Board of Governors of the Federal Reserve System

Annual Report of Holding Companies—FR Y-6

Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

I, John P. Galvani
Name of the Holding Company Director and Official

President, CEO, & Director
Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

John P. Galvani
Signature of Holding Company Director and Official

06/22/2022
Date of Signature

For holding companies not registered with the SEC–
Indicate status of Annual Report to Shareholders:

- [x] is included with the FR Y-6 report
- [ ] will be sent under separate cover
- [ ] is not prepared

For Federal Reserve Bank Use Only

RSSD ID ______
C.I. ______

Date of Report (top-tier holding company's fiscal year-end):
April 30, 2022
Month / Day / Year

N/A
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

1889 Bancorp Mutual Holding Company
Legal Title of Holding Company

11 Central Street
(Mailing Address of the Holding Company) Street / P.O. Box

City	State	Zip Code
Norwood	MA	02062

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Name	Title
Karen Goggin	VP/Controller

781-440-4208
Area Code / Phone Number / Extension

781-255-7847
Area Code / FAX Number

Kgoggin@norwoodbank.com
E-mail Address

www.norwoodbank.com
Address (URL) for the Holding Company's web page

Is confidential treatment requested for any portion of this report submission? .... 0=No 1=Yes: 0

In accordance with the General Instructions for this report (check only one),

1. a letter justifying this request is being provided along with the report .... [ ]
2. a letter justifying this request has been provided separately ... [ ]

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.50 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.

For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

1889 Bancorp Mutual Holding Company
Legal Title of Subsidiary Holding Company

11 Central Street
(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

Norwood	MA	02062
City	State	Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

1889 Financial Services Corporation
Legal Title of Subsidiary Holding Company

11 Central Street
(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

Norwood	MA	02062
City	State	Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Norwood Securities Corporation
Legal Title of Subsidiary Holding Company

11 Central Street
(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

Norwood	MA	02062
City	State	Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Form FR Y-6
1889 Bancorp Mutual Holding Company
Norwood, Massachusetts
Fiscal Year Ending April 30, 2022

LEI is N/A unless otherwise noted

LEIs for Norwood Bank 54930034MXV88NNFY879

1889 BANCORP MUTUAL HOLDING COMPANY
NORWOOD, MA
INCORPORATED IN MASSACHUSETTS

100%

1889 FINANCIAL SERVICE CORPORATION
NORWOOD, MA
INCORPORATED IN MASSACHUSETTS

100%

NORWOOD COOPERATIVE BANK
NORWOOD , MA
INCORPORATED IN MASSACHUSETTS

100%

NORWOOD SECURITIES CORPORATION
NORWOOD , MA
INCORPORATED IN MASSACHUSETTS

Form FR Y-6
1889 Bancorp Mutual Holding Company
List of Branches
Fiscal Year Ending April 30, 2022

Bank	Location
Norwood Bank	11 Central Street, Norwood MA

Form FR Y-6
1889 Bancorp Mutual Holding Company
List of Directors and Officers
Fiscal Year Ending April 30, 2022

(1) Name, City, State, Country	(2) Principal Occupation if other than Holding Company	(3)(a) Title &Position with Bank Holding Company	(3)(b) Title &Position with Bank Subsidiaries (include names of subsidiaries	(3)(c)Title &Position with Other Businesses (include names of other businesses)	(4)(a) Percentage of Voting Shares in Holding Company	(4)(b) Percentage of Voting Shares in Subsidiaries (include names of subsidiaries)	(4)(c)List names of other companies (include partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
John P. Galvani, Framingham, MA, USA	N/A	Director, President, CEO, and Secretary	Director, President, CEO, and Secretary (1889 Financial Services Corp.) (Norwood Securities Corp.) (Norwood Cooperative Bank)	N/A	0%	0%	0%
Robert A. Dempsey, Norwood, MA, USA	Insurance Agency	Director	Director (1889 Financial Services Corp.) (Norwood Cooperative Bank)(Norwood Securities Corp.)	President of Insurance Agency	0%	0%	0%
Matthew D. Smith, Norfolk, MA, USA	Engineer	Director	Director (1889 Financial Services Corp.) (Norwood Cooperative Bank)	Engineer	0%	0%	0%
Robert M. Thornton, Norwood, MA, USA	Accountant	Director and Chairman	Director (1889 Financial Services Corp.) (Norwood Cooperative Bank)(Nowood Securities Corp.)	CPA	0%	0%	0%
Paul G. Keady, Norwood, MA, USA	Real Estate Broker	Director	Director (1889 Financial Services Corp.) (Norwood Cooperative Bank)	Real Estate Broker	0%	0%	0%
William P. O'Donnell, Norwood, MA, USA	Lawyer	Director	Director (1889 Financial Services Corp.) (Norwood Cooperative Bank)	Registrar of Deeds	0%	0%	0%
Joseph B. Moriarty, Walpole, MA, USA	CPA	Director	Director (1889 Financial Services Corp.) (Norwood Cooperative Bank)(Norwood Securities Corp.)	CPA	0%	0%	0%
Diane M. Geragherty Hall, Hingham, MA, USA	Lawyer	Director	Director (1889 Financial Services Corp.) (Norwood Cooperative Bank)	Lawyer	0%	0%	0%
Scott P. Murphy, Norwood, MA, USA	Lawyer	Director	Director (1889 Financial Services Corp.) (Norwood Cooperative Bank)	Lawyer	0%	0%	0%
Karen Goggin, Norwood, MA, USA	N/A	Treasurer	Treasurer (1889 Financial Services Corp.) (Norwood Cooperative Bank)	N/A	0%	0%	0%
Victoria Lazarova, Boston, MA, USA	N/A	Treasurer	Treasurer (Norwood Securities Corp.) CFO (Norwood Cooperative Bank)	N/A	0%	0%	0%

1889 Bancorp MHC and Subsidiaries

Consolidated Financial Reports
April 30, 2022 and 2021

Contents

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of Directors
1889 Bancorp MHC and Subsidiaries
Norwood, Massachusetts

Opinion

We have audited the consolidated financial statements of 1889 Bancorp MHC and Subsidiaries, which comprise the consolidated statements of financial condition as of April 30, 2022 and 2021, and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial condition of 1889 Bancorp MHC and Subsidiaries as of April 30, 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 1889 Bancorp MHC and Subsidiaries 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 Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 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 1889 Bancorp MHC and Subsidiaries' ability to continue as a going concern for one year from the date the consolidated financial statements are available to be issued.

(Continued)

Auditor's Responsibilities for the Audit of the 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 1889 Bancorp MHC and Subsidiaries' 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 1889 Bancorp MHC and Subsidiaries' 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.

Crowe LLP

Crowe LLP

Grand Rapids, Michigan
June 22, 2022

1889 Bancorp MHC and Subsidiaries
Consolidated Statements of Financial Condition
April 30, 2022 and 2021
(In Thousands)

	2022	2021
ASSETS		
Cash and due from banks	$ 101,504	$ 111,887
Securities available for sale, at fair value	39,829	47,581
Federal Home Loan Bank & ACBB stock, at cost	1,116	1,651
Loans held for sale	68	-
Loans, net of allowance for loan losses of $5,369 in 2022, $5,263 in 2021	530,405	486,181
Premises and equipment, net	4,646	4,911
Accrued interest receivable	1,398	1,749
Net deferred tax asset	3,953	2,996
Bank-owned life insurance	15,072	14,666
Mortgage servicing asset	799	850
Other assets	594	621
Total assets	$ 699,384	$ 673,093
LIABILITIES AND EQUITY		
Deposits		
Non-interest bearing	$ 88,087	$ 82,590
Interest bearing	494,096	473,445
Total deposits	582,183	556,035
Advances from Federal Home Loan Bank	15,701	19,105
Other liabilities	7,600	9,013
Total liabilities	605,484	584,153
TOTAL EQUITY		
Retained earnings	97,604	90,739
Accumulated other comprehensive income (loss), net of tax	(3,704)	(1,799)
Total equity	93,900	88,940
Total liabilities and equity	$ 699,384	$ 673,093

