FIRST IC CORPORATION AND SUBSIDIARY
DORAVILLE, GEORGIA

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022 AND 2021 AND INDEPENDENT AUDITOR'S REPORT

FIRST IC CORPORATION AND SUBSIDIARY

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April 4, 2023

To Our Shareholders:

2022 was another exceptional year for First IC Corp and First IC Bank. We finally achieved one of the goals we have sought for the last several years. We ended 2022 with total assets of over $1 billion. This was a goal the Directors set several years ago, and we are thankful to all of the contributors that helped us reach this point. We did not reach this level of assets at the expense of other important areas of the bank. In addition to the $1 billion asset level the company also had another record year of earnings with net income after taxes of $21.4 million. Our Asset quality numbers continue to be very strong, and our reserves and capital levels position the bank to continue to look for opportunities to grow.

At the end of 2022 the company had Total Assets of $1.03 billion. This represents an increase of $86.6 million or 9.2%. Growth in the bank's Loan Portfolio was a primary contributor to the overall growth of the company. Loans ended 2022 at $858 million. This represents an increase of $200.3 million 30.45% over the end of 2021. Total Deposits increased year over year by $44.3 million. This growth rate is reflective of the change in market interest rates and a significant increase in competition for deposits not only at First IC Bank, but across the entire banking system. DDA non-interest bearing deposits continues to make up 29% of the overall funding of the bank. When combined with interest bearing DDA balances they make up 53.9% of total deposits at the end of 2022. As in previous years the generation of these important funding sources is a major focus of the bank's marketing efforts.

As with the growth of the company we are also extremely pleased with the earnings performance for 2022. We posted record earnings of $21.4 million for the year ended December 31, 2022. This represents a $2 million and 10.3% increase over the previous record earnings posted in 2021. One of the main factors in this year over year increase was the increase in net interest income due to the changes in the overall interest rate environment in our markets. Net interest income for 2022 increased $11 million or 35.9% over 2021 to end the year at $41.9 million.

As in prior years the bank continues to be a very active participant in SBA Lending. We believe that this is one of the best ways for us to continue to be of service to our expanding customer base and our communities. In total for 2022 we closed $150 million in SBA loans to customers in our market areas. As a part of this SBA effort we generated $8.3 million in gains on sale of SBA loans in the secondary market. We also generated an additional $2.6 million in servicing revenue on the loans that we have sold into the secondary market over the life of the bank. SBA lending only accounts for a part of our lending efforts. In addition to the SBA loans closed in 2022 we also closed $143.3 million in Commercial Loans. The biggest area of growth for the year in the bank's loan portfolio was in Residential Mortgage Loans. We closed a total of $162.3 million in Residential Mortgage Loans in 2022. These reflect our commitment both to our markets, but also to our desire to diversify the bank's lending activity and serve a broader base of our communities.

None of these results would have been possible without the continued support of a large number of different stakeholders. Our Board of Directors consist of individuals that have been involved with the bank since it was just an idea. They have remained dedicated to the vision and the growth of the bank for its entire history. The company's Executive Management team have a combined total of 57 years of service to the bank, working hand in hand with the Board of Directors to provide leadership for the bank during the good times and the not so good times. Our dedicated staff of 114 total employees across six different states have been loyal and dedicated to the bank and our customers for many years. And last is our dedicated shareholders. Without the investment that each of you has made in the bank none of these results would have been possible.

Chong W. Chun
Chairman

Dong Wook Kim
President and CEO

McNair McLemore Middlebrooks & Co
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April 4, 2023

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
First IC Corporation and Subsidiary

Opinion

We have audited the consolidated financial statements of **First IC Corporation and Subsidiary** (the Company), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2022, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of First IC Corporation and Subsidiary as of December 31, 2022 and 2021, and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 2022 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 First IC Corporation and Subsidiary, 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.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company adopted Accounting Standards Update 2016-02, Leases (ASC 842) and changed the manner in which it accounts for leases effective January 1, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 First IC Corporation and Subsidiary's ability to continue as a going concern for one year after the date that the consolidated financial statements are 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. 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 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 First IC Corporation and Subsidiary'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 First IC Corporation and Subsidiary'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.

McNair, McLemore, Middlebrooks & Co., LLC

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

FIRST IC CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31

ASSETS

	2022	2021
Cash and Cash Equivalents		
Cash and Due from Banks	**$ 5,957,910**	$ 4,104,603
Interest-Bearing Deposits at Other Financial Institutions	**95,358,771**	213,203,419
	101,316,681	217,308,022
Debt Securities		
Available for Sale, at Fair Value	**39,206,404**	44,808,736
Federal Home Loan Bank Stock	**1,533,600**	390,800
SBA Loans Held for Sale	**14,366,269**	17,415,041
Loans	**857,952,111**	657,665,068
Allowance for Loan Losses	**(10,161,089)**	(9,576,433)
Unearned Income	**(3,817,253)**	(4,457,294)
	843,973,769	643,631,341
Premises and Equipment, Net	**8,052,034**	8,704,709
Other Assets	**10,476,145**	9,396,219
Operating Lease Right-of-Use Asset, Net	**9,322,259**	-
Total Assets	**$ 1,028,247,161**	$ 941,654,868

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

FIRST IC CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31

LIABILITIES AND STOCKHOLDERS' EQUITY

	2022	2021
Deposits		
Demand	**$ 252,641,629**	$ 264,073,304
Interest-Bearing Demand	**217,962,404**	343,984,150
Savings	**12,622,668**	18,354,850
Time, $250,000 and Over	**237,062,111**	92,424,599
Other Time	**153,608,432**	110,769,849
	873,897,244	829,606,752
FHLB Borrowings	**25,000,000**	-
Other Liabilities	**6,395,080**	7,032,167
Operating Lease Liability	**9,446,369**	-
Total Liabilities	**914,738,693**	836,638,919
Stockholders' Equity		
Common Stock, $5 Par Value; 15,000,000 Shares Authorized, 9,066,548 and 9,049,117 Shares Issued and Outstanding in 2022 and 2021, Respectively	**45,332,740**	45,245,585
Surplus	**19,019,914**	21,021,859
Retained Earnings	**53,125,785**	38,546,301
Accumulated Other Comprehensive Income (Loss), Net of Tax	**(3,969,971)**	202,204
Total Stockholders' Equity	**113,508,468**	105,015,949
Total Liabilities and Stockholders' Equity	**$ 1,028,247,161**	$ 941,654,868

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

FIRST IC CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31

	2022	2021	2020
Interest Income			
Interest and Fees on Loans	**$ 44,073,395**	$ 32,481,364	$ 28,929,467
Interest on Debt Securities			
U.S. Government Agencies	**730,782**	654,410	841,861
State, County and Municipal	**128,992**	119,718	69,737
Interest-Bearing Deposits with Other Financial Institutions	**2,380,586**	250,349	417,002
Other Investments	**18,697**	18,748	26,524
	47,332,452	33,524,589	30,284,591
Interest Expense			
Interest on Deposits	**5,434,153**	2,697,178	6,868,406
Interest on Borrowed Money	**40**	9	9
	5,434,193	2,697,187	6,868,415
Net Interest Income	**41,898,259**	30,827,402	23,416,176
Provision for Loan Losses	**1,000,000**	-	3,674,000
Net Interest Income After Provision for Loan Losses	**40,898,259**	30,827,402	19,742,176
Noninterest Income			
Service Charges on Deposits	**1,963,143**	1,655,764	1,170,242
Other Service Charges, Commissions and Fees	**3,352,718**	2,802,853	2,897,009
Gain on Sale of Loans	**8,258,696**	12,866,157	4,503,734
Other	**291,618**	1,441,568	315,103
	13,866,175	18,766,342	8,886,088
Other Expenses			
Salaries and Employee Benefits	**14,360,809**	12,799,703	10,279,120
Occupancy and Equipment	**3,623,065**	3,352,998	2,603,893
Data Processing	**970,078**	1,143,294	983,902
Professional Fees	**653,535**	367,725	293,647
FDIC Insurance Assessment	**248,795**	198,083	132,000
SBA Loan Referral Fees	**1,613,002**	1,289,945	674,513
Loan Collection and Repossession Expense	**43,507**	129,877	307,800
Bank Security Expense	**897,082**	913,159	719,894
Other	**4,547,002**	3,632,343	2,992,793
	26,956,875	23,827,127	18,987,562
Net Income Before Income Taxes	**27,807,559**	25,766,617	9,640,702
Income Taxes	**6,400,000**	6,360,000	2,398,177
Net Income	**$ 21,407,559**	$ 19,406,617	$ 7,242,525

