Jeffersonville Bancorp

2022
Annual Report

A letter from the President & Chairman of the Board

A lot can change over the course of a year. Leading up to 2022, the banking industry was focused on what to do with excess liquidity fueled by pandemic stimulus and consumer/business savings. Most financial institutions, including Jeffersonville Bancorp (the "Company"), invested in securities and loans both of which were at historically low interest rates given the competition for higher yielding asset types from a variety of different investors. As we mentioned in last year's report, our strategy was to remain conservative with excess cash despite significant investment, which would provide opportunity and flexibility if market conditions changed, or interest rates rose.

The Federal Reserve Board began raising rates in March 2022 for the first time since 2018 to curb soaring, 40-year high inflation. Over the course of the last 8 Federal Reserve Board meetings, the Federal Funds rate was increased by a combined total of 4.25%. As the grip of the global pandemic thankfully eased a bit, the Company navigated new challenges in the rising rate environment, robust job market with wage inflation and competition for deposits. The investment in securities and loans during 2021 and 2022 combined with elevated liquidity levels, contributed to the largest dollar level of profit totaling $9,304,000 in the Company's history, surpassing the previous record of $6,506,000 achieved in 2019. While the Company continues to benefit from a stable base of lower cost, core deposits, there is increased pressure from a variety of banks and financial technology companies who are aggressively gathering deposits. Despite the increased competitive pressures, Jeff Bank had the largest deposit market share in Sullivan County, NY totaling 34% as of June 30, 2022, based upon FDIC Summary of Deposit data.

The Company's assets declined slightly during 2022, ending the year at $693,027,000 as compared to $704,868,000 at year end 2021. Asset composition shifted with deployment of excess cash primarily into investment securities which grew by $37,223,000 and loans which grew by $32,256,000 during the year. Cash levels decreased by $88,387,000 during the year ending at $76,750,000. The Company's deposit position remained substantially similar year over year with $616,932,000 in deposits at the end of 2022 versus $619,161,000 at the end of 2021. The Company continued to have no borrowings or wholesale funding during the year.

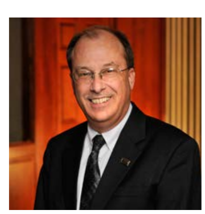
Jeff Bank capitalized on favorable real estate market conditions with increased demand for residential and commercial loans in 2022. The Jeff Bank brand continues to be well recognized in the marketplace for both loans and deposits. Total residential real estate loans grew by $25,074,000 while commercial loans grew by $7,424,000 during the year. While this level of growth is elevated for the Company compared to most historical years, the loan to deposit ratio remains lower than most comparable peers at 52.6%. The predominance of growth occurred in residential mortgages which represent a conservative loan asset class for credit risk.

The Company made significant progress in the reduction of nonperforming loans, which are loans where the collection of principal or interest is in doubt. Total nonperforming loans declined by $6,281,000 or 52.7% during the year. This reduction was achieved through a variety of loan workout strategies without significant loan charge-offs. New charge-offs totaled $143,000 for the year while recovery of previously charged-off loans totaled $258,000. Given growth in the loan portfolio coupled with increased economic uncertainty due in part to higher interest rates and elevated inflation, the Company elected to provision for potential future losses in the loan portfolio which resulted in $4,570,000 in Allowance for Loan Losses at year-end 2022 versus $4,005,000 at year-end 2021.

We always strive to be an employer of choice in our local market. To that end, in 2022 we appointed a committee comprised of employees from a variety of departments throughout the Company. The committee's goal was to identify areas and items which could help maintain and improve employee morale throughout the organization. Many actionable items were implemented during the year as a result of the feedback of the committee. The employees of Jeff Bank continue to provide exceptional service to our customers and to each other. They are the backbone of the organization and are the key to both the past and future success of the Company.

The record high financial performance achieved in 2022 sets the bar very high for future years. Low cost, core deposit funding combined with loan growth and higher interest rates on variable rate assets contributed to the record high earnings. As a result of the Company's strong financial performance, the board of directors was pleased to announce a special cash dividend of ten cents ($0.10) per share in January 2023. However, industry-wide competition for deposits is placing greater pressure on deposit interest expense and liquidity. The Company is not immune to these risks but remains conservatively managed and well capitalized. As always, thank you for your continued confidence as shareholders. Please don't hesitate to contact us should you have any questions about this report.

George W. Kinne, Jr.,
President & Chief Executive Officer



Kenneth C. Klein,
Chairman of the Board

SNODGRASS
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Stockholders
Jeffersonville Bancorp
Jeffersonville, New York

Opinion

We have audited the accompanying consolidated financial statements of Jeffersonville Bancorp and its subsidiary (the "Company"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021; the related consolidated statements of income, comprehensive (loss) 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, 2022 and 2021, 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.

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S.R. Snodgrass, P.C. d/b/a S.R. Snodgrass, A.C. in West Virginia

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 Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report 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 23, 2023

Jeffersonville Bancorp and Subsidiary
Consolidated Balance Sheets
(In thousands, except share and per share data)

As of December 31,	2022	2021
ASSETS		
Cash	$ 7,124	$ 10,945
Federal Reserve Bank	69,626	154,192
Total Cash and Cash Equivalents	76,750	165,137
Securities available for sale, at fair value	243,736	205,286
Equity securities at fair value	1,682	1,694
Securities held to maturity, fair value of $8,091 at December 31, 2022 and $9,774 at December 31, 2021	8,196	9,411
Loans, net of allowance for loan losses of $4,570 at December 31, 2022 and $4,005 at December 31, 2021	320,177	288,486
Accrued interest receivable	2,985	2,319
Bank-owned life insurance	20,005	19,703
Foreclosed real estate	492	548
Premises and equipment including right of use assets, net	5,562	6,131
Restricted investments	483	487
Prepaid pension	5,545	4,138
Other assets	7,414	1,528
Total Assets	$ 693,027	$ 704,868
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits:		
Demand deposits (non-interest bearing)	$ 194,258	$ 193,862
NOW and super NOW accounts	124,671	131,957
Savings and insured money market deposits	236,890	226,631
Time deposits	61,113	66,711
Total Deposits	616,932	619,161
Operating lease liability for right of use assets	427	501
Other liabilities	6,887	6,132
Total Liabilities	624,246	625,794
Stockholders' equity		
Series A preferred stock, no par value; 2,000,000 shares authorized, none issued	—	—
Common stock, $0.50 par value; 11,250,000 shares authorized, 4,767,786 shares issued with 4,234,505 outstanding	2,384	2,384
Paid-in capital	6,483	6,483
Treasury stock, at cost; 533,281 shares	(4,965)	(4,965)
Retained earnings	81,049	74,286
Accumulated other comprehensive (loss) gain	(16,170)	886
Total Stockholders' Equity	68,781	79,074
Total Liabilities and Stockholders' Equity	$ 693,027	$ 704,868

See accompanying notes to consolidated financial statements.

Jeffersonville Bancorp and Subsidiary
Consolidated Statements of Income
(In thousands, except per share data)

For the Years Ended December 31,	2022	2021
INTEREST AND DIVIDEND INCOME		
Loan interest and fees	$ 15,109	$ 14,110
Securities:		
Taxable	3,916	2,454
Tax-exempt	2,822	2,100
Other interest and dividend income	1,866	281
Total Interest and Dividend Income	23,713	18,945
INTEREST EXPENSE		
Deposits	360	369
Net interest income	23,353	18,576
Provision for loan losses	450	450
Net Interest Income after Provision for Loan Losses	22,903	18,126
NON-INTEREST INCOME		
Service charges on deposit accounts	951	855
Fee income	1,915	2,020
Earnings on bank-owned life insurance	302	319
Net (loss) gain on securities available for sale sold or called	(93)	19
Net gain on equity securities sold	42	468
Gain on equity securities, change in fair value, net	221	367
Other non-interest income	395	282
Total Non-Interest Income	3,733	4,330
NON-INTEREST EXPENSES		
Salaries and employee benefits	9,403	9,654
Occupancy and equipment expenses	1,702	1,701
Advertising expense	115	74
Foreclosed real estate expense	24	38
Fees for professional services	343	312
Data processing expense	1,093	908
Other non-interest expenses	2,464	2,615
Total Non-Interest Expenses	15,144	15,302
Income before income tax expense	11,492	7,154
Income tax expense	2,188	1,210
Net Income	$ 9,304	$ 5,944
Basic earnings per common share	$ 2.20	$ 1.40
Average common shares outstanding	4,235	4,235
Cash dividends declared per share	$ 0.60	$ 0.60

See accompanying notes to consolidated financial statements.

Jeffersonville Bancorp and Subsidiary
Consolidated Statements of Comprehensive (Loss) Income
(In thousands)

For the Years Ended December 31,	2022	2021
Net Income	$ 9,304	$ 5,944
Other comprehensive (loss) income:		
Securities available for sale:		
Net unrealized holding losses	(23,564)	(966)
Income tax benefit	6,158	252
Net unrealized holding losses, net of tax	(17,406)	(714)
Reclassification adjustment for net realized losses (gains) included in income(1) (3)	93	(19)
Income tax (expense) benefit	(24)	5
Reclassification adjustment for net realized losses (gains) included in income, net of tax	69	(14)
Change in pension and post retirement liabilities (2)	344	2,328
Income tax expense (3)	(90)	(608)
Amortization of pension and post retirement liabilities' gains , net of tax	254	1,720
Reclassification adjustment for amortization of unrecognized pension loss (2)	36	336
Income tax benefit	(9)	(88)
Amortization of unrecognized pension loss, net of tax	27	248
Other comprehensive (loss) income, net of tax	(17,056)	1,240
Comprehensive (loss) income	$ (7,752)	$ 7,184

(1) Amounts are included in net gain on sales of securities on the Consolidated Statements of Income as a separate element in total non-interest income.

(2) Amounts are included in the computation of net periodic benefit cost and are included in salaries and employee benefits as a separate element within total non-interest expense on the Consolidated Statements of Income.

(3) Income tax amounts are included in income tax expense on the Consolidated Statements of Income.

See accompanying notes to consolidated financial statements.

Jeffersonville Bancorp and Subsidiary
Consolidated Statements of Changes in Stockholders' Equity
(In thousands, except per share data)

For the Years Ended December 31, 2022 and 2021	Common stock	Paid-in capital	Treasury stock	Retained earnings	Accumulated other compre-hensive gain (loss)	Total stockholders' equity	Common shares issued and outstanding
Balance at January 1, 2021	$ 2,384	$ 6,483	$ (4,965)	$ 70,882	$ (354)	$ 74,430	4,235
Net income	—	—	—	5,944	—	5,944	—
Other comprehensive income	—	—	—	—	1,240	1,240	—
Cash dividends ($0.60 per share)	—	—	—	(2,540)	—	(2,540)	—
Balance at December 31, 2021	2,384	6,483	(4,965)	74,286	886	79,074	4,235
Net income	—	—	—	9,304	—	9,304	—
Other comprehensive loss	—	—	—	—	(17,056)	(17,056)	—
Cash dividends ($0.60 per share)	—	—	—	(2,541)	—	(2,541)	—
Balance at December 31, 2022	$ 2,384	$ 6,483	$ (4,965)	$ 81,049	$ (16,170)	$ 68,781	4,235

See accompanying notes to consolidated financial statements.