See Notes to Consolidated Financial Statements

1889 Bancorp MHC and Subsidiaries
Consolidated Statements of Operations
April 30, 2022 and 2021
(In Thousands)

	2022	2021
Interest and dividend income		
Loans	$ 22,024	$ 22,115
Securities	742	1,060
Other	193	57
Total interest and dividend income	22,959	23,232
Interest expense		
Deposits	2,005	3,570
Borrowed funds	333	517
Total interest expense	2,338	4,087
Net interest and dividend income	20,621	19,145
Provision for loan losses	105	921
Net interest and dividend income after provision for loan losses	20,516	18,224
Noninterest income		
Deposit account service charges	315	266
Gain on sales of loans, net	665	2,614
Gain on sale/calls of investments, net	124	75
Loan servicing fees	482	517
Income from bank-owned life insurance	406	2,708
Rental income	120	119
Insurance and investment income	86	224
Other	6	6
Total noninterest income	2,204	6,529
Noninterest expense		
Employee compensation and benefits	8,133	7,817
Occupancy	1,082	1,107
Professional services	793	490
Data processing	1,207	1,179
Advertising	(4)	107
Deposit insurance premiums	176	159
Directors' fees and benefits	614	727
Servicing amortization and impairment	238	403
Other	1,121	883
Total noninterest expense	13,360	12,872
Income before income taxes	9,360	11,881
Income tax expense	2,495	2,556
Net income	$ 6,865	$ 9,325

See Notes to Consolidated Financial Statements

1889 Bancorp MHC and Subsidiaries
Consolidated Statements of Comprehensive Income
April 30, 2022 and 2021
(In Thousands)

	2022	2021
Net income	$ 6,865	$ 9,325
Other comprehensive income (loss):		
Unrealized losses on securities available for sale:		
Unrealized holding loss arising during the period	(3,939)	(683)
Reclassification adjustment for gains included in net income	(124)	(75)
Tax effect	1,026	178
Net of tax	(3,037)	(580)
Postretirement benefits:		
Net gain arising during the period due to:		
Actuarial gain	1,164	1,267
Prior service cost and transition obligation	412	359
Tax effect	(444)	(457)
Net of tax	1,132	1,169
Total other comprehensive income (loss)	(1,905)	589
Comprehensive income	$ 4,960	$ 9,914

See Notes to Consolidated Financial Statements

1889 Bancorp MHC and Subsidiaries
Consolidated Statements of Changes in Equity
April 30, 2022 and 2021
(In Thousands)

	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Total Equity
Balance at April 30, 2020	$ 81,414	(2,388)	79,026
Net income	9,325	-	9,325
Other comprehensive income	-	589	589
Balance at April 30, 2021	$ 90,739	(1,799)	88,940
Net income	6,865	-	6,865
Other comprehensive loss	-	(1,905)	(1,905)
Balance at April 30, 2022	$ 97,604	$ (3,704)	$ 93,900

See Notes to Consolidated Financial Statements

1889 Bancorp MHC and Subsidiaries
Consolidated Statements of Cash Flows
April 30, 2022 and 2021
(In Thousands)

	2022	2021
Cash flows from operating activities		
Net income	$ 6,865	$ 9,325
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for loan losses	105	921
Depreciation	525	562
Net amortization of securities	215	279
Amortization of loan deferrals, net	123	(676)
Loss (gain) on sales of securities, net	(124)	(75)
Gain on sale of loans, net	(665)	(2,614)
Proceeds of principal balances of loans sold	26,245	85,298
Loans originated for sale	(25,648)	(81,424)
Provision for deferred income taxes	(375)	(508)
Income from bank owned life insurance	(406)	(2,708)
(Increase) decrease in other assets	78	(281)
Decrease in accrued interest receivable	351	197
Increase in other liabilities, net	163	830
Net cash provided by operating activities	7,452	9,126
Cash flows from investing activities		
Purchases of securities available for sale	(17,131)	(17,858)
Proceeds from sale of securities available for sale	-	1,819
Principal repayments/maturities/calls of securities available for sale	20,729	26,748
Loan originations, net of repayments	(44,452)	17,526
Purchases of bank premises and equipment, net	(260)	(272)
FHLBB stock redemptions, net	535	113
Proceeds from BOLI death claim	-	7,527
Net cash (used in) provided by investing activities	(40,579)	35,603
Cash flows from financing activities		
Net increase in deposits	26,148	34,142
Repayments of FHLBB advances	(3,404)	(6,957)
Net cash provided by financing activities	22,744	27,185
Net decrease in cash and due from banks	(10,383)	71,914
Cash and due from banks, beginning of year	111,887	39,973
Cash and due from banks, end of year	$ 101,504	$ 111,887
Supplemental cash flow information		
Interest paid	$ 2,330	$ 4,009
Income taxes paid	3,125	3,234

See Notes to Consolidated Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and consolidation: Norwood Cooperative Bank was incorporated in 1889 as a Massachusetts chartered co-operative bank. Effective March 31, 2010, the Bank reorganized from a Massachusetts-chartered co-operative bank to a Massachusetts-chartered mutual holding company, and was renamed 1889 Bancorp MHC ("MHC"). Concurrent with this reorganization, MHC formed a Massachusetts-chartered co-operative bank in stock form. The MHC acquired 100% of the outstanding common shares of the stock holding company and the stock holding company acquired 100% of the outstanding common shares of the new stock bank, which adopted the name Norwood Cooperative Bank.

The consolidated financial statements include the accounts of 1889 Bancorp MHC, its wholly-owned subsidiary, 1889 Financial Services Corporation, its wholly-owned subsidiary, Norwood Cooperative Bank (the "Bank"), and its wholly-owned subsidiary Norwood Securities Corp. (together, the "Company"). All significant intercompany accounts and transactions have been eliminated in consolidation.

Business: The Company provides a variety of financial services to individuals and small businesses in southeastern and central Massachusetts through its office in Norwood. Its primary deposit products are checking, savings and term certificate accounts and its primary lending products are residential, commercial and construction mortgage loans.

Use of estimates: In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP"), management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenues and expenses for the periods. Actual results could differ from those estimates. Information available which could affect these judgments include, but are not limited to, changes in interest rates, changes in the performance of the economy, including COVID-19-related changes, and changes in the financial condition of borrowers.

Significant concentrations of credit risk: The Company has significant concentrations in commercial real estate and construction real estate loans. In addition, a substantial portion of the loan portfolio is represented by mortgage loans throughout southeastern and central Massachusetts. The ability of the Company's debtors to honor their contracts is dependent upon the real estate market and general economic conditions in this area.

Cash and due from banks: For purposes of the consolidated statements of cash flows, cash and due from banks include cash and balances due from banks and federal funds sold, all which have original maturities of 90 days or less.

Fair value measurements: The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and related fair value disclosures. Fair values of financial instruments are estimated using relevant market information and other assumptions. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect these estimates.

Investment securities: Investment securities are classified in three categories and accounted for as follows: debt securities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity securities and reported at amortized cost; debt securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and reported at fair value, with realized gains and losses included in earnings; and debt securities not classified as either held-to-maturity securities or trading securities are classified as available-for-sale securities and reported at fair value, with unrealized gains and losses generally excluded from earnings and reported as other comprehensive income, net of applicable taxes. Equity securities are carried at fair value, with changes in fair value reported in net income. Equity securities without readily determinable fair values, are carried at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment.

Management evaluates securities for other-than-temporary impairment ("OTTI") on at least a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation. For debt securities with an unrealized loss position, management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Federal Home Loan Bank Stock: The Bank is a member of the Federal Home Loan Bank of Boston ("FHLBB") system. Members are required to own a certain amount of stock based on the level of borrowings and other factors, and may invest in additional amounts. FHLBB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on the ultimate recovery of par value. Cash dividends are reported as interest income. 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 Federal Home Loan Bank as compared to the capital stock amount and the length of time this situation has persisted (b) commitments by the Federal Home Loan Bank 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 Federal Home Loan Bank and (d) the liquidity position of the Federal Home Loan Bank.

Loans held for sale: Loans originated and intended for sale in the secondary market are carried at the lower of cost or fair value as determined by outstanding commitments from investors. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income.

Gain or loss on sale of mortgage loans is recognized at the time of sale. Such gain or loss results from the combination of (1) the difference between the net cash paid by the investor for the loan and the loan's carrying value; (2) the calculated present value of the difference between the interest rate paid by the borrower on the loan sold and the interest rate guaranteed to the investor, adjusted for mortgage servicing fees and considering estimated loan prepayments; and (3) any origination fees, net of applicable origination costs, retained by the Bank.

Transfers of financial assets: Transfers of financial assets, typically residential mortgages for the Company, 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 either (a) an agreement that both entitles and obligates the transferor to repurchase them before their maturity or (b) the ability to unilaterally cause the holder to return specific assets, other than through a clean up call.

