Absecon Bancorp

First National Bank of Absecon

2023

Annual Report

The Annual Meeting of Stockholders of

Absecon Bancorp

will be held on Wednesday, May 29, 2024
at 2:00 P.M. at the Main Office of
First National Bank of Absecon
106 New Jersey Avenue
Absecon, New Jersey

ABSECON BANCORP

Directors

Charles H. Horner
Chairman
Absecon Bancorp & FNB of Absecon

Christian Eric Gaupp
Vice Chairman
Absecon Bancorp & FNB of Absecon

Kevin P. Biglin
Owner
Biglin Sales Company, Inc.

William R. Duberson
Owner (retired)
Duberson Builders LLC

Thomas E. Reynolds, CPA
Principal
CRA Financial Services, LLC

Thomas K. Ritter, CPA (retired)
Former Owner & CEO
A. E. Stone Inc.

Officers

Charles H. Horner
Chairman

Christian Eric Gaupp
Vice Chairman
President & Chief Executive Officer

Steven L. Hoffman
Vice President

John A. Montgomery
Treasurer

Sandra G. Solano
Secretary

The Year In Review

To Our Shareholders:

Absecon Bancorp (the "Company") is the holding company for First National Bank of Absecon (the "Bank") and its subsidiary Absecon Investment Corporation. 2023 represents 108 years of operations for the Bank. 2023 was a year of intense scrutiny in the financial sector after the failure of two large financial institutions that specialized in high-risk industries, such as the cryptocurrency sector. Our time-tested relationship-based community banking model enables us to remain responsible financial stewards while highlighting our strengths. Interest rates continued to rise during the year, however, the pace of increases decelerated later in the year. Early in the year the economy struggled with recessionary fears as a result of the aggressive rate hikes. Fortunately, the recession never came to fruition. The Federal Reserve navigated rate increases in a fashion that effectively slowed inflation yet did not stall economic growth. We experienced positive loan growth in 2023 under the heightened interest rate environment, increasing 7.7% over 2022 total loans. Unemployment increased from a rate of 3.5% as of December 2022 to 3.7% as of December 31, 2023. Gross domestic product grew from an annual rate of 1.9% in 2022 to 2.5% in 2023. Inflation ended the year at 3.4% down from 6.5% at year-end 2022. Locally, Atlantic County unemployment experienced an increase from 4.5% at year-end 2022 to 6.1% as of December 31, 2023.

At the beginning of 2024, the Fed is discussing when to cut interest rates possibly as early as the first half of 2024. The economic damage higher interest rates will do to the overall economy remains to be seen, however, it seems the Fed is winning its battle against inflation. The central bank now sees inflation ending 2024 at 3.6% up from 3.4% at year-end 2023. Gross domestic product is expected to grow 1.7% down from 2.5% in 2023. Unemployment is projected to peak at 4.2% in the first half of 2024, up from 3.7% now. As spring begins, volatility and headwinds remain for the economy. However, our balance sheet is well positioned and is expected to continue to benefit from the interest rate increases that occurred in 2023.

In addition to growing loans in 2023 we continue to invest in our systems, and products. Team members implemented several projects to enhance security systems, mobile and P2P banking services along with cyber security and fraud protection. We also approved increasing the frequency of our dividend payment in a sustainable fashion from annual to quarterly payments. Our team remains resilient and ready to work with our customers and community to navigate through the challenges ahead in 2024.

The Company's 2023 financial statements reflect the impact from fed funds rate increases that continued into the second half of the year, remaining at that level through the end of the year. Net income for the year ended December 31, 2023, was $1,576,000 compared to $1,003,000 for the year December 31, 2022, an increase of $573,000. The year-over-year increase resulted primarily from $1,102,000 in margin growth partially offset by an increase in non-interest expense of $266,000. Net loans were $110,955,000 as of December 31, 2023, compared to $103,012,000 as of December 31, 2022, an increase of $7,943,000, or 7.7%. Investment securities decreased $9,850,000 to $46,659,000 as of December 31, 2023, or 17.4%, from $56,509,000 as of December 31, 2022, as cash flow from the portfolio was used to fund new loans and enhance liquidity. Interest bearing deposits with other institutions were $17,835,000 as of December 31, 2023, an increase of $6,194,000, or 53.2%, from $11,641,000 as of December 31, 2022. Total deposits were $169,907,000 as of December 31, 2023, an increase of $338,000, or 0.2%, from $169,569,000 as of December 31, 2022. Regulatory capital ratios exceeded well capitalized status as of December 31, 2023.

As 2024 begins, we remain focused on achieving our goals, however, we are aware of the challenges presented by the economic headwinds that remain. Team members look forward to implementing a new core computer system in late 2024 to enhance product/service offerings. Absecon Bancorp's 2023 financial performance enabled the payment of an eighth consecutive regular dividend to shareholders with a 3.63% increase over the prior dividend. We continue to strive to optimize the use of capital, to maximize return for shareholders and increase shareholder value.

We are committed to remaining independent, building on our sustained performance and are excited about the opportunities that expanding our lending footprint will produce. We remain confident in our ability to serve and compete in the South Jersey marketplace. We thank you for your continued support in these endeavors.

Sincerely,

C. Eric Gaupp

C. Eric Gaupp
Vice Chairman, President and CEO

Absecon Bancorp

Absecon, New Jersey

Consolidated Financial Statements

December 31, 2023

SNODGRASS
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

ABSECON BANCORP
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

SNODGRASS
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Stockholders
Absecon Bancorp
Absecon, New Jersey

Opinion

We have audited the accompanying consolidated financial statements of Absecon Bancorp and subsidiary (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022; the related consolidated statements of income, comprehensive income (loss), changes in stockholders' equity, and cash flows for the years then ended; and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Company changed its method of accounting for credit losses effective January 1, 2023, due to the adoption of Accounting Standards Codification (ASC) Topic 326, *Financial Instruments – Credit Losses*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Responsibilities of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

S.R. Snodgrass P.C.

King of Prussia, Pennsylvania
April 5, 2024

ABSECON BANCORP
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Dollars in thousands, except share amounts)

	2023	2022
ASSETS		
Cash and due from banks	$ 1,251	$ 1,332
Interest-bearing deposits with other institutions	17,835	11,641
Total cash and cash equivalents	19,086	12,973
Interest-bearing time deposits	847	1,596
Investment securities available for sale	46,659	56,509
Loans receivable	111,959	104,143
Less allowance for credit losses	1,004	1,131
Loans receivable, net	110,955	103,012
Premises and equipment	849	703
Bank-owned life insurance	4,246	4,152
Accrued interest receivable and other assets	3,490	3,549
TOTAL ASSETS	$ 186,132	$ 182,494
LIABILITIES		
Deposits:		
Noninterest-bearing demand deposits	$ 32,916	$ 35,285
Savings, NOW, and money market deposits	112,626	125,654
Time deposits	24,365	8,630
Total deposits	169,907	169,569
Accrued interest payable and other liabilities	1,601	1,133
TOTAL LIABILITIES	171,508	170,702
STOCKHOLDERS' EQUITY		
Preferred stock, no par value; authorized 2,000,000 shares; no shares issued and outstanding	-	-
Common stock, par value $0.10; 5,000,000 shares authorized, 110,396 and 110,569 issued and outstanding at December 31, 2023 and 2022, respectively	11	11
Capital surplus	1,997	1,974
Retained earnings	16,819	15,397
Accumulated other comprehensive loss	(4,203)	(5,590)
TOTAL STOCKHOLDERS' EQUITY	14,624	11,792
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 186,132	$ 182,494

See accompanying notes to the consolidated financial statements.

