market price, or the fair value of the underlying collateral. Interest income on such loans is recognized only to the extent of interest payments received. Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Corporation does not separately identify individual consumer and residential loans for impairment disclosures, unless such loans are the subject of a restructuring agreement. Subsequent payments received either are applied to the outstanding principal balance or recorded as interest income, depending on management's assessment of the ultimate collectability of principal.

Foreclosed Assets

Real estate properties acquired through, or in lieu of, loan foreclosure are to be sold and are initially recorded at fair value based on an independent appraisal, less estimated cost to sell, which becomes the property's new basis. Any write-downs based on the asset's fair value at foreclosure are charged to the allowance for credit losses. If an increase in basis results, it is classified as non-interest income unless there has been a prior charge-off, in which case a recovery to the allowance for credit losses is recorded. Improvements to the property are added to the basis of the assets. Costs incurred in obtaining and maintaining foreclosed properties and subsequent fair value adjustments to the carrying amount of the property are classified as other operating expenses. Gains and losses from the sale of foreclosed real estate properties are recorded as a separate component of other income on the Consolidated Statements of Income. As of December 31, 2023 and 2022, there were $213,582 and $25,000 in residential real estate properties and no commercial real estate properties in foreclosed assets, respectively. The outstanding balance of residential real estate loans in process of foreclosure at December 31, 2023 and 2022 was $457,892 and $1,122,653, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill and Other Intangible Assets

Goodwill is calculated as the purchase premium, if any, after adjusting for the fair value of net assets acquired in purchase transactions. Goodwill is not amortized, but is reviewed for potential impairment on at least an annual basis, with testing between annual tests if an event occurs or circumstances change that could potentially reduce the fair value of a reporting unit. Other intangible assets represent purchased assets that can be distinguished from goodwill because of contractual or other legal rights. The Corporation's other intangible assets have finite lives and are amortized on either an accelerated amortization method or straight-line basis over their estimated lives, generally 5 years for noncompete agreements and 10 years for customer list intangibles.

Premises and Equipment

Bank and insurance agency building, equipment, furniture and fixtures are carried at cost less accumulated depreciation. Expenditures for replacements are capitalized and any replaced items are retired. Depreciation is computed based on both straight-line and accelerated methods over the estimated useful lives of the related assets as follows:

	Years
Bank building	25 - 40
Premises and equipment	3 - 10
Land improvements	15 - 20

The cost of computer software is amortized over a three- to five-year period.

Repairs and maintenance are charged to operations as incurred. Interest costs incurred during construction of bank premises are capitalized unless they are determined to be insignificant.

Restricted 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, 2023 and 2022, 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.

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.

The determination of whether the par value will ultimately be recovered is influenced by criteria such as the following: (a) the significance of the decline in net assets of the restricted stock as compared with the capital stock amount and the length of time this situation has persisted, (b) commitments by the FHLB and ACBB to make payments required by law or regulation and the level of such payments in relation to the operating performance, (c) the impact of legislative and regulatory changes on the customer base of the FHLB and ACBB, and (d) the liquidity position of the FHLB and ACBB. There was no impairment of the FHLB and ACBB stock as of December 31, 2023 or 2022.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bank-Owned Life Insurance

The Corporation owns split-dollar life insurance on the lives of a certain group of key employees. The policies were purchased to help offset the increase in the costs of benefit plans. The cash surrender value of these policies is included as an asset on the Consolidated Balance Sheets, and any increases in the cash surrender value are recorded as earnings on bank-owned life insurance on the Consolidated Statements of Income. In the event of the death of an insured individual under these policies, the Corporation and employee's beneficiary may receive a death benefit.

Endorsement Split-Dollar Life Insurance Arrangements

The Corporation recognizes a liability and related compensation cost for an endorsed split-dollar life insurance arrangement that provides a benefit to specific retired employees. The amount recognized as a liability represents the present value of the post-retirement cost for the endorsement split-dollar life insurance policies. See Note 10 for additional information.

Earnings per Share

Earnings per common share were computed based upon weighted-average shares of common stock outstanding of 1,538,919 and 1,537,810 for 2023 and 2022, respectively. The Corporation does have 1,000 shares restricted for a stock award plan, but no other outstanding stock options, convertible securities, or other stock grants or awards, which could cause potential dilution to basic earnings per share. Since the shares restricted are minimal, the Corporation did not consider them as a dilution to the basic earnings per share.

Treasury Stock

The purchase of the Corporation's treasury stock is recorded at cost. Shares are re-issued from treasury based on the weighted-average cost method.

Federal Income Taxes

As a result of certain timing differences between financial statement and federal income tax reporting, including depreciation, loan losses, and nonaccrual loan interest, deferred income taxes are provided in the financial statements. Deferred tax assets and liabilities are included in the financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. See Note 12 for further details.

Advertising

The Corporation expenses advertising costs as they are incurred. Advertising expense was $115,884 and $71,276 for the years ended December 31, 2023 and 2022, respectively, which is included in other operating expenses on the Consolidated Statements of Income.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Corporation evaluates its contracts at inception to determine if an arrangement is a lease or contains one. As of December 31, 2023, the Corporation had four operating leases where the Corporation was the lessee and one operation lease where the Corporation was the lessor. The Company's operating and financing leases relate primarily to bank branches and equipment.

Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term, and lease liabilities represent an obligation to make lease payments arising from the lease. Operating and finance lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. If the Corporation's leases do not provide an implicit rate, the Corporation's incremental borrowing rate is used, which approximates its fully collateralized borrowing rate, based on the information available at commencement date in determining the present value of lease payments. The incremental borrowing rate is reevaluated upon lease modification. The operating and finance lease ROU asset also includes any initial direct costs and prepaid lease payments made less any lease incentives. In calculating the present value of lease payments, the Corporation may include options to extend the lease when it is reasonably certain that it will exercise that option. As of December 31, 2023, no operating or finance lease ROU assets or liabilities are included in the consolidated balance sheet because the calculated assets and liabilities were insignificant to the consolidated balance sheet. See Note 13 for further details.

Comprehensive Income (Loss)

Comprehensive income (loss) is defined as the change in equity from transactions and other events from nonowner sources. It includes all changes in equity except those resulting from investments by stockholders and distributions to shareholders. Comprehensive income includes net income and certain elements of "other comprehensive income (loss)" such as foreign currency transactions, accounting for futures contracts, employer's accounting for pensions, and accounting for certain investments in debt securities.

There were no reclassifications out of accumulated comprehensive income (loss) for the years ended December 31, 2023 or 2022.

