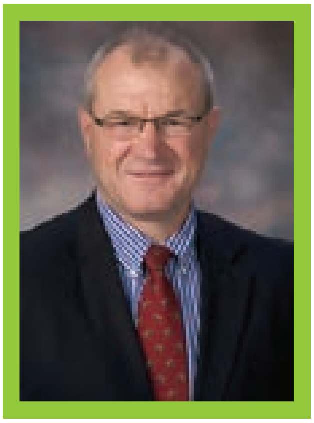
Since 1883

GREENVILLE FEDERAL

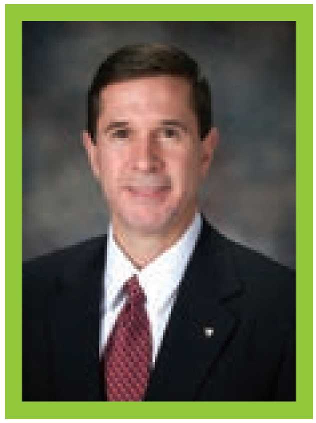
2021 ANNUAL REPORT

FINANCIAL CORPORATION

Board of Directors



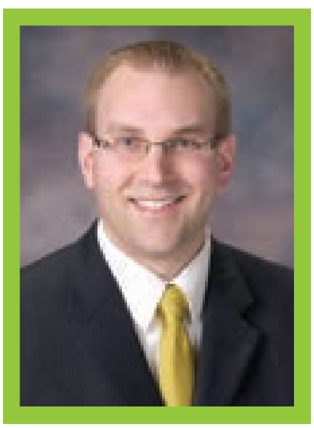
George Luce
Board Chairman



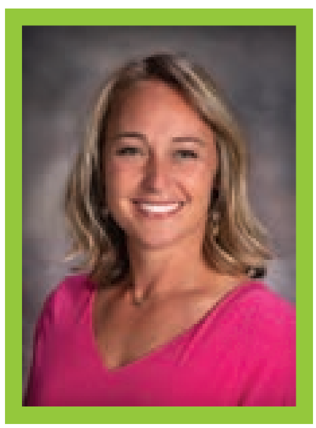
Jeff Kniese
President & CEO

Pat Custenborder

Joe Dickerson



Ryan Dynes



Rochelle Heinl-Bednarczuk

Mark Miller

Julie Strait

Officers

Annette Ryan-Baker
SVP, Commercial Lending Sales Manager

Tina Jones
VP, Chief Credit Officer

Russ Thayer
AVP, Branch Administrator

Jeff Kniese
President & CEO

Nicki Gillespie
VP, Controller

Linda Searls
VP, Retail Processing Manager

Brian Beam
Marketing & IT Manager

Susan Barker
Executive Vice President & CFO

Holly Hildebrand
VP, Retail Lending Sales Manager

Robyn Studabaker
VP, Human Resource Manager

Corey Eagle
Collections Manager

GREENVILLE FEDERAL FINANCIAL CORPORATION
Greenville, Ohio

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

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Letter from the President and Chief Executive Officer

Dear Fellow Stockholders and Friends,

As I provide a brief overview of our yearly performance, I also point out many of the same challenges that most every business faced in 2021, but what I am most proud of are our successes and how our team performed in spite of these challenges. 2021 was a strong year financially for our company due to the efforts of all of our dedicated banking professionals. With strong earnings and capital and a high-quality loan portfolio, we consistently performed at a high level throughout 2021 but there were several challenges nevertheless. Some of the challenges we faced were concerns regarding the ongoing Covid pandemic, inflation, potential interest rate increases and staffing. These were just a few challenges our team frequently managed and these challenges and others are forecasted to continue in the foreseeable future, so we have worked hard to prepare to meet them head on with a plan that we feel will produce positive results going forward.

Despite all of the challenges, in 2021 we continued to implement our prudent growth strategy by opening our second full-service banking center in Troy, Ohio this past August. Not only will our company benefit with this new location, but the city of Troy will benefit as well as we took an existing vacant facility and transformed that community eyesore into a beautiful new building that everyone can be proud of. This new location on the North side of Troy is well positioned to serve the growing population in that area and is a complement to our existing South side Troy location. Thank you to my teammates for their hard work with this new banking center.

Once again, we were honored to be named a 5-star rated bank by independent bank rating agency Bauer Financial. It is important to note that Bauer Financial is an independent, fair and unbiased rating agency that rates all federally-insured U.S. depository institutions. No institution pays for its rating nor can they avoid being rated. Eleven years in a row our GF teammates have helped us earn this prestigious distinction and as we continue to assemble a terrific team of banking professionals, we expect to earn this high rating for many years to come.

In 2021 we also began the process of adding more digital solutions for our growing customer base and we increased the number of options for “banking how *you* want”. We understand that our customers want and deserve industry-leading banking solutions and we have delivered on those requests. We will continue to be a front-runner with regards to utilizing technology to assist all of our retail and commercial customers all while always maintaining a local, customer-experience-first approach. How we differentiate our bank from other financial institutions is by offering all of the latest banking products and services while still being a true local bank. We are proud of our local banking roots that date back to 1883 and will continue to put customers and communities first.

Thank you’s all around. Thank you to all of my GF teammates for working so hard each and every day to provide a level of service above expectations. Thank you to my fellow GF board members for supporting our growth initiatives, supporting to remain a local bank and supporting our communities we so proudly serve. Thank you to our shareholders for investing in our company and supporting a true local community bank. We are excited about our future and accept any challenge that may confront us. We have positioned the bank for long-term consistent positive earnings and prudent growth and our strategic plan is working as expected. Rapid change in the banking industry is now the norm so we embrace that and will continue to work hard to earn your investment.

Sincerely,

Jeff D. Kniese, President & CEO

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Shareholders
Greenville Federal Financial Corporation
Greenville, Ohio

Opinion

We have audited the consolidated financial statements of Greenville Federal Financial Corporation, which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of income, stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Greenville Federal Financial Corporation, as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Greenville Federal Financial Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Greenville Federal Financial Corporation's ability to continue as a going concern for one year from the date the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

(Continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the Letter from the President and Chief Executive Officer, Stockholder Information and Corporate Information but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Crowe LLP

Crowe LLP

Cleveland, Ohio
April 13, 2022

GREENVILLE FEDERAL FINANCIAL CORPORATION
CONSOLIDATED BALANCE SHEETS
December 31, 2021 and 2020
(In thousands, except shares and per share data)

	2021	2020
ASSETS		
Cash and due from banks	$ 3,365	$ 5,978
Overnight deposits	7,500	6,000
Interest-bearing deposits in other financial institutions	7,021	11,188
Cash and cash equivalents	17,886	23,166
Interest-bearing time deposits in other financial institutions	1,494	6,972
Securities held-to-maturity, at amortized cost (fair value of $18,821 and $7,477 at December 31, 2021 and 2020, respectively)	19,452	7,589
Loans receivable, net of allowance for loan losses of $1,191 and $1,140 at December 31, 2021 and 2020, respectively	175,552	162,285
Office properties and equipment, net	4,770	3,870
Operating lease right of use asset	201	351
Stock in Federal Home Loan Bank	711	711
Cash surrender value of life insurance	5,946	5,799
Accrued interest receivable	753	718
Prepaid expenses and other assets	2,718	1,319
Total assets	$ 229,483	$ 212,780
LIABILITIES AND STOCKHOLDERS' EQUITY		
Noninterest-bearing deposits	$ 49,039	$ 43,334
Interest-bearing deposits	154,154	144,228
Total deposits	203,193	187,562
Advances from the Federal Home Loan Bank	-	-
Advances by borrowers for taxes and insurance	998	964
Operating lease liabilities	206	358
Other liabilities	2,316	1,912
Total liabilities	206,713	190,796
Common stock – authorized 8,000,000 shares, $.01 par value; 2,298,411 shares issued (2,164,067 and 2,163,033 shares outstanding at December 31, 2021 and 2020)	23	23
Additional paid-in capital	9,296	9,288
Treasury stock, at cost (134,344 and 135,378 shares at December 31, 2021 and 2020)	(1,053)	(1,060)
Retained earnings	14,891	14,197
Unearned Employee Stock Ownership Plan (ESOP) shares	(387)	(464)
Total stockholders' equity	22,770	21,984
Total liabilities and stockholders' equity	$ 229,483	$ 212,780

See accompanying notes.

GREENVILLE FEDERAL FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
Years ended December 31, 2021 and 2020
(In thousands, except per share data)

	2021	2020
Interest income		
Loans	$ 6,956	$ 6,850
Taxable securities	357	42
Tax-exempt securities	33	21
Interest-bearing deposits and other	33	149
Total interest income	7,379	7,062
Interest expense		
Deposits	1,161	1,546
Borrowings	-	114
Total interest expense	1,160	1,660
Net interest income	6,219	5,402
Provision for loan losses	66	386
Net interest income after provision for loan losses	6,153	5,016
Noninterest income		
Customer service charges	848	731
Gain on sale of mortgage loans	631	1,384
Other	335	129
Total noninterest income	1,814	2,244
Noninterest expense		
Employee compensation and benefits	3,515	3,415
Occupancy and equipment	938	912
Franchise taxes	185	187
Data processing	913	801
Loss on sale of other real estate owned	-	10
Other	1,301	1,387
Total noninterest expense	6,852	6,712
Income before federal income taxes	1,115	548
Federal income taxes		
Current	46	18
Deferred	138	55
Total federal income taxes	184	73
Net income	$ 931	$ 475
Earnings per share, basic	$ 0.44	$ 0.23
Earnings per share, diluted	$ 0.44	$ 0.23

See accompanying notes.

