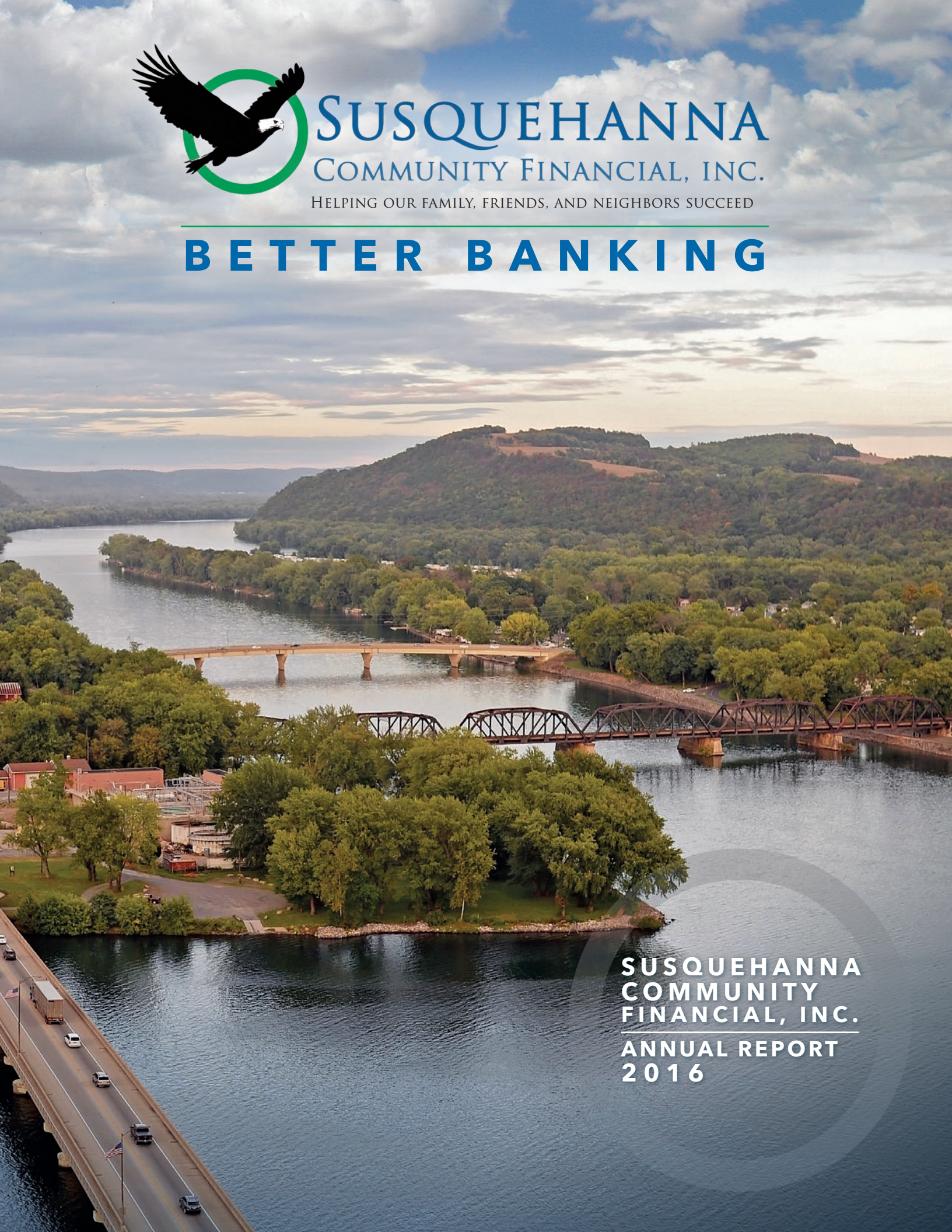
SUSQUEHANNA COMMUNITY FINANCIAL, INC.

HELPING OUR FAMILY, FRIENDS, AND NEIGHBORS SUCCEED

BETTER BANKING



SUSQUEHANNA COMMUNITY FINANCIAL, INC.

ANNUAL REPORT 2016

"Our name change is a celebration of our success and growth from our original location in the village of West Milton beginning in 1920 to now six branches that span along the Susquehanna River."

PRESIDENT'S MESSAGE

DEAR SHAREHOLDERS,

"Delivering a Better Banking Experience Across the Susquehanna Valley"

These are easy words to say but much harder to execute on a daily basis. Many people have asked us, "Why did you change your name?" Our answer quite simply has been that it truly reflects who we have become. The name change is a celebration of our success and growth from our original location in the village of West Milton beginning in 1920 to now six branches that span along the Susquehanna River. We have always prided ourselves in offering our customers the most updated technology with the most intimate level of relationship management. Today, in 2017, no physical barrier limits the service we can provide.

We entered 2016 knowing there were many challenges. We made substantial strategic investments in a new branch and staff, new mortgage and investment department personnel, and continued to deal with a low interest rate environment. I ask you to join me in celebrating the following successes that your TEAM accomplished in 2016:

Celebrating Growth:

- 20.5% Loan Growth – 5th consecutive year of double digit loan growth
- 11.4% Deposit Growth
- 6.8% Asset Growth to a record $394 million
- Mortgage Fees increased from $67k to $589k
- Susquehanna Financial Solutions increased fees from $160k to $251k
- Northumberland Branch became profitable in less than one year

Celebrating Strength & Stability

- 7th consecutive year of increased dividends
- Well Capitalized Bank
- Efficiency ratio below peers
- Excellent asset quality ratios
- Peer leading financial ratios: #2 in the State of PA; #13th in the Nation

Inevitably, the winds and rains come even to the Susquehanna Valley. We experienced our first major loan loss this year totaling nearly $1 million dollars. It took the entire TEAM, marching in the same direction, to overcome this storm and achieve the above results that we all can celebrate.

Let's face it; great people are what make great companies thrive. Bridging the past from our foundation in 1920 to the present are all the employee contributions that have added value to this high performing community bank. They are truly our Brand. That will never change.

Our success is attributable to our dedicated employees, loyal customers, and committed shareholders. We call it Independent Pride. On behalf of the Team at West Milton,

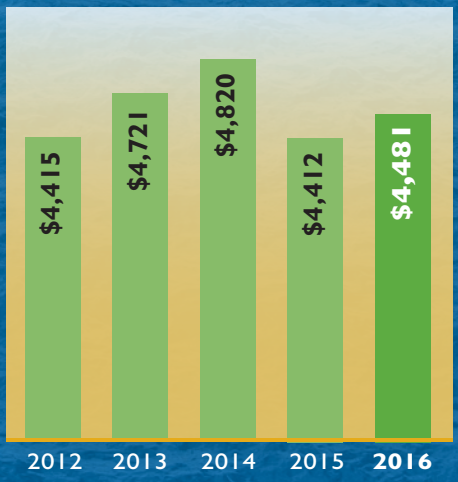
David S. Runk
President and CEO

2016 **FINANCIAL** HIGHLIGHTS

5 YEAR OVERVIEW

	2012	2013	2014	2015	**2016**
Earnings Per Share	$ 1.45	$ 1.56	$ 1.60	$ 1.47	**$ 1.51**
Return on Average Assets	1.35%	1.41%	1.37%	1.21%	**1.16%**
Return On Average Equity	12.78%	13.42%	12.90%	10.99%	**10.66%**
Dividends Paid Per Share	$ 0.50	$ 0.55	$ 0.61	$ 0.65	**$ 0.67**

NET INCOME
(in thousands)



SENIOR MANAGEMENT

Seated (left to right):
Trisha K. Shearer,
David S. Runk (President),
Dennis E. Keefer

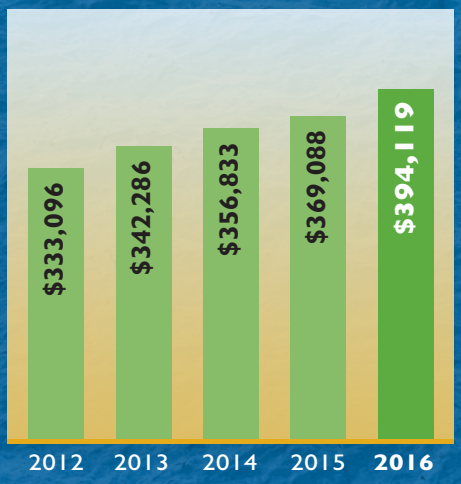
Standing (left to right):
Stephen T. Young,
Stephen P. Stanko,
William H. Weber II,
Jeffrey G. Hollenbach,
Jill D. Shambach,
Rodney H. Smith,
Belinda M. Diefenbach

BOARD OF DIRECTORS

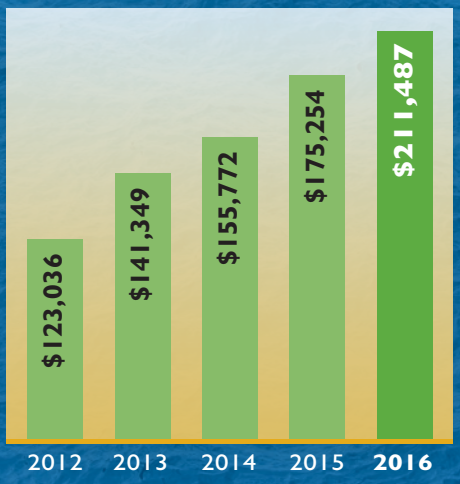
Seated (left to right):
David S. Runk (President),
Peter L. Matson

Standing (left to right):
Richard M. Bowersox,
William F. Kear,
Christian C. Trate (Chairman),
Carl L. Pardoe,
Robert M. Brubaker

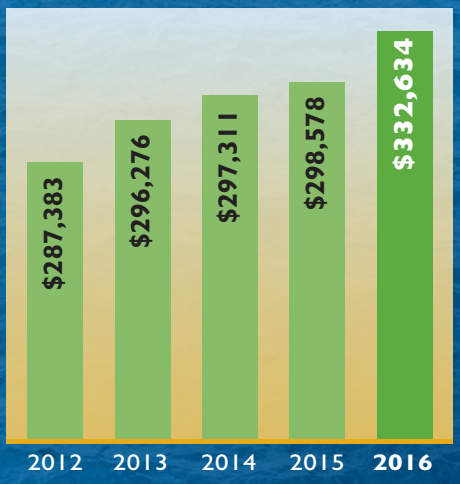
TOTAL ASSETS
(in thousands)



GROSS LOANS
(in thousands)



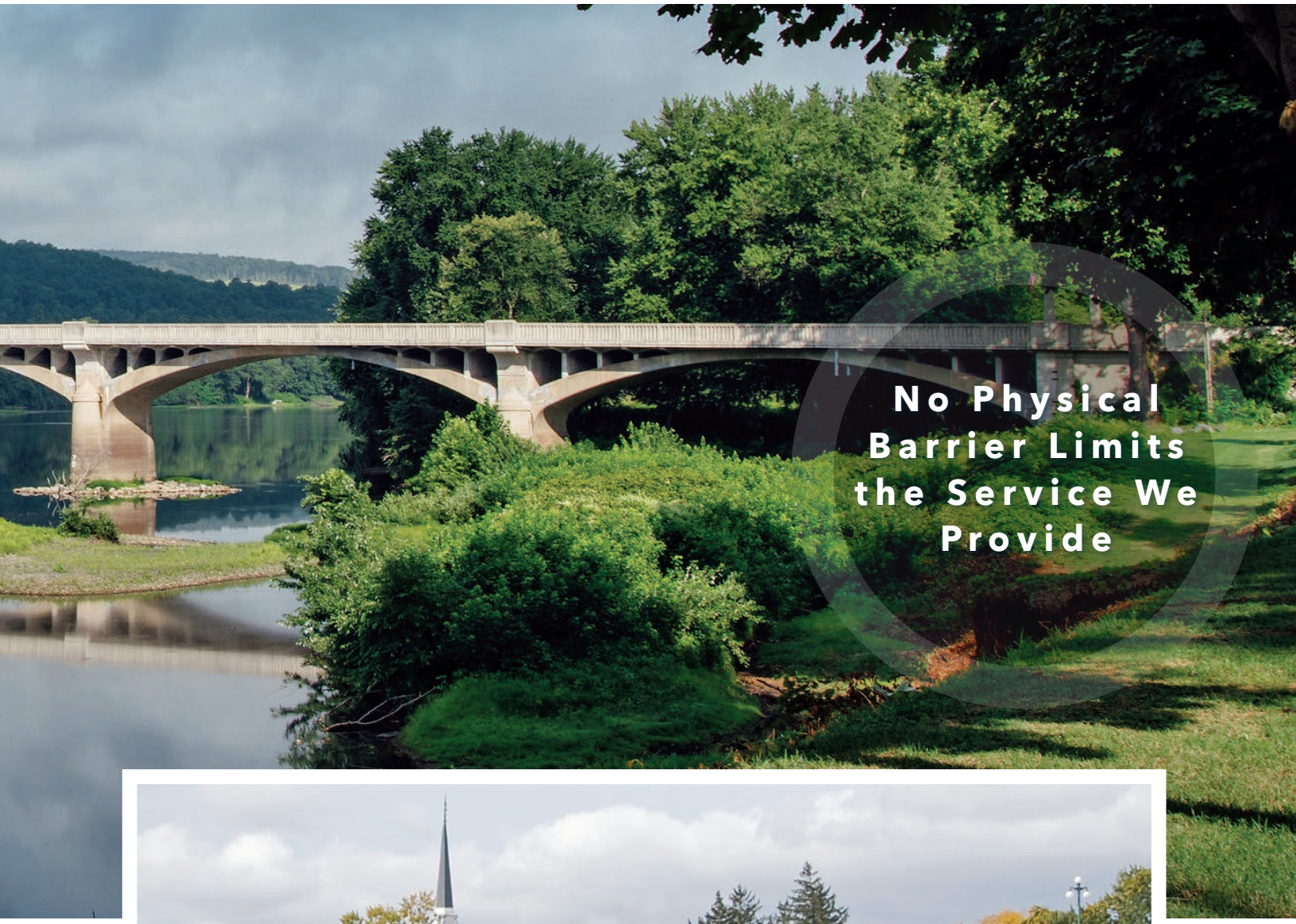
TOTAL DEPOSITS
(in thousands)



Expanding Our Reach

As one of the oldest rivers in our nation, the Susquehanna River has a long-standing history of providing food, water, power, transportation and recreation to the communities that were conceived along its banks. Today the river and its many tributaries continue to reach out to regional cities and towns unifying them and providing them with the resources to grow and thrive. It is with the same spirit of growth that West Milton State Bank continues to expand its reach developing relationships that enhance our communities.