Jeffersonville Bancorp and Subsidiary
Consolidated Statements of Cash Flows
(In thousands)

For the Years Ended December 31,	2022	2021
OPERATING ACTIVITIES:		
Net income	$ 9,304	$ 5,944
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	450	450
Depreciation and amortization	549	635
Repayment of operating lease liabilities	(74)	(73)
Amortization of bond premium, net	1,417	1,424
Net gain on disposal of premises and equipment	(16)	—
Net (gain) loss on revaluation and sale of foreclosed real estate	(84)	16
Earnings on bank-owned life insurance	(302)	(319)
Life insurance benefit	—	8
Net losses (gains) on securities available for sale sold or called	93	(19)
Net gains on equity securities sold	(42)	(468)
Gain on equity securities due to the change in fair value	(221)	(367)
Deferred income tax income	(23)	(2)
(Increase) decrease in prepaid pension expense	(1,116)	317
(Increase) decrease in accrued interest receivable	(666)	42
Decrease in other assets	172	656
Increase (decrease) in other liabilities	843	(161)
Net Cash Provided by Operating Activities	10,284	8,083
INVESTING ACTIVITIES:		
Proceeds from maturities and calls:		
Securities available for sale	15,582	17,651
Securities held to maturity	6,149	3,276
Proceeds from sales of available for sale	1,007	2,248
Proceeds from sales of equity securities	490	950
Purchases:		
Securities available for sale	(80,017)	(69,693)
Securities held to maturity	(4,936)	(5,574)
Equity securities	(215)	(482)
Net (increase) decrease in loans	(32,141)	5,788
Proceeds from bank-owned life insurance death benefit	—	607
Purchase of bank-owned life insurance	—	(500)
Purchase of restricted investments	(3)	(2)
Redemption of restricted investments	7	16
Proceeds from sale of premises and equipment	450	—
Purchases of premises and equipment	(414)	(136)
Proceeds from sales of foreclosed real estate	140	210
Net Cash Used in Investing Activities	(93,901)	(45,641)
FINANCING ACTIVITIES:		
Net (decrease) increase in deposits	(2,229)	83,761
Cash dividends paid	(2,541)	(2,540)
Net Cash (Used in) Provided by Financing Activities	(4,770)	81,221
Net (Decrease) Increase in Cash	(88,387)	43,663
Cash and cash equivalents at Beginning of Year	165,137	121,474
Cash and cash equivalents at End of Year	$ 76,750	$ 165,137
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	$ 358	$ 378
Cash paid for income taxes	1,553	826
Transfer of loans to foreclosed real estate	—	57

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

Basis of Presentation
The consolidated financial statements of Jeffersonville Bancorp (the Parent Company) include its wholly owned subsidiary, Jeff Bank (the Bank). Collectively, Jeffersonville Bancorp and its subsidiary are referred to herein as the "Company" with all significant intercompany transactions having been eliminated.

The Parent Company is a bank holding company whose principal activity is the ownership of all outstanding shares of the Bank's stock. The Bank is a commercial bank providing community banking services to individuals, small businesses, and local municipal governments primarily in Sullivan County, New York. Management makes operating decisions and assesses performance based on an ongoing review of the Bank's community banking operations, which constitute the Company's only operating segment for financial reporting purposes.

The consolidated financial statements have been prepared, in all material respects, in conformity with accounting principles generally accepted in the United States of America. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Material estimates that are particularly susceptible to near-term change include the allowance for loan losses, the evaluation of other than temporary impairment of investment securities and the assets, liabilities and expenses associated with benefit plans which are described below. Actual results could differ from these estimates.

For purposes of the consolidated statements of cash flows, the Company considers cash, due from banks, and federal funds sold, if any, to be cash equivalents.

Reclassifications have been made to prior year's consolidated financial statements whenever necessary to conform to the current year's presentation. These reclassifications, if any, had no impact on net income or stockholders' equity.

The Company has a $1.0 million investment with a financial institution that was closed by the banking regulators on March 12, 2023 and expects to recognize a loss for the full amount of this investment in the first quarter of 2023. The Company has evaluated subsequent events and transactions occurring through March 23, 2023; the date these consolidated financial statements were available for issuance.

Investment Securities
Management determines the appropriate classification of securities at the time of purchase. If management has the positive intent and ability to hold debt securities to maturity, they are classified as securities held to maturity and are stated at amortized cost. All other debt and marketable securities are classified as securities available for sale. Both available for sale and equity securities are reported at fair value. Net unrealized gains or losses on securities available for sale are reported (net of income taxes) in stockholders' equity as a component of accumulated other comprehensive income (loss). Both changes in fair value and gains or losses on disposal of equity securities are recognized through profit or loss and included under non-interest income. Restricted investments, which are nonmarketable equity securities, are carried at cost.
Gains and losses on sales of debt securities are based on the net proceeds and the amortized cost of the debt securities sold, using the specific identification method. The amortization of premiums on debt securities is calculated using the level-yield interest method to the earlier of the call date or maturity date while the accretion of discounts on debt securities is calculated using the level yield method to the maturity date.

A security is considered impaired when its amortized cost basis exceeds its fair value at the consolidated balance sheet date. All securities are evaluated on at least a quarterly basis, and more frequently when market conditions warrant such an evaluation, to determine whether the impairment is other-than-temporary. To determine whether an impairment is other-than-temporary, management utilizes criteria such as the reasons underlying the impairment, and the magnitude and duration of the impairment. The Company follows accounting guidance related to recognition and presentation of other-than-temporary impairment. This guidance specifies that (a) if an entity does not have the intent to sell a debt security prior to recovery and (b) it is more likely than not that it will not have to sell the debt security prior to recovery, the security would not be considered other-than-temporarily impaired unless there is a credit loss. The term "other-than-temporary" is not intended to indicate that the decline is permanent, but indicates that the prospects for a near-term recovery of value are not necessarily favorable, or that there is a lack of evidence to support a realizable value equal to or greater than the carrying value of the security. In addition, the total impairment for debt securities is separated into the amount of the impairment related to (a) credit loss and (b) the amount of the impairment related to all other factors, such as interest rate changes. The amount of credit loss, if any, is calculated as the difference between the present value of the cash flows expected to be collected and the amortized cost basis of a security. Once an impairment is determined to be other-than-temporary, the impairment related to credit loss, if any, is charged to income and the amount of the impairment related to all other factors is recognized in other comprehensive income (loss). No impairment charge was recognized during the years ended December 31, 2022 or 2021. For further discussion see Note 3.

Loans
Loans are stated at unpaid principal balances, less deferred loan fees and costs, and the allowance for loan losses. Deferred loan fees and costs are accreted into income using a level-yield interest method. Interest income is recognized on the accrual basis of accounting. When, in the opinion of management, the collection of interest or principal is in doubt, the loan is classified as nonaccrual. Loans past due more than 90 days are classified as nonaccrual except for residential mortgages that are well secured (loan to value 60% or less) and in the process of collection. Thereafter, no interest is recognized as income until it is received in cash, and the loan's collateral is adequate to support both the interest recognized and the loan balance, or until the borrower demonstrates the ability to make scheduled payments of interest and principal, and the loan has remained current for a period of at least six months. For further discussion see Note 5.

Allowance for Loan Losses
The allowance for loan losses is established through a provision for loan losses charged to expense. Loans are charged off against the allowance when management believes that the collectability of all or a portion of the

principal is unlikely. Recoveries of loans previously charged off are credited to the allowance when realized.

A loan is considered to be impaired when, based on current information and events, it is probable that the Company will be unable to collect all principal and interest contractually due. Impaired loan disclosures and classification apply to loans that are individually evaluated for collectability in accordance with the Company's ongoing loan review procedures, principally commercial mortgage loans and commercial loans. Smaller balance, homogeneous loans, which are collectively evaluated, such as consumer and residential mortgage loans, are specifically excluded from the classification of impaired loans. Impaired loans are measured based on (i) the present value of expected future cash flows discounted at the loan's effective interest rate, (ii) the loan's observable market price or (iii) the fair value of the collateral if the loan is collateral dependent. Impairment for a majority of the Company's impaired loans is based on the value of the underlying collateral. If the approach used results in a measurement that is less than an impaired loan's recorded investment, an impairment loss is recognized as part of the allowance for loan losses.

The allowance for loan losses is maintained at a level deemed adequate by management based on an evaluation of such factors as economic conditions in the Company's market area, past loan loss experience, the financial condition of individual borrowers, and underlying collateral values based on independent appraisals. While management uses available information to recognize losses on loans, future additions to the allowance for loan losses may be necessary based on changes in economic conditions, particularly in the Bank's market area. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses and may require the Company to recognize additions to the allowance based on their judgments about information available to them at the time of their examination, which may not be currently available to management. For further discussion see Note 5.

Bank-Owned Life Insurance

The investment in bank-owned life insurance, which covers certain officers of the Bank, is carried at the policies' cash surrender value. Additional investments are initially recorded at cost. Increases in the cash surrender value of bank-owned life insurance, net of premiums paid, are included in non-interest income. Liabilities and related compensation costs for employees that are not limited to the employee's active service period are recognized according to ASC Topic 715 *Compensation-Retirement Benefits.*

The Company follows accounting guidance for deferred compensation and post-retirement aspects of endorsement and split dollar life insurance arrangements. This guidance applies to life insurance arrangements that provide an employee with a specified benefit that is not limited to the employee's active service period, including certain bank-owned life insurance policies, and requires an employer to recognize a liability and related compensation costs for future benefits that extend to post-retirement periods.

Foreclosed Real Estate

Foreclosed real estate consists of properties acquired through foreclosure or voluntary forfeiture and is stated on an individual-asset basis at fair value less estimated costs to sell at initial foreclosure, establishing a new cost basis. When a property is acquired, any excess of the loan balance over the fair value of the property is charged to the allowance for loan losses. If necessary, subsequent write downs to reflect further declines in fair value are included in non-interest expense. Fair value estimates are based on independent appraisals and other available information. While management estimates losses on foreclosed real estate using the best available information, such as independent appraisals, future write downs may be necessary based on changes in real estate market conditions and the results of regulatory examinations. Operating costs associated with the properties are charged to expense as incurred and any rental income received from these properties is recognized as foreclosed real estate income in the period collected.

Premises and Equipment

Premises and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are provided over the estimated useful lives of the assets using straight-line or accelerated methods. Leasehold improvements are amortized over the shorter of their estimated useful lives or their respective lease terms. For further discussion see Note 6.

Restricted Investments

As a member institution of the Federal Home Loan Bank of New York ("FHLB") and other institutions, the Bank is required to hold a certain amount of these equity stocks. For further discussion see Note 4.

Advertising Costs

Advertising costs are expensed as incurred and are included in non-interest expenses.

Leases

Lease agreements with terms greater than 12 months are reviewed at inception or extension to determine whether the lease qualifies as an operating lease. A discount rate is applied to determine the present value of the lease payments and the value of the accompanying right of use asset. The Company uses its risk-free borrowing rate at lease inception and management's estimate of a reasonable lease term. For further discussion see Note 6.

Revenue Recognition

Management has determined that the primary sources of revenue from interest and dividend income on loans and investments along with non-interest revenue from security gains, loan fees, and bank-owned life insurance income are not within the scope of ASC 606 *Revenue from Contracts with Customers*. As a result, no changes were made to these sources of revenue.

Service charges on deposit accounts:

The Bank has Terms and Conditions Agreements with its deposit customers where fees are charged if the account balance falls below predetermined levels defined as compensating balances. These agreements can be modified with at least 30 days written notice to the customer. Revenue from these transactions is recognized on a monthly basis as the Bank has an unconditional right to the fee consideration. The Bank also has transaction fees that include overdraft fees, wire transfer fees, stop payment fees, and other transactional fees. These fees are attributable to specific performance obligations of the Bank where the revenue is recognized at a defined point in time and at the completion of the requested service or transaction.

Interchange fees:

The Bank has contracts with third party affiliates which manage the Bank's debit cards. Revenues are generated by the interchange charged by the card networks on point-of-sale transactions and debit transactions. Income is recognized upon completion of the transaction.

Other non-interest income:
Other non-interest income consists of fees for certain services provided by the Bank. These services include safe deposit box rentals, teller checks, and wire transfers. The income for these services is recognized at the time the service is provided. Gains and losses on the sale of other real estate is recognized at the completion of the sale of the property.

