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, Timothy P. Geelan
Name of the Holding Company Director and Official

Director, President & CEO
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.

Timothy P. Geelan
Signature of Holding Company Director and Official

03/28/2022
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):
December 31, 2021
Month / Day / Year

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

Reporter's Name, Street, and Mailing Address

GSB Mutual Holding Company
Legal Title of Holding Company

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

City	State	Zip Code
Guilford	CT	06437

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Name	Title
Steve Supernaugh	SVP Controller

203-430-4032
Area Code / Phone Number / Extension

203-453-3927
Area Code / FAX Number

ssupernaugh@gsbyourbank.com
E-mail Address

N/A
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."

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.

GSB Bancorp, Inc.
Legal Title of Subsidiary Holding Company

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

Guilford	CT	06437
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)

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City State Zip Code

Physical Location (if different from mailing address)

Form FR Y-6

GSB Mutual Holding Company

Guilford, Connecticut

Fiscal Year Ended December 31, 2021

Report Item:

1. The Annual Report enclosed is for the top tier holding company, GSB Mutual Holding Company, not registered with the SEC. The applicable number of copies of the Annual Report are being submitted.

GSB Mutual Holding Company

Consolidated Financial Statements

December 31, 2021

ASSURANCE | ADVISORY | TAX | TECHNOLOGY

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Holyoke, MA 01040
Tel: 413.536.3970

INDEPENDENT AUDITORS' REPORT

GSB Mutual Holding Company
Guilford, Connecticut

Opinion
We have audited the accompanying consolidated financial statements of GSB Mutual Holding Company and its subsidiaries (the "Company"), which comprise the consolidated statements of financial condition as of December 31, 2021 and 2020, and the related consolidated statements of income, comprehensive income, changes in capital accounts and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of their operations and their 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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 generally accepted auditing standards 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 generally accepted auditing standards, we:

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

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

Whittlesey PC

Hartford, Connecticut
March 17, 2022

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

December 31, 2021 and 2020

(In thousands)	2021	2020
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	$ 5,568	$ 5,507
Interest bearing deposits	47,554	63,129
Total cash and cash equivalents	53,122	68,636
Equity securities	24,702	13,380
Available-for-sale securities, at fair value	206,686	148,708
Loans receivable, net	687,814	686,486
Federal Home Loan Bank stock, at cost	1,610	2,958
Accrued interest receivable	2,474	2,922
Cash surrender value of bank-owned life insurance	27,157	26,525
Deferred tax asset, net	1,496	1,783
Premises and equipment, net	11,618	11,597
Goodwill and intangible assets	4,368	4,516
Other assets, net	3,721	3,466
Total assets	$ 1,024,768	$ 970,977
LIABILITIES AND CAPITAL ACCOUNTS		
Liabilities		
Deposits:		
Noninterest bearing	$ 97,995	81,952
Interest bearing	780,455	708,090
Total deposits	878,450	790,042
Mortgagors' escrow accounts	8,679	8,453
Advances from the Federal Home Loan Bank	15,536	46,565
Deferred compensation	1,018	1,034
Other liabilities	6,446	17,298
Total liabilities	910,129	863,392
Commitments and contingent liabilities (Note 11)		
Capital accounts		
Undivided profits	117,216	109,720
Accumulated other comprehensive loss	(2,577)	(2,135)
Total capital accounts	114,639	107,585
Total liabilities and capital accounts	$ 1,024,768	$ 970,977

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

For the Years Ended December 31, 2021 and 2020

(In thousands)	2021	2020
Interest and dividend income		
Interest and fees on loans	$ 27,435	$ 27,585
Interest and dividends on securities	3,599	3,362
Interest on cash and cash equivalents	207	295
Total interest and dividend income	31,241	31,242
Interest expense		
Deposits and escrow	2,805	3,626
Borrowed funds	765	1,307
Total interest expense	3,570	4,933
Net interest income	27,671	26,309
Provision for loan losses	10	1,709
Net interest income after provision for loan losses	27,661	24,600
Noninterest income		
Investment advisory fees	3,469	1,728
Net gains on investment securities	823	253
Service charges on deposit accounts	1,313	1,091
Increase in cash surrender value of bank-owned life insurance	632	576
Net gain on sale of loans	151	663
Other income	565	751
Total noninterest income	6,953	5,062
Noninterest expense		
Salaries and employee benefits	15,832	14,126
Data processing	2,688	2,257
Occupancy and equipment expense	2,737	2,427
Professional services	1,218	1,378
FDIC deposit insurance and state assessment	310	215
Advertising	357	399
Other expense	2,268	1,280
Total noninterest expense	25,410	22,082
Income before provision for income taxes	9,204	7,580
Income tax provision	1,708	1,383
Net income	$ 7,496	$ 6,197

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2021 and 2020

(In thousands)	2021	2020
Net income	$ 7,496	$ 6,197
Other comprehensive income (loss):		
Net unrealized (loss) gain on available-for-sale securities	(3,784)	1,967
Reclassification adjustment for net gains recognized in net income	-	(121)
Net unrealized (loss) gain on securities	(3,784)	1,846
Pension adjustments	25	(216)
Net unrealized gain (loss) on cash flow hedges	3,200	(2,613)
Other comprehensive loss before taxes	(559)	(983)
Income taxes	117	206
Total other comprehensive loss, net of tax	(442)	(777)
Comprehensive income	$ 7,054	$ 5,420

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL ACCOUNTS

For the Years Ended December 31, 2021 and 2020

(In thousands)	Undivided Profits	Accumulated Other Comprehensive Income (Loss): Investments	Accumulated Other Comprehensive Income (Loss): Benefit Plans	Accumulated Other Comprehensive Income (Loss): Cash Flow Hedge	Total
Balance at January 1, 2020	$ 103,523	$ 1,039	$ (701)	$ (1,696)	$ 102,165
Net income	6,197	-	-	-	6,197
Other comprehensive income (loss)	-	1,458	(171)	(2,064)	(777)
Balance at December 31, 2020	109,720	2,497	(872)	(3,760)	107,585
Net income	7,496	-	-	-	7,496
Other comprehensive income (loss)	-	(2,990)	20	2,528	(442)
Balance at December 31, 2021	$ 117,216	$ (493)	$ (852)	$ (1,232)	$ 114,639

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

(In thousands)	2021	2020
Cash flows from operating activities		
Net income	$ 7,496	$ 6,197
Adjustments to reconcile net income to cash provided by operating activities:		
Net amortization of investment premiums and discounts	612	310
Provision for loan losses	10	1,709
Net gains on investment securities	(823)	(253)
Depreciation and amortization	904	905
Intangibles amortization	148	44
Deferred taxes	404	(145)
Loans originated for sale	(6,469)	(16,699)
Proceeds from sale of loans	6,620	17,386
Net gain on sale of loans	(151)	(663)
Income on cash surrender value of bank-owned life insurance	(632)	(576)
Net change in assets and liabilities:		
Deferred loan fees	(467)	1,067
Accrued interest receivable	448	(696)
Other assets	(230)	400
Deferred compensation	(16)	(111)
Other liabilities	438	1,277
Net cash provided by operating activities	8,292	10,152
Cash flows from investing activities		
Proceeds from sale of investment securities	-	2,312
Proceeds from maturities, calls and principal repayments on investment securities	45,049	26,045
Purchase of investment securities	(117,923)	(70,136)
Payment to broker for invesment securities purchased, not settled	(7,386)	-
Loan originations net of principal payments	(871)	(47,372)
Redemption of FHLB stock	1,348	1,332
Purchases of premises and equipment, net	(925)	(825)
Acquisition of CTMA Wealth Management	-	(1,589)
Cash paid related to acquisitions	(703)	(270)
Purchase of bank-owned life insurance	-	(3,000)
Net cash used by investing activities	(81,411)	(93,503)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS – *(Continued)*

For the Years Ended December 31, 2021 and 2020

(In thousands)		2021		2020
Cash flows from financing activities				
Increase in NOW, money market, and savings accounts	$	70,540	$	117,127
Increase in time deposit accounts		17,868		28,688
Repayments on short-term FHLB advances, net		(31,000)		(30,000)
Repayment of long-term FHLB advances		(29)		(28)
Increase in mortgagors' escrow accounts		226		105
Net cash provided by financing activities		57,605		115,892
(Decrease) increase in cash and cash equivalents		(15,514)		32,541
Cash and cash equivalents at beginning of year		68,636		36,095
Cash and cash equivalents at end of year	$	53,122	$	68,636
Supplemental disclosures:				
Cash paid during the year for interest	$	3,587	$	4,896
Cash paid during the year for income taxes		1,421		1,350
Due to broker for investment securities purchased, not settled		-		7,386

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Business

GSB Mutual Holding Company (the Company) is a Connecticut-chartered mutual holding company which owns GSB Bancorp, Inc., a Maryland-Chartered mid-tier stock holding company, whose subsidiary is The Guilford Savings Bank (the Bank), a Connecticut-chartered stock savings bank. The Bank's reorganization into a mutual holding company structure occurred in February 2020.

The Bank provides a full range of banking and investment advisory services to consumer and commercial customers through its main office in Guilford, Connecticut, and seven branches located in Guilford, Madison, North Madison, North Haven, Branford, Northford and Old Saybrook, Connecticut. The Bank is subject to the regulations of certain federal and state agencies and undergoes periodic examinations by those regulatory authorities.

GSB Wealth Management, LLC (GSBWM), a subsidiary of the Bank, is a registered investment advisory firm located in Guilford, Connecticut that manages client accounts on a predominantly discretionary basis. GSBWM earns fees based on assets under management in individual, businesses and retirement plan accounts. The client base is primarily located in the New England area. GSBWM's investment activities are regulated by the Securities and Exchange Commission.

Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and general practices within the banking industry. Such policies have been followed on a consistent basis.

Use of Estimates

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities, as of the date of the consolidated statement of financial condition and reported amounts of revenues and expenses for the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, the valuation of investment securities, derivative instruments and deferred taxes, the evaluation of goodwill for impairment, and the determination of pension obligations.

Risks and Uncertainties

The outbreak of the COVID-19 pandemic (COVID-19), which began in March 2020, has resulted in significant economic disruption affecting the Company's business and the customers it serves. The Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law on March 27, 2020, as a legislative economic and stimulus package, the goal of which was to prevent a severe economic downturn.

As vaccination efforts continue, restrictions on businesses have been lifted and a return to more normal economic activity has begun. However, a significant degree of uncertainty still exists concerning the ultimate duration and magnitude of COVID-19 and subsequent outbreaks, including whether restrictions that have been lifted will need to be imposed again or tightened in the future. Given the ongoing and dynamic nature of the circumstances, it is still difficult to predict the full impact of COVID-19 on the Company's business. The extent of such impact will depend on future developments, including but not limited to the continued roll-out of vaccinations, which play an important role as to when the coronavirus can be controlled and abated.

Although the Company has not experienced a significant interruption in service provided to its customers nor a significant decline in business activity because of COVID-19, the prolonged effects of COVID-19 could materially effect on the Company's business, financial condition and results of operations, the full impact of which cannot be reasonably predicted at this time.

Subsequent Events

Management has evaluated subsequent events for potential recognition or disclosure in the consolidated financial statements through March 17, 2022, the date upon which the Company's consolidated financial statements were available to be issued.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company, GSB Bancorp, Inc., the Bank, The Guilford Savings Bank Mortgage Servicing Company, Inc. (a Passive Investment Company (PIC) organized for state income tax purposes), and GSBWM. All significant intercompany accounts and transactions have been eliminated in consolidation.