ABSECON BANCORP
CONSOLIDATED STATEMENTS OF INCOME
FOR YEARS ENDED DECEMBER 31, 2023 AND 2022
(Dollars in thousands, except per share amounts)

	2023	2022
INTEREST AND DIVIDEND INCOME		
Interest and fees on loans	$ 5,118	$ 4,021
Interest-bearing deposits with other institutions	596	286
Interest and dividends on investment securities	1,817	1,450
Total interest and dividend income	7,531	5,757
INTEREST EXPENSE		
Deposits	765	93
NET INTEREST INCOME	6,766	5,664
Provision for credit losses	109	100
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	6,657	5,564
NONINTEREST INCOME		
Service charges on deposit accounts	90	105
(Loss) gain on sale of securities, net	(66)	1
Gain on sale of loans, net	-	26
Earnings on bank-owned life insurance	94	84
Other income	226	215
Total noninterest income	344	431
NONINTEREST EXPENSE		
Salaries and employee benefits	3,097	2,727
Occupancy expense, net	363	435
Data processing	493	625
Professional fees	239	212
Other expense	874	801
Total noninterest expense	5,066	4,800
Income before income tax expense	1,935	1,195
Income tax expense	359	192
NET INCOME	$ 1,576	$ 1,003
EARNINGS PER SHARE:		
Basic	$ 14.26	$ 9.05
Diluted	13.28	8.38

See accompanying notes to the consolidated financial statements.

ABSECON BANCORP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR YEARS ENDED DECEMBER 31, 2023 AND 2022
(Dollars in thousands)

	2023	2022
Net income	$ 1,576	$ 1,003
Other comprehensive income (loss):		
Changes in net unrealized gains (losses)		
on investment securities available for sale	1,346	(6,816)
Tax effect	(306)	1,523
Reclassification adjustment for losses (gains) recognized		
in net income	66	(1)
Tax effect	(14)	-
Change in unrecognized pension costs	374	(1,018)
Tax effect	(79)	214
Other comprehensive income (loss), net of tax	1,387	(6,098)
Total comprehensive income (loss)	$ 2,963	$ (5,095)

See accompanying notes to the consolidated financial statements.

ABSECON BANCORP
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR YEARS ENDED DECEMBER 31, 2023 AND 2022
(Dollars in thousands)

	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2021	$ 11	$ 2,023	$ 14,637	$ 508	$ 17,179
Net income	-	-	1,003	-	1,003
Other comprehensive loss	-	-	-	(6,098)	(6,098)
Stock-based compensation	-	34	-	-	34
Stock options exercised (333 shares)	-	24	-	-	24
Retirement of stock (1,200 shares)	-	(107)	-	-	(107)
Dividends declared ($2.20 per share)	-	-	(243)	-	(243)
Balance, December 31, 2022	11	1,974	15,397	(5,590)	11,792
Net income	-	-	1,576	-	1,576
Cumulative effect of adoption of ASU 2016-13	-	-	178	-	178
Other comprehensive income	-	-	-	1,387	1,387
Stock-based compensation	-	34	-	-	34
Stock options exercised (668 shares)	-	49	-	-	49
Retirement of stock (841 shares)	-	(60)	-	-	(60)
Dividends declared ($3.00 per share)	-	-	(332)	-	(332)
Balance, December 31, 2023	$ 11	$ 1,997	$ 16,819	$ (4,203)	$ 14,624

See accompanying notes to the consolidated financial statements.

ABSECON BANCORP
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Dollars in thousands)

	2023	2022
OPERATING ACTIVITIES		
Net income	$ 1,576	$ 1,003
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	109	100
Depreciation	120	120
Loss (gain) on sale of securities, net	66	(1)
Gain on sale of loans, net	-	(26)
Amortization and accretion on available-for-sale securities, net	249	322
Deferred income taxes	(60)	39
Amortization and accretion on interest-bearing time deposits, net	2	1
Stock-based compensation	34	34
Earnings on bank-owned life insurance	(94)	(84)
Increase in accrued interest receivable and other assets	61	259
Increase in accrued interest payable and other liabilities	311	106
Net cash provided by operating activities	2,374	1,873
INVESTING ACTIVITIES		
Investment securities available for sale:		
Proceeds from sales	4,287	2,095
Proceeds from maturities or redemptions	6,659	8,114
Purchases	-	(11,379)
Purchases of interest-bearing deposits	(100)	(1,745)
Maturities and calls of interest-bearing deposits	847	1,245
Increase in loans, net	(7,759)	(11,808)
Purchases of premises and equipment	(266)	(92)
Purchase of regulatory stock	(13)	(17)
Net cash provided by (used in) investing activities	3,655	(13,587)
FINANCING ACTIVITIES		
Increase in deposits	338	4,781
Dividends paid	(243)	(234)
Stock options exercised	49	24
Retirement of stock	(60)	(107)
Net cash provided by financing activities	84	4,464
Increase (decrease) in cash and cash equivalents	6,113	(7,250)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	12,973	20,223
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 19,086	$ 12,973
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$ 741	$ 93
Income taxes	127	14

See accompanying notes to the consolidated financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Basis of Presentation

Absecon Bancorp (the “Company”) through its principal subsidiary, First National Bank of Absecon (the “Bank”), provides a wide range of financial products and services to individual and corporate customers in southern New Jersey. The operations of the Company represent the operations of its subsidiary, the Bank, and the Bank’s wholly owned subsidiary, Absecon Investment Corporation.

The Bank is located in Absecon, New Jersey, with branch offices in Northfield, Galloway, and Absecon, New Jersey. The principal business of the Bank consists of attracting deposits and applying those funds to the purchase of investments and the origination of loans. The Bank’s income is derived principally from interest and dividends on investments and interest and fees earned in connection with its lending activities. Its principal expense is interest paid on deposits and operating expenses. The principal business of Absecon Investment Corporation, which holds a portion of the Bank’s investment portfolio, is investing. The Company is supervised by the Board of Governors of the Federal Reserve System, while the Bank is subject to regulation and supervision by the Office of the Comptroller of the Currency.

The consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles and with general practice within the banking industry. The consolidated financial statements of the Company include the accounts of the Bank and Absecon Investment Corporation. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, overnight deposits, federal funds sold, interest-bearing bank balances, and interest-bearing deposits with original maturities less than 90 days.

Interest-Bearing Time Deposits

Interest-bearing deposits are held to maturity, are carried at cost, and have original maturities greater than three months.

Investment Securities

Investment securities are classified at the time of purchase, based on management’s intention and ability, as available for sale. Available-for-sale securities are accounted for at fair value, with unrealized gains or losses, net of taxes, being reflected as adjustments to consolidated stockholders’ equity. The fair market value of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity using the interest method. Such amortization/accretion is included in interest income on investments. Realized securities gains and losses are computed using the specific identification method. Interest and dividends on investment securities are recognized as income when earned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Securities (Continued)

The Bank is a member of the Federal Home Loan Bank (FHLB) of New York and, as such, is required to maintain a minimum investment in stock of the FHLB that varies with the level of advances outstanding with the FHLB. The stock is bought from and sold to the FHLB based upon its $100 par value. The stock does not have a readily determinable fair value and, as such, is classified as restricted stock, carried at cost, and evaluated for impairment by management. The stock's value is determined by the ultimate recoverability of the par value rather than by recognizing temporary declines. The determination of whether the par value will ultimately be recovered is influenced by criteria such as the following: (a) the significance of the decline in net assets of the FHLB as compared to the capital stock amount and the length of time this situation has persisted, (b) commitments by the FHLB to make payments required by law or regulation and the level of such payments in relation to the operating performance, (c) the impact of legislative and regulatory changes on the customer base of the FHLB, and (d) the liquidity position of the FHLB. As of December 31, 2023, the FHLB stock was not deemed to be impaired.

Loans

Loans receivable that management has the intent and ability to hold for the foreseeable future 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. 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 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 and has performed in accordance with the contractual terms for a reasonable period of time and the ultimate collectability of the total contractual principal and interest is no longer in doubt.

