BANKFLORIDA BANCORP, INC.

Holding Company for

Audited Consolidated Financial Statements

At December 31, 2021 and 2020 and the Years Then Ended

(Together with Independent Auditors' Report)

Independent Auditors' Report

Stockholders and the Board of Directors of
BankFLORIDA Bancorp, Inc.
Dade City, Florida

Opinion

We have audited the accompanying consolidated financial statements of BankFLORIDA Bancorp, Inc. and Subsidiary (the "Company"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2021 and 2020, 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 ("GAAP").

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 Consolidated 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.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a period of one year subsequent to the date of this report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 consolidated 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.

Hacker, Johnson & Smith PA

HACKER, JOHNSON & SMITH PA
Tampa, Florida
March 24, 2022

BANKFLORIDA BANCORP, INC. AND SUBSIDIARY

Consolidated Balance Sheets
($ in thousands, except per share amounts)

	At December 31, 2021	At December 31, 2020
Assets		
Cash and due from banks	$ 1,906	1,958
Interest-bearing deposits in banks	72,161	48,219
Total cash and cash equivalents	74,067	50,177
Debt securities available for sale	15,849	6,317
Loans, net of allowance for loan losses of $1,790 and $1,196	171,523	107,117
Accrued interest receivable	462	406
Federal Home Loan Bank stock, at cost	148	143
Premises and equipment, net	6,544	6,153
Deferred income taxes	1,191	1,361
Bank-owned life insurance	1,119	1,093
Other assets	765	754
Total assets	$ 271,668	173,521
Liabilities and Stockholders' Equity		
Deposits:		
Noninterest-bearing demand	82,286	28,356
Interest-bearing demand	12,066	15,392
Savings and money market	132,557	78,825
Time	15,158	26,827
Total deposits	242,067	149,400
Federal Home Loan Bank advance	-	625
Accrued expenses and other liabilities	290	262
Total liabilities	242,357	150,287
Commitments and contingencies (Notes 5, 12 and 13)		
Stockholders' equity:		
Preferred stock, $1 par value; 10,000,000 shares authorized; none issued or outstanding	-	-
Common stock: $1 par value; 50,000,000 shares authorized; 3,180,332 and 2,676,446 shares issued and outstanding	3,180	2,676
Additional paid-in capital	33,772	28,733
Accumulated deficit	(7,545)	(8,191)
Accumulated other comprehensive (loss) income	(96)	16
Total stockholders' equity	29,311	23,234
Total liabilities and stockholders' equity	$ 271,668	173,521

See Accompanying Notes to Consolidated Financial Statements.

BANKFLORIDA BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Operations
(In thousands)

	Year Ended December 31, 2021	2020
Interest income:		
Loans	$ 7,040	3,617
Debt securities available for sale	249	332
Other interest-earning assets	56	80
Total interest income	7,345	4,029
Interest expense:		
Deposits	890	1,132
Federal Home Loan Bank advance	2	18
Total interest expense	892	1,150
Net interest income	6,453	2,879
Provision for loan losses	570	575
Net interest income after provision for loan losses	5,883	2,304
Noninterest income:		
Service charges and fees	53	72
Financial services fees	179	27
Earnings on bank-owned life insurance	26	25
Gain on sale of loans held for sale	-	20
Loss on sale of debt securities available for sale	-	(254)
Other	13	11
Total noninterest income (loss)	271	(99)
Noninterest expense:		
Salaries and benefits	3,383	2,507
Occupancy and equipment	432	297
Data processing	658	515
Regulatory assessments	178	98
Professional fees	152	466
Other	506	398
Total noninterest expense	5,309	4,281
Income (loss) before income taxes (benefit)	845	(2,076)
Income taxes (benefit)	199	(516)
Net income (loss)	$ 646	(1,560)

See Accompanying Notes to Consolidated Financial Statements.

BANKFLORIDA BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Comprehensive Income (Loss)
(In thousands)

	Year Ended December 31, 2021	2020
Net income (loss)	$ 646	(1,560)
Other comprehensive loss:		
Change in unrealized (loss) gain on debt securities available for sale:		
Unrealized loss arising during the year	(141)	(332)
Reclassification adjustment for realized losses	-	254
Net unrealized change	(141)	(78)
Income tax benefit	29	20
Total other comprehensive loss	(112)	(58)
Comprehensive income (loss)	$ 534	(1,618)

See Accompanying Notes to Consolidated Financial Statements.

