United National Bank

FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

UNITED NATIONAL BANK

TABLE OF CONTENTS

DECEMBER 31, 2023 AND 2022

Independent Auditor's Report 1-2

Financial Statements

Balance Sheets 3

Statements of Income 4

Statements of Comprehensive Income 5

Statements of Changes in Stockholders' Equity 6

Statements of Cash Flows 7-8

Notes to the Financial Statements 9-40

NICHOLS, CAULEY & ASSOCIATES, LLC
1300 Bellevue Avenue
Dublin, Georgia 31021
478-275-1163 FAX 478-275-1178
dublin@nicholscauley.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
United National Bank
Cairo, Georgia

Opinion

We have audited the financial statements of United National Bank, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United National Bank as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective January 1, 2023, United National Bank adopted new accounting guidance for Accounting Standards Update (ASU) *2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASC 326), as amended. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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 United National Bank's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

Nichols, Cauley + Associates, LLC

Dublin, Georgia
March 28, 2024

UNITED NATIONAL BANK

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

		2023		2022
Assets				
Cash and due from banks	$	1,849,890	$	1,452,378
Interest-bearing deposits in banks		41,933,317		45,887,843
Cash and cash equivalents		43,783,207		47,340,221
Securities available for sale at fair value		33,437,524		62,795,647
Other investments		910,685		815,085
Loans, less allowance for credit losses of $4,327,050 and $5,768,951, respectively		202,997,355		188,899,843
Accrued interest receivable		3,408,178		2,549,436
Premises and equipment, net		2,690,101		2,599,038
Foreclosed real estate		487,471		-
Other assets		1,467,011		1,393,587
Total assets	$	289,181,532	$	306,392,857
Liabilities and stockholders' equity				
Deposits				
Non-interest-bearing demand	$	38,164,888	$	56,621,272
Interest-bearing		196,602,282		200,351,080
Total deposits		234,767,170		256,972,352
Allowance for credit losses - unfunded commitments		744,751		-
Borrowings		8,836,921		9,287,599
Accrued interest payable		1,139,597		371,652
Accrued expenses and other liabilities		1,377,246		1,242,204
Total liabilities		246,865,685		267,873,807
Stockholders' equity				
Common stock, $5 par value, 10,000,000 shares authorized; 804,842 shares issued and outstanding		4,024,210		4,024,210
Additional paid-in capital		4,479,425		4,436,865
Undivided profits		33,914,451		30,259,636
Accumulated other comprehensive income (loss)		(102,239)		(201,661)
Total stockholders' equity		42,315,847		38,519,050
Total liabilities and stockholders' equity	$	289,181,532	$	306,392,857

See accompanying independent auditor’s report and notes to the financial statements.

UNITED NATIONAL BANK

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Interest and dividend income		
Loans, including fees	$ 14,905,876	$ 11,372,707
Securities available for sale	1,801,306	824,493
Other interest and dividends	1,483,195	705,427
	18,190,377	12,902,627
Interest expense		
Deposits	3,621,370	1,235,198
Other borrowings	179,065	183,994
	3,800,435	1,419,192
Net interest income	14,389,942	11,483,435
Provision for credit losses	635,004	500,000
Net interest income after provision for credit losses	13,754,938	10,983,435
Noninterest income		
Service charges on deposit accounts	305,321	387,888
Other service charges, commissions and fees	525,346	553,120
Other	11,906	25,900
Unrealized gains on equity securities	79,425	-
	921,998	966,908
Noninterest expense		
Salaries and employee benefits	4,331,455	3,882,484
Occupancy	982,381	671,636
Net loss on sale of foreclosed real estate and other assets	-	9
Other operating	2,312,687	2,093,891
	7,626,523	6,648,020
Income before provision for income taxes	7,050,413	5,302,323
Provision for income taxes	1,584,703	1,382,440
Net income	$ 5,465,710	$ 3,919,883

See accompanying independent auditor’s report and notes to the financial statements.

UNITED NATIONAL BANK

STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Net income	$ 5,465,710	$ 3,919,883
Other comprehensive income (loss)		
Securities available for sale		
Unrealized holding gains (losses) arising during period	125,850	(312,862)
Tax effect	(26,428)	65,701
Other comprehensive income (loss)	99,422	(247,161)
Comprehensive income	$ 5,565,132	$ 3,672,722

See accompanying independent auditor's report and notes to the financial statements.

UNITED NATIONAL BANK

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2023 AND 2022

	Common Stock Par Value	Additional Paid-in Capital	Undivided Profits	Accumulated Other Comprehensive Income	Total
Balance, December 31, 2021	$ 4,024,210	$ 4,345,665	$ 27,868,953	$ 45,500	$ 36,284,328
Stock compensation expense	-	91,200	-	-	91,200
Net income for 2022	-	-	3,919,883	-	3,919,883
Other comprehensive loss	-	-	-	(247,161)	(247,161)
Cash dividends paid, $1.90 per share	-	-	(1,529,200)	-	(1,529,200)
Balance, December 31, 2022	4,024,210	4,436,865	30,259,636	(201,661)	38,519,050
Stock compensation expense	-	42,560	-	-	42,560
Net income for 2023	-	-	5,465,710	-	5,465,710
Other comprehensive income	-	-	-	99,422	99,422
Cash dividends paid, $2.25 per share	-	-	(1,810,895)	-	(1,810,895)
Balance, December 31, 2023	$ 4,024,210	$ 4,479,425	$ 33,914,451	$ (102,239)	$ 42,315,847

See accompanying independent auditor's report and notes to the financial statements.

UNITED NATIONAL BANK

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash flows from operating activities		
Net income	$ 5,465,710	$ 3,919,883
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation, amortization and accretion	(1,102,863)	(600,949)
Provision for credit losses	635,004	500,000
Stock based compensation expense	42,560	91,200
Deferred income tax benefit	(8,426)	(70,169)
Loss on sale of foreclosed assets	-	9
Unrealized gains on equity securities	(79,425)	-
Net change in accrued interest receivable	(858,742)	(320,661)
Net change in other assets	(59,396)	39,217
Net change in accrued interest payable	767,945	46,040
Net change in accrued expenses and other liabilities	135,042	96,932
Net cash flow provided by operating activities	4,937,409	3,701,502
Cash flows from investing activities		
Loan originations and payments, net	(14,475,236)	1,847,943
Redemptions (purchases) of FHLB stock	(95,600)	(48,400)
Purchases of securities available for sale	(41,994,328)	(72,390,623)
Proceeds from sale, prepayment and maturities of securities available for sale	72,839,838	30,323,272
Purchases of premises and equipment	(302,342)	(318,283)
Net cash flow provided (used) by investing activities	15,972,332	(40,586,091)
Cash flows from financing activities		
Dividends paid	(1,810,895)	(1,529,200)
Net change in deposits	(22,205,182)	18,716,559
Repayments on SouthState advances	-	(5,000,000)
Repayments on FHLB advances	(450,678)	(450,677)
Net cash flow provided (used) by financing activities	(24,466,755)	11,736,682
Net change in cash and cash equivalents	(3,557,014)	(25,147,907)
Cash and cash equivalents at beginning of year	47,340,221	72,488,128
Cash and cash equivalents at end of year	$ 43,783,207	$ 47,340,221

UNITED NATIONAL BANK
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Supplemental schedule of noncash investing and financing activities		
Change in unrealized gains (losses) on securities available for sale, net of taxes	$ 99,422	$ (247,161)
Loans made to facilitate sales of foreclosed real estate	$ -	$ 30,000
Foreclosed real estate acquired in settlement of loans	$ 487,471	$ 30,000
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Interest	$ 3,032,490	$ 1,373,152
Income taxes	$ 1,427,000	$ 1,233,000

See accompanying independent auditor's report and notes to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of United National Bank (Bank) conform to generally accepted accounting principles (GAAP) of the United States of America and with general practices within the banking industry. The following is a description of the more significant of those policies that the Bank follows in preparing and presenting its financial statements.