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

FIRST IC CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	2022			2021			2020		
	Pre-Tax	**Tax Expense (Benefit)**	**Net of Tax**	Pre-Tax	Tax Expense (Benefit)	Net of Tax	Pre-Tax	Tax Expense (Benefit)	Net of Tax
Net Income	**$ 27,807,559**	**$ 6,400,000**	**$ 21,407,559**	$ 25,766,617	$ 6,360,000	$ 19,406,617	$ 9,640,702	$ 2,398,177	$ 7,242,525
Other Comprehensive Income (Loss)									
Gains (Losses) on Securities Arising During the Year	**(5,281,234)**	**(1,109,059)**	**(4,172,175)**	(824,441)	(173,133)	(651,308)	1,097,121	230,395	866,726
Reclassification Adjustment	-	-	-	-	-	-	-	-	-
Change in Net Unrealized Gains (Losses) on Securities Available for Sale, Net of Reclassification Adjustment	**(5,281,234)**	**(1,109,059)**	**(4,172,175)**	(824,441)	(173,133)	(651,308)	1,097,121	230,395	866,726
Comprehensive Income	**$ 22,526,325**	**$ 5,290,941**	**$ 17,235,384**	$ 24,942,176	$ 6,186,867	$ 18,755,309	$ 10,737,823	$ 2,628,572	$ 8,109,251

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

FIRST IC CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Common Shares	Common Stock	Treasury Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2019	8,092,428	$ 40,462,140	$ (4,945,300)	$ 21,219,363	$ 21,867,816	$ (13,214)	$ 78,590,805
Net Income	-	-	-	-	7,242,525	-	7,242,525
Change in Net Unrealized Gains (Losses) on Investment Securities Available for Sale, Net of Tax	-	-	-	-	-	866,726	866,726
Exercise of Stock Options	88,426	442,130	-	(220,166)	-	-	221,964
Stock Dividends	761,127	3,805,635	-	1,141,690	(4,947,325)	-	-
Retirement of Treasury Shares	(569,706)	(2,848,530)	4,945,300	(2,096,770)	-	-	-
Treasury Stock Repurchase	-	-	(1,136,554)	-	-	-	(1,136,554)
Stock-Based Compensation	-	-	-	91,630	-	-	91,630
Balance, December 31, 2020	8,372,275	41,861,375	(1,136,554)	20,135,747	24,163,016	853,512	85,877,096
Net Income	-	-	-	-	19,406,617	-	19,406,617
Change in Net Unrealized Gains (Losses) on Investment Securities Available for Sale, Net of Tax	-	-	-	-	-	(651,308)	(651,308)
Exercise of Stock Options	105,622	528,110	-	(236,196)	-	-	291,914
Stock Dividends	837,222	4,186,110	-	837,222	(5,023,332)	-	-
Retirement of Treasury Shares	(266,002)	(1,330,010)	1,136,554	193,456	-	-	-
Stock-Based Compensation	-	-	-	91,630	-	-	91,630
Balance, December 31, 2021	9,049,117	45,245,585	-	21,021,859	38,546,301	202,204	105,015,949
Net Income	-	-	-	-	21,407,559	-	21,407,559
Change in Net Unrealized Gains (Losses) on Investment Securities Available for Sale, Net of Tax	-	-	-	-	-	(4,172,175)	(4,172,175)
Stock Dividends	910,410	4,552,050	-	2,276,025	(6,828,075)	-	-
Repurchase and Retirement of Treasury Shares	(947,979)	(4,739,895)	-	(4,259,167)	-	-	(8,999,062)
Stock-Based Compensation	-	-	-	256,197	-	-	256,197
Issuance of Restricted Stock	55,000	275,000	-	(275,000)	-	-	-
Balance, December 31, 2022	**9,066,548**	**$ 45,332,740**	**$ -**	**$ 19,019,914**	**$ 53,125,785**	**$ (3,969,971)**	**$ 113,508,468**

See accompanying notes which are an integral part of these financial statements.

FIRST IC CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

	2022	2021	2020
Cash Flows from Operating Activities			
Net Income	**$ 21,407,559**	$ 19,406,617	$ 7,242,525
Adjustments to Reconcile Net Income to			
Net Cash Provided by Operating Activities			
Depreciation	**882,928**	818,632	613,435
Amortization and Accretion	**74,761**	134,285	(172,210)
Operating Lease Amortization Expense, Net	**124,110**	-	-
Stock-Based Compensation	**256,197**	91,630	91,630
Deferred Income Tax	**(150,893)**	474,603	(508,629)
Provision for Loan Losses	**1,000,000**	-	3,674,000
Gain on Sales and Disposals of Premises and Equipment	**(29,905)**	(3,189)	-
Loss on Other Real Estate and Repossessed Assets	**-**	-	7,580
Gain on Sale of Loans	**(8,258,696)**	(12,866,157)	(4,503,734)
Change In			
SBA Loans Held for Sale	**3,048,772**	(11,375,840)	5,413,251
Interest Receivable	**(1,387,176)**	564,509	(491,079)
Interest Payable	**1,307,354**	(890,669)	(3,054,940)
Other	**(377,239)**	4,071,375	(1,791,853)
	17,897,772	425,796	6,519,976
Cash Flows from Investing Activities			
Proceeds from Sales, Calls, Maturities and			
Paydowns of Securities Available for Sale	**6,549,036**	17,377,357	23,392,665
Purchases of Debt Securities Available for Sale	**(6,302,699)**	(25,116,783)	-
Purchases of Premises and Equipment	**(279,223)**	(479,278)	(783,333)
Dispositions of Premises and Equipment	**78,875**	46,289	1,700
Loans, Net	**(193,083,732)**	(75,567,706)	(26,594,976)
Proceeds from Sales (Purchases) of Federal Home Loan Bank Stock	**(1,142,800)**	252,000	(192,100)
Proceeds from Sale of Other Real Estate	**-**	-	197,420
	(194,180,543)	(83,488,121)	(3,978,624)
Cash Flows from Financing Activities			
Demand, Interest-Bearing Demand, Time and Savings Accounts	**44,290,492**	154,942,105	54,902,252
Purchase of Treasury Shares	**(8,999,062)**	-	(1,136,554)
FHLB Borrowings	**25,000,000**	-	-
Proceeds from Exercise of Stock Options	**-**	291,914	221,964
	60,291,430	155,234,019	53,987,662
Net Increase (Decrease) in Cash and Cash Equivalents	**(115,991,341)**	72,171,694	56,529,014
Cash and Cash Equivalents, Beginning	**217,308,022**	145,136,328	88,607,314
Cash and Cash Equivalents, Ending	**$ 101,316,681**	$ 217,308,022	$ 145,136,328
Noncash Investing Transactions			
Change in Net Unrealized Gains (Losses) on Investment			
Securities Available for Sale, Net of Tax	**$ (4,172,175)**	$ (651,308)	$ 866,726
Other Real Estate Sales Financed by Bank	**$ -**	$ -	$ 260,000
Noncash Financing Transactions			
Retirement of Treasury Shares	**$ 8,999,062**	$ 1,136,554	$ 4,945,300
Stock Dividends	**$ 6,828,075**	$ 5,023,332	$ 4,947,325

See accompanying notes which are an integral part of these financial statements.

(1) Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of First IC Corporation and its wholly-owned subsidiary First IC Bank. All intercompany accounts have been eliminated during consolidation.

Nature of Operations

The Bank provides a full range of retail and commercial banking services for consumers and small- to medium-size businesses located primarily in the Atlanta, Georgia metropolitan area along with full service and loan production offices in Texas, Washington, New York, New Jersey and California. Lending and investing activities are funded primarily by deposits gathered through its retail branch office network.