The following table shows the disaggregation of revenue derived from contracts with customers by nature, amount, and timing as of December 31, 2022 and 2021:

Revenue Streams	**2022**	**2021**
Service charges on deposit accounts:		
Overdraft fees	$ 735	$ 644
Service charges	199	194
Other customer service charges	17	17
Total Service Charges on Deposit Accounts	$ 951	$ 855
Fee Income:		
Interchange income, net:		
Interchange fees	$ 1,939	$ 2,042
Interchange expenses	(65)	(59)
Other fee income	41	37
Net Interchange Income	$ 1,915	$ 2,020
Other Non-Interest Income	$ 311	$ 298
Gain (loss) on Sale of Foreclosed Real Estate	$ 84	$ (16)

Income Taxes
Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the consolidated financial statement carrying amounts of existing assets and liabilities reported in the consolidated financial statements and their respective tax bases. Deferred tax assets are reduced by a valuation allowance when management determines that it is more likely than not that all or a portion of the deferred tax assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company recognizes the benefit of an uncertain tax position in the financial statements only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant taxing authority. For these analyses, the Company may engage attorneys to provide opinions related to the positions. The Company applies this policy to all tax positions for which the statute of limitations remains open. There are no uncertain tax positions that materially impact the Company's consolidated balance sheet or statement of operations. The Company records any interest and penalties related to uncertain tax positions in income tax expense in the consolidated statement of operations in the year assessed. For further discussion see Note 10.

Earnings Per Common Share
The Company has a simple capital structure. Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding for the period.

Recent Accounting Pronouncements
In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses - Measurement of Credit Losses on Financial Instruments Subtopic (326*), and amended by ASU 2018-19 issued in November 2018, and by ASU 2019-10 issued in November 2019, and as clarified in ASU 2017-03, this ASU requires credit losses on most financial assets measured at amortized cost and certain other instruments to be measured using an expected credit loss model (referred to as the current expected credit loss (CECL) model). Under this model, entities will estimate credit losses over the entire contractual term of the instrument (considering estimated prepayments, but not expected extensions or modifications unless reasonable expectation of a troubled debt restructuring exists) from the date of initial recognition of that instrument.

The ASU also replaces the current accounting model for purchased credit impaired loans and debt securities. The allowance for credit losses for purchased financial assets with a more than insignificant amount of credit deterioration since origination ("PCD assets"), should be determined in a similar manner to other financial assets measured on an amortized cost basis. However, upon initial recognition, the allowance for credit losses is added to the purchase price ("gross up approach") to determine the initial amortized cost basis. The subsequent accounting for PCD financial assets is the same expected loss model described above.

Further, the ASU made certain targeted amendments to the existing impairment model for available-for-sale (AFS) debt securities. For an AFS debt security for which there is neither the intent nor a more-likely-than-not requirement to sell, an entity will record credit losses as an allowance rather than a write-down of the amortized cost basis. Certain incremental disclosures are required.

The new standard is effective for fiscal years beginning after December 15, 2022. As a result of adopting this standard effective January 1, 2023, the Company expects the impact will be a combined 6% increase in our allowance for loan losses and our reserves for unfunded commitments. This estimate is subject to further refinements based on ongoing evaluations of our model, methodologies, and judgements, as well as prevailing economic conditions and forecasts as of the adoption date. The adoption of ASU 2016-13 is not expected to a have significant impact on our regulatory capital reserves. At adoption, no allowance was recorded related to HTM or AFS debt securities.

In March 2022, the FASB issued ASU 2022-02, *Financial Instrument-Credit Losses – Troubled Debt Restructuring and Vintage Disclosures*. The amendments in this update eliminate the Troubled Debt Restructuring (TDR) recognition and measurement guidance and, instead, requires that the Company evaluate (consistent with the accounting for other loan modifications) whether the modification represents a new loan or a continuation of an existing loan. The amendments enhance existing disclosure requirements and introduce new requirements related to certain modifications of receivables made to borrowers experiencing financial difficulty. For Companies that have adopted ASU 2016-13, ASU 2022-02 is effective for the fiscal years beginning after December 15, 2022. The adoption of this amendment is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

(2) Cash

The Bank maintains certain reserves in the form of vault cash and/or deposits with the Federal Reserve Bank (FRB). There was no reserve requirement by the FRB at December 31, 2022 or 2021. Cash and due from banks includes interest earning deposits at the FRB. As of December 31, 2022 and 2021, the Bank had deposits with correspondent banks in excess of federally insured limits in the amount of $0.2 million and $1.0 million, respectively.

(3) Investment Securities

The amortized cost and fair value of available for sale and held to maturity securities at December 31 are as follows (in thousands):

Investment Securities	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
December 31, 2022				
Securities Available for Sale:				
Government Sponsored Enterprises (GSE)	$ 27,331	$ —	$ (1,384)	$ 25,947
Obligations of states and political subdivisions	141,211	113	(9,750)	131,574
Mortgage-backed securities and collateralized mortgage obligations – GSE residential	14,086	1	(1,400)	12,687
Corporate debt	80,202	30	(6,704)	73,528
Total securities available for sale	$ 262,830	$ 144	$ (19,238)	$ 243,736
Securities Held to Maturity – Obligations of states and political subdivisions	$ 8,196	$ 21	$ (126)	$ 8,091
December 31, 2021				
Securities Available for Sale:				
Government Sponsored Enterprises (GSE)	$ 3,035	$ 28	$ —	$ 3,063
Obligations of states and political subdivisions	123,156	4,012	(292)	126,876
Mortgage-backed securities and collateralized mortgage obligations – GSE residential	14,733	178	(58)	14,853
Corporate debt	59,986	1,065	(557)	60,494
Total securities available for sale	$ 200,910	$ 5,283	$ (907)	$ 205,286
Securities Held to Maturity – Obligations of states and political subdivisions	$ 9,411	$ 362	$ —	$ 9,774

Included in securities available for sale are Government Sponsored Enterprises (GSE) including securities of the Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac"), Government National Mortgage Association (GNMA or "Ginnie Mae"), and Federal National Mortgage Association (FNMA or "Fannie Mae"). FHLB, FHLMC, and FNMA securities are not backed by the full faith of the U.S. government. Also included are agency bonds issued by Federal Government agencies such as the Small Business Administration (SBA). Because of different structures, liquidity, and possible call risk, SBA's may provide a slightly higher rate of interest than Treasury bonds. Substantially all mortgage-backed securities and collateralized mortgage obligations consist of residential mortgage securities and are securities guaranteed by Ginnie Mae, Freddie Mac, or Fannie Mae. Obligations of state and political subdivisions are primarily general obligation and revenue bonds of state and local municipalities, agencies, and authorities. General obligation bonds generally must have a nationally recognized statistical rating organization (NRSRO) investment grade rating in the top four categories (S&P "BBB-" or higher). Revenue bonds generally must have an NRSRO rating in the top three categories (S&P "A" or higher). Corporate debt securities are comprised of bonds with an NRSRO rating in the top four investment grades (S&P "BBB-" or higher).

The contractual terms of the government sponsored enterprise securities and the obligations of state and political subdivisions require the issuer to settle the securities at par upon maturity of the investment. The contractual cash flows of the mortgage-backed securities and collateralized mortgage obligations are guaranteed by various Government agencies or government sponsored enterprises such as FHLMC, FNMA, and GNMA.

Securities held to maturity consist of obligations of state and political subdivisions which are primarily general obligation bonds of municipalities local to the Company and are typically not rated by a NRSRO. In accordance with federal regulations, the Company performs an analysis of the finances of the municipalities to determine that the bonds are the credit equivalent of investment grade bonds.

There were no sales of securities held to maturity during the years ended December 31, 2022 or 2021.

Proceeds from sale, gross gains and gross losses realized on sales of securities were as follows for the years ended December 31 (in thousands).

Net Security Gains	2022	2021
Gross proceeds	$ 1,007	$ 2,248
Gross realized gains	$ —	$ 19
Gross realized losses	(93)	—
Net (loss) gain on sale of securities	$ (93)	$ 19

The amortized cost and estimated fair value of debt securities available for sale and held to maturity at December 31, 2022, by remaining period to contractual maturity, are shown in the following table (in thousands). Actual maturities will differ from contractual maturities because of security prepayments and the right of certain issuers to call or prepay their obligations.

Available for Sale Securities	Amortized cost	Fair value
Within one year	$ 65,340	$ 62,016
One to five years	138,324	128,817
Five to ten years	44,136	39,355
Over ten years	944	861
	248,744	231,049
Mortgage-backed securities	14,086	12,687
	$ 262,830	$ 243,736

Held to Maturity Securities	Amortized cost	Fair value
Within one year	$ 4,473	$ 4,462
One to five years	1,419	1,370
Five to ten years	829	771
Over ten years	1,475	1,488
	$ 8,196	$ 8,091

Equity securities totaled $1,682,000 and $1,694,000 at December 31, 2022 and 2021, respectively, which incorporates a recognized net gain on equity investments of $641,000 and $553,000 as of December 31, 2022 and 2021, respectively. For the year ended December 31, 2022, sales of equity securities generated proceeds of $490,000 and a net realized gain of $42,000. For the year ended December 31, 2021, sales of equity securities generated proceeds of $950,000 and a realized gain of $468,000. Purchases of equity securities totaled $215,000 and $482,000 for the years ended December 31, 2022 and 2021, respectively.

Securities available for sale with an estimated fair value of $47,648,000 and $46,998,000 at December 31, 2022 and 2021, respectively, were pledged to secure public funds on deposit and for other purposes. Investment securities in a continuous unrealized loss position are reflected in the following table which groups individual securities by length of time that they have been in a continuous unrealized loss position and then details by investment category the number of instruments aggregated with their gross unrealized losses and fair values at December 31, 2022 and 2021 (dollars in thousands):

	Less than 12 months			12 months or more			Total		
Investment Securities	**No.**	**Fair value**	**Unrealized losses**	**No.**	**Fair value**	**Unrealized losses**	**No.**	**Fair value**	**Unrealized losses**
December 31, 2022									
Securities Available for Sale:									
Government agencies	17	$ 25,947	$ (1,384)	—	$ —	$ —	17	$ 25,947	$ (1,384)
Obligations of states and political subdivisions	257	81,610	(5,343)	102	23,057	(4,407)	359	104,667	(9,750)
Mortgage-backed securities and collateralized mortgage obligations – GSE residential	35	7,789	(621)	9	4,560	(779)	44	12,349	(1,400)
Corporate debt	78	54,529	(3,581)	21	11,857	(3,123)	99	66,386	(6,704)
Total securities available for sale	387	$169,875	$(10,929)	132	$ 39,475	$ (8,309)	519	$209,349	$(19,238)
Securities Held to Maturity:									
Obligation of states and political subdivisions	14	$ 2,472	$ (126)	—	$ —	$ —	14	$ 2,472	$ (126)

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	Less than 12 months			12 months or more			Total		
Investment Securities:	**No.**	**Fair value**	**Unrealized losses**	**No.**	**Fair value**	**Unrealized losses**	**No.**	**Fair value**	**Unrealized losses**
December 31, 2021									
Securities Available for Sale:									
Obligations of states and political subdivisions	101	$ 27,442	$ (278)	2	$ 538	$ (14)	103	$ 27,908	$ (292)
Mortgage-backed securities and collateralized mortgage obligations – GSE residential	9	6,133	(58)	—	—	—	9	6,133	(58)
Corporate debt	22	15,305	(418)	2	1,016	(139)	24	16,321	(557)
Total securities available for sale	132	$ 48,880	$ (754)	4	$ 1,554	$ (153)	136	$ 50,434	$ (907)

There were no temporarily impaired securities held to maturity as of December 31, 2021.

Management evaluates securities for other-than-temporary impairment ("OTTI") at least on a quarterly basis and more frequently when economic or market conditions warrant such an evaluation. Based on the amount of the unrealized loss on an individual security basis, certain of the Company's investment securities classified as available for sale or held to maturity are evaluated for OTTI. Securities identified as other-than-temporarily impaired are written down to their current fair market value. For debt securities that are intended to be sold, or that management believes will more-likely-than-not be required to be sold prior to recovery, the full impairment is recognized immediately in earnings. An impairment charge will also be recorded if there is credit related loss regardless of whether or not there is the intent to sell the securities. There are numerous factors to be considered when estimating whether a credit loss exists and the period over which the debt security is expected to recover. Indicators of a possible credit loss include, but are not limited to: the failure of the issuer of the security to make scheduled interest or principal payments; any changes to the rating of the security by a rating agency; or additional declines in fair value after the balance sheet date. In determining whether a credit loss exists, the Company uses its best estimate of the present value of cash flows expected to be collected from the debt security by discounting the expected cash flows at the effective interest rate implicit in the security at the date of acquisition. The deficiencies between the present value of the cash flows expected to be collected and the amortized cost basis of a security is considered to be the credit loss. Once an impairment is determined to be other-than-temporary, the impairment related to credit loss, if any, is charged to income and the amount of the impairment related to all other factors is recognized in other comprehensive loss.

