SSB BANCORP, INC.

PITTSBURGH, PENNSYLVANIA

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

SSB BANCORP, INC.
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

SNODGRASS
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Stockholders
SSB Bancorp, Inc.
Pittsburgh, Pennsylvania

Opinion

We have audited the accompanying consolidated financial statements of SSB Bancorp, Inc. 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, 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.

PITTSBURGH, PA
2009 Mackenzie Way • Suite 340
Cranberry Township, PA 16066
(724) 934-0344

PHILADELPHIA, PA
2100 Renaissance Blvd. • Suite 110
King of Prussia, PA 19406
(610) 278-9800

WHEELING, WV
980 National Road
Wheeling, WV 26003
(304) 233-5030

STEUBENVILLE, OH
511 N. Fourth Street
Steubenville, OH 43952
(304) 233-5030

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 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.

Cranberry Township, Pennsylvania
April 11, 2024

SSB BANCORP, INC.
CONSOLIDATED BALANCE SHEETS

		December 31, 2023		December 31, 2022
ASSETS				
Cash and due from banks	$	533,582	$	4,065,891
Interest-bearing deposits with other financial institutions		12,799,993		11,805,702
Cash and cash equivalents		13,333,575		15,871,593
Certificates of deposit		13,382,000		3,183,000
Securities available for sale		6,652,416		5,933,652
Securities held to maturity (fair value of $- and $675, respectively)		-		687
Loans		243,840,519		212,183,967
Allowance for credit losses		(2,460,248)		(2,047,035)
Net loans		241,380,271		210,136,932
Accrued interest receivable		1,450,158		1,156,567
Federal Home Loan Bank stock, at cost		5,059,400		5,082,100
Premises and equipment, net		3,928,503		4,010,195
Bank-owned life insurance		3,574,177		3,493,048
Deferred tax asset, net		755,648		539,214
Intangible asset		4,126,000		-
Other assets		2,181,821		1,773,648
TOTAL ASSETS	$	295,823,969	$	251,180,636
LIABILITIES				
Deposits:				
Noninterest-bearing demand	$	60,836,791	$	23,327,369
Interest-bearing demand		29,760,504		32,297,409
Money market		65,870,280		73,346,841
Savings		5,117,003		4,758,874
Time		80,727,160		70,398,975
Total deposits		242,311,738		204,129,468
Federal Home Loan Bank advances		20,250,000		19,250,000
Paycheck Protection Program Liquidity Facility advances		1,802,144		2,554,257
Advances by borrowers for taxes and insurance		655,491		514,380
Advances by borrowers for construction		2,727,613		61,884
Accrued interest payable		430,579		205,472
Off-Balance Sheet Reserve		226,317		-
Other liabilities		222,334		197,362
TOTAL LIABILITIES		268,626,216		226,912,823
STOCKHOLDERS' EQUITY				
Preferred Stock: $0.01 par value per share: 5,000,000 shares authorized and no shares issued or outstanding		-		-
Common Stock: 20,000,000 shares authorized; 2,279,191 shares issued; and 2,226,310 shares outstanding at $0.01 par value		22,769		22,769
Treasury stock, at cost; 52,881 shares		(482,425)		(482,425)
Paid-in capital		8,923,623		8,870,790
Retained earnings		18,686,325		16,815,753
Unearned Employee Stock Ownership Plan (ESOP)		(616,922)		(660,986)
Equity in SMLM		945,110		-
Accumulated other comprehensive loss		(280,727)		(298,088)
TOTAL STOCKHOLDERS' EQUITY		27,197,753		24,267,813
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	295,823,969	$	251,180,636

See accompanying notes to the consolidated financial statements.

SSB BANCORP, INC.
CONSOLIDATED STATEMENTS OF NET INCOME

	Years ended December 31, 2023	Years ended December 31, 2022
INTEREST INCOME		
Loans, including fees	$ 11,794,609	$ 9,298,711
Interest-bearing deposits with other financial institutions	1,353,355	261,183
Certificates of deposit	404,174	74,134
Investment securities:		
Taxable	615,927	426,314
Exempt from federal income tax	29,623	12,367
Total interest income	14,197,688	10,072,709
INTEREST EXPENSE		
Deposits	5,593,933	2,373,258
Federal Home Loan Bank advances and other bank obligations	588,915	445,461
Total interest expense	6,182,848	2,818,719
NET INTEREST INCOME	8,014,840	7,253,990
Provision for credit losses	641,881	272,903
Provision for off-balance sheet items	28,119	-
Total Provision for credit losses	670,000	272,903
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	7,344,840	6,981,087
NONINTEREST INCOME		
Gain on sale of loans	72,953	223,335
Loan servicing fees	251,062	203,780
Earnings on bank-owned life insurance	81,129	76,436
Credit card processing fees	1,345,019	547,433
Other	320,584	171,855
Total noninterest income	2,070,747	1,222,839
NONINTEREST EXPENSE		
Salaries and employee benefits	3,510,072	3,355,206
Occupancy	468,411	450,678
Professional fees	769,636	642,176
Federal deposit insurance	284,000	225,000
Data processing	588,517	545,324
Director fees	168,125	169,260
Contributions and donations	157,925	109,330
Marketing	89,532	139,025
Other	909,780	831,368
Total noninterest expense	6,945,998	6,467,367
Income before income taxes	2,469,589	1,736,559
Provision for income taxes	569,084	408,992
NET INCOME	$ 1,900,505	$ 1,327,567
EARNINGS PER COMMON SHARE		
Basic	$ 0.88	$ 0.62
Diluted	$ 0.88	$ 0.62
AVERAGE COMMON SHARES OUTSTANDING		
Basic	2,154,454	2,143,860
Diluted	2,154,797	2,148,787

See accompanying notes to the consolidated financial statements.

SSB BANCORP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years ended December 31, 2023	2022
Net income	$ 1,900,505	$ 1,327,567
Other comprehensive income (loss):		
Unrealized gain (loss) on available-for-sale securities	21,976	(404,335)
Income tax effect	(4,615)	84,910
Other comprehensive income (loss), net of tax	17,361	(319,425)
Total comprehensive income	$ 1,917,866	$ 1,008,142

See accompanying notes to the consolidated financial statements.

SSB BANCORP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock	Treasury Stock	Paid-in capital	Retained earnings	Unearned Employee Stock Ownership Plan	Equity in SMLM	Accumulated other comprehensive income (loss)	Total
Balance as of January 1, 2022	$ 22,769	$ (482,425)	$ 8,814,686	$ 15,488,186	$ (705,051)	$ -	$ 21,337	$ 23,159,502
Net income	-	-	-	1,327,567	-	-	-	1,327,567
Other comprehensive loss	-	-	-	-	-	-	(319,425)	(319,425)
Stock compensation plan	-	-	63,220	-	-	-	-	63,220
Amortization of ESOP	-	-	(7,116)	-	44,065	-	-	36,949
Balance as of December 31, 2022	22,769	(482,425)	8,870,790	16,815,753	(660,986)	-	(298,088)	24,267,813
Net income	-	-	-	1,900,505	-	-	-	1,900,505
Other comprehensive income	-	-	-	-	-	-	17,361	17,361
Stock compensation plan	-	-	63,220	-	-	-	-	63,220
Adoption of ASU-2016	-	-	-	(29,933)	-	-	-	(29,933)
Addition of SMLM	-	-	-	-	-	945,110	-	945,110
Amortization of ESOP	-	-	(10,387)	-	44,064	-	-	33,677
Balance as of December 31, 2023	$ 22,769	$ (482,425)	$ 8,923,623	$ 18,686,325	$ (616,922)	$ 945,110	$ (280,727)	$ 27,197,753

See accompanying notes to the consolidated financial statements.

SSB BANCORP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years ended December 31,	
		2023	2022
OPERATING ACTIVITIES			
Net income	$	1,900,505	$ 1,327,567
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for credit losses		641,881	272,903
Provision for off-balance sheet reserve		28,119	-
Depreciation		160,307	161,541
Net amortization of investment securities		31,971	27,006
Origination of loans held for sale		(3,990,480)	(16,818,253)
Proceeds from sale of loans		4,063,433	17,041,588
Gain on sale of loans		(72,953)	(223,335)
Accretion of net deferred loan origination costs		(167,455)	(495,690)
Decrease in right-of-use asset		5,871	5,831
Deferred income tax provision		(212,911)	(56,737)
(Increase) decrease in accrued interest receivable		(293,591)	15,370
Increase (decrease) in accrued interest payable		225,107	39,084
Stock compensation expense		63,220	63,220
Amortization of ESOP		33,677	36,949
Earnings on bank-owned life insurance		(81,129)	(76,436)
Other, net		(113,716)	77,233
Net cash provided by operating activities		2,221,856	1,397,841
INVESTING ACTIVITIES			
Purchase of certificates of deposit		(13,664,000)	(1,208,000)
Redemption of certificates of deposit		3,465,000	986,000
Investment securities available for sale:			
Purchases		(1,021,350)	(3,002,433)
Proceeds from principal repayments, calls, and maturities		292,590	752,857
Investment securities held to maturity:			
Proceeds from principal repayments, calls, and maturities		103	162
Redemption of Federal Home Loan Bank stock		378,000	734,600
Purchase of Federal Home Loan Bank stock		(355,300)	(834,600)
Purchases of loans		(8,354,341)	(5,589,827)
Increase in loans receivable, net		(26,584,321)	(8,343,500)
Purchases of premises and equipment		(87,306)	(21,633)
Capitalized other real estate owned costs		(68,766)	-
Proceeds from sale of premise and equipment		2,820	-
Net cash used for investing activities		(45,996,871)	(16,526,374)
FINANCING ACTIVITIES			
Increase in deposits, net		38,182,270	21,216,332
Increase (decrease) in advances by borrowers for taxes and insurance		141,111	(64,200)
Advances by borrowers for construction loans		2,665,729	-
Repayment of Federal Home Loan Bank advances		(4,000,000)	(9,591,700)
Proceeds from Federal Home Loan Bank advances		5,000,000	9,591,700
Repayment of PPPLF advances		(752,113)	(8,194,175)
Proceeds from PPPLF advances		-	2,121,809
Net cash provided by financing activities		41,236,997	15,079,766
Decrease in cash and cash equivalents		(2,538,018)	(48,767)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		15,871,593	15,920,360
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$	13,333,575	$ 15,871,593
SUPPLEMENTAL CASH FLOW DISCLOSURES			
Cash paid during the year for:			
Interest	$	5,957,741	$ 2,779,635
Income taxes		694,000	543,000
Noncash investing activities:			
Loans held for investment transferred to other real estate owned		200,315	643,734

See accompanying notes to the consolidated financial statements.

SSB BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

SSB Bancorp, Inc.

SSB Bancorp, Inc. was incorporated on August 17, 2017, to serve as the subsidiary stock holding company for SSB Bank upon the reorganization of SSB Bank into a mutual holding company structure (the "Reorganization"). The Reorganization was completed effective January 24, 2018, with SSB Bank becoming the wholly-owned subsidiary of SSB Bancorp, Inc., and SSB Bancorp, Inc. becoming the majority-owned subsidiary of SSB Bancorp, MHC. In connection with the Reorganization, SSB Bancorp, Inc. sold 1,011,712 shares of common stock at an offering price of $10 per share. The common stock is quoted on the OTC Bulletin Board under the symbol "SSBP." Also, in connection with the Reorganization, SSB Bank established an employee stock ownership plan (the "ESOP"), which purchased 88,131 shares of common stock at a price of $10 per share. In the Reorganization, SSB Bancorp, Inc. also issued 1,236,538 shares of its common stock to SSB Bancorp, MHC.

