Powered by People.

KISH BANCORP
expect more

2021 ANNUAL REPORT

Cristy Sprankle, Kish Bank AVP and Branch Manager

FRONT, LEFT: Dan Coffman, Owner, Valley Construction

FRONT, RIGHT: Dr. Samantha Nguyen; Dr. Scott Geiger; and Alta Corman-Wolf, Kish Bank VP and Residential Lender

Contents

Connecting current performance and **long-term strategy.**

As we look back on 2021, at no time has the connection between current performance and long-term strategy been more powerfully displayed. While the focus of this report is very much on financial outcomes produced during the year, placing 2021 results in the context of prior years also affords us the opportunity to connect earnings with Kish's overall strategic positioning. We have placed a very intentional focus on our business plan—one that has been pursued and cultivated over time.

William P. Hayes
CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Kish's long-term mission is to achieve success and sustainability through performance that delivers for our customers, communities, team members, and shareholders. If we fail in our efforts to deliver to any one of these constituencies, we become less likely to achieve long-term sustainability. In support of this mission, for the past decade, the Kish strategic plan has focused on profitable growth, digital transformation in parallel with traditional delivery, building a knowledgeable, information-driven and motivated team of professionals, collaborative leadership, and healthy and sustainable communities. All of this anchored in the belief that through these efforts, we will make the lives of our customers, communities, and team members better. To that end, achieving financial performance that builds sustainability is the means by which we will endure to deliver on this promise. With that said, it is very reaffirming to report the exceptional financial results achieved in 2021.

Kish Bancorp's robust financial performance for 2021 was especially compelling given the difficult and rapidly changing COVID-19 environment. However, earnings, which have been consistently expanding at a sustained double-digit rate in recent years, rose by a strong 22.9% over the prior year to finish 2021 at $9.988 million. These record results produced return on shareholders' equity (ROE) of 14.1%, assuring that Kish will continue to rank in the top 200 publicly-traded community banks in the U.S. based on a 3-year rolling average of that ROE measure. These rankings are published annually by *American Banker* magazine. The sustained earnings growth supported a year-end dividend increase of more than 10%.

At the core of the dramatic revenue expansion in 2021 was the continued

"We were referred to Alta by our realtors and we cannot say enough about her customer service, attention to detail, and efficiency. She worked after-hours to get us a loan quickly in order to buy a house in a very competitive market. She made the loan process simple."

Dr. Scott Geiger & Dr. Samantha Nguyen

pictured with Alta Corman-Wolf, Kish Bank VP and Residential Lender

acquisition of new client relationships combined with the delivery of life-sustaining services to business and consumer relationships. While business and consumer lending drove much of the relationship expansion, it was growth across all of Kish's business units that rounded out the successful results for 2021.

The key driver of expanded revenues was lending. Both commercial and mortgage lending achieved extraordinary results that dramatically elevated earnings and earning assets that will continue to contribute to income over time. Our team of residential mortgage originators and underwriters, many of whom continued to work remotely throughout the year, finished 2021 with another record year. Realtors referring homebuyers to Kish have become the single greatest source of new business because they have come to rely on Kish's mortgage bankers for fast, flexible, and responsive service. These strengths were particularly important given the seller's market that developed during the year and the necessity of being able to make offers and then close quickly. The testimonials of Centre County Drs. Geiger and Nguyen (left) attest to the value of the mortgage lending expertise at Kish that has been so carefully and purposefully developed over the years.

Commercial lending at Kish achieved record loan outstandings in 2021. Our capacity to pivot quickly from traditional lending to provide business-sustaining Paycheck Protection Program (PPP) loans motivated a number of businesses to shift their entire banking relationship to Kish. Additionally, our expansion into counties contiguous to our traditional markets yielded beneficial new relationships as well. Finally, and perhaps most dramatically, the commercial real estate lending team in northeastern Ohio produced impressive growth throughout 2021 with the production of $77 million in outstanding commercial loans. Ken Goetz and Gary Wimer, accomplished and highly experienced commercial real estate development lenders in that market, are featured on this page.

Bank wide, total loans outstanding grew year over year by $113 million to $878.7 million, or 14.75%. This total belied the additional lending activity necessary to make up for the net reduction in PPP loans of $32 million in 2021. Forgiven PPP loans aside, new loans outstanding rose by $145 million in 2021 and went a long way to employing the surge in customer deposits driven by government stimulus programs. While government stimulus programs were a major source of new deposits in 2021, the year was also marked by the influx of new core deposit accounts. On top of a year of strong inflows in 2020 and with growth of $125 million in 2021, deposits breached the $1 billion threshold for the first time. In addition to funding loan growth, growing core deposits facilitated the purchase of additional investment securities, which rose by $50 million from the prior year. It is interesting to note that the last two years stand in sharp contrast with prior years when the loan to deposit ratio approached 100% and we were beginning to identify sources of funding for additional loan growth. The combined impact of the dramatic rise in loans and deposits produced an overall increase in the Corporation's total assets, which ended the period at $1.233 billion, an increase of $126.2 million, or 11.40%, compared to total assets of $1.107 billion as of December 31, 2020. The balanced growth in loans and deposits ensured that net interest income, which grew

Powered by People.

"We are pleased with our growing momentum serving the commercial real estate lending needs in Ohio and western Pennsylvania under the Kish name."

Gary Wimer and Ken Goetz

Kish Bank Sr. VPs and Managing Directors - Ohio

"My working relationship with Bob has been very important to the success of the company over the past decade and his partnership is very appreciated by myself and our team. When Bob made the move to Kish, I was confident that he would only do so if they offered superior customer service and products. We did our own due diligence and found that Kish was the right fit for us. We are excited that Kish is growing in our area and look forward to our new partnership."

Liz Burke, President and CEO, Burke & Company, LLC d.b.a. S. P. McCarl & Company

pictured with Bob Bilger, Kish Bank Sr. VP and Market Leader

by 13.45%, would keep pace with asset expansion and preserve the expansion of net interest income.

The stories of new customers migrating to Kish are myriad, but one of the best examples came from a new customer in a new market. Liz Burke, President and CEO of Burke & Company, LLC d.b.a. S. P. McCarl & Company of Altoona (left), speaks compellingly of her move to Kish. Her observations feature the importance of her relationship manager, Bob Bilger, who joined Kish in late 2020. Bob is a seasoned lender with a great focus on his clients. It is stories like this that capture the essence of Kish's success in 2021 and underscore why there is such optimism regarding new opportunities in new and existing markets. The COVID-19 pandemic presented an opportunity for Kish to rise to the occasion and demonstrate that there truly is a difference between competitor banks, both large and small, and Kish.

Although revenue from core banking activities was a major driver of success, a discussion of 2021 results requires that we give ample credit to growth in the contribution from our non-bank units. The focus on growing our noninterest income sources has been a strategic priority for more than twenty years. It was in the late '90s that Kish acquired its first property and casualty insurance agency, began providing wealth management services through the formation of investment advisory and trust units, and began to sharpen our focus on creating a mortgage banking unit. Kish Travel was formed in 2000 and it was five years ago that we acquired a benefits consulting group. The synergies and opportunities between our lines of business present themselves in everyday interactions, which is how longtime bank customer, Dan Coffman, owner of Valley Construction in Huntingdon County (right), came to also be a Kish Insurance client.

Kish Insurance, Kish Financial Solutions, and Kish Benefits Consulting all performed convincingly in the difficult COVID-19 environment. Kish Insurance, in the first full year of operation following the integration of Sausman Insurance Agency of Mifflintown, saw revenues climb by 23.5% to $2.7 million, while wealth management revenues climbed 19.3% to $2.1 million. Kish Benefits Consulting achieved more modest growth given the challenges to business development caused by the pandemic, with revenues climbing 7.2% to $642 thousand. Unfortunately, Kish Travel remained in the COVID-19 doldrums for the second straight year. Mortgage banking continued its torrid pace by contributing $2.6 million in revenue from the sale of secondary market mortgage loans, up $113 thousand from 2020. These compelling results all speak for themselves, but we have selected the observations of a Kish Benefits Consulting client, Chief Andre French of the Mifflin County Regional Police (featured on the next page), to share his perspective on doing business with a Kish non-bank unit.

"My brother referred me to John Massie for a loan in Belleville over twenty years ago. John helped me get started and I told him if Kish ever opened a branch in Huntingdon, I would move my accounts there... and I've been there ever since. During one of my banking visits, I was introduced to Kish Insurance, and now I have my personal and business insurance with them too."

Dan Coffman, Owner, Valley Construction

“I appreciate so many aspects of Kish Benefits Consulting, but it is the people that make the difference. I have a direct line of communication with them and when I have a need, I simply ask. My issues are important to them and they treat me like I am their only client. They provide the highest standard of service to MCRPD, while acknowledging that every cent we have is a hard earned tax dollar.”

Andre French, Chief of Police, Mifflin County Regional Police Department

pictured with Danan Sharer, Kish Benefits Consulting Senior Account Manager

The stories featured in this report speak volumes of the critical role that relationship managers play in Kish’s continued success. As stated on the front cover, Kish’s impressive growth and financial performance is truly “powered by people.” As other banks close branches and abandon customers to online-only channels, it is Kish’s people that continue to drive relationship acquisition and customer satisfaction. The people-focused culture at Kish clearly differentiates the Kish experience from that of our competitors. Although we have invested heavily in digital delivery in recent years and have seen the implementation of numerous strategic initiatives designed to move us dramatically forward on the path to a fully digital experience, our focus has been to develop a human-enabled digital experience. The “Twin Rails” strategy discussed in previous years recognizes that the human connection must continue at very high levels in parallel with the advanced digital access expected by our clients. As we evolve in a digital world, we can never lose sight of the fact that is has been our people who have driven Kish’s success. To that end, I refer you to the views offered by two of our managers who play an important role every day in the lives of our customers and team members. Cristy Sprankle, Manager of Kish’s South Atherton and Allen Street branches in State College and 2021 Employee of the Year (opposite, right), and Kristen Shoemaker, Client Solutions Manager based at the new Kish Innovation Center in Reedsville (above), have each shared their perspectives that powerfully validate the Corporation’s strategic “people powered” focus on our customers.

The 2021 Annual Report contains the full details of Kish Bancorp’s financial results for the year. You are encouraged to read the full report, bearing in mind that behind the impressive financial results achieved in 2021, there is a team of skilled and passionately motivated people who believe deeply that they can make the lives of our customers, communities, and fellow team members better by what they do. Because this has been accomplished so successfully, they have made the lives of Kish Bancorp shareholders better as well.

Sincerely,

William P. Hayes

William P. Hayes
Chairman of the Board
and Chief Executive Officer

“In the Client Solutions Center, our customers are our priority. Our goal is to assist customers via technology while making them feel that they have still received the best, personalized service. A shared client focus sets Kish apart from other companies.”

Kristen Shoemaker, Kish Bank Client Solutions Manager

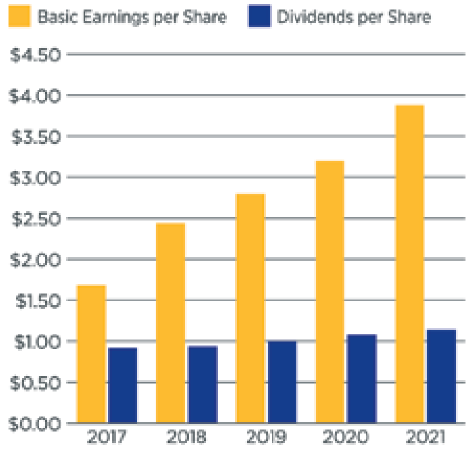
“Kish employees are empowered critical thinkers. We believe in learning that never stops, and continually think of ways to improve our customer experience. It’s not about what we can’t do, it’s about what we can do to help our clients without creating stumbling blocks.”

Cristy Sprankle, Kish Bank AVP and Branch Manager

FOR THE YEAR	2021	2020	2019	2018	2017
Net Income	$ 9,881,340	$ 8,039,287	$ 7,006,914	$ 6,029,683	$ 4,139,770
Net Income Before Taxes	11,232,900	9,278,885	7,903,452	6,670,247	5,141,399
Total Dividends Declared	2,988,353	2,804,384	2,585,444	2,396,453	2,301,564
AT YEAR END (in $000s)					
Total Assets	$ 1,232,779	$ 1,106,609	$ 918,309	$ 850,508	$ 811,192
Total Loans (Net)	868,153	755,960	679,519	630,440	569,010
Total Deposits	1,002,645	877,796	710,226	682,350	653,687
Stockholders' Equity	77,100	69,962	64,352	59,728	56,339
Loan Loss Reserve	10,560	9,771	7,499	6,642	5,698
Net Loan Losses (Recoveries)	(9)	(4)	(467)	10	913
RATIO ANALYSIS					
Return on Average Assets*	0.85%	0.79%	0.79%	0.72%	0.54%
Return on Average Equity*	14.08%	12.90%	11.56%	10.71%	7.45%
Dividend Declared/Net Income	30.24%	34.88%	36.90%	39.74%	55.60%
Loans/Deposits	86.59%	86.12%	95.68%	92.39%	87.05%
Primary Capital/Total Assets	7.11%	7.21%	7.82%	7.80%	7.65%
Total Capital/Risk Weighted Assets	12.78%	12.32%	11.86%	11.95%	11.65%
Loan Loss Reserve/Loans	1.20%	1.28%	1.09%	1.04%	0.99%
Net Loan Losses to Total Loans (Net)	0.00%	0.00%	(0.07%)	0.00%	0.17%
PER SHARE DATA					
Basic Earnings	$ 3.88	$ 3.20	$ 2.80	$ 2.44	$ 1.69
Fully Diluted Earnings	3.76	3.12	2.70	2.35	1.67
Dividends Paid	1.14	1.08	1.00	0.94	0.92
Equity (Book Value)	29.39	26.93	24.90	23.41	22.50
Equity Plus Loan Loss Reserve	33.42	30.69	27.80	26.01	24.77
Average Shares Outstanding (#)	2,622,947	2,597,978	2,499,536	2,499,673	2,459,168

Net Income (in millions)

Earnings & Dividends (per share)



Stock Valuation (per share)

*Due to fluctuations in the mark to market valuation for investment securities, these are not included in the totals for average assets and average equity.

Board of Directors and Stockholders
Kish Bancorp, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Kish Bancorp, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020; 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, 2021 and 2020, 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.

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.

