



**Quarterly
Report**

**Q1
2023**

FINANCIALS

Financial Performance:

Net income decreased by \$129,000, or 39.7%, to \$196,000 for the three months ended March 31, 2023 from \$325,000 for the three months ended March 31, 2022 due primarily to a decrease in noninterest income and an increase in noninterest expense. Earnings per share basic decreased \$0.07 for the three months ended March 31, 2023, to \$0.11, from \$0.18 for the three months ended March 31, 2022. The decrease in net income was partly offset by an increase in interest and fee income. Interest and fee income increased by \$673,000, or 34.6%, to \$2.6 million for the three months ended March 31, 2023 from \$1.9 million for the three months ended March 31, 2022 as a result of an increase in interest and fees on loans.

Interest expense increased by \$486,000, or 250.5%, to \$680,000 for the three months ended March 31, 2023 from \$194,000 for the three months ended March 31, 2022. Interest expense increased due to the rising interest rate environment as the cost of deposits increased.

Noninterest income decreased \$149,000, or 36.6%, to \$258,000 for the three months ended March 31, 2023 from \$407,000 for the three months ended March 31, 2022. The decrease in noninterest income was due to a decrease in income from financial services. Income from financial services decreased \$108,000, or 50.9%, to \$104,000 for the three months ended March 31, 2023 from \$212,000 for the three months ended March 31, 2022. Income from financial services decreased due to a decline in asset values. The decrease in income from financial services was partially offset by an increase in fee income. Fee income increased \$52,000, or 44.1%, to \$170,000 for the three months ended March 31, 2023 from \$118,000 for the three months ended March 31, 2022. As we grow the number of transaction deposit accounts, customers debit card usage has increased as well as the fees associated with these accounts.

Noninterest expense increased \$173,000, or 9.8%, to \$1.9 million for the three months ended March 31, 2023 from \$1.8 million for the three months ended March 31, 2022. The increase in noninterest expense was primarily due to increases in compensation and employee benefits and core processing expense. Compensation and employee benefits expense increased \$54,000, or 5.9%, to \$962,000 for the three months ended March 31, 2023 from \$908,000 for the three months ended March 31, 2022. Compensation and employee benefits expense increased as we added a commercial lender, marketing officer and a business development officer. Core processing expense increased \$98,000, or 38.7%, to \$351,000 for the three months ended March 31, 2023 from \$253,000 for the three months ended March 31, 2022. Core processing expense increased as we created efficiencies through adding software and enhancing our customers' digital experience.

The provision for credit losses increased \$55,000, or 275.0% during the three months ended March 31, 2023, as compared to the same period last year.



Financial Performance Q3 2022 Continued

Total assets increased \$33.6 million, or 15.6%, to \$248.2 million at March 31, 2023 from \$214.7 million at March 31, 2022. The increase in assets was mostly due to an increase in cash and due from banks and gross loans. Cash and due from banking increased \$16.6 million, or 408.9%, to \$20.7 million at March 31, 2023 from \$4.1 million at March 31, 2022. The increase in cash and due from banks was due to an increase Federal Funds sold. The balance at the Federal Reserve Bank of New York increased \$16.8 million, or 859.2%, to \$18.8 million at March 31, 2023 from \$1.9 million at March 31, 2022. The increase in balance held at the Federal Reserve Bank of New York was increased in anticipation of FHLBNY term advance maturities and upcoming loan closings. Gross loans increased \$21.3 million, or 13.9%, to \$175.2 million at March 31, 2023 from \$153.8 million at March 31, 2022. The increase in our loans was due to increases in residential real estate, commercial, and consumer loans. Residential real estate loans increased \$11.2 million, or 12.8%, to \$98.4 million at March 31, 2023 from \$87.2 million at March 31, 2022. Commercial and industrial loans increased \$3.6 million, or 21.4%, to \$20.4 million at March 31, 2023 from \$16.8 million at March 31, 2022. Consumer loans increased \$2.6 million, or 726.5%, to \$2.9 million at March 31, 2023 from \$362,000 at March 31, 2022. Total loans past-due over thirty days decreased to \$825,000 at March 31, 2023 from \$1.4 million at March 31, 2022. Non-performing loans decreased to \$153,000 at March 31, 2023 from \$331,000 at March 31, 2022.

