SSB Bancorp, Inc.

Notice of 2023 Annual Meeting of Stockholders, Annual Meeting Proxy Statement, and 2022 Annual Report to Stockholders

SSB BANCORP, INC.

Corporate Profile

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

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

Banking Locations

Main Office
8700 Perry Highway
Pittsburgh, PA 15237

Branch Office
2470 California Avenue
Pittsburgh, PA 15212

SSB Bancorp, Inc.

April 14, 2023

Dear Fellow Stockholder:

The annual meeting of stockholders of SSB Bancorp, Inc., the holding company for SSB Bank, will be held at SSB Bank's main office, located at 8700 Perry Highway, Pittsburgh, PA, on Wednesday, May 24, 2023, at 4:00 p.m., local time. The notice of annual meeting and the proxy statement appearing on the following pages describe the formal business to be transacted at the meeting.

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

Sincerely,

J. Daniel Moon, IV
President and Chief Executive Officer

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

NOTICE OF 2023 ANNUAL MEETING OF STOCKHOLDERS

DATE AND TIME	Wednesday, May 24, 2023 4:00 p.m., local time
PLACE	SSB Bank's Main Office 8700 Perry Highway Pittsburgh, PA 15237
ITEMS OF BUSINESS	(1) Elect two directors to serve for a term of three years; (2) Ratify the appointment of S.R. Snodgrass, P.C. to serve as the independent auditors for the fiscal year ending December 31, 2023; and (3) Transact any other business that may properly come before the meeting and any adjournment or postponement of the meeting. (Note: The Board of Directors is not aware of any other business to come before the meeting.)
RECORD DATE	To vote, you must have been a stockholder as of the close of business on March 31, 2023.
PROXY VOTING	It is important that your shares be represented and voted at the meeting. You can vote your shares via the Internet or by mail by completing and returning the accompanying proxy card in the accompanying self-addressed envelope. Voting instructions are printed on the proxy card. You may revoke a proxy at any time before its exercise at the meeting by following the instructions in the accompanying proxy statement.

BY ORDER OF THE BOARD OF DIRECTORS

Frances Ann Amorose
Corporate Secretary

Pittsburgh, PA
April 14, 2023

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

PROXY STATEMENT
FOR
2023 ANNUAL MEETING OF STOCKHOLDERS

GENERAL INFORMATION

SSB Bancorp, Inc. is providing this proxy statement to you in connection with the solicitation of proxies by its Board of Directors only for use at the 2023 annual meeting of stockholders and for any adjournment or postponement of the annual meeting. In this proxy statement, we may also refer to SSB Bancorp, Inc. as "SSB Bancorp," "we," "our" or "us." SSB Bancorp is the majority-owned subsidiary of SSB Bancorp, MHC, a mutual holding company.

We will hold the annual meeting at SSB Bank's main office, located at 8700 Perry Highway in Pittsburgh, on Wednesday, May 24, 2023 at 4:00 p.m., local time.

We intend to mail this proxy statement and a proxy card to stockholders of record beginning on or about April 14, 2023.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 24, 2023

This proxy statement and our 2022 Audited Consolidated Financial Statements are available on the Internet at *https://cstproxy.com/ssb/2023*.

INFORMATION ABOUT VOTING

Who May Vote at the Meeting

You are entitled to vote your shares of SSB Bancorp common stock if our records show that you owned your shares as of the close of business on March 31, 2023. As of the close of business on that date, a total of 2,226,310 shares of common stock were outstanding, of which 1,236,538 shares were owned by SSB Bancorp, MHC and the remaining 989,772 shares were owned by public stockholders. Each share of common stock has one vote.

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

Ownership of Shares

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

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

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

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

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

Attending the Meeting

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

Quorum and Vote Required

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

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

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

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

Effect of Not Casting Your Vote

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

How We Count the Votes

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

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

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

Voting by Proxy

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

The Board of Directors unanimously recommends a vote:

- **"FOR ALL" of the nominees for director; and**
- **"FOR" the ratification of the appointment of S.R. Snodgrass, P.C. to serve as the independent auditors for the year ending December 31, 2023.**

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

Instead of voting by completing and mailing a proxy card, registered stockholders can vote their shares of SSB Bancorp common stock via the Internet. The Internet voting procedures are designed to authenticate stockholders' identities, allow stockholders to provide their voting instructions and confirm that their instructions have been recorded properly. Specific instructions for Internet voting appear on the enclosed proxy card. **The deadline for voting via the Internet is 11:59 p.m., Eastern time, on May 23, 2023.**

Revoking Your Proxy

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

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

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

Participants in the ESOP and the 401(k) Plan

If you participate in the ESOP, you will receive a voting instruction card that reflects all shares that you may direct the trustees to vote on your behalf under the ESOP. If you hold SSB Bancorp common stock in the 401(k) Plan, you will receive a voting instruction card that reflects all shares that you may direct the 401(k) Plan trustee to vote on your behalf under the 401(k) Plan. Under the terms of the ESOP, the ESOP trustee votes all shares held by the ESOP, but each participant in the ESOP may direct the trustee how to vote the shares of SSB Bancorp common stock allocated to his or her account. The ESOP trustee, subject to the exercise of its fiduciary duties, will vote all unallocated shares of common stock held by the ESOP and all allocated shares for which no timely voting instructions are received in the same proportion as shares for which it has received valid voting instructions. Under the terms of the 401(k) Plan, you may direct the 401(k) Plan trustee how to vote the shares allocated to your account. If the 401(k) Plan trustee does not receive your voting instructions, the 401(k) Plan trustee will be instructed to vote your shares in the same proportion as the voting instructions received from other 401(k) Plan participants. **The deadline for returning your voting instruction cards to the ESOP trustee and/or the 401(k) Plan trustee is May 17, 2023.**

CORPORATE GOVERNANCE

Director Independence

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

Committees of the Board of Directors

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

Audit Committee. The members of the Audit Committee are David H. Docchio, Jr. (Chair), Kenneth J. Broadbent and Mark C. Joseph, each of whom is considered independent under the listing standards of the Nasdaq Stock Market. The Audit Committee operates under a written charter, a copy of which is available on SSB Bank's website *(www.ssbpgh.com)*. The Audit Committee meets periodically with our independent auditors and management to review accounting, auditing, internal control structure and financial reporting matters. The Audit Committee met 12 times during the year ended December 31, 2022.

Compensation Processes and Procedures

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

Board and Committee Meetings

The business of SSB Bancorp and SSB Bank is conducted through meetings and activities of their respective Board of Directors and committees. During the year ended December 31, 2022, the Board of Directors of SSB Bancorp held 1meetings and the Board of Directors of SSB Bank held 12 meetings.

DIRECTORS' COMPENSATION

The following table provides the compensation received by the individuals who served as non-employee directors during the year ended December 31, 2022. The table excludes prerequisites, which did not exceed $10,000 in the aggregate for each director.

	Fees Earned or Paid in Cash ($)	Stock Awards	Option Awards	Total ($)
Kenneth J. Broadbent	29,400	—	—	29,400
David H. Docchio, Jr.	31,800	—	—	31,800
Dr. Gretchen Givens Generett	31,800	—	—	31,800
Mark C. Joseph	31,800	—	—	31,800
Dr. Bernie M. Simons, M.D.	39,000	—	—	39,000

STOCK OWNERSHIP

The following table provides information as of March 31, 2023, about the beneficial owners known to SSB Bancorp that own more than 5% of our outstanding common stock and the shares of common stock beneficially owned by each nominee for director, by each director continuing in office, and by all directors and executive officers as a group. A person may be considered to beneficially own any shares of common stock over which he has, directly or indirectly, sole or shared voting or investment power or as to which he or she has the right to acquire beneficial ownership at any time within 60 days after March 31, 2023. Unless otherwise indicated, each of the named individuals has sole voting power and sole investment power with respect to the shares shown and none of the named individuals has pledged his shares.

	Number of Shares Owned	Percent of Common Stock Outstanding (1)
Greater-than-5% Stockholders:		
SSB Bancorp, MHC 8700 Perry Highway Pittsburgh, PA 15237	1,236,538	55.5%
Director Nominees and Directors Continuing in Office:		
Kenneth J. Broadbent	27,109(2)	1.2
David H. Docchio, Jr.	26,609(3)	1.2
Dr. Gretchen Givens Generett	12,396(4)	*
Mark C. Joseph	26,609(5)	1.2
J. Daniel Moon IV	52,195(6)	2.3
Dr. Bernie M. Simons, M.D.	27,134(7)	1.2
Executive Officers who are not Directors:		
Benjamin A. Contrucci	28,210(8)	1.3
Peter F. Stires	4,580(9)	*
Joshua Wynkoop	3,489(10)	*
All directors/executive officers as a group (8 persons)	208,331	9.4%

* Less than 1%.

(1) Based on 2,226,310 shares outstanding as of March 31, 2023.

(2) Includes 2,203 restricted stock awards and 4,406 stock options exercisable within 60 days of March 31, 2023.

(3) Includes 6,900 shares held in an Individual Retirement Account (“IRA”), 2,203 restricted stock awards and 4,406 stock options exercisable within 60 days of March 31, 2023.

(4) Includes 2,203 restricted stock awards and 4,406 stock options exercisable within 60 days of March 31, 2023.

(5) Includes 2,203 restricted stock awards and 4,406 stock options exercisable within 60 days of March 31, 2023.

(6) Includes 19,931 shares held in the 401(k) Plan, 10,235 restricted stock awards, 4,066 shares held in the ESOP and 16,524 stock options exercisable within 60 days of March 31, 2023.

(7) Includes 2,203 restricted stock awards and 4,406 stock options exercisable within 60 days of March 31, 2023.