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.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the Chairman's Letter to the Shareholders and Financial Highlights but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

S. R. Snodgrass, P.C.

Cranberry Township, Pennsylvania
March 7, 2022

S.R. Snodgrass, P.C.
2009 Mackenzie Way, Suite 340
Cranberry Township, Pennsylvania 16066
Phone: 724-934-0344 • Fax: 724-934-0345

KISH BANCORP, INC.
CONSOLIDATED BALANCE SHEET

	December 31, 2021	December 31, 2020
ASSETS		
Cash and due from banks	$ 7,006,334	$ 12,442,465
Interest-bearing deposits with other institutions	86,755,383	117,223,023
Cash and cash equivalents	93,761,717	129,665,488
Certificates of deposit in other financial institutions	245,000	490,000
Investment securities available for sale, at fair value	178,747,138	128,037,046
Investment securities held to maturity, fair value of $10,125,458 and $11,158,435	9,777,862	11,023,499
Equity securities	2,693,580	2,132,287
Loans held for sale	3,255,070	5,666,999
Loans	878,713,345	765,730,956
Less allowance for loan losses	10,559,852	9,770,563
Net loans	868,153,493	755,960,393
Premises and equipment, net	25,578,343	24,268,706
Goodwill	3,560,942	3,560,942
Regulatory stock	5,968,700	6,875,100
Bank-owned life insurance	23,780,368	16,236,506
Accrued interest and other assets	17,256,582	22,692,322
TOTAL ASSETS	$ 1,232,778,795	$ 1,106,609,288
LIABILITIES		
Deposits:		
Noninterest-bearing	$ 177,079,925	$ 135,621,817
Interest-bearing demand	81,754,614	70,550,356
Savings	116,688,640	91,167,858
Money market	365,815,741	328,846,611
Time	261,306,427	251,609,787
Total deposits	1,002,645,347	877,796,429
Short-term borrowings	67,433,957	69,360,211
Other borrowings	67,184,620	64,656,810
Accrued interest and other liabilities	18,415,231	24,833,601
TOTAL LIABILITIES	1,155,679,155	1,036,647,051
STOCKHOLDERS' EQUITY		
Preferred stock, $.50 par value; 500,000 shares authorized, no shares issued and outstanding	-	-
Common stock, $.50 par value; 8,000,000 shares authorized, 2,697,500 shares issued; 2,630,682 and 2,603,040 shares outstanding at December 31, 2021 and 2020, respectively	1,348,750	1,348,750
Additional paid-in capital	2,885,343	2,703,924
Retained earnings	76,432,206	69,539,219
Accumulated other comprehensive loss	(1,572,533)	(1,009,136)
Treasury stock, at cost (66,818 and 94,460 shares at December 31, 2021 and 2020, respectively)	(1,994,126)	(2,620,520)
TOTAL STOCKHOLDERS' EQUITY	77,099,640	69,962,237
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,232,778,795	$ 1,106,609,288

See accompanying notes to consolidated financial statements.

KISH BANCORP, INC.
CONSOLIDATED STATEMENT OF INCOME

	Year Ended December 31, 2021	2020
INTEREST AND DIVIDEND INCOME		
Interest and fees on loans:		
Taxable	$ 34,194,495	$ 33,850,246
Exempt from federal income tax	1,271,421	1,309,814
Interest and dividends on investment securities:		
Taxable	3,121,595	2,880,753
Exempt from federal income tax	266,146	436,694
Interest-bearing deposits with other institutions	117,397	206,080
Other dividend income	630,944	769,576
Total interest and dividend income	39,601,998	39,453,163
INTEREST EXPENSE		
Deposits	2,861,943	5,321,683
Short-term borrowings	26,332	84,843
Other borrowings	3,324,818	2,938,290
Total interest expense	6,213,093	8,344,816
NET INTEREST INCOME	33,388,905	31,108,347
Provision for loan losses	780,000	2,267,500
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	32,608,905	28,840,847
NONINTEREST INCOME		
Service fees on deposit accounts	1,812,855	1,580,854
Investment securities gains, net	12,582	80,903
Equity securities gains (losses), net	261,581	(313,055)
Gain on sale of loans	2,458,769	2,424,082
Earnings on bank-owned life insurance	901,766	485,614
Insurance commissions	2,683,236	2,173,549
Travel agency commissions	98,266	87,837
Wealth management	2,123,702	1,780,460
Benefit management	642,224	598,997
Other	350,864	1,223,451
Total noninterest income	11,345,845	10,122,692
NONINTEREST EXPENSE		
Salaries and employee benefits	19,932,494	17,983,683
Occupancy and equipment	4,055,767	3,055,611
Data processing	2,046,888	2,167,218
Professional fees	641,903	572,625
Advertising	348,401	398,380
Federal deposit insurance	725,000	500,000
Pennsylvania shares tax	740,344	664,625
Other	4,231,053	4,342,512
Total noninterest expense	32,721,850	29,684,654
Income before income taxes	11,232,900	9,278,885
Income tax expense	1,351,560	1,239,598
NET INCOME	$ 9,881,340	$ 8,039,287
EARNINGS PER SHARE		
Basic	$ 3.88	$ 3.20
Diluted	$ 3.76	$ 3.12

See accompanying notes to the consolidated financial statements.

KISH BANCORP, INC.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year Ended December 31, 2021	2020
Net income	$ 9,881,340	$ 8,039,287
Other comprehensive income (loss)		
Securities available for sale:		
Change in unrealized holding gains (losses) on available for sale securities	(3,841,990)	3,133,307
Tax effect	806,818	(657,993)
Change in unrealized gains (losses) related to cash flow hedges	3,141,412	(3,045,609)
Tax effect	(659,697)	639,578
Reclassification adjustment for net investment securities gains realized in net income	(12,582)	(80,903)
Tax effect	2,642	16,990
Total other comprehensive income (loss)	(563,397)	5,370
Total comprehensive income	$ 9,317,943	$ 8,044,657

See accompanying notes to the consolidated financial statements.

KISH BANCORP, INC.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders' Equity
Balance, December 31, 2019	$ 1,348,750	$ 2,494,671	$ 64,304,317	$ (1,014,506)	$ (2,780,837)	$ 64,352,395
Net income			8,039,287			8,039,287
Other comprehensive income				5,370		5,370
Stock-based compensation expense		88,528				88,528
Purchase of shares by restricted stock plan (18,458 shares)		(374,535)			374,535	-
Exercise of stock options (30,426 shares)		(184,042)			198,587	14,545
Forfeiture of shares by restricted stock plan (215 shares)		6,279			(6,279)	-
Amortization of unearned restricted stock plan shares		518,842				518,842
Cash dividends ($1.08 per share)			(2,804,385)			(2,804,385)
Purchase of treasury stock (46,682 shares)					(753,388)	(753,388)
Sale of treasury stock (17,759 shares)		154,181			346,862	501,043
Balance, December 31, 2020	1,348,750	2,703,924	69,539,219	(1,009,136)	(2,620,520)	69,962,237
Net income			9,881,340			9,881,340
Other comprehensive loss				(563,397)		(563,397)
Stock option compensation expense		129,509				129,509
Purchase of shares by restricted stock plan (18,160 shares)		(448,830)			448,830	-
Exercise of stock options (18,685 shares)		(174,813)			192,794	17,981
Forfeiture of shares by restricted stock plan (1,842 shares)		55,258			(55,258)	-
Amortization of restricted stock plan shares		515,935				515,935
Cash dividends ($1.17 per share)			(2,988,353)			(2,988,353)
Purchase of treasury stock (27,205 shares)					(514,492)	(514,492)
Sale of treasury stock (19,844 shares)		104,360			554,520	658,880
Balance, December 31, 2021	$ 1,348,750	$ 2,885,343	$ 76,432,206	$ (1,572,533)	$ (1,994,126)	$ 77,099,640

See accompanying notes to the consolidated financial statements.

KISH BANCORP, INC.
CONSOLIDATED STATEMENT OF CASH FLOW

	Year Ended December 31, 2021	2020
OPERATING ACTIVITIES		
Net income	$ 9,881,340	$ 8,039,287
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	780,000	2,267,500
Investment securities gains, net	(12,582)	(80,903)
Equity security (gains) losses	(261,581)	313,055
Proceeds from sale of loans held for sale	64,671,378	51,499,353
Origination of loans held for sale	(59,800,680)	(51,277,394)
Gain on sales of loans	(2,458,769)	(2,424,082)
Depreciation, amortization, and accretion	1,947,006	1,264,142
Deferred income taxes	(483,336)	(666,073)
Increase in accrued interest receivable	(14,566)	(198,448)
(Decrease) increase in accrued interest payable	(461,890)	(512,129)
Earnings on bank-owned life insurance	(901,766)	(485,614)
Gain on sale of other assets	(17,869)	-
Impairment loss on other assets	500,000	-
Non-cash compensation - equity awards	645,444	607,370
Other, net	2,915,995	(837,756)
Net cash provided by operating activities	16,928,124	7,508,308
INVESTING ACTIVITIES		
Maturities of certificates of deposit	245,000	984,000
Bank owned life insurance:		
Purchases	(7,300,000)	-
Benefit proceeds	460,748	-
Investment securities available for sale:		
Proceeds from repayments and maturities	33,168,687	62,650,078
Purchases	(84,560,068)	(60,320,838)
Purchases of investment held to maturity	(2,250,000)	-
Purchases of equity securities	(299,712)	(750,000)
Increase in loans, net	(112,973,100)	(78,709,100)
Purchase of regulatory stock	(93,400)	(1,025,400)
Redemption of regulatory stock	999,800	1,065,300
Purchase of premises and equipment	(2,903,840)	(9,723,327)
Proceeds from sale of other assets	49,500	-
Net cash used for investing activities	(175,456,385)	(85,829,287)
FINANCING ACTIVITIES		
Increase in deposits, net	124,848,918	167,570,809
(Decrease) increase in short-term borrowings, net	(1,926,254)	22,620,190
Proceeds from other borrowings	19,340,308	1,824,236
Repayments of other borrowings	(16,812,498)	(17,196,674)
Purchases of treasury stock	(514,492)	(753,388)
Proceeds from sale of treasury stock	851,674	699,630
Exercise of stock options	(174,813)	(184,042)
Cash dividends	(2,988,353)	(2,804,385)
Net cash provided by financing activities	122,624,490	171,776,376
Increase (decrease) in cash and cash equivalents	(35,903,771)	93,455,397
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	129,665,488	36,210,091
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 93,761,717	$ 129,665,488
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest on deposits and borrowings	$ 6,729,860	$ 9,003,543
Income taxes	1,925,000	1,950,000
SUPPLEMENTAL DISCLOSURE OF NON-CASH CASH FLOW INFORMATION		
Right of use assets and lease liability	150,062	149,739

See accompanying notes to consolidated financial statements.

KISH BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Basis of Presentation

Kish Bancorp, Inc. (the "Company") is a diversified financial services organization whose principal activity is the ownership and management of its subsidiaries, Kish Bank (the "Bank"), Kish Travel Services, Inc., and the Bank's subsidiaries, Tri-Valley Properties, LLC, Kish Agency, Inc., and Kish Equities, LLC. The Company generates commercial and industrial, agricultural, commercial mortgage, residential real estate, and consumer loans and deposit services to its customers located primarily in central Pennsylvania and the surrounding areas. The Bank operates under a Pennsylvania Department of Banking and Securities bank charter and provides full banking services. Deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") to the extent provided by law. Kish Agency, Inc. provides insurance products and services. Kish Travel Services, Inc. is a Pennsylvania business established to provide travel services to its customers. Kish Equities, LLC is a subsidiary established to hold investments in equity securities.

The consolidated financial statements include the accounts of Kish Bancorp, Inc. and its subsidiaries, Kish Bank and Kish Travel Services, Inc., after elimination of all significant intercompany transactions.

The accounting principles followed by the Company and the methods of applying these principles conform to U.S. generally accepted accounting principles ("GAAP") and to general practice within the banking industry. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the Consolidated Balance Sheet date and revenues and expenses for that period. Actual results could differ from those estimates.

Investment Securities

Investment securities are classified at the time of purchase, based on management's intention and ability, as securities held to maturity, available for sale, or trading. Debt securities acquired with the intent and ability to hold to maturity are stated at cost, adjusted for amortization of premium and accretion of discount, which are computed using the interest method and recognized as adjustments of interest income. Debt securities which are held principally as a source of liquidity are classified as available for sale. Unrealized holding gains and losses for available for sale securities are reported as a separate component of stockholders' equity, net of tax, until realized. Realized security gains and losses are computed using the specific identification method. Debt securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and reported at fair value, with unrealized gains and losses included in current earnings. The Company does not have trading securities as of December 31, 2021 and 2020. Interest and dividends on investment securities is recognized as income when earned.

Investment Securities (Continued)

Securities are evaluated at least on a quarterly basis and more frequently when economic or market conditions warrant such an evaluation to determine whether a decline in their value is other than temporary. For debt securities, management considers whether the present value of cash flows expected to be collected are less than the security's amortized cost basis (the difference defined as the credit loss), the magnitude and duration of the decline, the reasons underlying the decline and the Company's intent to sell the security or whether it is more likely than not that the Company would be required to sell the security before its anticipated recovery in fair value, to determine whether the loss in value is other than temporary. Once a decline in value is determined to be other than temporary, if the investor does not intend to sell the security, and it is more likely than not that it will not be required to sell the security before recovery of the security's amortized cost basis, the charge to earnings is limited to the amount of credit loss. Any remaining difference between fair value and amortized cost (the difference defined as the non-credit portion) is recognized in other comprehensive income, net of applicable taxes. Otherwise, the entire difference between fair value and amortized cost is charged to earnings.

Equity Securities

Equity securities are held at fair value. Holding gains and losses are recorded in noninterest income. Dividends are recognized as income when earned.

Regulatory Stock

Common stock of the Federal Home Loan Bank ("FHLB") of Pittsburgh represents ownership in an institution that is wholly owned by other financial institutions. These equity securities are accounted for at cost and are shown separately on the Consolidated Balance Sheet as regulatory stock.

The Bank is a member of the FHLB and, as such, is required to maintain a minimum investment in stock of the FHLB that varies with the level of advances outstanding with the FHLB. The stock is bought from and sold to the FHLB based upon its $100 par value. The stock does not have a readily determinable fair value and, as such, is classified as restricted stock, carried at cost and evaluated by management. The stock's value is determined by the ultimate recoverability of the par value rather than by recognizing temporary declines. 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 FHLB as compared with the capital stock amount and the length of time this situation has persisted; (b) commitments by the FHLB 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 (d) the liquidity position of the FHLB. Management evaluated the stock and concluded that the stock was not impaired for the periods presented herein.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff generally are reported at their principal amount, net of the allowance for loan losses and deferred origination fees or costs. Interest on loans is recognized as income when earned on the accrual method. Generally, the policy has been to stop accruing interest on loans when it is determined that a reasonable doubt exists as to the collectibility of additional interest. Interest previously accrued but deemed uncollectible is deducted from current interest income. Payments received on nonaccrual loans are recorded as income or applied against principal according to management's judgment as to the collectibility of such principal. Nonaccrual loans will generally be put back on accrual status after demonstrating six consecutive months of no delinquency.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Loans (Continued)

The allowance for loan losses is established through provisions for loan losses charged against income. Loans deemed to be uncollectible are charged against the allowance for loan losses, and subsequent recoveries, if any, are credited to the allowance.

