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, Katherine Coster
Name of the Holding Company Director and Official

Chair of the Board
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.

Kathy Coster
Signature of Holding Company Director and Official

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):
March 31, 2022
Month / Day / Year

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

Reporter's Name, Street, and Mailing Address

Gorham Bancorp. MHC
Legal Title of Holding Company

10 Wentworth Drive
(Mailing Address of the Holding Company) Street / P.O. Box

City	State	Zip Code
Gorham	Maine	04038

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Name	Title
Jane Stack	Chief Financial Officer

207-839-5209 1634
Area Code / Phone Number / Extension

207-839-4233
Area Code / FAX Number

jstack@gorhamsavingsbank.com
E-mail Address

www.gorhamsavings.bank
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.

Gorham Bancorp, Inc
Legal Title of Subsidiary Holding Company

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

City	State	Zip Code
Gorham	Maine	04038

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

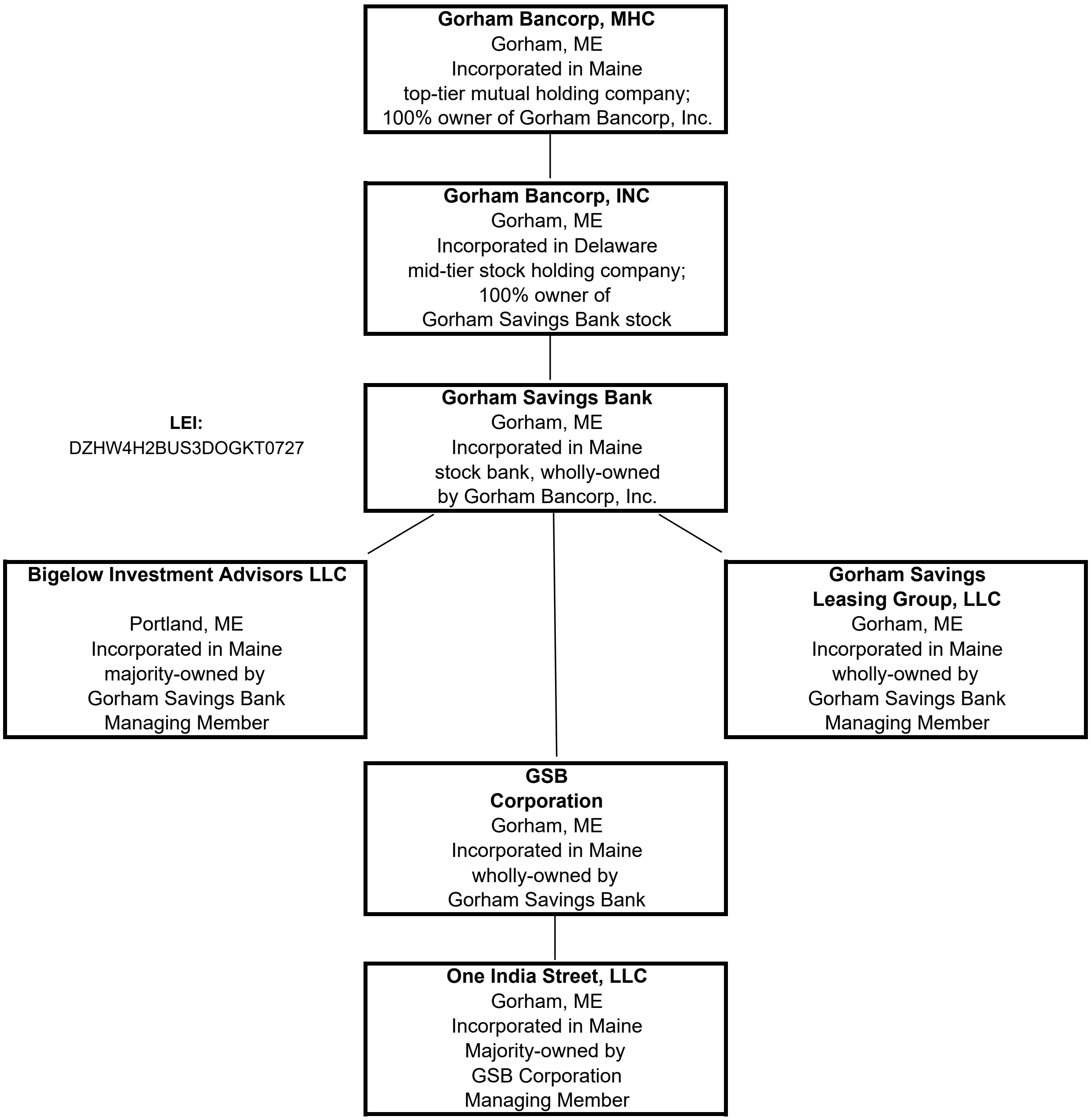
City State Zip Code

Physical Location (if different from mailing address)

FORM FRY-6
Gorham Bancorp, MHC
Gorham, Maine
Fiscal Year Ending March 31, 2022

Report Item 2a - Organization Chart

* No LEI unless otherwise noted.



FORM FRY-6

Gorham Bancorp, MHC

Gorham, Maine

Fiscal Year Ending March 31, 2022

Report Item 4 - Officer Listing for Gorham Bancorp, MHC

Katherine B. Coster	Falmouth, Maine	Director and Chairman
Stephen deCastro	Falmouth, Maine	Chief Executive Officer
Jane Stack	Windham, Maine	Chief Financial Officer
Heather Connolly	Gorham, Maine	Clerk

Report Item 4 - Officer Listing for Gorham Bancorp, Inc.

Katherine B. Coster	Falmouth, Maine	Director and Chairman
Stephen deCastro	Falmouth, Maine	Chief Executive Officer
Jane Stack	Windham, Maine	Chief Financial Officer
Heather Connolly	Gorham, Maine	Clerk

Results: A list of branches for your depository institution: GORHAM SAVINGS BANK (ID_RSSD: 241607).
This depository institution is held by GORHAM BANCORP, INC. (3444799) of GORHAM, ME.
The data are as of 03/31/2022. Data reflects information that was received and processed through 04/05/2022.

Reconciliation and Verification Steps
1. In the **Data Action** column of each branch row, enter one or more of the actions specified below
2. If required, enter the date in the **Effective Date** column

Actions
OK: If the branch information is correct, enter 'OK' in the **Data Action** column.
Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the **Data Action** column and the date when this information first became valid in the **Effective Date** column.
Close: If a branch listed was sold or closed, enter 'Close' in the **Data Action** column and the sale or closure date in the **Effective Date** column.
Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the **Data Action** column.
Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the **Data Action** column and the opening or acquisition date in the **Effective Date** column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedure
When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.
If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note:
To satisfy the **FR Y-10 reporting requirements**, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a **Data Action** of Change, Close, Delete, or Add.
The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - https://y10online.federalreserve.gov.

* FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
ok		Full Service (Head Office)	241607	GORHAM SAVINGS BANK	64 MAIN STREET	GORHAM	ME	04038	CUMBERLAND	UNITED STATES	Not Required	Not Required	GORHAM SAVINGS BANK	241607	
ok		Full Service	4153034	WATERBORO BRANCH	11 SOKOKIS TRAIL	EAST WATERBORO	ME	04030	YORK	UNITED STATES	Not Required	Not Required	GORHAM SAVINGS BANK	241607	
ok		Full Service	4144162	FALMOUTH FORESIDE BRANCH	202 US ROUTE 1	FALMOUTH	ME	04105	CUMBERLAND	UNITED STATES	Not Required	Not Required	GORHAM SAVINGS BANK	241607	
ok		Full Service	4153025	WEST FALMOUTH BRANCH	65 GRAY ROAD	FALMOUTH	ME	04105	CUMBERLAND	UNITED STATES	Not Required	Not Required	GORHAM SAVINGS BANK	241607	
ok		Electronic Banking	4861339	CALL CENTER BRANCH	10 WENTWORTH DRIVE	GORHAM	ME	04038	CUMBERLAND	UNITED STATES	Not Required	Not Required	GORHAM SAVINGS BANK	241607	
ok		Full Service	4153007	LONG WHARF BRANCH	172 COMMERCIAL STREET	PORTLAND	ME	04101	CUMBERLAND	UNITED STATES	Not Required	Not Required	GORHAM SAVINGS BANK	241607	
ok		Full Service	4152989	MARGINAL WAY BRANCH	71 MARGINAL WAY	PORTLAND	ME	04101	CUMBERLAND	UNITED STATES	Not Required	Not Required	GORHAM SAVINGS BANK	241607	
ok		Full Service	5278877	ONE INDIA STREET BRANCH	1 INDIA STREET	PORTLAND	ME	04101	CUMBERLAND	UNITED STATES	Not Required	Not Required	GORHAM SAVINGS BANK	241607	
ok		Full Service	2619367	SCARBOROUGH BRANCH	38 HANNAFORD DRIVE	SCARBOROUGH	ME	04074	CUMBERLAND	UNITED STATES	Not Required	Not Required	GORHAM SAVINGS BANK	241607	
ok		Full Service	4153052	SOUTH PORTLAND BRANCH	395 GORHAM ROAD	SOUTH PORTLAND	ME	04106	CUMBERLAND	UNITED STATES	Not Required	Not Required	GORHAM SAVINGS BANK	241607	
ok		Full Service	245100	STANDISH BRANCH	111 OSSIPEE TRAIL E, ROUTE 25	STANDISH	ME	04084	CUMBERLAND	UNITED STATES	Not Required	Not Required	GORHAM SAVINGS BANK	241607	
ok		Full Service	2009427	WINDHAM BRANCH	766 ROOSEVELT TRAIL, ROUTE 302	WINDHAM	ME	04062	CUMBERLAND	UNITED STATES	Not Required	Not Required	GORHAM SAVINGS BANK	241607	
ok		Full Service	5425822	YARMOUTH BRANCH	288 MAIN STREET	YARMOUTH	ME	04096	CUMBERLAND	UNITED STATES	Not Required	Not Required	GORHAM SAVINGS BANK	241607	

FORM FRY-6

Gorham Bancorp, MHC

Gorham, Maine

Fiscal Year Ending March 31, 2022

Report Item 1 - Annual Report to Shareholders

Enclosed: Audited financial statements, including management letter.

All other Report Items and Forms mailed separately.