GREENVILLE FEDERAL FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years ended December 31, 2021 and 2020
(In thousands, except shares and per share data)

	Common Stock	Treasury Shares	Additional Paid-in Capital	Retained Earnings	Unearned ESOP Shares	Total
Balance, January 1, 2020	23	(1,045)	9,256	14,134	(542)	21,826
Repurchase of 25 common shares from stockholders	–	(1)	–	–	–	(1)
Repurchase of 1,590 allocated ESOP shares for employee diversification or separation	–	(15)	–	–	–	(15)
Net income	–	–	–	475	–	475
Cash dividends paid of $.28 per share	–	–	–	(412)	–	(412)
Transfer of 102 restricted shares to broker	–	1	(1)	–	–	–
Allocation of ESOP shares	–	–	(9)	–	78	69
Stock-based compensation expense	–	–	42	–	–	42
Balance, December 31, 2020	23	(1,060)	9,288	14,197	(464)	21,984
Repurchase of 900 common shares from stockholders	–	(7)	–	–	–	(7)
Repurchase of 1,614 allocated ESOP shares for employee diversification or separation	–	(12)	–	–	–	(12)
Net income	–	–	–	931	–	931
Cash dividends paid of $.28 per share	–	–	–	(237)	–	(237)
Transfer of 3,548 restricted shares to broker	–	26	(26)	–	–	–
Allocation of ESOP shares	–	–	(3)	–	77	74
Stock-based compensation expense	–	–	37	–	–	37
Balance, December 31, 2021	$ 23	$ (1,053)	$ 9,296	$ 14,891	$ (387)	$ 22,770

See accompanying notes.

GREENVILLE FEDERAL FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2021 and 2020
(In thousands)

	2021	2020
Cash flows from operating activities		
Net income	$ 931	$ 475
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of premiums and discounts on investment and mortgage-backed securities, net	56	30
Accretion of deferred loan origination fees	(715)	(420)
Proceeds from sale of loans	23,457	50,013
Origination of loans held for sale	(23,004)	(49,006)
Depreciation and amortization	413	510
Change in fair value of premises and equipment	70	–
Amortization of mortgage servicing rights	125	248
Amortization of ESOP expense	74	69
Gain on sale of loans	(631)	(1,384)
Provision for loan losses	66	386
Changes in fair value of mortgage servicing rights	24	6
Loss on sale of real estate acquired through foreclosure	–	10
Deferred tax expense	138	55
Amortization of expense related to stock benefit plans	37	42
Increase in cash surrender value of life insurance	(147)	(145)
Increase (decrease) in cash due to changes in:		
Accrued interest receivable	(35)	2
Prepaid expenses and other assets	(1,366)	167
Accrued interest payable	(70)	(19)
Operating lease liabilities	(152)	(143)
Other liabilities	336	923
Net cash provided by (used in) operating activities	(393)	1,819
Cash flows used in investing activities		
Proceeds from repayment of mortgage-backed securities	3,178	305
Purchase of mortgage-backed securities designated as held-to-maturity	(13,720)	(6,387)
Proceeds from repayment of municipal obligation designated as held-to-maturity	150	75
Purchase of municipal obligations designated at held-to-maturity	(1,527)	–
Net change in interest-bearing time deposits in other financial institutions	5,478	(5,976)
Net change in loans	(12,622)	(3,459)
Purchase of office premises and equipment	(1,233)	(576)
Purchase of FHLB Stock	–	(8)
Proceeds from sale of real estate acquired through foreclosure	–	45
Net cash used in investing activities	(20,296)	(15,981)

(Continued)

GREENVILLE FEDERAL FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2021 and 2020
(In thousands)

	2021	2020
Cash flows provided by financing activities		
Net increase in deposit accounts	15,631	20,317
Repayment of Federal Home Loan Bank advances	–	(7,313)
Advances by borrowers for taxes and insurance	34	(39)
Purchase of treasury stock	(19)	(15)
Dividends paid on common stock	(237)	(412)
Net cash provided by financing activities	15,409	12,538
Increase (decrease) in cash and cash equivalents	(5,280)	(1,624)
Cash and cash equivalents at beginning of year	23,166	24,790
Cash and cash equivalents at end of year	$ 17,886	$ 23,166
Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Interest on deposits and borrowings	$ 1,231	$ 1,641
Federal income taxes	193	155
Supplemental disclosure of noncash activities		
Capitalization of mortgage servicing rights	$ 182	377
Operating lease right-of-use asset	201	351
Operating lease liability	206	358

See accompanying notes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The consolidated financial statements include Greenville Federal Financial Corporation ("GFFC") and its wholly owned subsidiary, Greenville Federal, together referred to as "the Corporation." Intercompany transactions and balances are eliminated in consolidation. Greenville Federal MHC, a federally chartered mutual holding company, owns 58.4% of GFFC's outstanding stock.

Nature of Operations: Greenville Federal provides financial services through its main and branch offices in Greenville, Ohio and branch offices in Troy, Ohio and Tipp City, Ohio. Its primary deposit products are checking, savings, and term certificate accounts, and its primary lending products are residential mortgage, commercial, commercial real estate and consumer 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.

Subsequent Events: The Corporation has evaluated subsequent events for recognition and disclosure through April 13, 2022, which is the date the financial statements were available to be issued.

Use of Estimates: To prepare financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and actual results could differ.

Cash Flows: Cash and cash equivalents include cash and due from banks and interest-bearing deposits in other financial institutions (including the FHLB and the Federal Reserve Bank) with original terms to maturity of less than ninety days. Net cash flows are reported for interest-bearing time deposits, customer deposit transactions and borrowings with original maturities of less than ninety days.

Interest-Bearing Time Deposits in Other Financial Institutions: Interest-bearing time deposits in other financial institutions mature within one year and are carried at cost.

Securities: Held-to-maturity securities, which include any security for which the Corporation has the positive intent and ability to hold until maturity, are carried at historical cost adjusted for amortization of premiums and accretion of discounts.

Equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) are measured at fair value with changes in fair value recognized in net income.

Amortization of premiums and accretion of discounts are recorded as interest income from securities. Realized gains and losses are recorded as net security gains (losses).

Other-Than-Temporary Impairment on Securities: Management evaluates securities for other-than-temporary impairment ("OTTI") at least on a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation. For securities in an unrealized loss position, Management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of these criteria is met, the entire difference between amortized cost and fair value is recognized as impairment through earnings. For debt securities that do not meet the aforementioned criteria, the amount of impairment is split into two components as follows: 1) OTTI related to credit loss, which must be recognized in the income statement, and 2) OTTI related to other factors, which is recognized in other comprehensive income. The credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans: Loans held in the portfolio are stated at the principal balance outstanding, adjusted for deferred loan origination fees and costs and the allowance for loan losses. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using the level-yield method without anticipating prepayments.

Interest income on mortgage, commercial, and consumer loans is discontinued and placed on non-accrual status at the time the loan is 90 days delinquent unless the loan is well-secured and in process of collection. Mortgage loans and closed-end credit consumer loans are charged off at 120 days past due, and commercial loans are charged off to the extent principal or interest is deemed uncollectible. Consumer open-end credit loans are charged off at 180 days past due unless the loan is in the process of collection. Past-due status is based on the contractual terms of the loan. In all cases, loans are placed on non-accrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. Non-accrual loans and loans past due 90 days still on accrual include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans.

All interest accrued but not received for loans placed on non-accrual is reversed against interest income. Interest received on such loans is accounted for on the cash-basis, until qualifying for return to accrual. Interest income is recorded when the payment is received in cash. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and further payments are reasonably assured.

The Corporation's lending efforts have historically focused on one- to four-family and multi-family residential real estate loans. In recent years, commercial real estate and commercial lending has become more significant. The Corporation, as with any lending institution, is subject to the risk that real estate values could deteriorate in its primary lending area of west central Ohio, thereby impairing collateral values.

Loan Commitments and Related Financial Instruments: Financial instruments include off-balance-sheet credit instruments, such as commitments to make loans and commercial letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded.

Loans Held for Sale: Loans held for sale are carried at the lower of cost or fair value, determined in the aggregate. In computing cost, deferred loan origination fees are deducted from the principal balances of the related loans.

Mortgage loans held for sale are generally sold with servicing rights retained. The carrying value of mortgage loans sold is reduced by the amount allocated to the servicing right. Gains and losses on sales of mortgage loans are based on the difference between the selling price and the carrying value of the related loan sold.

Allowance for Loan Losses: It is the Corporation's policy to provide valuation allowances for probable incurred losses on loans based upon past loss experience, trends in the level of delinquent and specific problem loans, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral and current and anticipated economic conditions in the primary market area. Loans other than residential loans and consumer loans more than $250,000 are reviewed at least annually for ability of the borrower to repay. The allowance for loan losses is increased by charges to earnings and decreased by charge-offs (net of recoveries).

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The allowance consists of specific and general components. The specific component relates to loans that are individually classified as impaired. A loan is defined as impaired when, based on current information and events, it is probable that the Corporation will be unable to collect all amounts due according to the contractual terms of the loan agreement. Impaired loans are measured based upon the present value of expected future cash flows discounted at the loan's effective interest rate or, as an alternative, at the loan's observable market price or fair value of the collateral. It is the Corporation's policy to charge off loans when uncollectibility of a loan is confirmed. Unsecured loans are charged off if they are more than 120 days delinquent. Similarly, collateral dependent loans which are more than ninety days delinquent are considered to constitute more than a minimum delay in repayment and are evaluated for impairment at that time.

