



**Notice of 2025 Annual Meeting of Stockholders,  
Annual Meeting Proxy Statement, and  
2024 Annual Report to Stockholders**

## **SSB BANCORP, INC.**

### **Corporate Profile**

Headquartered in Pittsburgh, PA, SSB Bancorp, Inc. is the holding company for SSB Bank. The common stock of SSB Bancorp, Inc. is quoted on the OTCQX Market under the symbol "SSBP."

SSB Bank, a Pennsylvania-chartered stock savings bank, operates as a community bank and conducts business from its main office and branch offices, all in Pittsburgh, PA.

### **Banking Locations**

#### *Main Office*

8700 Perry Highway  
Pittsburgh, PA 15237

#### *Branch Office*

2470 California Avenue  
Pittsburgh, PA 15212

#### *Branch Office (Opening Soon)*

4028 Beechwood Boulevard  
Pittsburgh, PA 15217



April 15, 2025

Dear Fellow Stockholder:

The annual meeting of stockholders of SSB Bancorp, Inc., the holding company for SSB Bank, will be held at SSB Bank's main office, located at 8700 Perry Highway, Pittsburgh, PA, on Wednesday, May 21, 2025, at 4:00 p.m., local time. The notice of annual meeting and the proxy statement appearing on the following pages describe the formal business to be transacted at the meeting.

It is important that your shares are represented at this meeting, regardless of the number of shares you own. To ensure your shares are represented, we urge you to vote promptly by completing and mailing the enclosed proxy card or by voting via the Internet. Internet voting instructions appear on the enclosed proxy card.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Daniel Moon, IV", written over a faint, large, oval-shaped watermark or background.

J. Daniel Moon, IV  
*President and Chief Executive Officer*

**SSB BANCORP, INC.**  
**8700 Perry Highway**  
**Pittsburgh, PA 15237**  
**(412) 837-6955**

**NOTICE OF 2025 ANNUAL MEETING OF STOCKHOLDERS**

- DATE AND TIME** Wednesday, May 21, 2025  
4:00 p.m., local time
- PLACE** SSB Bank's Main Office  
8700 Perry Highway  
Pittsburgh, PA 15237
- ITEMS OF BUSINESS**
- (1) Elect two directors to serve for a term of three years;
  - (2) Ratify the appointment of S.R. Snodgrass, P.C. to serve as the independent auditors for the fiscal year ending December 31, 2025; and
  - (3) Transact any other business that may properly come before the meeting and any adjournment or postponement of the meeting. (Note: The Board of Directors is not aware of any other business to come before the meeting.)
- RECORD DATE** To vote, you must have been a stockholder as of the close of business on March 27, 2025.
- PROXY VOTING** It is important that your shares be represented and voted at the meeting. You can vote your shares via the Internet or by mail by completing and returning the accompanying proxy card in the accompanying self-addressed envelope. Voting instructions are printed on the proxy card. You may revoke a proxy at any time before its exercise at the meeting by following the instructions in the accompanying proxy statement.

BY ORDER OF THE BOARD OF DIRECTORS

Frances Ann Amorose  
*Corporate Secretary*

Pittsburgh, PA  
April 15, 2025

**SSB BANCORP, INC.**  
**(Holding Company for SSB Bank)**

**PROXY STATEMENT  
FOR  
2025 ANNUAL MEETING OF STOCKHOLDERS**

**GENERAL INFORMATION**

SSB Bancorp, Inc. is providing this proxy statement to you in connection with the solicitation of proxies by its Board of Directors for use only at the 2025 annual meeting of stockholders and for any adjournment or postponement of the annual meeting. In this proxy statement, we may also refer to SSB Bancorp, Inc. as “SSB Bancorp,” “we,” “our” or “us.” SSB Bancorp is the majority-owned subsidiary of SSB Bancorp, MHC, a mutual holding company.

We will hold the annual meeting at SSB Bank’s main office, located at 8700 Perry Highway in Pittsburgh, on Wednesday, May 21, 2025 at 4:00 p.m., local time.

We intend to mail this proxy statement and a proxy card to stockholders of record beginning on or about April 17, 2025.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS  
FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 21, 2025**

This proxy statement and our 2024 Audited Consolidated Financial Statements are available on the Internet at <https://www.cstproxy.com/ssb/2025>.

**INFORMATION ABOUT VOTING**

**Who May Vote at the Meeting**

You are entitled to vote your shares of SSB Bancorp common stock if our records show that you owned your shares as of the close of business on March 27, 2025. As of the close of business on that date, a total of 2,188,710 shares of common stock were outstanding, of which 1,236,538 shares were owned by SSB Bancorp, MHC and the remaining 952,172 shares were owned by public stockholders. Each share of common stock has one vote.

Our Articles of Incorporation provide that record holders of our common stock who beneficially own, either directly or indirectly, more than 10% of our outstanding shares (other than SSB Bancorp, MHC) are not entitled to any vote with respect to the shares held in excess of the 10% limit.

**Ownership of Shares**

You may own your shares of common stock of SSB Bancorp in one or more of the following ways:

- Directly in your name as the stockholder of record;
- Indirectly through a broker, bank or other holder of record in “street name;”
- Indirectly through the SSB Bank Employee Stock Ownership Plan (the “ESOP”); or
- Indirectly through the SSB Bank 401(k) Plan (the “401(k) Plan”).

If your shares are registered directly in your name, you are the holder of record of those shares, and we are sending these proxy materials directly to you. As the holder of record, you have the right to give your proxy directly to us to vote at the annual meeting or you may vote in person at the annual meeting.

If you hold your shares in “street name” through a broker, bank or other nominee of record, you are considered the beneficial owner of your shares and your broker, bank or other holder of record is sending these proxy materials to you. As the beneficial owner, you have the right to direct your broker, bank or other holder of record how to vote by completing a voting instruction form provided by your broker, bank or other holder of record that accompanies your proxy materials. Your broker, bank or other holder of record may allow you to provide voting instructions by telephone or by the Internet. Refer to the voting instruction form that accompanies your proxy materials. If you want to vote your shares of common stock held in street name in person at the annual meeting, you must obtain a written proxy in your name from the broker, bank or other holder who is the record holder of your shares.

If you own shares of common stock indirectly through the ESOP and/or the 401(k) Plan, see “*Participants in the ESOP and the 401(k) Plan*” below.

### **Attending the Meeting**

If you hold your shares in street name, you will need proof of ownership to be admitted to the meeting. Examples of proof of ownership are a recent brokerage account statement or a letter from your bank or broker.

### **Quorum and Vote Required**

**Quorum.** We will have a quorum and be able to conduct the business of the annual meeting if a majority of the outstanding shares of SSB Bancorp common stock entitled to vote, represented in person or by proxy, are present at the meeting.

**Votes Required for Proposals.** In voting on the election of directors, you may vote in favor of the nominees or withhold your vote as to the nominees. There is no cumulative voting for the election of directors. Directors must be elected by a plurality of the votes cast at the annual meeting. This means that the nominees receiving the largest number of votes cast will be elected up to the maximum number of directors to be elected at the annual meeting. The maximum number of directors to be elected at the annual meeting is two.

In voting on the ratification of the appointment of the independent auditors, you may vote in favor of the proposal, vote against the proposal or abstain from voting. The affirmative vote of a majority of the votes cast at the annual meeting and entitled to vote is required to approve this proposal.

Because SSB Bancorp, MHC owns more than 50% of the outstanding shares of SSB Bancorp common stock, the votes cast by SSB Bancorp, MHC will ensure the presence of a quorum and will decide the outcome of the vote on the election of directors and the ratification of the appointment of the independent auditors.

### **Effect of Not Casting Your Vote**

If you hold your shares in street name, it is critical that you cast your vote if you want it to count in the election of directors (Item 1). Your bank, broker or other holder of record does not have discretion to vote your uninstructed shares with respect to these two items of business. Therefore, if you hold your shares in street name and you do not instruct your bank, broker or other holder of record on how to vote in the election of directors, no votes will be cast on your behalf. These are referred to as “broker non-votes.” Your bank, broker or other holder of record, however, does have discretion to vote any uninstructed shares on the ratification of the appointment of the independent auditors (Item 2). If you are a stockholder of record and you do not cast your vote, no votes will be cast on your behalf on any of the items of business at the annual meeting.

### **How We Count the Votes**

If you return valid proxy instructions or attend the meeting in person, we will count your shares to determine whether there is a quorum, even if you abstain from voting. Broker non-votes also will be counted to determine the existence of a quorum.

In the election of directors, votes that are withheld and broker non-votes will have no effect on the outcome of the election.

In counting votes on the proposal to ratify the appointment of the independent auditors, broker non-votes and abstentions will have no effect on the outcome of this proposal.

### **Voting by Proxy**

The Board of Directors of SSB Bancorp is sending you this proxy statement for the purpose of requesting that you allow your shares of SSB Bancorp common stock to be represented at the annual meeting by the designated proxies named by the Board of Directors. All shares of SSB Bancorp common stock represented at the annual meeting by properly executed and dated proxies will be voted according to the instructions indicated on the proxy card. If you sign, date and return a proxy card without giving voting instructions, your shares will be voted as recommended by our Board of Directors.

**The Board of Directors unanimously recommends a vote:**

- **“FOR ALL” of the nominees for director; and**
- **“FOR” the ratification of the appointment of S.R. Snodgrass, P.C. to serve as the independent auditors for the year ending December 31, 2025.**

If any matters not described in this proxy statement are properly presented at the annual meeting, the persons named in the proxy card will use their own best judgment as to how to vote your shares. This includes a motion to adjourn or postpone the annual meeting in order to solicit additional proxies. If the annual meeting is postponed or adjourned, your common stock may be voted by the persons named in the proxy card on the new meeting date as well, unless you have revoked your proxy. We do not know of any other matters to be presented at the annual meeting.

Instead of voting by completing and mailing a proxy card, registered stockholders can vote their shares of SSB Bancorp common stock via the Internet. The Internet voting procedures are designed to authenticate stockholders' identities, allow stockholders to provide their voting instructions and confirm that their instructions have been recorded properly. Specific instructions for Internet voting appear on the enclosed proxy card. **The deadline for voting via the Internet is 11:59 p.m., Eastern time, on May 20, 2025.**

**Revoking Your Proxy**

Whether you vote by mail or via the Internet, if you are a registered stockholder, unless otherwise noted, you may later revoke your proxy by:

- sending a written statement to that effect to our Corporate Secretary;
- submitting a properly signed proxy card with a later date;
- voting via the Internet at a later time so long as such vote is received by the applicable time and date set forth above for registered stockholders; or
- voting in person at the annual meeting (Note: Attendance at the annual meeting will not in itself constitute revocation of your proxy).

If you hold your shares through a bank, broker, trustee or nominee and you have instructed the bank, broker, trustee or nominee to vote your shares, you must follow the directions received from your bank, broker, trustee or nominee to change those instructions.

**Participants in the ESOP and the 401(k) Plan**

If you participate in the ESOP, you will receive a voting instruction card that reflects all shares that you may direct the trustees to vote on your behalf under the ESOP. If you hold SSB Bancorp common stock in the 401(k) Plan, you will receive a voting instruction card that reflects all shares that you may direct the 401(k) Plan trustee to vote on your behalf under the 401(k) Plan. Under the terms of the ESOP, the ESOP trustee votes all shares held by the ESOP, but each participant in the ESOP may direct the trustee how to vote the shares of SSB Bancorp common stock allocated to his or her account. The ESOP trustee, subject to the exercise of its fiduciary duties, will vote all unallocated shares of common stock held by the ESOP and all allocated shares for which no timely voting instructions are received in the same proportion as shares for which it has received valid voting instructions. Under the terms of the 401(k) Plan, you may direct the 401(k) Plan trustee how to vote the shares allocated to your account. If the 401(k) Plan trustee does not receive your voting instructions, the 401(k) Plan trustee will be instructed to vote your shares in the same proportion as the voting instructions received from other 401(k) Plan participants. **The deadline for returning your voting instruction cards to the ESOP trustee and/or the 401(k) Plan trustee is May 14, 2025.**

## CORPORATE GOVERNANCE

### Director Independence

The Board of Directors currently consists of six members. Although SSB Bancorp common stock is quoted on the OTCQX Market and is not listed on the Nasdaq Stock Market, we refer to the definition of “independent director” contained in the listing standards of the Nasdaq Stock Market when determining the independence of our directors. All our directors are considered independent under those listing standards except for J. Daniel Moon, IV who serves as President and Chief Executive Officer of SSB Bancorp, MHC, SSB Bancorp and SSB Bank.

### Committees of the Board of Directors

**General.** The Board of Directors has established an Audit Committee. The Board of Directors has not established a Compensation Committee or a Nominating Committee. Compensation decisions and corporate governance/director nomination decisions are made by the full Board of Directors. Based on the number of independent directors serving on the Board of Directors, we believe that the functions customarily attributable to these committees are sufficiently performed by the full Board of Directors.

**Audit Committee.** The members of the Audit Committee are David H. Docchio, Jr. (Chair), Kenneth J. Broadbent and Mark C. Joseph, each of whom is considered independent under the listing standards of the Nasdaq Stock Market. The Audit Committee operates under a written charter, a copy of which is available on SSB Bank’s website ([www.ssbpgh.com](http://www.ssbpgh.com)). The Audit Committee meets periodically with our independent auditors and management to review accounting, auditing, internal control structure and financial reporting matters. The Audit Committee met 12 times during the year ended December 31, 2024.

### Compensation Processes and Procedures

The Board of Directors is responsible for overseeing employee compensation and benefit programs. Management develops recommendations for the Board of Directors regarding the appropriate range of annual salary increases of our employees. Each member of the Board of Directors participates in the consideration of executive officer and director compensation. Mr. Moon does not participate in any discussions, deliberations or decisions with respect to his compensation.

### Board and Committee Meetings

The business of SSB Bancorp and SSB Bank is conducted through meetings and activities of their respective Board of Directors and committees. During the year ended December 31, 2024, the Board of Directors of SSB Bancorp held one meeting and the Board of Directors of SSB Bank held 12 meetings.

## DIRECTORS’ COMPENSATION

The following table provides the compensation received by the individuals who served as non-employee directors during the year ended December 31, 2024. The table excludes prerequisites, which did not exceed \$10,000 in the aggregate for each director.

	<u>Fees Earned or Paid in Cash (\$)</u>	<u>Stock Awards</u>	<u>Option Awards</u>	<u>Total (\$)</u>
Kenneth J. Broadbent.....	33,155	—	—	33,155
David H. Docchio, Jr. ....	33,155	—	—	33,155
Dr. Gretchen Givens Generett .....	33,155	—	—	33,155
Mark C. Joseph.....	33,155	—	—	33,155
Dr. Bernie M. Simons, M.D.....	40,355	—	—	40,355

## STOCK OWNERSHIP

The following table provides information as of March 27, 2025, about the beneficial owners known to SSB Bancorp that own more than 5% of our outstanding common stock and the shares of common stock beneficially owned by each nominee for director, by each director continuing in office, and by all directors and executive officers as a group. A person may be considered to beneficially own any shares of common stock over which he or she has, directly or indirectly, sole or shared voting or investment power or as to which he or she has the right to acquire beneficial ownership at any time within 60 days after March 27, 2025. Unless otherwise indicated, each of the named individuals has sole voting power and sole investment power with respect to the shares shown and none of the named individuals has pledged his shares.