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

	Net Unrealized Gains (Losses) on Securities	
	2023	**2022**
Accumulated other comprehensive income (loss), beginning of year	$ (8,486,881)	$ 165,624
Unrealized holding gains (losses) on securities available for sale arising during the year	1,758,367	(10,952,538)
Tax effect	(369,257)	2,300,033
Net other comprehensive income (loss)	1,389,110	(8,652,505)
Accumulated other comprehensive loss, end of year	$ (7,097,771)	$ (8,486,881)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Pronouncements Adopted in 2023

In June 2016, the FASB issued ASU No. 2016-13, "*Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*" and subsequent related updates. This ASU replaces the incurred loss methodology for recognizing credit losses and requires businesses and other organizations to measure the current expected credit losses (CECL) on financial assets measured at amortized cost, including loans and held-to-maturity securities, off-balance sheet credit exposures such as unfunded commitments, and other financial instruments. In addition, ASC 326 requires credit losses on available for sale debt securities to be presented as an allowance rather than as a write-down when management does not intend to sell or believes that it is not more likely than not they will be required to sell. This guidance became effective on January 1, 2023 for the Bank. The results reported for periods beginning after January 1, 2023 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable accounting standards.

The Bank adopted this guidance, and subsequent related updates, using the modified retrospective approach for all financial assets measured at amortized cost, including loans and held-to-maturity debt securities, available for sale debt securities and unfunded commitments. On January 1, 2023, the Bank recorded a cumulative effect increase to retained earnings of $1,000,000, net of a $210,000 tax effect, related to loans. The following table illustrates the impact of the adoption of CECL, and the transition away from the incurred loss method on January 1, 2023, at the loan segment level.

	Commercial	Residential Mortgage	HELOC/Jr. Liens/Lines of Credit	Installment/ Individuals	Unallocated	Total
Reserves under Incurred Loss Model	$ 847,105	$ 2,319,119	$ 183,608	$ 345,196	$ 86,325	$ 3,781,353
Reserves under CECL Model	650,463	1,752,686	65,350	312,854	-	2,781,353
Impact of CECL Adoption	$ (196,642)	$ (566,433)	$ (118,258)	$ (32,342)	$ (86,325)	$ (1,000,000)

The Bank adopted the provisions of ASC 326 related to presenting other-than-temporary impairment on available for sale debt securities prior to January 1, 2023 using the prospective transition approach, though no such charges had been recorded on the securities held by the Bank as of the date of adoption.

NOTE 2 REVENUE RECOGNITION

The sources of revenue for the Bank are interest income from loans, income from investments, and non-interest income. Non-interest income is generally earned from various banking and financial services that the Bank offers, from changes in the value of investments and from the sale of assets. Revenue is recognized as earned based on contractual terms, as transactions occur, or as services are provided. Most revenues of the Bank are accounted for under other accounting guidance and are outside of the scope of ASC 606, including most revenues associated with financial instruments. All revenues determined to be in the scope of ASC 606 are presented within noninterest income within the Consolidated Statements of Income and are recognized as performance obligations to the customer are met. The Corporation evaluated the nature of its contracts with customers and determined that further disaggregation of revenue from contracts with customers into more granular categories beyond what is presented in the Consolidated Statements of Income was not necessary. Following is further detail of the various types of revenue the Bank earns and when it is recognized.

Interest Income: 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.

NOTE 2 REVENUE RECOGNITION (CONTINUED)

Service Charges on Deposit Accounts: Service charges are generated from customer deposit accounts for overdraft and account maintenance services. Overdraft fees are recognized when the overdraft occurs. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Bank satisfies the performance obligation. In each case, these service charges and fees are recognized in income at the time or within the same period that the Bank's performance obligation is satisfied.

Insurance Commissions: Insurance commission are earned from customers based on transaction-based sales of insurance policies. In some instances, the Corporation receives commissions from third-party insurance carriers on a monthly basis. In other instances, the Corporation receives insurance commissions upon completion of a sales transaction. Included in insurance commissions for the year ending December 31, 2023 is $13,891 in insurance commissions earned by the Agency on from the sale of insurance to the Bank.

Other Service Charges: Other service charges are earned from customers based on transaction-based services. Such services include sales of customer checkbooks, electronic banking fees, merchant service fees, and loan settlement and collection services. In each case, these service charges and fees are recognized in income at the time or within the same period that the Bank's performance obligation is satisfied.

Wealth Management Services: Revenue is primarily comprised of fees earned from investment brokerage services provided to its customers by a third-party service provider. The Bank receives commissions from the third-party service provider on a monthly basis based on customer activity for the months that are transaction-based.

Earnings on Bank-Owned Life Insurance: Revenues are generated from life insurance policies by increases in cash surrender values as premiums are paid and by the redemption and payout of the policies. These revenues are recognized at the time of carriers reporting cash surrender values to the Bank and at the time proceeds are received. These revenues are outside the scope of ASC 606.

Realized Gains of Losses on Sales of Assets: Realized gains or losses on the sale of assets represent proceeds received in excess of carrying value for assets sold. These gains are recognized at a point in time once control of the assets have transferred to the buyers and collectability of the transaction price is reasonably assured.

Change in Fair Value of Equity Securities: Unrealized gains presented in other income represent changes in market value of equity investment securities that are available for sale. These gains (losses) are recognized at the time the investments are marked to market (generally daily) or upon being realized, as applicable. These revenues are outside the scope of ASC 606.

Other Income: Other income represents safe deposit box income and other fees charged to customers. Income is recognized either annually or transaction-based, as the performance obligation is satisfied.

NOTE 3 INVESTMENT SECURITIES

At December 31, 2023 and 2022, the investment securities portfolio was comprised of securities classified as "available for sale", in accordance with generally accepted accounting principles, resulting in investment securities available for sale being carried at fair value.

The amortized cost, gross unrealized gains and losses, allowance for credit losses, and fair values of investment securities available for sale at December 31, 2023 and 2022, were:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
			2023		
U.S. agency securities	$ 2,651,570	$ -	$ (223,031)	$ -	$ 2,428,539
State and municipal securities	36,098,910	18,170	(3,772,350)	-	32,344,730
Mortgage-backed securities	43,474,965	-	(5,007,309)	-	38,467,656
	$ 82,225,445	$ 18,170	$ (9,002,690)	$ -	$ 73,240,925

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
			2022	
U.S. agency securities	$ 2,825,399	$ -	$ (262,443)	$ 2,562,956
State and municipal securities	36,844,459	8,104	(5,056,864)	31,795,699
Mortgage-backed securities	50,928,636	-	(5,431,684)	45,496,952
	$ 90,598,494	$ 8,104	$ (10,750,991)	$ 79,855,607

As of December 31, 2023, no allowance for credit losses was required for any investment security. Unrealized losses in the investment portfolio have not been recognized into income because the issuer(s) bonds are of high quality, management does not intend to sell and it is likely that management will not be required to sell the securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in interest rates and other market conditions. The issuer(s) continue to make timely principal and interest payments on the bonds. The fair value is expected to recover as the bonds approach maturity.

