Officers of The Honesdale National Bank

William Schweighofer • Chairman of the Board John P. Burlein • Vice Chairman David E. Raven • President and Chief Executive Officer Marcele R. Swingle • Executive Vice President Raymond J. Ceccotti • Senior Vice President Christopher T. Bresset • Vice President Katherine M. Bryant • Vice President Christopher T. Cook • Vice President Charles D. Curtin • Vice President Kathleen Enslin • Vice President Catherine Ferraro • Vice President Sean A. Finan • Vice President Gregory G. Gula • Vice President Stephen A. Homza • Vice President Jennifer Jaycox • Vice President Cynthia M. Motichka • Vice President James V. Musto • Vice President Elizabeth C. Nagy • Vice President Michael E. Rollison • Vice President Ralph E. Scartelli • Vice President Ronald M. Sebastianelli • Vice President Richard C. Simmers • Vice President Richard M. Soden • Vice President Luke W. Woodmansee • Vice President Vicky Bryant • Assistant Vice President Lacey P. Churmblo • Assistant Vice President John Conte III • Assistant Vice President Nicholas D'Alberto • Assistant Vice President Karen A. Decker • Assistant Vice President Lisa A. Dowse • Assistant Vice President Robert B. Ferraro • Assistant Vice President Judith Flaherty • Assistant Vice President Laurie Harrington • Assistant Vice President Elizabeth Hazen • Assistant Vice President Linda A. Miller • Assistant Vice President Sharon Pryharski • Assistant Vice President Donna Rinehimer • Assistant Vice President Melissa Rushworth • Assistant Vice President Paulette Straka • Assistant Vice President Brian P. Wilken • Assistant Vice President Lisa S. Bonham • Assistant Trust Officer Beverly A. Simons • Branch Manager/Loan Officer Randy Donovan • Commercial Loan Officer I Kevin Colgan • Fraud/Security Officer Stephen Fritz • Loan Officer Mary Ann Risboskin • Loan Officer

Directors of Honat Bancorp, Inc.

Alfred D. Beck John P. Burlein Michael W. Cavage Roger L. Dirlam Robert C. Grimm Charles H. Jurgensen Paul M. Meagher Kurt I. Propst David E. Raven William Schweighofer

Officers of Honat Bancorp, Inc.

> William Schweighofer Chairman of the Board

> > John P. Burlein Vice Chairman

David E. Raven President and Chief Executive Officer

Marcele R. Swingle Secretary

Katherine M. Bryant Treasurer



800-HNB-9515 | hnbbank.bank| hnb@hnbbank.com

The Honesdale National Bank is a subsidiary of Honat Bancorp, Inc.

The Quarterly Shareholder and Annual Reports are available online at hnbbank.bank/Honat

QUARTERLY **SHAREHOLDER** REPORT 2020

Member FDIC

Honat Bancorp, Inc. March 31, 2020

Honat Bancorp, Inc. Consolidated Balance Sheets (Unaudited)

	Period Ended March 31, 2020 2019 (In Thousands, except Share and per Share Data)	
Annala		
Assets Cash and Due from Banks	\$ 8,159	\$ 6,708
Interest-Bearing Deposits	17,917	\$,031
Short-Term Investments	6,184	7,270
Cash and Cash Equivalents	32,260	22,009
Certificates of Deposit	3,989	-
Securities Available for Sale at Fair Value	105,504	92.923
Equity Securities at Fair Value	160	444
Mortgage Loans Held for Sale	216	339
Loans Receivable, Net of Allowance	516,490	514,295
for Loan Losses 2020: \$9,191; 2019: \$9,262		045
Investment in Restricted Stock, at Cost	628	915
Bank Premises and Equipment	713	200
Operating Lease Right-of-Use Asset Other Premises and Equipment, Net	7,924	290 7,454
Accrued Interest Receivable	2,195	2,292
Investment in Life Insurance	20,823	20,328
Other Assets	10,505	9,429
Total Assets	\$ 701,407	\$ 670,718
	φ //01,10/	φ 010,110
Liabilities		
Deposits		
Non-Interest-Bearing	\$ 163,545	\$ 150,835
Interest-Bearing	421,023	402,079
Total Deposits	584,568	552,914
Short Term Borrowings	-	6,250
Operating Lease Liabilities	717	291
Accrued Interest Payable	1,498	1,084
Other Liabilities	8,711	8,233
Total Liabilities	595,494	568,772
Stockholders' Equity		
Common Stock, par Value \$.20 per Share;	360	360
Authorized 5,000,000 Shares;		
Issued 1,800,000 Shares;		
Outstanding 2020 and 2019: 1,465,362 and 1,474,436		
Surplus	1,015	1,015
Retained Earnings	116,539	110,528
Accumulated Other Comprehensive Income	(471)	560
Treasury Stock, at Cost, 2020 and 2019:	(11,530)	(10,517)
334,638 and 325,564		101.010
Total Stockholders' Equity	105,913	101,946
Total Liabilities and Stockholders' Equity	\$ 701,407	\$ 670,718