Contact Information:

Gorham Savings Bank
10 Wentworth Drive
Gorham, ME 04038

Jane Stack
jstack@gorhamsavingsbank.com

Audit Committee
Gorham Bancorp, MHC and Subsidiaries

We have audited the consolidated financial statements of Gorham Bancorp, MHC and Subsidiaries (the Company) as of and for the year ended March 31, 2022, and the Company's internal control over financial reporting as of March 31, 2022 ("integrated audit"), and have issued our report thereon dated June 13, 2022. Professional standards require that we communicate to you the following information related to our integrated audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 18, 2021, our responsibility, as described by professional standards, is to express an opinion about whether the consolidated financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles, and whether the Company maintained effective internal control over financial reporting as of March 31, 2022, based on criteria established in the *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Our integrated audit of the consolidated financial statements and internal control over financial reporting does not relieve you or management of your responsibilities.

Significant Risks

In our engagement letter, we identified the risks we expected would meet the definition of "significant risks" pursuant to U.S. generally accepted auditing standards, which are risks toward the upper end of the risk spectrum based on their likelihood and potential magnitude. Through conclusion of our audit of the financial statements, we have not identified any additional significant risks.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Company are described in Note 1 to the consolidated financial statements. No new accounting policies were adopted and the application of existing accounting policies was not changed during 2022. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the consolidated financial statements were the allowance for credit losses and the assumptions used in the actuarial determination of benefit plan liabilities.

- Management's estimate of the allowance for credit losses is based on management's evaluation of the collectability of the loan portfolio, including the nature of the loan portfolio, credit concentrations, trends in historical loss experience, specific impaired loans, and economic conditions. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the consolidated financial statements taken as a whole.

- Assumptions used in the actuarial calculation of pension and other postretirement liabilities are determined by management using the guidance in Financial Accounting Standards Board Accounting Standards Codification 715, *Compensation – Retirement Benefits*. We evaluated the key factors and assumptions used to develop the actuarial calculations in determining that they are reasonable in relation to the consolidated financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the consolidated financial statements were the disclosures of the allowance for credit losses in Note 4, the pension plan in Note 14, and the fair value measurements in Note 18 to the consolidated financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the consolidated financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the consolidated financial statements as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 13, 2022.

* * * * * * * * * * * * *

This communication is intended solely for the information and use of the Audit Committee, Board of Directors and management of Gorham Bancorp, MHC and Subsidiaries and is not intended to be, and should not be, used by anyone other than these specified parties.

Berry Dunn McNeil & Parker, LLC

Waltham, Massachusetts
June 13, 2022

Gorham Bancorp, MHC and Subsidiaries: Gorham Savings Bank
Year End: March 31, 2022
Passed journal entries
Date: 4/1/2021 To 3/31/2022

Number	Date	Name	Account No	Reference	Debit	Credit	Proposed Net Income (Loss)	Proposed Amount Chg	Recurrence	Misstatement
		Net Income (Loss)					7,820,455.65			
PAJE-01	3/31/2022	Directors Deferred Compensation	BDMP3 GSB	720	537,306.05					
PAJE-01	3/31/2022	Accrued liability - Directors Deferr	BDMP4 GSB	720		537,306.05				
		To record the asset and liability relating to the Bank's deferred compensation plans for its directors.							Recurring	
					537,306.05	537,306.05	7,820,455.65	0.00		
PAJE-02	3/31/2022	FIT PAYABLE	0843110 GSB	1000. 1	409,641.00					
PAJE-02	3/31/2022	UNDIVIDED PROFITS	0911110 GSB	1000. 1		268,759.00				
PAJE-02	3/31/2022	PROVISION FOR FED INC TAX	7211110 GSB	1000. 1		140,882.00				
		To adjust tax accounts to actual.							Recurring	
					409,641.00	409,641.00	7,961,337.65	140,882.00		
					946,947.05	**946,947.05**	**7,961,337.65**	**140,882.00**		

BerryDunn

Gorham Bancorp, MHC and Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 and 2021

With Independent Auditor's Report

BerryDunn

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Gorham Bancorp, MHC and Subsidiaries

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated financial statements of Gorham Bancorp, MHC and Subsidiaries (the Company), which comprise the consolidated balance sheets as of March 31, 2022 and 2021, and the related consolidated statements of income, comprehensive (loss) income, changes in net worth and cash flows for the years then ended, and the related notes to the financial statements. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2022 and 2021, and the results of their operations and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

We also have audited the Company's internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with the instructions to the Parent Company Only Financial Statements for Small Holding Companies (Form FR Y-9SP) (call report instructions), as of March 31, 2022, based on criteria established in the Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2022, based on criteria established in the Internal Control—Integrated Framework issued by COSO.

Basis for Opinions

We conducted our audits in accordance with U.S. generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements and Internal Control over Financial Reporting 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 opinions.

Responsibilities of Management for the Financial Statements and Internal Control over Financial Reporting

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles and for the design, implementation, and maintenance of effective internal control over financial reporting relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management is also responsible for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management Report Regarding Statement of Management's Responsibilities, Compliance with Designated Laws and Regulations, and Management's Assessment of Internal Control over Financial Reporting.

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 Audits of the Financial Statements and Internal Control over Financial Reporting

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 about whether effective internal control over financial reporting was maintained in all material respects, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of financial statements or an audit of internal control over financial reporting conducted in accordance with U.S. generally accepted auditing standards will always detect a material misstatement or a material weakness 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 of financial statements and an audit of internal control over financial reporting in accordance with U.S. generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.

- 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 consolidated financial statement audit in order to design audit procedures that are appropriate in the circumstances.

- Obtain an understanding of internal control over financial reporting relevant to the audit of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

- 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 consolidated financial statement audit.

Definition and Inherent Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with U.S. generally accepted accounting principles. Because management's assessment and our audit were conducted to meet the reporting requirements of Section 112 of the Federal Deposit Insurance Corporation Improvement Act, our audit of the Company's internal control over financial reporting included controls over the preparation of financial statements in accordance with U.S. generally accepted accounting principles and with the instructions to the Parent Company Only Financial Statements for Small Holding Companies (Form FR Y-9SP). A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matter

We did not perform auditing procedures on Management’s Assessment of Compliance with Designated Laws and Regulations, included in the accompanying Management Report Regarding Statement of Management’s Responsibilities, Compliance with Designated Laws and Regulations, and Management’s Assessment of Internal Control over Financial Reporting, and accordingly, we do not express an opinion or provide any assurance on it.

Berry Dunn McNeil & Parker, LLC

Waltham, Massachusetts
June 13, 2022

GORHAM BANCORP, MHC AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2022 and 2021

ASSETS

	2022	2021
Cash and due from banks	**$ 53,843,672**	$ 33,151,543
Securities available-for-sale	**281,619,763**	232,931,067
Securities held-to-maturity	**6,000,000**	500,000
Federal Home Loan Bank stock, at cost	**2,758,900**	1,585,000
Loans and leases receivable, net of allowance for loan and lease losses of $9,240,736 in 2022 and $12,012,892 in 2021	**1,126,497,889**	1,089,716,554
Accrued interest receivable	**2,916,196**	3,110,923
Premises and equipment, net	**20,888,898**	19,422,866
Bank owned life insurance	**28,559,309**	27,856,060
Other assets	**24,040,693**	17,316,066
	$1,547,125,320	$1,425,590,079

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

LIABILITIES AND NET WORTH

	2022	2021
Deposits		
Regular savings	**$ 264,887,831**	$ 218,279,539
Money market deposits	**242,917,506**	248,919,211
Certificates of deposit	**89,994,146**	129,147,713
Interest bearing checking accounts	**203,336,671**	173,215,101
Demand deposits	**559,684,962**	493,511,302
Total deposits	**1,360,821,116**	1,263,072,866
Federal funds purchased	**-**	4,900,000
Securities sold under agreements to repurchase	**5,080,853**	2,147,738
Borrowed funds	**44,355,081**	12,502,264
Accrued expenses and other liabilities	**14,697,735**	13,925,917
Total liabilities	**1,424,954,785**	1,296,548,785
Net worth		
Reserves and undivided profits	**141,045,899**	133,225,426
Net unrealized loss on securities available-for-sale, net of deferred income taxes	**(18,875,364)**	(230,907)
Net unrealized loss on pension benefit costs, net of deferred income taxes	**-**	(3,953,225)
Total net worth	**122,170,535**	129,041,294
	$ 1,547,125,320	$ 1,425,590,079

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

GORHAM BANCORP, MHC AND SUBSIDIARIES

Consolidated Statements of Income

Years Ended March 31, 2022 and 2021

	2022	2021
Interest and dividend income		
Loans and leases	**$ 41,960,095**	$ 42,723,915
Investment securities	**5,426,657**	4,223,692
Other interest-earning assets	**25,147**	15,289
Total interest and dividend income	**47,411,899**	46,962,896
Interest expense		
Deposits	**1,778,882**	2,918,988
Borrowed funds	**201,496**	257,977
Total interest expense	**1,980,378**	3,176,965
Net interest income	**45,431,521**	43,785,931
Provision for credit losses	**1,050,000**	3,500,000
Net interest income after provision for credit losses	**44,381,521**	40,285,931
Noninterest income		
Banking services income	**3,536,604**	2,994,194
Loan and lease related income	**662,994**	734,426
Investment advisory services	**387,408**	286,439
Net gain on sale of loans	**3,998**	279,471
Net gain on sale of securities available-for-sale	**51,366**	139,983
Other	**1,813,109**	1,805,419
Total noninterest income	**6,455,479**	6,239,932
Noninterest expenses		
Salaries and employee benefits	**20,134,259**	19,349,306
Occupancy and equipment	**2,994,154**	2,936,499
Defined benefit plan curtailment settlement	**4,634,662**	-
Other	**13,879,616**	14,341,800
Total noninterest expenses	**41,642,691**	36,627,605
Income before income taxes	**9,194,309**	9,898,258
Income tax expense	**1,373,836**	1,705,442
Net income	**$ 7,820,473**	$ 8,192,816

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

GORHAM BANCORP, MHC AND SUBSIDIARIES

Consolidated Statements of Comprehensive (Loss) Income

Years Ended March 31, 2022 and 2021

	2022	2021
Net income	**$ 7,820,473**	$ 8,192,816
Other comprehensive (loss) income, net of tax		
Unrealized losses on securities available-for-sale:		
Unrealized holding losses arising during the period	**(23,549,212)**	(8,136,404)
Tax effect	**4,945,334**	1,708,645
	(18,603,878)	(6,427,759)
Reclassification adjustment for net gain included in net income [a]	**(51,366)**	(139,983)
Tax effect [b]	**10,787**	29,396
	(40,579)	(110,587)
Net unrealized losses on securities available-for-sale	**(18,644,457)**	(6,538,346)
Retirement plan:		
Actuarial gain on pension benefits [c]	**5,004,082**	9,164,553
Tax effect [b]	**(1,050,857)**	(1,924,556)
Net actuarial gain on retirement plan	**3,953,225**	7,239,997
Total other comprehensive (loss) income	**(14,691,232)**	701,651
Total comprehensive (loss) income	**$ (6,870,759)**	$ 8,894,467

[a] Reclassified into the consolidated statements of income in net gain on sale of securities available-for-sale.
[b] Reclassified into the consolidated statements of income in income tax expense.
[c] Effect of reclassifications disclosed in Note 14.