SSB Bank

SSB Bank (the "Bank") provides a variety of financial services to individuals and corporate customers through its offices in Pittsburgh, Pennsylvania. The Bank's primary deposit products are passbook savings accounts, money market accounts, and certificates of deposit. Its primary lending products are commercial mortgage loan and single-family residential loans. The Bank is subject to regulation and supervision by the Federal Deposit Insurance Corporation (FDIC) and the Pennsylvania Department of Banking and Securities.

The consolidated financial statements include the accounts of SSB Bancorp, Inc., SSB Bank, and SMLM (collectively, the "Company"). All significant intercompany accounts and transactions have been eliminated in consolidation.

SMLM

SMLM LLC is a wholly-owned subsidiary of SSB Bancorp, Inc., offering advertising and media services in the United States and globally. SMLM's primary objective is to replace the former Savvy Group, LLC, which ceased operations in the 4th quarter 2023, servicing the debt incurred by the company. SMLM, DBA Bonfire Media is the entity that is responsible for all content creation, lead generation, report analytics, and continual growth strategies. Management hired an independent valuation of the new company, with the new management structure, this valuation was nearly $4 million based on their experience and potential footprint of customer retention.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for credit losses and the valuation of deferred tax assets.

In connection with the determination of the allowance for credit losses, management periodically obtains independent appraisals for significant properties. A majority of the Company's loan portfolio consists of commercial mortgage loans and single-family residential loans in the Pittsburgh area. Real estate prices in this market have been generally stable; however, the ultimate collectability of the Company's loan portfolio is susceptible to changes in local market conditions. While management currently uses available information to recognize losses on loans and foreclosed real estate, future additions to the allowance may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for losses on loans. Such agencies may require the Company to recognize additions to the allowance based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the allowance for credit losses may change materially in the near term.

In connection with deferred tax assets, the Company uses an estimate of future earnings to support the position that the benefit of deferred tax assets will be realized. If future income should prove non-existent or less than the amount of the deferred tax assets within the tax years to which they may be applied, the asset may not be realized and the Company's net income will be reduced.

Concentrations of Credit Risk

The majority of the loans and commitments to extend credit have been granted to customers in the Pittsburgh market and surrounding communities. The Company does not have any significant concentrations in any one industry or customer. Although the Company has a diversified loan portfolio at December 31, 2023, its debtors' abilities to honor their contracts is influenced by the region's economy.

Cash and Cash Equivalents

The Company considers all cash and amounts due from banks and interest-bearing deposits with other financial institutions with original maturities of 90 days or less to be cash equivalents for purposes of the statements of cash flows. From time to time, the Company may invest funds with other financial institutions through certificates of deposit. Certificates of deposit are carried at cost and have original maturities of greater than 90 days.

Securities

Investment and mortgage-backed securities are classified at the time of purchase, based upon management's intentions and ability, as securities held to maturity or securities available for sale. Debt securities, including mortgage-backed securities acquired with the intent and ability to hold to maturity are stated at cost adjusted for the amortization of premiums and accretion of discounts, which are computed using the level yield interest method and recognized as adjustments of interest income over the contractual terms of the securities. Unrealized holding gains and losses for available-for-sale securities are reported as a separate component of equity, net of tax, until realized. Realized securities gains and losses are recognized on the trade date and computed using the specific identification method. Interest and dividends on investment securities are recognized as income when earned.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Credit Losses – Available-for-Sale Securities

The Company measures expected credit losses on available-for-sale debt securities when the Bank 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 Company 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 are 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. Economic forecast data is utilized to calculate the present value of expected cash flows. The Company obtains its forecast data through a subscription to a widely recognized and relied-upon company that publishes various forecast scenarios. Management evaluates the various scenarios to determine a reasonable and supportable scenario and utilizes a single scenario in the model. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

The allowance for credit losses on available-for-sale debt securities is included within investment securities available for sale on the Balance Sheet. Changes in the allowance for credit losses are recorded within provision for credit losses on the Statement of Income. Losses are charged against the allowance when the Company believes the collectability of an available-for-sale security is in jeopardy or when either of the criteria regarding intent or requirement to sell is met.

Accrued interest receivable on available-for-sale debt securities totaled $52,677 at December 31, 2023, and is included within accrued interest receivable on the Balance Sheet. This amount is excluded from the estimate of expected credit losses. Available-for-sale debt securities are typically classified as nonaccrual when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about the further collectability of principal or interest. When available-for-sale debt securities are placed on nonaccrual status, unpaid interest credited to income is reversed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Credit Losses on Investment Securities – Prior to Adopting ASU 2016-13

The Company adopted ASU No. 2016-13 effective January 1, 2023. Financial statement amounts related to investment securities recorded as of December 31, 2022, and for the years ending December 31, 2022, are presented in accordance with the accounting policies described in the following sections. The following sections were carried forward from the annual report for the year ended December 31, 2022.

Securities are evaluated on at least a monthly basis, and more frequently when market conditions warrant such an evaluation, to determine whether a decline in their value is other than temporary. To determine whether a loss is other than temporary, management utilizes criteria such as the reasons underlying the decline, the magnitude and duration of the decline, and whether or not management intends to sell or expects that it is more likely than not that it will be required to sell the security prior to an anticipated recovery of the fair value. The term "other than temporary" is not intended to indicate that the decline is permanent but indicates that the prospects for a near-term recovery of value are not necessarily favorable or that there is a lack of evidence to support a realizable value equal to or greater than the carrying value of the investment.

Declines in the fair value of securities below their cost that are deemed to be other than temporary are separated into (a) the amount of the total other-than-temporary impairment related to a decrease in cash flows expected to be collected from the debt security (the credit loss), and (b) the amount of the total other-than-temporary impairment related to all other factors. The amount of the total other-than-temporary impairment related to the credit loss is recognized in earnings. The amount of the total other-than-temporary impairment related to all other factors is recognized in other comprehensive income (loss).

Federal Home Loan Bank Stock

As a member of the Federal Home Loan Bank of Pittsburgh (FHLB) the Bank is required to maintain a minimum investment in stock of the FHLB that varies with the level of advances outstanding from 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 as necessary. 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. Management evaluated the stock and concluded that the stock was not impaired for the periods presented herein.

Loans Held for Sale

Loans held for sale are carried at the lower of aggregate cost or fair value. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income. As of December 31, 2016, there were $6.1 million in commercial mortgage and $14.2 million in residential mortgage loans held for sale with a related valuation allowance of $371,780. In 2017, management sold $7.3 million of these loans and made a determination to transfer the remaining $12.6 million in loans as held for investment. The loans were transferred to the portfolio at fair value and the remaining valuation allowance of approximately $56,000 is being amortized into interest income utilizing the effective interest method. There were no loans held for sale as of December 31, 2023 or 2022.

In addition, management sells certain fixed-rate residential mortgage loans periodically through the FHLB's Mortgage Partnership Finance Program. There were no loans held for sale outstanding under this program as of December 31, 2023 or 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Credit Losses - Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are stated at unpaid principal balances, less the allowance for credit losses and as adjusted for third-party loan acquisition costs, deferred origination fees and costs, and discounts on loans previously held for sale.

Interest income is recognized using the level yield method related to principal amounts outstanding. The Company discontinues the accrual of interest income generally when loans become 90 days past due in either principal or interest. However, these determinations are made on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. In addition, if circumstances warrant, the accrual of interest may be discontinued prior to 90 days. A non-accrual loan will generally be placed back on accrual status after the borrower has become current and has demonstrated continued ability to service the loan.

The allowance for credit losses represents the amount which management estimates is adequate to provide for probable losses inherent in its loan portfolio. The allowance method is used in providing for credit losses. Accordingly, all credit losses are charged to the allowance, and all recoveries are credited to it. The allowance for credit losses is established through a provision for credit losses that is charged to operations. The provision is based on management's evaluation of the adequacy of the allowance for credit 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.

Individually evaluated loans are those with a heightened probability that the Company will not be able to collect all of the scheduled payments according to the contractual terms of the loan agreement. The Company individually evaluates such loans for potential losses and does not aggregate them by major risk classifications, but makes a specific allocation into the ACL if the evaluation indicates an expectation that all of the principal will not be collected. Individually evaluated loans may also have non-accrual status, but not all individually evaluated loans also have non-accrual status. The Company may choose to classify a loan due to payment delinquency or uncertain collectability while not placing the loan on non-accrual status. Factors considered by management in determining if a loan will be individually evaluated include payment status, the financial condition of the borrower, the collateral of the loan, and/or any tertiary repayment options.

Loans which have undergone a loan modification are considered for potential individual evaluation. Management will assess each modified loan to determine if a concession was made to the borrower. Concessions are granted to improve the financial condition of the borrower and improve the likelihood of full collection by the Company. Concessions are generally defined as more favorable payment or credit terms granted to a borrower to improve the likelihood of the Company collecting principal in its entirety. A concession can be in the form of a more favorable interest rate, a longer term, or the forgiveness of principal or interest. If it is determined that a concession is made to the borrower as a result of a modification, that loan will be individually evaluated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Credit Losses – Loans (Continued)

Loans that experience insignificant payment delays are generally not individually evaluated unless there are additional concerns regarding timely future payments. Management will consider these loans for individual evaluation on a case-by-case basis, taking into consideration all the circumstances surrounding the loan and the borrower, including the length and reasons for the delay, the borrower's prior payment record, the borrower's status with other creditors, and the amount due.

In terms of the Company's loan portfolio, the commercial and industrial loans and commercial mortgage loans are deemed to have more risk than the one-to-four family mortgage loans and other consumer loans in the portfolio. Commercial and industrial loans are highly dependent on the borrowers' financial condition and therefore are more dependent on economic conditions. Commercial mortgage loans are also dependent on economic conditions but generally have stronger forms of collateral.

The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. The Company has identified the following portfolio segments:

> Real Estate - Construction – All loans in this segment are collateralized by real estate in various stages of construction. Terms on these loans are generally short – less than one year – then the borrower must either refinance or the loan converts to a long-term mortgage. These loans have an increased risk attributable to possible construction delays or cost over-runs.
>
> One-to-four family residential real estate and HELOC – All loans in this segment are collateralized by owner-occupied residential real estate and repayment is dependent on the credit quality of the individual borrower. They may hold either 1st or 2nd lien priority. The segment also includes home equity lines of credit. The overall health of the economy, including unemployment rates and housing prices, will have an effect on the credit quality in this segment.
>
> Commercial real estate – Loans in this segment are primarily income-producing properties in the Pittsburgh area. The underlying cash flows generated by the properties can be adversely impacted by a downturn in the economy as evidenced by increased vacancy rates, which in turn, could have an effect on the credit quality in this segment. Management continually monitors the cash flows of these loans.
>
> Commercial and industrial – Loans in this segment are made to businesses and are generally secured by assets of the business. Repayment is expected from the cash flows of the business. A weakened economy, and resultant decreased consumer spending, could have an effect on the credit quality in this segment.
>
> Consumer – Loans in this segment are primarily secured by new and used automobiles. Additionally, unsecured personal loans and lines of credit are included in this segment. Repayment on these consumer loans is dependent on the credit quality of the individual borrower and the quality of the collateral, if applicable.
>
> Credit Cards – Loans in this segment carry the highest risk level in the portfolio. They are revolving in structure, with higher interest rates. Repayment on credit cards is dependent on the credit quality of the individual borrower.