Honat Bancorp, Inc. Consolidated Statements of Income (Unaudited)

Interest Income(in Thousands)Loans Receivable, Including Fees\$6,640\$6,458Securities351234Tax Exempt388427Other5917Total Interest Income7,4387,136Interest Expense1,054847Other1543Total Interest Expense1,069890Net Interest Income6,3696,246Provision for Loan Losses400350Net Interest Income After95,896Provision for Loan Losses5,9695,896Other Income5332487Mortgage Banking Activities396206Income from Fiduciary Accounts113114(Loss) Gain on Equity Securities(262)90Bahr-Owned Life Insurance110193Total Other Income1,0331,104Other Expenses328343Ocupancy328343Ocupancy328343Other Income12086Legal and Professional9695Donations170165State Tax125126Advertising and Promotion125126Advertising and Promotion125126Advertising and Promotion125126Advertising and Promotion125126Advertising and Professional9695Donations170165State Tax125126<		Period Ended March 31, 2020 2019	
Loans Receivable, Including Fees \$ 6,640 \$ 6,640 \$ 6,640 Securities 351 234 Tax Exempt 388 427 Other 59 17 Total Interest Income 7,438 7,136 Interest Expense 1,054 847 Other 15 43 Total Interest Expense 1,069 890 Net Interest Income 6,369 6,246 Provision for Loan Losses 400 350 Net Interest Income After 7 796 5,969 Provision for Loan Losses 5,969 5,896 206 Other Income 101 93 114 (Loss) Gain on Equity Accounts 153 114 (Loss) Gain on Equity Securities (262) 90 Bank-Owned Life Insurance 113 114 Other 101 93 Other Income 101 93 Salaries and Wages 2,063 1,891 Employee Benefits 880 933 <th></th> <th colspan="2">(In Thousands)</th>		(In Thousands)	
Securities 351 234 Tax Exempt 388 427 Other 59 17 Total Interest Income 7,438 7,136 Interest Expense 0 847 Deposits 1,054 847 Other 15 43 Total Interest Expense 1,069 890 Net Interest Income 6,369 6,246 Provision for Loan Losses 400 350 Net Interest Income After 9 5,969 5,896 Other Income 153 114 (Loss) Gain on Equity Securities 396 206 Income from Fiduciary Accounts 153 114 (Loss) Gain on Equity Securities (262) 90 Bank-Owned Life Insurance 113 114 0ther 101 33 Total Other Income 1,033 1,104 0ther 101 33 Total Other Income 101 33 1,104 0ther 113 114 Closs Gain on Equity Securitites 2,063 </td <td></td> <td></td> <td></td>			
Taxable 351 234 Tax Exempt 388 427 Other 59 17 Total Interest Income 7,438 7,136 Interest Expense 7,438 7,136 Deposits 1,054 847 Other 15 43 Total Interest Expense 1,069 890 Net Interest Income 6,369 6,246 Provision for Loan Losses 400 350 Net Interest Income After 7 7386 Provision for Loan Losses 5,969 5,896 Other Income 103 114 (Loss) Gain on Equity Securities 136 114 (Loss) Gain on Equity Securities 262(2) 90 Bank-Owned Life Insurance 113 114 Other Expenses 2,063 1,891 Salaries and Wages 2,063 1,891 Employee Benefits 880 933 Occupancy 328 343 Data Processing 206 183 <td></td> <td>\$ 6,640</td> <td>\$ 6,458</td>		\$ 6,640	\$ 6,458
Tax Exempt 388 427 Other 59 17 Total Interest Income 7,438 7,136 Interest Expense 7,438 7,136 Deposits 1,054 847 Other 15 43 Total Interest Expense 1,069 890 Net Interest Income 6,369 6,246 Provision for Loan Losses 400 350 Net Interest Income After 9 9 Provision for Loan Losses 5,969 5,896 Other Income 0 320 Customer Service Fees 532 487 Mortgage Banking Activities 1396 206 Income from Fiduciary Accounts 153 114 (Loss) Gain on Equity Securities (262) 90 Bank-Owned Life Insurance 113 114 Other 101 93 Total Other Income 1,033 1,104 Other Expenses 380 933 Salaries and Wages 2,063			