Loan origination fees and certain direct loan origination costs are being deferred and the net amount amortized is accounted for as an adjustment of the related loan's yield. Management is amortizing these amounts over the contractual life of the related loans using the level yield method.

In general, fixed rate, permanent residential mortgage loans originated by the Bank are held for sale and are carried in the aggregate at the lower of cost or fair value. The Bank sells these loans to various other financial institutions. Currently, the Bank retains the servicing of those loans sold to the FHLB and releases the servicing of loans sold to all other institutions.

Allowance for Loan Losses

The allowance for loan losses represents the amount that management estimates is adequate to provide for probable losses inherent in its loan portfolio as of the Consolidated Balance Sheet date. The allowance method is used in providing for loan losses. Accordingly, all loan losses are charged to the allowance, and all recoveries are credited to it. The allowance for loan losses is established through a provision for loan losses charged to operations. The provision for loan losses is based on management's periodic evaluation of individual loans, economic factors, past loan loss experience, changes in the composition and volume of the portfolio, and other relevant factors. The estimates used in determining the adequacy of the allowance for loan losses, including the amounts and timing of future cash flows expected on impaired loans, are particularly susceptible to change in the near term.

Impaired loans are those for which it is probable the Company will not be able to collect all amounts due according to the contractual terms of the loan agreement. The Company evaluates commercial and industrial, agricultural, state and political subdivisions, commercial real estate, and all troubled debt restructuring loans for possible impairment. Consumer and residential real estate loans are also evaluated if part of a commercial lending relationship. The Company individually evaluates such loans for impairment and does not aggregate loans by major risk classifications. The definition of "impaired loans" is not the same as the definition of "nonaccrual loans," although the two categories overlap. Factors considered by management in determining impairment include payment status and collateral value. The amount of impairment for these types of loans is determined by the difference between the present value of the expected cash flows related to the loan using the original interest rate and its recorded value, or as a practical expedient in the case of collateralized loans, the difference between the fair value of the collateral and the recorded amount of the loans. When foreclosure is probable, impairment is measured based on the fair value of the collateral.

Mortgage loans secured by one-to-four family properties and all consumer loans are large groups of smaller-balance homogeneous loans and are measured for impairment collectively. Loans that experience insignificant payment delays, which are defined as 90 days or less, generally are not classified as impaired. Management determines the significance of payment delays on a case-by-case basis taking into consideration all circumstances concerning the loan, the creditworthiness and payment history of the borrower, the length of the payment delay, and the amount of shortfall in relation to the principal and interest owed.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Allowance for Loan Losses (Continued)

In addition to the allowance for loan losses, the Company also estimates probable losses related to unfunded lending commitments, such as letters of credit, financial guarantees, and unfunded loan commitments. Unfunded lending commitments are subject to individual reviews and are analyzed and segregated by risk according to the Company's internal risk rating scale. These risk classifications, in conjunction with an analysis of historical loss experience, current economic conditions, performance trends within specific portfolio segments, and any other pertinent information, result in the estimation of the reserve for unfunded lending commitments. Provision for credit losses related to the loan portfolio and unfunded lending commitments are reported in the Consolidated Statement of Income.

Premises and Equipment

Land is carried at cost. Premises and equipment are stated at cost, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets, which range from 3 to 7 years for furniture, fixtures, and equipment, and 31 to 39½ years for building premises. Leasehold improvements are depreciated over shorter of the term of the lease or useful life. Expenditures for maintenance and repairs are charged against income as incurred. Costs of major additions and improvements are capitalized.

Goodwill

The Company accounts for goodwill using a two-step process for testing the impairment of goodwill on at least an annual basis. This approach could cause more volatility in the Company's reported net income because impairment losses, if any, could occur irregularly and in varying amounts.

Bank-Owned Life Insurance ("BOLI")

The Company purchased life insurance policies on certain key employees. BOLI is recorded at its cash surrender value, or the amount that can be realized.

Real Estate Owned

Real estate acquired by foreclosure is included with other assets on the Consolidated Balance Sheet at the lower of the recorded investment in the property or its fair value less estimated costs of sale. Prior to foreclosure, the value of the underlying collateral is written down by a charge to the allowance for loan losses if necessary. Any subsequent write-downs are charged against operating expenses. Operating expenses of such properties, net of related income and losses on their disposition, are included in other noninterest expense.

Treasury Stock

Treasury stock is carried at cost. Sales are determined by the first-in, first-out method.

Advertising Costs

Advertising costs are expensed as the costs are incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company and its subsidiaries file a consolidated federal income tax return. Deferred tax assets and liabilities are reflected at currently enacted income tax rates applicable to the period in which the deferred tax assets or 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.

Earnings Per Share

The Company provides dual presentation of basic and diluted earnings per share. Basic earnings per share are calculated utilizing net income as reported in the numerator and average shares outstanding in the denominator. The computation of diluted earnings per share differs in that the dilutive effects of any stock options and restricted stock awards are adjusted in the denominator. Treasury shares are not deemed outstanding for earnings per share calculations.

Stock Options

For purposes of computing stock compensation expense, the Company estimated the fair values of stock options using the Black-Scholes option-pricing model. The model requires the use of subjective assumptions that can materially affect fair value estimates. The fair value of each option is amortized into compensation expense on a straight-line basis between the grant date for the option and each vesting date. The fair value of each stock option granted was estimated using the following weighted-average assumptions:

Grant Year	Expected Dividend Yield	Risk-Free Interest Rate	Expected Volatility	Expected Life (in Years)
2021	3.63 %	1.19 %	26.88 %	6.0
2020	3.94 %	0.47 %	25.91 %	6.0

The weighted-average fair value of each stock option granted for 2021 and 2020 was $5.03 and $3.63, respectively.

Mortgage Servicing Rights ("MSRs")

The Company has agreements for the express purpose of selling loans in the secondary market. The Company retains servicing rights for certain loans. Originated MSRs are recorded by allocating total costs incurred between the loan and servicing rights based on their relative fair values. MSRs are amortized in proportion to the estimated servicing income over the estimated life of the servicing portfolio. The Company performs an impairment review of the MSRs and recognizes impairment through a valuation account. MSRs are a component of accrued interest and other assets on the Consolidated Balance Sheet. Gains and losses on sales of loans are recognized at settlement dates and are determined by the difference between the sales proceeds and the carrying value of the loans. All sales are made with limited recourse. For the years ended December 31, 2021 and 2020, the Company recorded gross servicing rights of $336,339 and $426,527, respectively, with a reserve for impairment of $161,951 and $226,221, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Transfer of Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when: (1) the assets have been isolated from the Company; (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets; and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Cash Flow Information

The Company has defined cash and cash equivalents as those amounts included in the balance sheet captions "Cash and due from banks" and "Interest-bearing deposits with other institutions" that have original maturities of less than 90 days.

Reclassification of Comparative Amounts

Certain items previously reported have been reclassified to conform to the current year's format. Such reclassifications did not affect net income or stockholders' equity.

Derivatives and Hedging Activities

The Company engages in a number of business activities that are vulnerable to interest rate risk. The associated variability in cash flows related to interest rate risk may impact the results of operations of the Company. The Company's hedging objective is to reduce, to the extent possible, unpredictable cash flows associated with interest rate risk, via approved hedging strategies, related to business strategies and business objectives.

All derivatives are recorded on the Consolidated Balance Sheet at fair value. The accounting for changes in the fair value of derivatives depends on whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge.

Changes in the fair value of derivatives designated as fair value hedges are recorded in earnings, together and in the same income statement line item with changes in the fair value of the related hedged item. Changes in the fair value of derivatives designated as cash flow hedges are recorded in accumulated other comprehensive income (loss) and are reclassified into the line item in the income statement in which the hedged item is recorded and in the same period in which the hedged item affects earnings. Hedge ineffectiveness and gains and losses on the excluded component of a derivative in assessing hedge effectiveness are recorded in earnings.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Company's revenue is comprised of net interest income on financial assets and liabilities, and noninterest income. Under FASB Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*, management determined that net interest income on financial assets and liabilities and certain components of noninterest income resulting from investment securities gains, loan servicing, gains on sales of loans, earnings on bank owned life insurance, gains on sales of mortgage loans, and gains on sales of securities available for sale are accounted for under other U.S. GAAP standards and are not within the scope of ASC Topic 606.

Descriptions of revenue-generating activities reported in our Consolidated Statement of Income that are within the scope of Topic 606 include:

- Service fee income on deposit accounts
- Insurance and travel agency commissions
- Trust and investment advisory fees
- Benefit management consulting income
- ATM and debit card transaction fees
- Loan servicing fees
- Wire transfer fees
- Safe deposit box rentals

Non-transaction-based fees such as account maintenance fees, monthly statement fees, loan servicing fees and safe deposit box rentals are considered to be provided to the customer under short-term contracts with ongoing renewals. Revenue for these non-transaction-based fees is earned on a monthly basis, representing the period over which the Company satisfies the performance obligations. Transaction-based fees such as non-sufficient fund charges, stop payment charges, and wire fees are recognized at the time the transaction is executed, as the contract duration does not extend beyond the service performed.

The Company earns fees from ATM transaction fees and debit card transaction fees from cardholder transactions conducted through third party payment network providers which consist of interchange fees earned from the payment networks as a debit card issuer. These fees are recognized when the transaction occurs and are settled on a daily or monthly basis.

Revenues from trust and investment advisory services are generally recognized on a monthly basis and are typically based on a percentage of the customer's assets under management or based on investment solutions that are implemented for the customer.

Commission income from insurance and travel services is recognized as the performance obligation is satisfied, either over the contract policy period or as sales commissions are received when the performance obligation period does not extend beyond the sales transaction event.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments*, which changes the impairment model for most financial assets. This Update is intended to improve financial reporting by requiring timelier recording of credit losses on loans and other financial instruments held by financial institutions and other organizations. The underlying premise of the Update is that financial assets measured at amortized cost should be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The allowance for credit losses should reflect management's current estimate of credit losses that are expected to occur over the remaining life of a financial asset. The income statement will be affected for the measurement of credit losses for newly recognized financial assets, as well as the expected increases or decreases of expected credit losses that have taken place during the period. With certain exceptions, transition to the new requirements will be through a cumulative-effect adjustment to opening retained earnings as of the beginning of the first reporting period in which the guidance is adopted. This Update is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. We expect to recognize a one-time cumulative-effect adjustment to the allowance for loan losses as of the beginning of the first reporting period in which the new standard is effective but cannot yet determine the magnitude of any such one-time adjustment or the overall impact of the new guidance on the consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, to provide temporary optional expedients and exceptions to the U.S. GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens of the expected market transition from LIBOR and other interbank offered rates to alternative reference rates, such as the Secured Overnight Financing Rate. Entities can elect not to apply certain modification accounting requirements to contracts affected by what the guidance calls "reference rate reform" if certain criteria are met. An entity that makes this election would not have to remeasure the contracts at the modification date or reassess a previous accounting determination. Also, entities can elect various optional expedients that would allow them to continue applying hedge accounting for hedging relationships affected by reference rate reform if certain criteria are met and can make a one-time election to sell and/or reclassify held-to-maturity debt securities that reference an interest rate affected by reference rate reform. The amendments in this ASU are effective for all entities upon issuance. It is too early to predict whether a new rate index replacement and the adoption of the ASU will have a material impact on the Company's financial statements.

2. EARNINGS PER SHARE

There are no convertible securities that would affect the numerator in calculating basic and diluted earnings per share; therefore, net income as presented on the Consolidated Statement of Income will be used as the numerator. The following table sets forth the composition of the weighted-average common shares (denominator) used in the basic and diluted earnings per share computation.

	2021	2020
Weighted-average common shares issued	2,697,500	2,697,500
Weighted-average treasury stock shares	(74,553)	(99,522)
Weighted-average unvested restricted stock awards	(78,857)	(82,595)
Basic weighted-average shares outstanding	2,544,090	2,515,383
Dilutive effect of outstanding restricted stock awards	39,581	37,365
Dilutive effect of outstanding stock options	43,260	23,407
Diluted weighted-average shares outstanding	2,626,931	2,576,155

For the year ended December 31, 2021, the Company excluded from the computation of diluted weighted-average shares the impact of 41,425 options to purchase shares of the Company's common stock and 500 shares of restricted stock, as the effect would have been anti-dilutive.

For the year ended December 31, 2020, the Company excluded from the computation of diluted weighted-average shares the impact of 114,021 options to purchase shares of the Company's common stock, and 850 shares of restricted stock, as the effect would have been anti-dilutive.

3. INVESTMENT SECURITIES

The amortized cost, gross unrealized gains and losses, and fair value of investment securities are as follows:

	2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for Sale:				
U.S. treasury securities	$ 4,884,412	$ 42,108	$ -	$ 4,926,520
U.S. government agency securities	53,310,247	249,330	(936,051)	52,623,526
Obligations of states and political subdivisions	42,315,974	637,321	(370,663)	42,582,632
Corporate securities	8,576,994	127,400	(19,185)	8,685,209
Mortgage-backed securities in government-sponsored entities	70,156,873	497,411	(725,033)	69,929,251
Total Available for Sale	$ 179,244,500	$ 1,553,570	$ (2,050,932)	$ 178,747,138
Held to Maturity:				
Corporate Securities	$ 9,777,862	$ 359,778	$ (12,182)	$ 10,125,458

	2020			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for Sale:				
U.S. treasury securities	$ 2,006,566	$ 37,974	$ -	$ 2,044,540
U.S. government agency securities	26,216,418	652,364	(9,135)	26,859,647
Obligations of states and political subdivisions	44,701,805	1,187,094	(84,068)	45,804,831
Corporate securities	13,209,467	282,784	(505)	13,491,746
Mortgage-backed securities in government-sponsored entities	38,545,580	1,339,953	(49,251)	39,836,282
Total Available for Sale	$ 124,679,836	$ 3,500,169	$ (142,959)	$ 128,037,046
Held to Maturity:				
Corporate Securities	$ 11,023,499	$ 145,127	$ (10,191)	$ 11,158,435

3. INVESTMENT SECURITIES (Continued)

The following tables show the Company's gross unrealized losses and fair value, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position, at December 31, 2021 and 2020.