Management believes that none of the unrealized losses on debt at December 31, 2022 are due to the underlying credit quality of the issuers of the securities, but instead are primarily related to market interest rates, and the full value of the securities will be realized. Additionally, the Company does not intend to sell the securities and it is more-likely-than-not that the Company will not be required to sell the securities before recovery of their amortized cost. Therefore, no other-than-temporary impairment charge was recognized for the years ended December 31, 2022 or 2021.

(4) Restricted Investments

Restricted investments include stock held in correspondent banks: the Federal Home Loan Bank of New York (FHLB) and Atlantic Community Bankers Bank (ACBB). As a member of the FHLB, the Company is required to purchase and hold stock in the FHLB to satisfy membership and borrowing requirements. This stock is restricted in that it can only be sold to the FHLB or to another member institution and all sales of FHLB stock must be at par value. As a result of these restrictions, FHLB stock is unlike the Company's other investment securities insofar as there is no trading market for FHLB stock and the transfer price is determined by FHLB membership rules, not by market participants. As of December 31, 2022 and 2021, FHLB and ACBB stock totaled $483,000 and $487,000, respectively, and is included as a part of restricted investments on the consolidated balance sheets.

(5) Loans and Allowance for Loan Losses

The major classifications of loans are as follows at December 31 (in thousands):

Loans, Net	2022	2021
Commercial		
Commercial real estate loans:		
Commercial mortgage	$ 131,564	$ 126,854
Farmland	4,089	4,531
Construction	8,592	9,206
Total commercial real estate loans	144,245	140,591
Other commercial loans:		
Commercial loans	33,863	30,728
Agricultural loans	1,447	812
Total other commercial loans	35,310	31,540
Total commercial loans	179,555	172,131
Consumer		
Consumer real estate loans:		
Residential mortgage	119,782	100,040
Home equity	11,055	12,573
Construction	11,978	5,128
Total residential real estate loans	142,815	117,741

Loans, Net, Continued:	2022	2021
Consumer, Continued		
Other consumer loans:		
Consumer installment loans	1,952	1,843
Other consumer loans	425	776
Total other loans	2,377	2,619
Total consumer loans	145,192	120,360
Total gross loans	324,747	292,491
Allowance for loan losses	(4,570)	(4,005)
Total loans, net	$ 320,177	$ 288,486

Included in the above loan amounts are deferred loan fees and origination costs of $41,000 and $351,000 as of December 31, 2022 and 2021, respectively.

The Company originates consumer and commercial loans primarily to borrowers in Sullivan County, New York and surrounding areas. A substantial portion of the loan portfolio is real estate secured. The ability of the Company's borrowers to make principal and interest payments is dependent upon, among other things, the level of overall economic activity and the real estate market conditions prevailing within the Company's concentrated lending area.

During 2021, the Bank participated in the Paycheck Protection Program (PPP) through a third-party. The Bank funded $12,427,000 in PPP Loans. As of December 31, 2022 and 2021, the balance of these loans was $90,000 and $740,000, respectively, which are reported under other commercial loans above.

Nonperforming Loans

Nonperforming loans are loans where the collection of interest or principal is in doubt, or loans that are past due more than 90 days and still considered an accruing loan with the exception of residential mortgages that are well secured and in the process of collection. Impaired loan disclosures and classification apply to loans that are individually evaluated for collectability. A loan is impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans restructured under the guidelines of *ASC 310-40 Receivables Troubled Debt Restructures by Creditors* are classified as impaired.

Information on nonperforming loans is summarized as follows at December 31 (in thousands):

Nonperforming Loans	Total Loans	Commercial Real Estate	Commercial Other	Residential Real Estate
December 31, 2022				
Nonaccrual loans	$ 4,481	$ 2,190	$ 1,175	$ 1,116
Troubled debt restructures	1,022	928	—	94
Total nonaccrual loans	5,503	3,118	1,175	1,210
Loans past due 90 days or more and still accruing interest	132	—	—	132
Total nonperforming loans	$ 5,635	$ 3,118	$ 1,175	$ 1,342
December 31, 2021				
Nonaccrual loans	$ 8,724	$ 7,431	$ —	$ 1,293
Troubled debt restructures	3,076	2,974	—	102
Total nonaccrual loans	11,800	10,405	—	1,395
Loans past due 90 days or more and still accruing interest	116	82	—	34
Total nonperforming loans	$ 11,916	$ 10,487	$ —	$ 1,429

There were no nonperforming loans in the consumer loan classes at December 31, 2022 or 2021.

The nonaccrual loan income recognition policy of the Bank is that interest is not recognized as income until it is received in cash and the loan's collateral is adequate to support both the interest recognized plus the loan balance, or until the borrower demonstrates the ability to make scheduled payments of interest and principal and the loan has remained current for a period of at least six months. Until such time, these cash payments are applied to the principal balance of the loan. The amount of nonaccrual loan interest forgone for the years ended December 31, 2022 and 2021 was $435,000 and $605,000, respectively.

The recorded investment in consumer mortgage loans secured by residential real estate properties where formal foreclosure procedures are in process at December 31, 2022 and 2021 was $1,167,000 and $1,261,000, respectively. There were no residential real estate properties in foreclosed real estate at December 31, 2022. The recorded investment in residential real estate properties included in foreclosed real estate at December 31, 2021 was $57,000.

Impaired loans are also included in nonperforming loans in the table above. The table below presents impaired loans, including troubled debt restructurings, as of December 31, 2022 and 2021, and their effect on interest income for the periods then ended (in thousands).

Impaired Loans	Total Loans	Commercial Real Estate	Commercial Other	Residential Real Estate
December 31, 2022				
Unpaid principal balance	$ 5,260	$ 3,783	$ 1,175	$ 302
Recorded investment	$ 4,456	$ 3,118	$ 1,175	$ 163
Average balance	$ 7,401	$ 7,225	$ 3	$ 173
Interest income:				
Interest contractually due at original rates	$ 435	$ 426	$ 1	$ 8
Interest income recognized	$ 462	$ 341	$ 105	$ 16
Impaired loans:				
With no allowance	$ 3,281	$ 3,118	$ —	$ 163
With an allowance recorded	$ 1,175	$ —	$ 1,175	$ —
Related specific allowance	$ 1,175	$ —	$ 1,175	$ —
December 31, 2021				
Unpaid principal balance	$ 11,906	$ 11,588	$ —	$ 318
Recorded investment	$ 10,579	$ 10,405	$ —	$ 174
Average balance	$ 13,863	$ 13,686	$ —	$ 177
Interest income:				
Interest contractually due at original rates	$ 605	$ 598	$ —	$ 7
Interest income recognized	$ 439	$ 431	$ —	$ 8
Impaired loans:				
With no allowance	$ 9,364	$ 9,190	$ —	$ 174
With an allowance recorded	$ 1,215	$ 1,215	$ —	$ —
Related specific allowance	$ 152	$ 152	$ —	$ —

Loans restructured under the guidelines of *ASC 310-40 Receivables Troubled Debt Restructures by Creditors* are disclosed below as of and for the years ended December 31, 2022 and 2021 (in thousands):

Troubled Debt Restructuring	No.	Pre-Modification Recorded investment	Post-Modification recorded investment	Current recorded investment
December 31, 2022				
Real Estate:				
Commercial	7	$ 2,278	$ 1,694	$ 928
Consumer	4	459	477	163
December 31, 2021				
Real Estate:				
Commercial	9	$ 4,475	$ 3,898	$ 2,974
Consumer	4	459	477	174

A loan is classified as a troubled debt restructuring ("TDR") when a concession that the Bank would not otherwise have considered is granted to a borrower experiencing financial difficulty. Most of the Bank's TDRs involve the restructuring of loan terms to reduce the total payment amount in order to assist those borrowers who are experiencing temporary financial difficulty. In a TDR, the Bank may also increase loan balances for unpaid interest and fees or acquire additional collateral to secure its position.

During the year ended December 31, 2022, there were no new loans that qualified as a TDR. As of December 31, 2022 and 2021, the Bank had total charge offs of $323,000 and $347,000, respectively, for borrowers whose loan terms have been modified as TDRs. There were no additional charge offs during 2022 or 2021. During 2022 and 2021, there was $14,000 and $13,000, respectively, recovered principal from previous charge offs on a loan which qualified as a TDR. At December 31, 2022 and 2021, the Bank had a total of $1,091,000 and $3,148,000, respectively, in TDRs which did not require a specific reserve. The Bank has not committed to lend any additional funds to customers whose loans are classified as a TDR as of December 31, 2022. The Bank evaluates TDRs that are over 60 days past due to determine whether or not they are in default. However, all TDRs over 90 days past due are reported as in default. For the years ended December 31, 2022 and 2021, one residential real estate loan with a recorded investment of $54,000 and $62,000, respectively, was considered to be in default.

Loan Credit Quality Information

The Bank's management and board of directors are actively engaged in the underwriting and monitoring of loans. Loans are underwritten and reviewed in conjunction with board of directors' approved loan credit policies with the balanced goal of maintaining underwriting, documentation, and review standards with satisfactory interest income and minimal credit losses. Loans are reviewed and approved at various levels depending upon the amount of credit exposure including: board of directors, board loan committee, senior loan committee, and individual loan officer level. At underwriting, consumer loan approval is based upon an independent analysis of the applicant's financial strength. Commercial loans are underwritten and reviewed consistent with the Bank's loan credit policy. The Bank monitors the commercial loan portfolio based upon a board of directors approved loan review and risk identification policy. The policy dictates the process for internal loan risk identification, periodic annual review of larger commercial loan relationships, and external loan review.

The credit policy of the Bank ensures conformity in loan pricing, sets forth standards for distribution of loans by class, types of credit, limitations on concentrations of credit, maximum maturities by types of credit, legal documentation requirements, commercial loan underwriting standards, acceptable forms of collateral, use of financial covenants for commercial loans, financial statement requirements, loan participations, and appraisal standards, among many other items.

At underwriting, all unsecured commercial loans in excess of $10,000 and secured commercial loans in excess of $25,000 are assigned a risk rating in conformity with the loan review and risk identification policy. All commercial loans with aggregate relationship exposure of $100,000 or more are required to be reviewed annually. The analysis is compared to any financial covenants to ensure conformity with the loan agreement. If the analysis reveals non-conformity, the applicable lending officer or loan committee may recommend corrective action including a revised loan risk rating, non-renewal of lines of credit, reduction in lines of credit, or collection action. Once a loan is underwritten, the risk rating is updated if the lending officer notes either positive or negative characteristics in the loan.

The Bank has a loan rating system that ranges from "Pass" to "Loss" based upon the commensurate severity of credit risk. "Pass" rated loans are generally loans to unleveraged borrowers with strong liquidity, available cash flow to service debt obligations, and the ability to make payments as agreed. "Pass Watch" loans are stronger than loans in the Special Mention category, as discussed below, but would not fall in the "Pass" category for reasons such as the following: the loans are to financially strong individuals not meeting agreed upon repayment programs, are unseasoned smaller loans, or have excessive vulnerability to competition or other dependencies. "Special Mention" loans currently have a protected credit position but are potentially weak. These loans have relatively minor credit risk; however, in light of circumstances, they constitute undue and unwarranted risks, but not to the point of justifying a classification of substandard. The loan may have potential weaknesses which may, if not checked or corrected, weaken the loan or inadequately protect the Bank's credit position at some future date. "Substandard" loans have a well-defined weakness that jeopardizes the liquidity of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected. "Doubtful" loans have all the weaknesses inherent in a loan classified as substandard, with the added characteristics that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. The possibility of loss is extremely high, but because of certain important and reasonably specific pending factors which may work to the advantage and strengthening of the assets, the loan's classification as a loss is deferred until its more exact status may be determined. Loans which become "Loss" rated are fully charged off as they are considered uncollectible. Their continuance as bankable assets is no longer warranted and are therefore excluded below. Loans that are not reviewed on an ongoing basis are consumer loans and small balance commercial loans which pose less of a credit risk.

