Annual Report

December 31, 2020

Dear Shareholders,

Welcome to Systematic Savings Bank's first Annual Report as a public company. We are pleased to present highlights from the remarkable and bizarre year of 2020.

Financial Highlights:

- Net Income of $55,787, an improvement over 2019 of $141,939.
- Average Earning Assets increased $5.6 million, or 15.8%.
- Because much of our growth occurred in the fourth quarter, Earning Assets period over period of $13.7 million, or 37.2%, though, much of this remains in cash, where it earns 0.03%, until it can be deployed to loans.
- Demutualization and earnings caused capital to increase $5.2 million, or 103%.
- Total Net Interest Income before provision increased $69,800, or 5.8%, despite market rates falling 150 basis points.

Balance Sheet Highlights:

- Total assets of $51.4 million is the largest the Bank has been since December 2010 when total assets were $51.6 million.
- Total capital of $10.2 million is the most capital the Bank has had in recent history.
- Net loans increased $8.8 million, or 30.5%, year over year.
- Total deposits increased $8.5 million, despite purposefully reducing reliance on brokered and internet CDs by $3.9 million, or 26.6%, implying customer deposits are up $12 million year over year.
- Book value per common share was $17.06 at December 31, 2020.

Credit Quality Highlights:

- Provision for loan losses was $4,500 with no need for provision the prior year.
- Non-performing assets consisted of one loan totaling $171,000 at December 31, 2020, which is 75% SBA Guaranteed. We provisioned for this loan in 2020, so we will not see an impact to earnings in 2021.
- Total classified and criticized assets totaled $287,000 at year end 2020, down from $461 thousand at year end 2019, a decline of 37.7%

Annual Interesting Facts:

- Net Income of $55,787 is the first year of positive net income since 2012.
- Q4 2020 marks six quarters in a row of pretax net operating income, the first time this has happened since Q4 2007 to Q1 2009.
- Retired our Cease and Desist in February 2020 and the subsequent Memorandum of Understanding only 165 days later.
- Reduced non-interest expense for third straight year.

As we approach our 100th year, we are proud to be one of only six banks still locally owned in Greene County and are pleased you have chosen to be part of our history and heritage. Since 1923, Systematic (Fidelity, at its inception) has been proud to be part of downtown Springfield and looks forward to many more years here. We will continue to focus on a strong credit, low overhead model and look forward to deploying our liquidity in a prudent manner, and telling you all about our efforts for years to come.

Systematic has a full product range which belies its size. From Ag lending to Treasury Management, we have tools not generally found at a $50 million bank. At our core though, we focus on unmatched customer service, one customer at a time, providing great deposit products and finding ways to put borrowers into the best loan structure to facilitate their goals. All banks will say they are nimble and flexible, we are one of only a few that has the size and staffing to truly be so.

2020 was a truly exceptional year, in every way, and during all that came the extraordinary list of achievements found on the prior page. These feats came from the hands of only nine full-time employees. With this solid foundation now in place, we look forward to reporting to you this group's future accomplishments as we focus on business development and customer service.

Each of our employees look forward to hearing from you and finding ways that Systematic can facilitate your needs.

Derek Fraley
Chairman and CEO
Systematic Savings Bank

SYSTEMATIC SAVINGS BANK
Selected Financial Data

The summary financial information presented below is derived in part from the financial statements of Systematic. The following is only a summary and you should read it in conjunction with the financial statements and notes beginning on page F-1. The information at December 31, 2020 and 2019 and for the years ended December 31, 2020 and 2019 is derived in part from the audited financial statements of the Savings Bank that appear in this Annual Report. The following information is only a summary and you should read it in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Financial Statements and notes thereto contained elsewhere in this Annual Report.

	At December 31,	
	2020	**2019**
Summary of Selected Balance Sheet Data:	**(Dollars in thousands)**	
Total assets	$ 51,353	$ 37,678
Cash and cash equivalents	9,699	3,254
Available for sale securities	1,998	2,104
Loans receivable, net	37,460	28,701
Premises and equipment, net	595	608
Prepaid expenses and other assets (1)	149	209
Deposits	40,664	32,174
FHLB advances	423	423
Total equity	10,151	4,997

(1) Includes accrued interest receivable, prepaid expenses, deferred tax asset, and other assets.

	Years Ended December 31,	
	2020	**2019**
	(In thousands)	
Selected Operating Data:		
Interest income	$ 1,791	$ 1,706
Interest expense	519	504
Net interest income	1,272	1,202
Provision for loan losses	5	--
Net interest income after provision for loan losses	1,268	1,202
Noninterest income	40	72
Noninterest expense	1,253	1,361
Income taxes	--	--
Net income (loss)	$ 56	$ (86)

SYSTEMATIC SAVINGS BANK
Selected Financial Data

Selected Financial Ratios and Other Data:	**At or For the Years Ended December 31,**	
Performance Ratios:	**2020**	**2019**
Return on average assets (ratio of net income (loss) to average total assets)	0.13%	(0.24)%
Return on average equity (ratio of net income (loss) to average total equity)	0.91%	(1.77)%
Interest rate spread (1)	2.81%	3.15%
Net interest margin (2)	3.08%	3.37%
Efficiency ratio (3)	95.50%	106.50%
Average equity to average total assets	14.68%	13.10%
Asset Quality Ratios:		
Non-performing assets to total assets	0.33%	--%
Non-performing loans to total loans	0.45%	--%
Allowance for loan losses to nonperforming loans	2.37%	--%
Allowance for loan losses to total loans	1.07%	1.43%
Net charge-offs to average loans outstanding	0.03%	0.13%
Capital Ratios:		
Total capital (to risk-weighted assets)	38.75%	24.30%
Tier 1 capital (to risk-weighted assets)	37.50%	23.07%
Common equity Tier 1 capital (to risk-weighted assets)	38.75%	23.07%
Tier 1 capital (to average assets)	24.13%	13.30%
Other Data:		
Number of offices	1	1
Full-time equivalent employees	8	9

(1) The interest rate spread represents the difference between the weighted-average yield on interest-earning assets and the weighted-average cost of interest-bearing liabilities for the year.
(2) The net interest margin represents net interest income as a percentage of average interest-earning assets for the year.
(3) The efficiency ratio represents noninterest expense divided by the sum of net interest income and noninterest income.

This section is intended to help potential investors understand our financial performance through a discussion of the factors affecting our financial condition at December 31, 2020 and 2019 and our results of operations for the years ended December 31, 2020 and 2019. This section should be read in conjunction with the financial statements and notes to the financial statements that appear elsewhere in this report.

Overview

Our profitability is highly dependent on our net interest income, which is the difference between our interest income on interest-earning assets, such as loans and securities, and our interest expense on interest-bearing liabilities, such as deposits and borrowed funds. Results are also influenced by our provision for loan losses, and noninterest income and noninterest expense. Noninterest expense consists primarily of employee compensation and benefits, occupancy expense, data processing and regulatory costs. Our principal business is accepting deposits from individuals and businesses in the communities surrounding our office and using such deposits to fund loans. We focus on providing our products and services to two segments of customers: individuals and small businesses.

We experienced a net loss of $86,000 for the year ended December 31, 2019 while we experienced net income of $56,000 for the year ended December 31, 2020, a $142,000 improvement. In prior periods, our profitability suffered due primarily to our elevated noninterest expense. The two largest components of our noninterest expense are our equipment and data processing expense and our compensation and benefits expense, which were $132,000 and $578,000, respectively, for the year ended December 31, 2020 and $140,000 and $601,000, respectively, for the year ended December 31, 2019. We made significant reductions in our noninterest expense during the year ended December 31, 2020 resulting in a decrease of $108,000, or 8.0% compared to the prior year. We continually look for savings and efficiencies; however we may not be able to meaningfully reduce our noninterest expense further, due to our increasing costs of compliance with banking and other regulations and our high data processing fixed costs. Additionally, the increase in our average balance of interest-earning assets for the year ended December 31, 2020 contributed to our increase in net income. Our average balance of interest-earning assets increased $5.6 million to $41.2 million for the year ended December 31, 2020 from $35.7 million for the year ended December 31, 2019 as our assets increased to $51.3 million. Loans increased to 77.5% of average earning assets in 2020 from 76.0% of average earning assets during 2019. This was made more important as the effective rate we earned on overnight cash and deposits fell from 1.56% in 2019 to 0.18% in 2020.

Recent Changes in Systematic's Operations

In 2020 we made significant changes in our operations as follows:

- Converted from a mutual savings bank to a stock savings bank and raised $5.1 million in net proceeds;
- The Cease and Desist and subsequent Memorandum of Understanding with the FDIC and Missouri Division of Finance were lifted; and
- Closed our lobby, beginning in March 2020, in response to COVID-19.

Business Strategy

Our mission is to operate and grow a profitable, independent community-oriented bank serving primarily retail customers and small businesses in our market area. In pursuing our mission, our goal is to continuously improve our earnings, capital and results of operations. The following are key elements of our business strategy:

- improving our earnings by increasing the originations of one- to four-family real estate loans, commercial real estate loans, commercial business and consumer loans while maintaining our conservative loan underwriting;
- maintaining our strong asset quality by strengthening management and improving our policies for lending and problem assets;
- remaining a community-oriented bank with a continued emphasis on retail and small business customers in our market area; and
- increasing our deposit balances and deposit relationships to seek to provide lower cost and more stable funding sources.

Anticipated Increase in Noninterest Expense

The completion of the conversion and stock offering has caused our noninterest expense to increase because of the increased costs associated with operating as a public company.

Critical Accounting Policies

The discussion and analysis of the financial condition and results of operations are based on our financial statements, which are prepared in conformity with U.S. GAAP. The preparation of these financial statements requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of income and expenses. We consider the accounting policies discussed below to be critical accounting policies. The estimates and assumptions that we use are based on historical experience and various other factors and are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions, resulting in a change that could have a material impact on the carrying value of our assets and liabilities and our results of operations.