Use of Estimates

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the balance sheet date and revenues and expenses for the period. Actual results could differ significantly from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses and the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans.

Reclassifications

In certain instances, amounts reported in prior years' consolidated financial statements have been reclassified to conform to statement presentations selected for 2022. Such reclassifications had no effect on previously reported stockholders' equity or net income.

(1) Summary of Significant Accounting Policies (Continued)

Concentrations of Credit Risk

Lending is concentrated in small business administration, commercial real estate mortgage and consumer loans to local borrowers. The Company has a high concentration of real estate loans, and a specific concentration in strip shopping centers, which could pose an adverse credit risk, particularly with an economic downturn in the real estate market. A substantial portion of the borrowers' ability to honor their contracts is dependent upon the viability of the real estate economic sector. Management continues to monitor these concentrations and has considered these concentrations in its allowance for loan loss analysis.

The success of the Company is dependent, to a certain extent, upon the economic conditions in the geographic markets it serves. Adverse changes in the economic conditions in these geographic markets would likely have a material adverse effect on the Company's results of operations and financial condition. The operating results of the Company depend primarily on its net interest income. Accordingly, operations are subject to risks and uncertainties surrounding the exposure to changes in the interest rate environment and prolonged declines in national and local economies.

At times, the Company may have cash and cash equivalents at financial institutions in excess of insured limits. The Company places its cash and cash equivalents with high credit quality financial institutions whose credit rating is monitored by management to minimize credit risk.

Accounting Policies

The accounting and reporting policies of the Company are in accordance with accounting principles generally accepted in the United States of America and conform to general practices within the banking industry. The significant accounting policies followed by the Company and the methods of applying those policies are summarized hereafter.

Debt Securities

The Company classifies its debt securities as trading, available for sale or held to maturity. Securities that are held principally for resale in the near term are classified as trading. Trading securities are carried at fair value, with realized and unrealized gains and losses included in noninterest income. Currently, no securities are classified as trading. Securities acquired with both the intent and ability to be held to maturity are classified as held to maturity and reported at amortized cost. All securities not classified as trading or held to maturity are considered available for sale. Securities available for sale may be sold to meet liquidity needs arising from unanticipated deposit and loan fluctuations, changes in regulatory capital requirements, or unforeseen changes in market conditions. Purchase premiums and discounts are recognized in interest income using methods approximating the interest method over the terms of the securities.

The Company evaluates each held-to-maturity and available for sale security in a loss position for other- than-temporary impairment (OTTI). In estimating OTTI, management considers such factors as the length of time and the extent to which the market value has been below cost, the financial condition of the issuer and the Company's intent to sell and whether it is more likely than not that the Company will be required to sell the security before anticipated recovery of the amortized cost basis. If the Company intends to sell or if it is more likely than not that the Company will be required to sell the security before recovery, the OTTI write-down is recognized in earnings. If the Company does intend to sell the security or it is not more likely than not that it will be required to sell the security before the recovery, the OTTI write-down is separated into an amount representing credit loss, which is recognized in earnings, and an amount related to all other factors, which is recognized in other comprehensive income (loss).

(1) Summary of Significant Accounting Policies (Continued)

Federal Home Loan Bank Stock

Investment in stock of a Federal Home Loan Bank (FHLB) is required for every federally insured institution that utilizes its services. The amount of the required investment is determined and adjusted periodically by the FHLB. The FHLB stock is reported in the consolidated financial statements at cost. Dividend income is recognized when earned.

SBA Loan Sales and Servicing Rights

Small Business Administration (SBA) loans that the Company has the intent to sell in the secondary market are designated as held for sale at origination and are recorded at the lower of cost or fair value. The Company typically sells the guaranteed portion of the SBA loans in the secondary market while maintaining the servicing rights. Gains or losses recognized upon the sale of loans are determined on a specific identification basis. Servicing assets or liabilities are initially recorded at fair value and are subsequently measured using the amortization method which requires servicing rights to be amortized into noninterest income in proportion to, and over the period of, the estimated future net servicing income or expense of the underlying loans. Servicing assets are periodically evaluated for impairment and written off to other expense if fair value of the rights exceed the carrying amounts.

Loans

Loans that the Company has the ability and intent to hold for the foreseeable future or until maturity are recorded at their principal amount outstanding, net of unearned interest and fees. Interest income on loans is recognized using the effective interest method. Loan origination fees, net of certain direct origination costs, are deferred and amortized over the lives of the related loans using the interest method.

A loan is considered to be delinquent when payments have not been made according to contractual terms, typically evidenced by nonpayment of a monthly installment by the due date. When management believes there is sufficient doubt as to the collectability of principal or interest on any loan or generally when loans are 90 days or more past due, the accrual of applicable interest is discontinued and the loan is designated as nonaccrual, unless the loan is well secured and in the process of collection. All interest accrued but not received for loans placed on nonaccrual is reversed against interest income. Interest payments received on nonaccrual loans are either applied against principal or reported as income, according to management's judgment as to the collectability of principal. Loans are returned to an accrual status when factors indicating doubtful collectability on a timely basis no longer exist.

The Company has sold guaranteed portions of SBA loans in the SBA secondary market and continues to service these loans. Gains or losses on guaranteed portions of SBA loans which are sold are recorded in other income, based on the net proceeds received and the basis in the portion of the loan sold. The basis in the portion of the loan sold is determined by allocating a portion of the loan carrying value to the portion sold based on its fair value, relative to the fair value of the portion of the loan retained and the estimated serving asset. Any loans that have been originated and intended for sale in the SBA secondary market have been identified as SBA loans held for sale.

Loans Modified in a Troubled Debt Restructuring (TDR)

Loans are considered to have been modified in a TDR when, due to a borrower's financial difficulty, the Company makes certain concessions to the borrower that it would not otherwise consider for new debt with similar risk characteristics. Modifications may include interest rate reductions, principal or interest forgiveness, forbearance, and other actions intended to minimize economic loss and to avoid foreclosure or repossession of the collateral. Generally, a nonaccrual loan that has been modified in a TDR remains on nonaccrual status for a period of six months to demonstrate that the borrower is able to meet the terms of the modified loan. However, performance prior to the modification, or significant events that coincide with the modification, are included in assessing whether the borrower can meet the new terms and may result in the loan being returned to accrual status at the time of loan modification or after a shorter performance period. If the borrower's ability to meet the revised payment schedule is uncertain, the loan remains on nonaccrual status. Once a loan is modified in a TDR, it is accounted for as an impaired loan, regardless of accrual status. A TDR may cease being classified as impaired if the loan is subsequently modified at market terms and, has performed according to the modified terms for at least six months, and there has not been any prior principal forgiveness on a cumulative basis.

Allowance for Loan Losses

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

The allowance for loan losses is maintained at a level, which, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on management's evaluation of the collectability of the loan portfolio, including the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired loans, economic conditions and other risks inherent in the portfolio. Allowances for impaired loans are generally determined based on collateral values or the present value of estimated cash flows. Although management uses available information to recognize losses on loans, because of uncertainties associated with local economic conditions, collateral values and future cash flows on impaired loans, it is reasonably possible that a material change could occur in the allowance for loan losses in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

(1) Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents and Cash Flows

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, interest-bearing and noninterest-bearing amounts due from banks and federal funds sold. Cash flows from loans, demand deposits, NOW accounts, savings accounts and certificates of deposit are reported net.

Cash payments made during 2022, 2021 and 2020 for interest totaled $4,126,839, $3,587,856, and $9,923,353 , respectively. Cash payments made during 2022, 2021 and 2020 for income taxes totaled $6,636,500, $5,335,000, and $2,640,000, respectively.

Premises and Equipment

Premises and equipment are recorded at acquisition cost net of accumulated depreciation.

Depreciation is charged to operations over the estimated useful lives of the assets. The useful lives and methods of depreciation are as follows:

Description	Life in Years	Method
Buildings	20-35	Straight-Line
Land Improvements	12-15	Straight-Line
Leasehold Improvements	5-10	Straight-Line
Furniture and Equipment	3-10	Straight-Line

Expenditures for major renewals and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. When property and equipment are retired or sold, the cost and accumulated depreciation are removed from the respective accounts and any gain or loss is reflected in other income or expense.