If a loan is impaired, a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral.

Troubled debt restructurings are separately identified for impairment disclosures and are measured at the present value of estimated future cash flows using the loan's effective rate at inception. If a troubled debt restructuring is considered to be a collateral dependent loan, the loan is reported, net, at the fair value of the collateral. For troubled debt restructurings that subsequently default, the Corporation determines the amount of reserve in accordance with the accounting policy for the allowance for loan losses.

The general component of the allowance covers loans that are collectively evaluated for impairment and loans that are individually evaluated but not considered impaired. The general allowance is based on historical loss experience adjusted for current factors. The historical loss experience is determined by portfolio segment and is based on the actual loss history experienced by the Corporation over the most recent 3 years. This actual loss experience is supplemented with other economic factors based on the risks present for each portfolio segment. These economic factors include consideration of the following: levels of and trends in delinquencies and impaired loans; levels of and trends in charge-offs and recoveries; trends in volume and terms of loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures, and practices; experience, ability, and depth of lending management and other relevant staff; national and local economic trends and conditions; industry conditions; and effects of changes in credit concentrations. The following portfolio segments have been identified:

Construction Real Estate Loans: Construction real estate loans represent loans for the construction of a residence or commerical property. The risks are similar to residential real estate and commercial loans but include additional risk should construction costs exceed budget. Construction progress is monitored through periodic inspections to ensure construction draws are consistent with the percentage of completion.

Residential Real Estate Loans: Residential real estate loans represent loans to consumers for the purchase, refinance, or improvement of a residence. These loans also include variable rate home equity lines of credit. Real estate market values at the time of origination directly affect the amount of credit extended and, in the event of default, subsequent changes in these values may impact the severity of losses. Factors considered by management include unemployment levels and residential real estate values in the Corporation's market area.

Commercial Real Estate Loans: Commercial real estate loans are subject to underwriting standards and processes similar to commercial loans. These loans are viewed primarily as cash flow loans and the repayment of these loans is largely dependent on the successful operation of the property. Loan performance may be adversely affected by factors impacting the general economy or conditions specific to the real estate market such as geographic location and property types. Management specifically considers vacancy rates in its market area, as well as real estate values and, to a lesser extent, unemployment and energy prices.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land Loans: Land loans include loans to develop vacant or raw land and are made to various builders and developers with whom the Corporation has had long-standing relationships. All such loans are secured by land zoned for residential or commerical developments and located within the Corporation's market area.

The Corporation also makes loans to individuals who purchase and hold land for various reasons, such as the future construction of a residence. Land lending is considered to involve a higher level of credit risk due to the fact that funds are advanced upon the security of the land, which is of uncertain value prior to its development.

Commercial Loans: Commercial credit is extended to commercial customers for use in normal business operations to finance working capital needs, equipment purchases, or other projects. The majority of these borrowers are customers doing business in the Corporation's primary market area. These loans are generally underwritten individually and secured with the assets of the company and the personal guarantee of the business owners. Commercial loans are made based primarily on the basis of the borrower's ability to make repayment from the historical and projected cash flow of the borrower's business and the underlying collateral provided by the borrower. Management specifically considers unemployment, energy prices and, to a lesser extent, real estate values and vacancies in the Corporation's market area.

Consumer Loans: Consumer loans are primarily comprised of secured loans including automobile loans, loans on savings deposits and home improvement loans, and to a lesser extent unsecured personal loans. These loans are underwritten based on several factors including debt to income, type of collateral and loan to collateral value, credit history and relationship with the borrower. Unemployment rates and energy prices are specifically considered by management.

Servicing Assets: Servicing rights are recognized separately when they are acquired through sales of loans. When mortgage loans are sold, servicing rights are intitally recorded at fair value with the income statement effect recorded in gains on sales of loans. Fair value is based on market prices for comparable mortgage servicing contracts, when available, or alternatively is based on a valuation model that calculates the present value of estimated future net servicing income.

Under the fair value measurement method, the Company measures servicing rights at fair value at each reporting date and reports changes in fair value of servicing assets in earnings in the period in which the changes occur, and are included with other noninterest expense on the income statement. The fair values of servicing rights are subject to significant fluctuations as a result of changes in estimated and actual prepayment speeds and default rates and losses.

Servicing fee income, which is reported on the income statement as other noninterest income, is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal; or a fixed amount per loan and are recorded as income when earned.

Foreclosed Assets: Real estate acquired through foreclosure is transfered at fair value less estimated selling expenses at the date of acquisition. Physical possession of residential real estate property collateralizing a consumer mortgage loan occurs when legal title is obtained upon completion of foreclosure or when the borrower conveys all interest in the property to satisfy the loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. Real estate loss provisions are recorded if the properties' fair value subsequently declines below the value determined at the transfer date. In determining the fair value at acquisition, costs relating to development and improvement of property are considered. Costs relating to holding real estate acquired through foreclosure, net of rental income, are charged against earnings as incurred.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Premises and Equipment: Office premises and equipment are carried at cost less accumulated depreciation and include expenditures which extend the useful lives of existing assets. Maintenance, repairs and minor renewals are expensed as incurred. For financial reporting, depreciation and amortization are provided on the straight-line method over the useful lives of the assets, estimated to be forty years for buildings, three to ten years for furniture and equipment, the lesser of the useful life or lease term for leasehold improvements, and five years for automobiles. Improvements are depreciated over their individual useful lives.

Investment in Federal Home Loan Bank Stock: Greenville Federal is required, as a condition of membership in the Federal Home Loan Bank of Cincinnati ("FHLB"), to maintain an investment in FHLB common stock. The stock is redeemable at par and, therefore, its cost is equivalent to its redemption value. Greenville Federal's ability to redeem FHLB shares is dependent on the redemption practices of the FHLB.

At December 31, 2021, the FHLB placed no restrictions on redemption of shares in excess of a member's required investment in the stock.

Company Owned Life Insurance: The Corporation has purchased life insurance policies on certain key executives. Company owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Stock-Based Compensation: Compensation cost is recognized for stock options and restricted stock awards issued to employees and directors, based on fair value of these awards at the date of grant. A Black-Scholes model is utilized to estimate the fair value of stock options, while the market price of the Corporation's common stock at the date of grant is used for restricted stock awards.

Compensation cost is recognized over the required service period, generally defined as the vesting period. For awards with graded vesting, compensation cost is recognized on a straight-line basis over the requisite service period for the entire award.

Income Taxes: Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax basis of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

The Corporation recognizes interest and/or penalties related to income tax matters in income tax expense.

Retirement Plans: Employee 401(k) expense is the amount of matching contributions. Deferred compensation plan expense allocates the benefits over the years of service.

Employee Stock Ownership Plan: The cost of shares issued to the Employee Stock Ownership Plan ("ESOP"), but not yet allocated to participants, is shown as a reduction of stockholders' equity. Compensation expense is based on the fair value of shares as they are committed to be released to participant accounts. Dividends on allocated ESOP shares reduce retained earnings; dividends on unearned ESOP shares reduce debt and accrued interest. Participants may exercise a put option and require the Corporation to repurchase their ESOP shares upon termination of employment.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Earnings Per Common Share: Basic earnings per common share is computed based upon the weighted-average number of common shares outstanding during the period, less shares in the Corporation's ESOP that are unallocated and not committed to be released and unearned restricted stock awards. Diluted earnings per share includes the dilutive effect of potential common shares issuable under stock options.

For the fiscal year ended December 31, 2021, weighted-average shares outstanding were computed as follows: (1) 2,163,536 average shares were outstanding for the period from January 1, 2021 through December 31, 2021, (2) 50,603 weighted-average shares in the ESOP that were unallocated and not committed to be released were not considered outstanding for the fiscal year ended December 31, 2021, and (3) average unearned restricted stock awards of 8,748 were not considered outstanding. Weighted-average shares outstanding totaled 2,104,185 for the fiscal year ended December 31, 2021. Diluted earnings per common share include the dilutive effect of all additional potential common shares issuable. Weighted-average shares outstanding for purposes of computing diluted earnings per share totaled 2,104,185 for the fiscal year ended December 31, 2021. 62,392 outstanding stock options were not considered in computing diluted earnings per share because they were antidilutive.

For the fiscal year ended December 31, 2020, weighted-average shares outstanding were computed as follows: (1) 2,164,518 average shares were outstanding for the period from January 1, 2020 through December 31, 2020, (2) 58,500 weighted-average shares in the ESOP that were unallocated and not committed to be released were not considered outstanding for the fiscal year ended December 31, 2020, and (3) average unearned restricted stock awards of 7,300 were not considered outstanding. Weighted-average shares outstanding totaled 2,098,718 for the fiscal year ended December 31, 2020. Diluted earnings per common share include the dilutive effect of all additional potential common shares issuable. Weighted-average shares outstanding for purposes of computing diluted earnings per share totaled 2,098,718 for the fiscal year ended December 31, 2020. 56,242 outstanding stock options were not considered in computing diluted earnings per share because they were antidilutive.

Comprehensive Income: Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on securities available for sale which are also recognized as separate components of equity. The Corporation had no other comprehensive income during 2021 and 2020.

Loss Contingencies: Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the financial statements.

