JFI

JSB FINANCIAL INC.

2024 ANNUAL REPORT

MISSION:

We are a community bank that partners with our customers to enhance their lives and enrich our communities through local decision-making.

VISION:

Be the bank of choice in the communities we serve.

Celebrating 32 Years of Commitment & Leadership

KARL J. "JEFF" KELLER

After 32 years of dedicated service, Karl J. "Jeff" Keller retired on September 13, 2024. Throughout his tenure, Keller's experience and banking expertise played a pivotal role in the growth and success of Jefferson Security Bank. Through his leadership, he cultivated a credit culture focused on maintaining prudent underwriting standards, while being a trusted advisor and partner to many customers. His strong knowledge of our markets and dedicated service to our customers has contributed immensely to our local community.

Karl J. "Jeff" Keller

Keller joined the team in 1987 as a Commercial Loan Officer. He was named Senior Vice President and Commercial Loan Officer in 2003 and Executive Vice President of Lending in 2012. During this time, Keller was instrumental to Jefferson Security Bank's growth. With his contributions and leadership, the Bank grew the loan portfolio from $37 million in 1987 to $374 million in June 2024.

Following his retirement, Keller was appointed to the Board of Directors of JSB Financial Inc. and Jefferson Security Bank. In this new capacity, Keller's deep understanding and commitment to our Company, the local community and the banking industry will continue to benefit us now and in the future.

On behalf of the entire Company, we extend our heartfelt appreciation to Karl J. "Jeff" Keller for his years of service and congratulate him on the well-deserved appointment to the Boards of Directors.

I am proud to report on the successes of our Company during 2024 and the positive impact this provides our shareholders. We achieved record earnings, strengthened our liquidity levels and increased our loan and deposit customer base. In May 2024, JSB Financial Inc. received industry recognition by American Banker Magazine as a Top 100 Community Bank, which represents the fifth consecutive year of recognition, with the prior four years as a Top 200 Community Bank. While 2024 was a year of lingering concerns over inflation, geopolitical risks and constant change, we believe strongly that our continued success is a testament to the tremendous character and capabilities of our team and their ability to provide exceptional banking services to our customers and consistent support to the communities we serve. It is clear that our people are making a difference in the lives of our customers every day and for that we owe them significant gratitude and thanks.

During 2024, we generated net income of $4.1 million and basic and diluted earnings per common share of $15.94, representing the highest level of net income in our Company's history and an increase of $1.1 million year-over-year. We benefited from improved net interest income and strong asset quality that was complemented by an anticipated interest recovery on prior nonperforming loans. We also maintained a disciplined approach to expense management, which contributed to the improved net income. Net interest income, which is interest collected on loans and investments less interest costs on deposits and borrowings, remains our largest source of revenue. In 2024, with a favorable shift in the yield curve, net interest income increased $2.2 million, or 17.6%, when compared with the previous year. This was due in part to the one-time interest recovery of $1.3 million as well as new loan originations and consistent repricing of our adjustable-rate loan portfolio, which improved the yield on loans. These positive changes more than offset the impact of pricing pressures from funding costs on deposits and borrowings. The improved yields on earning assets also resulted in a 13-basis point improvement in our net interest margin.

Throughout 2024, we experienced balance sheet growth, with total assets reaching $536.9 million at year end, representing an increase of $36.3 million compared to year end 2023. In review of our balance sheet composition, we proactively increased our cash and cash equivalents by $17.7 million in response to expected regulatory pressures resulting from the liquidity crisis that impacted the banking industry in 2023. Loans, net of the allowance for credit losses, increased by $30.3 million as the result of organic loan growth. On the funding side of the balance sheet, total deposits increased $68.6 million, while borrowings decreased $38.2 million.

While interest rates remained elevated, we provided millions of dollars in loans to individuals, families and small businesses across our communities. Throughout 2024, we experienced steady organic loan growth which included an increase of $17.2 million in loans secured by residential real estate and an increase of $12.6 million in loans secured by commercial real estate. The composition of the loan portfolio is predominately 1-4 family residential real estate loans, which represented 75% of total loans, net of the allowance for credit losses. Our increased focus on commercial real estate opportunities last year shifted the mix slightly with commercial real estate loans representing 22.4% of total loans as of December 31, 2024, compared to 20.7% as of December 31, 2023. Importantly, our commercial real estate portfolio is primarily collateralized by retail properties with limited office buildings and hotel and hospitality properties.

Management consistently monitors concentration risk based on industry, borrower and asset type to timely identify credit related concerns. Our credit quality metrics remained strong in 2024 with historically low levels of past dues, nonaccruals and charge offs. We attribute this continued stability to prudent underwriting practices and a disciplined approach to managing credit risk and loan growth. Favorable local economic and employment conditions provided further benefit to credit quality. In 2024, we recorded a recovery of provision for credit losses of $11 thousand compared to a provision for credit losses of $292 thousand in 2023, with the decrease in provision expense resulting primarily from net recoveries on loans of $237 thousand. The allowance for credit losses increased to $4.1 million, or 1.07% of total loans, at the end of 2024 compared to $3.8 million, or 1.08% of total loans, in the prior year. The increase in the allowance for credit losses was primarily due to loan growth and not indicative of credit quality concerns, as is reflected by the slight decrease when considering the allowance as a percentage of total loans.

In looking at the funding side of the balance sheet, the increase in total deposits of 16.1% was attributed to new deposit account growth, resulting from the acquisition of new customers and intentional efforts to deepen existing customer relationships. Noninterest bearing deposit balances increased $5.5 million, or 4.9%, and interest bearing deposit balances increased $63.1 million, or 20.1%, year-over-year. We are extremely pleased to see that not only did noninterest bearing deposits grow, but we were able to maintain those deposit balances at 23.9% of total deposits. Notably, we were able to achieve this result during a year when many financial institutions saw noninterest bearing deposit balances decline with customers seeking higher interest rates in capital markets, other financial institution products or in U.S. Treasury obligations. The growth in our core deposit base demonstrates the resolve of our team and their ability to execute deposit growth strategies, while delivering value added products and services to our customers.

The considerable growth in deposits provided the funding necessary to significantly reduce total borrowings, including facilitating the early payoff of $28.0 million in advances through the Federal Reserve's Bank Term Funding Program as well as the reduction of $10.2 million in other borrowings. Additionally, with the increase in cash and cash equivalents, the level of primary liquidity sources at year end was notably higher. We also increased our collateralization at the Federal Reserve's discount window, expanding our borrowing capacity and strengthening our overall liquidity posture.

During 2024, we continued to grow capital levels resulting in book value per common share of $116.68, which represents an increase of 20.4%. This change was driven by an increase in earnings and a decline in accumulated other comprehensive losses. The decline in accumulated other comprehensive losses was attributed to the reduction in unrealized losses on the available for sale securities portfolio and the decline in unrealized holding losses on the held to maturity securities portfolio. Our capital levels provided for Tier 1 leverage, Tier 1 capital, common equity Tier 1 capital and risk-based capital ratios of 7.62%, 12.66%, 12.66% and 13.91%, respectively. While all regulatory capital ratios remain above the applicable regulatory requirements for well-capitalized institutions, the Tier 1 leverage ratio showed a slight decline year-over-year due in part to our decision to increase cash and cash equivalents on the balance sheet. This increased average assets throughout 2024 and reduced the impact of the improved capital levels on this ratio.

In addition to solid financial performance, our team focused efforts on various initiatives intended to improve the customer experience, heighten security, enhance data analytics and increase efficiency across the Company. Our efficiency ratio, which expresses the costs to generate a dollar of revenue, improved by decreasing to 66% in 2024, down from 71% in 2023, reflecting our ability to efficiently meet our customers' broad range of financial needs. In an industry where change is constant and technology advances rapidly, we expect the entrance of new products and services to remain constant. As such, we are committed to leveraging technology, through a measured approach, to ensure the delivery of a seamless, easy and secure banking experience that addresses our customers' financial objectives and needs.

As we begin 2025, we believe that we are well positioned and prepared to do all we can to sustain the momentum generated in 2024, while diligently monitoring and maintaining a strong balance sheet. We understand that while we have worked hard to position our Company for success, the world around us may be unpredictable, volatile and is most certainly complex. Our management team is prepared to navigate existing and emerging challenges and will remain diligent in the assessment of both upside potential and downside risks. With our engaged and talented team, we intend to do our best to leverage every opportunity available to serve our customers and communities, providing beneficial solutions that will drive long-term value for our shareholders.

In closing, I am extremely proud to lead a Company that operates for the purpose of truly making a difference through meaningful partnerships with individuals, families and small businesses across our communities, and I am grateful for your confidence, loyalty and continued trust and support.

Cindy A. Kitner

Cindy A. Kitner, CPA
President and CEO

BOARD OF DIRECTORS

Back Row: Archibald R. (Rob) Hoxton, IV, CFP; Andrew McMillan, Jr, PhD.; Kelvin L. Upson; Dennis L. Barron; Brant M. Lowe; Karl J. (Jeff) Keller
Front Row: Frederick K. Parsons, Chair; Cindy A. Kitner, CPA, President and CEO;
Monica W. Lingenfelter, Corporate Secretary; Eric J. Lewis, CPA, Vice Chair
Not pictured: Christian E. Asam

EXECUTIVE OFFICERS

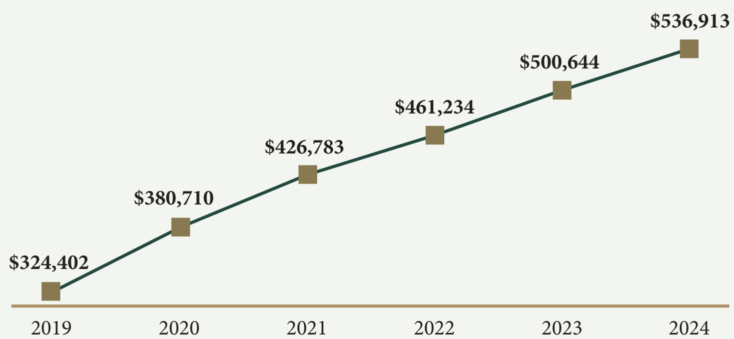
Jenna L. Kesecker, CPA
Executive Vice President, Chief Financial Officer

Cindy A. Kitner, CPA
President and Chief Executive Officer

Dustin T. Branner
Executive Vice President, Chief Lending Officer

NET INCOME
(in thousands)

TOTAL ASSETS
(in thousands)



BOOK VALUE
(per share)

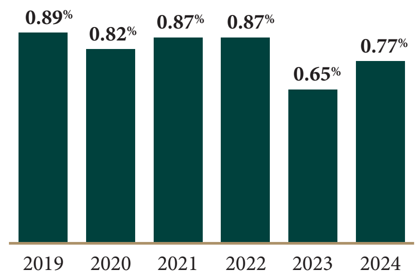
GROWTH RATIOS
(compared to 2023)

8.70% Loans (net) | **7.24%** Assets | **16.10%** Deposits

FINANCIAL HIGHLIGHTS

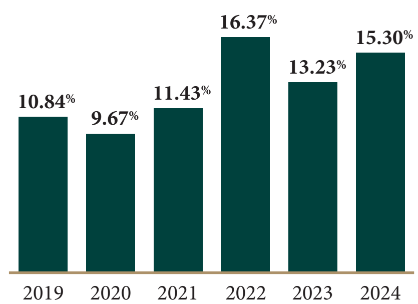
SELECT RATIOS
(2019–2024)

0.77%



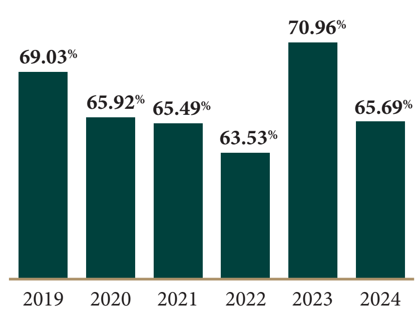
Return on Average Assets

15.30%



Return on Average Equity

65.69%



Efficiency Ratio

2024 TOP 100 COMMUNITY BANK

JSB Financial Inc. is proud to be named one of American Banker Magazine's Top 100 Community Banks for 2024. This designation places us among the top performing community banks in the nation. The annual ranking has ceremoniously recognized the top 200 community banks for years, for which JSB Financial Inc.'s subsidiary Jefferson Security Bank was awarded the honor for four consecutive years beginning in 2020. The annual ranking was released in the May 2024 issue of American Banker Magazine.

The ranking is based on a three year average of each bank's return on average equity, from 2021 to 2023. During this time, the Bank improved its return on average equity by almost 16%, from 11.43% in 2021 to 13.23% in 2023, representing a respectable increase in efficiency and profit generation. This achievement reinforces our position as a trusted financial institution that continues to thrive in an evolving banking landscape.

"We are honored to be recognized among the top community banks in the nation. This achievement reflects our commitment to generate strong value for our shareholders by providing exceptional financial solutions and services to our customers. Our continued success is a testament to the hard work and dedication of our entire team."

—Cindy A. Kitner, CPA, President and CEO





Partnering with our communities to help them thrive





Independent Auditor's Report

To the Board of Directors and Shareholders
JSB Financial Inc.

