Annual Report

December 31, 2021

Systematic Savings Bank

Dear Shareholders,

We are pleased to present highlights from the remarkable year of 2021.

Financial Highlights:

- Net Income of $187,472, an improvement over 2020 of $131,685.
- This is the fourth year in a row of Net Income improvements over $100 thousand.
- Average Earning Assets increased $11.3 million, or 27.5%.
- Total Net Interest Income before provision increased $244,294, or 19.2%, despite flat market rates.

Balance Sheet Highlights:

- Total assets contracted slightly, by design, by $581,289, or 1.1%.
- Net loans increased $2.3 million, or 6.2%, year over year.
- Total deposits decreased $329,216 even while we purposefully reduced our reliance on brokered and internet CDs by $3.2 million, or 30.3%, implying customer deposits are up $2.9 million year over year.
- Book value per common share was $17.34, up $0.28 from $17.06 at December 31, 2020.

Credit Quality Highlights:

- We increased the Allowance for Loan Loss Reserve $9,000
- Non-performing assets continue to remain below industry norms, at $171,000 at the end of 2020 and $21,000 at the end of 2021.
- Total classified and criticized assets totaled $226,000 at year end 2021, down from $287 thousand at year end 2020, a decline of 21.3%.

Annual Interesting Facts:

- Net Income of $187,472 is our best year of earnings since 2006, when we had net income of $186 thousand, though we had a Return on Average Assets of 0.35% in 2021, compared to 0.34% in 2006.
- Q4 2021 marks ten consecutive quarters of positive pretax net operating income. This has not happened since Q2 2004 to Q3 2006.

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.

2021 was an 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, 2021 and 2020 and for the years ended December 31, 2021 and 2020 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,	
	2021	**2020**
Summary of Selected Balance Sheet Data:	**(Dollars in thousands)**	
Total assets	$ 50,772	$ 51,353
Cash and cash equivalents	2,688	9,699
Available for sale securities	3,340	1,998
Loans receivable, net	39,770	37,460
Premises and equipment, net	595	595
Prepaid expenses and other assets (1)	209	149
Deposits	40,335	40,664
FHLB advances	--	423
Total equity	10,317	10,151

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

	Years Ended December 31,	
	2021	**2020**
	(In thousands)	
Selected Operating Data:		
Interest income	$ 2,022	$ 1,791
Interest expense	505	519
Net interest income	1,517	1,272
Provision for loan losses	49	5
Net interest income after provision for loan losses	1,468	1,268
Noninterest income	51	40
Noninterest expense	1320	1,253
Income taxes	12	--
Net income	$ 187	$ 56

SYSTEMATIC SAVINGS BANK
Selected Financial Data

Selected Financial Ratios and Other Data:	**At or For the Years Ended December 31,**	
Performance Ratios:	**2021**	**2020**
Return on average assets (ratio of net income (loss) to average total assets)	0.35%	0.13%
Return on average equity (ratio of net income (loss) to average total equity)	1.83%	0.91%
Interest rate spread (1)	2.61%	2.81%
Net interest margin (2)	2.88%	3.08%
Efficiency ratio (3)	86.86%	95.50%
Average equity to average total assets	19.23%	14.68%
Asset Quality Ratios:		
Non-performing assets to total assets	0.04%	0.33%
Non-performing loans to total loans	0.06%	0.45%
Allowance for loan losses to nonperforming loans	2.37%	2.37%
Allowance for loan losses to total loans	1.03%	1.07%
Net charge-offs to average loans outstanding	0.10%	0.03%
Capital Ratios:		
Total capital (to risk-weighted assets)	N/A	38.75%
Tier 1 capital (to risk-weighted assets)	N/A	37.50%
Common equity Tier 1 capital (to risk-weighted assets)	N/A	38.75%
Tier 1 capital (to average assets)	19.14%	24.13%
Other Data:		
Number of offices	1	1
Full-time equivalent employees	9	8

(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.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

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, 2021 and 2020 and our results of operations for the years ended December 31, 2021 and 2020. 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 net income of $56,000 for the year ended December 31, 2020 while we experienced net income of $187,000 for the year ended December 31, 2021, a $131,000 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 $148,000 and $606,000, respectively, for the year ended December 31, 2021 and $132,000 and $578,000, respectively, for the year ended December 31, 2020. Our noninterest expense was reasonably flat for the year ended December 31, 2021 increasing only $67,000, or 5.4% compared to the prior year. We continually look for savings and efficiencies; however we may not be able to meaningfully reduce our noninterest expense as we have done in the past, 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, 2021 contributed to our increase in net income. Our average balance of interest-earning assets increased $11.4 million to $52.7 million for the year ended December 31, 2021 from $41.2 million for the year ended December 31, 2020. Loans fell to 74.6% of average earning assets in 2021 from 77.5% of average earning assets during 2020. This was offset by an increase in other interest earning assets increasing to 21.5% of total earning assets for 2021 from 17.5% in 2020.

