Systematic Savings Bank

Annual Report

December 31, 2022

Systematic Savings Bank

Dear Shareholders,

We are pleased to present highlights from 2022.

Financial Highlights:

- Net Income of $207 thousand, an improvement over 2021 of $19 thousand, or 10.2%.
- Average Earning Assets increased $1 million, or 1.8%.
- Total Net Interest Income before provision increased $132 thousand, or 8.7%.

Balance Sheet Highlights:

- Total assets increased $5.5 million, or 10.9%.
- According to the December 31, 2022 Uniform Bank Performance Report (UBPR), the Bank's growth rate puts it in the 88th percentile of its peer group.
- Net loans increased $4.9 million, or 12.4%, year over year.
- Total deposits increased $2.4 million, or 5.9%.

Credit Quality Highlights:

- We needed to increased the Allowance for Loan Loss Reserve only $3 thousand. This is a result of two years with little to no charge offs.
- Non-performing assets continue to remain below industry norms, at $21 thousand at the end of 2021 and $18 thousand at the end of 2022.
- According to the December 31, 2022 UBPR, the Bank's peer group has a non performing asset ratio of 0.74%, putting Systematic at the 38th percentile compared to peer.

Annual Interesting Facts:

- Net Income of $207 thousand is our best year of earnings since 2005, when we had net income of $361 thousand.
- The Bank generated 72 loans totaling $19.2 million in 2022.
- After having no Business DDA before 2018, the Bank has grown to 84 business accounts totaling $1.8 million.

As we approach our 100th year, we are proud to be one of only six banks still locally owned in Greene County and one of five in Springfield. We are thrilled you have chosen to be part of our history and heritage. Since 1923, Systematic (Fidelity, at its inception) has been proud to be part of the Springfield community and looks forward to many more years here. We will continue to focus on a strong credit, low overhead model and look forward to deploying our liquidity in a prudent manner, and telling you all about our efforts for years to come.

2022 saw the Bank further refine its balance sheet, diversifying investments, as well as loan category concentrations. What takes the Bank to the next level are core deposits, with customers that are here because they like what we do and how we do it. Systematic has a full product range which belies its size. From Ag lending to Treasury Management, we have tools not generally found at a $50 million bank. At our core though, we focus on unmatched customer service, one customer at a time. We don't have a one size fits all product; we approach each customer uniquely. Our goal is to providing great deposit products and finding ways to put borrowers into the best loan structure to facilitate their goals. All banks will say they are nimble and flexible, we are one of only a few that has the size and staffing to truly be so.

2022 was an exceptional year, in every way, and during all that came the extraordinary list of achievements found on the prior page. These feats came from the hands of only eight full-time employees. With this solid foundation now in place, we look forward to reporting to you this group's future accomplishments as we look forward to the next 100 years.

Each of our employees look forward to hearing from you and finding ways that Systematic can facilitate your needs. We are pleased and proud you have chosen to invest in us and look forward to seeing each of our shareholders in the bank. Our continued success relies on core customers. If you have the confidence to invest in us, your banking relationship with us is what allows us to grow and add value to your investment.

Derek Fraley
Chairman and CEO
Systematic Savings Bank

SYSTEMATIC SAVINGS BANK
Selected Financial Data

The summary financial information presented below is derived in part from the financial statements of Systematic. The following is only a summary and you should read it in conjunction with the financial statements and notes beginning on page F-1. The information at December 31, 2022 and 2021 and for the years ended December 31, 2022 and 2021 is derived in part from the audited financial statements of the Savings Bank that appear in this Annual Report. The following information is only a summary and you should read it in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Financial Statements and notes thereto contained elsewhere in this Annual Report.

	At December 31,	
	2022	**2021**
Summary of Selected Balance Sheet Data:	**(Dollars in thousands)**	
Total assets	$ 56,317	$ 50,772
Cash and cash equivalents	3,320	2,688
Available for sale securities	6,561	3,340
Loans receivable, net	44,698	39,770
Premises and equipment, net	583	595
Prepaid expenses and other assets (1)	378	209
Deposits	42,715	40,335
FHLB advances	3,161	--
Total equity	9,967	10,317

(1) Includes accrued interest receivable, prepaid expenses, deferred tax asset, and other assets.

	Years Ended December 31,	
	2022	**2021**
	(In thousands)	
Selected Operating Data:		
Interest income	$ 2,253	$ 2,022
Interest expense	604	505
Net interest income	1,646	1,517
Provision for loan losses	3	49
Net interest income after provision for loan losses	1,646	1,468
Noninterest income	64	51
Noninterest expense	1,496	1,320
Income taxes	7	12
Net income	$ 207	$ 187

SYSTEMATIC SAVINGS BANK
Selected Financial Data

Selected Financial Ratios and Other Data:	At or For the Years Ended December 31,	
Performance Ratios:	**2022**	**2021**
Return on average assets (ratio of net income (loss) to average total assets)	0.38%	0.35%
Return on average equity (ratio of net income (loss) to average total equity)	2.03%	1.83%
Interest rate spread (1)	2.74%	2.61%
Net interest margin (2)	3.08%	2.88%
Efficiency ratio (3)	87.54%	86.86%
Average equity to average total assets	18.75%	19.23%
Asset Quality Ratios:		
Non-performing assets to total assets	0.03%	0.04%
Non-performing loans to total loans	0.04%	0.06%
Allowance for loan losses to nonperforming loans	2,323%	237%
Allowance for loan losses to total loans	0.93%	1.03%
Net charge-offs to average loans outstanding	N/A	0.10%
Capital Ratios:		
Total capital (to risk-weighted assets)	N/A	N/A
Tier 1 capital (to risk-weighted assets)	N/A	N/A
Common equity Tier 1 capital (to risk-weighted assets)	N/A	N/A
Tier 1 capital (to average assets)	18.14%	19.14%
Other Data:		
Number of offices	1	1
Full-time equivalent employees	9	9

(1) The interest rate spread represents the difference between the weighted-average yield on interest-earning assets and the weighted-average cost of interest-bearing liabilities for the year.
(2) The net interest margin represents net interest income as a percentage of average interest-earning assets for the year.
(3) The efficiency ratio represents noninterest expense divided by the sum of net interest income and noninterest income.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This section is intended to help potential investors understand our financial performance through a discussion of the factors affecting our financial condition at December 31, 2022 and 2021 and our results of operations for the years ended December 31, 2022 and 2021. This section should be read in conjunction with the financial statements and notes to the financial statements that appear elsewhere in this report.

Overview

Our profitability is highly dependent on our net interest income, which is the difference between our interest income on interest-earning assets, such as loans and securities, and our interest expense on interest-bearing liabilities, such as deposits and borrowed funds. Results are also influenced by our provision for loan losses, and noninterest income and noninterest expense. Noninterest expense consists primarily of employee compensation and benefits, occupancy expense, data processing and regulatory costs. Our principal business is accepting deposits from individuals and businesses in the communities surrounding our office and using such deposits to fund loans. We focus on providing our products and services to two segments of customers: individuals and small businesses.

We had net income of $187,000 for the year ended December 31, 2021 compared to net income of $207,000 for the year ended December 31, 2022, a $20,000 improvement compared to the prior year. In prior periods, our profitability suffered due primarily to our elevated level of noninterest expense. The two largest components of our noninterest expense are our equipment and data processing expense and our compensation and benefits expense, which were $162,000 and $783,000, respectively, for the year ended December 31, 2022 and $148,000 and $606,000, respectively, for the year ended December 31, 2021. Our noninterest expense was up slightly for the year ended December 31, 2022 increasing $176,000, or 13.3% compared to the prior year. We continually look for savings and efficiencies; however we may not be able to meaningfully reduce our noninterest expense as we have done in the past, due to our increasing costs of compliance with banking and other regulations and our high data processing fixed costs. Additionally, the increase in our average balance of interest-earning assets for the year ended December 31, 2022 contributed to our increase in net income. Our average balance of interest-earning assets increased $1.0 million to $53.6 million for the year ended December 31, 2022 from $52.7 million for the year ended December 31, 2021. Loans grew to 79.2% of average earning assets in 2022 from 74.6% of average earning assets during 2021. This was offset by a decrease in other interest earning assets falling from 21.5% of total earning assets for 2021 to 11.3% in 2022. The increase in the rate environment was the largest contributor to improved interest income. The ability to put cash to work in the bond market, added $118,000 in interest income, and the bond portfolio grew from 3.9% of earning assets in 2021 to 9.5% in 2022. Likewise, despite other interest earning assets declining $5.3 million from 2021 to 2022, the category still returned $58,000 more interest income in 2022 than in 2021.

Business Strategy

Our mission is to operate and grow a profitable, independent community-oriented bank serving primarily retail customers and small businesses in our market area. In pursuing our mission, our goal is to seek to improve our earnings, capital and results of operations. The following are key elements of our business strategy:

- improving our earnings by increasing the originations of one- to four-family real estate loans, commercial real estate loans, commercial business and consumer loans while maintaining our conservative loan underwriting;
- maintaining our strong asset quality by strengthening management and improving our policies for lending and problem assets;
- remaining a community-oriented bank with a continued emphasis on retail and small business customers in our market area; and
- increasing our deposit balances and deposit relationships to seek to provide lower cost and more stable funding sources.