Significant Concentrations of Credit Risk

Most of the Company's activities are with customers located in south central Connecticut, and the Company is subject to competition from other financial institutions throughout this region. The Company does not have any significant concentrations in any one industry or customer.

Cash and Cash Equivalents

Cash and due from banks and federal funds sold are recognized as cash equivalents in the consolidated statements of cash flows. Federal funds sold generally mature in one day. For purposes of reporting cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash flows from loans and deposits are reported net. The Company maintains amounts due from banks and federal funds sold that, at times, may exceed federally insured limits. The Company has not experienced any losses from such concentrations.

Investment Securities

Equity securities are recorded at fair value, with unrealized gains and losses reported in earnings.

Management determines the appropriate classification of debt securities at the date individual debt securities are acquired, and the appropriateness of such classification is reassessed at each statement of financial condition date. Debt securities that management has the positive intent and ability to hold to maturity are classified as "held-to-maturity" and are carried at amortized cost. Trading securities are carried at fair value, with unrealized gains and losses recognized in earnings. Debt securities not classified as held-to-maturity or trading are classified as "available-for-sale" and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in accumulated other comprehensive income as a separate component of capital, net of estimated income taxes. At December 31, 2021, all debt securities were classified as available-for-sale.

Fair value is determined by applying the valuation framework in accordance with GAAP, which specifies a hierarchy of valuation techniques based on whether the inputs to those techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions.

Purchase premiums and discounts are recognized in interest income using the interest method over the estimated terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Debt securities are reviewed regularly for other-than-temporary impairment. An unrealized loss on a debt security is generally deemed to be other-than-temporary and a credit loss is deemed to exist if the present value of the expected future cash flows is less than the amortized cost basis of the debt security.

The credit loss component of an other-than-temporary impairment write-down on a debt security is recorded in earnings, while the remaining portion of the impairment loss is recognized in other comprehensive income, provided the Company does not intend to sell the underlying debt security and it is more likely than not that the Company will not be required to sell the debt security prior to recovery. In determining whether a credit loss exists and the period over which the fair value of the debt security is expected to recover, management considers the following factors: the length of time and extent that fair value has been less than cost, the financial condition and near term prospects of the issuer, any external credit ratings, the level of excess cash flows generated from the underlying collateral supporting the principal and interest payments of the debt securities if any, the level of credit enhancement provided by the investment if any and the Company's ability and intent to hold the security for a period sufficient to allow for any anticipated recovery in fair value.

Loans Receivable

Loans receivable are stated at current unpaid principal balances, less the allowance for loan losses and net deferred loan origination fees. Management has the ability and intent to hold its loans for the foreseeable future, or until maturity or payoff.

A loan is considered impaired when it is probable the Company will be unable to collect all contractual principal and interest payments due in accordance with the terms of the loan agreement. An impaired loan is valued based on the present value of expected future cash flows discounted at the loan's effective interest rate, or at the loan's observable market price or the fair value of the collateral, if the loan is collateral dependent. When the value of the impaired loan is less than the recorded investment in the loan, an impairment is recorded through a valuation allowance or charge off.

A troubled debt restructuring (TDR) occurs when a creditor, for economic or legal reasons related to a borrower's financial difficulties, modifies the original terms of the loan or grants a concession to the borrower that it would not otherwise have granted. A concession may include an extension of repayment terms, a reduction of interest rate or the forgiveness of principal and/or accrued interest. If the debtor is experiencing financial difficulty and the creditor has granted a concession, the Company will make the necessary disclosures related to the TDR. In certain cases, a modification may be made in the normal course of business to retain a customer who is not experiencing financial difficulty. This type of modification is not considered to be a TDR.

Federal banking agencies issued inter-agency guidance encouraging financial institutions to work with borrowers that were unable to meet contractual obligations because of COVID-19. Short-term loan modifications (generally up to six months) executed due to COVID-19 on loans that were not past-due at the time the COVID-19 modification program was implemented, would not be considered TDRs. In addition, section 4013 of the CARES Act states that banks may elect to not categorize loan modifications as TDRs if the modification is (1) related to COVID-19; (2) executed on a loan that was not more than 30 days past-due as of December 31, 2019; and (3) executed between March 1, 2020 and the earlier of 60 days after the termination of the national emergency declared in March 2020 or December 31, 2020, which was subsequently extended to December 31, 2021. As a result, modifications that met the criteria of the inter-agency guidance or CARES Act are not classified as TDRs.

Management considers all nonaccrual loans, other loans delinquent 90 days or more based on contractual terms and restructured loans to be impaired. In most cases, loan payments less than ninety days past due are considered minor collection delays, and the related loans are not considered impaired.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes a loan balance is uncollectible. Subsequent recoveries, if any, are credited to the allowance.

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

The allowance consists of specific, general and in some instances unallocated components. The specific component relates to loans that meet certain risk rating criteria. For such loans that are also classified as impaired, an allowance is established when the discounted cash flows (or collateral value, if the loan is collateral dependent, or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical loss experience adjusted for qualitative factors.

Most of the Company's loans are collateralized by real estate located within Connecticut, principally in south central Connecticut. Accordingly, the collateral value of a substantial portion of the Company's loan portfolio and real estate acquired through foreclosure is susceptible to changes in local market conditions.

Management believes that the allowance for loan losses is adequate at December 31, 2021 and 2020. While management uses available information to recognize losses on loans, future additions to the allowance or write-downs may be necessary based on changes in economic conditions, particularly in south central Connecticut. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses. Such agencies have the authority to require the Company to recognize additions to the allowance or write-downs based on the agencies' judgments about information available to them at the time of their examination.

Interest and Fees on Loans

Interest on loans is accrued and included in operating income based on contractual rates applied to principal amounts outstanding. Accrual of interest is discontinued when loan payments are 90 days or more past due, based on contractual terms, or when, in the judgment of management, collectability of the loan or loan interest becomes uncertain. Subsequent recognition of income occurs only to the extent payment is received subject to management's assessment of the collectability of the remaining interest and principal. A nonaccrual loan is restored to accrual status when it is no longer delinquent, and collectability of interest and principal is no longer in doubt. Interest collected on nonaccrual loans, including impaired loans, is recognized only to the extent cash payments are received, and may be recorded as a reduction to principal if the collectability of all loan principal is unlikely.

Loan origination fees and direct loan origination costs are deferred, and the net amount is recognized as an adjustment of the related loan yield utilizing the interest method, generally over the contractual life of the loan.

Loan Sales and Mortgage-Servicing Rights

Residential mortgage loans originated and held for sale are classified separately in the consolidated statements of financial condition and are reported at the lower of amortized cost or market value (based on secondary market prices). Gains or losses on the sale of loans are determined using the specific identification method.

The Company sells residential mortgage loans with servicing rights retained. The fair value of these servicing rights is not material and has not been recognized in the consolidated financial statements.

Foreclosed Real Estate

Foreclosed real estate, if any, consists of properties acquired through, or in lieu of, loan foreclosure or other proceedings and is initially recorded at fair value at the date of foreclosure, which establishes a new cost basis. The properties are held for sale and are carried at the lower of cost or fair value less estimated costs of disposal. Any write-down to fair value at the time of acquisition is charged to the allowance for loan losses. Properties are evaluated regularly to ensure the recorded amounts are supported by current fair values, and a charge to operations is recorded as necessary to reduce the carrying amount to fair value less estimated costs to dispose. There was no foreclosed real estate at December 31, 2021 and 2020.

Revenue and expense from the operation of foreclosed real estate, the provision to establish and adjust valuation allowances and gains or losses from the sale of foreclosed real estate are included in operations. Costs relating to the development and improvement of the property are capitalized, subject to the limit of fair value of the collateral.

Premises and Equipment

Premises and equipment are recorded at cost, net of accumulated depreciation and amortization. Depreciation and amortization is charged to operations and calculated using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 40 years.

Leasehold improvements are amortized over the shorter of the improvements' estimated economic lives or the related lease terms. Upon sale or retirement of premises and equipment, the cost and accumulated depreciation and amortization are removed from the respective accounts and any gain or loss is included in income. Maintenance and repairs are expensed as incurred and improvements are capitalized.

Goodwill and Intangible Assets

The Company's excess cost of acquisitions over the fair value of the net assets acquired consists of goodwill and identifiable intangible assets. The intangible assets are being amortized over their estimated useful lives, while the goodwill is not amortized. The Company first assesses qualitatively whether it is necessary to perform a goodwill impairment test, whereby the Company evaluates whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. In performing that evaluation, the Company considers the totality of all relevant events or circumstances that affect the fair value or carrying value of the reporting unit, such as the financial performance of the reporting unit, economic factors, and industry and market considerations. If the qualitative assessment indicates that it is more likely than not that goodwill is impaired, then a quantitative impairment test is performed. For the years ended December 31, 2021 and 2020, the qualitative assessments indicated that goodwill was not impaired.

Bank-Owned Life Insurance

The Company has invested in multiple life insurance policies to enhance the retirement benefits for certain key employees and to generate income through appreciation in the net realizable value of the policies. These policies are presented in the consolidated statements of financial condition at cash surrender values. Changes in values are reflected in the noninterest income section of the consolidated statements of income.

Cloud Computing Hosting Arrangement Implementation Costs

The Company has an arrangement with a third party that provides cloud computing services and has capitalized certain implementation costs in conjunction with the transition to this service contract. The total costs capitalized were $1,426,000 and are being amortized over the ten-year contract life. At December 31, 2021 and 2020, the net book value of the capitalized implementation costs was $1,121,000 and $1,252,000, respectively, which is included in other assets in the consolidated statements of financial condition.

Impairment of Long-Lived Assets

Long-lived assets, including premises and equipment and intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If impairment is indicated by that review, the asset is written down to its estimated fair value through a charge to noninterest expense.

Income Taxes

The Company recognizes deferred tax assets and liabilities for the future tax consequences attributable to 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 due to a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that all or some portion of the deferred tax assets will not be realized. It is the Company's policy to recognize interest and penalties related to unrecognized tax liabilities within income tax expense in the consolidated statements of income.

The Company examines its consolidated financial statements, its income tax provision, and its federal and state income tax returns and analyzes its tax positions, including permanent and temporary differences, as well as the major components of income and expense to determine whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. The Company recognizes interest and penalties arising from income tax settlements as part of its provision for income taxes.

Pension Plan

The Company offers pension benefits to eligible employees. GAAP related to employee benefit plans requires entities to recognize the over or under funded status of their plans as an asset or liability as measured by the difference between the fair value of the plan assets and the projected benefit obligation. Also, any unrecognized prior service costs and actual gains and losses are required to be recognized as a component of accumulated other comprehensive income.

Derivative Instruments

The Company is exposed to certain risks arising from both its business operations and economic conditions, and principally manages these risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its assets and liabilities and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's loan portfolio.

Management applies the hedge accounting provisions of FASB Accounting Standards Codification (ASC) Topic 815, and formally documents at inception all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking the various hedges. The Company expects at inception that hedging relationships will be highly effective. The Company discontinues hedge accounting when it is determined that a derivative is not expected to be or has ceased to be highly effective as a hedge, and then reflects changes in fair value of the derivative in earnings after termination of the hedge relationship.