2021	Less than Twelve Months		Twelve Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available for Sale:						
U.S. government agency securities	$ 20,975,310	$ (371,738)	$ 17,288,237	$ (564,313)	$ 38,263,547	$ (936,051)
Obligations of states and political subdivisions	11,834,656	(138,817)	5,583,509	(231,846)	17,418,165	(370,663)
Corporate securities	499,775	(225)	481,040	(18,960)	980,815	(19,185)
Mortgage-backed securities in government-sponsored entities	41,729,261	(607,970)	1,901,420	(117,063)	43,630,681	(725,033)
Total Available for Sale	$ 75,039,002	$ (1,118,750)	$ 25,254,206	$ (932,182)	$ 100,293,208	$ (2,050,932)
Held to Maturity:						
Corporate Securities	$ 1,237,818	$ (12,182)	$ -	$ -	$ 1,237,818	$ (12,182)

2020	Less than Twelve Months		Twelve Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available for Sale:						
U.S. government agency securities	$ 6,152,860	$ (9,135)	$ -	$ -	$ 6,152,860	$ (9,135)
Obligations of states and political subdivisions	6,211,972	(84,068)	-	-	6,211,972	(84,068)
Corporate securities	499,495	(505)	-	-	499,495	(505)
Mortgage-backed securities in government-sponsored entities	1,970,833	(49,251)	-	-	1,970,833	(49,251)
Total Available for Sale	$ 14,835,160	$ (142,959)	$ -	$ -	$ 14,835,160	$ (142,959)
Held to Maturity:						
Corporate Securities	$ 3,763,308	$ (10,191)	$ -	$ -	$ 3,763,308	$ (10,191)

The Company had 78 investment securities, consisting of 23 U.S. government obligations and direct obligations of U.S. government agencies, 23 obligations of states and political subdivisions, 4 different corporate securities, and 28 mortgage-backed securities that were in unrealized loss positions at December 31, 2021. Because the decline in market value is attributable to changes in interest rates and not credit quality, and because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost basis or par value, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2021.

The amortized cost and fair value of debt securities at December 31, 2021, by contractual maturity, are shown below. Expected maturities of mortgage-backed securities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 13,005,131	$ 13,114,750	$ 1,009,101	$ 1,010,270
Due after one year through five years	32,861,597	33,130,088	1,000,000	1,002,250
Due after five years through ten years	53,336,744	52,863,011	7,268,761	7,612,938
Due after ten years	80,041,028	79,639,289	500,000	500,000
Total	$ 179,244,500	$ 178,747,138	$ 9,777,862	$ 10,125,458

Investment securities with a carrying value of $133,085,381 and $112,227,920 at December 31, 2021 and 2020, respectively, were pledged to secure deposits and other purposes as required by law.

The following is a summary of proceeds received, gross gains, and gross losses realized on the sale and calls of investment securities available for sale for the years ended December 31:

	2021	2020
Proceeds from sales	$ -	$ -
Proceeds from calls	3,564,556	17,384,109
Gross gains	12,582	80,903
Gross losses	-	-

Equity Securities

The Company recognized changes in fair value of equity securities in equity securities gains (losses), net. The following is a summary of unrealized and realized gains and losses recognized in net income on equity securities during the years ended December 31, 2021 and 2020:

	2021	2020
Net gains (losses) recognized in equity securities during the year	$ 261,581	$ (313,055)
Less: Net gains realized on sale of equity securities during the year	-	-
Unrealized gains (losses) recognized in equity securities	$ 261,581	$ (313,055)

4. LOANS

Major classifications of loans are summarized as follows at December 31:

	2021	2020
Commercial real estate	$ 385,694,921	$ 291,727,044
Commercial and industrial	118,901,198	126,181,773
Agricultural	30,749,635	27,608,446
State and political subdivisions	38,831,785	41,967,923
Consumer	16,191,648	5,628,425
Residential real estate	288,344,158	272,617,345
	878,713,345	765,730,956
Less allowance for loan losses	10,559,852	9,770,563
Net loans	$ 868,153,493	$ 755,960,393

Mortgage loans serviced by the Company for others amounted to $34,542,424 and $43,354,290 at December 31, 2021 and 2020, respectively.

The Company grants residential, commercial, and consumer loans to customers throughout its trade area, which is concentrated in central Pennsylvania. Such loans are subject to, at origination, credit risk assessment by management following the Company's lending policy. Although the Company has a diversified loan portfolio at December 31, 2021 and 2020, a substantial portion of its debtors' ability to honor their loan agreements is dependent upon the economic stability of its immediate trade area.

Paycheck Protection Program

During 2021 and 2020, the Company participated in the Paycheck Protection Program ("PPP"), administered directly by the U.S. SBA. The PPP provides loans to small businesses who were affected by economic conditions as a result of COVID-19, to provide cash flow assistance to employers who maintain their payroll (including healthcare and certain related expenses), mortgage interest, rent, leases, utilities and interest on existing debt during the COVID-19 emergency. As of December 31, 2021 and 2020, the Company had outstanding PPP loan principal balances of $9,881,292 and $43,367,158, respectively. The loans are fully guaranteed by the SBA and may be eligible for forgiveness by the SBA to the extent that the proceeds are used to cover eligible payroll costs, interest costs, rent, and utility costs over a period of up to 24 weeks after the loan is made as long as certain conditions are met regarding employee retention and compensation levels. PPP loans deemed eligible for forgiveness by the SBA will be repaid by the SBA to the Company. PPP loans are included in the Commercial and Industrial category.

In accordance with the SBA terms and conditions on these PPP loans, the Company received fees associated with the processing of these loans of approximately $2.2 million and $3.2 million during 2021 and 2020, respectively. Upon funding of the loans, these fees were deferred and amortized as earned as adjustments to yield in accordance with FASB ASC 310-20-25-2. Deferred PPP fee income of $256,211 and $827,099 was included in loans receivable at December 31, 2021 and 2020, respectively.

COVID-19 Loan Forbearance Programs

Section 4013 of the CARES Act provides that banks may elect not to categorize a loan modification as a TDR if the loan modification is (1) related to COVID-19; (2) executed on a loan that was not more than 30 days past due as of December 31, 2019; and (3) executed between March 1, 2020, and the earlier of (A) 60 days after the date on which the national emergency concerning the novel coronavirus disease (COVID–19) outbreak declared by the President on March 13, 2020, under the National Emergencies Act terminates, or (B) December 31, 2020.

4. LOANS (Continued)

COVID-19 Loan Forbearance Programs (Continued)

On April 7, 2020, federal banking regulators issued a revised interagency statement that included guidance on their approach for the accounting of loan modifications in light of the economic impact of the COVID-19 pandemic. The guidance interprets current accounting standards and indicates that a lender can conclude that a borrower is not experiencing financial difficulty if short-term modifications are made in response to COVID-19, such as payment deferrals, fee waivers, extensions of repayment terms, or other delays in payment that are insignificant related to the loans in which the borrower is less than 30 days past due on its contractual payments at the time a modification program is implemented.

According to the Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus (Revised) issued by the federal bank regulatory agencies on April 7, 2020, short-term loan modifications not otherwise eligible under Section 4013 that are made on a good faith basis in response to COVID-19 to borrowers who were current prior to any relief are not TDRs. This includes short-term (e.g., six months) modifications such as payment deferrals, fee waivers, extensions of repayment terms, or other delays in payment that are insignificant.

During 2021, no customers requested loan payment deferrals or payments of interest only. As of December 31, 2021, 6 loans remain in deferral status, with outstanding balances totaling approximately $1.1 million. In accordance with Section 4013 of the CARES Act and the interagency guidance issued on April 7, 2020, these short-term deferrals are not considered troubled debt restructurings.

In addition, the risk-rating on COVID-19 modified loans did not change, and these loans will not be considered past due until after the deferral period is over and scheduled payments resume. The credit quality of these loans will be reevaluated after the deferral period ends.

Loans to Officers and Directors

In the normal course of business, loans are extended to directors, executive officers, and their associates. A summary of loan activity for those directors, executive officers, and their associates with loan balances in excess of $60,000 for the years ended December 31, 2021, and 2020, is as follows:

Balance 2019	Additions	Amounts Collected	Balance 2020	Additions	Amounts Collected	Balance 2021
$ 18,696,862	$ 3,392,844	$ (13,568,549)	$ 8,521,157	$ 1,678,032	$ (2,822,835)	$ 7,376,354

Loan amounts collected during 2020 includes $10,649,715 for six loans to an individual who was no longer a director as of December 31, 2020.

5. ALLOWANCE FOR LOAN LOSSES

Management has an established methodology to determine the adequacy of the allowance for loan losses that assesses the risks and losses inherent in the loan portfolio. For purposes of determining the allowance for loan losses, the Company has segmented certain loans in the portfolio by product type. Loans are segmented into the following pools: commercial real estate loans, commercial and industrial loans, agricultural loans, state and political subdivision loans, consumer loans, and residential real estate loans. Historical loss percentages for each risk category are calculated and used as the basis for calculating allowance allocations. These historical loss percentages are calculated over a five-year period for all portfolio segments. Certain qualitative factors are then added to the historical loss percentages to get the adjusted factor to be applied to non-classified loans.

The following qualitative factors are analyzed to determine allocations for non-classified loans for each portfolio segment:

- Changes in lending policies and procedures
- Changes in economic and business conditions
- Changes in nature and volume of the loan portfolio
- Changes in lending staff experience and ability
- Changes in past-due loans, nonaccrual loans, and classified loans
- Changes in credit risk management
- Changes in underlying value of collateral-dependent loans
- Levels of credit concentrations
- Effects of external factors, such as legal and regulatory requirements

These qualitative factors are reviewed each quarter and adjusted based upon relevant changes within the Bank's operating environment. During 2020 the emergence of the novel coronavirus ("COVID-19") pandemic caused significant disruption to local and national economies, with adverse effects evident across a wide range of industries including banking and financial services. Management considered the broad potential effects and financial uncertainties posed by the COVID-19 environment when assessing the qualitative factors used in evaluating risk exposures within our loan pools. In response, during the second quarter of 2020 management increased the qualitative factor related to "changes in economic and business conditions" across all loan pools other than our loan pool representing loans to state and political subdivisions. The largest factor increases were applied to the commercial real estate loan pool, reflecting the downturn already evident in hotel and restaurant business. Factor increases were applied to the commercial real estate loan pool as well as the commercial and industrial loan pool as local unemployment rates began to show substantial increases, and in consideration of the loans collateralized by assets of borrowers in the hospitality and real estate businesses, among others. Additionally, due to the wide-ranging economic uncertainties resulting from the current COVID-19 environment, management determined a general increase in loss reserves across the entire loan portfolio was appropriate during 2020.

With economic conditions improving in 2021 following the COVID-19 economic uncertainties of 2020, management made downward adjustments to certain qualitative risk factors, restoring the factors to those in place prior to the cautionary increases made in 2020. Downward factor adjustments to the residential real estate, consumer, and agricultural loan pools were supported by lack of evidence of deterioration to the quality of these loan groups, with no appreciable increase in defaults or performance of the loans during 2021. Downward adjustments to the risk factor representing "changes in underlying value of collateral dependent loans" were applied to the commercial real estate and certain commercial and industrial loans, supported by the performance of the loan groups and strong local real estate market conditions.

5. ALLOWANCE FOR LOAN LOSSES (Continued)

We consider commercial real estate loans, commercial and industrial loans, agricultural loans, and consumer loans to be riskier than one-to-four family residential mortgage loans. Commercial real estate loans entail significant additional credit risks compared to one-to-four family residential mortgage loans, as they involve large loan balances concentrated with single borrowers or groups of related borrowers. In addition, the payment experience on loans secured by income-producing properties typically depends on the successful operation of the related real estate project and/or business operation of the borrower who is also the primary occupant, and thus may be subject to a greater extent to adverse conditions in the real estate market and in the general economy. Commercial and industrial loans, along with agricultural loans, involve a higher risk of default than residential mortgage loans of like duration since their repayment is generally dependent on the successful operation of the borrower's business and the sufficiency of collateral, if any.

Repayment of agricultural loans can also be impacted by fluctuations in commodity prices. Although a customer's ability to repay for both one-to-four family residential mortgage loans and consumer loans is highly dependent on the local economy, especially employment levels, consumer loans as a group generally present a higher degree of risk because of the nature of collateral, if any. State and political subdivision loans carry the lowest risk, as most state and political subdivision loans are either backed by the full taxing authority of a municipality or the revenue of a municipal authority.

The following tables present, by portfolio segment, the changes in the allowance for loan losses and the recorded investment in loans as of and for the years ended December 31:

	2021							
	Commercial Real Estate	Commercial and Industrial	Agricultural	State and Political Subdivisions	Consumer	Residential Real Estate	Unallocated	Total
Allowance for loan losses:								
Beginning balance	$ 4,300,914	$ 1,163,561	$ 320,794	$ 190,954	$ 57,154	$ 1,871,288	$ 1,865,898	$ 9,770,563
Charge-offs	-	-	-	-	(1,202)	(10,000)	-	(11,202)
Recoveries	11,235	4,112	-	-	5,144	-	-	20,491
Provision	958,056	349,027	4,952	(14,269)	(14,544)	99,989	(603,211)	780,000
Ending balance	$ 5,270,205	$ 1,516,700	$ 325,746	$ 176,685	$ 46,552	$ 1,961,277	$ 1,262,687	$ 10,559,852
Ending balance individually evaluated for impairment	$ 22,224	$ 250,050	$ 44,087	$ -	$ 5,989	$ 133,886	$ -	$ 456,236
Ending balance collectively evaluated for impairment	5,247,981	1,266,650	281,659	176,685	40,563	1,827,391	1,262,687	10,103,616
	$ 5,270,205	$ 1,516,700	$ 325,746	$ 176,685	$ 46,552	$ 1,961,277	$ 1,262,687	$ 10,559,852
Loans:								
Individually evaluated for impairment	$ 254,364	$ 860,865	$ 288,518	$ -	$ 5,989	$ 1,317,154		$ 2,726,890
Collectively evaluated for impairment	385,440,557	118,040,333	30,461,117	38,831,785	16,185,659	287,027,004		875,986,455
Ending balance	$ 385,694,921	$ 118,901,198	$ 30,749,635	$ 38,831,785	$ 16,191,648	$ 288,344,158		$ 878,713,345

5. ALLOWANCE FOR LOAN LOSSES (Continued)

	2020							
	Commercial Real Estate	Commercial and Industrial	Agricultural	State and Political Subdivisions	Consumer	Residential Real Estate	Unallocated	Total
Allowance for loan losses:								
Beginning balance	$ 2,753,352	$ 1,434,140	$ 517,523	$ 167,108	$ 71,358	$ 1,684,940	$ 870,981	$ 7,499,402
Charge-offs	-	(5,236)	-	-	(20,531)	-	-	(25,767)
Recoveries	2,640	11,000	-	-	10,455	5,333	-	29,428
Provision	1,544,922	(276,343)	(196,729)	23,846	(4,128)	181,015	994,917	2,267,500
Ending balance	$ 4,300,914	$ 1,163,561	$ 320,794	$ 190,954	$ 57,154	$ 1,871,288	$ 1,865,898	$ 9,770,563
Ending balance individually evaluated for impairment	$ 25,378	$ 38,546	$ 50,056	$ -	$ 2,742	$ 36,803	$ -	$ 153,525
Ending balance collectively evaluated for impairment	4,275,536	1,125,015	270,738	190,954	54,412	1,834,485	1,865,898	9,617,038
	$ 4,300,914	$ 1,163,561	$ 320,794	$ 190,954	$ 57,154	$ 1,871,288	$ 1,865,898	$ 9,770,563
Loans:								
Individually evaluated for impairment	$ 307,637	$ 193,672	$ 313,444	$ -	$ 2,742	$ 658,170		$ 1,475,665
Collectively evaluated for impairment	291,419,407	125,988,101	27,295,002	41,967,923	5,625,683	271,959,175		764,255,291
Ending balance	$ 291,727,044	$ 126,181,773	$ 27,608,446	$ 41,967,923	$ 5,628,425	$ 272,617,345		$ 765,730,956

From 2020 to 2021, our reserve requirement by loan pool for Commercial Real Estate had a net increase of approximately $1.0 million, due to increases in outstanding loan balances, offset by decreases to certain qualitative factors in response to improved economic conditions in 2021 compared to 2020 relating to the impact of the COVID-19 environment. Reserves for Residential Real Estate increased approximately $0.1 million due to specific reserves for individually evaluated loans. Reserves for Commercial and Industrial loans increased during 2021 by approximately $0.4 million, due to increases in outstanding loan balances and increased specific reserves for individually evaluated impaired loans. At December 31, 2021 and 2020, the loan pool for Commercial and Industrial includes outstanding PPP loans of approximately $9.9 million and $43.4 million, respectively, for which the qualitative risk factors used for calculating reserves are substantially lower due to the unique loan principal forgiveness and SBA loan guarantee features of the PPP loan program.