No physical barrier limits the service we provide. We make it a priority to stay up-to-date with market trends and new product offerings in order to develop relationships beyond the communities where our branches reside.



No Physical Barrier Limits the Service We Provide

Enriching Our Communities

As we grow professional relationships, our communities grow as well. We take pride in delivering a full portfolio of services to help strengthen the many businesses that make up the Susquehanna Valley and beyond. Shared Support, Inc., who partners with the Bank for their lending, deposit, and investment needs, is the perfect example of this relationship. Shared Support, Inc. is a not-for-profit organization founded on the belief that people with intellectual and developmental disabilities are not defined by their diagnosis. They work with individuals to help them realize their full potential.

With expert advice and guidance from West Milton State Bank, Shared Support, Inc. has been able to expand and enrich our communities in the Susquehanna Valley and also in Bucks & Montgomery counties. "Steve Stanko, Vice President and Commercial Relationship Manager, and Jill Shambach, Vice President and Investment Executive, have met all of our banking and lending needs every step of the way over years when we have experienced tremendous growth. That growth has demanded flexibility and at times has required immediate response from our bank to meet our ever growing needs," says Liz DeVett, Chief Executive Officer of Shared Support, Inc.

At West Milton State Bank, we understand the importance of building trust and forming lasting relationships. We take pride in being a community bank where we personally know our customers and their businesses to ensure their fiscal well-being. "Both Steve and Jill are extremely valuable to us. They know their business as well as ours, are always professional and extremely responsive, and are always available for consult or action." Success is achieved by understanding the needs of our customers and creating customized solutions to ensure stability and growth, not only for those we serve, but for those who reside in the communities along the Susquehanna River and the tributaries that nourish it.

Leigh Shreckengast, Director of Human Resourses for ***Shared Support****, reviews account information online with WMSB's Jill Shambach.*

Shared Support Fiscal Director Theresa Pratt (left) and CEO Liz DeVett (right), discuss strategic options with WMSB's Steve Stanko.

Enhancing Our Services

All banking relationships don't begin face to face. As we expand our reach beyond physical boundaries, the importance of enhancing our online services has grown. Converting our website URL to wmsb.bank was a key step in ensuring our "Online Branch" is as safe and secure as walking into one of our physical locations. The .bank environment is exclusive to the banking industry. It provides a level of security unmatched in traditional internet environments such as .com.

As the year came to a close, improving the functionality of our website became the focus. Design elements include greater marketing impact, ease of use, and streamlined content. A great enhancement will be the addition of Online Account Opening. Visitors to our website will be able to open an account from the comfort of their home, any time of day, completing our suite of online services.

Our robust mobile app gives customers the flexibility to bank with us from anywhere with the services you'd expect from a larger bank. They can deposit a check, quickly view balances, pay a bill or a friend, and make transfers between financial institutions or their brokerage firm.

We continue striving to deliver a better banking experience across the Susquehanna Valley.

Consolidated Balance Sheet

December 31, 2016 and 2015 (In thousands, except share data)

ASSETS	2016	2015
Cash and due from banks	$ 4,512	$ 3,446
Interest-bearing deposits with banks	1,175	1,324
Available-for-sale securities, at fair value	157,757	171,801
Loans, net	209,268	173,186
Bank premises and equipment, net	6,254	6,230
Foreclosed assets held for sale	195	70
Accrued interest receivable	2,011	1,913
Cash surrender value of life insurance	8,252	6,606
Other assets	4,695	4,512
TOTAL	**$ 394,119**	**$ 369,088**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Interest-bearing deposits	$ 323,637	$ 290,658
Noninterest-bearing deposits	8,997	7,920
Total Deposits	**332,634**	**298,578**
Other borrowings	19,282	27,411
Dividends payable	962	908
Accrued interest payable	220	190
Other liabilities	1,445	2,506
Total Liabilities	**354,543**	**329,593**
Common stock, par value $1 per share, 5,000,000 shares authorized; 3,375,000 shares issued	3,375	844
Additional paid-in capital	455	2,986
Retained earnings	39,116	36,618
Accumulated other comprehensive income	1,365	3,475
Treasury stock at cost (415,369 and 398,169 shares in 2016 and 2015, respectively)	(4,735)	(4,428)
Total Shareholders' Equity	**39,576**	**39,495**
TOTAL	**$ 394,119**	**$ 369,088**

See Notes to Consolidated Financial Statements

Consolidated Statement of Income

For the Years Ended December 31, 2016, 2015, and 2014 (In thousands, except share data)

INTEREST INCOME	2016	2015	2014
Interest and fees on loans	$ 8,494	$ 7,609	$ 6,947
Interest and dividends on available-for-sale securities:			
Taxable interest	3,600	4,098	4,550
Tax-exempt interest	1,642	1,539	1,503
Dividends	62	66	74
Interest on deposits with other banks	50	31	38
Total Interest Income	**13,848**	**13,343**	**13,112**
INTEREST EXPENSE			
Interest on deposits	2,048	1,908	1,872
Interest on other borrowings	332	321	214
Total Interest Expense	**2,380**	**2,229**	**2,086**
NET INTEREST INCOME	11,468	11,114	11,026
LESS PROVISION FOR LOAN LOSSES	1,089	110	-
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	**10,379**	**11,004**	**11,026**
OTHER INCOME			
Service charges on deposit accounts	628	559	507
Realized gains on available-for-sale securities, net	669	644	850
Realized gains on loan sales, net	589	67	22
Bank card and credit card interchange fees	439	389	384
Brokerage fees and commissions	251	160	233
Gain on life insurance benefits	536	-	-
Increase in cash surrender value of life insurance	188	180	185
Other operating income	478	249	222
Total Other Income	**3,778**	**2,248**	**2,403**
OTHER EXPENSES			
Salaries and employee benefits	5,239	4,259	4,053
Occupancy expense	426	347	358
Furniture and equipment expenses	974	765	635
Automated teller machine expense	243	206	204
Data processing expenses	266	226	224
Pennsylvania corporate and shares taxes	316	318	269
Other operating expenses	1,623	1,544	1,430
Total Other Expenses	**9,087**	**7,665**	**7,173**
INCOME BEFORE PROVISION FOR INCOME TAXES	5,070	5,587	6,256
PROVISION FOR INCOME TAXES	589	1,175	1,436
NET INCOME	**$ 4,481**	**$ 4,412**	**$ 4,820**
EARNINGS PER SHARE - BASIC AND DILUTED	**$ 1.51**	**$ 1.47**	**$ 1.60**

See Notes to Consolidated Financial Statements

Consolidated Statement of Comprehensive Income
Consolidated Statement of Changes in Shareholders' Equity

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2016, 2015, and 2014 (In thousands)

	2016	2015	2014
Net income	$ 4,481	$ 4,412	$ 4,820
Unrealized (losses) gains on available-for-sale securities:			
Unrealized holding (losses) gains on available-for-sale securities	(2,528)	(1,998)	6,090
Reclassification adjustment for (gains) realized in earnings (a) (b)	(669)	(644)	(850)
Other comprehensive (loss) gain on available-for-sale securities	(3,197)	(2,642)	5,240
Income benefit (tax)	1,087	898	(1,782)
Net other comprehensive (loss) income	(2,110)	(1,744)	3,458
Total comprehensive income	**$ 2,371**	**$ 2,668**	**$ 8,278**

(a) Realized gains on available-for-sale securities are included in the Consolidated Statement of Income as a separate element of Other Income.

(b) The tax effect on gains on sales of available-for-sale securities of $227 in 2016, $219 in 2015, and $289 in 2014, are included in the Provision for Income Taxes in the Consolidated Statement of Income. This resulted in reclassifications net of tax, of $442 in 2016, $425 in 2015, and $561 in 2014.

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended December 31, 2016, 2015, and 2014 (In thousands, except share data)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TREASURY STOCK	TOTAL SHAREHOLDERS' EQUITY
BALANCE, DECEMBER 31, 2013	$ 844	$ 2,986	$ 31,156	$ 1,761	$ (3,492)	$ 33,255
Net income	-	-	4,820	-	-	4,820
Other comprehensive income	-	-	-	3,458	-	3,458
Treasury stock purchased, 5,275 shares	-	-	-	-	(335)	(335)
Dividends declared, $0.61 per share	-	-	(1,824)	-	-	(1,824)
BALANCE, DECEMBER 31, 2014	844	2,986	34,152	5,219	(3,827)	39,374
Net income	-	-	4,412	-	-	4,412
Other comprehensive loss	-	-	-	(1,744)	-	(1,744)
Treasury stock purchased, 8,233 shares	-	-	-	-	(601)	(601)
Dividends declared, $0.65 per share	-	-	(1,946)	-	-	(1,946)
BALANCE, DECEMBER 31, 2015	844	2,986	36,618	3,475	(4,428)	39,495
Net income	-	-	4,481	-	-	4,481
Other comprehensive loss	-	-	-	(2,110)	-	(2,110)
Treasury stock purchased, 4,300 shares	-	-	-	-	(307)	(307)
Stock split, four-for-one	2,531	(2,531)	-	-	-	-
Dividends declared, $0.67 per share	-	-	(1,983)	-	-	(1,983)
BALANCE, DECEMBER 31, 2016	$ 3,375	$ 455	$ 39,116	$ 1,365	$ (4,735)	$ 39,576

See Notes to Consolidated Financial Statements

Consolidated Statement of Cash Flows

For the Years Ended December 31, 2016, 2015, and 2014 (In thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	2016	2015	2014
Net income	$ 4,481	$ 4,412	$ 4,820
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for depreciation	562	448	390
Provision for loan losses	1,089	110	-
Increase in cash surrender value of life insurance	(188)	(180)	(185)
Gain on life insurance benefits	(536)	-	-
Amortization and accretion of investment securities, net	903	817	662
Realized gains on available-for-sale securities, net	(669)	(644)	(850)
Deferred income tax provision	(83)	39	42
Gain on sales of loans, net	(589)	(67)	(22)
Origination of loans for sale	(15,710)	(2,043)	(954)
Proceeds from sales of loans	16,426	2,095	864
Change in:			
Accrued interest receivable and other assets	(198)	(728)	518
Accrued interest payable and other liabilities	56	333	94
NET CASH PROVIDED BY OPERATING ACTIVITIES	**5,544**	**4,592**	**5,379**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of available-for-sale securities	(47,579)	(63,820)	(52,607)
Proceeds from maturities of available-for-sale securities	16,291	18,803	20,002
Proceeds from sale of available-for-sale securities	41,901	51,379	39,031
Net (increase) decrease in interest-bearing deposits with banks	149	1,682	(1,999)
Net increase in loans	(37,423)	(19,586)	(14,309)
Acquisition of bank premises and equipment	(586)	(3,326)	(454)
Proceeds from bank-owned life insurance	1,078	-	-
Purchase of bank-owned life insurance	(2,000)	-	-
NET CASH USED IN INVESTING ACTIVITIES	**(28,169)**	**(14,868)**	**(10,336)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase in deposits	34,056	1,267	1,035
Net decrease in repurchase agreements	-	(536)	(114)
Net (decrease) increase in other borrowings	(8,129)	11,871	5,497
Acquisition of treasury stock	(307)	(601)	(335)
Dividends paid	(1,929)	(1,888)	(1,732)
NET CASH PROVIDED BY FINANCING ACTIVITIES	**23,691**	**10,113**	**4,351**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,066**	**(163)**	**(606)**
CASH AND CASH EQUIVALENTS, Beginning	**3,446**	**3,609**	**4,215**
CASH AND CASH EQUIVALENTS, Ending	**$ 4,512**	**$ 3,446**	**$ 3,609**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Interest paid	**$ 2,350**	**$ 2,197**	**$ 2,079**
Income taxes paid	**$ 675**	**$ 1,076**	**$ 1,190**
Assets acquired through foreclosure of real estate loans	**$ 195**	**$ 70**	**$ -**

See Notes to Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Susquehanna Community Financial, Inc. and its wholly-owned subsidiaries, West Milton State Bank ("Bank") and Susquehanna Financial Investment Corporation (collectively, the "Corporation"). All significant intercompany balances and transactions have been eliminated.