(8) Includes 8,339 shares held in an IRA, 6,610 restricted stock awards, 2,696 shares held in the ESOP and 9,915 stock options exercisable within 60 days of March 31, 2023.

(9) Includes 2,300 restricted stock awards, 1,360 shares held in the ESOP and 920 stock options exercisable within 60 days of March 31, 2023.

(10) Includes 1,994 shares held in the 401(k) Plan and 1,495 shares held in the ESOP.

ITEMS OF BUSINESS TO BE VOTED ON BY STOCKHOLDERS

Item 1 — Election of Directors

SSB Bancorp's Board of Directors consists of six members. The Board of Directors is divided into three classes with three-year staggered terms, with approximately one-third of the directors elected each year. The nominees for election are J. Daniel Moon, IV and Dr. Bernie M. Simmons, M.D. Both currently serve as directors of both SSB Bancorp and SSB Bank.

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

The Board of Directors unanimously recommends a vote "FOR ALL" of the nominees for director.

Information regarding the Board of Directors' nominees and the directors continuing in office is provided below. Unless otherwise stated, each individual has held his current occupation for the last five years. The age indicated in each individual's biography is as of December 31, 2022. The indicated period for service as a director includes service as a trustee/director of SSB Bank. There are no family relationships among the directors.

Director Nominees for Terms Expiring in 2026

J. Daniel Moon, IV has served as President, Chief Executive Officer and Chief Financial Officer of SSB Bank since 2009. Previously, he served as President and Chief Executive Officer of two other financial institutions in Pittsburgh and the surrounding area. He has worked in the banking and financial services industry for over 30 years. In addition, he has been involved in various community activities, including having served on the boards of various for-profit and non-profit organizations. He earned a Bachelors' Degree in Finance from Robert Morris University and an MBA from Waynesburg University. Mr. Moon's extensive knowledge of the banking industry and strong leadership skills provide SSB Bank with invaluable insight and guidance into the business and regulatory requirements of today's banking environment. Age 57. Director since 2009.

Dr. Bernie M. Simons, M.D. has worked as a physician specializing in family practice for over 20 years. He is employed by Allegheny Health Network, an integrated health care delivery network. Dr. Simons assists the Board of Directors in understanding its fiduciary duties and leads the board of directors in shaping and overseeing policy and product development and risk assessment. Age 58. Director since 2011.

Directors Continuing in Office with Terms Expiring in 2024

Kenneth J. Broadbent has been a Business Manager for the Pittsburgh Steamfitters Local 449 for over 20 years. Mr. Broadbent contributes marketing expertise to our Board of Directors. Additionally, his work experience in financial matters qualifies him to serve as a member of the Audit Committee. Age 66. Director since 2011.

David H. Docchio, Jr. has been employed for over 20 years as an auditor/accountant with the Laborers' Combined Funds of Western Pennsylvania, which serves participants in the pension and welfare funds of the Laborers District Council of Western Pennsylvania. His work experience in financial and auditing/accounting matters qualifies him to serve as a member of the Audit Committee. Mr. Docchio also assists the Board of Directors in corporate governance and internal audit matters. Age 55. Director since 2009.

Directors Continuing in Office with Terms Expiring in 2025

Dr. Gretchen Givens Generett is Dean of Students at Duquesne University in Diversity Studies and the director of the UCEA Center for Educational Leadership and Social Justice. Her research focuses on teacher professional development, educational leadership, and cultural diversity. She assists SSB Bancorp and SSB Bank in educating staff on diversity considerations and also focuses on employee and management retention. Age 52. Director since 2013.

Mark C. Joseph is an attorney-at-law licensed in the Commonwealth of Pennsylvania and a sole practitioner. His legal background, including his work with a large regional financial institution, provides the Board of Directors with experience in corporate governance, regulatory matters, real estate litigation, policy development, and other legal matters that may arise in the course of SSB Bank's business. Age 52. Director since 2009.

Executive Officers Who Are Not Directors

Below is information regarding our executive officers who are not directors of SSB Bancorp or SSB Bank. The listed individual has held his current position for at least the last five years, unless otherwise stated. The age presented are as of December 31, 2022.

Benjamin Contrucci, age 42, has been employed by SSB Bank since April 2017 and currently serves as Chief Financial Officer. Before becoming Chief Financial Officer, he served as Vice President of Retail Operations and Merchant Services. From April 2016 to November 2016, he served as Vice President/Consumer Credit Officer with The Farmers National Bank of Emlenton. From March 2008 to April 2016, he served in multiple positions at United American Savings Bank, starting as a Loan Specialist, then serving as Chief Lending Officer from February 2012 through April 2016. He earned a Bachelor of Science degree in Mathematics from Allegheny College in 2002 and a Masters in the Art of Teaching from the University of Pittsburgh in 2003.

Peter Stires, age 39, has been employed by SSB Bank since March 2018 and currently serves as Vice President of Commercial Lending. Before becoming Vice President of Commercial Lending, he served as Commercial Loan Manager from September 2018 to October 2019 and Commercial Lender from March 2018 to September 2018. From September 2015 to March 2018, he served as a Credit Analyst with EQT Corporation, a natural gas producer. From December 2010 to September 2015, he served in multiple positions at Citizens Bank. He earned a Bachelor of Science degree in Organizational Leadership and Professional Communication from Duquesne University in 2010.

Joshua Wynkoop, age 43, has been employed by SSB Bank since May 2013 and serves as Vice President of Consumer and Mortgage Lending. Before becoming Vice President of Consumer and Mortgage Lending, Josh’s banking experience included a variety of positions at both the USX Federal Credit Union and Citizens Bank. He earned a Juris Doctorate from the University of Pittsburgh in 2004 and a Bachelor of Science degree in General Sciences from Penn State University in 2001.

Item 2 — Ratification of Appointment of Independent Auditors

Zeno, Pockl, Lilly and Copeland, A.C. served as our independent auditors for the year ended December 31, 2022. Effective January 1, 2023, Zeno, Pockl, Lilly and Copeland, A.C. combined with S.R. Snodgrass, P.C. The Audit Committee of the Board of Directors has appointed S.R. Snodgrass, P.C. to serve as our independent auditors for the year ending December 31, 2023, subject to ratification by stockholders. A representative of S.R. Snodgrass, P.C. is expected to be present at the annual meeting to respond to appropriate questions from stockholders and will have the opportunity to make a statement should he or she desire to do so.

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

The Board of Directors unanimously recommends that stockholders vote “FOR” the ratification of the appointment of S.R. Snodgrass, P.C. to serve as the independent auditors for the year ending December 31, 2023.

SUBMISSION OF STOCKHOLDER BUSINESS PROPOSALS AND NOMINATIONS

Our Bylaws provide that, for a stockholder to make nominations for the election of directors or proposals for business to be brought before the annual meeting, a stockholder must deliver notice to the Corporate Secretary not less than 90 days nor more than 120 days before the date of the annual meeting. However, if less than 90 days' notice or prior public disclosure of the annual meeting is given to stockholders and the date of the annual meeting is advanced more than 30 days before or delayed more than 30 days after the anniversary of the preceding year's annual meeting, such notice must be delivered not later than the close of business on the tenth day following the day on which notice of the annual meeting was mailed to stockholders or public disclosure of the annual meeting date was made. A copy of the Bylaws may be obtained by contacting our Corporate Secretary.

MISCELLANEOUS

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

A copy of our Fiscal Year 2022 Audited Consolidated Financial Statements accompany this proxy statement. The Audited Consolidated Financial Statements are not to be treated as part of the proxy solicitation material or as having been incorporated in this proxy statement by reference.

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

BY ORDER OF THE BOARD OF DIRECTORS

Frances Ann Amorose
Corporate Secretary

Pittsburgh, PA
April 14, 2023

SSB BANCORP, INC.

PITTSBURGH, PENNSYLVANIA

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

SSB BANCORP, INC.
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

INDEPENDENT AUDITOR’S REPORT

Board of Directors and Stockholders
SSB Bancorp, Inc.

Opinion

We have audited the consolidated financial statements of SSB Bancorp, Inc. and its subsidiary (the “Company”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021; the related consolidated statements of net income, comprehensive income, changes in stockholders’ equity, and cash flows for the years then ended; and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements as of December 31, 2021, were audited by Zeno, Pockl, Lilly & Copeland, A.C., who merged with S.R. Snodgrass, P.C. as of January 1, 2023, and whose report dated March 31, 2022, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Other Information Included in Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the Letter to the Stockholders and Financial Highlights but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