The amortized cost and fair values of investment securities available for sale at December 31, 2023, by contractual maturity, are shown in the following table. Contractual maturities will differ from expected maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Mortgage-backed securities were not included as the contractual maturity is generally irrelevant due to the borrowers' right to prepay without pre-payment penalty, which results in significant pre-payments.

	Amortized Cost	Fair Value
Due in one year or less	$ -	$ -
Due after one year through five years	4,731,434	4,347,799
Due after five years through ten years	8,643,816	7,698,064
Due after ten years	25,375,230	22,727,406
Mortgage-backed securities	43,474,965	38,467,656
Total	$ 82,225,445	$ 73,240,925

There were no securities sold during the years ended December 31, 2023 or 2022.

The Corporation's investments are exposed to various risks, such as interest rate, market, currency, and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment assets reported in the financial statements.

NOTE 3 INVESTMENT SECURITIES (CONTINUED)

The following table shows the Corporation's gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous loss position, at December 31, 2023 and 2022, respectively:

	12 Months or Less		More than 12 Months		Total	
Description	**Fair Value**	**Unrealized Loss**	**Fair Value**	**Unrealized Loss**	**Fair Value**	**Unrealized Loss**
			2023			
U.S. agency securities	$ -	$ -	$ 2,428,539	$ 223,031	$ 2,428,539	$ 223,031
State and municipal securities	-	-	31,500,157	3,772,350	31,500,157	3,772,350
Mortgage-backed securities	-	-	38,467,656	5,007,309	38,467,656	5,007,309
Total	$ -	$ -	$ $ 72,396,352	$ 9,002,690	$ 72,396,352	$ 9,002,690
			2022			
U.S. agency securities	$ 1,539,085	$ 138,414	$ 1,023,871	$ 124,029	$ 2,562,956	$ 262,443
State and municipal securities	21,716,497	3,074,590	9,757,877	1,982,274	31,474,374	5,056,864
Mortgage-backed securities	20,210,073	1,645,563	25,286,879	3,786,121	45,496,952	5,431,684
Total	$ 43,465,655	$ 4,858,567	$ $ 36,068,627	$ 5,892,424	$ 79,534,282	$ 10,750,991

At December 31, 2023, five U.S agency security, seventy-three state and municipal security, and ninety-nine mortgage-backed securities had unrealized losses. These securities are considered temporarily impaired. The unrealized losses on these securities have not been recognized into income because the issuers' bonds are of high-credit quality, management has the intent and ability to hold these securities for the foreseeable future, and the decline in fair value is largely due to changes in market interest rates. The Corporation also considers sector-specific credit rating changes in its analysis. The fair value is expected to recover as the securities approach their maturity date or reset date. The Corporation does not intend to sell until recovery and does not believe selling will be required before recovery.

Unrealized losses in the investment portfolio have not been recognized into income because the issuer(s) bonds are of high quality, management does not intend to sell and it is likely that management will not be required to sell the securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in interest rates and other market conditions. The issuer(s) continue to make timely principal and interest payments on the bonds. The fair value is expected to recover as the bonds approach maturity.

Investment securities that are pledged to secure public funds and for other purposes as required or permitted by law are as follows:

December 31,	2023	2022
Amortized cost	$ 30,525,761	$ 25,146,701
Fair value	27,437,202	21,645,416

There were no net gains or losses realized on the sale of equity securities during the years ending December 31, 2023 or 2022. The Consolidated Statements of Income recognized unrealized losses on equity securities of $106,996 and $18,135 during the years ending December 31, 2023 and 2022, respectively.

The Corporation is required to maintain minimum investments in certain stocks, which are recorded at cost since they are not impaired or actively traded, and therefore have no readily determinable market value. Consequently, the Corporation owns the following restricted securities at December 31:

December 31,	2023	2022
Federal Home Loan Bank	$ 1,654,000	$ 1,058,900
Atlantic Community Bankers Bank	20,000	20,000
	$ 1,674,000	$ 1,078,900

NOTE 4 LOANS AND CONCENTRATION OF CREDIT RISK

Loan balances consist of the following at December 31:

	2023	2022
Commercial	$ 95,487,377	$ 84,074,868
Residential mortgage	210,331,164	209,376,314
HELOC/jr. liens/lines of credit	20,130,848	18,730,568
Installment/individuals	27,788,355	31,012,139
Total loans	353,737,744	343,193,889
Less: Allowance for loan losses	(3,084,459)	(3,781,353)
Total loans net of the allowance for credit loss	$ 350,653,285	$ 339,412,536

The loan balances above are net of deferred loan fees and unearned discounts of $479,920 and $461,902 for 2023 and 2022, respectively.

Following is an aging analysis of past-due loans at December 31, 2023 and 2022:

	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater than 90 Days	Total Past Due	Current	Total Gross Loans	Recorded Investment > 90 Days and Accruing
				2023			
Commercial	$ 487,893	$ 39,329	$ 107,869	$ 635,091	$ 94,852,286	$ 95,487,377	$ 39,210
Residential mortgage	1,272,725	364,969	969,755	2,607,449	207,723,715	210,331,164	-
HELOC/jr. liens/lines of credit	41,655	5,201	184,757	231,613	19,899,235	20,130,848	-
Installment/individuals	181,995	31,999	34,318	248,312	27,540,043	27,788,355	-
Total	$ 1,984,268	$ 441,498	$ 1,296,699	$ 3,722,465	$ 350,015,279	$ 353,737,744	$ 39,210
				2022			
Commercial	$ 101,762	$ 47,160	$ 168,270	$ 317,192	$ 83,757,676	$ 84,074,868	$ -
Residential mortgage	994,211	280,570	1,628,701	2,903,482	206,472,832	209,376,314	-
HELOC/jr. liens/lines of credit	65,998	4,178	175,980	246,156	18,484,412	18,730,568	-
Installment/individuals	164,129	34,087	183,775	381,991	30,630,148	31,012,139	-
Total	$ 1,326,100	$ 365,995	$ 2,156,726	$ 3,848,821	$ 339,345,068	$ 343,193,889	$ -

The following is a summary of information pertaining to impaired loans at December 31, 2022:

