UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period ended September 30, 2023

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For transition period from to

Commission File Number 001-40607

CULLMAN BANCORP, INC.
(Exact Name of Registrant as Specified in Charter)

Maryland	**61-1990996**
(State or Other Jurisdiction of Incorporation)	(I.R.S. Employer Identification No.)
316 Second Avenue, SW, Cullman, Alabama	**35055**
(Address of Principal Executive Offices)	(Zip Code)

(256) 734-1740

(Registrant’s telephone number, including area code)

Not Applicable

(Former name, former address and formal fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, per value $0.01 per share	CULL	The Nasdaq Stock Market, LLC

Indicate by check mark whether the registrant has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), Yes ☒ No ☐ .

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒.

Indicate the number of shares outstanding of each of the issuer’s classes of common stock as of the latest practicable date: 7,256,661 shares of Common Stock, par value $0.01 per share, were issued and outstanding as of November 14, 2023.

CULLMAN BANCORP, INC.

Form 10-Q Quarterly Report

Table of Contents

PART I

PART II

PART I

ITEM 1. FINANCIAL STATEMENTS

CULLMAN BANCORP, INC.
CONSOLIDATED BALANCE SHEETS
September 30, 2023 and December 31, 2022
(All amounts in thousands, except share and per share data)

	September 30, 2023 (Unaudited)	December 31, 2022
ASSETS		
Interest bearing cash and cash equivalents	$ 123	$ 434
Non-interest bearing cash and cash equivalents	3,578	5,986
Federal funds sold	19,100	30,225
Total cash and cash equivalents	22,801	36,645
Securities available for sale	27,325	29,796
Equity securities	—	479
Loans, net of allowance of $3,004 and $2,841 respectively	338,111	329,943
Premises and equipment, net	11,998	10,851
Foreclosed real estate	—	50
Accrued interest receivable	1,133	1,162
Restricted equity securities	2,770	2,033
Bank owned life insurance	9,168	8,964
Deferred tax asset, net	2,677	2,194
Other assets	1,332	1,112
Total assets	$ 417,315	$ 423,229
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Non-interest bearing	$ 13,123	$ 16,281
Interest bearing	261,078	276,668
Total deposits	274,201	292,949
Federal Home Loan Bank advances	35,000	25,000
Accrued interest payable	235	155
Other liabilities	6,669	4,943
Total liabilities	316,105	323,047
Shareholders' equity		
Common stock, $0.01 par value; 50,000,000 shares authorized; 7,286,651 shares and 7,394,615 shares outstanding at September 30, 2023 and December 31, 2022 respectively	73	74
Additional paid-in capital	49,492	50,161
Retained earnings	58,514	56,561
Accumulated other comprehensive loss	(3,924)	(3,558)
Unearned ESOP shares, at cost	(2,945)	(3,056)
Total shareholders' equity	101,210	100,182
Total liabilities and shareholders' equity	$ 417,315	$ 423,229

CULLMAN BANCORP, INC.
CONSOLIDATED STATEMENTS OF NET INCOME (Unaudited)
Three and nine months ended September 30, 2023 and 2022
(All amounts in thousands, except share and per share data)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Interest and dividend income:				
Loans, including fees	$ 4,460	$ 3,892	$ 12,814	$ 11,110
Non taxable securities	6	8	22	24
Securities	226	246	699	564
FHLB dividends	30	2	68	17
Federal funds sold and other	329	95	864	187
Total interest income	5,051	4,243	14,467	11,902
Interest expense:				
Deposits	799	254	1,931	688
Federal Home Loan Bank advances and other borrowings	381	27	1,041	48
Total interest expense	1,180	281	2,972	736
Net interest income	3,871	3,962	11,495	11,166
Provision for credit losses on loans	(108)	120	(85)	275
Provision for unfunded commitments	108	—	132	—
Net interest income after provision for loan losses	3,871	3,842	11,448	10,891
Noninterest income:				
Service charges on deposit accounts	285	272	825	753
Income on bank owned life insurance	71	67	204	160
Gain on sales of mortgage loans	—	24	15	86
Net gain on sale of foreclosed real estate	—	—	—	46
Gain on prepayment of Federal Home Loan Bank advances	—	—	127	91
Other	34	39	113	120
Total noninterest income	390	402	1,284	1,256
Noninterest expense:				
Salaries and employee benefits	1,955	2,007	5,926	5,377
Occupancy and equipment	242	242	742	668
Data processing	261	221	730	632
Professional and supervisory fees	196	206	616	558
Office expense	46	52	123	150
Advertising	35	79	84	143
FDIC deposit insurance	40	21	122	55
Loss on prepayment of Federal Home Loan Bank advances	—	—	—	4
Other	109	132	336	339
Total noninterest expense	2,884	2,960	8,679	7,926
Income before income taxes	1,377	1,284	4,053	4,221
Income tax expense	297	358	930	973
Net income	$ 1,080	$ 926	$ 3,123	$ 3,248
Earnings per share:				
Basic	$ 0.15	$ 0.13	$ 0.44	$ 0.46
Dilutive	$ 0.15	$ 0.13	$ 0.44	$ 0.45

CULLMAN BANCORP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Loss) (Unaudited)
Three and nine months ended September 30, 2023 and 2022
(All amounts in thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Net Income	$ 1,080	$ 926	$ 3,123	$ 3,248
Other comprehensive income, net of tax				
Unrealized loss on securities available for sale	(1,120)	(1,617)	(737)	(5,190)
Less income tax effect	281	340	371	1,090
Other comprehensive loss	(839)	(1,277)	(366)	(4,100)
Comprehensive income (loss)	$ 241	$ (351)	$ 2,757	$ (852)

CULLMAN BANCORP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)
Three and nine months ended September 30, 2023 and 2022
(All amounts in thousands, except share and per share data)

	Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Unearned ESOP Shares	Total
Balance at July 1, 2023	7,382,539	$ 74	$ 50,302	$ 57,434	$ (3,085)	$ (2,982)	$ 101,743
Net income	—	—	—	1,080	—	—	1,080
Other comprehensive loss	—	—	—	—	(839)	—	(839)
Share repurchases	(95,888)	(1)	(1,042)	—	—	—	(1,043)
ESOP shares earned	—	—	—	—	—	37	37
Stock-based compensation expense	—	—	232	—	—	—	232
Balance at September 30, 2023	7,286,651	$ 73	$ 49,492	$ 58,514	$ (3,924)	$ (2,945)	$ 101,210

	Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Unearned ESOP Shares	Total
Balance at January 1, 2023	7,394,615	$ 74	$ 50,161	$ 56,561	$ (3,558)	$ (3,056)	$ 100,182
Net income	—	—	—	3,123	—	—	3,123
CECL implementations	—	—	—	(284)	—	—	(284)
Other comprehensive loss	—	—	—	—	(366)	—	(366)
Share repurchases	(107,964)	(1)	(1,179)	—	—	—	(1,180)
ESOP shares earned	—	—	—	—	—	111	111
Dividend paid	—	—	—	(886)	—	—	(886)
Stock-based compensation expense	—	—	510	—	—	—	510
Balance at September 30, 2023	7,286,651	$ 73	$ 49,492	$ 58,514	$ (3,924)	$ (2,945)	$ 101,210

	Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Unearned ESOP Shares	Total
Balance at July 1, 2022	7,405,893	$ 74	$ 49,952	$ 54,700	$ (2,546)	$ (3,484)	$ 98,696
Net income	—	—	—	926	—	—	926
Other comprehensive loss	—	—	—	—	(1,277)	—	(1,277)
ESOP shares earned	—	—	—	—	—	37	37
Stock-based compensation expense	—	—	139	—	—	—	139
Balance at September 30, 2022	7,405,893	$ 74	$ 50,091	$ 55,626	$ (3,823)	$ (3,447)	$ 98,521

	Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Unearned ESOP Shares	Total
Balance at January 1, 2022	7,405,893	$ 74	$ 49,674	$ 53,267	$ 277	$ (3,558)	$ 99,734
Net income	—	—	—	3,248	—	—	3,248
Other comprehensive loss	—	—	—	—	(4,100)	—	(4,100)
ESOP shares earned	—	—	—	—	—	111	111
Dividend paid	—	—	—	(889)	—	—	(889)
Stock-based compensation expense	—	—	417	—	—	—	417
Balance at September 30, 2022	7,405,893	$ 74	$ 50,091	$ 55,626	$ (3,823)	$ (3,447)	$ 98,521

CULLMAN BANCORP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
Nine Months Ended September 30, 2023 and 2022
(All amounts in thousands, except share and per share data)

	2023	2022
Cash flows from operating activities		
Net income	$ 3,123	$ 3,248
Adjustment to reconcile net income to net cash provided from operating activities:		
Provision for loan losses	47	275
Depreciation, amortization and accretion, net	350	301
Deferred income taxes	(18)	111
Net gains from sales and impairment of foreclosed real estate	—	(46)
Net gain on extinguishment of debt	(127)	(87)
Gain from change in fair value of equity securities	(18)	(3)
Losses on disposals of fixed assets	12	—
Gains on sales of repossessions	(4)	—
Income on bank owned life insurance	(204)	(160)
Gains on sale of mortgage loans	(15)	(86)
Mortgage loans originated for sale	(454)	(3,261)
Proceeds from sale of mortgage loans	469	3,347
ESOP Compensation expense	111	111
Stock based compensation expense	510	417
Net change in operating assets and liabilities		
(Increase)/decrease in Accrued interest receivable	29	(279)
Increase/(decrease) in Accrued interest payable	80	(25)
(Increase)/decrease in other assets	(230)	13
Decrease in other liabilities	1,726	1,380
Net cash provided by operating activities	5,387	5,256
Cash flows from investing activities		
Net purchases of premises and equipment	(1,542)	(993)
Purchases of securities- available for sale	—	(13,077)
Redemptions (purchases) of securities- equity	497	(1,000)
Purchases of restricted equity securities	(737)	—
Proceeds from maturities, prepayments and calls of securities	1,768	2,429
Proceeds from sales of foreclosed real estate	64	453
Redemption of restricted equity securities	—	120
Purchase of bank owned life insurance	—	(3,000)
Loan originations and payments, net	(8,594)	(73,805)
Net cash used in investing activities	(8,544)	(88,873)
Cash flows from financing activities		
Net (decrease)/increase in deposits	(18,748)	54,730
Proceeds from Federal Home Loan Bank advances	25,000	15,000
Repayment of Federal Home Loan Bank advances	(14,873)	(18,413)
Cash payment of dividends	(886)	(889)
Payments from share repurchases	(1,180)	—
Net cash (used for)/provided by financing activities	(10,687)	50,428
Net change in cash and cash equivalents	(13,844)	(33,189)
Cash and cash equivalents at the beginning of period	36,645	61,938
Cash and cash equivalents at end of the period	$ 22,801	$ 28,749
Supplemental cash flow information		
Interest expense	$ 2,892	$ 761
Income taxes paid	804	513
Supplemental noncash disclosures		
Day 1 impact of adoption of Current Expected Credit Losses methodology	(379)	—

CULLMAN BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in thousands, except share and per share data)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Principles of Consolidation: The consolidated financial statements of Cullman Bancorp, Inc. ("the Bancorp") include the accounts of its wholly owned subsidiary, Cullman Savings Bank ("the Bank"), together referred to as "the Company".