Accounting principles generally accepted in the United States of America ("GAAP") require a corporation's consolidated financial statements to include subsidiaries in which the corporation has a controlling financial interest. This requirement usually has been applied to subsidiaries in which a corporation has a majority voting interest.

Investments in companies in which the Corporation controls operating and financing decisions (principally defined as owning a voting or economic interest greater than 50%) are consolidated. Investments in companies in which the Corporation has significant influence over operating and financing decisions (principally defined as owning a voting or economic interest of 20% to 50%) are generally accounted for by the equity method of accounting.

Nature of Operations

Susquehanna Community Financial, Inc. is a financial holding company. The Bank provides a variety of financial services to individuals and corporate customers through its six offices located in West Milton, Lewisburg, Mifflinburg, Watsontown, Beaver Springs and Northumberland, Pennsylvania. The Bank's primary deposit products are checking accounts, savings accounts and certificates of deposit. Its primary lending products are residential, consumer and commercial loans. The Bank is subject to regulation by the Commonwealth of Pennsylvania, Department of Banking and Securites and the Federal Deposit Insurance Corporation. Susquehanna Community Financial, Inc. is subject to regulation by the Federal Reserve Bank of Philadelphia.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, other-than-temporary impairments of securities, the fair value of financial instruments, and valuation of deferred tax assets.

Securities

Held-to-maturity securities - includes debt securities that the Corporation has the positive intent and ability to hold to maturity. These securities are reported at amortized cost. The Corporation did not hold any held-to-maturity securities during 2016 or 2015.

Trading securities - includes debt and equity securities bought and held principally for the purpose of selling them in the near term. These securities are reported at fair value with changes in fair value recorded in earnings. The Corporation did not hold any trading securities during 2016 or 2015.

Available-for-sale securities - includes debt and equity securities not classified as either held-to-maturity securities or trading securities. Such securities are reported at fair value, with unrealized holding gains and losses excluded from earnings and reported separately through accumulated other comprehensive income, net of deferred income taxes. These unrealized holding gains and losses are the sole component of the Corporation's accumulated other comprehensive income.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Other-than-temporary impairment ("OTTI") — declines in the fair value of available-for-sale and held-to-maturity securities that are deemed to be other-than-temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, (3) the intent and ability of the Corporation to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value, and (4) whether the Corporation intends to sell the security or if it is more likely than not that the Corporation will be required to sell the security before the recovery of its amortized cost basis. The credit-related impairment is recognized in earnings, and is the difference between a security's amortized cost basis and the present value of expected future cash flows discounted at the security's effective yield prior to recognition of OTTI at year end. The portion of the other-than-temporary impairment that is due to factors other than credit is included in other comprehensive income. In addition, the risk of future other-than-temporary impairment may be influenced by additional bank failures, prolonged recession in the U.S. economy, changes to real estate values, interest deferrals and whether the federal government provides assistance to financial institutions.

Restricted equity securities — restricted equity securities consist of Federal Home Loan Bank of Pittsburgh stock, and Atlantic Community Bankers Bank stock, and are carried at cost and evaluated for impairment. Holdings of restricted equity securities are included in Other Assets in the Consolidated Balance Sheet, and dividends received on restricted securities are included in Other Operating Income in the Consolidated Statement of Income.

West Milton State Bank is a member of the Federal Home Loan Bank of Pittsburgh (FHLB-Pittsburgh), which is one of 12 regional Federal Home Loan Banks. As a member, West Milton State Bank is required to purchase and maintain stock in FHLB-Pittsburgh. There is no active market for FHLB-Pittsburgh stock, and it must ordinarily be redeemed by FHLB-Pittsburgh in order to be liquidated. The Bank's investment in FHLB-Pittsburgh stock was $1,574,000 at December 31, 2016 and $1,297,000 at December 31, 2015. The Corporation evaluated its holding of FHLB-Pittsburgh stock for impairment and deemed the stock to not be impaired at December 31, 2016 and 2015. In making this determination, management concluded that recovery of total outstanding par value, which equals the carrying value, is expected. The decision was based on review of financial information that FHLB-Pittsburgh has made publicly available.

Loans

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are stated at their outstanding unpaid principal balances, net of an allowance for loan losses and any deferred fees or costs. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the yield (interest income) of the related loans. The Corporation is generally amortizing these amounts over the contractual life of the loan.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The loans receivable portfolio is segmented into agricultural, commercial, consumer, and state and political subdivision loans. Commercial loans consist of the following classes: commercial and industrial, acquisition, construction and development, commercial real estate, and commercial construction. Consumer loans consist of the following classes: residential mortgage loans, home equity loans and other consumer loans.

For all classes of loans receivable the accrual of interest is discontinued when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about further collectability of principal or interest, even though the loan is currently performing. A loan may remain on accrual status if it is in the process of collection and is either guaranteed or well secured. When a loan is placed on nonaccrual status, unpaid interest credited to income in the current year is reversed and unpaid interest accrued in prior years is charged against the allowance for loan losses. Interest received on nonaccrual loans including impaired loans generally is either applied against principal or reported as interest income, according to management's judgment as to the collectability of principal. Generally, loans are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time (generally six months) and the ultimate collectability of the total contractual principal and interest is no longer in doubt. The past due status of all classes of loans receivable is determined based on contractual due dates for loan payments.

Allowance for Loan Losses

The allowance for loan losses represents management's estimate of losses inherent in the loan portfolio as of the balance sheet date and is recorded as a reduction to loans. The allowance for loan losses is increased by the provision for loan losses, and decreased by charge-offs, net of recoveries. Loans deemed to be uncollectible are charged against the allowance for loan losses, and subsequent recoveries, if any, are credited to the allowance. All, or part, of the principal balance of loans receivable are charged off to the allowance as soon as it is determined that the repayment of all, or part, of the principal balance is highly unlikely. Non-residential consumer loans are generally charged off no later than 120 days past due on a contractual basis, earlier in the event of bankruptcy, or if there is an amount deemed uncollectible.

The allowance for loan losses is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management performs a quarterly evaluation of the adequacy of the allowance. The allowance is based on the Corporation's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, composition of the loan portfolio, current economic conditions and other relevant factors. This evaluation is inherently subjective as it requires material estimates that may be susceptible to significant revision as more information becomes available.

The allowance consists of specific, general and unallocated components. The specific component relates to loans that are classified as impaired or isolated. For loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. For loans that are classified as isolated, a thorough review of the portfolio has indicated underlying risk for a group of loans underwritten during a certain time period where previously weak practices existed by one particular lender (no longer employed by the Corporation). A large portion of the loans were either unsecured, asset based, or centered in the real estate development industry. These loans are considered isolated and are being specifically allocated based on the collectability of the loan based on information at a particular evaluation date. These loans make up one hundred percent of the acquisition, construction and development loans. The general component covers pools of loans by loan class including commercial loans not considered impaired or isolated, as well as smaller balance homogeneous loans, such as residential real estate, home equity and other consumer loans. These pools of loans are evaluated for loss exposure based upon historical loss rates for each of these categories of loans, adjusted for qualitative factors. These qualitative risk factors include:

1. Delinquency trends.
2. Nature and volume of the portfolio, terms, and risk ratings trends of loans.
3. Experience, ability, and depth of lending management and staff.
4. A satisfactory loan policy in place to provide appropriate underwriting guidance.
5. Existence and effect of any concentration of credit and changes in the level of such concentrations.
6. The impact of the economy on consumers and businesses.
7. Loan review system changes.
8. Changes in collateral values.
9. Changes in external factors such as regulatory issues, competition, and the impact on the current level of the Corporation's current loan losses.

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.

The qualitative factors used in the general component calculations are designed to address credit risk characteristics associated with each segment. The Corporation's credit risk associated with all of the segments is significantly impacted by these factors, which include economic conditions within its market area; the Corporation's lending policies, changes or trends in the portfolio's volume, terms, concentrations, delinquencies, and risk profile; competition and regulatory requirements; management and loan review; collateral values, and other factors. Further, the consumer mortgage segment is significantly affected by the values of residential real estate that provide collateral for the loans. The majority of the Corporation's commercial segment loans (approximately 78% at December 31, 2016) are secured by real estate, and accordingly, the Corporation's risk for the commercial segment is significantly affected by commercial real estate values. The majority of the Corporation's agricultural segment loans (approximately 91% at December 31, 2016) are secured by farm real estate, and accordingly, the Corporation's risk for the agricultural segment is significantly affected by farm real estate values. The consumer segment includes a wide mix of loans for different purposes, primarily secured loans, including loans secured by motor vehicles, manufactured housing and other types of collateral.

An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

A loan is considered impaired when, based on current information and events, it is probable that the Corporation will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified

as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan by loan basis for commercial and industrial loans, commercial real estate loans and commercial construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent.

An allowance for loan losses is established for an impaired loan if its carrying value exceeds its estimated fair value. The estimated fair values of substantially all of the Corporation's impaired loans are measured based on the estimated fair value of the loan's collateral.

For commercial loans secured by real estate, estimated fair values are determined primarily through third-party appraisals. When a real estate secured loan becomes impaired, a decision is made regarding whether an updated certified appraisal of the real estate is necessary. This decision is based on various considerations, including the age of the most recent appraisal, the loan-to-value ratio based on the original appraisal and the condition of the property. Appraised values are discounted to arrive at the estimated selling price of the collateral, which is considered to be the estimated fair value. The discounts also include estimated costs to sell the property.

For commercial and industrial loans secured by non-real estate collateral, such as accounts receivable, inventory and equipment, estimated fair values are determined based on the borrower's financial statements, inventory reports, accounts receivable agings or equipment appraisals or invoices. Indications of value from these sources are generally discounted based on the age of the financial information or the quality of the assets.

Acquisition, construction, and development loans are either unsecured, asset based, or centered in the real estate development industry. The estimated fair values are determined based on the borrower's financial statements, inventory reports, or accounts receivable agings. Indications of value from these sources are generally discounted based on the age of the financial information or the quality of the assets.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Corporation does not separately identify all individual residential mortgage loans, home equity loans and other consumer loans for impairment disclosures, unless such loans are the subject of a troubled debt restructuring agreement.

Loans whose terms are modified are classified as troubled debt restructurings if the Corporation grants such borrowers concessions and it is deemed that those borrowers are experiencing financial difficulty. Concessions granted under a troubled debt restructuring generally involve a temporary reduction in interest rate or an extension of a loan's stated maturity date. Non-accrual troubled debt restructurings are restored to accrual status if principal and interest payments, under the modified terms, are current for six consecutive months after modification. Loans classified as troubled debt restructurings are designated as impaired.

The allowance calculation methodology includes further segregation of loan classes into risk rating categories. The borrower's overall financial condition, repayment sources, guarantors and value of collateral, if appropriate, are evaluated annually for commercial loans or when credit deficiencies arise, such as delinquent loan payments, for agricultural, state and political subdivision and consumer loans. Credit quality risk ratings include internal classifications of special mention, substandard, doubtful and loss. Loans criticized special mention have potential weaknesses that deserve management's close attention. If uncorrected, the potential weaknesses may result in deterioration of the repayment prospects. Loans classified substandard have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They include loans that are inadequately protected by the current sound net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans classified doubtful have all the weaknesses inherent in loans classified substandard with the added characteristic that collection or liquidation in full, on the basis of current conditions and facts, is highly improbable. Loans classified as a loss are considered uncollectible and are charged to the allowance for loan losses. Loans not classified or criticized are rated pass.