BANKFLORIDA BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Stockholders' Equity

Years Ended December 31, 2021 and 2020

($ in thousands, except per share amounts)

	Common Stock		Additional Paid-In	Accumulated	Accumulated Other Compre-hensive Income	Total Stockholders'
	Shares	Amount	Capital	Deficit	(Loss)	Equity
Balance at December 31, 2019	979,349	$ 979	13,754	(6,631)	74	8,176
Net loss		-	-	(1,560)	-	(1,560)
Proceeds from the issuance of common stock, net of $325 offering costs	1,697,097	1,697	14,979	-	-	16,676
Net unrealized loss on debt securities available for sale, net of income tax benefit	-	-	-	-	(58)	(58)
Balance at December 31, 2020	2,676,446	2,676	28,733	(8,191)	16	23,234
Net income	-	-	-	646	-	646
Proceeds from the issuance of common stock	503,886	504	5,039	-	-	5,543
Net unrealized loss on debt securities available for sale, net of income tax benefit	-	-	-	-	(112)	(112)
Balance at December 31, 2021	$ 3,180,332	$ 3,180	33,772	(7,545)	(96)	29,311

See Accompanying Notes to Consolidated Financial Statements.

BANKFLORIDA BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31, 2021	2020
Cash flows from operating activities:		
Net income (loss)	$ 646	(1,560)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	315	196
Provision for loan losses	570	575
Gain on sale of loans held for sale	-	(20)
Proceeds from sales of loans held for sale	-	1,380
Net accretion of loan fees, premiums and discounts	(374)	(24)
Net amortization of premiums and discounts on debt securities	36	9
Loss on sale of debt securities available for sale	-	254
Deferred tax expense (benefit)	199	(516)
Earnings on bank-owned life insurance	(26)	(25)
Increase in accrued interest receivable	(56)	(170)
Increase in other assets	(11)	(80)
Increase (decrease) in accrued expenses and other liabilities	28	(296)
Net cash provided by (used in) operating activities	1,327	(277)
Cash flows from investing activities:		
Proceeds from paydowns of debt securities available for sale	1,424	1,661
Purchase of debt securities available for sale	(11,133)	(5,172)
Proceeds from sales of debt securities available for sale	-	7,288
Net increase in loans	(64,602)	(46,238)
Net decrease in warehouse loans held for investment	-	7,015
Purchase of premises and equipment	(706)	(2,961)
Purchase of Federal Home Loan Bank stock, net	(5)	(3)
Net cash used in investing activities	(75,022)	(38,410)
Cash flows from financing activities:		
Net increase in deposits	92,667	69,234
Repayment of Federal Home Loan Bank advances	(625)	(708)
Proceeds from the issuance of common stock, net of offering costs	5,543	16,676
Net cash provided by financing activities	97,585	85,202
Net increase in cash and cash equivalents	23,890	46,515
Cash and cash equivalents, beginning of year	50,177	3,662
Cash and cash equivalents, end of year	$ 74,067	50,177
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	$ 903	1,157
Income taxes	$ -	-
Noncash transactions-		
Net change in unrealized (loss) gain on debt securities available for sale, net of income tax benefit	$ (112)	(58)

See Accompanying Notes to Consolidated Financial Statements.

(1) Summary of Significant Accounting Policies

Organization. BankFLORIDA Bancorp, Inc. (the "Holding Company") owns 100% of the outstanding common stock of BankFLORIDA (the "Bank") (collectively, the "Company"). On April 30, 2021, the Bank's stockholders approved a Plan of Reorganization and share exchange under which the Bank became a wholly-owned subsidiary of the Holding Company. The Bank's stockholders exchanged their common stock for shares of the Holding Company. As a result, all 2,764,642 shares of the previously issued $1 par value common stock of the Bank were exchanged for 2,764,642 shares of the $1 par value common stock of the Holding Company. The Holding Company's merger with the Bank was accounted as a reorganization of entities under common control at historical cost and the financial data for periods presented include the results of the Bank.

The Holding Company's primary activity is the operation of the Bank. The Bank is a state-chartered bank organized in 2007 under the laws of the State of Florida. The Bank's financial services consist of deposit and lending activities provided through its branch locations in Pasco, Palm Beach and Osceola counties which are located in Florida. The Bank's deposit accounts are insured up to the applicable limits by the Federal Deposit Insurance Corporation ("FDIC"). The Bank is regulated by various Federal and State agencies and is subject to periodic examinations by those regulatory authorities.

The following is a description of the significant accounting policies and practices followed by the Company, which conform to accounting principles generally accepted in the United States of America ("GAAP") and prevailing practices within the banking industry.

Subsequent Events. Management has evaluated events occurring subsequent to the balance sheet date through March 24, 2022 (the consolidated financial statement issuance date), determining no events require additional disclosure in these consolidated financial statements.

Basis of Presentation. The consolidated financial statements include the accounts of the Holding Company and the Bank and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates. In preparing consolidated financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to change in the near term are the determination of the allowance for loan losses and the realization of deferred tax assets.

(continued)

(1) Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents. Cash and cash equivalents include balances due from banks, federal funds sold and interest-bearing deposits in banks.

The Company may be required under Federal Reserve Board regulations to maintain reserves, generally consisting of vault cash or deposits with the Federal Reserve Bank or in pass-through accounts with other qualified banks, against its transaction deposit accounts. At December 31, 2021 and 2020, the Company did not have a reserve requirement as the Federal Reserve Board lowered the requirements to zero for all depository institutions.