S. R. Snodgrass, P.C.

Cranberry Township, Pennsylvania
April 7, 2023

SSB BANCORP, INC.
CONSOLIDATED BALANCE SHEETS

	December 31, 2022	December 31, 2021
ASSETS		
Cash and due from banks	$ 4,131,941	$ 2,262,561
Interest-bearing deposits with other financial institutions	11,739,652	13,657,799
Cash and cash equivalents	15,871,593	15,920,360
Certificates of deposit	3,183,000	2,961,000
Securities available for sale	5,933,652	4,115,416
Securities held to maturity (fair value of $675 and $860, respectively)	687	849
Loans	212,183,967	198,509,048
Allowance for loan losses	(2,047,035)	(1,910,598)
Net loans	210,136,932	196,598,450
Accrued interest receivable	1,156,567	1,171,937
Federal Home Loan Bank stock, at cost	5,082,100	4,982,100
Premises and equipment, net	4,010,195	4,155,934
Bank-owned life insurance	3,493,048	3,416,611
Deferred tax asset, net	539,214	397,567
Other assets	1,773,648	1,222,660
TOTAL ASSETS	$ 251,180,636	$ 234,942,884
LIABILITIES		
Deposits:		
Noninterest-bearing demand	$ 23,327,369	$ 18,554,186
Interest-bearing demand	32,297,409	22,516,755
Money market	73,346,841	61,843,902
Savings	4,758,874	7,835,004
Time	70,398,975	72,163,289
Total deposits	204,129,468	182,913,136
Federal Home Loan Bank advances	19,250,000	19,250,000
Paycheck Protection Program Liquidity Facility advances	2,554,257	8,626,623
Advances by borrowers for taxes and insurance	514,380	578,580
Accrued interest payable	205,472	166,388
Other liabilities	259,246	248,655
TOTAL LIABILITIES	226,912,823	211,783,382
STOCKHOLDERS' EQUITY		
Preferred Stock: $0.01 par value per share: 5,000,000 shares authorized and no shares issued or outstanding	-	-
Common Stock: 20,000,000 shares authorized; 2,279,191 shares issued; and 2,226,310 shares outstanding at $0.01 par value	22,769	22,769
Treasury stock, at cost; 52,881 shares	(482,425)	(482,425)
Paid-in capital	8,870,790	8,814,686
Retained earnings	16,815,753	15,488,186
Unearned Employee Stock Ownership Plan (ESOP)	(660,986)	(705,051)
Accumulated other comprehensive (loss) income	(298,088)	21,337
TOTAL STOCKHOLDERS' EQUITY	24,267,813	23,159,502
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 251,180,636	$ 234,942,884

See accompanying notes to the consolidated financial statements.

SSB BANCORP, INC.
CONSOLIDATED STATEMENTS OF NET INCOME

	Years ended December 31, 2022	Years ended December 31, 2021
INTEREST INCOME		
Loans, including fees	$ 9,298,711	$ 8,635,581
Interest-bearing deposits with other financial institutions	261,183	41,889
Certificates of deposit	74,134	83,426
Investment securities:		
Taxable	426,314	319,363
Exempt from federal income tax	12,367	14,337
Total interest income	10,072,709	9,094,596
INTEREST EXPENSE		
Deposits	2,373,258	1,879,203
Federal Home Loan Bank advances and other bank obligations	445,461	533,303
Total interest expense	2,818,719	2,412,506
NET INTEREST INCOME	7,253,990	6,682,090
Provision for loan losses	272,903	477,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	6,981,087	6,205,090
NONINTEREST INCOME		
Securities gains, net	-	35,369
Gain on sale of loans	223,335	835,458
Loan servicing fees	203,780	152,976
Earnings on bank-owned life insurance	76,436	78,609
Credit card processing fees	547,433	140,503
Other	171,855	157,459
Total noninterest income	1,222,839	1,400,374
NONINTEREST EXPENSE		
Salaries and employee benefits	3,355,206	3,284,297
Occupancy	450,678	399,475
Professional fees	642,176	692,955
Federal deposit insurance	225,000	170,000
Data processing	545,324	522,445
Director fees	169,260	168,705
Marketing	139,025	131,402
Contributions and donations	109,330	218,082
Other	831,368	679,488
Total noninterest expense	6,467,367	6,266,849
Income before income taxes	1,736,559	1,338,615
Provision for income taxes	408,992	232,759
NET INCOME	$ 1,327,567	$ 1,105,856
EARNINGS PER COMMON SHARE		
Basic	$ 0.62	$ 0.51
Diluted	$ 0.62	$ 0.50
AVERAGE COMMON SHARES OUTSTANDING		
Basic	2,143,860	2,183,054
Diluted	2,148,787	2,196,991

See accompanying notes to the consolidated financial statements.

SSB BANCORP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years ended December 31,	
	2022	2021
Net income	$ 1,327,567	$ 1,105,856
Other comprehensive loss:		
Unrealized loss on available-for-sale securities	(404,335)	(95,777)
Income tax effect	84,910	20,114
Reclassification adjustment for net securities gains recognized in income	-	(35,369)
Income tax effect included in provision for income taxes	-	7,427
Other comprehensive loss, net of tax	(319,425)	(103,605)
Total comprehensive income	$ 1,008,142	$ 1,002,251

See accompanying notes to the consolidated financial statements.

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

	Common Stock	Treasury Stock	Paid-in capital	Retained earnings	Unearned Employee Stock Ownership Plan	Accumulated other comprehensive (gain) loss	Total
Balance as of January 1, 2021	$22,769	$ -	$8,753,910	$14,382,330	$(749,115)	$ 124,942	$22,534,836
Net income	-	-	-	1,105,856	-	-	1,105,856
Other comprehensive loss	-	-	-	-	-	(103,605)	(103,605)
Stock compensation plan	-	-	63,220	-	-	-	63,220
Amortization of ESOP	-	-	(2,444)	-	44,064	-	41,620
Stock Repurchase (52,281 shares)	-	(482,425)	-	-	-	-	(482,425)
Balance as of December 31, 2021	22,769	(482,425)	8,814,686	15,488,186	(705,051)	21,337	23,159,502
Net income	-	-	-	1,327,567	-	-	1,327,567
Other comprehensive loss	-	-	-	-	-	(319,425)	(319,425)
Stock compensation plan	-	-	63,220	-	-	-	63,220
Amortization of ESOP	-	-	(7,116)	-	44,065	-	- 36,949
Balance as of December 31, 2022	$22,769	$(482,425)	$8,870,790	$16,815,753	$(660,986)	$ (298,088)	$24,267,813

See accompanying notes to the consolidated financial statements.

SSB BANCORP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years ended December 31, 2022	2021
OPERATING ACTIVITIES		
Net income	$ 1,327,567	$ 1,105,856
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	272,903	477,000
Depreciation	161,541	171,932
Net amortization of investment securities	27,006	41,065
Origination of loans held for sale	(16,818,253)	(41,618,978)
Proceeds from sale of loans	17,041,588	42,454,436
Gain on sale of loans	(223,335)	(835,458)
Loss on other real estate owned	-	25,000
Accretion of net deferred loan origination costs	(495,690)	(862,956)
Decrease in right-of-use asset	5,831	4,931
Deferred income tax provision	(56,737)	(58,705)
Gain on sale of investments	-	(35,369)
Decrease in accrued interest receivable	15,370	15,633
Increase (decrease) in accrued interest payable	39,084	(134,286)
Stock compensation expense	63,220	63,220
Amortization of ESOP	36,949	41,620
Earnings on bank-owned life insurance	(76,436)	(78,609)
Other, net	77,233	(533,005)
Net cash provided by operating activities	1,397,841	243,327
INVESTING ACTIVITIES		
Purchase of certificates of deposit	(1,208,000)	-
Redemption of certificates of deposit	986,000	994,000
Investment securities available for sale:		
Purchases	(3,002,433)	-
Proceeds from sales	-	506,575
Proceeds from principal repayments, calls, and maturities	752,857	936,988
Investment securities held to maturity:		
Proceeds from principal repayments, calls, and maturities	162	1,071
Redemption of Federal Home Loan Bank stock	734,600	864,800
Purchase of Federal Home Loan Bank stock	(834,600)	(1,528,800)
Purchases of loans	(5,589,827)	(9,259,933)
Increase in loans receivable, net	(8,343,500)	(22,150,223)
Proceeds from sale of other real estate owned	-	789,033
Purchases of premises and equipment	(21,633)	(116,617)
Net cash used for investing activities	(16,526,374)	(28,963,106)
FINANCING ACTIVITIES		
Increase in deposits, net	21,216,332	11,458,111
Increase (decrease) in advances by borrowers for taxes and insurance	(64,200)	72,480
Repurchase of shares of Common Stock	-	(482,425)
Repayment of Federal Home Loan Bank advances	(9,591,700)	(9,500,000)
Proceeds from Federal Home Loan Bank advances	9,591,700	4,500,000
Repayment of PPPLF advances	(8,194,175)	(17,015,154)
Proceeds from PPPLF advances	2,121,809	11,369,875
Net cash provided by financing activities	15,079,766	402,887
Decrease in cash and cash equivalents	(48,767)	(28,316,892)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	15,920,360	44,237,252
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 15,871,593	$ 15,920,360
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Cash paid during the year for:		
Interest	$ 2,779,635	$ 2,546,792
Income taxes	543,000	455,000
Noncash investing activities:		
Loans held for investment transferred to other real estate owned	643,734	-

See accompanying notes to the consolidated financial statements.

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

SSB Bancorp, Inc.

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

SSB Bank

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

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

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

In connection with the determination of the allowance for loan losses, management periodically obtains independent appraisals for significant properties. A majority of the Company's loan portfolio consists of commercial mortgage loans and single-family residential loans in the Pittsburgh area. Real estate prices in this market have been generally stable; however, the ultimate collectability of the Company's loan portfolio is susceptible to changes in local market conditions. While management currently uses available information to recognize losses on loans and foreclosed real estate, future additions to the allowance may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for losses on loans. Such agencies may require the Company to recognize additions to the allowance based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the allowance for loan losses may change materially in the near term.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Credit Risk

The majority of the loans and commitments to extend credit have been granted to customers in the Pittsburgh market and surrounding communities. The Company does not have any significant concentrations in any one industry or customer. Although the Company has a diversified loan portfolio at December 31, 2022, its debtors' abilities to honor their contracts is influenced by the region's economy.

