TOUCHMARK BANCSHARES, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

TOUCHMARK BANCSHARES, INC. AND SUBSIDIARY

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DECEMBER 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Touchmark Bancshares, Inc.
Alpharetta, Georgia

Opinion

We have audited the consolidated financial statements of Touchmark Bancshares, Inc. and its subsidiary, which comprise the consolidated balance sheet as of December 31, 2021, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Touchmark Bancshares, Inc. and its subsidiary as of December 31, 2021, and the results of their operations and their cash flows for the year 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 Touchmark Bancshares, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The consolidated financial statements of Touchmark Bancshares, Inc. and its subsidiary for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on April 20, 2021.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Touchmark Bancshares, Inc.’s ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Touchmark Bancshares, Inc.'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Touchmark Bancshares, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Nichols, Cauley + Associates, LLC

Atlanta, Georgia
March 1, 2022

TOUCHMARK BANCSHARES, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2021 and 2020

	2021	2020
Assets		
Cash and due from banks	$ 1,212,563	$ 1,198,652
Federal funds sold	5,175,000	5,125,000
Cash and cash equivalents	6,387,563	6,323,652
Interest-bearing accounts with other banks	103,994,062	34,254,852
Securities available for sale	12,968,752	17,552,604
Restricted stock	1,498,450	2,033,450
Loans, less allowance for loan losses of $5,468,554 and $5,376,530, respectively	290,694,664	360,510,234
Premises and equipment	1,309,269	1,369,968
Other assets	4,876,680	5,662,491
Total assets	$ 421,729,440	$ 427,707,251
Liabilities and Stockholders' Equity		
Deposits:		
Non-interest bearing demand	$ 30,642,803	$ 26,029,731
Interest-bearing	324,339,564	331,919,828
Total deposits	354,982,367	357,949,559
Federal Home Loan Bank advances	-	9,000,000
Other liabilities	3,568,908	3,443,702
Total liabilities	358,551,275	370,393,261
Stockholders' equity:		
Preferred stock, no par value, 10,000,000 shares authorized, none issued	-	-
Common stock, $.01 par value, 50,000,000 shares authorized, 4,475,891 issued and outstanding	44,759	44,759
Paid-in capital	46,880,651	46,880,651
Retained earnings	16,171,492	10,089,885
Accumulated other comprehensive income	81,263	298,695
Total stockholders' equity	63,178,165	57,313,990
Total liabilities and stockholders' equity	$ 421,729,440	$ 427,707,251

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

TOUCHMARK BANCSHARES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2021 and 2020

	2021	2020
Interest income:		
Loans, including fees	$ 15,945,315	$ 17,608,461
Securities		
Taxable	254,419	380,465
Tax-exempt	20,077	20,201
Federal funds sold and interest bearing accounts	64,580	172,854
Other	87,165	123,564
Total interest income	16,371,556	18,305,545
Interest expense:		
Deposits	2,215,621	5,924,122
Federal funds purchased	3	951
Federal Home Loan Bank advances	53,778	448,322
Total interest expense	2,269,402	6,373,395
Net interest income	14,102,154	11,932,150
Provision for loan losses	263,242	1,500,500
Net interest income after provision for loan losses	13,838,912	10,431,650
Noninterest income:		
Service charges on deposit accounts and other fees	15,814	19,038
Loan servicing fees	998,392	842,647
Gain on sale of government guaranteed loans	3,727,523	3,363,601
Gain on sale of other real estate owned	-	115,500
Other noninterest income	103,663	66,100
Total noninterest income	4,845,392	4,406,886
Noninterest expense:		
Salaries and employee benefits	4,268,249	4,521,867
Occupancy and equipment	323,569	367,791
Other real estate owned	-	37,621
Referral fees for government guaranteed loans	267,850	739,090
Data processing	312,090	257,667
Loan collection	352,500	420,000
Directors fees	386,750	458,500
Other noninterest expense	1,909,164	1,907,440
Total noninterest expense	7,820,172	8,709,976
Income before taxes	10,864,132	6,128,560
Provision for income taxes	2,544,581	1,410,000
Net income	$ 8,319,551	$ 4,718,560

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

TOUCHMARK BANCSHARES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

YEARS ENDED DECEMBER 31, 2021 and 2020

	2021	2020
Net income	$ 8,319,551	$ 4,718,560
Other comprehensive income (loss):		
Securities available for sale:		
Unrealized gain (loss) on securities	(289,908)	372,184
Tax effect	72,476	(73,305)
Other comprehensive income (loss)	(217,432)	298,879
Comprehensive income	$ 8,102,119	$ 5,017,439

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

TOUCHMARK BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2021 and 2020

	Outstanding Shares of Common Stock	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2019	4,475,891	$ 44,759	$ 46,851,483	$ 6,937,887	$ (184)	$ 53,833,945
Net income	-	-	-	4,718,560	-	4,718,560
Unrealized gain on securities, net of tax	-	-	-	-	298,879	298,879
Stock based compensation expense	-	-	29,168	-	-	29,168
Dividends declared on common shares						
($0.35 per share)	-	-	-	(1,566,562)	-	(1,566,562)
Balance, December 31, 2020	4,475,891	44,759	46,880,651	10,089,885	298,695	57,313,990
Net income	-	-	-	8,319,551	-	8,319,551
Unrealized loss on securities, net of tax	-	-	-	-	(217,432)	(217,432)
Dividends declared on common shares						
($0.50 per share)	-	-	-	(2,237,944)	-	(2,237,944)
Balance, December 31, 2021	4,475,891	$ 44,759	$ 46,880,651	$ 16,171,492	$ 81,263	$ 63,178,165

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

TOUCHMARK BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 and 2020

	2021	2020
Cash flow from operating activities:		
Net income	$ 8,319,551	$ 4,718,560
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation, amortization, and accretion	2,125,527	2,218,282
Provision for loan losses	263,242	1,500,500
Deferred income taxes	(75,145)	(264,791)
Stock compensation expense	-	29,168
Gain on sale of government guaranteed loans	(3,727,523)	(3,363,601)
Gain on sale of other real estate owned	-	(115,500)
Decrease (increase) in other assets	605,646	(1,211,413)
Increase (decrease) in other liabilities	(546,176)	613,512
Net cash provided by operating activities	6,965,122	4,124,717
Cash flow from investing activities:		
Increase in interest bearing accounts	(69,739,210)	(23,330,020)
Proceeds from sale, call, paydown and maturity of securities available for sale	5,726,732	7,444,690
Purchase of securities available for sale	(1,556,509)	(1,386,105)
Proceeds from sale of restricted stock	535,000	274,500
Purchase of restricted stock	-	(2,200)
Loan originations and collections, net	71,684,130	(16,462,381)
Proceeds from sale of other real estate owned	-	203,500
Purchase of premises and equipment	(17,600)	(49,349)
Net cash provided (used) by investing activities	6,632,543	(33,307,365)

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

TOUCHMARK BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 and 2020

	2021	2020
Cash flow from financing activities:		
Net increase (decrease) in deposits	(2,967,192)	23,366,342
Payment of dividends on common stock	(1,566,562)	(1,342,767)
Repayment of Federal Home Loan Bank advances	(9,000,000)	(6,500,000)
Net cash provided (used) by financing activities	(13,533,754)	15,523,575
Net change in cash and cash equivalents	63,911	(13,659,073)
Cash and cash equivalents at the beginning of the period	6,323,652	19,982,725
Cash and cash equivalents at the end of the period	$ 6,387,563	$ 6,323,652
Supplemental disclosures of cash flow information -		
Interest paid	$ 2,406,827	$ 6,532,383
Income taxes	$ 3,038,000	$ 1,026,000
Non cash activities:		
Transfer of loan principal to foreclosed real estate	$ -	$ 88,000
Change in dividends payable	$ 671,382	$ 223,795

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Touchmark Bancshares, Inc. ("the Company") and subsidiary conform to generally accepted accounting principles and with general practices within the banking industry. The following is a description of the more significant of those policies that the Company follows in preparing and presenting its financial statements.