Credit Quality Information

The following tables represent the commercial credit exposures by internally-assigned grades for the years ended December 31, 2021 and 2020, respectively. The grading analysis estimates the capability of the borrower to repay the contractual obligations under the loan agreements as scheduled or at all. The Company's internal credit risk grading system is based on experiences with similarly graded loans.

5. ALLOWANCE FOR LOAN LOSSES (Continued)

Credit Quality Information (Continued)

The Company's internally-assigned grades are as follows:

Pass loans are loans which are protected by the current net worth and paying capacity of the obligor or by the value of the underlying collateral. Special Mention loans are loans where a potential weakness or risk exists, which could cause a more serious problem if not corrected. Substandard loans are loans that have a well-defined weakness based on objective evidence and are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected. Doubtful loans have all the weaknesses inherent in a substandard asset and these weaknesses make collection or liquidation in full highly questionable and improbable, based on existing circumstances. Finally, loans classified as Loss are considered uncollectible, or of such value that continuance as an asset is not warranted.

	2021				
	Commercial Real Estate	Commercial and Industrial	Agricultural	State and Political Subdivisions	Total
Pass	$ 376,729,845	$ 112,872,779	$ 30,662,188	$ 38,831,785	$ 559,096,597
Special Mention	8,949,282	5,058,370	-	-	14,007,652
Substandard	-	828,911	-	-	828,911
Doubtful	15,794	141,138	87,447	-	244,379
Total	$ 385,694,921	$ 118,901,198	$ 30,749,635	$ 38,831,785	$ 574,177,539

	2020				
	Commercial Real Estate	Commercial and Industrial	Agricultural	State and Political Subdivisions	Total
Pass	$ 285,972,827	$ 122,513,801	$ 27,133,299	$ 41,967,923	$ 477,587,850
Special Mention	1,553,853	1,422,587	-	-	2,976,440
Substandard	4,182,555	2,082,635	377,000	-	6,642,190
Doubtful	17,809	162,750	98,147	-	278,706
Total	$ 291,727,044	$ 126,181,773	$ 27,608,446	$ 41,967,923	$ 487,485,186

5. ALLOWANCE FOR LOAN LOSSES (Continued)

Credit Quality Information (Continued)

For consumer and residential real estate loans, the Company evaluates credit quality based on whether the loan is considered performing or nonperforming. Nonperforming loans are those loans past due 90 days or more and loans on nonaccrual. The following tables present the balances of consumer and residential real estate loans by classes of loan portfolio based on payment performance as of December 31:

	2021		
	Consumer	Residential Real Estate	Total
Performing	$ 16,185,659	$ 287,625,716	$ 303,811,375
Nonperforming	5,989	718,442	724,431
Total	$ 16,191,648	$ 288,344,158	$ 304,535,806

	2020		
	Consumer	Residential Real Estate	Total
Performing	$ 5,625,683	$ 271,830,618	$ 277,456,301
Nonperforming	2,742	786,727	789,469
Total	$ 5,628,425	$ 272,617,345	$ 278,245,770

Age Analysis of Past Due Loans by Class

The following are tables which show the aging analysis of past due loans as of December 31:

	2021						
	30-59 Days Past Due	60-89 Days Past Due	90 Days or Greater Past Due	Total Past Due	Current	Total Loans	90 Days and Accruing
Commercial real estate	$ -	$ -	$ 15,794	$ 15,794	$ 385,679,127	$ 385,694,921	$ -
Commercial and industrial	67,725	162,058	141,138	370,921	118,530,277	118,901,198	-
Agricultural	-	-	87,447	87,447	30,662,188	30,749,635	-
State and political subdivisions	-	-	-	-	38,831,785	38,831,785	-
Consumer	-	-	5,989	5,989	16,185,659	16,191,648	-
Residential real estate	41,322	409,445	718,442	1,169,209	287,174,949	288,344,158	326,690
Total	$ 109,047	$ 571,503	$ 968,810	$ 1,649,360	$ 877,063,985	$ 878,713,345	$ 326,690

5. ALLOWANCE FOR LOAN LOSSES (Continued)

Age Analysis of Past Due Loans by Class (Continued)

	2020						
	30-59 Days Past Due	60-89 Days Past Due	90 Days or Greater Past Due	Total Past Due	Current	Total Loans	90 Days and Accruing
Commercial real estate	$ -	$ 107,880	$ 17,809	$ 125,689	$ 291,601,355	$ 291,727,044	$ -
Commercial and industrial	375,747	61,561	165,288	602,596	125,579,177	126,181,773	2,538
Agricultural	-	-	98,147	98,147	27,510,299	27,608,446	-
State and political subdivisions	-	-	-	-	41,967,923	41,967,923	-
Consumer	7,326	-	2,742	10,068	5,618,357	5,628,425	-
Residential real estate	71,751	225,109	786,727	1,083,587	271,533,758	272,617,345	469,989
Total	$ 454,824	$ 394,550	$ 1,070,713	$ 1,920,087	$ 763,810,869	$ 765,730,956	$ 472,527

Consumer mortgage loans held by the Company in the process of foreclosure amounted to $303,674 and $287,307 as of December 31, 2021 and 2020, respectively.

Impaired Loans

Management considers commercial real estate loans, commercial and industrial loans, agricultural loans, and state and political subdivision loans which are 90 days or more past due to be impaired. After becoming 90 days or more past due, these categories of loans are measured for impairment. Any consumer and residential real estate loans related to these delinquent loans are also considered to be impaired. Troubled debt restructurings are measured for impairment at the time of restructuring. These loans are analyzed to determine if it is probable that all amounts will not be collected according to the contractual terms of the loan agreement. If management determines that the fair value of the impaired loan is less than the recorded investment in the loan (net of previous charge-offs, deferred loan fees or costs, and unamortized premium or discount), impairment is recognized through a provision or through a charge to the allowance for loan losses.

5. ALLOWANCE FOR LOAN LOSSES (Continued)

Impaired Loans (Continued)

The following tables include the recorded investment and unpaid principal balances for impaired loans with the associated allowance amount as of December 31:

	2021				
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Commercial real estate	$ -	$ -	$ -	$ -	$ -
Commercial and industrial	141,138	141,138	-	-	-
Agricultural	63,933	63,933	-	67,466	-
State and political subdivisions	-	-	-	-	-
Consumer	-	-	-	-	-
Residential real estate	97,773	97,773	-	227,776	-
	302,844	302,844	-	295,242	-
With an allowance recorded:					
Commercial real estate	254,364	254,364	22,224	277,669	15,898
Commercial and industrial	719,727	719,727	250,050	695,390	11,081
Agricultural	224,585	224,585	44,087	231,991	8,341
State and political subdivisions	-	-	-	-	-
Consumer	5,989	5,989	5,989	2,754	-
Residential real estate	1,219,381	1,219,381	133,886	644,639	18,121
	2,424,046	2,424,046	456,236	1,852,443	53,441
Total:					
Commercial real estate	254,364	254,364	22,224	277,669	15,898
Commercial and industrial	860,865	860,865	250,050	695,390	11,081
Agricultural	288,518	288,518	44,087	299,457	8,341
State and political subdivisions	-	-	-	-	-
Consumer	5,989	5,989	5,989	2,754	-
Residential real estate	1,317,154	1,317,154	133,886	872,415	18,121
Total	$ 2,726,890	$ 2,726,890	$ 456,236	$ 2,147,685	$ 53,441

5. ALLOWANCE FOR LOAN LOSSES (Continued)

Impaired Loans (Continued)

	2020				
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Commercial real estate	$ 17,809	$ 17,809	$ -	$ 15,745	$ -
Commercial and industrial	152,641	152,641	-	126,983	-
Agricultural	72,662	72,662	-	6,055	-
State and political subdivisions	-	-	-	-	-
Consumer	-	-	-	-	-
Residential real estate	406,999	406,999	-	348,900	9,712
	650,111	650,111	-	497,683	9,712
With an allowance recorded:					
Commercial real estate	289,828	289,828	25,378	309,394	19,032
Commercial and industrial	41,031	41,031	38,546	46,721	1,521
Agricultural	240,782	240,782	50,056	280,410	11,236
State and political subdivisions	-	-	-	-	-
Consumer	2,742	2,742	2,742	4,600	-
Residential real estate	251,171	251,171	36,803	198,358	10,162
	825,554	825,554	153,525	839,483	41,951
Total:					
Commercial real estate	307,637	307,637	25,378	325,139	19,032
Commercial and industrial	193,672	193,672	38,546	173,704	1,521
Agricultural	313,444	313,444	50,056	286,465	11,236
State and political subdivisions	-	-	-	-	-
Consumer	2,742	2,742	2,742	4,600	-
Residential real estate	658,170	658,170	36,803	547,258	19,874
Total	$ 1,475,665	$ 1,475,665	$ 153,525	$ 1,337,166	$ 51,663

Nonaccrual Loans

Loans are considered nonaccrual upon reaching 90 days of delinquency even though the Company may be receiving partial payments of interest and partial repayments of principal on such loans. When a loan is placed on nonaccrual status, previously accrued but unpaid interest is deducted from interest income. Interest income that would have been recorded on nonaccrual loans in accordance with their original terms totaled approximately $34,300 in 2021 and $40,600 in 2020.

5. ALLOWANCE FOR LOAN LOSSES (Continued)

Nonaccrual Loans (Continued)

The following table includes the loan balances on nonaccrual status as of December 31:

	2021	2020
Commercial real estate	$ 15,794	$ 17,809
Commercial and industrial	141,138	162,750
Agricultural	87,447	98,147
Consumer	5,989	2,742
Residential real estate	391,752	316,738
Total	$ 642,120	$ 598,186

Troubled Debt Restructuring (TDR's)

The Company's loan portfolio also includes certain loans that have been modified in a troubled debt restructuring, where economic concessions have been granted to borrowers who have experienced or are expected to experience financial difficulties. These concessions typically result from the Company's loss mitigation activities and could include reductions in the interest rate, payment extensions, forgiveness of principal, forbearance, or other actions.

When the Company modifies a loan, management evaluates any possible impairment based on the present value of expected future cash flows, discounted at the contractual interest rate of the original loan agreement. If management determines that the value of the modified loan is less than the recorded investment in the loan, impairment is recognized either through a charge-off to the allowance or a specific reserve. As of December 31, 2021 and 2020, specific reserve allocations of $283,715 and $107,860, respectively, had been established against the troubled debt restructurings and no charge-offs for the troubled debt restructurings were required.

There were no loans modified in a troubled debt restructuring from January 1, 2019 through December 31, 2020, that subsequently defaulted (i.e., 90 days or more past due following a modification) during the years ended December 31, 2021 and 2020, respectively.

Loan modifications considered troubled debt restructurings completed during the year ended December 31, 2021 consist of eleven commercial loans and a residential real estate loan, all with a single borrower. The Company's outstanding recorded investment in the loans at the time of the restructuring was $207,291 and $709,393, for the commercial loans and the real estate loan, respectively. Modifications include changes to the loan maturity dates, and interest only payments for a number of the commercial loans. The Company's outstanding recorded investment amount in these loans was not changed by the TDR modifications.

Loan modifications considered troubled debt restructurings completed during the year ended December 31, 2020 consist of one commercial loan and one residential real estate loan. The Company's outstanding recorded investment in the loans at the time of the restructuring was $30,922 and $108,688, for the commercial loan and the real estate loan, respectively. The Company's outstanding recorded investment amount in these loans was not changed by the TDR modifications.

6. PREMISES AND EQUIPMENT

Major classifications of premises and equipment are summarized as follows:

	2021	2020
Land and land improvements	$ 2,394,918	$ 2,394,918
Buildings and leasehold improvements	30,278,415	19,334,135
Buildings - construction in progress	911,279	9,882,297
Furniture, fixtures, and equipment	9,168,725	8,541,569
	42,753,337	40,152,919
Less accumulated depreciation	17,174,994	15,884,213
Total	$ 25,578,343	$ 24,268,706

Depreciation charged to operations was $1,397,013 in 2021 and $1,090,106 in 2020.

7. GOODWILL

As of December 31, 2021 and 2020, goodwill had a gross carrying amount of $4,174,955, and accumulated amortization of $614,013 for a net carrying value of $3,560,942. The carrying amount of goodwill was tested for impairment in the fourth quarter, after the annual forecasting process. There was no impairment for the years ended December 31, 2021 and 2020.

Insurance Agency Acquisition

During 2020 the Company completed the acquisition of a property and casualty insurance agency located in Juniata County. The acquisition included the current book of business, assets and liabilities of the agency, and the real estate where the agency office is located. Goodwill increased by $1,717,243 during 2020, representing the residual of the acquisition price of the agency after allocation of the purchase price to identified assets and assumed liabilities.

8. DEPOSITS

The scheduled maturities of time deposits approximate the following:

Year Ending December 31,	Amount
2022	$ 154,799,816
2023	85,639,154
2024	8,096,286
2025	7,534,862
2026	3,751,949
Thereafter	1,484,360
	$ 261,306,427

The aggregate of all time deposit accounts of $250,000 or more amounted to $78,736,718 and $52,704,946 at December 31, 2021 and 2020, respectively. There were no brokered deposits as of December 31, 2021 or 2020. As of December 31, 2021, there was one individual depositor with a deposit account balance in excess of 5% of total deposits, in the amount of approximately $51.2 million. As of December 31, 2020, there were no individual depositors with balances in excess of 5% of total deposits.