Restrictions on Cash: Cash on hand or deposit with the Federal Reserve Bank was required to meet regulatory reserve and clearing requirements. These balances do not earn interest.

Dividend Restricton: Banking regulations require maintaining certain capital levels and may limit the dividends paid by the bank to the holding company or by the holding company to stockholders.

Fair Value of Financial Instruments: Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in a separate note. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

Reclassifications: Reclassification of certain amounts in the prior years consolidated financial statements have been made to conform to the current presentation. Reclassifications had no effect on prior year net income or stockholders' equity.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases: Leases are classified as operating or finance leases at the lease commencement date. The Corporation only has operating leases currently. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

The Corporation uses its incremental borrowing rate at lease commencement to calculate the present value of lease payments when the rate implicit in a lease is not known. The Corporation's incremental borrowing rate is based on FHLB amortizing advance rate, adjusted for the lease term and other factors.

COVID-19: In March 2020, the World Health Organization declared the outbreak of the coronavirus ("COVID-19") as a global pandemic. COVID-19 has continued to negatively impact the global economy, disrupt global supply chains, create significant volatility, disrupt financial markets, and increase unemployment levels.

The continued financial impact of COVID-19 depends largely on the actions taken by governmental authorities and other third parties. In addition, COVID-19 may continue to adversely impact several industries within our geographic footprint for some time and impair the ability of customers to fulfill their contractual obligations to the Corporation. This could result in a material adverse effect on our business operations, asset valuations, liquidity, financial condition, and results of operations. The operations and results of the Corporation could still be materially affected and significant estimates may be materially impacted by local, state, national restrictions and events designed to contain the virus. As of the period ended December 31, 2021, the Corporation's operating results were not materially adversely impacted.

The Coronavirus Aid, Relief, and Economic Security Act: In response to the COVID-19 pandemic, the CARES Act was signed into law on March 27, 2020 to provide national emergency economic relief measures. Many of the CARES Act's programs are dependent upon the direct involvement of U.S. financial institutions, such as the Corporation and the Bank, and have been implemented through rules and guidance adopted by federal departments and agencies, including the U.S. Department of Treasury, the Federal Reserve and other federal banking agencies, including those with direct supervisory jurisdiction over the Corporation and the Bank. Furthermore, federal regulatory authorities continue to issue additional guidance with respect to the CARES Act programs as well as industry-specific recovery procedures for COVID-19. It is possible that Congress will enact supplementary COVID-19 response legislation, including amendments to the CARES Act or new bills comparable in scope to the CARES Act. The Corporation continues to assess the impact of the CARES Act and other statues, regulations and supervisory guidance related to the COVID-19 pandemic.

Paycheck Protection Program. The CARES Act amended the SBA's loan program, in which the Bank participates, to create a guaranteed, unsecured loan program, the PPP, to fund operational costs of eligible businesses, organizations and self-employed persons during COVID-19. In June 2020, the Paycheck Protection Program Flexibility Act was enacted, which among other things, gave borrowers additional time and flexibility to use PPP loan proceeds. Shortly thereafter, and due to the evolving impact of the COVID-19 pandemic, additional legislation was enacted authorizing the SBA to resume accepting PPP applications on July 6, 2020 and extending the PPP application deadline to August 8, 2020. On December 21, 2020 another COVID-19 relief bill, the Consolidated Appropriations Act, was signed into law. It provides additional aid for small businesses with the ability to apply for a second PPP loan. As a participating lender in the PPP, the Bank continues to monitor legislative, regulatory, and supervisory developments related thereto.

Troubled Debt Restructuring and Loan Modifications for Affected Borrowers. The CARES Act permits banks to suspend requirements under GAAP for loan modifications to borrowers affected by COVID-19 that would otherwise be characterized as TDRs and suspend any determination related thereto if (i) the loan

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

modification is made between March 1, 2020 and the earlier of January 1, 2022 or 60 days after the end of the COVID-19 emergency declaration and (ii) the applicable loan was not more than 30 days past due as of December 31, 2019. The federal banking agencies also issued guidance to encourage banks to make loan modifications for borrowers affected by COVID-19 and to assure banks that they will not be criticized by examiners for doing so. The Corporation is applying this guidance to qualifying loan modifications. See Note 3 to the “Notes to Consolidated Financial Statements,” which includes further information about the COVID-19-related loan modifications completed by the Corporation.

NOTE 2 –SECURITIES

The amortized cost, gross unrecognized gains, gross unrecognized losses and estimated fair value of securities held to maturity at December 31, 2021 and 2020 were as follows (in thousands):

	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
December 31, 2021				
Federal Home Loan Mortgage Corporation participation certificates	$ 120	$ –	$ 28	$ 92
Federal National Mortgage Association participation certificates	14,958	2	520	14,440
Government National Mortgage Association participation certificates	2,150	–	83	2,067
Municipal obligations	2,224	6	8	2,222
	$ 19,452	$ 8	$ 639	$ 18,821
December 31, 2020				
Federal Home Loan Mortgage Corporation participation certificates	$ 182	$ –	$ 30	$ 152
Federal National Mortgage Association participation certificates	3,432	3	58	3,377
Government National Mortgage Association participation certificates	3,120	1	35	3,086
Municipal obligations	855	7	–	862
	$ 7,589	$ 11	$ 123	$ 7,477

The amortized cost and estimated fair values of securities held to maturity at December 31, 2021, by contractual term to maturity, are shown below (in thousands). Actual maturities will differ from contractual maturities because borrowers may generally prepay obligations without prepayment penalties.

	Amortized Cost	Fair Value
Due in one year or less	$ 417	$ 421
Due after one year through five years	659	661
Due after five years through ten years	1,396	1,328
Due after ten years	16,980	16,411
	$ 19,452	$ 18,821

(Continued)

NOTE 2 –SECURITIES (Continued)

The tables below indicate the length of time individual securities have been in a continuous unrecognized loss position at December 31, 2021 and 2020, respectively (in thousands):

Held-to-Maturity	Less than 12 Months		12 Months or More		Total	
December 31, 2021	Fair Value	Unrecognized Loss	Fair Value	Unrecognized Loss	Fair Value	Unrecognized Loss
Federal Home Loan Mortgage Corporation participation certificates	$ –	$ –	$ 92	$ 28	$ 92	$ 28
Federal National Mortgage Association participation certificates	2,708	49	11,710	471	14,418	520
Government National Mortgage Association participation certificates	–	–	2,050	83	2,050	83
Municipal obligations	718	8	–	–	718	8
Total held-to-maturity	$ 3,426	$ 57	$ 13,852	$ 582	$ 17,278	$ 639
December 31, 2020						
Federal Home Loan Mortgage Corporation participation certificates	$ 1	$ –	$ 150	$ 30	$ 151	$ 30
Federal National Mortgage Association participation certificates	3,166	18	185	40	3,351	58
Government National Mortgage Association participation certificates	3,062	35	1	–	3,063	35
Municipal obligations	–	–	–	–	–	–
Total held-to-maturity	$ 6,228	$ 53	$ 336	$ 70	$ 6,565	$ 123

The Corporation's investments are generally limited to issuances of U.S. Government, government agencies, government sponsored entities, municipalities and other high quality debt instruments. At December 31, 2021, based on evaluation of available evidence, including changes in market interest rates, credit rating information and information obtained from regulatory filings, management believed the declines in fair value for these securities were temporary. As such, unrealized losses on securities have not been recognized into income because the issuers bonds are of high credit quality (rated AA or higher), 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 and other market conditions since the time of purchase. The issuers continue to make timely principal and interest payments on the bonds. The fair value is expected to recover as the bonds approach maturity.

There were no securities sold during 2021 or 2020.

There were no securities pledged at December 31, 2021 and 2020. Securities eligible to be pledged at December 31, 2021 and 2020 had a carrying amount of $19,452,000 and $7,589,000, respectively.

NOTE 3 – LOANS

The composition of the loan portfolio at December 31, 2021 and 2020 was as follows (in thousands):

	2021	2020
Construction real estate	$ 22,783	$ 21,991
Residential real estate	106,496	100,468
Commercial real estate	37,144	34,850
Land	1,438	1,364
Commercial	20,556	22,069
Consumer	1,103	1,450
Total loans	189,520	182,192
Less:		
Deferred loan origination fees, net	384	441
Allowance for loan losses	1,191	1,140
Undisbursed portion of loans in process	12,393	18,326
Net loans	$ 175,552	$ 162,285

(Continued)

NOTE 3 – LOANS (Continued)

Loans serviced for others are not reported as assets. The principal balance of these loans at December 31, 2021 and 2020 was approximately $89.6 million and $78.3 million, respectively. Servicing rights, included in prepaid expenses and other assets, associated with the serviced loans totaled $746,000 and $724,000 at December 31, 2021 and 2020, respectively.