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.

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, 2021 and December 31, 2020

Summary of Selected Balance Sheet Data:	At 12/31/2021	At 12/31/2020	Increase (Decrease)	% Change
	(Dollars in thousands)			
Total assets	$ 50,772	$ 51,353	$ (581)	(1.1)%
Cash and cash equivalents	2,688	9,699	(7,011)	(72.3)%
Available for sale securities	3,340	1,998	1,342	67.2%
Loans receivable, net	39,770	37,460	2,310	6.2%
Premises and equipment, net	595	595	--	--%
Other assets (1)	209	149	60	40.3%
Deposits	40,335	40,664	(329)	(0.8)%
FHLB advances	--	423	(423)	--%
Total equity	10,317	10,151	166	1.6%

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

Total Assets. Total assets declined $581,000, or 1.1%, to $50.8 million at December 31, 2021 from $51.4 million at December 31, 2020. The decrease in total assets was due primarily to declines in cash and cash equivalents, partially offset by increases in loans receivable and available-for-sale securities.

Loans Receivable, Net. Net loans increased $2.3 million, or 6.2%, to $39.8 million at December 31, 2021 from $37.5 million at December 31, 2020. The loan growth during the year was largely organic and spread among several loan categories. For the year ended December 31, 2021, commercial real estate loans increased $2.2 million (30.6)%, agriculture real estate loans increased $730,000 (43.3)%, and commercial business loans increased $426,000 (13.1)%. Meanwhile, residential real estate owner occupied loans decreased $122,000 (1.5)% and residential real estate non-owner occupied loans decreased $979,000 (5.6)%. 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 64% at December 31, 2021.

Securities. At December 31, 2021 and 2020, all our securities were classified as available for sale. At December 31, 2021, the securities portfolio included primarily corporate bonds and taxable municipal bonds, with a small balance of mortgage-backed securities ("MBS"). The continued low rate environment of 2021 caused the MBS portfolio to rapidly prepay, down to $298,000, a $690,000, or 69.8% decline. The decline was offset by purchases of corporate and municipal bonds. Corporate bonds represent $2.4 million of the portfolio as of December 31, 2021, compared to $1.0 million at December 31, 2020, a $1.4 million, or 140.0% increase. Municipal bonds represent $600,000 of the portfolio as of December 31, 2021, while the portfolio did not contain any municipal bonds on December 31, 2020.

Cash and Cash Equivalents. Cash and cash equivalents decreased $7.0 million, or 72.3%, to $2.7 million at December 31, 2021 from $9.7 million at December 31, 2020. The primary reason for the contraction in cash and cash equivalents was a $7.1 million decrease in Federal Funds sold. The decline of this category is the result of deployment of cash into interest Bearing time deposits, which increased $2.7 million year over year and the previously discussed increase in loans and available for sale securities.

Prepaid Expenses and Oher Assets. Other assets increased $60,000 primarily due to prepaid assets increasing.

Deposits. Deposits decreased $329,000, or 0.8%, to $40.3 million at December 31, 2021 from $40.7 million at December 31, 2020. Certificates of deposit declined $3.6 million (17.1)% as the Savings Bank allowed non core brokered and internet deposits to roll off. These were offset by an increase in money market accounts of $2.6 million (17.0%) and an increase in demand deposits of $671,000 (15.6)%.

Advances from FHLB of Des Moines. The $423,000 advance from the FHLB of Des Moines was paid off in 2021.

Equity. Total equity was $10.3 million at December 31, 2021 an increase of $166,000 from December 31, 2020. This increase was due to net income in 2021.

Comparison of Operating Results for the Years Ended December 31, 2021 and 2020

General. We had net income of $187,000 for the year ended December 31, 2021, compared to net income of $56,000 for the year ended December 31, 2020. Our increase in net income during the year ended December 31, 2021 compared to the comparable period in 2020 was primarily the result of an increase in interest income and a decrease in interest expense.

	For the Years ended			
	12/31/2021	**12/31/2020**	**Increase (Decrease)**	**% Change**
Summary of Operations:	**(Dollars in thousands)**			
Interest income:	$ 2,022	$ 1,791	$ 231	12.9%
Interest expense	505	519	(14)	(2.7)%
Net interest income	1,517	1,272	245	19.3%
Provision for loan losses	49	4	45	1,125%
Net interest income after provision for loan losses	1,468	1,268	200	15.8%
Noninterest income	51	40	11	27.5%
Noninterest expense	1,320	1,252	68	5.4%
Income taxes	12	--	12	100.0%
Net income	$ 187	$ 56	$ 131	233.9%

Interest Income. Interest income increased $231,000, or 12.9%, to $2.0 million for the year ended December 31, 2021 from $1.8 million for the year ended December 31, 2020. The increase in interest income resulted from an increase in average earning assets, primarily loans. The average balance of interest-earning assets increased from $41.2 million for 2020 to $52.7 million for 2021. Interest income was reduced by a 50 basis point decrease in the average yield on interest earning assets from 4.34% for 2020 to 3.84% for the year ended December 31, 2021.