9. SHORT-TERM BORROWINGS

Short-term borrowings include overnight repurchase agreements through the FHLB, federal funds purchased, and repurchase agreements with customers. The outstanding balances and related information for short-term borrowings are summarized as follows:

	2021	2020
Balance at year-end	$ 67,433,957	$ 69,360,211
Average balance outstanding	61,364,033	62,163,630
Maximum month-end balance	74,291,791	69,360,211
Weighted-average rate at year-end	0.28%	0.45%
Weighted-average rate during the year	0.33%	0.17%

The collateral pledged on the repurchase agreements by the remaining contractual maturity of the repurchase agreements in the Consolidated Balance Sheet as of years ended December 31, 2021 and 2020, is presented in the following table.

	Remaining Contractual Maturity Overnight and Continuous	
	December 31, 2021	December 31, 2020
Securities of U.S. Government Agencies, U.S. Treasuries, and obligations of state and political subdivisions pledged, fair value	$ 6,620,013	$ 4,116,853
Repurchase agreements	874,393	1,151,378

10. OTHER BORROWINGS

The following table sets forth information concerning other borrowings:

Description	Maturity Range From	Maturity Range To	Weighted-Average Interest Rate	Stated Interest Rate Range From	Stated Interest Rate Range To	At December 31, 2021	At December 31, 2020
Fixed rate	01/13/21	08/04/26	2.29 %	1.49 %	2.68 %	$ 29,737,000	$ 37,534,000
Fixed rate amortizing	02/03/21	07/15/24	1.66	1.33	1.81	3,381,698	5,356,810
Mid-term repos	05/10/21	05/10/21	2.75	2.75	2.75	-	3,135,000
Subordinated debt	08/25/24	03/03/26	4.25	4.00	4.75	27,879,922	12,445,000
Junior subordinated debt	03/17/35	11/23/35	1.94	1.66	2.22	6,186,000	6,186,000
						$ 67,184,620	$ 64,656,810

10. OTHER BORROWINGS (Continued)

Maturities of other borrowings at December 31, 2021, are summarized as follows:

Year Ending December 31,	Amount	Weighted-Average Rate
2022	$ 12,916,000	2.18 %
2023	9,736,120	2.16
2024	5,984,579	2.34
2025	3,359,000	2.50
2026	1,123,000	2.01
2027 and after	34,065,921	3.83
	$ 67,184,620	3.04

Borrowing capacity consists of credit arrangements with the FHLB. FHLB borrowings are subject to annual renewal, incur no service charges, and are secured by a blanket security agreement on certain investment and mortgage-backed securities, outstanding residential mortgages, and the Bank's investment in FHLB stock. As of December 31, 2021, the Bank's maximum borrowing capacity with the FHLB was approximately $456.4 million.

The Bank may request a Federal Reserve Advance secured by acceptable collateral. The Bank's maximum borrowing capacity with the Federal Reserve Bank as of December 31, 2021 is approximately $63.4 million.

The Bank maintains a $10.0 million, $10.0 million, and $5.0 million federal funds line of credit with three other financial institutions. The Bank maintains a $750,000 Letter of Credit Facility with a financial institution. The Bank did not have outstanding borrowings related to these lines of credit at December 31, 2021.

In 2014, the Company formed a special purpose entity ("Entity") to issue $3,093,000 of fixed/floating rate subordinated debt securities with a stated maturity of March 17, 2035. The rate on these securities is determined quarterly and floats based on three-month LIBOR plus 2.00 percent. The Entity may redeem them, in whole or in part, at face value on or after March 17, 2010. The Company borrowed the proceeds from the Entity in the form of a $3,093,000 note payable, which is included in the liabilities section of the Company's Consolidated Balance Sheet.

In 2015, the Company formed an additional special purpose entity to issue $3,093,000 of fixed/floating rate subordinated debt securities with a stated maturity of November 23, 2035. These securities had a fixed rate of 6.11 percent until November 23, 2015, at which time the rate converted to floating, is determined quarterly, and floats based on three-month LIBOR plus 1.50 percent. The Entity may redeem them, in whole or in part, at face value on or after November 23, 2010. The Company borrowed the proceeds from the Entity in the form of a $3,093,000 note payable, which is included in the liabilities section of the Company's Consolidated Balance Sheet.

In 2020, the Company issued $8,097,000 of fixed rate subordinated capital notes with stated maturities of June 23, 2030 through April 1, 2031. These securities bear a fixed annual rate of 4.75 percent. The Company may redeem them, in whole or in part, at face value on or after June 23, 2025. These borrowings are included in the liabilities section of the Company's Consolidated Balance Sheet.

10. OTHER BORROWINGS (Continued)

In 2021, the Company issued $20,000,000 of fixed rate subordinated capital notes with a stated maturity of April 7, 2031. The fixed securities bear an annual rate of 4.00 percent. The Company may redeem them, in whole or in part, at face value on or after April 7, 2026. These borrowings are included in the liabilities section of the Company's Consolidated Balance Sheet.

The Company's minority interests in these entities were recorded at the initial investment amount and are included in the accrued interest and other assets on the Consolidated Balance Sheet. These entities are not consolidated as part of the Company's consolidated financial statements.

11. DERIVATIVE FINANCIAL INSTRUMENTS

Risk Management Objective of Using Derivatives

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk, primarily by managing the amount, sources, and duration of its assets and liabilities and through the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to certain variable rate borrowings. The Company also has interest rate derivatives that result from a service provided to certain qualifying customers and, therefore, are not used to manage interest rate risk in the Company's assets or liabilities. The Company manages a matched book with respect to its derivative instruments in order to minimize its net risk exposure resulting from such transactions.

The Company has contracted with a third party to engage pay-fixed interest rate swap contracts and the outstanding as of December 31, 2021, is being utilized to hedge $65.0 million in floating rate debt. At December 31, 2021 and 2020, the information pertaining to outstanding interest rate swap agreements is as follows:

	2021	2020
Notional amount	$ 135,687,424	$ 120,518,422
Weighted-average pay rate	3.09 %	2.99 %
Receive rate	1 or 3-Month Libor	1 or 3-Month Libor
Weighted-average maturity in years	5.9	6.5
Unrealized loss relating to interest rate swaps	(1,563,261)	(4,634,000)

11. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to interest income and expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company has entered into interest rate swaps as part of its interest rate risk management strategy. These interest rate swaps are designated as cash flow hedges and involve the receipt of variable rate amounts from a counterparty in exchange for the Company making fixed interest payments. As of December 31, 2021, the Company had six interest rate swaps with a notional of $65.0 million associated with the Company's cash outflows associated with various floating-rate amounts.

For derivatives designated as cash flow hedges, the effective portion of changes in the fair value of the derivative is initially reported in other comprehensive income (outside of earnings), net of tax, and subsequently reclassified to earnings when the hedged transaction affects earnings, and the ineffective portion of changes in the fair value of the derivative is recognized directly in earnings. The Company assesses the effectiveness of each hedging relationship by comparing the changes in cash flows of the derivative hedging instrument with the changes in cash flows of the designated hedged transactions. The Company did not recognize any hedge ineffectiveness in earnings during the period ended December 31, 2021. Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate liabilities. During the next twelve months, the Company estimates that $0 will be reclassified as an increase in interest expense.

Credit-Risk-Related Contingent Features

The Company has agreements with certain of its derivative counterparties that contain the following provisions:

- if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its derivative obligations;
- if the Company fails to maintain its status as a well/adequately capitalized institution, then the counterparty could terminate the derivative positions, and the Company would be required to settle its obligations under the agreements;
- if the Company fails to maintain a specified minimum leverage ratio, then the Company could be declared in default on its derivative obligations.

At December 31, 2021, the fair value of derivatives in a net liability position, which includes accrued interest and any credit valuation adjustments related to these agreements, was $1,563,261. At December 31, 2021, the Company had required cash collateral with certain of its derivative counterparties in the amount of $3,970,299 and was not holding cash collateral of certain derivative counterparties. If the Company had breached any of the above provisions at December 31, 2021, it would have been required to settle its obligations under the agreements at termination value and would have been required to pay any additional amounts due in excess of amounts previously posted as collateral with the respective counterparty.

11. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Fair Values of Derivative Instruments on the Balance Sheet

The following table presents the fair values of derivative instruments in the consolidated balance sheet:

	Assets		Liabilities	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
December 31, 2021				
Interest rate derivatives	Other assets	$ 2,277,931	Other liabilities	$ (3,841,192)
December 31, 2020				
Interest rate derivatives	Other assets	$ 5,074,982	Other liabilities	$ (9,709,582)

Derivative Instruments

The Company enters into interest rate swaps that allow our commercial loan customers to effectively convert a variable-rate commercial loan agreement to a fixed-rate loan agreement. Under these agreements, the Company enters into a variable-rate loan agreement with a customer in addition to an interest rate swap agreement, which serves to effectively swap the customer's variable-rate into a fixed-rate. The Company then enters into a swap agreement with a third party in order to economically hedge its exposure through the customer agreement.

Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives may use Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, at December 31, 2021, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined they are not significant. As a result, the Company has determined that its derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

Derivative Instruments **(Continued)**

	Notional Amount December 31,		Interest Rate Paid	Interest Rate Received	Fair Value December 31,	
	2021	2020			2021	2020
Cash flow interest rate swap						
Maturing in 2024	$ 6,000,000	$ 6,000,000	Fixed	3 Mo. Libor	$ (151,818)	$ (354,829)
Maturing in 2025	22,000,000	22,000,000	Fixed	3 Mo. Libor	(427,551)	(1,330,524)
Maturing in 2026	22,000,000	22,000,000	Fixed	3 Mo. Libor	(627,802)	(1,728,609)
Maturing in 2027	10,000,000	10,000,000	Fixed	3 Mo. Libor	(450,122)	(1,039,595)
Maturing in 2030	5,000,000	5,000,000	Fixed	3 Mo. Libor	94,032	(181,043)
	$ 65,000,000	$ 65,000,000			$ (1,563,261)	$ (4,634,600)
Customer interest rate swap						
Maturing in 2025	$ 9,100,000	$ 9,100,000	1 Mo. Libor + Margin	Fixed	$ 559,467	$ 1,051,004
Maturing in 2026	9,266,000	9,266,000	1 Mo. Libor + Margin	Fixed	783,043	1,364,263
Maturing in 2027	1,026,388	972,564	1 Mo. Libor + Margin	Fixed	(12,933)	7,303
Maturing in 2029	10,470,000	10,379,025	1 Mo. Libor + Margin	Fixed	416,196	1,010,039
Maturing in 2030	19,902,036	19,629,449	1 Mo. Libor + Margin	Fixed	523,823	1,616,774
Maturing in 2031	17,203,000	2,500,000	1 Mo. Libor + Margin	Fixed	197,103	44,509
Maturing in 2035	3,720,000	3,671,384	1 Mo. Libor + Margin	Fixed	(188,768)	(18,910)
	$ 70,687,424	$ 55,518,422			$ 2,277,931	$ 5,074,982
Third party interest rate swap						
Maturing in 2025	$ 9,100,000	$ 9,100,000	Fixed	1 Mo. Libor + Margin	$ (559,467)	$ (1,051,004)
Maturing in 2026	9,266,000	9,266,000	Fixed	1 Mo. Libor + Margin	(783,043)	(1,364,263)
Maturing in 2027	1,026,388	972,564	Fixed	1 Mo. Libor + Margin	12,933	(7,303)
Maturing in 2029	10,470,000	10,379,025	Fixed	1 Mo. Libor + Margin	(416,196)	(1,010,039)
Maturing in 2030	19,902,036	19,629,449	Fixed	1 Mo. Libor + Margin	(523,823)	(1,616,774)
Maturing in 2031	17,203,000	2,500,000	Fixed	1 Mo. Libor + Margin	(197,103)	(44,509)
Maturing in 2035	3,720,000	3,671,384	Fixed	1 Mo. Libor + Margin	188,768	18,910
	$ 70,687,424	$ 55,518,422			$ (2,277,931)	$ (5,074,982)

12. INCOME TAXES

The provision for federal income taxes for the years ended December 31, 2021 and 2020, consists of:

	2021	2020
Current	$ 1,834,896	$ 1,905,671
Deferred	(483,336)	(666,073)
Total provision	$ 1,351,560	$ 1,239,598

The tax effects of deductible and taxable temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2021 and 2020, are as follows:

	2021	2020
Deferred tax assets:		
Allowance for loan losses	$ 2,217,569	$ 2,051,818
Deferred compensation	445,183	370,849
Deferred incentive credits	231,723	-
Core deposit intangible assets	-	17,159
Asset valuation allowances	74,594	88,091
Employee compensation accruals	289,464	363,688
Nonaccrual interest receivable	8,961	10,233
Unrealized loss on swaps - balance sheet hedge	313,569	973,266
Unrealized loss on available-for-sale securities	104,445	-
Fair value adjustment - equity securities	-	22,765
Partnerships	77,367	-
Lease liability	953,122	979,312
Capital loss carryforward	804	-
Other	1,174	1,174
Deferred tax assets	4,717,975	4,878,355
Deferred tax liabilities:		
Premises and equipment	546,798	605,522
Goodwill	378,674	369,342
Deferred loan fees	92,236	80,213
Partnerships	-	48,058
Unrealized gain on available-for-sale securities	-	705,015
Fair value adjustment - equity securities	131,643	99,465
Right of use asset	935,252	967,121
Other	-	3,346
Deferred tax liabilities	2,084,603	2,878,082
Net deferred tax assets	$ 2,633,372	$ 2,000,273

No valuation allowance was established at December 31, 2021 and 2020, in view of the Company's ability to carryback taxes paid in previous years and certain tax strategies, coupled with the anticipated future taxable income as evidenced by the Company's earnings potential.

12. INCOME TAXES (Continued)

The reconciliation between the federal statutory rate and the Company's effective consolidated income tax rate is as follows:

	2021		2020	
	Amount	% of Pretax Income	Amount	% of Pretax Income
Provision at statutory rate	$ 2,358,909	21.0 %	$ 1,948,566	21.0 %
Tax-exempt interest	(322,889)	(2.9)	(366,767)	(4.0)
Life insurance income	(135,336)	(1.2)	(64,568)	(0.7)
Investment tax credits	(329,442)	(2.9)	(329,442)	(3.6)
Other	(219,681)	(2.0)	51,809	0.6
Income tax expense and effective rate	$ 1,351,560	12.0 %	$ 1,239,598	13.3 %

The Company prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Benefits from tax positions should be recognized in the financial statements only when it is more likely than not that the tax position will be sustained upon examination by the appropriate taxing authority that would have full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold should be derecognized in the first subsequent financial reporting period in which that threshold is no longer met.

There is currently no liability for uncertain tax positions and no known unrecognized tax benefits. The Company recognizes, when applicable, interest and penalties related to unrecognized tax benefits in the provision for income taxes in the Consolidated Statement of Income. The Company's federal and state income tax returns for taxable years through 2017 have been closed for purposes of examination by the Internal Revenue Service and the Pennsylvania Department of Revenue.