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

GORHAM BANCORP, MHC AND SUBSIDIARIES

Consolidated Statements of Changes in Net Worth

Years Ended March 31, 2022 and 2021

	Reserves and Undivided Profits	Net Unrealized Gain (Loss) on Securities Available-for-Sale	Net Unrealized Loss on Pension Benefit Costs	Total Net Worth
Balance, March 31, 2020	$ 125,032,610	$ 6,307,439	$(11,193,222)	$120,146,827
Net income	8,192,816	-	-	8,192,816
Other comprehensive income	-	(6,538,346)	7,239,997	701,651
Balance, March 31, 2021	133,225,426	(230,907)	(3,953,225)	129,041,294
Net income	**7,820,473**	**-**	**-**	**7,820,473**
Other comprehensive loss	**-**	**(18,644,457)**	**3,953,225**	**(14,691,232)**
Balance, March 31, 2022	**$ 141,045,899**	**$ (18,875,364)**	**$ -**	**$ 122,170,535**

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

GORHAM BANCORP, MHC AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years Ended March 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Net income	**$ 7,820,473**	$ 8,192,816
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	**1,847,498**	1,942,173
Net amortization of investment premiums and discounts	**740,389**	1,067,549
Provision for credit losses	**1,050,000**	3,500,000
Amortization of investment in limited partnerships	**592,702**	704,995
Defined benefit plan termination	**3,636,678**	-
Loss on sale of premises and equipment	**101,464**	-
Net gain on sale of securities available-for-sale	**(51,366)**	(139,983)
Gain on sale of other real estate owned	**-**	(11,672)
Net change in loans originated for resale	**-**	862,000
(Decrease) increase in net deferred loan fees	**(2,102,133)**	2,173,143
Deferred income tax expense (benefit)	**100,721**	(629,718)
(Increase) decrease in accrued interest receivable and other assets	**(1,698,001)**	205,630
Increase in accrued expenses and other liabilities	**1,422,177**	887,302
Increase in cash surrender value of bank owned life insurance	**(703,249)**	(714,871)
Net cash provided by operating activities	**12,757,353**	18,039,364
Cash flows from investing activities		
Additions to premises and equipment	**(3,414,994)**	(1,269,168)
Loan and lease originations and principal collections, net	**(35,145,281)**	(117,154,404)
Purchase of securities available-for-sale	**(122,197,336)**	(156,093,680)
Purchase of securities held-for-sale	**(5,500,000)**	-
Proceeds from principal paydowns, calls and maturities of securities available-for-sale	**35,281,897**	52,869,826
Proceeds from sale of securities available-for-sale	**13,937,142**	29,553,931
(Purchase) redemption of Federal Home Loan Bank stock	**(1,173,900)**	1,789,100
Purchase of other investment	**(535,714)**	-
Distributions from limited partnerships	**65,656**	30,161
Investment in limited partnerships	**(1,016,876)**	(1,417,003)
Net cash used by investing activities	**(119,699,406)**	(191,691,237)

(Continued next page)

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

GORHAM BANCORP, MHC AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Concluded)

Years Ended March 31, 2022 and 2021

	2022	2021
Cash flows from financing activities		
Net increase in deposits	**$ 97,748,250**	$ 235,158,612
Net increase (decrease) in securities sold under agreements to repurchase	**2,933,115**	(663,120)
Net decrease in federal funds purchased	**(4,900,000)**	(825,000)
Net increase (decrease) in short-term advances	**24,625,000**	(50,000,000)
Proceeds from long-term Federal Home Loan Bank advances	**8,052,748**	270,000
Repayment of long-term Federal Home Loan Bank advances	**(824,931)**	(9,180,313)
Net cash provided by financing activities	**127,634,182**	174,760,179
Net increase in cash and cash equivalents	**20,692,129**	1,108,306
Cash and cash equivalents, beginning of year	**33,151,543**	32,043,237
Cash and cash equivalents, end of year	**$ 53,843,672**	$ 33,151,543
Supplemental cash flow information:		
Interest paid on deposits and borrowed funds	**$ 1,957,029**	$ 3,342,972
Income taxes paid	**$ 2,100,000**	$ 1,125,000
Noncash transaction:		
Unfunded commitment in Low Income Housing Tax Credit Partnership	**$ 1,000,000**	$ 1,000,000

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

Nature of Business

Gorham Savings Bank (the Bank) was chartered in 1868 as a mutual savings bank. In December 2006, the Bank reorganized to become a Maine investor-owned universal bank, with its stock wholly-owned by Gorham Bancorp, Inc., a mid-tier stock holding company. The stock of Gorham Bancorp, Inc. is wholly-owned by Gorham Bancorp, MHC (the Company), a Maine mutual holding company.

Gorham Bancorp, Inc. and the Company are under the supervision of the Board of Governors of the Federal Reserve System and the Maine Bureau of Financial Institutions. The Bank is under the supervision of the Federal Deposit Insurance Corporation (FDIC) and the Maine Bureau of Financial Institutions.

The Bank provides mortgage, commercial, and consumer lending and depository services to customers in Southern Maine from its offices in Gorham, Standish, Windham, Scarborough, West Falmouth, Falmouth Foreside, Waterboro, South Portland, Yarmouth and Portland (Long Wharf, Marginal Way and India Street). Accordingly, the Bank is dependent on the health of the local economy for continued profitable operations.

Gorham Savings Leasing Group, LLC, a wholly-owned subsidiary of the Bank, leases business equipment and tangible and intangible personal property.

1. Summary of Significant Accounting Policies

The accounting and reporting policies conform to U.S. generally accepted accounting principles (GAAP) and to general practices within the banking industry. The following is a summary of significant accounting and reporting policies.

Basis of Presentation

The Company follows accounting standards as set by the Financial Accounting Standards Board (FASB). The FASB sets GAAP that management follows to help ensure they consistently report the Company’s consolidated financial condition, results of operations and cash flows.

Principles of Consolidation

The financial statements include the accounts of the Company, Gorham Bancorp, Inc., the Bank and the Bank’s wholly-owned subsidiary, Gorham Savings Leasing Group, LLC. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

In preparing financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

A material estimate that is particularly susceptible to significant change in the near term relates to the determination of the allowance for credit losses.

In connection with the determination of the allowance for credit losses management obtains independent appraisals for significant properties.

Significant Group Concentrations of Credit Risk

Most of the Bank's activities are with customers located in Southern Maine. The Bank does not have any significant concentrations in any one industry or customer.

Cash and Cash Equivalents

For purposes of presentation in the statements of cash flows, cash and cash equivalents include cash and due from banks.

The Bank maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Bank has not experienced any losses in such accounts and believes it is not exposed to any significant risk with respect to these accounts.

Securities

Debt securities that management has the positive intent and ability to hold to maturity are classified as "held-to-maturity" and recorded at amortized cost. Debt securities not classified as held-to-maturity, with readily determinable fair values, are classified as "available-for-sale" and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income or loss. Nonmarketable equity securities, which consist of stock in the Federal Home Loan Bank (FHLB), are carried at cost, subject to adjustments for any observable market transactions on the same or similar instruments of the investee.

Investments related to the funded supplemental executive retirement plan (SERP) are recorded at fair value and included in other assets.

Other investments are carried at cost, subject to adjustments for any observable market transactions on the same or similar instruments of the investee. Other investments are included in other assets.

Amortization of premiums and accretion of discounts are recorded as an adjustment to yield over the period to maturity or the earliest call date. For individual debt securities where the Bank does not intend to sell the security and it is not “more likely than not” that the Bank will be required to sell the security before recovery of its amortized cost basis, the other-than-temporary decline in the fair value of the debt security related to 1) credit loss is recognized in earnings, and 2) other factors are recognized in other comprehensive income or loss. Credit loss is deemed to exist if the present value of expected future cash flows discounted using the effective rate at acquisition is less than the amortized cost basis of the debt security. For individual debt securities where the Bank intends to sell the security or, more likely than not, will be required to sell the security before recovery of its amortized cost, the other-than-temporary impairment is recognized in earnings equal to the entire difference between the security’s cost basis and its fair value at the balance sheet date. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Derivative Financial Instruments

All derivatives are recognized on the consolidated balance sheets at fair value. Derivatives held by the Bank are not designated as hedges in accordance with GAAP.

Loans Held for Sale

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income.

Loans and Leases

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are stated at the amount of unpaid principal, reduced by deferred loan fees and an allowance for loan losses.

Loans past due 30 days or more are considered delinquent. Management is responsible to initiate immediate collection efforts to minimize delinquency and any eventual adverse impact on the Bank.

In general, consumer loans will be charged off if the loan is delinquent for 120 consecutive days. Residential real estate loans are generally written down to the collectible amount when the loan is delinquent for 180 consecutive days. Commercial and commercial real estate loans and leases are charged off in part or in full if they are considered uncollectible.