Other 59 17 Total Interest Income 7,438 7,136 Interest Expense 1,054 847 Other 15 43 Total Interest Expense 1,069 890 Net Interest Income 6,369 6,246 Provision for Loan Losses 400 350 Net Interest Income After 9 5,969 5,896 Other Income 532 487 Mortgage Banking Activities 396 206 Income from Fiduciary Accounts 153 114 (Loss) Gain on Equity Securities (262) 90 Bank-Owned Life Insurance 113 114 Other 101 93 Total Other Income 1,033 1,104 Other Expenses 2,063 1,891 Salaries and Wages 2,063 1,891 Employee Benefits 880 933 Occupancy 328 343 Data Processing 206 183 Furniture and Equipment <td< td=""><td></td><td></td><td></td></td<>			
Total Interest Income7,4387,136Interest Expense Deposits1,054847Other1543Total Interest Income6,3696,246Provision for Loan Losses400350Net Interest Income After Provision for Loan Losses5,9695,896Other Income532487Mortgage Banking Activities396206Income form Fiduciary Accounts153114(Loss) Gain on Equity Securities(262)90Bank-Owned Life Insurance113114Other10193Total Other Income1,0331,104Other Expenses2,0631,891Salaries and Wages2,0631,891Employee Benefits880933Occupancy328343Data Processing206183Furniture and Equipment153126Advertising and Promotion12086Legal and Professional9695Donations170165State Tax125126Other624591Total Other Expenses4,7654,539Income Before Income Tax2,2372,461Federal Income Tax Expense312185	· · · · · · · · · · · · · · · · · · ·		
Interest Expense1,054847Other1543Total Interest Expense1,069890Net Interest Income6,3696,246Provision for Loan Losses400350Net Interest Income After99Provision for Loan Losses5,9695,896Other Income00Customer Service Fees532487Mortgage Banking Activities396206Income from Fiduciary Accounts153114(Loss) Gain on Equity Securities(262)90Bank-Owned Life Insurance113114Other10193Total Other Income1,0331,104Other Expenses880933Salaries and Wages2,0631,891Employee Benefits880933Occupancy328343Data Processing206183Furniture and Equipment153126Advertising and Promotion12086Legal and Professional9695Donations170165State Tax125126Other624591Total Other Expenses4,7654,539Income Before Income Tax2,2372,461Federal Income Tax Expense312185			
Deposits 1,054 847 Other 15 43 Total Interest Expense 1,069 880 Provision for Loan Losses 400 350 Net Interest Income 6,369 6,246 Provision for Loan Losses 400 350 Net Interest Income 5,969 5,896 Other Income 5 5 Customer Service Fees 532 487 Mortgage Banking Activities 396 206 Income from Fiduciary Accounts 153 114 (Loss) Gain on Equity Securities (262) 90 Bank-Owned Life Insurance 113 114 Other 101 93 Total Other Income 1,033 1,104 Other Expenses Salaries and Wages 2,063 1,891 Employee Benefits 880 933 0ccupancy 328 343 Data Processing 206 183 126 Advertising and Promotion 120 86 Legal and Professional <t< td=""><td>Total Interest Income</td><td>7,438</td><td>7,136</td></t<>	Total Interest Income	7,438	7,136
Other1543Total Interest Expense1,069890Net Interest Income6,3696,246Provision for Loan Losses400350Net Interest Income After99Provision for Loan Losses5,9695,896Other Income77Customer Service Fees532487Mortgage Banking Activities396206Income from Fiduciary Accounts153114(Loss) Gain on Equity Securities(262)90Bank-Owned Life Insurance113114Other10193Total Other Income1,0331,104Other Expenses880933Salaries and Wages2,0631,891Employee Benefits880933Occupancy328343Data Processing206183Furniture and Equipment153126Advertising and Promotion12086Legal and Professional9695Donations170165State Tax125126Other624591Total Other Expenses4,7654,539Income Before Income Tax2,2372,461Federal Income Tax Expense312185	Interest Expense		