Reporting Entity and Nature of Operations
The Bank operates as a national bank in Cairo, Georgia. The Bank began operations on May 26, 2000. The Bank's primary source of revenue is providing loans to customers within its geographical area.

The Bank's earnings are primarily dependent upon its net interest income, which is determined by (i) the difference between yields earned on interest-earning assets and rates paid on interest-bearing liabilities ("interest rate spread") and (ii) the relative amounts of interest-earning assets and interest-bearing liabilities outstanding. The Bank's interest rate spread is affected by regulatory, economic, and competitive factors that influence interest rates, loan demand and deposit flows. The Bank, like other community banks, is vulnerable to an increase in interest rates to the extent that interest-bearing liabilities mature or reprice more rapidly than interest-earning assets.

Most of the Bank's activities are with customers located within the southwestern region of Georgia. Note 2 discusses types of securities in which the Bank invests. Note 3 discusses the types of lending in which the Bank engages. As reflected in Note 3, the Bank has a lending concentration in the farmland and agricultural area.

Adoption of New Accounting Standards
On January 1, 2023, the Bank adopted Accounting Standards Update (ASU) *2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASC 326), as amended. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized costs, including loan receivables and held-to-maturity debt securities and some off-balance sheet credit exposures sure as unfunded commitments to extend credit. Additionally, purchased credit deteriorated ("PCD") loans will receive an initial allowance at the acquisition date that represents an adjustment to the amortized cost basis of the loan, with no impact to earnings. ASC 326 also made changes to the accounting for available-for-sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available for sale debt securities if management does not intend to sell and does not believe that it is more likely than not, they will be required to sell.

The Bank adopted ASC 326 using the modified retrospective for all financial assets measured at amortized cost and off-balance sheet credit exposures. Results for reporting periods beginning after January 1, 2023 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. The transition adjustment of the adoption of CECL included a decrease in the allowance for credit losses on loans of $970,751, which is presented as a reduction to net loans outstanding, and an increase in the allowance for credit losses on unfunded loan commitments of $970,751, which is recorded within the liabilities section.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Standards
The following table illustrates the impact of ASC 326.

	January 1, 2023		
	As Reported Under ASC 326	Pre-ASC 326 Adoption	Impact of ASC 326 Adoption
Assets			
Allowance for credit losses on loans			
Construction and development	$ 622,213	$ 544,942	$ 77,271
Real estate - mortgage	728,843	387,526	341,317
Commerical real estate	710,020	318,052	391,968
Commercial and industrial	633,974	360,886	273,088
Farmland and agricultural	1,863,567	3,089,660	(1,226,093)
Other	239,583	1,067,885	(828,302)
	4,798,200	5,768,951	(970,751)
Liabilities			
Allowance for credit losses on unfunded commitments	970,751	-	970,751
Equity			
Undivided profits	30,259,636	30,259,636	-
			$ -

On January 1, 2023, the Bank adopted ASU 2022-02 *Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures.* ASU 2022-02 eliminates the troubled debt restructuring (TDR) measurement and recognition guidance and adds disclosures related to modifications made to borrowers experiencing financial difficulties. The Bank adopted using a prospective approach. There was no impact of this adoption on the financial statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for credit losses on loans and unfunded commitments, the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans, the valuation of collateral-dependent loans, the realization and valuation of deferred tax assets, the fair value of securities, and the valuation of the fair values of certain financial instruments. In connection with the determination of the allowance for credit losses on loans and foreclosed real estate, management obtains independent appraisals for significant properties.

Management believes the valuation of allowance for credit losses on loans and unfunded commitments and carrying value of foreclosed real estate is adequate. While management uses available information to recognize losses on loans and write-downs of foreclosed real estate, future additions to the allowances or write-downs may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowances for credit losses on loans and carrying value of foreclosed real estate. Such agencies may require the Bank to recognize additions to the allowances based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the allowance for credit losses on loans and unfunded commitments and carrying value of foreclosed real estate may change materially in the near term.

Cash and Cash Equivalents

For the purpose of presentation in the statements of cash flows, cash and cash equivalents are defined as those amounts included in the balance-sheet caption "cash and cash equivalents." Cash flows from demand deposits, savings deposits and time deposits and renewals and extensions of loans are reported net.

The Bank may be required to maintain reserve balances in cash and deposits to meet federal regulatory reserve requirements.

Investment Securities

The Bank classifies its debt securities in one of three categories: (1) trading, (2) held-to-maturity or (3) available-for-sale. Trading securities are bought and held principally for the purpose of selling them in the near term. Held-to-maturity securities are those securities for which the Bank has the positive intent and ability to hold to maturity. All other debt securities are classified as available-for-sale. Trading securities are reported at fair value, with unrealized gains and losses recorded in earnings. Held-to-maturity securities are reported at amortized cost. Available-for-sale securities are reported at fair value, with unrealized holding gains and losses excluded from earnings and reported in other comprehensive income, net of the related deferred tax effect, until realized. There were no held to maturity or trading securities at December 31, 2023 and 2022.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment Securities
The amortization of premiums and accretion of discounts are recognized in interest income using methods approximating the interest method over the expected life of the securities. Realized gains and losses, determined on the basis of the cost of specific securities sold, are included in earnings on the trade date. The Bank has made a policy election to exclude accrued interest from the amortized cost basis of debt securities and report accrued interest as a separate line item on the balance sheet. A debt security is placed on nonaccrual status at the time any principal or interest payments become more than 90 days delinquent or if full collection or interest or principal becomes uncertain. Accrued interest for a security placed on nonaccrual is reversed against interest income. There was no accrued interest related to debt securities reversed against interest income for the years ended December 31, 2023 and 2022. Accrued interest receivable on debt securities totaled $141,631 and $28,453 at December 31, 2023 and 2022, respectively.

Allowance for Credit Losses – Debt Securities Available-for-Sale
For all available-for-sale securities in an unrealized loss position, the Bank first evaluates whether it intends to sell or it is more likely than not that the Bank 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 earnings. If either of the criteria is not met, the Bank evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security 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 by the amount that the fair value is less than the amortized cost basis. Any loss that has not been recorded through an allowance for credit losses is recognized in other comprehensive income, net of tax, as a non-credit related impairment.

Changes in the allowance for credit loss are recorded as provision for credit loss expense. Losses are charged against the allowance for credit loss when management believes an available for sale security is confirmed to be uncollectible or when either of the criteria regarding intent or requirement to sell is met. Accrued interest receivable on available for sale debt securities was excluded from the estimate of credit losses. At December 31, 2023, there was no allowance for credit loss related to the available for sale portfolio.

Other Investments
The Bank is a member of its Regional Federal Reserve Bank (FRB). FRB Stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on the ultimate recovery of par value. Both cash and stock dividends are reported as income.

The Bank is a member of the Federal Home Loan Bank (FHLB) system. Members are required to own a certain amount of stock based on the level of borrowings and other factors, and may invest additional amounts. FHLB stock does not have a readily determinable fair value due to restrictions placed on transferability and therefore, is carried at cost and classified as a restricted security. Both cash and stock dividends are reported as income.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Other Investments
The Bank holds Farmers Mac Stock as an equity security. The stock is carried at cost. Both cash and stock dividends are reported as income

Loans Receivable
Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at amortized cost (net of the allowance for credit losses). Amortized cost is the principal balance outstanding, net of purchase premiums and discounts and deferred loan fees and costs. Accrued interest receivable totaled $3,266,547 and $2,520,983 at December 31, 2023 and 2022 and is excluded from the estimate of credit losses. Interest income is accrued on the unpaid principal balance. Loan origination fees that approximate the direct cost of loans originated are recognized at the time the loan is recorded. Loan origination fees for other loans are deferred and recognized into income over the life of the loans as an adjustment of the yield.