Other Real Estate

Other real estate generally represents real estate acquired through foreclosure and is initially recorded at estimated fair value, less cost to sell. Any excess of the loan balance at the time of foreclosure is charged to allowance for loan losses. Subsequent declines in fair value upon the periodic revaluation of other real estate, along with gains and losses upon dispositions are reflected in noninterest expense. Costs related to the development or improvement of properties are capitalized while revenues and expenses from operations are expensed as incurred.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was $263,064, $217,717 and $182,885 for the years ended December 31, 2022, 2021 and 2020, respectively.

Income Taxes

The provision for income taxes is based upon income for financial statement purposes, adjusted for nontaxable income and nondeductible expenses. Deferred income taxes have been provided when different accounting methods have been used in determining income for income tax purposes and for financial reporting purposes. Deferred tax assets and liabilities are recognized based on future tax consequences attributable to differences arising from the financial statement carrying values of assets and liabilities and their tax bases. The differences related primarily to depreciable assets (use of different depreciation methods for financial statement and income tax purposes) and allowance for loan losses (use of the allowance method for financial statement purposes and the experience method for tax purposes). In the event of changes in the tax laws, deferred tax assets and liabilities are adjusted in the period of the enactment of those changes, with effects included in the income tax provision. The Company files a consolidated federal income tax return. The subsidiary pays its proportional share of federal income taxes to the Company based on its taxable income.

Stock-Based Compensation

The Company maintains stock-based compensation plans for grants of stock options and restricted shares to key personnel and directors. The Company accounts for such share-based payment plans recognizing the expense of the compensation element over the requisite service period of the awards.

Comprehensive Income

United States generally accepted accounting principles (U.S. GAAP) require that recognized revenue, expenses, gains and losses be included in net income. Certain changes in assets and liabilities, such as unrealized gains and losses on securities available for sale, represent equity changes from economic events of the period other than transactions with owners and are not reported in the consolidated statements of operations but as a separate component of the equity section of the balance sheets. Such items are considered components of other comprehensive income (loss). U.S. GAAP requires the presentation in the financial statements of net income and all items of other comprehensive income (loss) as total comprehensive income.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Off-Balance Sheet Credit Related Financial Instrument

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

Changes in Accounting Principles and Effects of New Accounting Pronouncements

Effective January 1, 2022, the Company adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. The Company has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Company accounted for its existing operating lease as an operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments (as of December 31, 20X1) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. As a result of the adoption of the new lease accounting guidance, the Company recognized on January 1, 2022 (the beginning of the earliest period presented) (a) a lease liability of $10,512,117, which represents the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate, and (b) a right-of-use asset of $10,512,117. See Note 10.

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-13, *Financial Instruments* - *Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of operations as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In March 2022, the FASB issued ASU 2022-02, - *Financial Instruments - Credit Losses (Topic 326) - Troubled Debt Restructurings and Vintage Disclosures* eliminates the recognition and measurement guidance for troubled debt restructurings ("TDRs") by creditors in ASC 310-40. This Update also enhances disclosure requirements for certain loan restructurings by creditors when a borrower is experiencing financial difficulty. Specifically, rather than applying the recognition and measurement guidance for TDRs, an entity will apply the loan refinancing and restructuring guidance to determine whether a modification or other form of restructuring results in a new loan or a continuation of an existing loan. The amendments in this Update are effective for entities that have adopted amendments in Update 2016-13 for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. For entities that have not yet adopted the amendments in Update 2016-13, the effective date for the amendments in this Update are the same as the effective dates in Update 2016-13.

(2) Debt Securities

Debt securities as of December 31 are summarized as follows:

2022	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Securities Available for Sale				
U.S. Government Agencies	**$ 14,426,464**	**$ 2,333**	**$ (1,208,004)**	**$ 13,220,793**
Mortgage-Backed	**24,392,041**	**-**	**(2,945,857)**	**21,446,184**
State, County and Municipal	**5,413,179**	**-**	**(873,752)**	**4,539,427**
	$ 44,231,684	**$ 2,333**	**$ (5,027,613)**	**$ 39,206,404**

2021	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Available for Sale				
U.S. Government Agencies	$ 11,421,682	$ 9,717	$ (89,714)	$ 11,341,685
Mortgage-Backed	27,690,957	423,349	(158,455)	27,955,851
State, County and Municipal	5,440,143	135,872	(64,815)	5,511,200
	$ 44,552,782	$ 568,938	$ (312,984)	$ 44,808,736

There were no gross realized gains or losses recorded by the Company for the years ended December 31, 2022, 2021, and 2020.

(2) Debt Securities (Continued)

The amortized cost and fair value of debt securities as of December 31, 2022 by contractual maturity are shown below. Expected maturities will differ from contractual maturities because issuers have the right to call or prepay obligations with or without call or prepayment penalties.

	Securities Available for Sale	
	Amortized Cost	Fair Value
Due in One Year or Less	$ 7,668,354	$ 7,028,435
Due from One to Five Years	5,042,969	4,745,442
Due from Five to Ten Years	7,128,320	5,986,343
Due after Ten Years	-	-
	19,839,643	17,760,220
Mortgage-Backed	24,392,041	21,446,184
	$ 44,231,684	$ 39,206,404

The following outlines the unrealized loss and fair value by investment category and length of time that individual securities available for sale have been in a continuous unrealized loss position at December 31:

	Less Than 12 Months		12 Months or More		Total	
2022	**Fair Value**	**Gross Unrealized Loss**	**Fair Value**	**Gross Unrealized Loss**	**Fair Value**	**Gross Unrealized Loss**
Securities Available for Sale						
U.S. Government Agencies	**$ 4,273,206**	**$ (110,454)**	**$ 8,041,093**	**$ (1,097,550)**	**$ 12,314,299**	**$ (1,208,004)**
Mortgage-Backed	**12,105,511**	**(1,091,373)**	**9,340,673**	**(1,854,484)**	**21,446,184**	**(2,945,857)**
State, County and Municipal	**2,176,282**	**(92,425)**	**2,363,145**	**(781,327)**	**4,539,427**	**(873,752)**
	$ 18,554,999	**$ (1,294,252)**	**$ 19,744,911**	**$ (3,733,361)**	**$ 38,299,910**	**$ (5,027,613)**
2021						
Securities Available for Sale						
U.S. Government Agencies	$ 6,550,335	$ (89,714)	$ -	$ -	$ 6,550,335	$ (89,714)
Mortgage-Backed	10,455,066	(157,240)	76,470	(1,215)	10,531,536	(158,455)
State, County and Municipal	3,100,410	(64,815)	-	-	3,100,410	(64,815)
	$ 20,105,811	$ (311,769)	$ 76,470	$ (1,215)	$ 20,182,281	$ (312,984)

At December 31, 2022 and 2021, the debt securities with unrealized losses depreciated 11.60 percent and 1.53 percent, respectively, from the Company's amortized cost basis. These securities are guaranteed by either the U.S. Government or its agencies. These unrealized losses relate principally to current interest rates for similar types of securities. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred and the results of reviews of the issuer's financial condition. As management has the ability to hold debt securities until maturity, or for the foreseeable future if classified as available for sale, no declines are deemed to be other than temporary.

(2) Debt Securities (Continued)

At December 31, 2022, 28 out of the 28 mortgage- backed securities, 12 out of the 13 securities issued by U.S. Government agencies and U.S. Government- sponsored corporations, and 4 out of 4 of the State, County and Municipal securities contained unrealized losses. At December 31, 2021, 6 out of the 29 mortgage- backed securities, 3 out of the 8 securities issued by U.S. Government agencies and U.S. Government- sponsored corporations, and 2 out of 4 of the State, County and Municipal securities contained unrealized losses.