During the normal course of business, the Company may transfer a portion of a financial asset, such as a participation loan. In order to be eligible for sales treatment, the transfer of the portion of the loan must meet the criteria of a participating interest. If it does not meet the criteria of a participating interest, the transfer must be accounted for as a secured borrowing. In order to meet the criteria for a participating interest, 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 has the right to pledge or exchange the entire loan.

Loans: 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. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method without anticipated prepayments.

The accrual of interest on mortgage and commercial loans is discontinued at the time the loan is 90 days past due unless the credit is well secured and in process of collection. Other personal loans are typically charged off no later than 120 days past due. Past due status is based on the contractual terms of the loan. In all cases, loans are placed on non-accrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All interest accrued but not collected for loans that are placed on non-accrual 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 a valuation allowance for probable incurred credit losses. It is maintained at a level which management considers adequate to meet reasonably foreseeable loan losses on the basis of many factors including the risk characteristics of the portfolio, underlying collateral, economic conditions that may affect the borrower's ability to pay, specific problem loans, and trends in loan delinquencies and charge-offs. The allowance is increased by provisions charged to earnings and reduced by loan charge-offs, net of recoveries. Loans are charged off in whole or in part when, in management's opinion, collectability is doubtful.

While management uses available information to establish the allowance for loan losses, future additions to the allowance may be necessary if economic conditions differ substantially from the assumptions used in making the evaluation. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses. Such agencies may require the Company to recognize additions to the allowance based on judgments different from those of management.

The allowance consists of general, specific and unallocated components, as further described below. Risk characteristics relevant to each portfolio segment are as follows:

General component: The general component of the allowance for loan losses covers non-impaired loans and is based on numerous quantitative and qualitative factors, such as historical charge-off experience, delinquency trends, economic conditions, portfolio trends, concentrations, asset ratings and other risk factors. The general component is determined based on loan segments as described below.

Residential real estate: The majority of the loans the Company considers for its own portfolio have a loan-to-value ratio under 80%. For loans that exceed 80% loan-to-value up to a maximum of 95%, the Company requires private mortgage insurance. All loans in this segment are collateralized by 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 effect on the credit quality in this segment.

Commercial real estate: Loans in this segment are primarily income-producing properties throughout southeastern and central Massachusetts. The underlying cash flows generated by the properties are the primary form of repayment and are adversely impacted by a downturn in the economy as evidenced by increased vacancy rates, which in turn, will have an effect on the credit quality in this segment. Management obtains rent rolls annually and continually monitors the cash flows of these loans.

Construction and development loans: Loans in this segment primarily include real estate development loans for which payment is derived from sale of the property. Credit risk is affected by cost overruns, time to sell at an adequate price and market conditions.

Second mortgage loans and home equity lines of credit (2nd mortgage and HELOC): The Company generally has 1st or 2nd liens on property securing equity lines-of-credit. All loans in this segment are collateralized by 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.

Commercial loans: 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, will have an effect on the credit quality in this segment.

Consumer loans: Loans in this segment include secured and unsecured loans. Repayment is dependent on the credit quality of the individual borrower.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Specific component: The specific component of the allowance for loan losses relates to loans that are classified as impaired. A loan is considered impaired when it is probable that the Company will not be able to collect principal, interest, and fees according to the contractual terms of the loan agreement. The Company evaluates for impairment all loan segments on a loan-by-loan basis. 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.

The amount judged to be impaired is the difference between the present value of the expected future cash flows using as a discount rate the original contractual effective interest rate, and the recorded investment of the loan, or, as a practical expedient, in the case of collateral dependent loans, the difference between the fair value of the collateral and the recorded amount of the loans. If appropriate, a valuation allowance is established to recognize the difference between the recorded investment and the determined value.

The Company periodically may agree to modify the contractual terms of loans. When a loan is modified and a concession is made to a borrower experiencing financial difficulty, the modification is considered a troubled debt restructuring ("TDR"). All TDRs are classified as impaired.

Unallocated component: An unallocated component of the allowance for loan losses is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating allocated and general reserves in the portfolio.

Mortgage servicing rights: Mortgage servicing rights are recognized as separate assets when residential real estate loans are sold and the Company retains the right to service the loans. Servicing rights are initially measured at fair value. Capitalized servicing rights are amortized to other operating expenses in proportion to, and over the period of, the expected future servicing income from the underlying loans, which is reported in other noninterest income. Servicing assets are evaluated for impairment based upon the fair value of the rights as compared to amortized cost. Fair value is determined based upon a valuation model that calculates the present value of estimated future net servicing income and incorporates market rate assumptions for discount rates and prepayment speeds. Impairment is determined by stratifying rights into tranches based on predominant characteristics, such as loan origination date, investor type and loan terms.

Derivative financial instruments: Commitments to originate loans that will be sold in the secondary market and forward sale commitments are considered to be derivatives. Accordingly, such commitments, along with any related fees received from potential borrowers, are recorded at fair value as derivative assets and liabilities with changes in fair value recorded in the net gain or loss on sale of loans.

Premises and equipment: Land is carried at cost. Premises and equipment are stated at cost less accumulated depreciation. Buildings and related improvements and furniture and equipment are depreciated using the straight-line method with useful lives ranging from 10 to 50 years. Furniture, fixtures and equipment are depreciated using the straight-line method with useful lives ranging from 3 to 10 years.

Foreclosed real estate: Real estate acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less selling costs at the date of foreclosure. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less costs to sell. Sales of foreclosed real estate financed by the Company that do not meet certain minimum down payment criteria continue to be carried as foreclosed real estate until cumulative payments made meet the required minimum initial investment. Revenue and expenses from operations and impairment losses are included in foreclosed real estate expense. Costs incurred to complete construction may be capitalized; however the recorded balance of the foreclosed real estate should not exceed the "when completed" fair value less costs to sell. The Company monitors costs to complete construction to ensure that the estimated costs do not exceed original estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Benefit plans: The Company has three deferred compensation plans, the Supplemental Executive Retirement Plan ("SERP"), the Employee Defined Benefit plan, as well as the Deferred Directors Continuation plan. All plans require Board approval for any additions as well as changes to the policies. The plans are calculated using actuarial assumptions related to discount rates. All plans require an agreed upon duration of service prior to the benefit being paid out. The expenses of the plans are allocated over the service period. Pension expense is net of service and interest cost, return on plan assets and amortization of gains and losses not immediately recognized.

Bank-owned life insurance ("BOLI"): The Bank has purchased life insurance policies on certain key executives. BOLI is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement. The change in cash surrender value during the period is an adjustment of the premium paid in determining the expense (other noninterest expense) or income (other noninterest income) to be recognized for the period. The Bank has four carriers of these policies and these carriers are approved at least annually within policy approvals of the Board.

Income taxes: Income taxes are recorded under the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. As changes in tax laws or rates are enacted, deferred tax assets or liabilities are adjusted through the provision for income taxes. A deferred tax valuation allowance is required if it is more likely than not that all or a portion of the recorded deferred tax asset will not be realized.

The Company classifies penalties resulting from underpayment of income taxes as income tax expense in the period for which the Company claims or expects to claim an uncertain tax position or in the period in which the Company's judgment changes regarding an uncertain tax position. The Company does not have any uncertain tax positions at April 30, 2022 and 2021, which require accrual or disclosure. The Company currently has tax years 2017 through 2020 open with the Internal Revenue Service.

Comprehensive income: Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on securities available for sale and changes in the funded status of post-retirement benefit plan which are also recognized as separate components of equity.

The components of accumulated other comprehensive loss, included in equity, are as follows:

	2022	2021
	(In Thousands)	
Investment securities available for sale:		
Net unrealized securities holding gains before income tax	$ (3,300)	$ 763
Tax effect	822	(204)
Net-of tax amount	(2,478)	559
Postretirement benefits:		
Unrecognized net actuarial loss	(330)	(1,494)
Unrecognized prior service cost and transition obligation	(1,375)	(1,787)
	(1,705)	(3,281)
Tax effect	479	923
Net-of tax amount	(1,226)	(2,358)
	$ (3,704)	$ (1,799)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loan commitments and related financial instruments: Financial instruments include off balance sheet credit instruments, such as commitments to make loans, unadvanced commitments, and commercial letters of credit, issued to meet customer financial needs. Such off-balance sheet financial instruments are recorded when they are funded.

Reclassifications: Some items in the prior year financial statements were reclassified to conform to the current presentation. Reclassifications had no effect on prior year net income or equity.