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 prepayments in the loan and bond portfolio.

Interest income on loans increased $230,000, or 13.6% during fiscal year 2021 as compared to the same period in 2020. The average balance of loans receivable increased to $39.3 million for 2021 from $32.0 million for 2020. The average yield on loans decreased during the same period, from 5.30% for 2020 to 4.90% for 2021 due to the origination of lower yielding loans. Interest on investments increased $14,000 (29.2)% during this period.

Interest Expense. Interest expense was virtually unchanged between the years 2020 and 2021, decreasing $14,000, or 2.7% and cost of interest bearing liabilities declined 30 basis points, from 1.53% in 2020 to 1.23% in 2021. Interest expense on deposits declined $10,000, or 1.9%, between these periods. Average interest-bearing deposits increased $7.2 million, and the average cost of deposits decreased 29 basis points from 1.52% to 1.23%.

The average balance of FHLB of Des Moines advances decreased to $308,000 for the year ended December 31, 2021 from $552,000 for the same period of 2020.

Net Interest Income. Net interest income increased $245,000, or 19.3%, during the year 2021 compared to the same period in 2020. The increase in net interest income was mostly attributable to an increase in the loan portfolio, funded by declines in cash balances.

The net interest rate spread decreased to 2.61% for 2021 from 2.81% for 2020 as the average yield on average interest-earning assets decreased by 50 basis points and the average cost of average interest bearing liabilities declined 30 basis points.

Provision for Loan Losses. There was a $49,000 provision for loan losses in 2021 compared to a $4,500 for 2020.

	Years Ended		Increase	
	12/31/2021	**12/31/2020**	**(Decrease)**	**% Change**
Summary of Noninterest Income:	**Dollars in thousands**			
FHLB dividends	$ 2	$ 3	$ (1)	(33.3)%
Loan referral premiums	6	5	1	20.0%
Interchange income	14	12	2	16.7%
Service charges and fees	15	9	6	66.7%
Other	15	11	4	36.4%
Total noninterest income	$ 52	$ 40	$ 12	30.0%

Noninterest Income. Noninterest income increased $12,000, or 30.0% to $52,000 for the year ended December 31, 2021 from $40,000 for the year ended December 31, 2020. The increase is due primarily to increases in service charges and fees compared to the year ended December 31, 2020.

	Years Ended		Increase	
	12/31/2021	**12/31/2020**	**(Decrease)**	**% Change**
Summary of Noninterest Expense:	**Dollars in thousands**			
Compensation and benefits	$ 606	$ 578	$ 28	4.8%
Occupancy expense	93	84	9	10.7%
Equipment and data processing	148	132	16	12.1%
FDIC premium expense	8	18	(10)	(55.6)%
Professional and regulatory fees	135	124	11	8.9%
Insurance expense	41	20	21	105.0%
Other	289	297	(8)	(2.7)%
Total noninterest expense	$ 1,320	$ 1,253	$ 67	5.3%

Noninterest Expense. Noninterest expense increased $67,000, or 5.3%, to $1.3 million for the year ended December 31, 2021 from $1.3 million for the year ended December 31, 2020 due primarily to increases in compensation and benefits and insurance expense.

Insurance premium increases are a result of the Savings Bank becoming a public company.

Compensation and benefits increased $28,000, or 4.8%, to $606,000 for the year ended December 31, 2021 from $578,000 for the year ended December 31, 2020. Equipment and Data processing increased $16,000, or 12.1%, to $148,000 for the year ended December 31, 2021, compared to $132,000 for the year ended December 31, 2020. The increase was primarily related to a negotiated contract discount expiring in September 2021.

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,					
	2021			2020		
	Average Outstanding Balance	Interest	Yield/ Rate	Average Outstanding Balance	Interest	Yield/ Rate
Interest-earning assets:			Dollars in Thousands			
Loans receivable	$ 39,294	$ 1,926	4.90%	$ 31,996	$ 1,696	5.30%
Securities, taxable	2,065	62	3.00%	2,093	48	2.33%
Securities, non-taxable	--	--		--	--	0.00%
Other interest-earning assets	11,296	34	0.30%	7,212	47	0.66%
Total interest-earning assets	52,655	$ 2,022	3.84%	41,291	$ 1,791	4.34%
Noninterest-earning assets	481			636		
Total assets	$ 53,136			$ 41,927		
Interest-bearing liabilities:						
Checking and MMDA accounts	20,320	201	0.99%	9,979	104	1.04%
Savings accounts	140	--	0.00%	120	0	0.23%
Certificates of deposit	20,238	299	1.48%	23,350	406	1.74%
Total deposits	40,698	500	1.23%	33,449	510	1.52%
Advances from FHLB of Des Moines	308	5	1.62%	552	9	1.64%
Total interest-bearing liabilities	$ 41,006	$ 505	1.23%	$ 34,001	$ 519	1.53%
Noninterest-bearing checking deposits	1,691			1,608		
Noninterest-bearing liabilities	221			163		
Equity	10,218			6,155		
Total liabilities and equity	$ 53,136			$ 41,927		
Net interest income		$ 1,517			$ 1,272	
Net interest rate spread[1]			2.81%			2.81%
Net interest-earning assets [2]	$ 11,649			$7,290		
Net interest margin [3]			3.08%			3.08%
Average of interest earning assets to interest-bearing liabilities.	128.4%			121.4%		

