



Quarterly Report

Q3
2023

FINANCIALS

Financial Performance:

Net income decreased by \$250,000, or 61.4%, to \$157,000 for the three months ended September 30, 2023 from \$407,000 for the three months ended September 30, 2022 due primarily to an increase in noninterest expense and a decrease in net interest income. Earnings per share basic decreased \$0.13 for the three months ended September 30, 2023, to \$0.09, from \$0.22 for the three months ended September 30, 2022.

Interest and fee income increased by \$619,000, or 27.3%, to \$2.9 million for the three months ended September 30, 2023 from \$2.3 million for the three months ended September 30, 2022 as a result of an increase in interest and fees on loans.

Interest expense increased by \$665,000, or 256.8%, to \$924,000 for the three months ended September 30, 2023 from \$259,000 for the three months ended September 30, 2022. Interest expense increased due to the rising interest rate environment as the cost of deposits increased.

Noninterest income increased \$62,000, or 20.0%, to \$372,000 for the three months ended September 30, 2023 from \$310,000 for the three months ended September 30, 2022. The increase in noninterest income was due to an increase in income from financial services and fee income. Income from financial services increased \$14,000, or 11.8%, to \$133,000 for the three months ended September 30, 2023 from \$119,000 for the three months ended September 30, 2022. Income from financial services increased due to a rise in asset values. Fee income increased \$34,000, or 21.4%, to \$193,000 for the three months ended September 30, 2023 from \$159,000 for the three months ended September 30, 2022. The increase in fee income was due in part to an increase in overdraft fees.

Noninterest expense increased \$253,000, or 13.9%, to \$2.1 million for the three months ended September 30, 2023 from \$1.8 million for the three months ended September 30, 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 \$144,000, or 14.5%, to \$1.1 million for the three months ended September 30, 2023 from \$993,000 for the three months ended September 30, 2022. Compensation and employee benefits expense increased as we added a commercial lender, director of human resources, mortgage originator, merchant services representative, and a credit analyst.

Core processing expense increased \$44,000, or 13.9%, to \$359,000 for the three months ended September 30, 2023 from \$315,000 for the three months ended September 30, 2022. Core processing expense increased as we created efficiencies through adding software and enhancing our customers' digital experience.





Financial Performance Q3 2022 Continued

The provision for credit losses increased \$75,000 during the three months ended September 30, 2023 as compared to the same period last year. The provision for credit losses increased due to loan growth.

Total assets increased \$19.6 million, or 8.6%, to \$249.2 million at September 30, 2023 from \$229.6 million at September 30, 2022. The increase in assets was mostly due to an increase in gross loans. Gross loans increased \$25.5 million, or 15.2%, to \$192.7 million at September 30, 2023 from \$167.3 million at September 30, 2022. The increase in our loans was due to increases in residential real estate, commercial and industrial, and consumer loans. Residential real estate loans increased \$11.6 million, or 12.4%, to \$105.1 million at September 30, 2023 from \$93.5 million at September 30, 2022. Commercial and industrial loans increased \$4.8 million, or 30.6%, to \$20.7 million at September 30, 2023 from \$15.8 million at September 30, 2022. Consumer loans increased \$2.7 million, or 268.9%, to \$3.7 million at September 30, 2023 from \$1.0 million at September 30, 2022. Total loans past-due over thirty days increased to \$2.4 million at September 30, 2023 from \$1.0 million at September 30, 2022. Non-performing loans increased to \$51,000 at September 30, 2023 from \$47,000 at September 30, 2022.

Interest-bearing deposits increased \$3.6 million, or 2.3%, to \$161.2 million at September 30, 2023 from \$157.6 million at September 30, 2022. The increase in interest-bearing deposits was a result of increases in MMDA and certificate of deposit accounts. Total noninterest-bearing deposits increased \$3.3 million, or 12.5%, to \$29.3 million at September 30, 2023 from \$26.1 million at September 30, 2022.