Total Interest Expense1.069890Net Interest Income6,3696,246Provision for Loan Losses400350Net Interest Income After95,9695,896Provision for Loan Losses5,9695,896Other Income5336206Customer Service Fees532487Mortgage Banking Activities336206Income from Fiduciary Accounts153114(Loss) Gain on Equity Securities(262)90Bank-Owned Life Insurance113114Other10193Total Other Income1,0331,104Other Expenses880933Salaries and Wages2,0631,891Employee Benefits880933Occupancy328343Data Processing206183Furniture and Equipment153126Advertising and Promotion12086Legal and Professional9695Donations170165State Tax125126Other624591Total Other Expenses4,7654,539Income Before Income Tax2,2372,461Federal Income Tax Expense312185	Deposits	1,054	847
Net Interest Income6,3696,246Provision for Loan Losses400350Net Interest Income After9Provision for Loan Losses5,9695,896Other Income59Customer Service Fees532487Mortgage Banking Activities396206Income from Fiduciary Accounts153114(Loss) Gain on Equity Securities(262)90Bank-Owned Life Insurance113114Other10193Total Other Income1,0331,104Other Expenses880933Salaries and Wages2,0631,891Employee Benefits880933Occupancy328343Data Processing206183Furniture and Equipment153126Advertising and Promotion12086Legal and Professional9695Donations170165State Tax125126Other624591Total Other Expenses4,7654,539Income Before Income Tax2,2372,461Federal Income Tax Expense312185	Other	15	43
Provision for Loan Losses400350Net Interest Income After Provision for Loan Losses5,9695,896Other Income Customer Service Fees532487Mortgage Banking Activities396206Income from Fiduciary Accounts153114(Loss) Gain on Equity Securities(262)90Bank-Owned Life Insurance113114Other10193Total Other Income1,0331,104Other Expenses880933Occupancy328343Data Processing206183Furniture and Equipment153126Advertising and Promotion12086Legal and Professional9695Donations170165State Tax125126Other624591Total Other Expenses4,7654,539Income Before Income Tax2,2372,461Federal Income Tax Expense312185	Total Interest Expense	1,069	890
Net Interest Income After Provision for Loan Losses5,9695,896Other Income Customer Service Fees532487Mortgage Banking Activities396206Income from Fiduciary Accounts153114(Loss) Gain on Equity Securities(262)90Bank-Owned Life Insurance113114Other10193Total Other Income1,0331,104Other Expenses880933Salaries and Wages2,0631,891Employee Benefits880933Occupancy328343Data Processing206183Furniture and Equipment153126Advertising and Promotion12086Legal and Professional9695Donations170165State Tax125126Other624591Total Other Expenses4,7654,539Income Before Income Tax2,2372,461Federal Income Tax Expense312185	Net Interest Income	6,369	6,246
Provision for Loan Losses5,9695,896Other IncomeCustomer Service Fees532487Mortgage Banking Activities396206Income from Fiduciary Accounts153114(Loss) Gain on Equity Securities(262)90Bank-Owned Life Insurance113114Other10193Total Other Income1,0331,104Other Expenses880933Salaries and Wages2,0631,891Employee Benefits880933Occupancy328343Data Processing206183Furniture and Equipment153126Advertising and Promotion12086Legal and Professional9695Donations170165State Tax125126Other624591Total Other Expenses4,7654,539Income Before Income Tax2,2372,461Federal Income Tax Expense312185	Provision for Loan Losses	400	350
Other IncomeCustomer Service Fees532487Mortgage Banking Activities396206Income from Fiduciary Accounts153114(Loss) Gain on Equity Securities(262)90Bank-Owned Life Insurance113114Other10193Total Other Income1,0331,104Other Expenses2,0631,891Employee Benefits880933Occupancy328343Data Processing206183Furniture and Equipment153126Advertising and Promotion12086Legal and Professional9695Donations170165State Tax125126Other624591Total Other Expenses4,7654,539Income Before Income Tax2,2372,461Federal Income Tax Expense312185	Net Interest Income After		