Opinion
We have audited the consolidated financial statements of JSB Financial Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the president's letter and financial highlights but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
March 19, 2025

JSB FINANCIAL INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and due from financial institutions	$ 2,607,444	$ 4,102,982
Interest bearing deposits with depository institutions	24,332,568	5,150,512
Cash and cash equivalents	26,940,012	9,253,494
Securities available for sale, at fair value	58,183,571	70,386,209
Securities held to maturity, at amortized cost, net of allowance for credit losses of $0 at December 31, 2024 and 2023 (fair value of $44,209,560 - 2024; $46,077,750 - 2023)	48,780,366	48,336,613
Restricted securities, at cost	669,200	1,298,200
Loans, net of allowance for credit losses of $4,107,312 - 2024; $3,800,440 - 2023	378,175,696	347,911,321
Accrued interest receivable	1,512,695	1,389,674
Premises and equipment, net	4,764,740	4,938,995
Bank owned life insurance	7,859,224	7,660,616
Other assets	10,027,530	9,468,537
Total assets	$ 536,913,034	$ 500,643,659
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits:		
Noninterest bearing	$ 118,167,478	$ 112,652,044
Interest bearing	376,501,227	313,404,790
Total deposits	494,668,705	426,056,834
Federal Reserve Bank borrowings	- -	28,000,000
Federal Home Loan Bank advances	7,935,900	18,119,600
Accrued interest payable	681,832	424,810
Other accrued expenses and other liabilities	3,583,680	3,084,103
Total liabilities	506,870,117	475,685,347
Shareholders' Equity		
Common stock, $10 par value; 300,000 shares authorized; issued and outstanding, 257,483 shares at December 31, 2024 and 2023	2,574,830	2,574,830
Additional paid-in capital	2,574,830	2,574,830
Retained earnings	37,409,354	33,922,578
Accumulated other comprehensive (loss), net	(12,516,097)	(14,113,926)
Total shareholders' equity	30,042,917	24,958,312
Total liabilities and shareholders' equity	$ 536,913,034	$ 500,643,659

See accompanying notes to consolidated financial statements

JSB FINANCIAL INC.
CONSOLIDATED STATEMENTS OF INCOME
For the Years Ended December 31, 2024 and 2023

	2024	2023
Interest and dividend income		
Loans, including fees	$ 21,539,012	$ 15,795,868
Securities:		
Taxable	1,707,272	1,921,821
Nontaxable	1,102,303	1,079,822
Dividends and other interest	1,105,917	188,231
Total interest and dividend income	25,454,504	18,985,742
Interest expense		
Deposits	9,379,201	4,809,415
Borrowings		
Federal Home Loan Bank	521,820	1,163,846
Federal Reserve Bank	1,074,580	696,314
Other borrowings	276	1,305
Total interest expense	10,975,877	6,670,880
Net interest income	14,478,627	12,314,862
Provision for credit losses	(11,000)	292,000
Net interest income after provision for credit losses	14,489,627	12,022,862
Noninterest income		
Service charges on deposit accounts	465,875	501,170
ATM and debit card fees and other service charges	1,546,716	1,521,604
Realized (loss) gain on securities, net	(214,257)	1,432
Realized loss on fixed assets	(9,710)	- -
Income from bank owned life insurance	198,608	186,243
Other	124,743	114,249
Total noninterest income	2,111,975	2,324,698
Noninterest expense		
Salaries and employee benefits	5,938,637	5,333,003
Occupancy	1,266,109	1,234,132
Advertising and marketing	319,279	268,030
ATM and debit card expense	601,310	629,811
Data processing	1,317,885	1,316,756
Postage and stationery supplies	225,828	214,342
Professional services	538,806	472,057
FDIC and state assessments	425,511	371,611
Director fees	161,100	161,400
Other	689,958	687,730
Total noninterest expense	11,484,423	10,688,872
Income before income tax expense	5,117,179	3,658,688
Income tax expense	1,012,444	622,014
Net income	$ 4,104,735	$ 3,036,674
Basic and diluted earnings per common share	$ 15.94	$ 11.15

See accompanying notes to consolidated financial statements

JSB FINANCIAL INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2024 and 2023

	2024	2023
Net income	$ 4,104,735	$ 3,036,674
Other comprehensive income, net of tax:		
Unrealized holding gains on available for sale securities arising during period	108,776	1,018,127
Reclassification adjustment for securities losses (gains) included in net income	160,693	(1,074)
Amortization of unrealized holding losses on available for sale securities transferred to held to maturity	486,188	471,586
Change in pension benefits	856,343	459,721
Reclassification adjustment for change in pension benefits included in net income	8,700	12,364
Change in supplemental executive retirement benefits	(40,590)	(125,534)
Reclassification adjustment for change in supplemental executive retirement benefits included in net income	17,719	39,064
Total other comprehensive income	1,597,829	1,874,254
Comprehensive income	$ 5,702,564	$ 4,910,928

See accompanying notes to consolidated financial statements

JSB FINANCIAL INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Years Ended December 31, 2024 and 2023

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Total Shareholders' Equity
Balance at December 31, 2022	$ 2,757,460	$ 2,757,460	$ 32,984,068	$ (15,988,180)	$ 22,510,808
Adoption of new accounting standard (ASU 2016-13)	- -	- -	(213,816)	- -	(213,816)
Net income	- -	- -	3,036,674	- -	3,036,674
Other comprehensive income	- -	- -	- -	1,874,254	1,874,254
Repurchase of 18,263 shares of common stock	(182,630)	(182,630)	(1,250,132)	- -	(1,615,392)
Cash dividends on common stock - $2.30 per share	- -	- -	(634,216)	- -	(634,216)
Balance at December 31, 2023	$ 2,574,830	$ 2,574,830	$ 33,922,578	$ (14,113,926)	$ 24,958,312
Net income	- -	- -	4,104,735	- -	4,104,735
Other comprehensive income	- -	- -	- -	1,597,829	1,597,829
Cash dividends on common stock - $2.40 per share	- -	- -	(617,959)	- -	(617,959)
Balance at December 31, 2024	$ 2,574,830	$ 2,574,830	$ 37,409,354	$ (12,516,097)	$ 30,042,917

See accompanying notes to consolidated financial statements

JSB FINANCIAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Net income	$ 4,104,735	$ 3,036,674
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	435,983	430,100
Provision for credit losses on loans	70,000	260,000
(Recovery of) provision for credit losses on unfunded commitments	(81,000)	32,000
Deferred income tax expense (benefit)	269,726	(14,221)
Net amortization of securities	373,632	382,038
Net loss (gain) on sale of securities available for sale	214,257	(1,432)
Net loss on fixed assets	9,710	2,745
Income from bank owned life insurance	(198,608)	(186,243)
Net change in:		
Accrued interest receivable	(123,021)	(122,179)
Accrued interest payable	257,022	363,825
Other assets	(207,939)	(273,696)
Other accrued expenses and other liabilities	550,084	261,992
Net cash provided by operating activities	5,674,581	4,171,603
Cash flows from investing activities		
Net increase in loans	(30,334,375)	(44,009,067)
Purchase of securities available for sale	(5,520,120)	- -
Proceeds from the sale of securities available for sale	8,764,725	1,215,038
Proceeds from calls, maturities and principal paydowns of securities available for sale	8,903,254	10,083,717
Proceeds from calls, maturities and principal paydowns of securities held to maturity	30,679	35,587
Net purchase (redemption) of restricted securities	629,000	(77,100)
Property and equipment expenditures, net	(271,438)	(216,187)
Net cash used in investing activities	(17,798,275)	(32,968,012)
Cash flows from financing activities		
Net increase in interest bearing deposits	63,096,437	29,419,400
Net increase (decrease) in noninterest bearing deposits	5,515,434	(18,125,194)
Net decrease in Federal Funds purchased	- -	(9,000)
Net (decrease) increase in Federal Reserve Bank borrowings	(28,000,000)	28,000,000
Net decrease in Federal Home Loan Bank advances	(10,183,700)	(3,270,000)
Repurchase of common stock	- -	(1,615,392)
Dividends paid	(617,959)	(634,216)
Net cash provided by financing activities	29,810,212	33,765,598
Net change in cash and cash equivalents	17,686,518	4,969,189
Cash and cash equivalents at beginning of year	9,253,494	4,284,305
Cash and cash equivalents at end of year	$ 26,940,012	$ 9,253,494

See accompanying notes to consolidated financial statements

JSB FINANCIAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024 and 2023
(Continued)

	2024	2023
Supplemental disclosures:		
Interest paid	$ 10,718,855	$ 6,307,055
Income taxes paid	614,850	734,578
Supplementary Disclosures Noncash Activities:		
Change in unrealized holding losses on available for sale securities	359,293	1,356,070
Amortization of unrealized holding losses on securities transferred from available for sale to held to maturity	648,250	628,781
Change in pension benefits	1,153,388	629,448
Change in supplemental executive retirement benefits	(30,493)	(115,294)

See accompanying notes to consolidated financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: JSB Financial Inc. (JFI, the Company) was incorporated in West Virginia on March 2, 2023 and is the banking holding company for its wholly owned subsidiary, Jefferson Security Bank (the Bank). Jefferson Security Bank was reorganized into a holding company structure pursuant to the Agreement and Plan of Share Exchange and Reorganization, dated March 15, 2023, approved by the shareholders on April 26, 2023 and effective July 31, 2023. Upon consummation of the transaction on July 31, 2023, each outstanding share of Jefferson Security Bank's common stock was automatically exchanged for one (1) share of JSB Financial Inc.'s common stock.

The Company through its wholly owned subsidiary, Jefferson Security Bank, offers a full range of retail and commercial banking services and products to its principal market in the eastern panhandle region of West Virgina in Jefferson and Berkeley Counties, the adjacent Washington County, Maryland and the areas immediately surrounding these communities. The company also owns JSB Financial Services, LLC, an inactive subsidiary previously used for offering financial services.

Jefferson Security Bank is a West Virginia state-charted bank that was formed and opened for business on May 19, 1869 under the name Jefferson Savings Bank. On March 13, 1909, the Bank changed its name to Jefferson Security Bank. The main office is located in Shepherdstown, West Virginia. The Bank provides a full range of banking services and products, including loan and deposits to individuals, agricultural businesses, small and medium-sized businesses, local government entities and non-profit organizations through its main office and four full-service retail banking offices and one drive-thru banking office located throughout its market area.

The Bank maintains a diversified loan portfolio, including loans to individuals for home mortgages, automobiles and personal expenditures, and loans to small businesses for current operations and expansion and offers a variety of deposit products and services, including checking accounts, savings accounts, money market accounts, individual retirement accounts, certificates of deposit and cash management solutions. The Bank offers other services including internet banking, mobile banking and remote deposit capture.

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America and to accepted practices within the banking industry. The following describes the significant accounting and reporting policies which are employed in the preparation of the consolidated financial statements.

Basis of Presentation: The consolidated financial statements of JSB Financial Inc. and its wholly owned subsidiary, Jefferson Security Bank, include the accounts of both companies. All material intercompany balances and transactions have been eliminated in consolidation. JSB Financial Services, LLC is an inactive subsidiary previously used for offering financial services; therefore, no elimination entries were needed for consolidation.

Use of Estimates: To prepare financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that require the most subjective or complex judgement are related to the allowance for credit losses and postretirement benefit obligations.

Cash and Cash Equivalents: For purposes of the consolidated balance sheets and the consolidated statements of cash flows, cash and cash equivalents include cash on hand, cash items, amounts due from financial institutions, interest bearing deposits with depository institutions and federal funds sold. Amounts due from financial institutions may, at times, exceed federally insured limits and are carried at cost.

Debt Securities: Investments in debt securities may be classified as either held to maturity, available for sale or trading. Currently, the Company has classified its debt securities within the held to maturity and available for sale classifications. Debt securities purchased with the positive intent and ability to hold to maturity are classified as held to maturity and are recorded at amortized cost, net of any allowance for credit losses. Debt securities not classified as held to maturity are classified as available for sale and are carried at estimated fair value with the corresponding unrealized gains and losses recognized in other comprehensive income (loss).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Purchase premiums are recognized in interest income using the effective interest rate method over the period from purchase to maturity, or for callable securities, the earliest call date. Purchase discounts are recognized in the same manner from purchase to maturity. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Transfers of debt securities into the held to maturity classification from the available for sale classification are made at fair value on the date of transfer. The unrealized holding gain or loss on the date of transfer is reported in accumulated other comprehensive loss, net and in the carrying value of the held to maturity securities. Such amounts are amortized over the remaining contractual lives of the securities. The net impact from amortization and accretion of the unrealized loss at date of transfer is zero.

Allowance for Credit Losses – Available for Sale Debt Securities: For available for sale debt securities, management evaluates all securities in an unrealized loss position on a quarterly basis, and more frequently when economic or market conditions warrant such evaluation. The Company assesses whether it intends to sell, or it is more likely than not that it will be required to sell, the security before recovery of its amortized cost basis. If either criteria is met, the security's amortized cost basis is written down to fair value through income. For available for sale securities where neither of the above criteria is met, the Company evaluates whether the decline in fair value is the result of credit losses or other factors. In making this assessment, management may consider the extent to which fair value is less than amortized cost, performance of any underlying collateral, any changes to the credit rating of the security by a rating agency, the failure of the issuer to make scheduled interest or principal payments and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected is compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited to the amount that the fair value is less than the amortized cost basis. Any remaining discount that has not been recorded through an allowance for credit loss is recognized in other comprehensive income (loss).

Adjustments to the allowance for credit losses are recorded as provision for or recovery of credit losses. Losses are charged against the allowance when management believes the collectability of an available for sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met. As of December 31, 2024 and 2023, management determined that the unrealized loss positions in available for sale debt securities portfolio were not the result of credit losses, and therefore, an allowance for credit losses was not recorded. The Company has the intent and the ability to hold these securities until such a time that the value recovers or the securities mature.

Management has elected to exclude accrued interest receivable on available for sale securities from the estimate of credit losses. At December 31, 2024 and 2023, accrued interest receivable related to available for sale debt securities totaled $236,725 and $252,504 and was reported in "Accrued interest receivable" on the consolidated balance sheets.

Allowance for Credit Losses – Held to Maturity Debt Securities: For debt securities classified as held to maturity, the Company is required to utilize the current expected credit losses (CECL) methodology to estimate expected credit losses. The allowance for credit losses on held to maturity debt securities is a valuation allowance, calculated in accordance with ASC 326, that is deducted from the amortized cost basis of debt securities held to maturity to present management's best estimate of the net amount expected to be collected. Debt securities held to maturity are charged-off against the allowance for credit losses when deemed uncollectible.

The Company measures expected credit losses on debit securities held to maturity on a collective basis by major security type with each type sharing similar risk characteristics. The estimate of expected credit losses is primarily based on ratings assigned to the securities by debt rating agencies and the average of the annual historical loss rates associated with those ratings. The Company applies the historical credit loss rates adjusted for current conditions and reasonable and supportable forecasts as considered necessary to arrive at the lifetime expected loss amount. Management elected to exclude accrued interest receivable on held to maturity debt securities from the estimate of credit losses. At December 31, 2024 and 2023, accrued interest receivable related to held to maturity debt securities totaled $289,052 and $289,117 and was reported in "Accrued interest receivable" on the consolidated balance sheets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As of December 31, 2024 and 2023, the Company had no recorded allowance for credit losses on held to maturity securities. The majority of all held to maturity securities are comprised of state and municipal obligations that are deemed to be investment grade and agency mortgage-backed securities that are guaranteed by government sponsored agencies that have a long history of no credit losses. As a result, management has determined these securities to have an immaterial loss expectation, and therefore, the Company did not record a provision for credit losses on any held to maturity securities during the year ended December 31, 2024 and 2023.

Restricted Securities: The Bank, as a member of the Federal Home Loan Bank (FHLB) of Pittsburgh, is required to maintain an investment in capital stock of the FHLB. Based on redemption provisions of the FHLB, the stock has no readily determinable fair value or quoted market value and is carried at cost minus impairment, if any. The redemption of FHLB stock is subject to certain limitations and conditions. At its discretion, the FHLB may declare dividends on the stock. The Bank also holds an equity investment in Community Bankers Bank. The stock is generally viewed as a long-term investment and as restricted securities carried at cost because there is a minimal market for the stock. Management reviews restricted securities for impairment based on the ultimate recoverability of the par value rather than by recognizing temporary declines in value.