Overnight Borrowings: For purposes of reporting cash flows, overnight borrowings are disclosed on a net basis.

NOTE 2 - SECURITIES

The amortized cost and fair value of securities available for sale, with gross unrealized gains and losses, follows:

	April 30, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Available-for-sale				
Municipal notes	$ 4,623	$ -	$ (8)	$ 4,615
U.S. Agency securities	7,253	1	(668)	6,586
U.S. Agency mortgage-backed securities	27,460	11	(2,627)	24,844
Corporate bonds	3,793	1	(10)	3,784
	$ 43,129	$ 13	$ (3,313)	$ 39,829

	April 30, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Available-for-sale				
U.S. Treasuries	$ -	$ -	$ -	$ -
Municipal notes	2,774	3	-	2,777
U.S. Agency securities	6,271	41	-	6,312
U.S. Agency mortgage-backed securities	30,941	615	(306)	31,250
Corporate bonds	6,832	410	-	7,242
	$ 46,818	$ 1,069	$ (306)	$ 47,581

At April 30, 2022 and 2021 there were no securities pledged to secure Federal Home Loan Bank advances (see Note 7).

The amortized cost and fair value of debt securities by contractual maturity at April 30, 2022 follows. Expected maturities may differ from contractual maturities because the issuer in certain instances has the right to call or prepay obligations with our without call or prepayment penalties.

	Amortized Cost	Fair Value
	(In Thousands)	
April 30, 2022		
Due in 1 year or less	$ 5,625	$ 5,618
Due from 1 to 5 years	5,361	5,132
Due from 5 to 15 years	4,376	3,936
Due in greater than 15 years	307	299
U.S. Agency mortgage-backed securities	27,460	24,844
	$ 43,129	$ 39,829

NOTE 2 - SECURITIES (Continued)

For the years ended April 30, 2022 and 2021, proceeds from sales of securities available-for-sale amounted to $0 and $1,819,000, respectively. For the years ended April 30, 2022 and 2021, proceeds from calls of securities available-for-sale amounted to 12,295,000 and $4,804,000, respectively. Gross realized gains (including premiums on calls) for the years ended April 30, 2022 and 2021 amounted to $124 and $75, respectively. Gross realized losses for the years ended April 30, 2022 and 2021 amounted to $0 and $0, respectively. The tax benefit (provision) related to these net realized gains and losses was $35 and $21, respectively.

For the year end 2022 and 2021, there were no holdings of securities of any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of equity.

Information pertaining to securities with gross unrealized losses at April 30, 2022 and 2021 aggregated by investments category and length of time that individual securities have been in a continuous loss position, follows:

	April 30, 2022					
	Less Than 12 Months		12 Months or Greater		Total	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	(In Thousands)					
Available-for-sale						
Municipal notes	8	4,615	-	-	8	4,615
U.S. Agency securities	668	6,585	-	-	668	6,585
U.S. Agency mortgage-backed securities	$ 1,080	$ 14,144	$ 1,547	$ 9,218	$ 2,627	$ 23,362
Corporate bonds	10	1,776	-	-	10	1,776
Total temporarily impaired securities	$ 1,766	$ 27,120	$ 1,547	$ 9,218	$ 3,313	$ 36,338

	April 30, 2021					
	Less Than 12 Months		12 Months or Greater		Total	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	(In Thousands)					
Available-for-sale						
Municipal notes	-	-	-	-	-	-
U.S. Agency securities	-	-	-	-	-	-
U.S. Agency mortgage-backed securities	$ 306	$ 13,667	$ -	$ -	$ 306	$ 13,667
Corporate bonds	$ -	$ -	$ -	$ -	$ -	$ -
Total temporarily impaired securities	$ 306	$ 13,667	$ -	$ -	$ 306	$ 13,667

Municipal notes: At April 30, 2022, the Company held five municipal notes for which market values was 0.2% below amortized cost. This unrealized loss relates principally to interest rate risk as well as temporary widening of credit spreads. At April 30, 2022, the unrealized loss associated with this investments is considered temporary. The Company does not intend to sell the security in the near term and it is more likely than not that the Company will not be required to sell the security before recovery of its amortized cost basis, which may be maturity. As a result, the Company does not consider this security to be other-than-temporarily impaired at April 30, 2022.

US Agency bonds: At April 30, 2022, the Company held nine US Agency bond for which market values was 9.2% below amortized cost. This unrealized loss relates principally to interest rate risk as well as temporary widening of credit spreads. At April 30, 2022, the unrealized loss associated with this investments is considered temporary. The Company does not intend to sell the security in the near term and it is more likely than not that the Company will not be required to sell the security before recovery of its amortized cost basis, which may be maturity. As a result, the Company does not consider this security to be other-than-temporarily impaired at April 30, 2022.

US Agency mortgage backed bonds: At April 30, 2022, the Company held forty-four mortgage back bond for which market values was 10.1% below amortized cost. This unrealized loss relates principally to interest rate risk as well as temporary widening of credit spreads. At April 30, 2022, the unrealized loss associated with this investments is considered temporary. The Company does not intend to sell the security in the near term and it is more likely than not that the Company will not be required to sell the security before recovery of its amortized cost basis, which may be maturity. As a result, the Company does not consider this security to be other-than-temporarily impaired at April 30, 2021.

Corporate bonds: At April 30, 2022, the Company held one corporate bond for which market values was 0.6% below amortized cost. This unrealized loss relates principally to interest rate risk as well as temporary widening of credit spreads. At April 30, 2022, the unrealized loss associated with this investments is considered temporary. The Company does not intend to sell the security in the near term and it is more likely than not that the Company will not be required to sell the security before recovery of its amortized cost basis, which may be maturity. As a result, the Company does not consider this security to be other-than-temporarily impaired at April 30, 2022.

NOTE 3 - LOANS

Loans receivable at April 30, 2022 and 2021 are summarized as follows:

	2022	2021
	(In Thousands)	
Real Estate		
Residential	$ 192,468	$ 189,050
Commercial	200,218	182,042
Construction and development	114,735	82,688
2nd Mortgage & HELOC	11,503	12,540
Commercial and industrial	17,847	26,225
Consumer	65	84
Gross loans	536,836	492,629
Net deferred origination fees and costs	(1,062)	(1,185)
Subtotal	535,774	491,444
Allowance for loan losses	(5,369)	(5,263)
Loans, net	$ 530,405	$ 486,181

Loans serviced for others amounted to approximately $172,991,000 and $176,607,000 at April 30, 2022 and 2021, respectively. Commercial and industrial loans at April 30, 2022 and 2021 included $4,308,000 and $16,844,000 respectively of loans originated under the Small Business Administration Paycheck Protection Program (SBA PPP). The SBA PPP provides small businesses with funds to cover up to 24 weeks of payroll costs and other expenses, including benefits. It also provides for forgiveness of up to the full principal amount of qualifying loans. As these loans are 100% guaranteed by the SBA, there is no associated allowance for loan losses at April 30, 2022 or 2021.

NOTE 3 – LOANS (Continued)

Activity in the allowance for loan losses and allocation of the allowance for loan segments for the year ended April 30, 2022 follows:

Allowance for loan losses:	Residential	Commercial	Construction and Development	2nd Mortgage and HELOC	Commercial and Industrial	Consumer	Unallocated	Total
	(In Thousands)							
Balance at April 30, 2021	$ 964	$ 2,386	$ 1,040	$ 62	$ 105	$ -	$ 706	$ 5,263
Charge-offs	-	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	1	-	1
Provision (credit) for losses	16	120	394	(2)	48	(1)	(470)	105
Balance at April 30, 2022	$ 980	$ 2,506	$ 1,434	$ 60	$ 153	$ -	$ 236	$ 5,369

The following table represents the allocation of the allowance for loan losses and the related recorded investment of loans by loan segment disaggregated based on the impairment methodology as of April 30, 2022:

	Real Estate							
April 30, 2022	Residential	Commercial	Construction and Development	2nd Mortgage and HELOC	Commercial and Industrial	Consumer	Unallocated	Total
	(In Thousands)							
Allowance for loan losses:								
Ending allowance attributable to loans:								
Individually evaluated for impairment	$ 20	$ -	$ -	$ 4	$ -	$ -	$ -	$ 24
Collectively evaluated for impairment	960	2,506	1,434	56	153	-	236	5,345
Total ending allowance balance	$ 980	$ 2,506	$ 1,434	$ 60	$ 153	$ -	$ 236	$ 5,369
Loans receivable:								
Individually evaluated for impairment	$ 573	$ 549	$ -	$ 165	$ -	$ -	$ -	$ 1,287
Collectively evaluated for impairment	191,895	199,669	114,735	11,338	17,847	65	-	535,549
Total ending loans balance	$ 192,468	$ 200,218	$ 114,735	$ 11,503	$ 17,847	$ 65	$ -	$ 536,836

