## 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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