(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 2021 vs 2020		
	Increase (Decrease) Due to		Total Increase
Interest-earning assets	**Volume**	**Rate**	**(Decrease)**
		(In thousands)	
Loans receivable	$ 368	$ (138)	$ 230
Securities, taxable	23	(9)	14
Securities, non-taxable			--
Other interest-earning assets	29	(42)	(14)
Total interest-earning assets	420	(190)	230
Interest-bearing liabilities:			
Checking and MMDA accounts	121	(24)	97
Savings accounts	--	--	--
Certificates of deposit	(69)	(38)	(107)
Total deposits	51	(62)	(11)
Advances from FHLB of Des Moines	(4)	--	(4)
Total interest-bearing liabilities	47	(62)	(15)
Change in net interest income	$ 373	$ (128)	$ 245

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, 2021.

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	$ 11,484	$ (2,284)	(16.6)%	24.0%	(2.5)%
+ 200 bp	12,076	(1,692)	(12.3)%	24.6%	(2.0)%
+ 100 bp	12,530	(1,238)	(9.0%)	24.9%	(1.7)%
NC	13,768	--	--	26.6%	0.0%
- 100 bp	14,086	318	2.3%	26.1%	(0.4)%
- 200 bp	13,565	(203)	(1.5)%	24.5%	(2.0)%
- 300 bp	12,729	(1,040)	(7.6)%	23.0%	(3.6)%

(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 and off-balance sheet contracts.
(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, 2021, in the event of a 100 basis point decrease in interest rates, we would experience a 0.4% decrease in our economic value of equity. In the event of a 200 basis point increase in interest rates, we would experience a decrease of 2.0% 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, 2021, Systematic had no of FHLB of Des Moines advances and no borrowings from Midwest Independent Bank. At December 31, 2021, Systematic had unused borrowing capacity from the FHLB of Des Moines and Midwest Independent Bank of $7.6 million and $4.6 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, 2021.

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, 2021, cash and cash equivalents totaled $2.7 million. Securities classified as available-for-sale, which provide additional sources of liquidity, totaled $3.3 million at December 31, 2021.

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, 2021, totaled $10.8 million, or 26.7%, 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, including a risk-based capital measure. The risk-based capital guidelines include both a definition of capital and a framework for calculating risk-weighted assets by assigning balance sheet assets and off- balance sheet items to broad risk categories. 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, 2021 and December 31, 2020, we had no outstanding commitments to originate loans because we do not make loan commitments. At December 31, 2021 and December 31, 2020, we had approximately $3.3 million 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, 2021 and 2020 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, 2021 and 2020

Contents

Report of Independent Registered Public Accounting Firm F-2

Financial Statements

Statements of Financial Condition F-5

Statements of Income F-6

Statements of Comprehensive Income F-7

Statements of Stockholders' Equity F-8

Statements of Cash Flows F-9

Notes to Financial Statements F-10

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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, 2021 and 2020, the related statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2021, 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, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2021, 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 24, 2022

Systematic Savings Bank

Statements of Financial Condition

December 31, 2021 and 2020

	12/31/2021	12/31/2020
Assets		
Cash and due from banks	$ 695,095	$ 637,643
Federal funds sold	1,993,000	9,061,000
Cash and cash equivalents	2,688,095	9,698,643
Interest-bearing time deposits	3,995,000	1,300,000
Available-for-sale securities	3,340,080	1,998,003
Loans receivable, net of allowance for loan losses of $415,612 at December 31, 2021, and $406,850 at December 31, 2020	39,769,774	37,460,187
Interest receivable	175,066	151,585
Prepaid expenses and other assets	208,758	149,411
Premises and equipment, net	594,810	595,043
	$ 50,771,583	$ 51,352,872
Liabilities and Stockholders' Equity		
Liabilities		
Deposits	$ 40,335,211	$ 40,664,512
Advances from borrowers for taxes and insurance	27,099	29,442
FHLB advances	-	422,500
Accrued expenses and other liabilities	91,917	85,859
Total liabilities	40,454,227	41,202,313
Stockholders' Equity		
Common stock, $.01 par value		
Authorized - 10,000,000 shares		
Issued and outstanding, 595,125 in 2021 and 2020	5,951	5,951
Additional paid-in capital	5,068,688	5,068,688
Retained earnings	5,228,747	5,041,275
Accumulated other comprehensive income	13,970	34,645
Total stockholders' equity	10,317,356	10,150,559
Total liabilities and stockholders' equity	$ 50,771,583	$ 51,352,872