Interest-bearing deposits increased \$26.4 million, or 19.3%, to \$163.8 million at March 31, 2023 from \$137.3 million at March 31, 2022. The increase in interest-bearing deposits was a result of increases in MMDA and certificates of deposit accounts. Total noninterest-bearing deposits decreased \$378,000, or 1.4%, to \$25.9 million at March 31, 2023 from \$26.3 million at March 31, 2022.

Total stockholders' equity decreased \$877,000, or 3.81%, to \$22.0 million at March 31, 2023 from \$22.8 million at March 31, 2022 because of the increase in accumulated other comprehensive loss due to the increase in market interest rates.



Financials Q1 2023

Selected Income Statement Data

(Dollars in thousands except per share data, unaudited)

	Three Months Ended	
	March 31,	
	2023	2022
Interest Income	\$ 2,620	\$ 1,947
Interest Expense	680	194
Net Interest Income	1,940	1,753
Provision for Loan Losses	75	20
Net Interest Income after Provision for Loan Losses	1,865	1,733
Noninterest Income	258	407
Noninterest Expense	1,884	1,762
Income before Income Taxes	239	378
Income Taxes	43	53
Net Income	\$ 196	\$ 325
Income per Common Share-Basic	\$ 0.11	\$ 0.18
Income per Common Share-Dilutive	\$ 0.11	\$ 0.18
Weighted Average Share-Basic	1,813,200	1,841,705
Weighted Average Share-Dilutive	1,819,428	1,843,387

Selected Financial Statement Data

	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Cash and Cash Equivalents	\$ 20,720	\$ 4,427	\$ 5,382	\$ 4,409	\$ 4,071
Securities, Available-for-Sale	35,808	39,066	39,655	41,705	40,141
Gross Loans	175,156	174,613	167,265	159,277	153,825
Allowance for Loan Losses	(1,966)	(1,891)	(1,891)	(1,905)	(1,943)
Other Assets	18,518	18,256	19,145	18,936	18,575
Total Assets	\$ 248,236	\$ 234,471	\$ 229,556	\$ 222,422	\$ 214,669

	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Noninterest-Bearing Deposits	\$ 25,897	\$ 25,501	\$ 26,073	\$ 25,501	\$ 26,275
Interest-Bearing Deposits	163,790	158,746	157,554	158,746	137,343
Total Deposits	189,687	184,247	183,627	184,247	163,618
FHLB Advances	33,000	25,000	19,000	25,000	24,050
Other Liabilities	3,590	4,193	5,818	4,193	4,165
Total Stockholders' Equity	21,959	21,031	21,111	21,031	22,836
Total Liabilities and Stockholders' Equity	\$ 248,236	\$ 234,471	\$ 229,556	\$ 234,471	\$ 214,669