(3) Loans

Loans, segregated by class, as of December 31 are:

	2022	2021
Commercial	**$ 186,523,923**	$ 175,618,747
Real Estate		
Construction	**2,103,000**	839,000
1-4 Family	**232,262,402**	96,285,708
Multifamily	**595,285**	3,621,453
Commercial	**436,197,771**	381,179,197
Consumer	**269,730**	120,963
	$ 857,952,111	$ 657,665,068

Commercial loans are extended to a diverse group of businesses within the Company's market area. These loans are often underwritten based on the borrower's ability to service the debt from income from the business. Real estate construction loans often require loan funds to be advanced prior to completion of the project. Due to uncertainties inherent in estimating construction costs, changes in interest rates and other economic conditions, these loans often pose a higher risk than other types of loans The Company provided Paycheck Protection Program (PPP) Loans to eligible customers for total amounts of $446,000 and $29,829,600 for the years ended December 31, 2022 and 2021, respectively. PPP loans are disclosed within the Commercial Loan Classification. Consumer loans are generally smaller loan amounts spread across many individual borrowers to help minimize risk.

Credit Quality Indicators

As part of the ongoing monitoring of the credit quality of the loan portfolio, management tracks certain credit quality indicators including trends related to (1) the risk grade assigned to commercial and consumer loans, (2) the level of classified commercial loans, (3) net charge-offs, (4) nonperforming loans and (5) the general economic conditions in the Company's geographic markets.

(3) Loans (Continued)

Credit Quality Indicators (Continued)

The Company uses a risk grading matrix to assign a risk grade to each of its loans. Loans are graded on a scale of 1 to 8. A description of the general characteristics of the grades is as follows:

- **Grades 1 and 2 -** Borrowers with these assigned grades range in risk from virtual absence of risk to minimal risk. Such loans may be secured by Company-issued and controlled certificates of deposit or properly margined equity securities or bonds. Other loans comprising these grades are made to companies that have been in existence for a long period of time with many years of consecutive profits and strong equity, good liquidity, excellent debt service ability and unblemished past performance, or to exceptionally strong individuals with collateral of unquestioned value that fully secures the loans. Loans in this category fall into the "pass" classification.

- **Grades 3 and 4 -** Loans assigned these "pass" risk grades are made to borrowers with acceptable credit quality and risk. The risk ranges from loans with no significant weaknesses in repayment capacity and collateral protection to acceptable loans with one or more risk factors considered to be more than average.

- **Grade 5 -** This grade includes "special mention" loans on management's watch list and is intended to be used on a temporary basis for pass grade loans where risk-modifying action is intended in the short-term.

- **Grade 6 -** This grade includes "substandard" loans in accordance with regulatory guidelines. This category includes borrowers with well-defined weaknesses that jeopardize the payment of the debt in accordance with the agreed terms. Loans considered to be impaired are assigned this grade, and these loans often have assigned loss allocations as part of the allowance for loan and lease losses. Generally, loans on which interest accrual has been stopped would be included in this grade.

- **Grades 7 and 8 -** These grades correspond to regulatory classification definitions of "doubtful" and "loss," respectively. In practice, any loan with these grades would be for a very short period of time, and generally the Company has no loans with these assigned grades. Management manages the Company's problem loans in such a way that uncollectible loans or uncollectible portions of loans are charged off immediately with any residual, collectible amounts assigned a risk grade of 6.

(3) Loans (Continued)

The following table presents the loan portfolio by credit quality indicator (risk grade) as of December 31. Those loans with a risk grade of 1, 2, 3 or 4 have been combined in the pass column for presentation purposes.

2022	**Pass**	**Special Mention**	**Substandard**	**Total Loans**
Commercial	**$ 185,814,656**	**$ -**	**$ 709,267**	**$ 186,523,923**
Real Estate				
Construction	**2,103,000**	**-**	**-**	**2,103,000**
1-4 Family	**232,059,523**	**-**	**202,879**	**232,262,402**
Multifamily	**595,285**	**-**	**-**	**595,285**
Commercial	**436,197,771**	**-**	**-**	**436,197,771**
Consumer	**269,730**	**-**	**-**	**269,730**
	$ 857,039,965	**$ -**	**$ 912,146**	**$ 857,952,111**
2021				
Commercial	$ 175,618,747	$ -	$ -	$ 175,618,747
Real Estate				
Construction	839,000	-	-	839,000
1-4 Family	95,370,268	-	915,440	96,285,708
Multifamily	3,621,453	-	-	3,621,453
Commercial	381,179,197	-	-	381,179,197
Consumer	120,963	-	-	120,963
	$ 656,749,628	$ -	$ 915,440	$ 657,665,068

(3) Loans (Continued)

Past Due and Nonaccrual Loans

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Generally, loans are placed on nonaccrual status if principal or interest payments become 90 days past due or when, in management's opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provision. Loans may be placed on nonaccrual status regardless of whether or not such loans are considered past due.

The following table represents an age analysis of past due loans and nonaccrual loans, segregated by class of loans, as of December 31:

	Accruing Loans					
2022	**30-89 Days Past Due**	**90 Days or More Past Due**	**Total Accruing Loans Past Due**	**Nonaccrual Loans**	**Current Loans**	**Total Loans**
Commercial	**$ -**	**$ -**	**$ -**	**$ 709,267**	**$ 185,814,656**	**$ 186,523,923**
Real Estate						
Construction	**-**	**-**	**-**	**-**	**2,103,000**	**2,103,000**
1-4 Family	**435,658**	**-**	**435,658**	**-**	**231,826,744**	**232,262,402**
Multifamily	**-**	**-**	**-**	**-**	**595,285**	**595,285**
Commercial	**-**	**-**	**-**	**-**	**436,197,771**	**436,197,771**
Consumer	**-**	**-**	**-**	**-**	**269,730**	**269,730**
	$ 435,658	**$ -**	**$ 435,658**	**$ 709,267**	**$ 856,807,186**	**$ 857,952,111**
2021						
Commercial	$ 116,067	$ -	$ 116,067	$ -	$ 175,502,680	$ 175,618,747
Real Estate						
Construction	-	-	-	-	839,000	839,000
1-4 Family	325,050	-	325,050	206,986	95,753,672	96,285,708
Multifamily	-	-	-	-	3,621,453	3,621,453
Commercial	-	-	-	-	381,179,197	381,179,197
Consumer	-	-	-	-	120,963	120,963
	$ 441,117	$ -	$ 441,117	$ 206,986	$ 657,016,965	$ 657,665,068

Impaired Loans

Impaired loans are loan relationships with an assigned risk grade of 5, 6, 7 or 8 or loan relationships classified as TDRs. Impaired loans are reassessed on a quarterly basis. Loans are considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal and interest when due according to the contractual terms of the loan agreement. If a loan is deemed impaired, a specific valuation allowance is allocated, if necessary, so that the loan is reported net, at the present value or 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.

(3) Loans (Continued)

The following table details impaired loan data as of December 31:

2022	Impaired Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized	Interest Income Collected
With an Allowance Recorded					
Commercial	**$ 311,209**	**$ 311,209**	**$ 155,605**	**$ -**	**$ -**
With No Related Allowance Recorded					
Commercial	**398,058**	**-**	**199,029**	**-**	**-**
Real Estate 1-4 Family	**202,879**	**-**	**662,653**	**5,780**	**5,780**
Total					
Commercial	**709,267**	**311,209**	**354,634**	**-**	**-**
Real Estate 1-4 Family	**202,879**	**-**	**662,653**	**5,780**	**5,780**
	$ 912,146	**$ 311,209**	**$ 1,017,286**	**$ 5,780**	**$ 5,780**
2021					
With No Related Allowance Recorded					
Real Estate 1-4 Family	$ 1,122,426	$ -	$ 561,213	$ -	$ -
2020					
With an Allowance Recorded					
Commercial	$ 339,703	$ 76,393	$ 1,605,279	$ -	$ -
Real Estate Commercial	4,081,855	1,236,190	2,040,928	-	-
With No Related Allowance Recorded					
Commercial	3,112,017	-	1,676,054	-	-
Real Estate Commercial	-	-	2,378,696	-	-
Total					
Commercial	3,451,720	76,393	3,281,333	-	-
Real Estate Commercial	4,081,855	1,236,190	4,419,624	-	-
	$ 7,533,575	$ 1,312,583	$ 7,700,957	$ -	$ -

Unpaid contractual balance approximates the impaired balance at December 31, 2022 and 2021.