Total stockholders' equity increased \$168,000, or 0.8%, to \$21.3 million at September 30, 2023 from \$21.1 million at September 30, 2022 due to the increase in retained earnings which was mostly offset by the increase in accumulated other comprehensive loss due to the increase in market interest rates.



Financials Q3 2023

Selected Income Statement Data

(Dollars in thousands except per share data, unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Interest Income	\$ 2,883	\$ 2,264	\$ 8,294	\$ 6,394
Interest Expense	924	259	2,492	642
Net Interest Income	1,959	2,005	5,802	5,752
Provision for Credit Losses	75	-	225	20
Net Interest Income after Provision for Credit Losses	1,884	2,005	5,577	5,732
Noninterest Income	372	310	995	1,062
Noninterest Expense	2,072	1,819	5,908	5,418
Income before Income Taxes	184	496	664	1,376
Income Taxes	27	89	110	226
Net Income	\$ 157	\$ 407	\$ 554	\$ 1,150
Income per Common Share-Basic	\$ 0.09	\$ 0.22	\$ 0.31	\$ 0.62
Income per Common Share-Dilutive	\$ 0.09	\$ 0.22	\$ 0.31	\$ 0.62
Weighted Average Share-Basic	1,806,050	1,842,193	1,806,050	1,842,193
Weighted Average Share-Dilutive	1,812,278	1,843,506	1,812,278	1,843,506

Selected Financial Statement Data

	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Cash and Cash Equivalents	\$ 5,378	\$ 6,736	\$ 20,720	\$ 4,427	\$ 5,382
Securities, Available-for-Sale	34,377	35,253	35,808	39,066	39,655
Gross Loans	192,728	182,315	175,156	174,613	167,265
Allowance for Loan Losses	(2,042)	(1,974)	(1,966)	(1,891)	(1,891)
Other Assets	18,751	18,291	18,518	18,256	19,145
Total Assets	\$ 249,192	\$ 240,621	\$ 248,236	\$ 234,471	\$ 229,556

	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Noninterest-Bearing Deposits	\$ 29,345	\$ 27,187	\$ 25,897	\$ 25,501	\$ 26,073
Interest-Bearing Deposits	161,201	159,157	163,790	158,746	157,554
Total Deposits	190,546	186,344	189,687	184,247	183,627
FHLB Advances	33,500	27,500	33,000	25,000	19,000
Other Liabilities	3,867	5,133	3,590	4,193	5,818
Total Stockholders' Equity	21,279	21,644	21,959	21,031	21,111
Total Liabilities and Stockholders' Equity	\$ 249,192	\$ 240,621	\$ 248,236	\$ 234,471	\$ 229,556

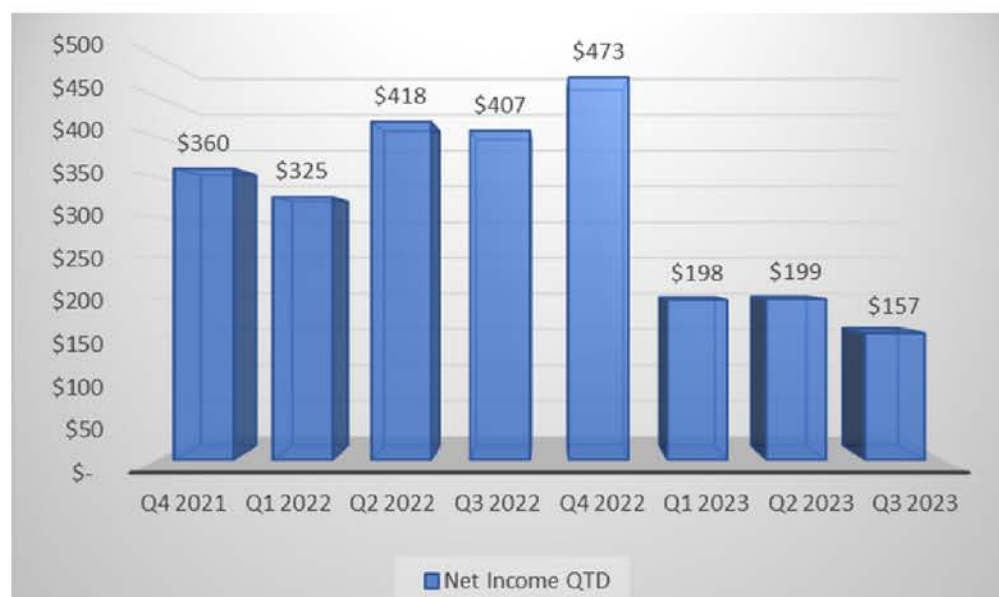
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Total Loans over 30 days Past Due	\$ 2,388	\$ 565	\$ 825	\$ 1,476	\$ 1,029
Total Non-Performing Loans	\$ 51	\$ 57	\$ 153	\$ 56	\$ 47
Other Real Estate Owned and Repossessed Assets	\$ -	\$ -	\$ -	\$ 125	\$ 184
Allowance for Loan Losses to total Loans	1.06%	1.08%	1.12%	1.12%	1.08%
Total Non-Performing Loans to total Loans	0.03%	0.03%	0.09%	0.03%	0.03%
Non-Performing Assets to total Assets	0.02%	0.02%	0.06%	0.08%	0.10%