Reporting Entity and Nature of Operations

The Company is a Georgia corporation and was established on April 3, 2007, for the purpose of organizing and managing Touchmark National Bank, (the "Bank"). The Company is a one-bank holding company with respect to its subsidiary, Touchmark National Bank. The Bank was opened with the purpose of serving as a community bank in Gwinnett County, north Fulton, and DeKalb counties and surrounding areas in the state of Georgia.

The Bank operates from its Alpharetta, Georgia headquarters and operates a loan production office in the area. The Company's primary sources of revenue are derived from the Bank's loans to customers and its investment portfolio. The Company's earnings are primarily dependent upon its net interest income, which is determined by (i) the difference between yields earned on interest-earning assets and rates paid on interest-bearing liabilities ("interest rate spread") and (ii) the relative amounts of interest-earning assets and interest-bearing liabilities outstanding. The Company's interest rate spread is affected by regulatory, economic, and competitive factors that influence interest rates, loan demand and deposit flows. The Bank, like other community banks, is vulnerable to an increase in interest rates to the extent that interest-bearing liabilities mature or re-price more rapidly than interest-earning assets.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates in the Preparation of Financial Statements

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 financial statements 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 losses on loans, the valuation of real estate acquired in connection with foreclosure or in satisfaction of loans, fair market value of securities, derivatives and financial instruments, the valuation of deferred tax assets, and the disclosure of contingent assets and liabilities. In connection with the determination of the allowances for losses on loans, management obtains independent appraisals for significant properties.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Financial Statements (Continued)

Management believes that the allowance for losses on loans is adequate. While management uses available information to recognize losses on loans, future additions to the allowances 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 losses on loans may change materially in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Cash and Cash Equivalents

For purposes of presentation in the statements of cash flows, cash and cash equivalents are defined as those amounts included in the balance sheet captions "cash and due from banks" and "federal funds sold." Cash flows from deposits, federal funds sold, secured borrowings, and originations and collections of loans are reported net.

The Bank is required to maintain reserve balances in cash or on deposit with the Federal Reserve Bank based on a percentage of deposits. Effective March 26, 2020, the Federal Reserve's board of directors approved reducing the required reserve requirement ratio to zero percent, effectively eliminating the requirement to maintain reserve balances in cash or on deposit with the Federal Reserve Bank. This reduction in the required reserves does not have a defined timeframe and may be revised by the Federal Reserve's board in the future.

Investment securities

Debt securities that management has the positive intent, and the Company has the ability to hold to maturity are classified as securities held to maturity and recorded at amortized cost. Securities not classified as securities held to maturity, including equity securities with readily, determinable fair values, are securities available for sale and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income (loss). There were no securities classified as held to maturity or trading at December 31, 2021 or 2020.

Purchase premiums and discounts are recognized in interest income using methods approximating the interest method over the terms of the securities. A decline in the market value of any security below cost that is deemed other than temporary results in a charge to earnings and the establishment of a new cost basis for the security. The general standards of accounting for other than temporary impairment (OTTI) losses require the recognition of an OTTI loss in earnings only when an entity (1) intends to sell the debt security; (2) more likely than not will be required to sell the security before recovery of its amortized cost basis or (3) does not expect to recover the entire amortized cost basis of the security. Realized gains and losses for securities are included in earnings and are derived using the specific identification method for determining the amortized cost of securities sold as of the trade date.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment securities (Continued)

A debt security is considered to be other-than-temporarily impaired if the present value of cash flows expected to be collected are less than the security's amortized cost basis (the difference defined as the credit loss) or if the fair value of the security is less than the security's amortized cost basis and the investor intends, or more-likely-than-not will be required, to sell the security before recovery of the security's amortized cost basis, the charge to earnings is limited to the amount of the credit loss. Any remaining difference between fair value and amortized cost (the difference defined as the non-credit portion) is recognized in other comprehensive income. Otherwise, the entire difference between fair value and amortized cost basis is charged to earnings.

Federal Home Loan Bank (FHLB) Stock and Federal Reserve Bank (FRB) Stock

FHLB stock represents an equity interest in FHLB and FRB stock represents an equity interest in FRB. Both stocks do not have a readily determinable fair value because ownership is restricted and the stocks lack a market. The amount of FHLB and FRB stock held by the Company is required by the FHLB and FRB to be maintained and is based on membership requirements and terms of advance agreements. Such restricted equity securities without a readily determinable fair value are recorded at cost, and are periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

Loans Receivable

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff generally are reported at their outstanding unpaid principal balances adjusted for purchase premiums or discounts, deferred loan fees, charge-offs, and an allowance for loan losses. Interest on loans is accrued and credited to income based on the unpaid principal balance on a daily basis. Loan-origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses

The allowance for loan losses is increased by provision charges to income and decreased by charge-offs (net of recoveries). Loans are charged against the allowance for loan losses when management believes the collection of the principal is unlikely. The allowance for loan losses is maintained at a level believed adequate by management to absorb estimated probable inherent loan losses and estimated losses relating to specifically identified loans. Management's periodic evaluation of the adequacy of the allowance is based on the Company's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay (including the timing of payments), the estimated value of any underlying collateral, composition of the loan portfolio, current economic conditions, and other relevant factors. This evaluation is inherently subjective as it requires material estimates that are susceptible to significant change including the amounts and timing of future cash flows expected to be received on impaired loans.

While management uses available information to recognize losses on loans, future additions to the allowance may be necessary based on changes in 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 judgment about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the allowance for losses on loans may change materially in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

The allowance for loan losses may consist of specific, general, and unallocated components. The specific component relates to loans that are classified as impaired. For loans that are classified as impaired, an allowance is established when the collateral value less selling costs, present value of expected cash flows, or the observable market price of the impaired loan is lower than the carrying value of the loan.

A loan is considered impaired when, based on current information and events, it is probable the Company will be unable to collect the scheduled payments of principal and interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls 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.

Impaired loans are measured by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the estimated fair value of the collateral, less selling costs, if the loan is collateral dependent. The amount of impairment, if any, and any subsequent changes are included in the allowance for loan losses or charged-off if determined to be uncollectible. By the time a loan becomes probable for foreclosure it has been charged down to fair value, less estimated costs to sell.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses (Continued)

General allowances are established for non-impaired loans. These loans are assigned a loan category, and the allocated allowance for loan losses is determined based upon the loss percentage factors that correspond to each loan category.