The JOBS Act contains provisions that, among other things, reduce certain reporting requirements for qualifying public companies. As an "emerging growth company" we may delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. We intend to take advantage of the benefits of this extended transition period. Accordingly, our financial statements may not be comparable to companies that comply with such new or revised accounting standards.

The following represent our critical accounting policies:

Allowance for Loan Losses. We consider the allowance for loan losses to be a critical accounting policy. The allowance for loan losses is the amount estimated by management as necessary to cover probable losses inherent in the loan portfolio at the balance sheet date. The allowance is established through the provision for loan losses, which is charged to operations. Determining the amount of the allowance for loan losses involves a high degree of judgment. Among the material estimates required to establish the allowance are: loss exposure at default; the amount and timing of future cash flows on impacted loans; value of collateral; and determination of loss factors to be applied to the various elements of the portfolio. All of these estimates are susceptible to significant change. Management reviews the level of the allowance at least quarterly and establishes the provision for loan losses based upon an evaluation of the portfolio, past loss experience, current economic conditions and other factors related to the collectability of the loan portfolio. Although we believe that we use the best information available to establish the allowance for loan losses, future adjustments to the allowance may be necessary if economic conditions differ substantially from the assumptions used in making the evaluation. In addition, the FDIC and Missouri Division of

Finance, as an integral part of their examination process, periodically review our allowance for loan losses. Such agencies may require us to recognize adjustments to the allowance based on their judgment about information available to it at the time of their examinations. A large loss could deplete the allowance and require increased provisions to replenish the allowance, which would adversely affect results of operations. See Note 1 of the Notes to Financial Statements included in this filing.

Income Taxes. Income taxes are provided for the tax effects of certain transactions reported in the financial statements. Income taxes consist of taxes currently due plus deferred taxes related primarily to temporary differences between the financial reporting and income tax basis of the allowance for loan losses, premises and equipment, operating losses, and deferred loan origination costs. The deferred tax assets and liabilities represent the future tax return consequences of the temporary differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion of the deferred tax assets will not be realized. Deferred tax assets and liabilities are reflected at income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. See Note 1 of the Notes to Financial Statements included in this report.

Estimation of Fair Values. Securities classified as available for sale are reported at fair value, with unrealized gains and losses excluded from operations and reported as a separate component of equity. The Savings Bank does not purchase securities for trading purposes. The cost of securities sold is determined by specific identification. Declines in fair value of securities available for sale that are deemed to be other-than-temporary are charged to operations as a realized loss. In estimating other-than- temporary impairment losses, management of the Savings Bank considers the length of time and the extent to which the fair value has been less than cost, the financial condition and near-term prospects of the issuer, the Savings Bank's intent to sell the security or whether it is more likely than not that it will be required to sell the security before the anticipated recovery of its remaining amortized cost basis and evaluation of cash flows to determine if the securities have been adversely affected. See Note 1 of the Notes to the Financial Statements included in this report.

Comparison of Financial Condition at December 31, 2020 and December 31, 2019

Summary of Selected Balance Sheet Data:	**At 12/31/2020**	**At 12/31/2019**	**Increase (Decrease)**	**% Change**
		(Dollars in thousands)		
Total assets	$ 51,353	$ 37,678	$ 13,675	36.3%
Cash and cash equivalents	9,699	3,254	6,445	198.1%
Available for sale securities	1,998	2,104	(106)	(5.0)%
Loans receivable, net	37,460	28,701	8,759	30.5%
Premises and equipment, net	595	608	(13)	(2.1)%
Other assets (1)	149	142	7	4.9%
Deposits	40,664	32,174	8,490	26.4%
FHLB advances	423	423	--	0.0%
Total equity	10,151	4,997	5,154	103.1%

(1) Includes accrued interest receivable, prepaid expenses, deferred tax asset, and other assets.

Total Assets. Total assets increased $13.7 million, or 36.3%, to $51.4 million at December 31, 2020 from $37.7 million at December 31, 2019. The increase in total assets was due primarily to increases in loans receivable, net and cash and cash equivalents of $8.8 million, or 30.5% and $6.4 million, or, 198.1% respectively.

Loans Receivable, Net. Net loans increased $8.8 million, or 30.5%, to $37.5 million at December 31, 2020 from $28.7 million at December 31, 2019. The loan growth during the year was largely organic and spread among several loan categories. Two factors influencing loan growth were the repurchase of $900,000 in participations the Savings Bank had sold in order to stay under its legal lending limit once the capital increase was complete, and the purchase of $2.6 million in whole loans in November 2020. For the year ended December 31, 2020, commercial real estate loans increased $671,000 (10.1)%, agriculture real estate loans increased $930,000 (123.3)%, residential real estate owner occupied loans increased $1.4 million (21.7)% and residential real estate non-owner occupied loans increased $4.6 million (35.7)%, and commercial business loans increased $1.2 million (61.0)%. The Savings Bank continues to focus its lending efforts in commercial, owner occupied real estate, with a view to maintaining its minimum Qualified Thrift Lender Ratio of 65%, which was 74% at December 31, 2020.

Securities. At December 31, 2020 and 2019, all our securities were classified as available for sale. At December 31, 2020, the securities portfolio included primarily corporate bonds and mortgage-backed securities ("MBS"). Falling rates in 2020 caused this portfolio to rapidly prepay, down to $988,000, a $1.1 million, or 53.0% decline. Te decline was offset by purchases of corporate bonds. Corporate bonds represent $1.0 million of the portfolio as of December 31, 2020, while the portfolio did not contain any corporate bonds on December 31, 2019.

Cash and Cash Equivalents. Cash and cash equivalents increased $6.4 million, or 198.1%, to $9.7 million at December 31, 2020 from $3.3 million at December 31, 2019. The primary reason for the growth in cash and cash equivalents was a $6.5 million increase in Federal Funds sold. The growth of this category is both the result of deposit growth of $8.5 million and the increase in equity from the stock offering of $5.2 million.

Deposits. Deposits increased $8.5 million, or 26.4%, to $40.7 million at December 31, 2020 from $32.2 million at December 31, 2019. The majority of the increase in deposits was in checking and money market accounts, which increased $10.5 million and was partially offset by declines in CD accounts of $2.5 million, mostly due to the intentional reduction of brokered and internet CDs of $2.6 million (26.6%) between December 31, 2019 and December 31, 2020..

Advances from FHLB of Des Moines. Advances from the FHLB of Des Moines was $423,000 at both December 31, 2020 and December 31, 2019. This advance was used to fund a loan.

Equity. Total equity was $10.2 million at December 31, 2020 an increase of $5.2 million from December 31, 2020. This increase was primarily due to the net proceeds from the stock offering.

Comparison of Operating Results for the Years Ended December 31, 2020 and 2019

General. We had net income of $56,000 for the year ended December 31, 2020, compared to a net loss of $86,000 for the year ended December 31, 2019. Our increase in net income (loss) during the year ended December 31, 2020 compared to the comparable period in 2019 was primarily the result of an increase in net interest income and a decrease in noninterest expense.

	For the Years ended 12/31/2020	12/31/2019	Increase (Decrease)	% Change
Summary of Operations:	(Dollars in thousands)			
Interest income:	$ 1,791	$ 1,706	$ 85	5.0%
Interest expense	519	504	15	3.0%
Net interest income	1,272	1,202	70	5.8%
Provision for loan losses	4	--	4	100%
Net interest income after provision for loan losses	1,268	1,202	66	5.5%
Noninterest income	40	73	(33)	(45.2)%
Noninterest expense	1,252	1,361	(109)	(8.0)%
Income taxes	--	--	--	--
Net income (loss)	$ 56	$ (86)	$ 142	165%

Interest Income. Interest income increased $73,000, or 4.2%, to $1.8 million for the year ended December 31, 2020 from $1.7 million for the year ended December 31, 2019. The increase in interest income resulted from an increase in average earning assets, primarily loans. The average balance of interest-earning assets increased from $36.2 million for 2019 to $41.3 million for 2020. Interest income was reduced by a 45 basis point decrease in the average yield on interest earning assets from 4.79% for 2019 to 4.34% for the year ended December 31, 2020.

This was brought about by the reduction of the Fed Funds rate by the Federal Reserve's Federal Open Market Committee (FOMC) in March 2020 of 150 basis points, the flattening of the yield curve causing huge prepayments in the bond portfolio, and cash and cash equivalents composing 17.5% of earning assets at December 31, 2020 up from 14.0% at December 31, 2019.

Interest income on loans increased $203,000, or 13.6% during fiscal year 2020 as compared to the same period in 2019. The average balance of loans receivable increased to $32.0 million for 2020 from $27.1 million for 2019. The average yield on loans decreased during the same period, from 5.51% for 2019 to 5.30% for 2020 due to the origination of lower yielding loans. In addition, interest on investments declined $49,000 (50.0)% during this period.

Interest Expense. Interest expense was virtually unchanged between the years 2019 and 2020, increasing $14,000, or 2.7% though cost of interest bearing liabilities declined 11 basis points, from 1.64% in 2019 to 1.53% in 2020. Interest expense on deposits changed nominally between these periods. Average interest-bearing deposits increased $2.9 million, and the average cost of deposits decreased 12 basis points from 1.64% to 1.52%.

The average balance of FHLB of Des Moines advances increased to $552,000 for the year ended December 31, 2020 from $222,000 for the same period of 2019.

Net Interest Income. Net interest income increased $70,000, or 5.9%, during the year 2020 compared to the same period in 2019. The modest increase in net interest income was mostly attributable to increases in interest-earning assets and interest-bearing liabilities offset by a lower net interest rate spread.

The net interest rate spread decreased to 2.81% for 2020 from 3.15% for 2019 as the average yield on average interest-earning assets increased by 45 basis points and the average cost of average interest bearing liabilities declined 11 basis points.