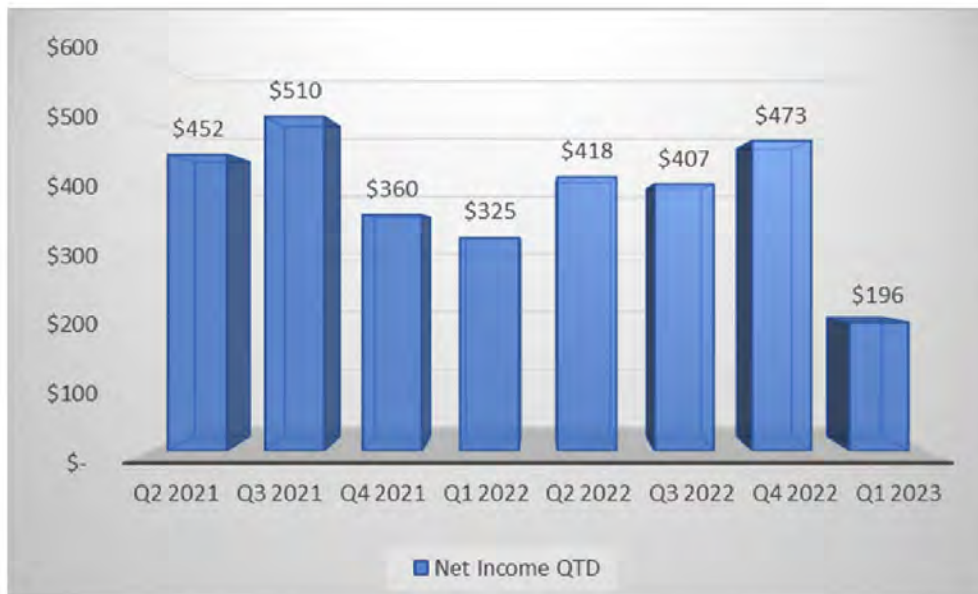
	March 31, 2022	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Total Loans over 30 days Past Due	\$ 825	\$ 1,476	\$ 1,029	\$ 1,141	\$ 1,370
Total Non-Performing Loans	\$ 153	\$ 56	\$ 47	\$ 242	\$ 331
Other Real Estate Owned and Repossessed Assets	\$ -	\$ 125	\$ 184	\$ 125	\$ -
Allowance for Loan Losses to total Loans	1.12%	1.08%	1.13%	1.20%	1.26%
Total Non-Performing Loans to total Loans	0.09%	0.03%	0.03%	0.15%	0.22%
Non-Performing Assets to total Assets	0.06%	0.08%	0.09%	0.17%	0.15%

	Three Months Ended	
	March 31,	
	2023	2022
Return on Average Assets	0.33%	0.60%
Return on Average Equity	3.62%	5.37%
Tier 1 Capital Ratio	10.82%	11.25%
Net Interest Margin	3.40%	3.47%
Efficiency Ratio	85.71%	81.57%