(3) Loans (Continued)

Troubled Debt Restructurings

TDRs are troubled loans on which the original terms of the loan have been modified in favor of the borrower or either the principal or interest has been forgiven due to deterioration in the borrower's financial condition.

There were no TDRs as of December 31, 2022, 2021 and 2020. No loan contracts were restructured during the years ended December 31, 2022, 2021 and 2020.

Loans modified in a TDR are considered to be in default once the restructured loan becomes 90 days past due. As of December 31, 2022, 2021 and 2020, the Company had no loans modified during the previous 12 months which subsequently defaulted during the period.

(4) Allowance for Loan Losses

The allowance for loan losses represents a reserve for inherent losses in the loan portfolio. The adequacy of the allowance for loan losses is evaluated quarterly. The portfolio is initially segregated based on results of internal reviews and external reviews by third parties with particular emphasis on nonaccrual and past due loans and other loans management believes might be potentially impaired or warrant additional attention. These loans are assigned specific allowances when a review of relevant data determines that a general allocation is not sufficient or when the review affords management the opportunity to fine tune the amount of exposure risk in these loans. Additionally, the Company segregates the loan portfolio by type of loan and utilizes this segregation in evaluating exposure to risk within the portfolio. In establishing general allocations for these loans, management considers historical loan loss experience but adjusts this data with a significant emphasis on data such as current loan quality trends, current economic conditions and other factors relevant in management's opinion.

The following details activity in the allowance for loan losses, segregated by class of loan, for the years ended December 31. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other loan categories.

2022	**Beginning Balance**	**Charge-Offs**	**Recoveries**	**Provision**	**Ending Balance**
Commercial	**$ 2,375,338**	**$ -**	**$ 228,019**	**$ -**	**$ 2,603,357**
Real Estate	**6,836,317**	**-**	**-**	**500,000**	**7,336,317**
Consumer	**364,778**	**(643,363)**	**-**	**500,000**	**221,415**
	$ 9,576,433	**$ (643,363)**	**$ 228,019**	**$ 1,000,000**	**$ 10,161,089**
2021					
Commercial	$ 1,455,961	$ (84,925)	$ 1,004,302	$ -	$ 2,375,338
Real Estate	6,836,317	-	-	-	6,836,317
Consumer	364,778	-	-	-	364,778
	$ 8,657,056	$ (84,925)	$ 1,004,302	$ -	$ 9,576,433
2020					
Commercial	$ 2,859,422	$ (1,474,100)	$ 70,639	$ -	$ 1,455,961
Real Estate	3,185,306	(22,989)	-	3,674,000	6,836,317
Consumer	364,778	-	-	-	364,778
	$ 6,409,506	$ (1,497,089)	$ 70,639	$ 3,674,000	$ 8,657,056

(4) Allowance for Loan Losses (Continued)

All impaired loan relationships are evaluated individually for impairment. The remaining loan relationships are collectively evaluated for impairment. The following table presents the allowance for loan losses related to loans individually and collectively evaluated for impairment as of December 31.

	Ending Balance					
	Individually Evaluated		Collectively Evaluated		Total	
2022	**Loans**	**Allowance**	**Loans**	**Allowance**	**Loans**	**Allowance**
Commercial	**$ 709,267**	**$ 311,209**	**$ 185,814,657**	**$ 2,292,148**	**$186,523,923**	**$ 2,603,357**
Real Estate						
Construction	**-**	**-**	**2,103,000**	**-**	**2,103,000**	**-**
1-4 Family	**202,879**	**-**	**232,059,523**	**-**	**232,262,402**	**-**
Multifamily	**-**	**-**	**595,285**	**-**	**595,285**	**-**
Commercial	**-**	**-**	**436,197,771**	**7,336,317**	**436,197,771**	**7,336,317**
Consumer	**-**	**-**	**269,730**	**221,415**	**269,730**	**221,415**
	$ 912,146	**$ 311,209**	**$ 857,039,965**	**$ 9,849,880**	**$857,952,111**	**$10,161,089**
2021						
Commercial	$ -	$ -	$ 175,618,748	$ 2,375,338	$175,618,748	$ 2,375,338
Real Estate						
Construction	-	-	839,000	-	839,000	-
1-4 Family	1,122,426	-	95,163,282	-	96,285,708	-
Multifamily	-	-	3,621,453	-	3,621,453	-
Commercial	-	-	381,179,197	6,836,317	381,179,197	6,836,317
Consumer	-	-	120,963	364,778	120,963	364,778
	$ 1,122,426	$ -	$ 656,542,643	$ 9,576,433	$657,665,069	$ 9,576,433

(5) Premises and Equipment

The detail of premises and equipment as of December 31 is as follows:

	2022	2021
Land	$ 993,223	$ 993,223
Land Improvements	46,447	46,447
Buildings	4,930,096	4,909,596
Leasehold Improvements	4,889,025	4,889,025
Automobiles	121,784	121,784
Construction In Process	16,093	-
Furniture, Fixtures and Equipment	4,152,528	3,984,765
	15,149,196	14,944,840
Accumulated Depreciation	(7,097,162)	(6,240,131)
	$ 8,052,034	$ 8,704,709

Depreciation charged to operating expenses totaled $882,928, $818,632, and $613,435 for 2022, 2021 and 2020, respectively.

(6) SBA Loan Servicing Rights

The Company originates loans under programs established by the United States Small Business Administration. At times, the Company may sell to secondary market participants the SBA guaranteed portion of the loan, with servicing retained. The portion of the loan sold by the Company is derecognized and is not presented in the consolidated financial statements of the Company. The guaranteed portion of SBA loans held for sale at December 31, 2022 and 2021 totaled $14,366,269 and $17,415,041, respectively. As of December 31, 2022, 2021 and 2020, the unpaid principal balances of serviced loans approximated $337,104,022, $316,163,071, and $268,746,795, respectively. Servicing income included in noninterest income totaled $2,647,202, $2,204,981, and $2,412,170 for 2022, 2021 and 2020, respectively.

Activity for SBA loan servicing rights are summarized as of December 31:

	2022	2021	2020
Balance, Beginning	$ 3,577,397	$ 1,923,917	$ 1,503,794
Rights Capitalized	1,046,446	2,000,563	579,133
Amortization	(546,838)	(347,083)	(159,010)
Impairments	-	-	-
Balance, Ending	$ 4,077,005	$ 3,577,397	$ 1,923,917

(7) Deposits

The aggregate amount of overdrawn deposit accounts reclassified as loan balances totaled $46,970 and $670 as of December 31, 2022 and 2021, respectively. The aggregate amount of certificates of deposit which met or exceeded the FDIC insured limit of $250,000 totaled $237,062,111 and $92,424,599 as of December 31, 2022 and 2021, respectively.

As of December 31, 2022, the scheduled maturities of certificates of deposit are as follows:

Year	Amount
2023	$ 367,993,094
2024	19,325,181
2025	3,211,159
2026	18,831
2027	122,278
	$ 390,670,543

(8) Commitments and Contingencies

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing need of its customers. Those financial instruments include commitments to extend credit and standby letters of credit and involve, to varying degrees, elements of credit risk in excess of the amount recognized on the consolidated balance sheets. The contractual amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. In most cases, the Company requires collateral to support financial instruments with credit risk.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company, upon extension of credit is based on management's credit evaluation. Collateral held varies but may include unimproved and improved real estate, certificates of deposit or personal property.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

As of December 31, 2022 and 2021, commitments under standby letters of credit approximated $2,212,000 and $929,000, respectively. Unfunded loan commitments as of December 31, 2022 and 2021 approximated $48,738,000 and $20,883,000, respectively.