Cash and Cash Equivalents

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

Securities

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

Securities are periodically reviewed for other-than-temporary impairment based upon a number of factors, including, but not limited to, the length of time and extent to which the fair value has been less than cost, the financial condition of the underlying issuer, the ability of the issuer to meet contractual obligations, the likelihood of the security's ability to recover any decline in its fair value, and whether or not the Company intends to sell the security or whether it is more likely than not that the Company would be required to sell the security before its anticipated recovery in fair value. For securities evaluated for impairment, management will determine what portion of the unrealized valuation loss is attributed to projected or known loss of principal, and what portion is attributed to market pricing based on current cash flow analysis. Management will generally record impairment equivalent to the projected or known loss of principal, known as the credit loss. The other portion of the fair market value loss is attributed to market factors and it is management's opinion that these fair value losses are temporary and not permanent. A decline in value that is considered to be other than temporary is recorded as a loss within noninterest income in the statements of net income.

Federal Home Loan Bank Stock

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

Loans Held for Sale

Loans held for sale are carried at the lower of aggregate cost or fair value. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income. As of December 31, 2016, there were $6.1 million in commercial mortgage and $14.2 million in residential mortgage loans held for sale with a related valuation allowance of $371,780. In 2017, management sold $7.3 million of these loans and made a determination to transfer the remaining $12.6 million in loans as held for investment. The loans were transferred to the portfolio at fair value and the remaining valuation allowance of approximately $255,000 is being amortized into interest income utilizing the effective interest method. There were no loans held for sale as of December 31, 2022 or 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition, management sells certain fixed-rate residential mortgage loans periodically through the FHLB’s Mortgage Partnership Finance Program. There were no loans held for sale outstanding under this program as of December 31, 2022 or 2021.

Loans and Allowance for Loan Losses

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

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

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

Impaired loans are those for which it is probable the Company will not be able to collect scheduled payments when due according to the contractual terms of the loan agreement. The Company individually evaluates such loans for impairment and does not aggregate them by major risk classifications. The definition of “impaired loans” is not the same as the definition of “nonaccrual loans,” although the two categories overlap. The Company may choose to classify a loan as impaired due to payment delinquency or uncertain collectability while not placing the loan on nonaccrual. Factors considered by management in determining impairment include payment status and the financial condition of the borrower. The amount of impairment for these types of loans is determined by the difference between the present value of the expected cash flows related to the loan, using the original interest rate, and its recorded value or, as a practical expedient in the case of collateral dependent loans, the difference between the fair value of the collateral net of estimated selling costs, if applicable, and the recorded amount of the loans.

Loans which have undergone a significant modification are considered for potential troubled debt restructuring status. A troubled debt restructuring is a loan where management has granted a concession from the original terms to a borrower that is experiencing financial difficulties. A concession is generally granted in order to improve the financial condition of the borrower and improve the likelihood of full collection by the lender. A concession is generally defined as more favorable payment or credit terms granted to a borrower in an effort to improve the likelihood of the Company collecting principal in its entirety. All loans modified and determined to be a troubled debt restructuring are considered to be impaired.

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.

Large groups of smaller-balance homogenous loans are collectively evaluated for impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans and Allowance for Loan Losses (Continued)

In reviewing risk within the Company's loan portfolio, management has determined there to be several different risk categories within the loan portfolio. The allowance for loan losses consists of amounts applicable to: (i) the one-to-four family mortgage portfolio; (ii) the commercial mortgage portfolio; (iii) the commercial and industrial portfolio; and (iv) the consumer and HELOC portfolio. Factors considered in this process included general loan terms, collateral, and availability of historical data to support the analysis. Risk characteristics within the portfolios are noted as follows:

> One-to-four family residential real estate – All loans in this segment are collateralized by owner-occupied residential real estate and repayment is dependent on the credit quality of the individual borrower. The overall health of the economy, including unemployment rates and housing prices, will have an effect on the credit quality in this segment. To a lesser extent, the Company originates construction loans on residential properties, which have an increased risk attributable to possible construction delays or costs over-runs.
>
> Commercial real estate – Loans in this segment are primarily income-producing properties in the Pittsburgh area. The underlying cash flows generated by the properties can be adversely impacted by a downturn in the economy as evidenced by increased vacancy rates, which in turn, could have an effect on the credit quality in this segment. Management continually monitors the cash flows of these loans.
>
> Commercial and industrial – Loans in this segment are made to businesses and are generally secured by assets of the business. Repayment is expected from the cash flows of the business. A weakened economy, and resultant decreased consumer spending, could have an effect on the credit quality in this segment.
>
> Consumer and HELOC – Loans in this segment are generally unsecured except for home equity lines of credit, which are secured by residential real estate. Repayment on unsecured consumer loans is dependent on the credit quality of the individual borrower.

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

Management's assessment of historical loss experience is used as the basis for the general reserve component. Certain qualitative factors are then added to adjust the historical allocation percentage to get the total factor to be applied to performing loans. The following qualitative factors are analyzed:

- Quality of lending policies and procedures and other credit quality indicators
- Levels of and trends in delinquencies
- Trends in volume and terms
- Trends in credit quality ratings
- Changes in management and lending staff
- Economic trends
- Concentrations of credit

The Company analyzes its loan portfolio each month to determine the adequacy of its allowance for loan losses.

In calculating the allowance, management will begin by compiling the balance of loans by credit quality for each loan segment in order that allocations can be made in aggregate based on historic losses and qualitative factors. Prior to calculating these aggregate allocations, management will individually evaluate commercial and industrial and commercial mortgage loans for impairment. One-to-four family mortgages and consumer loans are not individually evaluated for impairment and are therefore allocated for in aggregate, unless the loan was subject to a modification or is nonperforming. The loans measured in aggregate are considered to be large groups of smaller-balance homogenous loans and are measured for impairment collectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Real Estate Owned

Other real estate owned acquired in settlement of foreclosed loans is carried as a component of other assets at fair value, less estimated costs to sell. Prior to foreclosure, the estimated collectible value of the collateral is evaluated to determine whether a partial charge-off of the loan balance is necessary. After transfer to other real estate owned, any subsequent write-downs are charged against other operating expenses. Direct costs incurred in the foreclosure process and subsequent holding costs incurred on such properties are recorded as expenses of current operations. As of December 31, 2022, included with other assets are $643,734 of property from commercial real estate mortgages that were foreclosed on. As of December 31, 2021, there was no other real estate owned.

As of December 31, 2022, foreclosure proceedings had started on five one- to- four mortgages with an aggregate balance of $603,591, and one commercial real estate mortgage with a balance of $31,317.

Mortgage Servicing Rights (MSRs)

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

Premises and Equipment

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

Bank-Owned Life Insurance (BOLI)

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

Transfers of Financial Assets

Transfers of financial assets, including loan and loan participation sales, are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when: (1) the assets have been isolated from the Company; (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets; and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Income Taxes

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws in the period of enactment. A valuation allowance is established against deferred tax assets when, based upon the available evidence including historical and projected taxable income, it is more likely than not that some or all of the deferred tax assets will not be realized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee Stock Ownership Plan

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

Comprehensive Income (Loss)

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

Advertising Costs

Advertising costs are expensed as incurred. When applicable, a contract is amortized over its term.

Stock-Based Compensation

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

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

Earnings Per Share (EPS)

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

Reclassifications

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

3. SECURITIES AVAILABLE FOR SALE

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

	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mortgage-backed securities in government-sponsored entities	$ 2,943,279	$ -	$ (111,275)	$ 2,832,004
Obligations of state and political subdivisions	285,000	-	(5,612)	279,388
Corporate bonds	3,083,100	-	(260,840)	2,822,260
Total	$ 6,311,379	$ -	$ (377,727)	$ 5,933,652

3. SECURITIES AVAILABLE FOR SALE (Continued)

	December 31, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mortgage-backed securities in government-sponsored entities	$ 706,380	$ 3,121	$ (7,553)	$ 701,948
Obligations of state and political subdivisions	785,000	694	-	785,694
Corporate bonds	2,597,427	32,594	(2,247)	2,627,774
Total	$ 4,088,807	$ 36,409	$ (9,800)	$ 4,115,416

The amortized cost and fair value of investment securities available for sale by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Mortgage-backed securities provide for periodic payments of principal and interest and have contractual maturities ranging from less than 5 years to 30 years. Due to expected repayment terms being significantly less than the underlying mortgage pool contractual maturities, estimated lives of these securities could be significantly shorter.

	December 31, 2022	
	Amortized Cost	Fair Value
Due after one year through five years	$ 2,311,160	$ 2,204,388
Due after five years through ten years	1,061,249	901,470
Due after ten years	2,938,970	2,827,794
Total	$ 6,311,379	$ 5,933,652

There were no sales of investment securities available for sale in 2022. In 2021, proceeds from sales of investment securities available for sale were $506,575, with a gross realized gain of $35,369.

4. SECURITIES HELD TO MATURITY

The amortized cost and fair values of securities held to maturity are as follows:

	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mortgage-backed securities in government-sponsored entities	$ 687	$ -	$ (12)	$ 675
Total	$ 687	$ -	$ (12)	$ 675

	December 31, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mortgage-backed securities in government-sponsored entities	$ 849	$ 11	$ -	$ 860
Total	$ 849	$ 11	$ -	$ 860

Mortgage-backed securities provide for periodic payments of principal and interest and all have contractual maturities of 5 years. Due to expected repayment terms being significantly less than the underlying mortgage pool contractual maturities, actual lives of these securities could be significantly shorter.