Loans: Loans that management has the intent and ability to hold for the foreseeable future or until payoff or maturity are reported at their recorded investment, which is the principal balance outstanding, net of unearned income. Accrued interest receivable related to loans totaled $986,919 and $817,864 at December 31, 2024 and 2023, respectively, and was reported in "Accrued interest receivable" on the consolidated balance sheets. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and amortized as an adjustment of the related loan yield using either the interest method or straight-line method.

Interest income is reported using the interest method and includes amortization of net deferred loan fees and costs over the estimated loan term. Interest income is not recorded when full loan repayment is in doubt, typically when the loan becomes 90 days past due based upon the loan's contractual terms and the loan is not well collateralized and in the process of collection, or when management believes, after considering economic and business conditions and collection efforts, that the principal or interest will not be collectible in the normal course of business. When management doubts the collection in full of the principal and interest, the loan is placed on nonaccrual status. If a loan is fully secured and in the process of collection and resolution of collection is expected in the near term, then the loan will not be placed on nonaccrual status.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income for unpaid interest recognized in net income in the current year and unpaid interest accrued from prior years is charged to the allowance for credit losses. 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, there is a sustained period of repayment performance and future payments are reasonably assured to meet the contractual provisions of the note.

When a loan is not fully collateralized and is in the process of collection, the Company may charge off the account balance or some portion thereof as a loss. Generally, a delinquency over 120 days past due will be charged off unless the loan is well secured and an acceptable collection plan is in place with the exception of personal residential property which may be charged off at 150 days. All charge offs are approved by the Loan Committee and reported to the Board of Directors.

The Company refers to loan modifications where the borrower is experiencing financial difficulty and the modification is in the form of principal forgiveness, interest rate reductions, term extensions, other-than-insignificant payment delays, or a combination of the above modifications, as modified loans. The Company accounts for modified loans consistently with its accounting policy for accounting for loan modifications.

The Company evaluates all loan modifications according to the accounting guidance for loan refinancing and restructuring to determine whether the modification should be accounted for as a new loan or a continuation of the existing loan. If the modification meets the criteria to be accounted for as a new loan, any deferred fees and costs remaining prior

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

to the modification are recognized in income and any new deferred fees and costs are recorded on the loan as part of the modification. If the modification does not meet the criteria to be accounted for as a new loan, any new deferred fees and costs resulting from the modification are added to the existing amortized cost basis of the loan.

The allowance for credit losses incorporates an estimate of lifetime expected credit losses and is recorded on each asset upon asset origination or acquisition. The starting point for the estimate of the allowance for credit losses is historical loss information, which includes losses from modifications of receivables to borrowers experiencing financial difficulty. An assessment of whether a borrower is experiencing financial difficulty is made on the date of a modification. As part of the Company's loan modification program to borrower's experiencing financial difficulty, the Company may provide concessions to minimize economic loss and improve long-term loan performance and collectability. Because the effect of most modifications made to borrowers experiencing financial difficulty is already included in the allowance for credit losses because of the measurement methodologies used to estimate the allowance, a change to the allowance for credit losses is generally not recorded upon modification.

Risk characteristics associated with specific loan portfolio segments are detailed below:

Commercial loans, not secured by real estate, carry risks associated with the successful operation of the business, and the repayments of these loans substantially depend on the profitability and cash flows of business operations. Commercial loans contain a higher level of risk than other loan types although care is taken to minimize this risk. The Bank obtains appropriate collateral, such as equipment, and personal guarantees from the principal owners of the business and monitors the overall financial condition of the borrower. Risk factors impacting the portfolio include industry specific risks such as economic conditions, technology, increasing material and production costs, labor rates and cyclicality. Customer risk factors include cash flow, financial structure, operating controls and asset quality. Additionally, interest rate increases could have an adverse impact on the profitability of the business.

Commercial Real Estate loans are generally secured by nonresidential, non-owner occupied one-to-four family rental and multi-family residential properties. Commercial real estate loans carry risks associated with the profitability of the business and the ability to generate positive cash flows sufficient to service debts. Commercial non-owner occupied loans differ in that cash flow to service debt is normally dependent on external income from third parties for use of the real estate such as rents and leases. Real estate security diminishes risks only to the extent that a market exists for the collateral.

Construction loans are impacted mainly by demand for new residential housing or for retail, industrial, office and other types of commercial construction within a given area. Real estate secured construction loans also carry risks that a project will not be completed as scheduled and budgeted and that the value of the collateral may, at any point, be less than the principal amount of the loan. Collateral risk arises due to loan funds being provided to the borrower based upon the estimated value of the collateral after completion. Additional risks may occur if the general contractor, who may not be a loan customer, is unable to finish the project as planned due to financial pressures unrelated to the project.

Residential Real Estate loans carry risks associated with the continued credit worthiness of the borrower and changes in the value of collateral. Residential real estate loans are traditional one-to-four family residential mortgages and are comprised of fixed rate and adjustable rate mortgages. The repayment risk of these loans is subject to employment conditions in the local economy, with adverse conditions leading to an increase in default rates. In the event of incremental rate increases for adjustable rate mortgages, the borrowers' ability to maintain payments may be impacted.

Consumer loans carry risks associated with the continued creditworthiness of the borrower and the value of the underlying collateral. In addition, these loans may be unsecured or secured by automobiles, recreational vehicles and other personal property. Consumer loans are further segmented into credit cards and all other consumer loans. The consumer loan portfolio is more likely to be immediately affected by adverse economic conditions. The risks associated with these loans are monitored and mitigated through lending policies and underwriting standards.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Credit Losses - Loans: The allowance for credit losses is a valuation allowance account that is deducted from the amortized cost basis of the Company's loans to present the net amount expected to be collected. Loans are charged off when the Company determines that such financial assets are deemed uncollectible or based on regulatory requirements, whichever is earlier. Charge-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously charged-off, not to exceed the aggregate of amounts previously charged off, are included in determining the necessary reserve at the balance sheet date. Accrued interest receivable is excluded from the estimate of credit losses.

The allowance for credit losses on loans is an estimate of the expected credit losses on financial assets measured at amortized cost to present the net amount expected to be collected as of the balance sheet date. The allowance for credit losses represents management's estimate of credit losses expected to arise over the life of the loans based on the contractual terms. The allowance for credit losses is estimated by management using relevant available information, from both internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts.

Management's evaluation of the adequacy of the allowance for credit losses and the appropriate provision for credit losses is based upon a quarterly evaluation of the loan portfolio. This evaluation is inherently subjective and requires significant estimates, including estimates related to the amounts and timing of future cash flows, value of collateral, losses on pools of homogeneous loans based on historical loss experience, and consideration of qualitative factors such as current economic trends, all of which are susceptible to constant and significant change.

The Company measures expected credit losses for loans on a collective basis for portfolios of loans with similar risk characteristics. For loans that do not share similar risk characteristics, management evaluates the allowance for credit losses on an individual basis based on the present value of expected future cash flows using the loan's effective interest rate, or as a practical expedient, the fair value of the collateral if the loan is collateral-dependent. For loans not specifically reviewed on an individual basis, management calculates the allowance for credit losses based on portfolio segments using the weighted average remaining maturity (WARM) methodology. Loans are segmented into pools based upon similar characteristics and risk profiles. Common characteristics and risk profiles include the type/purpose of loan and underlying collateral. In developing these loan pools for the purposes of modeling expected credit losses, management also considers the degree of correlation in how loans within each portfolio respond to various economic conditions and scenarios as well as other portfolio stress factors.

The Company uses an average annual loss rate which is based on the Company's historical information to estimate credit losses for the identified pools. The loss rate is applied to the estimated future outstanding balance of each pool based on contractual maturities and estimated prepayments. Loss rates are adjusted for qualitative factors that are not otherwise considered. The qualitative factors considered by management include reasonable and supportable forecasts of economic conditions; trends in credit quality; underlying collateral evaluations; lending policy, procedures and underwriting; volume, nature and terms of loans; concentrations of credit; effects from competition, legal and regulation; and management.

Allowance for Credit Losses – Unfunded Commitments: Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit issued to meet customer financing needs. The Company's exposure to credit loss in the event of nonperformance for off-balance sheet loan commitments is represented by the contractual amount of those instruments. Such financial instruments are recorded when they are funded.

The Company maintains a separate reserve for credit losses on off-balance sheet credit exposures, including unfunded loan commitments, which is included in other liabilities on the Company's consolidated balance sheets. The Company records an allowance for credit loss on off-balance sheet credit exposures, unless the commitment to extend credit are unconditionally cancelable, through a charge to provision for credit losses in the Company's consolidated income statements. The allowance for credit losses on off-balance sheet credit exposures is estimated by loan segment at each balance sheet date utilizing the same current expected credit loss model and methodologies for the Company's other loan portfolio segments, as these unfunded commitments share similar risk characteristics as other loan portfolio segments. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life as well as any third-party guarantees.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Interest Receivable: The Company has elected to exclude the accrued interest from the amortized cost basis in its determination of the allowance for credit losses for both loans and held-to-maturity securities, as well as elected the policy to write-off accrued interest receivable directly through the reversal of interest income. Accrued interest receivable is included in “Accrued Interest Receivable” on the Company’s consolidated balance sheets.

Premises and Equipment: Premises and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Useful lives range primarily from five to forty years for buildings and improvements and three to fifteen years for furniture, fixtures and equipment. Maintenance, repairs and minor alterations are charged to current operations as expenditures are incurred. Major improvements are capitalized. Land is carried at cost.

Other Real Estate Owned: Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value, less estimated selling costs, 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 noninterest expense.

Concentrations of Credit Risk: Most of the Bank’s activities are with customers located within Berkeley and Jefferson counties of West Virginia and in areas of Washington County, Maryland. Note 4, Loans, details the types of lending in which the Bank engages. The Bank does not have any significant concentrations in any one industry or customer.

Employee Benefits: As of December 31, 2013, the Company froze the defined benefit pension plan. No additional participant may enter the plan, and there will be no further increase in benefits due to increases in salaries and years of service. A 401(k) retirement savings plan is available to all employees meeting the age and eligibility requirements. The plan allows employee contributions, with matching contributions, to be allocated based on a percentage of the employee salary deferral. The Company contributed a percentage of each eligible employees’ salary to their 401(k) plan account during 2024 and 2023 and intends to continue this practice. The Company provides a supplemental executive retirement plan to members of senior management.

Income Taxes: When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the consolidated financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with unrecognized tax benefits, if any, are classified as additional income taxes in the consolidated statements of income. As of December 31, 2024 and 2023, there was no liability recorded for unrecognized tax benefits.

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax basis of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws.

Comprehensive Income (Loss): Comprehensive income (loss) consists of net income and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized holding gains and losses on securities available for sale, unrealized holding losses on securities transferred from available for sale to held to maturity and changes in pension and postretirement benefit obligations.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Values of Financial Instruments: Fair values of certain financial instruments are estimated using an exit price, which represents the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. Valuation techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. Fair value estimates involve uncertainties and matters of significant judgment, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

Bank Owned Life Insurance: The Company owns life insurance policies on the lives of certain key employees. Bank owned life insurance is recorded as an asset on the consolidated balance sheets at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value. Any increase in cash surrender value is recorded as noninterest income in the consolidated statements of income. In the event of death of an insured individual under these policies, the Company would receive a death benefit, with the excess of the proceeds over the recorded cash surrender value recorded as other noninterest income.

Stock Repurchase Plan: In October 2023, the FDIC approved the purchase of 18,263 shares of Jefferson Security Bank common stock pursuant to the exercise and perfection of appraisal rights under Article 13 of the West Virginia Business Corporation Act in connection with the reorganization of Jefferson Security Bank into a holding company structure whereby Jefferson Security Bank became a wholly owned subsidiary of JSB Financial Inc. The approval expired upon consummation of the above-mentioned transaction in October 2023. At this time, the Company does not have a stock repurchase program available for the repurchase of shares.

Dividend Restriction: The Company is a legal entity, separate and distinct from its subsidiary. A significant portion of the revenues of the Company result from dividends paid to it by the Bank. There are various legal limitations applicable to the payment of dividends by the Bank to the Company and to the payment of dividends by the Company to its shareholders. The Bank is subject to various statutory restrictions on its ability to pay dividends to the Company. Under the current supervisory practices of the Bank's regulatory agencies, prior approval from those agencies is required if cash dividends declared in any given year exceed net income for that year, plus retained net profits of the two preceding years. The payment of dividends by the Bank or the Company may be limited by other factors, such as requirements to maintain capital above regulatory guidelines. Bank regulatory agencies have the authority to prohibit the Bank or the Company from engaging in an unsafe or unsound practice in conducting their business. The payment of dividends, depending on the financial condition of the Bank, or the Company, could be deemed to constitute such an unsafe or unsound practice. In addition, under the current supervisory practices of the Federal Reserve, the Company should inform and consult with its regulators reasonably in advance of declaring or paying a dividend that exceeds earnings for the period for which the dividend is being paid or that could result in a material adverse change to the Company's capital structure.

Reclassifications: Some items in the prior year financial statements were reclassified to conform to the current year presentation. Such reclassifications had no effect on prior year net income or shareholders' equity.

Financial Instruments with Off-Balance Sheet Risk: Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and standby letters of credit issued to meet customer needs. The face amount for these items represents the exposure to loss before considering customer collateral or repayment ability. Such financial instruments are recorded when they are funded.

Advertising Costs: The Company follows the policy of charging the costs of advertising to expense as incurred. Total advertising expenses incurred for 2024 and 2023 were $34,808 and $27,509 respectively.

Transfers of Financial Assets: Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Bank – put presumptively beyond reach of the transferor and its creditors, even in bankruptcy or other receivership, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

Accounting Standards Pending Adoption

In November 2024, the Financial Accounting Standards Board (FASB) issued ASU 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses." ASU 2024-03 requires public companies to disclose, in the notes to the financial statements, specific information about certain costs and expenses at each interim and annual reporting period. This includes disclosing amounts related to employee compensation, depreciation, and intangible asset amortization. In addition, public companies will need to provide qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively. The FASB subsequently issued ASU 2025-01, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date", which amends the effective date of ASU 2024-03 to clarify that all public business entities are required to adopt the guidance in ASU 2024-03 in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption of ASU 2024-03 is permitted. Implementation of ASU 2024-03 may be applied prospectively or retrospectively. The Company does not expect the adoption of ASU 2024-03 to have a material impact on its consolidated financial statements.