(9) Income Taxes

The components of income tax expense for the years ended December 31 are as follows:

	2022	2021	2020
Current Federal Tax Expense	**$ 5,805,924**	$ 4,764,307	$ 2,493,422
Deferred Federal Tax Expense (Benefit)	**(150,893)**	474,603	(508,629)
Total Federal Expense	**5,655,031**	5,238,910	1,984,793
State Tax Expense	**744,969**	1,121,090	413,384
Total Income Taxes	**$ 6,400,000**	$ 6,360,000	$ 2,398,177

The Company's provision for income taxes differs from the amounts computed by applying the federal income tax statutory rates to income before income taxes. A reconciliation of the differences is as follows as of December 31:

	2022	2021	2020
Federal Statutory Taxes	**$ 5,839,587**	$ 5,410,990	$ 2,024,548
Stock-Based Compensation	**41,114**	19,242	19,242
State Tax Expense	**(246,043)**	(233,980)	(104,967)
Other	**20,373**	42,658	45,970
Actual Federal Taxes	**$ 5,655,031**	$ 5,238,910	$ 1,984,793

(9) Income Taxes (Continued)

The components of the net deferred taxes as of December 31 are as follows:

	2022	2021	2020
Deferred Tax Assets			
Allowance for Loan Losses	**$ 2,133,829**	$ 1,943,446	$ 1,682,771
Nonaccrual Interest	**5,292**	790	116,605
Nonqualified Stock Options	**-**	-	169,420
Other	**122,871**	122,771	122,781
	2,261,992	2,067,007	2,091,577
Deferred Tax Liabilities			
Accumulated Depreciation of Premises and Equipment	**(251,548)**	(312,374)	(209,571)
Servicing Rights	**(856,171)**	(751,253)	(404,023)
	(1,107,719)	(1,063,627)	(613,594)
	1,154,273	1,003,380	1,477,983
Deferred Tax Asset on Unrealized Securities (Gains) Losses	**1,055,309**	(53,730)	(226,883)
Net Deferred Tax Asset	**$2,209,582**	$ 949,650	$ 1,251,100

(10) Operating Leases

In February 2016, the FASB issued ASU 2016-02, Topic 842, Leases. This ASU increases transparency and comparability among organizations by recognizing lease assets and liabilities on the balance sheet and disclosing key information about leasing arrangements. This ASU affects any entity that enters into a lease, with some specified scope exemptions, and supersedes FASB ASC 840, Leases. This ASU has been adopted by the Company for the current fiscal year. The Company elected the package of practical expedients permitted under the transition guidance within ASC 842, which includes not reassessing lease classification of historical leases, the historical assessment of whether contracts are or contain leases, and the determination of initial direct costs.

The Company has eleven leases for its branch locations with each lease being subject to different terms per the respective agreement . These leases are included as an asset on the Company's balance sheet and represents the Company's right to use the underlying assets for the lease term. The Company's obligation to make lease payments is included as a liability on the Company's balance sheet. Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Because the rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate, which is the Company's applicable FHLB borrowing rate on the date of the lease commencement, to determine the present value of the lease payments.

As of December 31, 2022, operating lease right-of-use assets were $9,322,259, As of December 31, 2022, the lease liability was $9,446,369. The weighted average lease term was 9.14 years as of December 31, 2022 and the weighted average discount rate used was 2.76% as of December 31, 2022.

(10) Operating Leases (continued)

Cash paid for the leased spaces totaled $1,465,914 during the period ended December 31, 2022.

Future Minimum Payments

2023	1,422,034
2024	1,303,283
2025	1,264,924
2026	1,086,566
2027	899,006
2028-2032	3,758,987
2033 and Thereafter	915,849
Total	10,650,649
Less: Imputed Interest	1,204,280
Total Lease Liability	$ 9,446,369

(11) 401(k) Profit Sharing Plan

The Company sponsors a 401(k) profit sharing plan, covering substantially all employees who meet certain eligibility requirements. Contributions to the plan are made based upon specifics outlined in the plan documents. Expense under the plan was $708,867 in 2022, $699,571 in 2021 and $342,849 in 2020.

(12) Stock Compensation

Stock Options

The Company has established a stock compensation plan for directors and employees. The following is a summary of the activity in the Company's stock option plan during 2022, 2021 and 2020.

	2022		2021		2020	
	Number of Shares	**Weighted Average Exercise Price**	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at Beginning of Year	**116,740**	**$ 6.16**	256,466	$ 4.26	853,655	$ 5.45
Granted	-	-	-	-	-	-
Exercised	-	-	(116,184)	2.51	(117,696)	1.88
Forfeited	**(13,177)**	**6.73**	(23,542)	2.85	(479,493)	6.86
Outstanding at End of Year	**103,563**	**$ 6.03**	116,740	$ 6.16	256,466	$ 4.26
Options Exercisable at End of Year	**103,563**	**$ 6.03**	116,740	$ 6.16	202,982	$ 4.16

Intrinsic value of options exercised during 2022 and 2021 approximated $0 and $686,000, respectively. Compensation expense for stock options was $0 for 2022, $91,630 for 2021, and $91,630 for 2020.

(12) Stock Compensation (Continued)

Restricted Stock

Effective January 1, 2022, the Company issued restricted stock to its directors and certain employees. Compensation expense for restricted stock is based upon the grant date fair value of the shares and is recognized over the vesting period of the awards. Shares of restricted stock vest 33% on the grant date and 33% on each of the first two anniversaries of the grant date. During the year, there were 55,000 shares of restricted stock granted at a fair market value of $7.25 per share with 18,700 shares vesting during the year. During the year ended December 31, 2022, the Company recognized compensation expense of $256,197.

(13) Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) for unrealized gains and losses on available for sale securities, net of tax, for the years ended December 31 are as follows:

	2022	2021	2020
Beginning Balance	**$ 202,204**	$ 853,512	$ (13,214)
Other Comprehensive Income (Loss) Before Reclassification	**(4,172,175)**	(651,308)	866,726
Amounts Reclassified from Accumulated Other Comprehensive Income	**-**	-	-
Current Period Other Comprehensive Income	**(4,172,175)**	(651,308)	866,726
Ending Balance	**$ (3,969,971)**	$ 202,204	$ 853,512

(14) Regulatory Capital Matters

The amount of dividends payable by the Company from the subsidiary Bank is limited by various banking regulatory agencies. The Bank is restricted on the amount of dividends it may declare without prior regulatory approval. Upon approval by regulatory authorities, the Bank may pay cash dividends to the Company in excess of regulatory limitations.

Banks and bank holding companies 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 judgments by regulators. Failure to meet capital requirements can initiate regulatory action. The final rules implementing Basel Committee on Banking Supervision's capital guidelines for U.S. banks (Basel III rules) became effective for the Bank on January 1, 2015 with full compliance with all of the requirements being phased in over a multi-year schedule, and fully phased in by January 1, 2019. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital. Management believes as of December 31, 2022, the Bank meets all capital adequacy requirements to which they are subject.

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. At December 31, 2022 and 2021, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the company's category. The amounts and ratios as defined in the regulations are presented hereafter for the Bank only. The consolidated total assets of the Company were less than $1 billion at the beginning of the year and excluded from regulatory capital requirements. As a result, capital amounts and ratios are not disclosed on a consolidated basis.

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under the Regulatory Framework of the Federal Deposit Insurance Act	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(In Thousands)			
As of December 31, 2022						
Total Capital						
to Risk-Weighted Assets	**$ 126,649**	**15.81 %**	$ 64,086	8.00 %	$ 80,107	10.00 %
Tier I Capital						
to Risk-Weighted Assets	**116,631**	**14.56**	48,062	6.00	64,083	8.00
Common Equity Tier I Capital						
to Risk-Weighted Assets	**116,631**	**14.56**	36,047	4.50	52,067	6.50
Tier I Capital						
to Average Assets	**116,631**	**11.61**	40,183	4.00	50,229	5.00
As of December 31, 2021						
Total Capital						
to Risk-Weighted Assets	$ 111,586	18.12 %	$ 49,279	8.00 %	$ 61,599	10.00 %
Tier I Capital						
to Risk-Weighted Assets	103,862	16.86	36,966	6.00	49,289	8.00
Common Equity Tier I Capital						
to Risk-Weighted Assets	103,862	16.86	27,725	4.50	40,047	6.50
Tier I Capital						
to Average Assets	103,862	11.08	37,502	4.00	46,878	5.00

(15) Fair Value Measurements

FASB guidance defines fair value, establishes a framework for measuring fair value, establishes a three- level valuation hierarchy for disclosure of fair value measurement and enhances disclosure requirements for fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The valuation hierarchy requires an entity to maximize the use of observable inputs and to minimize the use of unobservable inputs when measuring fair value. The three levels of inputs are defined as follows:

- Level 1 - Quoted prices for identical assets or liabilities in active markets that the reporting entity has the ability to access at the measurement date;
- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability or inputs that are derived principally from or corroborated by observable market data by correlation or other means; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of assets or liabilities.