In addition, federal and state regulatory agencies, as an integral part of their examination process, periodically review the Corporation's allowance for loan losses and may require the Corporation to recognize additions to the allowance based on their judgments about information available to them at the time of their examination, which may not be currently available to management. Based on management's comprehensive analysis of the loan portfolio, management believes the current level of the allowance for loan losses is adequate.

Loan Servicing Rights Asset

Loan servicing rights assets are recognized as separate assets when servicing rights are acquired through purchase or through sale of financial assets. Loan servicing rights assets are reported in Other Assets in the consolidated balance sheet and are amortized into noninterest income in proportion to, and over the period of, the estimated future net servicing income of the underlying financial assets. Loan servicing rights assets are evaluated for impairment based upon the fair value of the rights as compared to amortized cost. Impairment is determined by stratifying rights by predominant characteristics, such as interest rates and terms. Fair value is determined using prices for similar assets with similar characteristics, when available, or based upon discounted cash flows using market-based assumptions. Impairment is recognized through a valuation allowance for an individual stratum, to the extent that fair value is less than the capitalized amount for the stratum.

Foreclosed Assets Held For Sale

Foreclosed assets held for sale are carried at the lower of the fair value minus estimated costs to sell or cost. Prior to foreclosure, the value of the underlying loan is written down to the fair market value of the property to be acquired by a charge to the allowance for loan losses, if necessary. Any subsequent write-downs are charged against operating expenses. Operating expenses of such properties, net of related income, and gains and losses on their disposition are included in Other Operating Expenses in the consolidated statement of income.

Bank Premises and Equipment

Bank premises and equipment are carried at cost less accumulated depreciation computed on the straight line method over the estimated useful lives of the assets. Repair and maintenance expenditures which extend the useful life of an asset are capitalized, and other repair and maintenance expenditures are expensed as incurred.

When premises or equipment are retired or sold, the remaining cost and accumulated depreciation are removed from the accounts and any gain or loss is credited or charged to income.

The Corporation reviews long-lived assets, such as premises and equipment and intangibles, for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. These changes in circumstances may include a significant

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

decrease in the market value of an asset or the manner in which an asset is used. If there is an indication the carrying value of an asset may not be recoverable, future undiscounted cash flows expected to result from use of the asset are estimated. If the sum of the expected cash flows is less than the carrying value of the asset, a loss is recognized for the difference between the carrying value and the fair market value of the asset.

Advertising Costs

Advertising costs are expensed as incurred and were approximately $69,000, $83,000, and $49,000 in 2016, 2015, and 2014, respectively.

Income Taxes

Deferred tax assets and liabilities are reflected at currently enacted income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

The Corporation has evaluated its material tax positions as of December 31, 2016 and 2015 in accordance with GAAP. Under the "more-likely-than-not" threshold guidelines, the Corporation believes no significant uncertain tax positions exist, either individually or in the aggregate, that would give rise to the non-recognition of an existing tax benefit. In periods subsequent to December 31, 2016, determinations of potentially adverse material tax positions will be evaluated to determine whether an uncertain tax position may have previously existed or has been originated. In the event an adverse tax position is determined to exist, penalty and interest will be accrued, in accordance with the Internal Revenue Service guidelines, and recorded as a component of Other Operating Expenses in the consolidated statement of income.

Earnings per Share

Earnings per share ("EPS") is based on the weighted average number of shares of common stock outstanding as restated to reflect the 4-for-1 stock split effected on July 15, 2016. The number of shares used in the earnings per share computation for the years ended December 31, 2016, 2015 and 2014 was 2,961,134, 3,005,342, and 3,018,723, respectively. The Corporation's basic and diluted EPS are the same since there are no potential dilutive shares of common stock outstanding.

Treasury shares are not deemed outstanding for earnings per share calculations.

Off-Balance Sheet Financial Instruments

In the ordinary course of business, the Corporation has entered into off-balance sheet financial instruments consisting of commitments to extend credit and financial standby letters of credit. Such financial instruments are recorded in the financial statements when, and if, the funds are disbursed.

Investments in Limited Partnerships

The Corporation invested as a limited partner in a partnership in July 2005 that provides low income housing in the Warren, Pennsylvania area. The Corporation has 99.99% ownership in this partnership. The carrying value of the Corporation's investment in the limited partnership was $0 at December 31, 2016 and 2015. It is the Corporation's policy to amortize the investment in the partnership over the life of the ten-year tax credits generated by the investment using a method that approximates the effective yield method. Amortization of the limited partnership investment totaled $0, $136,584 and $164,207 in 2016, 2015 and 2014, respectively. The Corporation's maximum exposure to loss is limited to the carrying value of its investment at year-end. As of December 31, 2016 and 2015, the partnership had total assets of approximately $1,468,000 and $1,671,000, respectively, and total liabilities of approximately $1,184,000 and $1,151,000, respectively.

The Corporation also invested as a limited partner in a partnership in December 2005 that provides office space in an area in Warren, Pennsylvania designated as an enterprise zone by the Commonwealth of Pennsylvania. The Corporation has 99% ownership in this partnership. This partnership provided a $250,000 Pennsylvania Shares Tax credit to the Corporation's 2005 and 2006 Pennsylvania Shares Tax. The carrying value of the Corporation's investment in this partnership was $807,105 and $852,258 at December 31, 2016 and 2015, respectively, and is included in Other Assets in the consolidated balance sheet. The Corporation accounts for this investment using the equity method, adjusting the Corporation's basis in the partnership by the Corporation's pro-rata portion of income or loss each year. The Corporation recognized losses from the partnership of approximately $45,000, $41,000 and $51,000 for 2016, 2015 and 2014, respectively. The Corporation's maximum exposure to loss is limited to the carrying value of its investment at year-end. As of December 31, 2016 and 2015 the partnership had total assets of approximately $956,000 and $979,000, respectively, and total liabilities of approximately $113,000 and $98,000, respectively.

The Corporation also invested as a limited partner in a partnership in December 2006 that provides office space in an area in Warren, Pennsylvania designated as an enterprise zone by the Commonwealth of Pennsylvania. The Corporation has 99% ownership in this partnership. This partnership provided a $250,000 Pennsylvania Shares Tax credit to the Corporation's 2006 and 2007 Pennsylvania Shares Tax. The carrying value of the Corporation's investment in this partnership was $1,393,228 and $1,387,882 at December 31, 2016 and 2015, respectively, and is included in Other Assets on the consolidated balance sheet. The Corporation accounts for this investment using the equity method, adjusting the Corporation's basis in the partnership by the Corporation's pro-rata portion of income or loss each year. The Corporation recognized income from the partnership of approximately $5,000, $31,000 and $30,000 for 2016, 2015 and 2014, respectively. The Corporation's maximum exposure to loss is limited to the carrying value of its investment at year-end. As of December 31, 2016 and 2015 the partnership had total assets of approximately $1,488,000 and $1,472,000, respectively, and had total liabilities of approximately $77,000 and $57,000, respectively.

These investments in limited partnerships are not consolidated into the financial statements of the Corporation because the general partner has control.

Statement of Cash Flows

The Corporation utilizes the net reporting of cash receipts and cash payments for deposit and lending activities. The Corporation considers amounts due from banks and federal funds sold as cash equivalents.

Reclassification

Certain reclassifications have been made to the 2015 and 2014 financial statements to conform to the 2016 presentation.

Recent Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *"Revenue from Contracts with Customers"*, which provides a principles-based framework for revenue recognition that supersedes virtually all previously issued revenue recognition guidance under GAAP. Additionally, the ASU requires improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The core principle of the five-step revenue recognition framework is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in the ASU should be applied either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this ASU recognized at the date of initial application. The Corporation does not expect the adoption will have a significant effect on the Corporation's financial statements as the recognition of interest income has been scoped out of the guidance and it does not expect its other revenue sources to be significantly affected. The Corporation will continue to evaluate the potential impact of this ASU, including determining which transition method to apply. ASU 2014-09 is effective for the Corporation in 2018.

In January 2016, the FASB issued ASU 2016-01, *"Recognition and Measurement of Financial Assets and Liabilities"*. This makes significant changes in GAAP related to certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The changes provided for in this Update that are applicable to the Corporation are as follows: (1) require equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income; however, an entity may choose to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer; (2) for equity investments without readily determinable fair values, require a qualitative assessment to identify impairment, and if a qualitative assessment indicates that impairment exists, requiring an entity to measure the investment at fair value; (3) eliminate the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet; (4) require public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes; (5) require an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments (at December 31, 2016 and 2015, the Corporation has no liabilities for which the fair value measurement option has been elected); (6) require separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (that is, securities or loans and receivables) on the balance sheet or the accompanying notes to the financial statements; and (7) clarify that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity's other deferred tax assets. The amendments in this Update will become effective for the Corporation in 2018, and the Corporation is currently evaluating the effect this guidance may have on its operating results or financial position. With limited exceptions, early adoption of the amendments in this Update is not permitted. Amendments are to be applied by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The amendments related to equity securities without readily determinable fair values should be applied prospectively.

In February 2016, the FASB issued ASU 2016-02, *"Leases"*. This will require organizations that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with lease terms of more than 12 months. Consistent with current GAAP, the recognition, measurement and presentation of expenses and cash flows arising from a lease by the lessee will primarily depend on its classification as a finance or operating lease. However, unlike current GAAP, which requires only capital leases to be recognized on the balance sheet, the new ASU will require both types of leases to be recognized on the balance sheet. ASU 2016-02 will also require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The new disclosures will include both qualitative and quantitative requirements that provide additional information about the amounts recorded in the financial statements. ASU 2016-02 is effective with fiscal years beginning after December 15, 2018. Accordingly, the Corporation will adopt this guidance on January 1, 2019 and is currently evaluating the effect this guidance may have on its operating results or financial position.

In June 2016, the FASB issued ASU 2016-13, *"Measurement of Credit Losses on Financial Instruments"*. ASU No. 2016-13 replaces the current loss impairment methodology under GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to form credit loss estimates in an effort to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit. Specifically, the amendments in this ASU will require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The amendments in this update affect entities holding financial assets and net investment in leases that are not accounted for at fair value through net income, including such financial assets as loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. ASU No. 2016-13 is effective for annual periods and interim periods within those annual periods beginning after December 15, 2020. Early adoption is permitted for annual and interim periods beginning after December 15, 2018. The Corporation is currently assessing the effect that ASU No. 2016-13 will have on its results of operations, financial position, and cash flows.

In August 2016, the FASB issued ASU 2016-15, *"Classification of Certain Cash Receipts and Cash Payments"*. ASU No. 2016-15 addresses eight cash flow issues with specific guidance on how certain cash receipts and cash payments should be presented on the statement of cash flows. ASU No. 2016-15 is effective for annual periods and interim periods within those annual periods beginning after December 15, 2017. Early adoption is permitted. The Corporation does not believe that the adoption of ASU No. 2016-15 will have a material effect on its cash flows.

Subsequent Events

The Corporation has evaluated and disclosed all material subsequent events that provide additional evidence about conditions that existed as of December 31, 2016. The Corporation evaluated these subsequent events through April 7, 2017, the date on which the financial statements contained herein were available to be issued.

2. RESTRICTIONS ON CASH AND DUE FROM BANK ACCOUNTS

Banks are required to maintain reserves, in the form of cash and balances with the Federal Reserve Bank, against their deposit liabilities. The average amount of such reserves during 2016 and 2015 was approximately $132,000 and $156,000, respectively. Deposits with one financial institution are insured up to $250,000. The Corporation maintains cash and cash equivalents with certain financial institutions in excess of the insured amount. Included in Interest-bearing deposits with banks for 2016 is one certificate of deposit for $250,000 at a rate of 2% with a 60 month maturity.

3. AVAILABLE-FOR-SALE SECURITIES

The amortized cost and fair value of available-for-sale securities at December 31, 2016 and 2015 are as follows (in thousands):

December 31, 2016	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE
Mortgage-backed securities	$ 60,720	$ 657	$ (1,027)	$ 60,350
Obligations of state and political subdivisions	83,662	3,464	(1,035)	86,091
Corporate debt securities	9,367	70	(178)	9,259
Total Debt Securities	**153,749**	**4,191**	**(2,240)**	**155,700**
Other equity securities	1,939	132	(14)	2,057
TOTAL	**$ 155,688**	**$ 4,323**	**$ (2,254)**	**$ 157,757**
December 31, 2015				
Obligations of U.S. agencies or corporations	$ 510	$ 6	$ -	$ 516
Mortgage-backed securities	72,367	1,219	(687)	72,899
Obligations of state and political subdivisions	75,912	4,986	(108)	80,790
Corporate debt securities	15,626	119	(333)	15,412
Total Debt Securities	**164,415**	**6,330**	**(1,128)**	**169,617**
Other equity securities	2,120	114	(50)	2,184
TOTAL	**$ 166,535**	**$ 6,444**	**$ (1,178)**	**$ 171,801**

At December 31, 2016 and 2015, investment securities with a carrying value of $69,302,000 and $52,618,000, respectively, were pledged to secure certain deposits and for other purposes as required by law.