The Company provides financial services through its offices in Cullman County, Alabama. Its primary deposit products are checking, savings, and term certificate accounts, and its primary lending products are residential mortgage, commercial, and installment loans. Substantially all loans are secured by specific items of collateral including business assets, consumer assets, and commercial and residential real estate. Commercial loans are expected to be repaid from cash flow from operations of businesses. There are no significant concentrations of loans to any one industry or customer. However, the customers' ability to repay their loans is dependent on the real estate and general economic conditions in the area.

Risk and Uncertainties: Ongoing economic challenges, including issues such as rising inflation and global supply chain disruption have impacted global financial markets. Additionally, the Company faces increased public and regulatory scrutiny resulting from the financial market crisis resulting from recent bank failures. Because of the significant uncertainties related to the economy and its potential effects on customers and prospects, there can be no assurances as to how the crisis may ultimately affect the Company. It is unknown how long the adverse conditions associated with the ongoing issues will last and what the complete financial effect will be to the Company. It is reasonably possible that estimates made in the financial statements could be materially and adversely impacted in the near term as a result of these conditions, including expected credit losses on loans and off-balance sheet credit exposures.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012 ("JOBS Act"), the Bank is permitted an extended transition period for complying with new or revised accounting standards affecting public companies. We will remain an emerging growth company until the earliest of (i) the end of the fiscal year during which we have total annual gross revenues of $1.235 billion or more, (ii) the end of the fiscal year following the fifth anniversary of the completion of our initial public offering (December 31, 2026), (iii) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt and (iv) the end of the fiscal year in which the market value of our equity securities that are held by non-affiliates exceeds $700 million as of June 30 of that year. We have elected to take advantage of this extended transition period, which means that the financial statements included herein, as well as any financial statements that we file in the future, will not be subject to all new or revised accounting standards generally applicable to public companies for the transition period for so long as we remain an emerging growth company or until we affirmatively and irrevocably opt out of the extended transition period under the JOBS Act. If we do so, we will prominently disclose this decision in the first periodic report following our decision, and such decision is irrevocable. As a filer under the JOBS Act, we will implement new accounting standards subject to the effective dates required for non-public entities.

ADOPTION OF NEW ACCOUNTING STANDARDS:

FASB ASU 2016-13 (Topic 326), "Measurement of Credit Losses on Financial Instruments"

On January 1, 2023, the Company adopted Accounting Standards Update (ASU) 2016-13 Financial Instruments- Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under CECL methodology is applicable to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments). In addition, ASC 326 made changes to the accounting for available-for-sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available-for-sale debt securities. Management does not intend to sell or believes that it is more likely than not they will be required to sell.

(All amounts in thousands, except share and per share data)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company adopted Accounting Standards Codification (ASC) 326 using the modified retrospective method for all financial assets measured at amortized cost, and off-balance sheet credit exposures. Results for reporting periods beginning after January 1, 2023 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable generally accepted accounting principles (GAAP). The Company recorded a net decrease to retained earnings of $284, an increase to deferred tax asset of $95, and an increase to the allowance for credit losses of $379 as of January 1, 2023 for the cumulative effect of adopting ASC 326.

The following table illustrates the impact of ASC 326.

	January 1, 2023		
Assets:	As Reported Under ASC 326	Pre-ASC 326 Adoption	Impact of ASC 326 Adoption
Allowance for credit losses on loans:			
One-to-Four Family	$ 1,827	$ 1,710	$ 117
Multi-Family	18	17	1
Commercial Real Estate	784	654	130
Construction	124	145	(21)
Commercial	129	204	(75)
Consumer	205	111	94
Allowance for credit losses on loans	3,087	2,841	246
Liabilities:			
Allowance for credit losses on OBS(1) credit exposures	133	—	133
Totals:	$ 3,220	$ 2,841	$ 379

(1) Off Balance Sheet

Allowance for Credit Losses- Available-For-Sale Securities: For available-for-sale debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For debt securities available-for-sale that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and the adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exist, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in the allowance for credit losses are recorded as credit loss expense (or reversal). Losses are charged against the allowance when management believes the uncollectability of an available-for-sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met.

Allowance for Credit Losses- Loans: The allowance for credit losses (ACL) is a valuation account that is deducted from (or added to) the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectability of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged off.

Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors.

The allowance for credit losses is measured on a collective pool basis when similar risk characteristics exist. The Company has identified the following portfolio segments:

- One-to-four family
- Multi-family
- Commercial real estate
- Construction
- Commercial
- Home equity loans and line of credit
- Consumer loans

The Company uses call code and loan level information in a probability of default/loss given default model. The model incorporates life-of-loan requirements and considers assumptions that effect the contractual life. There is one set of financial models for all interest rate risk, liquidity risk and credit risk modeling, in addition to loan origination and pricing process.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation. When management determines that foreclosure is probable, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures: The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancelable by the Company. The allowance for credit losses on off-balance sheet credit exposures is adjusted through the unfunded commitments provision. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life.

FASB ASU 2022-02 (Topic 326), "Financial Instruments- Credit Losses: Troubled Debt Restructurings and Vintage Disclosures"

On January 1, 2023, the Company prospectively adopted ASU 2022-02 "Financial Instruments- Credit Losses: Troubled Debt Restructurings and Vintage Disclosures" related to troubled debt restructurings and vintage disclosures for financing receivables. The amendments eliminate the accounting guidance for troubled debt restructurings by creditors that have adopted the CECL model and enhance the disclosure requirements for loan modifications and restructurings made with borrowers experiencing financial difficulty. In addition, the amendments require disclosure of current-period gross write-offs for financing receivable by year or origination in the vintage disclosures. The amendments in this update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, with early adoption permitted.

(All amounts in thousands, except share and per share data)

NOTE 2 – SECURITIES AVAILABLE FOR SALE

Debt Securities

The fair value of available for sale securities and the related gross unrealized gains and losses recognized in accumulated other comprehensive income at September 30, 2023 and December 31, 2022 were as follows:

September 30, 2023	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S Government sponsored entities	$ 5,989	$ —	$ (900)	$ 5,089
Municipal – taxable	14,315	—	(3,286)	11,029
Municipal – tax exempt	945	—	(83)	862
Residential mortgage-backed	9,854	—	(906)	8,948
Commercial mortgage-backed	990	—	(24)	966
SBA[1] guaranteed debenture	472	—	(41)	431
Total	$ 32,565	$ —	$ (5,240)	$ 27,325

December 31, 2022	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S Government sponsored entities	$ 5,987	$ —	$ (734)	$ 5,253
Municipal – taxable	14,421	14	(2,924)	11,511
Municipal – tax exempt	1,365	—	(50)	1,315
Residential mortgage-backed	10,871	—	(729)	10,142
Commercial mortgage-backed	983	—	(23)	960
SBA guaranteed debenture	672	—	(57)	615
Total	$ 34,299	$ 14	$ (4,517)	$ 29,796

(1) Small Business Administration

The Company's mortgage-backed securities are primarily issued by agencies such as Fannie Mae and Ginnie Mae.

(Continued)

(All amounts in thousands, except share and per share data)

NOTE 2 – SECURITIES AVAILABLE FOR SALE (Continued)

The proceeds from calls of securities are listed below:

	For the Nine Months Ended September 30, 2023	2022
Proceeds	$ 75	$ 90
Gross gains	—	—
Gross losses	—	—

There were no sales or tax expense related to sales of securities in the nine months ended September 30, 2023 and 2022.

The amortized cost and fair value of the investment securities portfolio are shown below by expected maturity. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are shown separately.

	September 30, 2023 Amortized Cost	Estimated Fair Value
Due within one year	$ 250	$ 248
Due after one to five years	3,916	3,802
Due after five to ten years	4,074	3,412
Due after ten years	13,009	9,518
Residential mortgage-backed	9,854	8,948
Commercial mortgage-backed	990	966
SBA guaranteed debenture	472	431
Total	$ 32,565	$ 27,325

Carrying amounts of securities pledged to secure public deposits as of September 30, 2023 and December 31, 2022 were $19,155 and $26,666, respectively. At September 30, 2023 and December 31, 2022, there were no holdings of securities of any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of shareholders' equity.

(All amounts in thousands, except share and per share data)

NOTE 2 – SECURITIES AVAILABLE FOR SALE (Continued)

Securities with unrealized losses at September 30, 2023 and December 31, 2022, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, are as follows:

	Less than 12 months		12 months or more		Total	
September 30, 2023	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S Government sponsored entities	$ —	$ —	$ 5,089	$ (900)	$ 5,089	$ (900)
Municipal – taxable	681	(15)	10,348	(3,271)	11,029	(3,286)
Municipal – tax exempt	248	(2)	614	(81)	862	(83)
Residential mortgage-backed	—	—	8,948	(906)	8,948	(906)
Commercial mortgage-backed	—	—	966	(24)	966	(24)
SBA guaranteed debenture	—	—	431	(41)	431	(41)
Total temporarily impaired	$ 929	$ (17)	$ 26,396	$ (5,223)	$ 27,325	$ (5,240)

	Less than 12 months		12 months or more		Total	
December 31, 2022	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S Government sponsored entities	$ 2,978	$ (9)	$ 2,275	$ (725)	$ 5,253	$ (734)
Municipal – taxable	4,404	(815)	6,318	(2,109)	10,722	(2,924)
Municipal – tax exempt	1,065	(50)	—	—	1,065	(50)
Residential mortgage-backed	9,789	(661)	353	(68)	10,142	(729)
Commercial mortgage-backed	960	(23)	—	—	960	(23)
SBA guaranteed debenture	—	—	615	(57)	615	(57)
Total temporarily impaired	$ 19,196	$ (1,558)	$ 9,561	$ (2,959)	$ 28,757	$ (4,517)

ACL on Securities:

The Company evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Quarterly, the Company evaluates if any security has a fair value less than its amortized cost. Once these securities are identified, in order to determine whether a decline in fair value resulted from a credit loss or other factors, the Company performs further analysis. The Company considers the length of time and the extent to which the fair value has been less than cost and the financial condition and near-term prospects of the issuer. Additionally, the Company considers its intent to sell or whether it will be more likely than not it will be required to sell the security prior to the security's anticipated recovery in fair value. If the Company determines that a credit loss exists, the credit portion of the allowance is measured using a discounted cash flow analysis using the effective interest rate as of the security's purchase date. The amount of credit loss will be limited to the amount by which the amortized cost exceeds the fair value. The analysis utilizes contractual maturities, as well as third-party credit ratings.