Loss percentage factors are based on historical loss experience adjusted for qualitative factors. The qualitative factors consider, among other things, credit concentrations, recent levels and trends in delinquencies and nonaccrual loans, and growth in the loan portfolio. The occurrence of certain events could result in changes to the loss factors. Accordingly, these loss factors are reviewed periodically and modified as necessary.

The general reserves are determined based on consideration of historic loss data, and the various risk characteristics of each loan segment. Risk characteristics relevant to each portfolio segment are as follows:

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

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

Commercial real estate —Loans in this segment are owner occupied business properties and non-owner occupied business income-producing properties. The underlying cash flows generated by the properties and the businesses occupying the properties are adversely impacted by a downturn in the economy as evidenced by increased vacancy rates and decreased owner cash flows, which in turn, will have an effect on the credit quality in this segment. Management monitors the cash flows of these borrowers.

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

Other loans – Loans in the segment are made to individuals and are generally secured by personal property and/or personal guaranties. Repayment is expected from the cash flows of the individual which is affected by the overall economy with specific regards to the unemployment rate.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses (Continued)

Unallocated allowances relate to inherent losses that are not otherwise evaluated in the specific and general allowances. The qualitative factors associated with unallocated allowances are subjective and require a high degree of management judgment. These factors include the inherent imprecision in mathematical models and credit quality statistics, recent economic uncertainty, losses incurred from recent events, lagging or incomplete data, and the significant factors affecting the real estate market.

Significant Group Concentrations of Credit Risk

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

Transfers of Financial Assets

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

Premises and Equipment

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

Asset Type	Useful Life
Buildings	40 years
Furniture, Fixtures and Equipment	3-7 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Real Estate Owned

Real estate properties acquired through, or in lieu of, loan foreclosure are to be sold and are initially recorded at fair value less selling costs at the date of foreclosure establishing a new cost basis. Any write down to fair value at the time of foreclosure is charged to the allowance for loan losses. After foreclosure, valuations are periodically performed by management and the real estate is carried at the lower of carrying amount or fair value less cost to sell. Costs of improvements are capitalized, whereas costs relating to holding foreclosed real estate and subsequent adjustment to the value are expensed.

As of December 31, 2021 and 2020, there were no real estate properties held by the Company as a result of obtaining physical possession or foreclosure.

Loan Servicing Rights

The Company services loans it sells to third-party institutions. Servicing loans includes collecting monthly principal and interest payments from borrowers, passing such payments through to the third-party investors, and maintaining escrow accounts for taxes and insurance. When necessary, the Company also performs collection functions for delinquent loan payments, handles loan foreclosure proceedings, and disposes of foreclosed property. The Company generally earns a servicing fee on the outstanding loan balance for performing these services as well as fees and interest income from ancillary sources such as late fees and float. Servicing fees totaled $998,392 and $842,647 for the years ended December 31, 2021 and 2020, respectively. Servicing fees, late fees, and other ancillary income earned each year are reported in the consolidated statement of earnings as a component of loan servicing fees.

Loan servicing rights are recognized as assets when loans are sold or when servicing rights are acquired. Purchased servicing rights are recognized at cost when acquired. Loan servicing rights recognized when loans are sold are measured at fair value. The fair value of loan servicing rights is estimated using market prices for comparable contracts, when available, or a valuation model that calculates the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income such as costs to service, a discount rate, custodial earnings rate, ancillary income, default rates and losses, and prepayment speeds. The fair value of loan servicing rights may change due to changes in discount rates, prepayment expectations, default rates, and other factors. Loan servicing rights are reported in other assets and are amortized in proportion to, and over the period of, the estimated future net servicing income of the underlying loans. The loan servicing asset totaled approximately $1,871,763 and $1,670,197 at December 31, 2021 and 2020, respectively.

Loan servicing rights are evaluated for impairment at least annually. Changes in the carrying value of servicing assets are recorded in noninterest expense in the Consolidated Statements of Earnings. Loan servicing asset amortization included in noninterest expense totaled approximately $327,786 and $254,068 for the years ended December 31, 2021 and 2020, respectively.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 and considers any uncertain tax positions.

A valuation allowance for deferred tax assets is required when it is more likely than not that some portion or all of the deferred tax asset will not be realized. In assessing the realization of the deferred tax assets, management considers the scheduled reversals of deferred tax liabilities, projected future taxable income (in the near-term based on current projections), and tax planning strategies.

The Company recognizes accrued interest associated with uncertain tax positions as part of interest expense and penalties associated with uncertain tax positions as part of other expenses. As of December 31, 2021 and 2020, there were no accrued interest and penalties associated with uncertain tax positions.

The operating results of the Company and its subsidiary are included in consolidated income tax returns.

Comprehensive Income (Loss)

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

Stock Based Compensation

The Company maintains a share-based employee compensation plan for grants of equity based compensation to key personnel. The Company accounts for such share-based payment based on the fair value of such as of the date of grant. Upon issuance of share based payment awards, compensation cost is recognized in the consolidated financial statements of the Company for all share-based payments granted, based on the grant date fair value over the requisite service period of the awards. The stock based compensation plan is described more fully in Note 15.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from Contracts with Customers

Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers* ("ASC 606"), establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied.

The majority of revenue-generating transactions are not subject to ASC 606, including revenue generated from financial instruments, such as loans, letters of credit, and investment securities, as well as revenue related to loan servicing activities, as these activities are subject to other GAAP discussed elsewhere within disclosures. Descriptions of revenue-generating activities that are within the scope of ASC 606, which are presented in income statements as components of noninterest income are as follows:

Service charges on deposits: These include general service fees for monthly account maintenance and activity or transaction-based fees and consist of transaction-based revenue, time-based revenue (service period), item-based revenue or some other individual attribute-based revenue. Revenue on these types of fees are recognized when performance obligation is completed which is generally monthly for account maintenance services or when a transaction has been completed. Payment for such performance obligations are generally received at the time the performance obligations are satisfied. Service charges on deposits also include overdraft and NSF fees. Overdraft fees are charged when a depositor has a draw on their account that has inadequate funds.

Card interchange income: A contract between the Bank, as a card-issuing bank, and its customers whereby the Bank receives a transaction fee from the merchant's bank whenever a customer uses a debit or credit card to make a purchase. These fees are earned as the service is provided (i.e., when customer uses a debit/ATM card).

Gain or loss on sale of foreclosed real estate: This revenue stream is recorded when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. When the Company finances the sale of foreclosed real estate to the buyer, the Company assesses whether the buyer is committed to perform their obligations under the contract and whether collectability of the transaction price is probable. Once these criteria are met, the foreclosed real estate asset is derecognized and the gain or loss on sale is recorded upon the transfer of control of the property to the buyer. In determining the gain or loss on the sale, the Company adjusts the transaction price and related gain or loss on sale if a significant financing component is present. This revenue stream is within the scope of ASC 606 and is included in other income in noninterest income. Minimal revenue was generated from gains and losses on the sale and financing of foreclosed real estate.

Other revenue streams that are recorded in other income in noninterest income include revenue generated from letters of credit. These revenue streams are either not material or out of scope of ASC 606.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

In the ordinary course of business the Company enters into off balance sheet financial instruments consisting of commitments to extend credit, commercial letters of credit and standby letters of credit. Such financial instruments are recorded in the financial statements when they become payable.