The following table presents the activity in the allowance for loan losses by portfolio segment for the years ending December 31, 2021 and 2020 (in thousands):

	Construction Real Estate	Residential Real Estate	Commercial Real Estate	Land	Commercial	Consumer	Unallocated	Total
December 31, 2021								
Allowance for loan losses:								
Beginning balance	$ 66	$ 664	$ 239	$ 9	$ 145	$ 17	$ –	$ 1,140
Provision for loan losses	(1)	(17)	23	(1)	(48)	10	100	66
Loans charged-off	–	(27)	–	–	–	(34)	–	(61)
Recoveries	–	2	–	–	23	21	–	46
Total ending allowance balance	$ 65	$ 622	$ 262	$ 8	$ 120	$ 14	$ 100	$ 1,191
December 31, 2020								
Allowance for loan losses:								
Beginning balance	$ 42	$ 603	$ 160	$ 9	$ 141	$ 23	$ -	$ 978
Provision for loan losses	24	102	79	-	168	13	-	386
Loans charged-off	-	(56)	-	-	(168)	(27)	-	(251)
Recoveries	-	15	-	-	4	8	-	27
Total ending allowance balance	$ 66	$ 664	$ 239	$ 9	$ 145	$ 17	$ -	$ 1,140

(Continued)

NOTE 3 – LOANS (Continued)

The following table presents the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment and based on impairment method as of December 31, 2021 and 2020 (in thousands). It was not practical to add accrued interest or unamortized deferred loan fees for the portfolio segments.

	Construction Real Estate	Residential Real Estate	Commercial Real Estate	Land	Commercial	Consumer	Unallocated	Total
December 31, 2021								
Allowance for loan losses:								
Ending allowance balance attributable to loans:								
Individually evaluated for impairment	$ –	$ 2	$ 50	$ –	$ –	$ –	$ –	$ 52
Collectively evaluated for impairment	65	620	212	8	120	14	100	1,139
Total ending allowance balance	$ 65	$ 622	$ 262	$ 8	$ 120	$ 14	$ 100	$ 1,191
Loans:								
Loans individually evaluated for impairment	$ –	$ 148	$ 4,619	$ –	$ –	$ –	$ –	$ 4,767
Loans collectively evaluated for impairment	11,088	106,279	31,896	1,438	20,556	1,103	–	172,360
Total ending loan balance	$ 11,088	$ 106,427	$ 36,515	$ 1,438	$ 20,556	$ 1,103	$ –	$ 177,127
December 31, 2020								
Allowance for loan losses:								
Ending allowance balance attributable to loans:								
Individually evaluated for impairment	$ –	$ 1	$ 50	$ –	$ –	$ –	$ –	$ 51
Collectively evaluated for impairment	66	663	189	9	145	17	–	1,089
Total ending allowance balance	$ 66	$ 664	$ 239	$ 9	$ 145	$ 17	$ –	$ 1,140
Loans:								
Loans individually evaluated for impairment	$ –	$ 376	$ 1,580	$ –	$ –	$ –	$ –	$ 1,956
Loans collectively evaluated for impairment	10,017	100,092	27,017	1,364	21,970	1,450	–	161,910
Total ending loan balance	$ 10,017	$ 100,468	$ 28,597	$ 1,364	$ 21,970	$ 1,450	$ –	$ 163,866

(Continued)

NOTE 3 – LOANS (Continued)

The following table presents information related to impaired loans by class of loans as of and for the years ended December 31, 2021 and 2020 (in thousands):

December 31, 2021	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
With no related allowance recorded:						
Residential real estate:						
1-4 family residential	$ 113	$ 113	$ –	$ 216	$ 11	$ 11
Commercial real estate:						
Commercial real estate	4,246	4,246	–	2,215	168	168
Multi-family residential	–	–	–	28	2	2
Subtotal	4,359	4,359	–	2,459	181	181
With an allowance recorded:						
Residential real estate:						
1-4 family residential	$ 35	$ 35	$ 2	$ 27	$ 1	$ 1
Commercial real estate:						
Commercial real estate	373	373	50	398	18	18
Subtotal	408	408	52	425	19	19
Total	$ 4,767	$ 4,767	$ 52	$ 2,884	$ 200	$ 200
December 31, 2020						
With no related allowance recorded:						
Residential real estate:						
1-4 family residential	$ 348	$ 348	$ –	$ 470	$ 36	$ 36
Commercial real estate:						
Commercial real estate	1,034	1,034	–	1,058	47	47
Multi-family residential	115	115		117	5	5
Commercial	–	–	–	127	5	5
Subtotal	1,497	1,497	–	1,772	93	93
With an allowance recorded:						
Residential real estate:						
1-4 family residential	$ 28	$ 28	$ 1	$ 30	$ 2	$ 2
Commercial real estate:						
Commercial real estate	431	431	50	453	20	20
Subtotal	459	459	51	483	22	22
Total	$ 1,956	$ 1,956	$ 51	$ 2,255	$ 115	$ 115

The recorded investment excludes accrued interest receivable and unearned loan origination fees due to immateriality.

(Continued)

NOTE 3 – LOANS (Continued)

The following table presents the recorded investment in nonaccrual and loans past due over 90 days still on accrual by class of loans as of December 31, 2021 and 2020 (in thousands):

	Nonaccrual		Loans Past Due Over 90 Days Still Accruing	
	2021	2020	2021	2020
Residential real estate:				
1-4 family residential	$ –	$ 190	$ –	$ –
Commercial real estate	–	115	–	–
Total	$ –	$ 305	$ –	$ –

The following table presents the aging of the recorded investment in past due loans as of December 31, 2021 and 2020 by class of loans (in thousands):

	30 - 59 Days Past Due	60 - 89 Days Past Due	90 Days or More Past Due	Total Past Due	Loans Not Past Due	Total
December 31, 2021						
Construction real estate	$ –	$ –	$ –	$ –	$ 11,088	$ 11,088
Residential real estate:						
1-4 family residential	17	15	–	32	99,409	99,441
Home equity line of credit	–	–	–	–	6,986	6,986
Commercial real estate:						
Commercial real estate	–	–	–	–	25,677	25,677
Multi-family residential	–	–	–	–	10,838	10,838
Land	–	–	–	–	1,438	1,438
Commercial	–	–	–	–	20,556	20,556
Consumer:						
Auto	–	–	–	–	699	699
Other	–	–	–	–	404	404
Total	$ 17	$ 15	$ –	$ 32	$ 177,095	$ 177,127
December 31, 2020						
Construction real estate	$ –	$ –	$ –	$ –	$ 10,017	$ 10,017
Residential real estate:						
1-4 family residential	70	61	190	321	94,013	94,334
Home equity line of credit	–	–	–	–	6,134	6,134
Commercial real estate:						
Commercial real estate	–	–	–	–	20,234	20,234
Multi-family residential	115	–	–	115	8,248	8,363
Land	–	–	–	–	1,364	1,364
Commercial	–	–	–	–	21,970	21,970
Consumer:						
Auto	–	–	–	–	835	835
Other	–	–	–	–	615	615
Total	$ 185	$ 61	$ 190	$ 436	$ 163,430	$ 163,866

(Continued)

NOTE 3 – LOANS (Continued)

Troubled Debt Restructurings:

As of December 31, 2021 and 2020, the Corporation has a recorded investment in troubled debt restructurings of $84,000 and $92,000. The Corporation had no specific reserves allocated to customers whose loan terms had been modified in troubled debt restructurings as of December 31, 2021. The Corporation had $1,000 in specific reserves allocated to customers whose loan terms had been modified in troubled debt restructurings as of December 31, 2020, The Corporation has not committed to lend additional amounts as of December 31, 2021 and 2020 to customers with outstanding loans that are classified as troubled debt restructurings.

There were not any loans that were modified as trouble debt restructurings during the year ended December 31, 2021. There were not any loans that were modified as trouble debt restructurings during the year ended December 31, 2020. During these same years there were no material troubled debt restructurings for which there was a payment default within twelve months following the modification.

A loan is considered to be in payment default once it is 30 days contractually past due under the modified terms.

In order to determine whether a borrower is experiencing financial difficulty, an evaluation is performed of the probability that the borrower will be in payment default on any of its debt in the foreseeable future without the modification. This evaluation is performed under the company’s internal underwriting policy.

NOTE 3 – LOANS (Continued)

Credit Quality Indicators:

The Corporation categorizes loans into risk categories based on 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. The Corporation analyzes loans individually by classifying the loans as to credit risk. This analysis includes loan relationships greater than $250,000 and non-homogenous loans, such as commercial and commercial real estate loans. This analysis is performed on an annual basis. The Corporation uses the following definitions for risk ratings:

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 the 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.

Loss. Loans or a portion thereof classified as losses considered uncollectible and of such little value that its continuance as an asset, without establishment of a specific valuation allowance or charge-off, is not warranted. This classification does not necessarily mean that an asset has absolutely no recovery or salvage value; but rather, it is not practical or desirable to defer writing off a basically worthless asset (or portion) even though partial recovery may be affected in the future.

(Continued)

NOTE 3 – LOANS (Continued)

Loans not meeting the above criteria that are analyzed individually as part of the above described process are considered to be pass rated loans.

Loans listed as not rated are performing or are included in groups of homogeneous loans. As of December 31, 2021 and 2020, and based on the most recent analysis performed, the risk category of loans by class of loans is as follows (in thousands):

	Pass	Special Mention	Substandard	Doubtful	Loss	Not Rated
December 31, 2021						
Construction real estate	$ 5,148	$ –	$ –	$ –	$ –	$ 5,940
Residential real estate:						
1-4 family real estate	7,944	32	65	–	–	91,400
Home equity line of credit	570	–	–	–	–	6,416
Commercial real estate:						
Commercial real estate	14,617	1,591	4,619	–	–	4,850
Multi-family residential	8,897	–	–	–	–	1,941
Land	22	–	–	–	–	1,416
Commercial	15,662	2,013	–	–	–	2,881
Consumer:						
Auto	–	–	–	–	–	699
Other	34	–	–	–	–	370
Total	$ 52,894	$ 3,636	$ 4,684	$ –	$ –	$ 115,912
December 31, 2020						
Construction real estate	$ 6,907	$ –	$ –	$ –	$ –	$ 3,110
Residential real estate:						
1-4 family real estate	10,758	105	311	–	–	83,160
Home equity line of credit	630	–	–	–	–	5,504
Commercial real estate:						
Commercial real estate	14,894	2,403	1,465	–	–	1,472
Multi-family residential	7,797	–	–	115	–	451
Land	770	–	–	–	–	594
Commercial	18,290	2,124	–	–	–	1,556
Consumer:						
Auto	5	–	–	–	–	830
Other	211	–	–	–	–	404
Total	$ 60,262	$ 4,632	$ 1,776	$ 115	$ –	$ 97,081

The Corporation also evaluates the credit quality of homogenous loans by delinquency status, which has been previously disclosed.