NOTE 2 – SECURITIES AVAILABLE FOR SALE (Continued)

At September 30, 2023, the Company did not identify any securities that violate the credit loss triggers; therefore, no analysis was performed and no credit loss was recognized on any of the securities available-for-sale. Additionally, accrued interest receivable is excluded from the estimate of credit losses for securities available-for-sale and was reported in other assets on the accompanying consolidated balance sheet.

All of the securities have unrealized losses at September 30, 2023. None of the unrealized losses for these securities have been recognized into net income for the period ended September 30, 2023 because the issuer's bonds are of high credit quality, management does not intend to sell and it is likely that management will not be required to sell the securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in interest rates. The fair value is expected to recover as the bonds approach their maturity date or reset date.

Equity Securities

There was one equity security with a readily determinable fair value amount of $479 as of December 31, 2022. We had redemptions of $0 and $497 for the three and nine months ended September 30, 2023. Net gains of $0 and $18 were recognized for the three and nine months ended September 30, 2023 respectively.

(Continued)

(All amounts in thousands, except share and per share data)

Table of Contents

NOTE 3 – LOANS

Loans at September 30, 2023 and December 31, 2022 were as follows:

	2023	2022
Real Estate Loans:		
One-to-four family	$ 178,970	$ 172,157
Multi-family	3,512	3,668
Commercial	100,247	95,989
Construction	20,896	18,466
Total real estate loans	303,625	290,280
Commercial loans	27,264	32,156
Consumer loans:		
Home equity loans and lines of credit	6,372	6,656
Other consumer	3,863	3,702
Total consumer loans	10,235	10,358
Total loans	341,124	332,794
Net deferred loans fees	(9)	(10)
Allowance for loan losses	(3,004)	(2,841)
Loans, net	$ 338,111	$ 329,943

(Continued)

(All amounts in thousands, except share and per share data)

NOTE 3 – LOANS (Continued)

The following tables present the activity in the allowance for loan losses for the periods ending September 30, 2023, and the allowance for loan losses for the period ending September 30, 2022. On January 1, 2023, the Company adopted ASC 326. Refer to Note 1 for further details. The recorded investment in loans in any of the following tables does not include accrued and unpaid interest or any deferred loan fees or costs, as amounts are not significant.

	Real Estate						
Three Months Ended September 30, 2023	One-to-Four Family	Multi-Family	Commercial	Construction	Commercial	Consumer	Total
Beginning balance July 1, 2023	$ 1,854	$ 17	$ 713	$ 113	$ 143	$ 272	$ 3,112
Charge offs	—	—	—	—	—	—	—
Recoveries	—	—	—	—	—	—	—
Provisions	12	(8)	(122)	12	1	(3)	(108)
Total ending balance September 30, 2023	$ 1,866	$ 9	$ 591	$ 125	$ 144	$ 269	$ 3,004
Nine Months Ended September 30, 2023							
Beginning balance January 1, 2023, prior to adoption of ASC 326	$ 1,710	$ 17	$ 654	$ 145	$ 204	$ 111	$ 2,841
Impact of adopting ASC 326	117	1	130	(21)	(75)	94	246
Charge offs	—	—	—	—	—	(11)	(11)
Recoveries	—	—	—	13	—	—	13
Provisions	39	(9)	(193)	(12)	15	75	(85)
Total ending balance September 30, 2023	$ 1,866	$ 9	$ 591	$ 125	$ 144	$ 269	$ 3,004

	Real Estate						
Three Months Ended September 30, 2022	One-to-Four Family	Multi-Family	Commercial	Construction	Commercial	Consumer	Total
Beginning balance July 1, 2022	$ 1,504	$ 14	$ 592	$ 142	$ 211	$ 99	$ 2,562
Charge offs	—	—	—	—	—	—	—
Recoveries	—	—	—	—	—	—	—
Provisions	43	3	20	52	3	(1)	120
Total ending balance September 30, 2022	$ 1,547	$ 17	$ 612	$ 194	$ 214	$ 98	$ 2,682
Nine Months Ended September 30, 2022							
Beginning balance January 1, 2022	$ 1,355	$ 19	$ 712	$ 109	$ 145	$ 66	$ 2,406
Charge offs	—	—	—	(5)	—	—	(5)
Recoveries	6	—	—	—	—	—	6
Provisions	186	(2)	(100)	90	69	32	275
Total ending balance September 30, 2022	$ 1,547	$ 17	$ 612	$ 194	$ 214	$ 98	$ 2,682

For collateral-dependent loans, the allowance for credit losses is individually assessed based on the fair value of the collateral less estimated costs of sale. The following table presents the amortized cost of collateral-dependent loans by class of loans as September 30, 2023.

	September 30, 2023
Real estate loans:	
One-to-four family	$ 481
Multi-family	—
Commercial	4,168
Commercial	—
Consumer	—
Total	$ 4,649

(All amounts in thousands, except share and per share data)

NOTE 3 – LOANS (Continued)

The following table provides the amount of the allowance for credit losses by class of financing receivable for loans individually evaluated for impairment, loans collectively evaluated for impairment and loans acquired with deteriorated credit quality for the period ending December 31, 2022.

	Real Estate						
December 31, 2022	One-to-Four Family	Multi-Family	Commercial	Construction	Commercial	Consumer	Total
Ending balance attributed to loans:							
Individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Collectively evaluated for impairment	1,710	17	654	145	204	111	2,841
Total ending allowance balance December 31, 2022:	$ 1,710	$ 17	$ 654	$ 145	$ 204	$ 111	$ 2,841

The following table provides the amount of loans by class of financing receivable for loans individually evaluated for impairment, loans collectively evaluated for impairment and loans acquired with deteriorated credit quality for the period ending December 31, 2022.

Loans:							
Loans individually evaluated for impairment	$ 9	$ -	$ 2,463	$ -	$ -	$ -	$ 2,472
Loans collectively evaluated for impairment	172,148	3,668	93,526	18,466	32,156	10,358	330,322
Total ending loans balance December 31, 2022	$ 172,157	$ 3,668	$ 95,989	$ 18,466	$ 32,156	$ 10,358	$ 332,794

The following tables present loans individually evaluated for impairment by portfolio class at December 31, 2022 and the respective average balances of impaired loans and interest income recognized for the three and nine months ended September 30, 2022:

	December 31, 2022		
	Unpaid principal balance	Recorded Investment	Related Allowance
With no recorded allowance:			
Real estate loans:			
One-to-four family	$ 45	$ 9	$ —
Multi-family	—	—	—
Commercial	2,463	2,463	—
Commercial	—	—	—
Consumer:	—	—	—
Total	$ 2,508	$ 2,472	$ —

(Continued)

(All amounts in thousands, except share and per share data)

NOTE 3 – LOANS (Continued)

	Three Months ended September 30, 2022		Nine Months ended September 30, 2022	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
With no recorded allowance:				
Real estate loans:				
One-to-four family	$ 297	$ 4	$ 298	$ 6
Multi-family	—	—	—	—
Commercial	3,011	38	3,096	77
Commercial loans	52	2	94	4
Consumer loans	—	—	—	—
Total	$ 3,360	$ 44	$ 3,488	$ 87

There were no loans individually evaluated for impairment with recorded allowance for the three and nine months ended September 30, 2023 and 2022. The difference between interest income recognized and cash basis interest income recognized was not material.

The following tables present the aging of the recorded investment in past due loans at September 30, 2023 and December 31, 2022 by portfolio class of loans:

September 30, 2023	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total Loans
Real estate loans:						
One-to-four family	$ —	$ 472	$ 148	$ 620	$ 178,350	$ 178,970
Multi-family	—	—	—	—	3,512	3,512
Commercial	678	—	—	678	99,569	100,247
Construction	—	—	—	—	20,896	20,896
Total real estate loans	678	472	148	1,298	302,327	303,625
Commercial	87	—	—	87	27,177	27,264
Consumer loans:						
Home equity loans and lines of credit	—	—	—	—	6,372	6,372
Other consumer loans	30	3	—	33	3,830	3,863
Total	$ 795	$ 475	$ 148	$ 1,418	$ 339,706	$ 341,124

(All amounts in thousands, except share and per share data)

NOTE 3 – LOANS (Continued)

December 31, 2022	30-59 Days Past due	60-89 Days Past due	90 Days or More Past Due	Total Past Due	Current	Total Loans
Real estate loans:						
One-to-four family	$ 2,315	$ 1,251	$ 211	$ 3,777	$ 168,380	$ 172,157
Multi-family	—	—	—	—	3,668	3,668
Commercial	—	—	—	—	95,989	95,989
Construction	—	—	—	—	18,466	18,466
Total real estate loans	2,315	1,251	211	3,777	286,503	290,280
Commercial	48	40	41	129	32,027	32,156
Consumer loans:						
Home equity loans and lines of credit	—	—	—	—	6,656	6,656
Other consumer loans	10	—	—	10	3,692	3,702
Total	$ 2,373	$ 1,291	$ 252	$ 3,916	$ 328,878	$ 332,794

A loan past due 90 days or more need not automatically be placed in nonaccrual status if the loan is a consumer loan (loans to individuals for household, family and other personal expenditures) or the loan is secured by a one-to-four family residential property. Such loans should be subject to other alternative methods of evaluation to assure that the Bank's interest income is not materially overstated. The loans that were past due 90 days or more and were accruing interest as of September 30, 2023 due to the fact that they were well secured and in the process of collection. Not all nonaccrual loans, including loans over 89 past due and still accruing, have an individually evaluated ACL.