Loan interest income is accrued daily on the outstanding balances. For all classes of loans, accrual of interest is discontinued when a loan is specifically determined to be impaired or management believes, after considering collection efforts and other factors, that the borrower's financial condition is such that collection of interest is doubtful. Any unpaid interest previously accrued on those loans is reversed from income. For all classes of loans, interest income is generally not recognized on specific impaired loans unless the likelihood of further loss is remote. Interest payments received on such loans are generally applied as a reduction of the loan principal balance. Interest income on other nonaccrual loans is recognized only to the extent of interest payments received. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current for a period of six months and future payments are reasonably assured.

Loan origination and commitment fees and certain direct origination costs are being deferred and the net amount amortized as an adjustment of the related loan's yield. The Bank is generally amortizing these amounts over the estimated average life of the loan.

At lease inception, the present values of future rentals and of the residual values are recorded as net investment in direct financing leases. Unearned interest income is amortized to interest income over the lease term to produce a constant percentage return on the investment. Sales commissions and other direct costs incurred in direct financing leases are capitalized and recorded as part of the net investment in leases and are amortized over the lease term.

Allowance for Credit Losses

The allowance for credit losses, which includes the allowance for loan and lease losses and the reserve for contingent liabilities, represents management's estimate of probable losses inherent in the Bank's lending activities. The allowance for loan and lease losses is established as losses are estimated to have occurred through a provision for credit losses charged to earnings. Loan and lease losses are charged against the allowance when management believes the uncollectibility of a loan or lease balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for credit losses is evaluated on a regular basis by management. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. While the Bank seeks to use the best available information in determining the allowance for credit losses, future adjustments to the allowance for credit losses may be necessary based on changes in economic conditions, results of regulatory examinations, further information obtained regarding known problem loans, the identification of additional problem loans and other factors. The allowance for credit losses consists of general, allocated and unallocated components, as further described below.

General Component

The general component of the allowance for credit losses is based on historical loss experience adjusted for qualitative factors stratified by the following portfolio segments: residential real estate, commercial real estate, commercial, consumer and leases. Management uses an average of historical losses based on a time frame appropriate to capture relevant loss data for each portfolio segment. Management deems 10 years to be an appropriate time frame on which to base historical losses for the consumer, residential and commercial loan segments. This historical loss factor is adjusted for the following qualitative factors for each portfolio segment: levels/trends in delinquencies; trends in volume and terms of loans; effects of changes in risk selection and changes in lending policies, experience, ability, depth of lending management and staff; and national and local economic conditions. Management follows a similar process to estimate its reserve for contingent liabilities.

The qualitative factors are determined based on the various risk characteristics of each portfolio segment. Risk characteristics relevant to each portfolio segment are as follows:

Residential real estate – Loans in this segment are generally collateralized by owner-occupied residential real estate and repayment is dependent on the credit quality of the individual borrower. The overall health of the economy, including unemployment rates and housing prices, will have an effect on the credit quality of this segment.

Commercial real estate – Loans in this segment are primarily income-producing properties or properties occupied by businesses. The underlying cash flows generated by the properties are adversely impacted by a downturn in the economy as evidenced by increased vacancy rates or a general slowdown in business which, in turn, will have an effect on the credit quality of this segment. Management obtains rent rolls and business financial statements on at least an annual basis and continually monitors the cash flows of these loans.

Other commercial loans and leases – Loans in this segment are made to businesses and are generally secured by assets of the business. Leases are made to businesses and municipalities, and are generally secured by the leased asset. Repayment is expected from the cash flows of the business. A weakened economy, and resultant decreased consumer spending, will have an effect on the credit quality in this segment.

Consumer – Repayment of loans in this segment is generally dependent on the credit quality of the individual borrower.

Allocated Component

The allocated component relates to loans or leases that are classified as impaired. Impairment is measured on a loan-by-loan basis for residential real estate, commercial real estate, commercial loans and leases by either the present value of expected future cash flows discounted at the loan's effective interest rate, or the fair value of the collateral if the loan is collateral dependent. An allowance is established when the discounted cash flows or collateral value of the impaired loan is lower than the carrying value of that loan. The Bank recognizes the change in present value attributable to the passage of time as provision for credit losses. Large groups of smaller balance homogenous loans are collectively evaluated for impairment, and the resulting allowance is reported as the general component described above.

A loan or lease is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans or leases that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

The Bank periodically may agree to modify the contractual terms of loans. When a loan is modified and a concession is made to a borrower experiencing financial difficulty, the modification is considered a troubled debt restructuring. All troubled debt restructurings are classified as impaired and measured using the present value of expected future cash flows or the fair value of the underlying collateral, if collateral-dependent.

Unallocated Component

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

There were no changes in the Bank's accounting policies or methodology pertaining to the allowance for credit losses during 2022 or 2021.

Loan Servicing

Servicing assets are recognized as separate assets when rights are acquired through purchase or through sale of financial assets. Capitalized servicing rights are reported in other assets and are amortized into noninterest income over the period of the estimated average life of the underlying financial assets. Servicing assets are evaluated for impairment based upon the fair value of the rights as compared to amortized cost. Impairment is determined by stratifying rights by predominant characteristics, such as interest rates and terms. Fair value is determined using prices for similar assets with similar characteristics, when available, or based upon discounted cash flows using market-based assumptions. Impairment is recognized through a valuation allowance for an individual stratum, to the extent that fair value is less than the capitalized amount for the stratum.

Credit Related Financial Instruments

In the ordinary course of business, the Bank has entered into commitments to extend credit, including commitments under credit card arrangements, commercial letters of credit and standby letters of credit. Such financial instruments are recorded when they are funded.

Premises and Equipment

Land is carried at cost. Buildings and equipment are carried at cost, less accumulated depreciation computed on the straight-line method over the estimated useful lives of the assets.

Bank Owned Life Insurance (BOLI)

The Bank purchased life insurance policies insuring the lives of certain officers of the Bank. Consent was obtained from the employees prior to the purchase. The fee income stream related to the BOLI assets is reported in other noninterest income.

Other Real Estate Owned

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less cost to sell the property at the time of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in other noninterest expenses. The Bank did not hold any other real estate owned at March 31, 2022 and 2021.

Securities Sold Under Agreements to Repurchase

Securities sold under agreements to repurchase, which are classified as secured borrowings, generally mature within one to four days from the transaction date. Securities sold under agreements to repurchase are reflected at the amount of cash received in connection with the transaction. The Bank may be required to provide additional collateral based on the fair value of the underlying securities.

Income Taxes

Deferred income tax assets and liabilities are determined using the liability (balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws.

Advertising

Advertising costs are expensed as incurred. Advertising expense was $1,076,032 and $781,032 for the years ended March 31, 2022 and 2021, respectively.

Comprehensive Income or Loss

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on securities available-for-sale, are reported as a separate component of the net worth section of the balance sheet, such items, along with net income, are components of comprehensive income or loss.

Recent Accounting Developments

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). The ASU was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. In June 2020, the FASB issued ASU No. 2020-05, which delays the effective date of this ASU to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Management is reviewing the guidance in the ASU to determine whether it will have a material effect on the Company's financial condition and results of operations.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. The ASU requires entities to measure credit losses on loans receivable using a current expected credit losses model, instead of the incurred losses model used in current accounting principles. In November 2019, the FASB issued ASU No. 2019-10, which delays the effective date of this ASU to fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. The ASU will be effective for the Company beginning on April 1, 2023. Management is currently reviewing ASU No. 2016-13 to assess its effect on the Company’s financial position, which could be significant. Management has contracted with a third-party software provider to assist with its transition to the new methodology.

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities.* The ASU was issued to make certain specific improvements to hedge accounting to better align hedge accounting with risk management activities, eliminate the separate measurement and recording of hedge ineffectiveness, improve presentation and disclosure, and other simplifications. In November 2019, the FASB issued ASU No. 2019-10, which delays the effective date of this ASU to fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted, including adoption in an interim period. All transition requirements and elections are to be applied to existing hedging relationships upon adoption. The Company adopted this ASU effective April 1, 2021 and it did not have a material impact on the Company's consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, and has issued subsequent amendments thereto, which provides temporary optional guidance to ease the potential burden in accounting for reference rate reform. The ASU provides optional expedients and exceptions for applying GAAP to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued. It is intended to help stakeholders during the global market-wide reference rate transition period. The guidance is effective for all entities as of March 12, 2020 through December 31, 2022. The transition away from LIBOR is not expected to have a material impact on the Company's consolidated financial statements.

In March 2022, the FASB issued ASU No. 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*, which eliminates the accounting guidance for troubled debt restructurings, while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. ASU No. 2022-02 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022. ASU No. 2022-02 is not expected to have a material impact on the Company's consolidated financial statements.

Subsequent Events

For the purposes of the presentation of these financial statements in conformity with GAAP, management has considered transactions or events occurring through June 13, 2022, which is the date that the financial statements were available to be issued. Management has not evaluated subsequent events after that date for inclusion in the financial statements.

2. Cash and Due from Banks

The Bank no longer has a required reserve with the Federal Reserve Bank of Boston (FRB).

At March 31, 2022 and 2021, the Bank had approximately $25,145,000 and $6,147,000, respectively, on deposit with the FRB. Interest on balances is paid at the current Federal Funds Target rate.

3. Securities

The amortized cost and fair value of securities, with gross unrealized gains and losses, follow:

	2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Available-for-Sale				
U.S. Government and federal agencies	$ 3,000,000	$ -	$ (304,509)	$ 2,695,491
Mortgage-backed securities	302,512,629	369,224	(23,957,581)	278,924,272
Total securities available-for-sale	$ 305,512,629	$ 369,224	$(24,262,090)	$ 281,619,763
Securities Held-to-Maturity				
Corporate bonds	$ 5,500,000	$ -	$ (250,395)	$ 5,249,605
Other bonds and notes	500,000	-	-	500,000
Total securities held-to-maturity	$ 6,000,000	$ -	$ (250,395)	$ 5,749,605

	2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Available-for-Sale				
U.S. Government and federal agencies	$ 3,000,000	$ -	$ (151,488)	$ 2,848,512
Mortgage-backed securities	230,223,354	4,704,214	(4,845,013)	230,082,555
Total securities available-for-sale	$ 233,223,354	$4,704,214	$ (4,996,501)	$ 232,931,067
Securities Held-to-Maturity				
Other bonds and notes	$ 500,000	$ -	$ -	$ 500,000
Total securities held-to-maturity	$ 500,000	$ -	$ -	$ 500,000

Securities with unrealized losses at March 31 are as follows:

	2022					
	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government and federal agencies	$ -	$ -	$ 2,695,491	$ 304,509	$ 2,695,491	$ 304,509
Corporate bonds	5,249,605	250,395	-	-	5,249,605	250,395
Mortgage-backed securities	159,165,471	12,819,443	90,576,979	11,138,138	249,742,450	23,957,581
Total temporarily impaired securities	$ 164,415,076	$ 13,069,838	$93,272,470	$ 11,442,647	$ 257,687,546	$24,512,485

	2021					
	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government and federal agencies	$ 2,848,512	$ 151,488	$ -	$ -	$ 2,848,512	$ 151,488
Mortgage-backed securities	128,314,495	4,845,013	-	-	128,314,495	4,845,013
Total temporarily impaired securities	$ 131,163,007	$ 4,996,501	$ -	$ -	$ 131,163,007	$ 4,996,501

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

Management has determined that the unrealized losses on these securities are consistent with recent changes in the overall bond market caused by an increase in market yields, and the securities are not other than temporarily impaired.