Allowance for Credit Losses

CECL Adoption

On January 1, 2023, the Company adopted ASU 2013-16, *Financial Instruments – Credit Losses (ASC Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaced the incurred loss model and is referred to as current expected credit loss (CECL). The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost, including loans and held-to-maturity debt securities. It also applies to off-balance-sheet (OBS) credit exposures, such as loan commitments, standby letters of credit, financial guarantees, and other similar instruments, and net investments in leases recognized by a lessor in accordance with ASC Topic 842.

The Bank adopted CECL using the modified retrospective approach for all financial assets at amortized cost and off-balance-sheet exposures. Results for reporting periods after January 1, 2023, are presented under CECL, while prior period results are reported in accordance with the previously applicable incurred loss methodology, ASC 310-10 and ASC 450-20. The Company recorded a decrease of $293,000 to the allowance for credit losses for loans on January 1, 2023, as a result of the adoption of CECL. In addition, there was a $67,000 increase in the reserve for unfunded commitments as part of this adoption. As a result of both adjustments, retained earnings increased by $178,000, and deferred tax assets decreased by $48,000.

<u>Allowance for Credit Losses</u> (Continued)

CECL Adoption (Continued)

The Bank has elected to exclude accrued interest receivable from the measurement of its allowance for credit loss (ACL). When a loan is placed on nonaccrual status, any outstanding accrued interest is reversed against interest income.

The ACL consists of the ACL on loans and OBS credit exposures. The ACL is increased by the provision for credit losses, and decreased by charge-offs, net of recoveries. The ACL 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 ACL.

The Bank is under $1 billion in assets and elected to use the Federal Reserve Bank Scaled CECL Allowance for Losses Estimated (SCALE) method for CECL. The SCALE method includes four key components: lifetime loss rate, individually assessed loan losses, qualitative adjustments, and adjustment to peer group lifetime loss rate, to reflect the Bank's insight on portfolio performance.

Loans: The ACL for loans is an estimate of the expected losses to be realized over the life of the loans in the portfolio. The ACL is determined for two distinct categories of loans: 1) loans evaluated collectively for expected credit losses and 2) loans evaluated individually for expected credit losses. Loans deemed to be uncollectible are charged against the ACL, and subsequent recoveries, if any, are credited to the ACL. All, or part, of the principal balance of loans receivable is charged off to the ACL as soon as it is determined that the repayment of all, or part, of the principal balance is highly unlikely. Because all identified losses are immediately charged off, no portion of the ACL is restricted to any individual loan or groups of loans, and the entire ACL is available to absorb any and all credit losses.

Loans Evaluated Collectively: Loans evaluated collectively cover pools of loans by loan class, including commercial loans on accrual status and loans initially evaluated individually but determined not to have enhanced credit risk characteristics. It also includes smaller-balance homogeneous loans, such as residential real estate. These pools of loans are evaluated for loss exposure using the SCALE method.

Loans Evaluated Individually: The ACL for individual loans begins with the use of normal credit review procedures to identify whether a loan no longer shares similar risk characteristics with other pooled loans and, therefore, should be individually assessed. Loans evaluated individually for expected credit losses include loans that are on nonaccrual status. The required ACL for such loans is determined using either the present value of expected future cash flows, observable market price, or the fair value of collateral.

The Company segregates loan classes into risk rating categories. The borrower's overall financial condition, repayment sources, guarantors, and value of collateral, if appropriate, are evaluated for commercial loans or when credit deficiencies arise, such as delinquent loan payments, for commercial and consumer loans. Credit quality risk ratings include regulatory classifications. The following is a summary of the Company's internal risk rating categories:

- *Pass*: Loans that are protected by the current net worth and paying capacity of the obligor or by the value of the underlying collateral. There are four sub-grades within the Pass category to further distinguish the loan.

- *Special Mention*: Loans where a potential weakness or risk exists that could cause a more serious problem if not corrected.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Credit Losses (Continued)

CECL Adoption (Continued)

- *Substandard*: Loans that have well-defined weaknesses based on objective evidence and are characterized by the distinct possibility that the Bank will sustain loss if the deficiencies are not corrected.

- *Doubtful*: Loans classified as doubtful have all the weaknesses inherent in a substandard asset. In addition, these weaknesses make the collection or liquidation in full highly questionable and improbable, based on existing circumstances.

- *Loss:* Loans classified as loss are considered uncollectible or of such value that continuance as an asset is not warranted.

CECL ACL Lifetime Loss Rate: Using the SCALE method, the Bank uses publicly available data to obtain an initial proxy expected lifetime loss rates. Management further adjusts the proxy expected lifetime loss rates to reflect the Bank's specific facts and circumstances, to arrive at the final ACL estimate that adequately reflects the loss history and credit risk in the portfolio.

Qualitative and Other Adjustments to ACL: In addition to the ACL lifetime loss rate estimates for loans evaluated collectively, qualitative factors that may not be fully captured in the quantitative results are also evaluated. These qualitative factors include:

1. Lending policies and procedures
2. Economic trends
3. Terms and volume of the loan portfolio
4. Experience, ability, and depth of management
5. Volume and severity of problem credits
6. Quality of the loan review system
7. Underlying collateral
8. Concentrations of credit

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. Qualitative adjustments are evaluated and approved on a quarterly basis and supported through documentation of changes in conditions in a narrative accompanying the ACL calculation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Credit Losses (Continued)

CECL Adoption (Continued)

OBS Credit Exposures: The ACL for OBS credit exposures is recorded in other liabilities on the Consolidated Balance Sheets. This portion of the ACL represents management's estimate of expected losses in its unfunded loan commitments and other OBS credit exposures. The ACL specific to unfunded commitments is determined by estimating future draws and applying the expected loss rates on those draws. Future draws are based on historical averages of utilization rates (i.e., the likelihood of draws taken). The ACL for OBS credit exposures is increased or decreased by charges or reductions to expense, through the provision for credit losses.

Investment Securities: The Company measures expected credit losses on available-for-sale debt securities when the Company does not intend to sell, or when it is not more likely than not that it will be required to sell, the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For available-for-sale debt securities that do not meet the aforementioned criteria, the Bank evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, the Bank considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this evaluation indicates that a credit loss exists, the present value of cash flows expected to be collected from the security is compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists, and an allowance for credit losses is recorded for the credit loss, equal to the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

The Bank is excluding accrued interest receivable from the measurement of its ACL on debt securities.

Prior to the adoption of CECL on January 1, 2023, declines in the fair value of debt securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses on debt securities, management considers (1) whether management intends to sell the securities, (2) whether it is more likely than not that management will be required to sell the security before recovery, or (3) whether management does not expect to recover the entire amortized cost basis. The Company did not recognized any other-than-temporary impairment losses in the year ended December 31, 2022.

ACL Methodology Before CECL Adoption

Prior to the adoption of ASU 2016-13 *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, the Bank calculated its allowance for loan losses (ALL) using an incurred loan loss methodology. The following policy related to the ALL in prior periods:

The allowance for loan losses is established through a provision for loan losses that is charged to operations. The provision is based on management's evaluation of the adequacy of the allowance for loan losses, which encompasses the overall risk characteristics of the various portfolio segments, past experience with losses, the impact of economic conditions on borrowers, and other relevant factors. The estimates used in determining the adequacy of the allowance for loan losses, including the amounts and timing of future cash flows expected on impaired loans, are particularly susceptible to significant changes in the near term.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Credit Losses (Continued)

ACL Methodology Before CECL Adoption (Continued)

Impaired loans are commercial and commercial real estate loans for which it is probable the Company will not be able to collect all amounts due according to the contractual terms of the loan agreement. The Company individually evaluates such loans for impairment and does not aggregate loans by major risk classifications. The definition of "impaired loans" is not the same as the definition of "nonaccrual loans," although the two categories overlap. The Company may choose to place a loan on nonaccrual status due to payment delinquency or uncertain collectability while not classifying the loan as impaired, provided the loan is not a commercial or commercial real estate classification. Factors considered by management in determining impairment include payment status and collateral value. The amount of impairment for these types of loans is determined by the difference between the present value of the expected cash flows related to the loan, using the original interest rate, and its recorded value or, as a practical expedient in the case of collateralized loans, the difference between the fair value of the collateral and the recorded amount of the loans. When foreclosure is probable, impairment is measured based on the fair value of the collateral.

