



## **Addendum to Press Release for 12/31/2021 Earnings Recap**

The Board and Management of SSB Bank determined it to be prudent to provide information for the 2021 Fiscal Year to understand the Banks' Financial position.

The Bank met and exceeded all budgeted projections for the year ended 2021. With the refinance market boom in 2020, those numbers certainly decreased in 2021, thus deploying excess cash from 2020 (\$41MM) if you recall into small business commercial loans and purchase mortgages. In other words, Management moved the cash asset to an earning asset. The Bank also pivoted into another business line as a Sponsor Bank, processing payments for merchants as approved by Visa, Mastercard, American Express, and Discover. This is monumental, as a Bank this size does not generally receive these approvals, much less apply for them, but the experience of the Management team allowed this to happen. This has had a direct effect on non-interest income ending 2021 at \$141,000. The upward trajectory of this income is extremely promising as the Bank processes for over 800 merchants at this time. Additionally, the Bank increased net Interest Income from 2020 to 2021 by \$1.54MM. In the Banks' 100- year history 2020 and 2021 were the two highest earning years. Management, the Board, and all of the staff are extremely proud of this accomplishment.

Management of a Bank is a very delicate balancing act. Risk versus reward. Extreme growth in the Balance Sheet would substantially decrease the Core Capital ratio and raise red flags with the regulatory bodies. Over the course of the pandemic, the Bank served over \$41MM dollars to the business community across the United States through the PPP Loan Program. This was the first time the Bank has engaged with the SBA and now the Bank is an SBA Lender. These loans served as zero risk to the Bank as they are guaranteed by the full faith and credit of the United States Government; with that said the interest rate was 1% APR, which impacted earnings, but the overall greater good served the community and our small businesses as well. Anything zero-risk also is favorable to the Risk Based Capital and as those loans are paid off and forgiven, risk-based capital is left with the normal loan risk ratings from 50% through 100%, based on the type of loan. This purports an erosion of capital, when in fact it is not. Interest earning assets yielded 4.10% in 2020 and 4.13% in 2021, which indicates the Bank maintained asset yield while decreasing funding costs by 48 basis points. The Bank has implemented new products that provide very favorable interest rate on Demand

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Deposits and in the brief time since implementation, there is well over \$11MM in those accounts, which contain rewards and other offers to the Banks' customers. In the last year, the Banks' interest-bearing liabilities dropped dramatically to approximately from 170 basis points to 122 basis points, which is the lowest on record in the last 15 years. At 12/31/2021, the cost of deposits ended at 91 basis points.

SSBs' mission has been the same since the Prospectus was issued -to develop and provide products and services to provide our community, businesses, and our shareholders continued success. The Bank has been accomplishing this in many areas. This includes changes the mix of CORE deposits. This was 54% of the total deposits at year-end 2020 and 61% at year-end 2021. While ratios, financial information, and overall comparisons can shed some light on the operations of any business, it is not necessarily an indication of success or failure. All of the things indicated in this narrative are items that are recurring, not one-time. This sets the foundation for growth and success. Finding out the information, processes, and business behind those ratios is more telling, more important, and certainly more indicative of the movement and progress being made.

Sincerely,

Management and the Board of Trustees  
SSB Bank  
SSBancorp, Inc.

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