Fair Values of Financial Instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Quoted market prices, if available, are utilized as estimates of the fair values of financial instruments. Since no quoted market prices exist for a significant part of the Company's financial instruments, the fair values of such instruments have been derived based on management's assumptions, the estimated amount and timing of future cash flows, and estimated discount rates.

The estimation methods for individual classifications of financial instruments are described in Note 13. Different assumptions could significantly affect these estimates. Accordingly, net realizable values could be materially different from the estimates presented. In addition, the estimates are only indicative of the value of individual financial instruments and should not be considered an indication of the fair value of the combined Company.

COVID-19 Coronavirus

As a result of the continued spread of the COVID-19 coronavirus, economic uncertainties remain which could negatively impact the Company. The outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of COVID-19's impact on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the virus' impact on the Company's customers, employees and vendors. At this point, the extent to which COVID-19 may impact the Company's financial condition or results of operations remains uncertain.

Reclassifications

Certain amounts have been reclassified in the 2020 consolidated financial statements for them to be more comparable to the 2021 consolidated financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* which amended existing guidance that requires lessees recognize the following for all leases (with the exception of short-term leases) at the commencement date (1) a lease liability, which is a lessees obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and Topic 606, Revenue from Contracts with Customers. This amendment is effective for nonpublic business entities for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early application is permitted upon issuance. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach. The adoption of this standard is not expected to have a material effect on the Company's operating results or financial condition.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326) to replace the incurred loss model with an expected loss model, which is referred to as the current expected credit loss (CECL) model. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including loan receivables, held-to-maturity debt securities, and reinsurance receivables. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and similar instruments) and net investments in leases recognized by a lessor. For debt securities with other-than-temporary impairment (OTTI), the guidance will be applied prospectively. Existing purchased credit impaired (PCI) assets will be grandfathered and classified as purchased credit deteriorated (PCD) assets at the date of adoption. The assets will be grossed up for the allowance of expected credit losses for all PCD assets at the date of adoption and will continue to recognize the noncredit discount in interest income based on the yield of such assets as of the adoption date. Subsequent changes in expected credit losses will be recorded through the allowance. This amendment is effective for nonpublic entities for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. The Company is currently evaluating the impact of this new accounting standard on the financial statements.

NOTE 2 - RISK FACTORS

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

The Company's operations, profitability, cash flows, capital and liquidity are significantly dependent on economic conditions and related uncertainties. In addition, the Company is affected, directly and indirectly, by domestic and international economic and political conditions and by governmental monetary and fiscal policies.

The subsidiary Bank of the Company is a community bank and as such, is mandated by the Community Reinvestment Act and other regulations to conduct most of its lending activities within its designated geographic area.

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

The Company is subject to vigorous competition in all aspects and areas of business from banks and other financial institutions, including savings and loan associations, savings banks, finance companies, credit unions and other providers of financial services, such as money market mutual funds, brokerage firms, consumer finance companies and insurance companies. The Company also competes with nonfinancial institutions, including retail stores that maintain their own credit programs and governmental agencies that make available low cost or guaranteed loans to certain borrowers. Certain competitors are larger financial institutions with substantially greater resources, lending limits, larger branch systems, and a wider array of commercial banking services.

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

NOTE 3 - SECURITIES AVAILABLE FOR SALE

The amortized cost, gross unrealized gains and losses, and estimated fair value of investments securities at December 31, 2021 and 2020, are summarized as follows:

	December 31, 2021			
	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Government-sponsored enterprises (GSEs)	$ 455,373	$ 9,395	$ -	$ 464,768
State and municipal securities	1,021,385	23,459		1,044,844
Mortgage-backed GSE residential	11,383,643	165,079	(89,582)	11,459,140
	$ 12,860,401	$ 197,933	$ (89,582)	$ 12,968,752
	December 31, 2020			
U.S. Government-sponsored enterprises (GSEs)	$ 580,828	$ 19,837	$ -	$ 600,665
State and municipal securities	1,027,714	38,995	-	1,066,709
Mortgage-backed GSE residential	15,545,803	363,164	(23,737)	15,885,230
	$ 17,154,345	$ 421,996	$ (23,737)	$ 17,552,604

Fair values of debt securities are generally estimated based on financial models or prices paid for similar securities. It is possible interest rates or other key inputs to the valuation estimate could change considerably resulting in a material change in the estimated fair value of debt securities.

Included in stockholders' equity at December 31, 2021 is $81,263 of unrealized gains on investment securities available for sale, net of tax of $27,088. Included in stockholders' equity at December 31, 2020 is $298,695 of unrealized gains on investment securities available for sale, net of tax of $99,564.

NOTE 3 - SECURITIES AVAILABLE FOR SALE (CONTINUED)

The amortized cost and estimated fair value of investment securities at December 31, 2021, 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.

	Available For Sale	
	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 445,818	$ 452,458
Due after one year but less than five years	575,567	592,386
Due after five years but less than ten years	2,425,723	2,482,309
Due after ten years but less than twenty years	3,466,250	3,546,889
Due in more than twenty years	5,947,043	5,894,710
	$ 12,860,401	$ 12,968,752

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

There were no sales of debt securities in 2021 and 2020.

Investment securities with a carrying value of $3,353,436 and $3,798,356 at December 31, 2021 and 2020, respectively, were pledged to secure public deposits.

Taxable interest income on investments was $254,419 and $380,465 for the years ended December 31, 2021 and 2020, respectively. Interest income exempt from Federal income tax was $20,077 and $20,201 for the years ended December 31, 2021 and 2020, respectively.

NOTE 3 – SECURITIES AVAILABLE FOR SALE (CONTINUED)

Information pertaining to securities with gross unrealized losses at December 31, 2021 and 2020 aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	2021			
	Twelve Months or Less		Over Twelve Months	
	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value
U.S. Government-sponsored enterprises (GSEs)	$ -	$ -	$ -	$ -
State and municipal securities	-	-	-	-
Mortgage-backed GSE residential	(23,689)	2,044,066	(65,893)	1,288,197
	$ (23,689)	$ 2,044,066	$ (65,893)	$ 1,288,197

	2020			
	Twelve Months or Less		Over Twelve Months	
U.S. Government-sponsored enterprises (GSEs)	$ -	$ -	$ -	$ -
State and municipal securities	-	-	-	-
Mortgage-backed GSE residential	(23,737)	2,570,404	-	-
	$ (23,737)	$ 2,570,404	$ -	$ -

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

At December 31, 2021, three debt securities have unrealized losses with aggregate depreciation of 1.9% from the Company's amortized cost basis. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, industry analysts' reports, and the results of reviews of the issuer's financial condition. As management has the ability to hold debt securities until maturity, or for the foreseeable future, no declines are deemed to be other than temporary.

NOTE 3 – SECURITIES AVAILABLE FOR SALE (CONTINUED)

Mortgage-backed securities GSE residential

The unrealized losses on the Company's investment on three mortgage-backed securities GSE residential were caused by changes in interest rates. The contractual cash flows of those investments are guaranteed by an agency of the U.S. Government. Accordingly, it is expected that the securities would not be settled at a price less than the amortized cost basis of the Company's investments. Because the decline in market value is attributable to changes in interest rates and not credit quality, and because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2021.