	<b>Number of Shares Owned</b>	<b>Percent of Common Stock Outstanding <sup>(1)</sup></b>
<b><i>Greater-than-5% Stockholders:</i></b>		
SSB Bancorp, MHC .....	1,236,538	56.5%
8700 Perry Highway Pittsburgh, PA 15237		
<b><i>Director Nominees and Directors Continuing in Office:</i></b>		
Kenneth J. Broadbent.....	28,511 <sup>(2)</sup>	1.3
David H. Docchio, Jr. ....	27,711 <sup>(3)</sup>	1.3
Dr. Gretchen Givens Generett .....	13,698 <sup>(4)</sup>	*
Mark C. Joseph.....	27,711 <sup>(5)</sup>	1.3
J. Daniel Moon IV .....	65,568 <sup>(6)</sup>	3.0
Dr. Bernie M. Simons, M.D.....	28,386 <sup>(7)</sup>	1.3
<b><i>Executive Officers who are not Directors:</i></b>		
Benjamin A. Contrucci .....	36,173 <sup>(8)</sup>	1.7
Peter F. Stires.....	9,831 <sup>(9)</sup>	*
Joshua Wynkoop.....	4,077 <sup>(10)</sup>	*
Todd Farwell .....	12,889 <sup>(11)</sup>	*
<i>All directors/executive officers as a group (10 persons)</i> .....	254,555	11.6%

\* Less than 1%.

(1) Based on 2,188,710 shares outstanding as of March 27, 2025.

(2) Includes 2,203 restricted stock awards and 5,508 stock options exercisable within 60 days of March 27, 2025.

(3) Includes 6,900 shares held in an Individual Retirement Account (“IRA”), 2,203 restricted stock awards and 5,508 stock options exercisable within 60 days of March 27, 2025.

(4) Includes 2,203 restricted stock awards and 5,508 stock options exercisable within 60 days of March 27, 2025.

(5) Includes 2,203 restricted stock awards and 5,508 stock options exercisable within 60 days of March 27, 2025.

(6) Includes 19,931 shares held in the 401(k) Plan, 10,235 restricted stock awards, 5,422 shares held in the ESOP and 27,541 stock options exercisable within 60 days of March 27, 2025.

(7) Includes 2,203 restricted stock awards and 5,508 stock options exercisable within 60 days of March 27, 2025.

(8) Includes 8,339 shares held in an IRA, 6,610 restricted stock awards, 3,782 shares held in the ESOP and 16,525 stock options exercisable within 60 days of March 27, 2025.

(9) Includes 2,300 restricted stock awards, 2,071 shares held in the ESOP and 5,360 stock options exercisable within 60 days of March 27, 2025.

(10) Includes 1,995 shares held in the 401(k) Plan, 2,082 shares held in the ESOP.

(11) Includes 7,992 shares held in the 401(k) Plan, 3,096 shares held in an IRA, and 1,871 shares held in the ESOP.

## ITEMS OF BUSINESS TO BE VOTED ON BY STOCKHOLDERS

### Item 1 — Election of Directors

SSB Bancorp's Board of Directors consists of six members. The Board of Directors is divided into three classes with three-year staggered terms, with approximately one-third of the directors elected each year. The nominees for election are Dr. Gretchen Givens Generett and Mark C. Joseph. Both currently serve as directors of both SSB Bancorp and SSB Bank.

The Board of Directors intends to vote the proxies solicited by it in favor of the election of all of the nominees named above. If any nominee is unable to serve, the persons named in the proxy card will vote your shares to approve the election of any substitute proposed by the Board of Directors. Alternatively, the Board of Directors may adopt a resolution to reduce the size of the Board of Directors. At this time, the Board of Directors knows of no reason why any nominee might be unable to serve.

**The Board of Directors unanimously recommends a vote “FOR ALL” of the nominees for director.**

Information regarding the Board of Directors' nominees and the directors continuing in office is provided below. Unless otherwise stated, each individual has held his or her current occupation for the last five years. The age indicated in each individual's biography is as of December 31, 2024. The indicated period for service as a director includes service as a trustee/director of SSB Bank. There are no family relationships among the directors.

#### Director Nominees for Terms Expiring in 2028

**Dr. Gretchen Givens Generett** is Dean, School of Education at Duquesne University. Her experience is also in Diversity Studies, and she is the former director of the UCEA Center for Educational Leadership and Social Justice. Her research focuses on teacher professional development, educational leadership, and cultural diversity. She assists SSB Bancorp and SSB Bank in educating staff on diversity considerations and also focuses on employee and management retention. Age 53. Director since 2013.

**Mark C. Joseph** is an attorney-at-law licensed in the Commonwealth of Pennsylvania and a sole practitioner. His legal background, including his work with a large regional financial institution, provides the Board of Directors with experience in corporate governance, regulatory matters, real estate litigation, policy development, and other legal matters that may arise in the course of SSB Bank's business. Age 54. Director since 2009.

#### Directors Continuing in Office with Terms Expiring in 2026

**J. Daniel Moon, IV** has served as President, Chief Executive Officer and Chief Financial Officer of SSB Bank since 2009. Previously, he served as President and Chief Executive Officer of two other financial institutions in Pittsburgh and the surrounding area. He has worked in the banking and financial services industry for over 35 years. In addition, he has been involved in various community activities, including having served on the boards of various for-profit and non-profit organizations. He earned a Bachelors' Degree in Finance from Robert Morris University and an MBA from Waynesburg University. His extensive knowledge of the banking industry and strong leadership skills provide SSB Bank with invaluable insight and guidance into the business and regulatory requirements of today's banking environment. Mr. Moon is currently a Board Member at the PACB. Age 58. Director since 2009.

**Dr. Bernie M. Simons, M.D.**, has worked as a physician specializing in family medicine for over 30 years. He assists the Board of Directors in understanding its fiduciary duties and leads the board of directors in shaping and overseeing policy and product development and risk assessment. Age 60. Director since 2011.

#### Directors Continuing in Office with Terms Expiring in 2027

**Kenneth J. Broadbent** has been a Business Manager for the Pittsburgh Steamfitters Local 449 for over 20 years. He contributes marketing expertise to our Board of Directors. Additionally, his work experience in financial matters qualifies him to serve as a member of the Audit Committee. Age 68. Director since 2011.

**David H. Docchio, Jr.** has been employed for over 20 years as an auditor/accountant with the Laborers' Combined Funds of Western Pennsylvania, which serves participants in the pension and welfare funds of the Laborers District Council of Western Pennsylvania. His work experience in financial and auditing/accounting matters qualifies him to serve as a member of the Audit Committee. He also assists the Board of Directors in corporate governance and internal audit matters. Age 57. Director since 2009.

## Executive Officers Who Are Not Directors

Below is information regarding our executive officers who are not directors of SSB Bancorp or SSB Bank. The listed individual has held his current position for at least the last five years, unless otherwise stated. The age presented are as of December 31, 2024.

**Benjamin Contrucci**, age 44, has been employed by SSB Bank since April 2017 and currently serves as Chief Financial Officer. Before becoming Chief Financial Officer, he served as Vice President of Retail Operations and Merchant Services. From April 2016 to November 2016, he served as Vice President/Consumer Credit Officer with The Farmers National Bank of Emlenton. From March 2008 to April 2016, he served in multiple positions at United American Savings Bank, starting as a Loan Specialist, then serving as Chief Lending Officer from February 2012 through April 2016. He earned a Bachelor of Science degree in Mathematics from Allegheny College in 2002 and a Masters in the Art of Teaching from the University of Pittsburgh in 2003.

**Peter Stires**, age 41, has been employed by SSB Bank since March 2018 and currently serves as Vice President of Commercial Lending. Before becoming Vice President of Commercial Lending, he served as Commercial Loan Manager from September 2018 to October 2019 and Commercial Lender from March 2018 to September 2018. From September 2015 to March 2018, he served as a Credit Analyst with EQT Corporation, a natural gas producer. From December 2010 to September 2015, he served in multiple positions at Citizens Bank. He earned a Bachelor of Science degree in Organizational Leadership and Professional Communication from Duquesne University in 2010.

**Joshua Wynkoop**, age 45, has been employed by SSB Bank since May 2013 and serves as Vice President of Consumer and Mortgage Lending. Before becoming Vice President of Consumer and Mortgage Lending, his banking experience included a variety of positions at both the USX Federal Credit Union and Citizens Bank. He earned a Juris Doctorate from the University of Pittsburgh in 2004 and a Bachelor of Science degree in General Sciences from Penn State University in 2001.

**Todd Farwell**, age 53, has been employed by SSB Bank since June 2010 and currently serves as Vice President of Compliance. He earned his Certified Regulatory Compliance Manager (CRCM) from the American Bankers Association in 2013. From 2006-2010 he managed community branch offices with First Commonwealth Bank. Before that had held project management positions with Citizens Bank and Mellon Bank in retail delivery support and incentive plan administration, after beginning his banking career in the community banking network with Mellon in 1993. He earned a Bachelor of Arts degree in Political Science from Allegheny College in 1993.

### Item 2 — Ratification of Appointment of Independent Auditors

S.R. Snodgrass, P.C. served as our independent auditors for the year ended December 31, 2024. The Audit Committee of the Board of Directors has appointed S.R. Snodgrass, P.C. to serve as our independent auditors for the year ending December 31, 2025, subject to ratification by stockholders. A representative of S.R. Snodgrass, P.C. is expected to be present at the annual meeting to respond to appropriate questions from stockholders and will have the opportunity to make a statement should he or she desire to do so.

If the appointment of S.R. Snodgrass, P.C. is not ratified by a majority of the votes cast by stockholders at the annual meeting, the Audit Committee of the Board of Directors will consider other independent auditors.

**The Board of Directors unanimously recommends that stockholders vote “FOR” the ratification of the appointment of S.R. Snodgrass, P.C. to serve as the independent auditors for the year ending December 31, 2025.**

### SUBMISSION OF STOCKHOLDER BUSINESS PROPOSALS AND NOMINATIONS

Our Bylaws provide that, for a stockholder to make nominations for the election of directors or proposals for business to be brought before the annual meeting, a stockholder must deliver notice to the Corporate Secretary not less than 90 days or more than 120 days before the date of the annual meeting. However, if less than 90 days' notice or prior public disclosure of the annual meeting is given to stockholders and the date of the annual meeting is advanced more than 30 days before or delayed more than 30 days after the anniversary of the preceding year's annual meeting, such notice must be delivered not later than the close of business on the tenth day following the day on which notice of the annual meeting was mailed to stockholders or public disclosure of the annual meeting date was made. A copy of the Bylaws may be obtained by contacting our Corporate Secretary.

## MISCELLANEOUS

SSB Bancorp will pay the cost of this proxy solicitation and will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses they incur in sending proxy materials to the beneficial owners of SSB Bancorp common stock. In addition to soliciting proxies by mail, our directors, officers and regular employees may solicit proxies personally or by telephone without receiving additional compensation.

A copy of our Fiscal Year 2024 Audited Consolidated Financial Statements accompanies this proxy statement. The Audited Consolidated Financial Statements are not to be treated as part of the proxy solicitation material or as having been incorporated in this proxy statement by reference.

Please vote by marking, signing, dating and promptly returning a proxy card or by voting via the Internet.

BY ORDER OF THE BOARD OF DIRECTORS

Frances Ann Amorose  
*Corporate Secretary*

Pittsburgh, PA  
April 15, 2025

SSB BANCORP, INC.  
PITTSBURGH, PENNSYLVANIA

CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

SSB BANCORP, INC.  
AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

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INDEPENDENT AUDITOR’S REPORT

Board of Directors and Stockholders

SSB Bancorp, Inc.

Pittsburgh, Pennsylvania

**Opinion**

We have audited the accompanying consolidated financial statements of SSB Bancorp, Inc. and subsidiary (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 stockholders’ 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.

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(610) 278-9800

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(304) 233-5030

STEUBENVILLE, OH  
511 N. Fourth Street  
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S.R. Snodgrass, P.C. d/b/a S.R. Snodgrass, A.C. in West Virginia

## **Responsibilities of Management for the Financial Statements (Continued)**

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 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 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 judgment, 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.

A handwritten signature in cursive script that reads "B. R. Brody, P.C.".

Cranberry Township, Pennsylvania  
April 14, 2025

SSB BANCORP, INC.  
CONSOLIDATED BALANCE SHEETS

	December 31, 2024	December 31, 2023
<b>ASSETS</b>		
Cash and due from banks .....	\$ 692,063	\$ 533,582
Interest-bearing deposits with other financial institutions .....	16,076,835	12,799,993
Cash and cash equivalents.....	16,768,898	13,333,575
Certificates of deposit.....	10,897,000	13,382,000
Securities available for sale .....	6,372,061	6,652,416
Securities held to maturity (fair value)		
Loans.....	265,685,576	243,840,519
Allowance for credit losses .....	(2,761,218)	(2,460,248)
Net loans.....	262,924,358	241,380,271
Accrued interest receivable .....	1,596,484	1,450,158
Federal Home Loan Bank stock, at cost .....	5,008,600	5,059,400
Premises and equipment, net .....	3,850,063	3,928,503
Bank-owned life insurance.....	3,664,651	3,574,177
Deferred tax asset, net .....	967,977	755,648
Intangible asset.....	3,683,929	4,126,000
Other assets .....	2,878,667	2,181,821
<b>TOTAL ASSETS</b> .....	<b>\$ 318,612,688</b>	<b>\$ 295,823,969</b>
<b>LIABILITIES</b>		
Deposits:		
Noninterest-bearing demand.....	\$ 58,198,166	\$ 60,836,791
Interest-bearing demand.....	27,963,330	29,760,504
Money market.....	69,983,879	65,870,280
Savings.....	4,946,232	5,117,003
Time.....	106,656,565	80,727,160
Total deposits .....	267,748,172	242,311,738
Federal Home Loan Bank advances .....	19,000,000	20,250,000
Paycheck Protection Program Liquidity Facility advances .....	941,763	1,802,144
Advances by borrowers for taxes and insurance.....	685,522	655,491
Advances by borrowers for construction.....	-	2,727,613
Accrued interest payable .....	840,430	430,579
Off-Balance Sheet Reserve.....	206,317	226,317
Other liabilities.....	326,450	222,334
<b>TOTAL LIABILITIES</b> .....	<b>289,748,654</b>	<b>268,626,216</b>
<b>STOCKHOLDERS' EQUITY</b>		
Preferred Stock: \$0.01 par value per share: 5,000,000 shares authorized and no shares issued or outstanding .....	-	-
Common Stock: 20,000,000 shares authorized; 2,279,191 shares issued at December 31, 2024 and 2023; and 2,188,710 and 2,226,310 shares outstanding at \$0.01 par value at December 31, 2024 and 2023 respectively.....	22,769	22,769
Treasury stock, at cost; 90,481 and 52,881 shares at December 31, 2024 and 2023 respectively.....	(856,475)	(482,425)
Paid-in capital.....	8,964,281	8,923,623
Retained earnings .....	20,945,314	18,686,325
Unearned Employee Stock Ownership Plan (ESOP).....	(572,860)	(616,922)
Equity in SMLM .....	581,576	945,110
Accumulated other comprehensive loss .....	(220,571)	(280,727)
<b>TOTAL STOCKHOLDERS' EQUITY</b> .....	<b>28,864,034</b>	<b>27,197,753</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b> .....	<b>\$ 318,612,688</b>	<b>\$ 295,823,969</b>

See accompanying notes to the consolidated financial statements.