Management reviews risk ratings on a monthly basis and the following illustrates total loans by credit risk profiles based on internally assigned grades and category as of December 31 (in thousands):

		Commercial		Consumer		
Loans by Risk Ratings	**Total**	**Real Estate**	**Other**	**Real Estate**	**Installment**	**Other**
December 31, 2022						
Pass	$ 90,757	$ 76,135	$ 14,622			
Pass Watch	79,516	60,621	18,895			
Special Mention	2,042	1,831	211			
Substandard	3,257	3,228	29			
Doubtful	1,175	—	1,175			
Non-reviewed	148,000	2,430	378	$ 142,815	$ 1,952	$ 425
Total	$ 324,747	$ 144,245	$ 35,310	$ 142,815	$ 1,952	$ 425
December 31, 2021						
Pass	$ 78,283	$ 60,926	$ 17,357			
Pass Watch	73,466	62,773	10,693			
Special Mention	4,025	2,580	1,445			
Substandard	12,643	12,473	170			
Doubtful	152	152	—			
Non-reviewed	123,922	1,687	1,875	$ 117,741	$ 1,843	$ 776
Total	$ 292,491	$ 140,591	$ 31,540	$ 117,741	$ 1,843	$ 776

The following table illustrates the aging of past due loans by category as of December 31 (in thousands):

Category of loans	30-59 Days past due	60-89 Days past due	Greater than 90 Days	Total past due	Current	Total loans	Over 90 and accruing
2022							
Commercial real estate	$ 938	$ 21	$ 224	$ 1,183	$ 143,062	$ 144,245	$ —
Residential real estate	1,405	370	1,303	3,078	139,737	142,815	132
Commercial other	1,014	107	190	1,311	33,999	35,310	—
Consumer installment	8	6	—	14	1,938	1,952	—
Other consumer	6	—	—	6	419	425	—
Total	$ 3,371	$ 504	$ 1,717	$ 5,592	$319,155	$ 324,747	$ 132
2021							
Commercial real estate	$ 3,022	$ 24	$ 5,479	$ 8,525	$ 132,066	$ 140,591	$ 82
Residential real estate	910	809	1,214	2,933	114,808	117,741	34
Commercial other	—	20	—	20	31,520	31,540	—
Consumer installment	7	—	—	7	1,836	1,843	—
Other consumer	—	—	1	1	775	776	—
Total	$ 3,939	$ 853	$ 6,694	$ 11,486	$ 281,005	$ 292,491	$ 116

As of December 31, 2022 and 2021, nonaccrual loans included $3.9 million and $5.2 million of loans, respectively, which are paying currently but have not met the specific criteria to be placed on accrual status.

Allowance for Loan Losses

The allowance for loan losses is a valuation allowance that management has determined to be necessary to absorb probable incurred credit losses inherent in the loan portfolio. The allowance is established through provisions for losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Management evaluates the allowance quarterly using past loan loss experience to establish base allowance pool rates for commercial real estate, other commercial loans, residential real estate loans, consumer installment, and other consumer loans. Reviewed and pass-rated commercial mortgage/loan pool rates are determined based on adjusted pool rates, which include weighted three-year average loss percentages adjusted for the eight risk factors as discussed below.

Special mention and substandard pool rates are determined by the greater of the Bank's weighted three-year average loss percentages or historical loss rolling average of the prior eight quarters. The method used in this calculation collects all commercial loans and mortgages from one year ago, observes their status and rating at the current time, and computes the historical loss rolling average for these rating categories by using the losses experienced by those particular loans over the past year. These allowance pool rates are then adjusted based on management's current assessment of eight risk factors. These risk factors are:

1. Changes in lending policies and procedures, including underwriting standards and collection, charge-off, and recovery practices.
2. Changes in national, regional, and local economic and business conditions as well as the condition of various market segments, including the value of underlying collateral for collateral dependent loans.
3. Changes in the nature and volume of the portfolio and terms of loans.
4. Changes in the experience, ability, and depth of lending management and staff.
5. Changes in volume and severity of past due, classified and nonaccrual loans as well as other loan modifications.
6. Changes in the quality of the Bank's loan review system and the degree of oversight by the Bank's board of directors.
7. The existence and effect of any concentrations of credit and changes in the level of such concentrations.
8. The effect of external factors, such as competition and legal and regulatory requirements.

Each factor is assigned a value to reflect improving, stable or declining conditions based on management's best judgment using relevant information available at the time of the evaluation. Adjustments to the factors are supported through documentation of changes in conditions in a narrative accompanying the allowance for loan loss calculation. Several specific factors are believed to have more impact on a loan's risk rating, such as those related to national and local economic trends, lending management and staff, volume of past dues and nonaccruals, and concentrations of credit. Therefore, due to the increased risk inherent in criticized and classified loans, the values of these specific factors are increased proportionally. Management believes these increased factors provide adequate coverage for the additional perceived risk. Doubtful loans by definition have inherent losses in which the precise amounts are dependent on likely future events. These particular loans are reserved at higher pool rates (25%) unless specifically reviewed and deemed impaired as described below. An unallocated component of the allowance for loan losses has been established to reflect the inherent imprecision involved in calculating the allowance for loan losses.

The commercial portfolio segment is comprised of commercial real estate and other commercial loans. This segment is subject to all of the risk factors considered in management's assessment of the allowance. Examples of specific risks applicable to the entire segment include changes in economic conditions that reduce business and consumer spending leading to a loss of revenue, concentrations of credit in business categories that are disproportionately impacted by current economic conditions, the quality of the Bank's loan review system and its ability to identify potential problem loans, and the availability of acceptable new loans to replace maturing, amortizing, and refinanced loans. In addition, risks specific to commercial mortgages and secured commercial loans would include economic conditions that lead to declines in property and other collateral values. Prior to applying the allowance pool rate, commercial real estate and other commercial loans in nonaccrual status, or those with a minimum substandard rating and loan relationships of $500,000 or more, and all trouble debt restructures ("TDR"), are individually considered for impairment. Loans that are considered individually for impairment and not determined to be impaired are returned to their original pools for allowance purposes. If a loan is determined to be impaired, it is evaluated under guidance which dictates that a creditor shall measure impairment based on the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the fair value of the collateral less estimated costs to sell if the loan is collateral dependent. If the measure of the impaired loan, such as the collateral value, is less than the recorded investment in the loan, a specific reserve is established in the allowance for loan losses. An uncollectible loan is charged off after all reasonable means of collection are exhausted and the recovery of the principal through the disposal of the collateral is not reasonably expected to cover the costs. Commercial real estate and other commercial loans with an original principal balance under $10,000 for unsecured loans or under $25,000 for secured loans are not individually considered for impairment. Instead, the appropriate allowance pool rate is applied to the aggregate balance of these pools.

The consumer portfolio segment is comprised of consumer real estate, consumer installment, and other consumer loans. This segment is also subject to all of the risk factors considered in management's assessment of the allowance. Examples of specific risks applicable to the entire segment include changes in economic conditions that increase unemployment which reduces a consumer's ability to repay their debt, changes in legal and regulatory requirements that make it more difficult to originate new loans and collect on existing loans, and competition from non-local lenders who originate loans in the Bank's market area at lower rates than the Bank can profitably offer. In addition, risks specific to residential mortgages and secured consumer loans would include economic conditions that lead to declines in property and other collateral values. Residential real estate, consumer installment, and other consumer loans are considered homogenous pools and are generally not individually considered for impairment. Instead, the appropriate allowance pool rate is applied to the aggregate balance of these pools. The other portfolio segment is comprised primarily of check loans and loans in-process. These loans are considered homogenous pools and are not individually considered for impairment. A pool rating is applied to the aggregate balance of these pools. Loans restructured under a troubled debt restructuring are individually evaluated for impairment.

The amount of the allowance is based on estimates, and the ultimate losses may vary from such estimates as more information becomes available or as later events occur or circumstances change. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged off. Modifications to the methodology used in the allowance for loan losses evaluation may be necessary in the future based on economic and real estate market conditions, new information obtained regarding known problem loans, regulatory guidelines and examinations, the identification of additional problem loans, changes in generally accepted accounting principles, or other factors.

Changes in the allowance for loan losses and the related loans evaluated for impairment are summarized as follows as of and for the years ended December 31 (in thousands):

		Commercial		Consumer			
Allowance for Loan Losses	**Total**	**Real Estate**	**Other**	**Real Estate**	**Installment**	**Other**	**Unallocated**
December 31, 2022							
Beginning balance January 1	$ 4,005	$ 2,284	$ 349	$ 976	$ 11	$ 16	$ 369
Charge-offs	(143)	(82)	—	—	(8)	(53)	—
Recoveries	258	—	2	243	2	11	—
Provision (credit)	450	(437)	1,170	(149)	10	54	(198)
Ending balance December 31	$ 4,570	$ 1,765	$ 1,521	$ 1,070	$ 15	$ 28	$ 171
Ending balance as related to allowance:							
Evaluated collectively [general reserve]	$ 3,395	$ 1,765	$ 346	$ 1,070	$ 15	$ 28	$ 171
Evaluated individually [specific reserve]	1,175	—	1,175	—	—	—	—
Total Allowance for Loan Losses	$ 4,570	$ 1,765	$ 1,521	$ 1,070	$ 15	$ 28	$ 171
Ending balance as related to loans:							
Loans evaluated collectively	$ 320,291	$ 141,127	$ 34,135	$ 142,652	$ 1,952	$ 425	
Loans evaluated individually	4,456	3,118	1,175	163	—	—	
Total Loans	$ 324,747	$ 144,245	$ 35,310	$ 142,815	$ 1,952	$ 425	
December 31, 2021							
Beginning balance January 1	$ 4,378	$ 2,284	$ 299	$ 1,086	$ 14	$ 27	$ 668
Charge-offs	(1,043)	(999)	(18)	—	—	(26)	—
Recoveries	220	—	11	190	5	14	—
Provision (credit)	450	999	57	(300)	(8)	1	(299)
Ending balance December 31	$ 4,005	$ 2,284	$ 349	$ 976	$ 11	$ 16	$ 369
Ending balance as related to allowance:							
Evaluated collectively [general reserve]	$ 3,853	$ 2,132	$ 349	$ 976	$ 11	$ 16	$ 369
Evaluated individually [specific reserve]	152	152	—	—	—	—	—
Total Allowance for Loan Losses	$ 4,005	$ 2,284	$ 349	$ 976	$ 11	$ 16	$ 369
Ending balance as related to loans:							
Loans evaluated collectively	$ 281,912	$ 130,186	$ 31,540	$ 117,567	$ 1,843	$ 776	
Loans evaluated individually	10,579	10,405	—	174	—	—	
Total Loans	$ 292,491	$ 140,591	$ 31,540	$ 117,741	$ 1,843	$ 776	

Total loans increased by $32.3 million with only $1.2 million rated as doubtful. Additionally, substandard commercial real estate loans decreased by $9.2 million. Despite the decrease in substandard loans, management determined to fund the allowance for loan loss (ALLL) due to the significant growth in the loan portfolio, as well as the uncertainty surrounding the collectability of the doubtful obligation.

There are no commitments to lend additional funds on the above noted non-performing loans. Management has determined that the majority of these non-performing loans remain well collateralized. Based on its comprehensive analysis of the loan portfolio, and since the Company has no exposure to subprime loans, management believes the current level of the allowance for loan losses is adequate. However, regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses and may require the Company to recognize additions to the allowance based on their judgments about information available to them at the time of their examination, which may not be currently available to management.