NOTE 4 - LOANS AND ALLOWANCE FOR LOAN LOSSES

The composition of loans as of December 31, 2021 and 2020 is summarized as follows:

	2021	2020
Construction, development, and land	$ 30,389,364	$ 66,134,287
Real estate - mortgage	2,259,234	4,943,958
Commercial real estate	204,229,098	191,929,865
Commercial and industrial	60,882,261	104,929,277
Other	-	125,464
	297,759,957	368,062,851
Allowance for loan losses	(5,468,554)	(5,376,530)
Unearned deferred fees	(1,596,739)	(2,176,087)
Loans, net	$ 290,694,664	$ 360,510,234

The Company is not committed to lend additional funds to borrowers with non-accrual or restructured loans.

The loan classifications above include unamortized net premiums on purchased loans totaling $3,294,765 and $5,297,015 as of December 31, 2021 and 2020, respectively.

The Bank grants loans and extensions of credit to individuals and a variety of businesses. Although the Bank has a diversified loan portfolio, a substantial portion of the portfolio is collateralized by improved and unimproved real estate and is dependent upon the real estate market. In addition, the Bank makes loans nationally through government guaranteed lending programs.

NOTE 4 - LOANS AND ALLOWANCE FOR LOAN LOSSES (CONTINUED)

The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, is an economic stimulus bill signed into law on March 27, 2020, in response to the economic fallout of the COVID-19 pandemic in the United States. The creation of the Paycheck Protection Program (PPP) enacted under the CARES Act provides forgivable loans to small businesses for payroll obligations, emergency grants to cover immediate operating costs, and a mechanism for loan forgiveness by the Small Business Administration should all criteria be met. Included in commercial loans as of December 31, 2021 and 2020 are approximately $12,269,000 and $48,933,000, respectively, of loans granted under the Paycheck Protection Program. These loans are fully guaranteed by the Small Business Administration.

In the normal course of business, the Company sells and purchases loan participations to and from other financial institutions. Loan participations are typically sold to comply with the legal lending limits per borrower as imposed by regulatory authorities. The participations are sold without recourse and the Company imposes no transfer or ownership restrictions on the purchaser.

The allowance for loan losses as of December 31, 2021, by portfolio segment, is as follows:

	Construction and Development	Real Estate-Mortgage	Commercial Real Estate	Commercial and Industrial	Other	Total
Allowance for loan losses:						
Beginning balance	$ 418,510	$ 28,513	$ 4,637,517	$ 291,339	$ 651	$ 5,376,530
Charge-offs	-	-	(198,031)	(9,620)	-	(207,651)
Recoveries	-	-	35,080	1,353	-	36,433
Provision	237,943	(11,990)	(127,602)	162,312	2,579	263,242
Ending balance	$ 656,453	$ 16,523	$ 4,346,964	$ 445,384	$ 3,230	$ 5,468,554
Ending balance: individually evaluated for impairment	$ -	$ -	$ 2,032,646	$ 118,834	$ -	$ 2,151,480
Ending balance: collectively evaluated for impairment	$ 656,453	$ 16,523	$ 2,314,318	$ 326,550	$ 3,230	$ 3,317,074
Gross loans:						
Ending balance	$ 30,389,364	$ 2,259,234	$ 204,229,098	$ 60,882,261	$ -	$ 297,759,957
Ending balance: individually evaluated for impairment	$ -	$ -	$ 8,474,056	$ 1,094,581	$ -	$ 9,568,637
Ending balance: collectively evaluated for impairment	$ 30,389,364	$ 2,259,234	$ 195,755,042	$ 59,787,680	$ -	$ 288,191,320

NOTE 4 - LOANS AND ALLOWANCE FOR LOAN LOSSES (CONTINUED)

The allowance for loan losses as of December 31, 2020, by portfolio segment, is as follows:

	Construction and Development	Real Estate-Mortgage	Commercial Real Estate	Commercial and Industrial	Other	Total
Allowance for loan losses:						
Beginning balance	$ 350,063	$ 32,069	$ 3,634,808	$ 219,429	$ 12,530	$ 4,248,899
Charge-offs	(106,003)	-	(520,143)	-	-	(626,146)
Recoveries	104,744	-	147,433	1,100	-	253,277
Provision	69,706	(3,556)	1,375,419	70,810	(11,879)	1,500,500
Ending balance	$ 418,510	$ 28,513	$ 4,637,517	$ 291,339	$ 651	$ 5,376,530
Ending balance: individually evaluated for impairment	$ 7,712	$ -	$ 1,690,286	$ 59,702	$ -	$ 1,757,700
Ending balance: collectively evaluated for impairment	$ 410,798	$ 28,513	$ 2,947,231	$ 231,637	$ 651	$ 3,618,830
Gross loans:						
Ending Balance	$ 66,134,287	$ 4,943,958	$ 191,929,865	$ 104,929,277	$ 125,464	$ 368,062,851
Ending balance: individually evaluated for impairment	$ 1,340,796	$ -	$ 4,659,220	$ 1,071,312	$ -	$ 7,071,328
Ending balance: collectively evaluated for impairment	$ 64,793,491	$ 4,943,958	$ 187,270,645	$ 103,857,965	$ 125,464	$ 360,991,523

Impaired loans as of December 31, 2021 and 2020, by portfolio segment, are as follows:

December 31, 2021	Unpaid Total Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance
Construction and development	$ -	$ -	$ -	$ -	$ -
Real estate - mortgage	-	-	-	-	-
Commercial real estate	8,474,056	371,383	8,102,673	8,474,056	2,032,646
Commercial and industrial	1,094,581	224,697	869,884	1,094,581	118,834
Other	-	-	-	-	-
Total	$ 9,568,637	$ 596,080	$ 8,972,557	$ 9,568,637	$ 2,151,480
December 31, 2020					
Construction and development	$ 1,340,796	$ -	$ 1,340,796	$ 1,340,796	$ 7,712
Real estate - mortgage	-	-	-	-	-
Commercial real estate	4,659,220	-	4,659,220	4,659,220	1,690,286
Commercial and industrial	1,071,312	56,175	1,015,137	1,071,312	59,702
Other	-	-	-	-	-
Total	$ 7,071,328	$ 56,175	$ 7,015,153	$ 7,071,328	$ 1,757,700

NOTE 4 - LOANS AND ALLOWANCE FOR LOAN LOSSES (CONTINUED)

The recorded investment excludes accrued interest and fees, due to immateriality.

	Year Ended December 31, 2021		Year Ended December 31, 2020	
	Average Recorded Investment	Income Recognized	Average Recorded Investment	Income Recognized
Construction and development	$ 670,398	$ -	$ 1,356,605	$ 75,944
Real estate - mortgage	-	-	-	-
Commercial real estate	6,566,638	104,050	4,766,904	298,352
Commercial and industrial	1,082,947	45,922	1,148,222	66,248
Other	-	-	-	-
Total	$ 8,319,983	$ 149,972	$ 7,271,731	$ 440,544

A primary credit quality indicator for financial institutions is delinquent balances. Delinquencies are updated on a daily basis and are continuously monitored. Loans are placed on nonaccrual status as needed based on repayment status and consideration of accounting and regulatory guidelines. Nonaccrual balances are updated and reported on a daily basis.