The Company primarily uses interest rate swaps as part of its interest rate risk management strategy, to add stability to interest expense and manage exposure to interest rate movements. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Such derivatives are used to hedge the variable cash flows associated with variable-rate borrowings, brokered time deposits and money market deposit accounts.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in accumulated other comprehensive income and subsequently reclassified into interest expense in the same period(s) during which the hedged transaction affects earnings.

The Company is exposed to changes in the fair value of certain of its fixed-rate assets due to changes in benchmark interest rates. The Company uses interest rate swaps to manage its exposure to changes in fair value on these instruments attributable to changes in the designated benchmark interest rate, LIBOR. These swaps are designated as fair value hedges and involve the payments of fixed-rate amounts to a counterparty in exchange for the Company receiving variable-rate payments over the life of the agreements without the exchange of the underlying notional amount.

For derivatives designated and that qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in interest income.

The Company enters into other derivative instruments that do not qualify for hedge accounting treatment per FASB ASC Topic 815. These derivative financial instruments result from participations in interest rate swaps provided to external lenders as part of loan participation arrangements. These derivative instruments are accounted for at fair value with changes in fair value recorded in the consolidated statements of income.

Related Party Transactions

Directors and officers of the Company and their affiliates have been customers of and have had transactions with the Company and, it is expected that such persons will continue to have such transactions in the future. Management believes that all deposit accounts, loans, services, and commitments comprising such transactions were made in the ordinary course of business, on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other customers who are not directors or officers of the Company.

Comprehensive Income (Loss)

GAAP generally requires that recognized revenue, expenses, gains, and losses be included in net income. Although certain changes in assets and liabilities, such as 1) unrealized gains and losses on available-for-sale investment securities, 2) certain components of pension and postretirement liabilities, and 3) fair value of cash flow hedge transactions are reported as a separate component of the capital section of the consolidated statements of financial condition, such items, along with net income, are components of comprehensive income (loss).

Reclassifications

Certain 2020 amounts have been reclassified to conform to the 2021 presentation. These reclassifications only change the reporting categories and did not affect the results of operations or financial position.

Accounting Standards Updates

The following section includes changes in accounting standards and potential effects of pending accounting pronouncements.

ASU No. 2016-02, *Leases (Topic 842)*. The amendments in this update require lessees to recognize, on the balance sheet, assets and liabilities for the rights and obligations created by leases. The guidance was effective for the Company on January 1, 2022. The adoption requires either a modified retrospective transition where the lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented, or a cumulative effect adjustment as of the date of adoption. The Company adopted this new guidance on January 1, 2022 and as a result, the Company recorded lease right-of-use assets and lease liabilities of approximately $5,000,000 through a cumulative effect adjustment as of that date.

ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): "Measurement of Credit Losses on Financial Instruments"*, which requires measurement and recognition of expected life-of-loan credit losses for financial assets held based on historical experience, current conditions and reasonable and supportable forecasts. This ASU will also require enhanced disclosures. The amendments in this update will be effective for the Company on January 1, 2023. Early adoption is permitted as of the fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Management is currently evaluating the impact of this guidance on the Company's consolidated financial statements.

ASU No. 2017-08, *Receivables – Nonrefundable Fees and Other Costs (subtopic 310-20): "Premium Amortization on Purchased Callable Debt Securities."* This ASU shortens the amortization period for certain callable debt securities held at a premium. Specifically, the amendments require the premium to be amortized to the earliest call date. The amendments do not require an accounting change for securities held at a discount; the discount continues to be amortized to maturity. The Company adopted this guidance on January 1, 2020, and there was no impact on the Company's consolidated financial statements.

ASU No. 2018-14, *Compensation – Retirement Benefits (Topic 715): "Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans."* The amendments in the ASU remove disclosures that no longer are considered cost beneficial, clarify the specific requirements of certain disclosures, and add disclosure requirements identified as relevant. The guidance was effective for the Company for the year ending December 31, 2021 and the application of this guidance did not have an impact on the Company's disclosures.

ASU No. 2020-04, *Reference Rate Reform (Topic 848): "Facilitation of the Effects of Reference Rate Reform on Financial Reporting."* This ASU provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this update apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The amendments in this update are effective for all entities as of March 12, 2020 through December 31, 2022. Management is currently evaluating the impact of this guidance on the Company's consolidated financial statements.

2. GOODWILL AND INTANGIBLE ASSETS

In 2018, the Company completed its purchase of GSBWM, a registered investment advisory firm, which resulted in $2,035,000 of goodwill and a customer list intangible asset of $440,000. The customer list intangible asset is being amortized over an estimated life of ten years.

On December 22, 2020, GSBWM acquired the assets of CTMA Wealth Management (CTMA), a registered investment advisory firm. The purchase resulted in $734,000 of goodwill, a customer list intangible of $1,421,000 and a non-compete intangible for $18,000. The customer list intangible is being amortized over an estimated life of 15 years and the non-compete intangible is being amortized over an estimated life of two years.

The following is a summary and allocation of the purchase price for the 2020 CTMA asset purchase:

(In thousands)	CTMA
Purchase price:	
Cash	$ 1,589
Contingent consideration	597
	$ 2,186
Allocation:	
Fixed assets	$ 13
Customer relationship intangible	734
Non-compete agreements	18
Goodwill	1,421
	$ 2,186

For the years ended December 31, 2021 and 2020, a summary of the contingent consideration liabilities related to the acquisitions were as follows:

(In thousands)	GSBWM	CTMA	Total
Balance at December 31 2019	$ 913	$ -	$ 913
Contingent consideration payment	(270)	-	(270)
Change in estimate	(280)	-	(280)
CTMA asset purchase	-	597	597
Balance at December 31 2020	363	597	960
Contingent consideration payment	(363)	(341)	(704)
Change in estimate	-	655	655
Balance at December 31 2021	$ -	$ 911	$ 911

The calculation of the final payment of contingent consideration for GSBWM at December 31, 2020 resulted in a change in the estimated payments which reduced the liability by $280,000, which is included in other income in the consolidated statements of income. During 2021, the contingent consideration for CTMA was adjusted to reflect an increase in the expected revenues of the acquired business, which increased the liability by $655,000, which in included in other expense in the consolidated statements of income. Contingent consideration is included in other liabilities in the consolidated statements of financial condition.

At December 31, 2021 and 2020, changes in the carrying amount of goodwill and intangible assets were as follows:

(In thousands)	Goodwill	Customer Relationship Intangible	Non-compete Agreements
Balance at December 31 2019	$ 2,035	$ 352	$ -
Amortization expense	-	(44)	-
CTMA acquisition	734	1,421	18
Balance at December 31 2020	2,769	1,729	18
Amortization expense	-	(139)	(9)
Balance at December 31 2021	$ 2,769	$ 1,590	$ 9

At December 31, 2021 and 2020, management determined that there were no impairments in the recorded amounts of goodwill or intangible assets.

Estimated amortization expense of identifiable intangible assets for years subsequent to December 31, 2021 is as follows:

(in thousands)	Customer Relationship Intangible	Non-compete Agreement
2022	$ 139	$ 9
2023	139	-
2024	139	-
2025	139	-
2026	139	-
Thereafter	895	-
Total	$ 1,590	$ 9

3. RESTRICTIONS ON CASH AND DUE FROM BANKS

During 2021 and 2020, the Company was required to maintain correspondent bank balances of $25,000. At December 31, 2021 and 2020, the Company was required to maintain $2,000,000 and $5,190,000, respectively, with financial institutions related to derivative instruments.

4. INVESTMENT SECURITIES

The amortized cost, gross unrealized gains and losses, and fair values of available-for-sale investment securities at December 31, 2021 and 2020 were as follows:

(In thousands)	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
December 31, 2021				
U.S. Government and agency obligations	$ 56,471	$ 3	$ (426)	$ 56,048
State agency and municipal obligations	5,818	74	-	5,892
Government guaranteed mortgage-backed securities	113,631	1,015	(1,408)	113,238
Corporate bonds	31,390	281	(163)	31,508
Total	$ 207,310	$ 1,373	$ (1,997)	$ 206,686
December 31, 2020				
U.S. Government and agency obligations	$ 3,001	$ 22	$ -	$ 3,023
State agency and municipal obligations	8,151	207	-	8,358
Government guaranteed mortgage-backed securities	111,274	2,490	(7)	113,757
Corporate bonds	23,122	475	(27)	23,570
Total	$ 145,548	$ 3,194	$ (34)	$ 148,708

The fair values of equity securities at December 31, 2021 and 2020 were as follows:

(In thousands)	2021	2020
Preferred stock	$ 4,028	$ 3,994
Common stock	9,687	9,386
Mutual funds	10,987	-
Total	$ 24,702	$ 13,380

The following table presents the fair value and gross unrealized losses of the Company's available-for-sale debt securities, aggregated by the length of time the individual securities have been in a continuous unrealized loss position, as of December 31, 2021 and 2020:

	Length of Time in Continuous Unrealized Loss Position					
	Less Than 12 Months		12 Months or More		Total	
(In thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2021						
U.S. Government and agency obligations	$ 46,204	$ (426)	$ -	$ -	$ 46,204	$ (426)
Government guaranteed mortgage-backed securities	66,944	(1,016)	13,112	(392)	80,056	(1,408)
Corporate bonds	17,180	(163)	-	-	17,180	(163)
Total debt securities	$ 130,328	$ (1,605)	$ 13,112	$ (392)	$ 143,440	$ (1,997)
December 31, 2020						
Government guaranteed mortgage-backed securities	$ 3,931	$ (6)	$ 208	$ (1)	$ 4,139	$ (7)
Corporate bonds	4,473	(27)	-	-	4,473	(27)
Total debt securities	$ 8,404	$ (33)	$ 208	$ (1)	$ 8,612	$ (34)

At December 31, 2021, the Company had 84 debt securities with unrealized losses totaling $1,997,000. These unrealized losses are related to U.S. Government and agency obligations, government guaranteed mortgage-backed securities and corporate bonds. The unrealized losses are attributed to the current interest rate environment and not to any credit related event. As management has the ability to hold these securities until maturity, or for the foreseeable future, none of these declines were considered to be other-than-temporary.

There were no other-than-temporary impairments recorded during 2021 or 2020.

Sales of investment securities resulted in gross realized gains of $484,000 and gross realized losses of $468,000 for the year ended December 31, 2020. There were no sales of investment securities in 2021.

As of December 31, 2021, the amortized cost and fair values of debt securities, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties:

	December 31, 2021	
(In thousands)	Amortized Cost	Fair Value
Maturity		
Due within one year	$ 4,728	$ 4,738
Due from one through five years	56,023	55,849
Due from five through ten years	32,928	32,861
	93,679	93,448
Government guaranteed mortgage-backed securities	113,631	113,238
Total debt securities	$ 207,310	$ 206,686

At December 31, 2021 and 2020, U.S. Government securities with fair values of $2,968,000 and $2,008,000, respectively, were pledged to secure public deposits.