(6) Premises and Equipment

The major classifications of premises and equipment were as follows at December 31 (in thousands):

Premise and Equipment, Net	**2022**	**2021**
Land	$ 1,966	$ 2,065
Buildings and improvements	8,340	9,062
Right of use asset (ROU Asset)	404	479
Furniture and fixtures	475	464
Equipment	3,857	3,710
Total premises and equipment	15,042	15,780
Less accumulated depreciation and amortization	(9,480)	(9,649)
Premises and equipment, net	$ 5,562	$ 6,131

Depreciation and amortization expense was $549,000 and $635,000 in 2022 and 2021, respectively. The Company has three operating leases for branches located in Port Jervis, Callicoon, and Wurtsboro which expire in 2026, 2027, and 2030, respectively.

Operating Lease Costs	**2022**	**2021**
Operating lease costs	$ 89	$ 90
Operating lease liability	$ 427	$ 501

Weighted-average remaining lease term	6 years
Weighted-average discount rate	2.27%

The Company's contractual obligation on future minimum non-cancellable lease payments as of December 31, 2022, is as follows (in thousands):

Future Minimum Lease Payments, for the years ending:	
2023	$ 90
2024	91
2025	91
2026	70
2027	41
2028 and thereafter	72
Total undiscounted cash flows	455
Impact of present value discount	(28)
Operating lease liability	$ 427

(7) Time Deposits

The following is a summary of time deposits at December 31, 2022 by remaining period to contractual maturity (in thousands):

Within one year	$ 37,878
One to two years	13,878
Two to three years	4,646
Three to four years	2,526
Four to five years	2,185
Over five years	—
Total time deposits	$ 61,113

Time deposits of $250,000 or more totaled $8,582,000 and $8,010,000 at December 31, 2022 and 2021, respectively.

(8) Short-Term Borrowings

There were no short-term borrowings as of December 31, 2022 or 2021. At December 31, 2022, the Bank maintained unsecured lines of credit with Atlantic Community Bankers Bank for $7.0 million and First Horizon Bank for $5.0 million. The Bank has access to a primary credit line with the Federal Reserve Discount Window (Discount Window) which would be available upon collateralization by securities held in trust. At December 31, 2022 there is no available credit. The Bank, as a member of the FHLB, has access to a line of credit program with a maximum borrowing capacity of $62.9 million as of December 31, 2022 which is collateralized by mortgage loans and FHLB stock. During 2022 and 2021, there were no borrowings at any month end. During the year ended 2022, the Bank borrowed an average balance of $5,000 with an average interest rate of 3.20%. During 2021, the Bank borrowed an average balance of $8,600 with an average interest rate of 0.75%.

(9) Federal Home Loan Bank Borrowings

As of December 31, 2022 and 2021, the Bank had no Federal Home Loan Bank Borrowings. The Bank has a blanket security agreement with FHLB to secure borrowings with FHLB stock (see Note 4) and by maintaining as collateral certain qualifying assets (principally residential mortgage loans) not otherwise pledged.

(10) Income Taxes

Income taxes for the years ended December 31 consisted of the following (in thousands):

Income Tax Expense	**2022**	**2021**
Current:		
Federal	$ 1,990	$ 1,144
State	221	68
Deferred tax income	(23)	(2)
	$ 2,188	$ 1,210

Items creating the differences between income tax expense and taxes computed by applying the statutory Federal tax rate of 21% to income before income taxes are as follows (dollars in thousands):

Income Tax Expense (Benefit)	**2022 Amount**	**2022 % (1)**	**2021 Amount**	**2021 % (1)**
Tax at statutory rate	$ 2,413	21%	$ 1,502	21%
State taxes, net of Federal Tax benefit	175	2	54	1
Tax-exempt interest and dividends	(337)	(3)	(256)	(4)
Interest expense allocated to tax-exempt securities	1	—	1	—
Bank-owned life insurance	(63)	(1)	(65)	(1)
Other adjustments	(1)	—	(26)	—
Income tax expense	$ 2,188	19%	$ 1,210	17%

(1) *Percentage is of pre-tax income*

The tax effects of temporary differences that give rise to deferred tax assets and liabilities at December 31 are presented below (in thousands):

Deferred Tax Asset, Net	**2022**	**2021**
Deferred tax assets:		
Allowance for loan losses in excess of tax bad debt reserve	$ 1,182	$ 1,041
Depreciation	352	338
Foreclosed real estate	52	62
Other comprehensive income (retirement benefits)	731	830
Unrealized loss on securities available for sale	4,990	—
Other	—	—
Total deferred tax assets	7,307	2,271
Deferred tax liabilities:		
Prepaid expenses	(178)	(150)
Other comprehensive income:		
Retirement benefits	(803)	(630)
Unrealized gain on securities available for sale	—	(1,144)
Other	(68)	(74)
Total deferred tax liabilities	(1,049)	(1,998)
Net deferred tax asset (included in other assets)	$ 6,258	$ 273

In assessing the ability to realize the Company's total deferred tax assets, management considers whether it is more-likely-than not that some portion or all those assets will not be realized. Based upon management's consideration of historical and anticipated future pre-tax income, as well as the reversal period for the items giving rise to the deferred tax assets and liabilities, a valuation allowance for deferred tax assets was not considered necessary at December 31, 2022 and 2021.

No unrecognized tax benefits are expected to arise within the next twelve months. The Company files income tax returns in both the US Federal and New York State tax jurisdictions. The Company is no longer subject to examination by the US Federal for years before 2019 and NYS taxing authorities for years before 2019.

(11) Regulatory Capital Requirements

State-chartered, nonmember banks are required to maintain minimum levels of regulatory capital in accordance with regulations of the Federal Deposit Insurance Corporation ("FDIC") as amended January 1, 2015. FDIC regulations require a minimum leverage ratio of Tier 1 capital to total adjusted assets of 4.0%, and minimum ratios of Common Equity Tier 1 (CET1) capital, Tier 1 capital and Total capital to risk-weighted assets of 4.5%, 6.0% and 8.0%, respectively. Risk based capital ratios are based in part on specific quantitative measures of assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgements by the regulators about capital components, risk weightings and other factors.

Under its prompt corrective action regulations, the FDIC is required to take certain supervisory actions (and may take additional discretionary actions) with respect to an undercapitalized bank. Such actions could have a direct material effect on banks' financial statements. The regulation establishes a framework for the classification of banks into four categories: well capitalized, adequately capitalized, undercapitalized, and significantly undercapitalized. Generally, a bank is considered well capitalized if it has a leverage capital ratio of at least 5% and a CET1 capital ratio of at least 6.5%, a Tier 1 risk-based capital ratio of at least 8.0%, and a total risk-based capital ratio of at least 10.0%. The Basel III rules also establish a "capital conservation buffer" of 2.5% above the new regulatory minimum capital requirements, which must consist entirely of Common Equity Tier 1 capital. These limitations establish a maximum percentage of eligible retained income that could be utilized for such actions. An institution would be subject to limitations on paying dividends, engaging in share repurchases, and paying discretionary bonuses to executive officers if its capital level falls below the buffer amount.

In November 2019, Federal bank regulatory agencies finalized a rule that simplifies capital requirements for community banks by allowing them to optionally adopt a simple leverage ratio to measure capital adequacy, which removes requirements for calculating and reporting risk-based capital ratios for a qualifying community bank that has less than $10 billion in total consolidated assets, limited amounts of off-balance sheet exposures and trading assets and liabilities, and a leverage ratio greater than 9 percent. Additionally, such insured depository institutions are considered to have met the well-capitalized ratio requirements for purposes of the FDIC's prompt corrective action framework. The community bank leverage ratio framework was effective January 1, 2020. The Company elected to adopt the optional community bank leverage ratio framework in the first quarter of 2020.

Management believes that, as of December 31, 2022 and 2021, the Bank met all capital adequacy requirements to which it is subject. Further, the most recent FDIC notification categorized the Bank as a well-capitalized bank under the prompt corrective action regulations. There have been no conditions or events since that notification that management believes have changed the Bank's capital classification.

The following is a summary of the actual capital amounts and ratios as of December 31, 2022 and 2021 for the Bank compared to the required ratios for minimum capital adequacy and for classification as well-capitalized (dollars in thousands):

	Actual		**Required Ratios**	
Regulatory Capital	**Amount**	**Ratio**	**Minimum capital Buffer adequacy**	**Well capit-alized**
December 31, 2022:				
Leverage (Tier 1) capital	$72,430	10.5%	9.0%	N/A
December 31, 2021:				
Leverage (Tier 1) capital	$66,013	9.6%	9.0%	N/A

Jeffersonville Bancorp is a small bank holding company and is exempt from regulatory capital requirements administered by the Federal banking agencies.

(12) Stockholders' Equity

Dividend Restrictions

Dividends paid by the Bank are the primary source of funds available to the Parent Company for payment of dividends to its stockholders and for working capital needs. Applicable federal and state statutes, regulations, and guidelines impose restrictions on the amount of dividends that may be declared by the Bank. Under these restrictions, the dividends declared and paid by the Bank to the Parent Company may not exceed the total amount of the Bank's net profit retained in the current year plus its retained net profits, as defined, from the two preceding years. The Bank's retained net profits available for dividends at December 31, 2022 totaled $12,314,000.

(13) Comprehensive (Loss) Income

Comprehensive income represents the sum of net income and items of other comprehensive (loss) income which are reported directly in stockholders' equity, such as the net unrealized gain or loss on securities available for sale and changes in liabilities associated with the Company's defined benefit pension plan and the supplemental retirement plans. These items are reflected in the consolidated statements of comprehensive income, net of income taxes.

At December 31, 2022 and 2021, the components of accumulated other comprehensive (loss) income reflected on the consolidated balance sheets are as follows (in thousands):

Accumulated Other Comprehensive Gain (loss), Net of Tax	2022	2021
Supplemental executive retirement plan	$ (293)	$ (381)
Defined benefit pension liability	(2,504)	(2,795)
Net unrealized holding (losses) gains on securities available for sale	(19,094)	4,376
Accumulated other comprehensive (loss) gain, before income tax	(21,891)	1,200
Income tax related to accumulated other Comprehensive loss (gain)	5,721	(314)
Accumulated other comprehensive (loss) gain, net of tax	$ (16,170)	$ 886

(14) Related Party Transactions

Certain directors and executive officers of the Company, as well as certain affiliates of these directors and officers, have engaged in loan transactions with the Company.

Outstanding loans to these related parties are summarized as follows at December 31 (in thousands):

Related Party Transactions	2022	2021
Directors	$ 1,440	$ 1,275
Executive officers (non-directors)	31	101
	$ 1,471	$ 1,376

During 2022, total advances to these directors and officers were $376,000 and total loan payments and reclassifications due to retirement were $281,000. Directors and officers had unused lines of credit with the Company of $356,000 and $381,000 at December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, the amount of deposits of related parties was $5,345,000 and $5,446,000, respectively.

(15) Employee Benefit Plans

Pension Benefits

The Company has a noncontributory defined benefit pension plan. The plan is closed to new participants hired after September 30, 2010. The Company's funding policy is to contribute annually an amount sufficient to satisfy the minimum funding requirements of the Employee Retirement Income Security Act, but not greater than the maximum amount that can be deducted for Federal income tax purposes. Contributions are intended to provide not only for benefits attributed to service to date, but also for benefits expected to be earned in the future.

The Company has no minimum required pension contribution for 2023. However, the Company expects to contribute $500,000 to its pension plan in 2023. Benefits, which reflect estimated future employee service, are expected to be paid as follows (in thousands):

Estimated Future Benefits	
2023	$ 866
2024	907
2025	946
2026	968
2027	974
Years 2028-2032	5,075

The following is a summary of changes in the benefit obligations and plan assets for the pension plan for the December 31, 2022 and 2021 measurement dates, together with a reconciliation of the plan's funded status to the amounts recognized in the consolidated balance sheets (in thousands):

Changes in Benefit Obligations, Plan Assets and Funded Status As of the Measurement Date, December 31,	**2022**	**2021**
Change in benefit obligation:		
Beginning of year	$ 20,288	$ 20,398
Service cost	408	570
Interest cost	596	547
Actuarial gain	(5,324)	(325)
Benefits paid and expected expenses	(857)	(902)
End of year	15,111	20,288
Changes in fair value of plan assets:		
Beginning of year	24,426	22,088
Actual return on plan assets	(3,796)	3,259
Employer contributions	1,000	—
Benefits paid and actual expenses	(974)	(921)
End of year	20,656	24,426
Funded status at end of year, recognized in other assets on the balance sheet	$ 5,545	$ 4,138
Amounts recognized in accumulated other comprehensive loss consists of:		
Unrecognized actuarial loss	$ (2,504)	$ (2,795)
Net amount recognized	$ (2,504)	$ (2,795)

The projected benefit obligation for the pension plan was $15,111,000 and $20,288,000 at December 31, 2022 and 2021, respectively. The accumulated benefit obligation for the pension plan was $14,455,000 and $19,307,000 at December 31, 2022 and 2021, respectively.