SSB BANCORP, INC.  
CONSOLIDATED STATEMENTS OF NET INCOME

	Year ended December 31,	
	2024	2023
<b>INTEREST INCOME</b>		
Loans, including fees.....	\$ 14,502,535	\$ 11,794,609
Interest-bearing deposits with other financial institutions .....	859,759	1,353,355
Certificates of deposit.....	682,407	404,174
Investment securities:		
Taxable .....	635,921	615,927
Exempt from federal income tax.....	40,141	29,623
Total interest income .....	<u>16,720,763</u>	<u>14,197,688</u>
<b>INTEREST EXPENSE</b>		
Deposits.....	7,257,891	5,593,933
Federal Home Loan Bank advances and other bank obligations .....	812,108	588,915
Total interest expense .....	<u>8,069,999</u>	<u>6,182,848</u>
NET INTEREST INCOME .....	8,650,764	8,014,840
Provision for credit losses .....	515,000	641,881
(Benefit of) provision for off-balance sheet items .....	(20,000)	28,119
Total provision for credit losses .....	<u>495,000</u>	<u>670,000</u>
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES .....	<u>8,155,764</u>	<u>7,344,840</u>
<b>NONINTEREST INCOME</b>		
Gain on sale of loans .....	185,463	72,953
Loan servicing fees.....	230,138	251,062
Earnings on bank-owned life insurance.....	90,474	81,129
Credit card processing fees.....	2,151,572	1,345,019
Service charges on deposit accounts .....	340,759	155,260
Other .....	489,839	165,324
Total noninterest income .....	<u>3,488,245</u>	<u>2,070,747</u>
<b>NONINTEREST EXPENSE</b>		
Salaries and employee benefits .....	4,170,107	3,510,072
Occupancy.....	541,403	468,411
Professional fees.....	1,230,929	769,636
Federal deposit insurance .....	347,000	284,000
Data processing .....	674,618	588,517
Director fees.....	172,562	168,125
Contributions and donations.....	183,833	157,925
Marketing .....	57,224	89,532
Amortization of intangible asset.....	442,071	-
Other .....	1,341,261	909,780
Total noninterest expense .....	<u>9,161,008</u>	<u>6,945,998</u>
Income before income taxes.....	2,483,001	2,469,589
Provision for income taxes.....	587,546	569,084
NET INCOME .....	<u>\$ 1,895,455</u>	<u>\$ 1,900,505</u>
<b>EARNINGS PER COMMON SHARE</b>		
Basic .....	\$ 0.88	\$ 0.88
Diluted .....	\$ 0.88	\$ 0.88
<b>AVERAGE COMMON SHARES OUTSTANDING</b>		
Basic .....	2,141,958	2,154,454
Diluted .....	2,156,784	2,154,797

See accompanying notes to the consolidated financial statements.

SSB BANCORP, INC.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,	
	2024	2023
Net income .....	\$ 1,895,455	\$ 1,900,505
Other comprehensive income:		
Unrealized gain on available-for-sale securities .....	76,147	21,976
Income tax effect .....	(15,991)	(4,615)
Other comprehensive income, net of tax .....	60,156	17,361
Total comprehensive income .....	\$ 1,955,611	\$ 1,917,866

See accompanying notes to the consolidated financial statements.

SSB BANCORP, INC.  
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock	Treasury Stock	Paid-in capital	Retained earnings	Unearned Employee Stock Ownership Plan	Equity in SMLM	Accumulated other comprehensive loss	Total
Balance as of December 31, 2022 .....	\$ 22,769	\$(482,425)	\$8,870,790	\$16,815,753	\$ (660,986)	\$ -	\$ (298,088)	\$24,267,813
Net income .....	-	-	-	1,900,505	-	-	-	1,900,505
Other comprehensive income	-	-	-	-	-	-	17,361	17,361
Stock compensation plan.....	-	-	63,220	-	-	-	-	63,220
Adoption of ASU-2016 .....	-	-	-	(29,933)	-	-	-	(29,933)
Addition of SMLM Media ....	-	-	-	-	-	945,110	-	945,110
Amortization of ESOP.....	-	-	(10,387)	-	44,064	-	-	33,677
Balance as of December 31, 2023 .....	22,769	(482,425)	8,923,623	18,686,325	(616,922)	945,110	(280,727)	27,197,753
Net income .....	-	-	-	2,258,989	-	(363,534)	-	1,895,455
Other comprehensive income	-	-	-	-	-	-	60,156	60,156
Stock compensation plan.....	-	-	42,056	-	-	-	-	42,056
Amortization of ESOP.....	-	-	(1,398)	-	44,062	-	-	42,664
Stock Repurchase of 37,600 shares.....	-	(374,050)	-	-	-	-	-	(374,050)
Balance as of December 31, 2024.....	<u>\$ 22,769</u>	<u>\$(856,475)</u>	<u>\$8,964,281</u>	<u>\$20,945,314</u>	<u>\$ (572,860)</u>	<u>\$ 581,576</u>	<u>\$ (220,571)</u>	<u>\$28,864,034</u>

See accompanying notes to the consolidated financial statements.

SSB BANCORP, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years ended December 31,	
	2024	2023
<b>OPERATING ACTIVITIES</b>		
Net income.....	\$ 1,895,455	\$ 1,900,505
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses .....	515,000	641,881
(Benefit of) Provision for off-balance sheet reserve .....	(20,000)	28,119
Depreciation .....	166,234	160,307
Net amortization of investment securities .....	31,361	31,971
Origination of loans held for sale .....	(6,780,500)	(3,990,480)
Proceeds from sale of loans .....	6,965,963	4,063,433
Gain on sale of loans .....	(185,463)	(72,953)
Accretion of net deferred loan origination costs .....	(278,595)	(167,455)
(Increase) decrease in right-of-use asset .....	(118,005)	5,871
Deferred income tax provision .....	(228,500)	(212,911)
(Increase) in accrued interest receivable .....	(146,326)	(293,591)
Increase in accrued interest payable .....	409,851	225,107
Stock compensation expense .....	42,056	63,220
Amortization of ESOP .....	42,664	33,677
Earnings on bank-owned life insurance .....	(90,474)	(81,129)
Amortization of intangible assets .....	442,071	-
Other, net .....	(643,666)	(113,716)
Net cash provided by operating activities .....	<u>2,019,126</u>	<u>2,221,856</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of certificates of deposit .....	(3,221,000)	(13,664,000)
Redemption of certificates of deposit .....	5,706,000	3,465,000
Investment securities available for sale:		
Purchases .....	(506,600)	(1,021,350)
Proceeds from principal repayments, calls, and maturities .....	831,741	292,590
Investment securities held to maturity:		
Proceeds from principal repayments, calls, and maturities .....	-	103
Redemption of Federal Home Loan Bank stock .....	665,000	378,000
Purchase of Federal Home Loan Bank stock .....	(614,200)	(355,300)
Purchases of loans .....	(2,109,841)	(8,354,341)
Increase in loans receivable, net .....	(19,670,651)	(26,584,321)
Proceeds from sale of other real estate owned .....	220,582	-
Purchases of premises and equipment .....	(103,154)	(87,306)
Capitalized other real estate owned costs .....	(36,101)	(68,766)
Proceeds from sale of premise and equipment .....	-	2,820
Net cash used for investing activities .....	<u>(18,838,224)</u>	<u>(45,996,871)</u>
<b>FINANCING ACTIVITIES</b>		
Increase in deposits, net .....	25,436,434	38,182,270
Increase in advances by borrowers for taxes and insurance .....	30,031	141,111
(Decrease) increase in advances by borrowers for construction loans .....	(2,727,613)	2,665,729.00
Repurchase of shares of Common Stock .....	(374,050)	-
Repayment of Federal Home Loan Bank advances .....	(10,250,000)	(4,000,000)
Proceeds from Federal Home Loan Bank advances .....	9,000,000	5,000,000
Repayment of PPPLF advances .....	(860,381)	(752,113)
Net cash provided by financing activities .....	<u>20,254,421</u>	<u>41,236,997</u>
Increase (decrease) in cash and cash equivalents .....	3,435,323	(2,538,018)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD .....	<u>13,333,575</u>	<u>15,871,593</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD .....	<u>\$ 16,768,898</u>	<u>\$ 13,333,575</u>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES</b>		
Cash paid during the year for:		
Interest .....	\$ 7,660,148	\$ 5,957,741
Income taxes .....	1,089,000	694,000
Noncash investing activities:		
Loans held for investment transferred to other real estate owned .....	-	200,315

See accompanying notes to the consolidated financial statements.

**SSB BANCORP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

**SSB Bancorp, Inc.**

SSB Bancorp, Inc. was incorporated on August 17, 2017, to serve as the subsidiary stock holding company for SSB Bank upon the reorganization of SSB Bank into a mutual holding company structure (the “Reorganization”). The Reorganization was completed effective January 24, 2018, with SSB Bank becoming the wholly-owned subsidiary of SSB Bancorp, Inc., and SSB Bancorp, Inc. becoming the majority-owned subsidiary of SSB Bancorp, MHC. In connection with the Reorganization, SSB Bancorp, Inc. sold 1,011,712 shares of common stock at an offering price of \$10 per share. The common stock is quoted on the OTC Bulletin Board under the symbol “SSBP.” Also, in connection with the Reorganization, SSB Bank established an employee stock ownership plan (the “ESOP”), which purchased 88,131 shares of common stock at a price of \$10 per share. In the Reorganization, SSB Bancorp, Inc. also issued 1,236,538 shares of its common stock to SSB Bancorp, MHC.

**SSB Bank**

SSB Bank (the “Bank”) provides a variety of financial services to individuals and corporate customers through its offices in Pittsburgh, Pennsylvania. The Bank’s primary deposit products are passbook savings accounts, money market accounts, and certificates of deposit. Its primary lending products are commercial mortgage loan and single-family residential loans. The Bank is subject to regulation and supervision by the Federal Deposit Insurance Corporation (FDIC) and the Pennsylvania Department of Banking and Securities.

The consolidated financial statements include the accounts of SSB Bancorp, Inc., SSB Bank, and SMLM LLC (collectively, the “Company”). All significant intercompany accounts and transactions have been eliminated in consolidation.

**SMLM LLC**

SMLM LLC (“SMLM”) is a wholly-owned subsidiary of SSB Bancorp, Inc., offering advertising and media services in the United States and globally. SMLM’s primary objective is to replace the former Savvy Group, LLC, which ceased operations in the 4<sup>th</sup> quarter 2023, servicing the debt incurred by the company. SMLM, DBA Bonfire Media is the entity that is responsible for all content creation, lead generation, report analytics, and continual growth strategies. Management hired an independent valuation of the new company, with the new management structure, this valuation was nearly \$4 million based on their experience and potential footprint of customer retention.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates**

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

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for credit losses and the valuation of deferred tax assets.

In connection with the determination of the allowance for credit losses, management periodically obtains independent appraisals for significant properties. A majority of the Company’s loan portfolio consists of commercial mortgage loans and single-family residential loans in the Pittsburgh area. Real estate prices in this market have been generally stable; however, the ultimate collectability of the Company’s loan portfolio is susceptible to changes in local market conditions. While management currently uses available information to recognize losses on loans and foreclosed real estate, future additions to the allowance 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 Company’s allowance for losses on loans. Such agencies may require the Company to recognize additions to the allowance 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 may change materially in the near term.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In connection with deferred tax assets, the Company uses an estimate of future earnings to support the position that the benefit of deferred tax assets will be realized. If future income should prove non-existent or less than the amount of the deferred tax assets within the tax years to which they may be applied, the asset may not be realized and the Company's net income will be reduced.

### **Concentrations of Credit Risk**

The majority of the loans and commitments to extend credit have been granted to customers in the Pittsburgh market and surrounding communities. The Company does not have any significant concentrations in any one industry or customer. Although the Company has a diversified loan portfolio at December 31, 2024, its debtors' abilities to honor their contracts is influenced by the region's economy.

### **Cash and Cash Equivalents**

The Company considers all cash and amounts due from banks and interest-bearing deposits with other financial institutions with original maturities of 90 days or less to be cash equivalents for purposes of the statements of cash flows. From time to time, the Company may invest funds with other financial institutions through certificates of deposit. Certificates of deposit are carried at cost and have original maturities of greater than 90 days.

### **Securities**

Investment and mortgage-backed securities are classified at the time of purchase, based upon management's intentions and ability, as securities held to maturity or securities available for sale. Debt securities, including mortgage-backed securities acquired with the intent and ability to hold to maturity are stated at cost adjusted for the amortization of premiums and accretion of discounts, which are computed using the level yield interest method and recognized as adjustments of interest income over the contractual terms of the securities. Unrealized holding gains and losses for available-for-sale securities are reported as a separate component of equity, net of tax, until realized. Realized securities gains and losses are recognized on the trade date and computed using the specific identification method. Interest and dividends on investment securities are recognized as income when earned.

### **Allowance for Credit Losses – Available-for-Sale Securities**

The Company measures expected credit losses on available-for-sale debt securities when the Company does not intend to sell, or when it is not more likely than not that it will be required to sell, the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For available-for-sale debt securities that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, the Company 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 evaluation indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are 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, equal to the amount that the fair value is less than the amortized cost basis. Economic forecast data is utilized to calculate the present value of expected cash flows. The Company obtains its forecast data through a subscription to a widely recognized and relied-upon company that publishes various forecast scenarios. Management evaluates the various scenarios to determine a reasonable and supportable scenario and utilizes a single scenario in the model. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

The allowance for credit losses on available-for-sale debt securities is included within investment securities available for sale on the Balance Sheet. Changes in the allowance for credit losses are recorded within provision for credit losses on the Statement of Income. Losses are charged against the allowance when the Company believes the collectability of an available-for-sale security is in jeopardy or when either of the criteria regarding intent or requirement to sell is met.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued interest receivable on available-for-sale debt securities totaled \$46,458 and \$52,677 at December 31, 2024 and 2023, respectively, and is included within accrued interest receivable on the Balance Sheet. This amount is excluded from the estimate of expected credit losses. Available-for-sale debt securities are typically classified as nonaccrual when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about the further collectability of principal or interest. When available-for-sale debt securities are placed on nonaccrual status, unpaid interest credited to income is reversed.

### **Federal Home Loan Bank Stock**

As a member of the Federal Home Loan Bank of Pittsburgh (FHLB) the Bank is required to maintain a minimum investment in stock of the FHLB that varies with the level of advances outstanding from the FHLB. The stock is bought from and sold to the FHLB based upon its \$100 par value. The stock does not have a readily determinable fair value and as such is classified as restricted stock, carried at cost and evaluated for impairment as necessary. The stock's value is determined by the ultimate recoverability of the par value rather than by recognizing temporary declines. The determination of whether the par value will ultimately be recovered is influenced by criteria such as the following: (a) the significance of the decline in net assets of the FHLB as compared to the capital stock amount and the length of time this situation has persisted; (b) commitments by the FHLB to make payments required by law or regulation and the level of such payments in relation to the operating performance; (c) the impact of legislative and regulatory changes on the customer base of the FHLB; and (d) the liquidity position of the FHLB. Management evaluated the stock and concluded that the stock was not impaired for the periods presented herein.

### **Loans Held for Sale**

The unamortized remaining valuation amount is \$40,000 as of December 31, 2024. There were no loans held for sale as of December 31, 2024 or 2023.

In addition, management sells certain fixed-rate residential mortgage loans periodically through the FHLB's Mortgage Partnership Finance Program. There were no loans held for sale outstanding under this program as of December 31, 2024 or 2023.

### **Allowance for Credit Losses - Loans**

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are stated at unpaid principal balances, less the allowance for credit losses and as adjusted for third-party loan acquisition costs, deferred origination fees and costs, and discounts on loans previously held for sale.