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
			2022		
With no related allowance recorded:					
Commercial	$ 1,973,608	$ 1,973,608	$ -	$ 2,000,114	$ 112,231
Residential mortgage	47,451	47,451	-	47,114	-
HELOC/jr. liens/lines of credit	11,354	11,354	-	11,354	-
	2,032,413	2,032,413	-	2,058,582	112,231
With an allowance recorded:					
Commercial	174,149	174,149	33,949	179,600	7,828
Residential mortgage	66,757	66,757	13,246	66,757	-
	240,906	240,906	47,195	246,357	7,828
Total:					
Commercial	2,147,757	2,147,757	33,949	2,179,714	130,059
Residential mortgage	114,208	114,208	13,246	113,871	-
HELOC/jr. liens/lines of credit	11,354	11,354	-	11,354	-
Total	$ 2,273,319	$ 2,273,319	$ 47,195	$ 2,304,939	$ 130,059

NOTE 4 LOANS AND CONCENTRATION OF CREDIT RISK (CONTINUED)

The following is a summary of information pertaining to collateral dependent loans at December 31, 2023:

	Commercial	Residential Mortgage	HELOC/Jr. Liens/Lines of Credit	Installment/ Individuals	Total
			As of December 31, 2023		
Real estate	$ 1,091,132	$ 1,408,781	$ 159,977	$ -	$ 2,659,890
Businses assets	-	-	-	-	-
Other	-	-	-	-	-
Total	$ 1,091,132	$ 1,408,781	$ 159,977	$ -	$ 2,659,890

The Corporation, from time to time, will modify a loan agreement to provide temporary relief and, if necessary, longer-term financial relief to loan customers. The Corporation may grant concessions for economic or legal reasons related to the borrower's financial difficulties that may not otherwise be considered. These concessions may be one or a combination of the following: movement of unpaid principal and interest to the end of the loan; deferral of principal payments for a period of time; and/or a reduction of interest rates either permanently or for a specified period of time. When principal forgiveness is provided, the amount of forgiveness is charged-off against the allowance for loan losses.

The Corporation did not modify any loans that to borrowers experiencing financial difficulty in the years ending December 31, 2023 or 2022.

The Corporation did not have any commitments to loan additional funds to borrowers whose loans have been modified.

Upon the Corporation's determination that a modified loan, or a portion of the loan, has subsequently deemed uncollectible, the loan, or portion of the loan, is written off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for loan losses is adjusted by the same amount. As of December 31, 2023, there are no loan modifications in default.

The aggregate amount of loans to officer and directors and the related activity was as follows:

	2023	2022
Beginning balance	$ 977,272	$ 953,843
New loans and advances	292,824	344,828
Removal of directors/officers	(153,781)	(5,500)
Repayments	(272,153)	(315,899)
Total	$ 844,162	$ 977,272

Althrough the Corporation has a diversified loan portfolio, a geographic concentation exists since most loans are provided to customers primarily in Huntingdon, Fulton, Bedford, Mifflin, and Franklin counties, Pennsylvania.

NOTE 5 ALLOWANCE FOR CREDIT LOSSES

A detailed summary of the Corporation's allowance for loan loss policy and methodology can be found in Note 1. See Note 1 for accounting pronouncement adoption in 2023 outlining the changes in management's methodology for evaluating the allowance for credit losses from prior periods.

Since 2010, all commercial loan relationships are risk rated upon inception. Credit quality of loans is monitored on an ongoing basis by reviewing the risk rating of all loan relationships exceeding $500,000 on an annual basis and all loan relationships exceeding $100,000, but less than $500,000, on a semi-annual basis.

NOTE 5 ALLOWANCE FOR CREDIT LOSSES (CONTINUED)

Following is an analysis of the loan loss at December 31, 2023 and 2022:

	Commercial	Residential Mortgage	HELOC/Jr. Liens/Lines of Credit	Installment/ Individuals	Unallocated	Total
			2023			
Allowance for loan losses:						
Beginning balance	$ 847,105	$ 2,319,119	$ 183,608	$ 345,196	$ 86,325	$ 3,781,353
Losses charged to allowance	(15,112)	(186,517)	(15,946)	(560,534)	-	(778,109)
Recoveries credited to allowance	-	14,182	8,947	63,086	-	86,215
Current-year provision	55,696	417,501	30,372	491,431	-	995,000
Impact of adopting ASC 326	(196,642)	(566,433)	(118,258)	(32,342)	(86,325)	(1,000,000)
Ending balance	$ 691,047	$ 1,997,852	$ 88,723	$ 306,837	$ -	$ 3,084,459
			2022			
Allowance for loan losses:						
Beginning balance	$ 966,237	$ 1,894,427	$ 161,185	$ 471,510	$ 45,058	$ 3,538,417
Losses charged to allowance	-	(105,243)	(15,849)	(214,763)	-	(335,855)
Recoveries credited to allowance	-	16,384	6,189	61,218	-	83,791
Current-year provision	(119,132)	513,551	32,083	27,231	41,267	495,000
Ending balance	$ 847,105	$ 2,319,119	$ 183,608	$ 345,196	$ 86,325	$ 3,781,353
Ending balance individually evaluated for impairment	$ 33,949	$ 13,246	$ -	$ -	$ -	$ 47,195
Ending balance collectively evaluated for impairment	$ 813,156	$ 2,305,873	$ 183,608	$ 345,196	$ 86,325	$ 3,734,158
Loans receivable:						
Ending balance	$ 84,074,868	$ 209,376,314	$ 18,730,568	$ 31,012,139		$ 343,193,889
Ending balance individually evaluated for impairment	$ 2,147,757	$ 114,208	$ 11,354	$ -		$ 2,273,319
Ending balance collectively evaluated for impairment	$ 81,927,111	$ 209,262,106	$ 18,719,214	$ 31,012,139		$ 340,920,570

Despite increase in the loan balance and charge-offs in many categories, the reserve for credit losses for each category decreased from December 31, 2022 because of the change in accounting from an incurred loss calculation to expected losses calculation. The expected loss calculation includes an individual evaluation for impairment for all loans with a balance greater than $25,000 that are risk rated substandard, doubtful, or loss or placed on nonaccrual status, resulting in the loans with the highest probability of loss being evaluated individually. Because of this change, the amount of loans individually evaluated for impairment increased $4,917,433 from December 31, 2022 to December 31, 2023, but the required reserve on these loans evaluated increased only $36,256 partially explaining the decrease in the reserve for credit losses.

Despite an increase in the loan balance and charge-offs recognized for installment/individual loans, the reserve for this type of loans decreased in 2022. The decrease was the result of lower charge-offs recognized in the 24-month rolling average lookback period at December 31, 2022 compared to December 31, 2021. In addition, during the year ended December 31, 2022 a credit provision was recorded in the allowance for loan losses for Commercial loans. The credit provision was the result of a decrease in the historical losses included in the 24-month rolling historical loss ratio.