Provision for Loan Losses. There was a $4,500 provision for loan losses in 2020, while there were none in 2019.

	Years Ended 12/31/2020	Years Ended 12/31/2019	Increase (Decrease)	% Change
Summary of Noninterest Income:	**Dollars in thousands**			
FHLB dividends	$ 3	$ 2	$ 1	50.0%
Gain (Loss) on Disposal - Available-for-Sale Securities	--	(7)	7	(100.0)%
Loan referral premiums	5	22	(17)	(77.3)%
Interchange income	12	24	(12)	(50.0)%
Service charges and fees	9	14	(5)	(35.7)%
Other	11	18	(7)	(38.9)%
Total noninterest income	$ 40	$ 73	$ (33)	(45.2)%

Noninterest Income. Noninterest income decreased $33,000, or (45.2)% to $40,000 for the year ended December 31, 2020 from $61,000 for the year ended December 31, 2020. The increase is due primarily to declines in interchange income during the year ended December 31, 2020.

	Years Ended 12/31/2020	Years Ended 12/31/2019	Increase (Decrease)	% Change
Summary of Noninterest Expense:	**Dollars in thousands**			
Compensation and benefits	$ 578	$ 601	$ (23)	(3.8)%
Occupancy expense	84	99	(15)	(15.2)%
Equipment and data processing	132	140	(8)	(5.7)%
FDIC premium expense	18	53	(35)	(66.0)%
Professional and regulatory fees	124	114	10	8.8%
Insurance expense	20	22	(2)	(9.1)%
Other	297	332	(35)	(10.5)%
Total noninterest expense	$ 1,253	$ 1,361	$ (108)	(7.9)%

Noninterest Expense. Noninterest expense decreased $108,000, or 7.9%, to $1.3 million for the year ended December 31, 2020 from $1.4 million for the year ended December 31, 2019 due primarily to lower FDIC premium and lower compensation and benefits.

FDIC premium reductions are a result of improvement in the Saving Bank's condition and declined $35,000, or 66.0%, from 2019 to 2020.

Compensation and benefits decreased $23,000, or 3.8%, to $578,000 for the year ended December 31, 2020 from $601,000 for the years ended December 31, 2019, as we continue to work to improve the structure of our workforce. Other expense decreased $35,000, or 10.5%, to $297,000 for the year ended December 31, 2020, compared to $332,000 for the year ended December 31, 2019. The decrease was primarily related to the decline in expenses on foreclosed assets.

Average Balances and Yields

The following table sets forth average balance sheets, average yields and costs, and certain other information at and for the years indicated. No tax-equivalent yield adjustments were made, as the effect thereof was not material. All average balances are daily average balances. Non-accrual loans were included in the computation of average balances, but have been reflected in the table as loans carrying a zero yield. The yields set forth below include the effect of deferred fees, discounts and premiums that are amortized or accreted to interest income or interest expense.

	For the Years Ended December 31,					
	2020			2019		
	Average Outstanding Balance	Interest	Yield/ Rate	Average Outstanding Balance	Interest	Yield/ Rate
Interest-earning assets:			Dollars in Thousands			
Loans receivable	$ 31,996	$ 1,696	5.30%	$ 27,083	$ 1,493	5.51%
Securities, taxable	2,083	48	2.33%	3,569	97	2.72%
Securities, non-taxable	--	--		--	--	0.00%
Other interest-earning assets	7,212	47	0.66%	5,003	117	2.34%
Total interest-earning assets	41,291	$ 1,791	4.34%	35,655	$ 1,707	4.79%
Noninterest-earning assets	636			1,524		
Total assets	$ 41,927			$ 37,179		
Interest-bearing liabilities:						
Checking and MMDA accounts	9,979	104	1.04%	6,492	64	0.99%
Savings accounts	120	0	0.23%	228	1	0.44%
Certificates of deposit	23,350	406	1.74%	23,844	435	1.82%
Total deposits	33,450	510	1.52%	30,564	500	1.64%
Advances from FHLB of Des Moines	552	9	1.64%	222	5	2.25%
Total interest-bearing liabilities	$ 34,001	$ 519	1.53%	$ 30,786	$ 505	1.64%
Noninterest-bearing checking deposits	1,608			883		
Noninterest-bearing liabilities	163			535		
Equity	6,155			4,975		
Total liabilities and equity	$ 41,927			$ 37,179		
Net interest income		$ 1,272			$ 1,202	
Net interest rate spread[1]			2.81%			3.15%
Net interest-earning assets [2]	$ 7,290			$ 4,869		
Net interest margin [3]			3.08%			3.37%
Average of interest earning assets to interest-bearing liabilities.	121%			115.82%		

(1) Represents the difference between the weighted average yield on average interest-earning assets and the weighted average cost of average interest-bearing liabilities.
(2) Net interest-earning assets represents total interest-earning assets less total interest-bearing liabilities.
(3) Net interest margin represents net interest income divided by total interest-earning assets.

Rate/Volume Analysis

The following table presents the effects of changing rates and volumes on our net interest income for the years indicated. The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). The volume column shows the effects attributable to changes in volume (changes in volume multiplied by prior rate). The total column represents the sum of the prior columns. For purposes of this table, changes attributable to both rate and volume, which cannot be segregated, have been allocated to the changes due to rate and the changes due to volume in proportion to the absolute dollar change in each.

	For Years Ended December 31 2020 vs 2019		
	Increase (Decrease) Due to		Total Increase
Interest-earning assets	**Volume**	**Rate**	**(Decrease)**
		(In thousands)	
Loans receivable	$ 289	$ (87)	$ 202
Securities, taxable	(32)	(16)	(48)
Securities, non-taxable	--	--	--
Other interest-earning assets	24	(93)	(69)
Total interest-earning assets	281	(196)	85
Interest-bearing liabilities:			
Checking and MMDA accounts	32	8	40
Savings accounts	(0)	(0)	(0)
Certificates of deposit	(12)	(18)	(30)
Total deposits	20	(10)	10
Advances from FHLB of Des Moines	7	(2)	5
Total interest-bearing liabilities	27	(12)	15
Change in net interest income	$ 254	$ (184)	$ 70

Management of Market Risk

General. The majority of our assets and liabilities are monetary in nature. Consequently, our most significant form of market risk is interest rate risk. Our assets, consisting primarily of one- to four-family residential real estate loans, have longer maturities than our liabilities, consisting primarily of deposits. As a result, a principal part of our business strategy is to manage the impact of changes in market interest rates on net interest income and capital. We have an Asset/Liability Committee, which is comprised of the management team and a member of the Board of Directors and is responsible for evaluating the interest rate risk inherent in our assets and liabilities, for determining the level of risk that is appropriate, given our business strategy, operating environment, capital, liquidity and performance objectives, and for managing this risk consistent with the guidelines approved by the board of directors. The Committee establishes and monitors the volume, maturities, pricing and mix of assets and funding sources with the objective of managing assets and funding sources to provide results that are consistent with liquidity, growth, risk limits and profitability goals.

Economic Value of Equity Analysis. We analyze the sensitivity of our financial condition to changes in interest rates through our economic value of equity model. This analysis measures the difference between predicted changes in the fair value of our assets and predicted changes in the present value of our liabilities assuming various changes in current interest rates. The table below represents an analysis of our interest rate risk as measured by the estimated changes in our economic value of equity, resulting from an instantaneous and sustained parallel shift in the yield curve (+100, +200 and +300 basis points and -100, -200 and -300 basis points) at December 31, 2020.

Change in Interest Rates (basis points) (1)	Estimated EVE (2)	Estimated Increase (Decrease) in EVE		EVE as a Percentage of Present Value of Assets (3)	
		Amount	Percent	EVE Ratio (4)	Increase (Decrease)
		(Dollars In thousands)			
+ 300 bp	$ 9,630	$(1,436)	(12.97)%	19.81%	(1.23)%
+ 200 bp	9,921	(1,145)	(10.35)%	19.93%	(1.11)%
+ 100 bp	10,220	(846)	(7.64)%	20.03%	(1.00)%
NC	11,066	-	0.00%	21.04%	0.00%
- 100 bp	10,939	(127)	(1.15)%	20.18%	(0.85)%
- 200 bp	9,792	(1,274)	(11.51)%	18.01%	(3.03)%
- 300 bp	9,422	(1,644)	(14.86)%	17.38%	(3.66)%

(1) Assumes an instantaneous uniform change in interest rates at all maturities.
(2) EVE is the discounted present value of expected cash flows from assets, liabilities.
(3) Present value of assets represents the discounted value of incoming cash flows on interest-earning assets.
(4) EVE ratio represents EVE divided by the present value of assets.

The table above indicates that at December 31, 2020, in the event of a 100 basis point decrease in interest rates, we would experience a 1.15% decrease in our economic value of equity. In the event of a 200 basis points increase in interest rates, we would experience a decrease of 10.35% in economic value of equity.

The preceding economic value of equity simulation analysis does not represent a forecast of actual results and should not be relied upon as being indicative of expected operating capital. These hypothetical estimates are based upon numerous assumptions, which are subject to change, including: the nature and timing of interest rate levels including the yield curve shape, prepayments on loans and securities, deposit decay rates, pricing decisions on loans and deposits, reinvestment/replacement of asset and liability cash flows, and others. Also, as market conditions vary, prepayment/refinancing levels, the varying impact of interest rate changes on caps and floors embedded in adjustable-rate loans, early withdrawal of deposits, changes in product preferences, and other internal/external variables will likely deviate from those assumed.

Liquidity and Capital Resources

Liquidity Management. Liquidity describes our ability to meet the financial obligations that arise in the ordinary course of business. Liquidity is primarily needed to meet the borrowing and deposit withdrawal requirements of our customers and to fund current and planned expenditures. Our primary sources of funds are deposits, principal and interest payments on loans and securities, and proceeds from sales, maturities and calls of securities. We also have the ability to borrow from the FHLB of Des Moines and Midwest Independent Bank. As of December 31, 2020, Systematic had $423 thousand of FHLB of Des Moines advances and no borrowings from Midwest Independent Bank. At December 31, 2020, Systematic

had unused borrowing capacity from the FHLB of Des Moines and Midwest Independent Bank of $7.3 million and $2.3 million, respectively.