Interest income is recognized using the level yield method related to principal amounts outstanding. The Company discontinues the accrual of interest income generally when loans become 90 days past due in either principal or interest. However, these determinations are made on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. In addition, if circumstances warrant, the accrual of interest may be discontinued prior to 90 days. A non-accrual loan will generally be placed back on accrual status after the borrower has become current and has demonstrated continued ability to service the loan.

The allowance for credit losses represents the amount which management estimates is adequate to provide for probable losses inherent in its loan portfolio. The allowance method is used in providing for credit losses. Accordingly, all credit losses are charged to the allowance, and all recoveries are credited to it. The allowance for credit losses is established through a provision for credit losses that is charged to operations. The provision is based on management's evaluation of the adequacy of the allowance for credit losses which encompasses the overall risk characteristics of the various portfolio segments, past experience with losses, the impact of economic conditions on borrowers, and other relevant factors.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Individually evaluated loans are those with a heightened probability that the Company will not be able to collect all of the scheduled payments according to the contractual terms of the loan agreement. The Company individually evaluates such loans for potential losses and does not aggregate them by major risk classifications, but makes a specific allocation into the ACL if the evaluation indicates an expectation that all of the principal will not be collected. Individually evaluated loans may also have non-accrual status, but not all individually evaluated loans also have non-accrual status. The Company may choose to classify a loan due to payment delinquency or uncertain collectability while not placing the loan on non-accrual status. Factors considered by management in determining if a loan will be individually evaluated include payment status, the financial condition of the borrower, the collateral of the loan, and/or any tertiary repayment options.

Loans which have undergone a loan modification are considered for potential individual evaluation. Management will assess each modified loan to determine if a concession was made to the borrower. Concessions are granted to improve the financial condition of the borrower and improve the likelihood of full collection by the Company. Concessions are generally defined as more favorable payment or credit terms granted to a borrower to improve the likelihood of the Company collecting principal in its entirety. A concession can be in the form of a more favorable interest rate, a longer term, or the forgiveness of principal or interest. If it is determined that a concession is made to the borrower as a result of a modification, that loan will be individually evaluated.

### **Allowance for Credit Losses – Loans (Continued)**

Loans that experience insignificant payment delays are generally not individually evaluated unless there are additional concerns regarding timely future payments. Management will consider these loans for individual evaluation on a case-by-case basis, taking into consideration all the circumstances surrounding the loan and the borrower, including the length and reasons for the delay, the borrower's prior payment record, the borrower's status with other creditors, and the amount due.

In terms of the Company's loan portfolio, the commercial and industrial loans and commercial mortgage loans are deemed to have more risk than the one-to-four family mortgage loans and other consumer loans in the portfolio. Commercial and industrial loans are highly dependent on the borrowers' financial condition and therefore are more dependent on economic conditions. Commercial mortgage loans are also dependent on economic conditions but generally have stronger forms of collateral.

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

Real Estate - Construction – All loans in this segment are collateralized by real estate in various stages of construction. Terms on these loans are generally short – less than one year – then the borrower must either refinance or the loan converts to a long-term mortgage. These loans have an increased risk attributable to possible construction delays or cost over-runs.

One-to-four family residential real estate and HELOC – All loans in this segment are collateralized by owner-occupied residential real estate and repayment is dependent on the credit quality of the individual borrower. They may hold either 1<sup>st</sup> or 2<sup>nd</sup> lien priority. The segment also includes home equity lines of credit. The overall health of the economy, including unemployment rates and housing prices, will have an effect on the credit quality in this segment.

Commercial real estate – Loans in this segment are primarily income-producing properties in the Pittsburgh area. The underlying cash flows generated by the properties can be adversely impacted by a downturn in the economy as evidenced by increased vacancy rates, which in turn, could have an effect on the credit quality in this segment. Management continually 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, could have an effect on the credit quality in this segment.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Consumer – Loans in this segment are primarily secured by new and used automobiles. Additionally, unsecured personal loans and lines of credit are included in this segment. Repayment on these consumer loans is dependent on the credit quality of the individual borrower and the quality of the collateral, if applicable.

Credit Cards – Loans in this segment carry the highest risk level in the portfolio. They are revolving in structure, with higher interest rates. Repayment on credit cards is dependent on the credit quality of the individual borrower.

The Company uses the Federal Reserve’s SCALE method to measure the ACL. This method leverages publicly available call report data as an initial proxy expected lifetime loss rate for calculating lifetime expected losses, which is then adjusted to reflect bank-specific facts and circumstances to arrive at a final ACL estimate that adequately reflects loss history and the credit risk in the Company’s loan portfolio.

### **Allowance for Credit Losses – Loans (Continued)**

Peer ACL lifetime loss rates data, that includes the use of historical loss rates, current economic condition factors and forecasted future economic factors, as the basis for the estimation of expected credit losses. We apply those loss rates to homogeneous pools of loans with similar risk characteristics. After consideration of the peer loss rates calculation, management applies qualitative adjustments to reflect the local current conditions and reasonable and supportable forecasts not already reflected in the historical loss information at the balance sheet date. Our reasonable and supportable forecast adjustment is based on:

- Lending policies and procedures
- Economic conditions
- Changes in the loan portfolio
- Management
- Changes in delinquency
- Loan review
- Commercial relationships
- Foreclosure activity
- Board oversight
- Concentrations
- New Products
- Administrative Procedures

The Company has elected to exclude accrued interest receivable from the measurement of its ACL. When a loan is placed on non-accrual status, any outstanding accrued interest is reversed against interest income. The accrued interest receivable for loans totaled \$1,537,080 and \$1,381,676 at December 31, 2024 and 2023 respectively.

The ACL for individual loans begins with the use of normal credit review procedures to identify whether a loan no longer shares similar risk characteristics with other pooled loans and therefore, should be individually assessed. We evaluate all loans that meet the following criteria:

- the loan is placed on non-accrual status
- the loan is rated substandard or lower
- the loan is over 90 days delinquent

Specific reserves are established based on the following three acceptable methods for measuring the ACL: 1) the present value of expected future cash flows discounted at the loan’s original effective interest rate; 2) the loan’s observable market price; or 3) the fair value of the collateral when the loan is collateral dependent.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Other Real Estate Owned**

Other real estate owned acquired in settlement of foreclosed loans is carried as a component of other assets at fair value, less estimated costs to sell. Prior to foreclosure, the estimated collectible value of the collateral is evaluated to determine whether a partial charge-off of the loan balance is necessary. After transfer to other real estate owned, any subsequent write-downs are charged against other operating expenses. As of December 31, 2024, included with other assets are \$984,000 of property from commercial real estate mortgages that were foreclosed on. Direct costs incurred in the foreclosure process and subsequent holding costs incurred on such properties are recorded as expenses of current operations. As of December 31, 2023, included with other assets are \$70,000 of property from one- to- four family mortgages and \$1.1 million of property from commercial real estate mortgages that were foreclosed on.

As of December 31, 2024, foreclosure proceedings had started on one one- to- four mortgage with an aggregate balance of \$432,974.

### **Mortgage Servicing Rights (MSRs)**

The Company recognizes, as separate assets, rights to service mortgage loans for others, whether the rights are acquired through purchase or after origination and sale of mortgage loans. The Company initially measures MSRs at fair value. Fair value is based on market prices for comparable mortgage servicing contracts, when available, or alternatively is based on the present value of estimated future net servicing income. Servicing assets are subsequently measured using the amortization method, which requires servicing rights to be amortized into noninterest income. The Company amortizes these assets on a straight-line basis over the estimated life of the loan, which does not differ materially from the proportional amortization method. The Company performs a periodic review for impairment in the carrying value of mortgage servicing rights. Any impairment is recognized through a valuation allowance with a corresponding charge in the statement of net income.

### **Premises and Equipment**

Land is carried at cost. Premises and equipment are stated at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 10 years for furniture, fixtures, and equipment and 40 years for buildings. Expenditures for maintenance and repairs are charged against income as incurred.

### **Bank-Owned Life Insurance (BOLI)**

The Company invests in bank-owned life insurance (BOLI) as a source of funding for employee benefit expenses. BOLI involves the purchasing of life insurance policies by the Company on a chosen group of employees. The Company is the owner and beneficiary of the policies. This life insurance investment is carried at the cash surrender value of the underlying policies. Income from the increase in cash surrender value of the policies, as well as proceeds received in excess of cash surrender values, are included in other income in the statement of net income, and are not subject to income taxes.

### **Transfers of Financial Assets**

Transfers of financial assets, including loan and loan participation sales, 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 Company; (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 Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

### **Income Taxes**

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 bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws in the period of enactment. A valuation allowance is established against deferred tax assets when, based upon the available evidence including historical and projected taxable income, it is more likely than not that some or all of the deferred tax assets will not be realized.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Employee Stock Ownership Plan**

The cost of shares issued to the ESOP, but not yet allocated to participants, is shown as a reduction of stockholders' equity. Compensation expense is based on the market price of shares as they are committed to be released to participant accounts. Dividends on allocated ESOP shares reduce retained earnings; dividends on unearned ESOP shares reduce debt and accrued interest.

### **Comprehensive Income**

Comprehensive income or loss consists of net income or loss and other comprehensive income or loss that includes changes in the unrealized gains and losses on securities available for sale. Additionally, the unrealized gains and losses at the end of the period are recorded in accumulated other comprehensive income (loss) on the balance sheets, net of tax.

### **Advertising Costs**

Advertising costs are expensed as incurred. When applicable, a contract is amortized over its term. The expense for the years ended December 31, 2024 and 2023, was \$57,224 and \$89,532.

### **Stock-Based Compensation**

Compensation cost is recognized for stock options and restricted stock awards issued to employees, based on the fair value of these awards at the date of grant. A Black-Scholes model is utilized to estimate the fair value of stock options, while the market price of the Company's common stock at the date of grant is used for restricted stock awards.

Compensation cost is recognized over the required service period, generally defined as the vesting period. For awards with graded vesting, compensation cost is recognized on a straight-line basis over the requisite service period for the entire award. The Company's accounting policy is to recognize compensation cost net of estimated forfeitures.

### **Earnings Per Share (EPS)**

Basic earnings per common share is net income divided by the weighted average number of common shares outstanding during the period. ESOP shares are considered outstanding for this calculation unless unearned. All outstanding unvested share-based payment awards that contain rights to nonforfeitable dividends are considered participating securities for this calculation. Diluted earnings per common share includes the dilutive effect of additional potential common shares issuable under stock options. Earnings and dividends per share are restated for all stock splits and stock dividends through the date of issuance of the financial statements.

### **Reclassifications**

Certain reclassifications have been made to prior period balances in order to conform to the current year's presentation format.

### **Allowance for Credit Losses on Off-Balance-Sheet Credit Exposures**

The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The allowance for credit losses on off-balance-sheet credit exposures is adjusted through credit loss expense. 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.

### **Recent Accounting Standards**

#### **Segment Reporting**

While management monitors the revenue streams of the various products and services, operations are managed and financial performance is evaluated on a Company-wide basis. The Company has identified one reporting segment - the Bank - as more fully disclosed in Note 24 Segment Reporting.

### 3. SECURITIES AVAILABLE FOR SALE

The amortized cost and fair values of securities available for sale are as follows:

	December 31, 2024			Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	
Mortgage-backed securities in government-sponsored entities .....	\$ 2,312,804	\$ -	\$ (132,232)	\$ 2,180,572
Obligations of state and political subdivisions ....	1,794,355	-	(7,676)	1,786,679
Corporate bonds .....	2,544,506	-	(139,696)	2,404,810
Total .....	<u>\$ 6,651,665</u>	<u>\$ -</u>	<u>\$ (279,604)</u>	<u>\$ 6,372,061</u>

	December 31, 2023			Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	
Mortgage-backed securities in government-sponsored entities .....	\$ 2,647,105	\$ -	\$ (151,138)	\$ 2,495,967
Obligations of state and political subdivisions ....	1,299,217	7,319	(4,491)	1,302,045
Corporate bonds .....	3,061,846	2,800	(210,242)	2,854,404
Total .....	<u>\$ 7,008,168</u>	<u>\$ 10,119</u>	<u>\$ (365,871)</u>	<u>\$ 6,652,416</u>

The amortized cost and fair value of investment securities available for sale 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. Mortgage-backed securities provide for periodic payments of principal and interest and have contractual maturities ranging from less than 5 years to 30 years. Due to expected repayment terms being significantly less than the underlying mortgage pool contractual maturities, estimated lives of these securities could be significantly shorter.

	December 31, 2024	
	Amortized Cost	Fair Value
Due within one year or less .....	\$ 785,000	\$ 781,108
Due after one year through five years .....	2,044,506	1,906,550
Due after five years through ten years .....	502,429	502,302
Due after ten years .....	3,319,730	3,182,101
Total .....	<u>\$ 6,651,665</u>	<u>\$ 6,372,061</u>

There were no sales of investment securities available for sale in 2024 or 2023. Additionally, there were no credit losses in 2024 or 2023.

At December 31, 2024 or 2023, the Company held no investment securities held to maturity.

#### 4. UNREALIZED LOSSES ON SECURITIES

The following tables show the Company's gross unrealized losses and fair value for which an allowance for credit losses has not been recorded, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position:

	December 31, 2024					
	Less than Twelve Months		Twelve Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Mortgage-backed securities in government-sponsored entities.....	\$ 733,162	\$ (20,738)	\$ 1,447,410	\$ (111,494)	\$ 2,180,572	\$ (132,232)
Obligations of state and political subdivisions.....	1,503,831	(5,524)	282,848	(2,152)	1,786,679	(7,676)
Corporate bonds .....	498,260	(1,740)	1,906,550	(137,956)	2,404,810	(139,696)
Total .....	<u>\$ 2,735,253</u>	<u>\$ (28,002)</u>	<u>\$ 3,636,807</u>	<u>\$ (251,602)</u>	<u>\$ 6,372,061</u>	<u>\$ (279,604)</u>

	December 31, 2023					
	Less than Twelve Months		Twelve Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Mortgage-backed securities in government-sponsored entities.....	\$ -	\$ -	\$ 2,495,966	\$ (151,138)	\$ 2,495,966	\$ (151,138)
Obligations of state and political subdivisions.....	-	-	280,509	(4,491)	280,509	(4,491)
Corporate bonds .....	-	-	2,351,605	(210,242)	2,351,605	(210,242)
Total .....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,128,080</u>	<u>\$ (365,871)</u>	<u>\$ 5,128,080</u>	<u>\$ (365,871)</u>

Management reviews the Company's securities positions quarterly. There were 18 investments that were temporarily impaired as of December 31, 2024, with aggregate depreciation of 4.12 percent from the Company's amortized cost basis. At December 31, 2024, the declines outlined in the above table represent temporary declines and the Company does not intend to sell and does not believe it will be required to sell these securities before recovery of their cost basis, which may be at maturity.

The Company has concluded that any impairment of its investment securities portfolio outlined in the above table is not due to credit factors but is due to other macroeconomic factors such as interest rate changes, sector credit rating changes, or company-specific rating changes that are not expected to result in the noncollection of principal and interest during the period.