Customer Service Fees532487Mortgage Banking Activities396206Income from Fiduciary Accounts153114(Loss) Gain on Equity Securities(262)90Bank-Owned Life Insurance113114Other10193Total Other Income1,0331,104Other Expenses880933Salaries and Wages2,0631,891Employee Benefits880933Occupancy328343Data Processing206183Furniture and Equipment153126Advertising and Promotion12086Legal and Professional9695Donations170165State Tax125126Other624591Total Other Expenses4,7654,539Income Before Income Tax2,2372,461Federal Income Tax Expense312185	Provision for Loan Losses	5,969	5,896
Mortgage Banking Activities396206Income from Fiduciary Accounts153114(Loss) Gain on Equity Securities(262)90Bank-Owned Life Insurance113114Other10193Total Other Income1,0331,104Other ExpensesSalaries and Wages2,0631,891Employee Benefits880933Occupancy328343Data Processing206183Furniture and Equipment153126Advertising and Promotion12086Legal and Professional9695Donations170165State Tax125126Other624591Total Other Expenses4,7654,539Income Before Income Tax2,2372,461Federal Income Tax Expense312185	Other Income		
Income from Fiduciary Accounts153114(Loss) Gain on Equity Securities(262)90Bank-Owned Life Insurance113114Other10193Total Other Income1,0331,104Other ExpensesSalaries and Wages2,0631,891Employee Benefits880933Occupancy328343Data Processing206183Furniture and Equipment153126Advertising and Promotion12086Legal and Professional9695Donations170165State Tax125126Other624591Total Other Expenses4,7654,539Income Before Income Tax2,2372,461Federal Income Tax Expense312185	Customer Service Fees	532	487
(Loss) Gain on Equity Securities (262) 90 Bank-Owned Life Insurance 113 114 Other 101 93 Total Other Income 1,033 1,104 Other Expenses 2,063 1,891 Salaries and Wages 2,063 1,891 Employee Benefits 880 933 Occupancy 328 343 Data Processing 206 183 Furniture and Equipment 153 126 Advertising and Promotion 120 86 Legal and Professional 96 95 Donations 170 165 State Tax 125 126 Other 624 591 Total Other Expenses 4,765 4,539 Income Before Income Tax 2,237 2,461 Federal Income Tax Expense 312 185	Mortgage Banking Activities	396	206
(Loss) Gain on Equity Securities (262) 90 Bank-Owned Life Insurance 113 114 Other 101 93 Total Other Income 1,033 1,104 Other Expenses 2,063 1,891 Salaries and Wages 2,063 1,891 Employee Benefits 880 933 Occupancy 328 343 Data Processing 206 183 Furniture and Equipment 153 126 Advertising and Promotion 120 86 Legal and Professional 96 95 Donations 170 165 State Tax 125 126 Other 624 591 Total Other Expenses 4,765 4,539 Income Before Income Tax 2,237 2,461 Federal Income Tax Expense 312 185	Income from Fiduciary Accounts	153	114
Other 101 93 Total Other Income 1,033 1,104 Other Expenses 2,063 1,891 Salaries and Wages 2,063 1,891 Employee Benefits 880 933 Occupancy 328 343 Data Processing 206 183 Furniture and Equipment 153 126 Advertising and Promotion 120 86 Legal and Professional 96 95 Donations 170 165 State Tax 125 126 Other 624 591 Total Other Expenses 4,765 4,539 Income Before Income Tax 2,237 2,461 Federal Income Tax Expense 312 185	(Loss) Gain on Equity Securities	(262)	90
Total Other Income1,0331,104Other Expenses Salaries and Wages2,0631,891Employee Benefits880933Occupancy328343Data Processing206183Furniture and Equipment153126Advertising and Promotion12086Legal and Professional9695Donations170165State Tax125126Other624591Total Other Expenses4,7654,539Income Before Income Tax2,2372,461Federal Income Tax Expense312185	Bank-Owned Life Insurance		114