5. UNREALIZED LOSSES ON SECURITIES

The following tables show the Company'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:

	December 31, 2022					
	Less than Twelve Months		Twelve Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Mortgage-backed securities in government-sponsored entities	$2,442,954	$ (56,645)	$ 389,725	$ (54,641)	$2,832,679	$(111,286)
Obligations of state and political subdivisions	279,388	(5,612)	-	-	279,388	(5,612)
Corporate bonds	1,920,790	(101,061)	901,470	(159,779)	2,822,260	(260,840)
Total	$4,643,132	$(163,318)	$1,291,195	$(214,420)	$5,934,327	$(377,738)

	December 31, 2021					
	Less than Twelve Months		Twelve Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Mortgage-backed securities in government-sponsored entities	$ -	$ -	$337,784	$ (7,553)	$337,784	$ (7,553)
Corporate bonds	570,240	(2,247)	-	-	570,240	(2,247)
Total	$570,240	$ (2,247)	$337,784	$ (7,553)	$908,024	$ (9,800)

Management reviews the Company's securities positions quarterly. There were 17 investments that were temporarily impaired as of December 31, 2022, with aggregate depreciation of 5.98 percent from the Company's amortized cost basis. At December 31, 2022, the declines outlined in the above table represent temporary declines and the Company does not intend to sell and does not believe it will be required to sell these securities before recovery of their cost basis, which may be at maturity.

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

6. LOANS

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

	December 31, 2022	December 31, 2021
Mortgage loans:		
One-to-four family	$ 93,069,665	$ 84,312,087
Commercial	62,756,288	53,812,805
	155,825,953	138,124,892
Commercial and industrial	42,028,488	50,550,688
Consumer and HELOC	14,800,306	10,421,977
	212,654,747	199,097,557
Third-party loan acquisition and other net origination costs	(407,267)	(504,290)
Discount on loans previously held for sale	(63,513)	(84,219)
Allowance for loan losses	(2,047,035)	(1,910,598)
Total	$ 210,136,932	$ 196,598,450

6. LOANS (Continued)

The Company's primary business activity is with customers located in Pittsburgh and surrounding communities. The Company's loan portfolio consists predominantly of one-to-four family mortgage and commercial mortgage loans. These loans are typically secured by first-lien positions on the respective real estate properties and are subject to the Company's underwriting policies. Included in consumer loans is $10,441,849 and $6,892,243 of home equity lines of credit as of December 31, 2022 and 2021, respectively.

During the normal course of business, the Company may transfer a portion of a loan as a participation loan, in order to manage portfolio risk. In order to be eligible for sales treatment, all cash flows from the loan must be divided proportionately, the rights of each loan holder must have the same priority, the loan holders must have no recourse to the transferor other than standard representations and warranties, and no loan holder can have the right to pledge or exchange the entire loan. The Company transferred $6,355,055 and $8,958,263 in participation loans, as of December 31, 2022 and 2021, respectively, to other financial institutions. As of December 31, 2022 and 2021, all of these loans were being serviced by the Company.

In 2020 and 2021, the Company participated in the Paycheck Protection Program (PPP) to assist local businesses in keeping their employees on payroll. Included in commercial and industrial loans is 5,397,151 and 14,421,022 in PPP as of December 31, 2022 and 2021, respectively.

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

	Years Ended December 31, 2022	2021
Balance, beginning of year	$ 2,090,901	$ 997,143
Additions	1,032,166	1,333,561
Repayments	(1,166,946)	(239,803)
Balance, end of year	$ 1,956,121	$ 2,090,901

7. ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses reflects management's estimate of loan losses inherent in the loan portfolio at the balance sheet date. The following tables present, by portfolio segment, the changes in the allowance for loan losses:

Year ended December 31, 2022:	Mortgage One-to-Four Family	Mortgage Commercial	Commercial and Industrial	Consumer and HELOC	Total
Allowance for loan losses:					
Beginning balance	$ 710,985	$ 584,906	$ 498,459	$ 116,248	$1,910,598
Charge-offs	(76,552)	-	(59,914)	-	(136,466)
Recoveries	-	-	-	-	-
Provision (credit)	273,644	52,850	(119,274)	65,683	272,903
Ending balance	$ 908,077	$ 637,756	$ 319,271	$ 181,931	$2,047,035

Year ended December 31, 2021:	Mortgage One-to-Four Family	Mortgage Commercial	Commercial and Industrial	Consumer and HELOC	Total
Allowance for loan losses:					
Beginning balance	$ 680,091	$ 423,510	$ 478,193	$ 64,824	$1,646,618
Charge-offs	(212,602)	-	-	(418)	(213,020)
Recoveries	-	-	-	-	-
Provision (credit)	243,496	161,396	20,266	51,842	477,000
Ending balance	$ 710,985	$ 584,906	$ 498,459	$ 116,248	$1,910,598

7. ALLOWANCE FOR LOAN LOSSES (Continued)

The following tables present the composition of the allowance for loan losses as of December 31, 2022 and 2021, by loan class and segregated by those loans that deemed impaired and those that are not deemed impaired:

	Mortgage One-to-Four Family	Mortgage Commercial	Commercial and Industrial	Consumer and HELOC	Total
December 31, 2022					
Allowance for loan losses:					
Loans deemed impaired	$ 69,293	$ 31,501	$ -	$ -	$ 100,794
Loans not deemed impaired	838,784	606,255	319,271	181,931	1,946,241
Ending Balance	$ 908,077	$ 637,756	$ 319,271	$ 181,931	$ 2,047,035
December 31, 2022					
Loans:					
Loans deemed impaired	$ 4,115,981	$ 1,727,103	$ 1,974,323	$ 160,847	$ 7,978,254
Loans not deemed impaired	88,953,684	61,029,185	40,054,165	14,639,459	204,676,493
Ending Balance	$93,069,665	$62,756,288	$42,028,488	$14,800,306	$212,654,747

	Mortgage One-to-Four Family	Mortgage Commercial	Commercial and Industrial	Consumer and HELOC	Total
December 31, 2021					
Allowance for loan losses:					
Loans deemed impaired	$ 76,152	$ 108,935	$ 30,000	$ -	$ 215,087
Loans not deemed impaired	634,833	475,971	468,459	116,248	1,695,511
Ending Balance	$ 710,985	$ 584,906	$ 498,459	$ 116,248	$ 1,910,598
December 31, 2021					
Loans:					
Loans deemed impaired	$ 3,324,949	$ 2,888,053	$ 1,458,975	$ 169,431	$ 7,841,408
Loans not deemed impaired	80,987,138	50,924,752	49,091,713	10,252,546	191,256,149
Ending Balance	$84,312,087	$53,812,805	$50,550,688	$10,421,977	$199,097,557

7. ALLOWANCE FOR LOAN LOSSES (Continued)

The following tables present the recorded investment of impaired loans by class as of December 31, 2022 and 2021, segregated by those for which a specific allowance was required and those for which a specific allowance was not necessary:

	December 31, 2022			December 31, 2021		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
With no allowance recorded:						
Mortgage loans:						
One-to-four family	$3,733,178	$4,137,539	$ -	$2,883,833	$2,907,289	$ -
Commercial	1,535,602	1,633,267	-	2,078,920	2,106,081	-
Commercial and industrial	1,974,323	2,116,515	-	1,319,061	1,409,701	-
Consumer and HELOC	160,847	168,488	-	169,431	170,420	-
With an allowance recorded:						
Mortgage loans:						
One-to-four family	382,803	402,697	69,293	441,116	450,277	76,152
Commercial	191,501	192,509	31,501	809,133	813,373	108,935
Commercial and industrial	-	-	-	139,914	149,744	30,000
Consumer and HELOC	-	-	-	-	-	-
Total mortgage loans:						
One-to-four family	4,115,981	4,540,236	69,293	3,324,949	3,357,566	76,152
Commercial	1,727,103	1,825,776	31,501	2,888,053	2,919,454	108,935
Commercial and industrial	1,974,323	2,116,515	-	1,458,975	1,559,445	30,000
Consumer and HELOC	160,847	168,488	-	169,431	170,420	-
Total	$7,978,254	$8,651,015	$ 100,794	$7,841,408	$8,006,885	$ 215,087

The following tables presents the average recorded investment and interest income recognized for impaired loans by class for the years ended December 31, 2022 and 2021, segregated by those for which a specific allowance was required and those for which a specific allowance was not necessary:

	Year Ended December 31, 2022		Year Ended December 31, 2021	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
With no allowance recorded:				
Mortgage loans:				
One-to-four family	$ 3,348,195	$ 66,155	$ 2,988,864	$ 73,128
Commercial	2,013,857	6,500	996,525	39,125
Commercial and industrial	1,739,694	3,556	1,346,545	3,556
Consumer and HELOC	150,989	-	170,880	2,654
With an allowance recorded:				
Mortgage loans:				
One-to-four family	367,988	195	444,508	-
Commercial	191,501	-	810,821	-
Commercial and industrial	-	-	213,248	-
Consumer and HELOC	-	-	-	-
Total mortgage loans:				
One-to-four family	3,716,183	66,350	3,433,372	73,128
Commercial	2,205,358	6,500	1,807,346	39,125
Commercial and industrial	1,739,694	3,556	1,559,793	3,556
Consumer and HELOC	150,989	-	170,880	2,654
Total	$ 7,812,224	$ 76,406	$ 6,971,391	$ 118,463

7. ALLOWANCE FOR LOAN LOSSES (Continued)

Aging Analysis of Past-Due Loans by Class

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

	December 31, 2022						
	30-59 Days Past Due	60-89 Days Past Due	90 Days or Greater Past Due	Total Past Due	Current	Total Loans Receivable	90 Days or Greater Still Accruing
Mortgage loans:							
One-to-four family	$747,761	$ 894,848	$1,162,512	$2,805,121	$ 90,264,544	$ 93,069,665	$ -
Commercial	-	135,235	222,818	358,053	62,398,235	62,756,288	-
Commercial and industrial	-	713,995	1,423,101	2,137,096	39,891,392	42,028,488	-
Consumer and HELOC	36,551	141,556	19,292	197,399	14,602,907	14,800,306	-
Total	$784,312	$1,885,634	$2,827,723	$5,497,669	$207,157,078	$212,654,747	$ -