## 5. LOANS

The Company's loan portfolio summarized by category is as follows:

	December 31, <u>2024</u>	December 31, <u>2023</u>
Mortgage loans:		
Construction .....	\$ 9,565,581	\$ 17,331,252
One-to-four family.....	134,257,499	111,502,639
Commercial .....	<u>67,705,764</u>	<u>62,288,007</u>
	211,528,844	191,121,898
Commercial and industrial .....	39,022,628	38,784,831
Credit Cards .....	291,959	233,927
Other Consumer .....	12,277,402	9,298,908
Paycheck Protection Program and cash secured.....	<u>3,123,281</u>	<u>4,910,950</u>
	266,244,114	244,350,514
Third-party loan acquisition and other net origination costs .....	(518,919)	(453,773)
Discount on loans previously held for sale.....	(39,619)	(56,222)
Allowance for credit losses .....	<u>(2,761,218)</u>	<u>(2,460,248)</u>
Total .....	<u>\$ 262,924,358</u>	<u>\$ 241,380,271</u>

The Company's primary business activity is with customers located in Pittsburgh and surrounding communities. The Company's loan portfolio consists predominantly of one-to-four family mortgage and commercial mortgage loans. These loans are typically secured by first-lien positions on the respective real estate properties and are subject to the Company's underwriting policies. Included in one-to-four family mortgage loans is \$15,818,613 and \$11,852,816 of home equity lines of credit as of December 31, 2024 and 2023, respectively.

During the normal course of business, the Company may transfer a portion of a loan as a participation loan, in order to manage portfolio risk. In order to be eligible for sales treatment, all cash flows from the loan must be divided proportionately, the rights of each loan holder must have the same priority, the loan holders must have no recourse to the transferor other than standard representations and warranties, and no loan holder can have the right to pledge or exchange the entire loan. The Company transferred \$4,152,221 and \$5,197,477 in participation loans, as of December 31, 2024 and 2023, respectively, to other financial institutions. As of December 31, 2024 and 2023, all of these loans were being serviced by the Company.

In 2020 and 2022, the Company participated in the U.S. Small Business Administration's Paycheck Protection Program (PPP) to assist local businesses in keeping their employees on payroll. Included in PPP and cash secured loans is \$2,919,020 and \$4,452,094 in PPP loans as of December 31, 2024 and 2023, respectively.

In the ordinary course of business, loans are extended to the Company's directors, principal officers, and their affiliates. In management's opinion, all of these loans are substantially on the same terms and conditions as loans to other individuals and businesses of comparable credit worthiness. A summary of loan activity for these principal officers, directors, and their affiliates, is as follows:

	Years Ended December 31,	
	<u>2024</u>	<u>2023</u>
Balance, beginning of year.....	\$ 1,883,868	\$ 1,956,121
Additions .....	345,417	106,571
Removals .....	(61,898)	-
Repayments.....	<u>(86,076)</u>	<u>(178,824)</u>
Balance, end of year.....	<u>\$ 2,081,311</u>	<u>\$ 1,883,868</u>

## 6. ALLOWANCE FOR CREDIT LOSSES

The following table summarizes the activity in the Allowance for Credit Losses on Loans as of December 31, 2024 and 2023:

	Year ended December 31, 2024				
	Beginning Balance	Charge-offs	Recoveries	Provisions (Reductions)	Ending Balance
Mortgage Loans:					
Construction .....	\$ 351,862	\$ -	\$ -	\$ (157,959)	\$ 193,903
One-to-four family.....	954,566	(2,671)	4,709	299,651	1,256,255
Commercial Mortgage.....	468,260	-	860	34,439	503,559
Commercial and Industrial.....	319,389	(204,519)	-	188,327	303,197
Credit Cards .....	36,649	(21,787)	-	32,346	47,208
Other Consumer .....	329,522	-	9,378	118,196	457,096
	<u>\$ 2,460,248</u>	<u>\$ (228,977)</u>	<u>\$ 14,947</u>	<u>\$ 515,000</u>	<u>\$ 2,761,218</u>

	Year ended December 31, 2023						
	Beginning Balance	Impact of Adopting ASU 2016-13	Reclass to off-balance sheet reserve	Charge-offs	Recoveries	Provisions (Reductions)	Ending Balance
Mortgage Loans:							
Construction .....	\$ -	\$ 422,228	\$ (117,619)	\$ -	\$ -	\$ 47,253	\$ 351,862
One-to-four family Mortgage.	908,077	46,514	(5,277)	-	76,552	(71,300)	954,566
Commercial Mortgage .....	637,756	(286,480)	(51,466)	(4,909)	-	173,359	468,260
Commercial and Industrial .....	319,271	(126,145)	(15,738)	-	-	142,001	319,389
Credit Cards .....	-	35,713	(7,847)	-	-	8,783	36,649
Other Consumer .....	-	127,991	(251)	(140,003)	-	341,785	329,522
Consumer and HELOC .....	181,931	(181,931)	-	-	-	-	-
	<u>\$ 2,047,035</u>	<u>\$ 37,890</u>	<u>\$ (198,198)</u>	<u>\$ (144,912)</u>	<u>\$ 76,552</u>	<u>\$ 641,881</u>	<u>\$ 2,460,248</u>

The dollar amount of the allowance increased from December 31, 2023, to December 31, 2024, due to continued provisions. There was charge-off and recovery activity during the year that affected one-to-four mortgages, commercial mortgages, commercial and industrial loans, credit cards, and other consumer loans. The dollar amount of the provision increased for every loan category with the exception of construction mortgage loans and commercial and industrial loans. The dollar amount of the provision decrease for construction mortgage loans due to the decreased balance at December 31, 2024. The dollar amount for commercial and industrial loans decreased due to the amount of charge-offs in the year ended December 31, 2024.

**6. ALLOWANCE FOR CREDIT LOSSES (Continued)**

**Aging Analysis of Past-Due Loans by Class**

Management further monitors the performance and credit quality of the loan portfolio by analyzing the length of time a recorded payment is past due. The following tables present the classes of the loan portfolio summarized by the aging categories:

	December 31, 2024					
	30-59 Days Past Due	60-89 Days Past Due	90 Days or Greater Past Due	Total Past Due	Current	Total Loans Receivable
Mortgage loans:						
Construction.....	\$ 699,934	\$ -	\$ -	\$ 699,934	\$ 8,865,647	\$ 9,565,581
One-to-four family ...	1,031,340	-	2,107,337	3,138,677	131,118,822	134,257,499
Commercial.....	752,146	292,823	272,169	1,317,138	66,388,626	67,705,764
Commercial and industrial.....	94,885	248,325	1,722,323	2,065,533	36,957,095	39,022,628
Credit Cards.....	2,606	15,196	52,131	69,933	222,026	291,959
Other Consumer.....	75,345	65,006	2,230	142,581	12,134,821	12,277,402
Paycheck Protection Program and cash secured.....	-	-	-	-	3,123,281	3,123,281
Total .....	<u>\$2,656,256</u>	<u>\$ 621,350</u>	<u>\$4,156,190</u>	<u>\$7,433,796</u>	<u>\$258,810,318</u>	<u>\$266,244,114</u>

	December 31, 2023					
	30-59 Days Past Due	60-89 Days Past Due	90 Days or Greater Past Due	Total Past Due	Current	Total Loans Receivable
Mortgage loans:						
Construction.....	\$ -	\$ -	\$ -	\$ -	\$ 17,331,252	\$ 17,331,252
One-to-four family ...	1,076,678	-	2,668,033	3,744,711	107,757,928	111,502,639
Commercial.....	296,816	145,729	272,169	714,714	61,573,293	62,288,007
Commercial and industrial.....	-	278,113	1,951,959	2,230,072	36,554,759	38,784,831
Credit Cards.....	-	-	-	-	233,927	233,927
Other Consumer.....	25,856	-	-	25,856	9,273,052	9,298,908
Paycheck Protection Program and cash secured.....	-	-	-	-	4,910,950	4,910,950
Total .....	<u>\$1,399,350</u>	<u>\$ 423,842</u>	<u>\$4,892,161</u>	<u>\$6,715,353</u>	<u>\$237,635,161</u>	<u>\$244,350,514</u>

The following table presents the nonperforming loans, by class, for December 31, 2024 and 2023:

	December 31, 2024					
	Nonaccrual with No ACL	Nonaccrual with ACL	Total Nonaccrual	Loans Past Due Over 90 Days Still Accruing	Total Nonperforming	
Mortgage loans:						
One-to-four family .....	\$ 1,955,491	\$ -	\$ 1,955,491	\$ 151,846	\$ 2,107,337	
Commercial.....	80,668	191,501	272,169	-	272,169	
Other Consumer.....	4,190	-	4,190	-	4,190	
Commercial and industrial.....	1,672,323	-	1,672,323	50,000	1,722,323	
Credit Cards.....	52,131	-	52,131	-	52,131	
Total .....	<u>\$ 3,764,803</u>	<u>\$ 191,501</u>	<u>\$ 3,956,304</u>	<u>\$ 201,846</u>	<u>\$ 4,158,150</u>	

6. ALLOWANCE FOR CREDIT LOSSES (Continued)

	December 31, 2023				
	Nonaccrual with No ACL	Nonaccrual with ACL	Total Nonaccrual	Loans Past Due Over 90 Days Still Accruing	Total Nonperforming
Mortgage loans:					
One-to-four family .....	\$ 1,943,806	\$ 1,018,835	\$ 2,962,641	\$ -	\$ 2,962,641
Commercial.....	80,668	191,501	272,169	-	272,169
Other Consumer.....	-	-	-	-	-
Commercial and industrial.....	1,951,959	-	1,951,959	-	1,951,959
Credit Cards.....	-	-	-	-	-
Total .....	<u>\$ 3,976,433</u>	<u>\$ 1,210,336</u>	<u>\$ 5,186,769</u>	<u>\$ -</u>	<u>\$ 5,186,769</u>

**Credit Quality Information**

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes commercial loans individually by classifying the loans as to their credit risk. The Company uses a nine grade internal loan rating system for commercial mortgage loans and commercial and industrial loans as follows:

- *Loans rated 1, 2, 3, 4 and 5:* Loans in these categories are considered “pass” rated loans with low to average risk.
- *Loans rated 6:* Loans in this category are considered “special mention.” These loans have a potential weakness that deserves management’s close attention. If left uncorrected, these weaknesses may result in deterioration of the repayment prospects for the loan or of the institution’s credit position at some future date.
- *Loans rated 7:* Loans in this category are considered “substandard.” These loans have a well-defined weakness based on objective evidence that jeopardize the liquidation of the debt. These loans are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.
- *Loans rated 8:* Loans in this category are considered “doubtful” and have all the weaknesses inherent in a loan rated 7. In addition, these weaknesses make collection or liquidation in full highly questionable and improbable, based on existing circumstances.
- *Loans rated 9:* Loans in this category are considered “loss” and are considered to be uncollectible or of such value that continuance as an asset is not warranted.

6. ALLOWANCE FOR CREDIT LOSSES (Continued)

**Credit Quality Information (Continued)**

The risk category of loans by class as of December 31, 2024 and 2023 is as follows:

	December 31, 2024							Revolving Loans Amortized Cost Basis	Total
	Term Loans Amortized Cost Basis By Origination Year								
	2024	2023	2022	2021	2020	Prior			
<b>Construction mortgage</b>									
Risk rating									
Pass .....	\$ 3,450,810	\$ 1,090,506	\$ 4,443,926	\$ 416,991	\$ 163,348	\$ -	\$ -	\$ 9,565,581	
Special mention .....	-	-	-	-	-	-	-	-	
Substandard .....	-	-	-	-	-	-	-	-	
Doubtful .....	-	-	-	-	-	-	-	-	
Total .....	<u>\$ 3,450,810</u>	<u>\$ 1,090,506</u>	<u>\$ 4,443,926</u>	<u>\$ 416,991</u>	<u>\$ 163,348</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,565,581</u>	
<b>Construction mortgage</b>									
Current period gross charge-offs .....									
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Commercial mortgage</b>									
Risk rating									
Pass .....	\$ 7,336,022	\$ 9,072,869	\$ 16,648,655	\$ 13,392,986	\$ 814,457	\$ 17,597,539	\$ 2,571,067	\$ 67,433,595	
Special mention .....	-	-	-	-	-	-	-	-	
Substandard .....	-	-	-	-	-	272,169	-	272,169	
Doubtful .....	-	-	-	-	-	-	-	-	
Total .....	<u>\$ 7,336,022</u>	<u>\$ 9,072,869</u>	<u>\$ 16,648,655</u>	<u>\$ 13,392,986</u>	<u>\$ 814,457</u>	<u>\$ 17,869,708</u>	<u>\$ 2,571,067</u>	<u>\$ 67,705,764</u>	
<b>Commercial mortgage</b>									
Current period gross charge-offs .....									
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Commercial and industrial</b>									
Risk rating									
Pass .....	\$ 2,477,401	\$ 7,755,994	\$ 7,009,152	\$ 4,804,899	\$ 1,150,798	\$ 4,256,843	\$ 9,845,218	\$ 37,300,305	
Special mention .....	-	-	-	-	-	-	-	-	
Substandard .....	-	-	-	60,484	215,592	1,396,247	50,000	1,722,323	
Doubtful .....	-	-	-	-	-	-	-	-	
Total .....	<u>\$ 2,477,401</u>	<u>\$ 7,755,994</u>	<u>\$ 7,009,152</u>	<u>\$ 4,865,383</u>	<u>\$ 1,366,390</u>	<u>\$ 5,653,090</u>	<u>\$ 9,895,218</u>	<u>\$ 39,022,628</u>	
<b>Commercial and industrial</b>									
Current period gross charge-offs .....									
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 204,519	\$ 204,519	
<b>Total</b>									
Risk rating									
Pass .....	\$ 13,264,233	\$ 17,919,369	\$ 28,101,733	\$ 18,614,876	\$ 2,128,603	\$ 21,854,382	\$ 12,416,285	\$ 114,299,481	
Special mention .....	-	-	-	-	-	-	-	-	
Substandard .....	-	-	-	60,484	215,592	1,668,416	50,000	1,994,492	
Doubtful .....	-	-	-	-	-	-	-	-	
Total .....	<u>\$ 13,264,233</u>	<u>\$ 17,919,369</u>	<u>\$ 28,101,733</u>	<u>\$ 18,675,360</u>	<u>\$ 2,344,195</u>	<u>\$ 23,522,798</u>	<u>\$ 12,466,285</u>	<u>\$ 116,293,973</u>	
<b>Total</b>									
Current period gross charge-offs .....									
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 204,519	\$ 204,519	

6. ALLOWANCE FOR CREDIT LOSSES (Continued)

		December 31, 2023							
		Term Loans Amortized Cost Basis By Origination Year					Revolving Loans Amortized Cost		
		2023	2022	2021	2020	2019	Prior	Basis	Total
<b>Construction mortgage</b>									
<b>Risk rating</b>									
Pass .....	\$	7,147,590	7,449,084	462,858	514,826	1,213,617	543,277	\$	- \$ 17,331,252
Special mention .....	-	-	-	-	-	-	-	-	-
Substandard .....	-	-	-	-	-	-	-	-	-
Doubtful .....	-	-	-	-	-	-	-	-	-
Total .....	\$	<u>7,147,590</u>	<u>7,449,084</u>	<u>462,858</u>	<u>514,826</u>	<u>1,213,617</u>	<u>543,277</u>	\$	<u>- \$ 17,331,252</u>
<b>Construction mortgage</b>									
<b>Current period gross charge-offs .....</b>									
	\$	-	-	-	-	-	-	\$	- \$ -
<b>Commercial mortgage</b>									
<b>Risk rating</b>									
Pass .....	\$	6,431,685	17,552,831	13,968,014	1,121,493	1,124,514	19,957,703	\$	1,555,822 \$ 61,712,062
Special mention .....	-	-	-	-	-	-	-	384,444	384,444
Substandard .....	-	-	-	-	-	-	-	191,501	191,501
Doubtful .....	-	-	-	-	-	-	-	-	-
Total .....	\$	<u>6,431,685</u>	<u>17,552,831</u>	<u>13,968,014</u>	<u>1,121,493</u>	<u>1,124,514</u>	<u>19,957,703</u>	\$	<u>2,131,767 \$ 62,288,007</u>
<b>Commercial mortgage</b>									
<b>Current period gross charge-offs .....</b>									
	\$	-	-	-	-	-	4,909	\$	- \$ 4,909
<b>Commercial and industrial</b>									
<b>Risk rating</b>									
Pass .....	\$	9,247,723	8,336,613	5,949,507	2,099,136	4,121,282	1,060,882	\$	6,017,728 \$ 36,832,871
Special mention .....	-	-	60,484	215,592	1,257,063	193,173	78,953	74,731	1,805,265
Substandard .....	-	-	-	-	-	71,964	74,731	146,695	146,695
Doubtful .....	-	-	-	-	-	-	-	-	-
Total .....	\$	<u>9,247,723</u>	<u>8,336,613</u>	<u>6,009,991</u>	<u>2,314,728</u>	<u>5,378,345</u>	<u>1,326,019</u>	\$	<u>6,171,412 \$ 38,784,831</u>
<b>Commercial and industrial</b>									
<b>Current period gross charge-offs .....</b>									
	\$	-	-	-	-	-	-	\$	- \$ -
<b>Total</b>									
<b>Risk rating</b>									
Pass .....	\$	22,826,998	33,338,528	20,380,379	3,735,455	6,459,413	21,561,862	\$	7,573,550 \$ 115,876,185
Special mention .....	-	-	60,484	215,592	1,257,063	193,173	463,397	463,397	2,189,709
Substandard .....	-	-	-	-	-	71,964	266,232	266,232	338,196
Doubtful .....	-	-	-	-	-	-	-	-	-
Total .....	\$	<u>22,826,998</u>	<u>33,338,528</u>	<u>20,440,863</u>	<u>3,951,047</u>	<u>7,716,476</u>	<u>21,826,999</u>	\$	<u>8,303,179 \$ 118,404,090</u>
<b>Total</b>									
<b>Current period gross charge-offs .....</b>									
	\$	-	-	-	-	-	4,909	\$	- \$ 4,909

There were no loans classified as doubtful or loss at December 31, 2024 or 2023.