The following is information related to unrealized gains on equity securities for the years ended December 31, 2021 and 2020:

(In thousands)	2021	2020
Net gain recognized during the year on equity securities	$ 823	$ 132
Net losses recognized during the year on equity securities sold during the period	-	195
Unrealized gains recognized during the year on equity securities still held at end of year	$ 823	$ 327

5. LOANS AND ALLOWANCE FOR LOAN LOSSES

The Company's loan portfolio at December 31, 2021 and 2020 was as follows:

(Dollars in thousands)	2021	2020
Real estate loans:		
Residential	$ 329,342	$ 310,205
Commercial	254,153	247,263
Second mortgages and HELOCs	24,667	26,616
Construction and land development	64,509	58,067
Total real estate loans	672,671	642,151
Commercial	21,745	50,256
Consumer	2,249	3,463
Total loans	696,665	695,870
Allowance for loan losses	(7,708)	(7,774)
Deferred loan origination fees, net	(1,143)	(1,610)
Loans receivable, net	$ 687,814	$ 686,486
Weighted average yield	3.69%	3.77%

The CARES Act authorized the U.S. Small Business Administration (SBA) to guarantee loans under the Paycheck Protection Program (PPP), providing loans to businesses negatively impacted by COVID-19. As of December 31, 2021 and 2020, PPP loans aggregating $10,195,000 and $34,343,000, respectively, are included in commercial loans. These loans are eligible for forgiveness under the PPP if the borrowers meet certain criteria under the program, and in addition, the SBA guarantees the repayment of any principal and interest that is not forgiven.

The Company's lending activities are conducted principally in the south central section of Connecticut. The Company grants single-family and multifamily residential loans, commercial real estate loans, commercial loans and a variety of consumer loans. In addition, the Company grants loans for the construction of residential homes, residential developments, commercial projects and land development projects.

Risk Management

The Company has established credit policies applicable to each type of lending activity in which it engages. The Company evaluates the creditworthiness of each customer and, in most cases, extends credit of up to 80% of the market value of the collateral at the date of the credit extension, depending on the borrowers' creditworthiness and the type of collateral. Real estate is the primary form of collateral. Other important forms of collateral are time deposits, business assets and marketable securities. While collateral provides assurance as a secondary source of repayment, the Company ordinarily requires the primary source of repayment based on the borrower's ability to generate continuing cash flows. The Company's policy for collateral requires that, generally, the amount of the loan may not exceed 97% of the original appraised value of residential, owner occupied property. Private mortgage insurance is required for that portion of the loan in excess of 80% of the appraised value of the property.

Credit Quality of Loans and the Allowance for Loan Losses

Management segregates the loan portfolio into portfolio segments which is defined as the level at which the Company develops and documents a systematic method for determining its allowance for loan losses. The portfolio segments are segregated based on loan types and the underlying risk factors present in each loan type. Such risk factors are periodically reviewed by management and revised as deemed appropriate.

The Company's loan portfolio segmentation is as follows:

Residential Real Estate. This portfolio segment consists of first mortgage loans secured by one-to four-family owner occupied residential properties for personal use located in the Company's market area.

Commercial Real Estate. This portfolio segment includes loans secured by owner occupied and investment commercial real estate, non-owner occupied one-to four-family and multi-family dwellings for property owners and businesses in the Company's market area. Loans secured by commercial real estate generally have larger loan balances and more credit risk than owner occupied one-to four-family mortgage loans.

Second Mortgages and Home Equity Lines of Credit (HELOC). This portfolio segment includes home equity loans and HELOCs secured by owner occupied one-to four-family residential properties. Loans of this type are written at a cumulative maximum of 80% of the appraised value of the property and generally require that the Company have a second lien position on the property. These loans are generally written at a higher interest rate and a shorter term than mortgage loans. These loans can be affected by economic conditions and the values of the underlying properties.

Construction and Land Development. This portfolio segment includes residential construction loans to individuals to finance the construction of residential dwellings, commercial construction loans for commercial development projects, including condominiums, apartment buildings and single-family subdivisions as well as office buildings, retail and other income producing properties and land loans, which are loans made with land as security. Construction and land development financing generally involves greater credit risk than long-term financing on improved, owner-occupied real estate. Risk of loss on a construction loan depends largely upon the accuracy of the initial estimate of the value of the property at completion of construction compared to the estimated cost of construction and other assumptions. If the estimate of construction cost proves to be inaccurate, the Company may be required to advance additional funds beyond the amount originally committed to protect the value of the property. Moreover, if the estimated value of the completed project proves to be inaccurate, the borrower may hold a property with a value that is insufficient to assure full repayment. Construction loans also expose the Company to the risks that improvements will not be completed on time in accordance with specifications and projected costs and that repayment will depend on the successful operation or sale of the properties, which may cause some borrowers to be unable to continue with debt service which exposes the Company to greater risk of non-payment and loss.

Commercial. This portfolio segment includes commercial business loans secured by real estate, assignments of corporate assets, assignment of rents and leases and personal guarantees of the business owners. Commercial business loans generally have higher interest rates and shorter terms than other loans, but they also may involve higher average balances, increased difficulty of loan monitoring and a higher risk of default since their repayment generally depends on the successful operation of the borrower's business. In addition, in 2021 and 2020, commercial loans include PPP loans which are commercial business loans granted under the provisions of the CARES Act which are eligible for forgiveness by, and guaranteed by, the U.S. Small Business Administration. The majority of the PPP loans have terms of two years, however, if not forgiven, the borrower has the option to extend it to a five-year term.

Consumer. This portfolio segment mainly includes purchased student loans. Other loans in this category includes loans secured by passbook or certificate accounts, automobiles, as well as unsecured personal loans and overdraft lines of credit. This type of lending may entail greater risk than do residential mortgage loans, particularly in the case of student loans that are unsecured.

Allowance for Loan Losses

The following tables set forth the changes in the allowance for loan losses by portfolio segment, disaggregated by impairment methodology, further segregated by amounts evaluated for impairment collectively and individually, at December 31, 2021 and 2020, and for the years then ended:

	Allowance for Loan Losses						
(In thousands)	Residential Real Estate	Commercial Real Estate	Second Mortgages and HELOCs	Construction and Land Development	Commercial	Consumer	Total
December 31, 2021							
Beginning balance	$ 2,032	$ 4,087	$ 237	$ 1,080	$ 287	$ 51	$ 7,774
Charge-offs	-	-	(19)	-	(100)	(1)	(120)
Recoveries	44	-	-	-	-	-	44
Provisions	(135)	128	(8)	45	-	(20)	10
Ending balance	$ 1,941	$ 4,215	$ 210	$ 1,125	$ 187	$ 30	$ 7,708
Allowance related to loans individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ 1	$ 1
Allowance related to loans collectively evauaIted for impairment	1,941	4,215	210	1,125	187	29	7,707
	$ 1,941	$ 4,215	$ 210	$ 1,125	$ 187	$ 30	$ 7,708
Loan Balances at Year-End:							
Loans individually evaluated for impairment	$ 2,566	$ 1,921	$ 35	$ -	$ 520	$ 1	$ 5,043
Loans collectively evaluated for impairment	326,776	252,232	24,632	64,509	21,225	2,248	691,622
Total loans ending balance	$ 329,342	$ 254,153	$ 24,667	$ 64,509	$ 21,745	$ 2,249	$ 696,665

	Allowance for Loan Losses						
(In thousands)	Residential Real Estate	Commercial Real Estate	Second Mortgages and HELOC	Construction and Land Development	Commercial	Consumer	Total
December 31, 2020							
Beginning balance	$ 1,462	$ 3,347	$ 214	$ 937	$ 311	$ 89	$ 6,360
Charge-offs	(68)	-	-	-	(228)	-	(296)
Recoveries	-	-	-	-	-	1	1
Provisions	638	740	23	143	204	(39)	1,709
Ending balance	$ 2,032	$ 4,087	$ 237	$ 1,080	$ 287	$ 51	$ 7,774
Allowance related to loans individually evaluated for impairment	$ 4	$ -	$ -	$ -	$ -	$ -	$ 4
Allowance related to loans collectively evauaIted for impairment	2,028	4,087	237	1,080	287	51	7,770
	$ 2,032	$ 4,087	$ 237	$ 1,080	$ 287	$ 51	$ 7,774
Loan Balances at Year-End:							
Loans individually evaluated for impairment	$ 3,929	$ 2,020	$ 75	$ -	$ 577	$ -	$ 6,601
Loans collectively evaluated for impairment	306,276	245,243	26,541	58,067	49,679	3,463	689,269
Total loans ending balance	$ 310,205	$ 247,263	$ 26,616	$ 58,067	$ 50,256	$ 3,463	$ 695,870

The allowance for loan losses allocated to each portfolio segment is not necessarily indicative of future losses in any portfolio segment and does not restrict the use of the allowance to absorb losses in other portfolio segments.

Credit Quality Indicators

The Company's policies provide for the classification of construction and land development, commercial real estate, and commercial loans into the following risk-rating categories: pass, special mention, substandard, doubtful and loss. Consistent with regulatory guidelines, loans that are of lesser quality are classified as substandard, doubtful, or loss. A loan is considered substandard if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Substandard loans include those loans characterized by the distinct possibility that we will sustain some loss if the deficiencies are not corrected. Loans classified as doubtful have all of the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses present make collection or liquidation in full, based on currently existing facts, conditions and values, highly questionable and improbable. Loans (or portions of loans) classified as loss are those considered uncollectible and of such little value that their continuance as loans is not warranted. Loans that do not expose the Company to risk sufficient to warrant classification in one of the aforementioned categories, but which possess potential weaknesses that deserve close attention, are required to be designated as special mention.

When loans are classified as special mention, substandard or doubtful, the Company disaggregates these loans and allocates a portion of the related general loss allowances to such loans as the Company deems prudent. Determinations as to the classification of loans and the amount of loss allowances are subject to review by the Federal Deposit Insurance Corporation (FDIC) and the State of Connecticut Department of Banking, who can require the establishment of additional loss allowances. The Company regularly reviews its loan portfolio to determine whether any loans require classification in accordance with applicable regulations.

The following tables are a summary of the commercial loan portfolio quality indicators by portfolio segment as of December 31, 2021 and 2020:

	Credit Quality Indicators					
	December 31, 2021			December 31, 2020		
(In thousands)	Commercial Real Estate	Construction and Land Development	Commercial	Commercial Real Estate	Construction and Land Development	Commercial
Grade:						
Pass	$ 229,539	$ 63,750	$ 20,663	$ 223,890	$ 56,867	$ 48,552
Special Mention	22,693	759	562	21,353	1,200	1,079
Substandard	1,921	-	520	2,020	-	625
Total	$ 254,153	$ 64,509	$ 21,745	$ 247,263	$ 58,067	$ 50,256

Residential real estate, second mortgages and HELOCs, and consumer loans are not risk rated and the credit risk profile is based on payment activity. The following table represents the credit risk profile of these loans at December 31, 2021 and 2020:

	Credit Quality Indicators					
	As of December 31, 2021			As of December 31, 2020		
(In thousands)	Residential Real Estate	Second Mortgages and HELOC	Consumer	Residential Real Estate	Second Mortgages and HELOC	Consumer
Performing	$ 327,948	$ 24,667	$ 2,248	$ 307,565	$ 26,589	$ 3,463
Nonperforming	1,394	-	1	2,640	27	-
Total	$ 329,342	$ 24,667	$ 2,249	$ 310,205	$ 26,616	$ 3,463

Loan Portfolio Aging Analysis

The following tables set forth certain information with respect to our loan portfolio delinquencies by portfolio segment and amount as of December 31, 2021 and 2020:

(In thousands)	30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater	Total Past Due	Current	Total Loans
December 31, 2021						
Real estate loans:						
Residential	$ 917	$ 270	$ 395	$ 1,582	$ 327,760	$ 329,342
Commercial	-	1,921	-	1,921	252,232	254,153
Second mortgages and HELOC	35	-	-	35	24,632	24,667
Construction and land development	-	-	-	-	64,509	64,509
Commercial	-	-	500	500	21,245	21,745
Consumer	2	1	-	3	2,246	2,249
Total	$ 954	$ 2,192	$ 895	$ 4,041	$ 692,624	$ 696,665
December 31, 2020						
Real estate loans:						
Residential	$ 902	$ 78	$ 1,425	$ 2,405	$ 307,800	$ 310,205
Commercial	-	-	2,020	2,020	245,243	247,263
Second mortgages and HELOC	-	-	27	27	26,589	26,616
Construction and land development	-	-	-	-	58,067	58,067
Commercial	991	-	577	1,568	48,688	50,256
Consumer	1	-	-	1	3,462	3,463
Total	$ 1,894	$ 78	$ 4,049	$ 6,021	$ 689,849	$ 695,870

The Company does not have any loans greater than 90 days past due and still accruing as of December 31, 2021 and 2020.