Loans to executive officers, directors and companies with which they are affiliated totaled $1,631,000 and $1,630,000 at December 31, 2021 and 2020.

NOTE 4 – OFFICE PROPERTIES AND EQUIPMENT

Office properties and equipment at December 31, 2021 and 2020 was as follows (in thousands):

	2021	2020
Land	$ 1,254	$ 1,323
Leasehold improvements	547	547
Buildings and improvements	3,973	3,162
Furniture and equipment	2,636	2,214
Vehicles	44	44
	8,454	7,290
Less accumulated depreciation and amortization	(3,684)	(3,420)
Net office properties and equipment	$ 4,770	$ 3,870

Depreciation expense was $366,000 and $365,000 for 2021 and 2020.

NOTE 5 – LEASES

Lessee Arrangements

The Corporation's operating lease right-of-use ("ROU") assets and operating lease liabilities represent leases for two banking center locations. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet. The lease expense for these leases are recorded on a straight-line basis over the lease term. Leases with initial terms in excess of 12 months are recorded as either operating or financing leases on the consolidated balance sheet. The Corporation has no finance lease arrangements. Operating leases have remaining lease terms terms ranging from 1.0 years to 1.75 years, some of which include options to extend the leases for up to 10 years. Operating lease ROU assets and operating lease liabilities are valued based on the present value of future minimum lease payments, discounted with an incremental borrowing rate for the same term as the underlying lease.

Right-of-use assets and lease liabilities by lease type, and the associated balance sheet classifications, are as follows (in thousands):

	Balance Sheet Classification	2021	2020
Right-of-use assets:			
Operating leases	Operating lease right of use asset	$ 201	$ 351
Total right-of-use assets		$ 201	$ 351
Lease liabilities:			
Operating leases	Operating lease liabilities	$ 206	$ 358
Total lease liabilities		$ 206	$ 358

(Continued)

NOTE 5 – LEASES (Continued)

Lease Expense

The components of total lease cost were as follows for the period ending (in thousands):

	2021	2020
Operating lease cost	$ 158	$ 158
Total lease cost, net	$ 158	$ 158

Total rent expense for the year ending December 31, 2021 was $160,000.

Lease Obligations

Future undiscounted lease payments for operating leases with initial terms of one year or more as of December 31, 2021 are as follows:

Year ending December 31,	(in thousands)
2022	$ 162
2023	47
2024	–
2025	–
Total undiscounted lease payments	209
Less: imputed interest	(3)
Net lease liabilities	$ 206

Supplemental Lease Information

	2021	2020
Operating lease weighted average remaining lease term (years)	1.4 years	2.4 years
Operating lease weighted average discount rate	2.94%	2.94%

(Continued)

NOTE 6 – FEDERAL INCOME TAXES

The provision for federal income taxes differs from that computed at the statutory corporate rate (21%) for the years ended December 31, 2021 and 2020 as follows (in thousands):

	2021	2020
Federal income taxes computed at 21% statutory rate for 2021 and 2020 respectively	$ 234	$ 115
Increase (decrease) in taxes resulting from:		
Increase in cash surrender value of life insurance	(39)	(39)
Other	(11)	(3)
Federal income taxes	$ 184	$ 73
Effective rate of tax	16.5%	13.4%

The composition of the Corporation's net deferred tax asset (liability) at December 31 was as follows (in thousands):

	2021	2020
Taxes (payable) refundable on temporary differences at statutory rate:		
Deferred tax liabilities		
Federal Home Loan Bank stock dividends	$ (60)	$ (60)
Difference between book and tax depreciation	(230)	(155)
Lease right of use asset	(42)	(74)
Mortgage servicing rights	(159)	(152)
Total deferred tax liabilities	(491)	(441)
Deferred tax assets		
General loan loss allowance	245	234
Deferred loan origination fees	73	58
Nonaccrual loan interest	–	1
Lease liability	43	75
Contribution carry-forward	21	23
Accrued compensation	61	38
Equity based compensation	15	15
Other	26	16
Total deferred tax assets, net	484	460
Net deferred tax asset	$ (7)	$ 19

(Continued)

NOTE 6 – FEDERAL INCOME TAXES (Continued)

Prior to 1997, the Corporation was allowed a special bad debt deduction generally limited to 8% of otherwise taxable income and subject to certain limitations based on aggregate loans and deposit account balances at the end of the year. If the amounts that previously qualified as deductions for federal income taxes are later used for purposes other than bad debt losses, including distributions in liquidation, such distributions will be subject to federal income taxes at the then current corporate income tax rate. Retained earnings at December 31, 2021, include approximately $1.8 million for which federal income taxes have not been provided. The amount of unrecognized deferred tax liability relating to the cumulative bad debt deduction was approximately $378,000 at December 31, 2020. Management believes that it is more likely than not that the results of future operations, as integrated with the reversal of deferred tax benefits, will generate sufficient taxable income to realize reported deferred tax assets.

At December 31, 2021 and 2020 the Corporation had no unrecognized tax benefits. The Corporation does not expect the amount of unrecognized tax benefits to increase substantially in the next twelve months. There were no amounts recognized for penalties or interest in the income statement for the years ended December 31, 2021 and 2020 nor any amounts accrued for interest and penalties at December 31, 2021 and 2020.

The Corporation and its subsidiary are subject to U.S. federal income tax. The Corporation is no longer subject to examination by federal taxing authorities for tax years prior to 2018. The years 2019-2021 remain open to examination by U.S. taxing authorities.

NOTE 7 – DEPOSITS

The Corporation had certificate of deposit accounts with balances in excess of $250,000 totaling approximately $31.8 million and $32.7 million at December 31, 2021 and 2020, respectively. Deposits in excess of $250,000 are not insured by the FDIC. Related party deposits were $1.6 million and $1.7 million at December 31, 2021 and 2020.

Maturities of certificate of deposit accounts as of December 31 were as follows (in thousands):

2022	$ 37,979
2023	10,125
2024	16,741
2025	5,037
2026	3,579
Thereafter	–
	$ 73,461

The Corporation had public deposits of $30.4 million, deposits through listing services of $6.2 million, and reciprocal deposits of $1.7 million at December 31, 2021. The Corporation had public deposits of $32.7 million, deposits through listing services of $6.2 million, and reciprocal deposits of $4.7 million at December 31, 2020.

(Continued)

NOTE 8 – BORROWED FUNDS

The Corporation had no outstanding advances from the Federal Home Loan Bank at December 31, 2021 or 2020.

Advances would be collateralized by the Corporation's FHLB stock owned and a blanket pledge of qualifying mortgage loans. Based upon this collateral and the Corporation's holdings of FHLB stock, the Corporation can borrow $34.7 million at December 31, 2021.

The Corporation has a line of credit with the FHLB of $43.0 million that can be used to guarantee public deposits over the FDIC insurance limit of $250,000. At December 31, 2021 and 2020, the Corporation had letters of credit outstanding for $40.2 million and $41.5 million, respectively, to guarantee such deposits. There are no rates associated with these letters of credit.

NOTE 9 – BENEFIT PLANS

The Corporation has a contributory 401(k) plan which covers substantially all employees. Eligible participants of the plan may make voluntary contributions up to 25% of annual compensation. Employer contributions to the plan are required in an amount equal to 100% of the employees' contributions, not to exceed 6% of the employees' eligible salary level. The expense for this plan totaled approximately $119,000 and $121,000 for the years ended December 31, 2021 and 2020, respectively.

The Corporation has an employee stock ownership plan ("ESOP") which provides retirement benefits for substantially all full-time employees who are credited with at least 1,000 hours of service on the last day of the 12-month period beginning on their employment commencement date or, to the extent necessary, the last day of any plan year thereafter beginning with the plan year that includes the first anniversary of the employee's commencement date. The plan year runs from January 1 through December 31. During the fiscal year ended December 31, 2017, the ESOP borrowed $774,000 from the Corporation and purchased 90,000 shares from the Corporation's treasury stock at $8.60 per share. Shares are released to participants' accounts proportionately as the loan is repaid. Dividends on allocated shares are recorded as dividends and charged to retained earnings. Dividends on unallocated shares used to repay the ESOP note reduce debt and accrued interest. The Corporation recognizes compensation expense equal to the fair value of ESOP shares allocated to participants during the fiscal year. Allocation of shares to the ESOP participants are contingent upon the repayment of a loan to the Corporation totaling $421,000 and $497,000 at December 31, 2021 and 2020, which is eliminated in consolidation. The Corporation recorded expense for the ESOP of approximately $75,000 and $69,000 for the years ended December 31, 2021 and 2020. Contributions to the ESOP during the plan years ending December 31, 2021 and 2020 which includes dividends on unallocated shares totaled $94,000, each year.