NOTE 3 – LOANS (Continued)

Activity in the allowance for loan losses and allocation of the allowance for loan segments for the year ended April 30, 2021 follows:

	Residential	Commercial	Construction and Development	2nd Mortgage and HELOC	Commercial and Industrial	Consumer	Unallocated	Total
Allowance for loan losses:				(In Thousands)				
Balance at April 30, 2020	$ 1,068	$ 1,821	$ 888	$ 89	$ 118	$ 1	$ 355	$ 4,340
Charge-offs	-	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	2	-	2
Provision (credit) for losses	(104)	565	152	(27)	(13)	(3)	351	921
Balance at April 30, 2021	$ 964	$ 2,386	$ 1,040	$ 62	$ 105	$ -	$ 706	$ 5,263

The following table represents the allocation of the allowance for loan losses and the related recorded investment of loans by loan segment disaggregated based on the impairment methodology as of April 30, 2021:

	Residential	Commercial	Construction and Development	2nd Mortgage and HELOC	Commercial and Industrial	Consumer	Unallocated	Total
April 30, 2021				(In Thousands)				
Allowance for loan losses:								
Individually evaluated for impairment	$ 23	$ -	$ -	$ -	$ -	$ -	$ -	$ 23
Collectively evaluated for impairment	941	2,386	1,040	62	105	-	706	5,240
Total ending allowance balance	$ 964	$ 2,386	$ 1,040	$ 62	$ 105	$ -	$ 706	$ 5,263
Loans receivable:								
Individually evaluated for impairment	$ 858	$ -	$ -	$ 171	$ -	$ -	$ -	$ 1,029
Collectively evaluated for impairment	188,192	182,042	82,688	12,369	26,225	84	-	491,600
Total ending loans balance	$ 189,050	$ 182,042	$ 82,688	$ 12,540	$ 26,225	$ 84	$ -	$ 492,629

NOTE 3 – LOANS (Continued)

The following is a summary of past due loans at April 30, 2022:

April 30, 2022	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total Past Due	Current	Total Loans Receivable	Recorded Investment >90 Days and Accruing
	(In Thousands)						
Real estate							
Residential	$ -	$ -	$ 272	$ 272	$ 192,196	$ 192,468	$ -
Commercial	-	-	549	549	199,669	200,218	-
Construction and development	-	-	-	-	114,735	114,735	-
2nd Mortgage & HELOC	65	-	105	170	11,333	11,503	-
Commercial and industrial	-	-	-	-	17,847	17,847	-
Consumer	-	-	-	-	65	65	-
Total	$ 65	$ -	$ 926	$ 991	$ 535,845	$ 536,836	$ -

The following is a summary of non-accrual loans at April 30, 2022 and 2021:

	Nonaccrual	
	2022	2021
	(In Thousands)	
Nonaccrual loans		
Real estate		
Residential	$ 433	$ 1,526
Commercial	549	555
2nd Mortgage & HELOC	105	274
	$ 1,087	$ 2,355

The following is a summary of past due loans at April 30, 2021:

April 30, 2021	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total Past Due	Current	Total Loans Receivable	Recorded Investment >90 Days and Accruing
	(In Thousands)						
Real estate							
Residential	$ 220	$ 258	$ 359	$ 837	$ 188,213	$ 189,050	$ 125
Commercial	-	-	-	-	182,042	182,042	-
Construction and development	-	-	-	-	82,688	82,688	-
2nd Mortgage & HELOC	-	-	140	140	12,400	12,540	-
Commercial and industrial	-	-	-	-	26,225	26,225	-
Consumer	-	-	-	-	84	84	-
Total	$ 220	$ 258	$ 499	$ 977	$ 491,652	$ 492,629	$ 125

NOTE 3 – LOANS (Continued)

The following is information pertaining to impaired loans as of and for the year ended April 30, 2022:

	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
			(In Thousands)			
April 30, 2022						
With no related allowance recorded:						
Real Estate						
Residential (including 2nd mortgages and HELOC)	$ 568	$ 568	$ -	$ 552	$ 27	$ 25
Commercial	549	549	-	550	11	11
	1,117	1,117	-	1,102	38	36
With an allowance recorded						
Real Estate						
Residential (including 2nd mortgages and HELOC)	$ 170	$ 170	$ 24	$ 173	$ 6	$ 6
	170	170	24	173	6	6
By portfolio segment:						
Real Estate						
Residential (including 2nd mortgages and HELOC)	$ 738	$ 738	$ 24	$ 725	$ 33	$ 31
Commercial	549	549	-	550	11	11
	$ 1,287	$ 1,287	$ 24	$ 1,275	$ 44	$ 42

The following is information pertaining to impaired loans as of and for the year ended April 30, 2021:

	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
			(In Thousands)			
April 30, 2021						
With no related allowance recorded:						
Real Estate						
Residential (including 2nd mortgages and HELOC)	$ 880	$ 880	$ -	$ 893	$ 19	$ 8
Commercial	-	-	-	-	-	-
	880	880	-	893	19	8
With an allowance recorded						
Real Estate						
Residential (including 2nd mortgages and HELOC)	$ 149	$ 149	$ 23	$ 152	$ 5	$ -
	149	149	23	152	5	-
By portfolio segment:						
Real Estate						
Residential (including 2nd mortgages and HELOC)	$ 1,029	$ 1,029	$ 23	$ 1,045	$ 24	$ 8
Commercial	-	-	-	-	-	-
	$ 1,029	$ 1,029	$ 23	$ 1,045	$ 24	$ 8

NOTE 3 – LOANS (Continued)

The following table details the activity related to TDRs during the year ended April 30, 2022:

2022

	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
		(In Thousands)	
Troubled debt restructurings			
Residential, 2nd Mortgage & HELOC	3	$ 432	$ 407
Commercial Real Estate	-	-	-
Total	3	$ 432	$ 407

The troubled debt restructures made during the years ended April 30, 2022 are in default.

The following table details the activity related to TDRs during the year ended April 30, 2021:

2021

	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
		(In Thousands)	
Troubled debt restructurings			
Residential, 2nd Mortgage & HELOC	-	$ -	$ -
Total	-	$ -	$ -

The following table details the total TDRs by loan type at April 30, 2022:

2022	TDRs on Accrual Status		TDRs on Nonaccrual Status		Total TDRs	
	Number of Loans	Balance of Loans	Number of Loans	Balance of Loans	Number of Loans	Balance of Loans
			(In Thousands)			
Residential, 2nd Mortgage & HELOC	4	$ 200	4	$ 377	8	$ 577
	4	$ 200	4	$ 377	8	$ 577

The following table details the total TDRs by loan type at April 30, 2021:

2021	TDRs on Accrual Status		TDRs on Nonaccrual Status		Total TDRs	
	Number of Loans	Balance of Loans	Number of Loans	Balance of Loans	Number of Loans	Balance of Loans
			(In Thousands)			
Residential, 2nd Mortgage & HELOC	4	$ 479	-	$ -	4	$ 479
	4	$ 479	-	$ -	4	$ 479

NOTE 3 – LOANS (Continued)

Credit quality information: The Company utilizes a six grade internal loan rating system for commercial real estate, construction, commercial and certain past-due residential loans as follows:

Pass (1-3A): Loans in these categories are considered pass-rated loans with low to average risk.

Special mention (4): Loans in this category have potential weaknesses and are being closely monitored by management.

Substandard (5): Generally, a loan is considered substandard if it is inadequately protected by the current net worth and paying capacity of the obligors and/or the collateral is pledged. There is a distinct possibility that the Company will sustain some loss if the weakness is not corrected.

Doubtful (6): Loans classified as doubtful have all the weaknesses inherent in those classified as substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, highly questionable and improbable.

The Company does not assign risk ratings to residential real estate and home equity loans or consumer unless they are contractually past due 90 days or more or where legal action has commenced against the borrower. All consumer loans are charged off when they become contractually past due 120 days. Those loans not assigned a rating are considered "pass". On an annual basis, or more often if needed, the Company formally reviews the ratings on all commercial real estate, construction and commercial and industrial loans. Annually, the Company engages an independent third-party to review a significant portion of loans within these segments. Management uses the results of these reviews as part of its annual review process.