The Corporation's policy is to risk rate all commercial loans. The Corporation also risk rates other commercial loans, residential mortgage, HELOC/Jr. Liens/Lines of Credit, and Installment/Individual loans only if loan conditions are indicative of potential weaknesses in the credit quality. Considerations for weaknesses include current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other things. The Corporation analyzes loans individually on a quarterly basis to classify the loans as to credit risk.

NOTE 5 ALLOWANCE FOR CREDIT LOSSES (CONTINUED)

Loans graded Strong and Satisfactory/Pass are loans with acceptable risk. Other internally assigned grades indicate the following:

Watch: These loans have weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of repayment prospects for the loan or in the Corporation's credit position at some future date. They are exhibiting problem characteristics and downward trends, but the Corporation remains adequately protected.

Substandard: These loans have weaknesses that deserve management's close attention. They are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. They are characterized by the distinct possibility that the Corporation will sustain some loss if the deficiencies are not corrected.

Doubtful: Weaknesses in these loans are so pronounced that the collection or liquidation of principal and interest is highly questionable or improbable. They contain most of the weaknesses of a Substandard loan and the probability of loss is great.

Loss: These loans are considered uncollectible and are charged off. Some recovery may be possible, but the extent of recovery and time frame involved are uncertain at best.

Following is the credit risk profile by internally assigned grade as of December 31, 2023 and 2022:

	Commercial	Residential Mortgage	HELOC/Jr. Liens/Lines of Credit	Installment/ Individuals	Total
			As of December 31, 2023		
Not rated	$ 1,698,495	$ 63,077,101	$ 6,030,408	$ 1,798,909	$ 72,604,913
Strong	-	-	-	15,722	15,722
Satisfactory/pass	51,962,312	141,558,690	13,512,188	25,742,977	232,776,167
Watch	37,134,649	3,341,499	347,698	188,862	41,012,708
Substandard	4,623,262	2,353,874	240,554	41,885	7,259,575
Doubtful	68,659	-	-	-	68,659
Loss	-	-	-	-	-
Total	$ 95,487,377	$ 210,331,164	$ 20,130,848	$ 27,788,355	$ 353,737,744
			As of December 31, 2022		
Not rated	$ 2,356,305	$ 74,632,963	$ 7,680,063	$ 3,415,300	$ 88,084,631
Strong	-	-	-	19,477	19,477
Satisfactory/pass	48,513,025	129,115,026	10,322,926	27,187,619	215,138,596
Watch	30,852,363	2,928,104	457,407	223,787	34,461,661
Substandard	2,249,636	2,700,221	270,172	165,956	5,385,985
Doubtful	103,539	-	-	-	103,539
Loss	-	-	-	-	-
Total	$ 84,074,868	$ 209,376,314	$ 18,730,568	$ 31,012,139	$ 343,193,889

NOTE 5 ALLOWANCE FOR CREDIT LOSSES (CONTINUED)

The following tables present performing and nonperforming loans based on payment activity.

	Commercial	Residential Mortgage	HELOC/Jr. Liens/Lines of Credit	Installment/ Individuals	Total
			As of December 31, 2023		
Performing loans	$ 95,379,508	$ 208,844,527	$ 19,946,091	$ 27,754,037	$ 351,924,163
Nonaccrual with no related allowance recorded	32,175	1,309,902	184,757	34,318	1,561,152
Nonaccrual with an allowance recorded	36,484	176,735	-	-	213,219
Total nonaccrual	68,659	1,486,637	184,757	34,318	1,774,371
Recorded investment > 90 days past due and accruing	39,210	-	-	-	39,210
Total nonperforming loans	$ 107,869	$ 1,486,637	$ 184,757	$ 34,318	$ 1,813,581
Total	$ 95,487,377	$ 210,331,164	$ 20,130,848	$ 27,788,355	$ 353,737,744
		As of December 31, 2022			
Performing	$ 207,390,572	$ 18,536,265	$ 30,813,758		
Nonperforming	1,985,742	194,303	198,381		
Total	$ 209,376,314	$ 18,730,568	$ 31,012,139		

NOTE 6 PREMISES AND EQUIPMENT

Bank building, equipment, furniture and fixtures consisted of the following at December 31, 2023 and 2022:

Description	Cost	Accumulated Depreciation	Depreciated Cost
		2023	
Land	$ 1,775,761	$ -	$ 1,775,761
Bank building	7,124,312	3,766,391	3,357,921
Premises and equipment	3,541,137	3,240,371	300,766
Land improvements	214,006	185,690	28,316
	$ 12,655,216	$ 7,192,452	$ 5,462,764
		2022	
Land	$ 1,775,761	$ -	$ 1,775,761
Bank building	6,984,674	3,535,662	3,449,012
Premises and equipment	3,288,129	2,958,760	329,369
Land improvements	214,006	179,509	34,497
	$ 12,262,570	$ 6,673,931	$ 5,588,639

Depreciation charged to operations was $409,732 in 2023 and $427,274 in 2022.

NOTE 7 GOODWILL AND OTHER INTANGIBLE ASSETS

During the year ended December 31, 2023, the Corporation completed an acquisition that resulted in goodwill and other intangible assets, as described in Note 15. At December 31, 2023, goodwill was $1,127,949. No impairment charges were recorded in December 31, 2023. Goodwill is not amortized, but is reviewed for potential impairment on at least an annual basis, with testing between annual tests if an event occurs or circumstances change that could potentially reduce the fair value of a reporting unit. The Corporation evaluates goodwill for impairment as of November 30.

The following table presents changes in components of other intangible assets for the year ended December 31, 2023. No impairment charge was recorded on other intangible assets during the year ended December 31, 2023.

	2023
Balance, beginning of year	$ -
Acquisition	1,966,001
Amortization expense	(238,773)
Balance, end of year	$ 1,727,228

The following table presents the components of other identifiable assets at December 31, 2023.

Description	Cost	Accumulated Depreciation	Depreciated Cost
		2023	
Customer list	$ 1,927,214	$ 233,602	$ 1,693,612
Noncompete agreement	38,787	5,171	33,616
	$ 1,966,001	$ 238,773	$ 1,727,228

As of December 31, 2023, the current year and estimated future amortization expense for the customer list and noncompete agreement intangible was:

2024	$ 334,799
2025	299,759
2026	264,719
2027	229,679
2028	189,469
Thereafter	408,803
	$ 1,727,228

NOTE 8 DEPOSITS

Interest-bearing deposits as of December 31, 2023 and 2022 were as follows:

	2023	2022
Savings deposits	$ 230,211,003	$ 254,528,034
Time certificates	123,520,478	109,993,837
Other time deposits	671,344	674,592
	$ 354,402,825	$ 365,196,463

The aggregate amount of time certificates that meet or exceeded the FDIC insurance limit of $ 250,000 totaled $13,347,712 and $11,214,572 at December 31, 2023 and 2022, respectively.