13. EMPLOYEE BENEFITS

Savings Plan

The Bank maintains a qualified 401(k) salary reduction and profit sharing plan that covers substantially all employees. Under the plan, employees make voluntary, pretax contributions to their accounts, and the Bank contributions to the plan are at the discretion of the Board of Directors. Contributions by the Bank charged to operations were $491,112 and $445,991 for the years ended December 31, 2021 and 2020, respectively. The fair value of plan assets includes $3,207,662 and $2,374,480 pertaining to the value of the Company's common stock that is held by the plan as of December 31, 2021 and 2020, respectively.

13. EMPLOYEE BENEFITS (Continued)

Deferred Compensation Plan

The Company has a nonqualified deferred compensation plan that allows directors and senior executives to defer fees and salaries. Outstanding balances under this arrangement as of December 31, 2021 and 2020, were $2,119,917 and $1,765,947, respectively, and are reported as "Other liabilities" on the Consolidated Balance Sheet. Expenses related to this plan were $240,839 and $200,445 for the years ended December 31, 2021 and 2020, respectively.

Restricted Stock Plan

The Company maintains a Restricted Stock Plan (the "Plan"). Employees and board members are eligible to receive awards of restricted stock based upon performance-related requirements. Awards granted under the Plan are in the form of the Company's common stock and are subject to certain vesting requirements including continuous employment or service with the Company. Since inception of the Plan in 1988, the Company has authorized share pools totaling 480,000 shares of the Company's common stock to the plan. The Plan has a remaining available share pool of 210,247 shares and 226,565 shares as of December 31, 2021 and 2020, respectively. The Plan assists the Company in attracting, retaining, and motivating employees and non-employee directors to make substantial contributions to the success of the Company and to increase the emphasis on the use of equity as a key component of compensation.

Compensation expense recognized related to restricted stock awards was $515,935 and $518,842 for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021, unrecognized compensation cost related to restricted stock awards was $1,101,417, which is expected to be recognized over a weighted average life of 2.96 years.

The following is a summary of the status of the Company's outstanding restricted stock awards as of December 31, 2021 and 2020, and changes therein during the years then ended:

	Shares of Restricted Stock Outstanding	Weighted-Average Grant Date Fair Value
Outstanding at December 31, 2019	81,920	$ 26.13
Granted	18,458	25.94
Released from Restrictions	(19,059)	21.80
Forfeited	(215)	29.20
Outstanding at December 31, 2020	81,104	27.10
Granted	18,160	30.34
Released from Restrictions	(24,236)	23.64
Forfeited	(1,842)	30.00
Outstanding at December 31, 2021	73,186	$ 28.98

13. EMPLOYEE BENEFITS (Continued)

Stock Option Plan

The Company has a stock option plan available for granting stock-based compensation awards to employees and board members. The Company authorized a share pool of 760,000 shares of the Company's common stock for granting incentive stock options and non-qualified stock option awards. The stock option plan has a remaining available share pool of 149,527 and 185,509 shares as of December 31, 2021 and 2020, respectively. The exercise price for the purchase of shares subject to a stock option may not be less than 100 percent of the fair market value of the shares covered by the option on the date of the grant. The term of stock options will not exceed ten years from the date of grant. Options granted are primarily vested evenly over a three-year period from the grant date. Compensation expense recognized related to stock option awards was $129,509 and $88,528 for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021, unrecognized compensation cost related to stock option awards was $227,393, which is expected to be recognized over a weighted-average life of 1.97 years.

The following table presents share data related to the outstanding option awards:

	Incentive Stock Options		Non-Qualified Stock Options	
	Options Outstanding	Weighted-Average Exercise Price	Options Outstanding	Weighted-Average Exercise Price
Outstanding, December 31, 2019	128,769	$ 25.79	77,225	$ 21.73
Granted	32,893	26.03	8,312	25.96
Exercised	(15,438)	19.80	(14,988)	19.32
Forfeited/Expired	(666)	29.23	(1,135)	28.15
Outstanding, December 31, 2020	145,558	26.46	69,414	22.65
Granted	34,500	30.41	8,415	30.05
Exercised	(11,140)	23.24	(7,545)	22.54
Forfeited/Expired	(4,301)	29.88	(2,632)	28.87
Outstanding, December 31, 2021	164,617	$ 27.42	67,652	$ 23.34
Exercisable at December 31, 2021	98,444	$ 26.24	54,218	$ 21.95

13. EMPLOYEE BENEFITS (Continued)

Stock Option Plan (Continued)

Option awards outstanding and exercisable as of December 31, 2021:

Incentive Stock Options

Expiration Date	Exercise Price	Share Awards Outstanding	Share Awards Exercisable	Remaining Contractual Life (years)
04/02/22	15.00	4,000	4,000	0.25
04/01/23	16.63	6,100	6,100	1.25
04/01/24	18.25	3,222	3,222	2.25
04/01/25	19.48	6,568	6,568	3.25
03/30/26	22.00	7,900	7,900	4.24
10/31/26	22.40	1,000	1,000	4.83
12/12/26	22.38	1,000	1,000	4.95
04/03/27	27.00	9,650	9,650	5.25
04/02/28	29.63	28,600	28,600	6.25
04/01/29	31.60	31,684	20,891	7.25
04/03/30	25.65	28,293	8,547	8.25
12/01/30	30.00	2,900	966	8.92
04/03/31	30.05	32,200	-	9.25
10/01/31	38.25	1,500	-	9.75
		164,617	98,444	

Non-Qualified Stock Options

Expiration Date	Exercise Price	Share Awards Outstanding	Share Awards Exercisable	Remaining Contractual Life (years)
04/02/22	$ 15.00	5,000	5,000	0.25
04/01/23	16.63	5,980	5,980	1.25
04/01/24	18.25	4,182	4,182	2.25
04/01/25	19.75	8,004	8,004	3.25
03/30/26	22.00	11,392	11,392	4.24
10/31/26	22.40	1,000	1,000	4.83
12/12/26	22.38	1,000	1,000	4.95
04/03/27	27.00	11,478	11,478	5.25
04/02/28	29.63	1,600	1,600	6.25
04/01/29	31.60	3,580	2,120	7.25
04/03/30	25.65	5,711	2,129	8.25
10/28/30	28.25	1,000	333	8.82
04/03/31	30.05	7,725	-	9.25
		67,652	54,218	

14. COMMITMENTS

In the normal course of business, there are outstanding commitments and contingent liabilities such as commitments to extend credit, financial guarantees, and letters of credit that are not reflected in the accompanying consolidated financial statements. The Company does not anticipate any losses as a result of these transactions. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the Consolidated Balance Sheet.

The contract or notional amounts of those instruments reflect the extent of involvement the Company has in the particular classes of financial instruments that consisted of the following:

	2021	2020
Commitments to extend credit	$ 300,005,656	$ 202,620,543
Standby letters of credit	4,330,165	5,365,456
Total	$ 304,335,821	$ 207,985,999

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.

Standby letters of credit represent conditional commitments issued by the Company to guarantee the performance of a customer to a third party. These instruments are issued primarily to support bid or performance-related contracts. The coverage period for these instruments is typically a one-year period, with an annual renewal option subject to prior approval by management. Fees earned from the issuance of these letters are recognized upon expiration of the commitment period. For secured letters of credit, the collateral is typically Bank deposit instruments or real estate.

Lease Commitments

The Company leases office space and real estate for its bank branches with terms ranging from two years to eighteen years. The Company's leases are classified as operating leases. In accordance with ASC 842, operating lease agreements are required to be recognized on the consolidated balance sheet as a right-of-use (ROU) asset and a corresponding lease liability. A combined ROU asset balance of $4,453,581 and $4,605,388 related to these operating leases is included in Accrued Interest and Other Assets on the consolidated balance sheet as of December 31, 2021 and 2020, respectively. A combined lease liability of $4,538,678 and $4,663,391 related to these operating leases is included in Accrued Interest and Other Liabilities on the consolidated balance sheet as of December 31, 2021 and 2020, respectively.

14. COMMITMENTS (Continued)

Lease Commitments (Continued)

Maturities of our lease liabilities for all operating leases for each of the next five years and thereafter are as follows:

		Operating Lease Payments
2022	$	421,907
2023		432,071
2024		441,244
2025		419,273
2026		343,861
Thereafter		3,714,512
Total lease payments		5,772,868
Less: imputed interest		1,234,190
Present value of lease liabilities	$	4,538,678

The calculated amount of the lease liability in the preceding table is impacted by the length of the lease term and the discount rate used to present value the minimum lease payments. The Company's lease agreement includes one or more options to renew at the Company's discretion. If at lease inception the Company considers the exercising of a renewal option to be reasonably certain, the Company will include the extended term in the calculation of the ROU asset and lease liability. Regarding the discount rate, Topic 842 requires the use of the rate implicit in the lease whenever this rate is readily determinable. As most of our leases do not provide an implicit rate, we use the fully collateralized FHLB borrowing rate, commensurate with the lease terms based on the information available at the lease commencement date in determining the present value of the lease payments.

Our combined operating leases have a weighted-average discount rate of 3.25% and 3.31%, and a weighted-average remaining lease term of 14.2 years and 15.4 years as of December 31, 2021 and 2020, respectively.

Contingent Liabilities

The Company from time to time may be a party in various legal actions from the normal course of business activities. Management believes the liability, if any, arising from such actions will not have a material adverse effect on the Company's financial position.

15. REGULATORY RESTRICTIONS

Loans

Federal law prevents the Company from borrowing from the Bank unless the loans are secured by specific obligations. Further, such secured loans are limited in amount to 10 percent of the Bank's common stock and capital surplus. There were no such borrowings by the Company during 2021 and 2020.

Dividends

The Pennsylvania Banking Code restricts the availability of capital surplus for dividend purposes. At December 31, 2021, the Bank had a capital surplus of $5,723,535 which was not available for distribution to the Company as dividends.

16. REGULATORY CAPITAL

Federal regulations require the Company and the Bank to maintain minimum amounts of capital. Specifically, each is required to maintain certain minimum dollar amounts and ratios of Total Tier I and Common Equity Tier 1 capital to risk-weighted assets and of Tier I capital to average total assets.

In addition to the capital requirements, the Federal Deposit Insurance Corporation Improvement Act ("FDICIA") established five capital categories ranging from "well capitalized" to "critically undercapitalized." Should any institution fail to meet the requirements to be considered "adequately capitalized," it would become subject to a series of increasingly restrictive regulatory actions.

As of December 31, 2021 and 2020, the FDIC categorized the Company and the Bank as well capitalized under the regulatory framework for prompt corrective action. To be classified as a well capitalized financial institution, Total risk-based, Common Equity Tier I, Tier I risk-based, and Tier I leverage capital ratios must be at least 10 percent, 6.50 percent, 8 percent, and 5 percent, respectively.

The Company's actual capital ratios are presented in the following table that shows the Company met all regulatory capital requirements:

	2021		2020	
	Amount	Ratio	Amount	Ratio
Total capital (to risk-weighted assets)				
Actual	$ 121,077,636	12.78 %	$ 95,279,053	12.32 %
For capital adequacy purposes	75,773,784	8.00	61,874,268	8.00
To be well capitalized	94,717,230	10.00	77,342,835	10.00
Common Equity Tier I (to risk-weighted assets)				
Actual	$ 76,227,523	8.05 %	$ 68,158,230	8.81 %
For capital adequacy purposes	42,622,753	4.50	34,804,276	4.50
To be well capitalized	61,566,199	6.50	50,272,842	6.50
Tier I capital (to risk-weighted assets)				
Actual	$ 82,227,523	8.68 %	$ 74,158,230	9.59 %
For capital adequacy purposes	56,830,338	6.00	46,405,701	6.00
To be well capitalized	75,773,784	8.00	61,874,268	8.00
Tier I capital (to average assets)				
Actual	$ 82,227,523	6.69 %	$ 74,158,230	7.01 %
For capital adequacy purposes	49,198,771	4.00	42,342,062	4.00
To be well capitalized	61,498,463	5.00	52,927,578	5.00

16. REGULATORY CAPITAL (Continued)

The Bank's actual capital ratios are presented in the following table which shows the Bank met all regulatory capital requirements:

	2021		2020	
	Amount	Ratio	Amount	Ratio
Total capital				
(to risk-weighted assets)				
Actual	$ 102,659,040	10.87 %	$ 94,267,202	12.17 %
For capital adequacy purposes	75,581,493	8.00	61,988,287	8.00
To be well capitalized	94,476,866	10.00	77,485,359	10.00
Common Equity Tier I				
(to risk-weighted assets)				
Actual	$ 91,905,928	9.73 %	$ 84,303,378	10.88 %
For capital adequacy purposes	42,514,590	4.50	34,868,411	4.50
To be well capitalized	61,409,963	6.50	50,365,483	6.50
Tier I capital				
(to risk-weighted assets)				
Actual	$ 91,905,928	9.73 %	$ 84,303,378	10.88 %
For capital adequacy purposes	56,686,120	6.00	46,491,215	6.00
To be well capitalized	75,581,493	8.00	61,988,287	8.00
Tier I capital				
(to average assets)				
Actual	$ 91,905,928	7.53 %	$ 84,303,378	7.97 %
For capital adequacy purposes	48,840,828	4.00	42,296,429	4.00
To be well capitalized	61,051,035	5.00	52,870,536	5.00

17. FAIR VALUE MEASUREMENTS

The following disclosures show the hierarchical disclosure framework associated with the level of pricing observations utilized in measuring assets and liabilities at fair value. The three broad levels of pricing observations are as follows:

Level I: Quoted prices are available in active markets for identical assets or liabilities as of the reported date.

Level II: Pricing inputs are other than the quoted prices in active markets, which are either directly or indirectly observable as of the reported date. The nature of these assets and liabilities includes items for which quoted prices are available but traded less frequently and items that are fair-valued using other financial instruments, the parameters of which can be directly observed.

Level III: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

This hierarchy requires the use of observable market data when available.