	December 31, 2021						
	30-59 Days Past Due	60-89 Days Past Due	90 Days or Greater Past Due	Total Past Due	Current	Total Loans Receivable	90 Days or Greater Still Accruing
Mortgage loans:							
One-to-four family	$1,170,086	$760,295	$ 987,505	$2,917,886	$ 81,394,201	$ 84,312,087	$ -
Commercial	1,515,472	-	809,133	2,324,605	51,488,200	53,812,805	-
Commercial and industrial	377,913	78,460	139,914	596,287	49,954,401	50,550,688	-
Consumer and HELOC	19,517	-	149,196	168,713	10,253,264	10,421,977	-
Total	$3,082,988	$838,755	$2,085,748	$6,007,491	$193,090,066	$199,097,557	$ -

The following table presents the loans on nonaccrual status, by class:

	December 31, 2022	December 31, 2021
Mortgage loans:		
One-to-four family	$ 2,774,620	$ 1,791,064
Commercial	222,818	2,259,067
Commercial and industrial	1,899,459	1,384,111
Consumer and HELOC	160,847	149,196
Total	$ 5,057,744	$ 5,583,438

Credit Quality Information

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

- *Loans rated 1, 2, 3, 4 and 5:* Loans in these categories are considered "pass" rated loans with low to average risk.
- *Loans rated 6:* Loans in this category are considered "special mention." These loans have a potential weakness that deserves management's close attention. If left uncorrected, these weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

7. ALLOWANCE FOR LOAN LOSSES (Continued)

Credit Quality Information (Continued)

- *Loans rated 7:* Loans in this category are considered "substandard." These loans have a well-defined weakness based on objective evidence that jeopardize the liquidation of the debt. These loans are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.
- *Loans rated 8:* Loans in this category are considered "doubtful" and have all the weaknesses inherent in a loan rated 7. In addition, these weaknesses make collection or liquidation in full highly questionable and improbable, based on existing circumstances.
- *Loans rated 9:* Loans in this category are considered "loss" and are considered to be uncollectible or of such value that continuance as an asset is not warranted.

The risk category of loans by class of loans is as follows:

	December 31, 2022		December 31, 2021	
	Mortgage Commercial	Commercial and Industrial	Mortgage Commercial	Commercial and Industrial
Loans rated 1 - 5	$ 62,498,553	$ 39,985,164	$ 52,932,288	$ 49,023,428
Loans rated 6	-	1,824,553	5,846	1,244,197
Loans rated 7	257,735	218,771	874,671	283,063
Ending balance	$ 62,756,288	$ 42,028,488	$ 53,812,805	$ 50,550,688

There were no commercial loans classified as doubtful or loss at December 31, 2022 or 2021.

For one-to-four family mortgage and consumer loans, the Company evaluates credit quality based on whether the loan is considered to be performing or nonperforming. Loans are generally considered to be nonperforming when they are placed on nonaccrual or become 90 days past due. The following table presents the balances of loans by classes of the loan portfolio based on payment performance:

	December 31, 2022		December 31, 2021	
	Mortgage One-to-Four Family	Consumer and HELOC	Mortgage One-to-Four Family	Consumer and HELOC
Performing	$ 90,295,045	$ 14,577,488	$ 82,521,023	$ 10,272,781
Nonperforming	2,774,620	222,818	1,791,064	149,196
Total	$ 93,069,665	$ 14,800,306	$ 84,312,087	$ 10,421,977

Troubled Debt Restructurings

During the year ended December 31, 2022, the Company modified one loan as a troubled debt restructuring. The loan was a one-to-four family mortgage loan. The loan had a balance of $223,884 as of December 31, 2022, and a pre- and post- modification balance of $228,140. The concession granted by the Company was a deferral of payments. No loans modified as troubled debt restructurings during the last 12 months have defaulted within the period.

During the year ended December 31, 2021, the Company modified one loan as a troubled debt restructuring. The loan was a commercial mortgage loan. The loan had a balance of $1,468,669 as of December 31, 2022, and a pre- and post- modification balance of $1,468,669. The concession granted by the Company was a deferral of interest.

As of December 31, 2022 and 2021, the Company allocated $50,806 and $61,140, respectively, within the allowance for loan losses to loans modified as troubled debt restructurings.

8. PREMISES AND EQUIPMENT

Premises and equipment are summarized as follows:

	December 31, 2022	December 31, 2021
Land	$ 600,000	$ 600,000
Buildings	4,103,717	4,092,972
Furniture and equipment	1,234,397	1,229,340
	5,938,114	5,922,312
Accumulated depreciation	(1,927,920)	(1,766,378)
Total	$ 4,010,195	$ 4,155,934

Depreciation expense on premises and equipment was $161,541 and $171,932 for the years ended December 31, 2022 and 2021, respectively.

9. DEPOSITS

Time deposits include certificates of deposit and other time deposits in denominations of $250,000 or greater aggregating to $12.0 million at both December 31, 2022 and 2021. The aggregate maturities of time deposits in years 2023 through 2027 and thereafter are as follows at December 31, 2022:

2023	$ 30,242,998
2024	16,256,756
2025	8,511,310
2026	9,814,803
2027	5,076,954
Thereafter	496,154
	$ 70,398,975

Brokered certificates of deposits amounted to $10.6 million and $15.4 million at December 31, 2022, and 2021, respectively.

10. BORROWINGS

As of December 31, 2022, the Company had advances from both the FHLB and the Federal Reserve. Pursuant to collateral agreements with the FHLB, FHLB advances are secured by all stock in the FHLB and a blanket lien on qualifying first mortgage loans. The Company had a maximum borrowing capacity of $101,558,850 with the FHLB as of December 31, 2022. The PPPLF advances from the Federal Reserve are secured by select PPP loans and have a fixed rate of 0.35% for the term of the underlying PPP loans which mature in 2025 and 2026. The following table shows the Company's fixed rate FHLB and Federal Reserve borrowings:

	December 31, 2022	
Maturing in	Amount	Weighted-Average Rate
2023	$ 4,000,000	1.88%
2024	5,250,000	1.10%
2025	11,251,823	2.64%
2026	1,302,434	0.35%
Total	$ 21,804,257	2.00%

10. BORROWINGS (Continued)

Maturing in	December 31, 2021 Amount	Weighted-Average Rate
2023	$ 4,000,000	1.88%
2024	5,250,000	1.10%
2025	12,340,780	2.44%
2026	6,285,843	0.35%
Total	$ 27,876,623	1.64%

11. INCOME TAXES

Income tax expense is summarized as follows:

	Years Ended December 31, 2022	2021
Currently payable:		
Federal	$ 393,553	$ 326,806
State	72,176	(35,342)
	465,729	291,464
Deferred:		
Federal	(56,737)	(58,705)
	(56,737)	(58,705)
Total	$ 408,992	$ 232,759

	December 31, 2022	2021
Deferred tax assets:		
Allowance for loan losses	$ 429,877	$ 401,225
OREO	-	-
Accrued interest payable	43,149	35,065
Nonaccrual loan interest	162,688	170,137
Write-down on loans held for sale	13,338	17,686
Net unrealized loss on securities	79,639	-
Charitable contribution carryforward	-	-
Deferred comp plan	7,392	6,389
Lease Liability	4,459	5,683
Gross deferred tax assets	740,542	636,185
Deferred tax liabilities:		
Mortgage servicing rights	(133,389)	(155,621)
Premises and equipment	(63,480)	(72,043)
Net unrealized gain on securities	-	(5,271)
Right-of-use asset	(4,459)	(5,683)
Gross deferred tax liabilities	(201,328)	(238,618)
Net deferred tax asset	$ 539,214	$ 397,567

No valuation allowance was established at December 31, 2022 or 2021, in view of the Company's ability to recover taxes paid in previous years, to execute certain tax strategies and to anticipate future taxable income as evidenced by the Company's earnings potential.

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

11. INCOME TAXES (Continued)

	Years Ended December 31,			
	2022		2021	
	Amount	% of Pretax Income	Amount	% of Pretax Income
Provision of statutory rate	$ 364,677	21.0%	$ 281,109	21.0%
Tax-exempt interest	(2,597)	(0.1)	(3,011)	(0.2)
State income tax	57,019	3.3	(27,920)	(2.1)
Other, net	(10,107)	(0.6)	(17,419)	(1.3)
Actual tax expense and effective rate	$ 408,992	23.6%	$ 232,759	17.4%

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

The Company did not have any uncertain tax positions at December 31, 2022 or 2021, which would have required accrual or disclosure. The Company records interest and penalties as part of income tax expense. No interest or penalties were recorded for the years ended December 31, 2022 and 2021.

The Company's income tax returns are subject to review and examination by federal and state taxing authorities. With few exceptions, the Company is no longer subject to U.S. federal, state, or local income tax examinations by tax authorities for years before 2019.

12. EMPLOYEE STOCK OWNERSHIP PLAN

The Company established a tax qualified Employee Stock Ownership Plan ("ESOP") for the benefit of its employees in conjunction with the Reorganization effective on January 24, 2018. All employees who are not union employees, leased employees, or non-resident alien employees are eligible. As of December 31, 2022, all employees were eligible. Eligible employees become 20% vested in their accounts after two years of service, 40% after three years of service, 60% after four years of service, 80% after five years of service and 100% after six years of service, or earlier, upon death, disability or attainment of normal retirement age.