Debt Securities. Debt securities may be classified as either trading, held to maturity or available for sale. Trading debt securities are held principally for resale and recorded at their fair values. Unrealized gains and losses on trading debt securities are included immediately in operations. Held-to-maturity debt securities are those which the Company has the positive intent and ability to hold to maturity and are reported at amortized cost. Debt securities available for sale consist of securities not classified as trading debt securities or as held-to-maturity debt securities. Unrealized holding gains and losses, on debt securities available for sale are excluded from operations and reported in accumulated other comprehensive (loss) income. Gains and losses on the sale of debt securities available for sale are recorded on the trade date determined using the specific-identification method. Premiums and discounts on debt securities available for sale are recognized in interest income using the interest method over the period to maturity.

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

Loans. The Company grants real estate, commercial, and consumer loans to customers. A substantial portion of the loan portfolio is represented by real estate loans. The ability of the Company's debtors to honor their contracts is dependent upon real estate and general economic conditions.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay off generally are reported at their outstanding unpaid principal balances adjusted for charge-offs, the allowance for loan losses, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance.

The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent unless the credit is well-secured and in process of collection. Loans are charged-off if collection of principal or interest is considered doubtful.

(continued)

(1) Summary of Significant Accounting Policies, Continued

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

Allowance for Loan Losses. The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to operations. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. There were no changes to the Company's accounting policies or methodology during the years ended December 31, 2021 or 2020.

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

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement, or if the loan is identified as a troubled debt restructuring. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for commercial and real estate loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, or the fair value of the collateral if the loan is collateral dependent.

Premises and Equipment. Land is carried at cost. Buildings, building and leasehold improvements, furniture and equipment are carried at cost, less accumulated depreciation and amortization. Depreciation and amortization are computed principally by the straight-line method over the estimated useful lives of the assets, or the lesser of the remaining lease term or useful life of leasehold improvements.

Advertising. Advertising costs are expensed as incurred.

(continued)

(1) Summary of Significant Accounting Policies, Continued

Stock-Based Compensation. The Company records stock-based compensation at fair value. The Company recognizes the effects of stock-based compensation in the accompanying consolidated statements of operations on a straight-line basis over the vesting period. The Company accounts for forfeitures as they occur.

Transfer of Financial Assets. Transfers of financial assets or a participating interest in an entire financial asset 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. A participating interest is a portion of an entire financial asset that (1) conveys proportionate ownership rights with equal priority to each participating interest holder (2) involves no recourse (other than standard representations and warranties) to, or subordination by, any participating interest holder, and (3) does not entitle any participating interest holder to receive cash before any other participating interest holder.

Fair Value Measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP has established a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and model-driven valuations whose inputs are observable or whose significant value drivers are observable. Valuations may be obtained from, or corroborated by, third-party pricing services.

Level 3: Unobservable inputs to measure fair value of assets and liabilities for which there is little, if any market activity at the measurement date, using reasonable inputs and assumptions based upon the best information at the time, to the extent that inputs are available without undue cost and effort.

(continued)

(1) Summary of Significant Accounting Policies, Continued

Fair Value Measurements, Continued. The following describes valuation methodologies used for assets measured at fair value-

Debt Securities Available for Sale. Where quoted prices are available in an active market, debt securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of debt securities with similar characteristics, or discounted cash flows. Examples of such instruments, which would generally be classified within Level 2 of the valuation hierarchy, include certain mortgage-backed securities and municipal securities.

Off-Balance Sheet Instruments. In the ordinary course of business, the Company has entered into off-balance sheet financial instruments consisting of commitments to extend credit, unused lines of credit and standby letters of credit. Such financial instruments are recorded in the consolidated financial statements when they are funded.

Service Charges on Deposit Accounts. Deposit related fees consist of fees earned on transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as wire fees, ATM use fees, debit card interchange fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Company fulfills the performance obligation. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance.

Financial Services Fees. Financial services fees consists of referral fees received by a third-party financial advisor for commissions earned by the third-party on customers referred to them by the Company and are recognized at the time the transaction is executed as that is the point in time the Company fulfills the performance obligation.

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 book and tax basis of the various asset and liabilities in the consolidated statements of financial condition and gives recognition to changes in tax rates and laws. A valuation allowance, if needed, reduces deferred tax assets to the expected amount more likely than not to be realized. Realization of deferred tax assets is dependent upon the level of historical income, prudent and feasible tax planning strategies, reversal of deferred tax liabilities and estimates of future taxable income.

(continued)

(1) Summary of Significant Accounting Policies, Continued

Income Taxes, Continued. The Company evaluates uncertain tax positions at the end of each reporting period. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefit recognized in the consolidated financial statements from any such position is measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. Any interest and/or penalties related to income taxes are reported as a component of income tax expense.