Loans on Nonaccrual Status

The following table is a summary of nonaccrual loans by portfolio segment as of December 31, 2021 and 2020:

(In thousands)	2021	2020
Real estate loans:		
Residential	$ 1,394	$ 2,640
Commercial	1,921	2,020
Second mortgages and HELOC	-	27
Construction and land development	-	-
Commercial	520	577
Consumer	1	-
Total nonaccrual loans	$ 3,836	$ 5,264

Nonaccrual loans are comprised of loans primarily delinquent 90 or more days, loans on discretionary nonaccrual status and certain TDRs. The amount of income that was contractually due but not recognized on nonperforming loans totaled $139,000 and $56,000 in 2021 and 2020, respectively.

Impaired Loans

At December 31, 2021 and 2020, impaired loans by portfolio segment were as follows:

(In thousands)	Carrying Amount	Unpaid Principal Balance	Associated Allowance	Average Carrying Amount	Interest Income Recognized
December 31, 2021					
Real estate loans:					
Residential	$ 2,566	$ 2,789	$ -	$ 2,628	$ 113
Commercial	1,921	2,008	-	1,971	85
Second mortgages and HELOC	35	35	-	35	1
Construction and land development	-	-	-	-	-
Commercial	520	794	-	572	2
Consumer	1	1	1	1	-
Total impaired loans	$ 5,043	$ 5,627	$ 1	$ 5,207	$ 201
December 31, 2020					
Real estate loans:					
Residential	$ 3,929	$ 4,193	$ 4	$ 4,030	$ 116
Commercial	2,020	2,021	-	2,034	17
Second mortgages and HELOC	75	117	-	78	-
Construction and land development	-	-	-	-	-
Commercial	577	750	-	609	2
Consumer	-	-	-	-	-
Total impaired loans	$ 6,601	$ 7,081	$ 4	$ 6,751	$ 135

Troubled Debt Restructurings

The following table presents loans whose terms were modified under TDRs as of December 31, 2021 and 2020:

	2021		2020	
(Dollars in thousands)	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
Residential Real Estate	6	$ 1,373	7	$ 1,766
Commercial Real Estate	2	1,941	-	-
Second mortgages and HELOC	1	35	1	48
Total	9	$ 3,349	8	$ 1,814

At December 31, 2021 and 2020, the Bank modified a total of $106,907,000 and $99,032,000, respectively, of loans related to COVID-19 that have not been classified as TDRs or delinquent loans. At December 31, 2021 and 2020, $106,907,000 and $83,737,000 of loans had resumed payments and $0 and $15,295,000, respectively, of loans remained on payment deferral. At December 31, 2021 and 2020, interest payments on these loans had been deferred and included in accrued interest receivable on the consolidated statements of financial condition.

Related Party Loans

In the normal course of business, the Company grants loans to officers, directors and other related parties. Changes in loans outstanding to such related parties during 2021 and 2020 were as follows:

(In thousands)	2021	2020
Balance at beginning of the year	$ 2,407	$ 4,763
Additional loans	-	1,360
Repayments	(966)	(3,716)
Balance, end of year	$ 1,441	$ 2,407

These loans were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with customers, and did not involve more than the normal risk of collectability. For the years ended December 31, 2021 and 2020, all related party loans were performing.

Loans Serviced for Others

The Company services certain loans that it has sold with recourse to third parties. The aggregate balance of loans serviced for others was $34,845,000 and $34,549,000 at December 31, 2021 and 2020, respectively.

6. PREMISES AND EQUIPMENT

Premises and equipment at December 31, 2021 and 2020 were as follows:

(In thousands)	2021	2020
Land	$ 3,071	$ 3,071
Building and improvements	12,909	12,335
Furniture, fixtures and equipment	3,264	2,777
Software	1,058	1,000
Construction in progress	81	275
	20,383	19,458
Accumulated depreciation and amortization	8,765	7,861
Premises and equipment, net	$ 11,618	$ 11,597

Depreciation and amortization expense was $904,000 and $905,000 for the years ended December 31, 2021 and 2020, respectively.

7. DEPOSITS

Deposits and weighted average interest rates at December 31, 2021 and 2020 were as follows:

	2021		2020	
(Dollars in thousands)	Amount	Weighted Average Rate	Amount	Weighted Average Rate
Noninterest checking	$ 97,995	- %	$ 81,952	- %
NOW and other checking	195,567	0.03	171,104	0.03
Savings and money market	370,254	0.06	340,220	0.08
Time certificates of deposit	214,634	0.43	196,766	0.64
Total deposits	$ 878,450	0.14	$ 790,042	0.20

Time certificates of deposits with balances of $250,000 or more were $117,400,000 and $101,694,000 at December 31, 2021 and 2020, respectively.

Scheduled maturities of time certificates of deposit as of December 31, 2021 were as follows:

	2021	
(Dollars in thousands)	Amount	Weighted Average Rate
Certificate accounts maturing in:		
Less than one year	$ 183,274	0.24 %
One year to two years	22,667	1.47
Two years to three years	6,563	2.30
Three years to five years	2,130	0.46
	$ 214,634	0.43

A summary of interest expense by account type for the years ended December 31, 2021 and 2020 was as follows:

(In thousands)	2021	2020
NOW and other checking	$ 56	$ 60
Savings and money market	572	1,118
Time certificates of deposit	2,160	2,427
Escrow	17	21
Interest expense on deposits and escrow	$ 2,805	$ 3,626

8. BORROWINGS AND FEDERAL HOME LOAN BANK OF BOSTON STOCK

At December 31, 2021 and 2020, the Company had access to an overnight Fed Funds liquidity line of credit with another financial institution for $10,000,000. There were no amounts outstanding at December 31, 2021 and 2020.

The Company is a member of the Federal Home Loan Bank of Boston (FHLBB). At December 31, 2021 and 2020, the Company had access to a preapproved secured line of credit with the FHLBB of $4,514,000. The Company has the capacity to borrow up to a certain percentage of the value of its qualified collateral as defined in the FHLBB Statement of Credit Policy. The qualified collateral must be free and clear of liens, pledges, and encumbrances. At December 31, 2021 and 2020, there were no amounts outstanding under the line of credit.

At December 31, 2021 and 2020, outstanding advances from the FHLBB by maturity and weighted average rates were as follows:

	2021		2020	
(Dollars in thousands)	Amount Due	Weighted Average Rate	Amount Due	Weighted Average Rate
Year of Maturity:				
2021	$ -	- %	$ 46,029	- %
2022	15,030	0.31	30	0.37
2023	30	2.18	30	2.18
2024	31	2.18	31	2.18
2025	31	2.18	31	2.18
2026	32	2.18	32	2.18
Thereafter	382	2.18	382	2.18
	$ 15,536	0.37	$ 46,565	0.39

Interest expense on the FHLBB advances, excluding the impact of interest rate hedges (Note 14), was $113,000 and $579,000 for the years ended December 31, 2021, and 2020, respectively.

The Company is required to maintain an investment in capital stock of the FHLBB. There is no ready market or quoted market values for the stock. The shares have a par value of $100 and are recorded at cost, as the stock is only redeemable at par subject to the redemption practices of the FHLBB. The Company's investment in FHLBB capital stock was $1,610,000 and $2,958,000 at December 31, 2021 and 2020, respectively.

9. INCOME TAXES

The components of the income tax provision for the years ended December 31, 2021 and 2020 were as follows:

(In thousands)	2021	2020
Current:		
Federal	$ 1,303	$ 1,528
State	1	-
Total current expense	1,304	1,528
Deferred:		
Federal	404	(145)
State	-	-
Total deferred expense	404	(145)
Income tax expense	$ 1,708	$ 1,383

The Company has a wholly-owned subsidiary that operates as a PIC in accordance with Connecticut statues. The PIC's activities are limited in scope to holding and managing loans that are collateralized by real estate. Income earned by a PIC is exempt from Connecticut income tax, and as such, the Company is not subject to Connecticut income tax. In addition, any dividends paid by the PIC to the Company are not taxable income for Connecticut income tax purposes.

The following is a reconciliation of the anticipated income tax provision (computed by applying the federal statutory income tax rate of 21% to income before income tax expense), to the provision for income taxes as reported in the consolidated statements of income for the years ended December 31, 2021 and 2020:

(Dollars in thousands)	2021	2020
Tax on income at statutory rates	$ 1,933	$ 1,592
Increase (decrease) resulting from:		
Nondeductible expenses	4	5
Tax exempt income on insurance	(133)	(121)
Dividends received deduction	(61)	(52)
Tax exempt municipal bond income	(39)	(51)
Other items, net	4	10
Income tax expense	$ 1,708	$ 1,383
Effective rate of income tax expense	18.56%	18.25%

Management regularly analyzes tax positions and at December 31, 2021 does not believe that the Company has taken any tax positions where future deductibility is not certain. At December 31, 2021, the Company is subject to unexpired statutes of limitation for examination of its tax returns for U.S Federal and Connecticut income taxes for the years 2018 - 2020.

Deferred income taxes reflect the impact of "temporary differences" between the amount of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws and regulations. The tax effects of temporary differences that give rise to significant components of the deferred tax assets and deferred tax liabilities at December 31, 2021 and 2020 were as follows:

(In thousands)	2021	2020
Deferred tax assets:		
Allowance for loan losses	$ 1,619	$ 1,632
Loan fees deferred for financial reporting purposes	240	338
Defined benefit pension - AOCI	226	232
Deferred compensation	563	558
Net unrealized loss on interest rate swaps	328	1,000
Other items, net	116	122
Gross deferred tax assets	3,092	3,882
Deferred tax liabilities:		
Premises and equipment	(632)	(560)
Net unrealized gain on investment securities	(771)	(1,393)
Other items, net	(193)	(146)
Gross deferred tax liabilities	(1,596)	(2,099)
Net deferred tax asset	$ 1,496	$ 1,783

GAAP requires a valuation allowance against deferred tax assets if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. At December 31, 2021 and 2020, management believed that all deferred tax assets would be realized, and therefore, no valuation allowance was recorded.