The Company uses the Federal Reserve's SCALE method to measure the ACL. This method leverages publicly available call report data as an initial proxy expected lifetime loss rate for calculating lifetime expected losses, which is then adjusted to reflect bank-specific facts and circumstances to arrive at a final ACL estimate that adequately reflects loss history and the credit risk in the bank's loan portfolio.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Credit Losses – Loans (Continued)

Peer ACL lifetime loss rates data, that includes the use of historical loss rates, current economic condition factors and forecasted future economic factors, as the basis for the estimation of expected credit losses. We apply those loss rates to homogeneous pools of loans with similar risk characteristics. After consideration of the peer loss rates calculation, management applies qualitative adjustments to reflect the local current conditions and reasonable and

supportable forecasts not already reflected in the historical loss information at the balance sheet date. Our reasonable and supportable forecast adjustment is based on:

- Lending policies and procedures
- Economic conditions
- Changes in the loan portfolio
- Management
- Changes in delinquency
- Loan review
- Commercial relationships
- Foreclosure activity
- Board oversight
- Concentrations
- New Products
- Administrative Procedures

The Company has elected to exclude accrued interest receivable from the measurement of its ACL. When a loan is placed on non-accrual status, any outstanding accrued interest is reversed against interest income.

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. We evaluate all loans that meet the following criteria:

- the loan is placed on non-accrual status
- the loan is rated substandard or lower
- the loan is over 90 days delinquent

Specific reserves are established based on the following three acceptable methods for measuring the ACL: 1) the present value of expected future cash flows discounted at the loan's original effective interest rate; 2) the loan's observable market price; or 3) the fair value of the collateral when the loan is collateral dependent.

Allowance for Loan Losses – Prior to Adopting ASU 2016-13

Prior to the adoption of ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, the Company 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 represents the amount which management estimates is adequate to provide for probable losses inherent in its loan portfolio. The allowance method is used in providing for loan losses. Accordingly, all loan losses are charged to the allowance, and all recoveries are credited to it. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Loan Losses – Prior to Adopting ASU 2016-13 (Continued)

Impaired loans are those for which it is probable the Company will not be able to collect scheduled payments when due according to the contractual terms of the loan agreement. The Company individually evaluates such loans for impairment and does not aggregate them 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 classify a loan as impaired due to payment delinquency or uncertain collectability while not placing the loan on nonaccrual. Factors considered by management in determining impairment include payment status and the financial condition of the borrower. 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 collateral dependent loans, the difference between the fair value of the collateral net of estimated selling costs, if applicable, and the recorded amount of the loans.

Loans which have undergone a significant modification are considered for potential troubled debt restructuring status. A troubled debt restructuring is a loan where management has granted a concession from the original terms to a borrower that is experiencing financial difficulties. A concession is generally granted in order to improve the financial condition of the borrower and improve the likelihood of full collection by the lender. A concession is generally defined as more favorable payment or credit terms granted to a borrower in an effort to improve the likelihood of the Company collecting principal in its entirety. All loans modified and determined to be a troubled debt restructuring are considered to be impaired.

Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

Large groups of smaller-balance homogenous loans are collectively evaluated for impairment.

In reviewing risk within the Company's loan portfolio, management has determined there to be several different risk categories within the loan portfolio. The allowance for loan losses consists of amounts applicable to: (i) the one-to-four family mortgage portfolio; (ii) the commercial mortgage portfolio; (iii) the commercial and industrial portfolio; and (iv) the consumer and HELOC portfolio. Factors considered in this process included general loan terms, collateral, and availability of historical data to support the analysis. Risk characteristics within the portfolios are noted as follows:

One-to-four family residential real estate – All loans in this segment are collateralized by owner-occupied residential real estate and repayment is dependent on the credit quality of the individual borrower. The overall health of the economy, including unemployment rates and housing prices, will have an effect on the credit quality in this segment. To a lesser extent, the Company originates construction loans on residential properties, which have an increased risk attributable to possible construction delays or costs over-runs.

Commercial real estate – Loans in this segment are primarily income-producing properties in the Pittsburgh area. The underlying cash flows generated by the properties can be adversely impacted by a downturn in the economy as evidenced by increased vacancy rates, which in turn, could have an effect on the credit quality in this segment. Management continually monitors the cash flows of these loans.

Commercial and industrial – Loans in this segment are made to businesses and are generally secured by assets of the business. Repayment is expected from the cash flows of the business. A weakened economy, and resultant decreased consumer spending, could have an effect on the credit quality in this segment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Loan Losses – Prior to Adopting ASU 2016-13 (Continued)

Consumer and HELOC – Loans in this segment are generally unsecured except for home equity lines of credit, which are secured by residential real estate. Repayment on unsecured consumer loans is dependent on the credit quality of the individual borrower.

In terms of the Company's loan portfolio, the commercial and industrial loans and commercial mortgage loans are deemed to have more risk than the one-to-four family mortgage loans and other consumer loans in the portfolio. Commercial and industrial loans are highly dependent on the borrowers' financial condition and therefore are more dependent on economic conditions. Commercial mortgage loans are also dependent on economic conditions but generally have stronger forms of collateral.

Management's assessment of historical loss experience is used as the basis for the general reserve component. Certain qualitative factors are then added to adjust the historical allocation percentage to get the total factor to be applied to performing loans. The following qualitative factors are analyzed:

- Quality of lending policies and procedures and other credit quality indicators
- Levels of and trends in delinquencies
- Trends in volume and terms
- Trends in credit quality ratings
- Changes in management and lending staff
- Economic trends
- Concentrations of credit

The Company analyzes its loan portfolio each month to determine the adequacy of its allowance for loan losses.

In calculating the allowance, management will begin by compiling the balance of loans by credit quality for each loan segment in order that allocations can be made in aggregate based on historic losses and qualitative factors. Prior to calculating these aggregate allocations, management will individually evaluate commercial and industrial and commercial mortgage loans for impairment. One-to-four family mortgages and consumer loans are not individually evaluated for impairment and are therefore allocated for in aggregate, unless the loan was subject to a modification or is nonperforming. The loans measured in aggregate are considered to be large groups of smaller-balance homogenous loans and are measured for impairment collectively.

Other Real Estate Owned

Other real estate owned acquired in settlement of foreclosed loans is carried as a component of other assets at fair value, less estimated costs to sell. Prior to foreclosure, the estimated collectible value of the collateral is evaluated to determine whether a partial charge-off of the loan balance is necessary. After transfer to other real estate owned, any subsequent write-downs are charged against other operating expenses. Direct costs incurred in the foreclosure process and subsequent holding costs incurred on such properties are recorded as expenses of current operations. As of December 31, 2023, included with other assets are $70,000 of property from one- to- four family mortgages and $1.1 million of property from commercial real estate mortgages that were foreclosed on. As of December 31, 2022, there was no other real estate owned.

As of December 31, 2023, foreclosure proceedings had started on one one- to- four mortgage with an aggregate balance of $215,373.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mortgage Servicing Rights (MSRs)

The Company recognizes, as separate assets, rights to service mortgage loans for others, whether the rights are acquired through purchase or after origination and sale of mortgage loans. The Company initially measures MSRs at fair value. Fair value is based on market prices for comparable mortgage servicing contracts, when available, or alternatively is based on the present value of estimated future net servicing income. Servicing assets are subsequently measured using the amortization method, which requires servicing rights to be amortized into noninterest income. The Company amortizes these assets on a straight-line basis over the estimated life of the loan, which does not differ materially from the proportional amortization method. The Company performs a periodic review for impairment in the carrying value of mortgage servicing rights. Any impairment is recognized through a valuation allowance with a corresponding charge in the statement of net income.

Premises and Equipment

Land is carried at cost. Premises and equipment are stated at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 10 years for furniture, fixtures, and equipment and 40 years for buildings. Expenditures for maintenance and repairs are charged against income as incurred.

Bank-Owned Life Insurance (BOLI)

The Company invests in bank-owned life insurance (BOLI) as a source of funding for employee benefit expenses. BOLI involves the purchasing of life insurance policies by the Company on a chosen group of employees. The Company is the owner and beneficiary of the policies. This life insurance investment is carried at the cash surrender value of the underlying policies. Income from the increase in cash surrender value of the policies, as well as proceeds received in excess of cash surrender values, are included in other income in the statement of net income, and are not subject to income taxes.

Transfers of Financial Assets

Transfers of financial assets, including loan and loan participation sales, are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when: (1) the assets have been isolated from the Company; (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets; and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Income Taxes

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws in the period of enactment. A valuation allowance is established against deferred tax assets when, based upon the available evidence including historical and projected taxable income, it is more likely than not that some or all of the deferred tax assets will not be realized.

Employee Stock Ownership Plan

The cost of shares issued to the ESOP, but not yet allocated to participants, is shown as a reduction of stockholders' equity. Compensation expense is based on the market price of shares as they are committed to be released to participant accounts. Dividends on allocated ESOP shares reduce retained earnings; dividends on unearned ESOP shares reduce debt and accrued interest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comprehensive Income (Loss)

Comprehensive income or loss consists of net income or loss and other comprehensive income or loss that includes changes in the unrealized gains and losses on securities available for sale. Additionally, the unrealized gains and losses at the end of the period are recorded in accumulated other comprehensive income (loss) on the balance sheets, net of tax.

Advertising Costs

Advertising costs are expensed as incurred. When applicable, a contract is amortized over its term. The expense for the years ended December 31, 2023 and 2022, was $89,532 and $139,025.

Stock-Based Compensation

Compensation cost is recognized for stock options and restricted stock awards issued to employees, based on the fair value of these awards at the date of grant. A Black-Scholes model is utilized to estimate the fair value of stock options, while the market price of the Company's common stock at the date of grant is used for restricted stock awards.

Compensation cost is recognized over the required service period, generally defined as the vesting period. For awards with graded vesting, compensation cost is recognized on a straight-line basis over the requisite service period for the entire award. The Company's accounting policy is to recognize compensation cost net of estimated forfeitures.

Earnings Per Share (EPS)

Basic earnings per common share is net income divided by the weighted average number of common shares outstanding during the period. ESOP shares are considered outstanding for this calculation unless unearned. All outstanding unvested share-based payment awards that contain rights to nonforfeitable dividends are considered participating securities for this calculation. Diluted earnings per common share includes the dilutive effect of additional potential common shares issuable under stock options. Earnings and dividends per share are restated for all stock splits and stock dividends through the date of issuance of the financial statements.

Reclassifications

Certain reclassifications have been made to prior period balances in order to conform to the current year's presentation format.