Comprehensive Income (Loss). GAAP requires that recognized revenue, expenses, gains and losses be included in operations. Although certain changes in assets and liabilities, such as unrealized gains and losses on debt securities available for sale, are reported as a separate component of the equity section of the balance sheet, such items, along with net income (loss) are components of comprehensive income (loss). The tax effects of items included in accumulated other comprehensive (loss) income are released as each individual item matures, sells or is disposed of.

Recent Pronouncements. In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-2, *Leases (Topic 842)* which will require lessees to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with term of more than twelve months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. The new ASU will require both types of leases to be recognized on the balance sheet. The ASU also will require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the consolidated financial statements. The ASU is effective for fiscal years beginning after December 15, 2021 (as amended) and for interim periods within fiscal years beginning after December 15, 2022 (as amended). Early adoption is permitted. The Company is in the process of determining the effect of the ASU on its consolidated financial statements.

(continued)

(1) Summary of Significant Accounting Policies, Continued

Recent Pronouncements, Continued. In June 2016, FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326)*. The ASU requires the Company to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. The Company will continue to use judgment to determine which loss estimation method is appropriate for its circumstances. The ASU requires enhanced disclosures to help investors and other consolidated financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of an organization's portfolio. These disclosures include qualitative and quantitative requirements that provide additional information about the amounts recorded in the consolidated financial statements. Additionally, the ASU amends the accounting for credit losses on debt securities available for sale and purchased financial assets with credit deterioration. The ASU will take effect fiscal years, and interim periods within those fiscal years beginning after December 15, 2022 (as amended). Early adoption is permitted. The Company is in the process of determining the effect of the ASU on its consolidated financial statements.

(2) Debt Securities Available for Sale

The following table summarizes the amortized cost and fair value of debt securities available for sale and the corresponding amounts of unrealized gains and losses therein (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
At December 31, 2021:				
Mortgage-backed securities	$ 12,738	20	(137)	12,621
Taxable municipal securities	3,231	30	(33)	3,228
	$ 15,969	50	(170)	15,849
At December 31, 2020:				
Mortgage-backed securities	3,053	31	(22)	3,062
Taxable municipal securities	3,243	33	(21)	3,255
	$ 6,296	64	(43)	6,317

(continued)

(2) Debt Securities Available for Sale, Continued

The amortized cost and fair value of debt securities available for sale, segregated by contractual maturity as of December 31, 2021, are shown below (in thousands):

	Amortized Cost	Fair Value
Due after ten years	$ 3,231	3,228
Mortgage-backed securities	12,738	12,621
	$ 15,969	15,849

Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Debt securities available for sale not due at a single maturity date, including mortgage-backed securities, are shown separately.

Debt securities measured at fair value on a recurring basis are summarized below (in thousands):

		Fair Value Hierarchy		
	Total	Level 1	Level 2	Level 3
December 31, 2021:				
Mortgage-backed securities	$ 12,621	-	12,621	-
Taxable municipal securities	3,228	-	3,228	-
Total	$ 15,849	-	15,849	-
December 31, 2020:				
Mortgage-backed securities	3,062	-	3,062	-
Taxable municipal securities	3,255	-	3,255	-
Total	$ 6,317	-	6,317	-

(continued)

(2) Debt Securities Available for Sale, Continued

The following table summarizes debt securities available for sale with unrealized losses, aggregated by investment category and length of time in a continuous unrealized loss position (in thousands):

	Less Than Twelve Months		Twelve Months or More	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2021:				
Mortgage-backed securities	$ 10,295	135	732	2
Taxable municipal securities	784	18	583	15
	$ 11,079	153	1,315	17
December 31, 2020:				
Mortgage-backed securities	2,013	22	-	-
Taxable municipal securities	2,199	21	-	-
	$ 4,212	43	-	-

At December 31, 2021 and 2020, the unrealized losses on fourteen and eleven debt securities were caused by market conditions. It is expected that the debt securities would not be settled at a price less than the par value of the investments. Because the decline in fair value is attributable to market conditions and not credit quality, and because the Company has the ability and intent to hold these investments until a market price recovery or maturity, these investments are not considered other-than-temporarily impaired.

The following summarizes the sales of debt securities available for sale (in thousands):

	Year Ended December 31,	
	2021	2020
Proceeds from sale	$ -	7,288
Gross gains	-	272
Gross losses	-	(526)
Net loss	$ -	(254)

(continued)

(3) Loans

Following is a comparative composition of loans (in thousands):

	December 31, 2021	December 31, 2020
Real estate loans:		
One-to-four family	$ 35,713	30,327
Commercial	108,456	50,441
Home equity	1,639	2,141
Multi-family	-	2,471
Total real estate loans	145,808	85,380
Commercial business	27,813	22,939
Consumer	4	45
Total loans	173,625	108,364
Allowance for loan losses	(1,790)	(1,196)
Net deferred (fees) costs	(437)	(228)
Premiums and discounts on purchased loans, net	125	177
Loans, net	$ 171,523	107,117

The Company has divided the loan portfolio into three portfolio segments, each with different risk characteristics and methodologies for assessing risk. All loans are underwritten in accordance with policies set forth and approved by the Company's Board of Directors. The portfolio segments and classes are identified by the Company as follows:

Real Estate Loans. Real estate loans are segmented into four classes: One-to-four family, commercial, home equity and multi-family.