See Notes to Financial Statements

Systematic Savings Bank

Statements of Income

Years Ended December 31, 2021 and 2020

	Years ended	
	12/31/2021	12/31/2020
Interest income		
Loans	$ 1,925,513	$ 1,695,537
Investments	62,503	48,470
Deposits with financial institutions and other	33,613	47,359
	2,021,629	1,791,366
Interest expense		
Checking accounts	201,175	103,770
Savings accounts	162	275
Certificate accounts	298,533	405,736
FHLB borrowings	4,947	9,067
	504,817	518,848
Net interest income	1,516,812	1,272,518
Provision for loan losses	49,000	4,500
Net interest income after provision for loan losses	1,467,812	1,268,018
Noninterest Income	51,585	40,372
Noninterest Expense		
Salaries and benefits	605,597	577,743
Net occupancy expense	93,406	84,372
Professional fees	134,828	124,247
Other	486,143	466,241
	1,319,974	1,252,603
Net income before income taxes	199,423	55,787
Income tax expense	11,951	-
Net Income	$ 187,472	$ 55,787
Net Income per Share - Basic (1)	$ 0.32	$ 0.09

(1) See discussion of earnings per share calculation in year of conversion in Footnote 1 under Earnings Per Share

See Notes to Financial Statements

Systematic Savings Bank

Statements of Comprehensive Income

Years Ended December 31, 2021 and 2020

	Years ended	
	12/31/2021	12/31/2020
Net Income	$ 187,472	$ 55,787
Other Comprehensive Income		
Unrealized holding gain (loss) on available-for-sale securities	(20,675)	23,252
Other comprehensive income (loss), net of tax	(20,675)	23,252
Comprehensive Income	$ 166,797	$ 79,039

See Notes to Financial Statements

Systematic Savings Bank

Statements of Stockholders' Equity
Years Ended December 31, 2021 and 2020

	Common stock					
	Number of shares	Par value	Additional paid-in-capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2020	-	$ -	$ -	$ 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
Net income	-	-	-	187,472	-	187,472
Other comprehensive income (loss)	-	-	-	-	(20,675)	(20,675)
Balance, December 31, 2021	595,125	$ 5,951	$ 5,068,688	$ 5,228,747	$ 13,970	$ 10,317,356

See Notes to Financial Statements

Systematic Savings Bank

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	Years ended 12/31/2021	Years ended 12/31/2020
Operating Activities		
Net income	$ 187,472	$ 55,787
Items not requiring (providing) cash		
Depreciation	34,843	32,919
Provision for loan losses	49,000	4,500
Amortization of premiums and discounts on mortgage-backed and investment securities	25,383	33,409
Changes in		
Interest receivable	(23,481)	(22,030)
Prepaid expenses and other assets	(59,747)	(7,457)
Interest payable	2,882	5,581
Accounts payable and accrued expenses	3,176	24,258
Net cash provided by operating activities	219,528	126,967
Investing Activities		
Net change in loans	(2,358,587)	(1,197,272)
Purchase of loans	-	(7,566,637)
Net change in interest-bearing time deposits	(2,695,000)	1,440,000
Purchases of available-for-sale securities	(2,546,982)	(1,003,397)
Principal paydowns on mortgage-backed securities	658,847	1,099,117
Proceeds from maturities and calls	500,000	-
Purchase of premises and equipment	(34,610)	(19,825)
Redemption (purchase) of Federal Home Loan Bank stock	400	(100)
Net cash used in investing activities	(6,475,932)	(7,248,114)
Financing Activities		
Increase in checking and savings accounts	3,284,717	11,031,413
Decrease in certificates of deposit	(3,614,018)	(2,540,698)
Decrease in FLHB borrowings	(422,500)	-
Issuance of common stock	-	5,074,639
Increase (decrease) in advances from borrowers for taxes and insurance	(2,343)	627
Net cash provided by (used in) financing activities	(754,144)	13,565,981
Increase (decrease) in Cash and Cash Equivalents	(7,010,548)	6,444,834
Cash and Cash Equivalents, Beginning of Year	9,698,643	3,253,809
Cash and Cash Equivalents, End of Year	$ 2,688,095	$ 9,698,643
Supplemental Cash Flows Information		
Interest paid	$ 507,699	$ 524,429
Income taxes paid	$ 3,151	$ -

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 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, 2021 and 2020, 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 $61,700 and $62,100 at December 31, 2021 and 2020, 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.

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, but assumes the shares were outstanding for the entire year. This was done to improve comparability to the current period. In the prior year's financial statements, the weighted-average shares outstanding in the Per Share computation were considered for only the period after October 13, 2020.

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 2018.

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.

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 in 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.