Allowance for Credit Losses on Off-Balance-Sheet Credit Exposures

The Company estimates expected credit losses over the contractual period in which the Bank is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The allowance for credit losses on off-balance-sheet credit exposures is adjusted through credit loss expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Standards

In January 2023, the Company adopted FASB issued ASU 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*, which changes the impairment model for most financial assets. This Update is intended to improve financial reporting by requiring timelier recording of credit losses on loans and other financial instruments held by financial institutions and other organizations. The underlying premise of the Update is that financial assets measured at amortized cost should be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The allowance for credit losses should reflect management's current estimate of credit losses that are expected to occur over the remaining life of a financial asset. The income statement will be affected for the measurement of credit losses for newly recognized financial assets, as well as the expected increases or decreases of expected credit losses that have taken place during the period. ASU 2016-13 is effective for public business entities that meet the definition of a Securities and Exchange Commission (SEC) filer, for fiscal years beginning after December 31, 2019, including interim periods within those fiscal years. For public business entities that meet the definition of a "smaller reporting company" under the rules and regulations of the SEC, ASU 2016-13 is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company recognized a one-time cumulative effect adjustment to the allowance for credit losses as of the beginning of the current period of $37,890 which was subtracted from current year earnings. The Update has not had a significant impact on the Company's consolidated financial statements. See the table below for the pre-adoption impact of the adoption of ASU 2016-13.

	January 1, 2023		
	Pre-Adoption	Adoption Impact	As Reported
Assets			
Construction	$ -	$ 14,449,070	$ 14,449,070
One-to-four family Mortgage	93,069,665	(184,106)	92,885,559
Commercial Mortgage	62,756,288	(3,823,115)	58,933,173
Commercial and Industrial	42,028,488	(5,576,527)	36,451,961
Credit Cards	-	220,426	220,426
Other Consumer	-	3,941,068	3,941,068
Paycheck Protection Program and cash secured	-	5,773,490	5,773,490
Consumer and HELOC	14,800,306	(14,800,306)	-
	$ 212,654,747	$ -	$ 212,654,747

	January 1, 2023		
	Pre-Adoption	Adoption Impact	As Reported
Allowance			
Construction	$ -	$ 422,228	$ 422,228
One-to-four family Mortgage	908,077	46,514	954,591
Commercial Mortgage	637,756	(286,480)	351,276
Commercial and Industrial	319,271	(126,145)	193,126
Credit Cards	-	35,713	35,713
Other Consumer	-	127,991	127,991
Paycheck Protection Program and cash secured	-	-	-
Consumer and HELOC	181,931	(181,931)	-
	$ 2,047,035	$ 37,890	$ 2,084,925

3. SECURITIES AVAILABLE FOR SALE

The amortized cost and fair values of securities available for sale are as follows:

	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mortgage-backed securities in government-sponsored entities	$ 2,647,105	$ -	$ (151,138)	$ 2,495,967
Obligations of state and political subdivisions	1,299,217	7,319	(4,491)	1,302,045
Corporate bonds	3,061,846	2,800	(210,242)	2,854,404
Total	$ 7,008,168	$ 10,119	$ (365,871)	$ 6,652,416

	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mortgage-backed securities in government-sponsored entities	$ 2,943,279	$ -	$ (111,275)	$ 2,832,004
Obligations of state and political subdivisions	285,000	-	(5,612)	279,388
Corporate bonds	3,083,100	-	(260,840)	2,822,260
Total	$ 6,311,379	$ -	$ (377,727)	$ 5,933,652

The amortized cost and fair value of investment securities available for sale by contractual maturity are shown below. 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 provide for periodic payments of principal and interest and have contractual maturities ranging from less than 5 years to 30 years. Due to expected repayment terms being significantly less than the underlying mortgage pool contractual maturities, estimated lives of these securities could be significantly shorter.

	December 31, 2023	
	Amortized Cost	Fair Value
Due within one year or less	$ 502,663	$ 492,708
Due after one year through five years	2,344,608	2,210,493
Due after five years through ten years	1,010,836	944,214
Due after ten years	3,150,061	3,005,001
Total	$ 7,008,168	$ 6,652,416

There were no sales of investment securities available for sale in 2023 or 2022.

4. SECURITIES HELD TO MATURITY

There were no securities held to maturity as of December 31, 2023. The amortized cost and fair values of securities held to maturity as of December 31, 2022 are as follows:

	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mortgage-backed securities in government-sponsored entities	$ 687	$ -	$ (12)	$ 675
Total	$ 687	$ -	$ (12)	$ 675

Mortgage-backed securities provide for periodic payments of principal and interest and all have contractual maturities of 5 years. Due to expected repayment terms being significantly less than the underlying mortgage pool contractual maturities, actual lives of these securities could be significantly shorter.

5. UNREALIZED LOSSES ON SECURITIES

The following tables show the Company's gross unrealized losses and fair value, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position:

	December 31, 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
Mortgage-backed securities in government-sponsored entities	$ -	$ -	$ 2,495,966	$ (151,138)	$ 2,495,966	$ (151,138)
Obligations of state and political subdivisions	-	-	280,509	(4,491)	280,509	(4,491)
Corporate bonds	-	-	2,351,605	(210,242)	2,351,605	(210,242)
Total	$ -	$ -	$ 5,128,080	$ (365,871)	$ 5,128,080	$ (365,871)

	December 31, 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
Mortgage-backed securities in government-sponsored entities	$ 2,442,954	$ (56,645)	$ 389,725	$ (54,641)	$ 2,832,679	$ (111,286)
Obligations of state and political subdivisions	279,388	(5,612)	-	-	279,388	(5,612)
Corporate bonds	1,920,790	(101,061)	901,470	(159,779)	2,822,260	(260,840)
Total	$ 4,643,132	$ (163,318)	$ 1,291,195	$ (214,420)	$ 5,934,327	$ (377,738)

Management reviews the Company's securities positions quarterly. There were 16 investments that were temporarily impaired as of December 31, 2023, with aggregate depreciation of 5.22 percent from the Company's amortized cost basis. At December 31, 2023, the declines outlined in the above table represent temporary declines and the Company does not intend to sell and does not believe it will be required to sell these securities before recovery of their cost basis, which may be at maturity.

The Company has concluded that any impairment of its investment securities portfolio outlined in the above table is not due to credit factors but is due to other macroeconomic factors such as interest rate changes, sector credit rating changes, or company-specific rating changes that are not expected to result in the noncollection of principal and interest during the period.

6. LOANS

The Company's loan portfolio summarized by category is as follows:

	December 31, 2023
Mortgage loans:	
Construction	$ 17,331,252
One-to-four family	111,502,639
Commercial	62,288,007
	191,121,898
Commercial and industrial	38,784,831
Credit Cards	233,927
Other Consumer	9,298,908
Paycheck Protection Program and cash secured	4,910,950
	244,350,514
Third-party loan acquisition and other net origination costs	(453,773)
Discount on loans previously held for sale	(56,222)
Allowance for credit losses	(2,460,248)
Total	$ 241,380,271

	December 31, 2022
Mortgage loans:	
One-to-four family	$ 93,069,665
Commercial	62,756,288
	155,825,953
Commercial and industrial	42,028,488
Consumer and HELOC	14,800,306
	212,654,747
Third-party loan acquisition and other net origination costs	(407,267)
Discount on loans previously held for sale	(63,513)
Allowance for loan losses	(2,047,035)
Total	$ 210,136,932

The Company's primary business activity is with customers located in Pittsburgh and surrounding communities. The Company's loan portfolio consists predominantly of one-to-four family mortgage and commercial mortgage loans. These loans are typically secured by first-lien positions on the respective real estate properties and are subject to the Company's underwriting policies. Included in one-to-four family mortgage loans is $11,852,816 and $10,441,849 of home equity lines of credit as of December 31, 2023 and 2022, respectively.

6. LOANS (Continued)

During the normal course of business, the Company may transfer a portion of a loan as a participation loan, in order to manage portfolio risk. In order to be eligible for sales treatment, all cash flows from the loan must be divided proportionately, the rights of each loan holder must have the same priority, the loan holders must have no recourse to the transferor other than standard representations and warranties, and no loan holder can have the right to pledge or exchange the entire loan. The Company transferred $5,197,477 and $6,355,055 in participation loans, as of December 31, 2023 and 2022, respectively, to other financial institutions. As of December 31, 2023 and 2022, all of these loans were being serviced by the Company.

In 2020 and 2022, the Company participated in the U.S. Small Business Administration's Paycheck Protection Program (PPP) to assist local businesses in keeping their employees on payroll. Included in PPP and cash secured loans is $4,452,094 and $5,397,151 in PPP loans as of December 31, 2023 and 2022, respectively.

In the ordinary course of business, loans are extended to directors, principal officers, and their affiliates. In management's opinion, all of these loans are substantially on the same terms and conditions as loans to other individuals and businesses of comparable credit worthiness. A summary of loan activity for these principal officers, directors, and their affiliates, is as follows:

	Years Ended December 31,	
	2023	2022
Balance, beginning of year	$ 1,956,121	$ 2,090,901
Additions	106,571	1,032,166
Repayments	(178,824)	(1,166,946)
Balance, end of year	$ 1,883,868	$ 1,956,121

7. ALLOWANCE FOR CREDIT LOSSES

The following table summarizes the activity in the Allowance for Credit Losses on Loans as of December 31, 2023, and Allowance for Loan Losses as of December 31, 2022:

	December 31, 2023						
	Beginning Balance	Impact of Adopting ASU 2016-13	Reclass to reserve for unfunded commitments	Charge-offs	Recoveries	Provisions (Reductions)	Ending Balance
Construction	$ -	$ 422,228	$ (117,619)	$ -	$ -	$ 47,253	$ 351,862
One-to-four family Mortgage	908,077	46,514	(5,277)	-	76,552	(71,300)	954,566
Commercial Mortgage	637,756	(286,480)	(51,466)	(4,909)	-	173,359	468,260
Commercial and Industrial	319,271	(126,145)	(15,738)	-	-	142,001	319,389
Credit Cards	-	35,713	(7,847)	-	-	8,783	36,649
Other Consumer	-	127,991	(251)	(140,003)	-	341,785	329,522
Paycheck Protection Program and cash secured	-	-	-	-	-	-	-
Consumer and HELOC	181,931	(181,931)	-	-	-	-	-
	$ 2,047,035	$ 37,890	$ (198,198)	$ (144,912)	$ 76,552	$ 641,881	$ 2,460,248

	December 31, 2022				
Allowance for loan losses:	Mortgage One-to-Four Family	Mortgage Commercial	Commercial and Industrial	Consumer and HELOC	Total
Beginning balance	$ 710,985	$ 584,906	$ 498,459	$ 116,248	$ 1,910,598
Charge-offs	(76,552)	-	(59,914)	-	(136,466)
Recoveries	-	-	-	-	-
Provision (credit)	273,644	52,850	(119,274)	65,683	272,903
Ending balance	$ 908,077	$ 637,756	$ 319,271	$ 181,931	$ 2,047,035

The dollar amount of the allowance increased from December 31, 2022, to December 31, 2023, due to the implementation of CECL and continued provisions. There was charge-off and recovery activity during the year that affected one-to-four mortgages, commercial mortgages, and other consumer loans. The dollar amount of the provision decreased for commercial mortgages, commercial and industrial, and consumer and HELOC loans as a result of the implementation of CECL and the new loan categories.