The number of investments with unrealized losses at March 31 is summarized below:

	2022		2021	
	Less than 12 months	12 months or longer	Less than 12 months	12 months or longer
U.S. Government and federal agencies	**-**	**1**	1	-
Mortgage-backed securities	**44**	**22**	27	-
Corporate bonds	**7**	**-**	-	-

At March 31, 2022 and 2021, securities with a carrying value of $281,619,763 and $232,931,067, respectively, were pledged to secure advances from the FHLB, public deposits, interest rate swaps, repurchase agreements, and for other purposes required or permitted by law.

The amortized cost and fair value of debt securities by contractual maturity at March 31, 2022 follow:

	Available-for-Sale		Held-to-Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Within 5 years	$ -	$ -	$1,500,000	$1,440,000
After 5 years through 10 years	3,000,000	2,695,491	4,500,000	4,309,605
	3,000,000	2,695,491	6,000,000	5,749,605
Mortgage-backed securities	302,512,629	278,924,272	-	-
	$ 305,512,629	$ 281,619,763	$6,000,000	$5,749,605

Mortgage-backed securities are not due at a single maturity date and have not been allocated to maturity groupings for purposes of the maturity table.

For the year ended March 31, 2022, proceeds from sales of securities available-for-sale amounted to $13,937,142 and gross realized gains and losses amounted to $156,024 and $104,658, respectively. For the year ended March 31, 2021, proceeds from sales of securities available-for-sale amounted to $29,553,931 and gross realized gains and losses amounted to $255,095 and $115,112, respectively.

There were no sales of securities held-to-maturity during 2022 and 2021.

4. Loans and Leases

The composition of net loans and leases at March 31 is as follows:

	2022	2021
Residential real estate	**$ 222,455,344**	$ 191,572,969
Commercial real estate	**536,624,569**	497,633,573
Other commercial	**279,704,088**	320,027,098
Consumer	**70,907,753**	69,084,585
Leases	**26,046,871**	23,411,221
	1,135,738,625	1,101,729,446
Less allowance for loan and lease losses	**9,240,736**	12,012,892
Loans and leases, net	**$ 1,126,497,889**	$ 1,089,716,554

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (CARES Act) was enacted to provide emergency assistance for individuals, families and businesses affected by the COVID-19 pandemic. Amongst other programs, the CARES Act created the Paycheck Protection Program (PPP) designed to incentivize small businesses to keep their workers on the payroll. During 2022 and 2021, the Bank had received approval from the U.S. Small Business Administration (SBA) for PPP loans under the CARES Act for 93 and 1,501 applications and $1,714,700 and $142,431,241 in loans, respectively. During the years ended March 31, 2022 and 2021, $56,555,586 and $86,891,626 of the Bank's PPP loans had been forgiven by the SBA with $698,729 and $55,539,615 in principal remaining outstanding, respectively. PPP loans are classified as other commercial loans.

The SBA paid the Bank a 1% to 5% origination fee on the principal balance of PPP loans depending on the type of loan. As of March 31, 2022 and 2021, the Bank had PPP loan deferred origination fees of $37,190 and $2,157,318 recorded in loans and leases receivable on the consolidated balance sheets, respectively. In 2022 and 2021, the Bank recognized in income $2,535,020 and $3,667,585 of PPP loan origination fees, respectively. This income is recorded in loans and leases interest income on the consolidated statements of income.

An analysis of the allowance for credit losses for the years ended March 31, 2022 and 2021 follows:

	Year Ended March 31, 2022						
	Residential Real Estate	Commercial Real Estate	Other Commercial	Consumer	Leases	Unallocated	Total
Balance, beginning of year	**$ 1,292,535**	**$ 4,540,009**	**$ 4,259,684**	**$ 432,759**	**$ 144,956**	**$ 1,342,949**	**$ 12,012,892**
Provision for (reduction of) loan and lease losses	**63,884**	**487,274**	**967,833**	**44,261**	**27,141**	**(1,124,313)**	**466,080**
Loans charged-off	**-**	**(82,142)**	**(3,228,311)**	**(86,109)**	**-**	**-**	**(3,396,562)**
Recoveries	**39,628**	**-**	**73,771**	**44,927**	**-**	**-**	**158,326**
Balance, end of year	**$ 1,396,047**	**$ 4,945,141**	**$ 2,072,977**	**$ 435,838**	**$ 172,097**	**$ 218,636**	**$ 9,240,736**

	Year Ended March 31, 2021						
	Residential Real Estate	Commercial Real Estate	Other Commercial	Consumer	Leases	Unallocated	Total
Balance, beginning of year	$ 1,243,620	$ 4,207,025	$ 1,649,068	$ 446,357	$ 133,657	$ 1,721,314	$ 9,401,041
Provision for (reduction of) loan and lease losses	(17,393)	865,794	2,760,643	288	11,299	(378,365)	3,242,266
Loans charged-off	-	(532,810)	(150,027)	(80,784)	-	-	(763,621)
Recoveries	66,308	-	-	66,898	-	-	133,206
Balance, end of year	$ 1,292,535	$ 4,540,009	$ 4,259,684	$ 432,759	$ 144,956	$ 1,342,949	$ 12,012,892

The Bank established a reserve for unfunded loan commitments as a liability in the Bank's consolidated balance sheets. An analysis of the reserve for unfunded loan commitments follows:

	Years Ended March 31,	
	2022	2021
Balance at beginning of year	**$ 1,987,360**	$ 1,729,626
Provision for losses on unfunded commitments	**583,920**	257,734
Balance at end of year	**$ 2,571,280**	$ 1,987,360

The following table presents the allowance for loan and lease losses and select loan information as of March 31:

2022	Residential Real Estate	Commercial Real Estate	Other Commercial	Consumer	Leases	Unallocated	Total
Allowance for loan and lease losses							
Ending balance	**$ 1,396,047**	**$ 4,945,141**	**$ 2,072,977**	**$ 435,838**	**$ 172,097**	**$218,636**	**$ 9,240,736**
Individually evaluated for impairment	**57,204**	**-**	**-**	**40,615**	**-**	**-**	**97,819**
Collectively evaluated for impairment	**1,338,843**	**4,945,141**	**2,072,977**	**395,223**	**172,097**	**218,636**	**9,142,917**
Loans							
Ending balance	**222,455,344**	**536,624,569**	**279,704,088**	**70,907,753**	**26,046,871**		**1,135,738,625**
Individually evaluated for impairment	**2,972,872**	**4,037,330**	**1,088,818**	**864,204**	**-**		**8,963,224**
Collectively evaluated for impairment	**219,482,472**	**532,587,239**	**278,615,270**	**70,043,549**	**26,046,871**		**1,126,775,401**

2021	Residential Real Estate	Commercial Real Estate	Other Commercial	Consumer	Leases	Unallocated	Total
Allowance for loan and lease losses							
Ending balance	$ 1,292,535	$ 4,540,009	$ 4,259,684	$ 432,759	$ 144,956	$1,342,949	$ 12,012,892
Individually evaluated for impairment	71,781	70,104	2,058,428	99,512	-	-	2,299,825
Collectively evaluated for impairment	1,220,754	4,469,905	2,201,256	333,247	144,956	1,342,949	9,713,067
Loans							
Ending balance	191,572,969	497,633,573	320,027,098	69,084,585	23,411,221		1,101,729,446
Individually evaluated for impairment	3,764,735	4,789,973	4,145,859	1,420,302	-		14,120,869
Collectively evaluated for impairment	187,808,234	492,843,600	315,881,239	67,664,283	23,411,221		1,087,608,577

The Bank categorizes residential and consumer loans as performing and nonperforming loans. Any loan that has been 90 days or more past due and not had 6 months of on time payments are categorized as non-performing for both residential and consumer loans, all others are considered performing.

The Bank categorizes commercial loans and leases by credit risk exposure. The following tables present the credit risk profile by creditworthiness category as of March 31, 2022 and 2021.

Loans rated 1 – 5: Loans in these categories are considered “pass” rated loans with low to average risk.

Loans rated 6: Loans in this category are considered “special mention.” These loans are starting to show signs of potential weakness and are being closely monitored by management.

Loans rated 7: Loans in this category are considered “substandard.” Generally, a loan is considered substandard if it is inadequately protected by the current net worth and paying capacity of the borrowers and/or the collateral pledged. There is an increased possibility that the Bank will sustain some loss if the weakness is not corrected.

Loans rated 8: Loans in this category are considered “doubtful.” Loans classified as doubtful have all the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, highly questionable and improbable.

On an annual basis, or more often if needed, the Bank formally reviews the ratings on all commercial real estate loans, other commercial loans, and leases. Semi-annually, the Bank engages an independent third party to review a significant portion of loans within these segments. Management uses the results of these reviews as part of its annual review process.