A description of the valuation methodologies used for assets measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. While management believes the Company's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Investment Securities Available for Sale - Securities classified as available for sale are reported at fair value on a recurring basis. If quoted prices are not available, the Company obtains fair value measurements from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U. S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information and the bond's terms and conditions, among other things. Level 2 securities include U.S. Government agencies, mortgage-backed securities issued by government-sponsored entities, municipal bonds and corporate debt securities.

Impaired Loans - Impaired loans are evaluated at the time the loan is identified as impaired, at the lower of cost or fair value. Fair value is measured based on the value of the collateral securing the impaired loan. The collateral of impaired loans is based on appraisals which may utilize the comparative sales, cost or income approaches. An unobservable input results when the appraiser or management determines the fair value of the collateral is further impaired below the appraised value due to the local market conditions or other economic factors. As such, the fair value of impaired loans are considered Level 3 in the fair value hierarchy.

Other Real Estate - Certain foreclosed assets, upon initial recognition, are remeasured and reported at fair value less cost to sale through a charge-off to the allowance for loan losses based on the fair value of the foreclosed asset. The fair value of a foreclosed asset is estimated based on appraisals which utilize the comparative sales, cost or income approaches. An unobservable input results when the appraiser or management determines the fair value has deteriorated below the appraised value due to the local market conditions or other economic factors. As such, the fair value of other real estate is considered Level 3 in the fair value hierarchy.

(15) Fair Value Measurements (continued)

The following table presents the fair value measurements of assets measured at fair value on a recurring or nonrecurring basis as of December 31, aggregated by the level in the fair value hierarchy within which those measurements fall.

	Quoted Market Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2022			
Financial Assets			
Recurring			
Investment Securities Available for Sale			
U.S. Government Agencies	**$ -**	**$ 13,220,793**	**$ -**
Mortgage-Backed	**-**	**21,446,184**	**-**
State, County and Municipal	**-**	**4,539,427**	**-**
	$ -	**$ 39,206,404**	**$ -**
2021			
Financial Assets			
Recurring			
Investment Securities Available for Sale			
U.S. Government Agencies	$ -	$ 11,341,685	$ -
Mortgage-Backed	-	27,955,851	-
State, County and Municipal	-	5,511,200	-
	$ -	$ 44,808,736	$ -

There were no level 3 financial assets at December 31, 2022 and 2021.

(16) Revenues from Contracts with Customers

The Company's revenue from contracts with customers within the scope of ASU 2014-09 included in noninterest income in the consolidated statement of operations is comprised of the following for the years ended December 31,

	2022	2021	2020
Noninterest Income			
Service Charges on Deposits	**$ 1,963,143**	$ 1,655,764	$ 1,170,242
ATM Interchange Fees	**330,890**	311,314	259,691
Gain on Sale of OREO	**-**	-	7,580
	$ 2,294,033	$ 1,967,078	$ 1,437,513

A description of the Company's revenue streams accounted for under ASU 2014-09 is as follows:

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

ATM Interchange Fees: The Company earns interchange fees from cardholder transactions conducted through the Visa/MasterCard or other 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 Company records a gain or loss from 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 Company finances the sale of OREO to the buyer, the Company 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 sale, the Company adjusts the transaction price and related gain (loss) on sale if a significant financing component is present.

(17) Borrowings

The Company had available credit from the FHLB totaling $241,439,000 and $228,388,000 as of December 31, 2022 and 2021, respectively. From these available credit agreements, $25,000,000 and $-0- had been advanced as of December 31, 2022 and 2021, respectively. The advance agreement outstanding as of December 31, 2022 is a daily rate credit advance with a variable rate of 4.57 percent due on December 29, 2023. FHLB advances require the Company to pledge, under a blanket lien, certain qualifying first mortgage loans.

The Company had lines of credit available as of December 31, 2022 and 2021, approximating $12,000,000 with correspondent banks which represent available credit for overnight borrowings from financial institutions. As of December 31, 2022 and 2021, there were no outstanding amounts under these lines of credit.

(18) Financial Information of First IC Corporation (Parent Only)

BALANCE SHEETS
DECEMBER 31

ASSETS

	2022	2021
Cash	**$ 826,247**	$ 866,093
Investment in Subsidiary	**112,682,221**	104,117,492
Other	**-**	32,364
Total Assets	**$ 113,508,468**	$ 105,015,949

LIABILITIES AND STOCKHOLDERS' EQUITY

	2022	2021
Stockholders' Equity		
Common Stock, $5 Par Value; 15,000,000 Shares Authorized, 9,066,548 and 9,049,117 Shares Issued and Outstanding in 2022 and 2021, Respectively	**$ 45,332,740**	$ 45,245,585
Surplus	**19,019,914**	21,021,859
Retained Earnings	**53,125,785**	38,546,301
Accumulated Other Comprehensive Income (Loss), Net of Tax	**(3,969,971)**	202,204
Total Liabilities and Stockholders' Equity	**$ 113,508,468**	$ 105,015,949

(18) Financial Information of First IC Corporation (Parent Only) (Continued)

STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31

	2022	2021	2020
Income			
Dividends from Subsidiary	**$ 9,000,000**	$ -	$ 1,136,554
Expenses			
Salaries and Benefits	**16,966**	98,991	100,482
Other	**56,177**	92,484	46,964
	73,143	191,475	147,446
Income Before Income Tax Benefit and Equity in Undistributed Earnings of Subsidiary	**8,926,857**	(191,475)	989,108
Income Tax Benefit	**-**	-	-
Income Before Equity in Undistributed Earnings of Subsidiary	**8,926,857**	(191,475)	989,108
Equity in Undistributed Earnings of Subsidiary	**12,480,702**	19,598,092	6,253,417
Net Income	**21,407,559**	19,406,617	7,242,525
Other Comprehensive Income			
Gains on Securities Arising During the Year	**(5,281,234)**	(824,441)	1,097,121
Deferred Tax Expense Related to Other Comprehensive Income	**(1,109,059)**	(173,133)	230,395
Other Comprehensive Income, Net of Tax	**(4,172,175)**	(651,308)	866,726
Comprehensive Income	**$ 17,235,384**	$ 18,755,309	$ 8,109,251

(18) Financial Information of First IC Corporation (Parent Only) (Continued)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

	2022	2021	2022
Cash Flows from Operating Activities			
Net Income	**$ 21,407,559**	$ 19,406,617	$ 7,242,525
Adjustments to Reconcile Net Income to			
Net Cash Provided (Used) by Operating Activities			
Equity in Undistributed Earnings of Subsidiary	**(12,480,707)**	(19,598,092)	(6,253,417)
Stock Compensation Expense	**-**	91,630	91,630
Other	**32,364**	-	-
	8,959,216	(99,845)	1,080,738
Cash Flows from Financing Activities			
Purchase of Treasury Shares	**(8,999,062)**	-	(1,136,554)
Proceeds from Exercise of Stock Options	**-**	291,914	221,964
	(8,999,062)	291,914	(914,590)
Net Increase (Decrease) in Cash	**(39,846)**	192,069	166,148
Cash, Beginning	**866,093**	674,024	507,876
Cash, Ending	**$ 826,247**	$ 866,093	$ 674,024

(19) Subsequent Events

On February 6, 2023, the Company repaid its FHLB advance with a principal amount of $25 million.

On February 10, 2023, the Company paid a cash dividend of $9,066,548 to shareholders of record as of January 31, 2023.

As of April 4 2023, there were no other subsequent events which required recognition or disclosure.