In December 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." The amendments in this ASU require an entity to disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold, which is greater than five percent of the amount computed by multiplying pretax income by the entity's applicable statutory rate, on an annual basis. Additionally, the amendments in this ASU require an entity to disclose the amount of income taxes paid (net of refunds received) disaggregated by federal, state, and foreign taxes and the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions that are equal to or greater than five percent of total income taxes paid (net of refunds received). Lastly, the amendments in this ASU require an entity to disclose income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign and income tax expense (or benefit) from continuing operations disaggregated by federal, state, and foreign. This ASU is effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied on a prospective basis; however, retrospective application is permitted. The Company does not expect the adoption of ASU 2023-09 to have a material impact on its consolidated financial statements.

NOTE 2 – EARNINGS PER SHARE

Basic and diluted earnings per common share are calculated by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share include the dilutive effects of additional potential common shares, if present. There were no potentially dilutive securities outstanding as of December 31, 2024 and 2023. Therefore, diluted earnings per share equals basic earnings per share for both years. Basic and diluted earnings per share were calculated based on weighted average common shares outstanding of 257,483 for 2024 and 272,394 for 2023. Basic and diluted earnings per common share were $15.94 and $11.15 for the years ended December 31, 2024 and 2023, respectively.

NOTE 3 – SECURITIES

The primary purposes of the securities portfolio are to generate income, supply collateral for public funds on deposit and meet liquidity needs of the Company through readily saleable financial instruments. The portfolio is made up of fixed rate bonds, whose prices move inversely with interest rates, as well as variable rate bonds, whose prices correspond directly with interest rates. At the end of any accounting period, the securities portfolio may have both unrealized gains and losses. The Bank monitors the portfolio which is subject to liquidity needs, market rate changes and credit risk changes to determine if adjustments are needed.

The amortized cost and fair value of securities available for sale along with unrealized gains and losses are summarized as follows:

Available for Sale	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2024				
U.S. agency and mortgage-backed securities	$ 53,940,998	$ 508	$ (6,978,335)	$ 46,963,171
State and municipal obligations	11,100,316	87	(1,045,786)	10,054,617
Corporate securities	1,207,279	- -	(41,496)	1,165,783
	$ 66,248,593	$ 595	$ (8,065,617)	$ 58,183,571
December 31, 2023				
U.S. agency and mortgage-backed securities	$ 67,827,022	$ 2,593	$ (7,453,784)	$ 60,375,831
State and municipal obligations	9,805,023	- -	(908,933)	8,896,090
Corporate securities	1,178,479	- -	(64,191)	1,114,288
	$ 78,810,524	$ 2,593	$ (8,426,908)	$ 70,386,209

As of December 31, 2024 and 2023, all available for sale securities were current with no securities past due or on nonaccrual, and there was no allowance for credit losses for available for sale securities.

The amortized cost and fair value of securities held to maturity along with unrealized gains and losses are summarized as follows:

Held to Maturity	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2024				
U.S. agency and mortgage-backed securities	$ 47,654	$ - -	$ (1,188)	$ 46,466
State and municipal obligations	48,732,712	- -	(4,569,618)	44,163,094
	$ 48,780,366	$ - -	$ (4,570,806)	$ 44,209,560
December 31, 2023				
U.S. agency and mortgage-backed securities	$ 78,170	$ - -	$ (3,137)	$ 75,033
State and municipal obligations	48,258,443	3,631	(2,259,357)	46,002,717
	$ 48,336,613	$ 3,631	$ (2,262,494)	$ 46,077,750

At December 31, 2024 and 2023, all held to maturity securities were current with no securities past due or on nonaccrual, and there was no allowance for credit losses for held to maturity securities.

NOTE 3 – SECURITIES (Continued)

The following table shows the gross unrealized losses and estimated fair value of the available for sale securities for which an allowance for credit losses has not been recorded aggregated by category and length of time that securities have been in a continuous unrealized loss position at December 31, 2024 and 2023.

	December 31, 2024					
	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Securities available for sale:						
U.S. agency and mortgage-backed securities	$ 2,887,384	$ (25,275)	$ 43,996,877	$ (6,953,060)	$ 46,884,261	$ (6,978,335)
State and municipal obligations	3,397,093	(73,839)	6,543,016	(971,947)	9,940,109	(1,045,786)
Corporate securities	- -	- -	1,165,783	(41,496)	1,165,783	(41,496)
	$ 6,284,477	$ (99,114)	$ 51,705,676	$ (7,966,503)	$ 57,990,153	$ (8,065,617)

	December 31, 2023					
	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Securities available for sale:						
U.S. agency and mortgage-backed securities	$ 616,574	$ (7,430)	$ 59,080,170	$ (7,446,354)	$ 59,696,744	$ (7,453,784)
State and municipal obligations	298,176	(1,824)	8,302,915	(907,109)	8,601,091	(908,933)
Corporate securities	1,114,288	(64,191)	- -	- -	1,114,288	(64,191)
	$ 2,029,038	$ (73,445)	$ 67,383,085	$ (8,353,463)	$ 69,412,123	$ (8,426,908)

The Company reviews available for sale debt securities on a quarterly basis for impairment based on the severity of the loss in conjunction with management's positive intent and ability to hold these securities until recovery of their cost basis or maturity. The Company also evaluates the unrealized losses on available for sale securities to determine if the security's decline in fair value below its amortized cost basis is due to credit factors including changes to credit ratings, overall credit quality of the issuer based on economic and financial conditions and the present value of cash flows expected to be collected on the securities.

At December 31, 2024 and 2023, gross unrealized losses on available for sale securities were $8,065,617 on 110 securities and $8,426,908 on 131 securities, respectively. The Company evaluated the available for sale securities in a loss position for a credit-related impairment at December 31, 2024 and 2023, and concluded that no impairment exists based on factors, which included: the securities are of high credit quality, unrealized losses are primarily the result of market volatility and increases in market interest rates and issuers continue to make timely principal and interest payments. Management concluded that it was more-likely-than-not that it would be able to realize the cost basis and appropriate interest payments on such securities. The Company considers the unrealized losses on the available for sale securities to be related to fluctuations in market conditions, primarily interest rates, and not reflective of deterioration in credit. There was no allowance for credit losses recorded on available for sale securities on December 31, 2024 and 2023.

At December 31, 2024 and 2023, there was no allowance for credit losses on held to maturity debt securities. Substantially all of the Company's held to maturity securities are issued by states and municipalities. The Company monitors the credit quality of held to maturity securities through the use of credit ratings and through management's internal review of underlying issuer financial information and other applicable information to ascertain the issuer's risk of default; the characteristics of the issuer's demographics and economic conditions; and the issuer's budgetary position and stability of tax or other revenue sources.

NOTE 3 – SECURITIES (Continued)

The Company monitors the credit ratings from Moody's and S&P on a quarterly basis. The following table summarizes the amortized cost of debt securities held to maturity at December 31, 2024 and 2023, aggregated by credit quality indicator.

	U.S. Agency and Mortgage-Backed Securities	State and Muncipal Obligations
December 31, 2024		
Aaa/AAA	$ - -	$ 9,319,501
Aa1/Aa2/Aa3/AA	- -	25,807,000
A1/A2/A3/A	- -	13,210,814
Not rated	47,654	395,397
Total	$ 47,654	$ 48,732,712
December 31, 2023		
Aaa/AAA	$ - -	$ 9,227,691
Aa1/Aa2/Aa3/AA	- -	25,573,947
A1/A2/A3/A	- -	13,061,699
Not rated	78,170	395,106
Total	$ 78,170	$ 48,258,443

The not rated securities consist of two agency mortgage-backed securities and one local state and municipal obligation at December 31, 2024 and 2023.

The amortized cost and fair value of debt securities by contractual maturity at December 31, 2024 follows:

	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in less than one year	$ 205,335	$ 203,809	$ - -	$ - -
Due from one to five years	2,281,403	2,169,553	1,056,488	1,036,077
Due from five to ten years	13,315,876	12,009,898	10,473,062	9,618,018
Due after ten years	50,445,979	43,800,311	37,250,816	33,555,465
	$ 66,248,593	$ 58,183,571	$ 48,780,366	$ 44,209,560

At December 31, 2024 and 2023, securities with a fair value of $84,080,531 and $74,666,680, respectively, and an amortized cost of $94,963,873 and $82,716,920, respectively, were pledged to secure public deposits and for other purposes required or permitted by law. At December 31, 2024 and 2023, the Bank had no securities sold under an agreement to repurchase with no collateral requirements for pledged securities.

During 2024, proceeds from maturities, calls and sales of available for sale securities were $300,000, $220,000 and $8,764,725. Net realized losses from the sale of securities totaled $214,257. The tax benefit applicable to these realized losses amounted to $53,564. There were no realized gains or losses on the maturity and call of securities.

During 2023, proceeds from sales and calls of available for sale securities were $1,215,038 and $115,000, respectively. Net realized gains from the sale of securities totaled $1,432. The tax expense applicable to these realized gains amounted to $358. There were no gross realized gains or losses on the maturity or call of securities.

For the years ended December 31, 2024 and 2023, there were no proceeds from the maturity, sale or call of securities held to maturity. The Company did not realize any gross gains or gross losses on held to maturity securities during 2024 and 2023.

NOTE 3 – SECURITIES (Continued)

Federal Home Loan Bank and Community Bankers' Bank stock are generally viewed as long-term investments and as restricted securities, which are carried at cost, because there is a minimal market for the stock. Therefore, when evaluating restricted securities for impairment, their value is based on the ultimate recoverability of the par value rather than by recognizing temporary declines in value. The Company does not consider these investments to be impaired at December 31, 2024 and 2023, and no impairment has been recognized.

The composition of restricted securities at December 31, 2024 and 2023 was as follows:

	2024	2023
Federal Home Loan Bank stock	$ 588,700	$ 1,217,700
Community Bankers' Bank stock	80,500	80,500
	$ 669,200	$ 1,298,200

NOTE 4 – LOANS AND ALLOWANCE FOR CREDIT LOSSES

Loans are shown on the consolidated balance sheets net of the allowance for credit losses on loans and deferred loan fees and costs.

The following table presents a summary of loan balances by segment on December 31, 2024 and 2023.

	2024	2023
Loans secured by real estate:		
Commercial real estate:		
Construction	$ 8,270,132	$ 12,856,694
Owner occupied	20,733,940	14,625,549
Non-owner occupied	56,620,168	45,562,127
Residential real estate:		
Construction	14,154,704	28,318,195
Home equity	18,846,845	16,857,824
Other	250,882,218	221,534,531
Total loans secured by real estate	369,508,007	339,754,920
Commercial	7,742,650	7,510,986
Consumer:		
Credit cards	433,557	427,866
Revolving credit plans	171,682	79,713
Other	5,183,884	4,688,357
	383,039,780	352,461,842
Net deferred loan fees and costs	(756,772)	(750,081)
Allowance for credit losses	(4,107,312)	(3,800,440)
Loans, net	$ 378,175,696	$ 347,911,321

Overdrafts on demand deposits totaling $45,022 and $40,578 on December 31, 2024 and 2023, respectively, were reclassified from deposits to other consumer loans.

NOTE 4 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

The following tables present an aging of past due loans as of December 31, 2024 and 2023 by loan segment:

December 31, 2024	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due and Accruing Interest	Nonaccrual Loans	Current	Total Loans
Commercial real estate:						
Construction	$ - -	$ - -	$ - -	$ - -	$ 8,270,132	$ 8,270,132
Owner occupied	- -	- -	- -	- -	20,733,940	20,733,940
Non-owner occupied	- -	- -	- -	- -	56,620,168	56,620,168
Residential real estate:						
Construction	- -	- -	- -	- -	14,154,704	14,154,704
Home equity	- -	- -	- -	- -	18,846,845	18,846,845
Other	57,076	- -	- -	46,835	250,778,307	250,882,218
Commercial	- -	- -	- -	- -	7,742,650	7,742,650
Consumer:						
Credit cards	2,584	- -	- -	- -	430,973	433,557
Revolving credit plans	46,153	- -	- -	- -	125,529	171,682
Other	28,119	- -	- -	- -	5,155,765	5,183,884
Total	$ 133,932	$ - -	$ - -	$ 46,835	$ 382,859,013	$ 383,039,780

December 31, 2023	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due and Accruing Interest	Nonaccrual Loans	Current	Total Loans
Commercial real estate:						
Construction	$ - -	$ - -	$ - -	$ - -	$ 12,856,694	$ 12,856,694
Owner occupied	- -	- -	- -	- -	14,625,549	14,625,549
Non-owner occupied	- -	- -	- -	- -	45,562,127	45,562,127
Residential real estate:						
Construction	- -	- -	- -	- -	28,318,195	28,318,195
Home equity	66,985	2,164	- -	- -	16,788,675	16,857,824
Other	274,358	31,347	- -	50,895	221,177,931	221,534,531
Commercial	- -	- -	- -	- -	7,510,986	7,510,986
Consumer:						
Credit cards	2,559	613	- -	- -	424,694	427,866
Revolving credit plans	- -	- -	- -	- -	79,713	79,713
Other	- -	6,664	- -	- -	4,681,693	4,688,357
Total	$ 343,902	$ 40,788	$ - -	$ 50,895	$ 352,026,257	$ 352,461,842

NOTE 4 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

The following tables summarize the types of loans that comprised nonaccruals at December 31, 2024 and 2023:

	December 31, 2024		
	Nonaccrual Loans with No Allowance	Nonaccrual Loans with an Allowance	Total nonaccrual Loans
Commercial real estate:			
Construction	$ - -	$ - -	$ - -
Owner occupied	- -	- -	- -
Non-owner occupied	- -	- -	- -
Residential real estate:			
Construction	- -	- -	- -
Home equity	- -	- -	- -
Other	46,835	- -	46,835
Commercial	- -	- -	- -
Consumer:			
Credit cards	- -	- -	- -
Revolving credit plans	- -	- -	- -
Other	- -	- -	- -
Total	$ 46,835	$ - -	$ 46,835

	December 31, 2023		
	Nonaccrual Loans with No Allowance	Nonaccrual Loans with an Allowance	Total nonaccrual Loans
Commercial real estate:			
Construction	$ - -	$ - -	$ - -
Owner occupied	- -	- -	- -
Non-owner occupied	- -	- -	- -
Residential real estate:			
Construction	- -	- -	- -
Home equity	- -	- -	- -
Other	50,895	- -	50,895
Commercial	- -	- -	- -
Consumer:			
Credit cards	- -	- -	- -
Revolving credit plans	- -	- -	- -
Other	- -	- -	- -
Total	$ 50,895	$ - -	$ 50,895

The Company did not recognize interest income on nonaccrual loans during the years ended December 31, 2024 and 2023.