The amortized cost and fair value of available-for-sale debt securities by contractual maturity are shown below (in thousands). Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Because mortgage-backed securities are not due at a single maturity date, they are not included in the maturity categories in the following maturity summary.

DECEMBER 31, 2016	AMORTIZED COST	FAIR VALUE
Due in one year or less	$ 751	$ 773
Due after one year through five years	5,470	5,582
Due after five years through ten years	13,056	13,177
Due after ten years	73,752	75,818
	93,029	95,350
Mortgage-backed securities	60,720	60,350
TOTAL	**$ 153,749**	**$ 155,700**

There is no concentration of investments that exceed 10 percent of shareholders' equity of any individual issuer, excluding those guaranteed by the U.S. government or its agencies.

Gross realized gains and gross realized losses on sales of available-for-sale securities for the years ended December 31, 2016, 2015, and 2014, were as follows (in thousands):

	2016	2015	2014
Gross realized gains	$ 765	$ 909	$ 1,071
Gross realized losses	96	265	221

The following tables present gross unrealized losses and fair value of investments with unrealized losses that are not deemed to be other-than temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2016 and 2015 (in thousands):

	Less Than 12 Months		12 Months or More		Total	
December 31, 2016	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
Mortgage-backed securities	$ 45,321	$ 982	$ 904	$ 45	$ 46,225	$ 1,027
Obligations of state and political subdivisions	26,470	1,035	-	-	26,470	1,035
Corporate debt securities	5,278	45	2,284	133	7,562	178
Total Debt Securities	**77,069**	**2,062**	**3,188**	**178**	**80,257**	**2,240**
Other equity securities	510	5	98	9	608	14
Total Temporarily Impaired Securities	**$ 77,579**	**$ 2,067**	**$ 3,286**	**$ 187**	**$ 80,865**	**$ 2,254**

	Less Than 12 Months		12 Months or More		Total	
December 31, 2015	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
Mortgage-backed securities	$ 39,347	$ 526	$ 4,081	$ 161	$ 43,428	$ 687
Obligations of state and political subdivisions	1,755	27	4,360	81	6,115	108
Corporate debt securities	10,830	218	1,885	115	12,715	333
Total Debt Securities	**51,932**	**771**	**10,326**	**357**	**62,258**	**1,128**
Other equity securities	591	47	51	3	642	50
Total Temporarily Impaired Securities	**$ 52,523**	**$ 818**	**$ 10,377**	**$ 360**	**$ 62,900**	**$ 1,178**

3. AVAILABLE-FOR-SALE SECURITIES (continued)

Obligations of U.S. Government Agencies or Corporations

U.S. government agencies or corporations consist of medium and long-term notes issued by Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), and Federal Home Loan Bank (FHLB). These securities have interest rates that are largely fixed-rate, have varying mid- to long-term maturity dates and have contractual cash flows guaranteed by the U.S. Government or agencies of the U.S. Government.

At December 31, 2016, the Corporation was holding no U.S. government agency or corporation securities.

Mortgage-Backed Securities

Mortgage-backed securities consist of medium and long-term pools of securitized residential mortgages issued by Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), and Government National Mortgage Association (GNMA). These securities have interest rates that are largely fixed-rate, have varying mid- to long-term maturity dates and have contractual cash flows guaranteed by the U.S. Government or agencies of the U.S. Government.

At December 31, 2016, forty-three mortgage-backed securities had unrealized losses, and one of the securities had been in a continuous loss position for twelve months or more. These unrealized losses relate principally to changes in interest rates subsequent to the acquisition of the specific securities.

Obligations of State and Political Subdivisions

The municipal securities are bank qualified general obligation or revenue based bonds; rated as investment grade by various credit rating agencies and have fixed rates of interest with mid- to long-term maturities. Fair values of these securities are highly driven by interest rates. Management performs ongoing credit quality reviews on these issues.

At December 31, 2016, seventy-two state and political subdivision securities had unrealized losses, and none of the securities had been in a continuous loss position for twelve months or more. These unrealized losses relate principally to changes in interest rates subsequent to the acquisition of the specific securities.

Corporate Debt Securities

Corporate debt securities consist of debt securities issued by U.S. corporations. These securities have interest rates that are largely fixed-rate and have short- and medium-term maturity dates. The majority of the corporate issuers are rated investment grade by crediting rating agencies and those issuers that are rated below investment grade have received some type of government support to bolster their creditworthiness. Management performs ongoing credit quality reviews on these issues.

At December 31, 2016, seventeen corporate debt securities had unrealized losses, and six of the securities had been in a continuous loss position for twelve months or more. These unrealized losses relate principally to changes in interest rates subsequent to the acquisition of the specific securities.

Other Equity Securities

Other equity securities consist of investments in common and preferred stocks of U.S. financial institutions, U.S. corporations, and investments in various equity-based mutual funds. The Corporation's largest holdings of preferred stock contain preferential liquidation rights upon the voluntary or involuntary liquidation or dissolution of the issuer. Management evaluates the financial condition, earnings, dividend payment prospects and other relevant factors related to each issuer for which the stock is in an unrealized loss position, to determine whether the Corporation can realistically expect to recover its cost basis without realizing a loss.

At December 31, 2016, six other equity securities had unrealized losses, and two of the securities had been in a continuous loss position for twelve months or more. These unrealized losses relate principally to low investor perceptions of financial institution securities.

The Corporation recognized no other-than-temporary impairment losses during 2016, 2015, and 2014.

4. LOANS AND ALLOWANCE FOR LOAN LOSSES

The composition of the Corporation's loan portfolio at December 31, 2016 and 2015 is as follows (in thousands):

	2016	2015
Commercial real estate	$ 49,873	$ 37,807
Commercial real estate - construction	5,785	8,012
Commercial and industrial	15,906	12,801
Acquisition, construction and development	2,083	2,169
Agricultural	21,361	16,611
Residential mortgage	48,670	41,388
Home equity	36,153	27,596
Consumer - other	15,173	13,230
Obligation of state and political subdivisions	16,483	15,640
	211,487	175,254
Less: Allowance for loan losses	2,219	2,068
Loans, Net	**$ 209,268**	**$ 173,186**

Transactions in the allowance for loan losses for the years ended December 31, 2016, 2015, and 2014 are summarized as follows (in thousands):

	2016	2015	2014
Balance, beginning of year	$ 2,068	$ 2,007	$ 2,005
Provision for loan losses	1,089	110	-
Loans charged-off	(956)	(55)	(18)
Recoveries	18	6	20
Balance, End of Year	**$ 2,219**	**$ 2,068**	**$ 2,007**

4. LOANS AND ALLOWANCE FOR LOAN LOSSES *(continued)*

The following tables summarize the activity in the allowance for loan losses by loan class for the years ended December 31, 2016 and 2015 and information in regards to the allowance for loan losses and the recorded investment in loans receivable by loan class as of December 31, 2016, 2015, and 2014 (in thousands):

December 31, 2016 **Allowance for Loan Losses**	BEGINNING BALANCE	CHARGE-OFFS	RECOVERIES	PROVISION (CREDIT)	ENDING BALANCE	ENDING BALANCE: INDIVIDUALLY EVALUATED FOR IMPAIRMENT	ENDING BALANCE: COLLECTIVELY EVALUATED FOR IMPAIRMENT
Commercial real estate	$ 451	$ (900)	$ -	$ 1,057	$ 608	$ -	$ 608
Commercial real estate - construction	62	-	-	-	62	-	62
Commercial and industrial	125	(5)	-	13	133	-	133
Acquisition, construction and development	510	-	-	(79)	431	431	-
Agricultural	132	-	-	18	150	-	150
Residential mortgage	302	-	-	(26)	276	7	269
Home equity	231	-	-	55	286	-	286
Consumer - other	146	(51)	18	45	158	18	140
Obligation of state and political subdivisions	109	-	-	6	115	-	115
Unallocated	-	-	-	-	-	-	-
Total	**$ 2,068**	**$ (956)**	**$ 18**	**$ 1,089**	**$ 2,219**	**$ 456**	**$ 1,763**

December 31, 2016	ENDING BALANCE	ENDING BALANCE: INDIVIDUALLY EVALUATED FOR IMPAIRMENT	ENDING BALANCE: COLLECTIVELY EVALUATED FOR IMPAIRMENT
Commercial real estate	$ 49,873	$ -	$ 49,873
Commercial real estate - construction	5,785	-	5,785
Commercial and industrial	15,875	-	15,875
Acquisition, construction and development	2,083	2,083	-
Agricultural	21,361	-	21,361
Residential mortgage	48,701	57	48,644
Home equity	36,153	5	36,148
Consumer - other	15,173	98	15,075
Obligation of state and political subdivisions	16,483	-	16,483
Total	**$ 211,487**	**$ 2,243**	**$ 209,244**

December 31, 2015 **Allowance for Loan Losses**	BEGINNING BALANCE	CHARGE-OFFS	RECOVERIES	PROVISION (CREDIT)	ENDING BALANCE	ENDING BALANCE: INDIVIDUALLY EVALUATED FOR IMPAIRMENT	ENDING BALANCE: COLLECTIVELY EVALUATED FOR IMPAIRMENT
Commercial real estate	$ 378	$ -	$ -	$ 73	$ 451	$ -	$ 451
Commercial real estate - construction	62	-	-	-	62	-	62
Commercial and industrial	100	-	-	25	125	5	120
Acquisition, construction and development	518	-	-	(8)	510	510	-
Agricultural	101	-	-	31	132	-	132
Residential mortgage	295	-	-	7	302	-	302
Home equity	185	-	-	46	231	-	231
Consumer - other	122	(55)	6	73	146	22	124
Obligation of state and political subdivisions	90	-	-	19	109	-	109
Unallocated	156	-	-	(156)	-	-	-
Total	**$ 2,007**	**$ (55)**	**$ 6**	**$ 110**	**$ 2,068**	**$ 537**	**$ 1,531**

December 31, 2015	ENDING BALANCE	ENDING BALANCE: INDIVIDUALLY EVALUATED FOR IMPAIRMENT	ENDING BALANCE: COLLECTIVELY EVALUATED FOR IMPAIRMENT
Commercial real estate	$ 37,807	$ -	$ 37,807
Commercial real estate - construction	8,012	-	8,012
Commercial and industrial	12,801	5	12,796
Acquisition, construction and development	2,169	2,169	-
Agricultural	16,611	-	16,611
Residential mortgage	41,388	-	41,388
Home equity	27,596	-	27,596
Consumer - other	13,230	83	13,147
Obligation of state and political subdivisions	15,640	-	15,640
Total	**$ 175,254**	**$ 2,257**	**$ 172,997**

4. LOANS AND ALLOWANCE FOR LOAN LOSSES *(continued)*

December 31, 2014 Allowance for Loan Losses	BEGINNING BALANCE	CHARGE-OFFS	RECOVERIES	PROVISION (CREDIT)	ENDING BALANCE	ENDING BALANCE: INDIVIDUALLY EVALUATED FOR IMPAIRMENT	ENDING BALANCE: COLLECTIVELY EVALUATED FOR IMPAIRMENT
Commercial real estate	$ 404	$ -	$ -	$ (26)	$ 378	$ -	$ 378
Commercial real estate - construction	-	-	-	62	62	-	62
Commercial and industrial	70	-	-	30	100	-	100
Acquisition, construction and development	582	-	-	(64)	518	518	-
Agricultural	84	-	-	17	101	-	101
Residential mortgage	263	-	2	30	295	-	295
Home equity	159	-	-	26	185	-	185
Consumer - other	165	(18)	18	(43)	122	13	109
Obligation of state and political subdivisions	75	-	-	15	90	-	90
Unallocated	203	-	-	(47)	156	-	156
Total	**$ 2,005**	**$ (18)**	**$ 20**	**$ -**	**$ 2,007**	**$ 531**	**$ 1,476**

December 31, 2014	ENDING BALANCE	ENDING BALANCE: INDIVIDUALLY EVALUATED FOR IMPAIRMENT	ENDING BALANCE: COLLECTIVELY EVALUATED FOR IMPAIRMENT
Commercial real estate	$ 38,210	$ -	$ 38,210
Commercial real estate - construction	6,222	-	6,222
Commercial and industrial	11,142	-	11,142
Acquisition, construction and development	2,160	2,160	-
Agricultural	12,601	-	12,601
Residential mortgage	37,059	-	37,059
Home equity	22,657	-	22,657
Consumer - other	12,796	69	12,727
Obligation of state and political subdivisions	12,925	-	12,925
Total	**$ 155,772**	**$ 2,229**	**$ 153,543**

The following table presents the classes of the loan portfolio summarized by the aggregate pass rating and the classified ratings of special mention and substandard within the Company's internal risk rating system as of December 31, 2016 and 2015 (in thousands):

December 31, 2016	PASS	SPECIAL MENTION	SUBSTANDARD	TOTAL
Commercial real estate	$ 44,353	$ 224	$ 5,296	$ 49,873
Commercial real estate - construction	5,785	-	-	5,785
Commercial and industrial	12,822	2,575	509	15,906
Acquisition, construction and development	-	-	2,083	2,083
Agricultural	21,361	-	-	21,361
Residential mortgage	48,644	-	26	48,670
Home equity	36,148	-	5	36,153
Consumer - other	15,075	-	98	15,173
Obligation of state and political subdivisions	16,483	-	-	16,483
Total	**$ 200,671**	**$ 2,799**	**$ 8,017**	**$ 211,487**

December 31, 2015	PASS	SPECIAL MENTION	SUBSTANDARD	TOTAL
Commercial real estate	$ 30,395	$ 2,769	$ 4,643	$ 37,807
Commercial real estate - construction	8,012	-	-	8,012
Commercial and industrial	12,223	-	578	12,801
Acquisition, construction and development	-	-	2,169	2,169
Agricultural	16,611	-	-	16,611
Residential mortgage	41,147	-	241	41,388
Home equity	27,596	-	-	27,596
Consumer - other	13,142	-	88	13,230
Obligation of state and political subdivisions	15,640	-	-	15,640
Total	**$ 164,766**	**$ 2,769**	**$ 7,719**	**$ 175,254**

No loans were classified as doubtful or loss as of December 31, 2016 and 2015.