7. ALLOWANCE FOR CREDIT LOSSES (Continued)

The following tables present the composition of the allowance for loan losses as of December 31, 2022, by loan class and segregated by those loans that are deemed impaired and those that are not deemed impaired. With the adoption of ASU 2016-13, the following table is no longer applicable as of December 31, 2023.

	Mortgage One-to-Four Family	Mortgage Commercial	Commercial and Industrial	Consumer and HELOC	Total
December 31, 2022					
Allowance for loan losses:					
Loans deemed impaired	$ 69,293	$ 31,501	$ -	$ -	$ 100,794
Loans not deemed impaired	838,784	606,255	319,271	181,931	1,946,241
Ending Balance	$ 908,077	$ 637,756	$ 319,271	$ 181,931	$ 2,047,035
December 31, 2022					
Loans:					
Loans deemed impaired	$ 4,115,981	$ 1,727,103	$ 1,974,323	$ 160,847	$ 7,978,254
Loans not deemed impaired	88,953,684	61,029,185	40,054,165	14,639,459	204,676,493
Ending Balance	$ 93,069,665	$ 62,756,288	$ 42,028,488	$ 14,800,306	$ 212,654,747

7. ALLOWANCE FOR CREDIT LOSSES (Continued)

The following tables present the recorded investment of impaired loans by class as of December 31, 2022, segregated by those for which a specific allowance was required and those for which a specific allowance was not necessary. With the adoption of ASU 2016-13, the following table is no longer applicable as of December 31, 2023.

	December 31, 2022		
	Recorded Investment	Unpaid Principal Balance	Related Allowance
With no allowance recorded:			
Mortgage loans:			
One-to-four family	$ 3,733,178	$ 4,137,539	$ -
Commercial	1,535,602	1,633,267	-
Commercial and industrial	1,974,323	2,116,515	-
Consumer and HELOC	160,847	168,488	-
With an allowance recorded:			
Mortgage loans:			
One-to-four family	382,803	402,697	69,293
Commercial	191,501	192,509	31,501
Commercial and industrial	-	-	-
Consumer and HELOC	-	-	-
Total mortgage loans:			
One-to-four family	4,115,981	4,540,236	69,293
Commercial	1,727,103	1,825,776	31,501
Commercial and industrial	1,974,323	2,116,515	-
Consumer and HELOC	160,847	168,488	-
Total	$ 7,978,254	$ 8,651,015	$ 100,794

7. ALLOWANCE FOR CREDIT LOSSES (Continued)

The following tables presents the average recorded investment and interest income recognized for impaired loans by class for the years ended December 31, 2022, segregated by those for which a specific allowance was required and those for which a specific allowance was not necessary. With the adoption of ASU 2016-13, the following table is no longer applicable as of December 31, 2023.

	Year Ended December 31, 2022	
	Average Recorded Investment	Interest Income Recognized
With no allowance recorded:		
Mortgage loans:		
One-to-four family	$ 3,348,195	$ 66,155
Commercial	2,013,857	6,500
Commercial and industrial	1,739,694	3,556
Consumer and HELOC	150,989	-
With an allowance recorded:		
Mortgage loans:		
One-to-four family	367,988	195
Commercial	191,501	-
Commercial and industrial	-	-
Consumer and HELOC	-	-
Total mortgage loans:		
One-to-four family	3,716,183	66,350
Commercial	2,205,358	6,500
Commercial and industrial	1,739,694	3,556
Consumer and HELOC	150,989	-
Total	$ 7,812,224	$ 76,406

7. ALLOWANCE FOR CREDIT LOSSES (Continued)

Aging Analysis of Past-Due Loans by Class

Management further monitors the performance and credit quality of the loan portfolio by analyzing the length of time a recorded payment is past due. The following tables present the classes of the loan portfolio summarized by the aging categories:

	December 31, 2023					
	30-59 Days Past Due	60-89 Days Past Due	90 Days or Greater Past Due	Total Past Due	Current	Total Loans Receivable
Mortgage loans:						
Construction	$ -	$ -	$ -	$ -	$ 17,331,252	$ 17,331,252
One-to-four family	1,076,678	-	2,668,033	3,744,711	107,757,928	111,502,639
Commercial	296,816	145,729	272,169	714,714	61,573,293	62,288,007
Commercial and industrial	-	278,113	1,951,959	2,230,072	36,554,759	38,784,831
Credit Cards	-	-	-	-	233,927	233,927
Other Consumer	25,856	-	-	25,856	9,273,052	9,298,908
Paycheck Protection Prograr	-	-	-	-	4,910,950	4,910,950
Total	$ 1,399,350	$ 423,842	$ 4,892,161	$ 6,715,353	$ 237,635,161	$ 244,350,514

	December 31, 2022					
	30-59 Days Past Due	60-89 Days Past Due	90 Days or Greater Past Due	Total Past Due	Current	Total Loans Receivable
Mortgage loans:						
One-to-four family	$ 747,761	$ 894,848	$ 1,162,512	$ 2,805,121	$ 90,264,544	$ 93,069,665
Commercial	-	135,235	222,818	358,053	62,398,235	62,756,288
Commercial and industrial	-	713,995	1,423,101	2,137,096	39,891,392	42,028,488
Consumer and HELOC	36,551	141,556	19,292	197,399	14,602,907	14,800,306
Total	$ 784,312	$ 1,885,634	$ 2,827,723	$ 5,497,669	$ 207,157,078	$ 212,654,747

The following table presents the nonperforming loans, by class, for December 31, 2023:

	December 31, 2023				
	Nonaccrual with No ACL	Nonaccrual with ACL	Total Nonaccrual	Due Over 90 Days Still	Total Nonperforming
Mortgage loans:					
One-to-four family	$ 1,943,806	$ 1,018,835	$ 2,962,641	$ -	$ 2,962,641
Commercial	80,668	191,501	272,169	-	272,169
Commercial and industrial	1,951,959	-	1,951,959	-	1,951,959
Total	$ 3,976,433	$ 1,210,336	$ 5,186,769	$ -	$ 5,186,769

7. ALLOWANCE FOR CREDIT LOSSES (Continued)

Aging Analysis of Past-Due Loans by Class (Continued)

The following table presents the non-accrual loans as of December, 2022:

	December 31, 2022
Mortgage loans:	
One-to-four family	$ 2,774,620
Commercial	222,818
Commercial and industrial	1,899,459
Consumer and HELOC	160,847
Total	$ 5,057,744

Credit Quality Information

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes commercial loans individually by classifying the loans as to their credit risk. The Company uses a nine grade internal loan rating system for commercial mortgage loans and commercial and industrial loans as follows:

- *Loans rated 1, 2, 3, 4 and 5:* Loans in these categories are considered "pass" rated loans with low to average risk.
- *Loans rated 6:* Loans in this category are considered "special mention." These loans have a potential weakness that deserves management's close attention. If left uncorrected, these weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.
- *Loans rated 7:* Loans in this category are considered "substandard." These loans have a well-defined weakness based on objective evidence that jeopardize the liquidation of the debt. These loans are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.
- *Loans rated 8:* Loans in this category are considered "doubtful" and have all the weaknesses inherent in a loan rated 7. In addition, these weaknesses make collection or liquidation in full highly questionable and improbable, based on existing circumstances.
- *Loans rated 9:* Loans in this category are considered "loss" and are considered to be uncollectible or of such value that continuance as an asset is not warranted.

7. ALLOWANCE FOR CREDIT LOSSES (Continued)

Credit Quality Information (Continued)

The risk category of loans by class as of December 31, 2023 is as follows:

	December 31, 2023							
	Term Loans Amortized Cost Basis By Origination Year						Revolving Loans Amortized Cost Basis	Total
	2023	2022	2021	2020	2019	Prior		
Contruction mortgage								
Risk rating								
Pass	$ 7,147,590	$ 7,449,084	$ 462,858	$ 514,826	$ 1,213,617	$ 543,277	$ -	$ 17,331,252
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total	$ 7,147,590	$ 7,449,084	$ 462,858	$ 514,826	$ 1,213,617	$ 543,277	$ -	$ 17,331,252
Construction mortgage								
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial mortgage								
Risk rating								
Pass	$ 6,431,685	$ 17,552,831	$ 13,968,014	$ 1,121,493	$ 1,124,514	$ 19,957,703	$ 1,555,822	$ 61,712,062
Special mention	-	-	-	-	-	-	384,444	384,444
Substandard	-	-	-	-	-	-	191,501	191,501
Doubtful	-	-	-	-	-	-	-	-
Total	$ 6,431,685	$ 17,552,831	$ 13,968,014	$ 1,121,493	$ 1,124,514	$ 19,957,703	$ 2,131,767	$ 62,288,007
Commercial mortgage								
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ 4,909	$ -	$ 4,909
Commercial and industrial								
Risk rating								
Pass	$ 9,247,723	$ 8,336,613	$ 5,949,507	$ 1,905,963	$ 4,121,282	$ 1,254,055	$ 6,017,728	$ 36,832,871
Special mention	-	-	60,484	408,765	1,257,063	-	78,953	1,805,265
Substandard	-	-	-	-	-	71,964	74,731	146,695
Doubtful	-	-	-	-	-	-	-	-
Total	$ 9,247,723	$ 8,336,613	$ 6,009,991	$ 2,314,728	$ 5,378,345	$ 1,326,019	$ 6,171,412	$ 38,784,831
Commercial and industrial								
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total								
Risk rating								
Pass	$ 22,826,998	$ 33,338,528	$ 20,380,379	$ 3,542,282	$ 6,459,413	$ 21,755,035	$ 7,573,550	$ 115,876,185
Special mention	-	-	60,484	408,765	1,257,063	-	463,397	2,189,709
Substandard	-	-	-	-	-	71,964	266,232	338,196
Doubtful	-	-	-	-	-	-	-	-
Total	$ 22,826,998	$ 33,338,528	$ 20,440,863	$ 3,951,047	$ 7,716,476	$ 21,826,999	$ 8,303,179	$ 118,404,090

7. ALLOWANCE FOR CREDIT LOSSES (Continued)

Credit Quality Information (Continued)

The following tables present performing and nonperforming loans that are not otherwise risk-rated, based on payment activity as of December 31, 2023.