The following tables present the recorded investment in nonaccrual loans by class of loans as of September 30, 2023 and December 31, 2022:

	September 30, 2023		
	Nonaccrual with No ACL	Total Nonaccrual	Loans Past Due 90 Days or More Still Accruing
Real estate loans:			
One-to-four family	$ 6	$ 6	$ 148
Commercial real estate	—	—	—
Construction	—	—	—
Total real estate loans	6	6	148
Commercial loans:	—	—	—
Consumer loans:			
Other consumer loans	—	—	—
Total consumer loans	—	—	—
Total	$ 6	$ 6	$ 148

(Continued)

(All amounts in thousands, except share and per share data)

NOTE 3 – LOANS (Continued)

	December 31, 2022		
	Nonaccrual with No ACL	Total Nonaccrual	Loans Past Due 90 Days or More Still Accruing
Real estate loans:			
One-to-four family	$ 9	$ 9	$ 211
Commercial real estate	—	—	—
Construction	—	—	—
Total real estate loans	9	9	211
Commercial loans:	73	73	—
Consumer loans:			
Other consumer loans	—	—	—
Total consumer loans	—	—	—
Total	$ 82	$ 82	$ 211

Loan Modifications to Borrowers Experiencing Financial Difficulty:

Occasionally, the Company may make certain modifications of loans to borrowers experiencing financial difficultly. These modifications may be in the form of an interest rate reduction, a term extension or a combination thereof.

Upon the Company's determination that a modified loan has subsequently been uncollectible, the portion of the loan deemed uncollectible is charged off against the allowance for credit losses on loans held for investment.

The Company closely monitors the performance of the loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of these modifications efforts. During the three and nine months ended September 30, 2023, the Company had no modified loans to borrowers experiencing financial difficulty.

Troubled Debt Restructurings (TDR):

The following disclosure is presented in accordance with GAAP in effect prior to the adoption of ASU 2022-02. The Company has included this disclosure as of December 31, 2022 or for the three and nine months ended September 30, 2023.

Prior to the Company's adoption of ASU 2022-02, the Company accounted for a modification to the contractual terms of loans that resulted in granting a concession to borrowers experiencing financial difficulties as a TDR. ASU 2022-02 eliminated TDR accounting prospectively for all restructurings occurring on or after January 1, 2023. Loans that were restructured in a TDR prior to the adoption of ASU 2022-002 will continue to be accounted for under the historical TDR accounting until the loan is paid off, liquidated or subsequently modified. See Note 1 for more information on the Company's adoption of ASU 2022-02.

(Continued)

NOTE 3 – LOANS (Continued)

Loan restructurings as of December 31, 2022 were $2,878. The Company has committed no additional amounts at December 31, 2022 to customers with outstanding loans that are restructured.

There were no loan restructurings for which there was a payment default within twelve months of the modification during the nine months ended September 30, 2023 or the year ended December 31, 2022. A loan is considered to be in payment default once it is 90 days contractually past due under the modified terms.

Credit Quality Indicators:

The Company utilizes a grading system whereby all loans are assigned a grade based on the risk profile of each loan. Loan grades are determined based on an evaluation of relevant information about the ability of borrowers to service their debt such as current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. All loans, regardless of size, are analyzed and are given a grade based upon the management's assessment of the ability of borrowers to service their debts. The analysis is performed on a quarterly basis.

The Company uses the following definitions for loan grades:

Special Mention. Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of repayment prospects for the loan or of the institution's credit position at some future date.

Substandard. Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

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

(All amounts in thousands, except share and per share data)

NOTE 3 – LOANS (Continued)

Loans not meeting the criteria above are graded Pass. These loans are included within groups of homogeneous pools of loans based upon portfolio segment and class for estimation of the allowance for loan losses on a collective basis.

At September 30, 2023 and December 31, 2022, based on the most recent analysis performed, the risk category of loans by class of loans is as follows:

	Term Loans by Origination Year							
September 30, 2023	2023	2022	2021	2020	2019	Prior	Revolving Loans	Total
One-to-four family								
Risk rating								
Pass	$ 22,711	$ 61,224	$ 30,919	$ 17,764	$ 6,675	$ 39,291	$ —	$ 178,584
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	386	—	386
Doubtful	—	—	—	—	—	—	—	—
Total one-to-four family	$ 22,711	$ 61,224	$ 30,919	$ 17,764	$ 6,675	$ 39,677		$ 178,970
Multi-family								
Risk rating								
Pass	$ —	$ 756	$ 910	$ 1,294	$ —	$ 552	$ —	$ 3,512
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total multi-family.	$ —	$ 756	$ 910	$ 1,294	$ —	$ 552	$ —	$ 3,512
Commercial real estate								
Risk rating								
Pass	$ 11,996	$ 35,150	$ 11,471	$ 11,605	$ 2,033	$ 20,465	$ 3,359	$ 96,079
Special mention	—	—	—	—	—	—	—	—
Substandard	—	1,705	—	—	2,463	—	—	4,168
Doubtful	—	—	—	—	—	—	—	—
Total commercial real estate	$ 11,996	$ 36,855	$ 11,471	$ 11,605	$ 4,496	$ 20,465	$ 3,359	$ 100,247
Construction								
Risk rating								
Pass	$ 5,971	$ 13,606	$ 1,319	$ —	$ —	$ —	$ —	$ 20,896
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total construction	$ 5,971	$ 13,606	$ 1,319	$ —	$ —	$ —	$ —	$ 20,896
Commercial								
Risk rating								
Pass	$ 4,444	$ 7,790	$ 2,060	$ 714	$ 64	$ 4,335	$ 7,857	$ 27,264
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total commercial	$ 4,444	$ 7,790	$ 2,060	$ 714	$ 64	$ 4,335	$ 7,857	$ 27,264

(Continued)

(All amounts in thousands, except share and per share data)

Table of Contents

NOTE 3 – LOANS (Continued)

	Term Loans by Origination Year							
September 30, 2023	2023	2022	2021	2020	2019	Prior	Revolving Loans	Total
Home equity and lines of credit								
Risk rating								
Pass	$ —	$ —	$ —	$ —	$ —	$ —	$ 6,372	$ 6,372
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total home equity and lines of credit	$ —	$ —	$ —	$ —	$ —	$ —	$ 6,372	$ 6,372
Consumer								
Risk rating								
Pass	$ 1,988	$ 1,194	$ 463	$ 185	$ —	$ 33	$ —	$ 3,863
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total consumer	$ 1,988	$ 1,194	$ 463	$ 185	$ —	$ 33	$ —	$ 3,863
Total Loans	$ 47,110	$ 121,425	$ 47,142	$ 31,562	$ 11,235	$ 65,062	$ 17,588	$ 341,124

December 31, 2022	Pass	Special Mention	Substandard	Doubtful	Total
Real estate loans:					
One-to-four family	$ 170,397	$ 1,452	$ 308	$ —	$ 172,157
Multi-family	3,668	—	—	—	3,668
Commercial	91,749	1,751	2,489	—	95,989
Construction	18,466	—	—	—	18,466
Total real estate loans	284,280	3,203	2,797	—	290,280
Commercial	32,115	—	41	—	32,156
Consumer loans:					
Home equity loans and lines of credit	6,656	—	—	—	6,656
Other consumer loans	3,702	—	—	—	3,702
Total	$ 326,753	$ 3,203	$ 2,838	$ —	$ 332,794

(Continued)

(All amounts in thousands, except share and per share data)

NOTE 4- PREMISES AND EQUIPMENT

Premises and equipment at September 30, 2023 and December 31, 2022 were as follows:

	2023	2022
Land	$ 1,924	$ 1,924
Buildings and improvements	17,178	15,668
Furniture, fixtures and equipment	2,555	2,623
	21,657	20,215
Less: Accumulated depreciation	(9,659)	(9,364)
	$ 11,998	$ 10,851

Depreciation expense for the three and nine months ended September 30, 2023 was $128 and $384, respectively. Depreciation expense for the three and nine months ended September 30, 2022 was $132 and $358 respectively.

NOTE 5 – DEPOSITS

Time deposits that meet or exceed the FDIC insurance limit of $250 at September 30, 2023 and December 31, 2022 were $33,800 and $32,614, respectively. Scheduled maturities of time deposits at September 30, 2023 for the next five years were as follows:

2023	$ 16,904
2024	49,807
2025	15,548
2026	2,293
2027	1,441
Thereafter	613

At September 30, 2023 and 2022, overdraft demand and savings deposits reclassified to loans totaled $40 and $69, respectively.

(Continued)

(All amounts in thousands, except share and per share data)

NOTE 6 – FEDERAL HOME LOAN BANK ADVANCES AND OTHER DEBT

At September 30, 2023 and December 31, 2022, advances from the Federal Home Loan Bank were as follows:

	2023	2022
Maturities October 2025 through March 2028, fixed rate at rates from 4.12% to 4.61%, averaging 4.26%	$ 35,000	$ —
Maturities September 2024 through October 2027, fixed rate at rates from 4.23% to 4.61%, averaging 4.26%	—	25,000
Total	$ 35,000	$ 25,000

During the nine months ended September 30, 2023, the Company restructured $15,000 of outstanding advances, recognizing a net gain of $127. The average rate of 4.26% was a blended rate at September 30, 2023. During the nine months ended September 30, 2022, the Company paid $18,500 of outstanding advances, recognizing a net gain of $87.

Each advance in the table above is payable at its maturity date, with a prepayment penalty for fixed rate advances. The advances were collateralized by $82,490 and $83,008 of eligible first mortgage one-to-four family, multi-family, and commercial loans under a blanket lien arrangement at September 30, 2023 and December 31, 2022, respectively. Based on this collateral and the Company's holdings of FHLB stock, the Company is eligible to borrow additional funds of $89,909 at September 30, 2023.

Payments over the next five years are as follows:

2023	$ —
2024	—
2025	5,000
2026	10,000
2027	10,000
Thereafter	10,000

The Company had approximately $10,000 available in a line of credit for federal funds (or the equivalent thereof) with correspondent banks at September 30, 2023 and December 31, 2022. There were no amounts outstanding as of September 30, 2023 or December 31, 2022.

(Continued)

NOTE 7 - EMPLOYEE STOCK OWNERSHIP PLAN

With the conversion to the stock holding company, 354,599 shares were sold to the Employee Stock Ownership Plan (ESOP). The ESOP borrowed from the Company to purchase the shares of the Company’s common stock at $10. The Company combined the preexisting loan with the current loan.

The Company will make discretionary contributions to the ESOP, as well as paying dividends on unallocated shares to the ESOP, and the ESOP uses funds it receives to repay the loan. When loan payments are made, ESOP shares are allocated to participants based on relative compensation and expense is recorded. Dividends on allocated shares increase participant accounts.