A loan is considered impaired when based on current information and events, it is probable that the Corporation will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan.

The following table summarizes information in regards to impaired loans by loan portfolio class as of December 31, 2016, 2015, and 2014 (in thousands):

December 31, 2016	RECORDED INVESTMENT	UNPAID PRINCIPAL BALANCE	RELATED ALLOWANCE	AVERAGE RECORDED INVESTMENT	INTEREST INCOME RECOGNIZED
With No Related Allowance Recorded:					
Commercial real estate	$ -	$ -	$ -	$ -	$ -
Commercial real estate - construction	-	-	-	-	-
Commercial and industrial	-	-	-	-	-
Acquisition, construction and development	-	-	-	-	-
Agricultural	-	-	-	-	-
Residential mortgage	-	-	-	-	-
Home equity	5	5	-	5	-
Consumer - other	-	-	-	-	-
Obligation of state and political subdivisions	-	-	-	-	-
With An Allowance Recorded:					
Commercial real estate	-	-	-	-	-
Commercial real estate - construction	-	-	-	-	-
Commercial and industrial	-	-	-	-	-
Acquisition, construction and development	2,083	2,083	431	2,127	113
Agricultural	-	-	-	-	-
Residential mortgage	57	57	7	58	1
Home equity	-	-	-	-	-
Consumer - other	98	98	18	111	2
Obligation of state and political subdivisions	-	-	-	-	-
Total:					
Commercial real estate	$ -	$ -	$ -	$ -	$ -
Commercial real estate - construction	$ -	$ -	$ -	$ -	$ -
Commercial and industrial	$ -	$ -	$ -	$ -	$ -
Acquisition, construction and development	$ 2,083	$ 2,083	$ 431	$ 2,127	$ 113
Agricultural	$ -	$ -	$ -	$ -	$ -
Residential mortgage	$ 57	$ 57	$ 7	$ 58	$ 1
Home equity	$ 5	$ 5	$ -	$ 5	$ -
Consumer - other	$ 98	$ 98	$ 18	$ 111	$ 2
Obligation of state and political subdivisions	$ -	$ -	$ -	$ -	$ -

4. LOANS AND ALLOWANCE FOR LOAN LOSSES *(continued)*

December 31, 2015	RECORDED INVESTMENT	UNPAID PRINCIPAL BALANCE	RELATED ALLOWANCE	AVERAGE RECORDED INVESTMENT	INTEREST INCOME RECOGNIZED
With No Related Allowance Recorded:					
Commercial real estate	$ -	$ -	$ -	$ -	$ -
Commercial real estate - construction	-	-	-	-	-
Commercial and industrial	-	-	-	-	-
Acquisition, construction and development	-	-	-	-	-
Agricultural	-	-	-	-	-
Residential mortgage	-	-	-	-	-
Home equity	-	-	-	-	-
Consumer - other	37	37	-	47	1
Obligation of state and political subdivisions	-	-	-	-	-
With An Allowance Recorded:					
Commercial real estate	-	-	-	-	-
Commercial real estate - construction	-	-	-	-	-
Commercial and industrial	5	5	5	5	-
Acquisition, construction and development	2,169	2,169	510	2,271	100
Agricultural	-	-	-	-	-
Residential mortgage	-	-	-	-	-
Home equity	-	-	-	-	-
Consumer - other	46	46	22	51	3
Obligation of state and political subdivisions	-	-	-	-	-
Total:					
Commercial real estate	$ -	$ -	$ -	$ -	$ -
Commercial real estate - construction	$ -	$ -	$ -	$ -	$ -
Commercial and industrial	$ 5	$ 5	$ 5	$ 5	$ -
Acquisition, construction and development	$ 2,169	$ 2,169	$ 510	$ 2,271	$ 100
Agricultural	$ -	$ -	$ -	$ -	$ -
Residential mortgage	$ -	$ -	$ -	$ -	$ -
Home equity	$ -	$ -	$ -	$ -	$ -
Consumer - other	$ 83	$ 83	$ 22	$ 98	$ 4
Obligation of state and political subdivisions	$ -	$ -	$ -	$ -	$ -

December 31, 2014	RECORDED INVESTMENT	UNPAID PRINCIPAL BALANCE	RELATED ALLOWANCE	AVERAGE RECORDED INVESTMENT	INTEREST INCOME RECOGNIZED
With No Related Allowance Recorded:					
Commercial real estate	$ -	$ -	$ -	$ -	$ -
Commercial real estate - construction	-	-	-	-	-
Commercial and industrial	-	-	-	-	-
Acquisition, construction and development	-	-	-	-	-
Agricultural	-	-	-	-	-
Residential mortgage	36	36	-	36	1
Home equity	6	6	-	6	-
Consumer - other	34	34	-	36	-
Obligation of state and political subdivisions	-	-	-	-	-
With An Allowance Recorded:					
Commercial real estate	-	-	-	-	-
Commercial real estate - construction	-	-	-	-	-
Commercial and industrial	-	-	-	-	-
Acquisition, construction and development	2,160	2,160	518	2,160	112
Agricultural	-	-	-	-	-
Residential mortgage	-	-	-	-	-
Home equity	-	-	-	-	-
Consumer - other	35	35	13	38	1
Obligation of state and political subdivisions	-	-	-	-	-
Total:					
Commercial real estate	$ -	$ -	$ -	$ -	$ -
Commercial real estate - construction	$ -	$ -	$ -	$ -	$ -
Commercial and industrial	$ -	$ -	$ -	$ -	$ -
Acquisition, construction and development	$ 2,160	$ 2,160	$ 518	$ 2,160	$ 112
Agricultural	$ -	$ -	$ -	$ -	$ -
Residential mortgage	$ 36	$ 36	$ -	$ 36	$ 1
Home equity	$ 6	$ 6	$ -	$ 6	$ -
Consumer - other	$ 69	$ 69	$ 13	$ 74	$ 1
Obligation of state and political subdivisions	$ -	$ -	$ -	$ -	$ -

A significant portion of the Corporation's loan portfolio consists of single-family loans in Union, Montour, Northumberland, and Snyder counties. The regional economy consists of agriculture, manufacturing and service related industries. The ultimate collectibility of a substantial portion of the Corporation's loan portfolio and the recovery of a substantial portion of the carrying amount of foreclosed assets held for sale are susceptible to changes in local market conditions.

While management uses available information, including independent appraisals for significant properties, to recognize losses on loans and foreclosed assets, future additions to the allowances may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Corporation's allowances for loan losses and foreclosed assets. Such agencies may require the Corporation to recognize changes to the allowances based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the allowances for loan losses and foreclosed assets may change materially in the near term.

4. LOANS AND ALLOWANCE FOR LOAN LOSSES *(continued)*

The following table presents nonaccrual loans by classes of the loan portfolio as of December 31, 2016 and 2015 (in thousands):

	2016	2015
Commercial real estate	$ -	$ 192
Commercial real estate - construction	-	-
Commercial and industrial	-	5
Acquisition, construction and development	-	-
Agricultural	-	-
Residential mortgage	57	90
Home equity	5	-
Consumer - other	98	88
Obligation of state and political subdivisions	-	-
Total	**$ 160**	**$ 375**

The performance and credit quality of the loan portfolio is also monitored by analyzing the age of the loans receivable as determined by the length of time a recorded payment is past due. The following tables present the classes of the loan portfolio summarized by the past due status as of December 31, 2016 and 2015 (in thousands):

DECEMBER 31, 2016	30-59 DAYS PAST DUE	60-89 DAYS PAST DUE	GREATER THAN 90 DAYS	TOTAL PAST DUE	CURRENT	TOTAL LOANS RECEIVABLES	LOANS RECEIVABLE >90 DAYS & ACCRUING
Commercial real estate	$ 772	$ -	$ -	$ 772	$ 49,101	$ 49,873	$ -
Commercial real estate - construction	-	-	-	-	5,785	5,785	-
Commercial and industrial	-	-	-	-	15,906	15,906	-
Acquisition, construction and development	-	464	-	464	1,619	2,083	-
Agricultural	28	-	-	28	21,333	21,361	-
Residential mortgage	169	75	57	301	48,369	48,670	-
Home equity	415	-	5	420	35,733	36,153	-
Consumer - other	302	52	6	360	14,813	15,173	-
Obligation of state and political subdivisions	-	-	-	-	16,483	16,483	-
Total	**$ 1,686**	**$ 591**	**$ 68**	**$ 2,345**	**$ 209,142**	**$ 211,487**	**$ -**

DECEMBER 31, 2015	30-59 DAYS PAST DUE	60-89 DAYS PAST DUE	GREATER THAN 90 DAYS	TOTAL PAST DUE	CURRENT	TOTAL LOANS RECEIVABLES	LOANS RECEIVABLE >90 DAYS & ACCRUING
Commercial real estate	$ 1,758	$ -	$ 191	$ 1,949	$ 35,858	$ 37,807	$ -
Commercial real estate - construction	-	-	-	-	8,012	8,012	-
Commercial and industrial	58	-	5	63	12,738	12,801	-
Acquisition, construction and development	-	-	-	-	2,169	2,169	-
Agricultural	-	-	-	-	16,611	16,611	-
Residential mortgage	54	32	26	112	41,276	41,388	-
Home equity	9	-	-	9	27,587	27,596	-
Consumer - other	131	114	31	276	12,954	13,230	-
Obligation of state and political subdivisions	-	-	-	-	15,640	15,640	-
Total	**$ 2,010**	**$ 146**	**$ 253**	**$ 2,409**	**$ 172,845**	**$ 175,254**	**$ -**

Troubled Debt Restructurings

Loans whose terms are modified are classified as Troubled Debt Restructurings (TDRs) if the Corporation grants such borrowers concessions and it is deemed that those borrowers are experiencing financial difficulty. Loans classified as TDRs are designated as impaired. As of December 31, 2016, 2015, and 2014, the Corporation determined that no modifications were classified as troubled debt restructurings.

Foreclosed Assets Held For Sale

At December 31, 2016 and 2015 the carrying amount of foreclosed residential real estate properties held as a result of obtaining physical possession (included in Foreclosed assets held for sale in the consolidated balance sheet) was $195,000 and $70,000, respectively. At December 31, 2016 there was one consumer mortgage loan collateralized by residential real estate property with a balance of $26,000 that was in the process of foreclosure. At December 31, 2015 there were no consumer mortgage loans collateralized by residential real estate property that were in the process of foreclosure.

5. BANK PREMISES AND EQUIPMENT

Bank premises and equipment as of December 31, 2016 and 2015 are summarized as follows (in thousands):

	2016	2015
Land	$ 1,451	$ 1,451
Bank premises	5,599	5,539
Furniture and equipment	5,433	4,907
Total	**12,483**	**11,897**
Less accumulated depreciation	6,229	5,667
Bank Premises and Equipment, Net	**$ 6,254**	**$ 6,230**

6. DEPOSITS

The aggregate amount of time deposits issued in amounts of $100,000 or more was approximately $36,458,000 and $27,282,000 at December 31, 2016 and 2015, respectively. The interest paid on such deposits amounted to approximately $477,000, $390,000 and $361,000 for 2016, 2015, and 2014, respectively.

Time deposits that meet or exceed the FDIC insurance limit of $250,000 at December 31, 2016 and 2015 were $9,982,000 and $7,526,000, respectively.