The allocation of the deferred tax expense (benefit) involving items charged to current year income and items charged directly to capital for the years ended December 31, 2021 and 2020 were as follows:

(In thousands)	2021	2020
Deferred tax benefit allocated to capital	$ (117)	$ (206)
Deferred tax expense (benefit) allocated to operations	404	(145)
Net deferred tax expense (benefit)	$ 287	$ (351)

Undivided profits at December 31, 2021 includes a contingency reserve for loan losses of approximately $3,428,000 which represents the tax reserve balance existing at December 31, 1987, and is maintained in accordance with provisions of the Internal Revenue Code applicable to savings banks. Amounts transferred to the reserve have been claimed as deductions from taxable income, and, if the reserve is used for purposes other than to absorb losses on loans, a federal income tax liability could be incurred. It is not anticipated that the Company will incur a federal income tax liability relating to this reserve balance, and accordingly, deferred income taxes of approximately $720,000 at December 31, 2021 have not been recognized.

10. EMPLOYEE BENEFITS

Pension Plan

The Company sponsors a defined benefit pension plan (the Plan) which covers certain employees. The Plan was frozen effective June 30, 2011, resulting in a "hard freeze", whereby employees and retirees receive the benefits already accrued, but no new defined benefits are being accrued. The Company's funding policy is to contribute annually the amount recommended by the Company's actuary, while meeting the minimum funding standards established by the Employee Retirement Income Security Act (ERISA).

Both ERISA and the Internal Revenue Code require employers to make minimum annual contributions to defined benefit plans, including frozen plans. The amount of annual contributions required by minimum funding standards is determined in part by the total accrued benefit liability for which the employer is responsible and plan assets. The cost of funding pension benefits could be significant.

The funded status and amounts recognized in other liabilities in the consolidated statements of financial condition for the Plan as of December 31, 2021 and 2020, using a measurement date of December 31, were as follows:

(In thousands)	2021	2020
Obligations and Funded Status		
Benefit obligation	$ (4,056)	$ (4,498)
Plan assets at fair value	5,615	5,916
Funded status at measurement date and pension asset recognized in the financial statements	1,559	1,418
Accumulated benefit obligation	$ 4,056	$ 4,498

The gross amounts recognized in accumulated other comprehensive loss, consisted of the following components as of December 31, 2021 and 2020 were as follows:

(In thousands)	2021	2020
Net unrecognized loss	$ 1,078	$ 1,103

The following table sets forth net periodic pension expense, employer contributions and benefits paid for the Plan for the years ended December 31, 2021 and 2020:

(In thousands)	2021	2020
Net periodic income including settlements	$ (116)	$ (97)
Benefits paid	317	320
Employer contribution	-	-

Weighted-average assumptions used by the Company to determine the pension benefit obligations for the Plan consisted of the following at December 31, 2021 and 2020:

	2021	2020
Discount rate for calculating benefit obligation	2.50%	2.05%
Discount rate for calculating net periodic benefit cost	2.05%	2.95%
Expected return on plan assets	5.00%	5.00%
Rate of compensation increase	N/A	N/A

Asset Allocation and Fair Value:

The Plan's assets are primarily invested in an immediate participation guarantee contract with an insurance Company. Under this contract, the Plan's account is credited with contributions received during the contract period plus its share of the insurance Company's actual investment income. The remainder of Plan assets are held in a pooled separate account.

The following is a breakdown of the fair value hierarchy of assets for the Plan at December 31, 2021 and 2020:

(In thousands)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2021				
Funds held in insurance company general account	$ 5,585	$ -	$ 5,585	$ -
Value of interest in pooled separate account	30	-	30	-
Total investments at fair value	$ 5,615	$ -	$ 5,615	$ -
December 31, 2020				
Funds held in insurance company general account	$ 5,887	$ -	$ 5,887	$ -
Value of interest in pooled separate account	29	-	29	-
Total investments at fair value	$ 5,916	$ -	$ 5,916	$ -

Funds Held in Insurance Company General Account: A portion of the Plan's investments consist of an immediate participation guarantee contract, which participates in the investment results of a fund that consists of an annuity allocation and an unallocated fund balance. Investments in the annuity allocation portion of the fund account are stated at contract value. Contract value approximates fair value and represents contributions, plus interest at the contract rate, less distributions for benefits and administrative expenses. The contract rate is adjusted periodically based on changes in market rates. The unallocated fund balance of the Plan's regular account fund is stated at withdrawal value. Withdrawal value approximates fair value and represents the amount which is available for withdrawal in a lump sum on the period-end date and would be reduced by outstanding service fees. This investment is classified as a Level 2 asset within the fair value hierarchy.

Value of Interest in Pooled Separate Account: A portion of the Plan's investments are held in a separate account for benefit payment purposes. This disbursement payment account is an unallocated fund stated at withdrawal value. Withdrawal value approximates fair value and represents the amount which is available for withdrawal in a lump sum on the period-end date and would be reduced by outstanding service fees. This investment is classified as a Level 2 asset within the fair value hierarchy.

Future Benefit Payments and Contributions:

At December 31, 2021, the following benefit payments are expected to be paid by the Plan:

(In thousands)	
2022	$ 308
2023	305
2024	300
2025	295
2026	289
Years 2027 - 2031	1,326

The Company's funding policy is to contribute an amount between the minimum required contribution and maximum tax deductible contribution annually, as determined by the Company's independent actuary. The Company does not expect to make contributions to the Plan in 2022.

401(k) Retirement Savings Plan

The Company sponsors The Guilford Savings Bank 401(k) Profit Sharing Plan (401(k) Plan) under Section 401(k) of the Internal Revenue Code. The 401(k) Plan covers substantially all employees who attain age 21 and elect to participate. Participants can contribute up to 30.0% of their eligible compensation, subject to federal limitations. The Company makes matching contributions of 100.0%, up to 6.0% of participant compensation. Participants are immediately vested in their contributions and Company contributions. The Company incurred expenses of $632,000 and $549,000 related to the 401(k) Plan in 2021 and 2020, respectively.

Deferred Compensation

Directors' Plan

The Company sponsors The Guilford Savings Bank Directors' Plan (Directors' Plan), with participation limited to Directors identified in the plan document. The Directors' Plan provides participants who retire at age 75 with an annual retirement benefit equal to annual Director compensation for five years. Participants must be in active service through age 75 to be eligible for benefits under the Directors' Plan. The accrued liability related to this plan was $136,000 and $162,000 as of December 31, 2021 and 2020, respectively.

Officers' Plan

The Company sponsors The Guilford Savings Bank Officers' Deferred Bonus Plan (Officers' Plan), with participation limited to officers of the Company designated as participants by the Board of Directors. The Plan was frozen in 2014 and is considered dormant. The Company expects to continue the Officers' Plan until all participants have received distributions. At December 31, 2021, all participants were fully vested in their benefit accounts. The accrued liability related to this plan was $883,000 and $872,000 as of December 31, 2021 and 2020, respectively.

A summary of the activity of the deferred compensation plans for the years ended December 31, 2021 and 2020 was as follows:

(In thousands)	Directors' Plan	Officers' Plan	Total
Balance, January 1, 2020	$ 145	$ 1,000	$ 1,145
Expense charged to operations	17	58	75
Payments to participants	-	(186)	(186)
Balance, December 31, 2020	162	872	1,034
Expense charged to operations	7	11	18
Payments to participants	(34)	-	(34)
Balance, December 31, 2021	$ 135	$ 883	$ 1,018

Investment in Bank-Owned Life Insurance

The Company has an investment in, and is the beneficiary of, life insurance policies on the lives of certain officers. The purpose of these life insurance policies is to provide income through the appreciation in cash surrender value of the policies. These policies had aggregate cash surrender values of $27.2 million and $26.5 million at December 31, 2021 and 2020, respectively.

The investment in life insurance is unsecured and maintained with multiple insurance carriers. Income earned on these policies was $632,000 and $576,000 for the years ended December 31, 2021 and 2020, respectively.

In connection with bank-owned life insurance, the Company provides covered employees with a death benefit, payable from death proceeds, to designated beneficiaries. The liability for this benefit was $218,000 and $188,000 at December 31, 2021 and 2020, respectively.

11. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases office space under operating lease agreements which expire at various dates through 2040. The Company has the option to renew certain leases at fair rental values, and the leases require payments for property taxes in excess of base year taxes.

At December 31, 2021, future minimum rental commitments under the terms of these leases were as follows:

(In thousands)		
2022	$	529
2023		395
2024		399
2025		404
2026		372
Thereafter		5,174
	$	7,273

Total rental expense charged to operations was $498,000 and $291,000 for the years ended December 31, 2021 and 2020, respectively.

Legal Matters

The Company is involved in various legal proceedings which have arisen in the normal course of business. Management believes that resolution of these matters will not have a material effect on the Company's financial condition or results of operations.

12. FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

In the normal course of business, the Company is a party to financial instruments with off-balance-sheet risk to meet the financing needs of its customers. These financial instruments include commitments to extend credit and undisbursed portions of construction loans and involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the consolidated statements of financial condition. The contractual amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments.

The contractual amounts of commitments to extend credit represent the amounts of potential accounting loss should the contract be fully drawn upon, the customer default and the value of any existing collateral become worthless. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Financial instruments whose contract amounts represent credit risk are as follows at December 31, 2021 and 2020:

(In thousands)	2021	2020
Commitments to extend credit:		
Unadvanced home equity lines of credit	$ 41,055	$ 38,753
Loan commitments	35,603	24,575
Unadvanced commercial lines of credit	11,743	9,743
Unadvanced construction loans	41,258	50,465
Unused overdraft privilege and readylines of credit	3,534	2,663
Standby letters of credit	1,020	835
Total commitments	$ 134,213	$ 127,034

Commitments to extend credit are agreements to lend to a customer if 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. Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Since these commitments could expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but may include residential and commercial property, deposits, and securities.

The Company maintains an allowance for unfunded commitments which include unfunded loan commitments and letters of credit. The allowance for unfunded commitments is included in other liabilities on the consolidated statements of financial condition.

13. REGULATORY MATTERS

The Federal Reserve, the FDIC and the other federal and state bank regulatory agencies establish regulatory capital guidelines for U.S. banking organizations, which the Bank is subject to.

On September 17, 2019, the federal banking agencies issued a final rule providing simplified capital requirements for certain qualifying community banking organizations (banks and holding companies) (QCBO) with less than $10 billion in total consolidated assets, implementing provisions of The Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA). A QCBO is eligible to elect the community bank leverage ratio (CBLR) framework or continue to measure capital under the existing Basel III requirements. The new rule was effective beginning January 1, 2020 and allowed QCBOs to elect to opt into the new CBLR framework in their call report beginning in the first quarter of 2020.

A QCBO is defined as a bank, a savings association, a bank holding company or a savings and loan holding company with:

- A leverage capital ratio of greater than 9%;
- Total consolidated assets of less than $10 billion;
- Total off-balance sheet exposures (excluding derivatives other than credit derivatives and unconditionally cancelable commitments) of 25% or less of total consolidated assets; and
- Total trading assets and trading liabilities of 5% or less of total consolidated assets.

On April 6, 2020, the federal banking regulators, implementing the applicable provisions of the CARES Act, modified the CBLR framework so that: (i) beginning in the second quarter and for the remainder of calendar year 2020, a banking organization that had a leverage ratio of 8% or greater and meets certain other criteria may elect to use the CBLR framework; and (ii) community banking organizations will have until January 1, 2022, before the CBLR requirement is re-established at greater than 9%. Under the interim rules, the minimum CBLR will be 8% beginning in the second quarter and for the remainder of calendar year 2020, 8.5% for calendar year 2021, and 9% thereafter. The numerator of the CBLR is Tier 1 capital, as calculated under present rules. The denominator of the CBLR is the QCBO's average assets, calculated in accordance with the QCBO's call report instructions less assets deducted from Tier 1 capital.