The board of directors is responsible for establishing and monitoring our liquidity targets and strategies in order to ensure that sufficient liquidity exists for meeting the borrowing needs and deposit withdrawals of our customers as well as unanticipated contingencies. We believe that we have enough sources of liquidity to satisfy our short- and long-term liquidity needs as of December 31, 2020.

We monitor and adjust our investments in liquid assets based upon our assessment of: (1) expected loan demand; (2) expected deposit flows; (3) yields available on interest-earning deposits and securities; and (4) the objectives of our asset/liability management program. Excess liquid assets are invested generally in interest-earning deposits and short-and intermediate-term securities.

While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit flows and loan prepayments are greatly influenced by general interest rates, economic conditions, and competition. Our most liquid assets are cash and cash equivalents, which include federal funds sold and interest-bearing deposits in other banks. The levels of these assets are dependent on our operating, financing, lending and investing activities during any given period. At December 31, 2020, cash and cash equivalents totaled $9.7 million. Securities classified as available-for-sale, which provide additional sources of liquidity, totaled $2.0 million at December 31, 2020.

We are committed to maintaining a strong liquidity position and monitor our liquidity position on a daily basis. We anticipate that we will have sufficient funds to meet our current funding commitments. Certificates of deposit due within one year of December 31, 2020, totaled $9.1 million, or 22.3%, of total deposits. If these deposits do not remain with us, we will be required to seek other sources of funds, such as other deposits and FHLB of Des Moines advances. Depending on market conditions, we may be required to pay higher rates on such deposits or borrowings than we currently pay. We believe, however, based on past experience that a significant portion of such deposits will remain with us. We have the ability to attract and retain deposits by adjusting the interest rates offered.

Capital Management. Systematic is subject to various regulatory capital requirements. See "Supervision and Regulation—Federal Banking Regulation—Capital Requirements" and Note 9 of the Notes to Financial Statements.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

Commitments. As a financial services provider, we from time-to-time are a party to various financial instruments with off-balance-sheet risks, such as unused lines of credit. While these contractual obligations represent our future cash requirements, a significant portion of commitments to extend credit may expire without being drawn upon. Such commitments are subject to the same credit policies and approval process accorded to loans we make. At December 31, 2019 and December 31, 2020, we had no outstanding commitments to originate loans because we do not make loan commitments. At December 31, 2019 and December 31, 2020, we had approximately $478,000 and $2.2 million, respectively of unused lines of credit for customers.

Contractual Obligations. In the ordinary course of our operations, we enter into certain contractual obligations. Such obligations include data processing services, operating leases for equipment, agreements with respect to borrowed funds and deposit liabilities.

Recent Accounting Pronouncements

Please refer to Note 1 to the Notes to Financial Statements for the years ended December 31, 2020 and 2019 beginning on page F-1 for a description of recent accounting pronouncements that may affect our financial condition and results of operations.

Impact of Inflation and Changing Prices

The financial statements and related data presented herein have been prepared in accordance with generally accepted accounting principles in the United States of America, which require the measurement of financial position and operating results in terms of historical dollars without considering changes in the relative purchasing power of money over time due to inflation. The primary impact of inflation on our operations is reflected in increased operating costs. Unlike most industrial companies, virtually all of the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates generally have a more significant impact on a financial institution's performance than does inflation. Interest rates do not necessarily move in the same direction or to the same extent as the prices of goods and services.

Systematic Savings Bank

December 31, 2020 and 2019

Contents

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Report of Independent Registered Public Accounting Firm

Board of Directors
Systematic Savings Bank
Springfield, Missouri

Opinion on the Financial Statements

We have audited the accompanying statements of financial condition of Systematic Savings Bank (the "Savings Bank") as of December 31, 2020 and 2019, the related statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Savings Bank as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Savings Bank's management. Our responsibility is to express an opinion on the Bank's financial statements based on our audits.

We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Savings Bank in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Savings Bank is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Savings Bank's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for Loan Losses

As more fully described in *Notes 1* and *3* to the Savings Bank's financial statements, the allowance for loan losses represents losses that are estimated to have occurred. The allowance for loan losses is based on collectibility of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. The allowance consists of allocated and general components. The allocated component relates to specific allowances on loans that are classified as impaired. The general component relates to loans that are not classified as impaired and is based on historical charge-off experience and the expected loss, given default, derived from the Savings Bank's internal risk rating process. Other adjustments have been made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data. Management discloses that this evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

We identified the valuation of the allowance for loan losses as a critical audit matter. Auditing the allowance for loan losses involves a high degree of subjectivity in evaluating management's estimates, such as evaluating management's assessment of economic conditions and other qualitative or environmental factors, evaluating the adequacy of specific allowances associated with impaired loans, and assessing the appropriateness of loan grades.

The primary procedures we performed to address this critical audit matter included:

- Testing the design of controls over the allowance for loan losses;
- Testing of completeness and accuracy of the information utilized in the calculation of the allowance for loan losses;
- Testing the allowance for loan losses model's computational accuracy;
- Evaluating the qualitative adjustments to historical loss rates, including assessing the basis for the adjustments and the reasonableness of any significant assumptions;
- Testing the loan review function and evaluating the reasonableness of loan grades;
- Assessing the reasonableness of specific allowances on certain impaired loans;

- Evaluating the overall reasonableness of significant assumptions used by management, considering the past performance of the Savings Bank and evaluating trends identified within peer groups;
- Evaluating the accuracy and completeness of disclosures in the financial statements.

BKD, LLP

BKD, LLP

We have served as the Savings Bank's auditor since 1968.

Springfield, Missouri
March 18, 2021

Systematic Savings Bank

Statements of Financial Condition

December 31, 2020 and 2019

	12/31/2020	12/31/2019
Assets		
Cash and due from banks	$ 97,394	$ 92,630
Interest-bearing deposits in other financial institutions	540,249	558,179
Federal funds sold	9,061,000	2,603,000
Cash and cash equivalents	9,698,643	3,253,809
Interest-bearing time deposits	1,300,000	2,740,000
Available-for-sale securities	1,998,003	2,103,879
Loans receivable, net of allowance for loan losses of $406,850 at December 31, 2020, and $410,890 at December 31, 2019	37,460,187	28,700,778
Interest receivable	151,585	129,555
Prepaid expenses and other assets	149,411	141,854
Premises and equipment, net	595,043	608,138
	$ 51,352,872	$ 37,678,013
Liabilities and Stockholders' Equity		
Liabilities		
Deposits	$ 40,664,512	$ 32,173,797
Advances from borrowers for taxes and insurance	29,442	28,815
FHLB advances	422,500	422,500
Accrued expenses and other liabilities	85,859	56,020
Total liabilities	41,202,313	32,681,132
Stockholders' Equity		
Common stock, $.01 par value		
Authorized - 10,000,000 shares		
Issued and outstanding, 595,125 in 2020	5,951	-
Additional paid-in capital	5,068,688	-
Retained earnings	5,041,275	4,985,488
Accumulated other comprehensive income	34,645	11,393
Total stockholders' equity	10,150,559	4,996,881
Total liabilities and stockholders' equity	$ 51,352,872	$ 37,678,013

See Notes to Financial Statements

Systematic Savings Bank

Statements of Operations

Years Ended December 31, 2020 and 2019

	Years ended	
	12/31/2020	12/31/2019
Interest Income		
Loans	$ 1,695,537	$ 1,493,095
Investments	48,470	96,516
Deposits with financial institutions and other	47,359	116,683
	1,791,366	1,706,294
Interest Expense		
Checking accounts	103,770	63,683
Savings accounts	275	568
Certificate accounts	405,736	434,823
FHLB borrowings	9,067	4,504
	518,848	503,578
Net Interest Income	1,272,518	1,202,716
Provision for Loan Losses	4,500	-
Net Interest Income After Provision for Loan Losses	1,268,018	1,202,716
Noninterest Income	40,372	72,562
Noninterest Expense		
Salaries and benefits	577,743	601,050
Net occupancy expense	84,372	98,875
Professional fees	124,247	114,352
Other	466,241	547,154
	1,252,603	1,361,431
Net Income (Loss)	$ 55,787	$ (86,153)
Net Income per Share - Basic	$ 0.43	n/a

See Notes to Financial Statements

Systematic Savings Bank

Statements of Comprehensive Income (Loss)

Years Ended December 31, 2020 and 2019

	Years ended	
	12/31/2020	12/31/2019
Net Income (Loss)	$ 55,787	$ (86,153)
Other Comprehensive Income		
Unrealized holding gains on available-for-sale securities	23,252	50,976
Reclassification adjustment for losses included in net income	-	7,165
Other comprehensive income, net of tax	23,252	58,141
Comprehensive Income (Loss)	$ 79,039	$ (28,012)

See Notes to Financial Statements

Systematic Savings Bank

Statements of Stockholders' Equity
Years Ended December 31, 2020 and 2019

	Common stock					
	Number of shares	Par value	Additional paid-in-capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, January 1, 2019	-	$ -	$ -	$ 5,071,641	$ (46,748)	$ 5,024,893
Net loss	-	-	-	(86,153)	-	(86,153)
Other comprehensive income	-	-	-	-	58,141	58,141
Balance, December 31, 2019				4,985,488	11,393	4,996,881
Net income	-	-	-	55,787	-	55,787
Other comprehensive income	-	-	-	-	23,252	23,252
Issuance of common stock	595,125	5,951	5,068,688	-	-	5,074,639
Balance, December 31, 2020	595,125	$ 5,951	$ 5,068,688	$ 5,041,275	$ 34,645	$ 10,150,559