One-To-Four Family Real Estate. The Company originates fixed-rate and adjustable-rate residential real estate loans for purchase of a home or refinance of a mortgage loan. These loans are collateralized by 1-4 family residential properties located within the Company's market area. Market conditions could fluctuate negatively and affect the home's final value.

(continued)

(3) Loans, Continued

Commercial Real Estate. Commercial real estate loans consist of loans to finance real estate purchases, refinancing, expansions, construction and improvements to commercial properties. These loans are secured by first liens on office buildings, apartments, farms, retail and mixed-use properties, churches, warehouses and restaurants located within the market area. The Company's underwriting analysis includes credit verification, independent appraisals, a review of the borrower's financial condition, and a detailed analysis of the borrower's underlying cash flows. Commercial real estate loans generally have greater credit risk as compared to one-to-four family residential real estate loans and home equity loans, as they usually involve larger loan balances secured by non-homogeneous or specific use properties. Repayment of these loans typically relies on the continued successful operation of a business or the generation of lease income by the property and is therefore more sensitive to adverse conditions in the economy and real estate market.

Home Equity. Home equity loans are lines of credit secured by 1-4 family residential properties. Market conditions could fluctuate negatively and affect the home's final value.

Multi-Family. Multi-family residential real estate loans generally involve a greater degree of credit risk than residential real estate loans but are normally smaller individual loan balances than commercial real estate loans. Multi-family residential real estate loans involve a greater degree of credit risk as compared to residential real estate loans due to the reliance on the successful operation of the project. These loans are also more sensitive to adverse economic conditions.

Commercial Business. Commercial loans consist of loans to small- and medium-sized companies in the Company's market area. Commercial loans are generally used for working capital purposes or for acquiring equipment, inventory or fixtures. Primarily all of the Company's commercial loans are secured loans, along with a small amount of unsecured loans. The Company's underwriting analysis consists of a review of the consolidated financial statements of the borrower, the lending history of the borrower, the debt service capabilities of the borrower, the projected cash flows of the business, the value of the collateral, if any, and whether the loan is guaranteed by the principals of the borrower. These loans are generally secured by accounts receivable, inventory and equipment. Commercial and industrial loans are typically made on the basis of the borrower's ability to make repayment from the cash flow of the borrower's business, which makes them of higher risk than real estate loans and the collateral securing loans may be difficult to appraise and may fluctuate in value based on the success of the business. The Company seeks to minimize these risks through our underwriting standards. The Company took action to support its clients and help its communities by participating in the Paycheck Protection Program ("PPP"). The Company originated 32 PPP loans for a total dollar amount of $6.3 million. These loans are 100% guaranteed by the Small Business Administration (the "SBA"). At December 31, 2021, the outstanding PPP loans totaled $1.8 million.

(continued)

(3) Loans, Continued

Consumer. Consumer loans typically consist of automobile and personal loans. Most of the Company's consumer loans share approximately the same level of risk as residential mortgages.

The following table presents the contractual aging of past due loans by class of loans (in thousands):

	Accruing Loans						
	30-59 Days Past Due	60-89 Days Past Due	Over 90 Days Past Due	Total Past Due	Current	Nonaccrual Loans	Total
December 31, 2021:							
Real estate loans:							
One-to-four family	$ -	-	-	-	35,713	-	35,713
Commercial	-	-	-	-	108,456	-	108,456
Home equity	-	-	-	-	1,639	-	1,639
Total real estate loans	-	-	-	-	145,808	-	145,808
Commercial	586	-	142	728	26,887	198	27,813
Consumer	-	-	-	-	4	-	4
Total loans	$ 586	-	142	728	172,699	198	173,625
December 31, 2020:							
Real estate loans:							
One-to-four family	-	-	-	-	29,992	335	30,327
Commercial	-	-	-	-	50,441	-	50,441
Home equity	-	-	-	-	2,141	-	2,141
Multi-family	-	-	-	-	2,471	-	2,471
Total real estate loans	-	-	-	-	85,045	335	85,380
Commercial	374	-	-	374	22,278	287	22,939
Consumer	-	-	-	-	45	-	45
Total loans	$ 374	-	-	374	107,368	622	108,364

(continued)

(3) Loans, Continued

Activity in the allowance for loan losses is as follows (in thousands):