Financials Q1 2023

NET INCOME YTD



NET INTEREST MARGIN YTD



Financials Q1 2023

COST OF FUNDS YTD

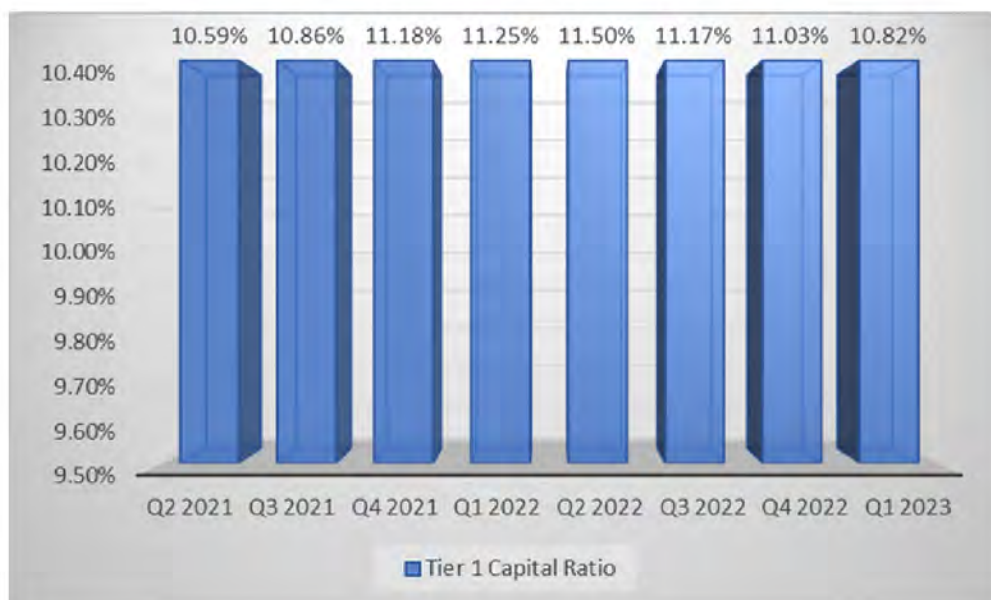


RETURN ON AVERAGE ASSETS YTD

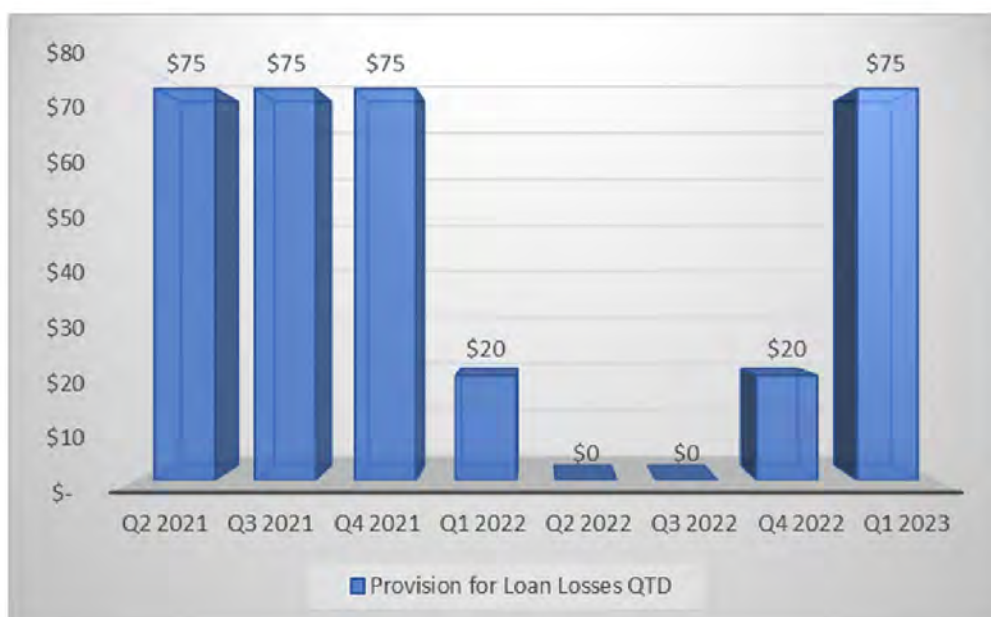


Financials Q1 2023

TIER 1 CAPITAL RATIO

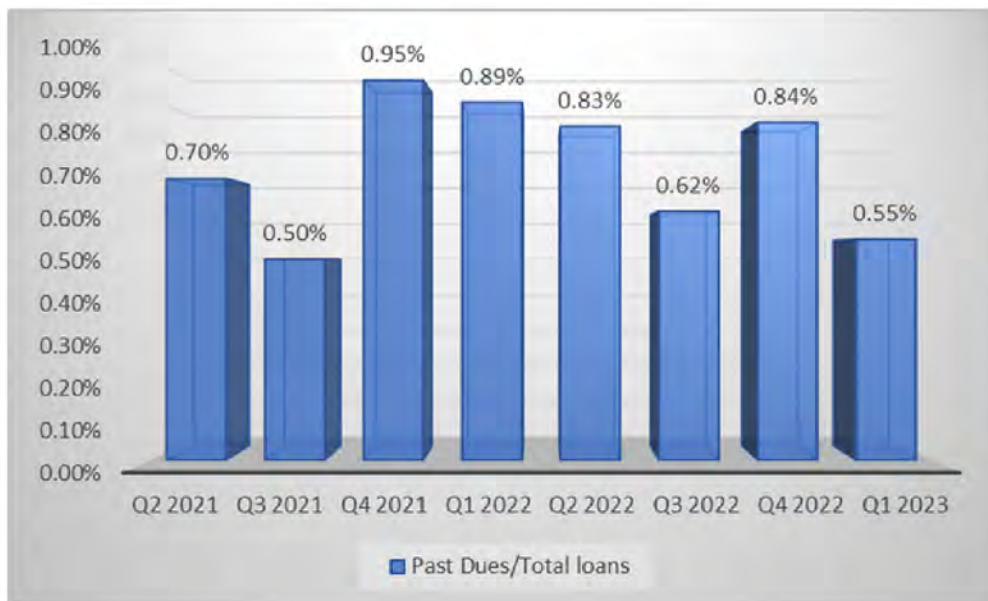


PROVISION FOR LOAN LOSSES QTD



Financials Q1 2023

PAST DUES/TOTAL LOANS



EFFICIENCY RATIO YTD