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

A loan is considered to be a troubled debt restructuring loan when the Company grants a concession to the borrower because of the borrower's financial condition that it would not otherwise consider. Such concessions include the reduction of interest rates, forgiveness of principal or interest, or other modifications of interest rates that are less than the current market rate for new obligations with similar risk.

Refer to Note 6, Allowance for Credit Losses, for further information.

Bank-Owned Life Insurance

The Company owns insurance on the lives of a certain group of key employees. The policies were purchased to help offset the increases in the costs of various fringe benefit plans, including healthcare. The cash surrender value of these policies is included as an asset on the Consolidated Balance Sheets, and any increases in cash surrender value are recorded as noninterest income on the Consolidated Statements of Income. In the event of the death of an insured individual under these policies, the Company would receive a death benefit.

Premises and Equipment

Land is carried at cost. Premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from 3 to 25 years for furniture, fixtures, and equipment, and 5 to 50 years for buildings and improvements. Expenditures for maintenance and repairs are charged against income as incurred. Costs of major additions and improvements are capitalized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Deferred tax assets or liabilities are computed based on the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rates. Deferred income tax expenses or benefits are based on the changes in the deferred tax asset or liability from period to period.

Pension Plan

The Bank has a noncontributory defined benefit pension plan that covers all eligible employees. Benefits are based upon years of service, the employee's compensation, and age at retirement. The Bank's contribution is actuarially determined and is intended to meet the current and projected obligations of the plan. As of December 31, 2005, the Bank froze the defined benefit pension plan.

Comprehensive Income (Loss)

The Company is required to present comprehensive income (loss) and its components in a full set of general-purpose financial statements for all periods presented. Other comprehensive income (loss) is composed of unrealized holding gains and losses on the available-for-sale securities portfolio and unrecognized pension costs. The Company reports the effects of other comprehensive income (loss) in the Consolidated Statements of Comprehensive Income (Loss).

Earnings Per Share

Basic earnings per common share are computed based on the weighted-average number of shares outstanding. Diluted earnings per share are computed based on the weighted-average number of shares outstanding increased by the number of common shares that are assumed to have been purchased with the proceeds from the exercise of stock options (treasury-stock method). These purchases were assumed to have been made at the average market price of the common stock. Shares repurchased by the company are treated as retired for the purposes of calculating earnings per share.

Stock-based compensation

The Bank accounts for its equity-classified stock based compensation plans by recognizing expense for options granted equal to the grant-date fair value of the unvested amounts over their remaining vesting period on a straight-line basis.

Reclassification of Comparative Amounts

Certain comparative amounts for the prior year have been reclassified to conform to current-year classifications. Such reclassifications had no effect on consolidated stockholders' equity or consolidated net income.

NOTE 2 – EARNINGS PER SHARE

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

	2023	2022
Weighted-average common shares and common stock equivalents used to calculate basic earnings per share	110,502	110,787
Additional common stock equivalents (stock options) used to calculate diluted earnings per share	8,100	8,922
Weighted-average common shares and common stock equivalents used to calculate diluted earnings per share	118,602	119,709

NOTE 3 – INVESTMENT SECURITIES

The amortized cost, gross unrealized gains and losses, allowance for credit losses, and fair values of investment securities are as follows at December 31 (dollars in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance For Credit Losses	Fair Value
2023 AVAILABLE FOR SALE					
U.S. government agency securities	$ 1,480	$ -	$ (33)	$ -	$ 1,447
Obligations of states and political subdivisions	15,723	27	(1,732)	-	14,018
Mortgage-backed securities – government-sponsored entities	27,190	41	(2,236)	-	24,995
Corporate bonds	6,802	-	(603)	-	6,199
Total	$ 51,195	$ 68	$ (4,604)	$ -	$ 46,659

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2022 AVAILABLE FOR SALE				
U.S. government agency securities	$ 4,474	$ -	$ (182)	$ 4,292
Obligations of states and political subdivisions	16,105	22	(2,517)	13,610
Mortgage-backed securities – government-sponsored entities	33,047	31	(2,775)	30,303
Corporate bonds	8,831	1	(528)	8,304
Total	$ 62,457	$ 54	$ (6,002)	$ 56,509

Investments with a carrying value of approximately $1,871,000 and $2,837,000 at December 31, 2023 and 2022, respectively, were pledged to secure borrowings and U.S. government and other public deposits as required by law.

NOTE 3 – INVESTMENT SECURITIES (Continued)

The following tables show the Company's gross unrealized losses and fair value for debt securities in an unrealized loss position for which an allowance for credit losses has not been established, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position, at December 31, 2023 and 2022 (dollars in thousands):

	2023					
	Less than Twelve Months		Twelve Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. government agencies and corporations	-	-	1,447	(33)	1,447	(33)
Obligations of states and political subdivisions	-	-	12,804	(1,732)	12,804	(1,732)
Mortgage-backed securities – government-sponsored entities	2,367	(30)	18,359	(2,206)	20,726	(2,236)
Corporate bonds	-	-	6,199	(603)	6,199	(603)
Total	$ 2,367	$ (30)	$ 38,809	$ (4,574)	$ 41,176	$ (4,604)

	2022					
	Less than Twelve Months		Twelve Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. government agencies and corporations	3,324	(136)	968	(46)	4,292	(182)
Obligations of states and political subdivisions	6,268	(869)	6,008	(1,648)	12,276	(2,517)
Mortgage-backed securities – government-sponsored entities	10,761	(442)	13,731	(2,333)	24,492	(2,775)
Corporate bonds	4,741	(294)	2,564	(234)	7,305	(528)
Total	$ 25,094	$ (1,741)	$ 23,271	$ (4,261)	$ 48,365	$ (6,002)

At December 31, 2023, the fair value of available-for-sale securities in an unrealized loss position for which an allowance for credit losses had not been recorded was $41,176,000, including unrealized losses of $4,604,000. There are 68 positions that are in a gross unrealized loss position as of December 31, 2023.

Unrealized losses on available-for-sale securities have not been recognized into income because the issuers bonds are either explicitly or implicitly guaranteed by the U.S. government, management does not intend to sell and it is likely that management will not be required to sell the securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in interest rates and other market conditions. The issuers continue to make timely principal and interest payments on the bonds. The fair value is expected to recover as the bonds approach maturity.

NOTE 3 – INVESTMENT SECURITIES (Continued)

There was no allowance for credit losses on securities available for sale at December 31, 2023, and no impairment recorded during the year ended December 31, 2022.

During the years ended December 31, 2023 and 2022, there was $4,287,000 and $2,095,000 in proceeds from the sale of securities available for sale, with gross realized losses of $66,000 and gross realized gains of $1,000, respectively.

The amortized cost and fair value of debt securities at December 31, 2023, by contractual maturity, are shown below (dollars 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. Mortgage-backed securities included therein provide for periodic, generally monthly, payments of principal and interest and have contractual maturities ranging from 1 to 30 years. However, due to expected repayment terms being significantly less than the underlying mortgage loan pool contractual maturities, the estimated lives of these securities could be significantly shorter.