	Real Estate Loans							
	One-to-Four Family	Commercial	Home Equity	Multi-Family	Commercial Business	Consumer	Unallocated	Total
Year Ended December 31, 2021:								
Beginning balance	$ 129	849	4	10	201	-	3	1,196
Provision (credit) for loan losses	9	582	(1)	(10)	(7)	-	(3)	570
Charge-offs	-	-	-	-	-	-	-	-
Recoveries	-	-	-	-	24	-	-	24
Ending balance	$ 138	1,431	3	-	218	-		1,790
Individually evaluated for impairment:								
Recorded investment	$ -	-	-	-	198	-	-	198
Balance in allowance for loan losses	$ -	-	-	-	83	-	-	83
Collectively evaluated for impairment:								
Recorded investment	$ 35,713	108,456	1,639	-	27,615	4	-	173,427
Balance in allowance for loan losses	$ 138	1,431	3	-	135	-		1,707
Year Ended December 31, 2020:								
Beginning balance	234	153	17	49	116	1	23	593
(Credit) provision for loan losses	(105)	696	(13)	(39)	57	(1)	(20)	575
Charge-offs	-	-	-	-	-	-	-	-
Recoveries	-	-	-	-	28	-	-	28
Ending balance	$ 129	849	4	10	201	-	3	1,196
Individually evaluated for impairment:								
Recorded investment	$ -	-	-	-	287	-	-	287
Balance in allowance for loan losses	$ -	-	-	-	72	-	-	72
Collectively evaluated for impairment:								
Recorded investment	$ 30,327	50,441	2,141	2,471	22,652	45	-	108,077
Balance in allowance for loan losses	$ 129	849	4	10	129	-	3	1,124

(continued)

(3) Loans, Continued

The Company utilizes an internal risk rating system as a means of reporting problem and potential problem loans. Under the risk rating system, the Company classifies problem and potential problem loans as "Special Mention," "Substandard" or "Doubtful." Loans that do not currently expose the Company to sufficient risk to warrant classification in one of the aforementioned categories but possess weaknesses that deserve management's close attention are deemed to be Special Mention. Substandard loans include those characterized by the distinct possibility the Company may sustain some loss if the deficiencies are not corrected. Loans classified as Doubtful have all the weaknesses inherent in those classified Substandard with the added characteristic that the weaknesses present make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable. Generally, the Company reviews all revolving credit relationships, regardless of amount, and any other loan relationship in excess of $500,000 on an annual basis. However, risk ratings are updated any time the facts and circumstances warrant.

The following table presents the internal risk ratings of loans (in thousands):

	Pass	Special Mention	Substandard	Doubtful	Total
December 31, 2021:					
Real estate loans:					
One-to-four family	$ 35,398	315	-	-	35,713
Commercial	105,596	691	2,169	-	108,456
Home equity	1,639	-	-	-	1,639
Multi-family	-	-	-	-	-
Total real estate loans	142,633	1,006	2,169	-	145,808
Commercial business	27,615	-	198	-	27,813
Consumer	4	-	-	-	4
	$ 170,252	1,006	2,367	-	173,625
December 31, 2020:					
Real estate loans:					
One-to-four family	29,992	-	335	-	30,327
Commercial	48,184	-	2,257	-	50,441
Home equity	2,141	-	-	-	2,141
Multi-family	2,471	-	-	-	2,471
Total real estate loans	82,788	-	2,592	-	85,380
Commercial business	22,652	-	287	-	22,939
Consumer	45	-	-	-	45
	$ 105,485	-	2,879	-	108,364

(continued)

(3) Loans, Continued

The Company grants the majority of its loans to borrowers throughout Southeast and Central, Florida. A significant portion of its borrowers' ability to honor their contracts is dependent upon the economy in these Florida regions. Although the Company has a diversified loan portfolio, a substantial portion of its borrowers' ability to repay their loans is dependent upon economic conditions in the market areas of its borrowers. The amount of collateral obtained, if any, is based on management's credit evaluation of the borrowers' ability to repay, reputation, credit risk, and other factors.

The following summarizes the amount of impaired loans (in thousands):

	With No Related Allowance Recorded		With an Allowance Recorded			Total		
	Recorded Investment	Unpaid Contractual Principal Balance	Recorded Investment	Unpaid Contractual Principal Balance	Related Allowance	Recorded Investment	Unpaid Contractual Principal Balance	Related Allowance
December 31, 2021:								
Commercial business	$ -	-	198	499	83	198	499	83
December 31, 2020:								
Commercial business	$ -	-	287	587	72	287	587	72

The average net investment in impaired loans and interest income recognized and received on impaired loans are as follows (in thousands):

	Average Balance	Interest Income Recognized	Interest Income Received
Year Ended December 31, 2021-			
Commercial business	$ 238	-	-
Year Ended December 31, 2020:			
Real estate loans-			
One-to-four family	300	19	19
Commercial business	314	-	-
Total	$ 614	19	19

(continued)

(4) Premises and Equipment

Components of premises and equipment are as follows (in thousands):

	December 31, 2021	December 31, 2020
Land	$ 2,129	2,129
Buildings	3,099	3,099
Building improvements	619	399
Leasehold improvements	69	69
Furniture and equipment	1,450	972
	7,366	6,668
Less: Accumulated depreciation and amortization	(822)	(515)
Premises and equipment, net	$ 6,544	6,153