NOTE 8 DEPOSITS (CONTINUED)

At December 31, 2023, the scheduled maturities of time certificates are as follows:

2024	$ 78,500,658
2025	24,160,325
2026	7,199,231
2027	6,892,737
2028	4,741,952
Thereafter	2,025,575
	$ 123,520,478

The aggregate amount of demand deposit overdrafts reclassified as loan balances was $33,529 and $58,167 at December 31, 2023 and 2022, respectively.

The Corporation accepts deposits of employees, officers and directors of the Corporation and its subsidiary on the same terms, including interest rates, as those prevailing at the time for comparable transactions with unrelated persons. The aggregate dollar amount of deposits of employees, officers and directors totaled $6,805,859 and $6,240,691 at December 31, 2023 and 2022, respectively.

NOTE 9 BORROWED FUNDS

The Corporation participates in a program with FHLB to provide startup or working capital for small businesses. Under the program, FHLB provides funding to the Corporation, who then provides financing to the small business. The Corporation collects monthly payments of interest and principal from the customer and the Corporation makes annual payments of interest and principal to FHLB, based on no payments due for one year and then a six-year amortization with a maturity date of May 2025 and an interest rate of 3.00%. The balance of these loans was $18,333 and $27,500 at December 31, 2023 and 2022.

The Corporation has pledged certain securities, loans, and other assets as collateral on the Federal Home Loan Bank borrowings in the approximate amount $281,283,000 at December 31, 2023. The maximum borrowing capacity from the Federal Home Loan Bank is approximately $194,226,950 at December 31, 2023. As of December 31, 2023, there was $25,000,000 borrowed in three separate advances from FHLB under this agreement. One advance of $10,000,000 matures February 6, 2024 and has a daily adjustable rate based upon the Secured Overnight Financing Rate. The interest rate on this borrowing at December 31, 2023 was 5.78%. One advance of $10,000,000 matures December 23, 2024 and has a daily adjustable rate based upon the Secured Overnight Financing Rate. The interest rate on this borrowing at December 31, 2023 was 5.80%. One advance of $5,000,000 matures December 20, 2024 and has a fixed rate of 5.626% at December 31, 2023. At December 31, 2022, the Corporation had one advance of $10,000,000 that matured on December 21, 2023. The interest rate on this borrowing at December 31, 2022 was 4.674%.

The following table represents future principal repayments of borrowings to FHLB:

2024	$ 25,009,167
2025	9,166
	$ 25,018,333

The Corporation has an unsecured agreement related to federal funds purchased through the Atlantic Community Bankers Bank for up to $9,000,000. Effective January 16, 2024 this agreement was reduced from $9,000,000 to $5,000,000. The federal funds purchased agreement includes a variable interest rate that is determined daily. There were no federal funds purchased at December 31, 2023 or 2022.

NOTE 9 BORROWED FUNDS (CONTINUED)

The Corporation has an unsecured agreement related to the acquisition detailed in Note 15 Acquisition. The unsecured agreement has an interest rate of 3.25%.

2024	$	178,273
2025		186,477
2026		209,768
2027		225,808
2028		266,850
	$	1,067,176

NOTE 10 FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

The Corporation is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financial needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet. The contract amounts of those instruments reflect the extent of involvement the Corporation has in particular classes of financial instruments.

The Corporation's exposure to credit loss, in the event of nonperformance by the other party to the financial instrument for commitments to extend credit, standby letters of credit, and financial guarantees written, is represented by the contractual amount of those instruments. The Corporation uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Financial instruments whose contract amounts represent credit risk at December 31 consist of:

	Contract or Notional Amount	
	2023	**2022**
Commitments to extend credit	$ 29,391,994	$ 35,106,856
Standby letters of credit and financial guarantees written	186,421	175,807
	$ 29,578,415	$ 35,282,663

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. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Corporation evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Corporation upon extension of credit, is based on management's credit evaluation of the customer. Collateral held varies, but may include accounts receivable, inventory, real estate, equipment, and income-producing commercial properties.

Standby letters of credit and financial guarantees written are conditional commitments issued by the Corporation to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers. The Corporation holds collateral supporting those commitments when deemed necessary by management.

NOTE 10 FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK (CONTINUED)

For off-balance sheet credit exposures, the Corporation estimates expected credit losses over the contractual period in which the Corporation is exposed to credit risk from the contractual obligations to extend credit, unless the obligation is unconditionally cancellable by the Corporation. The allowance for credit losses on off-balance sheet credit exposures includes the consideration of the utilization rates expected on the loan commitments, and estimates the expected credit losses for the undrawn commitments by loan segments. There is no allowance for credit losses on off-balance sheet credit exposures recorded in the consolidated balance sheets or in the provision for losses for credit losses in the consolidated income statement as the calculated expected credit losses were not significant.

NOTE 11 RETIREMENT PLANS

Defined Contribution Retirement Plan

The Corporation has a 401(k) profit sharing plan covering all full-time employees who have attained the age of 18 and have completed 12 months of service. The plan provides for the Corporation to make contributions that will match employee deferrals on a one-to-one basis, up to 3 percent of employees' eligible compensation. Additional contributions can be made at the discretion of the Board of Directors based on the Corporation's performance. The contributions for the years ended December 31, 2023 and 2022, were $151,483 and $140,467, respectively.

Supplemental Executive Retirement Agreement

The Corporation has established a supplemental executive retirement agreement for which the Corporation will fund a future benefit to certain executives upon retirement. Generally accepted accounting principles require the recording of a liability retirement account for the executive into which appropriate accruals shall be made, using a reasonable discount rate. A net expense of $101,513 and $72,148 was recorded for the years ended December 31, 2023 and 2022, respectively, for deferred compensation costs. The total liability related to this executive retirement benefit was $172,777 and $103,966 at December 31, 2023 and 2022, respectively.

Restricted Stock Awards

In 2023, the Corporation established a restricted stock agreement for which the Corporation provide stock awards to certain executives over time. The stock awards have a vesting period of five years, with the compensation expense related to these awards being recognized monthly over the five year vesting period. No expense has been recorded for the years ended December 31, 2023 and 2022 related to the restricted stock awards. The total contra-equity account related to the restricted stock awards is $25,000 at December 31, 2023 and is included in additional paid-in-capital in the consolidated balance sheets.

NOTE 12 BANK-OWNED LIFE INSURANCE

The Corporation has purchased split-dollar bank-owned life insurance covering directors and key employees. The policies were funded with single premium life insurance contracts. The Bank is the owner and the Bank and employee's beneficiary are beneficiaries of the policy. The cash surrender value of the life insurance policies is an unrestricted asset of the Corporation, which totaled $9,829,314 and $9,763,887 at December 31, 2023 and 2022, respectively.