17. FAIR VALUE MEASUREMENTS (Continued)

The following tables present the assets and liabilities reported on the Consolidated Balance Sheet at their fair value on a recurring basis as of December 31, 2021 and 2020, by level within the fair value hierarchy. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	December 31, 2021			
	Level I	Level II	Level III	Total
Investment and equity securities at fair value:				
U.S. treasury securities	$ -	$ 4,926,520	$ -	$ 4,926,520
U.S. government agency securities	-	52,623,526	-	52,623,526
Obligations of states and political subdivisions	-	42,582,632	-	42,582,632
Corporate securities	-	8,685,209	-	8,685,209
Mortgage-backed securities in government-sponsored entities	-	69,929,251	-	69,929,251
Equity securities	2,693,580	-	-	2,693,580
Total	$ 2,693,580	$ 178,747,138	$ -	$ 181,440,718
Derivatives at fair value: (1)				
Assets	$ -	$ 2,277,931	$ -	$ 2,277,931
Liabilities	$ -	$ (3,841,192)	$ -	$ (3,841,192)

	December 31, 2020			
	Level I	Level II	Level III	Total
Investment and equity securities at fair value:				
U.S. treasury securities	$ -	$ 2,044,540	$ -	$ 2,044,540
U.S. government agency securities	-	26,859,647	-	26,859,647
Obligations of states and political subdivisions	-	45,804,831	-	45,804,831
Corporate securities	-	13,491,746	-	13,491,746
Mortgage-backed securities in government-sponsored entities	-	39,836,282	-	39,836,282
Equity securities	2,132,287	-	-	2,132,287
Total	$ 2,132,287	$ 128,037,046	$ -	$ 130,169,333
Derivatives at fair value: (1)				
Assets	$ -	$ 5,074,982	$ -	$ 5,074,982
Liabilities	$ -	$ (9,775,453)	$ -	$ (9,775,453)

(1) Derivative assets and liabilities at fair value are included in our Consolidated Balance Sheet in *Accrued interest and other assets* and *Accrued interest and other liabilities*, respectively.

17. FAIR VALUE MEASUREMENTS (Continued)

Investment Securities

The fair market value of investment securities is equal to the available quoted market price. If no quoted market price is available, fair value is estimated using the quoted market price for similar securities. Fair value for certain held to maturity securities were determined utilizing discounted cash flow models, due to the absence of a current market to provide reliable market quotes for the instruments.

Impaired Loans

The Company has measured impairment on loans generally based on the fair value of the loan's collateral on a non-recurring basis. Fair value is generally determined based upon independent third-party appraisals of the properties. In some cases, management may adjust the appraised value due to the age of the appraisal, changes in market conditions, or observable deterioration of the property since the appraisal was completed. Additionally, management makes estimates about expected costs to sell the property which are also included in the net realizable value. If the fair value of the collateral dependent loan is less than the carrying amount of the loan, a specific reserve for the loan is made in the allowance for loan losses, or a charge-off is taken to reduce the loan to the fair value of the collateral (less estimated selling costs) and the loan is included in the table above as a Level III measurement.

Derivatives

Derivative instruments are recorded at fair value based upon commercially reasonable industry and market practices for valuing similar financial instruments. Certain inputs to the credit valuation models may be based on assumptions and best estimates that are not readily observable in the marketplace. Valuations do not reflect trading costs or counterparty charges that could apply if positions are terminated.

Mortgage Servicing Rights

Mortgage servicing rights are accounted for under the amortization method and are adjusted to the lower of aggregate cost or estimated fair value on a semi-annual basis or more frequently as deemed appropriate. Fair value is estimated by projecting and discounting future cash flows. Various assumptions including future cash flows, market discount rates, expected prepayment rates, servicing costs, and other factors are used in the valuation of mortgage servicing rights.

The following tables present the assets measured on a nonrecurring basis on the Consolidated Balance Sheet at their fair value as of December 31, 2021 and 2020, by level within the fair value hierarchy. Impaired loans that are collateral dependent are written down to fair value through the establishment of specific reserves. Techniques used to value the collateral that secure the impaired loans include: quoted market prices for identical assets classified as Level I inputs and observable inputs employed by certified appraisers for similar assets classified as Level II inputs. In cases where valuation techniques included inputs that are unobservable and are based on estimates and assumptions developed by management based on the best information available under each circumstance, the asset valuation is classified as Level III input. Other real estate owned is measured at fair value, less cost to sell at the date of foreclosure. Valuations are periodically performed by management and the assets are carried at the lower of carrying amount, or fair value less cost to sell. The fair value for mortgage servicing rights is estimated by discounting contractual cash flows and adjusting for prepayment estimates. Discount rates are based upon rates generally charged for such loans with similar characteristics.

17. FAIR VALUE MEASUREMENTS (Continued)

Mortgage Servicing Rights (Continued)

	December 31, 2021			
	Level I	Level II	Level III	Total
Assets:				
Impaired loans	$ -	$ -	$ 2,270,654	$ 2,270,654
Mortgage servicing rights	-	-	174,388	174,388

	December 31, 2020			
	Level I	Level II	Level III	Total
Assets:				
Impaired loans	$ -	$ -	$ 1,322,140	$ 1,322,140
Mortgage servicing rights	-	-	200,306	200,306

The following tables provide a listing of significant unobservable inputs used in the fair value measurement process for items valued utilizing Level III techniques as of December 31, 2021 and 2020.

	December 31, 2021			
	Fair Value	Valuation Techniques	Unobservable Inputs	Range
Impaired loans	$ 1,643,180	Discounted Cash Flows	Discount Rate	4.50% - 10.00% discount Weighted Average (5.02%)
Impaired loans	$ 627,474	Property appraisals	Management discount for property type and recent market volatility	0.00% - 100.00% discount Weighted Average (19.59%)
Mortgage servicing rights	$ 174,388	Discounted cash flows	Discount rate	1.77 - 2.47% discount Weighted Average (2.12%)
			Prepayment speeds	1.98 - 2.58 prepayment factor Weighted Average (2.23%)

	December 31, 2020			
	Fair Value	Valuation Techniques	Unobservable Inputs	Range
Impaired loans	$ 660,932	Discounted Cash Flows	Discount Rate	4.00% - 8.50% discount Weighted Average (5.18%)
Impaired loans	$ 661,209	Property appraisals	Management discount for property type and recent market volatility	15.00% - 100.00% discount Weighted Average (28.93%)
Mortgage servicing rights	$ 200,306	Discounted cash flows	Discount rate	2.68 - 3.28% discount Weighted Average (2.98%)
			Prepayment speeds	1.47 - 2.99 prepayment factor Weighted Average (1.83%)

18. FAIR VALUE DISCLOSURE OF FINANCIAL INSTRUMENTS

The estimated fair values of the Company's financial instruments not required to be measured or reported at fair value at December 31, 2021 and 2020, are as follows:

	2021				
	Carrying Value	Fair Value	Level I	Level II	Level III
Financial assets:					
Investment securities held to maturity	$ 9,777,862	$ 10,125,458	$ -	$ 10,125,458	$ -
Net loans	868,153,493	859,246,857	-	-	859,246,857
Financial liabilities:					
Deposits	$ 1,002,645,347	$ 1,002,584,511	$ 741,338,920	$ -	$ 261,245,591
Other borrowings	67,184,620	66,483,805	-	-	66,483,805

	2020				
	Carrying Value	Fair Value	Level I	Level II	Level III
Financial assets:					
Investment securities held to maturity	$ 11,023,499	$ 11,158,436	$ -	$ 11,158,436	$ -
Net loans	755,960,393	756,802,249	-	-	756,802,249
Financial liabilities:					
Deposits	$ 877,796,429	$ 879,819,942	$ 626,186,642	$ -	$ 253,633,300
Other borrowings	64,656,810	66,159,726	-	-	66,159,726

As of December 31, 2021 and 2020, for cash and cash equivalents, certificates of deposits, loans held for sale, regulatory stock, bank-owned life insurance, accrued interest receivable, short-term borrowings, and accrued interest payable, the carrying value is a reasonable estimate of fair value.

19. ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table presents the changes in accumulated other comprehensive income (loss) by component net of tax for the year ended December 31, 2021 and 2020:

	Net Unrealized Gains on Investment Securities	Cash Flow Hedges	Total
Accumulated other comprehensive income (loss), December 31, 2019	$ 240,796	$ (1,255,302)	$ (1,014,506)
Other comprehensive income before reclassification	2,475,314	-	2,475,314
Amounts reclassified from accumulated other comprehensive loss	(63,913)	-	(63,913)
Amounts from change to AOCI related to cash flow hedges	-	(2,406,031)	(2,406,031)
Accumulated other comprehensive loss, December 31, 2020	$ 2,652,197	$ (3,661,333)	$ (1,009,136)
Other comprehensive loss before reclassification	(3,035,172)	-	(3,035,172)
Amounts reclassified from accumulated other comprehensive loss	(9,940)	-	(9,940)
Amounts from change to AOCI related to cash flow hedges	-	2,481,715	2,481,715
Accumulated other comprehensive loss, December 31, 2021	$ (392,915)	$ (1,179,618)	$ (1,572,533)

The following table presents significant amounts reclassified out of each component of accumulated other comprehensive loss for the year ended December 31, 2021 and 2020:

	Amount Reclassified from Accumulated Other Comprehensive Income	Affected Line Item in the Consolidated Statement of Income where Net Income is Presented
	$ 12,582	Investment securities gains, net
	(2,642)	Income tax expense
Unrealized gains on investment securities, December 31, 2021	$ 9,940	
	$ 80,903	Investment securities gains, net
	(16,990)	Income tax expense
Unrealized gains on investment securities, December 31, 2020	$ 63,913	

20. SUBSEQUENT EVENTS

Management has reviewed events occurring through March 7, 2022, the date the financial statements were issued, and no additional subsequent events occurred requiring accrual or disclosure.

The Board of Directors of Kish Bancorp, Inc.

William P. Hayes
Chairman

Paul G. Howes
Vice Chairman

Eric J. Barron
Member

William L. Dancy
Member

Michael K. Halloran*
Member

Gregory T. Hayes
Member

William S. Lake
Member

Kathleen L. Rhine
Member

Paul H. Silvis
Member

James A. Troha
Member

Frances V. Vaughn
Member

George V. Woskob
Member

BOARD OF DIRECTORS OF KISH BANK

William P. Hayes, Chairman
Paul G. Howes, Vice Chairman
William L. Dancy, Member
Michael K. Halloran, Member*
Gregory T. Hayes, Member
William S. Lake, Member
Kathleen L. Rhine, Member
Paul H. Silvis, Member
James A. Troha, Member
Frances V. Vaughn, Member
George V. Woskob, Member

BLAIR COUNTY REGIONAL BOARD

Maryann Joyce Bistline, Member
Elizabeth M. Burke, Member
George C. Ferris, II, Member
James P. Foreman, Member
Robert G. Okonak, Jr., Member
Randolph W. Tarpey, Member
William D. Thompson, III, Member

CENTRE COUNTY REGIONAL BOARD

A. Christian Baum, Member
Adam R. Fernsler, Member
H. Amos Goodall, Jr., Member
Paul G. Howes, Member
Oscar W. Johnston, Member
Michael J. Krentzman, Member
Maureen L. Mulvihill, Member
Kathleen L. Rhine, Member
Paul H. Silvis, Member
George V. Woskob, Member
Brandon M. Zlupko, Member

HUNTINGDON COUNTY REGIONAL BOARD

Wayne A. Hearn, Member
James J. Lakso, Member
Pamela F. Prosser, Member
Burgess A. Smith, Member
Delmont R. Sunderland, Member
Angela D. Thompson, Member
Douglas A. Tietjens, Member
James A. Troha, Member
Frances V. Vaughn, Member

JUNIATA COUNTY REGIONAL BOARD

Philip D. Bomberger, Member
Jeffrey N. Brown, Member
Ronald N. Colledge, Member
Vincenzo Evola, Jr., Member
Clarissa J. Goodling, Member
Maxwell R. Manbeck, Member
Robert J. Rowles, Member
Anita K. Rudy, Member

MIFFLIN COUNTY REGIONAL BOARD

Christina Calkins-Mazur, Member
Susan L. Cannon, Member
William L. Dancy, Member
Michael K. Halloran, Member
Melinda K. Kenepp, Member
William S. Lake, Member
Harvard K. McCardle, Member
Alan J. Metzler, Member
John Pannizzo, Member
James L. Shilling, Jr., Member

KISH BANK EXECUTIVE OFFICERS

William P. Hayes, Chairman and Chief Executive Officer
Gregory T. Hayes, President and Chief Operating Officer
Mark J. Cvrkel, Executive Vice President, Chief Financial Officer
Robert S. McMinn, Executive Vice President, General Counsel
Richard A. Sarfert, Executive Vice President, Chief Lending Officer

KISH BANK SENIOR OFFICERS

Douglas C. Baxter, Senior Vice President, Accounting and Controls Director
Robert L. Bilger, Senior Vice President, Market Leader
Kimberly A. Bubb, Senior Vice President, Director of Operations and Technology
Peter D. Collins, Senior Vice President, Senior Portfolio Manager and Commercial Lender
Wade E. Curry, LUTCF, Senior Vice President, Investment Services
Terra L. Decker, Senior Vice President, Risk Officer
Kenneth M. Goetz, Senior Vice President, Managing Director - Ohio
Kristie R. McKnight, Senior Vice President, Middle Market Relationship Manager
Thomas Minichiello, III, Senior Vice President, Director of Retail Banking
Amy M. Muchler, Senior Vice President, Onboarding and Auditing Manager
Denise F. Quinn, Senior Vice President, Middle Market Relationship Manager
Kevin D. Rimmey, Senior Vice President, Senior Credit Officer
Suzanne M. White, Senior Vice President, Chief Administrative Services and Organizational Development Officer
Jeffrey D. Wilson, Senior Vice President, CEO of Kish Agency
Mark E. Yerger, Senior Vice President, Chief Information Officer
Gary L. Wimer, Senior Vice President, Managing Director - Ohio
Allan F. Bills, Vice President, Finance Reporting and Analytics Manager
Tina M. Collins, Vice President, Controller
Alta Corman-Wolf, Vice President, Residential Lender
Beth N. Metz Gilmore, Vice President, Human Resources Manager
Roxanne R. Greising, Vice President, Director of Credit Administration
Jeffrey A. Gum, Vice President, Managing Director of Kish Benefits Consulting
Allana L. Hartung, Vice President, Commercial Relationship Manager
Jeffrey T. Hayes, Vice President, Financial Advisor
Matthew D. Heaps, Vice President, Commercial, Relationship Manager
Edward M. Henderson, Vice President, Wealth Advisor and Trust Officer
Ashley L. Henry, Vice President, Lending Services Manager
Terry P. Horner, Vice President, Business Development Officer
Garen M. Jenco, Vice President, Client Experience
Holly A. Johnson, Vice President, Mortgage Banking Manager
Marsha K. Kuhns, Vice President, Residential Lender
John Q. Massie, Vice President, Commercial Relationship Manager
Seth J. Napikoski, Vice President, Commercial Relationship Manager
Peter K. Ort, Vice President, Branch Manager
Melissa K. Royer, Vice President, Technical Advisor
Cheryl E. Shope, Vice President, Residential Lender
Wendy S. Strohecker, Vice President, Bank Operations Manager
N. Robert Sunday, III, Vice President, Compliance Officer
Penny L. Zesiger, Vice President, Residential Lender

* Appointed at the January 2022 Board meeting.

4255 EAST MAIN STREET, BELLEVILLE, PA 17004 | 1-800-981-5474 | KISHBANK.COM