	2021	2020
Allocated shares	98,833	91,447
Unallocated shares	45,000	54,000
Total ESOP shares	143,833	145,447
Fair value of unallocated shares (in thousands)	$ 315	$ 367

(Continued)

NOTE 9 – BENEFIT PLANS (Continued)

The Corporation is obligated at the option of each beneficiary to repurchase shares of the ESOP upon the beneficiary's termination or after retirement. During the year ended December 31, 2021, 195 shares were repurchased from former employees and 1,419 shares were repurchased from current employees in an ESOP diversification transaction. During the year ended December 31, 2020, 598 shares were repurchased from former employees and 992 shares were repurchased from current employees in an ESOP diversification transaction. At December 31, 2021, the fair value of the 98,833 allocated shares held by the ESOP was approximately $692,000. At December 31, 2020, the fair value of the 91,447 allocated shares held by the ESOP was approximately $622,000. These amounts represent the repurchase obligation of the Corporation.

Beginning in July 2019, the Corporation started a deferred compensation plan. Under the plan, the Corporation pays the participant, or beneficiary, the amount of fees deferred plus interest, beginning with the individual's termination of service. As of June 2021, the original deferred compensation plan was frozen and in July 2021 a new deferred compensation plan was put in place. A liability is accrued for the obligation under these plans. The 2021 expense incurred for the deferred compensation was $96,000 resulting in a deferred compensation liability of $146,000 as of the year ending December 31, 2021. The 2020 expense incurred for the deferred compensation was $34,000 resulting in a deferred compensation liability of $50,000 as of the year ending December 31, 2020.

(Continued)

NOTE 10 – STOCK-BASED COMPENSATON PLANS

The 2006 Equity Plan, which was approved by stockholders on October 31, 2006, permitted the grant of up to 112,622 options to purchase shares of the Corporation's common stock and up to 45,048 shares of stock awards to its directors and employees. Option awards were granted with an exercise price equal to the market price of the Corporation's stock at the date of grant with those option awards generally vesting based on five years of continuous service and ten-year contractual terms. Restricted stock awards were granted based upon the fair value of the Corporation's stock on the date of grant with those awards generally vesting over five years. The 2006 Equity Plan expired on October 31, 2016 and no further awards can be made under this plan.

Stockholders of the Corporation approved a new Equity Incentive Plan on May 30, 2017 ("2017 Equity Incentive Plan") which reserved a total of 135,000 shares of common stock. A maximum of 85,000 options to purchase shares of the Corporation's common stock and a maximum of 50,000 stock awards may be granted. Option awards are granted with an exercise price equal to the market price of the Corporation's stock at the date of grant with those option awards generally vesting based on five years of continuous service and ten-year contractual terms. Restricted stock awards are granted based upon the fair value of the Corporation's stock on the date of grant with those awards generally vesting over five years. The 2017 Equity Incentive Plan expires May 30, 2027.

Stock Option Plan

The fair value of each option award is estimated on the date of grant using a closed form option valuation (Black-Scholes) model based upon the following assumptions. Expected volatilities are based on historical volatilities of the Corporation's common stock. The Corporation uses historical data to estimate option exercise and post-vesting termination behavior. The expected term of options granted is based on historical data and represents the period of time that options granted are expected to be outstanding, which takes into account that the options are not transferable. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of the grant.

The fair value of options granted was determined using the following weighted average assumptions as of the grant date.

	2021	2020
Risk-free interest rate	1.29%	0.51%
Expected term	7 years	7 years
Expected stock price volatility	24.00%	18.00%
Dividend yield	3.08%	3.72%
Weighted average fair value of options granted	$ 1.48	$ 0.64

(Continued)

NOTE 10 – STOCK-BASED COMPENSATON PLANS (Continued)

A summary of the activity in the stock option plan for 2021 follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at beginning of year	56,242	$ 8.84	6.20 years	$ –
Granted	6,800	9.10		
Exercised	–	–		
Forfeited or expired	(1,040)	8.87		
Outstanding at end of year	62,002	$ 8.86	5.59 years	$ –
Fully vested and expected to vest	62,002	$ 8.86	5.59 years	$ –
Exercisable at end of year	43,141	$ 8.83	4.52 years	$ –

As of December 31, 2021, 57,309 options to purchase shares of stock remain available for grant under the 2017 Equity Incentive Plan. There were no stock options exercised in the years ended December 31, 2021 or 2020.

Unrecognized compensation cost related to nonvested stock options granted under the Plan will be recognized as follows (in thousands):

2022	$ 7
2023	6
2024	3
2025	2
2026	1
Total	$ 19

Compensation expense for the awards totaled approximately $7,000 and $10,000 for the years ended December 31, 2021 and 2020.

The shares of the stock to be delivered under the Plan may consist, in whole or in part, of treasury stock or authorized but unissued shares not reserved for any other purpose; provided, however, that the use of shares purchased in the secondary market will be limited to such repurchases as are permitted by applicable regulations of the Office of the Comptroller of the Currency.

(Continued)

NOTE 10 – STOCK-BASED COMPENSATON PLANS (Continued)

Restricted Stock Award Plan

Compensation expense is recognized over the vesting period of the awards based upon the fair value of the stock at issue date. Restricted stock awards vest ratably over 5 years. Total shares issuable under the 2017 Equity Incentive Plan at December 31, 2021 total 30,150. Compensation expense for the awards totaled approximately $29,300 and $31,200 for the years ended December 31, 2021 and 2020.

A summary of changes in the Corporation's nonvested shares for the year follows:

	Shares	Weighted-Average Grant-Date Fair Value
Nonvested at beginning of year	10,920	$ 8.75
Granted	4,300	9.10
Vested	(3,510)	6.96
Forfeited	(480)	8.86
Nonvested at end of year	11,230	$ 8.83

Unrecognized compensation cost related to nonvested restricted stock awards granted under the Plan will be recognized as follows (in thousands):

2022	$ 29
2023	24
2024	17
2025	9
2026	2
Total	$ 81

The total fair value of shares vested during the years ending December 31, 2021 and 2020 was $32,000 and $29,000.

NOTE 11 – REGULATORY CAPITAL MATTERS

Banks are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and 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 judgements by regulators. Failure to meet capital requirements can initiate regulatory action. The capital conservation buffer for both 2021 and 2020 was 2.50%. The capital conservation buffer is excluded from the adequately capitalized risk- based capital ratios. Management believes as of December 31, 2021, the Bank meets all capital adequacy requirements to which they are subject.

(Continued)

NOTE 11 – REGULATORY CAPITAL MATTERS (Continued)

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 December 31, 2021 and 2020, 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 notification that management believes have changed the institution's category.

Actual and required capital amounts (in thousands) and ratios are presented below at year-end.

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2021						
Tier 1 (core) capital to average weighted assets	$ 21,050	9.3%	$ 9,087	4.0%	$ 11,359	5.0%
Common Tier 1- (CETI)	21,050	13.2	7,165	4.5	10,350	6.5
Tier 1 (core) capital to risk-weighted assets	21,050	13.2	9,553	6.0	12,738	8.0
Total capital to risk-weighted assets	22,241	14.0	12,738	8.0	15,922	10.0
December 31, 2020						
Tier 1 (core) capital to average weighted assets	$ 19,878	9.5%	$ 8,413	4.0%	$ 10,516	5.0%
Common Tier 1- (CETI)	19,878	14.1	6,355	4.5	9,179	6.5
Tier 1 (core) capital to risk-weighted assets	19,878	14.1	8,473	6.0	11,298	8.0
Total capital to risk-weighted assets	21,018	14.9	11,298	8.0	14,122	10.0

Greenville Federal is subject to regulations imposed by the OCC regarding the amount of capital distributions payable to the Corporation. Generally, Greenville Federal's payment of dividends is limited, without prior OCC approval, to net earnings for the current calendar year plus the two preceding calendar years, less capital distributions paid over the comparable time period. Insured institutions are required to file an application with the OCC for capital distributions in excess of this limitation. During the year ended, December 31, 2020, a capital distribution of $1.4 million was made to the Corporation. There was no distribution during the year ended December 31, 2021. As of December 31, 2021, there was $780,000 in earnings available to be paid to the Corporation.

Regulations governing mutual holding companies permit Greenville Federal MHC to waive the receipt by it of any common stock dividend declared by GFFC or Greenville Federal, provided the FRB does not object to such waiver. During the years ended December 31, 2021 and 2020, Greenville Federal received approval for such waiver from the FRB and waived $354,000 and $177,000 in dividends, respectively.

(Continued)

NOTE 12 – OFF-BALANCE-SHEET ACTIVITIES

The Corporation is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers, including commitments to extend credit. Such commitments involve, to varying degrees, elements of credit and interest-rate risk in excess of the amount recognized in the statement of financial condition. The contract or notional amounts of the commitments reflect the extent of the Corporation's involvement in such financial instruments.

The Corporation's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual notional amount of those instruments. The Corporation uses the same credit policies in making commitments and conditional obligations, including receipt of collateral, as those utilized for on-balance-sheet instruments.

The contractual amount of financial instruments with off-balance-sheet risk was as follows (in thousands):

	2021	2020
Fixed rate commitments	$ 19,233	$ 21,911
Variable rate commitments	7,796	8,904
	$ 27,029	$ 30,815

The interest rate on fixed-rate commitments ranged from 2.625% to 5.50% at December 31, 2021 and 2.50% to 5.25% at December 31, 2020. Commitments to make loans are generally made for a period of 30 days or less.