See Notes to Financial Statements

Systematic Savings Bank

Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	Years ended 12/31/2020	Years ended 12/31/2019
Operating Activities		
Net income (loss)	$ 55,787	$ (86,153)
Items not requiring (providing) cash		
Depreciation	32,919	37,257
Loss on sale of securities	-	7,165
Provision for loan losses	4,500	-
Amortization of premiums and discounts on mortgage-backed and investment securities	33,409	39,566
Loss on sale of foreclosed assets held for sale	-	31,277
Changes in		
Interest receivable	(22,030)	(24,445)
Income taxes receivable	-	37,740
Prepaid expenses and other assets	(7,457)	(851)
Interest payable	5,581	-
Accounts payable and accrued expenses	24,258	20,195
Net cash provided by operating activities	126,967	61,751
Investing Activities		
Net change in loans	(1,197,272)	7,668,441
Purchase of loans	(7,566,637)	(5,821,928)
Net change in interest-bearing time deposits	1,440,000	(2,640,000)
Proceeds from sales of available-for-sale securities	-	3,771,780
Purchases of available-for-sale securities	(1,003,397)	(4,308,063)
Principal paydowns on mortgage-backed securities	1,099,117	1,033,396
Purchase of premises and equipment	(19,825)	(18,565)
Purchase of Federal Home Loan Bank stock	(100)	(1,400)
Proceeds from sale of foreclosed assets	-	261,621
Net cash used in investing activities	(7,248,114)	(54,718)

See Notes to Financial Statements

Systematic Savings Bank

	Years ended	
	12/31/2020	12/31/2019
Financing Activities		
Increase (Decrease) in checking and savings accounts	11,031,413	(206,114)
Decrease in certificates of deposit	(2,540,698)	(23,551)
Proceeds from FHLB advances	-	422,500
Issuance of common stock	5,074,639	-
Increase (decrease) in advances from borrowers for taxes and insurance	627	(127,014)
Net cash provided by financing activities	13,565,981	65,821
Increase in Cash and Cash Equivalents	6,444,834	72,854
Cash and Cash Equivalents, Beginning of Year	3,253,809	3,180,955
Cash and Cash Equivalents, End of Year	$ 9,698,643	$ 3,253,809
Supplemental Cash Flows Information		
Real estate acquired in foreclosure	$ -	$ 293,541
Interest paid	$ 524,429	$ 503,687

See Notes to Financial Statements

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Systematic Savings Bank (the "Savings Bank") is a Missouri-chartered stock savings and loan association. The Savings Bank is primarily engaged in providing financial services to customers primarily in Greene and Christian counties in Missouri. The Savings Bank is subject to competition from other financial institutions. The Savings Bank is subject to the regulation of certain federal and state agencies and undergoes periodic examinations by those regulatory authorities.

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 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 loan losses and valuation of real estate acquired in connection with foreclosures or in satisfaction of loans. In connection with the determination of the allowance for loan losses and valuation of foreclosed assets held for sale, management obtains independent appraisals for significant properties.

Cash and Cash Equivalents

The Savings Bank considers all liquid investments with original maturities of three months or less to be cash equivalents. Cash equivalents consist of certain interest-bearing deposits in other financial institutions and federal funds sold.

At both December 31, 2020 and 2019, the Savings Bank's cash accounts exceeded federally insured limits by approximately $250,000.

Interest-Bearing Time Deposits in Banks

Interest-bearing deposits in banks mature within approximately two years and are carried at cost.

Securities

Certain debt securities that management has the positive intent and ability to hold to maturity may be classified as "held to maturity" and recorded at amortized cost. Securities not classified as held to maturity are classified as "available for sale" and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are determined using the specific identification method.

The Savings Bank routinely conducts periodic reviews to identify and evaluate each investment security to determine whether an other-than-temporary impairment has occurred. For debt

securities with fair value below amortized cost when the Savings Bank does not intend to sell a debt security, and it is more likely than not the Savings Bank will not have to sell the security before recovery of its cost basis, it recognizes the credit component of an other-than-temporary impairment of a debt security in earnings and the remaining portion in other comprehensive income.

Federal Home Loan Bank Stock

Federal Home Loan Bank (FHLB) stock is a required investment for institutions that are members of the Federal Home Loan Bank system. The required investment in the common stock is based on a predetermined formula, carried at cost and evaluated for impairment. The Savings Bank's total investment amounted to $62,100 and $62,000 at December 31, 2020 and 2019, respectively, and is included in prepaid expenses and other assets on the statements of financial condition. As a member, the Savings Bank has the ability to borrow from the FHLB, which is secured by outstanding loans.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding principal balances adjusted for any charge-offs, the allowance for loan losses and any deferred fees or costs on originated loans.

For loans amortized at cost, interest income is accrued based on the unpaid principal balance. The accrual of interest on loans is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off are reversed against interest income. The interest on these loans is accounted for on the cash basis or cost recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows or collateral value of the impaired loan is lower than the carrying value of that loan. The general component covers nonclassified loans and is based on

historical charge-off experience and expected loss given default derived from the Savings Bank's internal risk rating process. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data.

A loan is considered impaired when, based on current information and events, it is probable that the Savings Bank will be unable to collect the scheduled payments of principal or 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. Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, or the fair value of the collateral if the loan is collateral dependent.

Premises and Equipment

Depreciable assets are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful lives of the assets.

Foreclosed Assets Held for Sale

Assets acquired through loan foreclosure are held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net income or expense from foreclosed assets.

Income Taxes

The Savings Bank accounts for income taxes in accordance with income tax accounting guidance (ASC 740, *Income Taxes*). The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Savings Bank determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Tax positions are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the terms examined and upon examination also include a resolution of the related appeals or litigation processes, if any. A tax position that meets the more-

likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to management's judgment.

The Savings Bank files its income tax returns on a calendar year basis. With a few exceptions, the Savings Bank is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2017.

The Savings Bank recognizes interest and penalties on income taxes as a component of income tax expense.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss), net of applicable income taxes. Other comprehensive income (loss) includes unrealized appreciation (depreciation) on available-for-sale securities.

Stock Conversion

On October 13, 2020, Systematic Savings Bank completed its conversion from a state-chartered mutual savings and loan association to a state-chartered stock savings and loan association. The offering was consummated through the sale and issuance by Systematic Savings Bank of 595,125 shares of common stock at $10 per share. Gross proceeds of $5,951,250 were raised in the stock offering. Conversion costs as of December 31, 2020 are approximately $877,000 and were netted against the stock conversion proceeds as a reduction of additional paid-in capital.

Voting rights are held and exercised exclusively by the stockholders of the Savings Bank. Deposit account holders are insured by the FDIC. In connection with the closing of the conversion, a liquidation account was established in the amount of $5.0 million, which represented the Savings Bank's total equity capital as of March 31, 2020, the latest balance sheet date in the final offering circular used in the conversion. The liquidation account will be maintained for the benefit of eligible account holders who continue to maintain their accounts at the Savings Bank. The liquidation account will be reduced annually to the extent that eligible account holders have reduced their qualifying deposits. Subsequent increases will not restore an eligible account holder's interest in the liquidation account. In the event of a complete liquidation of the Savings Bank, and only in such event, each eligible account holder will be entitled to receive a distribution from the liquidation account in an amount proportionate to the adjusted qualifying account balances then held.

The Savings Bank may not declare, pay a dividend on, or purchase any of its capital stock, if the effect thereof would cause equity capital to be reduced below the liquidation account or regulatory requirements applicable to the Savings Bank. The Savings Bank has no current plans to pay a dividend to its stockholders.

Change in Accounting Principle

On January 1, 2019, the Savings Bank adopted the Financial Accounting Standards Board Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606). Topic 606 creates a single framework for recognizing revenue from contracts with customers that

fall within its scope and revised when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets, such as foreclosed assets. The majority of the Savings Bank's revenues come from interest income and other sources, including loans and securities that are outside the scope of Topic 606. The Savings Bank 's services that fall within the scope of Topic 606 are presented within noninterest income in the accompanying statements of income and are recognized as revenue as the Savings Bank satisfies its obligation to the customer. Services within the scope of Topic 606 include service charges on deposits, interchange income, and the sale of foreclosed assets. See Note 13 for additional information about the Savings Bank 's revenues that are within the scope of Topic 606.

The Savings Bank adopted Topic 606 using the modified retrospective approach applied to all contracts not completed at the date of adoption. The Savings Bank 's adoption of Topic 606 did not result in a change to the timing of revenue recognition.

New Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. Improvement updates to the proposed standard have been issued in November 2018 (Update 2018-19), April 2019 (Update 2019-04) and May 2019 (Update 2019-05) that provided additional guidance on this Topic. During the third quarter of 2019, the implementation for this standard was delayed for institutions like the Savings Bank deemed as “smaller reporting companies” based on criteria that measured the size of public float and revenue tests until 2023. Currently, the amendments in this ASU require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The Savings Bank has been gathering data and is in the process of selecting a third-party vendor to assist in generating loan level cash flows and disclosures. The financial impact of adopting this standard is still being evaluated.

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842).” ASU 2016-02 establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02 will be effective for the Savings Bank on January 1, 2022, including interim periods within that year. However, the Savings Bank does not expect the implementation of this standard to have a material impact on the financial statements.

Earnings Per Share

Basic earnings per share represents income available to common stockholders divided by the weighted-average number of common shares outstanding. Based on the stock conversion on October 13, 2020, the computation of earnings per share for the full year of 2020 includes the shares that were outstanding from October 13, 2020, through December 31, 2020. There were no shares outstanding in 2019, thus earnings per share is not applicable for 2019.