The following are the delinquent amounts, by portfolio segment, as of December 31, 2021 and 2020:

	Current	30-89 Days	Accruing Greater Than 90 Days	Total Accruing Past Due	Non-accrual	Total Financing Receivables
December 31, 2021						
Construction and development	$ 25,570,684	$ 4,818,680	$ -	$ 4,818,680	$ -	$ 30,389,364
Real estate - mortgage	2,259,234	-	-	-	-	2,259,234
Commercial real estate	199,778,912	1,249,384	-	1,249,384	3,200,802	204,229,098
Commercial and industrial	57,305,269	3,279,670	-	3,279,670	297,322	60,882,261
Other	-	-	-	-	-	-
Total	$284,914,099	$ 9,347,734	$ -	$ 9,347,734	$ 3,498,124	$297,759,957
December 31, 2020						
Construction and development	$ 66,016,847	$ 117,440	$ -	$ 117,440	$ -	$ 66,134,287
Real estate - mortgage	4,943,958	-	-	-	-	4,943,958
Commercial real estate	185,063,538	1,239,408	2,777,446	4,016,854	2,849,473	191,929,865
Commercial and industrial	104,831,153	98,124	-	98,124	-	104,929,277
Other	125,464	-	-	-	-	125,464
Total	$360,980,960	$ 1,454,972	$ 2,777,446	$ 4,232,418	$ 2,849,473	$368,062,851

NOTE 4 - LOANS AND ALLOWANCE FOR LOAN LOSSES (CONTINUED)

The Bank categorized 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 Bank analyzes loans individually by classifying the loans as to credit risk. This analysis is performed on a continuous basis. The Company utilizes a nine grade internal loan rating system for its loan portfolio as follows:

Internal Watch. Loans in this category contain elements of additional risk that may require close following. Collateral values generally afford adequate coverage but may not be immediately marketable. Ratings are assigned to loans where management has some concern that the collateral or debt service ability may not be adequate, though the collectability of the contractual loan payments is still probable.

Special Mention. Potential weaknesses exist that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the assets or in the institution's credit position at some future date. Loans in this category and worse are included on the bank's watch list.

Substandard. Loans are inadequately protected by the net worth and cash flow of the borrower or of the collateral pledged and are considered classified. The credit risk in this situation is related to the possibility of some loss of principal or interest if the deficiencies are not corrected.

Doubtful. Specific weaknesses characterized as Substandard that are severe enough to make collection in full unlikely. There is no reliable secondary source of full repayment.

Loss. Loans are categorized as Loss have the same characteristics as Doubtful; however, probability of loss is certain. Loans classified as such are generally charged-off.

Loans not meeting the criteria above that are analyzed individually as part of the above described process are considered to be pass rated loans.

Loan grades are monitored regularly and updated as necessary based upon review of repayment status and consideration of periodic updates regarding the borrower’s financial condition and capacity to meet contractual requirements. The following presents the Company’s loans by risk rating based on the most recent information available as of December 31, 2021 and 2020:

NOTE 4 - LOANS AND ALLOWANCE FOR LOAN LOSSES (CONTINUED)

	Construction and Development	Real Estate - Mortgage	Commercial Real Estate	Commercial and Industrial	Other	Total
December 31, 2021						
1-4 (Pass)	$ 18,240,563	$ 2,087,089	$ 104,099,770	$ 39,291,925	$ -	$ 163,719,347
5 (Internal Watch)	12,148,801	172,145	78,556,540	3,478,425	-	94,355,911
6 (Special Mention)	-	-	7,274,664	15,719,208	-	22,993,872
7 (Substandard)	-	-	11,967,989	2,392,703	-	14,360,692
8 (Doubtful)	-	-	2,330,135	-	-	2,330,135
9 (Loss)	-	-	-	-	-	-
Total	$ 30,389,364	$ 2,259,234	$ 204,229,098	$ 60,882,261	$ -	$ 297,759,957
December 31, 2020						
1-4 (Pass)	$ 41,860,829	$ 4,754,494	$ 122,731,570	$ 100,822,068	$ 125,464	$ 270,294,425
5 (Internal Watch)	22,932,662	189,464	53,137,010	2,993,947	-	79,253,083
6 (Special Mention)	-	-	11,402,065	41,950	-	11,444,015
7 (Substandard)	1,340,796	-	2,095,294	1,071,312	-	4,507,402
8 (Doubtful)	-	-	2,563,926	-	-	2,563,926
9 (Loss)	-	-	-	-	-	-
Total	$ 66,134,287	$ 4,943,958	$ 191,929,865	$ 104,929,277	$ 125,464	$ 368,062,851

In this current real estate environment it has become more common to restructure or modify the terms of certain loans under certain conditions (i.e. troubled debt restructures or "TDRs"). In those circumstances it may be beneficial to restructure the terms of a loan and work with the borrower for the benefit of both parties, versus forcing the property into foreclosure and having to dispose of it in an unfavorable real estate market. When the Company has modified the terms of a loan, the Company usually either reduces or defers payments for a period of time. The Company has not forgiven any material principal amounts on any loan modifications during 2021 and 2020. The Company did not have any loans determined to be TDRs as of December 31, 2021 and 2020.

NOTE 5 - PREMISES AND EQUIPMENT

Major classifications of these assets at December 31, 2021 and 2020 are summarized as follows:

	2021	2020
Land	$ 400,000	$ 400,000
Building	1,128,119	1,118,919
Furniture, fixtures and equipment	234,741	226,341
	1,762,860	1,745,260
Accumulated depreciation	(453,591)	(375,292)
Premises and equipment, net	$ 1,309,269	$ 1,369,968

Depreciation expense for the years ended December 31, 2021 and December 31, 2020 was $78,299 and $98,064, respectively.

NOTE 6 - DEPOSITS

Deposit account balances at December 31, 2021 and 2020 are summarized as follows:

	2021	2020
Non-interest bearing demand deposits	$ 30,642,803	$ 26,029,731
Interest - bearing demand	151,527,016	130,320,640
Savings	79,516	109,713
Time Deposits	172,733,032	201,489,475
Total Deposits	$ 354,982,367	$ 357,949,559

Time deposits that exceed $250,000 at December 31, 2021 and 2020 were approximately $42,985,000 and $76,173,000, respectively. At December 31, 2021 and 2020 brokered time deposits were $31,753,000 and $3,132,000, respectively.

At December 31, 2021, the scheduled maturities of time deposits are as follows:

Year Ending December 31,	
2022	$ 156,029,760
2023	12,378,013
2024	3,387,267
2025	903,998
2026	33,994
	$ 172,733,032

Overdrafts included in loans were $3,297 and $685 at December 31, 2021 and 2020, respectively.

NOTE 7 – LEASES

The Company entered into a lease agreement to lease an office location in Alpharetta, Georgia for a term of fifty-four months, with the lease commencing in February 2015 and ending in July 2019. This lease was subsequently amended with the lease commencing in August 2019 and ending in October 2024. The terms dictate the first month is a rental holiday with payments commencing September 2019 in the amount of $6,510 and increasing 4% per annum. Rent payments due during August 2020 and August 2021 were also rental holidays.

The minimum lease under these leases are as follows:

Year Ending December 31,	Minimum Lease Payments
2022	$ 85,907
2023	89,344
2024	77,076
Total	$ 252,327

Total rental expense for the years ended December 31, 2021 and 2020 was $84,985 and $85,451, respectively.

NOTE 8 - OTHER BORROWINGS

At December 31, 2021 the Company did not have any borrowings or advances outstanding. As of December 31, 2020, the Company had advances of $9,000,000 outstanding from the FHLB.