The components of the net periodic benefit cost for the years ended December 31, the plan was as follows (in thousands):

Net Periodic Benefit Cost For the year ended December 31,	**2022**	**2021**
Net periodic benefit cost:		
Service cost	$ 408	$ 570
Interest cost	596	547
Expected return on plan assets	(1,155)	(1,136)
Recognized net actuarial loss	36	336
Total net periodic benefit (income) cost	$ (115)	$ 317

Net Periodic Benefit Cost (continued) For the year ended December 31,	**2022**	**2021**
Net gain	$ (255)	$ (2,429)
Amortization of net loss	(36)	(336)
Total recognized in other comprehensive loss	$ (291)	$ (2,765)
Total recognized in net periodic benefit cost and other comprehensive (loss) income	$ (406)	$ (2,448)

The components of net periodic benefit cost other than the service cost component are included in the line item "Other non-interest expense" in the *Consolidated Statements of Income*.

The company measures its pension obligation using the PRO-2012 total data set employee/retiree sex-distinct morality tables, with contingent survivor tables for current beneficiaries, with full generational projection using scale MP-2021. The increase in the discount rate from 3.00% to 5.43% decreased the Projected Benefit Obligation by approximately $5.8 million. Assumptions used to determine benefit obligations for the pension plan and for the other post retirement benefits plan as of the December 31 measurement date were as follows:

Benefit Obligation Assumptions	**2022**	**2021**
Discount rate	5.43%	3.00%
Rate of compensation increase	3.00	3.00

As of December 31, 2022, the pension plan discount rate increased to 3.00% compared to 2.74% as of December 31, 2021 due to observations of estimates inherent in market data. Assumptions used to determine net periodic benefit cost were as follows:

Net Periodic Benefit	**2022**	**2021**
Discount rate	3.00%	2.74%
Expected long-term rate of return on plan assets	5.25	5.25
Rate of compensation increase	3.00	3.00

The Company's expected long-term rate of return on plan assets reflects long-term earnings expectations and was determined based on historical returns earned by existing plan assets adjusted to reflect expectations of future returns as applied to the plan's targeted allocation of assets.

The Company's pension plan asset allocation at December 31, by asset category is as follows:

Pension Plan Asset Allocation	**2022**	**2021**
Asset category:		
Equity securities	37%	46%
U.S. Government securities	2	2
Debt securities	3	4
Mutual funds	55	47
Other	3	1

The following table presents pension plan assets measured at fair value on a recurring basis by their level within the fair value hierarchy as of December 31, 2022 and 2021, (in thousands). Financial assets are classified based on the lowest level of input that is significant to their fair value measurement.

Fair Value Hierarchy For Pension Plan Assets	Total	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
Asset category as of December 31, 2022				
Cash and cash equivalents	$ 581	$ 581	$ —	$ —
Bonds:				
U.S. government agency	386	—	386	—
U.S. treasury	280	—	280	—
.				
U.S. corporate	385	—	385	—
Equity securities:				
U.S. companies	6,886	6,886	—	—
International companies	813	813	—	—
Mutual funds:				
U.S. companies	3,071	3,071	—	—
International companies	1,721	1,721	—	—
U.S. companies – fixed income	6,533	6,533	—	—
International companies - fixed income	—	—	—	—
	$ 20,656	$ 19,605	$ 1,051	$ —
Asset category as of December 31, 2021				
Cash and cash equivalents	$ 291	$ 291	$ —	$ —
Bonds:				
U.S. government agency	523	—	523	—
U.S. treasury	316	—	316	—
U.S. corporate	630	—	630	—
Equity securities:				
U.S. companies	9,090	9,090	—	—
International companies	2,197	2,197	—	—
Mutual funds:				
U.S. companies	3,698	3,698	—	—
International companies	551	551	—	—
U.S. companies – fixed income	6,882	6,882	—	—
International companies - fixed income	248	248	—	—
	$ 24,426	$ 22,957	$ 1,469	$ —

The Company has a Funding Agreement with Citizens Bank, NA (Citizens) to act as the Funding Agent of the assets of the Plan. Citizens has been given discretion by the Company to determine the appropriate strategic asset allocation as governed by the Company's Investment Policy Statement and Guidelines which provides specific targeted asset allocations for each investment category as follows:

Asset Allocation Targets	Allocation Range
Large Cap Domestic Equity	30% - 40%
Mid Cap Domestic Equity	5% - 15%
Small Cap Domestic Equity	0% - 10%
International Equity	5% - 20%
Real Estate	0% - 10%
Core Investment Grade Bonds	15% - 30%
Mortgages	0% - 15%
Money Market	0% - 10%

Profit Incentive Program
The Company maintains a profit incentive program for all employees. The accrued benefit at December 31, 2022 and 2021 was $690,000 and $491,000, respectively. The Company recorded an expense of $690,000 and $491,000 relating to this plan during the years ended December 31, 2022 and 2021, respectively.

Tax-Deferred Savings Plan
The Company maintains a qualified 401(k) plan for all full-time employees, which permits tax-deferred employee contributions up to the greater of 75% of salary or the maximum allowed by law and provides for matching contributions by the Company. The Company matches 100% of employee contributions up to 4% of the employee's salary and 25% of the next 2% of the employee's salary. The Company incurred annual expenses of $257,000 and $269,000 in 2022 and 2021, respectively.

Supplemental Executive Retirement Plan
The Company maintains a Supplemental Executive Retirement Plan for certain executive officers primarily to restore benefit reductions in certain employee benefit plans due to Internal Revenue Service regulations. The benefits accrued under this plan totaled $3,842,000 at December 31, 2022 and $3,783,000 at December 31, 2021 and are unfunded. The Company recorded an expense of $375,000 and $355,000 relating to this plan during the years ended December 31, 2022 and 2021, respectively. The components of net periodic benefit cost other than the service cost component are included in the line item "Other non-interest expense" in the *Consolidated Statements of Income*.

Director Retirement Plan
The Company maintains a Director Retirement Plan in order to provide certain retirement benefits to participating directors. Generally, each participating director receives an annual retirement benefit of eighty percent of their average annual cash compensation during the three highest calendar years, as defined in the plan. This annual retirement benefit is payable until death and may not exceed $40,000 per year. The benefits accrued under this plan totaled $771,000 and $761,000 at December 31, 2022 and 2021, respectively, and are unfunded. The Company recorded an expense of $111,000 and $119,000, relating to this plan during the years ended December 31, 2022 and 2021, respectively.

(16) Commitments and Contingent Liabilities

Legal Proceedings
The Company and the Bank are, from time to time, defendants in routine legal proceedings relating to the ordinary conduct of their business. In the best judgment of management, the consolidated financial position and results of operations of the Company will not be affected materially by the outcome of any pending legal proceedings.

Off-Balance-Sheet Financial Instruments
The Company is a party to certain financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These are limited to commitments to extend credit and standby letters of credit which involve, to varying degrees, elements of credit risk in excess of the amounts recognized in the consolidated balance sheets. The contract amounts of these instruments reflect the extent of the Company's involvement in particular classes of financial instruments.

The Company's maximum exposure to credit loss, in the event of nonperformance by the other party to these instruments, would be the contract amount, assuming that they are fully funded at a later date and any collateral proves to be worthless. The Company uses the same credit policies in making commitments as it does for on-balance-sheet extensions of credit.

Contractual amounts of financial instruments that represent agreements to extend credit are as follows at December 31 (in thousands):

Off-Balance Sheet Financial Instruments	**2022**	**2021**
Loan origination commitments and unused lines of credit:		
Commercial and residential mortgages	$ 40,548	$ 32,109
Commercial loans	25,991	22,113
Home equity lines	5,574	5,133
Other consumer lines	2,338	2,442
	74,451	61,797
Standby letters of credit	650	90
	$ 75,101	$ 61,887

These agreements to extend credit have been granted to customers within the Company's lending area described in Note 5 and relate primarily to fixed and variable rate loans.

Loan origination commitments and lines of credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. These agreements generally have fixed expiration dates or other termination clauses and may require payment of a fee by the customer. Since commitments and lines of credit may expire without being fully drawn upon, the total contract amounts do not necessarily represent future cash requirements.

The Company evaluates each customer's creditworthiness on a case-by-case basis. Mortgage commitments are secured by liens on real estate. Collateral on extensions of credit for commercial loans vary but may include accounts receivable, equipment, inventory, livestock, and income-producing commercial property.

The Company does not issue any guarantees that would require liability-recognition or disclosure, other than its standby letters of credit. The Company has issued unconditional commitments in the form of standby letters of credit to guarantee payment on behalf of a customer and guarantee the performance of a customer to a third party. Standby letters of credit generally arise in connection with lending relationships. The credit risk involved in issuing these instruments is essentially the same as that involved in extending loans to customers. Contingent obligations under standby letters of credit totaled $650,000 at December 31, 2022 and $90,000 at December 31, 2021 and represent the maximum potential future payments the Company could be required to make. Typically, these instruments have terms of twelve months or less and expire unused; therefore, the total amounts do not necessarily represent future cash requirements. Each customer is evaluated individually for creditworthiness under the same underwriting standards used for commitments to extend credit and on-balance-sheet instruments. Company policies governing loan collateral apply to standby letters of credit at the time of credit extension. Loan-to-value ratios are generally consistent with loan-to-value requirements for other commercial loans secured by similar types of collateral. The fair value of the Company's standby letters of credit at December 31, 2022 and 2021 was not significant.

(17) Fair Values of Financial Instruments

The Company follows ASC Topic 820 *Fair Value Measurements and Disclosures* ("ASC 820"), which provides a framework for measuring and disclosing fair value under generally accepted accounting principles. ASC 820 requires disclosures about the fair value of assets and liabilities recognized in the consolidated balance whether the measurements are made on a recurring basis (for example, available-for-sale investment securities) or on a nonrecurring basis (for example, impaired loans).

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard established a fair value hierarchy that prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2: Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, an asset's or liability's level is based on the lowest level of input that is significant to the fair value measurement.

For assets measured at fair value on a recurring and non-recurring basis, the fair value measurements by level within the fair value hierarchy used at December 31, 2022 and 2021, respectively, are as follows (in thousands):

Fair Value Hierarchy For Assets Valued on a Recurring and Non-recurring Basis	**Total**	**(Level 1) Quoted Prices in Active Markets for Identical Assets**	**(Level 2) Significant Other Observable Inputs**	**(Level 3) Significant Unobservable Inputs**
December 31, 2022:				
Recurring:				
Available for sale securities				
Government sponsored enterprises (GSE)	$ 25,947	$ —	$ 25,947	$ —
Obligations of states and political subdivisions [(a)]	131,574	—	131,574	—
Mortgage backed securities and collateralized mortgage obligations – GSE residential [(a)]	12,687	—	12,687	—
Corporate debt	73,528	—	73,528	—
Equity securities held at fair value	1,682	1,682	—	—
	$ 245,418	$ 1,682	$ 243,736	$ —
Non-recurring:				
Impaired loans	565	—	—	565
	$ 565	$ —	$ —	$ 565
December 31, 2021:				
Recurring:				
Available for sale securities				
Government sponsored enterprises (GSE)	$ 3,063	$ —	$ 3,063	$ —
Obligations of states and political subdivisions [(a)]	126,876	—	126,876	—
Mortgage backed securities and collateralized mortgage obligations – GSE residential [(a)]	14,853	—	14,853	—
Corporate debt	60,494	—	60,494	—
Equity securities held at fair value	1,694	1,694	—	—
	$ 206,980	$ 1,694	$ 205,286	$ —
Non-recurring:				
Impaired loans	1,690	—	—	1,690
	$ 1,690	$ —	$ —	$ 1,690

(a) *Based on its analysis of the nature and risks of these investments, the Company has determined that presenting them as a single class is appropriate.*

ASC Topic 825 *Financial Instruments* ("ASC 825") requires disclosure of fair value information about financial instruments whether or not recognized on the balance sheet, for which it is practicable to estimate fair value. Fair value estimates are made as of a specific point in time based on the characteristics of the financial instruments and the relevant market information. Where available, quoted market prices are used. In other cases, fair values are based on estimates using present value or other valuation techniques. These techniques involve uncertainties and are significantly affected by the assumptions used and the judgments made regarding risk characteristics of various financial instruments, discount rates, prepayments, estimates of future cash flows, future expected loss experience, and other factors. Changes in assumptions could significantly affect these estimates. Derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, may or may not be realized in an immediate sale of the instrument.