The following table presents the Company's loans by risk rating at April 30, 2022:

	Pass	Special Mention	Substandard	Doubtful	Total
			(In Thousands)		
April 30, 2022					
Real Estate					
Residential	$ 191,895	$ -	$ 573	$ -	$ 192,468
Commercial	175,181	24,488	549	-	200,218
Construction and development	114,735	-	-	-	114,735
2nd Mortgage & HELOC	11,338	-	165	-	11,503
Commercial and industrial	17,516	331	-	-	17,847
Consumer	65	-	-	-	65
Total	$ 510,730	$ 24,819	$ 1,287	$ -	$ 536,836

The following table presents the Company's loans by risk rating at April 30, 2021:

	Pass	Special Mention	Substandard	Doubtful	Total
April 30, 2021			(In Thousands)		
Real Estate					
Residential	$ 188,192	$ -	$ 858	$ -	$ 189,050
Commercial	155,392	26,650	-	-	182,042
Construction and development	82,688	-	-	-	82,688
2nd Mortgage & HELOC	12,369	-	171	-	12,540
Commercial and industrial	25,866	359	-	-	26,225
Consumer	84	-	-	-	84
Total	$ 464,591	$ 27,009	$ 1,029	$ -	$ 492,629

In accordance with the CARES Act guidance, as of April 30, 2022 and 2021 the Bank had forbearance agreements on $0 and $1,634,000 respectively of residential and consumer loans, and $0 and $28,892,000 respectively of commercial loans. As such, the loans under these forbearance agreements are not considered troubled debt restructurings. The forbearance agreements were for interest only, principal and interest, or full forbearance for 90 days.

NOTE 3 – LOANS (Continued)

Loans to executive officers, directors and trustees are made in the ordinary course of business, under normal credit terms, including interest rates and collateral, prevailing at the time of origination for comparable transactions with other persons and do not represent more than normal credit risk. An analysis of the activity of these loans is as follows:

	Years Ended April 30,	
	2022	2021
	(In Thousands)	
Balance at beginning of year	$ 1,338	$ 1,016
New Loans	189	1,239
Repayments	(189)	(917)
Balance at end of year	$ 1,338	$ 1,338

NOTE 4 – LOAN SERVICING

Activity for loan servicing rights follows:

	Years Ended April 30,	
	2022	2021
	(In Thousands)	
Loan servicing rights		
Beginning of year	$ 850	$ 699
Additions	187	555
Disposals	(82)	(245)
Amortized to expense	(156)	(159)
Balance at end of year	$ 799	$ 850

There was no recorded valuation allowance for the carrying amount of mortgage servicing rights at April 30, 2022 and 2021.

NOTE 5 – PREMISES AND EQUIPMENT

A summary of the net carrying value of premises and equipment follows:

	Years Ended April 30,	
	2022	2021
	(In Thousands)	
Land	$ 1,414	$ 1,414
Building and improvements	8,799	8,716
Furniture and equipment	3,494	3,317
	13,707	13,447
Accumulated depreciation	(9,061)	(8,536)
Premises and equipment, net	$ 4,646	$ 4,911

Total depreciation expense for the years ended April 30, 2022 and 2021 amounted to $525,000 and $562,000, respectively.

NOTE 6 - DEPOSITS

	Years Ended April 30, 2022	2021
	(In Thousands)	
Non-interest bearing checking accounts	$ 88,087	$ 82,590
Interest bearing checking accounts	65,726	56,651
Money market accounts	197,630	178,479
Savings accounts	88,938	87,171
Certificates of deposit		
Less than or equal to $250,000	106,376	118,360
Greater than $250,000	35,426	32,784
	$ 582,183	$ 556,035

Brokered deposits, included in time deposits, totaled approximately $0 at April 30, 2022 and 2021.
Brokered deposits, included in money market accounts, totaled approximately $0 and $1,000,000 at April 30, 2022 and 2021.

A summary of certificate accounts by maturity at April 30, 2022 follows:

	Years Ended April 30, 2022
	(In Thousands)
Within 1 year	$ 106,077
Over 1 year to 2 years	25,296
Over 2 years to 3 years	4,627
Over 3 years to 5 years	5,765
Over 5 years	37
	$ 141,802

NOTE 7 – FEDERAL HOME LOAN BANK ADVANCES

	2022 Amount	2022 Weighted Average Interest Rate	2021 Amount	2021 Weighted Average Interest Rate
	(Dollars in thousands)			
Term to maturity				
Within one year	$ 6,000	1.58%	$ 3,000	3.02%
One to two years	5,701	2.96%	6,000	1.58%
Two to three years	4,000	1.35%	6,105	2.97%
Three to five years	-		4,000	1.35%
Total	$ 15,701	2.02%	$ 19,105	2.20%

The Bank is required to pledge, through a collateral agreement, certain assets to secure advances from FHLBB. At April 30, 2022 and 2021, the Bank has pledged residential mortgage loans of $92,378,000 and $94,319,000 respectively.

At April 30, 2022 and 2021, the Bank had a $3,557,000 available line of credit with the FHLBB, at an interest rate that adjusts daily. There were no advances outstanding under this line at April 30, 2022 and 2021.

At April 30, 2022 and 2021 the Bank had a $10,000,000 available line of credit with the ACBB, at an interest rate that adjusts daily. There were no advances outstanding under this line at April 30, 2022 and 2021.

NOTE 8 – INCOME TAXES

Allocation of federal and state income taxes between current and deferred portions is as follows:

	Years ended April 30	
	2022	2021
Current expense:		
Federal	$ 1,984	$ 2,039
State	886	1,025
Total current	2,870	3,064
Deferred expense (benefit):		
Federal	(269)	(283)
State	(106)	(225)
Total deferred	(375)	(508)
Total income tax expense	$ 2,495	$ 2,556

The reasons for the differences between the statutory federal income tax provision and the actual income tax provision are primarily the result of state tax expenses and bank owned life insurance income.

The tax effects of each type of income and expense item that give rise to deferred taxes are as follows:

	Years ended April 30	
	2022	2021
Deferred tax assets:		
Allowance for loan losses	1,549	1,386
Depreciation	2	-
Deferred compensation	1,420	1,300
Unrealized loss from other post-retirement benefits	479	923
Unrealized loss on securities available for sale	823	-
Other, net	4	8
	4,277	3,617
Deferred tax liabilities:		
Depreciation	-	(62)
Net deferred loan costs	(99)	(117)
Mortgage servicing asset	(225)	(239)
Net unrealized gain on securities available for sale	-	(203)
	(324)	(621)
Net deferred tax asset	$ 3,953	$ 2,996

The Bank reduces deferred tax assets by a valuation allowance if, based on the weight of available evidence, it is “more likely than not” that some portion or all of the deferred tax assets will not be realized. The Bank assesses the realizability of its deferred tax assets by assessing the likelihood of the Bank generating federal and state tax income, as applicable, in future periods in amounts sufficient to offset the deferred tax charges in the periods they are expected to reverse. Based on this assessment, management concluded that no valuation allowance was required at April 30, 2022 and 2021. Management has evaluated the available evidence supporting the realization of its gross deferred tax asset, including the amount and timing of future taxable income and believes the deferred tax asset, net of valuation allowance, will be realized.

NOTE 8 – INCOME TAXES (Continued)

The federal income tax reserve for loan losses at the Company's base year amounted to $1,636,000. If any portion of the reserve is used for purposes other than to absorb loan losses, approximately 127% of the amount actually used, limited to the amount of the reserve, would be subject to taxation in the fiscal year in which used. As the Company intends to use the reserve only to absorb loan losses, a deferred income tax liability of $436,000 has not been provided.

NOTE 9 – REGULATORY CAPITAL MATTERS

The Company (on a consolidated basis) and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's and the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to the Bank holding company.

The Economic Growth Act provided for an exception from the Basel III Rules for community banks that maintain a Community Bank Leverage Ratio ("CBLR") of at least 8.0% to 10.0%. The CBLR is calculated by dividing Tier 1 capital by the bank's average total consolidated assets. In the final rules approved by the FDIC in September 2019, qualifying community banking organizations that opt in to using the CBLR are considered to be in compliance with the Basel III Rules as long as the bank maintains a CBLR of greater than 9.0%. If a bank is not a qualifying community banking organization, does not opt in to using the CBLR, or cannot maintain a CBLR of greater than 9.0%, the bank would have to comply with the Basel III Rules. Effective January 1, 2020, the Bank adopted the CBLR simplified capital adequacy regime. Management believes, as of April 30, 2022 and 2021, that the Bank met all capital adequacy requirements to which they are subject.