The following advances, which required monthly or quarterly interest payments, were outstanding at December 31, 2020:

December 31, 2020			
Rate Type	Maturity Date	Interest Rate	Amount
Fixed	04/05/21	3.03%	$ 4,000,000
Fixed	02/08/21	3.08%	5,000,000
			$ 9,000,000

The aggregate of the advances is collateralized by a blanket floating lien on a portion of the Company's loan portfolio, portions of which can be used to cover any defaults on repayments of advances. The total amount of loans pledged as of December 31, 2021 and 2020 was approximately $23,287,000 and $25,208,000, respectively. As of December 31, 2021 and 2020 the Company had approximately $17,388,842 and $22,655,000, respectively, of available and unused FHLB advances on its lendable collateral.

At December 31, 2021 and 2020, the Company had Federal funds lines available with correspondent banks totaling $55,500,000 and $45,500,000, respectively. These lines have various rates, terms and maturities. At December 31, 2021, the Company had credit availability through the Federal Reserve Bank discount window. Access to this facility is secured by pledged loans of $77,513,857, with a collateral value of $73,638,164.

NOTE 9 -- INCOME TAXES

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

	2021	2020
Currently payable	$ 2,619,727	$ 1,674,791
Deferred income taxes	(75,146)	(264,791)
	$ 2,544,581	$ 1,410,000

The Company's income tax expense differs from the amounts computed by applying the federal income tax statutory rates to income before income taxes. A reconciliation of the differences is as follows:

	December 31, 2021		December 31, 2020	
	Amount	Percent	Amount	Percent
Tax provision at statutory rate	$ 2,281,468	21.0 %	$ 1,286,998	21.0 %
Differences resulting from:				
State income taxes	590,696	5.4	176,519	2.9
Other items, net	(327,583)	(3.0)	(53,517)	(0.9)
Provision for income taxes	$ 2,544,581	23.4 %	$ 1,410,000	23.0 %

The primary difference between the statutory rates and calculated amounts is permanent differences between items such as municipal tax free interest, disallowed interest expense, and meals disallowance.

NOTE 9 --INCOME TAXES (CONTINUED)

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. The following summarizes the components of deferred taxes at December 31, 2021 and 2020:

	2021	2020
Deferred income tax assets (liabilities)		
Allowance for loan losses	$ 1,379,905	$ 1,274,117
Pre-opening expense	25,035	48,147
Loan servicing asset	(499,417)	(422,560)
Depreciation	59,497	43,250
Stock options	135,194	135,194
Deferred loan fees	30,831	30,847
Nonaccrual interest	53,096	-
Securities available for sale	(27,088)	(99,565)
Total gross deferred income tax assets	1,157,053	1,009,430
Less valuation allowance	-	-
Total deferred tax assets (liabilities)	$ 1,157,053	$ 1,009,430

The future tax consequences of the differences between the financial reporting and tax basis of the Company's assets and liabilities resulted in a net deferred tax asset. Management has performed an evaluation of future taxable income and determined that a valuation allowance is not necessary at December 31, 2021 as future taxable income is more likely than not to exceed the deferred tax asset.

For the years ended December 31, 2021 and 2020, management believes there are no material amounts of uncertain tax positions. Additionally, there were no amounts of interest and penalties recognized in the balance sheet as of December 31, 2021 and 2020 or on the statements of income for the years ended December 31, 2021 and 2020. Further, returns remain subject to examination for a period of three years.

NOTE 10 -- RELATED PARTY TRANSACTIONS

The Company has had, and may be expected to have in the future, banking transactions in the ordinary course of business with directors, principal officers, their immediate families, and affiliated companies in which they are principal stockholders (commonly referred to as related parties), on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with others. The Company had no related party loans at December 31, 2021. During 2020, new related party loans of $82,200 were originated as PPP loans under the CARES Act and remained outstanding at the end of the year. Changes in related party loans for the year ended December 31, 2021 are as follows:

Balance, beginning of year	$	82,200
Advances		-
Repayments		(82,200)
Other change in relationship		-
Balance, end of year	$	-

Deposits from directors, executive officers, principal stockholders, and their affiliates totaled $36,397,034 at December 31, 2021 and $30,996,000 at December 31, 2020.

NOTE 11-- COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company makes various commitments and incurs certain contingent liabilities that are not reflected in the accompanying consolidated financial statements. These commitments and contingent liabilities may include various guarantees, commitments to extend credit, and standby letters of credit. The Company does not anticipate any material losses as a result of these commitments and contingent liabilities. The Company also enters into various contracts for data processing services, Internet Banking, ATM/debit card processing and related network monitoring and support. These contracts generally expire after a term of sixty months and are cancelable by either party with a written notice subject to certain penalties.

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

There is pending litigation against the Company as of December 31, 2021. The litigation relates to two loans which are claimed to have been fraudulently executed by an individual who was not authorized to do so by the borrowing company. The Company has moved these loans to an impaired loan classification and established a specific reserve of approximately $1,165,000 related to its estimate for potential losses regarding this matter as of December 31, 2021.

NOTE 12 -- FINANCIAL INSTRUMENTS

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

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

The following commitments were outstanding at December 31, 2021 and 2020:

	Contract Amount (In Thousands)	
	2021	2020
Commitments to extend credit	$ 34,326	$ 33,015
Standby letters of credit	$ 11	$ 81

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Company upon extension of credit is based on management's credit evaluation of the counterparty.

Standby letters of credit written are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan commitments to customers.

The Company has cash deposits with financial institutions in excess of the insured limitation of the Federal Deposit Insurance Corporation. If any of these financial institutions were not to honor its contractual liability, the Company could incur losses. Management is of the opinion there is no material risk because of the financial strength of the institution.

NOTE 13 -- FAIR VALUE

Financial Instruments Measured at Fair Value

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

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

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

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The following presents the assets and liabilities as of December 31, 2021 and 2020 which are measured at fair value on a recurring basis, aggregated by the level in the fair value hierarchy within which those measurements fall, and the financial instruments carried on the consolidated balance sheet by caption and by level in the fair value hierarchy, for which a nonrecurring change in fair value has been recorded:

NOTE 13 -- FAIR VALUE (CONTINUED)

	December 31, 2021				
	Total	Level 1	Level 2	Level 3	Total Gains (Losses)
Assets					
Recurring fair value measurements:					
Securities available for sale:					
U.S. Government-sponsored enterprises (GSEs)	$ 464,768	$ -	$ 464,768	$ -	
State and municipal securities	1,044,844	-	1,044,844	-	
Mortgage-backed GSE residential	11,459,140	-	11,459,140	-	
Total securities available for sale	12,968,752	-	12,968,752	-	
Total recurring fair value measurements	$ 12,968,752	$ -	$ 12,968,752	$ -	
Nonrecurring fair value measurements:					
Impaired loans	$ 6,821,077	$ -	$ -	$ 6,821,077	$ -
Total nonrecurring fair value measurements	$ 6,821,077	$ -	$ -	$ 6,821,077	$ -

	December 31, 2020				
	Total	Level 1	Level 2	Level 3	Total Gains (Losses)
Assets					
Recurring fair value measurements:					
Securities available for sale:					
U.S. Government-sponsored enterprises (GSEs)	$ 600,665	$ -	$ 600,665	$ -	
State and municipal securities	1,066,709	-	1,066,709	-	
Mortgage-backed GSE residential	15,885,230	-	15,885,230	-	
Total securities available for sale	17,552,604	-	17,552,604	-	
Total recurring fair value measurements	$ 17,552,604	$ -	$ 17,552,604	$ -	
Nonrecurring fair value measurements:					
Impaired loans	$ 5,257,453	$ -	$ -	$ 5,257,453	$ -
Total nonrecurring fair value measurements	$ 5,257,453	$ -	$ -	$ 5,257,453	$ -

The fair values of the Company's securities available for sale are determined using Level 2 inputs. For securities available for sale, the Company obtains fair value measurements from an independent pricing service. The fair value measurements are considered observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus payment spreads, credit information and the bond's terms and conditions, among other things. The investments in the Company's portfolio are generally not quoted on an exchange but are actively traded in the secondary institutional markets. Under certain circumstances adjustments are made to fair value for assets and liabilities although they are not measured at fair value on an ongoing basis.