	Amortized Cost	Fair Value
Due within one year	$ 1,397	$ 1,370
Due after one year through five years	7,928	7,777
Due after five years through ten years	15,320	13,765
Due after ten years	26,550	23,747
Total	$ 51,195	$ 46,659

NOTE 4 – LOANS

Major classifications of loans are summarized as follows at December 31 (dollars in thousands):

	2023	2022
Real estate:		
Residential	$ 66,176	$ 62,421
Commercial	34,089	30,020
Construction	2,614	2,218
Commercial and industrial	9,001	9,381
Consumer	79	103
	111,959	104,143
Less allowance for credit losses	1,004	1,131
Net loans	$ 110,955	$ 103,012

NOTE 5 – TRANSACTIONS WITH EXECUTIVE OFFICERS AND DIRECTORS

Loans extended to directors and executive officers of the Company, members of their immediate families, and companies in which they are principal owners were indebted to the Company at December 31, 2023 and 2022. A summary of the activity regarding these loans for the years ended December 31 (dollars in thousands) follows:

		2023		2022
Beginning balance	$	3,410	$	3,413
Advances		450		2,224
Repayments		(1,449)		(2,227)
Ending balance	$	2,411	$	3,410

NOTE 6 – ALLOWANCE FOR CREDIT LOSSES

Management has an established methodology to determine the adequacy of the allowance for credit losses that assesses the risks and losses inherent in the loan portfolio. For purposes of determining the allowance for credit losses, the Company has segmented certain loans in the portfolio by product type. Loans are segmented into the following pools: residential real estate loans, commercial real estate loans, construction real estate loans, commercial and industrial loans, and consumer loans.

Loans by Segment

The total allowance reflects management's estimate of credit losses inherent in the loan portfolio at the balance sheet date. The Company considers the allowance for credit losses adequate to cover credit losses inherent in the loan portfolio, at December 31, 2023. The following tables present by portfolio segment the activity within the allowance for credit losses and the recorded investment in loans for the years ended December 31 (dollars in thousands):

	Residential Real Estate	Commercial Real Estate	Construction Real Estate	Commercial and Industrial	Consumer	Total
Balance, December 31, 2022	$ 649	$ 342	$ 24	$ 113	$ 3	$ 1,131
Impact of adopting ASC 326	(244)	(51)	7	(5)	-	(293)
Provisions charged to operations	85	67	6	9	(1)	166
Add recoveries	-	-	-	-	-	-
Less loans charged off	-	-	-	-	-	-
Balance, December 31, 2023	$ 490	$ 358	$ 37	$ 117	$ 2	$ 1,004

	Residential Real Estate	Commercial Real Estate	Construction Real Estate	Commercial and Industrial	Consumer	Total
Balance, December 31, 2021	$ 617	$ 309	$ 1	$ 99	$ 5	$ 1,031
Provisions charged to operations	32	33	23	14	(2)	100
Add recoveries	-	-	-	-	-	-
Less loans charged off	-	-	-	-	-	-
Balance, December 31, 2022	$ 649	$ 342	$ 24	$ 113	$ 3	$ 1,131

NOTE 6 – ALLOWANCE FOR CREDIT LOSSES

<u>Loans by Segment</u> (Continued)

	2023					
	Residential Real Estate	Commercial Real Estate	Construction Real Estate	Commercial and Industrial	Consumer	Total
Allowance for credit losses:						
Individually evaluated	$ -	$ -	$ -	$ -	$ -	$ -
Collectively evaluated	490	358	37	117	2	1,004
Total	$ 490	$ 358	$ 37	$ 117	$ 2	$ 1,004
Loans:						
Individually evaluated	$ 64	$ 79	$ -	$ -	$ -	$ 143
Collectively evaluated	66,112	34,010	2,614	9,001	79	111,816
Total	$ 66,176	$ 34,089	$ 2,614	$ 9,001	$ 79	$ 111,959

	2022					
	Residential Real Estate	Commercial Real Estate	Construction Real Estate	Commercial and Industrial	Consumer	Total
Allowance for loan losses:						
Individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -
Collectively evaluated for impairment	649	342	24	113	3	1,131
Total	$ 649	$ 342	$ 24	$ 113	$ 3	$ 1,131
Loans:						
Individually evaluated for impairment	$ 179	$ 96	$ -	$ -	$ -	$ 275
Collectively evaluated for impairment	62,242	29,924	2,218	9,381	103	103,868
Total	$ 62,421	$ 30,020	$ 2,218	$ 9,381	$ 103	$ 104,143

NOTE 6 – ALLOWANCE FOR CREDIT LOSSES (Continued)

Credit Quality Information

The following table represents credit exposures by internally assigned grades for the year ended December 31, 2023, (in thousands) in accordance with ASC 326. The grading analysis estimates the capability of the borrower to repay the contractual obligations of the loan agreements as scheduled or at all. The Company's internal credit risk grading system is based on experiences with similarly graded loans.

	Term Loans Amortized Costs Basis by Origination Year				Revolving Loans Amortized	Revolving Loans Converted	
December 31, 2023	2023	2022	2021	Prior	Cost Basis	to Term	Total
Commercial Real Estate							
Risk Rating							
Pass	$ 9,065	$ 7,649	$ 4,731	$ 12,106	$ 459	$ -	$ 34,010
Special Mention	-	-	-	-	-	-	-
Substandard	-	-	-	79	-	-	79
Doubtful	-	-	-	-	-	-	-
Total	$ 9,065	$ 7,649	$ 4,731	$ 12,185	$ 459	$ -	$ 34,089
Commercial Real Estate							
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Construction Real Estate							
Risk Rating							
Pass	$ -	$ 2,614	$ -	$ -	$ -	$ -	$ 2,614
Special Mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-
Total	$ -	$ 2,614	$ -	$ -	$ -	$ -	$ 2,614
Construction Real Estate							
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial & Industrial							
Risk Rating							
Pass	$ 2,058	$ 2,596	$ 916	$ 2,043	$ 1,250	$ 111	$ 8,974
Special Mention	-	27	-	-	-	-	27
Substandard	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-
Total	$ 2,058	$ 2,623	$ 916	$ 2,043	$ 1,250	$ 111	$ 9,001
Commercial & Industrial							
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total							
Risk Rating							
Pass	$ 11,123	$ 12,859	$ 5,647	$ 14,149	$ 1,709	$ 111	$ 45,598
Special Mention	-	27	-	-	-	-	27
Substandard	-	-	-	79	-	-	79
Doubtful	-	-	-	-	-	-	-
Total	$ 11,123	$ 12,886	$ 5,647	$ 14,228	$ 1,709	$ 111	$ 45,704

NOTE 6 – ALLOWANCE FOR CREDIT LOSSES (Continued)

Credit Quality Information (Continued)

The following table presents the credit exposures by internally assigned grades for the year ended December 31, 2022, in accordance with ASC 310 (dollars in thousands).

December 31, 2022	Pass	Special	Substandard	Doubtful	Total
Commercial real estate	$ 29,171	$ 753	$ 96	$ -	$ 30,020
Construction real estate	2,218	-	-	-	2,218
Commercial and industrial	9,381	-	-	-	9,381
Total	$ 40,770	$ 753	$ 96	$ -	$ 41,619

The following table presents performing and nonperforming residential real estate loans and consumer loans based on payment activity for the year ended December 31, 2023, in accordance with ASC 326. Payment activity is reviewed by management on a monthly basis to determine how loans are performing. Loans are considered to be nonperforming when they become 90 days past due or are being held on nonaccrual status (dollars in thousands).

	Term Loans Amortized Costs Basis by Origination Year				Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	
December 31, 2023	2023	2022	2021	Prior			Total
Residential real estate							
Payment Performance							
Performing	$ 9,818	$ 11,696	$ 14,130	$ 26,624	$ 3,844	$ -	$ 66,112
Nonperforming	-	-	-	64	-	-	64
Total	$ 9,818	$ 11,696	$ 14,130	$ 26,688	$ 3,844	$ -	$ 66,176
Residential real estate							
Current period gross charge-off:	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Consumer							
Payment Performance							
Performing	$ 49	$ -	$ -	$ 30	$ -	$ -	$ 79
Nonperforming	-	-	-	-	-	-	-
Total	$ 49	$ -	$ -	$ 30	$ -	$ -	$ 79
Consumer							
Current period gross charge-off:	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total							
Payment Performance							
Performing	$ 9,867	$ 11,696	$ 14,130	$ 26,654	$ 3,844	$ -	$ 66,191
Nonperforming	-	-	-	64	-	-	64
Total	$ 9,867	$ 11,696	$ 14,130	$ 26,718	$ 3,844	$ -	$ 66,255

NOTE 6 – ALLOWANCE FOR CREDIT LOSSES (Continued)

Credit Quality Information (Continued)

The following table presents performing and nonperforming residential real estate loans and consumer loans based on payment activity for the year ended December 31, 2022, in accordance with ASC 310 (dollars in thousands).