For the year ended December 31, 2024 and 2023, the Company did not provide loan restructurings involving borrowers that were experiencing financial difficulty. An assessment of whether a borrower is experiencing financial difficulty is made on the date of a modification, if applicable. The allowance for credit losses (ACL) incorporates an estimate of lifetime expected credit losses and is recorded on each asset upon origination. Because the effect of most modifications made to borrowers experiencing financial difficulty would already be included in the ACL as a result of the measurement methodologies used to estimate the allowance, a change in the ACL is generally not recorded upon modification.

NOTE 4 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

Credit Quality Indicators

The Bank monitors credit quality indicators including risk grades on loans to determine trends in credit quality of the loan portfolio. Every loan is assessed and assigned a risk grade at inception of the credit transaction, as well as, through the life of each loan. The loan review policy dictates which portion of the loan portfolio will be periodically reassessed, which includes a review of the accuracy of the assigned risk grades. The Company uses a nine-grade internal loan rating system to assign risk grades from pass to doubtful utilizing the definitions as follows:

Pass: Loans graded as Pass are loans to borrowers of acceptable credit quality and risk. The Bank will likely not incur a loss on loans graded as pass. Any inadequacies evident in financial performance and/or management sufficiency are offset by other features such as adequate collateral, good guarantors with liquid assets and/or cash flow capacity to repay the debt. Generally, loans classified as pass meet the terms of repayment but may be susceptible to deterioration if adverse factors are encountered.

Special Mention: Loans graded as Special Mention are potentially weak due to various factors, including loans where the borrower's character, capital, capacity, conditions, or collateral is questionable. These weaknesses may, if not checked or corrected, weaken the asset or inadequately protect the Bank's credit position at some future date. Circumstances warrant more than normal monitoring, as these borrowers reflect the risks described in the following categories. These credits are considered bankable assets with no apparent loss of principal or interest envisioned but may require a higher level of management attention. Assets are currently protected but potentially weak. Potential weaknesses include declining trends in operating earnings and cash flows and/or reliance on the secondary or tertiary sources of repayment. Credits subject to economic, industry, or management factors having an adverse impact upon the prospects for timely payment may also be classified as special mention.

Substandard: Loans graded as Substandard are inadequately protected by the net worth and/or cash flow capacity of the borrower or of the collateral pledged. These loans are generally represented by a borrower whose character has become suspect. The source of repayment is considered conditional, problematic or marginal. Substandard loans would include unsecured or partially secured loans to financially weak borrowers with a strong guarantor or endorser who did not benefit from the loan and without a curtailment in over one year and workout loans with potential loss consideration. The credit risk in this situation relates to the possibility of some loss of principal and/or interest if the deficiencies are not corrected. These loans are considered adversely classified.

Doubtful: Loans graded as Doubtful are inadequately protected by the net worth of the borrower or by the collateral pledged and repayment in full is improbable on the basis of facts, values and conditions. These loans may include those over three months past due that are not adequately secured or are in the process of collection. The probability of some loss is high, but because of certain important and reasonably specific pending factors, that may work to the advantage and strengthening of the facility, its classification as an estimated loss is deferred until a more exact status may be determined.

Loss: Loans graded as loss are considered uncollectible and continuance as an acceptable asset is not warranted. A loan classified as a loss is generally charged off.

NOTE 4 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

As of December 31, 2024, the credit quality indicators of loans by year of origination are as follows (in thousands):

	December 31, 2024								
	2024	2023	2022	2021	2020	Prior to 2020	Revolving	Revolving - Termed Out	Total
Commercial real estate: construction									
Pass	$ 1,166	$ 2,246	$ 1,151	$ 746	$ 264	$ 1,319	$ 781	$ - -	$ 7,673
Special Mention	- -	- -	- -	- -	- -	437	- -	- -	437
Substandard	- -	- -	- -	- -	- -	- -	- -	160	160
Total commercial real estate: construction	$ 1,166	$ 2,246	$ 1,151	$ 746	$ 264	$ 1,756	$ 781	$ 160	$ 8,270
Current period gross write-offs	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -
Commerical real estate: owner occupied									
Pass	$ 3,431	$ 3,422	$ 2,748	$ 3,154	$ 2,175	$ 3,660	$ 1,406	$ - -	$ 19,996
Special Mention	- -	- -	- -	- -	- -	187	- -	- -	187
Substandard	- -	- -	- -	- -	- -	551	- -	- -	551
Total commercial real estate: owner occupied	$ 3,431	$ 3,422	$ 2,748	$ 3,154	$ 2,175	$ 4,398	$ 1,406	$ - -	$ 20,734
Current period gross write-offs	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -
Commerical real estate: non-owner occupied									
Pass	$ 8,450	$ 7,977	$ 15,478	$ 4,370	$ 3,065	$ 11,979	$ 2,898	$ - -	$ 54,217
Special Mention	874	- -	- -	- -	- -	- -	- -	- -	874
Substandard	- -	- -	- -	- -	- -	1,529	- -	- -	1,529
Total commercial real estate: non-owner occupied	$ 9,324	$ 7,977	$ 15,478	$ 4,370	$ 3,065	$ 13,508	$ 2,898	$ - -	$ 56,620
Current period gross write-offs	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -
Residential real estate: construction									
Pass	$ 1,033	$ 1,295	$ - -	$ - -	$ - -	$ - -	$ 11,827	$ - -	$ 14,155
Total residential real estate: construction	$ 1,033	$ 1,295	$ - -	$ - -	$ - -	$ - -	$ 11,827	$ - -	$ 14,155
Current period gross write-offs	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -
Residential real estate: home equity									
Pass	$ 1,309	$ 95	$ 397	$ 304	$ 299	$ 110	$ 15,244	$ 785	$ 18,543
Special Mention	- -	- -	67	- -	- -	- -	222	15	304
Total residential real estate: home equity	$ 1,309	$ 95	$ 464	$ 304	$ 299	$ 110	$ 15,466	$ 800	$ 18,847
Current period gross write-offs	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -
Residential real estate: other									
Pass	$ 28,284	$ 32,742	$ 67,642	$ 50,685	$ 18,794	$ 46,674	$ 5,922	$ - -	$ 250,743
Special Mention	- -	- -	28	- -	- -	64	- -	- -	92
Substandard	- -	- -	- -	- -	- -	47	- -	- -	47
Total residential real estate: other	$ 28,284	$ 32,742	$ 67,670	$ 50,685	$ 18,794	$ 46,785	$ 5,922	$ - -	$ 250,882
Current period gross write-offs	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -
Commercial									
Pass	$ 1,371	$ 72	$ 664	$ 2,040	$ - -	$ 768	$ 663	$ 99	$ 5,677
Special Mention	- -	- -	- -	- -	- -	2,066	- -	- -	2,066
Total commercial	$ 1,371	$ 72	$ 664	$ 2,040	$ - -	$ 2,834	$ 663	$ 99	$ 7,743
Current period gross write-offs	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -

NOTE 4 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

	December 31, 2024								
	2024	2023	2022	2021	2020	Prior to 2020	Revolving	Revolving - Termed Out	Total
Consumer: credit cards									
Pass	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ 433	$ - -	$ 433
Total consumer: credit cards	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ 433	$ - -	$ 433
Current period gross write-offs	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ 2	$ - -	$ 2
Consumer: revolving credit plans									
Pass	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ 126	$ - -	$ 126
Special Mention	- -	- -	- -	- -	- -	- -	46	- -	46
Total consumer: revolving credit plans	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ 172	$ - -	$ 172
Current period gross write-offs	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -
Consumer: other									
Pass	$ 2,187	$ 1,945	$ 807	$ 123	$ 49	$ 73	$ - -	$ - -	$ 5,184
Total consumer: other	$ 2,187	$ 1,945	$ 807	$ 123	$ 49	$ 73	$ - -	$ - -	$ 5,184
Current period gross write-offs	$ 4	$ 10	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ 14
Total	$ 48,105	$ 49,794	$ 88,982	$ 61,422	$ 24,646	$ 69,464	$ 39,568	$ 1,059	$ 383,040

As of December 31, 2023, the credit quality indicators of loans by year of origination are as follows (in thousands):

	December 31, 2023								
	2023	2022	2021	2020	2019	Prior to 2019	Revolving	Revolving - Termed Out	Total
Commercial real estate: construction									
Pass	$ 2,635	$ 1,818	$ 1,109	$ 412	$ 816	$ 2,901	$ 3,002	$ - -	$ 12,693
Special Mention	- -	- -	- -	- -	- -	- -	- -	164	164
Total commercial real estate: construction	$ 2,635	$ 1,818	$ 1,109	$ 412	$ 816	$ 2,901	$ 3,002	$ 164	$ 12,857
Current period gross write-offs	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -
Commerical real estate: owner occupied									
Pass	$ 3,317	$ 2,845	$ 3,287	$ 1,620	$ 706	$ 1,619	$ 661	$ - -	$ 14,055
Special Mention	- -	- -	- -	- -	- -	571	- -	- -	571
Total commercial real estate: owner occupied	$ 3,317	$ 2,845	$ 3,287	$ 1,620	$ 706	$ 2,190	$ 661	$ - -	$ 14,626
Current period gross write-offs	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -
Commerical real estate: non-owner occupied									
Pass	$ 6,385	$ 10,617	$ 3,108	$ 3,614	$ 5,235	$ 10,804	$ 3,492	$ - -	$ 43,255
Special Mention	- -	757	- -	- -	- -	1,550	- -	- -	2,307
Total commercial real estate: non-owner occupied	$ 6,385	$ 11,374	$ 3,108	$ 3,614	$ 5,235	$ 12,354	$ 3,492	$ - -	$ 45,562
Current period gross write-offs	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -
Residential real estate: construction									
Pass	$ 3,521	$ 1,684	$ 697	$ 1,202	$ 99	$ 45	$ 21,070	$ - -	$ 28,318
Special Mention	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total residential real estate: construction	$ 3,521	$ 1,684	$ 697	$ 1,202	$ 99	$ 45	$ 21,070	$ - -	$ 28,318
Current period gross write-offs	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -

NOTE 4 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

	December 31, 2023								
	2023	2022	2021	2020	2019	Prior to 2019	Revolving	Revolving - Termed Out	Total
Residential real estate: home equity									
Pass	$ 425	$ 701	$ 239	$ 299	$ 65	$ 315	$ 13,290	$ 1,217	$ 16,551
Special Mention	- -	289	- -	- -	- -	- -	- -	18	307
Total residential real estate: home equity	$ 425	$ 990	$ 239	$ 299	$ 65	$ 315	$ 13,290	$ 1,235	$ 16,858
Current period gross write-offs	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -
Residential real estate: other									
Pass	$ 24,203	$ 61,977	$ 53,615	$ 19,392	$ 10,968	$ 40,881	$ 10,206	$ - -	$ 221,242
Special Mention	- -	32	- -	- -	- -	51	209	- -	292
Classified	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total residential real estate: other	$ 24,203	$ 62,009	$ 53,615	$ 19,392	$ 10,968	$ 40,932	$ 10,415	$ - -	$ 221,534
Current period gross write-offs	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -
Commercial									
Pass	$ 558	$ 932	$ 2,214	$ - -	$ 6	$ 3,092	$ 655	$ 54	$ 7,511
Special Mention	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total commercial	$ 558	$ 932	$ 2,214	$ - -	$ 6	$ 3,092	$ 655	$ 54	$ 7,511
Current period gross write-offs	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -
Consumer: credit cards									
Pass	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ 428	$ - -	$ 428
Total consumer: credit cards	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ 428	$ - -	$ 428
Current period gross write-offs	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ 5	$ - -	$ 5
Consumer: revolving credit plans									
Pass	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ 35	$ - -	$ 35
Special Mention	- -	- -	- -	- -	- -	- -	45	- -	45
Total consumer: revolving credit plans	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ 80	$ - -	$ 80
Current period gross write-offs	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -
Consumer: other									
Pass	$ 2,805	$ 1,273	$ 290	$ 142	$ 88	$ 74	$ 10	$ - -	$ 4,682
Special Mention	6	- -	- -	- -	- -	- -	- -	- -	6
Total consumer: other	$ 2,811	$ 1,273	$ 290	$ 142	$ 88	$ 74	$ 10	$ - -	$ 4,688
Current period gross write-offs	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -
Total	$ 43,855	$ 82,925	$ 64,559	$ 26,681	$ 17,983	$ 61,903	$ 53,103	$ 1,453	$ 352,462

NOTE 4 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

The following tables set forth the progression of the allowance for credit losses, by portfolio segment, for the year ended December 31, 2024 and 2023.

December 31, 2024	Commercial Real Estate	Residential Real Estate	Commercial	Consumer	Total
Allowance for credit losses:					
Beginning balance at January 1, 2024	$ 1,032,386	$ 2,580,216	$ 137,070	$ 50,768	$ 3,800,440
Charge-offs	- -	- -	- -	(16,129)	(16,129)
Recoveries	251,788	29	- -	1,184	253,001
Provision for (recovery of) credit losses	(144,876)	200,258	(18,213)	32,831	70,000
Ending balance	$ 1,139,298	$ 2,780,503	$ 118,857	$ 68,654	$ 4,107,312
Ending balance: individually evaluated for impairment	$ - -	$ - -	$ - -	$ - -	$ - -
Ending balance: collectively evaluated for impairment	$ 1,139,298	$ 2,780,503	$ 118,857	$ 68,654	$ 4,107,312
Loans:					
Ending balance	$ 85,624,240	$ 283,883,767	$ 7,742,650	$ 5,789,123	$ 383,039,780
Ending balance: individually evaluated for impairment	$ 2,676,427	$ 46,835	$ - -	$ - -	$ 2,723,262
Ending balance: collectively evaluated for impairment	$ 82,947,813	$ 283,836,932	$ 7,742,650	$ 5,789,123	$ 380,316,518

December 31, 2023	Commercial Real Estate	Residential Real Estate	Commercial	Consumer	Total
Allowance for credit losses:					
Beginning balance at January 1, 2023 prior to adoption of ASC 326	$ 693,198	$ 2,614,627	$ 97,951	$ 54,113	$ 3,459,889
Impact of adopting ASC 326	17,056	62,287	1,754	1,213	82,310
Charge-offs	- -	- -	- -	(4,593)	(4,593)
Recoveries	2,153	52	- -	629	2,834
Provision for (recovery of) credit losses	319,979	(96,750)	37,365	(594)	260,000
Ending balance	$ 1,032,386	$ 2,580,216	$ 137,070	$ 50,768	$ 3,800,440
Ending balance: individually evaluated for impairment	$ - -	$ - -	$ - -	$ - -	$ - -
Ending balance: collectively evaluated for impairment	$ 1,032,386	$ 2,580,216	$ 137,070	$ 50,768	$ 3,800,440
Loans:					
Ending balance	$ 73,044,370	$ 266,710,550	$ 7,510,986	$ 5,195,936	$ 352,461,842
Ending balance: individually evaluated for impairment	$ 2,722,319	$ 50,895	$ - -	$ - -	$ 2,773,214
Ending balance: collectively evaluated for impairment	$ 70,322,051	$ 266,659,655	$ 7,510,986	$ 5,195,936	$ 349,688,628

NOTE 4 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

The Company designates individually evaluated loans on nonaccrual status as collateral-dependent loans, as well as other loans that management of the Company designates as having higher risk. Collateral-dependent loans are loans for which the repayment is expected to be provided substantially through the operation or sale of the collateral and the borrower is experiencing financial difficulty. These loans do not share common risk characteristics and are not included within the collectively evaluated loans for determining the allowance for credit losses. Under ASC 326, for collateral-dependent loans, the Company has adopted the practical expedient to measure the allowance for credit losses based on the fair value of collateral. The allowance for credit losses is calculated on an individual loan basis based on the shortfall between the fair value of the loan's collateral, which is adjusted for liquidation costs/discounts, and amortized cost. If the fair value of the collateral exceeds the amortized cost, no allowance is required. As December 31, 2024 and 2023, there were no credit losses on collateral-dependent loans.