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Return on Average Assets	0.26%	0.77%	0.46%	0.67%
Return on Average Equity	3.01%	7.23%	5.28%	6.38%
Tier 1 Capital Ratio	10.76%	11.50%	10.76%	11.50%
Net Interest Margin	3.33%	3.91%	3.32%	3.69%
Efficiency Ratio	88.89%	78.54%	86.92%	80.00%

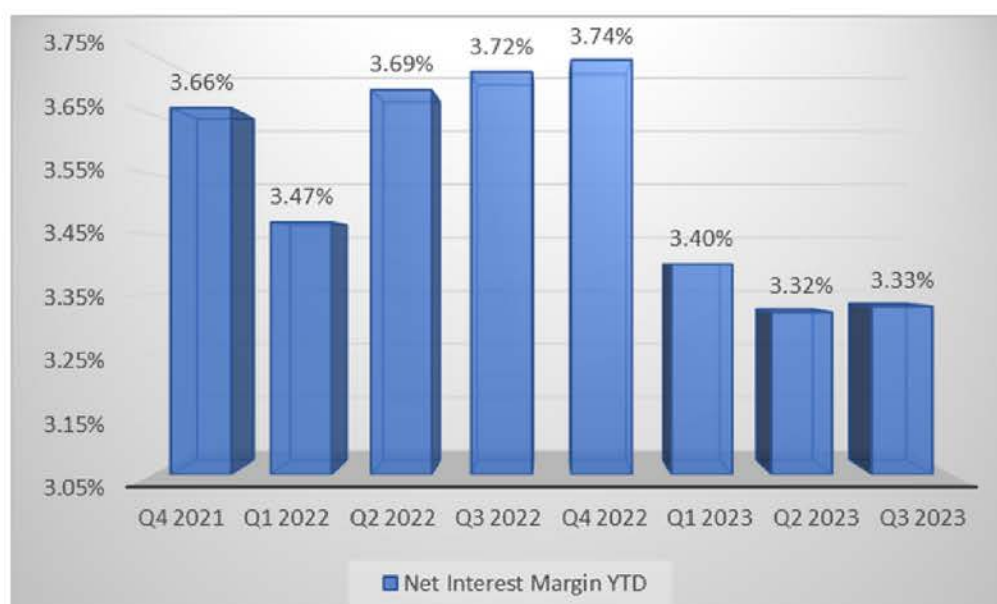


Financials Q3 2023

NET INCOME QTD

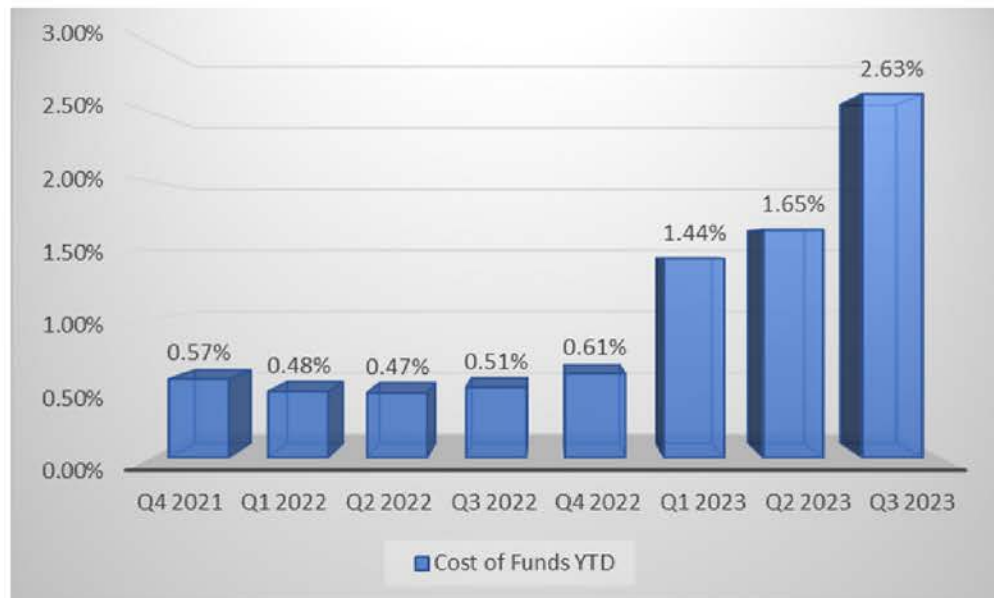


NET INTEREST MARGIN YTD



Financials Q3 2023

COST OF FUNDS YTD

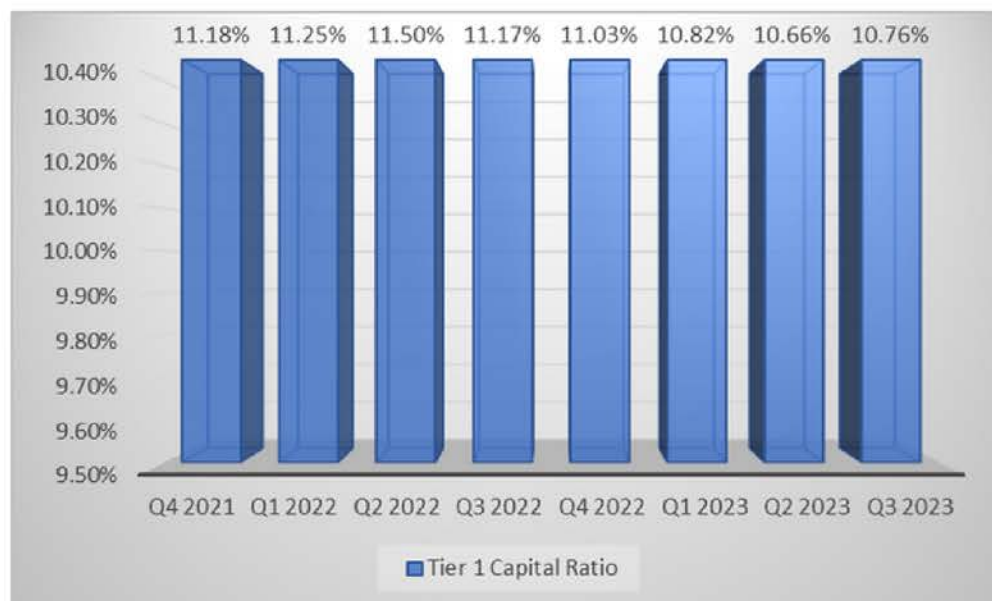