Interest on commercial loans, real estate loans and installment loans is credited to income on a daily basis based upon the principal amount outstanding.

The accrual of interest on loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due, unless the loan is well-secured. When interest accrual is discontinued, all unpaid accrued interest is reversed against interest income, unless management believes that the accrued interest is recoverable through the liquidation of collateral. Interest income is subsequently recognized only to the extent cash payments are received. Loans are returned to accrual status when all the principal and interest amounts contractually due are reasonably assured of repayment within a reasonable time frame.

Loan delinquencies are determined by comparing contractual requirements to the timing of payments received from the borrower. The policies and procedures related to nonaccrual and delinquent loans are applied consistently to all outstanding loans.

Allowance for Credit Losses – Loans
The allowance for credit losses on loans is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the collectability of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

The allowance for credit losses represents management's estimate of lifetime credit losses inherent in loans as of the balance sheet date. 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. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors such as national, state and local economies, interest rates, farm commodity prices, consumer housing market and commercial real estate market.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Allowance for Credit Losses – Loans

Management allocates the allowance for credit losses by pools of risk within each loan portfolio segment. The allocation methodology consists of the following components. First, a specific reserve is established for individually credit-deteriorated loans, which management defines as nonaccrual credit relationships, collateral dependent loans, and other loans with evidence of credit deterioration. The specific reserve in the allowance for credit losses-loans for these credit deteriorated loans is equal to the aggregate collateral or discounted cash flow shortfall. Next, management allocates the allowance for credit losses-loans on loans with historical loss rates by loan segment. The loss factors are measured on a quarterly basis and applied to each loan segment based on current loan balances and projected for their expected remaining life. Management also allocates using the qualitative and environmental factors mentioned above. Consideration is given to those current qualitative or environmental factors that are likely to cause estimated credit losses at the evaluation date to differ from the historical loss experience of each loan segment. Lastly, management considers reasonable and supportable forecasts to assess the collectability of future cash flows.

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

Construction and development – Loans in this segment primarily include real estate development loans for which payment is derived from sale of the property as well as construction projects in which the property will ultimately be used by the borrower. Credit risk is affected by cost overruns, time to sell at an adequate price, and market conditions.

Real estate – mortgage – The Bank generally does not originate loans with a loan-to-value ratio greater than 85 percent and does not grant subprime loans. Loans in this segment are dependent on the credit quality of the individual borrower. The overall health of the economy, including unemployment rates will have an effect on the credit quality in the segment.

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

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

Farmland and agricultural – Loans in this segment are made to businesses and are generally secured by farms or agricultural real estate. Repayment is primarily expected from the cash flows of crop sales. Many loans in this segment are single payment loans. The weakened health of the economy will have an effect on the credit quality of this segment.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Allowance for Credit Losses – Loans
Other – Loans in this segment are made to individuals and are secured by personal assets or unsecured. Repayment is expected from personal income. A weakened economy, and resultant decreased consumer spending, will have an effect on the credit quality in this segment.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation. When management determines that foreclosure is probable and the borrower is experiencing financial difficulty, the expected credit losses are based on the fair value of collateral at the reporting dated adjusted for selling costs as appropriate.

Significant Group Concentrations of Credit Risk
A substantial portion of the Bank's loan portfolio is to customers in Grady County, Georgia, and surrounding areas. The ultimate collectability of a substantial portion of the portfolio is therefore susceptible to changes in the economic and market condition in and around this area.

The nature of the Bank's business requires that it maintain due from banks, which at times may exceed federally insured limits. The Bank has not experienced any losses in such accounts, and management works to mitigate risk associated with its correspondent institutions. Amounts due from banks are typically maintained in demand deposit accounts which are insured up to $250,000.

Premises and Equipment
Premises and equipment are stated at cost less accumulated depreciation, computed principally on the straight-line method over the estimated useful lives of the assets. Maintenance and repairs that do not extend the useful life of the premises and equipment are charged to expense. The useful lives of premises and equipment are as follows:

Asset Type	Useful Life
Buildings and improvements	7-39 years
Furniture and equipment	5-20 years
Automobiles	5 years
Software	3-7 years

Foreclosed Real Estate
Real estate properties acquired through, or in lieu of, loan foreclosure are to be sold and are initially recorded at the lower of cost or fair value less cost to sell at the date of foreclosure establishing a new cost basis. After foreclosure, valuations are periodically performed by management and the real estate is carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in valuation are included in loss on foreclosed real estate.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Allowance for Credit Losses – Unfunded Commitments

The Bank estimates expected credit losses over the contractual period in which the Bank is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Bank. The allowance for credit losses on unfunded commitments is adjusted through the provision for credit losses. The allowance for credit losses on unfunded commitments is estimated by loan portfolio segment under the current expected credit loss model using the same methodologies as for loans. 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.

Revenues from Contracts with Customers

The Bank's revenue from contracts with customers within the scope of Accounting Standards Codification (ASC) 606 included in noninterest income in the income statement is comprised of the following for the years ended December 31:

Noninterest income:	2023	2022
Service charges on deposits	$ 305,321	$ 387,888
Interchange income	492,648	462,188
Net losses on sales of foreclosed assets	-	(9)

A description of the Bank's revenue streams accounted for under ASC 606 is as follows:

Service charges on deposit accounts: The Bank earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as automated teller machine (ATM) use fees, stop payment charges, statement rendering and Automated Clearing House (ACH) fees, are recognized at the time the transaction is executed as that is the point in time the Bank fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Bank satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposit accounts are withdrawn from the customer's account balance.

Interchange income: The Bank earns interchange fees from cardholder transactions conducted through the Visa/Mastercard or other payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder.

Gain (loss) on sales of foreclosed assets: The Bank records a gain or loss from the sale of foreclosed assets when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. When the Bank finances the sale of foreclosed assets to the buyer, the Bank assesses whether the buyer is committed to perform their obligation under the contract and whether collectability of the transaction price is probable. Once these criteria are met, the foreclosed asset is derecognized and the gain or loss on sale is recorded upon the transfer of control of the property to the buyer. In determining the gain or loss on the sale, the Bank adjusts the transaction price and related gain (loss) on sale if a significant financing component is present.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, (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.

Employee Benefit Plan

The Bank has a 401(k) profit-sharing plan covering substantially all employees who meet the eligibility requirement. Employees become eligible on the first day of the next quarter after completing 1,000 hours in the first six months of employment and attainment of age 18. Employees are 100% vested at all times in their deferral contributions account. Employees become vested in the Bank's discretionary contributions in 20% yearly increments beginning on the second anniversary after becoming eligible for this plan. The plan has been amended to include the safe harbor provisions. Discretionary profit-sharing plan costs are funded annually and are based on a percentage of net income for the year, but cannot exceed amounts allowable as a deduction for federal income tax purposes. The Bank's contribution for its 401(k) profit sharing plan for the years ended December 31, 2023 and 2022 was approximately $499,082 and $483,288, respectively, of which $99,082 and $83,288, respectively represents the employer matching contributions.

Income Taxes

The provision or benefit for income taxes is based on income and expenses reported for financial statement purposes after adjustment for permanent differences. 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 differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws.