The Corporation has promised a continuation of life insurance coverage to directors and some of the key employees post retirement. Generally accepted accounting principles require the recording of post-retirement costs and a liability equal to the present value of the cost of post-retirement insurance during the insured employees' term of service. The net expense of $18,888 and $17,006 was recorded for the years ended December 31, 2023 and 2022, respectively, for post-retirement costs. The total liability related to this post-retirement benefit was $474,114 and $455,226 at December 31, 2023 and 2022, respectively.

NOTE 13 INCOME TAXES

The components of federal income tax expense are summarized as follows for the years ended December 31:

	2023	2022
Current-year provisions	$ 216,404	$ 478,022
Deferred income tax expense (benefit)	53,132	(83,380)
Applicable income tax	$ 269,536	$ 394,642

A reconciliation of the effective applicable income tax rate to the federal statutory rate is as follows:

	2023	2022
Federal income tax rate	21.0 %	21.0 %
Reduction resulting from:		
Nontaxable interest income		
(net of nondeductible interest)	(5.5)	(4.9)
Life insurance income	(1.7)	(1.3)
Other	(0.2)	(0.1)
Effective income tax rate	13.6 %	14.7 %

Deferred tax liabilities have been provided for taxable temporary differences related to accumulated depreciation, investments in partnerships, and unrealized gains on available for sale securities. Deferred tax assets have been provided for deductible temporary differences related to the allowance for loan losses, deferred compensation plans, and non-accrual interest on loans. The net deferred tax assets included in other assets in the accompanying consolidated balance sheets include the following components at December 31:

	2023	2022
Total deferred tax assets:		
Loan loss provision	$ 558,062	$ 721,013
Nonaccrual interest	3,875	7,688
Deferred compensation	77,938	54,161
Unrealized losses on available-for-sale debt securities	1,886,749	2,256,006
Unamortized acquisition expenses	7,047	-
Intangible asset amortization	31,793	-
Total deferred tax liabilities:		
Depreciation expense	(119,741)	(148,287)
Change in fair value of equity securities	(94,607)	(117,076)
Net deferred tax assets	$ 2,351,116	$ 2,773,505

The Corporation has not recorded a valuation allowance for the deferred tax assets as management feels that it is more likely than not that they will be ultimately realized.

Uncertain Tax Positions

The Corporation files income tax returns in the U.S. federal jurisdiction and the state of Pennsylvania. With few exceptions, the Corporation is no longer subject to U.S. federal, state, or local income tax examinations by tax authorities for years before 2020.

The Corporation follows the FASB Accounting Standards Codification, which provides guidance on accounting for uncertainty in income taxes recognized in the financial statements. When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more

NOTE 13 INCOME TAXES (CONTINUED)

likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above would be reflected as a liability for unrecognized tax benefits in the accompanying consolidated balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with unrecognized tax benefits would be classified as additional income taxes in the Consolidated Statements of Income. As of December 31, 2023 and 2022, there was no liability for unrecognized tax benefits.

NOTE 14 LEASES

A lease provides the lessee the right to control the use of an identified asset for a period of time in exchange for consideration. The Corporation has primarily entered into operating leases for branches and equipment. Most of the Corporation's leases contain renewal options, which the Corporation is not reasonably certain to exercise. Including renewal options, the Corporation's leases range from 2 months to 2 years. Operating lease right-of-use assets and lease liabilities are not included in the Corporation's consolidated balance sheets due to insignificance. In evaluating significance, the Corporation uses its incremental borrowing rate to determine the present value of the lease payments, as the rate implicit in the Corporation's leases, if not readily determinable from the lease contract. Variable costs, such as common area maintenance expenses and property taxes, are expensed as incurred.

The following table presents information related to the Corporation's leases. All lease expense is included in occupancy expense in the consolidated statement of income.

	December 31,	
	2023	**2022**
Cash paid for and expense of operating lease agreements	$ 123,346	$ 94,587
Cash paid for and expense of finance lease agreements	-	36,000

The following table presents maturities of the Corporation's lease agreements by year.

	Years Ending December 31
2024	$ 111,772
2025	56,174
	$ 167,946

During the year ended December 31, 2023, the Corporation entered into an operating lease, as lessor, for professional office space. The lease matures June 30, 2026. All lease income is included in other income in the consolidated statement of income. During the year ending December 31, 2023, the Corporation recognized $4,300.00 in rental income. The following table presents future expected income based on this lease agreement, by year.

	Years Ending December 31
2024	$ 8,250
2025	15,000
2026	7,800
	$ 31,050

NOTE 15 ACQUISITION

On May 1, 2023, Orbisonia Community Bancorp, Inc. completed the acquisition of 100% of the common shares of C. McMath Insurance Agency, Inc. (the "Agency"). The Agency became a consolidated subsidiary of the Bank on this date. The Agency is an insurance agent offering services primarily in South Central Pennsylvania. As a result of the acquisition, the Corporation is expected to continue to provide insurance sales in South Central Pennsylvania.

Included in the acquisition is a liability for future payments, which requires the Corporation to pay future scheduled installments as outlined in Note 9 Borrowed Funds.

Acquisition related costs incurred in the years ending December 31, 2023 and 2022 were $39,837 and $16,778, respectively.

The following table summarizes the consideration transferred and the amounts of identified assets acquired and liabilities assumed at the acquisition date, as well as the fair value of the Corporation at the acquisition date. Significant estimates and judgments were exercised in accounting for the acquisition. The acquiring Corporation recorded an identifiable intangible asset representing the customer base of the Agency based on management's estimation of future insurance agency business. The acquiring Corporation also recorded an intangible asset representing noncompete agreements executed. The goodwill in the following table is attributable to the acquired Corporation's reputation and significant synergies expected to arise. The goodwill is not deductible for tax purposes.

Fair value of total consideration transferred	$ 3,153,144
Cash and cash equivalents	$ 14,192
Identifiable intangible assets	1,966,001
Equipment	9,108
Other assets	35,894
Total identifiable net assets	2,025,195
Goodwill resulting from acquisition	$ 1,127,949

NOTE 16 REGULATORY MATTERS

Dividends paid by Orbisonia Community Bancorp, Inc. are provided from Community State Bank's dividends to the parent company. Under provisions of the Pennsylvania Banking Code, cash dividends may be paid from accumulated net earnings (retained earnings) as long as minimum capital requirements are met. Community State Bank is well above these requirements, and the balance of $41,963,142, in its retained earnings at December 31, 2023, is available for cash dividends. Orbisonia Community Bancorp's balance of retained earnings at December 31, 2023, is $43,494,538 and would be available for cash dividends, although payment of dividends to such extent would not be prudent or likely. The Federal Reserve Board, which regulates bank holding companies, establishes guidelines that indicate that cash dividends should be covered by current period earnings.