Critical Accounting Policies

The discussion and analysis of the financial condition and results of operations are based on our financial statements, which are prepared in conformity with U.S. GAAP. The preparation of these financial statements requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of income and expenses. We consider the accounting policies discussed below to be critical accounting policies. The estimates and assumptions that we use are based on historical experience and various other factors and are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions, resulting in a change that could have a material impact on the carrying value of our assets and liabilities and our results of operations.

The JOBS Act contains provisions that, among other things, reduce certain reporting requirements for qualifying public companies. As an "emerging growth company" we may delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. We intend to take advantage of the benefits of this extended transition period. Accordingly, our financial statements may not be comparable to companies that comply with such new or revised accounting standards.

The following represent our critical accounting policies:

Allowance for Loan Losses. We consider the allowance for loan losses to be a critical accounting policy. The allowance for loan losses is the amount estimated by management as necessary to cover probable losses inherent in the loan portfolio at the statement of financial condition date. The allowance is established through the provision for loan losses, which is charged to operations. Determining the amount of the allowance for loan losses involves a high degree of judgment. Among the material estimates required to establish the allowance are: loss exposure at default; the amount and timing of future cash flows on impacted loans; value of collateral; and determination of loss factors to be applied to the various elements of the portfolio. All of these estimates are susceptible to significant change. Management reviews the level of the allowance at least quarterly and establishes the provision for loan losses based upon an evaluation of the portfolio, past loss experience, current economic conditions and other factors related to the collectability of the loan portfolio. Although we believe that we use the best information available to establish the allowance for loan losses, future adjustments to the allowance may be necessary if economic conditions differ substantially from the assumptions used in making the evaluation. In addition, the FDIC and Missouri Division of Finance, as an integral part of their examination process, periodically review our allowance for loan losses. Such agencies may require us to recognize adjustments to the allowance based on their judgment about information available to it at the time of their examinations. A large loss could deplete the allowance and require increased provisions to replenish the allowance, which would adversely affect results of operations. See Note 1 of the Notes to Financial Statements included in this filing.

Income Taxes. Income taxes are provided for the tax effects of certain transactions reported in the financial statements. Income taxes consist of taxes currently due plus deferred taxes related primarily to temporary differences between the financial reporting and income tax basis of the allowance for loan losses, premises and equipment, operating losses, and deferred loan origination costs. The deferred tax assets and liabilities represent the future tax return consequences of the temporary differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion of the deferred tax assets will not be realized. Deferred tax assets and liabilities are reflected at income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. See Note 1 of the Notes to Financial Statements included in this report.

Estimation of Fair Values. Securities classified as available for sale are reported at fair value, with unrealized gains and losses excluded from operations and reported as a separate component of equity. The Bank does not purchase securities for trading purposes. The cost of securities sold is determined by specific identification. Declines in fair value of securities available for sale that are deemed to be other-than-temporary are charged to operations as a realized loss. In estimating other-than- temporary impairment losses, management of the Bank considers the length of time and the extent to which the fair value has been less than cost, the financial condition and near-term prospects of the issuer, the Bank's intent to sell the security or whether it is more likely than not that it will be required to sell the security before the anticipated recovery of its remaining amortized cost basis and evaluation of cash flows to determine if the securities have been adversely affected. See Notes 1 and 2 of the Notes to the Financial Statements included in this report.

Comparison of Financial Condition at December 31, 2022 and December 31, 2021

Summary of Selected Statement of Financial Condition Data:	**At 12/31/2022**	**At 12/31/2021**	**Increase (Decrease)**	**% Change**
	(Dollars in thousands)			
Total assets	$ 56,317	$ 50,772	$ 5,545	10.9%
Cash and cash equivalents	3,320	2,688	632	23.5%
Available for sale securities	6,561	3,340	3,221	96.4%
Loans receivable, net	44,698	39,770	4,928	12.4%
Premises and equipment, net	583	595	(12)	(2.0%)
Deposits	42,715	40,335	2,380	5.9%
FHLB advances	3,161	--	3,161	N/A
Total equity	9,967	10,317	(350)	(3.4%)

Total Assets. Total assets increased $5.5 million or 10.9%, to $56.3 million at December 31, 2022 from $50.8 million at December 31, 2021. The increase in total assets was due primarily to increases in loans receivable.

Loans Receivable, Net. Net loans increased $4.9 million, or 12.4%, to $44.7 million at December 31, 2022 from $39.8 million at December 31, 2021. The loan growth during the year was largely organic and spread among several loan categories. For the year ended December 31, 2022, commercial real estate loans increased $7.4 million (78.0)%, commercial business loans increased $730,000 (19.8)%, and agriculture real estate loans increased $274,000 (11.4)%. Meanwhile, residential real estate decreased $3.5 million (14.3)% and consumer loans declined $49,000 (21.7)%. The Bank continues to focus its lending efforts in commercial, owner occupied real estate.

Securities. At December 31, 2022 and 2021, all our securities were classified as available for sale. At December 31, 2022, the securities portfolio included primarily corporate bonds and taxable municipal bonds, with a small balance of mortgage-backed securities ("MBS"). As a result of the elevated rate environment in 2022, relative to recent years, management put more of its investment securities in bonds. There were increases in all categories of securities, as on an amortized cost basis, Corporate Bonds increased $1.2 million (49.8)%, Taxable Municipal Bonds increased $467,000 (80.0)%, and Mortgage Backed Securities increased $2.1 million (718.1)%. These increases were supported by a decline in Time Deposits in Other Institutions of $3.4 million (85.2)%.

Cash and Cash Equivalents. Cash and cash equivalents increased $632,000, or 23.5%, to $3.3 million at December 31, 2022 from $2.7 million at December 31, 2021. The primary reason for the increase in cash and cash equivalents was a $2.6 million decrease in interest bearing time deposits as well as an increase in Deposits of $2.4 million.

Prepaid Expenses and Oher Assets. Other assets increased $169,000 primarily due to an increase in FHLB stock.

Deposits. Deposits increased $2.4 million, or 5.9%, to $42.7 million at December 31, 2022 from $40.3 million at December 31, 2021. Certificates of deposit increased $4.1 million (23.3)% as the Bank issued more brokered and internet deposits. Savings accounts were also up $301,000 (199.2)%. These were offset by a decrease in money market accounts of $2.0 million (11.2)%.

Advances from FHLB of Des Moines. FHLB advances were $3.2 million at December 31, 2022, while there were no advances at December 31, 2021.

Equity. Despite net income of $207,000, total equity declined $350,000 to $10.0 million at December 31, 2022 from $10.3 million December 31, 2021. This decrease was due to mark to market declines in the bond portfolio, as Accumulated Other Comprehensive Income (AOCI) declined $557,000 from December 31, 2021 to December 31, 2022. AOCI is the unrealized market value losses on the securities portfolio, and does not represent a financial loss, unless the Bank were to sell the securities. The reason for this decline was the rapidly changing interest rate environment in 2022.

Comparison of Operating Results for the Years Ended December 31, 2022 and 2021

General. We had net income of $207,000 for the year ended December 31, 2022, compared to net income of $187,000 for the year ended December 31, 2021. Our increase in net income during the year ended December 31, 2022 compared to the comparable period in 2021 was primarily the result of an increase in interest income partially offset by an increase in interest expense.

	For the Years ended			
	12/31/2022	**12/31/2021**	**Increase (Decrease)**	**% Change**
Summary of Operations:	**(Dollars in thousands)**			
Interest income:	$ 2,253	$ 2,022	$ 231	11.4%
Interest expense	604	505	99	19.6%
Net interest income	1,649	1,517	132	8.7%
Provision for loan losses	3	49	(46)	(93.9%)
Net interest income after provision for loan losses	1,646	1,468	178	12.1%
Noninterest income	64	51	13	25.5%
Noninterest expense	1,496	1,320	176	13.3%
Income taxes	7	12	(5)	(41.7%)
Net income	$ 207	$ 187	$ 20	10.7%

Interest Income. Interest income increased $231,000, or 11.4%, to $2.3 million for the year ended December 31, 2022 from $2.0 million for the year ended December 31, 2021. The increase in interest income resulted from an increase in average earning assets, primarily loans. The average balance of interest-earning assets increased from $52.7 million for 2021 to $53.6 million for 2022. Interest income was bolstered by a 36 basis point increase in the average yield on interest earning assets from 3.84% for 2021 to 4.20% for the year ended December 31, 2022. This was brought about by an increase of the Fed Funds rate by the Federal Reserve's Federal Open Market Committee (FOMC) over the course of 2022.

Interest income on investments increased $119,000, or 188.9% during fiscal year 2022 as compared to the same period in 2021. The average balance of securities increased to $5.1 million for 2022 from $2.1 million for 2021. The average yield on investments increased during the same period, from 3.00% for 2021 to 3.54% for 2022 due to the purchase of higher yielding bonds. Interest on other earning assets increased $58,000 (170.6)% during this period.

Interest income on loans increased $54,000, however, this number is artificially compressed because the Bank experienced income of $286,000 in loan fees, which flow into interest income, from Paycheck Protection (PPP) Loans in 2021. These loans had all been forgiven by December 31, 2021. As such, the Bank experienced no such fee income in 2022.