Participants receive the shares at the end of employment. A participant may require stock received to be repurchased unless the stock is traded on an established market.

The ESOP compensation expense for the three months ended September 30, 2023 and 2022 was $63 and $105, respectively. The ESOP compensation expense for the nine months ended September 30, 2023 and 2022 was $214 and $225, respectively. At September 30, 2023, there were 295,938 shares not yet released, having an aggregate market value based of $3,107 based on close price of $10.50.

NOTE 8 – STOCK BASED COMPENSATION

In May 2020, the stockholders approved the Cullman Bancorp, Inc. 2020 Equity Incentive Plan (the “2020 Equity Incentive Plan”) for employees and directors of the Company. The Equity Incentive Plan authorizes the issuance of up to 200,000 shares of the Company’s common stock, with no more than 80,000 of shares as restricted stock awards and 120,000 as stock options, either incentive stock options or non-qualified stock options. The amounts have been subsequently converted at the exchange ratio of 2.8409-to-one for the mutual-to-stock conversion, rounding down for fractional shares. The exercise price of options granted under the 2020 Equity Incentive Plan may not be less than the fair market value on the date the stock option is granted. The Compensation Committee of the Board of Directors has sole discretion to determine the amount and to whom equity incentive awards are granted.

(Continued)

(All amounts in thousands, except share and per share data)

NOTE 8 – STOCK BASED COMPENSATION (Continued)

In May 2023, the stockholders approved the Cullman Bancorp, Inc. 2023 Equity Incentive Plan (the "2023 Equity Incentive Plan") for employees and directors of the Company. The 2023 Equity Incentive Plan authorizes the issuance of up to 620,548 shares of the Company's common stock, with no more than 177,299 of shares as restricted stock awards and 443,249 as stock options, either incentive stock options or non-qualified stock options. The exercise price of the options granted under the 2023 Equity Incentive Plan may not be less than the fair market value on the date the stock options is granted. The Compensation Committee of the Board of Directors has sole discretion to determine the amount and to whom equity incentive awards are granted.

As of September 30, 2023, there were no shares available for future grants under either plan.

The following table summarizes stock option activity for the nine months ended September 30, 2023:

	Options	Weighted-Avg Exercise Price/Share	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value[(1)]
Outstanding 1/1/23	340,903	$ 9.86	6.88	
Granted	443,249	10.54	9.75	
Exercised	—	—		
Forfeited	—	—		
Outstanding 9/30/23	784,152	$ 10.24	8.50	
Vested or expected to vest	784,152	$ 10.24	8.50	$ 204
Exercisable at period end	204,531			$ 53

(1) Based on close price of $10.50 as of September 30, 2023. Intrinsic value for stock options is defined as the difference between the current market value and the exercise price multiplied by the number of in-the-money options.

There were 68,177 options that vested during the nine months ended September 30, 2023. Stock based compensation expense for stock options for the three and nine months ended September 30, 2023 and 2022 was $27 and $81**,** respectively in relation to the 340,903 options. Unrecognized compensation cost related to nonvested stock options at September 30, 2023 was $207 and is expected to be recognized over 1.83 years related to the 2020 Equity Plan.

(Continued)

(All amounts in thousands, except share and per share data)

NOTE 8 – STOCK BASED COMPENSATION (Continued)

In relation to the 2023 Equity Incentive Plan, there were no options vested as of September 30, 2023. Stock based compensation expense for the stock options for the three and nine months ended September 30, 2023 were both $30. Unrecognized compensation cost related to nonvested stock options at September 30, 2023 was $564 and is expected to be recognized over 4.75 years.

A summary of changes in the Company's nonvested shares for the nine months ended September 30, 2023 follows:

	2023	Weighted Average Grant-Date Fair Value
Balance – January 1, 2023	136,356	$ 9.86
Granted	177,299	10.70
Vested	(45,455)	9.86
Balance –September 30, 2023	268,200	$ 10.42

The following table summarizes the restricted stock fair value:

Date of Awards	Shares	Converted Shares	Vesting Period (years)	Converted Fair Value
August 2020	80,000	227,266	5	$ 9.86
August 2023	177,299	177,299	5	10.70

For the three and nine months ended September 30, 2023, stock-based compensation expense for restricted stock included in non-interest expense was $112 and $336, respectively. Unrecognized compensation expense for nonvested restricted stock awards was $859 as of September 30, 2023 and is expected to be recognized over 1.83 years related to the 2020 Equity Plan.

For both the three and nine months ended September 30, 2023, stock-based compensation expense for restricted stock included in non-interest expense was $63. Unrecognized compensation expense for nonvested restricted stock awards was $1,834 as of September 30, 2023 and is expected to be recognized over 4.83 years related to the 2023 Equity Plan.

(Continued)

NOTE 9 - REGULATORY CAPITAL MATTERS

Banks and their holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital. Management believes as of September 30, 2023, the Bank meets all capital adequacy requirements to which they are subject. The Bancorp is not subject to regulatory capital requirements due to its size.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. As of September 30, 2023 and December 31, 2022, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution’s category.

The community bank leverage ratio framework (CBLR framework), provides qualifying community banking organizations an optional, simplified measure to determine capital adequacy. The Bank made the election to be subject to the CBLR framework as of December 31, 2020.

The community bank leverage ratio removes the requirement for qualifying banking organizations to calculate and report risk-based capital but rather only requires a Tier 1 to average assets (leverage) ratio. Qualifying banking organizations that elect to use the community bank leverage rate framework and that maintain a leverage ratio of greater than required minimums will be considered to have satisfied the generally applicable risk based and leverage capital requirements in the agencies’ capital rules (generally applicable rule) and, if applicable, will be considered to have met the well capitalized ratio requirements for purposes of section 38 of the Federal Deposit Insurance Act. The community bank leverage ratio minimum requirement is currently 9.00%.

(Continued)

(All amounts in thousands, except share and per share data)

NOTE 9 - REGULATORY CAPITAL MATTERS (Continued)

An eligible banking organization can opt out of the CBLR framework and revert back to the risk-weighting framework without restriction. As of September 30, 2023 the Bank was a qualifying community banking organization as defined by the federal banking agencies and elected to measure capital adequacy under the CBLR framework.

Actual and required capital amounts for the Bank and ratios at September 30, 2023 and December 31, 2022 are presented below:

	Actual		To be well Capitalized Under Prompt Corrective Action Regulations (CBLR Framework)	
	Amount	Ratio	Amount	Ratio
September 30, 2023				
Tier 1 (Core) Capital to average total assets	$ 78,848	18.64%	$ 38,062	9.00%
December 31, 2022				
Tier 1 (Core) Capital to average total assets	$ 75,221	17.75%	$ 38,137	9.00%

The Qualified Thrift Lender test requires at least 65% of assets be maintained in housing-related finance and other specified areas. If this test is not met, limits are placed on growth, branching, new investments, FHLB advances and dividends, or the Bank must convert to a commercial bank charter. Management believes this test is met. However, during 2022, the Bank was approved to make and made the election for Covered Savings Association (CSA) status. This election provides the Bank with the same rights and privileges as a national bank but the Bank retains its federal savings association charter.

Dividend Restrictions - The Company's principal source of funds for dividend payments is dividends received from the Bank as well as proceeds retained from the mutual-to-stock conversion. Banking regulations limit the amount of dividends that may be paid without prior approval of regulatory agencies. Under these regulations, the amount of dividends that may be paid in any calendar year is limited to the current year's net profits, combined with the retained net profits of the preceding two years, subject to the capital requirements described above. During 2023, the Bank could, without prior approval from its regulators, declare dividends of approximately $7,257 plus any 2023 net profits retained to the date of the dividend declaration.

(Continued)

NOTE 10 – FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

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

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability; or generated from model-based techniques that use at least one significant assumption not observable in the market. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

The Company used the following methods and significant assumptions to estimate fair value:

Investment Securities: The fair values for investment securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2), using matrix pricing. Matrix pricing is a mathematical technique commonly used to price debt securities that are not actively traded, values debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs). Equity securities are carried at fair value, with changes in fair value reported in net income. This investment is considered an equity security with readily determinable fair value not held for trading (Level 3).

(Continued)

NOTE 10 – FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3). The Company's taxable municipal investment securities' fair values are determined based on a discounted cash flow analysis prepared by an independent third party.

Impaired Loans: At the time a loan is considered impaired, it is valued at the lower of cost or fair value. For collateral dependent loans, fair value is commonly based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value. Non-real estate collateral may be valued using an appraisal, net book value per the borrower's financial statements, or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and client's business, resulting in a Level 3 fair value classification. Impaired loans are evaluated on a quarterly basis for additional impairment and adjusted accordingly.

Foreclosed Real Estate: Assets acquired through or instead of loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. Fair value is commonly based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value.

For appraisals where the value is $100 or above for both collateral-dependent impaired loans and other real estate owned are performed by certified general appraisers (for commercial properties) or certified residential appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by the Company. Once received, a member of the Loan Department reviews the assumptions and approaches utilized in the appraisal as well as the overall resulting fair value in comparison with independent data sources such as recent market data or industry-wide statistics. In accordance to company policy, if the Company holds the property for over two years, an updated appraisal or validation would be obtained in order to determine if the fair value amount should be adjusted.

(Continued)

(All amounts in thousands, except share and per share data)

NOTE 10 – FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Assets and Liabilities Measured on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurement Using		
	Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2023			
Securities available for sale			
U.S. Government sponsored agencies	$ —	$ 5,089	$ —
Municipal – taxable	—	11,029	—
Municipal – taxable exempt	—	862	—
Residential mortgage-backed	—	8,948	—
Commercial mortgage-backed		966	
SBA guaranteed debenture	—	431	—
Total investment securities available for sale	$ —	$ 27,325	$ —

	Fair Value Measurement Using		
	Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2022			
Securities available for sale			
U.S. Government sponsored agencies	$ —	$ 5,253	$ —
Municipal – taxable	—	11,511	—
Municipal – taxable exempt	—	1,315	—
Residential mortgage-backed	—	10,142	—
Commercial mortgage-backed	—	960	—
SBA guaranteed debenture	—	615	—
Total investment securities available for sale	$ —	$ 29,796	$ —

(All amounts in thousands, except share and per share data)

Table of Contents

NOTE 10 – FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

The table below presents a reconciliation of all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the nine months ended September 30, 2023:

	Equity Securities	
	2023	2022
Beginning Balance of recurring Level 3 assets	$ 479	$ —
Purchases	—	1,000
Redemption	(497)	
Unrealized gain	18	3
Ending Balance of recurring Level 3 assets	$ —	$ 1,003

There were no transfers between levels during the nine months ended September 30, 2023 and 2022.