The following table presents an analysis of the collateral dependent loans by loan pool, which are individually evaluated to determine expected credit losses, as of December 31, 2024 and 2023.

December 31, 2024	Residential Properties	Land	Commerical Property	Total Loans
Commercial real estate:				
Construction	$ - -	$ 596,451	$ - -	$ 596,451
Owner occupied	- -	- -	550,557	550,557
Non-owner occupied	- -	- -	1,529,419	1,529,419
Residential real estate:				
Construction	- -	- -	- -	- -
Home equity	- -	- -	- -	- -
Other	46,835	- -	- -	46,835
Commercial	- -	- -	- -	- -
Consumer:				
Credit cards	- -	- -	- -	- -
Revolving credit plans	- -	- -	- -	- -
Other	- -	- -	- -	- -
Total Loans	$ 46,835	$ 596,451	$ 2,079,976	$ 2,723,262

December 31, 2023	Residential Properties	Land	Commerical Property	Total Loans
Commercial real estate:				
Construction	$ - -	$ 601,830	$ - -	$ 601,830
Owner occupied	- -	- -	570,884	570,884
Non-owner occupied	- -	- -	1,549,605	1,549,605
Residential real estate:				
Construction	- -	- -	- -	- -
Home equity	- -	- -	- -	- -
Other	50,895	- -	- -	50,895
Commercial	- -	- -	- -	- -
Consumer:				
Credit cards	- -	- -	- -	- -
Revolving credit plans	- -	- -	- -	- -
Other	- -	- -	- -	- -
Total Loans	$ 50,895	$ 601,830	$ 2,120,489	$ 2,773,214

NOTE 4 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

Unfunded Commitments

For the year ended December 31, 2024, the Company recorded a recovery of credit losses for unfunded commitments of $81,000 and the liability for credit losses on off-balance sheet credit exposures included in other accrued expenses and other liabilities was $153,778 at December 31, 2024. For the year ended December 31, 2023, the Company recorded a provision for credit losses for unfunded commitments of $32,000 and the liability for credit losses on off-balance sheet credit exposures included in other accrued expenses and other liabilities was $234,778 at December 31, 2023.

NOTE 5 – OTHER REAL ESTATE OWNED

There was no other real estate owned as of December 31, 2024 and 2023. There were no consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings were in process as of December 31, 2024 and 2023.

NOTE 6 – PREMISES AND EQUIPMENT

A summary of the cost and accumulated depreciation of premises and equipment for December 31, 2024 and 2023 follows:

	2024	2023
Land	$ 1,580,761	$ 1,580,761
Buildings and improvements	8,487,268	8,450,285
Furniture, fixtures and equipment	4,143,626	4,164,167
Total cost	14,211,655	14,195,213
Less accumulated depreciation	(9,446,915)	(9,256,218)
Premises and equipment, net	$ 4,764,740	$ 4,938,995

Depreciation expense for the years ended December 31, 2024 and 2023 totaled $435,983 and $430,100, respectively.

NOTE 7 – DEPOSITS

The aggregate amount of time deposits in denominations of $250,000 or more at December 31, 2024 and 2023 were $21,828,507 and $15,436,228, respectively.

At December 31, 2024, the scheduled maturities of time deposits were as follows:

2025	$ 100,285,151
2026	8,508,643
2027	1,396,316
2028	482,984
2029	632,721
	$ 111,305,815

The Bank obtains certain deposits through the efforts of third-party brokers. At December 31, 2024, brokered deposits totaled $25,069,069 and were included in interest bearing deposits in the Company's consolidated balance sheets. There were no brokered deposits as of December 31, 2023.

NOTE 8 – BORROWINGS

Federal Home Loan Bank Advances

The Bank is a member of the Federal Home Loan Bank (FHLB) of Pittsburgh. Membership in the FHLB allows for participation in short-term and long-term borrowing programs. On December 31, 2024, the maximum borrowing capacity with the FHLB was $201,220,580. Under the terms of the blanket lien agreement, advances from the FHLB were collateralized by residential and commercial real estate loans totaling approximately $285,244,000 and $239,975,000 on December 31, 2024 and 2023, respectively, and FHLB stock with a book value of $588,700 and $1,217,700, respectively. The FHLB borrowing capacity is unrestricted with no scheduled maturity date. As of December 31, 2024, the outstanding advances with FHLB were overnight borrowings totaling $7,935,900 at an interest rate of 4.71%. As of December 31, 2023, the outstanding advances with FHLB were overnight borrowings totaling $18,119,600 at an interest rate of 5.68%.

Available Lines of Credit

At December 31, 2024, the Bank had lines of credit available from its correspondent banks in the aggregate amount of $12,000,000 for the purchase of federal funds. These lines of credit permit the Bank to borrow funds in the overnight market and bear interest at the prevailing market rate and are renewable annually. The Bank did not have any borrowings under these lines of credit on December 31, 2024 and 2023.

Other Borrowings

The Bank has an agreement with the Federal Reserve Bank to borrow from the discount window, which is classified as a short term borrowing. In order to borrow funds under this agreement, the Bank must pledge securities to the Federal Reserve Bank. As of December 31, 2024 and 2023, the Bank had securities with an amortized cost totaling $46,706,717 and $32,015,439, respectively, pledged to the discount window. There were no outstanding borrowings from the discount window as of December 31, 2024 and 2023.

As of December 31, 2023, the Bank had outstanding borrowings totaling $28,000,000 from the Federal Reserve's Bank Term Funding Program (BTFP). This borrowing was renewed on January 16, 2024 at a rate of 4.76% with a maturity of January 15, 2025. During 2024, the Bank paid off this borrowing in full and had no outstanding BTFP borrowings as of December 31, 2024.

NOTE 9 – EMPLOYEE BENEFIT PLANS

Pension Plan

As of December 31, 2013, the defined benefit pension plan was frozen. The pension plan's funded status as of December 31, 2024 and 2023 follows. The amounts shown below were recognized in the Company's consolidated balance sheets as of December 31, 2024 and 2023.

	2024	2023
Change in benefit obligation:		
Beginning benefit obligation	$ 7,802,341	$ 7,781,274
Interest cost	377,260	390,572
Actuarial (gain) loss	(395,442)	139,748
Benefits paid	(522,491)	(509,253)
Ending benefit obligation	$ 7,261,668	$ 7,802,341
Change in plan assets, at fair value:		
Beginning plan assets	$ 11,419,016	$ 10,494,678
Actual return on plan assets	1,454,783	1,433,591
Employer contribution	- -	- -
Benefits paid	(522,491)	(509,253)
Ending plan assets	$ 12,351,308	$ 11,419,016
Funded status	$ 5,089,640	$ 3,616,675
Accrued benefit asset recognized on the consolidated balance sheets at December 31	$ 5,089,640	$ 3,616,675
Amounts recognized in accumulated other comprehensive loss:		
Net actuarial loss	$ 457,950	$ 1,611,338
Deferred tax asset	(114,488)	(402,834)
Net amount recognized	$ 343,462	$ 1,208,504

The accumulated benefit obligation for the defined benefit plan was $7,261,668 and $7,802,341 on December 31, 2024 and 2023, respectively.

At December 31, 2024 and 2023, the assumptions used to determine the benefit obligation are as follows:

	2024	2023
Discount rate	5.66%	5.01%
Expected rate of return on plan assets	6.71%	6.24%

NOTE 9 – EMPLOYEE BENEFIT PLANS (Continued)

The components of net periodic benefit income, other amounts recognized in other comprehensive income and the assumptions used to determine net periodic pension benefit cost are as follows:

	2024	2023
Components of net periodic benefit income:		
Interest cost	$ 377,260	$ 390,572
Expected return on plan assets	(708,436)	(680,881)
Amortization of net loss	11,599	16,486
Net periodic benefit income	(319,577)	(273,823)
Other changes in plan assets and benefit obligations recognized in other comprehensive income:		
Net actuarial gain at December 31	(1,141,789)	(612,962)
Amortization of actuarial loss	(11,599)	(16,486)
Total recognized in other comprehensive income	(1,153,388)	(629,448)
Total recognized in net periodic benefit income and other comprehensive income	$ (1,472,965)	$ (903,271)

The assumptions used to determine the benefit income at the beginning of the year are as follows:

	2024	2023
Discount rate	5.01%	5.20%
Expected rate of return on plan assets	6.24%	6.20%

Determination of Expected Long-term Rate of Return

The expected long-term rate of return for the plan's total assets is based on the expected return of each of the below categories, weighted based on the median of the target allocation for each class.

The pension plan's weighted average asset allocations at December 31, 2024 and 2023 are as follows:

	Percentage of Plan Assets at December 31,	
Asset Category	**2024**	**2023**
Equity Securities	63%	61%
Debt Securities	35%	37%
Cash	2%	2%
Total	100%	100%

NOTE 9 – EMPLOYEE BENEFIT PLANS (Continued)

The following tables present the balance of plan assets measured at fair value on a recurring basis as of December 31, 2024 and 2023:

		Fair Value Measurements at December 31, 2024 Using		
Description	**Balance as of December 31, 2024**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Cash	$ 298,247	$ 298,247	$ - -	$ - -
Equity Securities				
U.S. Large cap	3,558,310	3,558,310	- -	- -
U.S. Mid cap	1,860,232	1,860,232	- -	- -
U.S. Small cap	1,100,228	1,100,228	- -	- -
International	1,269,352	1,269,352	- -	- -
Debt Securities				
Core fixed income	4,065,709	- -	4,065,709	- -
International	199,230	- -	199,230	- -
Total	$ 12,351,308	$ 8,086,369	$ 4,264,939	$ - -

		Fair Value Measurements at December 31, 2023 Using		
Description	**Balance as of December 31, 2023**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Cash	$ 183,850	$ 183,850	$ - -	$ - -
Equity Securities				
U.S. Large cap	3,041,271	3,041,271	- -	- -
U.S. Mid cap	1,798,297	1,798,297	- -	- -
U.S. Small cap	1,079,923	1,079,923	- -	- -
International	1,043,150	1,043,150	- -	- -
Debt Securities				
Core fixed income	4,115,442	- -	4,115,442	- -
International	157,083	- -	157,083	- -
Total	$ 11,419,016	$ 7,146,491	$ 4,272,525	$ - -

NOTE 9 – EMPLOYEE BENEFIT PLANS (Continued)

Investment Policy and Strategy

The policy, as established by the Pension Committee, is to invest assets in a diversified portfolio per target allocations. The assets will be reallocated periodically to meet the target allocations of 60% equity securities and 40% debt securities. The investment policy will be reviewed periodically, under the advisement of a registered investment advisor.

The overall investment objective is to provide for long-term growth of capital through participation in the equity markets with a moderate level of income. The investment time horizon is estimated at five to ten years. The investment return objective is to achieve a return greater than a blended mix of stated indices tailored to the same asset mix of the plan assets by 0.5% after fees over a rolling five-year moving average basis.

Allowable assets include cash equivalents, taxable bonds, U.S. equity securities, international equity securities, institutional mutual funds and guaranteed investment contracts (GICs).

In order to achieve a prudent level of portfolio diversification, the securities of any one company should not exceed more than 10% of the total plan assets, and no more than 25% of total plan assets should be invested in any one industry (other than securities of the U.S. Government or Agencies). Additionally, no more than 20% of the plan assets shall be invested in foreign securities (both equity and fixed).

The Bank does not expect to make any contributions to the plan in 2025.

Estimated future benefit payments are as follows:

2025	$ 574,000
2026	566,000
2027	571,000
2028	567,000
2029	567,000
2030 to 2033	2,720,000

NOTE 9 – EMPLOYEE BENEFIT PLANS (Continued)

Supplemental Executive Retirement Plan

In 2014, the Bank provided a supplemental executive retirement plan for senior management. The plan was expanded in 2018. The plan's funded status as of December 31, 2024 and 2023 follows. The amounts shown below were recognized in the Company's consolidated balance sheets as of December 31, 2024 and 2023.

	2024	2023
Change in benefit obligation:		
Beginning benefit obligation	$ 1,835,428	$ 1,515,499
Service cost	110,300	84,262
Interest cost	97,785	81,044
Plan amendments	261,785	- -
Actuarial (gain) loss	(207,665)	167,379
Benefits paid	(12,756)	(12,756)
Ending benefit obligation	$ 2,084,877	$ 1,835,428
Change in plan assets, at fair value:		
Beginning plan assets	$ - -	$ - -
Employer contributions	12,756	12,756
Benefits paid	(12,756)	(12,756)
Ending plan assets	$ - -	$ - -
Funded status	$ (2,084,877)	$ (1,835,428)
Accrued benefit liability recognized on the consolidated balance sheets at December 31	$ (2,084,877)	$ (1,835,428)
Amounts recognized in accumulated other comprehensive loss:		
Net (gain) loss	$ (164,875)	$ 42,790
Prior service cost	360,509	122,351
Deferred tax asset	(48,908)	(41,285)
Net amount recognized	$ 146,726	$ 123,856

The accumulated benefit obligation for the supplemental executive retirement plan was $1,188,953 and $1,051,704 at December 31, 2024 and 2023, respectively.