The second story of the Company's Kissimmee banking office is leased to several tenants under operating leases. The leases have remaining terms ranging from one to two years. Some of the leases have renewal options. Rental income for the years ended December 31, 2021 and 2020 was $109,000 and $63,000, respectively. Estimated future rental income over the remaining noncancelable lease term at December 31, 2021 is as follows (in thousands):

Year Ending December 31,	Operating Lease Income
2022	$ 79
2023	59
	$ 138

(continued)

(4) Premises and Equipment, Continued

The Company leases its banking office in Dade City, Florida. The lease term was eighteen months which expired December 2021. Once the term expires, the Company has a month-to-month continuance option through December 2023. This lease requires payment of taxes, insurance and maintenance costs in addition to rental payments. Rental expense relating to operating leases amounted to approximately $52,000 in 2021 and $27,000 in 2020.

In April 2021, the Company entered into a $1,200,000 contract to purchase property in St. Cloud, Florida to build a future branch office. In January 2022, the Company closed on the St. Cloud property.

In October 2021, the Company entered into a $710,000 contract to purchase property in Dade City, Florida to build a future headquarters. The Company expects to close on the Dade City property in the first quarter of 2022.

As of December 31, 2021, the Company has incurred costs of $266,000 for engineering and architect fees for these properties.

(5) Deposits

Time deposits in amounts equal to or greater than $250,000 were approximately $7.2 million and $14.5 million at December 31, 2021 and 2020, respectively.

The following table sets forth the maturities of time deposits as of December 31, 2021 (in thousands):

	Amount
2022	$ 11,329
2023	1,608
2024	1,092
2025	958
2026	171
	$ 15,158

(continued)

(6) Federal Home Loan Bank Advance and Other Borrowings

Advances from the Federal Home Loan Bank ("FHLB") were as follows (in thousands):

	December 31, 2021	December 31, 2020
Maturity on March 18, 2022, fixed rate at 1.96%	$ -	625

The Company maintains a blanket floating lien with the FHLB on qualifying loans secured by first loans. At December 31, 2021, under this blanket lien, the Company has available credit of $58.5 million.

At December 31, 2021, the Company had $4.5 million available under federal funds purchase facilities from correspondent banks. Disbursements on the lines of credit are subject to the approval of the correspondent banks.

(7) Income Taxes

Income taxes (benefit) consist of the following (in thousands):

	Year Ended December 31, 2021	Year Ended December 31, 2020
Current - federal	$ -	-
Current - state	-	-
Deferred - federal	153	(434)
Deferred - state	46	(82)
Income taxes (benefit)	$ 199	(516)

The effective tax rate differs from the statutory federal income tax rate as follows ($ in thousands):

	Year Ended December 31, 2021	Year Ended December 31, 2020
Income taxes at current statutory rate of 21%	$ 178	(436)
Increase (decrease) from:		
State income tax, net of federal tax benefit	36	(65)
Tax-exempt interest	(13)	(21)
Bank-owned life insurance	(5)	(5)
Other, net	3	11
Income taxes (benefit)	$ 199	(516)
Effective tax rate	23.5%	(24.86)%

(continued)

(7) Income Taxes, Continued

Deferred tax assets and liabilities were as follows (in thousands):

	December 31,	
	2021	**2020**
Deferred tax assets:		
Net operating loss carryforwards	$ 560	939
Allowance for loan losses	454	303
Nonaccrual interest	106	102
Organization and startup costs	7	20
Accumulated depreciation	40	-
Unrealized losses on debt securities available for sale	24	-
Other	-	3
Total deferred tax assets	1,191	1,367
Deferred tax liabilities:		
Accumulated depreciation	-	(1)
Unrealized gains on debt securities available for sale	-	(5)
Total deferred tax liabilities	-	(6)
Net deferred tax asset	$ 1,191	1,361

The Company considers at each reporting period all available evidence, both positive and negative, to determine whether, based on the weight of that evidence, a valuation allowance is needed to reduce its deferred tax assets to an amount that is more likely than not to be realized. A determination of the need for a valuation allowance for the deferred tax assets is dependent upon management's evaluation of both positive and negative evidence.

As of December 31, 2021, the Company evaluated the expected realization of its federal and state deferred tax assets. Based on this evaluation it was concluded that no valuation allowance was required for the federal and state deferred tax assets. The Company had no valuation allowance against its deferred tax assets as of December 31, 2021 or 2020.

At December 31, 2021, the Company had federal and state net operating loss carry forwards of approximately $2.3 million and $1.8 million, respectively, which are subject to an annual limitation under Internal Revenue Code Section 382 and have no expiration.

The Company had no unrecognized tax benefits as of December 31, 2021. The Company has no tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase within the next twelve months. The Company is no longer subject to federal and state income tax examinations for the tax years before 2018.