Under ASC 825, fair value estimates are based on existing financial instruments without attempting to estimate the value of anticipated future business and the value of the assets and liabilities that are not financial instruments. Accordingly, the aggregate fair value amounts of existing financing instruments do not represent the underlying value of those instruments on the books of the Company.

Securities

The fair value of equity securities are determined by obtaining quoted market prices on nationally recognized securities exchanges (Level 1). The fair value of securities available for sale (carried at fair value) and held to maturity (carried at amortized cost) are determined by obtaining quoted market prices on nationally recognized securities exchanges (Level 1), or matrix pricing (Level 2), which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted market prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted prices. The carrying values for securities maturing within 90 days approximate fair values because there is little interest rate or credit risk associated with these instruments.

Impaired Loans

Impaired loans, which are predominately commercial real estate loans where it is probable that the Bank will be unable to collect all amounts due per the contractual terms of the loan agreement, are those in which the Bank has measured impairment generally based on the fair value of the loan's collateral. Fair value is generally determined based upon independent third-party appraisals of the properties, liquidation value or discounted cash flows based upon the expected proceeds. These assets are included as Level 3 fair values, based upon the lowest level of input that is significant to the fair value measurements. Impaired loans are transferred out of the Level 3 fair value hierarchy when payments reduce the outstanding loan balance below the fair value of the loan's collateral or the loan is foreclosed upon. If the financial condition of the borrower improves such that collectability of all contractual amounts due is probable, and payments are current for six months, the loan is transferred out of impaired status. As of December 31, 2022 the fair values of collateral-dependent impaired loans were calculated using an outstanding balance of $565,000 net of charge-offs with no specific valuation allowance. At December 31, 2021, the fair values of collateral-dependent impaired loans were calculated using an outstanding balance of $1,842,000, net of charge-offs and a specific valuation allowance of $152,000. Impaired loans not requiring an allowance represent loans for which the fair value of the expected repayments or collateral exceed the recorded investments in such loans.

The following table presents additional quantitative information about assets measured at fair value on a nonrecurring basis for which the Company has computed fair value based on Level 3 values:

Nonrecurring Assets	Fair value estimate As of December 31, 2022	Fair value estimate As of December 31, 2021	Valuation techniques	Unobservable input	Range
Impaired loans	$ 565	$ 1,690	Appraisal of collateral (1)	Appraisal adjustments (2)	0% to -10%
				Liquidation expenses (2)	0% to -8%

(1) Fair value is generally determined through independent appraisals of the underlying collateral, which generally includes various Level 3 inputs which are not identifiable.

(2) Appraisals may be adjusted by management for qualitative factors such as economic conditions and desired turn-over rate. Liquidation expenses are determined on an asset by asset basis and include expenses such as realtor fees, legal fees, transfer tax and other costs.

The following table presents financial assets and financial liabilities that were measured or disclosed at carrying and fair value on a recurring and nonrecurring basis by level within the fair value hierarchy as of December 31, 2022 and 2021.

Financial Assets and Liabilities (in thousands)	Carrying Value	Fair Value	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
December 31, 2022					
Financial assets:					
Cash and cash equivalents(2)	$ 76,750	$ 76,750	$ 76,750	$ —	$ —
Securities available for sale(1)	243,736	243,736	—	243,736	—
Equity securities held at fair value(3)	1,682	1,682	1,682	—	—
Securities held to maturity	8,196	8,091	—	8,091	—
Loans, net	320,177	295,525	—	—	295,525
Accrued interest receivable(2)	2,985	2,985	2,985	—	—
Restricted investments(2)	483	483	—	483	—
Financial liabilities:					
Savings, money market and checking accounts(2)	555,819	555,819	555,819	—	—
Time deposits	61,113	61,165	—	61,165	—
Accrued interest payable(2)	27	27	27	—	—
December 31, 2021					
Financial assets:					
Cash and cash equivalents(2)	$ 165,137	$ 165,137	$ 165,137	$ —	$ —
Securities available for sale(1)	205,286	205,286	—	205,286	—
Equity securities held at fair value(3)	1,694	1,694	1,694	—	—
Securities held to maturity	9,411	9,774	—	9,774	—
Loans, net	288,486	283,613	—	—	283,613
Accrued interest receivable(2)	2,319	2,319	2,319	—	—
Restricted investments(2)	487	487	—	487	—
Financial liabilities:					
Savings, money market and checking accounts(2)	552,450	552,450	552,450	—	—
Time deposits	66,711	66,809	—	66,809	—
Accrued interest payable(2)	25	25	25	—	—

(1) The financial instruments are carried at fair value through accumulated other comprehensive income.
(2) The financial instrument is carried at cost which approximated the fair value of the instrument.
(3) The financial instruments are carried at fair value through non-interest income.

Directors

David W. Bodenstein
President
Mike Preis, Inc.

Philip Coombe, III
Owner
Coombe Financial Services, Inc.
Partner
Coombe Bender & Company, LLC.

Karen Fisher
President & Co-Owner
Fisher Mears Associates

George W. Kinne, Jr.
President
Chief Executive Officer
Jeffersonville Bancorp

Kenneth C. Klein, Esquire
Kenneth C. Klein, Esq.

Andrew J. Pavloff, CPA, CGMA
Partner
Waschitz Pavloff, CPA, LLP

Elizabeth B. Rowley, CFRE
President
Chief Executive Officer
Community Foundation of Orange
& Sullivan

Frederick W. Stabbert, III
President
Catskill Delaware Publications
Publisher
Sullivan County Democrat

Edward T. Sykes
President
Callicoon Co-op Insurance

Officers

George W. Kinne, Jr.
President
Chief Executive Officer

John A. Russell
Executive Vice President
Chief Financial Officer

Tatiana C. Hahn
Executive Vice President
Chief Lending Officer

Rhonda L. Decker
Senior Vice President
Retail Banking Administrator
Security Officer

Jill Atkins
Assistant Vice President
Assistant Controller

Amber Benson
Vice President
Compliance Officer /
Audit Coordinator

Jillian Bertot
Branch Manager
Eldred

Margaret Blaut
Vice President
Regional Branch Manager
Anawana Lake

Michelle Brockner
Assistant Vice President
Training Officer

Linda Browne
Quality Control Officer

Kelsey Conklin
Assistant Loan Servicing Manager

Ursula Curry
Assistant Deposit Operations
Manager

Bertha Donohue
Vice President
Branch Manager
Liberty

Stephanie Drongoski
Assistant Branch Manager
White Lake

Linda Fisk
Vice President
Regional Branch Manager
Livingston Manor

Bryan Flynn
Vice President
Commercial Loan Officer

Jill Goodall
Commercial Loan Administrator

Marisa Heisler
Vice President
Information Technology Director

Florence Horecky
Vice President
Operations Officer

Dawn Kaplan
Assistant Branch Manager
Monticello

Melanie Karkos
Assistant Vice President
Deposit Operations Manager

Patricia Korth
Branch Manager
Port Jervis

Diane McGrath
Vice President
Loan Servicing Manager

Tanja McKerrell
Senior Vice President
Senior Loan Officer

Sherry McNutt
Float Assistant Manager /
Retail Trainer

Deborah Muzuruk
Assistant Vice President
Executive Assistant
Facility Manager

Edwin Neumann
Assistant Vice President
Senior Credit Analyst
Portflio Manager

Amber Novikov
Assistant Vice President
Branch Manager / Sales Coordinator
Jeffersonville

Abigail Opper
Vice President
Controller

Valerie Panich
Vice President
Loan Origination Manager

Lale Perez
Assistant Branch Manager
Anawana Lake

LeighAnne Pfriender
Vice President
Commercial Processing Manager

Barbara Pietrucha
Assistant Vice President
Senior Human Resources Generalist

Jaclene Poley
Marketing Coordinator

Cassandra Rhodes
Universal Banker II

Deborah Romero
Assistant Branch Manager
Livingston Manor

Sandra Ross
Branch Manager
Callicoon

Brandy Smith
Assistant Vice President
Assistant Loan Origination Manager

Lisa Stewart
Assistant Branch Manager
Liberty

Melinda Stratton
Assistant Vice President
Branch Manager
Monticello

Heinrich Strauch
Vice President
Commercial Loan Officer

Leanne Stuhlmiller
Vice President
BSA Officer / Information Security
Officer

Matthew Sush
Universal Banker II

Claire Taggart
Vice President
Human Resources Director

Kimberly White
Branch Manager
Wurtsboro

Staff

Donna Abplanalp	Audra Hubert	Shania Morales	Luke Starkweather
Meagan Avellino	Khafifa Javed	Mark Nelson	Tanner Stephens
Tim Bernhardt	Madelyn Kamody	Shannon Nieke	Audrey Subeh
Paul Brockner	Jenna Keesler	Bruce Pecsi, Jr.	Diana Sunnekalb
Yolanda Bruno	Jessica Kenyon	Margaret Porter	Jackie Thomaz
Katarina Carleo	Noma Lacey	Jenna Rowlette	Mckenzie Townsend
Andrew Carmona	Hannah Law	Sherri Rhyne	Alicia Tuleweit
Jordan Cohen	Anthony Lemoine	Ezekiel Romero	Natalie Turner
Casey Cooney	Jessica Leonard	John Rudy	Shannon Umbaugh
Dina Conklin	Andrea Licona Palma	Kylie Salas	Linda Vetere
Amanda Craft	Robert Lohr	Patrick Schadt	Rebecca Wegman
Coriann Decker	Michele Lupardo	Michaela Schaefer	Angy Wood
Rebeckah Decker	Lisa Malaspina	Therese Schanil	Jenna Yearwood
Ashley DeJesus	Kristan Mapes	Nikki Schreiner	Mirjana Yearwood
Gina DeRobertis	Jessica Martin	Sarah Senol	Monika Zalewska
Jesse Eichner	Keturah Mayers	Hailey Siegel	Anthony Zambrana
Christine Fitzgerald	Alexis McCarthy	Denise Smestad	
Jessica Glassel	Kassidy McCauley	Suzanne Southard	
Noah Henwood	Cathy Mickelson	Terri Specht	

Shareholder Information

The Company's common stock is traded on the OTC Markets Group OTCQB Marketplace under the symbol JFBC. The following companies are known to make a market in our stock: Stifel, Nicolaus & Company, Incorporated, Monroe Financial Partners, Inc., Canaccord Genuity, Inc., Citadel Securities. The following table shows the range of high and low sales for the Company's stock and cash dividends paid for the quarters indicated.

For the Quarter End:	Sales Low	Sales High	Cash Dividends Paid
December 31, 2022	$19.00	$21.07	$ 0.15
September 30, 2022	$19.90	$23.45	$ 0.15
June 30, 2022	$21.10	$24.25	$ 0.15
March 31, 2022	$21.08	$24.50	$ 0.15
December 31, 2021	$20.25	$24.50	$ 0.15
September 30, 2021	$17.34	$22.00	$ 0.15
June 30, 2021	$17.27	$19.15	$ 0.15
March 31, 2021	$17.25	$20.00	$ 0.15




Jeff Bank Offices

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Port Jervis Office
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White Lake Office
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Wurtsboro Office
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