At December 31, 2016, the scheduled maturities of time deposits are as follows (in thousands):

2017	$ 32,616
2018	14,952
2019	17,817
2020	13,730
2021	12,246
Total	**$ 91,361**

7. OTHER BORROWINGS

Other borrowings are summarized as follows (in thousands):

	2016	2015
Federal Home Loan Bank of Pittsburgh ("FHLB"):		
Fixed-rate advances (1)	$ 19,282	$ 19,911
Line of credit (2)	-	7,500
Atlantic Community Bankers Bank ("ACBB"):		
Line of credit (3)	-	-
Total	**$ 19,282**	**$ 27,411**

The borrowings with the FHLB are secured by the Corporation's FHLB stock, U.S. government agency and mortgage-backed securities, and first mortgage loans under a collateral pledge and security agreement. The borrowings with the ACBB are secured by West Milton State Bank stock.

(1) FHLB fixed-rate advances with stated maturities at December 31, 2016 are as follows (in thousands):

Fixed-rate at 5.50%, maturing 2017	$ 13
Fixed-rate at 1.22%, maturing 2017	2,500
Fixed-rate at 0.95%, maturing 2017	1,000
Fixed-rate at 0.86%, maturing 2017	625
Fixed-rate at 2.07%, maturing 2018	6,000
Fixed-rate at 5.50%, maturing 2018	12
Fixed-rate at 1.16%, maturing 2018	625
Fixed-rate at 1.10%, maturing 2018	1,000
Fixed-rate at 5.50%, maturing 2019	7
Fixed-rate at 1.84%, maturing 2019	3,000
Fixed-rate at 1.22%, maturing 2019	1,000
Fixed-rate at 1.46%, maturing 2019	625
Fixed-rate at 1.30%, maturing 2020	1,000
Fixed-rate at 1.64%, maturing 2020	625
Fixed-rate at 1.90%, maturing 2021	625
Fixed-rate at 2.10%, maturing 2022	625
Total	**$ 19,282**

(2) The Corporation has an open-ended $39,397,300 line-of-credit at a variable interest rate (0.74% at December 31, 2016).

(3) The Corporation has an open-ended $2,000,000 line-of-credit at a variable interest rate (4.00% at December 31, 2016).

8. INCOME TAXES

The following temporary differences gave rise to the net deferred tax liability at December 31, 2016 and 2015 (in thousands):

	2016	2015
Deferred tax assets:		
Allowance for loan losses	$ 661	$ 610
Supplemental employee retirement plan	108	76
Low income housing investments	95	-
Nonaccrual interest income	15	54
Preferred stock amortization	5	5
Total	**$ 884**	**$ 745**
Deferred tax liabilities:		
Depreciation	502	468
Loan fees and costs	7	17
Loan servicing rights	106	52
Bond accretion	86	99
Low income housing investments	-	9
Unrealized holding gains on AFS securities	704	1,790
Total	**1,405**	**2,435**
Deferred Tax Liability, Net	**$ (521)**	**$ (1,690)**

8. INCOME TAXES *(continued)*

The deferred tax liability, net, is included in Other Liabilities in the accompanying consolidated balance sheet at December 31, 2016 and 2015.

The provision for income taxes consists as follows, for the years ended December 31, 2016, 2015, and 2014 (in thousands):

	2016	2015	2014
Currently payable	$ 672	$ 1,136	$ 1,394
Deferred income tax provision	(83)	39	42
Provision for Income Taxes	**$ 589**	**$ 1,175**	**$ 1,436**

A reconciliation of income tax at the federal statutory rate to the Corporation's actual provision for income taxes is as follows, listed according to years ended December 31 (in thousands):

	2016	2015	2014
Provision at the expected statutory rate	$ 1,724	$ 1,899	$ 2,127
Effect of tax-exempt income	(726)	(693)	(640)
Nondeductible interest	27	24	21
Life Insurance proceeds on policies	(182)	-	-
Increase in cash value of life insurance	(64)	(61)	(64)
Low income housing credit	-	(2)	(6)
Other, net	(190)	8	(2)
Provision for Income Taxes	**$ 589**	**$ 1,175**	**$ 1,436**

9. COMMON STOCK

On June 16, 2016, the Corporation's board of directors declared a four-for-one stock split, effected in the form of a stock dividend, on shares of the Corporation's common stock. Each shareholder of record on June 30, 2016, received three additional shares for each share of common stock then held. The stock was issued July 15, 2016. The Corporation retained the current par value of $1.00 per share for all shares of common stock. All references in the financial statements to the number of shares outstanding and per-share amounts of the Corporation's common stock have been restated to reflect the effect of the stock split for all periods presented.

Shareholders' equity reflects the stock split by reclassifying from "Additional paid-in capital" to Common stock" an amount equal to the par value of the additional shares arising from the split.

The Corporation offers a dividend reinvestment plan to eligible shareholders. During 2016, 2015, and 2014, 13,350, 13,116, and 12,916 shares, respectively, of the Corporation's common stock were acquired in the open market for approximately $248,000, $239,000, and $211,000, respectively, and were reissued under this plan. These amounts are included in "Dividends Declared" in the consolidated statement of changes in shareholders' equity for 2016, 2015, and 2014, respectively.

The board of directors has approved the repurchase of outstanding Corporation common stock during 2017 in an aggregate amount not to exceed $750,000.

10. RETIREMENT PLANS

The Corporation has a defined contribution profit-sharing plan covering substantially all of its employees. The Corporation's contributions to the plan include an annual contribution based on employees' salaries and a matching contribution based on employee salary deferrals. The cost of the defined contribution plan for 2016, 2015, and 2014 was approximately $159,000, $140,000 and $137,000, respectively.

The Corporation is the beneficiary of insurance policies on the lives of current and former directors and executive officers. The aggregate cash surrender values of these policies were approximately $8,252,000 and $6,606,000 at December 31, 2016 and 2015, respectively.

11. RELATED PARTY TRANSACTIONS

Certain directors and executive officers of the Corporation, including their immediate families and companies in which they are principal owners (more than 10%), are indebted to the Corporation.

Total loans to these customers are summarized as follows (in thousands):

	2016	2015	2014
Balance, beginning of year	$ 4,220	$ 4,789	$ 5,378
New loans	492	174	902
Repayments	(689)	(743)	(1,491)
Balance, End of Year	**$ 4,023**	**$ 4,220**	**$ 4,789**

Deposits and other funds from related parties held by the Corporation at December 31, 2016, 2015, and 2014 were approximately $1,689,000, $713,000, and $1,387,000, respectively.

12. REGULATORY MATTERS

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. The final rules implementing BASEL Committee on Banking Supervisor's Capital Guidance for U.S. banks (BASEL III rules) became effective for the Corporation on January 1, 2015, with full compliance with all of the requirements being phased in over a multi-year schedule and fully phased in by January 1, 2019. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Corporation's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of its assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the maintenance of minimum amounts and ratios (set forth on the follow table) of total and Tier I capital (as defined in the regulations) to risk-weighted assets, Tier I capital to average assets, and common equity Tier I capital to risk-weighted assets. Management believes, as of December 31, 2016, that the Bank meets all capital adequacy requirements to which it is subject.

The Federal Reserve Bank has established capital guidelines for bank holding companies. These guidelines allow holding companies with less than $500 million in assets an exemption from regulatory capital requirements. Susquehanna Community Financial, Inc. meets the eligibility criteria and is exempt from all regulatory capital requirements.

The Bank's actual capital amounts and ratios are as follows at December 31, 2016 and 2015 (dollar amounts in thousands:)

	ACTUAL		FOR CAPITAL ADEQUACY PURPOSES		TO BE WELL CAPITALIZED UNDER PROMPT CORRECTIVE ACTION PROVISIONS		MINIMUM REQUIRED FOR CAPITAL ADEQUACY PURPOSES WITH CONSERVATION BUFFER
As of December 31, 2016	**AMOUNT**	**RATIO**	**AMOUNT**	**RATIO**	**AMOUNT**	**RATIO**	
Total Capital (to Risk-Weighted Assets)	$39,114	15%	≥$21,392	≥8%	≥$26,740	≥10%	8.625%
Common Equity Tier 1 (CET1) Capital (to Risk-Weighted Assets)	$36,895	14%	≥$12,033	≥4.5%	≥$17,381	≥6.5%	5.125%
Tier 1 Capital (to Risk-Weighted Assets)	$36,895	14%	≥$16.044	≥6%	≥$21,392	≥8%	6.625%
Tier 1 Capital (to Average Assets)	$36,895	9%	≥$15,567	≥4%	≥$19,459	≥5%	4%
As of December 31, 2015							
Total Capital (to Risk-Weighted Assets)	$36,778	16%	≥$17,890	≥8%	≥$22,363	≥10%	N/A
Common Equity Tier 1 (CET1) Capital (to Risk-Weighted Assets)	$34,710	16%	≥$10,063	≥4.5%	≥$14,536	≥6.5%	N/A
Tier 1 Capital (to Risk-Weighted Assets)	$34,710	16%	≥$13,418	≥6%	≥$17,890	≥8%	N/A
Tier 1 Capital (to Average Assets)	$34,710	10%	≥$14,542	≥4%	≥$18,178	≥5%	N/A

13. OFF-BALANCE SHEET RISK

In the normal course of business, the Corporation has outstanding commitments and contingent liabilities, such as commitments to extend credit, financial standby letters of credit and performance standby letters of credit, which are not included in the accompanying consolidated financial statements. The Corporation's exposure to credit loss in the event of nonperformance by the other party to the financial instruments for commitments to extend credit, financial standby letters of credit and performance standby letters of credit is represented by the contractual or notional amount of those instruments. The Corporation uses the same credit policies in making such commitments as it does for instruments that are included in the consolidated balance sheet.

Financial instruments whose contract amounts represent credit risk at December 31, 2016 and 2015 are as follows (in thousands):

	2016	2015
Commitments to extend credit	$ 62,167	$ 51,644
Financial standby letters of credit	296	275
Performance standby letters of credit	1,063	1,608

Commitments to extend credit are legally binding agreements to lend to customers. Commitments generally have fixed expiration dates or other termination clauses and may require payment of fees. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future liquidity requirements. The Corporation evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Corporation for extension of credit, is based on management's credit assessment of the customer.

Financial standby letters of credit irrevocably obligate the Corporation to pay a third-party when a customer fails to repay an outstanding loan or debt instrument. Performance standby letters of credit irrevocably obligate the Corporation to pay a third-party when a customer fails to perform some contractual non-financial obligation. Those guarantees are issued primarily to support public and private borrowing arrangements, including commercial paper, bond financing and similar transactions. The Corporation's performance under the guarantee is required upon presentation by the beneficiary of the financial and performance standby letters of credit. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Corporation does not have any recourse provisions or hold any assets that would enable it to recover from third parties any of the amounts paid under the guarantee. The Corporation was not required to recognize any liability in connection with the issuance of these standby letters of credit. The fair value of standby letters of credit was not material at December 31, 2016 or 2015.

Standby letters of credit as of December 31, 2016 expire as follows:

Year of Expiration	Amount (in thousands)
2017	$ 752
2018	107
2019	500
Total	**$ 1,359**

14. PARENT COMPANY ONLY

The following is condensed financial information for Susquehanna Community Financial, Inc. on a parent company only basis listed accordingly to years ended December 31 (in thousands):

CONDENSED BALANCE SHEET

	2016	2015
ASSETS		
Cash	$ 7	$ 11
Investment in subsidiaries	40,979	41,890
TOTAL ASSETS	**$ 40,986**	**$ 41,901**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Dividends payable	$ 962	$ 908
Note payable	448	497
Other liabilities	-	1
Shareholders' equity	39,576	39,495
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 40,986**	**$ 40,901**

CONDENSED INCOME STATEMENT

	2016	2015	2014
INCOME			
Equity in undistributed earnings of subsidiaries	$ 2,199	$ 1,885	$ 2,732
Dividends from subsidiaries	2,380	2,595	2,150
TOTAL INCOME	**4,579**	**4,480**	**4,882**
Operating expenses	(98)	(68)	(62)
NET INCOME	**$ 4,481**	**$ 4,412**	**$ 4,820**

CONDENSED STATEMENT OF CASH FLOWS

	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 4,481	$ 4,412	$ 4,820
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed earnings of subsidiaries	(2,199)	(1,885)	(2,732)
(Decrease) increase in other liabilities	(1)	-	1
NET CASH PROVIDED BY OPERATING ACTIVITIES	**2,281**	**2,527**	**2,089**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Acquisition of treasury stock	(307)	(601)	(335)
Repayment of notes payable	(49)	(31)	(30)
Dividends paid	(1,929)	(1,888)	(1,731)
NET CASH USED IN FINANCING ACTIVITIES	**(2,285)**	**(2,520)**	**(2,096)**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(4)	7	(7)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	11	4	11
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 7**	**$ 11**	**$ 4**

15. FAIR VALUE MEASUREMENTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Corporation measures certain assets at fair value on a recurring basis. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. GAAP establishes a framework for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1 - Fair value is based on unadjusted quoted prices in active markets that are accessible to the Corporation for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets and other observable inputs.