Note 2: Investment Securities

The amortized cost of investment securities available-for-sale and their approximate fair values are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-Sale Securities				
December 31, 2020				
Corporate bonds	$ 999,582	$ 10,113	$ -	$ 1,009,695
Government sponsored mortgage-backed securities	963,776	24,732	200	988,308
	$ 1,963,358	$ 34,845	$ 200	$ 1,998,003
December 31, 2019				
Government sponsored mortgage-backed securities	$ 2,092,486	$ 12,502	$ 1,109	$ 2,103,879
	$ 2,092,486	$ 12,502	$ 1,109	$ 2,103,879

Certain investments in debt securities are reported in the financial statements at an amount less than their historical costs. Total fair value of these investments at December 31, 2020 was $63,302, which is approximately 3% of the Savings Bank's available-for-sale portfolio. Total fair value of these investments at December 31, 2019 was $313,228, which is approximately 15% of the Savings Bank's available-for-sale portfolio. These declines primarily resulted from changes in market interest rates.

Based on evaluation of available evidence, including recent changes in market interest rates, credit rating information and information obtained from regulatory filings, management believes the declines in fair value for these securities are temporary.

Should the impairment of any of these securities become other than temporary, the cost basis of the investment will be reduced, and the resulting loss recognized in net income in the period the other-than-temporary impairment is identified.

The amortized cost and estimated fair value of debt securities available-for-sale at December 31, 2020 are listed by maturity category in the following table. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are presented separately.

	Available-for-Sale	
	Amortized Cost	Fair Value
December 31, 2020		
Within one year	$ -	$ -
One to five years	-	-
Five to ten years	999,582	1,009,695
After ten years	-	-
Government sponsored mortgage-backed securities	963,776	988,308
Totals	$ 1,963,358	$ 1,998,003

The following tables show the Savings Bank's gross unrealized losses and fair value, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position at December 31, 2020 and 2019:

	12/31/2020			
	Less than 12 Months		12 Months or More	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Government sponsored mortgage-backed securities	$ 63,302	$ 200	$ -	$ -
Total temporarily impaired securities	$ 63,302	$ 200	$ -	$ -

	12/31/2019			
	Less than 12 Months		12 Months or More	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Government sponsored mortgage-backed securities	$ 313,228	$ 1,109	$ -	$ -
Total temporarily impaired securities	$ 313,228	$ 1,109	$ -	$ -

Note 3: Loans and Allowance for Loan Losses

Classes of loans at December 31, 2020 and 2019, include:

	12/31/2020	12/31/2019
Residential real estate	$ 25,479,976	$ 19,642,053
Commercial real estate	7,315,193	6,644,183
Commercial Business	3,257,136	2,022,715
Consumer	233,554	150,336
Agriculture real estate	1,684,105	754,129
Total loans	37,969,964	29,213,416
Less		
Deferred loan fees and discounts, net	102,927	101,748
Allowance for loan losses	406,850	410,890
Net loans	$ 37,460,187	$ 28,700,778

The following tables present the balance in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment methods as of December 31, 2020 and 2019:

Systematic Savings Bank

Notes to Financial Statements

December 31, 2020 and 2019

	12/31/2020						
	Residential	Commercial Real Estate	Commercial Business	Consumer	AG Real Estate	Unallocated	Total
Allowance for Loan Losses							
Balance, beginning of year	$ 164,277	$ 99,709	$ 17,171	$ 3,123	$ 10,352	$ 116,258	$ 410,890
Provision charged to expense	76,313	(20,921)	53,213	(1,362)	9,834	(112,577)	$ 4,500
Losses charged off	-	-	(8,540)	-	-	-	(8,540)
Recoveries	-	-	-	-	-	-	-
Balance, end of year	$ 240,590	$ 78,788	$ 61,844	$ 1,761	$ 20,186	$ 3,681	$ 406,850
Ending balance individually evaluated for impairment	$ -	$ -	$ 41,178	$ -	$ -	$ -	$ 41,178
Ending balance collectively evaluated for impairment	$ 240,590	$ 78,788	$ 20,666	$ 1,761	$ 20,186	$ 3,681	$ 365,672
Loans							
Ending balance	$ 25,479,976	$ 7,315,193	$ 3,257,136	$ 233,554	$ 1,684,105	$ -	$ 37,969,964
Ending balance individually evaluated for impairment	$ -	$ -	$ 171,463	$ -	$ -	$ -	$ 171,463
Ending balance collectively evaluated for impairment	$ 25,479,976	$ 7,315,193	$ 3,085,673	$ 233,554	$ 1,684,105	$ -	$ 37,798,501

	12/31/2019						
	Residential	Commercial Real Estate	Commercial Business	Consumer	AG Real Estate	Unallocated	Total
Allowance for Loan Losses							
Balance, beginning of year	$ 199,460	$ 99,709	$ 17,171	$ 3,123	$ 10,352	$ 117,667	$ 447,482
Provision charged to expense	-	-	-	-	-	-	-
Losses charged off	(35,183)	-	-	-	-	(1,409)	(36,592)
Recoveries	-	-	-	-	-	-	-
Balance, end of year	$ 164,277	$ 99,709	$ 17,171	$ 3,123	$ 10,352	$ 116,258	$ 410,890
Ending balance individually evaluated for impairment	$ 8,000	$ -	$ -	$ -	$ -	$ -	$ 8,000
Ending balance collectively evaluated for impairment	$ 156,277	$ 99,709	$ 17,171	$ 3,123	$ 10,352	$ 116,258	$ 402,890
Loans							
Ending balance	$ 19,642,053	$ 6,644,183	$ 2,022,715	$ 150,336	$ 754,129	$ -	$ 29,213,416
Ending balance individually evaluated for impairment	$ 347,026	$ -	$ 28,957	$ -	$ -	$ -	$ 375,983
Ending balance collectively evaluated for impairment	$ 19,295,027	$ 6,644,183	$ 1,993,758	$ 150,336	$ 754,129	$ -	$ 28,837,433

Internal Risk Categories

Loan grades are numbered 1 through 7 and 35. Grades 1 through 3 and 35 are considered satisfactory grades. The grade of 4, or Special Mention, represents loans of lower quality and is considered criticized. The grade of 5, or Substandard, refers to assets that are classified. The Savings Bank does not have any loans currently graded 6, Doubtful or 7, Loss.

Pass (1-3 and 35) loans have acceptable asset quality and liquidity.

Special Mention (4) assets have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the Savings Bank's credit position at some future date. Special mention assets are not adversely classified and do not expose the Savings Bank to sufficient risk to warrant adverse classification. Ordinarily, special mention credits have characteristics which corrective management action would remedy.

Substandard (5) loans are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Savings Bank will sustain some loss if the deficiencies are not corrected.

Risk characteristics applicable to each segment of the loan portfolio are described as follows:

Residential Real Estate: The residential 1-4 family real estate loans are generally secured by 1-4 family rental properties and owner-occupied 1-4 family residences. Repayment of these loans is primarily dependent on the personal income and credit rating of the borrowers. Credit risk in these loans can be impacted by economic conditions within the Savings Bank's market areas that might impact either property values or a borrower's personal income. Risk is mitigated by the fact that the loans are of smaller individual amounts and spread over a larger number of borrowers.

Commercial Real Estate and Agriculture Real Estate: Commercial and agriculture real estate loans typically involve larger principal amounts, and repayment of these loans is generally dependent on the successful operations of the property securing the loan or the business conducted on the property securing the loan. These loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Credit risk in these loans may be impacted by the creditworthiness of a borrower, property values and the local economies in the Savings Bank's market areas.

Commercial Business: The commercial portfolio includes loans to commercial customers for use in financing working capital needs, equipment purchases and expansions. The loans in this category are repaid primarily from the cash flow of a borrower's principal business operation. Credit risk in these loans is driven by creditworthiness of a borrower and the economic conditions that impact the cash flow stability from business operations.

Consumer: The consumer loan portfolio consists of various term and line of credit loans such as automobile loans and loans for other personal purposes. Repayment for these types of loans will come from a borrower's income sources that are typically independent of the loan purpose. Credit risk is driven by consumer economic factors (such as unemployment and general economic conditions in the Savings Bank's market area) and the creditworthiness of a borrower.

Small Business Administration Paycheck Protection Program: During April 2020, in response to the COVID-19 crisis, the federal government created the Paycheck Protection Program, sponsored by the Small Business Administration ("SBA"), under the CARES Act. As a participating lender under the program, the Savings Bank funded loans with a balance of $356,774 for 11 customers, as of December 31, 2020. These are classified with Commercial Business Loans. The Savings Bank understands that the loans are fully guaranteed by the SBA. Therefore, there was no increase in the allowance for credit losses related to these loans as there is no expectation of credit loss. The maximum term of the loans ranges from two to five years, however, the Savings Bank believes that the majority of the loan balances are expected to be forgiven by the SBA. The process of loan forgiveness began during the third quarter of 2020, and the Savings Bank believes the majority of loan balances will be forgiven in 2021.

The following tables present the credit risk profile of the Savings Bank's loan portfolio based on internal rating category and payment activity as of December 31, 2020 and 2019:

	12/31/2020					
	Residential	Commercial Real Estate	Commercial Business	Consumer	Ag RE	Total
Grade						
Pass (1-3 & 35)	$ 25,258,917	$ 7,315,193	$ 3,085,673	$ 210,088	$ 1,684,105	$ 37,553,976
Special mention (4)	-	-	-	-	-	-
Substandard (5)	221,059	-	171,463	23,466	-	415,988
	$ 25,479,976	$ 7,315,193	$ 3,257,136	$ 233,554	$ 1,684,105	$ 37,969,964

	12/31/2019					
	Residential	Commercial Real Estate	Commercial Business	Consumer	Ag RE	Total
Grade						
Pass (1-3 & 35)	$ 19,209,670	$ 6,644,183	$ 1,993,758	$ 150,336	$ 754,129	$ 28,752,076
Special mention (4)	96,910	-	-	-	-	96,910
Substandard (5)	335,473	-	28,957	-	-	364,430
	$ 19,642,053	$ 6,644,183	$ 2,022,715	$ 150,336	$ 754,129	$ 29,213,416

The Savings Bank evaluates the loan risk grading system definitions and allowance for loan loss methodology on an ongoing basis. No significant changes were made to either during the past year.