The Bank recognizes accrued interest associated with uncertain tax positions as part of interest expense and penalties associated with uncertain tax positions as part of other expenses. As of December 31, 2023 and 2022, there were no accrued interest and penalties associated with uncertain tax positions. For the years ended December 31, 2023 and 2022, management believes there are no material amounts of uncertain tax positions. Additionally, there were no amounts of interest and penalties recognized in the balance sheet as of December 31, 2023 and 2022. The Bank's tax returns remain subject to examination generally for three years after filed.

Stock Compensation Plan

The Bank accounts for its stock-based employee compensation plans under the fair value provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 718, Compensation-Stock Compensation. Under ASC 718, the fair value of share-based payment awards is estimated at grant date using an option pricing model and the portion that is ultimately expected to vest is recognized as compensation cost over the requisite service period. See Note 8 for further discussion of stock-based compensation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Income Per Share

Basic net income per share represents income available to common stockholders divided by the weighted-average number of common shares outstanding during the period. Diluted net income per share reflects additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed issuance. Potential common shares that may be issued by the Bank related solely to outstanding stock options, and are determined using the treasury stock method.

Net income per common share for the years ended December 31, 2023 and 2022 have been computed based on the following:

	Years Ended December 31,	
	2023	2022
Net income applicable to common stock	$ 5,465,710	$ 3,919,883
Average number of common shares outstanding	804,842	804,842
Effect of dilutive options	-	-
Effect of dilutive warrants	-	-
Average number of common shares outstanding used to calculate diluted net income per common share	804,842	804,842
Basic net income per share	$ 6.79	$ 4.87
Diluted net income per share	$ 6.79	$ 4.87

Comprehensive Income (Loss)

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments
In the ordinary course of business the Bank has entered into off balance sheet financial instruments consisting of commitments to extend credit, commercial letters of credit and standby letters of credit. Such financial instruments are recorded in the financial statements when they are funded or related fees are incurred or received.

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Quoted market prices, if available, are utilized as estimates of the fair values of financial instruments, the fair value of such instruments have been derived based on management's assumptions, the estimated amount and timing of future cash flows and estimated discount rates.

Advertising Costs
The Bank expenses advertising costs as incurred. For the years ended, December 31, 2023 and 2022 advertising expense was $90,420 and $84,976 respectively.

Reclassifications
Certain reclassifications have been made to the December 31, 2022 financial statements in order to conform to the December 31, 2023 presentation.

NOTE 2 – SECURITIES

The amortized cost, gross unrealized gains and losses, and estimated fair values of securities available for sale at December 31, 2023 and 2022, are summarized as follows:

	December 31, 2023				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Estimated Fair Value
U.S. Government sponsored entities (GSEs)	$ 32,385,439	$ -	$ (129,279)	$ -	$ 32,256,160
State and municipals securities	1,140,000	-	-	-	1,140,000
Mortgage-backed securities - residential	41,502	207	(345)	-	41,364
	$ 33,566,941	$ 207	$ (129,624)	$ -	$ 33,437,524

NOTE 2 – SECURITIES

	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Government sponsored entities (GSEs)	$ 61,576,931	$ -	$ (301,239)	$ 61,275,692
State and municipals securities	1,410,000	-	-	1,410,000
Mortgage-backed securities - residential	111,378	190	(1,613)	109,955
	$ 63,098,309	$ 190	$ (302,852)	$ 62,795,647

The amortized costs and estimated fair values of investment securities available for sale at December 31, 2023, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Securities Available for Sale December 31, 2023	
	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 22,311,825	$ 22,278,953
Due after one year but less than five years	11,255,116	11,158,571
Due after five years but less than ten years	-	-
Due in more than ten years	-	-
	$ 33,566,941	$ 33,437,524

For the purpose of the maturity table, mortgage-backed securities, which are not due at a single maturity date, have been allocated over maturity groupings based on the weighted-average contractual maturities of underlying collateral. The mortgage-backed securities may mature earlier than their weighted-average contractual maturities because of principal repayments.

The proceeds from sales and calls of securities and the associated gains and losses are listed below:

	2023	2022
Proceeds	$ 72,839,838	$ 30,323,272
Gross gains	-	-
Gross losses	-	-

NOTE 2 – SECURITIES

Securities with an amortized value of $17,666,497 and $25,711,335 and fair value of $17,457,287 and $25,145,443 at December 31, 2023 and 2022, respectively, were pledged to secure public deposits and for other purposes required, or permitted by law.

Taxable interest income on securities was $1,755,820 and $768,234 for the years ended December 31, 2023 and 2022, respectively. Interest income exempt from Federal income taxes was $45,486 and $56,259 for the years ended December 31, 2023 and 2022, respectively.

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Bank to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Information pertaining to securities with gross unrealized losses for which an allowance for credit losses has not been recorded at December 31, 2023 and 2022, aggregated by investment category and length of time individual securities have been in a continuous position, follows:

	December 31, 2023			
	Less Than Twelve Months		Over Twelve Months	
	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value
U.S. Government sponsored entities (GSEs)	$ 129,279	$ 32,256,160	$ -	$ -
Mortgage-backed securities - residential	-	-	345	28,858
	$ 129,279	$ 32,256,160	$ 345	$ 28,858

	December 31, 2022			
	Less Than Twelve Months		Over Twelve Months	
	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value
U.S. Government sponsored entities (GSEs)	$ 301,239	$ 61,275,692	$ -	$ -
State and municipals securities	1,613	92,660	-	-
	$ 302,852	$ 61,368,352	$ -	$ -

NOTE 2 – SECURITIES

Management evaluates securities for other-than-temporary impairment periodically and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Bank to retain its investments in the issuer for a period of time sufficient to allow for any anticipated recovery of fair value.

At December 31, 2023, eight debt securities with unrealized losses have depreciated less than .49% from the Bank's amortized cost basis.

U.S. Treasury securities and obligations of U.S. Government corporations and agencies - The unrealized losses associated with U.S. Treasury securities and obligations of U.S. Government corporations and agencies obligations are primarily driven by changes in interest rates and not due to the credit quality of the securities. These securities are issued by U.S. government agencies or government-sponsored entities and do not have any credit losses given the explicit or implicit government guarantee. There were five securities of this type at December 31, 2023 with unrealized losses.

Mortgage backed securities - The unrealized losses associated with three investment in mortgage backed securities are primarily driven by changes in interest rates and not due to the credit quality of the securities. These securities are issued by U.S. government agencies or government-sponsored entities and do not have any credit losses given the explicit or implicit government guarantee.

Management evaluates available for securities in an unrealized loss position on at least a quarterly basis, and more frequently when economic or market concerns warrant such evaluation, to determine if credit-related impairment exists. Management first evaluates whether they intend to sell or more likely than not will be required to sell an impaired security before recovering its amortized cost basis. If either criteria is met, the entire amount of unrealized loss is recognized in earnings with a corresponding adjustment to the security's amortized cost basis. If either of the criteria is not met, management evaluates whether the decline in fair value is attributable to credit or resulted from other factors. The Bank does not intend to sell these investment securities at an unrealized loss position at December 31, 2023, and it is more likely than not that the Bank will not be required to sell these securities prior to recovery or maturity. Based on the results of management's review at December 31, 2023, management determined that none of the loss was attributable to credit impairment.

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES

Major classifications of loans at December 31, 2023 and 2022 are summarized as follows:

	December 31, 2023	December 31, 2022
Construction and development	$ 7,126,391	$ 9,598,693
Real estate - mortgage	48,903,979	42,010,881
Commercial real estate	29,829,330	35,599,457
Commercial and industrial	26,623,593	29,289,893
Farmland and agricultural	86,758,025	69,895,379
Other	8,083,087	8,274,491
Gross loans	207,324,405	194,668,794
Allowance for credit losses	(4,327,050)	(5,768,951)
Loans, net	$ 202,997,355	$ 188,899,843

In the normal course of business, the Bank sells and purchases loan participations to and from other financial institutions and related parties. Loan participations are typically sold to comply with the legal lending limits per borrower as imposed by regulatory authorities. The participations are sold without recourse and the Bank imposes no transfer or ownership restrictions on the purchaser. At December 31, 2023 and 2022, the Bank had loan participations sold of $714,721 and $2,655,822, respectively. The Bank had loan participations purchased of $1,408,925 and $7,387,516 at December 31, 2023 and 2022, respectively.