Level 3 - Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in level 3 classification included option pricing models, discounted cash flows and other similar techniques.

Assets measured at fair value on a recurring basis and the valuation methods used at December 31, 2016 and 2015 are as follows (in thousands):

December 31, 2016	QUOTED PRICES IN ACTIVE MARKETS (LEVEL 1)	OTHER OBSERVABLE INPUTS (LEVEL 2)	UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL FAIR VALUE
AVAILABLE-FOR-SALE SECURITIES:				
Mortgage-backed securities	$ -	$ 60,350	$ -	$ 60,350
Obligations of state and political subdivisions	-	86,091	-	86,091
Corporate debt securities	-	9,259	-	9,259
Total Debt Securities	**-**	**155,700**	**-**	**155,700**
Marketable equity securities	2,057	-	-	2,057
Total Available-For-Sale Securities	**$ 2,057**	**$ 155,700**	**$ -**	**$ 157,757**

December 31, 2015	QUOTED PRICES IN ACTIVE MARKETS (LEVEL 1)	OTHER OBSERVABLE INPUTS (LEVEL 2)	UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL FAIR VALUE
AVAILABLE-FOR-SALE SECURITIES:				
Obligations of U.S. agencies or corporations	$ -	$ 516	$ -	$ 516
Mortgage-backed securities	-	72,899	-	72,899
Obligations of state and political subdivisions	-	80,790	-	80,790
Corporate debt securities	-	15,412	-	15,412
Total Debt Securities	**-**	**169,617**	**-**	**169,617**
Marketable equity securities	2,184	-	-	2,184
Total Available-For-Sale Securities	**$ 2,184**	**$ 169,617**	**$ -**	**$ 171,801**

The Corporation made no transfers between levels in 2016 or 2015.

15. FAIR VALUE MEASUREMENTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

Assets measured at fair value on a nonrecurring basis and the valuation methods used at December 31, 2016 and 2015 are as follows (in thousands):

December 31, 2016	QUOTED PRICES IN ACTIVE MARKETS (LEVEL 1)	OTHER OBSERVABLE INPUTS (LEVEL 2)	UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL FAIR VALUE
Impaired loans, net	$ -	$ -	$ 1,782	$ 1,782
Forclosed assets held for sale	-	-	195	195
Total Non-Recurring Fair Value Measurements	**$ -**	**$ -**	**$ 1,977**	**$ 1,977**

December 31, 2015	QUOTED PRICES IN ACTIVE MARKETS (LEVEL 1)	OTHER OBSERVABLE INPUTS (LEVEL 2)	UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL FAIR VALUE
Impaired loans, net	$ -	$ -	$ 1,683	$ 1,683
Forclosed assets held for sale	-	-	70	70
Total Non-Recurring Fair Value Measurements	**$ -**	**$ -**	**$ 1,753**	**$ 1,753**

The following table presents additional quantitative information about assets measured at fair value on a nonrecurring basis and for which the Corporation has utilized Level 3 inputs to determine fair value (in thousands)

December 31, 2016		FAIR VALUE ESTIMATE	VALUATION TECHNIQUES	UNOBSERVABLE INPUT	RANGE
Impaired loans	$	1,782	**Appraisal of Collateral** (1)	**Appraisal Adjustments** (2)	0% - 35%
				Liquidation Expenses (2)	0% - 35%
Foreclosed assets held for sale	$	195	**Appraisal of Collateral** (1)	**Appraisal Adjustments** (2)	0% - 35%
				Liquidation Expenses (2)	0% - 35%

December 31, 2015		FAIR VALUE ESTIMATE	VALUATION TECHNIQUES	UNOBSERVABLE INPUT	RANGE
Impaired loans	$	1,683	**Appraisal of Collateral** (1)	**Appraisal Adjustments** (2)	0% - 35%
				Liquidation Expenses (2)	0% - 35%
Foreclosed assets held for sale	$	70	**Appraisal of Collateral** (1)	**Appraisal Adjustments** (2)	0% - 35%
				Liquidation Expenses (2)	0% - 35%

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

(2) Appraisals may be adjusted for qualitative factors such as economic conditions and estimated liquidations expenses. The range of liquidation expenses and other appraisal adjustments are presented as a percent of the appraisal.

15. FAIR VALUE MEASUREMENTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

GAAP requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments. GAAP excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented are not intended to and do not represent the underlying value of the Corporation.

The following methods and assumptions were used by the Corporation in estimating its fair value disclosures for financial instruments:

Cash and due from banks: The carrying amounts reported in the Consolidated Balance Sheet for cash and due from banks approximate those assets' fair values.

Interest-bearing deposits with banks: The carrying amounts reported in the Consolidated Balance Sheet for interest-bearing demand deposits with banks approximate those assets' fair values.

Certificate of Deposits: The fair values for certificates of deposit, included in interest-bearing deposits with banks, are based on quoted market prices for certificates of similar remaining maturities.

Investment securities: The fair value of investment securities, excluding restricted equity securities, are based on quoted market prices or other methods as described above. The carrying value of restricted equity securities approximates fair value based on applicable redemption provisions.

Loans: For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying amounts. The fair values for other loans (for example, fixed-rate commercial real estate and rental property mortgage loans and commercial and industrial loans) are estimated using discounted cash flow analysis, based on interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Loan fair value estimates include judgments regarding future expected loss experience and risk characteristics.

Accrued interest receivable: The carrying amount of accrued interest receivable approximates fair value.

Deposits: The fair value disclosed for demand deposits (for example, interest-bearing and noninterest-bearing checking accounts and passbook accounts) are, by definition, equal to the amount payable on demand at the reporting date (that is, their carrying amounts). The fair values for certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated contractual maturities of such time deposits.

Other borrowings: The estimated fair value of other borrowings is determined using discounted cash flow analysis, based on current incremental borrowing rates for similar types of borrowing arrangements.

Accrued interest payable: The carrying amount of accrued interest payable approximates fair value.

Off-balance sheet instruments: Commitments to extend credit were evaluated and fair value was estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. Such amounts are not considered significant and have not been reported.

The estimated fair values of the Corporation's financial instruments are as follows at December 31, 2016 and 2015 (in thousands):

	VALUATION METHOD(S) USED	2016 CARRYING AMOUNT	FAIR VALUE	2015 CARRYING AMOUNT	FAIR VALUE
FINANCIAL ASSETS:					
Cash and due from banks	Level 1	$ 4,512	$ 4,512	$ 3,764	$ 3,764
Interest-bearing deposits with banks	Level 1	925	925	6	6
Certificate of deposits	Level 2	250	250	1,000	1,009
Available-for-sale securities	See Above	157,757	157,757	171,801	171,801
Restricted securities (included in Other Assets)	Level 2	1,586	1,586	1,309	1,309
Loans, net	Level 3	209,268	211,017	173,186	174,518
Accrued interest receivable	Level 2	2,011	2,011	1,913	1,913
FINANCIAL LIABILITIES:					
Deposits	Level 2	$ 332,634	$ 332,254	$ 298,578	$ 298,698
Other borrowings	Level 2	19,282	19.254	27,411	27,404
Accrued interest payable	Level 2	220	220	190	190

INDEPENDENT AUDITORS' REPORT

Shareholders and Board of Directors of Susquehanna Community Financial, Inc.

We have audited the accompanying consolidated financial statements of Susquehanna Community Financial, Inc. and its subsidiaries, which comprise the consolidated balance sheet as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2016, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits.
We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Susquehanna Community Financial, Inc. and its subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

Baker Tilly Vichow Krause, LLP

Williamsport, Pennsylvania
April 7, 2017

SENIOR MANAGEMENT

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President
Chief Executive Officer

Belinda M. Diefenbach
Senior Vice President
Corporate Secretary and Administrative Associate

Jeffrey G. Hollenbach
Executive Vice President
Senior Relationship Manager and Senior Loan Officer

Dennis E. Keefer
Vice President
Agricultural and Commercial Relationship Manager

Jill D. Shambach
Vice President
Investment Executive and Wealth Management Director

Trisha K. Shearer
Vice President
Director of Marketing and Human Resources

Rodney H. Smith
Executive Vice President
Treasurer and Chief Financial Officer

Stephen P. Stanko
Vice President
Commercial Relationship Manager

William H. Weber II
Vice President
Operations and Technology Division Manager and Chief Information Officer

Stephen T. Young
Vice President
Branch Operations, Security and Facilities Director

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Kristy D. Bachman
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Kelly S. Burrows
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Amanda E. Weisner
Abra L. Wells
Andrea M. Wenzel
Brenda L. Wesner
Stephanie L. Young

Equal Opportunity and Affirmative Action Employer

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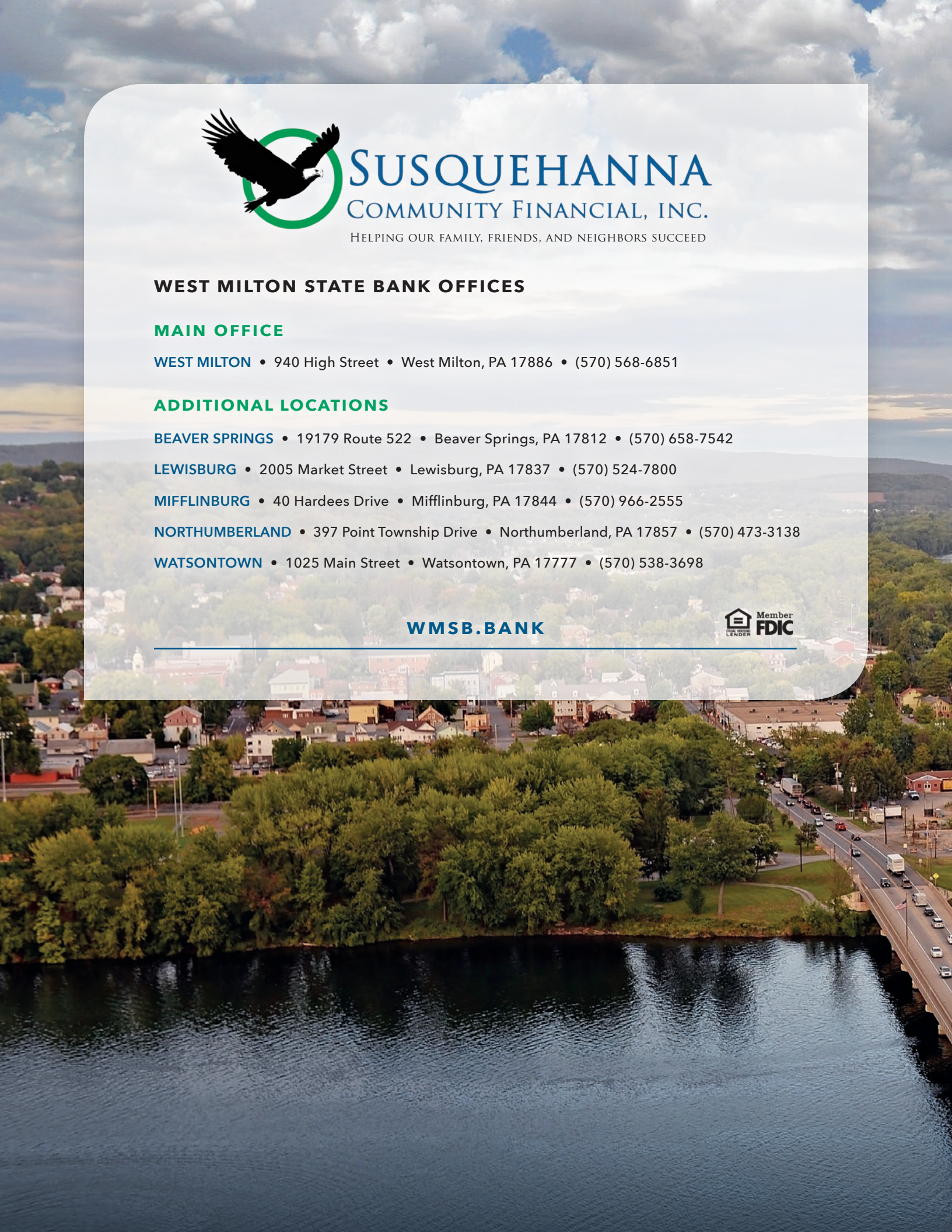

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HELPING OUR FAMILY, FRIENDS, AND NEIGHBORS SUCCEED

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