6. ALLOWANCE FOR CREDIT LOSSES (Continued)

**Credit Quality Information (Continued)**

The following tables present performing and nonperforming loans that are not otherwise risk-rated, based on payment activity as of December 31, 2024 and 2023:

	December 31, 2024							Revolving Loans Amortized Cost Basis	Total
	Term Loans Amortized Cost Basis By Origination Year								
	2024	2023	2022	2021	2020	Prior			
<b>One-to-four family mortgage</b>									
Performing .....	\$14,376,429	\$26,576,639	\$18,533,163	\$25,826,586	\$ 9,627,260	\$21,796,821	\$ 15,565,109	\$132,302,007	
Nonperforming.....	-	-	-	-	-	1,853,833	253,504	2,107,337	
Total .....	<u>\$14,376,429</u>	<u>\$26,576,639</u>	<u>\$18,533,163</u>	<u>\$25,826,586</u>	<u>\$ 9,627,260</u>	<u>\$23,650,654</u>	<u>\$ 15,818,613</u>	<u>\$134,409,344</u>	
<b>One-to-four family mortgage</b>									
Current period gross charge-offs .....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,671	\$ -	\$ 2,671	
<b>Other Consumer</b>									
Performing .....	\$ 6,788,557	\$ 3,980,000	\$ 921,244	\$ 371,179	\$ 117,189	\$ 79,789	\$ 15,254	\$ 12,273,212	
Nonperforming.....	-	-	1,960	-	2,230	-	-	4,190	
Total .....	<u>\$ 6,788,557</u>	<u>\$ 3,980,000</u>	<u>\$ 923,204</u>	<u>\$ 371,179</u>	<u>\$ 119,419</u>	<u>\$ 79,789</u>	<u>\$ 15,254</u>	<u>\$ 12,277,402</u>	
<b>Other Consumer</b>									
Current period gross charge-offs .....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Credit Cards</b>									
Performing .....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 239,828	\$ 239,828	
Nonperforming.....	-	-	-	-	-	-	52,131	52,131	
Total .....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 291,959</u>	<u>\$ 291,959</u>	
<b>Credit Cards</b>									
Current period gross charge-offs .....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,787	\$ 21,787	
<b>Paycheck Protection Program and cash secured loans</b>									
Performing .....	\$ 84,873	\$ 117,913	\$ 1,475	\$ 1,776,694	\$ 1,142,326	\$ -	\$ -	\$ 3,123,281	
Nonperforming.....	-	-	-	-	-	-	-	-	
Total .....	<u>\$ 84,873</u>	<u>\$ 117,913</u>	<u>\$ 1,475</u>	<u>\$ 1,776,694</u>	<u>\$ 1,142,326</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,123,281</u>	
<b>Paycheck Protection Program and cash secured loans</b>									
Current period gross charge-offs .....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total</b>									
Performing .....	\$21,249,859	\$30,674,552	\$19,455,882	\$27,974,459	\$10,886,775	\$21,876,610	\$ 15,820,191	\$147,938,328	
Nonperforming.....	-	-	1,960	-	2,230	1,853,833	305,635	2,163,658	
Total .....	<u>\$21,249,859</u>	<u>\$30,674,552</u>	<u>\$19,457,842</u>	<u>\$27,974,459</u>	<u>\$10,889,005</u>	<u>\$23,730,443</u>	<u>\$ 16,125,826</u>	<u>\$150,101,986</u>	
<b>Total</b>									
Current period gross charge-offs .....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,671	\$ 21,787	\$ 24,458	

6. ALLOWANCE FOR CREDIT LOSSES (Continued)

December 31, 2023								
	Term Loans Amortized Cost Basis By Origination Year						Revolving Loans Amortized Cost Basis	
	2023	2022	2021	2020	2019	Prior	Basis	Total
<b>One-to-four family mortgage</b>								
Performing .....	\$20,421,395	\$15,838,264	\$26,892,654	\$10,557,568	\$3,799,226	\$19,311,332	\$ 11,719,559	\$108,539,998
Nonperforming.....	-	-	583,834	215,373	420,597	1,609,580	133,257	2,962,641
Total .....	<u>\$20,421,395</u>	<u>\$15,838,264</u>	<u>\$27,476,488</u>	<u>\$10,772,941</u>	<u>\$4,219,823</u>	<u>\$20,920,912</u>	<u>\$ 11,852,816</u>	<u>\$111,502,639</u>
<b>One-to-four family mortgage</b>								
Current period gross charge-offs .....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Other Consumer</b>								
Performing .....	\$ 6,762,871	\$ 1,543,354	\$ 688,819	\$ 144,735	\$ 83,025	\$ 53,318	\$ 22,786	\$ 9,298,908
Nonperforming.....	-	-	-	-	-	-	-	-
Total .....	<u>\$ 6,762,871</u>	<u>\$ 1,543,354</u>	<u>\$ 688,819</u>	<u>\$ 144,735</u>	<u>\$ 83,025</u>	<u>\$ 53,318</u>	<u>\$ 22,786</u>	<u>\$ 9,298,908</u>
<b>Other Consumer</b>								
Current period gross charge-offs .....	\$ -	\$ 36,027	\$ 14,979	\$ -	\$ 74,000	\$ -	\$ 14,997	\$ 140,003
<b>Credit Cards</b>								
Performing .....	\$ 29,683	\$ 26,191	\$ 97,159	\$ 45,201	\$ 35,693	\$ -	\$ -	\$ 233,927
Nonperforming.....	-	-	-	-	-	-	-	-
Total .....	<u>\$ 29,683</u>	<u>\$ 26,191</u>	<u>\$ 97,159</u>	<u>\$ 45,201</u>	<u>\$ 35,693</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,927</u>
<b>Credit Cards</b>								
Current period gross charge-offs .....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Paycheck Protection Program and cash secured loans</b>								
Performing .....	\$ 381,780	\$ 2,056	\$ 2,492,015	\$ 2,035,099	\$ -	\$ -	\$ -	\$ 4,910,950
Nonperforming.....	-	-	-	-	-	-	-	-
Total .....	<u>\$ 381,780</u>	<u>\$ 2,056</u>	<u>\$ 2,492,015</u>	<u>\$ 2,035,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,910,950</u>
<b>Paycheck Protection Program and cash secured loans</b>								
Current period gross charge-offs .....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>								
Performing .....	\$27,595,729	\$17,409,865	\$30,170,647	\$12,782,603	\$3,917,944	\$19,364,650	\$ 11,742,345	\$122,983,783
Nonperforming.....	-	-	583,834	215,373	420,597	1,609,580	133,257	2,962,641
Total .....	<u>\$27,595,729</u>	<u>\$17,409,865</u>	<u>\$30,754,481</u>	<u>\$12,997,976</u>	<u>\$4,338,541</u>	<u>\$20,974,230</u>	<u>\$ 11,875,602</u>	<u>\$125,946,424</u>
<b>Total</b>								
Current period gross charge-offs .....	\$ -	\$ 36,027	\$ 14,979	\$ -	\$ 74,000	\$ -	\$ 14,997	\$ 140,003

**Collateral-Dependent Loans**

When it is determined that a loan is likely not to be repaid without the liquidation of collateral, that loan is determined to be collateral-dependent. The following table presents the collateral-dependent loans by portfolio segment and collateral type at December 31, 2024 and 2023:

	December 31, 2024	
	Real estate	Business Assets
Mortgage loans:		
One-to-four family .....	\$ 1,955,491	\$ -
Commercial.....	272,169	-
Commercial and industrial.....	-	1,533,139
	<u>\$ 2,227,660</u>	<u>\$ 1,533,139</u>

**6. ALLOWANCE FOR CREDIT LOSSES (Continued)**

	December 31, 2023	
	<u>Real estate</u>	<u>Business Assets</u>
Mortgage loans:		
One-to-four family .....	\$ 2,032,062	\$ -
Commercial.....	272,169	-
Commercial and industrial.....	-	601,750
	<u>\$ 2,304,231</u>	<u>\$ 601,750</u>

**7. PREMISES AND EQUIPMENT**

Premises and equipment are summarized as follows:

	December 31,	
	<u>2024</u>	<u>2023</u>
Land.....	\$ 600,000	\$ 600,000
Buildings .....	4,138,221	4,134,796
Furniture and equipment.....	1,366,302	1,281,934
	<u>6,104,523</u>	<u>6,016,730</u>
Accumulated depreciation .....	(2,254,460)	(2,088,227)
Total.....	<u>\$ 3,850,063</u>	<u>\$ 3,928,503</u>

Depreciation expense on premises and equipment was \$166,234 and \$160,307 for the years ended December 31, 2024 and 2023, respectively.

**8. DEPOSITS**

Time deposits include certificates of deposit and other time deposits in denominations of \$250,000 or greater aggregating to \$29.9 million and \$23.6 million at December 31, 2024 and 2023, respectively. The aggregate maturities of time deposits in years 2025 through 2029 and thereafter are as follows at December 31, 2024:

2025 .....	\$ 69,093,913
2026 .....	20,365,822
2027 .....	10,701,902
2028 .....	4,458,881
2029 .....	1,798,125
Thereafter.....	<u>237,922</u>
	<u>\$ 106,656,565</u>

Brokered certificates of deposits amounted to \$15.8 million and \$10.5 million at December 31, 2024, and 2023, respectively.

## 9. BORROWINGS

As of December 31, 2024, the Bank had advances from both the FHLB and the Federal Reserve. Pursuant to collateral agreements with the FHLB, FHLB advances are secured by all stock in the FHLB and a blanket lien on qualifying loans. The Bank had a maximum borrowing capacity of \$130.4 million with the FHLB as of December 31, 2024. The PPPLF advances from the Federal Reserve are secured by select PPP loans and have a fixed rate of 0.35% for the term of the underlying PPP loans which mature in 2025 and 2026. The following tables show the Bank's fixed rate FHLB and Federal Reserve borrowings:

Maturing in	December 31, 2024	
	Amount	Weighted-Average Rate
2025.....	\$ 10,573,574	2.79%
2026.....	368,188	0.35%
2027.....	-	-
2028.....	-	-
2029.....	4,000,000	4.93%
Thereafter.....	5,000,000	4.70%
Total.....	<u>\$ 19,941,762</u>	3.65%

Maturing in	December 31, 2023	
	Amount	Weighted-Average Rate
2024.....	\$ 5,250,000	1.10%
2025.....	11,074,948	2.68%
2026.....	727,196	0.35%
2027.....	-	-
2028.....	-	-
Thereafter.....	5,000,000	4.70%
Total.....	<u>\$ 22,052,144</u>	2.69%

## 10. INCOME TAXES

Income tax expense is summarized as follows:

	Years Ended December 31,	
	2024	2023
Currently payable:		
Federal.....	\$ 719,828	\$ 696,852
State.....	96,218	85,143
	<u>816,046</u>	<u>781,995</u>
Deferred:		
Federal.....	(228,500)	(212,911)
	<u>(228,500)</u>	<u>(212,911)</u>
Total.....	<u>\$ 587,546</u>	<u>\$ 569,084</u>

## 10. INCOME TAXES (Continued)

The components of the net deferred tax asset are as follows:

	December 31,	
	2024	2023
Deferred tax assets:		
Allowance for credit losses .....	\$ 584,431	\$ 516,652
Off balance sheet losses .....	43,327	47,527
Accrued interest payable .....	176,490	90,406
Nonaccrual loan interest .....	212,480	180,265
Write-down on loans held for sale.....	8,320	11,807
Deferred comp plan.....	5,214	7,670
Amortization of intangible asset.....	35,071	-
Lease liability.....	28,007	3,226
Gross deferred tax assets.....	<u>1,093,340</u>	<u>857,553</u>
Deferred tax liabilities:		
Mortgage servicing rights.....	(90,454)	(108,822)
Premises and equipment.....	(65,936)	(65,062)
Right-of-use asset.....	(28,007)	(3,226)
Gross deferred tax liabilities .....	<u>(184,397)</u>	<u>(177,110)</u>
Net deferred tax asset.....	<u>\$ 908,943</u>	<u>\$ 680,443</u>
Deferred taxes on other comprehensive loss:		
Net unrealized loss on securities .....	59,034	75,205
Total net deferred tax assets .....	967,977	755,648

No valuation allowance was established at December 31, 2024 or 2023, in view of the Company's ability to recover taxes paid in previous years, to execute certain tax strategies and to anticipate future taxable income as evidenced by the Company's earnings potential.

Reconciliations of the federal statutory rate to the Company's effective income tax rate are as follows:

	Years Ended December 31,			
	2024		2023	
	Amount	% of Pretax Income	Amount	% of Pretax Income
Provision of statutory rate.....	\$ 521,430	21.0%	\$ 518,613	21.0%
Tax-exempt interest .....	(8,430)	(0.3)	(6,221)	(0.3)
State income tax.....	76,012	3.1	67,263	2.7
Other, net .....	(1,466)	(0.1)	(10,571)	(0.4)
Actual tax expense and effective rate.....	<u>\$ 587,546</u>	<u>23.7%</u>	<u>\$ 569,084</u>	<u>23.0%</u>

U.S. generally accepted accounting principles prescribe a recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Benefits from tax positions should be recognized in the financial statements only when it is more likely than not that the tax position will be sustained upon examination by the appropriate taxing authority that would have full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement.