As of April 30, 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 Tier 1 leverage 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.

The Bank's actual and minimum required capital amounts and ratios as of April 30, 2022 and 2021 are as follows:

	Bank Actual		Regulatory Requirements: Minimum Capital		Regulatory Requirements: Classified as Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in thousands)			
As of April 30, 2022:						
CBLR capital (to adjusted total assets)	$ 97,604	13.7 %	$ 28,409	4.0 %	$ 35,512	5.0 %
As of April 30, 2021:						
CBLR capital (to adjusted total assets)	$ 90,739	13.4 %	$ 27,072	4.0 %	$ 33,840	5.0 %

1889 Bancorp MHC is not currently subject to prompt corrective action regulation.

NOTE 10 – PENSION AND OTHER BENEFIT PLANS

Defined benefit plan and 401(k) plan: The Company provided for pension benefits for its employees through a single-employer plan. Under the plan, each employee reaching the age of 21 and having completed at least 1,000 hours of service in one consecutive twelve-month period beginning with such employee's date of employment automatically becomes a participant in the Plan. Participants in the Plan become fully vested after completion of six years of service measured from their date of hire. Contributions under the single-employer plan for the year ended April 30, 2022 and 2021 amounted to $1,000,000 and $0 respectively. The Company was not subject to any specific minimum contributions other than amounts, determined by the Trustees of the Plan, that maintain the funded status of the Plan in accordance with the requirements of the Pension Protection Act ("PPA") and ERISA.

In addition to the defined benefit plan, the Company has adopted a savings plan which qualifies under Section 401(k) of the Internal Revenue Code and provides for voluntary contributions by participating employees ranging from one percent to fifteen percent of their compensation, subject to certain limitations. The Company will make matching contributions equal to 125% of each employee's voluntary contributions up to six percent of the employee's compensation. Contributions by the Company under the Plan for the years ended April 30, 2022 and 2021 amounted to $282,000 and $309,000, respectively.

Information about defined benefit plan balances reflected in the Company's financial statements as of April 30, 2022 follows:

		2022	2021
		(Dollars in thousands)	
Ending benefit obligation	$	14,986	16,563
Employer contributions		1,000	-
Benefits paid		(1,093)	(1,422)
Ending plan assets		11,903	12,302
Funded status		(3,083)	(4,261)
Accumulated benefit obligation	$	13,257	13,923

Amounts recognized in accumulated other comprehensive income at April 30 consist of:

		2022	2021
Net actuarial loss	$	422	1,203
Prior service costs	$	1,171	1,540

	2022	2021
Weighted average assumptions used to determine benefit obligation		
Pre-retirement discount rate	4.30%	3.15%
Post-retirement discount rate	4.30%	3.15%
Rate of compensation increase	2.50%	2.50%
Weighted average assumptions used to determine net periodic benefit cost		
Pre-retirement discount rate	3.15%	3.05%
Post-retirement discount rate	3.15%	3.05%

NOTE 10 – PENSION AND OTHER BENEFIT PLANS (Continued)

The following benefit payments which reflect future service are expected:

		Expected benefit payments
2023	$	653
2024		1,174
2025		1,138
2026		1,287
2027		1,657
Following 5 years		7,528
	$	13,437

Investment Strategy and Allocation

Once money is contributed to the Pension Plan, the money is invested by plan officials called fiduciaries. Specific investments are made in accordance with the Pension Plan's investment policy statement as directed by the Company's Investment Committee working with a third-party Investment Advisor. Principal Financial Advisors, Inc. (PFA) has been hired as the Investment Adviser to the Plan assets. The Company has delegated to PFA the tasks of: establishing the asset allocation, implementing the investment strategy and monitoring the investment options. In its capacity as a registered investment adviser, PFA has assumed the role of a fiduciary as defined in Section 3(38) of ERISA for the asset allocation services provided. According to the Investment Policy Statement, funds are invested 100% in fixed income (debt securities). The weighted average expected long term rate of return in 2022 and 2021 is 5.50% and 6.50% respectively which is estimated based on current trends in the plan assets as well as projected future rates on those assets.

The Company's pension plan asset allocation at April 30, 2022 and 2021 was as follows:

	Year Ended April 30, 2022		2021	
Debt Securities*	100.00	%	40.32	%
Equity Securities*	-		59.68	
Real Assets*	-		-	
	100.00	%	100.00	%

Equity and debt securities represent investments in pooled separate accounts held with the Pension Plan's record keeper.

Net pension cost is included in Employee Compensation and Benefits and includes the following components:

		Year Ended April 30, 2022 (In Thousands)		Year Ended April 30, 2021 (In Thousands)
Service cost	$	721	$	618
Interest cost		540		490
Expected return on plan assets		(694)		(681)
Amortization of prior service cost base		370		370
Amortization of unrecognized loss (gain)s including settlement		35		203
Net periodic benefit cost	$	972	$	1,000

NOTE 10 – PENSION AND OTHER BENEFIT PLANS (Continued)

Supplemental executive retirement plans: The Company has entered into supplemental executive retirement plans with current and former executive officers. These plans provide for monthly payments upon retirement, subject to certain limitations as set forth in the plans. In connection with these agreements, the Company anticipates making certain payments in the future upon retirement of the executive officers and has accrued $1,897,000 and $1,667,000 at April 30, 2022 and 2021, respectively, representing the present value of anticipated payments. During the years ended April 30, 2022 and 2021, $65,000 and $65,000 was paid out to executive officers, respectively. For the years ended April 30, 2022 and 2021, expenses related to these agreements amounted to $295,000 and $291,000, respectively.

Director retirement plans: The Company has an unfunded Director Retirement Plan with its non-employee directors to provide a benefit, after retirement from service on the Board of Directors of the Bank. Information about related balances reflected in the Company's financial statements as of April 30, 2022 and 2021 follows:

		2022	2021
		(Dollars in thousands)	
Ending benefit obligation	$	1,450	1,653
Employer contributions		21	525
Benefits paid		(21)	(525)
Ending plan assets		-	-
Funded status		(1,450)	(1,653)
Unrecognized net actuarial loss		(92)	291
Unrecognized prior service cost		204	247
Accrued benefit cost	$	(1,338)	(1,115)
Accumulated benefit obligation	$	1,293	1,401

Amounts recognized in accumulated other comprehensive income at April 30 consist of:

		2022	2021
Net actuarial loss	$	(92)	291
Prior service costs	$	204	247

	2022	2021
Weighted average assumptions used to determine benefit obligation		
Pre-retirement discount rate	4.30%	3.15%
Post-retirement discount rate	4.30%/2.89%	3.15%/1.65%
Rate of compensation increase	1.50%	2.50%
Weighted average assumptions used to determine net periodic benefit cost		
Pre-retirement discount rate	3.15%	3.00%
Post-retirement discount rate	3.15%/1.65%	3.00%/0.64%

Net pension cost is included in Directors' Fees and Benefits and includes the following components:

	Year Ended April 30,			
		2022		2021
		(In Thousands)		
Interest cost	$	53	$	61
Service cost		126		136
Amortization of prior service cost base		43		40
Amortization of net (gain) loss		22		123
Net periodic benefit cost	$	244	$	360

NOTE 10 – PENSION AND OTHER BENEFIT PLANS (Continued)

The following benefit payments which reflect future service are expected:

	Expected benefit payments
2023	$ -
2024	-
2025	-
2026	-
2027	-
Following 5 years	1,918
	$ 1,918

Endorsement split-dollar life insurance arrangements: The Company is the sole owner of life insurance policies pertaining to certain executives. The Company has entered into agreements with these executives whereby the Company will pay to the executives' estates or beneficiaries a portion of the death benefit that the Company will receive as beneficiary of such policies. In connection with these agreements, the Company anticipates making certain payments in the future and has accrued $260,000 and $296,000 at April 30, 2022 and 2021, respectively, representing the present value of anticipated payments.

For the years ended April 30, 2022 and 2021, expenses related to the agreements, including premiums paid and present value of the death benefits, amounted to $16,000 and ($21,000), respectively.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

In the normal course of business there are outstanding commitments and contingencies which are not reflected in the accompanying financial statements.

Loan commitments: 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 include commitments to extend credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the accompanying financial statements. The Company's exposure to credit loss 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.