At December 31, 2024 and 2023, the assumptions used to determine the benefit obligation are as follows:

	2024	2023
Discount rate	5.94%	5.19%
Rate of compensation increase	3.00%	3.00%

NOTE 9 – EMPLOYEE BENEFIT PLANS (Continued)

The components of net periodic benefit cost, other amounts recognized in other comprehensive income and the assumptions used to determine net periodic benefit cost are as follows:

	2024	2023
Components of net periodic benefit cost:		
Service cost	$ 110,300	$ 84,262
Interest cost	97,785	81,044
Amortization of prior service cost	23,627	52,085
Net periodic benefit cost	231,712	217,391
Other changes in plan assets and benefit obligations recognized in other comprehensive income:		
Net actuarial (gain) loss at December 31	(207,665)	167,379
Prior service cost	261,785	- -
Amortization of prior service cost	(23,627)	(52,085)
Total recognized in other comprehensive income	30,493	115,294
Total recognized in net periodic benefit cost and other comprehensive income	$ 262,205	$ 332,685

The assumptions used to determine the benefit income at the beginning of the year are as follows:

	2024	2023
Discount rate	5.19%	5.37%
Rate of compensation increase	3.00%	3.00%

The Bank will make a contribution to the plan of $12,756 in 2025.

Estimated future benefit payments are as follows:

2025	$ 12,756
2026	51,100
2027	54,780
2028	55,171
2029	55,611
2030 to 2033	285,476

NOTE 9 – EMPLOYEE BENEFIT PLANS (Continued)

401(k) Plan

The Company maintains a 401(k) Plan whereby participating employees may elect to contribute the maximum allowed by the Internal Revenue Service, as defined by the Plan. All employees older than 18 are eligible to participate in the Plan. The Company makes matching contributions equal to 25 percent of the first five percent of an employee's compensation contributed to the Plan. Matching contributions vest to the employee over a five-year period based on a tiered schedule. Employee contributions vest immediately. The Company has the discretion to make a profit-sharing contribution to the Plan each year based on performance, profitability and other factors. In 2024 and 2023, the Bank contributed a percentage of each eligible employees' salary to their 401(k) Plan account in addition to matching contributions. For the years ended December 31, 2024 and 2023, the expense attributable to the Plan amounted to $178,498 and $132,471, respectively.

NOTE 10 – INCOME TAXES

The Company files income tax returns in the U.S. federal jurisdiction and the states of West Virginia and Maryland. With few exceptions, the Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years prior to 2021.

Allocation of federal and state income taxes between current and deferred portions is as follows for the years ended December 31, 2024 and 2023:

	2024	2023
Federal		
Current tax expense	$ 675,280	$ 551,860
Deferred tax expense (benefit)	215,098	(11,946)
	890,378	539,914
State		
Current tax expense	67,438	84,375
Deferred tax expense (benefit)	54,628	(2,275)
	122,066	82,100
Income tax expense	$ 1,012,444	$ 622,014

Effective tax rates differ from the statutory federal income tax rate due to the following:

	2024	2023
Federal statutory rate	21.0%	21.0%
Increase (decrease) in taxes resulting from:		
Tax-exempt income	(5.5)	(5.8)
State taxes, net of federal income tax effect	1.9	0.5
Nondeductible expenses and other, net	2.4	1.3
	19.8%	17.0%

NOTE 10 – INCOME TAXES (Continued)

The components of net deferred tax asset, included in other assets for December 31, 2024 and 2023, are as follows:

	2024	2023
Deferred tax assets:		
Allowance for credit losses	$ 891,769	$ 836,602
Deferred loan fees	189,193	187,520
Nonaccrual loan income	9,108	312,026
Supplemental executive retirement benefits, net	590,147	533,400
Net unrealized losses on available for sale securities	2,016,256	2,106,079
Net unrealized losses on available for sale securities transferred to held to maturity	1,992,382	2,154,444
Home equity expenses	- -	8
	5,688,855	6,130,079
Deferred tax liabilities:		
Fixed assets, net	(89,564)	(104,566)
Pension benefits, net	(1,272,410)	(904,170)
Accretion on investment securities	(37,331)	(29,458)
	(1,399,305)	(1,038,194)
Net deferred tax asset	$ 4,289,550	$ 5,091,885

The net deferred tax asset is included in "Other assets" in the consolidated balance sheets at December 31, 2024 and 2023.

NOTE 11 – RELATED PARTY TRANSACTIONS

The Bank had, and may be expected to have in the future, banking transactions in the ordinary course of business with directors, executive officers, their immediate families and affiliated companies in which they are principal shareholders (commonly referred to as related parties). Such related party transactions were accepted on substantially the same terms, including interest rates and maturities, as those prevailing at the time for comparable transactions with unrelated persons. At December 31, 2024 and 2023, loans to these parties totaled $10,153,857 and $7,628,622, respectively. During 2024, total principal additions were $1,182,838 and total principal payments were $1,246,606. In 2024, there was a change in related party relationships which resulted in an increase in the balance of loans to related parties of $2,589,003. The aggregate dollar amount of deposits from related parties was $4,507,337 and $5,152,215 at December 31, 2024 and 2023, respectively.

NOTE 12 – COMMITMENTS, OFF-BALANCE SHEET RISK AND CONTINGENCIES

The Company, through its banking subsidiary, is a party to credit related financial instruments with risk not reflected in the consolidated financial statements, including claims and legal actions arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material effect on the financial condition or results of operations of the Company.

Some financial instruments are used in the normal course of business to meet the financing needs of customers and to reduce exposure to interest rate changes. These financial instruments include commitments to extend credit, standby letters of credit and commercial letters of credit, which involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated financial statements.

Exposure to credit loss, if the other party does not perform, is represented by the contractual amount of these commitments. The same credit policies are used for commitments and conditional obligations as are used for on balance sheet instruments.

NOTE 12 – COMMITMENTS, OFF-BALANCE SHEET RISK AND CONTINGENCIES (Continued)

A summary of the contractual amounts of financial instruments with off-balance sheet credit risk, rounded to the nearest thousand, at December 31, 2024 and 2023 follows:

	2024	2023
Commitments to extend credit	$ 2,869,000	$ 14,185,000
Unfunded commitments	50,786,000	62,680,000
Standby letters of credit	5,153,000	4,332,000

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being used, the total commitments do not necessarily represent future cash requirements.

Unfunded commitments under commercial lines-of-credit, revolving credit lines and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. These lines of credit are collateralized as deemed necessary and usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Bank is committed.

Commercial and standby letters of credit are conditional lending commitments issued by the Bank to guarantee the performance of a customer to a third party. Letters of credit are primarily issued to support public and private borrowing arrangements. Essentially all letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Bank generally holds collateral supporting these commitments. The amount of collateral obtained, if deemed necessary, is based upon management's credit evaluation of the customer.

NOTE 13 – FAIR VALUE MEASUREMENTS

The Company follows Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. ASC 820 clarifies that fair value of certain assets and liabilities is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market and in an orderly transaction between market participants on the measurement date.

ASC 820 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Bank's market assumptions. The three levels of the fair value hierarchy under ASC 820 based on these two types of inputs are as follows:

Level 1 – Valuation is based on quoted prices in active markets for identical assets and liabilities.

Level 2 – Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market.

Level 3 – Valuation is based on prices, inputs and model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

In accordance with ASC 820, the following describes the valuation techniques used by the Company to measure certain assets recorded at fair value on a recurring basis in the consolidated financial statements.

NOTE 13 – FAIR VALUE MEASUREMENTS (Continued)

Securities Available for Sale: Securities available for sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted market prices, when available (Level 1). If quoted market prices are not available, fair values are measured utilizing independent valuation techniques of identical or similar securities for which significant assumptions are derived primarily from or corroborated by observable market data. Using a market approach valuation methodology, third party vendors compile prices from various sources and may determine the fair value of identical or similar securities by using pricing models that consider observable market data (Level 2).

The following tables present the balance of assets measured at fair value on a recurring basis as of December 31, 2024 and 2023, segregated by the level of valuation inputs within the fair value hierarchy:

		Fair Value Measurements at December 31, 2024 Using		
Description	Balance as of December 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities Available for Sale				
U.S. agency and mortgaged-backed securities	$ 46,963,171	$ - -	$ 46,963,171	$ - -
State and municipal obligations	10,054,617	- -	10,054,617	- -
Corporate securities	1,165,783	- -	1,165,783	- -
	$ 58,183,571	$ - -	$ 58,183,571	$ - -

		Fair Value Measurements at December 31, 2023 Using		
Description	Balance as of December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities Available for Sale				
U.S. agency and mortgaged-backed securities	$ 60,375,831	$ - -	$ 60,375,831	$ - -
State and municipal obligations	8,896,090	- -	8,896,090	- -
Corporate securities	1,114,288	- -	1,114,288	- -
	$ 70,386,209	$ - -	$ 70,386,209	$ - -

Certain assets are measured at fair value on a nonrecurring basis in accordance with GAAP. Adjustments to the fair value of these assets usually result from the application of lower-of-cost-or-market accounting or write-downs of individual assets.

The following describes the valuation techniques used by the Company to measure certain assets recorded at fair value on a nonrecurring basis in the consolidated financial statements.

Individually assessed collateral-dependent loans: In determination of the allowance for credit losses, loans that do not share similar risk characteristics are excluded from the collective evaluation. In such cases, loans are evaluated individually. When management determines that foreclosure is probable or when the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the operation or sale of collateral, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate. Fair value is measured using a market approach based on the value of the collateral securing the loans. Collateral may be in the form of real estate or business assets including equipment, inventory and account receivables. The vast majority is real estate. The value of real estate collateral is determined utilizing a market valuation approach based on an appraisal, of one year or less, conducted by an independent, licensed appraiser using observable market data such as comparable property sales (Level 2). However, if collateral is a house or building in the process of construction or if an appraisal of real estate property is over one year old and not solely based on observable market comparables then the fair value is considered Level 3. The value of business equipment is based upon an outside appraisal, of one year or less, if deemed significant, or the net book value on the applicable business's financial statements if not considered significant using observable market data. Likewise, values for inventory and accounts receivables collateral are based on financial statement balances or aging reports (Level 3). For individually assessed loans, a specific reserve is established through the allowance for credit losses, if necessary, by estimating the fair value of the underlying collateral on a nonrecurring basis. Any fair value adjustments are recorded in the period incurred as provision for credit losses expense on the consolidated statements of income. There were no collateral dependent loans with a recorded allowance for credit losses at December 31, 2024 and 2023.

Other Real Estate Owned: Loans are transferred to other real estate owned when the collateral securing them is acquired in foreclosure. The measurement of loss associated with other real estate owned is based on the fair value of the collateral compared to the unpaid loan balance and estimated selling costs. Initial losses are charged against the allowance for credit losses at the time of the transfer. To determine fair value at the time of transfer, an authorized, independent appraisal is obtained using a market approach. Appraisals for property other than ongoing construction are based on consideration of comparable property sales (Level 2). In contrast, an appraisal for ongoing construction property requires some degree of professional judgement. In conducting the appraisal, the appraiser develops two appraised amounts: an “as is” appraised value and a “completed” value. Based on professional judgement and their knowledge of the particular property, management determines the appropriate fair value to be utilized for such property (Level 3). Subsequent to transfer, valuations are reviewed at least annually, and appraisals are generally updated on a bi-annual basis. Any additional fair value adjustments to other real estate owned are recorded in the period incurred and expensed against current earnings through a valuation allowance for other real estate owned. The Bank held no other real estate owned at December 31, 2024 and 2023.

Accounting guidance requires disclosure of the fair value of financial assets and financial liabilities, including those financial assets and financial liabilities that are not measured and reported at fair value on a recurring basis or non-recurring basis. The carrying value and estimated fair value of the Company’s financial instruments at December 31, 2024 were as follows:

	December 31, 2024		Fair Value Measurements at December 31, 2024 Using		
(in thousands)	Carrying Amount	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:					
Cash and due from financial institutions	$ 2,607	$ 2,607	$ 2,607	$ - -	$ - -
Interest bearing deposits with depository institutions	24,333	24,333	24,333	- -	- -
Securities available for sale	58,184	58,184	- -	58,184	- -
Securities held to maturity	48,780	44,210	- -	44,210	- -
Restricted securities	669	669	- -	669	- -
Loans, net	378,176	362,984	- -	- -	362,984
Accrued interest receivable	1,513	1,513	- -	1,513	- -
Bank owned life insurance	7,859	7,859	- -	7,859	- -
Financial liabilities:					
Deposits	$ 494,669	$ 494,823	$ - -	$ 383,363	$ 111,460
Accrued interest payable	682	682	- -	682	- -
Federal Home Loan Bank advances	7,936	7,936	7,936	- -	- -

NOTE 13 – FAIR VALUE MEASUREMENTS (Continued)

The carrying value and estimated fair value of the Company's financial instruments at December 31, 2023 were as follows:

	December 31, 2023		Fair Value Measurements at December 31, 2023 Using		
(in thousands)	Carrying Amount	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:					
Cash and due from financial institutions	$ 4,103	$ 4,103	$ 4,103	$ - -	$ - -
Interest bearing deposits with depository institutions	5,151	5,151	5,151	- -	- -
Securities available for sale	70,386	70,386	- -	70,386	- -
Securities held to maturity	48,337	46,078	- -	46,078	- -
Restricted securities	1,298	1,298	- -	1,298	- -
Loans, net	347,911	328,041	- -	- -	328,041
Accrued interest receivable	1,390	1,390	- -	1,390	- -
Bank owned life insurance	7,661	7,661	- -	7,661	- -
Financial liabilities:					
Deposits	$ 426,057	$ 425,348	$ - -	$ 352,464	$ 72,884
Accrued interest payable	425	425	- -	425	- -
Federal Reserve Bank borrowings	28,000	28,000	28,000	- -	- -
Federal Home Loan Bank advances	18,120	18,120	18,120	- -	- -

Interest Rate Risk

The Company assumes interest rate risk, the risk that general interest rate levels will change, as a result of its normal operations. As a result, the fair values of the Company's financial instruments will change when interest rate levels change and that change may be either favorable or unfavorable to the Company. Management attempts to match maturities of assets and liabilities to the extent believed necessary to minimize interest rate risk. However, borrowers with fixed rate obligations are less likely to prepay in a rising rate environment and more likely to prepay in a falling rate environment. Conversely, depositors who are receiving fixed rates are more likely to withdraw funds before maturity in a rising rate environment and less likely to do so in a falling rate environment. Management monitors rates and maturities of assets and liabilities and attempts to minimize interest rate risk by adjusting terms of new loans and deposits and by investing in securities with terms that mitigate the Company's overall interest rate risk.

NOTE 14 – REVENUE RECOGNITION

Revenues associated with financial instruments, net interest income, gains and losses from securities and income from bank owned life insurance (BOLI) are outside the scope of ASC Topic 606. The guidance is applicable to noninterest revenue streams such as service charges on deposit accounts, ATM and check card fees and fees for other customer services. With the exception of gains or losses on sales of foreclosed properties, all of the revenue from contracts with customers in the scope of ASC Topic 606 is recognized within noninterest income in the Consolidated Statements of Income. Gains or losses on sales of foreclosed properties are recognized within noninterest expense in the Consolidated Statements of Income.