The Company did not have any uncertain tax positions at December 31, 2024 or 2023, which would have required accrual or disclosure. The Company records interest and penalties as part of income tax expense. No interest or penalties were recorded for the years ended December 31, 2024 and 2023.

The Company's income tax returns are subject to review and examination by federal and state taxing authorities. With few exceptions, the Company is no longer subject to U.S. federal, state, or local income tax examinations by tax authorities for years before 2021.

## 11. EMPLOYEE STOCK OWNERSHIP PLAN

The Company established a tax qualified Employee Stock Ownership Plan (“ESOP”) for the benefit of its employees in conjunction with the Reorganization effective on January 24, 2018. All employees who are not union employees, leased employees, or non-resident alien employees are eligible. As of December 31, 2024, all employees were eligible. Eligible employees become 20% vested in their accounts after two years of service, 40% after three years of service, 60% after four years of service, 80% after five years of service and 100% after six years of service, or earlier, upon death, disability or attainment of normal retirement age.

The ESOP purchased 88,131 shares of SSB Bancorp common stock, which was funded by a loan from SSB Bancorp. Unreleased ESOP shares collateralize the loan payable, and the cost of the shares is recorded as a contra-equity account in the stockholders’ equity of the Company. Shares are to be released as debt payments are made by the ESOP to the loan. The ESOP’s sources of repayment of the loan can include dividends, if any, on the unallocated stock held by the ESOP and discretionary contributions from the Company to the ESOP and earnings thereon. At December 31, 2024, the fair value of the unearned ESOP shares was \$602,000.

Compensation expense is equal to the fair value of the shares committed to be released and unallocated ESOP shares are excluded from outstanding shares for purposes of computing earnings per share. During the years ended December 31, 2024 and 2023, the Company recognized \$42,000 and \$34,000, respectively, in compensation expense.

## 12. STOCK COMPENSATION PLAN

In May 2019, the Company’s board adopted, and its shareholders approved, the SSB Bancorp, Inc. 2019 Equity Incentive Plan (the Plan) authorizing the grant of options or restricted stock covering 154,229 shares of common stock. The maximum number of shares of stock that may be delivered under the Plan pursuant to the exercise of stock options is 110,164 and the maximum number of shares of stock that may be issued as restricted stock awards, restricted stock units, and performances shares is 44,065. Under the Plan, options or restricted stock can be granted to directors, officers, and employees that provide services to the Company, as selected by the compensation committee of the Board. The option price at which a granted stock option may be exercised will not be less than 100% of the fair market value per share of common stock on the grant date. The maximum term of any option granted under the Plan cannot exceed 10 years.

On May 23, 2019, 11,015 shares of restricted stock and 27,540 stock options were awarded to directors under the Plan. On November 20, 2019, 17,626 shares of restricted stock and 44,066 stock options were awarded to certain executives under the Plan. Lastly, on October 28, 2020, 2,300 shares of restricted stock and 6,700 stock options were awarded to certain executives under the Plan. The shares of restricted stock and stock options vest at a rate of 20% per year commencing on the date of the award, and the related expense is being recognized straight-line over the 60-month period. At December 31, 2024, there were 13,124 shares of stock and 31,858 stock options available to be issued under the Plan.

The following tables summarize transactions regarding the restricted stock under the Plan for years ended December 31, 2024 and 2023.

	Number of restricted shares	Weighted average grant date price per share
Non-vested shares at December 31, 2023 .....	<u>6,651</u>	<u>\$ 7.83</u>
Granted.....	-	-
Vested .....	6,191	7.86
Forfeited.....	-	-
Non-vested shares at December 31, 2024.....	<u>460</u>	<u>\$ 7.50</u>

12. STOCK COMPENSATION PLAN (Continued)

	Number of restricted shares	Weighted average grant date price per share
Non-vested shares at December 31, 2022.....	12,841	\$ 7.85
Granted.....	-	-
Vested .....	6,190	7.86
Forfeited.....	-	-
Non-vested shares at December 31, 2023.....	<u>6,651</u>	<u>\$ 7.83</u>

A summary of the status of the awarded stock options at December 31, 2024, and changes during the years ended December 31, 2024 and 2023, is presented in the tables and narrative following:

	Year ended December 31, 2024		
	Shares	Weighted Average Exercise Price	Weighted Average Fair Value
Outstanding at January 1, 2024.....	78,306	\$ 7.86	\$ 1.04
Granted .....	-	-	-
Exercised .....	-	-	-
Forfeited.....	-	-	-
Outstanding at December 31, 2024.....	<u>78,306</u>	7.86	1.04
Exercisable at December 31, 2024.....	<u>76,966</u>	7.86	1.02

	Year ended December 31, 2023		
	Shares	Weighted Average Exercise Price	Weighted Average Fair Value
Outstanding at January 1, 2023.....	78,306	\$ 7.86	\$ 1.04
Granted .....	-	-	-
Exercised .....	-	-	-
Forfeited.....	-	-	-
Outstanding at December 31, 2023.....	<u>78,306</u>	7.86	1.04
Exercisable at December 31, 2023.....	<u>61,302</u>	7.86	1.02

At December 31, 2024, 76,966 of the 78,306 options outstanding are exercisable. The 1,340 options that are not yet exercisable have a weighted average exercise price of \$7.50 and a weighted average remaining contractual life of 5.8 years. The fair value of each option grant is estimated on the date of grant using the Binomial or Black-Scholes option pricing model. There were no grants made in 2024 or 2023.

The Company uses the modified prospective method for accounting for stock-based compensation. For the year ended December 31, 2024, the Company recognized \$32,000 and \$10,000 of pretax compensation expense related to restricted stock awards and stock option awards, respectively. As of December 31, 2024, there was \$3,000 of unrecognized compensation expense related to restricted stock awards, and \$2,000 of unrecognized compensation expense related to stock option awards that will be recognized over the remaining vesting periods.

No stock options have been exercised as of December 31, 2024.

### 13. REGULATORY CAPITAL REQUIREMENTS

The Bank is subject to various regulatory capital requirements administered by federal and state 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 Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company must meet specific capital guidelines that involve quantitative measure of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital.

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.

As of December 31, 2024, the most recent notification from the Federal Deposit Insurance Corporation 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 capital ratios as set forth in the following table. There are no conditions or events since the notification that management believes have changed the Bank's category. Management believes that the Bank meets all capital adequacy requirements to which it is subject. The Bank's actual capital amounts and ratios are presented in the table below.

	December 31,		December 31,	
	2024		2023	
	Amount	Ratio	Amount	Ratio
Common Equity Tier 1 capital (to risk-weighted assets)				
Actual.....	\$ 25,583,159	10.90%	\$ 23,280,932	10.40%
For capital adequacy purposes .....	10,565,370	4.50%	10,077,975	4.50%
To be well capitalized .....	15,261,090	6.50%	14,557,075	6.50%
Tier 1 capital (to risk-weighted assets)				
Actual.....	\$ 25,583,159	10.90%	\$ 23,280,932	10.40%
For capital adequacy purposes .....	14,087,160	6.00%	13,437,300	6.00%
To be well capitalized .....	18,782,880	8.00%	17,916,400	8.00%
Total capital (to risk-weighted assets)				
Actual.....	\$ 28,344,377	12.07%	\$ 25,741,180	11.49%
For capital adequacy purposes .....	18,782,880	8.00%	17,916,400	8.00%
To be well capitalized .....	23,478,600	10.00%	22,395,500	10.00%
Tier 1 capital (to average assets)				
Actual.....	\$ 25,583,159	8.22%	\$ 23,280,932	8.25%
For capital adequacy purposes .....	12,451,344	4.00%	11,286,332	4.00%
To be well capitalized .....	15,564,180	5.00%	14,107,915	5.00%

### 14. EMPLOYEE BENEFIT PLANS

The Company has a 401(k) plan that covers substantially all employees. The plan provides for employer-matching contributions on employee contributions of up to 3 percent of compensation, plus 50 percent matching up to the next 2 percent of compensation. The Company paid required employer-matching contributions of \$114,000 and \$97,000 for the years ended December 31, 2024 and 2023, respectively.

## 15. COMMITMENTS

In the normal course of business, the Company makes various commitments that are not reflected in the Company's financial statements. The Company offers such products to enable its customers to meet their financing objectives. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized on the balance sheets. The Company's exposure to credit loss in the event of nonperformance by the other parties to the financial instruments is represented by the contractual amounts as disclosed. The Company minimizes its exposure to credit loss under these commitments by subjecting them to credit approval, review procedures and collateral requirements as deemed necessary.

Off-balance sheet commitments consisted of the following:

	<u>December 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Commitments to extend credit .....	\$ 2,256,655	\$ 1,067,757
Construction unadvanced funds .....	7,379,484	11,992,479
Unused lines of credit .....	21,425,671	24,653,307
Available credit cards.....	363,767	366,227
Letters of credit.....	100,000	100,000
	<u>\$ 31,525,577</u>	<u>\$ 38,179,770</u>

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the commitment agreement. These commitments consisted primarily of mortgage loan commitments. The Company uses the same credit policies in making loan commitments and conditional obligations as it does for on-balance sheet instruments. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, as deemed necessary, is based upon management's credit evaluation in compliance with the Company's lending policy guidelines. The off-balance sheet reserve was \$206,317 and \$226,317 as of December 31, 2024 and 2023.

The Company and certain executives are parties to employment agreements that provide for a base salary and certain other benefits. The initial terms of the agreements are for three years with annual renewals thereafter. In the event of the executive's termination without cause, as defined, the executive will receive a lump sum cash payment equal to the amount remaining under the contract. Additional benefits are payable upon a change in control, as defined.

## 16. FAIR VALUE MEASUREMENTS

The following disclosures show the hierarchal disclosure framework associated with the level of pricing observations utilized in measuring assets and liabilities at fair value. The three broad pricing levels are as follows:

Level I: Quoted prices are available in active markets for identical assets or liabilities as of the reported date.

Level II: Pricing inputs are other than the quoted prices in active markets, which are either directly or indirectly observable as of the reported date. The nature of these assets and liabilities includes items for which quoted prices are available but traded less frequently and items that are fair-valued using other financial instruments, the parameters of which can be directly observed.

Level III: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

This hierarchy requires the use of observable market data, when available.

Fair values for securities are determined by obtaining quoted prices on nationally recognized securities exchanges or matrix pricing, which is a mathematical technique that is widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark-quoted securities. Fair values of securities determined by quoted prices in active markets, when available, are classified as Level I. At December 31, 2024 and 2023, fair value measurements were obtained from a third-party pricing service and not adjusted by management. Transfers are recognized at the end of the reporting period, as applicable.

## 16. FAIR VALUE MEASUREMENTS (Continued)

The following tables present the assets reported on the balance sheets at their fair value by level within the fair value hierarchy. Financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. No liabilities were reported at fair value on a recurring basis.

	December 31, 2024			
	Level I	Level II	Level III	Total
Fair value measurements on a recurring basis:				
Mortgage-backed securities in government-sponsored entities .....	\$ -	\$ 2,180,572	\$ -	\$ 2,180,572
Obligations of state and political subdivisions .....	-	1,786,679	-	1,786,679
Corporate bonds.....	-	2,404,810	-	2,404,810
	December 31, 2023			
	Level I	Level II	Level III	Total
Fair value measurements on a recurring basis:				
Mortgage-backed securities in government-sponsored entities .....	\$ -	\$ 2,495,967	\$ -	\$ 2,495,967
Obligations of state and political subdivisions .....	-	1,302,045	-	1,302,045
Corporate bonds.....	-	2,854,404	-	2,854,404

### **Individually Evaluated Loans**

Certain collateral dependent individually evaluated loans have been adjusted to fair value based on the loan's collateral. Fair value is generally determined based upon independent third-party appraisals of the properties, along with management's assumptions in various factors, such as estimated selling costs and discounts for time since last appraised.

### **Other Real Estate Owned**

Other real estate owned (OREO) is measured at fair value, less estimated cost to sell, at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management. The assets are carried at fair value, less estimated cost to sell. Income and expense from operations and changes in valuation allowance are included in other noninterest expense.

### **Mortgage Servicing Rights**

Mortgage servicing rights are valued by calculating the present value of the discounted cash flows received as revenue for servicing mortgages less the present value of the project cost of servicing mortgages. Projected loan prepayment speeds are used as an assumption in this calculation. Once the mortgage servicing rights are valued for a sold loan, the mortgage servicing rights value will accrete over the life of the loan.

### **Intangible Asset – SMLM**

The intangible asset of SMLM was valued by an independent third-party business valuation firm. The value was determined at the inception of SMLM and will be reduced by using a straight-line methodology over 84 months.

The following table presents information related to the assets measured on a nonrecurring basis on the balance sheets at their fair value as of December 31, 2024 and 2023, by level within the fair value hierarchy. No liabilities were measured at fair value on a nonrecurring basis as of December 31, 2024.

**16. FAIR VALUE MEASUREMENTS (Continued)**

	December 31, 2024			
	Level I	Level II	Level III	Total
Fair value measurements on a nonrecurring basis:				
Other real estate owned.....	\$ -	\$ -	\$ 984,173	\$ 984,173
Mortgage servicing rights .....	-	-	430,731	430,731
Individually evaluated loans with reserve.....	-	-	439,732	439,732

  

	December 31, 2023			
	Level I	Level II	Level III	Total
Fair value measurements on a nonrecurring basis:				
Other real estate owned.....	\$ -	\$ -	\$ 1,169,900	\$ 1,169,900
Mortgage servicing rights .....	-	-	518,200	518,200
Individually evaluated loans with reserve.....	-	-	1,282,151	1,282,151
Intangible asset - SMLM Media .....			4,126,000	4,126,000

The following table provides the significant unobservable inputs used in the fair value measurement process for items valued using Level III techniques at December 31, 2024 and 2023:

	Fair Value at December 31, 2024	Valuation Techniques	Valuation Unobservable Inputs	Range (Weighted Average)
Other real estate owned .....	\$ 984,173	Appraised collateral values	Discount for time since appraisal	10% (10%)
			Selling costs	10% (10%)
Individually evaluated loans with reserve .....	\$ 439,732	Discounted cash flows	Discount for evaluation	10% (10%)
			Selling costs	10% (10%)
Mortgage servicing rights ..	\$ 430,731	Discounted cash flows	Loan prepayment speeds	3.39%-18.03% (11.71%)

  

	Fair Value at December 31, 2023	Valuation Techniques	Valuation Unobservable Inputs	Range (Weighted Average)
Other real estate owned .....	\$ 1,169,900	Appraised collateral values	Discount for time since appraisal	10% (10%)
			Selling costs	10% (10%)
Individually evaluated loans with reserve .....	\$ 1,282,151	Discounted cash flows	Discount for evaluation	10% (10%)
Mortgage servicing rights ..	\$ 518,200	Discounted cash flows	Loan prepayment speeds	8.49%-18.03% (12.17%)

## 16. FAIR VALUE MEASUREMENTS (Continued)

The estimated fair values of the Company's financial instruments are as follows:

	December 31, 2024				
	Carrying Value	Fair Value	Level I	Level II	Level III
<b>Financial assets:</b>					
Cash and cash equivalents .....	\$ 16,768,898	\$ 16,768,898	\$ 16,768,898	\$ -	\$ -
Certificates of deposit....	10,897,000	11,067,732	-	11,067,732	-
<b>Investment securities:</b>					
Available for sale .....	6,372,061	6,372,061	-	6,372,061	-
Loans, net .....	262,924,358	258,503,358	-	-	258,503,358
Accrued interest receivable .....	1,596,484	1,596,484	-	1,596,484	-
FHLB Stock .....	5,008,600	5,008,600	-	-	5,008,600
<b>Financial liabilities:</b>					
Deposits .....	267,748,172	267,293,172	161,091,607	-	106,201,565
FHLB advances .....	19,000,000	18,868,000	-	18,868,000	-
PPPLF advances .....	941,763	852,763	-	852,763	-
Accrued interest payable	840,430	840,430	-	840,430	-
<b>December 31, 2023</b>					
	Carrying Value	Fair Value	Level I	Level II	Level III
<b>Financial assets:</b>					
Cash and cash equivalents .....	\$ 13,333,575	\$ 13,333,575	\$ 13,333,575	\$ -	\$ -
Certificates of deposit....	13,382,000	13,605,000	-	13,605,000	-
<b>Investment securities:</b>					
Available for sale .....	6,652,416	6,652,416	-	6,652,416	-
Loans, net .....	241,380,271	240,963,271	-	-	240,963,271
Accrued interest receivable	1,450,158	1,450,158	-	1,450,158	-
FHLB Stock.....	5,059,400	5,059,400	-	-	5,059,400
<b>Financial liabilities:</b>					
Deposits .....	242,311,738	241,246,738	161,584,578	-	79,662,160
FHLB advances .....	20,250,000	19,937,000	-	19,937,000	-
PPPLF Advances .....	1,802,144	1,708,470	-	1,708,470	-
Accrued interest payable	430,579	430,579	-	430,579	-

Financial instruments are defined as cash, evidence of an ownership interest in an entity, or a contract which creates an obligation or right to receive or deliver cash or another financial instrument from/to a second entity on potentially favorable or unfavorable terms.

Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. If a quoted market price is available for a financial instrument, the estimated fair value would be calculated based upon the market price per trading unit of the instrument.

## 17. FAIR VALUE OF FINANCIAL INSTRUMENTS

If no readily available market exists, the fair value estimates for financial instruments should be based upon management's judgment regarding current economic conditions, interest rate risk, expected cash flows, future estimated losses, and other factors as determined through various option pricing formulas or simulation modeling. Since many of these assumptions result from judgments made by management based upon estimates which are inherently uncertain, the resulting estimated fair values may not be indicative of the amount realizable in the sale of a particular financial instrument. In addition, changes in the assumptions on which the estimated fair values are based may have a significant impact on the resulting estimated fair values.

## 17. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Since certain assets, such as deferred tax assets and premises and equipment, are not considered financial instruments, the estimated fair value of financial instruments would not represent the full value of the Company.

### **Cash and Cash Equivalents, Accrued Interest Receivable, FHLB Stock, and Accrued Interest Payable**

The fair value is equal to the current carrying value.

### **Certificates of Deposit**

The fair values of certificates of deposit are based on the discounted value of contractual cash flows. The discount rates are estimated using rates currently offered for similar instruments with similar remaining maturities.

### **Securities**

Fair values for securities are determined by obtaining quoted prices on nationally recognized securities exchanges or matrix pricing, which is a mathematical technique that is widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark-quoted securities. Fair values of securities determined by quoted prices in active markets, when available, are classified as Level I.

### **Loans, Net**

The fair value is estimated by discounting future cash flows using current market inputs at which loans with similar terms and qualities would be made to borrowers of similar credit quality. Certain collateral dependent individually evaluated loans have been adjusted to fair value based on the loan's collateral. Fair value is generally determined based upon independent third-party appraisals of the properties, along with management's assumptions in various factors, such as selling costs and discounts for time since last appraised.

### **FHLB Advances**

The fair value of FHLB advances is based on the discounted value of contractual cash flows. The discount rates are estimated using rates currently offered for similar instruments with similar remaining maturities.

### **Paycheck Protection Program Liquidity Facility (PPPLF) Advances**

The fair value of PPPLF advances is based on the discounted value of contractual cash flows. The discount rates are estimated using rates currently offered for similar instrument with similar remaining maturities.

### **Deposits**

The fair values of certificates of deposit are based on the discounted value of contractual cash flows. The discount rates are estimated using rates currently offered for similar instruments with similar remaining maturities. Demand, savings, and money market deposit accounts are valued at the amount payable on demand as of year-end.

### **Commitments**

These financial instruments are generally not subject to sale, and estimated fair values are not readily available. The carrying value, represented by the net deferred fee arising from the unrecognized commitment, and the fair value, determined by discounting the remaining contractual fee over the term of the commitment using fees currently charged to enter into similar agreements with similar credit risk, are not considered material for disclosure. The contractual amounts of unfunded commitments are presented in Note 15.

**18. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)**

The following table presents the changes in accumulated other comprehensive income (loss) by component, net of tax:

	Net Unrealized Gain (Loss) on Securities	
	Year Ended December 31,	
	2024	2023
Accumulated other comprehensive loss, beginning of period...	\$ (280,727)	\$ (298,088)
Other comprehensive income on securities before reclassification, net of tax .....	60,156	17,361
Amounts reclassified from accumulated other comprehensive income (loss), net of tax .....	-	-
Net other comprehensive income .....	<u>60,156</u>	<u>17,361</u>
Accumulated other comprehensive loss, end of period .....	<u>\$ (220,571)</u>	<u>\$ (280,727)</u>

**19. LEGAL PROCEEDINGS**

The Company is involved in certain claims and legal actions arising in the ordinary course of business. The outcome of these claims and actions is not presently determinable; however, the opinion of the Company’s management, after consulting legal counsel, the ultimate disposition of these matters is not expected to have a material adverse effect on the consolidated financial statements.

**20. EARNINGS PER SHARE**

Earnings per common share for the years ended December 31, 2024 and 2023, are presented in the following table:

	Year ended December 31,	
	2024	2023
Net income .....	<u>\$ 1,895,455</u>	<u>\$ 1,900,505</u>
Shares outstanding for basic EPS:		
Average shares outstanding.....	2,201,613	2,218,511
Less: Average unearned ESOP shares.....	<u>59,655</u>	<u>64,057</u>
Shares outstanding for basic EPS .....	2,141,958	2,154,454
Additional dilutive shares .....	<u>14,826</u>	<u>343</u>
Shares outstanding for diluted EPS .....	<u>2,156,784</u>	<u>2,154,797</u>
Basic income per share .....	\$ 0.88	\$ 0.88
Diluted income per share .....	\$ 0.88	\$ 0.88

**21. LEASES**

The Company is currently entered into two property contracts which qualify as operating leases. The leases do not include any nonlease components, such as common area maintenance charges, utilities, real estate taxes or insurance. Additionally, the leases did not include any renewal options as of December 31, 2024.

The discount rate utilized in calculating the present value of the remaining lease payments for each lease was the Federal Home Loan Bank of Pittsburgh advance rate corresponding to the remaining maturity of the lease. The following table presents the weighted-average lease term and discount rate for the leases outstanding at December 31, 2024.

## 21. LEASES (Continued)

Weighted-average remaining term (years).....	4.52
Weighted-average discount rate .....	3.37%

The following table presents the undiscounted cash flows due to operating leases as of December 31, 2024, along with a reconciliation to the discounted amount recorded on the Consolidated Balance Sheets:

<u>Undiscounted cash flows due:</u>	<u>Amount</u>
2025 .....	\$ 34,300
2026 .....	31,800
2027 .....	28,300
2028 .....	28,300
2029 .....	21,225
2030 and thereafter .....	-
Total undiscounted cash flows .....	143,925
Discount on cash flows.....	(10,560)
Total lease liabilities.....	<u>\$ 133,365</u>

Under Topic 842, the lessee can elect to not record on the Consolidated Balance Sheets a lease whose term is 12 months or less and does not include a purchase option that the lessee is reasonably certain to exercise. As of December 31, 2024, the Company had 2 leases that had a remaining terms of 19 months and 57 months, respectively. The Company has recorded a right-of-use asset of \$133,365 and a lease liability of \$133,365 included with other assets and other liabilities, respectively, on the Consolidated Balance Sheet for December 31, 2024.

Rental expense under operating leases totaled \$11,000 and \$6,000 in 2024 and 2023, respectively.

## 22. REVENUE RECOGNITION

Due to the Company's adoption of ASC 606 on January 1, 2019, the Company conforms to the standard framework for recognizing revenue from contracts with customers. Interest income, net securities (losses) gains and bank-owned life insurance are not in scope of ASC 606. For the revenue streams within the scope of ASC 606, including service charges on deposits, electronic banking fees, mortgage banking income, and net gain or loss on sale of other real estate owned, there are no significant judgements related to the amount and timing of revenue recognition.

### Service Charges on Deposits

There are monthly service charges for both commercial and personal banking customers, depending on their account types, which are earned over the month per the related fee schedule based on the customers' level of deposits. There are also transaction-based fees, which are earned based on specific transactions or customer activity within the customers' deposit accounts. These are earned at the time the transaction or customer activity occurs. The fees are debited from the customer account.

### Electronic Banking Fees

Interchange fees are earned based on customer transactions. Revenue is recognized when the transaction is settled. The Company does not charge ATM fees.

### Mortgage Banking Income

Income is earned when SSB Bank-originated loans are sold to investors on the secondary market. The investors offer pricing for loans at least daily. The Company makes commitments to deliver loans when pricing is acceptable. After a salable loan is consummated and delivery is committed, the loan is sold, loan documents are delivered to the investor, revenue is recognized, and the loans are derecognized from the Consolidated Balance Sheets. Typically this happens within days of consummation. Mortgage servicing rights are retained in most cases, and the value of the mortgage servicing rights is recognized as revenue at the time of the sale.

## 22. REVENUE RECOGNITION (Continued)

### Credit Card Processing Fees

Sponsorship fees are earned based on sponsored merchant card transactions. Revenue is recognized when the transaction is settled.

### Net Gain or Loss on Sale of Other Real Estate Owned

Net gain or loss is recorded when other real estate is sold to a third party and the Company collects substantially all of the consideration to which the Company is entitled in exchange for the transfer of the property.

The following table summarized the point of revenue recognition and the income recognized for each of the revenue streams for the years ended December 31, 2024 and 2023:

Revenue Streams	Point of revenue recognition	For the Year End December 31	
		2024	2023
Service charges on deposits .....	At a point in time & over time	\$ 340,759	\$ 155,260
Electronic banking fees.....	At a point in time	\$ 192,834	\$ 151,162
Mortgage banking income .....	At a point in time	\$ 185,463	\$ 72,953
Credit card processing fees .....	At a point in time	\$ 2,151,572	\$ 1,345,019
Net gain on sale of other real estate owned .....	At a point in time	\$ -	\$ 7,313

## 23. SSB BANCORP, INC. (PARENT COMPANY ONLY) FINANCIAL STATEMENTS

The following are the condensed balance sheets, statements of income, and statements of cash flows for the parent company:

### Balance Sheets

	December 31,	
	2024	2023
Assets		
Cash.....	\$ 1,896,563	\$ 3,203,155
Investment in wholly owned bank subsidiary.....	25,362,587	23,000,205
Investment in wholly owned non-bank subsidiary.....	581,576	945,110
Other assets .....	1,067,775	90,391
Total assets.....	\$ 28,908,501	\$ 27,238,861
Liabilities and stockholders' equity		
Other liabilities .....	\$ 44,467	\$ 41,108
Stockholders' equity .....	28,864,034	27,197,753
Total liabilities and stockholders' equity .....	\$ 28,908,501	\$ 27,238,861

### Statement of Comprehensive Income

	Years Ended December 31,	
	2024	2023
Income		
Equity in undistributed income of bank subsidiary.....	\$ 2,302,226	\$ 1,983,602
Equity in undistributed loss of non-bank subsidiary.....	(363,534)	-
Other income .....	44,013	48,107
Total income .....	1,982,705	2,031,709
Expenses		
Other expenses .....	164,634	162,067
Total expense .....	164,634	162,067
Income before income tax expense .....	1,818,071	1,869,642
Income tax benefit .....	(77,384)	(30,863)
Net income.....	\$ 1,895,455	\$ 1,900,505
Comprehensive income.....	\$ 1,955,611	\$ 1,917,866

23. **SSB BANCORP, INC. (PARENT COMPANY ONLY) FINANCIAL STATEMENTS (Continued)**

**Statements of Cash Flows**

	<b>Years Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Cash flows from operating activities:		
Net income .....	\$ 1,895,455	\$ 1,900,505
Adjustments to reconcile net income to cash used in operating activities		
Equity in undistributed income of subsidiary .....	(1,938,692)	(1,983,602)
Stock compensation expense .....	42,056	63,220
Proceeds from release of ESOP shares .....	42,664	33,678
Other, net .....	(74,025)	(31,309)
Net cash used in operating activities .....	<u>(32,542)</u>	<u>(17,508)</u>
Cash flows from investing activities:		
Stock repurchase .....	(374,050)	-
Increase in due from SMLM .....	(900,000)	-
Net cash used in investing activities.....	<u>(1,274,050)</u>	<u>-</u>
Net decrease in cash .....	(1,306,592)	(17,508)
Cash, beginning balance.....	<u>3,203,155</u>	<u>3,220,663</u>
Cash, ending balance.....	<u>\$ 1,896,563</u>	<u>\$ 3,203,155</u>

24. **SEGMENT REPORTING**

ASC Topic 280 – Segment Reporting identifies operating segments as components of an enterprise which are evaluated regularly by the Company’s Chief Operating Decision Maker (CODM) in deciding how to develop strategy, allocate resources and assess performance. Currently, the role of CODM is filled by the Bank’s Asset-Liability Committee (ALCO).

While the Company monitors the revenue streams of the various products and services, operations are managed, and financial performance is evaluated on an entity-wide basis. The Company provides a variety of financial services to individuals and small businesses in Allegheny County as well as its surrounding communities. Its primary deposit products are checking, savings, certificates of deposit, and individual retirement accounts. Its primary lending products are commercial and industrial loans, commercial mortgage loans, residential mortgage loans, home equity loans and lines of credit, and other consumer loan types.

Management has determined that the Company has one reportable segment consisting of Community Banking. Operating segments are aggregated into one segment, as operating results for all segments are similar. Accordingly, all the financial service operations are considered by management to be aggregated in one reportable operating segment. The accounting policies for the Community Banking segment are the same as those of our consolidated entity.

The CODM assesses performance and decides how to allocate resources based on net income that also is reported on the income statement as consolidate net income. The measure of segment assets is reported on the balance sheet as total consolidated assets.

Net income is used to monitor budget versus actual results. The CODM uses three primary performance measures to gauge performance: return on average assets (ROA), return on average equity (ROE), and the efficiency ratio. ROA measures how efficiently a bank generates income based on the amount of assets or size of a company. ROE measures the efficiency of a company in generating income based on the amount of equity or capital utilized. The efficiency ratio measures how effectively expenses are managed relative to revenue.

25. **SUBSEQUENT EVENTS**

The Company has assessed events occurring subsequent to December 31, 2024 through March 31, 2025, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to, or disclosure in, the consolidated financial statements which were available to be issued April 14, 2025.

**SSB BANCORP, INC.**

**Board of Directors of SSB Bancorp, Inc. and SSB Bank**

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David H. Docchio, Jr.  
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J. Daniel Moon, IV  
President and Chief Executive Officer of SSB Bancorp, Inc. and SSB Bank

Dr. Bernie M. Simons, MD  
Family Practice Physician

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Vice President of Consumer and Mortgage Lending

Todd Farwell  
Vice President of Compliance

**Independent Auditor**

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