Interest Expense. Interest expense increased $99,000 (19.6)% from $505,000 in 2021 to $605,000 in 2022. The cost of interest bearing liabilities increased 23 basis points, from 1.23% in 2021 to 1.46% in 2022. Interest expense on deposits increased $73,000, or 14.6%, between these periods. Average interest-bearing deposits declined $220,000 and the average cost of deposits increased 20 basis points from 1.23% to 1.43%.

The average balance of FHLB of Des Moines advances increased to $885,000 for the year ended December 31, 2022 from $308,000 for the same period of 2021.

Net Interest Income. Net interest income increased $132,000, or 8.4%, during the year 2022 compared to the same period in 2021. The increase in net interest income was mostly attributable to an increase in the investment portfolio, funded by declines in cash balances.

The net interest rate spread increased to 2.74% for 2022 from 2.61% for 2021 as the average yield on average interest-earning assets increased by 36 basis points and the average cost of average interest bearing liabilities increased 23 basis points.

Provision for Loan Losses. There was a $3,000 provision for loan losses in 2022 compared to a $49,000 for 2021.

	Years Ended		Increase	
	12/31/2022	**12/31/2021**	**(Decrease)**	**% Change**
Summary of Noninterest Income:	**Dollars in thousands**			
FHLB dividends	$ 1	$ 2	$ (1)	(50.0)%
Loan referral premiums	18	6	12	200.0%
Interchange income	19	14	5	35.7%
Service charges and fees	15	15	--	--%
Other	11	15	(4)	(26.7)%
Total noninterest income	$ 64	$ 52	$ 12	23.1%

Noninterest Income. Noninterest income increased $12,000, or 23.1% to $64,000 for the year ended December 31, 2022 from $52,000 for the year ended December 31, 2021. The increase is due primarily to increases in service loan referral income compared to the year ended December 31, 2021.

	Years Ended		Increase	
	12/31/2022	**12/31/2021**	**(Decrease)**	**% Change**
Summary of Noninterest Expense:	**Dollars in thousands**			
Compensation and benefits	$ 783	$ 606	177	29.2%
Occupancy expense	90	93	(3)	(3.2)%
Equipment and data processing	162	148	14	9.5%
FDIC premium expense	46	8	38	475.0%
Professional and regulatory fees	125	135	(10)	(7.4)%
Insurance expense	29	41	(12)	(29.3)%
Other	261	289	(28)	(9.7)%
Total noninterest expense	$ 1,496	$ 1,320	176	13.3%

Noninterest Expense. Noninterest expense increased $176,000, or 13.3%, to $1.5 million for the year ended December 31, 2022 from $1.3 million for the year ended December 31, 2021 due to increases in compensation and benefits.

Compensation and benefits increased $177,000, or 29.2%, to $783,000 for the year ended December 31, 2022 from $606,000 for the year ended December 31, 2021. This was primarily due to merit increases and higher bonuses paid in 2022. Equipment and Data processing increased $14,000, or 9.5%, to $162,000 for the year ended December 31, 2022, compared to $148,000 for the year ended December 31, 2021.

Average Balances and Yields

The following table sets forth average balance sheets, average yields and costs, and certain other information at and for the years indicated. No tax-equivalent yield adjustments were made, as the effect thereof was not material. All average balances are daily average balances. Non-accrual loans were included in the computation of average balances, but have been reflected in the table as loans carrying a zero yield. The yields set forth below include the effect of deferred fees, discounts and premiums that are amortized or accreted to interest income or interest expense.

	For the Years Ended December 31,					
	2022			2021		
	Average Outstanding Balance	Interest	Yield/ Rate	Average Outstanding Balance	Interest	Yield/ Rate
Interest-earning assets:			Dollars in Thousands			
Loans receivable	$ 42,457	$ 1,980	4.66%	$ 39,294	$ 1,926	4.90%
Securities, taxable	5,106	181	3.54%	2,065	62	3.00%
Securities, non-taxable	--	--		--	--	
Other interest-earning assets	6,044	92	1.52%	11,296	34	0.30%
Total interest-earning assets	53,607	$ 2,253	4.20%	52,655	$ 2,022	3.84%
Noninterest-earning assets	604			481		
Total assets	$ 54,211			$ 53,136		
Interest-bearing liabilities:						
Checking and MMDA accounts	21,467	277	1.29%	20,320	201	0.99%
Savings accounts	309	--	0.00%	140	--	0.00%
Certificates of deposit	18,702	296	1.60%	20,238	299	1.48%
Total deposits	40,478	573	1.43%	40,698	500	1.23%
Advances from FHLB of Des Moines	885	32	3.62%	308	5	1.62%
Total interest-bearing liabilities	$ 41,363	$ 605	1.46%	$ 41,006	$ 505	1.23%
Noninterest-bearing checking deposits	2,483			1,691		
Noninterest-bearing liabilities	199			221		
Equity	10,166			10,218		
Total liabilities and equity	$ 54,211			$ 53,136		
Net interest income		$ 1,649			$ 1,517	
Net interest rate spread(1)			2.74%			2.61%
Net interest-earning assets (2)	$ 12,244			$ 11,649		
Net interest margin (3)			3.08%			2.88%
Average of interest earning assets to interest-bearing liabilities.	129.6%			128.4%		

(1) Represents the difference between the weighted average yield on average interest-earning assets and the weighted average cost of average interest-bearing liabilities.
(2) Net interest-earning assets represents total interest-earning assets less total interest-bearing liabilities.
(3) Net interest margin represents net interest income divided by total interest-earning assets.

Rate/Volume Analysis

The following table presents the effects of changing rates and volumes on our net interest income for the years indicated. The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). The volume column shows the effects attributable to changes in volume (changes in volume multiplied by prior rate). The total column represents the sum of the prior columns. For purposes of this table, changes attributable to both rate and volume, which cannot be segregated, have been allocated to the changes due to rate and the changes due to volume in proportion to the absolute dollar change in each.

	For Years Ended December 31 2022 vs 2021		
	Increase (Decrease) Due to		Total Increase
	Volume	Rate	(Decrease)
Interest-earning assets		(In thousands)	
Loans receivable	$ 149	$ (95)	$ 54
Securities, taxable	98	21	119
Securities, non-taxable			
Other interest-earning assets	(14)	72	58
Total interest-earning assets	233	-2	231
Interest-bearing liabilities:			
Checking and MMDA accounts	13	63	76
Savings accounts		--	--
Certificates of deposit	(20)	17	(3)
Total deposits	(7)	80	73
Advances from FHLB of Des Moines	9	17	26
Total interest-bearing liabilities	2	97	99
Change in net interest income	$ 231	$ (99)	$ 132

Management of Market Risk

General. The majority of our assets and liabilities are monetary in nature. Consequently, our most significant form of market risk is interest rate risk. Our assets, consisting primarily of one- to four-family residential real estate loans, have longer maturities than our liabilities, consisting primarily of deposits. As a result, a principal part of our business strategy is to manage the impact of changes in market interest rates on net interest income and capital. We have an Asset/Liability Committee, which is comprised of the management team and a member of the Board of Directors and is responsible for evaluating the interest rate risk inherent in our assets and liabilities, for determining the level of risk that is appropriate, given our business strategy, operating environment, capital, liquidity and performance objectives, and for managing this risk consistent with the guidelines approved by the board of directors. The Committee establishes and monitors the volume, maturities, pricing and mix of assets and funding sources with the objective of managing assets and funding sources to provide results that are consistent with liquidity, growth, risk limits and profitability goals.

Economic Value of Equity Analysis. We analyze the sensitivity of our financial condition to changes in interest rates through our economic value of equity model. This analysis measures the difference between predicted changes in the fair value of our assets and predicted changes in the present value of our liabilities assuming various changes in current interest rates. The table below represents an analysis of our interest rate risk as measured by the estimated changes in our economic value of equity, resulting from an instantaneous and sustained parallel shift in the yield curve (+100, +200 and +300 basis points and -100, -200 and -300 basis points) at December 31, 2022.

Change in Interest Rates (basis points) (1)	Estimated EVE (2)	Estimated Increase (Decrease) in EVE Amount (Dollars In thousands)	Estimated Increase (Decrease) in EVE Percent	EVE as a Percentage of Present Value of Assets (3) EVE Ratio (4)	EVE as a Percentage of Present Value of Assets (3) Increase (Decrease)
+ 300 bp	$ 9,251	$ (2,545)	(21.6)%	18.7%	(3.0)%
+ 200 bp	10,050	(1,747)	(14.8)%	19.7%	(2.1)%
+ 100 bp	10,784	(1,013)	(8.6)%	20.5%	(1.2)%
NC	11,797	--	--%	21.8%	0.0%
- 100 bp	12,754	957	8.1%	22.8%	1.1%
- 200 bp	13,381	1,584	13.4%	23.3%	1.5%
- 300 bp	13,863	2,066	17.5%	23.4%	1.6%

(1) Assumes an instantaneous uniform change in interest rates at all maturities.
(2) EVE is the discounted present value of expected cash flows from assets, liabilities and off-balance sheet contracts.
(3) Present value of assets represents the discounted value of incoming cash flows on interest-earning assets.
(4) EVE ratio represents EVE divided by the present value of assets.