2022

	Commercial Real Estate	Other Commercial	Leases
By Risk Rating:			
1	$ -	$ 4,711,550	$ -
2	301,974	1,183,909	15,363,785
3	28,791,244	20,040,269	7,339,740
4	106,240,065	85,006,272	2,081,979
5	389,093,294	139,725,123	759,044
6	6,278,135	17,275,421	502,323
7	5,919,857	11,761,544	-
8	-	-	-
	$ 536,624,569	$ 279,704,088	$ 26,046,871

	Residential Real Estate	Consumer
By Performance Status:		
Performing	$ 220,331,586	$ 70,043,549
Nonperforming	2,123,758	864,204
	$ 222,455,344	$ 70,907,753

2021

	Commercial Real Estate	Other Commercial	Leases
By Risk Rating:			
1	$ -	$ 2,326,786	$ -
2	398,744	54,782,903	15,552,324
3	31,095,575	18,594,762	4,635,101
4	93,806,367	79,114,857	1,910,938
5	354,331,459	137,793,744	708,642
6	12,924,133	10,340,349	604,216
7	5,077,295	17,073,697	-
8	-	-	-
	$ 497,633,573	$ 320,027,098	$ 23,411,221

	Residential Real Estate	Consumer
By Performance Status:		
Performing	$ 188,728,348	$ 67,664,283
Nonperforming	2,844,621	1,420,302
	$ 191,572,969	$ 69,084,585

The following table presents an aging analysis of past due loans as of March 31:

2022	30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater Past Due	Total Past Due	Current	Total Loans	Loans on Non-Accrual
Residential real estate	**$ 1,196,872**	**$ 110,772**	**$ 2,012,986**	**$ 3,320,630**	**$ 219,134,714**	**$ 222,455,344**	**$ 2,123,758**
Commercial real estate	**238,954**	**1,074,719**	**3,689,159**	**5,002,832**	**531,621,737**	**536,624,569**	**3,689,160**
Other commercial	**35,476**	**-**	**1,088,818**	**1,124,294**	**278,579,794**	**279,704,088**	**1,088,818**
Consumer loans	**214,981**	**981**	**745,320**	**961,282**	**69,946,471**	**70,907,753**	**864,204**
Leases	**105,025**	**-**	**-**	**105,025**	**25,941,846**	**26,046,871**	**-**
	$ 1,791,308	**$ 1,186,472**	**$ 7,536,283**	**$10,514,063**	**$1,125,224,562**	**$1,135,738,625**	**$ 7,765,940**

2021	30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater Past Due	Total Past Due	Current	Total Loans	Loans on Non-Accrual
Residential real estate	$ 1,026,510	$ 12,687	$ 2,557,271	$ 3,596,468	$ 187,976,501	$ 191,572,969	$ 2,844,621
Commercial real estate	41,294	150,000	4,274,341	4,465,635	493,167,938	497,633,573	4,424,341
Other commercial	3,181,752	-	1,131,260	4,313,012	315,714,086	320,027,098	4,145,858
Consumer loans	60,935	119,197	988,091	1,168,223	67,916,362	69,084,585	1,420,302
Leases	-	-	-	-	23,411,221	23,411,221	-
	$ 4,310,491	$ 281,884	$ 8,950,963	$13,543,338	$1,088,186,108	$1,101,729,446	$12,835,122

There were no loans 90 days past due and still accruing interest at March 31, 2022 and 2021.

The following table presents a summary of information pertaining to impaired loans by loan segment as of or for the years ended March 31:

2022	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Investment	Interest Income Recognized	Interest Income Recognized on a Cash Basis
With no related allowance						
Residential real estate	**$ 2,298,137**	**$ 2,855,936**	**$ -**	**$ 1,832,508**	**$ 184,726**	**$ 184,726**
Commercial real estate	**4,037,330**	**4,659,030**	**-**	**4,305,098**	**41,001**	**41,001**
Other commercial	**1,088,818**	**1,161,048**	**-**	**1,186,928**	**2,906**	**2,906**
Consumer	**742,589**	**916,088**	**-**	**970,601**	**59,103**	**59,103**
With related allowance						
Residential real estate	**674,735**	**735,115**	**57,204**	**848,654**	**3,733**	**3,733**
Commercial real estate	**-**	**-**	**-**	**5,576**	**-**	**-**
Other commercial	**-**	**-**	**-**	**328,627**	**78**	**78**
Consumer	**121,615**	**136,990**	**40,615**	**154,865**	**8,216**	**8,216**
Total						
Residential real estate	**2,972,872**	**3,591,051**	**57,204**	**2,681,162**	**188,459**	**188,459**
Commercial real estate	**4,037,330**	**4,659,030**	**-**	**4,310,674**	**41,001**	**41,001**
Other commercial	**1,088,818**	**1,161,048**	**-**	**1,515,555**	**2,984**	**2,984**
Consumer	**864,204**	**1,053,078**	**40,615**	**1,125,466**	**67,319**	**67,319**

2021	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Investment	Interest Income Recognized	Interest Income Recognized on a Cash Basis
With no related allowance						
Residential real estate	$ 2,838,323	$ 3,448,841	$ -	$ 2,942,274	$ 172,506	$ 172,506
Commercial real estate	4,347,369	4,889,391	-	4,555,275	36,736	36,736
Other commercial	904,211	913,865	-	1,762,860	4,558	4,558
Consumer	1,157,260	1,388,988	-	1,087,443	37,078	37,078
With related allowance						
Residential real estate	926,412	1,007,926	71,781	1,066,972	-	-
Commercial real estate	442,604	443,591	70,104	580,525	-	-
Other commercial	3,241,647	3,277,908	2,058,428	1,709,468	3,430	3,430
Consumer	263,042	278,772	99,512	252,254	461	461
Total						
Residential real estate	3,764,735	4,456,767	71,781	4,009,246	172,506	172,506
Commercial real estate	4,789,973	5,332,982	70,104	5,135,800	36,736	36,736
Other commercial	4,145,858	4,191,773	2,058,428	3,472,328	7,988	7,988
Consumer	1,420,302	1,667,760	99,512	1,339,697	37,539	37,539

No additional funds are committed to be advanced in connection with impaired loans.

Troubled Debt Restructurings

A loan modification constitutes a troubled debt restructuring if the Bank, for economic or legal reasons related to the borrower's financial difficulties, grants a concession to the borrower that it would not otherwise consider. To determine whether or not a loan should be classified as a troubled debt restructuring, management evaluates a loan based upon the following criteria:

- The borrower demonstrates financial difficulty; common indicators include past due status with bank obligations, substandard credit bureau reports, or an inability to refinance with another lender, and
- The Bank has granted a concession; common concessions include maturity date extension, interest rate adjustments to below market pricing, reduction of principal and deferment of payments.

Troubled debt restructured loans are considered impaired. As of March 31, 2022, there were no commitments to lend additional amounts to customers with outstanding loans that are classified as troubled debt restructurings.

During the years ended March 31, 2022 and 2021, no loan modifications were executed which constituted troubled debt restructurings.

A loan is considered to be in payment default once it is greater than 30 days contractually past due under the modified terms. There were no troubled debt restructurings modified within the previous twelve months for which there was a subsequent payment default during the years ended March 31, 2022 and 2021.

On March 22, 2020, federal banking regulators issued an interagency statement providing guidance on accounting for loan modifications in light of the economic impact of the COVID-19 pandemic. The guidance interprets current accounting standards and indicates that a lender can conclude that a borrower is not experiencing financial difficulty if short-term (that is, six months or less) modifications are made in response to COVID-19, such as payment deferrals, fee waivers, extensions of repayment terms, or other delays in payment that are insignificant, provided that the loan is less than 30 days past due at the time a modification program is implemented. The banking agencies confirmed with the staff of the FASB that short-term modifications made on a good faith basis in response to COVID-19 to borrowers who were current prior to any relief are not troubled debt restructurings under GAAP.

Additionally, a provision of the CARES Act enacted in March 2020 provides that COVID-19 related loan modifications (including modifications that are not short-term) made to a loan between March 1, 2020 and the earlier of December 31, 2020 or the sixtieth day after the end of the COVID-19 emergency declared by the President will not require the loan to be treated as a troubled debt restructuring under GAAP, so long as the modified loan was not past due as of December 31, 2019. On December 27, 2020, the Consolidated Appropriations Act (CAA) amended section 4013 of the CARES Act to include insurance companies, in addition to financial institutions, as eligible for the optional relief. The CAA also extended the date for loan modifications from December 31, 2020 to January 1, 2022.

The Company has adopted the troubled debt restructuring guidance issued by the federal banking agencies and section 4013 of the CARES Act. During 2022 and 2021, the Bank had granted loan concessions and/or modifications within the terms of this guidance on 4 and 573 loans having an aggregate principal amount of $447,523 and $246,125,932, respectively. As of March 31, 2022, 61 of these loans remained on deferral with a principal amount of $10,912,884. These loans may bear a higher risk of default in future periods.

Interest Rate Swap Agreements

The Bank enters into interest rate swap agreements (swaps) with commercial banking customers to facilitate customer risk management strategies. Under these agreements, customers receive a fixed rate loan with a prepayment provision. The Bank receives variable rate interest through corresponding swap agreements with third-party financial institutions; the general terms of these swaps mirror those of the customer agreements. Both the third-party swap and the customer loan prepayment provision are treated as individual derivatives carried at fair value based on observable market prices. Because the derivatives have mirror-image contractual terms, their fair values offset one another on the consolidated balance sheets and changes in fair value offset one another on the consolidated statements of income.

At March 31, the Bank has the following outstanding swaps:

	2022	2021
Number outstanding	**44**	50
Maturity	**2023-2039**	2022-2035
Notional amount	**$102,554,116**	$108,710,159
Fair value – bank swaps with financial institutions	**$ (3,000,348)**	$ (3,984,744)
Fair value – bank swaps with customers	**3,000,348**	3,984,744

5. Loan Servicing

Loans serviced for others are not included on the accompanying consolidated balance sheets. The unpaid principal balance of serviced mortgage loans at March 31, 2022 and 2021 was $43,126,168 and $58,946,954, respectively.

The balance of capitalized servicing rights included in other assets at March 31, 2022 was $65,559. No mortgage servicing rights were capitalized and mortgage servicing rights of $70,241 were amortized during 2022. Mortgage servicing rights included in other assets at March 31, 2021 totaled $135,800. Mortgage servicing rights of $82,687 were capitalized and mortgage servicing rights of $112,305 were amortized during 2021.

The Bank sells loans under a program with the FHLB, the Mortgage Partnership Finance (MPF) program. These loans meet specific underwriting standards of the FHLB. As of March 31, 2022, and 2021, loans serviced for the FHLB included $41,480,942 and $57,086,309, respectively, in outstanding loans funded with the MPF program and the maximum contingent liability related to the shared risk of payment default as a result of this program was $2,562,196 and $2,984,888, respectively.