	December 31, 2023							
	Term Loans Amortized Cost Basis By Origination Year						Revolving Loans	
	2023	2022	2021	2020	2019	Prior	Amortized Cost Basis	Total
One-to-four family mortgage								
Performing	$ 20,421,395	$ 15,838,264	$ 26,892,654	$ 10,557,568	$ 3,799,226	$ 19,311,332	$ 11,719,559	$ 108,539,998
Nonperforming	-	-	583,834	215,373	420,597	1,609,580	133,257	2,962,641
Total	$ 20,421,395	$ 15,838,264	$ 27,476,488	$ 10,772,941	$ 4,219,823	$ 20,920,912	$ 11,852,816	$ 111,502,639
One-to-four family mortgage								
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Consumer								
Performing	$ 6,762,871	$ 1,543,354	$ 688,819	$ 144,735	$ 83,025	$ 53,318	$ 22,786	$ 9,298,908
Nonperforming	-	-	-	-	-	-	-	-
Total	$ 6,762,871	$ 1,543,354	$ 688,819	$ 144,735	$ 83,025	$ 53,318	$ 22,786	$ 9,298,908
Other Consumer								
Current period gross charge-offs	$ -	$ 36,027	$ 14,979	$ -	$ -	$ -	$ 88,997	$ 140,003
Credit Cards								
Performing	$ 29,683	$ 26,191	$ 97,159	$ 45,201	$ 35,693	$ -	$ -	$ 233,927
Nonperforming	-	-	-	-	-	-	-	-
Total	$ 29,683	$ 26,191	$ 97,159	$ 45,201	$ 35,693	$ -	$ -	$ 233,927
Credit Cards								
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Paycheck Protection Program and cash secured loans								
Performing	$ 381,780	$ 2,056	$ 2,492,015	$ 2,035,099	$ -	$ -	$ -	$ 4,910,950
Nonperforming	-	-	-	-	-	-	-	-
Total	$ 381,780	$ 2,056	$ 2,492,015	$ 2,035,099	$ -	$ -	$ -	$ 4,910,950
Paycheck Protection Program and cash secured loans								
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total								
Performing	$ 27,595,729	$ 17,409,865	$ 30,170,647	$ 12,782,603	$ 3,917,944	$ 19,364,650	$ 11,742,345	$ 122,983,783
Nonperforming	-	-	583,834	215,373	420,597	1,609,580	133,257	2,962,641
Total	$ 27,595,729	$ 17,409,865	$ 30,754,481	$ 12,997,976	$ 4,338,541	$ 20,974,230	$ 11,875,602	$ 125,946,424

The risk category of loans by class as of December 31, 2022 is as follows:

	December 31, 2022	
	Mortgage Commercial	Commercial and Industrial
Loans rated 1 - 5	$ 62,498,553	$ 39,985,164
Loans rated 6	-	1,824,553
Loans rated 7	257,735	218,771
Ending balance	$ 62,756,288	$ 42,028,488

There were no loans classified as doubtful or loss at December 31, 2023 or 2022.

7. ALLOWANCE FOR CREDIT LOSSES (Continued)

Credit Quality Information (Continued)

Prior to the adoption of ASU 2016-13, for one-to-four family mortgage and consumer loans, the Company evaluated credit quality based on whether the loan was considered to be performing or nonperforming. Loans are generally considered to be nonperforming when they are placed on nonaccrual or become 90 days past due. The following table presents the balances of loans by classes of the loan portfolio based on payment performance. With the adoption of ASU 2016-13, the following table is no longer applicable as of December 31, 2023.

	December 31, 2022	
	Mortgage One-to-Four Family	Consumer and HELOC
Performing	$ 90,295,045	$ 14,577,488
Nonperforming	2,774,620	222,818
Total	$ 93,069,665	$ 14,800,306

Collateral-Dependent Loans

The following table presents the collateral-dependent loans by portfolio segment and collateral type at December 31, 2023:

	Real estate	Business Assets
Mortgage loans:		
One-to-four family	$ 2,032,062	$ -
Commercial	272,169	-
Commercial and industrial	-	601,750
	$ 2,304,231	$ 601,750

8. PREMISES AND EQUIPMENT

Premises and equipment are summarized as follows:

	December 31,	
	2023	2022
Land	$ 600,000	$ 600,000
Buildings	4,134,796	4,103,717
Furniture and equipment	1,281,934	1,234,397
	6,016,730	5,938,114
Accumulated depreciation	(2,088,227)	(1,927,920)
Total	$ 3,928,503	$ 4,010,194

Depreciation expense on premises and equipment was $160,307 and $161,541 for the years ended December 31, 2023 and 2022, respectively.

9. DEPOSITS

Time deposits include certificates of deposit and other time deposits in denominations of $250,000 or greater aggregating to $23.6 million and $12.0 million at December 31, 2023 and 2022, respectively. The aggregate maturities of time deposits in years 2024 through 2028 and thereafter are as follows at December 31, 2023:

2024	$ 43,434,106
2025	15,951,041
2026	10,282,110
2027	6,920,148
2028	3,889,691
Thereafter	250,064
	$ 80,727,160

Brokered certificates of deposits amounted to $10.5 million and $10.6 million at December 31, 2023, and 2022, respectively.

10. BORROWINGS

As of December 31, 2023, the Bank had advances from both the FHLB and the Federal Reserve. Pursuant to collateral agreements with the FHLB, FHLB advances are secured by all stock in the FHLB and a blanket lien on qualifying first mortgage loans. The Bank had a maximum borrowing capacity of $112.9 million with the FHLB as of December 31, 2023. The PPPLF advances from the Federal Reserve are secured by select PPP loans and have a fixed rate of 0.35% for the term of the underlying PPP loans which mature in 2025 and 2026. The following tables show the Bank's fixed rate FHLB and Federal Reserve borrowings:

	December 31, 2023	
Maturing in	Amount	Weighted-Average Rate
2024	$ 5,250,000	1.10%
2025	11,074,948	2.68%
2026	727,196	0.35%
2027	-	
2028	-	
Thereafter	5,000,000	4.70%
Total	$ 22,052,144	2.69%

	December 31, 2022	
Maturing in	Amount	Weighted-Average Rate
2023	$ 4,000,000	1.88%
2024	5,250,000	1.10%
2025	11,251,823	2.64%
2026	1,302,434	0.35%
Total	$ 21,804,257	2.00%

11. INCOME TAXES

Income tax expense is summarized as follows:

	Years Ended December 31, 2023	2022
Currently payable:		
Federal	$ 696,852	$ 393,553
State	85,143	72,176
	781,995	465,729
Deferred:		
Federal	(212,911)	(56,737)
	(212,911)	(56,737)
Total	$ 569,084	$ 408,992

	December 31, 2023	2022
Deferred tax assets:		
Allowance for credit losses	$ 516,652	$ 429,877
Off balance sheet losses	47,527	-
Accrued interest payable	90,406	43,149
Nonaccrual loan interest	180,265	162,688
Write-down on loans held for sale	11,807	13,338
Net unrealized loss on securities	75,205	79,639
Deferred comp plan	7,670	7,392
Lease liability	3,226	4,459
Gross deferred tax assets	932,758	740,542
Deferred tax liabilities:		
Mortgage servicing rights	(108,822)	(133,389)
Premises and equipment	(65,062)	(63,480)
Right-of-use asset	(3,226)	(4,459)
Gross deferred tax liabilities	(177,110)	(201,328)
Net deferred tax asset	$ 755,648	$ 539,214

No valuation allowance was established at December 31, 2023 or 2022, in view of the Company's ability to recover taxes paid in previous years, to execute certain tax strategies and to anticipate future taxable income as evidenced by the Company's earnings potential.

Reconciliations of the federal statutory rate to the Company's effective income tax rate are as follows:

11. INCOME TAXES (Continued)

	Years Ended December 31,			
	2023		2022	
	Amount	% of Pretax Income	Amount	% of Pretax Income
Provision of statutory rate	$ 518,613	21.0%	$ 364,677	21.0%
Tax-exempt interest	(6,221)	(0.3)	(2,597)	(0.1)
State income tax	67,263	2.7	57,019	3.3
Other, net	(10,571)	(0.4)	(10,107)	(0.6)
Actual tax expense and effective rate	$ 569,084	23.0%	$ 408,992	23.6%

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.

The Company did not have any uncertain tax positions at December 31, 2023 or 2022, which would have required accrual or disclosure. The Company records interest and penalties as part of income tax expense. No interest or penalties were recorded for the years ended December 31, 2023 and 2022.

The Company's income tax returns are subject to review and examination by federal and state taxing authorities. With few exceptions, the Company is no longer subject to U.S. federal, state, or local income tax examinations by tax authorities for years before 2020.

12. EMPLOYEE STOCK OWNERSHIP PLAN

The Company established a tax qualified Employee Stock Ownership Plan ("ESOP") for the benefit of its employees in conjunction with the Reorganization effective on January 24, 2018. All employees who are not union employees, leased employees, or non-resident alien employees are eligible. As of December 31, 2023, all employees were eligible. Eligible employees become 20% vested in their accounts after two years of service, 40% after three years of service, 60% after four years of service, 80% after five years of service and 100% after six years of service, or earlier, upon death, disability or attainment of normal retirement age.

The ESOP purchased 88,131 shares of SSB Bancorp common stock, which was funded by a loan from SSB Bancorp. Unreleased ESOP shares collateralize the loan payable, and the cost of the shares is recorded as a contra-equity account in the stockholders' equity of the Company. Shares are to be released as debt payments are made by the ESOP to the loan. The ESOP's sources of repayment of the loan can include dividends, if any, on the unallocated stock held by the ESOP and discretionary contributions from the Company to the ESOP and earnings thereon. At December 31, 2023, the fair value of the unearned ESOP shares was $502,000.

Compensation expense is equal to the fair value of the shares committed to be released and unallocated ESOP shares are excluded from outstanding shares for purposes of computing earnings per share. During the years ended December 31, 2023 and 2022, the Company recognized $34,000 and $37,000, respectively, in compensation expense.

13. STOCK COMPENSATION PLAN

In May 2019, the Company's board adopted, and its shareholders approved, the SSB Bancorp, Inc. 2019 Equity Incentive Plan (the Plan) authorizing the grant of options or restricted stock covering 154,229 shares of common stock. The maximum number of shares of stock that may be delivered under the Plan pursuant to the exercise of stock options is 110,164 and the maximum number of shares of stock that may be issued as restricted stock awards, restricted stock units, and performances shares is 44,065. Under the Plan, options or restricted stock can be granted to directors, officers, and employees that provide services to the Company, as selected by the compensation committee of the Board. The option price at which a granted stock option may be exercised will not be less than 100% of the fair market value per share of common stock on the grant date. The maximum term of any option granted under the Plan cannot exceed 10 years.

On May 23, 2019, 11,015 shares of restricted stock and 27,540 stock options were awarded to directors under the Plan. On November 20, 2019, 17,626 shares of restricted stock and 44,066 stock options were awarded to certain executives under the Plan. Lastly, on October 28, 2020, 2,300 shares of restricted stock and 6,700 stock options were awarded to certain executives under the Plan. The shares of restricted stock and stock options vest at a rate of 20% per year commencing on the date of the award, and the related expense is being recognized straight-line over the 60-month period. At December 31, 2023, there were 13,124 shares of stock and 31,858 stock options available to be issued under the Plan.

The following tables summarize transactions regarding the restricted stock under the Plan for years ended December 31, 2023 and 2022.