The following tables present the Savings Bank's loan portfolio aging analysis as of December 31, 2020 and 2019:

12/31/2020

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans	Total Loans > 90 Days & Accruing
Residential	$ 83,767	$ -	$ -	$ 83,767	25,396,209	$ 25,479,976	$ -
Commercial real estate	-	-	-	-	7,315,193	7,315,193	-
Commercial Business	-	-	171,463	171,463	3,085,673	3,257,136	-
Consumer	23,466	-	-	23,466	210,088	233,554	
Ag real estate	-	-	-	-	1,684,105	1,684,105	-
Total	$ 107,233	$ -	$ 171,463	$ 278,696	$ 37,691,268	$ 37,969,964	$ -

12/31/2019

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans	Total Loans > 90 Days & Accruing
Residential	$ 134,609	$ -	$ -	$ 134,609	19,507,444	$ 19,642,053	$ -
Commercial real estate	-	-	-	-	6,644,183	6,644,183	-
Commercial Business	2,707	28,957	-	31,664	1,991,051	2,022,715	-
Consumer	-	-	-	-	150,336	150,336	-
Ag real estate	-	-	-	-	754,129	754,129	-
Total	$ 137,316	$ 28,957	$ -	$ 166,273	$ 29,047,143	$ 29,213,416	$ -

A loan is considered impaired, in accordance with the impairment accounting guidance (ASC 310-10-35-16), when based on current information and events, it is probable the Savings Bank will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming loans but also include loans modified in troubled debt restructurings.

The following tables present impaired loans for the years ended December 31, 2020 and 2019:

	12/31/2020				
	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Loans	Interest Income Recognized
Loans without a specific valuation allowance					
Residential	$ -	$ -	$ -	$ 160,138	$ 13,618
Commercial real estate	-	-	-	-	-
Commercial Business	-	-	-	14,479	-
Consumer	-	-	-	-	-
Ag real estate	-	-	-	-	-
Loans with a specific valuation allowance					
Residential	$ -	$ -	$ -	$ 13,375	$ -
Commercial real estate	-	-	-	-	-
Commercial Business	171,463	171,463	41,178	85,731	8,697
Consumer	-	-	-	-	-
Ag real estate	-	-	-	-	-
Total:					
Residential	$ -	$ -	$ -	$ 173,513	$ 13,618
Commercial real estate	-	-	-	-	-
Commercial	171,463	171,463	41,178	100,210	8,697
Consumer	-	-	-	-	294
Ag real estate	-	-	-	-	-
Total impaired loans	$ 171,463	$ 171,463	$ 41,178	$ 273,723	$ 22,609

	12/31/2019				
	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Loans	Interest Income Recognized
Loans without a specific valuation allowance					
Residential	$ 320,276	$ 320,276	$ -	$ 616,610	$ 21,743
Commercial real estate	-	-	-	191,331	-
Commercial Business	28,957	28,957	-	40,887	2,148
Consumer	-	-	-	-	-
Ag real estate	-	-	-	-	-
Loans with a specific valuation allowance					
Residential	$ 26,750	$ 26,750	$ 8,000	$ 27,539	$ 1,803
Commercial real estate	-	-	-	-	-
Commercial business	-	-	-	-	-
Consumer	-	-	-	-	-
Ag real estate	-	-	-	-	-
Total:					
Residential	$ 347,026	$ 347,026	$ 8,000	$ 644,149	$ 23,546
Commercial real estate	-	-	-	191,331	-
Commercial Business	28,957	28,957	-	40,887	2,148
Consumer	-	-	-	-	-
Ag real estate	-	-	-	-	-
Total impaired loans	$ 375,984	$ 375,983	$ 8,000	$ 876,367	$ 25,694

At December 31, 2020 and 2019, the Savings Bank had the following nonaccrual loans:

	12/31/2020	12/31/2019
Residential	$ -	$ -
Commercial Real Estate	-	-
Commercial Business	171,463	-
Consumer	-	-
Ag RE	-	-
Total	$ 171,463	$ -

At December 31, 2020 and 2019, the Savings Bank had no loans that were modified in a troubled debt restructuring and impaired.

The Savings Bank received five requests for loan modification that fall under provisions of the CARES Act, which allow interest rate and repayment term modifications due to adverse circumstances related to COVID-19. The balance of these loans was $2.1 million at the date of request. As of December 31, 2020, all loans were returned to a normal repayment schedule.

The Bank has entered into transactions with certain directors, executive officers, significant stockholders and their affiliates. Such transactions were made in the ordinary course of business on substantially the same terms and conditions, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other customers, and did not, in the opinion of management, involve more than normal credit risk or present other unfavorable features. The aggregate amount of loans to such related parties at December 31, 2020 and 2019 was $548,025 and $0, respectively.

Note 4: Premises and Equipment

Major classifications of premises and equipment, stated at cost, are as follows:

	12/31/2020	12/31/2019
Land	$ 99,658	$ 99,658
Building and improvements	884,665	882,941
Furniture, fixtures and equipment	469,332	451,232
	1,453,655	1,433,831
Less accumulated depreciation	858,612	825,693
Net premises and equipment	$ 595,043	$ 608,138

Note 5: Deposits

Deposits at December 31, 2020 and 2019, are summarized as follows:

	12/31/2020	12/31/2019
Non-interest bearing checking	$ 4,296,237	$ 3,745,205
Checking and MMDA accounts	15,142,074	4,677,316
Savings accounts	116,649	101,025
	19,554,959	8,523,546
Certificates of deposit	21,109,553	23,650,251
	$ 40,664,512	$ 32,173,797

Certificates of deposit in denominations of $250,000 or more were $4,372,466 and $5,003,412 on December 31, 2020 and 2019, respectively. Certificates of deposit in denominations of $100,000 or

more were $15,931,398 and $18,183,442 on December 31, 2020 and 2019, respectively. Brokered deposits totaled $3,500,000 at December 31, 2020 and 2019.

Deposits of one commercial customer amounted to 13% of the Bank's total deposits at December 31, 2020. Management believes this relationship may be volatile and it is reasonably possible the relationship could change in the near term.

At December 31, 2020, the scheduled maturities of time deposits are as follows:

	12/31/2020
2021	$ 9,078,674
2022	7,248,874
2023	1,898,080
2024	1,740,842
2025	1,143,083
	$ 21,109,553

Note 6: Income Taxes

The Savings Bank files its federal tax return on a calendar year basis. As of December 31, 2020 and 2019, retained earnings include approximately $1,015,000 for which no deferred income tax liability has been recognized. This amount represents an allocation of income to bad debt deductions for tax purposes only for tax years prior to 1988. If the Savings Bank were to liquidate, the entire amount would have to be recaptured and would create income for tax purposes only, which would be subject to the then-current corporate income tax rate. The unrecorded deferred income tax liability on the above amount was approximately $250,000 at December 31, 2020 and 2019.

A reconciliation of income tax expense at the statutory rate to the Savings Bank's actual income tax expense is shown below:

	Years Ended December 31,	
	2020	2019
Computed at the statutory rate (21%)	$ 11,715	$ (18,092)
Changes in the deferred tax valuation allowance	(16,666)	(5,420)
State tax impact on deferred taxes	1,532	(2,366)
Other	3,420	25,878
Actual tax provision	$ -	$ -

The tax effects of temporary differences related to deferred taxes shown on the December 31, 2020 and 2019, statements of financial condition were:

	2020	2019
Deferred tax assets		
Allowance for loan losses	$ 97,644	98,614
Net operating loss carryforward	527,458	541,528
Other	47,937	42,105
	673,039	682,247
Deferred tax liabilities		
Prepaid expenses	7,297	4,721
Unrealized gain on available-for-sale securities	7,275	2,393
	14,572	7,114
Net deferred tax asset before valuation allowance	658,467	675,133
Valuation allowance		
Beginning balance	(675,133)	(680,553)
Increase during the period	16,666	5,420
Ending balance	(658,467)	(675,133)
Net deferred tax asset	$ -	$ -

As of December 31, 2020, the Savings Bank had approximately $2,510,000 of net operating loss (NOL) carry forwards available to offset future income taxes. NOLs arising in 2018 or later carry forward indefinitely. NOLs of $2,277,000 arising prior to 2018 expire beginning in 2033.

Note 7: FHLB Advances

At December 31, 2020 and 2019, the Savings Bank had advances of $422,500 with the Federal Home Loan Bank. The Savings Bank is required to maintain an investment in Federal Home Loan Bank capital stock. The investment is carried at amortized cost and amounted to $62,100 and $62,000 at December 31, 2020 and 2019, respectively. In addition, the Savings Bank has pledged $11,971,792 of its 1-4 family conventional mortgage portfolio as collateral for the advance and future advances. The advance bears an interest rate of 1.97% and matures July 29, 2021.

Note 8: Fair Value Measurements

The Savings Bank has a number of financial instruments. The estimated fair value amounts have been determined by the Savings Bank using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Savings Bank could realize in a current market exchange.

The Financial Accounting Standards Board has established a fair value hierarchy that prioritizes the inputs used in valuation techniques and creates the following three broad levels, with Level 1 being the highest priority:

> *Level 1* - Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date. Assets and liabilities generally included in this category include listed equity and debt securities publicly traded on an exchange.
>
> *Level 2* - Level 2 inputs are from other than market prices included in Level 1, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of models or other valuation methodologies.
>
> *Level 3* - Level 3 inputs are unobservable for assets and liabilities and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

Financial instruments are broken down as follows by recurring or nonrecurring measurement status. Recurring assets are initially measured at fair value and are required to be remeasured at fair value in the financial statements at each reporting date. Assets measured on a nonrecurring basis are assets that, due to an event or circumstance, were required to be remeasured at fair value after initial recognition in the financial statements at some time during the reporting period.