The Bank had $487,471 and $30,000 loans transferred to foreclosed real estate in 2023 and 2022.

The allowance for credit losses (ACL) for the years ended December 31, 2023, by portfolio segment, is as follows:

For the year ended December 31, 2023	Construction and Development	Real Estate - Mortgage	Commercial Real Estate	Commercial and Industrial	Farmland and Agricultural	Other	Total
Allowance for Credit Losses:							
Beginning balance, prior to adoptions of ASC 326	$ 544,942	$ 387,526	$ 318,052	$ 360,886	$ 3,089,660	$ 1,067,885	$ 5,768,951
Impact of adopting ASC 326	77,271	341,317	391,968	273,088	(1,226,093)	(828,302)	(970,751)
Charge-offs	(400,000)	(9,250)	(24,182)	(913,329)	-	(127,712)	(1,474,473)
Recoveries	6,915	44,721	-	50,270	8,910	31,503	142,319
Provision	(62,475)	(1,744)	(104,165)	792,109	137,357	99,922	861,004
Ending balance	$ 166,653	$ 762,570	$ 581,673	$ 563,024	$ 2,009,834	$ 243,296	$ 4,327,050

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES

Prior to the adoption of ASU 2016-13, the Bank calculated the allowance for loan losses under the incurred loss methodology.

For the year ended December 31, 2022	Construction and Development	Real Estate - Mortgage	Commercial Real Estate	Commercial and Industrial	Farmland and Agricultural	Other	Total
Allowance for loan losses:							
Beginning balance	$ 509,567	$ 334,148	$ 309,260	$ 524,579	$ 2,656,578	$ 958,482	$ 5,292,614
Charge-offs	-	-	(18,142)	(94,889)	-	(54,613)	(167,644)
Recoveries	-	69,207	-	53,149	97	21,528	143,981
Provision	35,375	(15,829)	26,934	(121,953)	432,985	142,488	500,000
Ending balance	$ 544,942	$ 387,526	$ 318,052	$ 360,886	$ 3,089,660	$ 1,067,885	$ 5,768,951
Ending balance - indvidually evaluated for impairment	$ 400,000	$ -	$ -	$ -	$ 58,789	$ -	$ 458,789
Ending balance - collectively evaluated for impairment	$ 144,942	$ 387,526	$ 318,052	$ 360,886	$ 3,030,871	$ 1,067,885	$ 5,310,162
Gross loans:							
Ending balance	$ 9,598,693	$ 42,010,881	$ 35,599,457	$ 29,289,893	$ 69,895,379	$ 8,274,491	$ 194,668,794
Ending balance - indvidually evaluated for impairment	$ 860,195	$ 419,587	$ 557,963	$ 1,135,434	$ 2,601,070	$ -	$ 5,574,249
Ending balance - collectively evaluated for impairment	$ 8,738,498	$ 41,591,294	$ 35,041,494	$ 28,154,459	$ 67,294,309	$ 8,274,491	$ 189,094,545

Prior to the adoption of ASU 2016-13, loans were considered impaired when, based on current information and events, it was probable the Bank would be unable to collect all amounts due in accordance with the original contractual terms of the loan agreements. When determining if the Bank would be unable to collect all principal and interest payments due in accordance with the contractual terms of the loan agreement, the Bank considered the borrower's capacity to pay, which included such factors as the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impaired loans were measured by either the present value of expected cash flows discounted at the loan's effective rate, the loan's obtainable market price, or the estimated fair value of the collateral if the loan was collateral dependent.

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES

Impaired loans as of December 31, 2022 , by portfolio segment, are as follows:

December 31, 2022	Unpaid Total Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
Construction and development	$ 1,681,157	$ -	$ 860,195	$ 860,195	$ 400,000	$ 911,623
Real estate - mortgage	419,587	420,906	-	420,906	-	573,371
Commercial real estate	557,963	559,024	-	559,024	-	562,788
Commercial and industrial	1,511,451	1,135,434	-	1,135,434	-	1,154,434
Farmland and agricultural	2,601,070	1,935,822	715,370	2,651,192	58,789	2,635,554
Other	-	-	-	-	-	-
Total	$ 6,771,228	$ 4,051,186	$ 1,575,565	$ 5,626,751	$ 458,789	$ 5,837,770

The recorded investment in loans excludes interest receivable and loan origination fees, due to immateriality.

The Bank designates individually evaluated loans on nonaccrual status as collateral dependent loans, as well as other loans designated as having higher risk. Collateral-dependent loans are loans where repayment is expected to be provided substantially through the operation or sale of the collateral when the borrower is experiencing financial difficulty. If the Bank determines that foreclosure is probable, these loans are written down to the lower of cost or fair value of the collateral less estimated costs to sell. When repayment is expected to be from the operation of the collateral, the ACL is calculated as the amount by which the amortized cost basis of the financial asset exceeds the present value of expected cash flows from the operation of the collateral. The Bank may, in the alternative, measure the ACL as the amount by which the amortized cost basis of the financial asset exceeds the estimated fair value of the collateral.

The following table presents the individually evaluated collateral-dependent financial assets and related ACL as of December 31, 2023.

	December 31, 2023	
	Balance	Allowance for Credit Losses
Construction and development	$ -	$ -
Real estate - mortgage	594,990	-
Commercial real estate	-	-
Commercial and industrial	721,295	-
Farmland and agricultural	2,613,617	-
Other	4,098	-
	$ 3,934,000	$ -

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES

A primary credit quality indicator for financial institutions is delinquent balances. Following are the delinquent amounts, by portfolio segment, as of December 31, 2023 and December 31, 2022:

December 31, 2023	Current	30-89 Days	Accruing Greater Than 90 Days	Total Accruing Past Due	Non-accrual	Total Financing Receivables
Construction and development	$ 7,126,391	$ -	$ -	$ -	$ -	$ 7,126,391
Real estate - mortgage	48,296,182	354,256	-	354,256	253,541	48,903,979
Commercial real estate	29,829,330	-	-	-	-	29,829,330
Commercial and industrial	25,747,889	261,780	-	261,780	613,924	26,623,593
Farmland and agricultural	84,042,862	1,042,023	-	1,042,023	1,673,140	86,758,025
Other	8,003,191	79,896	-	79,896	-	8,083,087
Total	$ 203,045,845	$ 1,737,955	$ -	$ 1,737,955	$ 2,540,605	$ 207,324,405

December 31, 2022	Current	30-89 Days	Accruing Greater Than 90 Days	Total Accruing Past Due	Non-accrual	Total Financing Receivables
Construction and development	$ 8,738,498	$ -	$ -	$ -	$ 860,195	$ 9,598,693
Real estate - mortgage	41,738,490	254,034	-	254,034	18,357	42,010,881
Commercial real estate	35,379,685	21,361	-	21,361	198,411	35,599,457
Commercial and industrial	27,850,777	250,075	-	250,075	1,189,041	29,289,893
Farmland and agricultural	68,157,307	-	-	-	1,738,072	69,895,379
Other	7,933,696	338,035	2,760	340,795	-	8,274,491
Total	$ 189,798,453	$ 863,505	$ 2,760	$ 866,265	$ 4,004,076	$ 194,668,794

The following table presents the amortized cost basis of loans on non-accrual status as of December 31, 2023:

	Non-accrual Loans With No Allowance	Non-accrual Loans With An Allowance	Total Non-accrual Loans
Construction and development	$ -	$ -	$ -
Real estate - mortgage	253,541	-	253,541
Commercial real estate	-	-	-
Commercial and industrial	613,924	-	613,924
Farmland and agricultural	1,673,140	-	1,673,140
Other	-	-	-
	$ 2,540,605	$ -	$ 2,540,605

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES

The Bank utilizes a nine grade loan rating system for its loan portfolio as follows:

- Loans rated 1-4 (Pass) – Loans in these categories have low to average risk.
- Loans rated 5 (Special Mention) – The loan does not presently expose the Bank to a sufficient degree of risk to warrant adverse classification, but does possess deficiencies deserving close attention.
- Loans rated 6-7 (Substandard) – Loans are inadequately protected by the current sound worth and paying capability of the obligor or of the collateral pledged, if any.
- Loans rated 8-9 (Doubtful) – Loans which have all the weaknesses inherent in loans classified Substandard, with the added characteristic that the weaknesses make collections or liquidation in full, or on the basis of currently known facts, conditions and values, highly questionable or improbable.