Our state and municipal securities valuations are supported by analysis prepared by an independent third party. Their approach to determining fair value involves using recently executed transactions for similar securities and market quotations for similar securities. As these securities are not rated by the rating agencies and trading volumes are thin, it was determined that these were valued using Level 3 inputs. The significant unobservable inputs used in the fair value measurement of the Company's taxable municipal securities are discount rates and credit spreads that the market would require for taxable municipal securities with similar maturities and risk characteristics. Significant increases/(decreases) in any of those inputs in isolation would result in a significantly lower/(higher) fair value measurement.

NOTE 10 – FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Assets and Liabilities Measured on a Nonrecurring Basis

The Company may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis in accordance with U.S. generally accepted accounting principles. These include assets that are measured at the lower of cost or market that were recognized at fair value below cost at the end of the period. Assets measured at fair value on a nonrecurring basis are included in the table below as of September 30, 2023 and December 31, 2022 (amounts in thousands):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	September 30, 2023	December 31, 2022
Impaired loans:		
RE loans:		
One-to four family	$ 6	$ 9
Commercial	—	73
Foreclosed real estate:		
One-to four family	$ —	$ 50

The Company has estimated the fair values of these assets using Level 3 inputs, specifically the appraised value of the collateral. Impaired loan balances represent those collateral dependent impaired loans where management has estimated the credit loss by comparing the loan's carrying value against the expected realizable fair value of the impaired loan for the amount of the credit loss. The Company had no Level 3 assets measured at fair value on a recurring basis at September 30, 2023 and December 31, 2022. For Level 3 assets measured at fair value on a nonrecurring basis as of September 30, 2023 and December 31, 2022, appraisals were used for the valuation technique. For the significant unobservable input, the appraisal discounts and the weighted average input of 15% to 20% were used. This is for the period ended September 30, 2023 and December 31, 2022.

(Continued)

(All amounts in thousands, except share and per share data)

NOTE 10 – FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

The carrying amounts and estimated fair values of the Company's on-balance sheet financial instruments at September 30, 2023 and December 31, 2022 are summarized below:

	Carrying Amount	Fair Value Measurements at September 30, 2023 Using:			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	$ 22,801	$ 22,801	$ —	$ —	$ 22,801
Securities available for sale	27,325	—	27,325	—	27,325
Loan, net	338,111	—	—	325,988	325,988
Accrued interest receivable	1,133	—	153	980	1,133
Restricted equity securities	2,770	N/A	N/A	N/A	N/A
Financial liabilities:					
Deposits	$ 274,201	$ 187,595	$ 84,224	$ —	271,819
Federal Home Loan Bank advances	35,000	—	35,869	—	35,869
Accrued interest payable	235	8	227	—	235

	Carrying Amount	Fair Value Measurements at December 31, 2022 Using:			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	$ 36,645	$ 36,645	$ —	$ —	$ 36,645
Securities available for sale	29,796	—	29,796	—	29,796
Loan, net	329,943	—	—	320,687	320,687
Accrued interest receivable	1,162	—	219	943	1,162
Restricted equity securities	2,033	—	—	—	N/A
Financial liabilities:					
Deposits	$ 292,949	$ 213,499	$ 76,306	$ —	289,805
Federal Home Loan Bank advances	25,000	—	25,102	—	25,102
Accrued interest payable	155	5	150	—	155

(Continued)

(All amounts in thousands, except share and per share data)

NOTE 11 – EARNINGS PER COMMON SHARE

The factors used in the earnings per common share computation follow:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Earnings (loss) per share				
Net Income	$ 1,080	$ 926	$ 3,123	$ 3,248
Less: Distributed earning allocated to participating securities		—	—	—
Plus (Less): Loss (Earnings) allocated to participating securities	(17)	(1)	(39)	(50)
Net earnings allocated to common stock	1,063	925	3,084	3,198
Weighted common shares outstanding including participating securities	7,354,166	7,405,893	7,373,666	7,405,893
Less: Participating securities	(114,877)	(103,629)	(129,170)	(155,655)
Less: Average unearned ESOP shares	(299,603)	(352,079)	(299,562)	(234,206)
Weighted average shares	6,939,686	6,950,185	6,944,934	7,016,032
Basic earnings (loss) per share	$ 0.15	$ 0.13	$ 0.44	$ 0.46
Diluted				
Net earnings allocated to common stock	1,063	925	3,084	3,198
Weighted average shares	6,939,686	6,950,185	6,944,934	7,016,032
Add: dilutive effects of assumed exercises of stock options	52,682	64,366	45,015	51,804
Average shares and dilutive potential common shares	6,992,368	7,014,551	6,989,949	7,067,836
Diluted earnings (loss) per share	$ 0.15	$ 0.13	$ 0.44	$ 0.45

Stock options for shares of common stock of 443,249 and 340,903 were not considered in computing diluted earnings per share for 2023 and 2022, respectively because they were antidilutive.

(Continued)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statement Regarding Forward-Looking Information

This Quarterly Report contains forward-looking statements, which can be identified by the use of words such as "estimate," "project," "believe," "intend," "anticipate," "plan," "seek," "expect," "will," "may," "continue" and words of similar meaning. These forward-looking statements include, but are not limited to:

- statements of our goals, intentions and expectations;
- statements regarding our business plans, prospects, growth and operating strategies;
- statements regarding the asset quality of our loan and investment portfolios; and
- estimates of our risks and future costs and benefits.

These forward-looking statements are based on our current beliefs and expectations and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. You should not place undue reliance on such statements. We are under no duty to and do not take any obligation to update any forward-looking statements after the date of this Quarterly Report.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- general economic conditions, either nationally or in our market areas, that are worse than expected;
- changes in the level and direction of loan delinquencies and write-offs and changes in estimates of the adequacy of the allowance for loan losses;
- our ability to access cost-effective funding;
- changes in liquidity, including the size and composition of our deposit portfolio and the percentage of uninsured deposits in the portfolio;
- fluctuations in real estate values and both residential and commercial real estate market conditions;
- demand for loans and deposits in our market area;
- our ability to implement and change our business strategies;
- competition among depository and other financial institutions;
- inflation and changes in the interest rate environment that reduce our margins and yields, our mortgage banking revenues, the fair value of financial instruments,

including our mortgage servicing rights asset, or our level of loan originations, or increases in the level of defaults, losses and prepayments on loans we have made and make;

- adverse changes in the securities or secondary mortgage markets;
- changes in laws or government regulations or policies affecting financial institutions, including changes in regulatory fees, capital requirements and insurance premiums;
- monetary and fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Federal Reserve Board;
- changes in the quality or composition of our loan or investment portfolios;
- technological changes that may be more difficult or expensive than expected;
- the inability of third-party providers to perform as expected;
- a failure or breach of our operational or security systems or infrastructure, including cyberattacks;
- our ability to manage market risk, credit risk and operational risk;
- our ability to enter new markets successfully and capitalize on growth opportunities;
- our ability to successfully integrate into our operations any assets, liabilities, customers, systems and management personnel we have acquired or may acquire and our ability to realize related revenue synergies and cost savings within expected time frames, and any goodwill charges related thereto;
- changes in consumer spending, borrowing and savings habits;
- changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Financial Accounting Standards Board, the Securities and Exchange Commission or the Public Company Accounting Oversight Board;
- our ability to retain key employees;
- global or national war, conflict or acts of terrorism;
- our compensation expense associated with equity allocated or awarded to our employees;
- changes in the financial condition, results of operations or future prospects of issuers of securities that we own; and
- the risk related to recent and potential bank failures.

Comparison of Financial Condition at September 30, 2023 and December 31, 2022

Total assets decreased $5.9 million, or 1.4%, to $417.3 million at September 30, 2023 from $423.2 million at December 31, 2022. The decrease was due to a decrease in federal funds due to a decrease in deposits.

Cash and cash equivalents decreased $13.8 million, or 37.8%, to $22.8 million at September 30, 2023 from $36.6 million at December 31, 2022. The decrease was due to the decrease in deposits as well as us using cash to fund loan growth.

Gross loans held for investment increased $8.3 million, or 2.5%, to $341.1 million at September 30, 2023 from $332.8 million at December 31, 2022. The increase was primarily due to an increase in one-to-four family loans, which increased $6.8 million, or 4.0%, to $179.0 million at September 30, 2023 from $172.2 million at December 31, 2022. The increase was also due to an increase in commercial real estate loans, which increased $4.2 million, or 4.4% to $100.2 million at September 30, 2023 from $96.0 million at December 31, 2022.

Securities available for sale decreased $2.5 million or 8.3%, to $27.3 million at September 30, 2023 from $29.8 million at December 31, 2022. The decrease was caused by the increase in the unrealized loss as well as paydowns received.

Total deposits decreased $18.7 million, or 6.4%, to $274.2 million at September 30, 2023 from $292.9 million at December 31, 2022. We experienced decreases in regular savings and other deposits of $16.9 million, or 21.2%, to $62.7 million at September 30, 2023 from $79.6 million at December 31, 2022, This decrease was due to public funds using deposits for construction projects. Interest-bearing demand deposits decreased $5.2 million, or 4.6%, to $109.7 million at September 30, 2023 from $114.9 million at December 31, 2022. Noninterest bearing demand deposits decreased $3.2 million or 19.4% to $13.1 million at September 30, 2023 from $16.3 million at December 31, 2022. The decrease was also a result of customers moving funds into time deposits to take advantage of higher interest rates. Time deposits increased $7.1 million, or 9.0%, to $86.6 million at September 30, 2023 from $79.5 million at December 31, 2022.

Borrowings increased $10.0 million, or 40.0%, to $35.0 million of borrowings at September 30, 2023, from $25.0 million at December 31, 2022. We restructured our borrowings during the year to extend our liability duration and recognized a gain of $127,000. We regularly review our liquidity position based on alternative uses of available funds as well as market conditions.

Stockholders’ equity increased $1.0 million, or 1.0%, to $101.2 million at September 30, 2023 from $100.2 million at December 31, 2022. The increase was mainly due to the increase in retained earnings of $2.0 million for the nine months ended September 30, 2023. Stockholders' equity (book value) per share at September 30, 2023 was $13.89.