6. Premises and Equipment

A summary of the cost and accumulated depreciation of premises and equipment follows:

	2022	2021
Land and land improvements	**$ 1,733,598**	$ 1,733,598
Buildings and improvements	**23,336,177**	22,469,247
Equipment	**18,431,453**	17,746,804
Construction in progress	**31,269**	502,752
	43,532,497	42,452,401
Accumulated depreciation	**(22,643,599)**	(23,029,535)
	$ 20,888,898	$ 19,422,866

Pursuant to the terms of noncancelable lease agreements expiring through June 2029, pertaining to premises and equipment and other real estate rental property, future minimum rent commitments under various operating leases by fiscal year are as follows:

2023	$ 926,642
2024	880,464
2025	400,031
2026	287,856
2027	67,311
Thereafter	109,802
	$ 2,672,106

Total rent expense for the years ended March 31, 2022 and 2021 was $1,001,641 and $984,305, respectively.

7. Qualified Affordable Housing Project Investments

The Bank had ten investments in qualified affordable housing projects as of March 31, 2022 and 2021, with balances in other assets within the consolidated balance sheets of $4,278,508 and $3,910,937, respectively. The Company amortizes these investments using the proportional amortization method and recognized amortization expense of $532,429 and $250,000 in 2022 and 2021, respectively, which was included within income tax expense in the consolidated statements of income. The tax credits received under these investments were $479,187 and $449,942 for the years ended March 31, 2022 and 2021, respectively.

The Bank has a commitment to advance funds for qualified affordable housing project investments in the amount of $1,614,329 and $1,481,205 as of March 31, 2022 and 2021, respectively, included in accrued expenses and other liabilities.

8. Deposits

The aggregate amount of certificates of deposit in denominations of $250,000 or more at March 31, 2022 and 2021 was $6,563,211 and $18,947,186, respectively.

At March 31, 2022, the scheduled fiscal year maturities of certificates of deposit are as follows:

2023	$ 63,299,807
2024	14,420,876
2025	5,293,136
2026	4,276,436
2027	2,703,891
	$ 89,994,146

9. Advances from Federal Home Loan Bank

Pursuant to collateral agreements with the FHLB, advances are collateralized by all stock in the FHLB, qualifying first mortgages, home equity loans and lines of credit, commercial real estate loans, and securities available-for-sale.

At March 31, 2022 and 2021, fixed rate advances of $44,355,081 and $12,502,264, respectively, carried interest rates ranging from 0.00% to 3.00%. At March 31, 2022 and 2021, there were no variable rate advances. At March 31, 2022 and 2021, the weighted average interest rates on advances were 0.83% and 1.01%, respectively.

The Bank also has $1,000,000 available under a line of credit with the FHLB. There were no amounts outstanding on this line at March 31, 2022 or 2021.

Advances at March 31, 2021 have fiscal year maturity or earliest call dates as follows:

2023	$ 29,829,700
2024	249,000
2025	729,730
2027	188,000
Thereafter	13,358,651
	$ 44,355,081

10. Other Lines of Credit

The Bank has lines of credit with PNC Bank, National Association in the amount of $20,000,000 and JP Morgan Chase in the amount of $10,000,000. There were no amounts outstanding at March 31, 2022 or 2021.

The Bank has a line of credit with the FRB Borrower-In-Custody Program (the Program). The Program offers overnight collateralized advances secured by certain loan assets. At March 31, 2022 and 2021, the amounts of available borrowing were approximately $110,000,000 and $131,000,000, respectively. There were no funds outstanding at March 31, 2022 or 2021.

11. Income Taxes

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

	2022	2021
Current tax provision		
Federal	**$ 1,071,140**	$ 2,139,185
State	**201,975**	195,975
	1,273,115	2,335,160
Deferred federal tax expense (benefit)	**100,721**	(629,718)
Total income tax expense	**$ 1,373,836**	$ 1,705,442

The income tax provision differs from the expense that would result from applying federal statutory rates to income before income taxes principally because of state income taxes, amortization of low income housing investments, tax credits from these investments and other tax credits and tax exempt income.

The components of the net deferred tax asset, included in other assets, are as follows:

	2022	2021
Deferred tax assets		
Deferred fees	**$ 87,653**	$ 92,944
Allowance for loan losses	**2,480,524**	2,940,053
Pension benefits	**-**	1,050,857
Pension, postretirement benefits and deferred compensation	**1,178,977**	457,726
Net unrealized losses on securities available-for-sale	**5,017,502**	61,380
Investment in limited partnerships	**140,229**	95,450
Other	**5,357**	10,347
	8,910,242	4,708,757
Deferred tax liabilities		
Depreciation	**1,526,461**	1,084,507
Mortgage servicing rights	**13,748**	28,499
Prepaid expenses	**237,152**	186,152
Clark Insurance – installment sale	**446,098**	527,359
	2,223,459	1,826,517
Net deferred tax asset	**$ 6,686,783**	$ 2,882,240

Reserves and undivided profits include $3,100,629 representing an allocation for income tax bad debt deductions prior to 1988, for which deferred income taxes of $651,132 have not been provided.

GAAP prescribes a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, measurement and classification of amounts relating to uncertain tax positions, accounting for and disclosure of interest and penalties, accounting in interim periods, and disclosures. The Company is currently open to audit under the statutes of limitations for the years ended March 31, 2019 through 2022 by the Internal Revenue Service. It is the Company’s policy to record interest and penalties to other noninterest expense if incurred.

12. Legal Contingencies

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

13. Minimum Regulatory Capital Requirements

The Company and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Under the 2018 Regulatory Relief Act, the FDIC and the other federal bank regulators published a final joint rule that permits a qualifying community banking organization to opt in to a simplified regulatory capital framework. A qualifying institution that elects to utilize the simplified framework must maintain a community bank leverage ratio (CBLR) in excess of required minimums, and will thereby be deemed to have satisfied the generally applicable risk-based and other leverage capital requirements and (if applicable) the FDIC’s prompt corrective action framework. In order to utilize the CBLR framework, in addition to maintaining a CBLR in excess of required minimums, a community banking organization must have less than $10 billion in total consolidated assets and must meet certain other criteria such as limitations on the amount of off-balance sheet exposures and on trading assets and liabilities.

The CBLR is calculated by dividing Tier 1 capital by average total consolidated assets. The CBLR minimum requirement is 8.5% for calendar year 2021 and 9% for calendar year 2022 and thereafter. The final rule also allows for a two-quarter grace period to correct a ratio that falls below the required amount, provided the bank maintains a leverage ratio of 7.5% for calendar year 2021 and 8% for calendar year 2022 and thereafter. The Company and Bank qualify and have elected to utilize the CBLR framework as of March 31, 2022 and 2021. Management believes, as of March 31, 2022 and 2021, that the Company and the Bank met all capital adequacy requirements to which they are subject.

As of March 31, 2022, the most recent notification from the FDIC categorized the Bank as well capitalized under the regulatory framework. There are no conditions or events since the notification that management believes have changed the Bank's category. The consolidated actual capital amounts and ratios for the Company and the Bank as of March 31, 2022 and 2021 are also presented in the table.

March 31, 2022	Actual		Minimum Capital Requirement		Minimum to be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(dollars in thousands)					
Tier I Capital to Average Total Consolidated Assets						
Company	**$ 139,842**	**9.13%**	**N/A**	**N/A**	**$137,905**	**9.00%**
Bank	**$ 139,742**	**9.12%**	**N/A**	**N/A**	**$137,905**	**9.00%**
March 31, 2021						
Tier I Capital to Average Total Consolidated Assets						
Company	$ 133,936	9.51%	N/A	N/A	$119,734	8.50%
Bank	$ 133,836	9.50%	N/A	N/A	$119,734	8.50%

14. Employee Benefit Plans

Pension Plan

The Bank had a noncontributory defined benefit pension plan which covered all employees who met the eligibility requirements. To be eligible, an employee had to be 21 years of age and have completed one year of service. This plan provided benefits based on the average of the consecutive five years of compensation within the last ten years of employment that produced the highest average. Certain reductions applied to participants who retired before age 65. During the year ended March 31, 2016, the Bank implemented a “soft freeze” to the defined benefit pension plan, under which no new employees hired after September 30, 2015 were eligible to participate in the plan. During the year ended March 31, 2021, the Bank implemented a “hard freeze” to the defined benefit pension plan, under which additional benefits stopped accruing effective December 31, 2020. In June 2021, the Board of Directors voted to terminate the defined benefit pension plan effective October 31, 2021. All assets were distributed by March 31, 2022 and plan participants were given the option of a lump sum or annuity payout. Termination of the defined benefit pension plan resulted in a curtailment settlement expense of $4,634,662.

The following table sets forth this plan's funded status at March 31:

	2022	2021
Benefit obligation at March 31	**$ -**	$ 25,469,052
Fair value of plan assets at March 31	**-**	24,101,648
Funded status	**$ -**	$ (1,367,404)
Accumulated benefit obligation	**$ -**	$ 25,469,052
Accrued pension cost included in the accompanying consolidated balance sheet	**$ -**	$ 1,367,404

Assumptions used in determining the actuarial present value of the projected benefit obligation and net benefit cost at March 31 and for years ended are as follows:

	2022	2021
Discount rate – funded status	**N/A**	3.10%
Discount rate – benefit cost	**3.10%**	3.09%
Rate of increase in future compensation levels	**0.00%**	0.00%
Expected long-term rate of return on assets	**5.00%**	6.00%

The following table discloses additional information regarding the pension plan for the years ended March 31:

	2022	2021
Employer contributions	**$ 883,000**	$ 2,500,000
Benefits paid	**18,359,680**	669,468
Annuity purchases	**7,465,110**	-
Benefit cost (income)		
Service cost	**$ -**	$ 1,339,641
Interest cost	**782,203**	805,118
Actual loss on assets	**(1,182,467)**	(4,182,658)
Net amortization and deferral of gain	**285,280**	3,884,086
Net periodic benefit (income) cost	**$ (114,984)**	$ 1,846,187

The service cost component of net periodic benefit (income) cost is included in salaries and employee benefits in the consolidated statements of income. The components of net periodic benefit cost other than the service cost component are included in the line item "other" within noninterest expenses in the consolidated statements of income.