The following table presents the Bank's loans by risk rating at December 31, 2023 and December 31, 2022:

December 31, 2023	Construction and Development	Real Estate - Mortgage	Commercial Real Estate	Commercial and Industrial	Farmland and Agricultural	Other	Total
Rating:							
1-4 (Pass)	$ 7,126,391	$ 48,308,989	$ 29,829,330	$ 25,902,298	$ 84,029,304	$ 8,078,990	$ 203,275,302
5 (Special Mention)	-	-	-	-	115,104	-	115,104
6-7 (Substandard)	-	594,990	-	721,295	2,613,617	4,097	3,933,999
8-9 (Loss, Doubtful)	-	-	-	-	-	-	-
Total	$ 7,126,391	$ 48,903,979	$ 29,829,330	$ 26,623,593	$ 86,758,025	$ 8,083,087	$ 207,324,405

December 31, 2022	Construction and Development	Real Estate - Mortgage	Commercial Real Estate	Commercial and Industrial	Farmland and Agricultural	Other	Total
Rating:							
1-4 (Pass)	$ 8,738,498	$ 41,626,302	$ 35,401,046	$ 27,964,476	$ 66,990,607	$ 8,273,840	$ 188,994,769
5 (Special Mention)	-	-	-	-	222,285	-	222,285
6-7 (Substandard)	860,195	384,579	198,411	1,296,809	2,682,487	651	5,423,132
8-9 (Loss, Doubtful)	-	-	-	28,608	-	-	28,608
Total	$ 9,598,693	$ 42,010,881	$ 35,599,457	$ 29,289,893	$ 69,895,379	$ 8,274,491	$ 194,668,794

The Company periodically provides modifications to borrowers experiencing financial difficulty. These modifications include either payment deferrals, term extensions, interest rate reductions, principal forgiveness or combinations of modification types. The determination of whether the borrower is experiencing financial difficulty is made on the date of modification. When principal forgiveness is provided, the amount of principal forgiveness is charged off against the allowance for credit losses with a corresponding reduction in the amortized cost basis of the loan.

There were no modifications provided to borrowers experiencing financial difficulty during the year ending December 31, 2023.

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES

Prior to the adoption of ASU 2022-02, the Bank elected to restructure or modify the terms of certain loans under certain conditions (i.e. troubled debt restructures or “TDRs”). In those circumstances it was beneficial to restructure the terms of a loan and work with the borrower for the benefit of both parties, versus forcing the property into foreclosure and having to dispose of it in an unfavorable real estate market. When the Bank modified the terms of a loan, the Bank usually either reduced or deferred payments for a period of time. The Bank did not forgiven any material principal amounts on any loan modifications to date.

As of December 31, 2022 the Bank had a recorded investment in troubled debt restructurings of $1,044,021. The Bank allocated no specific allowance for those loans at December 31, 2022 and had not committed to lend additional amounts on these loans. There were no loans modified as troubled debt restructurings during the year ended December 31, 2022. Additionally, there were no charge-offs related to troubled debt restructurings during the year ended December 31, 2022.

NOTE 4 - PREMISES AND EQUIPMENT

Major classifications of these assets are summarized as follows:

	December 31, 2023	December 31, 2022
Land	$ 661,209	$ 646,209
Buildings and improvements	2,557,394	2,410,199
Furniture and equipment	1,810,627	1,783,936
Automobiles	193,695	126,462
Software	491,248	445,308
	5,714,173	5,412,114
Accumulated depreciation	(3,024,072)	(2,813,076)
Premises and equipment, net	$ 2,690,101	$ 2,599,038

Depreciation expense for the years ended December 31, 2023 and 2022, was $211,279 and $161,683, respectively.

NOTE 5 - FORECLOSED ASSETS

Foreclosed asset activity was as follows:

	2023	2022
Balance, beginning of year	$ -	$ -
Loans transferred to foreclosed real estate	487,471	30,000
Sales of foreclosed real estate	-	(30,000)
Balance, end of year	$ 487,471	$ -

At December 31, 2023 and 2022, the Bank had no residential foreclosed real estate. At December 31, 2023, the Bank has no consumer mortgage loans secured by residential real estate for which formal foreclosure proceeds are in process.

Expenses related to foreclosed assets include:

	2023	2022
Net loss (gain) on sales	$ -	$ 9
Operating expenses, net of rental income	349	-
	$ 349	$ 9

NOTE 6 - DEPOSITS

Deposit account balances at December 31, 2023 and 2022 are summarized as follows:

	2023	2022
Non-interest bearing demand deposits	$ 38,164,888	$ 56,621,272
Interest-bearing deposits	112,835,252	131,339,454
Time deposits	83,767,030	69,011,626
Total deposits	$ 234,767,170	$ 256,972,352

Included in total deposits at December 31, 2023 and 2022 were brokered deposits of approximately $13,906,000 and $16,418,000 respectively, issued under brokerage agreements with a third party broker. There is one major brokered depositor which represents a concentration of deposits as of December 31, 2023 and 2022. This brokered depositor accounts for $10,800,000 or 4.60% of the Bank's deposits as of December 31, 2023 and $13,487,000 or 5.25% of the Bank's deposits as of December 31, 2022.

NOTE 6 - DEPOSITS

At December 31, 2023, the schedule of maturities of time deposits for the next five years are as follows:

Year Ending December 31,		
2024	$	70,887,247
2025		6,800,300
2026		3,835,906
2027		1,340,420
2028 and thereafter		903,157
	$	83,767,030

Time deposits that meet or exceed the FDIC insurance limit of $250,000 at December 31, 2023 and 2022 were $29,129,039 and $26,046,545, respectively. At December 31, 2023 and 2022, overdraft deposit accounts reclassified to loans totaled $4,908 and $466,953, respectively.

NOTE 7 - FEDERAL HOME LOAN BANK ADVANCES AND OTHER BORROWINGS

Advances from the FHLB are summarized as follows:

		December 31,			
Interest Rate	Maturity Date		2023		2022
2.99%	March 28, 2025	$	308,334	$	341,667
2.58%	October 22, 2026		115,254		155,932
3.09%	December 19, 2031		853,333		960,000
3.14%	February 27, 2037		1,050,000		1,125,000
0.81%	April 22, 2025		3,000,000		3,000,000
1.98%	March 12, 2041		3,510,000		3,705,000
		$	8,836,921	$	9,287,599

The FHLB has a lien on the Bank's FHLB stock, the Bank's deposits with the FHLB and a blanket floating lien on the Bank's loan portfolio as collateral for these advances. The FHLB has established a credit availability for the Bank at 25% of the Bank's total assets as of the most recent quarterly financial information submitted by the Bank to the appropriate regulatory agencies.