The table above indicates that at December 31, 2022, in the event of a 100 basis point decrease in interest rates, we would experience an 8.1% increase in our economic value of equity. In the event of a 200 basis point increase in interest rates, we would experience a decrease of 14.8% in economic value of equity.

The preceding economic value of equity simulation analysis does not represent a forecast of actual results and should not be relied upon as being indicative of expected operating capital. These hypothetical estimates are based upon numerous assumptions, which are subject to change, including: the nature and timing of interest rate levels including the yield curve shape, prepayments on loans and securities, deposit decay rates, pricing decisions on loans and deposits, reinvestment/replacement of asset and liability cash flows, and others. Also, as market conditions vary, prepayment/refinancing levels, the varying impact of interest rate changes on caps and floors embedded in adjustable-rate loans, early withdrawal of deposits, changes in product preferences, and other internal/external variables will likely deviate from those assumed.

Liquidity and Capital Resources

Liquidity Management. Liquidity describes our ability to meet the financial obligations that arise in the ordinary course of business. Liquidity is primarily needed to meet the borrowing and deposit withdrawal requirements of our customers and to fund current and planned expenditures. Our primary sources of funds are deposits, principal and interest payments on loans and securities, and proceeds from sales, maturities and calls of securities. We also have the ability to borrow from the FHLB of Des Moines and Midwest Independent Bank. As of December 31, 2022, Systematic had $3.2 million in FHLB of Des Moines advances and no borrowings from Midwest Independent Bank. At December 31, 2022, Systematic had unused borrowing capacity from the FHLB of Des Moines and Midwest Independent Bank of $7.7 million and $5.0 million, respectively.

The board of directors is responsible for establishing and monitoring our liquidity targets and strategies in order to ensure that sufficient liquidity exists for meeting the borrowing needs and deposit withdrawals of our customers as well as unanticipated contingencies. We believe that we have enough sources of liquidity to satisfy our short- and long-term liquidity needs as of December 31, 2022.

We monitor and adjust our investments in liquid assets based upon our assessment of: (1) expected loan demand; (2) expected deposit flows; (3) yields available on interest-earning deposits and securities; and (4) the objectives of our asset/liability management program. Excess liquid assets are invested generally in interest-earning deposits and short-and intermediate-term securities.

While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit flows and loan prepayments are greatly influenced by general interest rates, economic conditions, and competition. Our most liquid assets are cash and cash equivalents, which include federal funds sold and interest-bearing deposits in other banks. The levels of these assets are dependent on our operating, financing, lending and investing activities during any given period. At December 31, 2022, cash and cash equivalents totaled $3.3 million. Securities classified as available-for-sale, which provide additional sources of liquidity, totaled $6.6 million at December 31, 2022.

We are committed to maintaining a strong liquidity position and monitor our liquidity position on a daily basis. We anticipate that we will have sufficient funds to meet our current funding commitments. Certificates of deposit due within one year of December 31, 2022, totaled $8.1 million, or 19.0%, of total deposits. If these deposits do not remain with us, we will be required to seek other sources of funds, such as other deposits and FHLB of Des Moines advances. Depending on market conditions, we may be required to pay higher rates on such deposits or borrowings than we currently pay. We believe, however, based on past experience that a significant portion of such deposits will remain with us. We have the ability to attract and retain deposits by adjusting the interest rates offered.

Capital Management. Systematic is subject to various regulatory capital requirements, including a risk-based capital measure. The risk-based capital guidelines include both a definition of capital and a framework for calculating risk-weighted assets by assigning balance sheet assets and off- balance sheet items to broad risk categories. See "Supervision and Regulation—Federal Banking Regulation—Capital Requirements" and Note 9 of the Notes to Financial Statements.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

Commitments. As a financial services provider, we from time-to-time are a party to various financial instruments with off-balance-sheet risks, such as unused lines of credit. While these contractual obligations represent our future cash requirements, a significant portion of commitments to extend credit may expire without being drawn upon. Such commitments are subject to the same credit policies and approval process accorded to loans we make. At December 31, 2022 and December 31, 2021, we had no outstanding commitments to originate loans because we do not make loan commitments. At December 31, 2022 and December 31, 2021, we had approximately $7.3 million and $3.3 million, respectively of unused lines of credit for customers.

Contractual Obligations. In the ordinary course of our operations, we enter into certain contractual obligations. Such obligations include data processing services, operating leases for equipment, agreements with respect to borrowed funds and deposit liabilities.

Recent Accounting Pronouncements

Please refer to Note 1 to the Notes to Financial Statements for the years ended December 31, 2022 and 2021 beginning on page F-1 for a description of recent accounting pronouncements that may affect our financial condition and results of operations.

Impact of Inflation and Changing Prices

The financial statements and related data presented herein have been prepared in accordance with generally accepted accounting principles in the United States of America, which require the measurement of financial position and operating results in terms of historical dollars without considering changes in the relative purchasing power of money over time due to inflation. The primary impact of inflation on our operations is reflected in increased operating costs. Unlike most industrial companies, virtually all of the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates generally have a more significant impact on a financial institution's performance than does inflation. Interest rates do not necessarily move in the same direction or to the same extent as the prices of goods and services.

Systematic Savings Bank
December 31, 2022 and 2021

Contents

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Report of Independent Registered Public Accounting Firm

To the Stockholders, Board of Directors, and Audit Committee
Systematic Savings Bank
Springfield, Missouri

Opinion on the Financial Statements

We have audited the accompanying statements of financial condition of Systematic Savings Bank (the "Bank") as of December 31, 2022 and 2021, the related statements of income, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bank as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on the Bank's financial statements based on our audits.

We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Bank in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Bank is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

FORVIS, LLP

FORVIS, LLP (Formerly BKD, LLP)

We have served as the Bank's auditor since 1968.

Springfield, Missouri
March 16, 2023

Systematic Savings Bank
Statements of Financial Condition
December 31, 2022 and 2021

	12/31/2022	12/31/2021
Assets		
Cash and due from banks	$ 3,320,110	$ 695,095
Federal funds sold	-	1,993,000
Cash and cash equivalents	3,320,110	2,688,095
Interest-bearing time deposits	590,000	3,995,000
Available-for-sale securities	6,561,431	3,340,080
Loans receivable, net of allowance for loan losses of $418,112 at December 31, 2022, and $415,612 at December 31, 2021	44,697,995	39,769,774
Interest receivable	187,083	175,066
Prepaid expenses and other assets	377,641	208,758
Premises and equipment, net	582,992	594,810
	$ 56,317,252	$ 50,771,583
Liabilities and Stockholders' Equity		
Liabilities		
Deposits	$ 42,714,845	$ 40,335,211
Advances from borrowers for taxes and insurance	17,443	27,099
Federal funds purchased	360,000	-
FHLB advances	3,161,360	-
Accrued expenses and other liabilities	96,926	91,917
Total liabilities	$ 46,350,573	$ 40,454,227
Stockholders' equity		
Common stock, $.01 par value		
Authorized - 10,000,000 shares		
Issued and outstanding, 595,125 shares	$ 5,951	$ 5,951
Additional paid-in capital	5,068,688	5,068,688
Retained earnings	5,435,301	5,228,747
Accumulated other comprehensive income (loss)	(543,261)	13,970
Total stockholders' equity	9,966,679	10,317,356
Total liabilities and stockholders' equity	$ 56,317,252	$ 50,771,583

See Notes to Financial Statements

Systematic Savings Bank

Statements of Income

Years Ended December 31, 2022 and 2021

	Years ended 12/31/2022	12/31/2021
Interest income		
Loans	$ 1,980,380	$ 1,925,513
Investments	180,566	62,503
Deposits with financial institutions and other	92,199	33,613
	2,253,145	2,021,629
Interest expense		
Checking accounts	276,521	201,175
Savings accounts	340	162
Certificate accounts	296,104	298,533
FHLB borrowings	31,583	4,947
	604,549	504,817
Net interest income	1,648,596	1,516,812
Provision for loan losses	2,500	49,000
Net interest income after provision for loan losses	1,646,096	1,467,812
Noninterest income	63,748	51,585
Noninterest expense		
Salaries and benefits	783,009	605,597
Net occupancy expense	90,094	93,406
Professional fees	124,616	134,828
Other	498,146	486,143
	1,495,865	1,319,974
Net income before income taxes	213,979	199,423
Income tax expense	7,425	11,951
Net income	$ 206,554	$ 187,472
Net income per share - basic	$ 0.35	$ 0.32

See Notes to Financial Statements

Systematic Savings Bank

Statements of Comprehensive Income (Loss)

Years Ended December 31, 2022 and 2021

	Years ended 12/31/2022	Years ended 12/31/2021
Net income	$ 206,554	$ 187,472
Other comprehensive income (loss)		
Unrealized holding gain (loss) on available-for-sale securities	(557,231)	(20,675)
Other comprehensive income (loss)	(557,231)	(20,675)
Comprehensive income (loss)	$ (350,677)	$ 166,797