Average Balance Sheets

The following tables set forth average balance sheets, average yields and costs, and certain other information for the periods indicated. No tax-equivalent yield adjustments have been made, as the effects would be immaterial. All average balances are daily average balances. Nonaccrual loans were included in the computation of average balances. The yields set forth below include the effect of deferred fees, discounts, and premiums that are amortized or accreted to interest income or interest expense. Loan balances exclude loans held for sale.

	Three Months Ended September 30,					
	2023			2022		
	Average Outstanding Balance	Interest	Average Yield/Rate [1]	Average Outstanding Balance	Interest	Average Yield/Rate [1]
	(Dollars in thousands)					
Interest-earning assets:						
Loans	$ 339,415	$ 4,460	5.26%	$ 319,258	$ 3,892	4.88%
Securities	28,741	232	3.23%	29,329	254	3.46%
Federal Home Loan Bank and Federal Reserve stock	2,596	54	8.32%	270	2	2.96%
Federal funds sold	22,938	305	5.32%	17,288	95	2.20%
Total interest-earning assets	393,690	5,051	5.13%	366,145	4,243	4.64%
Noninterest-earning assets	26,141			23,501		
Total assets	$ 419,831			$ 389,646		
Interest-bearing liabilities:						
Interest-bearing demand deposits	$ 108,373	163	0.60%	$ 104,077	32	0.12%
Regular savings and other deposits	66,844	78	0.47%	82,632	66	0.32%
Money market deposits	2,223	3	0.54%	3,297	1	0.12%
Certificates of deposit	85,464	555	2.60%	75,839	155	0.82%
Total interest-bearing deposits	262,904	799	1.22%	265,845	254	0.38%
Federal Home Loan Bank advances and other borrowings	35,000	381	4.35%	2,500	27	4.32%
Total interest-bearing liabilities	297,904	1,180	1.58%	268,345	281	0.42%
Noninterest-bearing demand deposits	12,506			15,617		
Other noninterest-bearing liabilities	8,290			7,163		
Total liabilities	318,700			291,125		
Total shareholders' equity	101,131			98,521		
Total liabilities and shareholders' equity	$ 419,831			$ 389,646		
Net interest income		$ 3,871			$ 3,962	
Net interest rate spread [2]			3.55%			4.22%
Net interest-earning assets [3]	$ 95,786			$ 97,800		
Net interest margin [4]			3.93%			4.33%
Average interest-earning assets to interest-bearing liabilities	1.32x			1.36x		

(1) Annualized.
(2) Net interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average rate of interest-bearing liabilities.
(3) Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.
(4) Net interest margin represents net interest income divided by average total interest-earning assets.

	For the Nine Months Ended September 30,					
	2023			2022		
	Average Outstanding Balance	Interest	Average Yield/Rate (1)	Average Outstanding Balance	Interest	Average Yield/Rate (1)
	(Dollars in thousands)					
Interest-earning assets:						
Loans	$ 337,387	$ 12,814	5.06%	$ 289,876	$ 11,110	5.11%
Securities	29,607	721	3.25%	26,787	588	2.93%
Federal Home Loan Bank and Federal Reserve stock	2,398	92	5.12%	255	17	8.89%
Federal funds sold	22,776	840	4.92%	33,858	187	0.74%
Total interest-earning assets	392,168	14,467	4.92%	350,776	11,902	4.52%
Noninterest-earning assets	25,240			21,454		
Total assets	$ 417,408			$ 372,230		
Interest-bearing liabilities:						
Interest-bearing demand deposits	$ 106,381	327	0.41%	$ 95,882	84	0.12%
Regular savings and other deposits	71,280	252	0.47%	73,132	126	0.23%
Money market deposits	2,523	7	0.37%	4,102	5	0.16%
Certificates of deposit	83,011	1,345	2.16%	76,696	473	0.82%
Total interest-bearing deposits	263,195	1,931	0.98%	249,812	688	0.37%
Federal Home Loan Bank advances and other borrowings	32,070	1,041	4.33%	2,194	48	2.92%
Total interest-bearing liabilities	295,265	2,972	1.34%	252,006	736	0.39%
Noninterest-bearing demand deposits	14,440			14,722		
Other noninterest-bearing liabilities	6,826			6,418		
Total liabilities	316,531			273,146		
Total shareholders' equity	100,877			99,084		
Total liabilities and shareholders' equity	$ 417,408			$ 372,230		
Net interest income		$ 11,495			$ 11,166	
Net interest rate spread (2)			3.58%			4.13%
Net interest-earning assets (3)	$ 96,903			$ 98,770		
Net interest margin (4)			3.91%			4.24%
Average interest-earning assets to interest-bearing liabilities	1.33x			1.39x		

(1) Annualized.
(2) Net interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average rate of interest-bearing liabilities.
(3) Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.
(4) Net interest margin represents net interest income divided by average total interest-earning assets.

The following tables present the effects of changing rates and volumes on our net interest income for the three and nine months ended September 30, 2023 and 2022. The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). The volume column shows the effects attributable to changes in volume (changes in volume multiplied by prior rate). The total column represents the sum of the prior columns. For purposes of these tables, changes attributable to both rate and volume, which cannot be segregated, have been allocated proportionately based on the changes due to rate and the changes due to volume. There were no out-of-period items or adjustments required to be excluded from the tables below.

For the Three Months ended September 30, 2023 vs. 2022

	Increase (Decrease) Due to		Total Increase
	Volume	Rate	(Decrease)
	(In thousands)		
Interest-earning assets:			
Loans	$ 1,060	$ (492)	$ 568
Securities	(19)	(3)	(22)
Federal Home Loan Bank stock	194	(142)	52
Federal funds sold	301	(91)	210
Total interest-earning assets	1,536	(728)	808
Interest-bearing liabilities:			
Interest-bearing demand deposits	146	(15)	131
Regular savings and other deposits	(74)	86	12
Money market deposits	(6)	8	2
Certificates of deposit	250	150	400
Total interest-bearing deposits	316	229	545
Federal Home Loan Bank advances	1,414	(1,060)	354
Total interest bearing liabilities	1,730	(831)	899
Change in net interest income	$ (194)	$ 103	$ (91)

For the Nine Months ended September 30, 2023 vs. 2022

	Increase (Decrease) Due to		Total Increase
	Volume	Rate	(Decrease)
	(In thousands)		
Interest-earning assets:			
Loans	$ 2,429	$ (725)	$ 1,704
Securities	83	50	133
Federal Home Loan Bank stock	191	(116)	75
Federal funds sold	(82)	735	653
Total interest-earning assets	2,621	(56)	2,565
Interest-bearing liabilities:			
Interest-bearing demand deposits	150	93	243
Regular savings and other deposits	(4)	130	126
Money market deposits	(3)	5	2
Certificates of deposit	52	820	872
Total interest-bearing deposits	195	1,048	1,243
Federal Home Loan Bank advances	869	124	993
Total interest bearing liabilities	1,064	1,172	2,236
Change in net interest income	$ 1,557	$ (1,228)	$ 329

Comparison of Operating Results for the three months ended September 30, 2023 and 2022

General. Net income was $1.1 million for the three months ended September 30, 2023, compared to $926,000 for the three months ended September 30, 2022. There was an increase in net income primarily due to an increase in interest income resulting from an increase in loans.

Interest Income. Interest income increased $808,000, or 19.0%, to $5.1 million for three months ended September 30, 2023 from $4.2 million for the three months ended September 30, 2022. The increase was due primarily to an increase in interest income on loans, which is our primary source of interest income. Interest income on loans increased $568,000, or 14.6%, to $4.5 million for the three months ended September 30, 2023 from $3.9 million for the three months ended September 30, 2022. Our average balance of loans increased $20.2 million, or 6.3% for the three months ended September 30, 2023, to $339.4 million for three months ended September 30, 2023 from $319.3 million for the three months ended September 30, 2022. The increase is due to our decision to retain longer-term, fixed-rate loans instead of selling them, as well as the continued growth of commercial lending. Our weighted average yield on loans increased 38 basis points to 5.26% for the three months ended September 30, 2023 compared to 4.88% for the three months ended September 30, 2022. The increase was a reflection of the current rate environment.

Interest Expense. Interest expense increased $899,000, or 319.9% to $1.2 million for the three months ended September 30, 2023 compared to $281,000 for the three months ended September 30, 2022. The increase was due to an increase in borrowing balances as well as an increase in deposit expense due to the rising rate environment.

Interest expense on deposits increased $545,000, or 214.6%, to $799,000 for the three months ended September 30, 2023 compared to $254,000 for the three months ended September 30, 2022. The increase was due primarily to a increase in interest expense on certificates of deposit. Interest expense on certificates of deposit increased $400,000, or 258.1%, to $555,000 for the three months ended September 30, 2023, compared to $155,000 for the three months ended September 30, 2022. We experienced increases in both the average balance of certificates of deposit ($9.6 million, or 12.7%) for the three months ended September 30, 2023 from 2022, and rates paid on certificates of deposit (178 basis points, to 2.6%) for the three months ended September 30, 2023 from 2022.

Due to obtaining additional advances, interest expense on borrowings increased $354,000 to $381,000 for the three months ended September 30, 2023 compared to $27,000 for the three months ended September 30, 2022. The average balance of borrowings increased $32.5 million to $35.0 million compared to a $2.5 million average balance for the three months ended September 30, 2022.

Net Interest Income. Net interest income decreased $91,000, or 2.3%, to $3.9 million for the three months ended September 30, 2023 from $4.0 million for the three months ended September 30, 2022. Our interest rate spread decreased to 3.55% for the three months ended September 30, 2023, compared to 4.22% for the three months ended September 30, 2022, while our interest margin decreased to 3.93% for the three months ended September 30, 2023 compared to 4.33% for the three months ended September 30, 2022.

Provision for Credit Losses. Provisions for credit losses was a credit for $108,000 for the three months ended September 30, 2023 compared to an expenses of $120,000 for the three months ended September 30, 2022. In addition to the provision, there was an expense of $108,000 was related to unfunded commitments. The credit to the provision for funded loans was due to refinements in the model to better incorporate customer debt service coverage ratios into probabilities of default. The increase in the provision for unfunded commitments was due to the change in mix of unfunded commitments and increase in expected loss rates on unfunded home equity lines. Our allowance for credit losses was $3.0 million at September 30, 2023 compared to $2.8 million at December 31, 2022 and $2.7 million at September 30, 2022. The ratio of our allowance for credit/loan losses to total loans was 0.88% at September 30, 2023 compared to 0.85% at December 31, 2022 and 0.82% at September 30, 2022, while the allowance for credit losses to nonperforming loans was 1,950.65% at September 30, 2023 compared to 850.6% at December 31, 2022. We had no charge offs or recoveries for the three months ended September 30, 2023 and 2022.