The Bank also has credit availability through the Federal Reserve Bank (FRB). The FRB has a lien on the Bank's agricultural, commercial and farmland loans that are current. At December 31, 2023 and 2022, the Bank had $105,102,588 and $79,498,702 pledged to FRB, respectively. The Bank had no borrowings at December 31, 2023 and 2022.

At December 31, 2023 and 2022, the Bank had Federal funds lines available with correspondent banks of approximately $5,000,000. These unsecured lines have various terms, rates, and maturities. The Bank had no borrowings at December 31, 2023 and 2022.

NOTE 8 - STOCK BASED COMPENSATION

Stock Options and Warrants

The Bank has a nonqualified stock option plan which provides for the granting of options to key employees. A maximum of 50,000 shares of common stock may be issued under the plan. The option price, number of shares vesting and grant date are determined at the discretion of the Bank's Board of Directors. Options granted under the plan are exercisable for a period not to exceed ten years from the option grant date. There were no options granted during 2023 or 2022. There were 19,710 shares available for grant as of December 31, 2023.

There were no options outstanding as of December 31, 2023 and 2022. As of December 31, 2023 and 2022, there was no unrecognized stock-based compensation expense related to nonvested stock options.

Restricted Stock

Periodically the Bank will issue restricted stock to its directors, executive and senior officers. Compensation expense is recognized over the vesting period of the awards based upon the fair value of the stock at issue date. The fair value of each restricted stock award is estimated on the date of the grant using a validation model that includes expected volatility, an expected term, dividend yield and a risk-free rate. There were no restricted stock awards during 2023 and 2022.

At December 31, 2023 and 2022, there was $79,040 and $121,600, respectively, of total unrecognized compensation cost related to nonvested shares granted under the Plan. The cost is expected to be recognized over weighted-average period of 5.00 years.

NOTE 9 - INCOME TAXES

The total provision for income taxes in the statements of income is as follows:

	December 31,	
	2023	2022
Currently payable		
Federal	$ 1,521,642	$ 1,357,759
State	71,487	94,850
	1,593,129	1,452,609
Deferred income tax benefit	(8,426)	(70,169)
	$ 1,584,703	$ 1,382,440

The Bank records a deferred income tax (benefit) provision when there are differences between assets and liabilities measured for financial reporting and for income tax return purposes. These temporary differences result in taxable or deductible amounts in future years and are measured using the tax rates and laws that will be in effect which such differences are expected to reverse.

NOTE 9 - INCOME TAXES

At December 31, 2023 and 2022, the Bank's deferred tax assets and liability consist of the following:

	December 31,	
	2023	2022
Allowance for loan losses in excess of		
tax allowance for loan losses	$ 1,170,266	$ 1,163,384
Net unrealized loss on available for sale securities	27,178	53,606
Gross deferred tax asset	1,197,444	1,216,990
Difference between book basis of premises		
and equipment and tax basis	120,952	122,496
Gross deferred tax liability	120,952	122,496
Deferred tax asset, net (included in other assets)	$ 1,076,492	$ 1,094,494

NOTE 10 - RELATED PARTY TRANSACTIONS

The Bank has had, and may be expected to have in the future, banking transactions in the ordinary course of business with directors, principal officers, their immediate families, and affiliated companies in which they are principal stockholders (commonly referred to as related parties), on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with others. Changes in related party loans for the year ended December 31, 2023 are as follows:

	2023
Balance, beginning	$ 1,951,864
New loans	564,966
Repayments	(1,126,631)
Balance, ending	$ 1,390,199

The Bank held related party deposits of approximately $4,838,283 and $4,493,103 at December 31, 2023 and 2022, respectively.

NOTE 11 – ALLOWANCE FOR CREDIT LOSSES – UNFUNDED COMMITMENTS

The following table presents the balance and activity in the allowance for credit losses for unfunded loan commitments, which is included in accrued expenses and other current liabilities on the balance sheet, as of December 31, 2023**:**

	2023
Beginning balance, prior adoption of ASC 326	$ -
Impact of adopting ASC 326	970,751
Provision	(226,000)
Ending balance	$ 744,751

NOTE 12 - COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities that are not reflected in the accompanying financial statements. These commitments and contingent liabilities include various guarantees, commitments to extend credit, and standby letters of credit. The Bank does not anticipate any material losses as a result of future commitments and contingent liabilities.

In the normal course of business, the Bank enters into various contracts for data processing services, telephone banking, ATM/debit card processing and related network monitoring and support. These contracts generally expire after a term of sixty months and are cancelable by either party with a written notice subject to certain penalties.

The Bank's nature of business is such that it ordinarily results in a certain amount of litigation. In the opinion of management and counsel for the Bank, there is no litigation in which the outcome will have a material effect on the financial statements.

NOTE 13 - RISK FACTORS

The Bank's operations, profitability, cash flows, capital and liquidity are affected by various risk factors, including, but not necessarily limited to, interest-rate risk, credit risk and risk from geographic concentration in lending, real estate, marketing, and sales activities. Management attempts to manage interest rate risk through various asset/liability management techniques designed to match maturities and rate terms and structures of assets and liabilities. Loan policies and administration are designed to provide assurance that loans will only be granted to credit-worthy borrowers, although credit losses are expected to occur because of subjective factors and factors beyond the control of the Bank.

The Bank’s operations, profitability, cash flows, capital and liquidity are significantly dependent on economic conditions and related uncertainties. In addition, the Bank is affected, directly and indirectly, by domestic and international economic and political conditions, pandemics (such as COVID-19) and by governmental monetary and fiscal policies.

NOTE 13 - RISK FACTORS

The Bank is particularly sensitive to changes in economic conditions and related uncertainties in southwest Georgia because the Bank derives substantially all of its loans, deposits and other business from this area. The Bank is a Community Bank and as such, is mandated by the Community Reinvestment Act and other regulations to conduct most of its lending activities within the geographic area where it is located. As a result, the Bank and its borrowers may be especially vulnerable to the consequences of changes in the local economy.

The Bank is subject to extensive federal and state governmental supervision and regulation, which are intended primarily for the protection of depositors. In addition, the Bank is subject to changes in federal and state laws, as well as changes in regulations, governmental policies and accounting principles. The effects of any such potential changes cannot be predicted but could adversely affect the Bank's business, operations, profitability, cash flows, capital and liquidity of the Bank in the future.

The Bank is subject to vigorous competition in all aspects and areas of business from banks and other financial institutions, including savings and loan banks, savings banks, finance companies, credit unions and other providers of financial services, such as money market mutual funds, brokerage firms, consumer finance companies and insurance companies. The Bank also competes with non-financial institutions, including retail stores that maintain their own credit programs and governmental agencies that make available low cost or guaranteed loans to certain borrowers.

Certain competitors are larger financial institutions with substantially greater resources, lending limits, larger branch systems and a wider array of commercial banking services.

In addition, the Bank conducts business daily with correspondent banks. These banks are not immune to financial difficulties. Regulation F "Limitations on Interbank Liabilities" requires the Bank to establish and maintain written policies and procedures to prevent excessive exposure to any individual correspondent banking relationship relative to the financial condition of such correspondent. The Bank is vulnerable to the financial difficulties of any of its major correspondent banking relationships directly and indirectly through the participation loans.

NOTE 14 - FINANCIAL INSTRUMENTS

The Bank is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheets. The contract amounts of those instruments reflect the extent of involvement the Bank has in particular classes of financial instruments.

The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit written is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

NOTE 14 - FINANCIAL INSTRUMENTS

	December 31, 2023	December 31, 2022
Financial instruments whose contract amounts represent credit risk:		
Commitments to extend credit	$ 30,078,000	$ 37,691,000
Standby letters of credit	2,094,869	1,429,829

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 drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Bank upon extension of credit is based on management's credit evaluation of the counterparty.