The following amounts were recognized in other comprehensive income for the pension plan:

	2022	2021
Net actuarial gain	$ (84,140)	$ (8,218,178)
Reclassification adjustment for amortization of net actuarial loss	(4,919,942)	(946,375)
Subtotal	(5,004,082)	(9,164,553)
Tax effect	1,050,857	1,924,556
	$ (3,953,225)	$ (7,239,997)

The reclassification adjustment above is reclassified into the line item "other" within noninterest expenses in the consolidated statements of income.

Amounts not yet reflected in net periodic benefit cost and included in accumulated other comprehensive loss at March 31 are as follows:

	2022	2021
Unamortized net actuarial loss	$ -	$ 5,004,082
Tax effect	-	(1,050,857)
Accumulated other comprehensive loss	$ -	$ 3,953,225

The Bank's pension plan weighted-average asset allocations by asset category as of March 31, 2021 are as follows:

Asset Category	Plan Assets
Equity securities	41.9%
Fixed income	56.7%
Cash and cash equivalents	1.4%
Total	100.0%

The defined benefit plan assets were invested with the goal of providing sufficient total return in the form of capital appreciation and current income to meet current and future distributions due to defined benefit plan participants. The Bank had given the Trustee the discretion to determine the appropriate strategic asset allocation versus plan liabilities, as governed by the Trust's Statement of Investment Objectives and Guidelines.

The objective of the defined benefit plan's investment managers was to maintain the value and income level of the portfolio with the pending termination of the plan nearing. To meet the stated objective, a significant portion of the portfolio was committed to fixed income investments in order to provide a consistent level of income to service periodic distributions and to reduce overall portfolio volatility. Operating within certain parameters, the defined benefit plan's investment managers had discretion to allocate funds to equity, fixed income and cash depending on current conditions.

The long-term investment objective was to be invested 30-70% in equity securities (equity mutual funds), 30-95% in debt securities (bond mutual funds), and 0-20% in cash and cash equivalents.

The long-term rate of return on plan assets assumption was set based on historical returns earned by equities and fixed income securities, adjusted to reflect expectations of future returns as applied to the plan's target allocation of asset classes. Equities and fixed income securities were assumed to earn real rates of return in the ranges of 5-9% and 2-6%, respectively. The long-term inflation rate was estimated to be 3%. When these overall return expectations are applied to the plan's target allocation, the expected rate of return is determined to be 5%, which is roughly the midpoint of the range of expected return.

401(k) Plan

The Bank has a 401(k) plan whereby substantially all employees participate in the plan. The Bank makes an annual Safe-Harbor Qualified Contribution of 3% of eligible employee compensation. The Bank also makes discretionary matching and employer contributions. For the years ended March 31, 2022 and 2021, expense attributable to the plan amounted to $797,008 and $635,500, respectively.

Compensation Plans

The Bank sponsored a SERP for a retired officer, and a fully-funded annuity was purchased to fulfill this obligation. The accrued liability at March 31, 2022 and 2021 was $84,339 and $91,733, respectively.

The Bank also sponsors funded retention plans for certain other executive officers. The investments at March 31, 2022 and 2021 were $5,005,271 and $4,961,939, respectively, and the accrued liability at March 31, 2022 and 2021 was $5,490,270 and $5,446,939, respectively.

The Bank also sponsors a SERP for certain other officers. The accrued liability at March 31, 2022 and 2021 was $1,659,101 and $1,683,410, respectively.

15. Noninterest Income and Expenses

The components of noninterest income and expenses which are in excess of 1% of total revenues (total interest and dividend income and noninterest income) and not shown separately in the consolidated statements of income are as follows for the years ended March 31:

	2022	2021
Noninterest Income		
Bank-owned life insurance income	**$ 703,249**	$ 714,871
Investment management and financial planning services	**622,563**	NA

Noninterest Expenses		
Electronic data processing expenses	**5,618,231**	4,958,077
Advertising and marketing	**1,076,032**	781,032
Furniture and equipment depreciation	**1,284,357**	1,379,098
Supplies, telephone and postage	**639,940**	653,292
Bank premises depreciation	**563,141**	563,075
Exams and audits	**593,809**	NA
FDIC assessments	**686,265**	648,514

NA – not applicable disclosure for year presented.

16. Related Party Transactions

In the ordinary course of business, the Bank has granted loans to executive officers, directors, and their affiliates amounting to $246,236 and $476,596 at March 31, 2022 and 2021, respectively. During the years ended March 31, 2022 and 2021, total principal advances and additions for changes in related party classification were $96,202 and $571,200, respectively, and total principal payments and deletions for changes in related party classification were $326,562 and $638,398, respectively.

Deposits from executive officers, directors, and their affiliates held by the Bank at March 31, 2022 and 2021 amounted to $6,101,474 and $5,046,942, respectively.

17. Financial Instruments with Off-Balance Sheet Risk

The Bank is a party to credit related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, standby letters of credit, commercial letters of credit, risk-sharing commitments on certain sold loans, and swap agreements entered into for the benefit of commercial customers. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized on the consolidated balance sheets.

The Bank's exposure to credit loss is represented by the contractual amount of these commitments. The Bank follows the same credit policies in making commitments as it does for on-balance-sheet instruments.

At March 31, the following financial instruments were outstanding whose contract amounts represent credit risk:

	Contract Amount	
	2022	2021
Commitments to grant loans	**$ 84,944,686**	$ 52,957,544
Undisbursed construction loans	**99,046,915**	83,697,292
Unfunded commitments under lines of credit	**241,415,747**	212,133,204
Commercial and standby letters of credit	**13,233,985**	8,697,362
MPF credit enhancement obligation	**2,562,196**	2,984,888

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments for equity lines of credit may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Bank, is based on management's credit evaluation of the customer.

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

Commercial and standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public and private borrowing arrangements. Substantially all letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Bank generally holds collateral supporting those commitments, if deemed necessary.

To reduce credit risk related to the use of credit-related financial instruments, the Bank might deem it necessary to obtain collateral. The amount and nature of the collateral obtained is based on the Bank's credit evaluation of the customer. Collateral held varies, but may include cash, securities, accounts receivable, inventory, property, plant and equipment, and real estate.

18. Fair Value

GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP also 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 value:

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, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an organization's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Assets measured at fair value on a recurring basis, using a market approach, are summarized below.

	Fair Value Measurements at March 31, 2022, Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities available-for-sale:				
U.S. Government and federal agencies	**$ 2,695,491**	**$ -**	**$ 2,695,491**	**$ -**
Mortgage-backed securities	**278,924,272**	**-**	**278,924,272**	**-**
Securities held for deferred compensation plan	**5,005,271**	**5,005,271**	**-**	**-**

	Fair Value Measurements at March 31, 2021, Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities available-for-sale:				
U.S. Government and federal agencies	$ 2,848,512	$ -	$ 2,848,512	$ -
Mortgage-backed securities	230,082,555	-	230,082,555	-
Pension plan assets:				
Cash and cash equivalents	323,004	323,004	-	-
U.S. Government and federal agencies	938,356	-	938,356	-
Corporate bonds	900,560	-	900,560	-
Marketable equity securities	4,196,761	4,196,761	-	-
Mutual funds	3,094,771	3,094,771	-	-
Unit investment trusts				
International stock funds	457,740	457,740	-	-
Domestic stock funds	2,748,324	2,748,324	-	-
Bond funds	11,442,132	11,442,132	-	-
Securities held for deferred compensation plan	4,961,939	4,961,939	-	-

Assets measured at fair value on a nonrecurring basis, using the market approach, are summarized below.

	Fair Value Measurements at March 31, 2022, Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Impaired loans	**$ 698,531**	**$ -**	**$ 698,531**	**$ -**

	Fair Value Measurements at March 31, 2021, Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Impaired loans	$ 2,573,881	$ -	$ 2,573,881	$ -

Certain collateral-dependent impaired loans were written down to their fair value of $698,531 and $2,573,881 as of March 31, 2022 and 2021, respectively, resulting in an impairment charge through the allowance for loan and lease losses.

MANAGEMENT REPORT REGARDING STATEMENT OF MANAGEMENT'S RESPONSIBILITIES, COMPLIANCE WITH DESIGNATED LAWS AND REGULATIONS, AND MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

Statement of Management's Responsibilities

The management of Gorham Bancorp, MHC and Subsidiaries (the Company), is responsible for preparing the Company's annual financial statements in accordance with U.S. generally accepted accounting principles; for designing, implementing, and maintaining an adequate internal control structure and procedures for financial reporting, including controls over the preparation of regulatory financial statements in accordance with the instructions to the Parent Company Only Financial Statements for Small Holding Companies (Form FR Y-9SP) (call report instructions); and for complying with the Federal laws and regulations pertaining to insider loans and the Federal and, if applicable, State laws and regulations pertaining to dividend restrictions.

Management's Assessment of Compliance with Designated Laws and Regulations

The management of the Company has assessed the Company's compliance with the Federal laws and regulations pertaining to insider loans and the Federal and, if applicable, State laws and regulations pertaining to dividend restrictions during the fiscal year that ended on March 31, 2022. Based upon its assessment, management has concluded that the Company complied with the Federal laws and regulations pertaining to insider loans and the Federal and, if applicable, State laws and regulations pertaining to dividend restrictions during the fiscal year that ended on March 31, 2022.

Management's Assessment of Internal Control over Financial Reporting

The Company's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of reliable financial statements in accordance with U.S. generally accepted accounting principles and financial statements for regulatory purposes, i.e., call report instructions. The Company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles and financial statements for regulatory reporting purposes, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Internal control over financial reporting has inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with the call report instructions, as of March 31, 2022, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the *Internal Control - Integrated Framework* (COSO). Based upon its assessment, management has concluded that, as of March 31, 2022, the Company's internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with the call report instructions, is effective based on the criteria established in COSO.

The Company's internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with the call report instructions, as of March 31, 2022, has been audited by Berry Dunn McNeil & Parker, LLC, an independent public accounting firm, as stated in their report dated June 13, 2022.

Stephen deCastro

Stephen deCastro, President and Chief Executive Officer

Jane W Stack

Jane Stack, Chief Financial Officer