NOTE 13 -- FAIR VALUE (CONTINUED)

Loans are not measured at fair value on a recurring basis. However, Impaired loans are evaluated and valued at the time the loan is identified as impaired, at the lower of cost or fair value. Fair value is measured based on the value of the collateral securing these loans and is classified at a Level 3 in the fair value hierarchy. Collateral may include real estate, or business assets including equipment, inventory and accounts receivable. The value of real estate collateral is determined based on an appraisal by qualified licensed appraisers hired by the Company. Management routinely evaluates the fair value measurements of independent appraisers and adjusts those valuations based on differences noted between actual selling prices of collateral and the most recent appraised value. Such adjustments are usually significant, which results in a Level 3 classification. All other impaired loan measurements are based on the present value of expected future cash flows discounted at the applicable effective interest rate and, thus, are not fair value measurements.

The value of business equipment is based on an appraisal by qualified licensed appraisers hired by the Company if significant, or the equipment's net book value on the business' financial statements.

Inventory and accounts receivable collateral are valued based on independent field examiner review or aging reports. Appraised and reported values may be discounted based on management's expertise and knowledge of the client and the client's business, which would result in classification as level 3. Impaired loans are evaluated at least an quarterly basis for additional impairment and adjusted accordingly.

Foreclosed properties are adjusted to fair value upon transfer of the loans to foreclosed real estate. Subsequently, foreclosed real estate is carried at the lower of carrying value or fair value less selling costs. Fair value is based upon independent market prices or appraised values of the property. When the fair value of the property is based on an observable market price or a current appraised value, the foreclosed real estate is recorded as nonrecurring Level 2. When an appraised value is not available or management determines the fair value of the property requires reduction for estimated selling costs, or is further impaired below the appraised value and there is no observable market price, the Company records the foreclosed real estate as a nonrecurring Level 3 measurement.

NOTE 14 -- EMPLOYEE BENEFITS

The Company has a 401(k) plan covering all employees. Contributions of $100,410 and $99,253 relating to this plan were charged to operations for 2021 and 2020, respectively.

NOTE 15 -- STOCK BASED COMPENSATION

Stock Options

During 2008, the Company adopted an Employee Incentive Stock Plan (the Stock Plan). The Stock Plan offers stock awards to key employees to encourage continued employment by facilitating their purchase of an equity interest in the Company. These awards are granted at the discretion of the Board of Directors at an exercise price determined by the Board at the grant date. Options awarded under the Stock Plan have a term of ten years from the date of grant and vest ratably over three years, unless otherwise stated in the award agreement. A total of 191,000 shares have been reserved under the Stock Plan.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. No amounts were recorded as option related compensation expense recorded during the year ended December 31, 2021. Amounts recorded as option related compensation expense during the year ended December 31, 2020 were approximately $29,000. There were no remaining unrecognized compensation costs as of December 31, 2021.

No stock options were granted during 2021 or 2020. As of December 31, 2021 and 2020, there were 159,582 options outstanding at a weighted average exercise price of $8.81, all of which were fully exercisable as of December 31, 2021.

NOTE 16 -- REGULATORY MATTERS

The Company is subject to various capital requirements administered by the Federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital adequacy guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting principles. The Bank's capital classification is also subject to qualitative judgments by the regulators about components, risk weighting, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital (as defined) to average assets (as defined). Management believes, as of December 31, 2021 that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2021, the most recent notification from the Office of Comptroller of the Currency categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank subsidiary must maintain minimum total risk-based, Tier I risk-based and Tier I leverage ratios as set forth in the following table. There are no conditions or events since that notification that management believes have changed the institution’s category.

NOTE 16 -- REGULATORY MATTERS (CONTINUED)

The Bank's actual capital amounts (in thousands) and ratios as of December 31, 2021 and 2020 are presented in the following table:

	Actual		For Capital Adequacy Purposes:		To Be Well Capitalized Under Prompt Corrective Action Provisions:	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2021:						
Common Equity Tier 1 Capital (to Risk Weighted Assets)	$ 50,615	27.52%	$ 8,276	4.5%	$ 11,954	6.5%
Total Capital (to Risk Weighted Assets)	$ 53,008	28.82%	$ 14,712	8.0%	$ 18,390	10.0%
Tier I Capital (to Risk Weighted Assets)	$ 50,615	27.52%	$ 11,034	6.0%	$ 14,712	8.0%
Tier I Capital (to Average Assets)	$ 50,615	26.87%	$ 7,535	4.0%	$ 9,419	5.0%

	Actual		For Capital Adequacy Purposes:		To Be Well Capitalized Under Prompt Corrective Action Provisions:	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2020:						
Common Equity Tier 1 Capital (to Risk Weighted Assets)	$ 50,143	24.55%	$ 9,191	4.5%	$ 13,276	6.5%
Total Capital (to Risk Weighted Assets)	$ 52,731	25.82%	$ 16,340	8.0%	$ 20,425	10.0%
Tier I Capital (to Risk Weighted Assets)	$ 50,143	24.55%	$ 12,255	6.0%	$ 16,340	8.0%
Tier I Capital (to Average Assets)	$ 50,143	11.42%	$ 17,570	4.0%	$ 21,962	5.0%

NOTE 17 -- LIMITATION ON DISTRIBUTIONS:

Dividends paid by the Bank are the primary source of funds available to the Company. Banking regulations limit the amount of dividends that may be paid without prior approval of the regulatory authorities. These restrictions are based on the level of regulatory classified assets, the prior years' net earnings, and the ratio of equity capital to total assets.

NOTE 18 -- OTHER OPERATING EXPENSES

Significant components of noninterest expenses are as follows:

	2021	2020
Loan related expenses	$ 402,876	$ 299,810
SBA servicing fees	327,786	254,068
Professional services	190,751	268,782
Software and Information technology services	300,606	352,239
Supervisory assessments	211,147	285,798
Other expenses	475,998	446,743
	$ 1,909,164	$ 1,907,440

NOTE 19 -- SUBSEQUENT EVENTS

The Company assessed events that have occurred subsequent to December 31, 2021 through March 1, 2022 for potential recognition and disclosure in the consolidated financial statements. No events have occurred that would require adjustment to or disclosure in the consolidated financial statements which were issued on March 1, 2022.