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, 2021				
Corporate bonds	$ 2,435,494	$ 28,652	$ 21,594	$ 2,442,552
Municipal securities	598,538	1,170	$ -	599,708
Government sponsored mortgage-backed securities	292,078	5,742	-	297,820
	$ 3,326,110	$ 35,564	$ 21,594	$ 3,340,080
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

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, 2021 was $1,918,127, which is approximately 57% of the Savings Bank's available-for-sale portfolio. 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. 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, 2021 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, 2021		
Within one year	$ -	$ -
One to five years	-	-
Five to ten years	2,435,494	2,442,552
After ten years	598,538	599,708
Government sponsored mortgage-backed securities	292,078	297,820
Totals	$ 3,326,110	$ 3,340,080

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, 2021 and 2020:

	12/31/2021			
	Less than 12 Months		12 Months or More	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate bonds	$ 1,918,127	$ 21,594	$ -	$ -
Total temporarily impaired securities	$ 1,918,127	$ 21,594	$ -	$ -

	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	$ -	$ -

Note 3: Loans and Allowance for Loan Losses

Classes of loans at December 31, 2021 and 2020, include:

	12/31/2021	12/31/2020
Residential real estate	$ 24,378,131	$ 25,479,976
Commercial real estate	9,550,265	7,315,193
Commercial Business	3,683,006	3,257,136
Consumer	226,604	233,554
Agriculture real estate	2,413,718	1,684,105
Total loans	40,251,724	37,969,964
Less		
Deferred loan fees and discounts, net	66,338	102,927
Allowance for loan losses	415,612	406,850
Net loans	$ 39,769,774	$ 37,460,187

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, 2021 and 2020:

	12/31/2021						
	Residential	Commercial Real Estate	Commercial Business	Consumer	AG Real Estate	Unallocated	Total
Allowance for Loan Losses							
Balance, beginning of year	$ 240,590	$ 78,788	$ 61,844	$ 1,761	$ 20,186	$ 3,681	$ 406,850
Provision charged to expense	(16,075)	16,442	20,203	794	8,194	19,442	$ 49,000
Losses charged off	-	-	(40,238)	-	-	-	(40,238)
Recoveries	-	-	-	-	-	-	-
Balance, end of year	$ 224,515	$ 95,230	$ 41,809	$ 2,555	$ 28,380	$ 23,123	$ 415,612
Ending balance individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ending balance collectively evaluated for impairment	$ 224,515	$ 95,230	$ 41,809	$ 2,555	$ 28,380	$ 23,123	$ 415,612
Loans							
Ending balance	$ 24,378,131	$ 9,550,265	$ 3,683,006	$ 226,604	$ 2,413,718	$ -	$ 40,251,724
Ending balance individually evaluated for impairment	$ -	$ -	$ -	$ 21,144	$ -	$ -	$ 21,144
Ending balance collectively evaluated for impairment	$ 24,378,131	$ 9,550,265	$ 3,683,006	$ 205,460	$ 2,413,718	$ -	$ 40,230,580

	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

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. These are classified with Commercial Business Loans. As of December 31, 2021, the balance of all SBA Paycheck Protection Program loans have been forgiven.

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, 2021 and 2020:

	12/31/2021					
	Residential	Commercial Real Estate	Commercial Business	Consumer	Ag RE	Total
Grade						
Pass (1-3 & 35)	$ 24,172,182	$ 9,550,265	$ 3,683,006	$ 205,460	$ 2,413,718	$ 40,024,631
Special mention (4)	-	-	-	-	-	-
Substandard (5)	205,949	-	-	21,144	-	227,093
	$ 24,378,131	$ 9,550,265	$ 3,683,006	$ 226,604	$ 2,413,718	$ 40,251,724

	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

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, 2021 and 2020:

12/31/2021

	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	$ -	$ -	$ -	$ -	24,378,131	$ 24,378,131	$ -
Commercial real estate	-	-	-	-	9,550,265	9,550,265	-
Commercial Business	-	-	-	-	3,683,006	3,683,006	-
Consumer	21,144	-	-	21,144	205,460	226,604	
Ag real estate	-	-	-	-	2,413,718	2,413,718	-
Total	$ 21,144	$ -	$ -	$ 21,144	$ 40,230,580	$ 40,251,724	$ -

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	$ -

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, 2021 and 2020:

	12/31/2021				
	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Loans	Interest Income Recognized
Loans without a specific valuation allowance					
Residential	$ -	$ -	$ -	$ -	$ -
Commercial real estate	-	-	-	-	-
Commercial Business	-	-	-	-	-
Consumer	21,144	21,144	-	10,242	-
Ag real estate	-	-	-	-	-
Loans with a specific valuation allowance					
Residential	$ -	$ -	$ -	$ -	$ -
Commercial real estate	-	-	-	-	-
Commercial Business	-	-	-	85,731	-
Consumer	-	-	-	-	-
Ag real estate	-	-	-	-	-
Total:					
Residential	$ -	$ -	$ -	$ -	$ -
Commercial real estate	-	-	-	-	-
Commercial	-	-	-	85,731	-
Consumer	21,144	21,144	-	10,242	-
Ag real estate	-	-	-	-	-
Total impaired loans	$ 21,144	$ 21,144	$ -	$ 95,973	$ -