Standby letters of credit written are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. The Bank charges no fee in issuing standby letters of credit. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan commitments to customers.

The Bank may have deposit accounts with various financial institutions which may be in excess of the insured limitation of the Federal Deposit Insurance Corporation. If the financial institution were not to honor its contractual liability, the Bank could incur losses. Management is of the opinion that there is no material risk because of the financial strength of the institution.

NOTE 15 - FAIR VALUE MEASUREMENTS

The Bank follows ASC 820, Fair Value Measurement and Disclosures. ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. ASC 820 applies to reported balances that are required or permitted to be measured at fair value under existing accounting pronouncements; accordingly, ASC 820 does not require any new fair value measurements of reported balances.

ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity’s own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

NOTE 15 - FAIR VALUE MEASUREMENTS

Fair value is used on a recurring basis for assets and liabilities in which fair value is the primary basis of accounting. Examples of these include available-for-sale and trading securities and loans held for sale. Additionally, fair value is used on a non-recurring basis to evaluate assets or liabilities for impairment or for disclosure purposes. Examples of these non-recurring uses of fair value include certain loans held for sale accounted for on a lower of cost or market basis, foreclosed real estate, collateral dependent impaired loans and long-lived assets. Fair value is defined as the price 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. Depending on the nature of the asset or liability, the Bank uses various valuation techniques and assumptions when estimating fair value, which are in accordance with ASC 820.

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank has the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Bank's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

Debt Securities – The fair values for investment securities are determined using Level 2 inputs. For debt securities available-for-sale, the Bank obtains fair value measurements from an independent pricing service. The fair value measurements considered observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus payment spreads, credit information, and the bond's terms and conditions, among other things. The investments in the Bank's portfolio are generally not quoted on an exchange but are actively traded in the secondary institutional markets.

Collateral-Dependent/Impaired Loans – The fair value for collateral-dependent loans is estimated based on discounted cash flows or underlying collateral values, where applicable. Fair value is measured based on the value of the collateral securing these loans and is classified at a Level 3 in the fair value hierarchy. Collateral may include real estate, or business assets including equipment, inventory and accounts receivable. The value of real estate collateral is determined based on an appraisal by qualified licensed appraisers hired by the Bank. The value of business equipment is based on an appraisal by qualified licensed appraisers hired by the Bank if significant, or the equipment's net book value on the business' financial statements. Inventory and accounts receivable collateral are valued based on independent field examiner review or aging reports. Appraised and reported values may be discounted based on management's expertise and knowledge of the client and the client's business, which would result in classification as Level 3.

NOTE 15 - FAIR VALUE MEASUREMENTS

The table below presents the Bank's assets and liabilities measured at fair value on a recurring and nonrecurring basis as of December 31, 2023 and 2022, aggregated by the level in the fair value hierarchy within which those measurements fall.

	December 31, 2023				
	Total	Level 1	Level 2	Level 3	Total Gains (Losses)
Assets					
Recurring fair value measurements					
Securities available for sale					
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 32,256,160	$ -	$ 32,256,160	$ -	
State and municipals securities	1,140,000	-	1,140,000	-	
Mortgage-backed securities - residential	41,364	-	41,364	-	
Total securities available for sale	$ 33,437,524	$ -	$ 33,437,524	$ -	
Nonrecurring fair value measurements					
Collateral-dependent loans	$ 676,072	$ -	$ -	$ 676,072	$ 58,789
Total nonrecurring fair value measurements	$ 676,072	$ -	$ -	$ 676,072	$ 58,789

	December 31, 2022				
	Total	Level 1	Level 2	Level 3	Total Gains (Losses)
Assets					
Recurring fair value measurements					
Securities available for sale					
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 61,275,692	$ -	$ 61,275,692	$ -	
State and municipals securities	1,410,000	-	1,410,000	-	
Mortgage-backed securities - residential	109,955	-	109,955	-	
Total securities available for sale	$ 62,795,647	$ -	$ 62,795,647	$ -	
Nonrecurring fair value measurements					
Impaired loans	$ 1,540,204	$ -	$ -	$ 1,540,204	$ (33,661)
Total nonrecurring fair value measurements	$ 1,540,204	$ -	$ -	$ 1,540,204	$ (33,661)

NOTE 16 - REGULATORY MATTERS

Banks are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory practices. Capital amounts and classifications are also subject to qualitative judgements by regulators. Failure to meet capital requirements can initiate regulatory action. The net unrealized gain or loss on available for sale securities, if any, is not included in computing regulatory capital. Management believes as of December 31, 2023 and 2022 the Bank meets all capital adequacy requirements to which they are subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At year-end 2023 and 2022, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

The Bank's actual capital amounts (in thousands) and ratios are also presented in the following table.

	Actual		Adequacy Purposes:		To Be Well Capitalized Action Provisions	
December 31, 2023	Amount	Ratio	Amount	Ratio ≥	Amount	Ratio ≥
Total Capital (to Risk Weighted Assets)	$ 44,768	24.15%	$ 14,827	8.00%	$ 18,534	10.00%
Tier I Capital (to Risk Weighted Assets)	$ 42,418	22.89%	$ 11,120	6.00%	$ 14,827	8.00%
Common Tier 1 (CET1)	$ 42,418	22.89%	$ 8,340	4.50%	$ 12,047	6.50%
Tier I Capital (to Average Assets)	$ 42,418	14.75%	$ 11,500	4.00%	$ 14,375	5.00%

NOTE 16 - REGULATORY MATTERS

	Actual		Adequacy Purposes:		To Be Well Capitalized Action Provisions	
December 31, 2022	Amount	Ratio	Amount	Ratio ≥	Amount	Ratio ≥
Total Capital (to Risk Weighted Assets)	$ 41,035	22.59%	$ 14,531	8.00%	$ 18,164	10.00%
Tier I Capital (to Risk Weighted Assets)	$ 38,721	21.32%	$ 10,898	6.00%	$ 14,531	8.00%
Common Tier 1 (CET1)	$ 38,721	21.32%	$ 8,174	4.50%	$ 11,806	6.50%
Tier I Capital (to Average Assets)	$ 38,721	13.20%	$ 11,731	4.00%	$ 14,663	5.00%

NOTE 17 - LIMITATION ON DIVIDENDS

The sole source of funds available to pay shareholder dividends is from the Bank's earnings. Bank regulatory authorities impose restrictions on the amounts of dividends that may be declared by the Bank. Further restrictions could result from a review by regulatory authorities of the Bank's capital adequacy.

1) Total adversely classified assets at the most recent examination of the bank do not exceed eighty (80) percent of Tier 1 Capital plus the Allowance for Loan Losses as reflected at such examination; and

2) The aggregate amount of distributions declared or anticipated to be declared in the calendar year does not exceed seventy-five (75) percent of the net income that is attributable to the Bank for the previous calendar year; and

3) The ratio of Tier I Capital to Average Total Assets shall not be less than six (6) percent.

As of January 1, 2024, the amount available for distributions in 2024 without regulatory consent was $8,123,000.

NOTE 18 - OTHER OPERATING

Significant components of other operating expense in the statements of income are as follows:

	Years Ended December 31,	
	2023	2022
Data processing	$ 403,440	$ 416,691
Legal and professional	561,186	271,748
Automated teller machine (ATM) expense	344,526	375,696
Director's fees	256,800	207,800

NOTE 19 - SUBSEQUENT EVENTS

The Bank assessed events that have occurred subsequent to December 31, 2023 through March 28, 2024 for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the financial statements which were available to be issued on March 28, 2024.