(continued)

(8) Benefit Plans

The Company has established a 401(k) profit sharing plan (the "Plan") which covers all employees meeting certain age and service requirements. The Plan qualifies as a "Safe Harbor 401(k) Plan." As a Safe Harbor 401(k) Plan, an employee who is eligible to make salary deferrals under the Plan is eligible to receive Safe Harbor matching as defined in the Plan. Other employer contributions are discretionary and are determined annually by the Board of Directors. Safe Harbor matching amounted to approximately $86,000 and $52,000 for the years ending December 31, 2021 and 2020, respectively.

(9) Stock-Based Compensation

The Company has a Directors' Stock Option Plan and an Officers' and Employees' Stock Option Plan (the "Plans"). The total options available to be granted under the Plans are 535,289 shares. At December 31, 2021, options remaining available for grant under the Plans totaled $172,789.

There was no compensation expense for the years ended December 31, 2021 and 2020, respectively.

A summary of the status of the Company's outstanding stock options is presented below:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term
Outstanding and exercisable as of December 31, 2019	10,120	$ 11.05	
Forfeited	(9,660)	(11.05)	
Outstanding and exercisable as of December 31, 2020	460	11.05	
Granted	363,500	11.00	
Expired	(460)	(11.05)	
Forfeited	(1,000)	(11.01)	
Outstanding at December 31, 2021	362,500	$ 11.00	9.5 years

At December 31, 2021, there was approximately $738,000 of total unrecognized compensation expense related to nonvested share-based compensation arrangements granted under the plans. The cost is expected to be recognized over a weighted-average period of forty-eight months.

(continued)

(9) Stock-Based Compensation, Continued

The fair value of each option granted for the year ended December 31, 2021 is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

Risk-free interest rate	1.28%
Expected dividend yield	-
Expected stock volatility	15.10%
Expected life in years	6.25
Per share grant-date fair value of options issued during the year	$ 2.03

The Company used the guidance issued by the Securities and Exchange Commission to determine the estimated life of options issued. Expected volatility is based on historical volatility of similar peer banks' common stock. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The dividend yield assumption is based on the Company's historical and expected dividend payments.

(10) Transactions with Related Parties

In the ordinary course of business, the Company has accepted deposits from and made loans to its principal officers and directors and their affiliates. At December 31, 2021 and 2020, these related party deposits amount to $29 million and $28.3 million, respectively. At December 31, 2021 and 2020, these related party loans amount to $43,000 and $0, respectively.

(11) Regulatory Matters

The Bank is subject to various regulatory capital requirements including the Basel III Framework ("Basel III") administered by the banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's and the Bank's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures 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.

Under Basel III, the Bank is subject to the capital conservation buffer rules which place limitations on distributions, including dividend payments, and certain discretionary bonus payments to executive officers. In order to avoid these limitations, a bank must hold a capital conservation buffer above its minimum risk-based capital requirements. As of December 31, 2021, the Bank's capital conservation buffer exceeds the minimum requirement. At December 31, 2021, the conservation buffer was 2.50%.

(continued)

(11) Regulatory Matters, Continued

As of December 31, 2021, the Bank was well capitalized under the regulatory framework for prompt corrective action. To be categorized as adequately capitalized the Bank must maintain a minimum Common equity tier 1 capital ratio, Tier 1 capital ratio, Total capital ratio and Tier 1 leverage ratio as set forth in the table. Management believes, as of December 31, 2021, that the Bank meets all capital adequacy requirements to which it is subject. The Bank's actual capital amounts and percentages are presented in the table ($ in thousands):

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
As of December 31, 2021:						
Common equity tier 1 capital ratio	$ 28,489	13.10%	$ 9,789	4.50%	$ 14,140	6.50%
Tier I capital ratio	28,489	13.10	13,052	6.00	17,403	8.00
Total capital ratio	30,279	13.92	17,403	8.00	21,754	10.00
Tier 1 leverage ratio	28,489	11.54	9,877	4.00	12,346	5.00
As of December 31, 2020:						
Common equity tier 1 capital ratio	22,277	18.81	5,329	4.50	7,698	6.50
Tier I capital ratio	22,277	18.81	7,016	6.00	9,475	8.00
Total capital ratio	23,473	19.82	9,475	8.00	11,843	10.00
Tier 1 leverage ratio	22,277	13.79	6,463	4.00	8,079	5.00

(12) Off-Balance Sheet Financial Instruments

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

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

(continued)

(12) Off-Balance Sheet Financial Instruments, Continued

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

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit to customers is essentially the same as that involved in extending loan facilities to customers. The Company generally holds collateral supporting those commitments. Standby letters of credit generally have expiration dates within one year.

Commitments to extend credit, unused lines of credit and standby letters of credit typically result in loans with a market interest rate when funded. A summary of the contractual amounts of the Company's financial instruments with off-balance-sheet risk at December 31, 2021 follows (in thousands):

	Contractual Amount
Commitments to extend credit	$ 33
Unused lines of credit	$ 68
Standby letters of credit	$ 6,094

(13) Legal Contingencies

Various legal claims arise from time to time in the normal course of business which, in the opinion of management, will not have a material effect on the Company's consolidated financial statements.