	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 Business	171,463	171,463	41,178	100,210	8,697
Consumer	-	-	-	-	-
Ag real estate	-	-	-	-	-
Total impaired loans	$ 171,463	$ 171,463	$ 41,178	$ 273,723	$ 22,315

At December 31, 2021 and 2020, the Savings Bank had the following nonaccrual loans:

	12/31/2021	12/31/2020
Residential	$ -	$ -
Commercial Real Estate	-	-
Commercial Business	-	171,463
Consumer	21,144	-
Ag RE	-	-
Total	$ 21,144	$ 171,463

During 2021, the Savings Bank modified a consumer loan of $21,144 in a troubled debt restructuring. The modification was a term restructure to lengthen the amortization period. As of December 31, 2021, the loan was performing under the modified terms.

At December 31, 2020, 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, 2021, 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, 2021 and 2020 was $765,943 and $548,025, respectively.

Note 4: Premises and Equipment

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

	12/31/2021	12/31/2020
Land	$ 99,658	$ 99,658
Building and improvements	919,275	884,665
Furniture, fixtures and equipment	469,332	469,332
	1,488,265	1,453,655
Less accumulated depreciation	893,455	858,612
Net premises and equipment	$ 594,810	$ 595,043

Note 5: Deposits

Deposits at December 31, 2021 and 2020, are summarized as follows:

	12/31/2021	12/31/2020
Non-interest bearing checking	$ 4,967,325	$ 4,296,237
Checking and MMDA accounts	17,721,054	15,142,074
Savings accounts	151,297	116,649
	22,839,676	19,554,959
Certificates of deposit	17,495,535	21,109,553
	$ 40,335,211	$ 40,664,512

Certificates of deposit in denominations of $250,000 or more were $3,180,450 and $4,372,466 on December 31, 2021 and 2020, respectively. Certificates of deposit in denominations of $100,000 or more were $13,044,936 and $15,931,398 on December 31, 2021 and 2020, respectively. Brokered deposits totaled $2,000,000 and $3,500,000 at December 31, 2021 and 2020, respectively.

Deposits of one commercial customer amounted to approximately 8% of the Bank's total deposits at December 31, 2021. Management believes this relationship may be volatile and it is reasonably possible the relationship could change in the near term.

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

	12/31/2021
2022	$ 10,771,447
2023	3,353,655
2024	2,233,525
2025	1,114,041
2026	20,918
2027	1,949
	$ 17,495,535

Note 6: Income Taxes

The Savings Bank files its federal tax return on a calendar year basis. As of December 31, 2021 and 2020, 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, 2021 and 2020.

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,	
	2021	2020
Computed at the statutory rate (21%)	$ 41,880	$ 11,715
Changes in the deferred tax valuation allowance	(39,229)	(16,666)
State tax impact on deferred taxes	9,818	1,532
Other	(518)	3,420
Actual tax provision	$ 11,951	$ -

The tax effects of temporary differences related to deferred taxes shown on the December 31, 2021 and 2020, statements of financial condition were:

	2021	2020
Deferred tax assets		
Allowance for loan losses	$ 99,747	97,644
Net operating loss carryforward	499,294	527,458
Other	32,070	47,937
	631,111	673,039
Deferred tax liabilities		
Prepaid expenses	8,939	7,297
Unrealized gain on available-for-sale securities	2,934	7,275
	11,873	14,572
Net deferred tax asset before valuation allowance	619,238	658,467
Valuation allowance		
Beginning balance	(658,467)	(675,133)
Increase during the period	39,229	16,666
Ending balance	(619,238)	(658,467)
Net deferred tax asset	$ -	$ -

As of December 31, 2021, the Savings Bank had approximately $2,378,000 of net operating loss (NOL) carry forwards available to offset future income taxes. NOLs arising in 2018 or later carry forward indefinitely. NOLs of $2,143,000 arising prior to 2018 expire beginning in 2034.

Note 7: FHLB Advances

At December 31, 2021 and 2020, the Savings Bank had advances of $0 and $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 $61,700 and $62,100 at December 31, 2021 and 2020, respectively. In addition, the Savings Bank has pledged $7,624,420 of its 1-4 family conventional mortgage portfolio as collateral for the advance and future advances.