See Notes to Financial Statements

Systematic Savings Bank

Statements of Stockholders' Equity
Years Ended December 31, 2022 and 2021

	Common stock					
	Number of shares	Par value	Additional paid-in-capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, January 1, 2021	595,125	$ 5,951	$ 5,068,688	$ 5,041,275	$ 34,645	$ 10,150,559
Net income	-	-	-	187,472	-	187,472
Other comprehensive income	-	-	-	-	(20,675)	(20,675)
Balance, December 31, 2021	595,125	5,951	5,068,688	5,228,747	13,970	10,317,356
Net income	-	-	-	206,554	-	206,554
Other comprehensive income (loss)	-	-	-	-	(557,231)	(557,231)
Balance, December 31, 2022	595,125	$ 5,951	$ 5,068,688	$ 5,435,301	$ (543,261)	$ 9,966,679

See Notes to Financial Statements

Systematic Savings Bank

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	Years ended 12/31/2022	12/31/2021
Operating activities		
Net income	$ 206,554	$ 187,472
Items not requiring (providing) cash		
Depreciation	28,250	34,843
Provision for loan losses	2,500	49,000
Amortization of premiums and discounts on mortgage-backed and investment securities	18,114	25,383
Changes in		
Interest receivable	(12,017)	(23,481)
Prepaid expenses and other assets	(30,283)	(59,747)
Interest payable	23,375	2,882
Accounts payable and accrued expenses	(18,366)	3,176
Net cash provided by operating activities	218,127	219,528
Investing activities		
Net change in loans	(4,930,721)	(2,358,587)
Net change in interest-bearing time deposits	3,405,000	(2,695,000)
Purchases of available-for-sale securities	(4,191,281)	(2,546,982)
Principal paydowns on mortgage-backed securities	394,586	658,847
Proceeds from maturities and calls	-	500,000
Purchase of premises and equipment	(16,432)	(34,610)
Redemption (purchase) of Federal Home Loan Bank stock	(138,600)	400
Net cash used in investing activities	(5,477,449)	(6,475,932)
Financing activities		
Increase in federal funds purchased	360,000	-
Increase (decrease) in checking and savings accounts	(1,697,588)	3,284,717
Increase (decrease) in certificates of deposit	4,077,222	(3,614,018)
Increase (decrease) in FLHB borrowings	3,161,360	(422,500)
Decrease in advances from borrowers for taxes and insurance	(9,657)	(2,343)
Net cash provided by (used in) financing activities	5,891,337	(754,144)
Increase (decrease) in cash and cash equivalents	632,015	(7,010,548)
Cash and cash equivalents, beginning of year	2,688,095	9,698,643
Cash and cash equivalents, end of year	$ 3,320,110	$ 2,688,095
Supplemental cash flows information		
Interest paid	$ 581,174	$ 507,699
Income taxes paid	$ 6,191	$ 3,151

See Notes to Financial Statements

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Systematic Savings Bank (the "Bank") is a Missouri-chartered stock savings and loan association. The Bank is engaged in providing financial services to customers primarily in Greene and Christian counties in Missouri. The Bank is subject to competition from other financial institutions. The Bank is subject to the regulation of certain federal and state agencies and undergoes periodic examinations by those regulatory authorities.

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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for loan losses and valuation of real estate acquired in connection with foreclosures or in satisfaction of loans. In connection with the determination of the allowance for loan losses and valuation of foreclosed assets held for sale, management obtains independent appraisals for significant properties.

Cash and Cash Equivalents

The Bank considers all liquid investments with original maturities of three months or less to be cash equivalents. Cash equivalents consist of certain interest-bearing deposits in other financial institutions and federal funds sold.

At December 31, 2022 and 2021, the Bank's cash accounts exceeded federally insured limits by approximately $2,800,000 and $250,000, respectively.

Interest-Bearing Time Deposits in Banks

Interest-bearing deposits in banks mature within approximately one year and are carried at cost.

Securities

Certain debt securities that management has the positive intent and ability to hold to maturity may be classified as "held to maturity" and recorded at amortized cost. Securities not classified as held to maturity are classified as "available for sale" and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income (loss). Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are determined using the specific identification method.

The Bank routinely conducts periodic reviews to identify and evaluate each investment security to determine whether an other-than-temporary impairment has occurred. For debt securities with fair value below amortized cost when the Bank does not intend to sell a debt security, and it is more likely than not the Bank will not have to sell the security before recovery of its cost basis, it recognizes the credit component of an other-than-temporary impairment of a debt security in earnings and the remaining portion in other comprehensive income (loss).

Federal Home Loan Bank Stock

Federal Home Loan Bank (FHLB) stock is a required investment for institutions that are members of the Federal Home Loan Bank system. The required investment in the common stock is based on a predetermined formula, carried at cost and evaluated for impairment. The Bank's total investment amounted to $200,300 and $61,700 at December 31, 2022 and 2021, respectively, and is included in prepaid expenses and other assets on the statements of financial condition. As a member, the Bank has the ability to borrow from the FHLB, which is secured by outstanding loans.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding principal balances adjusted for any charge-offs, the allowance for loan losses and any deferred fees or costs on originated loans.

For loans amortized at cost, interest income is accrued based on the unpaid principal balance. The accrual of interest on loans is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off are reversed against interest income. The interest on these loans is accounted for on the cash basis or cost recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows or collateral value of the impaired loan is lower than the carrying value of that loan. The general component covers nonclassified loans and is based on historical charge-off experience and expected loss given default derived from the Bank's internal risk rating process. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data.

A loan is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, or the fair value of the collateral if the loan is collateral dependent.

Premises and Equipment

Depreciable assets are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful lives of the assets.

Foreclosed Assets Held for Sale

Assets acquired through loan foreclosure are held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net income or expense from foreclosed assets.

Income Taxes

The Bank accounts for income taxes in accordance with income tax accounting guidance (ASC 740, *Income Taxes*). The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Bank determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Tax positions are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the terms examined and upon examination also include a resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to management's judgment.

The Bank files its income tax returns on a calendar year basis. With a few exceptions, the Bank is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2019.

The Bank recognizes interest and penalties on income taxes as a component of income tax expense.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss), net of applicable income taxes. Other comprehensive income (loss) includes unrealized appreciation (depreciation) on available-for-sale securities.

New Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. Improvement updates to the proposed standard have been issued in November 2018 (Update 2018-19), April 2019 (Update 2019-04) and May 2019 (Update 2019-05) that provided additional guidance on this Topic. During the third quarter of 2019, the implementation for this standard was delayed for institutions like the Bank deemed as "smaller reporting companies" based on criteria that measured the size of public float and revenue tests until 2023. Currently, the amendments in this ASU require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The adoption of the current expected credit losses ("CECL") model during the first quarter of 2023 requires the Bank to recognize a one-time cumulative adjustment to allowance for loan losses and a liability for potential losses related to the unfunded portion of the Bank's loans and commitments in order to fully transition from the incurred loss model to the CECL model. Upon initial adoption, the Bank increased the balance of its allowance for credit losses by approximately $27,000 and created a liability for potential losses related to the unfunded portion of its loans and commitments of approximately $66,000.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." ASU 2016-02 establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02 was effective for the Bank in 2022, including interim periods within that year. However, the Bank did not have any leases so there was no impact to the financial statements.

Note 2: Investment Securities

The amortized cost of investment securities available-for-sale and their approximate fair values are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				
December 31, 2022				
Corporate bonds	$ 3,649,416	$ -	$ 271,186	$ 3,378,230
Municipal securities	1,065,884	-	168,928	896,956
Government sponsored mortgage-backed securities	2,389,392	-	103,147	2,286,245
	$ 7,104,692	$ -	$ 543,261	$ 6,561,431
December 31, 2021				
Corporate bonds	$ 2,435,494	$ 28,652	$ 21,594	$ 2,442,552
Municipal securities	598,538	1,170	$ -	599,708
Government sponsored mortgage-backed securities	292,078	5,742	-	297,820
	$ 3,326,110	$ 35,564	$ 21,594	$ 3,340,080

Certain investments in debt securities are reported in the financial statements at an amount less than their historical costs. Total fair value of these investments at December 31, 2022 was $6,561,432, which is 100% of the Bank's available-for-sale portfolio. Total fair value of these investments at December 31, 2021 was $1,918,127, which is approximately 57% of the Bank's available-for-sale portfolio. These declines primarily resulted from changes in market interest rates.

Based on evaluation of available evidence, including recent changes in market interest rates, credit rating information and information obtained from regulatory filings, management believes the declines in fair value for these securities are temporary.

Should the impairment of any of these securities become other than temporary, the cost basis of the investment will be reduced, and the resulting loss recognized in net income in the period the other-than-temporary impairment is identified.

The amortized cost and estimated fair value of debt securities available-for-sale at December 31, 2022 are listed by maturity category in the following table. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are presented separately.