Recurring

Available-for-sale securities

Fair value is estimated by considering "observable" information through processes such as benchmarking yields, reported trades, issuer spreads, and model processes, such as the Option Adjusted Spread models for prepayment and interest rate scenarios.

The following are major categories of assets and liabilities measured at fair value on a recurring basis during the year ended December 31, 2020:

		Fair Value Measurements		
	Fair Value	Level 1	Level 2	Level 3
December 31, 2020				
Corporate bonds	$ 1,009,695	$ -	$ 1,009,695	$ -
Mortgage-backed securities	988,308	-	988,308	-
	$ 1,998,003	$ -	$ 1,998,003	$ -
December 31, 2019				
Mortgage-backed securities	2,103,879	-	2,103,879	-
	$ 2,103,879	$ -	$ 2,103,879	$ -

Nonrecurring

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a nonrecurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Impaired loans

Loans for which it is probable that the Savings Bank will not collect all principal and interest due according to contractual terms are measured for impairment in accordance with GAAP. Allowable methods for estimating fair value include using the fair value of the collateral for collateral dependent loans, or where a loan is determined not to be collateral dependent, using the discounted cash flow method.

If the impaired loan is identified as collateral dependent, then the fair value method of measuring the amount of impairment is utilized. This method requires obtaining a current independent appraisal of the collateral and applying a discount factor to the value. Unobservable inputs to these measurements, which include estimates and judgments often used in conjunction with appraisals, are not readily quantifiable.

If the impaired loan is determined not to be collateral dependent, then the discounted cash flow method is used. This method requires the impaired loan to be recorded at the present value of expected future cash flows discounted at the loan's effective interest rate. The effective interest rate of a loan is the contractual interest rate adjusted for any net deferred loan fees or costs, premiums or discount existing at origination or acquisition of the loan.

The fair value measurements of nonrecurring assets classified within the fair value hierarchy at December 31, are as follows:

	Fair Value	Level 1	Level 2	Level 3
December 31, 2020				
Impaired loans	$ 130,285	$ -	$ -	$ 130,285
	$ 130,285	$ -	$ -	$ 130,285
December 31, 2019				
Impaired loans	$ 18,750	$ -	$ -	$ 18,750
	$ 18,750	$ -	$ -	$ 18,750

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying consolidated balance sheets at amounts other than fair value.

Cash and cash equivalents, interest-bearing deposits and Federal Home Loan Bank stock

The carrying amounts reported in the statements of financial condition approximate those assets' fair value.

Loans and interest receivable

The fair value of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. Loans with similar characteristics were aggregated for purposes of the calculations. The carrying amount of accrued interest approximates its fair value.

Deposits

Deposits include demand deposits, savings accounts, NOW accounts and certain money market deposits. The carrying amount approximates fair value. The fair value of fixed-maturity certificates of deposit is estimated by discounting the future cash flows using rates currently offered for deposits of similar remaining maturities.

Federal Home Loan Bank advances

The fair value of advances is estimated by using rates on debt with similar terms and remaining maturities.

The following presents the estimated fair values of the Savings Bank 's financial instruments:

		December 31, 2020		December 31, 2019	
	Hierarchy Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Cash and equivalents, including fed funds sold	1	$ 9,698,643	$ 9,698,643	$ 3,253,809	$ 3,253,809
Interest-bearing time deposits	2	1,300,000	1,300,000	2,740,000	2,740,000
Federal Home Loan Bank stock	2	62,100	62,100	62,000	62,000
Loans, net of allowance	3	37,460,187	38,552,651	28,700,778	29,308,480
Interest receivable	2	151,585	151,585	129,555	129,555
Financial liabilities					
Deposits	3	40,664,512	40,893,727	32,173,797	21,729,667
FHLB advances	2	422,500	426,143	422,500	423,024

Note 9: Regulatory Matters

The Savings Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct and material effect on the Savings Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Savings Bank must meet specific capital guidelines that involve quantitative measures of the Savings Bank's assets, liabilities and certain off-statement of financial condition items as calculated under U.S. GAAP, regulatory reporting requirements and regulatory capital standards. The Savings Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. Furthermore, the Savings Bank's regulators could require adjustments to regulatory capital not reflected in these financial statements.

Quantitative measures established by regulatory reporting standards to ensure capital adequacy require the Savings Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier I capital (as defined) to risk-weighted assets (as defined), common equity Tier 1 capital (as defined) to total risk-weighted assets (as defined) and of Tier I capital (as defined) to average assets (as defined). Management believes, as of December 31, 2020 and 2019, that the Savings Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2020, the most recent notification from the FDIC categorized the Savings Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Savings Bank must maintain capital ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Savings Bank's category.

The Savings Bank's actual capital amounts and ratios are also presented in the table below. No amount was deducted from capital for interest-rate risk.

	Actual		Minimum Capital Requirements		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollar Amounts in Thousands)					
As of December 31, 2020						
Total risk-based capital (to risk-weighted assets)	$10,454	38.8%	≥$2,158	≥ 8.0%	≥$2,698	≥ 10.0%
Tier I capital (to risk-weighted assets)	$10,116	37.5%	≥$1,619	≥ 6.0%	≥$2,158	≥ 8.0%
Common equity tier I capital (to risk-weighted assets)	$10,116	37.5%	≥$1,214	≥ 4.5%	≥$1,753	≥ 6.5%
Tier I capital (to average total assets)	$10,116	20.9%	≥$1,933	≥ 4.0%	≥$2,416	≥ 5.0%
As of December 31, 2019						
Total risk-based capital (to risk-weighted assets)	$5,256	24.3%	≥$1,728	≥ 8.0%	≥$2,100	≥ 10.0%
Tier I capital (to risk-weighted assets)	$4,985	23.1%	≥$1,296	≥ 6.0%	≥$1,700	≥ 8.0%
Common equity tier I capital (to risk-weighted assets)	$4,985	23.1%	≥$1,000	≥ 4.5%	≥$1,400	≥ 6.5%
Tier I capital (to average total assets)	$4,985	13.2%	≥$1,498	≥ 4.0%	≥$1,800	≥ 5.0%

Note 10: Retirement Plan

Effective January 1, 2018, the Savings Bank began offering a 401(K)-retirement plan to eligible employees. Previously, the Savings Bank had a defined contribution pension plan covering substantially all employees. The Savings Bank's contributions to the plans are determined annually by the Board of Directors. Contributions to the plans were $15,498 and $15,430 for the years ended December 31, 2020 and 2019, respectively.

Note 11: Significant Estimates and Concentrations

Significant Estimates

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Estimates related to the allowance for loan losses are reflected in the footnote regarding loans. Current vulnerabilities due to certain concentrations of credit risk are discussed in the footnote on commitments and credit risk.

Note 12: Commitments and Credit Risk

Lines of Credit

Lines of credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Lines of credit generally have fixed expiration dates. Since a portion of the line may expire without being drawn upon, the total unused lines do not necessarily represent future cash requirements. Each customer's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation of the counterparty. Collateral held varies but generally includes commercial or residential real estate. Management uses the same credit policies in granting lines of credit as it does for instruments on the statement of financial condition.

At December 31, 2020 and 2019, the Savings Bank had granted unused lines of credit to borrowers aggregating approximately $2,203,000 and $478,000 respectively, for open-end consumer lines.

Note 13: Noninterest Income

Noninterest income consists of the following:

	12/31/2020	12/31/2019
FHLB dividends	$ 2,619	$ 2,349
Loss on Disposal - Available-for-Sale Securities	-	(7,165)
SBA loan premium	5,210	21,616
Interchange income	12,405	23,832
Service charges and fees	9,184	14,480
Other	10,954	17,450
	$ 40,372	$ 72,562

Note 14: Other Noninterest Expense

Noninterest expense consists of the following:

	12/31/2020	12/31/2019
Data processing	$ 131,537	$ 139,976
Group insurance	34,787	33,211
Advertising	9,810	11,554
Insurance	37,730	74,686
Taxes and licenses	46,792	47,511
Expense on foreclosed assets	97	36,259
Miscellaneous	205,488	203,957
	$ 466,241	$ 547,154

Note 15: Subsequent Events

Subsequent events have been evaluated through March 18, 2021 which is the date the financial statements were available to be issued.

Shareholder Information

Annual meeting
The annual meeting of stockholders of Systematic Savings Bank will be held on Wednesday, May 19, 2021, at 3:30 p.m., Central Time. Because of concerns regarding the novel coronavirus (COVID-19) pandemic and to protect the safety and well-being of our stockholders, Board of Directors and employees, our 2021 annual meeting of stockholders will be a virtual meeting conducted solely online and can be attended by visiting https://www.gotomeet.me/systematicsavingsbank/annual-meeting.

Stock Listing
The Company's stock is traded on the Over-The-Counter-Bulletin Board under the symbol "SSSB." The stock began trading on the Bulletin Board in October 2020.

Price Range of Common Stock and Stockholders
The Stock has not traded at this time.
As of December 31, 2020, the Bank had approximately 86 shareholders of record.

Code of Ethics
A copy of the Bank's Code of Ethics can be found on the Bank's website www.mysystematic.com.

Annual Reports
We are required to file an annual report and 10-k for the fiscal year ended December 31, 2020. Copies of these, and quarterly reports, may be obtained from inquires to Derek Fraley of Systematic Savings Bank

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Board of Directors

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Chairman
Systematic Savings Bank
Springfield, MO

Brad Weaver
Chief Loan Officer
Systematic Savings Bank
Springfield, MO

Trevor Crist
CEO
Nixon & Lindstrom Insurance
Springfield, MO

Dianna Devore
Owner/President
Design Fabrication
Springfield, MO

Kim Kollmeyer
Partner
Kollmeyer and Company
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Jeff Seifried
President
Connell Insurance
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