The Corporation is also subject to various regulatory capital requirements administered by 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 and material effect on the Corporation's financial statements. Under capital adequacy guidelines, the Bank is required to maintain minimum capital ratios. Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. As of December 31, 2023 and December 31, 2022, the most recent regulatory notifications categorized the Bank as well capitalized

NOTE 16 REGULATORY MATTERS (CONTINUED)

under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

In November 2019, Federal bank regulatory agencies finalized a rule that simplifies capital requirements for community banks by allowing them to optionally adopt a simple leverage ratio to measure capital adequacy, which removes requirements for calculating and reporting risk-based capital ratios for a qualifying community bank that have less than $10 billion in total consolidated assets, limited amounts of off-balance-sheet exposures and trading assets and liabilities, and a leverage ratio greater than 9 percent. The community bank leverage ratio framework was effective on January 1, 2020. The Corporation has elected to adopt the optional community bank leverage ratio framework in the first quarter of 2020.

In April 2020, the Federal banking regulatory agencies modified the original Community Bank Leverage Ratio (CBLR) framework and provided that, as of the second quarter 2020, a banking organization with a leverage ratio of 8 percent or greater and that meets the other existing qualifying criteria may elect to use the community bank leverage ratio framework. The modified rule also states that the community bank leverage ratio requirement will be greater than 8 percent for the second through fourth quarters of calendar year 2020, greater than 8.5 percent for calendar year 2021, and greater than 9 percent thereafter. The transition rule also maintains a two-quarter grace period for a qualifying community banking organization whose leverage ratio falls no more than 100 basis points below the applicable community bank leverage ratio requirement.

The leverage ratios of the Bank at December 31, 2023 and 2022 are as follow:

	Actual		For Capital Adequacy Purposes		For Capital Adequacy Purposes With Capital Conservation Buffer		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Rate	Amount	Rate	Amount	Rate
As of December 31, 2023								
Tier 1 leverage	$ 41,308	9.2%	$ 18,015	4.0%	$ 18,015	4.0%	$ 22,519	5.0%
As of December 31, 2022								
Tier 1 leverage	$ 42,363	9.4%	$ 17,947	4.0%	$ 17,947	4.0%	$ 22,433	5.0%

NOTE 17 FAIR VALUE DISCLOSURES

Fair Value Measurement

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 I) and the lowest priority to unobservable inputs (Level III). 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 1: 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 2: 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 3: Inputs that are unobservable inputs for the asset or liability.

NOTE 17 FAIR VALUE DISCLOSURES (CONTINUED)

Fair Value Measurement (Continued)

Investment securities

Where quoted prices are available in an active market, securities are classified within Level I of the valuation hierarchy. Level I securities would include highly liquid government bonds, mortgage products, and exchange traded equities. If quoted market prices are not available, securities are classified within Level II and fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow. Level II securities would include debt securities issued by U.S. agencies, mortgage-backed agency securities, state and municipal securities, certain corporate asset backed, and other securities. In cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level III of the valuation hierarchy. All of the Bank's securities are classified as available for sale.

The Corporation had no liabilities reflected at fair value at December 31, 2023 and 2022.
A summary of assets at December 31, 2023 and 2022, measured at fair value on a recurring basis follows:

	Level I	Level II	Level III	Total Fair Value Measurements
		2023		
U.S. agency securities	$ -	$ 2,428,539	$ -	$ 2,428,539
State and municipal securities	-	32,344,730	-	32,344,730
Mortgage-backed securities	-	38,467,656	-	38,467,656
Equity securities - financial services	473,324	-	-	473,324
	$ 473,324	$ 73,240,925	$ -	$ 73,714,249
		2022		
U.S. agency securities	$ -	$ 2,562,956	$ -	$ 2,562,956
State and municipal securities	-	31,795,699	-	31,795,699
Mortgage-backed securities	-	45,496,952	-	45,496,952
Equity securities - financial services	580,320	-	-	580,320
	$ 580,320	$ 79,855,607	$ -	$ 80,435,927

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 Corporation to measure certain financial assets recorded at fair value on a nonrecurring basis in the financial statements.

Collateral Dependent Loans

Loans are designated as collateral dependent when, collection of principal and interest is expected to be collected through the operation or sale of its collateral. 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 Corporation 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 over two years old, then the fair value is considered Level 3. The fair value of collateral dependent loans reported below is based on the total loans with a specific allowance for credit 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 credit losses for impaired loans carried at fair value were $13,365 at December 31, 2023. Specific allocations to the allowance for loan losses for impaired loans carried at fair value were $13,426 at December 31, 2022.

NOTE 17 FAIR VALUE DISCLOSURES (CONTINUED)

Fair Value Measurement (Continued)

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. The real estate is then valued and subsequently carried at the appraised value, less estimated costs to sell the property. 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 Corporation using observable market data or on a recent sales offer (Level II). However, if the acquired property is a house or building in the process of construction, or if an appraisal of the real estate property is considered stale, the fair value is considered Level III. The estimate of costs to sell the property is based on historical transactions of similar holdings.

A summary of assets at December 31, 2023 and 2022 measured at fair value on a nonrecurring basis is as follows:

	Level I	Level II	Level III	Total Fair Value Measurements
		2023		
Collateral dependent loans	$ -	$ -	$ 163,370	$ 163,370
Other real estate owned	-	-	213,582	213,582
	$ -	$ -	$ 376,952	$ 376,952
		2022		
Impaired loans	$ -	$ -	$ 53,511	$ 53,511
Other real estate owned	$ -	$ -	$ 25,000	$ 25,000
	$ -	$ -	$ 78,511	$ 78,511

The following table presents additional qualitative information about assets measured on a nonrecurring basis and for the Corporation has utilized Level 3 inputs to determine fair value:

	Fair Value Estimate	Valuation Techniques	Unobservable Input	Range
			2023	
Collateral dependent loans	$ 163,370	Appraisal of collateral	Selling costs	5% discount
Other real estate owned	213,582	Appraisal of collateral	Management adjustments for liquidation expenses	40% discount
			Comparable sales	
			2022	
Impaired loans	$ 53,511	Appraisal of collateral	Management adjustments for liquidation expenses	30- 35% discount
			Selling costs	5% discount
Other real estate owned	25,000	Appraisal of collateral	Management adjustments for liquidation expenses	40% discount
			Comparable sales	

NOTE 18 SUBSEQUENT EVENTS

Management has reviewed events occurring through March 4, 2024, the date the financial statements were issued, and no subsequent events occurred requiring accrual or disclosure.

Orbisonia Community Bancorp, Inc.

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