Other ExpensesSalaries and Wages2,0631,891Employee Benefits880933Occupancy328343Data Processing206183Furniture and Equipment153126Advertising and Promotion12086Legal and Professional9695Donations170165State Tax125126Other624591Total Other Expenses4,7654,539Income Before Income Tax2,2372,461Federal Income Tax Expense312185	Other	101	93
Salaries and Wages 2,063 1,891 Employee Benefits 880 933 Occupancy 328 343 Data Processing 206 183 Furniture and Equipment 153 126 Advertising and Promotion 120 86 Legal and Professional 96 95 Donations 170 165 State Tax 125 126 Other 624 591 Total Other Expenses 4,765 4,539 Income Before Income Tax 2,237 2,461 Federal Income Tax Expense 312 185	Total Other Income	1,033	1,104
Salaries and Wages 2,063 1,891 Employee Benefits 880 933 Occupancy 328 343 Data Processing 206 183 Furniture and Equipment 153 126 Advertising and Promotion 120 86 Legal and Professional 96 95 Donations 170 165 State Tax 125 126 Other 624 591 Total Other Expenses 4,765 4,539 Income Before Income Tax 2,237 2,461 Federal Income Tax Expense 312 185	Other Expenses		
Employee Benefits 880 933 Occupancy 328 343 Data Processing 206 183 Furniture and Equipment 153 126 Advertising and Promotion 120 86 Legal and Professional 96 95 Donations 170 165 State Tax 125 126 Other 624 591 Total Other Expenses 4,765 4,539 Income Before Income Tax 2,237 2,461 Federal Income Tax Expense 312 185		2,063	1.891
Occupancy 328 343 Data Processing 206 183 Furniture and Equipment 153 126 Advertising and Promotion 120 86 Legal and Professional 96 95 Donations 170 165 State Tax 125 126 Other 624 591 Total Other Expenses 4,765 4,539 Income Before Income Tax 2,237 2,461 Federal Income Tax Expense 312 185			· · · · · · · · · · · · · · · · · · ·
Data Processing 206 183 Furniture and Equipment 153 126 Advertising and Promotion 120 86 Legal and Professional 96 95 Donations 170 165 State Tax 125 126 Other 624 591 Total Other Expenses 4,765 4,539 Income Before Income Tax 2,237 2,461 Federal Income Tax Expense 312 185			
Furniture and Equipment 153 126 Advertising and Promotion 120 86 Legal and Professional 96 95 Donations 170 165 State Tax 125 126 Other 624 591 Total Other Expenses 4,765 4,539 Income Before Income Tax 2,237 2,461 Federal Income Tax Expense 312 185			183
Advertising and Promotion 120 86 Legal and Professional 96 95 Donations 170 165 State Tax 125 126 Other 624 591 Total Other Expenses 4,765 4,539 Income Before Income Tax 2,237 2,461 Federal Income Tax Expense 312 185		153	126
Legal and Professional 96 95 Donations 170 165 State Tax 125 126 Other 624 591 Total Other Expenses 4,765 4,539 Income Before Income Tax 2,237 2,461 Federal Income Tax Expense 312 185		120	86
Donations 170 165 State Tax 125 126 Other 624 591 Total Other Expenses 4,765 4,539 Income Before Income Tax 2,237 2,461 Federal Income Tax Expense 312 185		96	95
Other 624 591 Total Other Expenses 4,765 4,539 Income Before Income Tax 2,237 2,461 Federal Income Tax Expense 312 185	•	170	165
Total Other Expenses4,7654,539Income Before Income Tax2,2372,461Federal Income Tax Expense312185	State Tax	125	126
Income Before Income Tax2,2372,461Federal Income Tax Expense312185	Other	624	591
Federal Income Tax Expense312185	Total Other Expenses	4,765	4,539
Federal Income Tax Expense312185	Income Before Income Tax	2,237	2,461
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