The ESOP purchased 88,131 shares of SSB Bancorp common stock, which was funded by a loan from SSB Bancorp. Unreleased ESOP shares collateralize the loan payable, and the cost of the shares is recorded as a contra-equity account in the stockholders' equity of the Company. Shares are to be released as debt payments are made by the ESOP to the loan. The ESOP's sources of repayment of the loan can include dividends, if any, on the unallocated stock held by the ESOP and discretionary contributions from the Company to the ESOP and earnings thereon. At December 31, 2022, the fair value of the unearned ESOP shares was $502,000.

Compensation expense is equal to the fair value of the shares committed to be released and unallocated ESOP shares are excluded from outstanding shares for purposes of computing earnings per share. During the years ended December 31, 2022 and 2021, the Company recognized $36,949 and $41,620, respectively, in compensation expense.

13. STOCK COMPENSATION PLAN

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

13. STOCK COMPENSATION PLAN (Continued)

On May 23, 2019, 11,015 shares of restricted stock and 27,540 stock options were awarded to directors under the Plan. On November 20, 2019, 17,626 shares of restricted stock and 44,066 stock options were awarded to certain executives under the Plan. Lastly, on October 28, 2021, 2,300 shares of restricted stock and 6,700 stock options were awarded to certain executives under the Plan. The shares of restricted stock and stock options vest at a rate of 20% per year commencing on the date of the award, and the related expense is being recognized straight-line over the 60-month period. At December 31, 2022, there were 13,124 shares of stock and 31,858 stock options available to be issued under the Plan.

The following tables summarize transactions regarding the restricted stock under the Plan for years ended December 31, 2022 and 2021.

	Number of restricted shares	Weighted average grant date price per share
Non-vested shares at December 31, 2021	19,031	$ 7.85
Granted	-	-
Vested	6,190	7.86
Forfeited	-	-
Non-vested shares at December 31, 2022	12,841	$ 7.85

	Number of restricted shares	Weighted average grant date price per share
Non-vested shares at December 31, 2020	25,216	$ 7.85
Granted	-	-
Vested	6,185	7.86
Forfeited	-	-
Non-vested shares at December 31, 2021	19,031	$ 7.85

A summary of the status of the awarded stock options at December 31, 2022, and changes during the years ended December 31, 2022 and 2021, is presented in the tables and narrative following:

	Year ended December 31, 2022		
	Shares	Weighted Average Exercise Price	Weighted Average Fair Value
Outstanding at January 1, 2022	78,306	$ 7.86	$ 1.04
Granted	-	-	-
Exercised	-	-	-
Forfeited	-	-	-
Outstanding at December 31, 2022	78,306	7.86	1.04
Exercisable at December 31, 2022	45,639	7.87	1.01

	Year ended December 31, 2021		
	Shares	Weighted Average Exercise Price	Weighted Average Fair Value
Outstanding at January 1, 2021	78,306	$ 7.86	$ 1.04
Granted	-	-	-
Exercised	-	-	-
Forfeited	-	-	-
Outstanding at December 31, 2021	78,306	7.86	1.04
Exercisable at December 31, 2021	29,976	7.87	1.00

13. STOCK COMPENSATION PLAN (Continued)

At December 31, 2022, 45,639 of the 78,306 options outstanding are exercisable. The 32,676 options that are not yet exercisable all have a weighted average exercise price of $7.84 and a weighted average remaining contractual life of 6.8 years. The fair value of each option grant is estimated on the date of grant using the Binomial or Black-Scholes option pricing model. There were no grants made in 2022 or 2021.

The Company uses the modified prospective method for accounting for stock-based compensation. For the year ended December 31, 2022, the Company recognized $49,000 and $15,000 of pretax compensation expense related to restricted stock awards and stock option awards, respectively. As of December 31, 2022, there was $83,000 of unrecognized compensation expense related to restricted stock awards, and $27,000 of unrecognized compensation expense related to stock option awards that will be recognized over the remaining vesting periods.

No stock options have been exercised as of December 31, 2022.

14. REGULATORY CAPITAL REQUIREMENTS

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

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required.

As of December 31, 2022, the most recent notification from the Federal Deposit Insurance Corporation categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum capital ratios as set forth in the following table. There are no conditions or events since the notification that management believes have changed the Bank's category. Management believes that the Bank meets all capital adequacy requirements to which it is subject. The Bank's actual capital amounts and ratios are presented in the table below.

	December 31, 2022		December 31, 2021	
	Amount	Ratio	Amount	Ratio
Common Equity Tier 1 capital (to risk-weighted assets)				
Actual	$ 21,327,264	10.70%	$ 19,921,941	11.03%
For capital adequacy purposes	8,966,745	4.50%	8,124,525	4.50%
To be well capitalized	12,951,965	6.50%	11,735,425	6.50%
Tier 1 capital				
(to risk-weighted assets) Actual	$ 21,327,264	10.70%	$ 19,921,941	11.03%
For capital adequacy purposes	11,955,660	6.00%	10,832,700	6.00%
To be well capitalized	15,940,880	8.00%	14,443,600	8.00%
Total capital				
(to risk-weighted assets) Actual	$ 23,376,037	11.73%	$ 21,832,539	12.09%
For capital adequacy purposes	15,940,880	8.00%	14,443,600	8.00%
To be well capitalized	19,926,100	10.00%	18,054,500	10.00%
Tier 1 capital				
(to average assets) Actual	$ 21,327,264	8.86%	$ 19,921,941	8.71%
For capital adequacy purposes	9,626,484	4.00%	9,150,548	4.00%
To be well capitalized	12,033,106	5.00%	11,438,185	5.00%

15. EMPLOYEE BENEFIT PLANS

The Company has a 401(k) plan that covers substantially all employees. The plan provides for employer-matching contributions on employee contributions of up to 3 percent of compensation, plus 50 percent matching up to the next 2 percent of compensation. The Company paid required employer-matching contributions of $105,000 and $88,000 for the years ended December 31, 2022 and 2021, respectively.

16. COMMITMENTS

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

Off-balance sheet commitments consisted of the following:

	December 31,	
	2022	2021
Commitments to extend credit	$ 4,283,870	$ 9,546,815
Construction unadvanced funds	11,816,322	7,443,635
Unused lines of credit	19,286,046	13,754,195
Available credit cards	248,303	118,697
Letters of credit	3,248,358	4,876,766
	$ 38,882,899	$ 35,740,108

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

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

17. FAIR VALUE MEASUREMENTS

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

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

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

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

17. FAIR VALUE MEASUREMENTS (Continued)

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

Fair values for securities are determined by obtaining quoted prices on nationally recognized securities exchanges or matrix pricing, which is a mathematical technique that is widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark-quoted securities. Fair values of securities determined by quoted prices in active markets, when available, are classified as Level I. At December 31, 2022 and 2021, fair value measurements were obtained from a third-party pricing service and not adjusted by management. Transfers are recognized at the end of the reporting period, as applicable.

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

	December 31, 2022			
	Level I	Level II	Level III	Total
Fair value measurements on a recurring basis:				
Mortgage-backed securities in government-sponsored entities	$ -	$ 2,832,004	$ -	$ 2,832,004
Obligations of state and political subdivisions	-	279,388	-	279,388
Corporate bonds	-	2,822,260	-	2,822,260

	December 31, 2021			
	Level I	Level II	Level III	Total
Fair value measurements on a recurring basis:				
Mortgage-backed securities in government-sponsored entities	$ -	$ 701,948	$ -	$ 701,948
Obligations of state and political subdivisions	-	785,694	-	785,694
Corporate bonds	-	2,627,774	-	2,627,774
U.S. treasury securities		-	-	-

Loans Held For Sale

Fair values are estimated based on the discounted value of contractual cash flows adjusted for current market inputs including interest rates and prepayment speeds, as well as adjustments for the credit quality of the borrowers.

Impaired Loans

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

Other Real Estate Owned

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

17. FAIR VALUE MEASUREMENTS (Continued)

The following table presents information related to the assets measured on a nonrecurring basis on the balance sheets at their fair value as of December 31, 2022, by level within the fair value hierarchy. No liabilities were measured at fair value on a nonrecurring basis. There are no assets measured at fair value on a nonrecurring basis as of December 31, 2021.

	December 31, 2022			
	Level I	Level II	Level III	Total
Fair value measurements on a nonrecurring basis:				
Other real estate owned	$ -	$ -	$ 643,734	$ 643,734
Mortgage servicing rights	-	-	635,184	635,184
Impaired loans with reserve	-	-	473,510	473,510

	December 31, 2021			
	Level I	Level II	Level III	Total
Fair value measurements on a nonrecurring basis:				
Mortgage servicing rights	$ -	$ -	$ 741,056	$ 741,056
Impaired loans with reserve	-	-	1,175,076	1,175,076

The following table provides the significant unobservable inputs used in the fair value measurement process for items valued using Level III techniques at December 31, 2022 and 2021:

	Fair Value at December 31,2022	Valuation Techniques	Valuation Unobservable Inputs	Range (Weighted Average)
Other real estate owned	$ 643,734	Appraised collateral values	Discount for time since appraisal	10% (10%)
			Selling costs	10% (10%)
Impaired loans with reserve	$ 473,510	Discounted cash flows	Discount for evaluation	10% (10%)
			Selling costs	10% (10%)
Mortgage servicing rights	$ 635,184	Discounted cash flows	Loan prepayment speeds	8.49%-16.11% (12.17%)

	Fair Value at December 31,2021	Valuation Techniques	Valuation Unobservable Inputs	Range (Weighted Average)
Impaired loans with reserve	$ 1,175,076	Discounted cash flows	Discount for evaluation	10% (10%)
			Selling costs	10% (10%)
Mortgage servicing rights	$ 741,056	Discounted cash flows	Loan prepayment speeds	8.49%-16.11% (12.10%)