RETURN ON AVERAGE ASSETS YTD

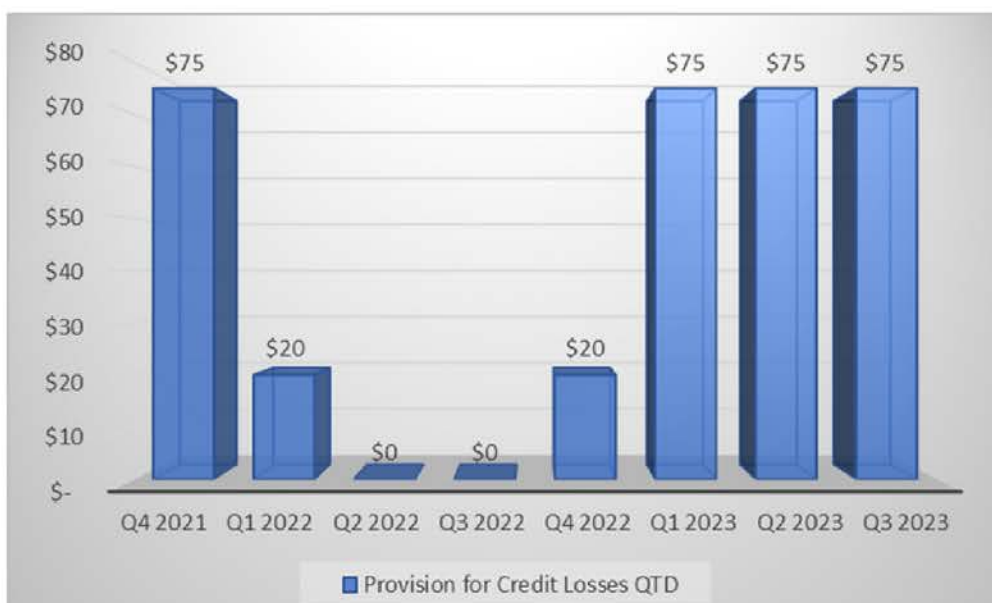


Financials Q3 2023

TIER 1 CAPITAL RATIO

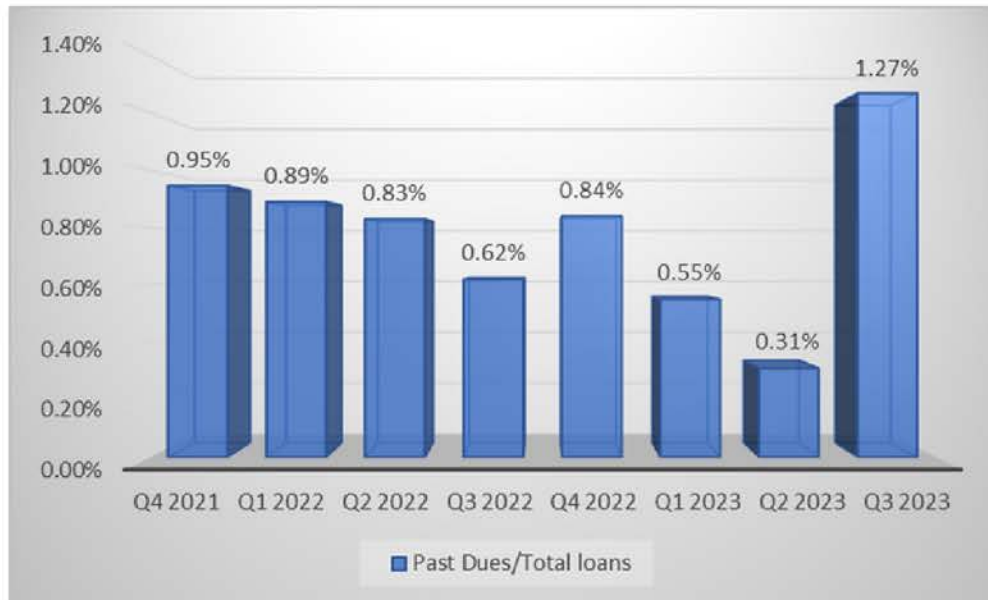


PROVISION FOR CREDIT LOSSES QTD



Financials Q3 2023

PAST DUES/TOTAL LOANS



EFFICIENCY RATIO YTD