The Bank opted into the CBLR framework and will therefore not be required to comply with the Basel III capital requirements. As of December 31, 2021 and 2020, the Bank's CBLR was 11.08% and the Bank was considered well-capitalized.

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 consolidated financial statements. A ''well-capitalized" institution must generally maintain capital ratios 200 basis points higher than the minimum guidelines.

Management believes, as of December 31, 2021, the Company and the Bank meet all capital adequacy requirements to which they are subject. There are no conditions or events since then that management believes have changed this conclusion.

The capital amounts and ratios for the Bank at December 31, 2021 and 2020 were as follows:

	Actual		To Be Well Capitalized Under Prompt Corrective Action Provisions	
(Dollars in thousands)	Amount	Ratio	Amount	Ratio
December 31, 2021				
Community Bank Leverage Ratio:				
Tier 1 Capital to Total Assets	$ 113,030	11.08%	$ 81,610	8.00%
December 31, 2020				
Community Bank Leverage Ratio:				
Tier 1 Capital to Total Assets	$ 105,304	11.08%	$ 80,784	8.50%

14. DERIVATIVE INSTRUMENTS

Information about the Company's cash flow hedge derivative instruments at December 31, 2021 and 2020 was as follows:

			Weighted Average			
(Dollars in thousands)	Notional Amount	Year Effective	Remaining Maturity	Hedged Item Rate	Interest Rate Swap Rate	Fair Value
Cash flow hedges at December 31, 2021:						
Interest rate swaps on brokered time deposits	$ 35,000	2017	0.6 Years	0.16%	2.17%	(405)
Interest rate swaps on brokered time deposits	20,000	2020	3.0 Years	0.20%	0.50%	382
Interest rate swaps on FHLB advances	15,000	2018	3.4 Years	0.31%	2.73%	(782)
Interest rate swaps on brokered time deposits	14,000	2019	1.7 Years	0.06%	2.22%	(331)
Interest rate swaps on brokered time deposits	12,000	2018	1.5 Years	0.06%	2.72%	(345)
Net cash flow hedge derivatives included in other liabilities						$ (1,481)
Cash flow hedges at December 31, 2020:						
Interest rate swaps on brokered time deposits	$ 35,000	2017	1.6 Years	0.05%	2.17%	(1,172)
Interest rate swaps on FHLB advances	22,000	2018	3.1 Years	0.36%	2.72%	(2,084)
Interest rate swaps on brokered time deposits	20,000	2020	2.2 Years	0.05%	0.53%	(104)
Interest rate swaps on money market deposit accounts	20,000	2019	0.5 Years	0.09%	1.64%	(169)
Interest rate swaps on FHLB advances	14,000	2019	2.7 Years	0.37%	2.23%	(768)
Interest rate swaps on FHLB advances	10,000	2020	4.2 Years	0.37%	0.50%	(67)
Interest rate swaps on brokered time deposits	5,000	2018	2.0 Years	0.05%	2.71%	(251)
Net cash flow hedge derivatives included in other liabilities						$ (4,615)

The unrealized changes in the fair value of derivatives accounted for as cash flow hedges is reported in accumulated other comprehensive income and subsequently reclassified to earnings in the same period or periods during which the hedged forecasted transaction affects earnings.

The Company's cash flow hedge strategy converts either the LIBOR based rate of interest on certain FHLB advances or brokered time deposits, or the effective federal funds rate on certain money market deposit accounts, to fixed interest rates, thereby protecting the Company from floating interest rate variability.

At December 31, 2021 and 2020, the Company had entered into the following forward starting interest rate swap transactions:

Hedged Item	Notional Amount *(In thousands)*	Effective Date of Hedge	Original Duration of Derivative	Counterparty
Cash flow hedges at December 31, 2021:				
90-day brokered time deposit	$ 20,000	12/28/17	5.0 Years	PNC Bank
90-day brokered time deposit	15,000	03/24/17	5.0 Years	PNC Bank
90-day FHLBB advance	15,000	05/31/18	7.0 Years	PNC Bank
90-day brokered time deposit	10,000	03/24/20	4.5 Years	US Bank
90-day brokered time deposit	10,000	04/02/20	5.0 Years	US Bank
90-day brokered time deposit	7,000	03/29/19	4.0 Years	PNC Bank
90-day brokered time deposit	7,000	03/29/19	5.0 Years	PNC Bank
90-day brokered time deposit	6,000	12/27/18	4.0 Years	PNC Bank
90-day brokered time deposit	6,000	12/27/18	5.0 Years	PNC Bank
	$ 96,000			
Cash flow hedges at December 31, 2020:				
Money market deposit accounts	$ 20,000	07/15/19	2.0 Years	US Bank
90-day brokered time deposit	20,000	12/28/17	5.0 Years	PNC Bank
90-day brokered time deposit	15,000	03/24/17	5.0 Years	PNC Bank
90-day FHLBB advance	15,000	05/31/18	7.0 Years	PNC Bank
90-day brokered time deposit	10,000	03/24/20	1.5 Years	US Bank
90-day brokered time deposit	10,000	03/24/20	4.5 Years	US Bank
90-day FHLBB advance	10,000	04/02/20	5.0 Years	US Bank
90-day FHLBB advance	7,000	03/29/19	4.0 Years	PNC Bank
90-day FHLBB advance	7,000	03/29/19	5.0 Years	PNC Bank
90-day FHLBB advance & brokered time deposit	6,000	12/27/18	4.0 Years	PNC Bank
90-day FHLBB advance	6,000	12/27/18	5.0 Years	PNC Bank
	$ 126,000			

At December 31, 2021, the Company had pledged collateral to PNC Bank in the amount of $2,000,000 and held collateral of $200,000 from US Bank. Collateral pledged is included in other liabilities, and collateral held is included in other assets, in the consolidated statements of financial condition.

Amounts recorded in accumulated other comprehensive loss and the consolidated statements of income related to interest rate derivatives designated as cash flows hedges, and the related interest expense, were as follows as of and for the year ended December 31, 2021 and 2020:

(In thousands)	2021	2020
Cash flow hedges:		
Unrealized loss, net	$ (1,481)	$ (4,615)
Amount recognized in accumulated other comprehensive loss	1,170	3,646
Income tax benefit on items recognized in accumulated other comprehensive income	311	969
Interest expense recognized on hedged items	1,986	1,817

The Company enters into interest rate swaps to manage its exposure to changes in fair value in loans receivable, attributable to changes in the designated benchmark interest rate, LIBOR. These interest rate swaps are designated as a fair value hedge, in which the Company makes payments of fixed-rate amounts to a counterparty, PNC Bank, in exchange for receiving variable-rate payments over the life of the agreements without the exchange of the underlying notional amount. At December 31, 2021 and 2020, the fair value of these pay-fixed, receive-floating interest rate swaps were liabilities of $79,000 and $145,000, respectively.

The Company has entered into derivative financial instruments (Risk Participation Agreements or RPAs) related to loan participations with other financial institutions. Under the RPAs, the Company guarantees a portion of the amount due from the borrowers to the other financial institutions related to interest rate swap transactions. The Company accounts for these derivative financial instruments at fair value. The fair values for these instruments were liabilities of $104,000 and $175,000 at December 31, 2021 and 2020, respectively.

15. FAIR VALUE MEASUREMENTS

The Company accounts for certain assets and liabilities at fair value. The Company determines fair value measurements in accordance with GAAP, which defines fair value and establishes a framework for measuring fair value. Fair value is defined as 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. GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair values:

Level 1 — Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 — Significant other 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 data.

Level 3 — Significant unobservable inputs that reflect an entity’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Valuation techniques based on unobservable inputs are highly subjective and require judgments regarding significant matters such as the amount and timing of future cash flows and the selection of discount rates that may appropriately reflect market and credit risks. Changes in these judgments often have a material impact on the fair value estimates. In addition, since these estimates are as of a specific point in time they are susceptible to material near-term changes.

Financial Instruments Measured at Fair Value on a Recurring Basis

The Company’s investment securities are measured at fair value on a recurring basis. Investment securities that are traded on an active exchange, such as the New York Stock Exchange, are classified as Level 1. Investment securities valued using matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities’ relationship to other benchmark quoted securities, are classified as Level 2. Investments for which no functioning market currently exists are valued using a model based on Level 1 market values of underlying collateral and are classified as Level 2.

The Company’s derivative assets and liabilities consist of transactions as part of management’s strategy to manage interest rate risk. The valuation of the Company’s derivatives is obtained from a third-party pricing service and is determined using a discounted cash flow analysis on the expected cash flows of each derivative. The pricing analysis is based on observable inputs for the contractual terms of the derivatives, including the period to maturity and interest rate curves. The Company has determined that the majority of the inputs used to value its interest rate derivatives fall within Level 2 of the fair value hierarchy.

The following table summarizes the Company's assets and liabilities measured on a recurring basis at December 31, 2021 and 2020:

	Fair Value		
(In thousands)	Level 1	Level 2	Level 3
December 31, 2021:			
Available for sale investment securities:			
U.S. Government and agency obligations	$ -	$ 56,048	$ -
State agency and municipal obligations	-	5,892	-
Government guaranteed mortgage-backed securities	-	113,238	-
Corporate Bonds	-	31,508	-
Equity securities:			
Preferred stock	4,028	-	-
Common stock	9,687	-	-
Mutual funds	10,987	-	-
Derivative liability - interest rate swaps	-	(1,481)	-
Derivative liability - other contracts	-	(183)	-
December 31, 2020:			
Available for sale investment securities:			
U.S. Government and agency obligations	$ -	$ 3,023	$ -
State agency and municipal obligations	-	8,358	-
Government guaranteed mortgage-backed securities	-	113,757	-
Corporate Bonds	-	23,570	-
Equity securities:			
Preferred stock	3,994	-	-
Common stock	9,386	-	-
Derivative liability - interest rate swaps	-	(4,615)	-
Derivative liability - other contracts	-	(320)	-

Financial Instruments Measured at Fair Value on a Nonrecurring Basis

Impaired loans are measured using fair value on a nonrecurring basis. Collateral dependent impaired loans are considered Level 3, as the fair value is based on an appraisal and the adjustments to comparable sales made by the appraiser and/or management are unobservable. These assets are subject to periodic review and any applicable write-downs will be recognized when identified.

The following table summarizes the Company's fair values of assets measured on a nonrecurring basis at December 31, 2021 and 2020:

(In thousands)	Fair Value Impaired Loans
Fair Value Measurements at December 31, 2021 using:	
Quoted prices in active markets for identical assets (Level 1)	$ -
Significant other observable inputs (Level 2)	-
Significant unobservable inputs (Level 3)	4,870
Carrying amount	$ 4,870
Fair Value Measurements at December 31, 2020 using:	
Quoted prices in active markets for identical assets (Level 1)	$ -
Significant other observable inputs (Level 2)	-
Significant unobservable inputs (Level 3)	6,422
Carrying amount	$ 6,422

The following table presents information about quantitative inputs and assumptions for items categorized in Level 3 of the fair value hierarchy:

(Dollars in thousands)	Fair Value	Valuation Methodology	Unobservable Input
December 31, 2021			
Impaired loans	$ 4,870	Real estate appraisals	Discounts for dated appraisals
December 31, 2020			
Impaired loans	$ 6,422	Real estate appraisals	Discounts for dated appraisals

Impaired Loans: Loan impairment is deemed to exist when full repayment of principal and interest according to the contractual terms of the loan is no longer probable. Impaired loans are reported based on one of three measures: the present value of expected future cash flows discounted at the loan's original effective interest rate; the loan's observable market price; or the fair value of the collateral (less estimated cost to sell) if the loan is collateral dependent. Accordingly, certain collateral-dependent impaired loans may be subject to measurement at fair value on a non-recurring basis. The Company has estimated the fair values of these assets using Level 3 inputs, such as the fair value of collateral based on independent third-party appraisals for collateral-dependent loans.