17. FAIR VALUE MEASUREMENTS (Continued)

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

	December 31, 2022				
	Carrying Value	Fair Value	Level I	Level II	Level III
Financial assets:					
Cash and cash equivalents	$ 15,871,593	$ 15,871,593	$ 15,871,593	$ -	$ -
Certificates of deposit	3,183,000	3,155,000	-	3,155,000	-
Investment securities:					
Available for sale	5,933,652	5,933,652	-	5,933,652	-
Held to maturity	687	675	-	675	-
Loans, net	210,136,932	206,979,932	-	-	206,979,932
Accrued interest receivable	1,156,567	1,156,567	-	1,156,567	-
FHLB Stock	5,082,100	5,082,100	-	-	5,082,100
Financial liabilities:					
Deposits	204,129,468	202,151,468	133,730,493	-	68,420,975
FHLB advances	19,250,000	18,517,000	-	18,517,000	-
PPPLF advances	2,554,257	2,554,257	-	2,554,257	-
Accrued interest payable	205,472	205,472	-	205,472	-

	December 31, 2021				
	Carrying Value	Fair Value	Level I	Level II	Level III
Financial assets:					
Cash and cash equivalents	$ 15,920,360	$ 15,920,360	$ 15,920,360	$ -	$ -
Certificates of deposit	2,961,000	3,070,000	-	3,070,000	-
Investment securities:					
Available for sale	4,115,416	4,115,416	-	4,115,416	-
Held to maturity	849	860	-	860	-
Loans, net	196,598,450	206,080,450	-	-	206,080,450
Accrued interest receivable	1,171,937	1,171,937	-	1,171,937	-
FHLB Stock	4,982,100	4,982,100	-	-	4,982,100
Financial liabilities:					
Deposits	182,913,136	183,973,136	110,749,847	-	73,223,289
FHLB advances	19,250,000	19,746,000	-	19,746,000	-
PPPLF Advances	8,626,623	8,639,623	-	8,639,623	-
Accrued interest payable	166,388	166,388	-	166,388	-

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

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

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

18. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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

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

The fair value is equal to the current carrying value.

Certificates of Deposit

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

Securities

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

Loans, Net

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

FHLB Advances

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

PPPLF Advances

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

Deposits

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

Commitments

These financial instruments are generally not subject to sale, and estimated fair values are not readily available. The carrying value, represented by the net deferred fee arising from the unrecognized commitment, and the fair value, determined by discounting the remaining contractual fee over the term of the commitment using fees currently charged to enter into similar agreements with similar credit risk, are not considered material for disclosure. The contractual amounts of unfunded commitments are presented in Note 16.

19. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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

	Net Unrealized Gain (Loss) on Securities Years ended December 31, 2022	2021
Accumulated other comprehensive income (loss), beginning of period	$ 21,337	$ 124,942
Other comprehensive income (loss) on securities before reclassification, net of tax	(319,425)	(75,663)
Amounts reclassified from accumulated other comprehensive income (loss), net of tax	-	(27,942)
Net other comprehensive income (loss)	(319,425)	(103,605)
Accumulated other comprehensive income, end of period	$ (298,088)	$ 21,337

20. LEGAL PROCEEDINGS

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

21. EARNINGS PER SHARE

Earnings per common share for the years ended December 31, 2022 and 2021, are presented in the following table:

	Year ended December 31, 2022	Year ended December 31, 2021
Net income	$ 1,327,567	$ 1,105,856
Shares outstanding for basic EPS:		
Average shares outstanding	2,212,323	2,255,924
Less: Average unearned ESOP shares	68,463	72,870
Shares outstanding for basic EPS	2,143,860	2,183,054
Additional dilutive shares	4,927	13,937
Shares outstanding for diluted EPS	2,148,787	2,196,991
Basic income per share	$ 0.62	$ 0.51
Diluted income per share	$ 0.62	$ 0.50

22. LEASES

The Company completed a comprehensive review and analysis of all its property contracts. As a result of this review, it was determined that the Company leases parking spaces which qualifies as an operating lease. Several assumptions and judgments were made when applying the requirements of Topic 842 to the Company's existing lease commitments, including the allocation of consideration in the contracts including determination of the lease term and determination of the discount rate used in calculating the present value of the lease payments. The lease did not include any nonlease components, such as common area maintenance charges, utilities, real estate taxes or insurance. Additionally, the lease did not include any renewal options as of December 31, 2022.

The discount rate utilized in calculating the present value of the remaining lease payments for each lease was the Federal Home Loan Bank of Pittsburgh advance rate corresponding to the remaining maturity of the lease. The following table presents the weighted-average lease term and discount rate for the leases outstanding at December 31, 2022.

Weighted-average remaining term (years)	3.58
Weighted-average discount rate	0.69%

The following table presents the undiscounted cash flows due to operating leases as of December 31, 2022, along with a reconciliation to the discounted amount recorded on the Consolidated Balance Sheets:

Undiscounted cash flows due:	Amount
Within 1 year	$ 6,000
After 1 year but within 2 years	6,000
After 2 years but within 3 years	6,000
After 3 years	3,500
Total undiscounted cash flows	21,500
Discount on cash flows	(269)
Total lease liabilities	$ 21,231

Under Topic 842, the lessee can elect to not record on the Consolidated Balance Sheets a lease whose term is 12 months or less and does not include a purchase option that the lessee is reasonably certain to exercise. As of December 31, 2022, the Company had 1 lease that had a remaining term of 43 months. The Company has recorded a right-of-use asset of $21,231 and a lease liability of $21,231 included with other assets and other liabilities, respectively, on the Consolidated Balance Sheet for December 31, 2022.

Rental expense under operating leases totaled $6,000 in each of 2022 and 2021.

23. REVENUE RECOGNITION

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

Service Charges on Deposits

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

Electronic Banking Fees

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

23. REVENUE RECOGNITION (Continued)

Merchant Acquirer Sponsorship Fees

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

Mortgage Banking Income

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

Net Gain or Loss on Sale of Other Real Estate Owned

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

The following table summarized the point of revenue recognition and the income recognized for each of the revenue streams for the years ended December 31, 2022 and 2021:

		For the years ended December 31,	
Revenue Streams	**Point of revenue recognition**	**2022**	**2021**
Service charges on deposits	At a point in time & over time	$ 14,865	$ 10,757
Electronic banking fees	At a point in time	$ 122,902	$ 109,105
Mortgage banking income	At a point in time	$ 223,335	$ 835,458
Credit card processing fees	At a point in time	$ 547,433	$ 140,503
Net loss on sale of other real estate owned	At a point in time	$ -	$ (25,000)

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

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

Balance Sheets

	December 31,	
	2022	**2021**
Assets		
Cash	$ 3,220,663	$ 3,231,734
Investment in wholly owned subsidiary	21,029,176	19,943,278
Other assets	59,527	6,389
Total assets	$ 24,309,366	$ 23,181,401
Liabilities and stockholders' equity		
Other liabilities	$ 41,553	$ 21,899
Stockholders' equity	24,267,813	23,159,502
Total liabilities and stockholders' equity	$ 24,309,366	$ 23,181,401

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

Statement of Comprehensive Income

	Years Ended December 31, 2022	Years Ended December 31, 2021
Other income	24,619	19,946
Total income	1,429,942	1,188,515
Expenses		
Other expenses	128,545	113,211
Total expense	128,545	113,211
Income before income tax expense	1,301,397	1,075,304
Income tax expense (benefit)	(26,170)	(30,552)
Net income	$ 1,327,567	$ 1,105,856
Comprehensive income	$ 1,008,142	$ 1,002,251

Statements of Cash Flows

	Years Ended December 31, 2022	Years Ended December 31, 2021
Cash flows from operating activities:		
Net income	$ 1,327,567	$ 1,105,856
Adjustments to reconcile net income to cash used in operating activities		
Equity in undistributed income of subsidiary	(1,405,323)	(1,168,569)
Stock compensation expense	63,220	63,220
Other, net	(33,484)	(21,685)
Net cash used in operating activities	(48,020)	(21,178)
Cash flows from financing activities:		
Proceeds from release of ESOP shares	36,949	41,620
Purchase of Treasury Stock	-	(482,425)
Net cash used in financing activities	36,949	(440,805)
Net decrease in cash	(11,071)	(461,983)
Cash, beginning balance	3,231,734	3,693,717
Cash, ending balance	$ 3,220,663	$ 3,231,734

25. SUBSEQUENT EVENTS

The Company has assessed events occurring subsequent to December 31, 2022 through March 31, 2023, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to, or disclosure in, the financial statements which were available to be issued March 31, 2023.

SSB BANCORP, INC.

Board of Directors of SSB Bancorp, Inc. and SSB

Bank Kenneth J. Broadbent
Business Manager for Pittsburgh Steamfitters Local 449

David H. Docchio, Jr.
Auditor/Accountant with Laborers' Combined Funds of Western Pennsylvania

Dr. Gretchen Givens Generett
Associate Professor of Diversity Studies at Duquesne University

Mark C. Joseph
Attorney-at-Law

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

Dr. Bernie M. Simons, MD
Family Practice Physician with Heritage Valley Health Systems

Executive Officers of SSB Bancorp, Inc. and SSB Bank

J. Daniel Moon, IV
President and Chief Executive Officer

Benjamin Contrucci
Chief Financial Officer

Peter Stires
Vice President of Commercial Lending

Joshua Wynkoop
Vice President of Consumer and Mortgage Lending

Independent Auditor

S.R. Snodgrass, P.C.
Pittsburgh, PA

Transfer Agent

Continental Stock Transfer & Trust Company
New York, NY