Non-interest Income. Non-interest income decreased $12,000, or 3.0%, to $390,000 for the three months ended September 30, 2023 from $402,000 for the three months ended September 30, 2022. Our gain on sales of mortgage loans decreased to zero for the three months ended September 30, 2023 from $24,000 for the three months ended September 30, 2022 due to our decision to retain loan originations.

Non-interest Expense. Non-interest expense decreased $76,000, or 2.6%, to $2.9 million for the three months ended September 30, 2023 compared to $3.0 million for the three months ended September 30, 2022. The decrease was primarily due to a decrease in advertising expense of $44,000, or 55.7%, to $35,000 for the three months ended September 30, 2023 compared to $79,000 for the three months ended September 30, 2022. There was also a decrease in salaries and employee benefits of $52,000, or 2.6%. This decrease was due to the fact that the month of September 2022 had three payrolls.

Income Tax Expense. We recognized income tax expense of $297,000 and $358,000 for the three months ended September 30, 2023 and 2022, respectively, resulting in effective rates of 21.6% and 27.9%, respectively.

Comparison of Operating Results for the Nine months ended September 30, 2023 and 2022

General. Net income was $3.1 million for the nine months ended September 30, 2023, compared to $3.2 million for the nine months ended September 30, 2022. We experienced an increase in non-interest expense mainly due to salaries and employee benefits.

Interest Income. Interest income increased $2.6 million, or 21.6%, to $14.5 million for the nine months ended September 30, 2023 from $11.9 million for the nine months ended September 30, 2022. The increase was due primarily to an increase in interest income on loans, which is our primary source of interest income. Interest income on loans increased $1.7 million, or 15.3%, to $12.8 million for the nine months ended September 30, 2023 from $11.1 million for the nine months ended September 30, 2022. Our average balance of loans increased $47.5 million, or 16.4%, to $337.4 million for the nine months ended September 30, 2023 from $289.9 million for the nine months ended September 30, 2022. The increase was primarily due to the growth in our one-to-four family and commercial real estate loans.

Interest Expense. Interest expense increased $2.2 million, or 303.8%, to $3.0 million for the nine months ended September 30, 2023 compared to $736,000 for the nine months ended September 30, 2022. These decreases are due to an increase in rates as well as additional borrowings in 2023.

Interest expense on deposits increased $1.2 million, or 180.7%, to $1.9 million for the nine months ended September 30, 2023 compared to $688,000 for the nine months ended September 30, 2022. The increase was due primarily to an increase in interest expense on certificates of deposit. Interest expense on certificates of deposit increased $872,000, or 184.4%, to $1.3 million for the nine months ended September 30, 2023 from $473,000 for the nine months ended September 30, 2022. We experienced increases in both the average balance of certificates of deposit ($6.3 million, or 8.2%) for the nine months ended September 30, 2023 and 2022, and rates paid on certificates of deposit (134 basis points, to 2.16%) for the nine months ended September 30, 2023 and 2022.

Interest expense on borrowings increased $993,000, to $1.0 million for the nine months ended September 30, 2023 compared to $48,000 for the nine months ended September 30, 2022. The average balance of borrowings increased $29.9 million, to $32.0 million for the nine months ended September 30, 2023 compared to $2.2 million for the nine months ended September 30, 2022 due to our funding needs increasing.

Net Interest Income. Net interest income increased $329,000, or 2.9%, to $11.5 million for the nine months ended September 30, 2023 from $11.2 million for the nine months ended September 30, 2022. Our interest rate spread decreased 55 basis points to 3.58% for the nine months ended September 30, 2023, compared to 4.13% for the nine months ended September 30, 2022, while our net interest margin decreased 33 basis points to 3.91% for the nine months ended September 30, 2023 compared to 4.24% for the nine months ended September 30, 2022.

Provision for Credit Losses. Provisions for credit losses had a credit of $85,000 for the nine months ended September 30, 2023 compared to a provision for loan losses of $275,000 for the nine months ended September 30, 2022. In addition to the provision for credit losses, there was a provision of $132,000 was related to unfunded commitments. The credit to the provision for funded loans as due to refinements in the model to better incorporate customer debt service coverage ratios into probabilities of default. The increase in the provision for unfunded commitments was due to the change in mix of unfunded commitments and increase in expected loss rates on unfunded home equity lines. Our allowance for credit losses was $3.0 million at September 30, 2023 compared to the allowance for loan losses at $2.84 million at December 31, 2022 and $2.7 million at September 30, 2022. The ratio of our allowance for credit losses to total loans was 0.88% at September 30, 2023 compared to 0.85% at December 31, 2022 and 0.82% at September 30, 2022, while the allowance for credit losses to non-performing loans was 1,950.65% at September 30, 2023 compared to 850.6% at December 31, 2022. We had $2,000 of net recoveries for the nine months ended September 30, 2023 and $1,000 of net recoveries for the nine months ended September 30, 2022.

Non-interest Income. Non-interest income increased $28,000 or 2.2% from the nine months ended September 30, 2023 from for the nine months ended September 30, 2022. Service charges on deposit accounts increased $72,000 to $825,000 for the nine months ended September 30, 2023 from $753,000 for the nine months ended September 30, 2022 due to an increase in new accounts. These increases were offset by the gain on sale of mortgage loans decreasing by $71,000, or 82.6%, as we sold $3.3 million of mortgage loans during the nine months ended September 30, 2022 compared to $455,000 during the nine months ended September 30, 2023.

Non-interest Expense. Non-interest expense increased $753,000, or 9.5%, to $8.7 million for the nine months ended September 30, 2023 compared to $7.9 million for the nine months ended September 30, 2022. The increase was primarily due to customary raises, increased costs of employee benefits expense, and the implementation of the 2023 Equity Plan.

Income Tax Expense. We recognized income tax expense of $930,000 and $973,000 for the nine months ended September 30, 2023 and 2022, respectively, resulting in effective rates of 22.9% and 23.1%, respectively.

Liquidity and Capital Resources

Liquidity describes our ability to meet the financial obligations that arise in the ordinary course of business. Liquidity is primarily needed to meet the borrowing and deposit withdrawal requirements of our customers and to fund current and planned expenditures. Our primary sources of funds are deposits, principal and interest payments on loans and securities, proceeds from the sale of loans, and proceeds from maturities of securities. We also have the ability to borrow from the Federal Home Loan Bank of Atlanta. At September 30, 2023 and December 31, 2022, we had a $124.9 million and $121.3 million line of credit with the Federal Home Loan Bank of Atlanta, and had $35.0 million and $25.0 million outstanding as of those dates, respectively. In addition, at September 30, 2023, we had an unsecured federal funds line of credit of $10.0 million. No amount was outstanding on this line of credit at September 30, 2023.

While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit flows and loan prepayments are greatly influenced by general interest rates, economic conditions, and competition. Our most liquid assets are cash and short-term investments including interest-bearing demand deposits. The levels of these assets are dependent on our operating, financing, lending, and investing activities during any given period.

Our cash flows are comprised of three primary classifications: cash flows from operating activities, investing activities, and financing activities. Net cash provided by operating activities was $5.4 million and $5.3 million for the nine months ended September 30, 2023 and 2022, respectively. Net cash used in investing activities, which consists primarily of disbursements for loan originations and the purchase of investment securities and bank owned life insurance, offset by principal collections on loans, proceeds from the sale of securities and proceeds from maturing securities and pay downs on securities, was $8.5 million and $88.9 million for the nine months ended September 30, 2023 and 2022, respectively. Net cash (used for)/provided by financing activities, consisting primarily of activity in deposit accounts and proceeds from Federal Home Loan Bank borrowings, offset by repayment of Federal Home Loan Bank borrowings, was ($10.7) million and $50.4 million for the nine months ended September 30, 2023 and 2022, respectively.

We are committed to maintaining a strong liquidity position. We monitor our liquidity position on a daily basis. We anticipate that we will have sufficient funds to meet our current funding commitments. Based on our deposit retention experience and current pricing strategy, we anticipate that a significant portion of maturing time deposits will be retained.

At September 30, 2023, Cullman Savings Bank exceeded all of its regulatory capital requirements, and was categorized as well capitalized. Management is not aware of any conditions or events since the most recent notification that would change our category.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable to smaller reporting companies.

Item 4. Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by the quarterly report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports that we file or submit under the Securities and Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms.

There has been no change in our internal control over financial reporting during the most recent fiscal quarter that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

Table of Contents

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

As of September 30, 2023, we were not a party to any pending legal proceedings that we believe would have a material adverse effect on our financial condition, results of operations or cash flows.

Item 1A. Risk Factors.

Not applicable as Cullman Bancorp, Inc. is a small reporting company.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs for the Year	Maximum Number of Shares That May Yet be Purchased Under the Plans or Programs [(1)]
July 1, 2023 through July 31, 2023	—	$ —	—	526,464
August 1, 2023 through August 31, 2023	46,095	11.00	46,095	480,369
September 1, 2023 through September 30, 2023	49,793	10.76	95,888	430,576
Total	95,888	$ 10.88	95,888	430,576

Item 3 – Defaults Upon Senior Securities

None

Item 4 – Mine Safety Disclosures

Not applicable

Item 5 – Other Information

None

Table of Contents

Item 6 – Exhibits

Exhibit Number	Description
31.1	Certification of John A. Riley, III, Chairman of the Board, President and Chief Executive Officer, Pursuant to Rule 13a-14(a) and Rule 15d-14(a).
31.2	Certification of Katrina I. Stephens, Senior Vice President and Chief Financial Officer, Pursuant to Rule 13a-14(a) and Rule 15d-14(a).
32	Certification of John A. Riley, III, Chairman of the Board, President and Chief Executive Officer, and Katrina I. Stephens, Senior Vice President and Chief Financial Officer, Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from Cullman Bancorp Inc.'s Form 10-Q report for the quarter ended September 30, 2023, formatted in Inline XBRL pursuant to Rule 405 of Regulation S-T: (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Net Income; (iii) Consolidated Statements of Comprehensive Income; (iv) Consolidated Statements of Changes in Shareholders' Equity (v) Condensed Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL document and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CULLMAN BANCORP INC.
(Registrant)

Date: November 14, 2023	/s/ John A. Riley, III John A. Riley, III Chairman of the Board, President and Chief Executive Officer
Date: November 14, 2023	/s/ Katrina I. Stephens Katrina I. Stephens Senior Vice President and Chief Financial Officer