	Available-for-Sale	
	Amortized Cost	Fair Value
December 31, 2022		
Within one year	$ -	$ -
One to five years	1,712,791	1,649,508
Five to ten years	2,404,331	2,178,315
After ten years	598,178	447,363
Government sponsored mortgage-backed securities	2,389,392	2,286,245
Totals	$ 7,104,692	$ 6,561,431

The following tables show the Bank'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 at December 31, 2022 and 2021:

	12/31/2022			
	Less than 12 Months		12 Months or More	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate bonds	$ 3,378,231	$ 271,186	$ -	$ -
Municipal securities	896,956	168,928	-	-
Government sponsored mortgage-backed securities	2,286,245	103,147	-	-
Total temporarily impaired securities	$ 6,561,432	$ 543,261	$ -	$ -

	12/31/2021			
	Less than 12 Months		12 Months or More	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Government sponsored mortgage-backed securities	$ 1,918,127	$ 21,594	$ -	$ -
Total temporarily impaired securities	$ 1,918,127	$ 21,594	$ -	$ -

Note 3: Loans and Allowance for Loan Losses

Classes of loans at December 31, 2022 and 2021, include:

	12/31/2022	12/31/2021
Residential real estate	$ 20,890,157	$ 24,378,131
Commercial real estate	16,997,274	9,550,265
Commercial business	4,413,470	3,683,006
Consumer	177,525	226,604
Agriculture real estate	2,687,817	2,413,718
Total loans	45,166,243	40,251,724
Less		
Deferred loan fees and discounts, net	50,136	66,338
Allowance for loan losses	418,112	415,612
Net loans	$ 44,697,995	$ 39,769,774

The following tables present the balance in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment methods as of December 31, 2022 and 2021:

12/31/2022	Residential	Commercial Real Estate	Commercial Business	Consumer	AG Real Estate	Unallocated	Total
Allowance for loan losses							
Balance, beginning of year	$ 224,515	$ 95,230	$ 41,809	$ 2,555	$ 28,380	$ 23,123	$ 415,612
Provision charged to expense	(1,595)	28,330	(8,566)	(571)	3,874	(18,971)	$ 2,500
Losses charged off	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-
Balance, end of year	$ 222,920	$ 123,560	$ 33,243	$ 1,984	$ 32,254	$ 4,152	$ 418,112
Ending balance individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ending balance collectively evaluated for impairment	$ 222,920	$ 123,560	$ 33,243	$ 1,984	$ 32,254	$ 4,152	$ 418,112
Loans							
Ending balance	$ 20,890,157	$ 16,997,274	$ 4,413,470	$ 177,525	$ 2,687,817	$ -	$ 45,166,243
Ending balance individually evaluated for impairment	$ -	$ -	$ -	$ 16,180	$ -	$ -	$ 16,180
Ending balance collectively evaluated for impairment	$ 20,890,157	$ 16,997,274	$ 4,413,470	$ 161,345	$ 2,687,817	$ -	$ 45,150,063

	Residential	Commercial Real Estate	12/31/2021 Commercial Business	Consumer	AG Real Estate	Unallocated	Total
Allowance for loan losses							
Balance, beginning of year	$ 240,590	$ 78,788	$ 61,844	$ 1,761	$ 20,186	$ 3,681	$ 406,850
Provision charged to expense	(16,075)	16,442	20,203	794	8,194	19,442	49,000
Losses charged off	-	-	(40,238)	-	-	-	(40,238)
Recoveries	-	-	-	-	-	-	-
Balance, end of year	$ 224,515	$ 95,230	$ 41,809	$ 2,555	$ 28,380	$ 23,123	$ 415,612
Ending balance individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ending balance collectively evaluated for impairment	$ 224,515	$ 95,230	$ 41,809	$ 2,555	$ 28,380	$ 23,123	$ 415,612
Loans							
Ending balance	$ 24,378,131	$ 9,550,265	$ 3,683,006	$ 226,604	$ 2,413,718	$ -	$ 40,251,724
Ending balance individually evaluated for impairment	$ -	$ -	$ -	$ 21,144	$ -	$ -	$ 21,144
Ending balance collectively evaluated for impairment	$ 24,378,131	$ 9,550,265	$ 3,683,006	$ 205,460	$ 2,413,718	$ -	$ 40,230,580

Internal Risk Categories

Loan grades are numbered 1 through 7 and 35. Grades 1 through 3 and 35 are considered satisfactory grades. The grade of 4, or Special Mention, represents loans of lower quality and is considered criticized. The grade of 5, or Substandard, refers to assets that are classified. The Bank does not have any loans currently graded 6, Doubtful or 7, Loss.

Pass (1-3 and 35) loans have acceptable asset quality and liquidity.

Special Mention (4) assets have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the Bank's credit position at some future date. Special mention assets are not adversely classified and do not expose the Bank to sufficient risk to warrant adverse classification. Ordinarily, special mention credits have characteristics which corrective management action would remedy.

Substandard (5) loans are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

Risk characteristics applicable to each segment of the loan portfolio are described as follows:

Residential Real Estate: The residential 1-4 family real estate loans are generally secured by 1-4 family rental properties and owner-occupied 1-4 family residences. Repayment of these loans is primarily dependent on the personal income and credit rating of the borrowers. Credit risk in these loans can be impacted by economic conditions within the Bank's market areas that might impact either property values or a borrower's personal income. Risk is mitigated by the fact that the loans are of smaller individual amounts and spread over a larger number of borrowers.

Commercial Real Estate and Agriculture Real Estate: Commercial and agriculture real estate loans typically involve larger principal amounts, and repayment of these loans is generally dependent on the successful operations of the property securing the loan or the business conducted on the property securing the loan. These loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Credit risk in these loans may be impacted by the creditworthiness of a borrower, property values and the local economies in the Bank's market areas.

Commercial Business: The commercial portfolio includes loans to commercial customers for use in financing working capital needs, equipment purchases and expansions. The loans in this category are repaid primarily from the cash flow of a borrower's principal business operation. Credit risk in these loans is driven by creditworthiness of a borrower and the economic conditions that impact the cash flow stability from business operations.

Consumer: The consumer loan portfolio consists of various term and line of credit loans such as automobile loans and loans for other personal purposes. Repayment for these types of loans will come from a borrower's income sources that are typically independent of the loan purpose. Credit risk is driven by consumer economic factors (such as unemployment and general economic conditions in the Bank's market area) and the creditworthiness of a borrower.

The following tables present the credit risk profile of the Bank's loan portfolio based on internal rating category and payment activity as of December 31, 2022 and 2021:

12/31/2022

	Residential	Commercial Real Estate	Commercial Business	Consumer	Ag RE	Total
Grade						
Pass (1-3 & 35)	$ 20,890,157	$ 16,997,274	$ 4,413,470	$ 161,345	$ 2,687,817	$ 45,150,063
Special mention (4)	-	-	-	-	-	-
Substandard (5)	-	-	-	16,180	-	16,180
	$ 20,890,157	$ 16,997,274	$ 4,413,470	$ 177,525	$ 2,687,817	$ 45,166,243

12/31/2021

	Residential	Commercial Real Estate	Commercial Business	Consumer	Ag RE	Total
Grade						
Pass (1-3 & 35)	$ 24,172,182	$ 9,550,265	$ 3,683,006	$ 205,460	$ 2,413,718	$ 40,024,631
Special mention (4)	-	-	-	-	-	-
Substandard (5)	205,949	-	-	21,144	-	227,093
	$ 24,378,131	$ 9,550,265	$ 3,683,006	$ 226,604	$ 2,413,718	$ 40,251,724

The Bank evaluates the loan risk grading system definitions and allowance for loan loss methodology on an ongoing basis. No significant changes were made to either during the past year.

The following tables present the Bank's loan portfolio aging analysis as of December 31, 2022 and 2021:

12/31/2022

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans	Total Loans > 90 Days & Accruing
Residential	$ 214,149	$ 100,894	$ 41,551	$ 356,594	$ 20,533,563	$ 20,890,157	$ 41,551
Commercial real estate	-	-	-	-	16,997,274	16,997,274	-
Commercial business	-	-	-	-	4,413,470	4,413,470	-
Consumer	4,423	17,785	-	22,208	155,317	177,525	
Ag real estate	-	-	-	-	2,687,817	2,687,817	-
Total	$ 218,572	$ 118,679	$ 41,551	$ 378,802	$ 44,787,441	$ 45,166,243	$ 41,551

12/31/2021

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans	Total Loans > 90 Days & Accruing
Residential	$ -	$ -	$ -	$ -	$ 24,378,131	$ 24,378,131	$ -
Commercial real estate	-	-	-	-	9,550,265	9,550,265	-
Commercial business	-	-	-	-	3,683,006	3,683,006	-
Consumer	21,144	-	-	21,144	205,460	226,604	-
Ag real estate	-	-	-	-	2,413,718	2,413,718	-
Total	$ 21,144	$ -	$ -	$ 21,144	$ 40,230,580	$ 40,251,724	$ -

A loan is considered impaired, in accordance with the impairment accounting guidance (ASC 310-10-35-16), when based on current information and events, it is probable the Bank will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming loans but also include loans modified in troubled debt restructurings.