Financial instruments whose contract amounts represent credit risk are as follows:

	Years Ended April 30,	
	2022	2021
	(In Thousands)	
Commitments to extend credit	$ 53,191	$ 51,353
Unadvanced funds on construction loans	92,753	62,368
Unadvanced funds on lines of credit	35,282	32,615
Letters of credit	5,397	5,372

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. The commitments for construction loans and lines of credit may expire without being drawn upon, therefore, 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. These financial instruments are generally secured by real estate, except for certain commercial lines of credit which are secured by business assets.

NOTE 11 – COMMITMENTS AND CONTINGENCIES (Continued)

Unfunded commitments under commercial lines-of-credit, revolving credit lines and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. These lines-of-credit are uncollateralized and usually do not contain a specified maturity date and ultimately may not be drawn upon to the total extent to which the Company is committed.

Risk Participation Agreements: The Corporation has entered into a risk participation agreement with another bank in a commercial loan arrangement. Participating banks guarantee the performance on borrower-related interest rate swap contracts. These derivatives are not designated as hedges and therefore, changes in fair value are recognized in earnings. Under a risk participation-in agreement, a derivative liability, the Corporation assumes, or participates in, a portion of the credit risk associated with the interest rate swap position with the commercial borrower for a fee received from the other bank. As of April 30, 2022 and 2021, the notional amount of the risk participation-out agreement was $1.7 million.

Litigation: Various legal claims also arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the Company's consolidated financial statements.

Reserve Requirement: The Bank is required to maintain cash and reserve balances on hand or with the Federal Reserve Bank. Such reserve is calculated based upon deposit levels. At April 30, 2022 and 2021, these reserve balances amounted to $0.

Other: The Bank may obtain advances from the Federal Reserve Bank upon the security of certain loan and securities collateral. Such collateral totaled $1 million at April 30, 2022. Based on available collateral, the Bank had access to Federal Reserve Bank advances of up to $1 million as of April 30, 2022. No borrowings were outstanding at April 30, 2022.

NOTE 12 - DERIVATIVES

The Bank enters into (1) commitments to originate loans that will be sold in the secondary market ("derivative loan commitments") and (2) forward sale commitments. Such commitments are derivative instruments and these instruments involve both credit and market risk.

Forward commitments to sell loans require the Bank to make delivery at a specific future date of a specified amount, at a specified price or yield. At April 30, 2022 and 2021, the notional amount of such commitments amounted to $0. The fair value of these commitments is not material and, accordingly, are not reflected on the consolidated balance sheets.

Derivative loan commitments with individual borrowers require the Bank to originate a loan at specific terms and conditions in which the interest rate and the maximum loan amount are set prior to or at funding upon completion of various underwriting requirements and involve both credit and market risk. At April 30, 2022 and 2021, the Bank had notional amounts of $8,161,000 and $11,811,000, respectively, in outstanding derivative loan commitments. These agreements are reflected on the consolidated balance sheets to the extent of fees received, which approximates fair value.

NOTE 13 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (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. The Company utilizes valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs to measure fair value. Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. Assets and liabilities recorded at fair value are categorized within the fair value hierarchy based upon the level of judgment associated with the inputs used to measure their value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The Company groups its assets and liabilities measured at fair value in three levels, as described above, based on the markets in which the assets and liabilities traded and the reliability of the assumptions used to determine fair value:

Level 1: Valuation is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity has the ability to access as of the measurement date. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2: Valuation is based on significant observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market date for substantially the full term of the assets or liabilities.

Level 3: Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using unobservable inputs to pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The following methods and assumptions were used by the Company in estimating fair value of its financial instruments:

Securities available for sale: These financial instruments are recorded at fair value in the consolidated financial statements. Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted prices are not available, then fair values are estimated by using pricing models (i.e., matrix pricing) or quoted prices of securities with similar characteristics and are classified within Level 2 of the valuation hierarchy. Examples of such instruments include government agency debt securities and mortgage-backed securities, corporate and other bonds and mutual funds. The Level 3 fair values are determined using observable and unobservable inputs.

Impaired Loans: The fair values of impaired loan with specific allocations of the allowance for loan losses is generally based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available for similar loans and collateral underlying such loans. Such adjustments are usually significant and result in a Level 3 classification of the inputs for determining fair value. Non-real estate collateral may be valued using an appraisal, net book value per the borrower's financial statements, or aging reports, adjusted or discounted based on management's historical knowledge of the client and client's business, resulting in a level 3 fair value classification. Impaired loans are evaluated on a quarterly basis for additional impairment and adjusted in accordance with the allowance policy.

NOTE 13 – FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Assets measured at fair value on a recurring basis: Assets measured at fair value on a recurring basis at April 30, 2022 and 2021 are summarized below. There are no liabilities measured at fair value on a recurring basis.

	April, 30, 2022 Fair Value Measurements Using			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
	(In Thousands)			
Municipal notes	$ -	$ 4,615	$ -	$ 4,615
U.S. Agency securities	-	6,586	-	6,586
U.S. Agency mortgage-backed securities	-	24,844	-	24,844
Corporate bonds	-	3,784	-	3,784
	$ -	$ 39,829	$ -	$ 39,829

	April, 30, 2021 Fair Value Measurements Using			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
	(In Thousands)			
Municipal notes	$ -	2,777	-	2,777
U.S. Agency securities	-	6,312	-	6,312
U.S. Agency Mortgage-backed securities	-	31,250	-	31,250
Corporate bonds	-	7,242	-	7,242
	$ -	$ 47,581	$ -	$ 47,581

Assets measured at fair value on non-recurring basis: The Bank may also be required, from time to time, to measure certain other financial assets at fair value on a nonrecurring basis in accordance with U.S. GAAP. These adjustments to fair value usually result from application of lower-of-cost-or-market accounting or write-downs of individual assets. There are no assets or liabilities measured at fair value on a non-recurring basis.

The Bank measures the fair value of collateral dependent impaired loans on a nonrecurring basis in periods subsequent to its initial recognition. Level 2 inputs on the fair value of impaired loans are generally appraisal prices for collateral based assets that may not be immediately current but observable market data does not show a significant variance from our expectations. Level 3 inputs on the fair value of impaired loans also generally include appraised prices on collateral based assets, however, present in these individually reviewed impaired loans are certain unobservable inputs from the perspective of the Bank that adjust the exit price. Examples of such inputs include the borrower's non-payment status and financial illiquidity, stale financial reporting and the Bank's evaluation of the borrower's management team. The fair value of collateral-dependent impaired loans and foreclosed real estate are estimated using the value of the underlying collateral discounted as necessary due to management's estimates of changes in economic conditions.

NOTE 14 – REVENUE FROM CONTRACTS WITH CUSTOMERS

All of the Company's revenue from contracts with customers in the scope of ASC 606 is recognized within Non-Interest Income. The following table presents the Company's sources of Non-Interest Income for the twelve months ended April 30, 2022 and 2021. Items outside the scope of ASC 606 are noted as such.

	Years Ended April 30,	
	2022	2021
	(In Thousands)	(In Thousands)
Non-interest income	$	$
Service charges on deposits		
Overdraft fees	38	24
Other	76	73
Interchange income	201	169
Insurance and investment income	86	224
Net gains on sales of loans [a]	665	2,614
Loan servicing fees [a]	482	517
Net gains (losses) on sales of securities [a]	124	75
Other [b]	532	2,833
Total non-interest income	$ 2,204	$ 6,529

[a] Not within scope of ASC 606

[b] The Other category includes BOLI, rental income, and other income which is outside of the scope of ASC 606

A description of the Company's revenue streams accounted for under ASC 606 follows:

Service Charges on Deposit Accounts: The Company earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as ATM use fees, stop payment charges and wire transfer fees, are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer's request. 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.

Interchange Income: The Company earns interchange fees from debit cardholder transactions conducted through the Mastercard payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder.

Insurance and Investment Income (Net): The Company earns fees from investment brokerage services provided to its customers by a third-party service provider. The Company receives commissions from the third-party service provider on a monthly basis based upon customer activity for the month. The fees are recognized monthly. Because the Company (i) acts as an agent in arranging the relationship between the customer and the third-party service provider and (ii) does not control the services rendered to the customers, investment brokerage fees are presented net of related costs.

NOTE 15– SUBSEQUENT EVENTS

In preparing these financial statements, the Company has evaluated subsequent events through June 22nd, 2022, which is the date the financial statements were available to be issued.