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, 2021:

		Fair Value Measurements		
	Fair Value	Level 1	Level 2	Level 3
December 31, 2021				
Corporate bonds	$ 2,442,552	$ 1,947,402	$ 495,150	$ -
Municipal securities	599,708	-	599,708	-
Mortgage-backed securities	297,820	-	297,820	-
	$ 3,340,080	$ 1,947,402	$ 1,392,678	$ -
December 31, 2020				
Corporate bonds	$ 1,009,695		$ 1,009,695	
Mortgage-backed securities	988,308	-	988,308	-
	$ 1,998,003	$ -	$ 1,998,003	$ -

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 statements of financial condition, 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 Measurements		
	Fair Value	Level 1	Level 2	Level 3
December 31, 2021				
Impaired loans	$ 20,483	$ -	$ -	$ 20,483
	$ 20,483	$ -	$ -	$ 20,483
December 31, 2020				
Impaired loans	$ 130,285	$ -	$ -	$ 130,285
	$ 130,285	$ -	$ -	$ 130,285

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, 2021		December 31, 2020	
	Hierarchy Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Cash and equivalents, including fed funds sold	1	$ 2,688,095	$ 2,688,095	$ 9,698,643	$ 9,698,643
Interest-bearing time deposits	2	3,995,000	3,995,000	1,300,000	1,300,000
Federal Home Loan Bank stock	2	61,700	61,700	62,100	62,100
Loans, net of allowance	3	39,769,774	40,601,292	37,460,187	38,552,651
Interest receivable	2	175,066	175,066	151,585	151,585
Financial liabilities					
Deposits	3	40,335,211	37,826,218	40,664,512	40,893,727
FHLB advances	2	-	-	422,500	426,143

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) Management believes, as of December 31, 2021 and 2020, the Savings Bank met all capital adequacy requirements to which it is subject. Additionally, as of December 31, 2021, the most recent notification from the FDIC categorized the Savings Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the Savings Bank's category.

During the fourth quarter of 2019, federal banking agencies issued a final ruling, which provides for a simple measure of capital adequacy for qualifying community banking organizations, consistent with Section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act. The Community Bank Leverage Ratio (CBLR) framework which became effective January 1, 2020, provides an optional simple leverage capital measure, which is generally calculated the same as the generally applicable capital rule's leverage ratio. A banking organization (depository institution or depository institution holding company) that has less than $10 billion in total consolidated assets can elect to opt into the framework if its leverage ratio is greater than 9 percent

and the banking organization meets the framework's qualifying criteria of: (i) the generally applicable risk-based and leverage capital requirements in the agencies' capital rules; (ii) the capital ratio requirements to be considered well capitalized under the agencies' prompt corrective action (PCA) framework (in the case of insured depository institutions); and (iii) any other applicable capital or leverage requirements. A qualifying banking organization can opt into or out of the CBLR framework at any time by following the prescribed procedures and completing the associated reporting line items that are required on its Call Report and/or form FR Y-9C, as applicable. If a CBLR banking organization fails to satisfy one of the qualifying criteria but has a leverage ratio of greater than 8 percent, the banking organization can continue to apply the CBLR framework and be considered "well capitalized" for a grace period of up to two quarters.

During March 2020, relief from the 9% threshold was approved as part of the CARES Act. The interim thresholds beginning on March 27, 2020 and for the remainder of 2020 was 8% with 2021 increasing to 8.5% and the originally established 9% to be in effect starting in 2022.

The Saving's Bank opted into the CBLR framework during the first quarter of 2021. The Savings Bank's actual capital amounts and ratios are 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, 2021						
Tier 1 leverage ratio (to average total assets)	$10,318	19.1%	n/a	n/a	≥$4,581	≥ 8.5%
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%

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 $10,972 and $15,498 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, the Savings Bank had granted unused lines of credit to borrowers aggregating approximately $3,324,000 and $2,203,000 respectively, for open-end consumer lines.

Note 13: Noninterest Income

Noninterest income consists of the following:

	12/31/2021	12/31/2020
FHLB dividends	$ 2,455	$ 2,619
SBA loan premium	6,481	5,210
Interchange income	14,016	12,405
Service charges and fees	14,864	9,184
Other	13,769	10,954
	$ 51,585	$ 40,372

Note 14: Other Noninterest Expense

Other noninterest expense consists of the following:

	12/31/2021	12/31/2020
Data processing	$ 147,638	$ 131,537
Group insurance	24,373	34,787
Advertising	11,805	9,810
Insurance	49,199	37,730
Taxes and licenses	50,008	46,792
Expense on foreclosed assets	-	97
Miscellaneous	203,120	205,488
	$ 486,143	$ 466,241

Note 15: Subsequent Events

Subsequent events have been evaluated through March 24, 2022 which is the date the financial statements were issued.

Shareholder Information

Annual meeting
The annual meeting of stockholders of Systematic Savings Bank will be held on Wednesday, May 18, 2022, at 2:00 p.m., Central Time at our office located at 318 South Avenue, Springfield, Missouri 65806.

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, 2021, 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, 2021. 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

Derek Fraley
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
Springfield, MO

Jeff Seifried
President
Connell Insurance
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Ryan DeBoef
Chief of Staff
Missouri State University
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