The following tables present impaired loans for the years ended December 31, 2022 and 2021:

	12/31/2022				
	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Loans	Interest Income Recognized
Loans without a specific valuation allowance					
Residential	$ -	$ -	$ -	$ -	$ -
Commercial real estate	-	-	-	-	-
Commercial business	-	-	-	-	-
Consumer	16,180	17,785	-	18,332	-
Ag real estate	-	-	-	-	-
Loans with a specific valuation allowance					
Residential	$ -	$ -	$ -	$ -	$ -
Commercial real estate	-	-	-	-	-
Commercial business	-	-	-	-	-
Consumer	-	-	-	-	-
Ag real estate	-	-	-	-	-
Total					
Residential	$ -	$ -	$ -	$ -	$ -
Commercial real estate	-	-	-	-	-
Commercial business	-	-	-	-	-
Consumer	16,180	17,785	-	18,332	-
Ag real estate	-	-	-	-	-
Total impaired loans	$ 16,180	$ 17,785	$ -	$ 18,332	$ -

12/31/2021	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Loans	Interest Income Recognized
Loans without a specific valuation allowance					
Residential	$ -	$ -	$ -	$ -	$ -
Commercial real estate	-	-	-	-	-
Commercial business	-	-	-	-	-
Consumer	21,144	21,144	-	10,242	-
Ag real estate	-	-	-	-	-
Loans with a specific valuation allowance					
Residential	$ -	$ -	$ -	$ -	$ -
Commercial real estate	-	-	-	-	-
Commercial business	-	-	-	85,731	-
Consumer	-	-	-	-	-
Ag real estate	-	-	-	-	-
Total					
Residential	$ -	$ -	$ -	$ -	$ -
Commercial real estate	-	-	-	-	-
Commercial business	-	-	-	85,731	-
Consumer	21,144	21,144	-	10,242	-
Ag real estate	-	-	-	-	-
Total impaired loans	$ 21,144	$ 21,144	$ -	$ 95,973	$ -

At December 31, 2022 and 2021, the Bank had the following nonaccrual loans:

	12/31/2022	12/31/2021
Residential	$ -	$ -
Commercial real estate	-	-
Commercial business	-	-
Consumer	16,180	21,144
Ag real estate	-	-
Total	$ 16,180	$ 21,144

During 2021, the Bank modified a consumer loan of $21,144 in a troubled debt restructuring. The modification was a term restructure to lengthen the amortization period. As of December 31, 2022, the loan was performing under the modified terms.

The Bank received five requests for loan modification that fell under provisions of the CARES Act, which allowed interest rate and repayment term modifications due to adverse circumstances related to

COVID-19. The balance of these loans was $2.1 million at the date of request. As of December 31, 2021, all loans were returned to a normal repayment schedule.

The Bank has entered into transactions with certain directors, executive officers, significant stockholders and their affiliates. Such transactions were made in the ordinary course of business on substantially the same terms and conditions, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other customers, and did not, in the opinion of management, involve more than normal credit risk or present other unfavorable features. The aggregate amount of loans to such related parties at December 31, 2022 and 2021 was $893,988 and $765,943, respectively.

Note 4: Premises and Equipment

Major classifications of premises and equipment, stated at cost, are as follows:

	12/31/2022	12/31/2021
Land	$ 99,658	$ 99,658
Building and improvements	919,275	919,275
Furniture, fixtures and equipment	485,764	469,332
	1,504,697	1,488,265
Less accumulated depreciation	921,705	893,455
Net premises and equipment	$ 582,992	$ 594,810

Note 5: Deposits

Deposits at December 31, 2022 and 2021, are summarized as follows:

	12/31/2022	12/31/2021
Non-interest bearing checking	$ 4,959,399	$ 4,967,325
Checking and MMDA accounts	15,729,989	17,721,054
Savings accounts	452,700	151,297
	21,142,088	22,839,676
Certificates of deposit	21,572,757	17,495,535
	$ 42,714,845	$ 40,335,211

Certificates of deposit in denominations of $250,000 or more were $5,250,597 and $3,180,450 on December 31, 2022 and 2021, respectively. Certificates of deposit in denominations of $100,000 or more were $18,206,149 and $13,044,936 on December 31, 2022 and 2021, respectively. Brokered deposits totaled $5,000,000 and $2,000,000 at December 31, 2022 and 2021, respectively.

Deposits of one commercial customer amounted to approximately 4.1% of the Bank's total deposits at December 31, 2022. Management believes this relationship may be volatile and it is reasonably possible the relationship could change in the near term.

At December 31, 2022, the scheduled maturities of time deposits are as follows:

	12/31/2022
2023	$ 8,118,605
2024	9,951,633
2025	2,727,662
2026	517,016
2027	257,842
	$ 21,572,757

Note 6: Income Taxes

The Bank files its federal tax return on a calendar year basis. As of December 31, 2022 and 2021, retained earnings include approximately $1,015,000 for which no deferred income tax liability has been recognized. This amount represents an allocation of income to bad debt deductions for tax purposes only for tax years prior to 1988. If the Bank were to liquidate, the entire amount would have to be recaptured and would create income for tax purposes only, which would be subject to the then-current corporate income tax rate. The unrecorded deferred income tax liability on the above amount was approximately $250,000 at December 31, 2022 and 2021.

A reconciliation of income tax expense at the statutory rate to the Bank's actual income tax expense is shown below:

	Years Ended December 31, 2022	Years Ended December 31, 2021
Computed at the statutory rate (21%)	$ 44,936	$ 41,880
Changes in the deferred tax valuation allowance	(47,714)	(39,229)
State tax impact on deferred taxes	7,181	9,818
Other	3,022	(518)
Actual tax provision	$ 7,425	$ 11,951

The tax effects of temporary differences related to deferred taxes shown on the December 31, 2022 and 2021, statements of financial condition were:

	2022	2021
Deferred tax assets		
Allowance for loan losses	$ 100,347	99,747
Net operating loss carryforward	471,349	499,294
Other	20,121	32,070
Unrealized loss on available-for-sale securities	114,085	-
	705,902	631,111
Deferred tax liabilities		
Prepaid expenses	17,359	8,939
Unrealized gain on available-for-sale securities	-	2,934
	17,359	11,873
Net deferred tax asset before valuation allowance	688,543	619,238
Valuation allowance		
Beginning balance	(619,238)	(658,467)
Decrease during the period related to temporary differences	47,714	41,332
Increase during the period for unrealized losses on available-for-sale securities	(117,019)	(2,103)
Ending balance	(688,543)	(619,238)
Net deferred tax asset	$ -	$ -

As of December 31, 2022, the Bank had approximately $2,245,000 of net operating loss (NOL) carry forwards available to offset future income taxes. NOLs arising in 2018 or later carry forward indefinitely. NOLs of $2,010,000 arising prior to 2018 expire beginning in 2035.

Note 7: FHLB Advances

At December 31, 2022 and 2021, the Bank had advances of $3,161,360 and $0 with the Federal Home Loan Bank. At December 31, 2022, the Bank had overnight federal funds purchased of $360,000 at an interest rate of 4.60%. The Bank is required to maintain an investment in Federal Home Loan Bank capital stock. The investment is carried at amortized cost and amounted to $200,300 and $61,700 at December 31, 2022 and 2021, respectively. In addition, the Bank has pledged $11,231,701 of its 1-4 family conventional mortgage portfolio as collateral for the advance and future advances.

Interest Rate	Maturity Date	2022	2021
3.50%	08/23/24	$ 561,360	$ -
3.50%	08/23/24	1,600,000	-
3.91%	12/09/27	1,000,000	-
		$ 3,161,360	$ -

Note 8: Fair Value Measurements

The Bank has a number of financial instruments. The estimated fair value amounts have been determined by the Bank using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Bank could realize in a current market exchange.

The Financial Accounting Standards Board has established a fair value hierarchy that prioritizes the inputs used in valuation techniques and creates the following three broad levels, with Level 1 being the highest priority:

> *Level 1* - Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date. Assets and liabilities generally included in this category include listed equity and debt securities publicly traded on an exchange.
>
> *Level 2* - Level 2 inputs are from other than market prices included in Level 1, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of models or other valuation methodologies.
>
> *Level 3* - Level 3 inputs are unobservable for assets and liabilities and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

Financial instruments are broken down as follows by recurring or nonrecurring measurement status. Recurring assets are initially measured at fair value and are required to be remeasured at fair value in the financial statements at each reporting date. Assets measured on a nonrecurring basis are assets that, due to an event or circumstance, were required to be remeasured at fair value after initial recognition in the financial statements at some time during the reporting period.

Recurring

Available-for-sale securities

Fair value is estimated by considering "observable" information through processes such as benchmarking yields, reported trades, issuer spreads, and model processes, such as the Option Adjusted Spread models for prepayment and interest rate scenarios.

The following are major categories of assets and liabilities measured at fair value on a recurring basis during the year ended December 31, 2022:

		Fair Value Measurements		
	Fair Value	Level 1	Level 2	Level 3
December 31, 2022				
Corporate bonds	$ 3,378,230	$2,941,067	$ 437,163	$ -
Municipal securities	896,956	-	896,956	-
Mortgage-backed securities	2,286,245	-	2,286,245	-
	$ 6,561,431	$2,941,067	$ 3,620,364	$ -
December 31, 2021				
Corporate bonds	$ 2,442,552	$1,947,402	$ 495,150	$ -
Municipal securities	599,708	-	599,708	-
Mortgage-backed securities	297,820	-	297,820	-
	$ 3,340,080	$1,947,402	$ 1,392,678	$ -

Nonrecurring

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a nonrecurring basis and recognized in the accompanying statements of financial condition, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Impaired loans

Loans for which it is probable that the Bank will not collect all principal and interest due according to contractual terms are measured for impairment in accordance with GAAP. Allowable methods for estimating fair value include using the fair value of the collateral for collateral dependent loans, or where a loan is determined not to be collateral dependent, using the discounted cash flow method.