	Performing	Nonperforming	Total
December 31, 2022			
Residential real estate	$ 62,242	$ 179	$ 62,421
Consumer	103	-	103
	$ 62,345	$ 179	$ 62,524

Following is a table that includes an aging analysis of the recorded investment of past-due loans (dollars in thousands).

	Current	30–59 Days Past Due	60–89 Days Past Due	90 Days or Greater Past Due	Total Past Due	Total Loans	Nonaccrual
December 31, 2023							
Real estate loans:							
Residential	$ 65,687	$ 489	$ -	$ -	$ 489	$ 66,176	$ 64
Commercial	34,089	-	-	-	-	34,089	79
Construction	2,614	-	-	-	-	2,614	-
Commercial and industrial	9,001	-	-	-	-	9,001	-
Consumer	79	-	-	-	-	79	-
Total	$ 111,470	$ 489	$ -	$ -	$ 489	$ 111,959	$ 143

	Current	30–59 Days Past Due	60–89 Days Past Due	90 Days or Greater Past Due	Total Past Due	Total Loans	Nonaccrual
December 31, 2022							
Real estate loans:							
Residential	$ 62,314	$ -	$ -	$ 107	$ 107	$ 62,421	$ 179
Commercial	30,020	-	-	-	-	30,020	96
Construction	2,218	-	-	-	-	2,218	-
Commercial and industrial	9,381	-	-	-	-	9,381	-
Consumer	97	6	-	-	6	103	-
Total	$ 104,030	$ 6	$ -	$ 107	$ 113	$ 104,143	$ 275

Loans are considered to be nonaccrual upon 90 days delinquency or when collectability of a principal or interest payment is uncertain, unless remedial action is likely to be taken within the necessary time period that will place the Company in a position of being well secured and in the process of collection. When a loan is placed on nonaccrual status, previously accrued but unpaid interest is deducted from interest income.

NOTE 6 – ALLOWANCE FOR CREDIT LOSSES (Continued)

Credit Quality Information (Continued)

The following table presents information regarding non-accrual loans in accordance with ASC 326:

	December 31, 2023				
	Nonaccrual with no ACL	Nonaccrual with ACL	Total Nonaccrual	Loans Past Due Over 90 Days Still Accruing	Total Nonperforming
Real estate loans:					
Residential	$ 64	$ -	$ 64	$ -	$ 64
Commercial	79	-	79	-	79
Construction	-	-	-	-	-
Commercial & Industrial	-	-	-	-	-
Consumer	-	-	-	-	-
Total	$ 143	$ -	$ 143	$ -	$ 143

All nonaccrual loans are collateral dependent and secured by real estate as of December 31, 2023.

Impaired Loans

In accordance with ASC 310, management evaluates commercial and industrial loans and commercial real estate loans that are 90 days or more past due for potential impairment. Accordingly, management does not separately identify residential mortgage loans for impairment disclosures, unless such loans are classified as a troubled debt restructuring. These loans are analyzed to determine if it is probable that all amounts will not be collected according to the contractual terms of the loan agreement. If management determines that the value of the impaired loan is less than the recorded investment in the loan (net of previous charge-offs, deferred loan fees, or costs and unamortized premium or discount), impairment is recognized through an allowance estimate or a charge-off to the allowance.

The following tables include the recorded investment and unpaid principal balances for impaired loans with the associated allowance amount, if applicable, at December 31, 2022, in accordance with ASC 326 (dollars in thousands).

	2022				
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Real estate:					
Residential	$ 179	$ 243	$ -	$ 218	$ -
Commercial	96	96	-	96	-
With an allowance recorded:					
Real estate:					
Residential	-	-	-	-	-
Commercial	-	-	-	-	-
Total:					
Real estate:					
Residential	179	243	-	218	-
Commercial	96	96	-	96	-

NOTE 6 – ALLOWANCE FOR CREDIT LOSSES (Continued)

Modifications to Borrowers Experiencing Financial Difficulty

The Company may grant a modification to borrowers in financial distress by providing a temporary reduction in interest rate, or an extension of a loan's stated maturity date. Loan modifications are intended to minimize the economic loss and to avoid foreclosure or repossession of the collateral.

The Company identifies loans for potential restructure primarily through direct communication with the borrower and evaluation of the borrower's financial statements, revenue projections, tax returns, and credit reports. Even if the borrower is not presently in default, management will consider the likelihood that cash flow shortages, adverse economic conditions, and negative trends may result in a payment default in the near future.

There were no modifications of loans to borrowers experiencing financial difficulty during the year ended December 31, 2023.

As described in Note 1, the Company adopted CECL on January 1, 2023, which eliminated the recognition and measurement of troubled debt restructurings (TDRs). There were no TDRs as of or during the year ended December 31, 2022.

NOTE 7 – PREMISES AND EQUIPMENT

Major classifications of premises and equipment are summarized as follows (dollars in thousands):

	2023	2022
Land and improvements	$ 76	$ 76
Buildings and improvements	3,540	3,282
Furniture, fixtures, and equipment	2,111	2,103
	5,727	5,461
Less accumulated depreciation	4,878	4,758
Total	$ 849	$ 703

Depreciation expense for the years ended December 31, 2023 and 2022, was $120,000.

NOTE 8 – DEPOSITS

A summary of time deposits by maturity at December 31, 2023, is as follows (dollars in thousands):

2024	$ 21,438
2025	2,108
2026	548
2027	170
2028	21
Thereafter	80
Total	$ 24,365

The aggregate amount of time certificates of deposit with a minimum denomination of $250,000 was $4,241,000 and $510,000 at December 31, 2023 and 2022, respectively.

NOTE 9 – INCOME TAXES

The provision for income taxes consists of (dollars in thousands):

	2023	2022
Federal:		
Current	$ 399	$ 133
Deferred	(60)	39
	339	172
State:		
Current	20	20
Total	$ 359	$ 192

The tax effects of deductible and taxable temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities, respectively, at December 31 are as follows (dollars in thousands):

	2023	2022
Deferred tax assets:		
Allowance for credit losses	$ 154	$ 181
Unrealized losses on securities	1,001	1,321
Other	133	119
Total gross deferred tax assets	1,288	1,621
Deferred tax liabilities:		
Pension	(301)	(235)
Premises and equipment	(45)	(53)
Accretion of discounts	-	(9)
Total gross deferred tax liabilities	(346)	(297)
Net deferred tax assets	$ 942	$ 1,324

No valuation allowance was established at December 31, 2023, in view of certain tax strategies, coupled with the anticipated future taxable income, as evidenced by the Company's earnings potential.

The following is a reconciliation of the federal statutory rate and the Company's effective income tax rate for the years ended December 31 (dollars in thousands):

	2023		2022	
	Amount	% of Pretax Income	Amount	% of Pretax Income
Provision at statutory rate	$ 406	21.0 %	$ 251	21.0 %
State income tax, net of federal benefit	15	0.8	15	1.3
Other, net	(62)	(3.3)	(74)	(6.2)
Actual tax expense and effective rate	$ 359	18.5 %	$ 192	16.1 %

NOTE 9 – INCOME TAXES (Continued)

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

There is currently no liability for uncertain tax positions and no known unrecognized tax benefits. The Company recognizes, when applicable, interest and penalties related to unrecognized tax benefits in the provision for income taxes in the Consolidated Statements of Income. With few exceptions, the Company is no longer subject to U.S. federal income tax examinations for years before 2020 and state or local income tax examinations by tax authorities for years before 2019.