NOTE 13 – DISCLOSURES ABOUT FAIR VALUE

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

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

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

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

The following is a description of the Corporation's valuation methodologies used to measure and disclose the fair values of its financial assets and liabilities on a recurring or nonrecurring basis:

Mortgage Servicing Rights: Fair value is determined at the tranche level, based on market prices for comparable mortgage servicing contracts (Level 2), when available, or alternatively based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model utilizes interest rate, prepayment speed, and default rate assumptions that market participants would use in estimating future net servicing income and that can be validated against available market data.

NOTE 13 – DISCLOSURES ABOUT FAIR VALUE (Continued)

Impaired Loans: The fair value of impaired loans with specific allocations of the allowance for loan losses is generally based on recent real estate valuations for property securing the loans, since such loans are usually collateral dependent. These valuations use a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the valuation process by the evaluators to adjust for differences between the comparable sales and income data available. Such adjustments are typically significant and result in a Level 3 classification of the inputs for determining fair value.

Other Real Estate Owned: 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 a lower of cost or fair value less estimated costs to sell. Fair values are generally based on third party appraisals of the property, resulting in a Level 3 classification. Real estate owned properties are evaluated on at least a quarterly basis for additional impairment and adjusted accordingly.

Assets measured at fair value on a recurring basis as of December 31, 2021 and 2020 are summarized below (in thousands).

	Fair Value Measurements Using: Significant Other Observable Inputs (Level 2)
December 31, 2021	
Mortgage Servicing Rights	$ 756
December 31, 2020	
Mortgage Servicing Rights	$ 724

Assets measured at fair value on a non-recurring basis as of December 31, 2021 and 2020 are summarized below (in thousands).

	Fair Value Measurements Using: Significant Unobservable Inputs (Level 3)
December 31, 2021	
Impaired Loans:	
Residential Real Estate:	
1-4 family residential	$ 33
Commercial Real Estate:	
Commercial real estate	323
Commercial:	
Commercial	900
December 31, 2020	
Impaired Loans:	
Residential Real Estate:	
1-4 family residential	$ 27
Commercial Real Estate:	
Commercial real estate	381

(Continued)

NOTE 13 – DISCLOSURES ABOUT FAIR VALUE (Continued)

Impaired loans, which are usually measured for impairment using the fair value of the collateral, had a recorded investment of approximately $408,000, with a specific valuation allowance of $52,000. These loans did not require any additional provision for loan losses for the fiscal year ended December 31, 2021.

Impaired loans, which are usually measured for impairment using the fair value of the collateral, had a recorded investment of approximately $459,000, with a specific valuation allowance of $51,000. These loans did not require any additional provision for loan losses for the fiscal year ended December 31, 2020.

The following table presents quantitative information about level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at December 31, 2021 and 2020:

2021	Fair value	Valuation Technique(s)	Unobservable Input(s)	Range (Weighted Average)
Impaired Loans - 1-4 family residential	$ 33,000	Sales comparison approach	Adjustment for differences between the comparable sales	-0.59% to 2.58% (1.99%)
Commercial real estate	$ 323,000	Sales comparison approach	Adjustment for difference between the comparable sales	-2.20% to 5.10% (5.55%)

2020	Fair value	Valuation Technique(s)	Unobservable Input(s)	Range (Weighted Average)
Impaired Loans - 1-4 family residential	$ 27,000	Sales comparison approach	Adjustment for differences between the comparable sales	-1.55% to 0.23% (-1.89%)
Commercial real estate	$ 381,000	Sales comparison approach	Adjustment for difference between the comparable sales	-2.20% to 5.10% (5.55%)

(Continued)

NOTE 13 – DISCLOSURES ABOUT FAIR VALUE (Continued)

The carrying amounts and estimated fair values of financial instruments, at December 31, 2021 and December 31, 2020 are as follows (in thousands):

	Carrying Value	Fair Value Measurements at December 31, 2021 Using:			
		Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	$ 17,886	$ 17,886	$ –	$ –	$ 17,886
Interest-bearing time deposits in other financial institutions	1,494	–	1,494	–	1,494
Securities held to maturity	19,452	–	18,821	–	18,821
Loans receivable, net	175,552	–	–	169,784	169,784
Federal Home Loan Bank stock	711	N/A	N/A	N/A	N/A
Accrued interest receivable	753	–	753	–	753
Financial liabilities					
Deposits	$ 203,193	$ 129,731	$ 73,683	$ –	$ 203,414
Advances from the Federal Home Loan Bank	–	–	–	–	–
Advances by borrowers for taxes and insurance	998	998	–	–	998
Accrued interest payable	14	–	14	–	14

	Carrying Value	Fair Value Measurements at December 31, 2020 Using:			
		Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	$ 23,166	$ 23,166	$ –	$ –	$ 23,166
Interest-bearing time deposits in other financial institutions	6,972	–	6,972	–	6,972
Securities held to maturity	7,589	–	7,477	–	7,477
Loans receivable, net	162,285	–	–	157,435	157,435
Federal Home Loan Bank stock	711	N/A	N/A	N/A	N/A
Accrued interest receivable	718	–	718	–	718
Financial liabilities					
Deposits	$ 187,562	$ 108,917	$ 80,962	$ –	$ 189,879
Advances from the Federal Home Loan Bank	–	–	–	–	–
Advances by borrowers for taxes and insurance	964	964	–	–	964
Accrued interest payable	84	–	84	–	84

While these estimates are based on management's judgment of the appropriate valuation factors, no assurance exists that, were the Corporation to have liquidated such items, the estimated fair values would necessarily have been realized. The estimated fair values should not be considered to apply to subsequent dates.

(Continued)

NOTE 14 – REVENUE FROM CONTRACTS WITH CUSTOMERS

All of the Corporation's revenue from contracts with customers in the scope of ASC 606 is recognized within Noninterest Income. The following table presents the Corporation's sources of Noninterest Income for the twelve months ended December 31, 2021 and 2020 (in thousands). Items outside the scope of ASC 606 are noted as such.

	2021	2020
Noninterest Income		
Customer Service Charges		
Service charges on deposits	$ 287	$ 271
Interchange income	432	337
Other[(a)]	129	129
Gain on sale of mortgage loans[(b)]	631	1,384
Other		
Net gains (losses) on sales of OREO	–	(10)
Earnings on Company Owned Life Insurance[(b)]	147	145
Earnings on Defined Contribution SERP[(b)]	10	–
Loan servicing income[(b)]	111	(78)
Other[(b)]	67	56
Total Noninterest Income	$ 1,814	$ 2,234

(a) The Other category includes ATM fee income from foreign cardholders totaling $62,000 for the year ending December 31, 2021 and $56,000 for the year ending December 31, 2020. Also included is Safe Deposit Box income totaling $6,000 for the year ending December 31, 2021 and $7,000 for the year ending December 31, 2020. Both are within scope of ASC 606.

(b) Not within the scope of ASC 606.

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

Service Charges on Deposit Accounts: The Corporation earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as ATM use fees, stop payment charges, statement rendering, wire transfer, check issuance, and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Corporation fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of the month, representing the period over which the Corporation satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance.

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

Gains/Losses on Sales of OREO: The Corporation records a gain or loss on the sale of OREO when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. When the Corporation finances the sale of OREO to the buyer, the Corporation assesses whether the buyer is committed to perform their obligations under the contract and whether collectability of the transaction price is probable. Once these criteria are met, the OREO asset is derecognized and the gain or loss on sale is recorded upon the transfer of control of the property to the buyer. In determining the gain or loss on the

NOTE 14 – REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

sale, the Corporation adjusts the transaction price and related gain (loss) on sale if a significant financing component is present.

Other Income: The Corporation earns income from the rental of Safe Deposit Boxes. The income is recognized over the time of the performance obligation.

ANNUAL MEETING

The Annual Meeting of Stockholders will be held at 10:00 a.m., on May 26, 2022 at the main office of Greenville Federal, 690 Wagner Ave., Greenville, Ohio. Further information with regard to the meeting can be found in the proxy statement.

STOCK LISTING

Greenville Federal Financial Corporation common stock is quoted on the OTC Pink Market under the symbol "GVFF."

STOCKHOLDER AND GENERAL INQUIRIES

Greenville Federal Financial Corporation
690 Wagner Avenue
Greenville, Ohio 45331
(937) 548-4158
Attn: Jeff Kniese or Susan Barker

TRANSFER AGENT

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
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Tipp City Banking Center
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Troy North Banking Center
948 N. Market St.
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SPECIAL COUNSEL

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(202) 274-2000

INDEPENDENT AUDITORS

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600 Superior Avenue East
Suite 902
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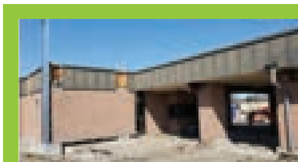

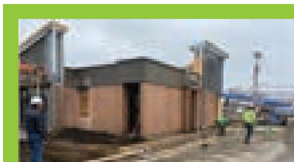

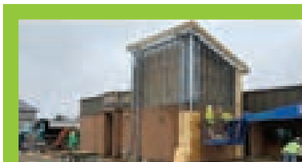

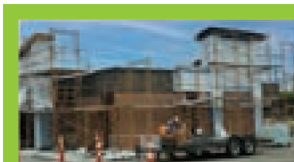

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