	Number of restricted shares		Weighted average grant date price per share
Non-vested shares at December 31, 2021	19,031	$	7.85
Granted	-		-
Vested	6,190		7.86
Forfeited	-		-
Non-vested shares at December 31, 2022	12,841	$	7.85

	Number of restricted shares		Weighted average grant date price per share
Non-vested shares at December 31, 2022	12,841	$	7.85
Granted	-		-
Vested	6,190		7.86
Forfeited	-		-
Non-vested shares at December 31, 2023	6,651	$	7.83

A summary of the status of the awarded stock options at December 31, 2022, and changes during the years ended December 31, 2023 and 2022, is presented in the tables and narrative following:

13. STOCK COMPENSATION PLAN (Continued)

	Year ended December 31, 2023		
	Shares	Weighted Average Exercise Price	Weighted Average Fair Value
Outstanding at January 1, 2023	78,306	$ 7.86	$ 1.04
Granted	-	-	-
Exercised	-	-	-
Forfeited	-	-	-
Outstanding at December 31, 2023	78,306	7.86	1.04
Exercisable at December 31, 2023	61,302	7.86	1.02

	Year ended December 31, 2022		
	Shares	Weighted Average Exercise Price	Weighted Average Fair Value
Outstanding at January 1, 2022	78,306	$ 7.86	$ 1.04
Granted	-	-	-
Exercised	-	-	-
Forfeited	-	-	-
Outstanding at December 31, 2022	78,306	7.86	1.04
Exercisable at December 31, 2022	45,639	7.87	1.01

At December 31, 2023, 61,302 of the 78,306 options outstanding are exercisable. The 17,004 options that are not yet exercisable have a weighted average exercise price of $7.83 and a weighted average remaining contractual life of 5.9 years. The fair value of each option grant is estimated on the date of grant using the Binomial or Black-Scholes option pricing model. There were no grants made in 2023 or 2022.

The Company uses the modified prospective method for accounting for stock-based compensation. For the year ended December 31, 2023, the Company recognized $49,000 and $15,000 of pretax compensation expense related to restricted stock awards and stock option awards, respectively. As of December 31, 2023, there was $34,000 of unrecognized compensation expense related to restricted stock awards, and $12,000 of unrecognized compensation expense related to stock option awards that will be recognized over the remaining vesting periods.

No stock options have been exercised as of December 31, 2023.

14. REGULATORY CAPITAL REQUIREMENTS

The Bank is subject to various regulatory capital requirements administered by federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company must meet specific capital guidelines that involve quantitative measure of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, 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, the most recent notification from the Federal Deposit Insurance Corporation categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum capital ratios as set forth in the following table. There are no conditions or events since the notification that management believes have changed the Bank's category. Management believes that the Bank meets all capital adequacy requirements to which it is subject. The Bank's actual capital amounts and ratios are presented in the table below.

	December 31, 2023		December 31, 2022	
	Amount	Ratio	Amount	Ratio
Common Equity Tier 1 capital (to risk-weighted assets)				
Actual	$ 23,280,932	10.40%	$ 21,327,264	10.70%
For capital adequacy purposes	10,077,975	4.50%	8,966,745	4.50%
To be well capitalized	14,557,075	6.50%	12,951,965	6.50%
Tier 1 capital (to risk-weighted assets)				
Actual	$ 23,280,932	10.40%	$ 21,327,264	10.70%
For capital adequacy purposes	13,437,300	6.00%	11,955,660	6.00%
To be well capitalized	17,916,400	8.00%	15,940,880	8.00%
Total capital (to risk-weighted assets)				
Actual	$ 25,741,180	11.49%	$ 23,376,037	11.73%
For capital adequacy purposes	17,916,400	8.00%	15,940,880	8.00%
To be well capitalized	22,395,500	10.00%	19,926,100	10.00%
Tier 1 capital (to average assets)				
Actual	$ 23,280,932	8.25%	$ 21,327,264	8.86%
For capital adequacy purposes	11,286,332	4.00%	9,626,484	4.00%
To be well capitalized	14,107,915	5.00%	12,033,106	5.00%

15. EMPLOYEE BENEFIT PLANS

The Company has a 401(k) plan that covers substantially all employees. The plan provides for employer-matching contributions on employee contributions of up to 3 percent of compensation, plus 50 percent matching up to the next 2 percent of compensation. The Company paid required employer-matching contributions of $97,000 and $105,000 for the years ended December 31, 2023 and 2022, respectively.

16. COMMITMENTS

In the normal course of business, the Company makes various commitments that are not reflected in the Company's financial statements. The Company offers such products to enable its customers to meet their financing objectives. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized on the 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. 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.

Off-balance sheet commitments consisted of the following:

	December 31, 2023	December 31, 2022
Commitments to extend credit	$ 1,067,757	$ 4,283,870
Construction unadvanced funds	11,992,479	11,816,322
Unused lines of credit	24,653,307	19,286,046
Available credit cards	366,227	248,303
Letters of credit	100,000	3,248,358
	$ 38,179,770	$ 38,882,899

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the commitment agreement. These commitments consisted primarily of 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.

The Company and certain executives are parties to employment agreements that provide for a base salary and certain other benefits. The initial terms of the agreements are for three years with annual renewals thereafter. In the event of the executive's termination without cause, as defined, the executive will receive a lump sum cash payment equal to the amount remaining under the contract. Additional benefits are payable upon a change in control, as defined.

17. 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 pricing levels 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.

Fair values for securities are determined by obtaining quoted prices on nationally recognized securities exchanges or matrix pricing, which is a mathematical technique that is widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark-quoted securities. Fair values of securities determined by quoted prices in active markets, when available, are classified as Level I. At December 31, 2023 and 2022, fair value measurements were obtained from a third-party pricing service and not adjusted by management. Transfers are recognized at the end of the reporting period, as applicable.

The following tables present the assets reported on the balance sheets at their fair value by level within the fair value hierarchy. Financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. No liabilities were reported at fair value on a recurring basis.

	December 31, 2023			
	Level I	Level II	Level III	Total
Fair value measurements on a recurring basis:				
Mortgage-backed securities in government-sponsored entities	$ -	$ 2,495,967	$ -	$ 2,495,967
Obligations of state and political subdivisions	-	1,302,045	-	1,302,045
Corporate bonds	-	2,854,404	-	2,854,404

	December 31, 2022			
	Level I	Level II	Level III	Total
Fair value measurements on a recurring basis:				
Mortgage-backed securities in government-sponsored entities	$ -	$ 2,832,004	$ -	$ 2,832,004
Obligations of state and political subdivisions	-	279,388	-	279,388
Corporate bonds	-	2,822,260	-	2,822,260

17. FAIR VALUE MEASUREMENTS (Continued)

Individually Evaluated Loans

Certain collateral dependent individually evaluated loans have been adjusted to fair value based on the loan's collateral. Fair value is generally determined based upon independent third-party appraisals of the properties, along with management's assumptions in various factors, such as estimated selling costs and discounts for time since last appraised.

Other Real Estate Owned

Other real estate owned (OREO) is measured at fair value, less estimated cost to sell, at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management. The assets are carried at fair value, less estimated cost to sell. Income and expense from operations and changes in valuation allowance are included in other noninterest expense.

Mortgage Servicing Rights

Mortgage servicing rights are valued by calculating the present value of the discounted cash flows received as revenue for servicing mortgages less the present value of the project cost of servicing mortgages. Projected loan prepayment speeds are used as an assumption in this calculation. Once the mortgage servicing rights are valued for a sold loan, the mortgage servicing rights value will accrete over the life of the loan.

Intangible Asset – SMLM

The intangible asset of SMLM was valued by an independent third-party business valuation firm. The value was determined at the inception of SMLM and will be reduced by using a straight-line methodology over 84 months.

The following table presents information related to the assets measured on a nonrecurring basis on the balance sheets at their fair value as of December 31, 2023, by level within the fair value hierarchy. No liabilities were measured at fair value on a nonrecurring basis. There are no assets measured at fair value on a nonrecurring basis as of December 31, 2022.

	December 31, 2023			
	Level I	Level II	Level III	Total
Fair value measurements on a nonrecurring basis:				
Other real estate owned	$ -	$ -	$ 1,169,900	$ 1,169,900
Mortgage servicing rights	-	-	518,200	518,200
Individually evaluated loans with reserve	-	-	1,282,151	1,282,151
Intangible asset - SMLM	-	-	4,126,000	4,126,000

	December 31, 2022			
	Level I	Level II	Level III	Total
Fair value measurements on a nonrecurring basis:				
Other real estate owned	$ -	$ -	$ 643,734	$ 643,734
Mortgage servicing rights	-	-	635,184	635,184
Impaired loans with reserve	-	-	473,510	473,510

17. FAIR VALUE MEASUREMENTS (Continued)

The following table provides the significant unobservable inputs used in the fair value measurement process for items valued using Level III techniques at December 31, 2023 and 2022:

	Fair Value at December 31, 2023	Valuation Techniques	Valuation Unobservable Inputs	Range (Weighted Average)
Other real estate owned	$ 1,169,900	Appraised collateral values	Discount for time since appraisal	10% (10%)
			Selling costs	10% (10%)
Individually evaluated loans with reserve	$ 1,282,151	Discounted cash flows	Discount for evaluation	10% (10%)
			Selling costs	10% (10%)
Mortgage servicing rights	$ 518,200	Discounted cash flows	Loan prepayment speeds	8.49%-16.11% (12.02%)

	Fair Value at December 31, 2022	Valuation Techniques	Valuation Unobservable Inputs	Range (Weighted Average)
Other real estate owned	$ 643,734	Appraised collateral values	Discount for time since appraisal	10% (10%)
			Selling costs	10% (10%)
Impaired loans with reserve	$ 473,510	Discounted cash flows	Discount for evaluation	10% (10%) (10%)
Mortgage servicing rights	$ 635,184	Discounted cash flows	Loan prepayment speeds	8.49%-16.11% (12.17%)

17. FAIR VALUE MEASUREMENTS (Continued)

The estimated fair values of the Company's financial instruments are as follows:

	December 31, 2023				
	Carrying Value	Fair Value	Level I	Level II	Level III
Financial assets:					
Cash and cash equivalents	$ 13,333,575	$ 13,333,575	$ 13,333,575	$ -	$ -
Certificates of deposit	13,382,000	13,605,000	-	13,605,000	-
Investment securities:		-			
Available for sale	6,652,416	6,652,416	-	6,652,416	-
Held to maturity	-	-	-	-	-
Loans, net	241,380,271	240,963,271	-	-	240,963,271
Accrued interest receivable	1,450,158	1,450,158	-	1,450,158	-
FHLB Stock	5,059,400	5,059,400	-	-	5,059,400
Financial liabilities:					
Deposits	242,311,738	241,246,738	161,584,578	-	79,662,160
FHLB advances	20,250,000	19,937,000	-	19,937,000	-
PPPLF advances	1,802,144	1,708,470	-	1,708,470	-
Accrued interest payable	430,579	430,579	-	430,579	-

	December 31, 2022				
	Carrying Value	Fair Value	Level I	Level II	Level III
Financial assets:					
Cash and cash equivalents	$ 15,871,593	$ 15,871,593	$ 15,871,593	$ -	$ -
Certificates of deposit	3,183,000	3,155,000	-	3,155,000	-
Investment securities:					
Available for sale	5,933,652	5,933,652	-	5,933,652	-
Held to maturity	687	675	-	675	-
Loans, net	210,136,932	206,979,932	-	-	206,979,932
Accrued interest receivable	1,156,567	1,156,567	-	1,156,567	-
FHLB Stock	5,082,100	5,082,100	-	-	5,082,100
Financial liabilities:					
Deposits	204,129,468	202,151,468	133,730,493	-	68,420,975
FHLB advances	19,250,000	18,517,000	-	18,517,000	-
PPPLF Advances	2,554,257	2,554,257	-	2,554,257	-
Accrued interest payable	205,472	205,472	-	205,472	-

Financial instruments are defined as cash, evidence of an ownership interest in an entity, or a contract which creates an obligation or right to receive or deliver cash or another financial instrument from/to a second entity on potentially favorable or unfavorable terms.

Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. If a quoted market price is available for a financial instrument, the estimated fair value would be calculated based upon the market price per trading unit of the instrument.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

If no readily available market exists, the fair value estimates for financial instruments should be based upon management's judgment regarding current economic conditions, interest rate risk, expected cash flows, future estimated losses, and other factors as determined through various option pricing formulas or simulation modeling. Since many of these assumptions result from judgments made by management based upon estimates which are inherently uncertain, the resulting estimated fair values may not be indicative of the amount realizable in the sale of a particular financial instrument. In addition, changes in the assumptions on which the estimated fair values are based may have a significant impact on the resulting estimated fair values.

Since certain assets, such as deferred tax assets and premises and equipment, are not considered financial instruments, the estimated fair value of financial instruments would not represent the full value of the Company.

Cash and Cash Equivalents, Accrued Interest Receivable, FHLB Stock, and Accrued Interest Payable

The fair value is equal to the current carrying value.

Certificates of Deposit

The fair values of certificates of deposit are based on the discounted value of contractual cash flows. The discount rates are estimated using rates currently offered for similar instruments with similar remaining maturities.

Securities

Fair values for securities are determined by obtaining quoted prices on nationally recognized securities exchanges or matrix pricing, which is a mathematical technique that is widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark-quoted securities. Fair values of securities determined by quoted prices in active markets, when available, are classified as Level I.

Loans, Net

The fair value is estimated by discounting future cash flows using current market inputs at which loans with similar terms and qualities would be made to borrowers of similar credit quality. Certain collateral dependent individually evaluated loans have been adjusted to fair value based on the loan's collateral. Fair value is generally determined based upon independent third-party appraisals of the properties, along with management's assumptions in various factors, such as selling costs and discounts for time since last appraised.

FHLB Advances

The fair value of FHLB advances is based on the discounted value of contractual cash flows. The discount rates are estimated using rates currently offered for similar instruments with similar remaining maturities.

Paycheck Protection Program Liquidity Facility (PPPLF) Advances

The fair value of PPPLF advances is based on the discounted value of contractual cash flows. The discount rates are estimated using rates currently offered for similar instrument with similar remaining maturities.

Deposits

The fair values of certificates of deposit are based on the discounted value of contractual cash flows. The discount rates are estimated using rates currently offered for similar instruments with similar remaining maturities. Demand, savings, and money market deposit accounts are valued at the amount payable on demand as of year-end.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Commitments

These financial instruments are generally not subject to sale, and estimated fair values are not readily available. The carrying value, represented by the net deferred fee arising from the unrecognized commitment, and the fair value, determined by discounting the remaining contractual fee over the term of the commitment using fees currently charged to enter into similar agreements with similar credit risk, are not considered material for disclosure. The contractual amounts of unfunded commitments are presented in Note 16.

19. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table presents the changes in accumulated other comprehensive income (loss) by component, net of tax:

	Net Unrealized Gain (Loss) on Securities	
	Years ended December 31,	
	2023	2022
Accumulated other comprehensive income (loss), beginning of period	$ (298,088)	$ 21,337
Other comprehensive income (loss) on securities before reclassification, net of tax	17,361	(319,425)
Amounts reclassified from accumulated other comprehensive income (loss), net of tax	-	-
Net other comprehensive income (loss)	17,361	(319,425)
Accumulated other comprehensive income, end of period	$ (280,727)	$ (298,088)

20. LEGAL PROCEEDINGS

The Company is involved in certain claims and legal actions arising in the ordinary course of business. The outcome of these claims and actions is not presently determinable; however, the opinion of the Company's management, after consulting legal counsel, the ultimate disposition of these matters is not expected to have a material adverse effect on the consolidated financial statements.

21. EARNINGS PER SHARE

Earnings per common share for the years ended December 31, 2023 and 2022, are presented in the following table:

	Year ended December 31, 2023	Year ended December 31, 2022
Net income	$ 1,900,505	$ 1,327,567
Shares outstanding for basic EPS:		
Average shares outstanding	2,218,511	2,212,323
Less: Average unearned ESOP shares	64,057	68,463
Shares outstanding for basic EPS	2,154,454	2,143,860
Additional dilutive shares	343	4,927
Shares outstanding for diluted EPS	2,154,797	2,148,787
Basic income per share	$ 0.88	$ 0.62
Diluted income per share	$ 0.88	$ 0.62

22. LEASES

The Company completed a comprehensive review and analysis of all its property contracts. As a result of this review, it was determined that the Company leases parking spaces which qualifies as an operating lease. Several assumptions and judgments were made when applying the requirements of Topic 842 to the Company's existing lease commitments, including the allocation of consideration in the contracts including determination of the lease term and determination of the discount rate used in calculating the present value of the lease payments. The lease did not include any nonlease components, such as common area maintenance charges, utilities, real estate taxes or insurance. Additionally, the lease did not include any renewal options as of December 31, 2023.

The discount rate utilized in calculating the present value of the remaining lease payments for each lease was the Federal Home Loan Bank of Pittsburgh advance rate corresponding to the remaining maturity of the lease. The following table presents the weighted-average lease term and discount rate for the leases outstanding at December 31, 2023.

Weighted-average remaining term (years)	2.58
Weighted-average discount rate	0.69%

The following table presents the undiscounted cash flows due to operating leases as of December 31, 2023, along with a reconciliation to the discounted amount recorded on the Consolidated Balance Sheets:

Undiscounted cash flows due:		Amount
2024	$	6,000
2025		6,000
2026		3,500
2027		-
2028 and thereafter		-
Total undiscounted cash flows		15,500
Discount on cash flows		(140)
Total lease liabilities	$	15,360

Under Topic 842, the lessee can elect to not record on the Consolidated Balance Sheets a lease whose term is 12 months or less and does not include a purchase option that the lessee is reasonably certain to exercise. As of December 31, 2023, the Company had 1 lease that had a remaining term of 31 months. The Company has recorded a right-of-use asset of $15,360 and a lease liability of $15,360 included with other assets and other liabilities, respectively, on the Consolidated Balance Sheet for December 31, 2023.

Rental expense under operating leases totaled $6,000 in each of 2023 and 2022.

23. REVENUE RECOGNITION

Due to the Company's adoption of ASC 606 on January 1, 2019, the Company conforms to the standard framework for recognizing revenue from contracts with customers. Interest income, net securities (losses) gains and bank-owned life insurance are not in scope of ASC 606. For the revenue streams within the scope of ASC 606, including service charges on deposits, electronic banking fees, mortgage banking income, and net gain or loss on sale of other real estate owned, there are no significant judgements related to the amount and timing of revenue recognition.

Service Charges on Deposits

There are monthly service charges for both commercial and personal banking customers, depending on their account types, which are earned over the month per the related fee schedule based on the customers' level of deposits. There are also transaction-based fees, which are earned based on specific transactions or customer activity within the customers' deposit accounts. These are earned at the time the transaction or customer activity occurs. The fees are debited from the customer account.

Electronic Banking Fees

Interchange fees are earned based on customer transactions. Revenue is recognized when the transaction is settled. The Company does not charge ATM fees.

Merchant Acquirer Sponsorship Fees

Sponsorship fees are earned based on sponsored merchant card transactions. Revenue is recognized when the transaction is settled.

Mortgage Banking Income

Income is earned when SSB Bank-originated loans are sold to investors on the secondary market. The investors offer pricing for loans at least daily. The Company makes commitments to deliver loans when pricing is acceptable. After a salable loan is consummated and delivery is committed, the loan is sold, loan documents are delivered to the investor, revenue is recognized, and the loans are derecognized from the Consolidated Balance Sheets. Typically this happens within days of consummation. Mortgage servicing rights are retained in most cases, and the value of the mortgage servicing rights is recognized as revenue at the time of the sale.

Net Gain or Loss on Sale of Other Real Estate Owned

Net gain or loss is recorded when other real estate is sold to a third party and the Company collects substantially all of the consideration to which the Company is entitled in exchange for the transfer of the property.

The following table summarized the point of revenue recognition and the income recognized for each of the revenue streams for the years ended December 31, 2023 and 2022:

		For the years ended December 31,	
Revenue Streams	**Point of revenue recognition**	**2023**	**2022**
Service charges on deposits	At a point in time & over time	$ 6,169	$ 14,865
Electronic banking fees	At a point in time	$ 148,653	$ 122,902
Mortgage banking income	At a point in time	$ 72,953	$ 223,335
Credit card processing fees	At a point in time	$ 1,345,019	$ 547,433
Net gain on sale of other real estate owned	At a point in time	$ 7,313	$ -

24. SSB BANCORP, INC. (PARENT COMPANY ONLY) FINANCIAL STATEMENTS

The following are the condensed balance sheets, statements of income, and statements of cash flows for the parent company:

Balance Sheets

	December 31, 2023	December 31, 2022
Assets		
Cash	$ 3,203,155	$ 3,220,663
Investment in wholly owned bank subsidiary	23,000,205	21,029,176
Investment in wholly owned non-bank subsidiary	945,110	-
Other assets	90,391	59,527
Total assets	$ 27,238,861	$ 24,309,366
Liabilities and stockholders' equity		
Other liabilities	$ 41,108	$ 41,553
Stockholders' equity	27,197,753	24,267,813
Total liabilities and stockholders' equity	$ 27,238,861	$ 24,309,366

Statement of Comprehensive Income

	Years Ended December 31, 2023	Years Ended December 31, 2022
Income		
Equity in undistributed income of subsidiary	$ 1,983,602	$ 1,405,323
Other income	48,107	24,619
Total income	2,031,709	1,429,942
Expenses		
Other expenses	162,067	128,545
Total expense	162,067	128,545
Income before income tax expense	1,869,642	1,301,397
Income tax benefit	(30,863)	(26,170)
Net income	$ 1,900,505	$ 1,327,567
Comprehensive income	$ 1,917,866	$ 1,008,142

24. SSB BANCORP, INC. (PARENT COMPANY ONLY) FINANCIAL STATEMENTS (Continued)

Statements of Cash Flows

	Years Ended December 31, 2023	2022
Cash flows from operating activities:		
Net income	$ 1,900,505	$ 1,327,567
Adjustments to reconcile net income to cash used in operating activities		
Equity in undistributed income of subsidiary	(1,983,602)	(1,405,323)
Stock compensation expense	63,220	63,220
Proceeds from release of ESOP shares	33,678	36,949
Other, net	(31,309)	(33,484)
Net cash used in operating activities	(17,508)	(11,071)
Net decrease in cash	(17,508)	(11,071)
Cash, beginning balance	3,220,663	3,231,734
Cash, ending balance	$ 3,203,155	$ 3,220,663

25. SUBSEQUENT EVENTS

The Company has assessed events occurring subsequent to December 31, 2023 through March 31, 2024, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to, or disclosure in, the consolidated financial statements which were available to be issued April 5, 2024.