NOTE 10 – COMMITMENTS

In the normal course of business, the Company makes various commitments that are not reflected in the accompanying consolidated financial statements. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the Consolidated Balance Sheets. The Company's exposure to credit loss in the event of nonperformance by the other parties to the financial instruments is represented by the contractual amounts as disclosed. Losses, if any, are charged to the allowance for credit losses. The Company minimizes its exposure to credit loss under these commitments by subjecting them to credit approval, review procedures, and collateral requirements as deemed necessary.

The off-balance-sheet commitments consisted of the following at December 31 (dollars in thousands):

	2023	2022
Commitments to extend credit	$ 11,621	$ 9,147
Commitments to fund commercial and construction real estate loans	4,440	10,665
Other unused commitments	2,816	621
Standby letters of credit	68	68

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the loan agreement. These commitments are composed primarily of available commercial lines of credit and mortgage loan commitments. The Company uses the same credit policies in making loan commitments and conditional obligations as it does for on-balance-sheet instruments. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, as deemed necessary, is based upon management's credit evaluation in compliance with the Company's lending policy guidelines. Customers use credit commitments to ensure funds will be available for working capital purposes, for capital expenditures, and to ensure access to funds at specified terms and conditions.

NOTE 10 – COMMITMENTS (Continued)

Standby letters of credit and financial guarantees represent conditional commitments issued to guarantee performance of a customer to a third party. The coverage period for these instruments is typically a one-year period with a renewal option subject to prior approval by management. Fees earned from the issuance of these letters are recognized over the coverage period. For secured letters of credit, the collateral is typically Bank deposit instruments.

Contingent Liabilities

The Company is involved with various legal actions arising in the ordinary course of business. Management believes the outcome of these matters will have no material effect on the operations or financial condition of the Company.

NOTE 11 – EMPLOYEE BENEFITS

Defined Benefit Plan

The Bank sponsors a trusted, noncontributory defined benefit pension plan covering certain employees and officers. The plan calls for benefits to be paid to eligible employees at retirement, based primarily upon years of service with the Bank and compensation rates near retirement. The Bank's funding policy is to make annual contributions, if needed, based upon the funding formula developed by the plan's actuary. Benefit accruals and eligibility were frozen as of December 31, 2005.

The following table sets forth the change in plan assets and benefit obligation at December 31 (dollars in thousands):

	2023	2022
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	$ 2,660	$ 2,876
Interest cost	125	134
Actuarial loss (gain)	93	(20)
Benefits paid	(322)	(330)
Projected benefit obligation at end of year	2,556	2,660
Change in plan assets:		
Fair value of plan assets at beginning of year	3,850	4,799
Actual return on plan assets	533	(769)
Employer contributions	-	150
Benefits paid	(225)	(330)
Curtailments, settlements & special termination benefits	(97)	-
Fair value of plan assets at end of year	4,061	3,850
Funded status	$ 1,505	$ 1,190
Amounts recognized in accumulated other comprehensive income consist of:		
Net loss	$ 845	$ 1,219
Total	$ 845	$ 1,219

The accumulated benefit obligation was $2,556,000 and $2,660,000 at December 31, 2023 and 2022, respectively.

NOTE 11 – EMPLOYEE BENEFITS (Continued)

Components of Net Periodic Cost Benefit

The following are the components of net periodic benefit at December 31 (dollars in thousands):

	2023	2022
Interest cost	$ 125	$ 134
Expected return on assets	(216)	(269)
Settlement charge	-	-
Amortization of net loss	151	-
Net periodic cost (benefit)	$ 60	$ (135)

Assumptions

Weighted-average assumptions used to determine benefit obligations at December 31:

	2023	2022
Discount rate	5.00 %	5.00 %
Rate of compensation increase	N/A	N/A

Weighted-average assumptions used to determine net periodic cost benefit for the years ended December 31:

	2023	2022
Discount rate	5.00 %	5.00 %
Rate of compensation increase	N/A	N/A
Expected long-term return on plan assets	5.75	5.75

The long-term rate of return on plan assets gives consideration to returns currently being earned on plan assets, as well as future rates expected to be returned.

Plan assets are invested in mutual funds. Mutual funds are valued at the closing price reported on the active market on which the individual securities are traded.

The methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 11 – EMPLOYEE BENEFITS (Continued)

Contributions

The Company's 2024 contribution to its defined benefit plan is estimated to be $0.

The following benefit payments that reflect expected future service, as appropriate, are expected to be paid (dollars in thousands):

2024	$	311
2025		441
2026		303
2027		366
2028		295
2029–2033		865
	$	2,581

Defined Contribution Plan

The Bank has a discretionary 401(k) profit sharing plan covering substantially all full-time employees. The annual contributions to the 401(k) profit sharing plan, when approved by the Board of Directors, generally approximates 100 percent of employee contributions up to a maximum 2 percent of eligible pay. For the year ended December 31, 2023, expense attributable to the plan was approximately $38,000. For the year ended December 31, 2022, expense attributable to the plan was approximately $37,000.

Supplemental Retirement Plan (SRP)

The Bank maintains five supplemental retirement plans (SRPs). The SRPs require the Bank to make monthly payments to the affected individuals upon retirement. Expenses recognized in 2023 and 2022 were $45,000. At December 31, 2023 and 2022, $511,000 and $503,000, respectively, has been accrued under the SRP.

Stock Option Plan

During 2020, the Board of Directors adopted a stock option plan for directors, key employees, and other persons providing services to the Company. Of the 12,000 options that are available to be granted, 10,663 options have been granted as of December 31, 2023.

The following table presents share data related to the outstanding options:

2020 Plan		2023		Weighted-Average Exercise Price
Outstanding, January 1	$	9,011	$	73.25
Granted		-		-
Exercised		(668)		73.25
Forfeited		-		-
Outstanding, December 31	$	8,343	$	73.25
Exercisable at year-end	$	8,343	$	73.25

NOTE 11 – EMPLOYEE BENEFITS (Continued)

Stock Option Plan (Continued)

Options were granted to certain directors and employees at prices equal to the market value of the stock on the date the options were granted. The fair value of each option is amortized into compensation expense on a straight-line basis between the grant date for the option and each vesting date. All options vest over a three-year period. The Company estimated the fair value of stock options on the date of the grant using the Black-Scholes option pricing model. At December 31, 2023, total unrecognized compensation cost related to stock options was $0.

NOTE 12 – REGULATORY MATTERS

Loans

Federal law prevents the Company from borrowing from the Bank unless the loans are secured by specific collateral. Further, such secured loans are limited in amount to 10 percent of the Bank's common stock and capital surplus.

Dividends

The Bank is subject to a dividend restriction that generally limits the amount of dividends that can be paid by a national bank. Prior approval from the Office of the Comptroller of the Currency (OCC) is required if the total of all dividends declared by a national bank in any calendar year exceeds net profits, as defined for the year, combined with its retained net profits for the two preceding calendar years less any required transfers to surplus.

Capital Requirements

Federal regulations require the Company and the Bank to maintain minimum amounts of capital. Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can result in regulatory action. The final rules implementing Basel Committee on Banking Supervision's capital guidelines for U.S. banks (Basel III rules) became effective for the Company 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. Under the Basel III rules, the Company must hold a capital conservation buffer above the adequately capitalized risk-based capital ratios.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically under-capitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. As of December 31, 2023, and December 31, 2022, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

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

NOTE 12 – REGULATORY MATTERS (Continued)

Capital Requirements (Continued)

In November 2019, Federal bank regulatory agencies finalized a rule that simplifies capital requirements for community banks by allowing them to optionally adopt a simple leverage ratio to measure capital adequacy, which removes requirements for calculating and reporting risk-based capital ratios for a qualifying community bank that has less than $10 billion in total consolidated assets, limited amounts of off-balance-sheet exposures and trading assets and liabilities, and a leverage ratio greater than 9 percent. The community bank leverage ratio (CBLR) framework was effective on January 1, 2020. The Company elected to adopt the optional CBLR framework in the first quarter of 2020.