If the impaired loan is identified as collateral dependent, then the fair value method of measuring the amount of impairment is utilized. This method requires obtaining a current independent appraisal of the collateral and applying a discount factor to the value. Unobservable inputs to these measurements, which include estimates and judgments often used in conjunction with appraisals, are not readily quantifiable.

If the impaired loan is determined not to be collateral dependent, then the discounted cash flow method is used. This method requires the impaired loan to be recorded at the present value of expected future cash flows discounted at the loan's effective interest rate. The effective interest rate of a loan is the contractual interest rate adjusted for any net deferred loan fees or costs, premiums or discount existing at origination or acquisition of the loan.

The fair value measurements of nonrecurring assets classified within the fair value hierarchy at December 31, are as follows:

		Fair Value Measurements		
	Fair Value	**Level 1**	**Level 2**	**Level 3**
December 31, 2022				
Impaired loans	$ 16,180	$ -	$ -	$ 16,180
	$ 16,180	$ -	$ -	$ 16,180
December 31, 2021				
Impaired loans	$ 20,483	$ -	$ -	$ 20,483
	$ 20,483	$ -	$ -	$ 20,483

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying consolidated statements of financial condition at amounts other than fair value.

Cash and cash equivalents, interest-bearing deposits and Federal Home Loan Bank stock

The carrying amounts reported in the statements of financial condition approximate those assets' fair value.

Loans and interest receivable

The fair value of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. Loans with similar characteristics were aggregated for purposes of the calculations. The carrying amount of accrued interest approximates its fair value.

Deposits

Deposits include demand deposits, savings accounts, NOW accounts and certain money market deposits. The carrying amount approximates fair value. The fair value of fixed-maturity certificates of deposit is estimated by discounting the future cash flows using rates currently offered for deposits of similar remaining maturities.

Federal Home Loan Bank advances

The fair value of advances is estimated by using rates on debt with similar terms and remaining maturities. The carrying amount of federal funds purchased approximates fair value.

The following presents the estimated fair values of the Bank 's financial instruments:

		December 31, 2022		December 31, 2021	
	Hierarchy Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Cash and equivalents, including fed funds sold	1	$ 3,320,110	$ 3,320,110	$ 2,688,095	$ 2,688,095
Interest-bearing time deposits	2	590,000	590,000	3,995,000	3,995,000
Federal Home Loan Bank stock	2	200,300	200,300	61,700	61,700
Loans, net of allowance	3	44,697,995	42,601,248	39,769,774	40,601,292
Interest receivable	2	187,083	187,083	175,066	175,066
Financial liabilities					
Deposits	3	42,714,845	42,165,743	40,335,211	37,826,218
FHLB advances	2	3,161,360	3,452,169	-	-
Federal funds purchased	1	360,000	360,000	-	-

Note 9: Regulatory Matters

The Bank is subject to various regulatory capital requirements administered by the federal 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 and material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-statement of financial condition items as calculated under U.S. GAAP, regulatory reporting requirements and regulatory capital standards. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. Furthermore, the Bank's regulators could require adjustments to regulatory capital not reflected in these financial statements.

Quantitative measures established by regulatory reporting standards to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) Management believes, as of December 31, 2022 and 2021, the Bank met all capital adequacy requirements to which it is subject. Additionally, as of December 31, 2022, the most recent notification from the FDIC categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the Bank's category.

During the fourth quarter of 2019, federal banking agencies issued a final ruling, which provides for a simple measure of capital adequacy for qualifying community banking organizations, consistent with Section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act. The Community Bank Leverage Ratio (CBLR) framework which became effective January 1, 2020, provides an optional simple leverage capital measure, which is generally calculated the same as the generally applicable capital rule's leverage ratio. A banking organization (depository institution or depository institution holding company) that has less than $10 billion in total consolidated assets can elect to opt into the framework if its leverage ratio is greater than 9 percent and the banking organization meets the framework's qualifying criteria of: (i) the generally applicable risk-based and leverage capital requirements in the agencies' capital rules; (ii) the capital ratio requirements to be considered well capitalized under the agencies' prompt corrective action (PCA) framework (in the case of insured depository institutions); and (iii) any other applicable capital or leverage requirements. A qualifying banking organization can opt into or out of the CBLR framework at any time by following the prescribed procedures and completing the associated reporting line items that are required on its Call Report and/or form FR Y-9C, as applicable. If a CBLR banking organization fails to satisfy one of the qualifying criteria but has a leverage ratio of greater than 8 percent, the banking organization can continue to apply the CBLR framework and be considered "well capitalized" for a grace period of up to two quarters.

During March 2020, relief from the 9% threshold was approved as part of the CARES Act. The interim thresholds beginning on March 27, 2020 and for the remainder of 2020 was 8% with 2021 increasing to 8.5% and the originally established 9% to be in effect starting in 2022.

The Saving's Bank opted into the CBLR framework during the first quarter of 2021. The Bank's actual capital amounts and ratios are presented in the table below. No amount was deducted from capital for interest-rate risk.

	Actual		Minimum Capital Requirements		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollar Amounts in Thousands)					
As of December 31, 2022						
Tier 1 leverage ratio						
(to average total assets)	$10,510	18.1%	n/a	n/a	≥$5,216	≥ 9%
As of December 31, 2021						
Tier 1 leverage ratio						
(to average total assets)	$10,318	19.1%	n/a	n/a	≥$4,581	≥ 8.5%

Note 10: Retirement Plan

Effective January 1, 2018, the Bank began offering a 401(K)-retirement plan to eligible employees. Previously, the Bank had a defined contribution pension plan covering substantially all employees. The Bank's contributions to the plans are determined annually by the Board of Directors. Contributions to the plans were $19,713 and $14,606 for the years ended December 31, 2022 and 2021, respectively.

Note 11: Significant Estimates and Concentrations

Significant Estimates

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Estimates related to the allowance for loan losses are reflected in the footnote regarding loans. Current vulnerabilities due to certain concentrations of credit risk are discussed in the footnote on commitments and credit risk.

Note 12: Commitments and Credit Risk

Lines of Credit

Lines of credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract, and include unfunded amounts of construction loans. Lines of credit generally have fixed expiration dates. Since a portion of the line may expire without being drawn upon, the total unused lines do not necessarily represent future cash requirements. Each customer's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation of the counterparty. Collateral held varies but generally includes commercial or residential real estate. Management uses the same credit policies in granting lines of credit as it does for instruments on the statement of financial condition.

At December 31, 2022 and 2021, the Bank had granted unused lines of credit to borrowers aggregating approximately $7,259,000 and $3,324,000 respectively, for open-end consumer lines.

Note 13: Noninterest Income

Noninterest income consists of the following:

	12/31/2022	12/31/2021
FHLB dividends	$ 936	$ 2,455
SBA loan premium	17,567	6,481
Interchange income	18,912	14,016
Service charges and fees	15,461	14,864
Other	10,872	13,769
	$ 63,748	$ 51,585

Note 14: Other Noninterest Expense

Other noninterest expense consists of the following:

	12/31/2022	12/31/2021
Data processing	$ 162,376	$ 147,638
Group insurance	29,136	24,373
Advertising	5,552	11,805
Insurance	46,102	49,199
Taxes and licenses	58,674	50,008
Miscellaneous	196,306	203,120
	$ 498,146	$ 486,143

Note 15: Subsequent Events

Subsequent events have been evaluated through March 16, 2023 which is the date the financial statements were issued.

Shareholder Information

Annual meeting
The annual meeting of stockholders of Systematic Savings Bank will be held on Wednesday, May 17, 2023, at 1:30 p.m., Central Time. The meeting location will be the Bank's headquarters at 318 South Ave, Springfield, MO 65806.

Stock Listing
The Company's stock is traded on the Over-The-Counter-Bulletin Board under the symbol "SSSB." The stock began trading on the Bulletin Board in October 2020.

Price Range of Common Stock and Stockholders
The Stock has not traded at this time.
As of December 31, 2022, the Bank had approximately 82 shareholders of record.

Code of Ethics
A copy of the Bank's Code of Ethics can be found on the Bank's website www.mysystematic.com.

Annual Reports
We are required to file an annual report and 10-k for the fiscal year ended December 31, 2022. Copies of these, and quarterly reports, may be obtained from inquires to Derek Fraley of Systematic Savings Bank

General Inquiries
Derek Fraley
CEO
318 South Ave
Springfield, MO 65804
417-862-5036

Special Counsel
Breyer & Associates PC
8180 Greensboro Drive
Suite 785
McLean, VA 22102

Transfer Agent
Pacific Stock Transfer Company
6725 Via Austi Pkwy, Suite300
Las Vegas, Nevada 89119

Independent Auditors
FORVIS
910 St. Louis
Springfield, MO 65806

Board of Directors

Derek Fraley
Chairman
Systematic Savings Bank
Springfield, MO

Brad Weaver
Chief Loan Officer
Systematic Savings Bank
Springfield, MO

Trevor Crist
CEO
Nixon & Lindstrom Insurance
Springfield, MO

Dianna Devore
Owner/President
Design Fabrication
Springfield, MO

Kim Kollmeyer
Partner
Kollmeyer and Company
Springfield, MO

Jeff Seifried
Owner
Blackwells
Springfield, MO

Ryan DeBoef
Partner
Hahn | DeBoef Government Relations
Springfield, MO