NOTE 14 – REVENUE RECOGNITION (Continued0

A description of the significant noninterest sources of revenue accounted for under ASC Topic 606 follows:

Service charges on deposit accounts

Revenue from service charges on deposit accounts is comprised of transactional based fees, account maintenance and processing fees, overdraft and nonsufficient funds fees and other deposit account related fees. Transactional based fees, overdraft and nonsufficient funds fees and other deposit account related fees are earned based on specific transactions or activity within a customer's deposit account. These fees are recognized at the time the related transaction or activity occurs, and the Company's performance obligation is complete. Revenue for account maintenance and processing fees is recognized monthly upon completion of the Company's performance obligation. Service charges on deposit accounts are paid through a direct charge to the customer's account.

ATM and debit card fees and other service charges

Revenue from ATM and debit card fees and other service charges is primarily comprised of interchange revenue and ATM fees, safe deposit box rental fees and collection and research fees. Interchange fees are earned when the Company's debit cards are used by a cardholder to conduct transactions and subsequently processed through the card payment networks. Interchange fees are recognized daily, concurrent with the transaction processing services provided to the cardholder. ATM fees are earned when a non-Company cardholder uses the Company's ATM or when a customer uses a non-Company ATM. These fees are transactional with revenue recognized daily as the ATM transactions are settled. Safe deposit box rental fees are charged to the customer on an annual basis and recognized on a monthly basis through the contract period of twelve months. The revenue is recognized on a basis consistent with the duration of the performance obligation and the assessment that the Company acts as a principal for the services provided. Collection and research fees are transactional, and therefore, the Company's performance obligation is satisfied and the related revenue recognized upon completion of the transaction.

Other noninterest income

Other noninterest income consists primarily of check ordering charges and merchant services income. Check ordering charges are transactional, and therefore, the Company's performance obligation is satisfied and the related revenue recognized upon completion of the transaction. Merchant services income represents fees charged to merchants to process debit and credit card transactions. The Company's performance obligation for merchant services is largely satisfied and the related revenue recognized when the services are rendered. Payment is typically received immediately or in the following month.

The following table presents noninterest income, segregated by revenue streams within the scope of ASC Topic 606 and those which are within the scope of other ASC Topics for the years ended December 31, 2024 and 2023:

	2024	2023
Noninterest Income		
Service charges on deposit accounts	$ 465,875	$ 501,170
ATM and debit card fees and other service charges	1,546,716	1,521,604
Other	71,132	61,971
Net revenue from contracts with customers	2,083,723	2,084,745
Noninterest income within the scope of other ASC topics	28,252	239,953
Total noninterest income	$ 2,111,975	$ 2,324,698

NOTE 15 – 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 material effect on the financial statements. Pursuant to capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

The capital level requirements under the Basel III final rules require the Bank to maintain minimum capital amounts and ratios as presented in the table below to include total capital, Tier 1 capital and common equity Tier 1 capital as defined in the regulations, to risk weighted assets, as defined, and Tier 1 capital, as defined, to average assets, as defined. As of December 31, 2024 and 2023, the Bank exceeded all capital adequacy requirements to which it was subject.

Under the Basel III rules, the "capital conservation buffer" was also established to absorb losses during periods of economic stress and requires increased capital levels for the purpose of capital distributions and other payments. The capital conservation buffer was fully phased in on January 1, 2019 and requires a buffer of 2.5% above the regulatory minimum capital requirements for Tier 1 capital, common equity Tier 1 and total capital ratios. Failure to maintain the buffer will result in restrictions on capital distributions and payment of discretionary bonuses. The Bank's capital conservation buffer was 5.91% and 5.65% as of December 31, 2024 and 2023, respectively.

As of December 31, 2024, the most recent notification from the Federal Deposit Insurance Corporation (FDIC) categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum include total capital, Tier 1 capital and common equity Tier 1 capital as defined in the regulations, to risk weighted assets, as defined, and Tier 1 capital, as defined, to average assets, as defined, ratios as set forth in the following table. The Bank met the requirement to qualify as well capitalized as of December 31, 2024 and 2023. There are no conditions or events since the notification that management believes would impact the Bank's well-capitalized status.

The Bank's capital amounts (dollars in thousands) and ratios as of December 31, 2024 and 2023 are presented in the following table:

	Actual		Minimum For Capital Adequacy Purposes		Minimum For Capital Adequacy with Capital Conservation Buffer		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
2024								
Total capital (to risk weighted assets)	$ 46,389	13.91%	$ 26,686	8.00%	$ 35,026	10.50%	$ 33,358	10.00%
Tier 1 capital (to risk weighted assets)	$ 42,219	12.66%	$ 20,015	6.00%	$ 28,354	8.50%	$ 26,686	8.00%
Common equity Tier 1 (to risk weighted assets)	$ 42,219	12.66%	$ 15,011	4.50%	$ 23,350	7.00%	$ 21,683	6.50%
Tier 1 capital (to average assets)	$ 42,219	7.62%	$ 22,174	4.00%	N/A	N/A	$ 27,718	5.00%
2023								
Total capital (to risk weighted assets)	$ 42,980	13.65%	$ 25,198	8.00%	$ 33,072	10.50%	$ 31,497	10.00%
Tier 1 capital (to risk weighted assets)	$ 39,042	12.40%	$ 18,898	6.00%	$ 26,773	8.50%	$ 25,198	8.00%
Common equity Tier 1 (to risk weighted assets)	$ 39,042	12.40%	$ 14,174	4.50%	$ 22,048	7.00%	$ 20,473	6.50%
Tier 1 capital (to average assets)	$ 39,042	7.65%	$ 20,406	4.00%	N/A	N/A	$ 25,507	5.00%

NOTE 16 – ACCUMULATED OTHER COMPREHENSIVE LOSS

Changes in each component of accumulated other comprehensive loss were as follows:

	Net Unrealized Gains (Losses) on Securities	Unrealized Losses on Securities Transferred to Held to Maturity	Adjustments Related to Pension Benefits	Adjustments Related to Supplemental Executive Retirement Benefits	Accumulated Other Comprehensive (Loss)
Balance at December 31, 2022	$ (7,335,288)	(6,934,917)	$ (1,680,590)	$ (37,385)	$ (15,988,180)
Unrealized holding gains on available for sale securities, net of tax $339,375	1,018,127	- -	- -	- -	1,018,127
Reclassification adjustment, net of ($358)	(1,074)	- -	- -	- -	(1,074)
Amortization of unrealized holding losses on securities transferred to held to maturity, net of tax $157,195	- -	471,586	- -	- -	471,586
Change in pension benefits, net of tax $153,241	- -	- -	459,721	- -	459,721
Reclassification adjustment, net of tax $4,122	- -	- -	12,364	- -	12,364
Change in supplemental executive retirement benefits, net of tax ($41,845)	- -	- -	- -	(125,534)	(125,534)
Reclassification adjustment, net of tax $13,021	- -	- -	- -	39,064	39,064
Balance at December 31, 2023	$ (6,318,235)	$ (6,463,331)	$ (1,208,505)	$ (123,855)	$ (14,113,926)
Unrealized holding gains on available for sale securities, net of tax $36,260	108,776	- -	- -	- -	108,776
Reclassification adjustment, net of $53,564	160,693	- -	- -	- -	160,693
Amortization of unrealized holding losses on securities transferred to held to maturity, net of tax $162,062	- -	486,188	- -	- -	486,188
Change in pension benefits, net of tax $285,446	- -	- -	856,343	- -	856,343
Reclassification adjustment, net of tax $2,899	- -	- -	8,700	- -	8,700
Change in supplemental executive retirement benefits, net of tax ($13,530)	- -	- -	- -	(40,590)	(40,590)
Reclassification adjustment, net of tax $5,908	- -	- -	- -	17,719	17,719
Balance at December 31, 2024	$ (6,048,766)	$ (5,977,143)	$ (343,462)	$ (146,726)	$ (12,516,097)

Reclassifications out of accumulated other comprehensive loss for the year ended December 31, 2024 were as follows:

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss	Affected Line Item in the Consolidated Statements of Income
December 31, 2024		
Amortization of defined benefit pension items		
Net actuarial loss	$ (11,599)	Other expense
Amortization of supplemental executive retirement benefit items		
Prior service cost	(23,627)	Salaries and employee benefits
Reclassification adjustment for net losses on available for sale securities	(214,257)	Realized (loss) gain on securities, net
	(249,483)	Income before income tax expense
Related income tax effect	62,371	Income tax expense
	$ (187,112)	Net of tax

NOTE 16 – ACCUMULATED OTHER COMPREHENSIVE LOSS (Continued)

Reclassifications out of accumulated other comprehensive loss for the year ended December 31, 2023 were as follows:

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss	Affected Line Item in the Consolidated Statements of Income
December 31, 2023		
Amortization of defined benefit pension items		
Net actuarial loss	$ (16,486)	Other expense
Amortization of supplemental executive retirement benefit items		
Prior service cost	(52,085)	Salaries and employee benefits
Reclassification adjustment for net gains on available for sale securities	1,432	Realized (loss) gain on securities, net
	(67,139)	Income before income tax expense
Related income tax effect	16,785	Income tax expense
	$ (50,354)	Net of tax

NOTE 17 – CONCENTRATION RISK

The Bank maintains its cash accounts in several correspondent banks. As of December 31, 2024, cash balances in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC) were $25,974. Most of the Bank's activities are with customers located within its local market areas. The Bank makes every effort to obtain deposits to fund loan growth or the growth of the securities portfolio. The Bank had two deposit relationships that, collectively, represented 19.59% and 22.53% of total deposits at December 31, 2024 and 2023, respectively. As of December 31, 2024, the two deposit relationships totaled $96,964,535 with each relationship holding more than 5% of total deposits. Significant changes in these accounts are monitored on an ongoing basis. As of December 31, 2024, real estate loans represented 97.71% of total loans, net of the allowance for credit losses on loans and deferred loan fees and costs. A detailed schedule is provided in Note 4, Loans and Allowance for Credit Losses on Loans. The Bank does not have any significant concentrations to any one customer or industry.

NOTE 18 – SEGMENT INFORMATION

The Company's financial results are considered to be aggregated into one reportable operating segment with revenue derived from the business of community banking. Through its community banking segment, the Company offers a full range of products and services through various delivery channels. The banking products and services include the acceptance of deposits in checking, savings, time and money market accounts; the origination and servicing of personal, credit card, commercial, construction and real estate loans; and other services including safe deposit boxes and wire transfers. The community banking segment derives revenues mainly from interest income on loans to customers, investment securities held and fees and income related to the services listed above.

The accounting policies of the community banking segment are the same as those described in the summary of significant accounting policies. The Company's President and Chief Executive Officer and Chief Financial Officer are the Chief Operating Decision Makers (CODMs). The CODMs are responsible for the day-to-day management of the company, including regularly reviewing the operating and financial performance of the Company on a consolidated basis.

The primary measure of financial performance is consolidated net income which is used to assess performance and make decisions about resource allocation. Net income is used to monitor budget versus actual results as well as comparing prior

NOTE 18 – SEGMENT INFORMATION (Continued)

year's results. The comparative analysis along with the monitoring of budget versus actual results are used in assessing the performance of the segment. The presentation of financial performance to the CODMs is consistent with amounts and financial statement lines shown in the Company's consolidated balance sheets and consolidated statements of income. The Company's significant expenses are segmented by category and amount in the consolidated statements of income to include all significant items including salaries and employee benefits, occupancy expense, ATM and debit card expense, data processing, professional service fees and other general operating expenses.

NOTE 19 – SUBSEQUENT EVENTS

The Company evaluated subsequent events that have occurred after the balance sheet date, but before the consolidated financial statements are issued. There are two types of subsequent events (1) recognized, or those that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements, and (2) nonrecognized, or those that provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date.

Subsequent events have been considered through March 19, 2025, the date the financial statements were available to be issued. Based on the evaluation, the Bank did not identify any recognized or nonrecognized subsequent events that would have required adjustment to or disclosure in the consolidated financial statements.

NOTE 20 – PARENT COMPANY ONLY FINANCIAL STATEMENTS

JSB FINANCIAL INC.
(Parent Company Only)
BALANCE SHEETS
December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and due from banks	$ 266,990	$ 11,968
Investment in bank subsidiary	29,702,671	24,927,819
Other assets	73,256	18,525
Total assets	$ 30,042,917	$ 24,958,312
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Other liabilities	$ - -	$ - -
Total liabilities	- -	- -
Shareholders' Equity		
Common stock, $10 par value; 300,000 shares authorized; issued and outstanding, 257,483 shares at December 31, 2024 and 2023	2,574,830	2,574,830
Additional paid-in capital	2,574,830	2,574,830
Retained earnings	37,409,354	33,922,578
Accumulated other comprehensive (loss), net	(12,516,097)	(14,113,926)
Total shareholders' equity	30,042,917	24,958,312
Total liabilities and shareholders' equity	$ 30,042,917	$ 24,958,312

NOTE 20 – PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

JSB FINANCIAL INC.
(Parent Company)
STATEMENTS OF INCOME
For the Year Ended December 31, 2024 and 2023

	2024	2023
Income		
Dividends from bank subsidiary	$ 1,100,000	$ 400,000
Total income	1,100,000	400,000
Operating expenses		
Salaries	50,000	$ - -
Postage and stationary supplies	10,747	- -
Professional services	66,868	70,924
Director fees	12,400	- -
Other	87,004	- -
Total operating expense	227,019	70,924
Income before income tax benefit and equity in undistributed net income of subsidiary	872,981	329,076
Income tax benefit	(54,731)	(18,525)
Income before equity in undistributed net income of subsidiary	927,712	347,601
Equity in Undistributed net income of subsidiary	3,177,023	2,689,073
Net Income	$ 4,104,735	$ 3,036,674

NOTE 20 – PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

JSB FINANCIAL INC.
(Parent Company Only)
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Net income	$ 4,104,735	$ 3,036,674
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in undistributed net income of bank subsidiary	(3,177,023)	(2,689,073)
Net change in:		
Other assets	(54,731)	(18,525)
Net cash provided by operating activities	872,981	329,076
Cash flows from financing activities		
Dividends paid	(617,959)	(317,108)
Net cash used in financing activities	(617,959)	(317,108)
Net change in cash and cash equivalents	255,022	11,968
Cash and cash equivalents at beginning of year	11,968	- -
Cash and cash equivalents at end of year	$ 266,990	$ 11,968

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