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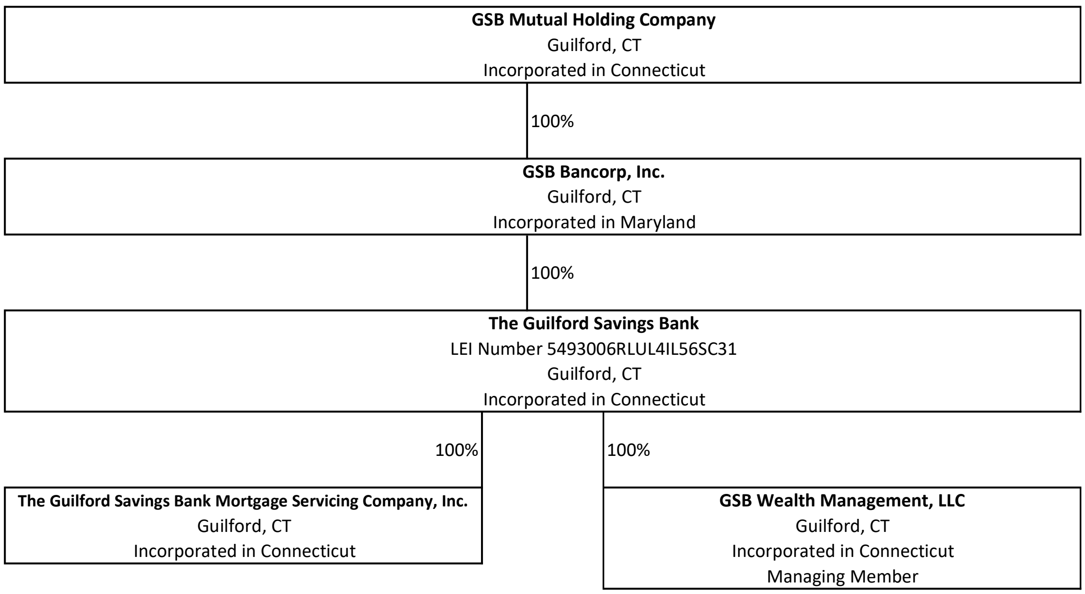
Form FR Y-6
GSB Mutual Holding Company
Guilford, Connecticut
Fiscal Year Ended December 31, 2021

Report Item:

2a. Organizational Chart



NOTE : Unless an LEI Number is listed, the reporting is N/A for the entity.

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GSB Mutual Holding Company
Guilford, Connecticut
Fiscal Year Ended December 31, 2021

Report Item:

2b. Domestic Banch Listing

Data Action	Effective Date	Branch Type	Branch ID_RSSD	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM	Office Number	Head Office	Head Office ID_RSSD
OK		Full Service - Head Office	831008	The Guilford Savings Bank	1 Park Street, Box 369	Guilford	CT	06437	New Haven	UNITED STATES	Not Required	Not Required	The Guilford Savings Bank	831008
OK		Full Service	3020456	North Main Street Branch	61 North Main Street	Branford	CT	06405	New Haven	UNITED STATES	Not Required	Not Required	The Guilford Savings Bank	831008
OK		Full Service	832603	Guilford Plaza Branch	625 Boston Post Road	Guilford	CT	06437	New Haven	UNITED STATES	Not Required	Not Required	The Guilford Savings Bank	831008
OK		Full Service	2648394	Madison Branch	634 Boston Post Road	Madison	CT	06443	New Haven	UNITED STATES	Not Required	Not Required	The Guilford Savings Bank	831008
OK		Full Service	3488971	Toll Road Branch	494 Old Toll Road	Madison	CT	06443	New Haven	UNITED STATES	Not Required	Not Required	The Guilford Savings Bank	831008
OK		Full Service	5588268	North Haven Branch	158 Washington Avenue	North Haven	CT	06473	New Haven	UNITED STATES	Not Required	Not Required	The Guilford Savings Bank	831008
OK		Full Service	5656224	Northford Branch	1409 Middletown Avenue	Northford	CT	06472	New Haven	UNITED STATES	Not Required	Not Required	The Guilford Savings Bank	831008
OK		Full Service	3557662	Boston Post Road Branch	840 Boston Post Road	Old Saybrook	CT	06475	Middlesex	UNITED STATES	Not Required	Not Required	The Guilford Savings Bank	831008

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Report Item:

3. Securities Holders - GSB Mutual Holding Company

Report Item is N/A - GSB Mutual Holding Company is a non-public entity and has no securities holders.

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GSB Mutual Holding Company

Guilford, Connecticut

Fiscal Year Ended December 31, 2021

Report Item:

3. Securities Holders - GSB Bancorp, Inc.

Shares of common stock of GSB Bancorp, Inc. are 100% owned by GSB Mutual Holding Company

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GSB Mutual Holding Company

Guilford, Connecticut

Fiscal Year Ended December 31, 2021

Report Item:

4. Insiders - Top Tier Holding Company - GSB Mutual Holding Company

(1) Name, City, State, Country	(2) Principal Occupation, if Other Than With Holding Company	(3)(a) Title & Position at Holding Company	(3)(b) Title & Position with Subsidiaries	(3)(c) Title & Position with Other Businesses (Include Names of Other Businesses Where a Director, Trustee, Partner or Executive Officer)	(4)(a) Percentage of Voting Shares in Holding Company	(4)(b) Percentage of Voting Chares in Subsidiaries (Include Names of Subsidiaries)	(4)(c) List of Names of Other Companies, if 25% or More of Voting Securities are Held (List Names of Companies and Percentage of Voting Securities Held)
Charles Havrda Guilford, CT USA	Selectman - Guilford CT	Chairman	Chairman, GSB Bancorp, Inc. Chairman, The Guilford Savings Bank	Director -Regional Water Authority	N/A	N/A	N/A
William W. Lee Guilford, CT USA	Chairman, Executive- Manufacturing	Vice Chairman	Vice Chairman, GSB Bancorp, Inc. Vice Chairman, The Guilford Savings Bank	Chairman, Director, President & CEO, The Lee Company; Manager - SWA Investment LLC; Treasurer- Sachems Head Yacht Club Corporation	N/A	N/A	N/A
Robert L. Carmody Wallingford, CT USA	Retired	Director	Director, GSB Bancorp, Inc. Director, The Guilford Savings Bank	N/A	N/A	N/A	N/A
Stephen J. Dowler Madison, CT USA	Real Estate Developer	Director	Director, GSB Bancorp, Inc. Director, The Guilford Savings Bank	Owner/Member: Dowler & Company LLC; 1339 Boston Post Road, LLC; 1341 Boston Post Road, LLC, Commerce Center of Madison, LLC; Liberty Square, LLC	N/A	N/A	N/A
Ryan A. Duques Madison, CT USA	Management - Insurance	Director	Director, GSB Bancorp, Inc. Director, The Guilford Savings Bank	Manager of Growth Offerings, Travelers Insurance; Administrator-Anthony Trust	N/A	N/A	N/A
Sandra Ruoff Guilford, CT USA	Selectman- Guilford CT	Director	Director, GSB Bancorp, Inc. Director, The Guilford Savings Bank	N/A	N/A	N/A	N/A
Paul K. Sullivan, Jr. Madison CT USA	Attorney	Director	Director, GSB Bancorp, Inc. Director, The Guilford Savings Bank	Partner, Sullivan, Griffith & Beatty, LLP Guilford, CT USA	N/A	N/A	N/A
Timothy P. Geelan Guilford, CT USA	President & CEO - The Guilford Savings Bank	Director, President & CEO	Director, President & CEO, GSB Bancorp, Inc. Director, President & CEO, The Guilford Savings Bank	N/A	N/A	N/A	N/A
Kyle J. Eagleson Guilford, CT USA	1st EVP & CFO - The Guilford Savings Bank	1st EVP, CFO	1st EVP & CFO, GSB Bancorp, Inc. Director, 1st EVP & CFO, The Guilford Savings Bank	N/A	N/A	N/A	N/A

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GSB Mutual Holding Company
Guilford, Connecticut
Fiscal Year Ended December 31, 2021

Report Item:

4. Insiders - Mid Tier Holding Company - GSB Bancorp, Inc.

(1) Name, City, State, Country	(2) Principal Occupation, if Other Than With Holding Company	(3)(a) Title & Position at Holding Company	(3)(b) Title & Position with Subsidiaries	(3)(c) Title & Position with Other Businesses (Include Names of Other Businesses Where a Director, Trustee, Partner or Executive Officer)	(4)(a) Percentage of Voting Shares in Holding Company	(4)(b) Percentage of Voting Chares in Subsidiaries (Include Names of Subsidiaries)	(4)(c) List of Names of Other Companies, if 25% or More of Voting Securities are Held (List Names of Companies and Percentage of Voting Securities Held)
Charles Havrda Guilford, CT USA	Selectman - Guilford CT	Chairman	Chairman, The Guilford Savings Bank	Director -Regional Water Authority	N/A	N/A	N/A
William W. Lee Guilford, CT USA	Chairman, Executive- Manufacturing	Vice Chairman	Vice Chairman, The Guilford Savings Bank	Chairman, Director, President & CEO, The Lee Company; Manager - SWA Investment LLC; Treasurer- Sachems Head Yacht Club Corporation	N/A	N/A	N/A
Robert L. Carmody Wallingford, CT USA	Retired	Director	Director, The Guilford Savings Bank	N/A	N/A	N/A	N/A
Stephen J. Dowler Madison, CT USA	Real Estate Developer	Director	Director, The Guilford Savings Bank	Owner/Member: Dowler & Company LLC; 1339 Boston Post Road, LLC; 1341 Boston Post Road, LLC, Commerce Center of Madison, LLC; Liberty Square, LLC	N/A	N/A	N/A
Ryan A. Duques Madison, CT USA	Management - Insurance	Director	Director, The Guilford Savings Bank	Manager of Growth Offerings, Travelers Insurance; Administrator-Anthony Trust	N/A	N/A	N/A
Sandra Ruoff Guilford, CT USA	Selectman- Guilford CT	Director	Director, The Guilford Savings Bank	N/A	N/A	N/A	N/A
Paul K. Sullivan, Jr. Madison CT USA	Attorney	Director	Director, The Guilford Savings Bank	Partner, Sullivan, Griffith & Beatty, LLP Guilford, CT USA	N/A	N/A	N/A
Timothy P. Geelan Guilford, CT USA	President & CEO - The Guilford Savings Bank	Director, President & CEO	Director, President & CEO, The Guilford Savings Bank	N/A	N/A	N/A	N/A
Kyle J. Eagleson Guilford, CT USA	1st EVP & CFO - The Guilford Savings Bank	1st EVP, CFO	Director, 1st EVP & CFO, The Guilford Savings Bank	N/A	N/A	N/A	N/A

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Series:	FRY6	**Submission Date:**	04/28/2022 3:22pm ET
Asof Date:	12/31/2021	**Submitter:**	37879

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