



January 20, 2023

Dear Shareholders:

We made it through the volatile and tumultuous 2022! What a year it has been. We experienced:

- The highest inflation in 40 years.
- Worst stock market and bond returns since 2008.
- Lowest mortgage applications since 1996.
- No Pandemic PPP fees after two consecutive years.

What we really experienced was a complete regime change. It's the end of an era of cheap money that has existed for over 14 years. The Federal Reserve raised rates 425% in one year! The events of 2022 have been a real-world test of the community bank model. Like most banks, the above events have had an impact on our stock price. However, due to our philosophy of paying a competitive dividend, the total return (dividends +/- appreciation or depreciation) of Susquehanna Community Financial (SQCF) was down by about 6.5% from the prior year end price. This compares favorably to most bank indexes and the S&P index for 2022.

I am pleased to announce your fourth quarter dividend of \$.24 per share. Total dividends for 2022 were \$.96, a 6.7% increase over 2021 at \$.90. This was our thirteenth consecutive year of increasing dividends. As of December 31st, our total assets were approximately \$556,040,000 compared to \$559,138,000 (audited) as of December 31, 2021. Net loans outstanding were approximately \$326,091,000 while deposits ended the year at \$511,271,000. For the twelve months of 2022, net income was approximately \$5,309,000, about 5.7% lower than 2021 earnings at \$5,629,000 (audited). Earnings per share were approximately \$1.87, 4.6% lower than \$1.96 (audited) for 2021.

Strong headwinds remain as we enter a new year. The Federal Reserve will most likely continue to increase rates until their inflation target is met. This may cause a recession and also slow loan demand and increase our cost of funds thus putting pressure on the margin. Staffing challenges continue to persist and expected slowness in the housing market will continue to affect mortgage fees. Since 1920, Susquehanna Community Bank has held steadfast to their mission of helping our family, friends and neighbors succeed. Through depressions, wars, energy crisis, hyper-inflation, great recessions, and pandemics we have been a strong, independent, community bank. We go confidently into 2023 knowing and respecting our heritage.

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

On behalf of the Team at Susquehanna,

David S. Runk

President and CEO