The consolidated asset limit on small bank holding companies is $3 billion, and a company with assets under that limit is not subject to the consolidated capital rules.

The leverage ratios of the Bank at December 31, 2023 and 2022 are as follow:

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
December 31, 2023	Amount	Ratio	Amount	Ratio	Amount	Ratio
Tier 1 capital (to average assets)	$ 18,640	9.77 %	$ 7,632	4.00 %	$ 9,539	5.00 %

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2022						
Tier 1 capital (to average assets)	$ 17,382	9.09 %	$ 7,652	4.00 %	$ 9,565	5.00 %

NOTE 13 – FAIR VALUE MEASUREMENTS

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

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

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

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

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

NOTE 13 – FAIR VALUE MEASUREMENTS (Continued)

The following tables present the assets reported on the Consolidated Balance Sheets at their fair value as of December 31, 2023 and 2022, by level within the fair value hierarchy. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement (dollars in thousands).

The fair value of securities available for sale are determined by obtaining quoted market prices on nationally recognized securities exchanges (Level I), or matrix pricing (Level II), which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted market prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted prices. For certain securities which are not traded in active markets or are subject to transfer restrictions, valuations are adjusted to reflect illiquidity and/or non-transferability, and such adjustments are generally based on available market evidence (Level III). In the absence of such evidence, management's best estimate is used. Management's best estimate consists of both internal and external support on certain Level 3 investments. Internal cash flow models using a present value formula that includes assumptions market participants would use along with indicative exit pricing obtained from broker/dealers (where available) are used to support fair values of certain Level III investments, if applicable.

	December 31, 2023			
	Level I	Level II	Level III	Total
Assets measured at fair value on a recurring basis:				
U.S. government agency securities	$ -	$ 1,447	$ -	$ 1,447
Obligations of states and political subdivisions	-	14,018	-	14,018
Mortgage-backed securities – government-sponsored entities	-	24,995	-	24,995
Corporate bonds	-	6,199	-	6,199

	December 31, 2022			
	Level I	Level II	Level III	Total
Assets measured at fair value on a recurring basis:				
U.S. government agency securities	$ -	$ 4,292	$ -	$ 4,292
Obligations of states and political subdivisions	-	13,610	-	13,610
Mortgage-backed securities – government-sponsored entities	-	30,303	-	30,303
Corporate bonds	-	8,304	-	8,304

NOTE 13 – FAIR VALUE MEASUREMENTS (Continued)

Individually Evaluated Loans

The Company has measured allowance for credit losses on individually evaluated loans generally based on the fair value of the loan's collateral. Fair value is generally determined based upon independent third-party appraisals of the properties. In some cases, management may adjust the appraised value due to the age of the appraisal, changes in market conditions, or observable deterioration of the property since the appraisal was completed. Additionally, management makes estimates about expected costs to sell the property, which are also included in the net realizable value. If the fair value of the collateral-dependent loan is less than the carrying amount of the loan, a specific reserve for the loan is made in the allowance for credit losses or a charge-off is taken to reduce the loan to the fair value of the collateral (less estimated selling costs) and is considered a Level III measurement. If the fair value of the collateral exceeds the carrying amount of the loan, then the loan is not currently being carried at its fair value.

There were no individually evaluated loans or impaired loans valued at fair value as of December 31, 2023 and 2022, respectively.

NOTE 14 – FAIR VALUE DISCLOSURE OF FINANCIAL INSTRUMENTS

The estimated fair values, and related carrying amounts, of the Company's financial instruments at December 31, 2023 and 2022, are as follows:

	2023		Fair Value Measurements at December 31, 2023		
	Carrying Value	Fair Value	Level I	Level II	Level III
Financial assets:					
Loans receivable, net	$ 110,955	$ 104,226	$ -	$ -	$ 104,226
Financial liabilities:					
Time deposits	24,365	24,242	-	-	24,242

	2022		Fair Value Measurements at December 31, 2022		
	Carrying Value	Fair Value	Level I	Level II	Level III
Financial assets:					
Loans receivable, net	$ 103,012	$ 97,288	$ -	$ -	$ 97,288
Financial liabilities:					
Time deposits	8,630	8,657	-	-	8,657

For cash and cash equivalents, interest-bearing time deposits, bank-owned life insurance, noninterest-bearing demand deposits, savings, NOW, and money market deposits regulatory stock, accrued interest receivable, and accrued interest payable the carrying value is a reasonable estimate of fair value.

NOTE 15 – ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The activity in accumulated other comprehensive loss for the years ended December 31, 2023 and 2022, is as follows (dollars in thousands):

	Accumulated Other Comprehensive Income (Loss)		
	Defined Benefit Pension Plan	Unrealized Gains (Losses) on Securities Available for Sale	Total
Balance at December 31, 2021	$ (159)	$ 667	$ 508
Other comprehensive loss before reclassifications	(804)	(5,293)	(6,097)
Amounts reclassified from accumulated other comprehensive loss	-	(1)	(1)
Period change	(804)	(5,294)	(6,098)
Balance at December 31, 2022	$ (963)	$ (4,627)	$ (5,590)
Other comprehensive loss before reclassifications	$ 295	$ 1,040	$ 1,335
Amounts reclassified from accumulated other comprehensive loss	-	52	52
Period change	295	1,092	1,387
Balance at December 31, 2023	$ (668)	$ (3,535)	$ (4,203)

Comprehensive Income (Loss) Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss): For the Year Ended December 31, 2023 [2]	For the Year Ended December 31, 2022 [2]	Affected Line Item in the Consolidated Statements of Income
Defined benefit pension plan [1]:			
Amortization of net loss and prior service costs	$ -	$ -	Other expense
Related income tax expense	-	-	Income tax expense
Net effect on accumulated other comprehensive income (loss) for the period	-	-	
Unrealized (losses) gains on securities available for sale:			
Net securities (losses) gains reclassified into earnings	(66)	1	Gain on sale of securities, net
Related income tax expense	14	-	Income tax expense
Net effect on accumulated other comprehensive income (loss) for the period	(52)	1	
Total reclassifications for the period	$ (52)	$ 1	

(1) Included in the computation of net periodic pension cost. See Note 11, "Employee Benefits," for additional details.

(2) Amounts in parenthesis indicate credits.

NOTE 16 – SUBSEQUENT EVENTS

Management has reviewed events occurring through April 5, 2024, the date the financial statements were issued, and no subsequent events occurred requiring accrual or disclosure.

First National Bank of Absecon

DIRECTORS

Charles H. Horner
Chairman
Absecon Bancorp & FNB of Absecon

Christian Eric Gaupp
Vice Chairman
Absecon Bancorp & FNB of Absecon

Kevin P. Biglin
Owner
Biglin Sales Company, Inc.

William R. Duberson
Owner (retired)
Duberson Builders LLC

Thomas E. Reynolds, CPA
Principal
CRA Financial Services, LLC

Thomas K. Ritter, CPA (retired)
Former Owner & CEO
A. E. Stone Inc.

OFFICERS

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President & Chief Executive Officer

John A. Montgomery
Executive Vice President
Chief Financial Officer

Steven L. Hoffman
Senior Vice President
Chief Lending Officer

Carol M. Long
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Lending Portfolio Manager

Jason P. Scythes
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Commercial Lender

Sandra Solano
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Compliance/BSA Officer

Brenda Conover
Assistant Vice President
Branch Administrator

Michael Flem
Assistant Vice President
IT Officer

Lee Ann Gant
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Operations Manager

Gina Stevens
Assistant Vice President
Lending Operations Manager

Priscilla Platt
Assistant Cashier

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